I am delighted that the Lives and Livelihoods Fund (LLF) is now three years old. Since its launch in 2016, the LLF has become an engine of development in the 33 eligible least developed and lower middle income member countries, enabling these countries to benefit from more than US$1 billion of concessional development financing approved so far for social development.

By the end of 2018, LLF funding represented 19 projects in 18 countries spanning the Sub-Saharan Africa, Maghreb, the Middle East, Central Europe and the South-East Asia.

The highly concessional funds provided by LLF are being used to address the development needs of our member countries through high impact projects in health, agriculture and basic infrastructure.

In doing so, LLF financing is supporting the Islamic Development Bank (IsDB) to more than double its concessional funding for member countries that need it the most, so that their less fortunate citizens can live with dignity.

Since my first day as IsDB Group President, I focused on building a new business model that aims to secure the achievements of the past, and create a leading position for the future. The IsDB business model must strengthen our member countries’ competitive advantages. I set out a new roadmap, under the President’s Five-Year Program (P5P), which focuses on delivering and adopting a more dynamic and results-oriented approach. Our new business model is now operational and gaining momentum. By working with all stakeholders, we are building local end-to-end value chains, promoting Islamic Finance, and leveraging the power of science, technology and innovation for development.

What’s more, the ambitious corresponding transformational plan I launched has already achieved concrete, positive outcomes, including among others:

- Shifting the IsDB’s role to become a more open, client-focused and results-oriented Bank of transformers
- Streamlining our project portfolio to maximize quality, efficiency and development effectiveness
- Decentralizing our organization, most of our colleagues are now located in the field, closer to our member countries
- Deploying new procurement policies and guidelines for streamlining project implementation.

I am confident that the LLF Management Unit (LLFMU), in collaboration with the relevant entities of the Bank, will leverage these changes to accelerate the implementation and disbursement of the projects approved by the Impact Committee.

The seven new projects added to the LLF portfolio in 2018 will strengthen the coverage and impact of the Fund in helping our eligible member countries to address their most urgent development needs through concessional financing, and ensure sustainability.

Altogether, we will transform our fight against poverty in IsDB member countries, into sustainable wins through the LLF. We can only achieve that with our partners. The IsDB Group is committed, and ready, to collaborate with all stakeholders to achieve our common ambition. I thank the founding Donors of the LLF for their strong support.

Dr. Bandar M. H. Hajjar
President, Islamic Development Bank Group
and Chairman, Board of Executive Directors
Letter from the Chairman of the Impact Committee

Dear friends of the Lives and Livelihoods Fund,

As Chairman of the Fund for 2018, I am pleased to present the Annual Report of the Lives and Livelihoods Fund for fiscal year 2018.

Three major events characterized the year: the convening of the first Technical Review Committee (TRC) meeting for the Fund, the third Impact Committee meeting held in Jeddah at IsDB Headquarters, and our crossing the threshold of US$1 billion of concessional financing approvals for vital social development projects funded by the LLF.

In August 2018, the first TRC meeting was held in London, hosted by the Bill & Melinda Gates Foundation, with representatives from all Fund partners and donors. The TRC reviewed the new project pipeline for 2018, project by project, while applying the selection criteria of the fund and providing recommendations to strengthen the relevance, readiness and results (3 Rs) of the proposed projects.

Later, in October 2018, we held the third LLF Impact Committee meeting, and approved a third batch of projects amounting to US$484 million for development in the three sectors under LLF focus: health, agriculture and basic infrastructure. Moreover, the 3rd Impact Committee approved in principle the membership of a new donor partner – DFID – and resolved to complete the due process for membership.

The new projects approved in 2018 embody two major fund developments: the move towards wider and better geographical coverage of IsDB member countries, and the crossing of the US$1 billion mark in total concessional approvals.

As Chair of the Impact Committee for this pivotal year, it has been a privilege to work with a team of donors and implementing agencies who are fully committed to strengthening the effectiveness and performance of the delivery of the projects on the ground.

I’m also pleased to inform that the majority of projects approved in previous years are either in the signing/effectiveness phase or are already making their first disbursements.

Together, we took the bold decision to create this innovative Fund. Together we will ensure that our approved concessional financing makes a significant difference in lifting the poorest people out of extreme poverty and achieve the SDGs.

I would like to thank you all for your continued support and commitment to this unique/innovative venture.

Yours sincerely,

H.E. Dr. Waleed Alwaheeb
Chairman of the Impact Committee, Lives and Livelihoods Fund, Director General of the ISFD
First meeting of the Technical Review Committee

The Technical members of all LLF donor representatives took part in the first Technical Review Committee (TRC) meeting, hosted in London by the Bill & Melinda Gates Foundation, on 9th–10th August 2018. Its main agenda items were to review the new 2018 pipeline of proposed projects, and discuss the progress of the LLF portfolio.

The TRC is a technical sub-committee of the LLF’s Impact Committee (IC). It is made up of experts from all donor institutions represented on the IC. It supports the IC by reviewing potential LLF projects and ensuring they are ready for the IC’s consideration and approval. The TRC also supports the IC by taking stock of existing portfolio and projects, and reporting to the IC with any relevant recommendations for their processing or implementation.

As this was the first TRC meeting, members discussed and agreed on the expected role of the Committee, discussed the new IsDB project processing and quality assurance cycles in the context of multilateral development cooperation, and deliberated on the enhancement of the delivery, disbursement outflows to member countries and future steps. The Committee also agreed on the new pipeline of projects for submission to the IC meeting scheduled in October 2018.
Third Impact Committee Meeting

Representatives from LLF donor organisations attended the third Impact Committee (IC) meeting, held at IsDB headquarters in Jeddah on 29th October 2018.

After welcoming remarks by the President of the IsDB Group, Dr Bandar Hajjar, members of the Committee were presented an overview of the Fund by Dr Waleed Addas, Head of the LLFMU. A summary of the outcomes of the TRC meeting was also presented alongside the 2018 project pipeline and proposed financial allocations. This new batch of high-potential projects was approved, representing a total investment of US$484 million.

The Committee reviewed and discussed the progress of active projects, the expected disbursement timeline, the financial overview of the Fund for 2018, and the proposed administrative budget for 2019. A presentation on the LLF’s communication and visibility plan was also deliberated upon. Additionally, an update has been delivered on the progress of the LLF website.

The next IC is scheduled to be held in March 2019 in London, to be chaired by the Qatar Fund for Development (QFFD).

Welcoming a new donor

The Impact Committee has approved, in principle, the joining of UK’s Department for International Development (DFID) as a member of the LLF and directed the LLFMU to complete the necessary due process.

The DFID leads the UK’s work to end extreme poverty caused by disease, mass migration, insecurity and conflict. It works via regional programmes, directly in countries, and provides UK aid through multi-global programmes and contributions to multilateral initiatives. The DFID has approved, in principle, an initial funding of £20 million to the LLF.
Visiting projects

Sahel Sustainable Pastoralism Development project

Start-up workshops in Burkina Faso, Mali and Senegal

The official launch ceremony of this project took place for Senegal and Mali in November 2018 and for Burkina Faso in December 2018. Over 100 participants attended each of the three events, including senior officials from respective governments, the media, IsDB staff, LLFMU, and representatives of project beneficiaries.

The LLFMU actively participated into in-depth workshops for stakeholders on key aspects, from planning and procurement, to financial management, implementation, monitoring and donor expectations.

Delegates at the start-up workshop

Rice Value Chain Development project

Five country stakeholders’ workshops in the Gambia, Guinea, Niger, Senegal and Sierra Leone

The LLFMU and IsDB teams facilitated consultative workshops in the five countries involved in the new Rice Value Chain Development Project for West Africa. The workshops aimed to analyze the rice value chain in each country, align stakeholders on key issues to address, agree on the national urgencies and formalize corresponding key success factors.

Stakeholders involved in the workshops ranged from government officials and experts in rice cultivation and production, to farmers, rice processors, distributors and banks. These workshops helped to frame and prioritize project objectives, strengthen project design, and mobilize all stakeholders involved to maximize the projects expected outcome and success.

While visiting the five countries, the LLFMU also met with government officials to elaborate on the Fund and ensure that LLF concessional funding is optimized.

ENHANCING THE RELEVANCE, READINESS AND EXPECTED RESULTS (3 Rs): THE PROJECT PREPARATION FACILITY (PPF), ESTABLISHED BY THE FUND, HAS BEEN STRENGTHENING THE 3 Rs OF LLF PROJECTS

Throughout the Year 2018 a total of US$219K have been utilized from PPF:

- Ajibuti: US$17.2k
- Rice Value Chain: US$126.9k
- Morocco: US$14.9k
- Indonesia: US$60k
At internal events

Workshop on the LLF Results Framework
During 2018, the LLFMU led many workshops with IsDB sectoral teams to refine the results Framework, the tools applied to select and measure outcome of projects. As well as enhancing awareness of the LLF, these workshops enabled sector teams and the LLFMU to specify selection criteria and impact targets, and to discuss the key performance indicators specific to LLF projects.

Project Procurement Retreat
Members of the LLFMU joined a four-day retreat for the IsDB’s new Project Procurement function, held in Istanbul in November 2018. As part of the Bank’s transformation, procurement has been streamlined to promote faster disbursement of funds and the implementation pace of projects. The new function will now handle all procurement-related transactions and provide capacity building and training, instead of these responsibilities being spread across fragmented functions.

The retreat focused on the strategy to deliver on the new mandate to enable the President’s 5-year Plan. Members of the LLFMU also underlined the requirements of projects under the LLF.

As part of the IsDB’s transformation, procurement is being streamlined to promote the effective development and delivery of projects.
At external events

Transformers Summit
This summit, held in December in Cambridge, UK, brought together a coalition of innovators and global leaders to discuss the role of sciences, technology and innovation in achieving Sustainable Development Goal (SDG-11): Make cities and human settlements inclusive, safe, resilient and sustainable.

With the global population continuing to expand, investing in science, technology and innovation is key to addressing the growing demand for housing, energy, clean water, food and infrastructure. The summit looked at successful initiatives and policies for better cities, healthier lives and prosperous futures in line with SDG-11. It featured some of the most exciting world innovators, the inaugural recipients of the IsDB’s new $500m Transform Fund.

The Head of LLFMU, Dr Waleed Addas, attended the summit as the LLF contributes to Sustainable Development Goal (SDG-11) through its small infrastructure projects. It also explores means to partner the Transform Fund to accelerate the achievements of the IsDB’s vision and SDGs in IsDB member countries, as the LLF is keen to utilize any innovation that could strengthen further the impact of approved projects to lift the poorest people out of poverty.

Global Task Force on Cholera Control
In December, the LLF team participated in the Global Task Force for Cholera Control (GTFCC) meeting in Annecy, France. The high-level forum brought together experts on cholera and water-borne disease control with government representatives from member countries to discuss ways to end cholera and the rolling out of the Oral Cholera Vaccine (OCV).

The Head of LLFMU showcased the opportunities that LLF health investments provide for achieving this global health priority – holding meetings with representatives from member countries with the highest burden, including Nigeria and Bangladesh.

The team also met with UNICEF, the World Health Organisation, the International Vaccines Institute and Commercial Manufacturers of the OCV, all of whom considered it a timely introduction of the LLF as one of the potential drivers for eliminating cholera in IsDB member countries.

Malaria Summit 2018
The LLF received a special invitation from “Malaria No More” and the UK Government’s DFID, to attend the Malaria Summit 2018 in April.

This was a unique opportunity to meet with member country delegates to introduce the LLF and discuss the progress of projects in these countries. As well as meeting with development partner organizations, members of the LLFMU took part in discussions on the Every Breath Counts initiative, which is targeting pneumonia – the biggest killer of children globally and a focus of LLF health objectives.
IsDB transformation: A powerful accelerator to transform lives and livelihoods

For the Country Programs Complex, a key step in realizing our primary objectives has been to adopt an innovative approach to designing new Member Country Partnership Strategies (MCPS). This focuses on assisting member countries to develop global, regional and local value chains with demonstrated comparative advantage, providing a basis for strategic prioritization of interventions.

To complement this, we are improving project selection criteria to focus on project quality, readiness, and developmental impact, linked to measurable results. The third element focuses on devoting greater attention to proactive portfolio management through enhanced project supervision and implementation.

Finally, the adoption by the Operations Complex of a new decentralized business delivery model is a great enabler and facilitator for achieving the objectives of the IsDB’s transformation. Creating and empowering regional hubs provides the Bank with an unprecedented opportunity to transform into a more proactive, agile, efficient and responsive institution.

These steps are repositioning the IsDB to collaborate more effectively with clients and development partners in improving how we formulate country strategies, and how we select and execute projects. They provide a smarter and more durable basis for strengthening the LLF’s ability to achieve its ambition and for working more effectively with other development partners in supporting member countries (especially the LDMCs) to transform the lives and livelihoods of their people.

Dr. Mansur Muhtar
Vice President, Sector Operations, IsDB

LLF: A successful model of the new IsDB Financing Partnership Framework

IsDB has adopted a new Financing Partnership Framework, in line with its new development model, to secure the achievement of the President’s Five-Year Program (P5P). This new Framework aims to turn IsDB into a fully inclusive platform providing partners with the opportunity to participate in the design and delivery of the Bank-funded programs in all member countries; ensuring stronger harmonization with development partners to reduce transactional costs and minimize the administrative burden on member countries dealing with many partners. This new framework seeks to mitigate risks and pool Bank ordinary and trust fund resources and knowledge with our strategic partners and investors to catalyze and increase financing and capital investment flows to IsDB member countries. The LLF development compact of partners and philanthropists translates well this new partnership framework, as it allows IsDB to offer a broader range of financing options and solutions to its clients, and providing a wide range of development cooperation actors to all member countries.

Dr. Mohamed Jouini
Vice President Partnership Development, IsDB

The primary objectives of the Bank’s new business model and transformation are to:
- strengthen client orientation
- improve efficiency and responsiveness
- enhance results orientation
- leverage financial and knowledge resources through effective partnerships.

These goals aim to accelerate the economic and social development of IsDB member countries.
Transforming Futures

As part of the implementation of the IsDB’s 10 Year Strategy, the Bank has gone through a major transformation exercise in 2018. Guided by the President’s 5 Year Program (P5P), this will significantly change the way the Bank supports its member countries.

The P5P requires the IsDB to re-orient its development model to:

- Act as a catalyst and facilitator to make markets work for development by providing integrated value chain solutions in partnership with other players.
- Leverage developers’ capacity in delivering financial assistance, knowledge services and implementing IsDB programs in strategic areas.
- Decentralize business delivery geographically and functionally.

These transformations are structured around the six tracks of the P5P – Awareness, Linkages, Competency, Funding, Delivery, and Reinforcement – which, alongside the new organizational structure of the Bank, became operational in 2018.

Three key initiatives

Several initiatives are being implemented which will transform how LLF projects will be sourced, implemented and monitored, so they deliver enduring and sustainable benefits for member countries.

Towards decentralization

The first major initiative is the organizational change of the bank. The IsDB has deployed a highly decentralized approach, with ten regional hubs. The head of each regional hub acts as the local representative and focal point of the LLF. LLF project officers are now located in regional hubs, bringing them closer to the member countries and the projects they’re responsible to deliver.

This change will make the selection and management of LLF projects more relevant and effective. The Fund’s proximity to local authorities, delivery agencies and the people impacted by each project, will enable the LLF to progress faster and reach further regions.
Global Practices entity, within the IsDB, will now define strategies and priorities, enabling teams in the field under the country programs and services entity to focus on the design, development and management of new projects. They will also review the quality and readiness of projects before submission to BED for approvals. Processes have also been reviewed to maximize the results and impact of each project. This new approach, favoring accountability, individual and collective performance and greater effectiveness, will enhance the impact of LLF projects even further.

Enhancing procurement

Procurement represents IsDB core delivery engine of Bank and LLF projects. To optimize their implementation and maximize resulting impact, IsDB project procurement model has shifted from a “Sponsor Model” which had strong points but showed weaknesses in quorum, membership requirements, quality of review and sound decision-making process, to a “New Procurement Framework” based on market best practices and MDB’s experience. This new approach and organizational setup strengthened IsDB procurement operational capacity by increasing the overall procurement headcount and posting 24 Procurement specialists in the Regional Hubs. From a weekly clearance of procurement packages in the past, through lengthy committee meetings, the Bank has now moved to a continuous submission process of procurement requests through the JIRA electronic platform. This innovation allowed treating close to 2000 issues in 2018 as compared to less than 400 in 2017 prior to the new decentralization implemented in 2018. Mandatory accreditation of procurement specialists and the enforcement of a Single Point Accountability principle throughout the project procurement delivery chain, represent a significant source for greater effectiveness of LLF projects’ delivery.
Creating a lasting impact

Dr. Walid Abdelwahab, Director General, Country Relations and Services, IsDB

The LLF constitutes a raison-d’être to be strategic flagship for the Bank, due to its highly concessional financing, and its ability to create a lasting impact in transforming the lives of the poorest segments of the populations in our member countries.

For this reason, we are strengthening our ability to deliver maximum impact and tangible results on the ground to targeting the poorest and hardest to reach segments of the population and devising specific performance indicators for the LLF projects.

LLF projects need to be distinctive and given special attention to achieve better performance through more effective design, efficient implementation and streamlined procurement and disbursement processes, both at the country level and within the Bank.

Our priority is rolling out LLF projects through smart and agile problem solving approaches by our teams in the regional hubs.

OUR PRIORITY IS SMART AND SUSTAINABLE
PROBLEM SOLVING BY COMBINING INNOVATION AND FIELD INTERVENTIONS WHEN NECESSARY
Improving LLF project quality and results delivery

Aamir Ghani Mir, Manager Operations Quality and Results, IsDB

The LLF supports the efforts of developing countries toward achieving their relevant SDGs. The LLF selects interventions that address the most binding constraints to each country’s socio-economic development. The IsDB has recently undertaken several steps to enhance its efficiency and development effectiveness. Through the decentralization program, the Bank aims to enhance engagement with its stakeholders and partners. Decentralization will also help to identify high impact projects, enhance project quality and readiness, and provide speedier support for project implementation.

Going forward, the Operations Quality and Results (OQR) Division will continue its efforts to enhance project delivery and the effective monitoring of the LLF portfolio. It is developing operational policies, including environmental and social safeguards that will enhancing the impact and sustainability of future LLF projects.

A procurement function for a new project delivery vision

Issa-Modi Ide, Manager, Project Procurement, Office of the Vice-President Country Programs, IsDB

Public procurement is a major share of GDP of developing countries and procurement policies constitute powerful instruments to achieve socioeconomic goals, a catalyst to help people lift themselves out of poverty, social equity and a powerful stimulant to private sector growth.

Because results are what matters most for stakeholders, the trend nowadays is to move further from a process-oriented approach to results-oriented processes in pursuit of even more efficient ways to deliver projects. This is the reason why increasing the effectiveness, efficiency and transparency of procurement systems is an ongoing concern and the focus of the international development community.

ACHIEVING VALUE FOR MONEY IN PROJECT DELIVERY, AND SUPPORTING THE EFFORTS OF MEMBER COUNTRIES TO DEVELOP FURTHER, IS NOW THE RAISON D’ETRE OF THE NEW PROCUREMENT FUNCTION OF THE BANK

In order to better remain relevant to its development and fiduciary mandate, the IsDB conducted its own revision process of the Procurement Guidelines, achieving an unprecedented level of consultation. The new policy approved by the Board in September 2018 adopts the fundamental concept of value for money as an over-arching principle while recognizing the need for a fit for purpose approach when dealing with procurement decisions. This new approach will better help deliver sustainable development, obtain maximum benefit from IsDB financing, and boosting the impact of LLF projects, when used consistently by seasoned professionals. Achieving value for money in project delivery, and supporting the efforts of member countries to develop further, is now the raison d’etre of the new procurement function of the Bank.

Procurement specialists will increasingly be present throughout the entire LLF project management cycle, from the preparation missions and start-up workshops, through to implementation and evaluation. This will ensure that the fundamental elements conducive to fast and effective disbursements are in place to maximize the LLF’s impact.
Enhancing our impact in the Sub-Saharan Africa region

Mayoro Niang, Director, Abuja Regional Hub, Nigeria

LLF programs are acting as a critical and decisive enabler to bring highly concessional resources to countries covered by our regional hub. Its determination to swiftly implement projects is contributing to reducing large local cumulative undisposed commitments and enhancing the disbursement ratio of our region.

This determination, coupled with decentralization, has translated into clear decisions that are making a big difference. These include:

- A greater field presence plus follow-up and implementation support missions, to support implementers’ lack of capacity
- Better engagement throughout with member countries in programming missions to strengthen LLF project quality, and to jointly review the relevance, readiness and expected results of proposed programs
- Providing customized technical support to build capacity and fine-tune studies.
- The global value chain approach adopted while preparing the Member Country Partnership Strategy for Gabon

IsDB transformation is promoting powerful, regular and effective communication between the LLF and its stakeholders. This is increasing its visibility and awareness, and enhancing the IsDB’s impact in transforming people’s lives.

Supporting sustainable non-sewered sanitation

Papa Abdoulaye Sy, Global Lead, Urban Development, IsDB Social Infrastructure Division

According to UN-Habitat, one in eight people, or a billion of the world’s inhabitants, live in slums, with a lack of access to a water supply and/or improved sanitation.

Poor sanitation is widely accepted as one of the main causes of waterborne diseases, and the cause of more than 1,200 deaths each day of children under five years of age. But thanks to LLF concessional financing, there are new opportunities to scale up non-sewered sanitation in IsDB member countries – helping to achieve the UN Sustainable Development Goal SDG-6, target 2, and SDG-11.

These include:

- Onsite sanitation i.e. a sanitation system in which solid human waste and wastewater is collected, stored or treated where it is generated.
- Rebuilding the basic infrastructure for effective water and sanitation in cities suffering from rapid, unplanned urbanization e.g. Conakry Water and Sanitation project.
- Using transformative sanitation technologies like the Omni processor, Omni ingester and ‘Reinvented Toilets’.
- Community-based sanitation approach e.g. Sanimas model in Indonesia.

These are genuine examples of ways that non-sewered sanitation can be used to benefit the poorest households, giving them access to improved and sustainable sanitation.
Achieving health goals

Ammar Abdo Ahmed, Senior Global Health Specialist, Economic and Social Infrastructure Global Practice, IsDB

Scaling-up primary healthcare systems, the prevention and control of communicable diseases and maternal, newborn and child health are major strategic directions for the LLF.

In 2018, the LLF and the IsDB extended financing support amounting to US$270 million to health sector projects, including those to improve maternal, newborn and child health in Tajikistan and Djibouti.

Alongside the LLFMU and colleagues in regional hubs, my team has carried out a quality review of health projects, which has led to a 100% success rate of health projects submitted to the LLF Impact Committee.

The latest health projects to be approved vary from disease prevention and control (Nigeria’s National Malaria Elimination Program scale-up project) to supporting health systems (strengthening Cameroon’s primary healthcare and emergency management systems) and self-reliance in the production of medical devices (Egypt’s Auto-disable Syringe Manufacturing program).

In 2019, the IsDB’s Health Sector Global Practice is working on measuring how the IsDB’s/LLF’s health sector projects contribute to the Bank’s strategic direction and health-related Sustainable Development Goals. It will also look into establishing an innovative IsDB vaccine global value chain to enhance the production and delivery of quality and affordable vaccines for IsDB member countries. This global value chain could be achieved through strategic partnering with the global vaccine industry, by improving vaccine research and development, building regional capacities and strengthening immunization systems.
In 2015, the world lined up behind the UN’s ambitious set of Sustainable Development Goals (SDGs) for 2030. As of early 2019, some 400 million people in IsDB member countries still live in absolute poverty (with less than US$1.90 per day), creating a highly challenging backdrop for achieving the SDGs.

With 11 years left to 2030, there is a strong sense of urgency in member countries, and a recognition that innovative approaches are necessary to achieve the 17 SDGs.

**Helping member countries to achieve SDGs**

**Mauritania**
(SDGs 1,3,5,17)
Support to the National Program for Reproductive Health Project

**Senegal**
(SDGs 1,3,17)
Support to the Malaria Control and Elimination Project
(SDGs 1,2,5,17)
Regional Rice Value Chain Development Program

**Guinea**
(SDGs 1,2,17)
Conakry Sanitation Project
(SDGs 1,2,17)
Regional Rice Value Chain Development Program

**The Gambia**
(SDGs 1,2,5,17)
Regional Rice Value Chain Development Program

**Sierra Leone**
(SDGs 1,2,5,17)
Regional Rice Value Chain Development Program

**Cote d’Ivoire**
(SDGs 1,3,6,11,17)
Water Sanitation Project for Abidjan & 15 Secondary Cities

**Batting the root causes of poverty**

The LLF is one such innovation. The Fund’s vision, jointly conceived by development partners (and therefore meeting SDG-17), focuses on reducing extreme poverty (SDG-1) in IsDB and donors’ member countries.

The Fund targets the key causes of poverty in the most marginalized populations, addressing critical needs in:

- health, by enhancing primary healthcare and infectious disease control (SDG-3)
- agriculture, by supporting smallholder farmers’ production and productivity (SDG-2)
- and basic infrastructure (SDGs 6 and 9)

Cross-cutting SDGs are also well covered under these three major sub-sectors.

**AS OF 2018, SOME 400 MILLION PEOPLE IN IsDB MEMBER COUNTRIES STILL LIVE IN ABSOLUTE POVERTY**
Helping member countries to achieve SDGs

The LLF is financing a US$36 million project to eradicate malaria in Senegal. This will free the northern and central regions from malaria, enabling their populations to participate fully in the economic boom of the country.

The approved Regional Rice Value Chain Development Project is a US$290 million initiative covering Gambia, Guinea, Niger, Senegal and Sierra Leone, co-financed by African Development Bank and BADEA, will help governments to close their huge rice self-sufficiency gap and cut spending on rice imports.

The project will enable rice value chains to flourish, boosting the revenue of thousands of smallholder farmers by over 70%, generating over 170,000 new jobs, and strengthening the capacity of most stakeholders in the rice value chain.

This project will introduce technology and innovation to increase agriculture production and productivity, it will link farmers to markets, and enable the policy-making and institutional environment by facilitating public-private partnerships.

How is the LLF achieving the SDGs?

Health

Eradicating Malaria in Senegal
(SDGs 1,3,17)

The LLF is financing a US$36 million project to eradicate malaria in Senegal. This will free the northern and central regions from malaria, enabling their populations to participate fully in the economic boom of the country.

Agriculture

Agro-pastoralism in the Sahel
(SDGs 1,2,3,8,9)

The LLF is also financing a US$94 million agro-pastoralism project, spanning Burkina Faso, Mali and Senegal, which will enhance livestock production, increase herders’ income and reduce food insecurity in the region.

Promoting Rice Value Chains in five countries
(SDGs 1,2,8,13,17)

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Small infrastructure

Conakry sanitation project in Guinea
(SDGs 1,3,6,8,9,11)

The LLF is funding a US$59 million water sanitation project to address the critical consequences of rapid urbanization in the capital city of Conakry. This project will protect inhabitants against flooding through efficient storm water drainage, and improve safety, health and environmental conditions through sustainable solid waste and sewage collection, transport and disposal systems. It will drastically improve living conditions for millions of people.

Eleven years to go

There’s much to do to achieve the SDGs in member countries before 2030. While most development actors aim to eradicate extreme poverty, the LLF is focusing on making a difference now to achieving the SDGs in IsDB member countries by transforming lives and livelihoods to lift millions out of poverty.
ALL IN ALL

19 PROJECTS
WHERE LLF PROJECTS ARE LOCATED
18 COUNTRIES
26 OPERATIONS
GEOGRAPHICAL SPREAD

2018
6 new countries added: Egypt, Sierra Leone, Indonesia, Côte-d’Ivoire, Pakistan, the Gambia

400 million people
The number of people in member countries of the IsDB who live in absolute poverty

8 UN SDGs
The number of Sustainable Development Goals directly addressed by the LLF

US$1 BILLION:
Value of concessional funding approvals to date

Total projects approved by the LLF (across sectors/countries)
7 in 2018 totalling US$484 million
7 in 2017 totalling US$206 million
5 in 2016 totalling US$343 million

US$20 = US$100
Pooling IsDB financing and donor grant money multiplies each dollar donated many times, enhancing the capacity of the IsDB to extend concessional resources to member countries

95%
Quantity of LLF resources devoted to least developed member countries and six middle-income member countries

20%
No single country will receive more than 20% of the project financing funds

LLF FINANCING PROCESS

MEMBER COUNTRY REQUEST FOR FUNDING
IsDB sector teams prepare concept papers and initiate PPF utilization if required.

LLF management unit reviews and selects pipeline of projects

Impact Committee approves submitted projects
Agriculture
20-60% of funding allocation
- Boosting production of staple crops and livestock by smallholder farmers and pastoralists – those who produce 80% of food in key regions
- Providing smallholder farmers and producers with better access to markets and technology
- Increasing women’s empowerment in agriculture
- Increasing access to, and consumption of, a nutritious diet
- Increasing income stability among smallholder farmers, including through favouring entrepreneurship.

Health
20-60% of funding allocation
- Combating infectious diseases like malaria, HIV/AIDS, polio and neglected tropical diseases
- Ensuring routine immunization coverage
- Strengthening primary healthcare systems for equitable access to quality healthcare services.

Basic Infrastructure
Maximum 20% of funding allocation
- Providing better access to water and sanitation services
- Improving access to a reliable electric supply
- Providing greater access to mobile and digital communications
- Increasing protection from flooding for individuals, housing and community facilities.
Below are all of the beneficiary projects of the Lives and Livelihoods Fund up to the end of 2018.

<table>
<thead>
<tr>
<th>Year</th>
<th>Country</th>
<th>Sector</th>
<th>Project Description</th>
<th>LLF Financing (US$ million)</th>
<th>Grant Financing (US$ million)</th>
<th>IsDB Ordinary Capital Resources (OCR) (US$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>Cameroon</td>
<td>HLT</td>
<td>Enhancing system integration and capacity for improved public health management and emergency response</td>
<td>29.40</td>
<td>10.29</td>
<td>19.11</td>
</tr>
<tr>
<td>2018</td>
<td>Egypt</td>
<td>HLT</td>
<td>Preventing infectious disease spread in Egyptian healthcare centers for Hepatitis C elimination by 2030</td>
<td>40.00</td>
<td>4.00</td>
<td>36.00</td>
</tr>
<tr>
<td>2018</td>
<td>Nigeria</td>
<td>HLT</td>
<td>Improving the delivery and uptake of malaria prevention and treatment activities in selected Nigeria states</td>
<td>100.00</td>
<td>10.00</td>
<td>90.00</td>
</tr>
<tr>
<td>2018</td>
<td>Pakistan</td>
<td>HLT</td>
<td>Supporting the third phase of the national polio program</td>
<td>100.00</td>
<td>10.00</td>
<td>90.00</td>
</tr>
<tr>
<td>2018</td>
<td>Indonesia</td>
<td>AGR</td>
<td>Lifting out of poverty poorest populations in the Upland areas through improved agriculture productive capacities</td>
<td>65.60</td>
<td>6.56</td>
<td>59.04</td>
</tr>
<tr>
<td>2018</td>
<td>The Gambia, Guinea, Niger, Senegal, Sierra Leone</td>
<td>AGR</td>
<td>Closing the Rice self-sufficiency gap in five countries through an integrated value chain development approach</td>
<td>100.00</td>
<td>35.00</td>
<td>65.00</td>
</tr>
<tr>
<td>2018</td>
<td>Cote d’Ivoire</td>
<td>INF</td>
<td>Help achieving a sustainable improvement in the provision of sanitation services in Abidjan and fifteen regional cities</td>
<td>49.00</td>
<td>17.15</td>
<td>31.85</td>
</tr>
</tbody>
</table>

**TOTAL LLF PORTFOLIO VALUE OF FINANCING APPROVALS IN 2018**

- 484.00
- 93.00
- 391.00

**TOTAL LLF PORTFOLIO VALUE OF FINANCING APPROVALS IN 2017**

- 205.60
- 61.68
- 143.92

**TOTAL LLF PORTFOLIO VALUE OF FINANCING APPROVALS IN 2016**

- 342.93
- 67.41
- 275.52

**TOTAL LLF PORTFOLIO VALUE OF FINANCING APPROVALS AS OF DECEMBER 31st, 2018**

- 1,032.53
- 222.09
- 810.44

---

**Notes:**

- [4] The total approvals have been adjusted for cancellation of 2 projects and subsequent reallocation.
- AGR = Agriculture  HLT = Health  INF = Infrastructure
- Amounts as approved and committed by the Impact Committee.
What our donors say

“In the brief time of three years, LLF has significantly benefitted millions. As the work of the LLF continues to grow, we are confident that we will meet our objectives, attract other financiers, and expand the geographical scope of funded projects.”

Mr. Adel Al Hosani, Operations Department Director
Abu Dhabi Fund for Development

“The contribution of the ISFD to the LLF was the result of a firm belief in the importance of joint cooperation and partnership with other international and national institutions that aspire to support poor communities and marginalized people, to bring them from human misery to dignity and to leave no one in this world behind us.”

Dr. Waleed Alwaheeb, Director General
Islamic Solidarity Fund for Development

“There is no doubt that contributing to the projects of the Lives and Livelihoods Fund provides relief to the needy and contributes to the development of the targeted countries through projects implemented in key social sectors. This aligns with the vision of the King Salman Humanitarian Aid and Relief Center, which is to extend a hand to the needy without exception.”

Mr. Ahmed Albaiz, Assistant Supervisor General
of Operations & Programs
King Salman Humanitarian Aid and Relief Center

“The LLF creates a good opportunity for bridging some of the funding gaps in official development assistance. It also provides the opportunity for partners to reach a large number of countries through its smart and innovative financial model. As an emerging donor, the QFFD would like to increase its participation and involvement in innovative financing initiatives.”

Mr. Ali Bin Abdullah Al-Dabbagh, Deputy Director
General for Planning
Qatar Fund for Development
1. Improving maternal and child health services in Dangara district, Tajikistan

Year approved: 2017

Project value: US$26 million

Dr Nargis Rakhimova, Acting Assistant Representative and National Program Officer on Reproductive Health and Gender Equality, United Nations Population Fund, outlines the challenges that led to this LLF project, and how it will improve health outcomes for women and children in Dangara.

How do maternal and child mortality and morbidity affect the lives of the people of Tajikistan and the country’s economy?

Maternal and child health (MCH) is a priority area for the Government of Tajikistan. While the Government and its development partners have done much to improve MCH in the country, many goals remain unreached. Currently, the health sector is allocated only 2.3% of GDP, which is not enough to provide quality health services for the population, particularly in rural areas.

Tajikistan’s population is young. It is usual for young women of 18 to get married and to become pregnant quickly after marriage. A woman’s husband and his family will make the decisions on health matters, and little consideration is made of the health of the woman. The timeframe between the births of a woman’s children are short – particularly in rural areas.
Early, multiple pregnancies can lead to many health and psychological issues for the women involved and for their children, and there is obviously a huge risk of female morbidity and mortality. In Tajikistan, a woman is responsible for the functioning of her home, and for her children’s care and education. She contributes to the family’s, as well as the wider, economy. If a woman dies, particularly in early adulthood, it has major consequences for her family, community and the country as a whole.

What needs to be addressed to improve health outcomes for women and children?

In Tajikistan there are gaps in services at the primary healthcare (PHC) level, including:

- Lack of capacity of PHC personnel at the ‘health house’ (the first point, where there are only nurses and midwives) and rural health center (the second PHC level)
- Insufficient levels of specialists (obstetricians/gynaecologists, neonatologists, midwives) at PHC level
- Poor infrastructure and a lack of supplies and medicines

There are also gaps in the hospital sector, including:

- Lack of capacity of health professionals on evidence-based programmes
- Insufficient implementation of national standards and protocols due to lack of knowledge and awareness
- Lack of quality of emergency obstetric care services
- Poor infrastructure and lack of supplies
- Lack of transportation for rural women to reach emergency services

How is this LLF project helping to address these needs, and the gaps in the Tajikistan health system?

The LLF project aims to improve the quality of care to mothers and children in rural, remote areas to drive down maternal and child morbidity and mortality. It has been designed based on the lessons learned and the ongoing reforms being made to the country’s health sector. It will:

- Strengthen the capacity of primary healthcare and the hospital sector in rural areas, and enhance their physical infrastructure
- Strengthen emergency obstetric care (EMOC) services, increasing access for rural women to quality obstetric and newborn services, and therefore saving lives in rural areas
- Aid the implementation of national care standards and protocols, and strengthen midwifery education in line with evidence-based medicine
- Increase people’s awareness of their access to, and use of, quality MCH services, encouraging them to participate in more discussion around health issues.

What makes LLF funding unique and a good option for Tajikistan’s needs?

The project is focused on a priority area. It is targeted and contributes to the main SDG areas. It will also have long-term impact and enable us to introduce a comprehensive approach to improving the quality of MCH in Tajikistan.

That comprehensive approach is key, as success will only be possible by addressing the many issues involved through institutional strengthening and capacity development, improving infrastructure and enhancing the provision of medical equipment and supplies.

Dr Nargis Rakhimova

THE LLF PROJECT AIMS TO
IMPROVE THE QUALITY OF
CARE TO MOTHERS AND
CHILDREN IN RURAL,
REMOTE AREAS TO DRIVE
DOWN MATERNAL AND
CHILD MORBIDITY
A year in three projects

2.

Kano State Agro-Pastoral Agriculture project, Nigeria

Year approved: 2016
Project value: US$100 million

Three stakeholders give their views about the challenges that led to the launch of this project, the solutions involved, and the results they expect to see.

M. Malam Ibrahim Garba Mohammed, Project Coordinator and Head of the Project Management Unit

“We expect this project in Kano State to reduce poverty by creating a sustainable value chain for animal and crop productivity. This will, in turn, strengthen the food security of the vulnerable population in the state.

We expect the project to achieve three outcomes:

• To sustainably manage grazing resources by establishing grazing reserve committees and implementing family-owned and managed homestead pasture development
• To develop milk value chains by improving the productivity of cattle, milk collection and processing, and improving the marketing of milk and dairy products
• To enhance meat (beef, mutton and goat) value chains by increasing animal productivity, improving the marketing of live animals and ensuring safer, hygienically processed meat.

This will boost household incomes from livestock and crop value chains. Indeed, about 5 million people are expected to benefit from the project.
H.E. Dr Nasiru Yusif Gawuna, Deputy Governor and Commissioner of Agriculture and Natural Resources

“Agriculture is a dominant component of the Nigerian economy; contributing 22.6% to the GDP and employing 70% of the 182 million population. In Kano State, agriculture is a major employer and provider of food and income, it also supplies raw materials to industry. Around 75% of the population is directly or indirectly engaged in some form of agricultural activity including crops, livestock and fishing.

The main challenges in Kano State include the sub-optimal use of agricultural inputs, inadequate mechanization and technology and limited access to credit. What’s more, up to 40% of product value is lost because of Nigeria’s inability to process most of its agricultural production to meet international standards. Local markets also lack basic amenities and infrastructure.

The LLF project has three components: agro-pastoral productivity and production enhancement, value addition and market access, and project management. Capacity building is a major cross-cutting theme. This is supporting a priority area: enabling farmers, the poorest people, to grow sufficient food to feed their families and sell the excess to make a living.”

Professor Mahmud Ibrahim Daneji, Head of Kano State Agricultural and Rural Development Authority (KNARDA), the project executing agency

“In Nigeria, and particularly in Kano State, poverty, food insecurity and unemployment remain daunting challenges. Addressing these, and meeting the SDGs, demands greater effort to enhance our nation’s economic growth in an inclusive way.

The LLF provides a unique opportunity through concessional financing and grant funds to address these challenges to increase productivity and reduce poverty. The LLF project will help develop sustainable production systems, resilient to climate and market shocks, by investing in markets, institutions and infrastructures, natural resource management and conservation.

The project will positively influence the development of the private sector. A private sector partner will manage some of the milk collection centers and support will be given to entrepreneurs to develop and manage land for different uses, from commercial fodder production to pasture seed system development. The project will also provide jobs for unemployed young people and open up infrastructure to enable new businesses to thrive.”

THE LLF PROJECT
WILL HELP DEVELOP
SUSTAINABLE PRODUCTION SYSTEMS, RESILIENT TO CLIMATE AND MARKET SHOCKS
3.

Conakry Sanitation Project, Guinea

Year approved: 2017
Project value: US$59 million

Mody Mahi Barry, Project Coordinator and Head of the Project Management Unit, and Sory Camara, CEO of the National Agency for Sanitation and Public Safety (the Executing Agency for this project), share their thoughts on how this sanitation project will bring a range of far-reaching benefits to the population of Conakry.

How does the poor waste and water sanitation infrastructure in Conakry affect its people and the wider economy?

**MMB:** Conakry’s sanitation system is characterized by a significant lack of infrastructure for rainwater drainage, wastewater disposal and treatment, and for the collection and disposal of solid waste. The supply of drinking water is also problematic.

**SC:** The poor functioning of the infrastructure creates a range of challenges, from the pollution of drinking water and the consequent proliferation of disease to the nuisance of foul smells, flooding and congestion of public roads, and the closure of sewage disposal gutters which therefore degrades paved roads. The financial cost involved in dealing with the consequences on people’s health are enormous.
How will the LLF project help?

SC: With LLF funds we’re tackling the challenges in a range of ways, by:
- Building material capacities for solid and liquid waste management
- Improving the private sector’s intervention framework through the development of consolidation points and transfer sites
- Creating a management framework involving all stakeholders (households, NGOs, SMEs, communities)
- Enabling capacity building of human capital
- Introducing waste sorting and recycling

MMB: These targeted activities will promote a change of behavior in the local population which will reinforce the infrastructure. Maintenance and equipment will be managed according to private sector principles to ensure the operation is sustainable. These measures, associated with good governance, will enhance the control of solid and liquid sanitation.

What positive results do you expect from this project?

SC: The Conakry sanitation project will protect the population against floods, reduce risks to public health and safety, safeguard residents’ assets, secure roads, and protect sources of drinking water against potential contamination. It will also promote direct and indirect job creation in the sanitation sector.

MMB: The project in all its components will build human capital capacity. Enhancing the abilities and roles of public, private and non-governmental stakeholders will improve all links in the sanitation process. Local SMEs directly involved in the collection of garbage and the emptying of septic tanks will have more opportunities, generating higher incomes, leading to job creation.

We look forward to seeing the improvement in living conditions for the people of Conakry through the sustainable management of solid and liquid waste, rainwater drainage, and improvements to drinking water quality.

Long-term we expect to see changes in people’s behavior, increased infrastructure and equipment, and the strong involvement of the private sector throughout the implementation process. The approaches used can benefit all Guinean cities.

What makes LLF funding a good option?

SC: Financing projects from LLF funds creates time and cost efficiencies, and offers the support of a reliable institutional partner. The mobilization of funds follows a flexible procedure, and the cost of the debt is not affected.

MMB: The process of negotiating LLF funds is very diligent and the conditions for implementation are not binding. It is flexible financing adapted to the realities and needs in the field.

What would you say to a developing country that is considering embarking on a project with the LLF?

SC: I would encourage any developing country to apply for LLF funds. It’s important to be alert to such issues as behavior change, the adoption of good practice, mobilizing additional financing, and the need to capitalize on the achievements of existing projects. If you are seeking LLF funding for a project, make sure that you are well prepared with the latest statistical data, that you promote good governance, and that the project is implemented by all stakeholders.

MMB: The LLF funds are at the disposal of developing countries that pursue coherent and beneficial social policies for vulnerable groups. LLF funds enable countries to mobilize financial resources that have little impact on the level of indebtedness. It’s important to note that the management conditions of the LLF funds are framed and that all actions are traceable.

IN CONAKRY, WE EXPECT TO SEE CHANGES IN PEOPLE’S BEHAVIOR, INCREASED INFRASTRUCTURE AND EQUIPMENT, AND THE STRONG INVOLVEMENT OF THE PRIVATE SECTOR THROUGHOUT THE IMPLEMENTATION PROCESS
NIGERIA – LMIC (Sub Saharan Africa)
SDGs directly covered: 1,3,17
National Malaria Elimination Program Scale-Up Project
Healthcare US$100 million
To improve the delivery and uptake of malaria prevention and treatment activities in selected states
Development partners involved: African Development Bank, World Bank
Expected results include:
- 80% households protected by LLINs
- 80% coverage of ACTs and high quality case management
- 80% coverage of Seasonal Malaria Chemoprophylaxis (SMC) to children under 5
- Improved knowledge of Malaria prevention and treatment
Envisioned timeline: 3 years after effectiveness
Status: In preparation stage

CAMEROON – LDMC (Sub Saharan Africa)
SDGs directly covered: 1,3,17
Strengthening Cameroon’s Primary Healthcare and Emergency Management Systems
Healthcare US$29.4 million
To enhance system integration and capacity for improved public health management and emergency response
Expected results include:
- Operational decentralized National Public and Emergency Management system with integrated public health programs including:
  - National Public Health Institute and 3 multi-regional public health hubs constructed and equipped
  - Strengthened CERPLES through trained mobile staff, resources and robust surveillance systems for effective epidemic control
  - Op research to improve infectious disease control
Envisioned timeline: 5 years after effectiveness
Status: In preparation stage

EGYPT – LMIC (Middle East)
SDGs directly covered: 3,17
Auto-disable syringe manufacturing – Support to the Hepatitis C Elimination Program
Healthcare US$40 million
To prevent the spread of infectious disease in Egyptian healthcare centers for Hepatitis C elimination by 2030
Development partners involved: World Bank
Expected results include:
- Modern ADS manufacturing plant established with production capacity of 200 million p.a
- 100% of immunization services use country-made ADS
- Hepatitis C infection is reduced from 10% to 2%
- WHO accreditation and ISO certification obtained making the plant competitive for regional/international markets
Envisioned timeline: 3 years after effectiveness
Status: In preparation stage

PAKISTAN – LMIC (Asia)
SDGs directly covered: 1,3,17
Support to the Polio Eradication Program (2019-2021)
Healthcare US$100 million
To support the third phase of the national polio program
Development partners involved: World Health Organization, Save the Children
Expected results include:
- Eradication of the poliovirus and the threat of resurgence
- Sustained population immunity levels to prevent transmission
- Increased immunization rates for other essential vaccines reducing disease burden and mortality in children under 5
Envisioned timeline: 3 years after effectiveness
Status: In preparation stage
THE GAMBIA/GUINEA/NIGER/SENEGAL/SIERRA LEONE – LDMC (Sub Saharan Africa)  
**SDGs directly covered: 1,2,5,17**

Regional Rice Value Chain Development Project  
**Agriculture** US$100.5 million  
To help governments close the rice self-sufficiency gap in five countries through an integrated value chain approach  
**Development partners involved:** African Development Bank, BADEA  
**Expected results include:**  
- Rice self-sufficiency gaps closed by 5% to 25% per country  
- 175,000 jobs created in seeds, paddy production and rice milling  
- Average farmers’ income per hectare improved by 69%  
**Main Agriculture Outcomes:**  
- 200,000 tons of quality seeds produced & disseminated  
- 40% increase in crop yields for 3 type of production system  
**Envisioned timeline:** 3 years after effectiveness  
**Status:** Project approved by IsDB BED Dec 2018

INDONESIA – LMIC (Asia)  
**SDGs directly covered: 1,2,17**

Development of Integrated Farming Systems in Upland Areas  
**Agriculture** US$66 million  
To lift the poorest populations of the upland areas out of poverty through improved agriculture productive capacities  
**Development partners involved:** IFAD  
**Expected results include:**  
- 25,000 households will receive project investment, technical support and agriculture services  
- 20,000 households with increased asset ownership  
- Benefits to 15,000 women & 10,000 young people  
**Envisioned timeline:** 5 years after effectiveness  
**Status:** In preparation stage

CÔTE-D’IVOIRE – LDMC (Sub-Saharan Africa)  
**SDGs directly covered: 1,3,6,11,17**

Water Sanitation Project for Abidjan & 15 Secondary Cities Project  
**Small infrastructure** US$49.2 million  
To help achieve a sustainable improvement in the provision of sanitation service in Abidjan and 15 regional cities  
**Development partners involved:** Currently being explored by the government  
**Expected results include:**  
- 7,366,519 inhabitants provided with improved sanitation  
- Number of deaths caused by diarrhea reduced from 500,000 in 2016 to 250,000 in 2025  
- Number of deaths caused by malaria reduced from 4,431 in 2016 to 2,000 in 2025  
- Thousands of permanent & temporary jobs created  
**Envisioned timeline:** 4 years after effectiveness  
**Status:** In preparation stage
Looking ahead

2019: The year of increased disbursements

The year 2019 represents a pivotal year for the LLF, as the Fund enters into the second half of its initial cycle. As of the end of 2018, the active portfolio of the Fund comprises 19 projects, 29% of which are already disbursing and some 65% are still navigating between the signing of the financing agreements and their effectiveness; the remaining 6% are under preparation.

The key focus of the LLFMU during 2019 will be to accelerate projects towards higher disbursement as projects are ready to produce the desired outcome. This will be facilitated as more project officers are deployed in the field offices and on the ground.

The deployment of projects is materialized by the disbursements and their use to produce the targeted outcome. Disbursements, given the essential characteristics of Islamic finance, mean that assets are taking shape and the lives and livelihoods of the relevant population are starting to be positively impacted.

The Lives and Livelihoods Fund Chairmanship will transition in 2019

The Chairmanship Baton will pass from the Islamic Solidarity Fund for Development (ISFD) to the Qatar Fund for Development (QFFD).

Dr. Waleed Alwaheeb
Director General of the ISFD

Mr. Ali Bin Abdullah Al-Dabbagh
Deputy Director General for Planning, QFFD

THE KEY FOCUS DURING 2019 WILL BE TO ACCELERATE PROJECT DEPLOYMENT AND ENHANCE RESOURCE TRANSFER TO MEMBER COUNTRIES
Fast-tracking new projects

The LLF portfolio was enriched in October 2018 with seven new projects.

The LLFMU must now work with sector teams to move these forward by exploiting the recent changes in the IsDB’s business and operating models. The goal is to develop these new projects quickly and efficiently towards the conditions required for implementation and disbursement.

Other important activities for 2019 include more proactive engagement and collaboration with donors; more effective management of our network of external parties; enhancing the efficiency of all enabling activities, and producing the Annual Report for 2019.

“We are pleased by the strong support placed in us to explore new potential members to join the innovative partnership created by the LLF.”

Dr. Mohamed Jouini, Vice President, Partnership Development, IsDB

“We aim to support the acceleration of disbursements and the implementation of LLF projects within member countries in 2019 so that we can get closer to our ultimate ambition: to transform the lives and the living conditions of the most needy populations.”

Dr. Waleed Ahmad J. Addas, Head of the LLFMU
Independent Auditor’s Report

Your Excellencies, the Chairman and Members of the Impact Committee
Lives and Livelihood Fund
Jeddah
Kingdom of Saudi Arabia

Report on the financial statements
We have audited the accompanying statement of financial position of Islamic Development Bank – Lives and Livelihoods Fund (“the Fund”) as at December 2018 and the related statements of activities, cash flow and changes in net assets for the year then ended. These financial statements and the Fund’s undertaking to operate in accordance with Shari’ah are the responsibility of the Fund’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

For Ernst & Young

Ahmed I. Reda
Certified Public Accountant
Licence No. 356
15 April 2019
10 Sha’ban 1440H
Jeddah
18/41/MNA
Statement of financial position
as at 31 December 2018
(All amounts in United States Dollars unless otherwise stated)

<table>
<thead>
<tr>
<th>Notes</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>4</td>
<td>29,628,925</td>
</tr>
<tr>
<td>Commodity placements</td>
<td>5</td>
<td>117,369,368</td>
</tr>
<tr>
<td>Contributions receivable from donors</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>Other assets</td>
<td>7</td>
<td>1,171</td>
</tr>
<tr>
<td>Total Assets</td>
<td></td>
<td>146,999,464</td>
</tr>
</tbody>
</table>

| Liabilities              |            |            |
| Due to a related party  | 10         | 158,543    | 223,463     |
| Accruals and other liabilities | 11        | 348,266    | 534,412     |
| Total Liabilities        |            | 506,809    | 757,875     |
| Net Assets               |            | 146,492,655 | 147,010,430 |

| Represented by:          |            |            |
| Donor Contributions      | 8          | 143,436,601 | 145,413,998 |
| Reserve amount           | 8,9        | 3,056,054   | 1,596,432   |
|                         |            | 146,492,655 | 147,010,430 |

Statement of activities
for the year ended 31 December 2018
(All amounts in United States Dollars unless otherwise stated)

<table>
<thead>
<tr>
<th>Notes</th>
<th>For the year ended 31 December 2018</th>
<th>For the year ended 31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donor grant contributions</td>
<td>12</td>
<td>2,509,115</td>
</tr>
<tr>
<td>Commodity placements</td>
<td></td>
<td>2,678,485</td>
</tr>
<tr>
<td>Income from consultancy grant</td>
<td></td>
<td>406,569</td>
</tr>
<tr>
<td>Transfer from reserve amount</td>
<td>9</td>
<td>1,218,863</td>
</tr>
<tr>
<td>Net income before administrative and operating expenses</td>
<td>6,813,032</td>
<td>1,325,714</td>
</tr>
<tr>
<td>Facility administration costs</td>
<td>13</td>
<td>(999,983)</td>
</tr>
<tr>
<td>Grant expenses</td>
<td></td>
<td>(2,509,115)</td>
</tr>
<tr>
<td>Consultancy</td>
<td></td>
<td>(406,569)</td>
</tr>
<tr>
<td>Projects preparation costs</td>
<td>14</td>
<td>(218,880)</td>
</tr>
<tr>
<td>Total administrative and operating expenses</td>
<td>(4,134,547)</td>
<td>(770,780)</td>
</tr>
<tr>
<td>Net income before transfer of investment income to Donor Reserves</td>
<td>2,678,485</td>
<td>554,934</td>
</tr>
<tr>
<td>Transfer of investment income to Donor Reserves</td>
<td>15</td>
<td>(2,678,485)</td>
</tr>
<tr>
<td>Net income for the year</td>
<td></td>
<td>-</td>
</tr>
</tbody>
</table>
Statement of cash flows  
for the year ended 31 December 2018  
(All amounts in United States Dollars unless otherwise stated)

<table>
<thead>
<tr>
<th>Cash flows from operations</th>
<th>Notes</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income before transfer of investment income to Donor Reserves</td>
<td></td>
<td>2,678,485</td>
<td>554,934</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Decrease) / increase in due to a related party</td>
<td></td>
<td>(4,044,069)</td>
<td>(1,031,348)</td>
</tr>
<tr>
<td>(Decrease) / increase in accruals and other liabilities</td>
<td></td>
<td>(186,146)</td>
<td>-</td>
</tr>
<tr>
<td>Receipt against consultancy grant</td>
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<td>250,000</td>
<td>-</td>
</tr>
<tr>
<td>Net cash generated from operating activities</td>
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<td>(1,301,730)</td>
<td>(476,414)</td>
</tr>
<tr>
<td>Cash flows from investing activity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodity placements</td>
<td>5</td>
<td>(35,584,770)</td>
<td>(81,784,598)</td>
</tr>
<tr>
<td>Net cash used in investing activity</td>
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<td>(35,584,770)</td>
<td>(81,784,598)</td>
</tr>
<tr>
<td>Cash flows from financing activity</td>
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<td></td>
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<tr>
<td>Contributions from donors</td>
<td>8,6</td>
<td>20,000,000</td>
<td>83,268,513</td>
</tr>
<tr>
<td>Net cash from financing activity</td>
<td></td>
<td>20,000,000</td>
<td>83,268,513</td>
</tr>
<tr>
<td>Net change in cash and cash equivalents</td>
<td></td>
<td>(16,886,500)</td>
<td>1,007,501</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of the year</td>
<td></td>
<td>46,515,425</td>
<td>45,507,924</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of the year</td>
<td>4</td>
<td>29,628,925</td>
<td>46,515,425</td>
</tr>
<tr>
<td>Non-cash Transaction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net movement in reserve amount</td>
<td></td>
<td>1,459,622</td>
<td>1,404,317</td>
</tr>
</tbody>
</table>

Statement of changes in net assets  
for the year ended 31 December 2018  
(All amounts in United States Dollars unless otherwise stated)

<table>
<thead>
<tr>
<th>Net assets at the beginning of the year</th>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions for the year</td>
<td></td>
<td>147,010,430</td>
<td>74,112,383</td>
</tr>
<tr>
<td>Adjustments in reserve amount</td>
<td></td>
<td>531,718</td>
<td>73,051,622</td>
</tr>
<tr>
<td>Grant expenses</td>
<td></td>
<td>1,459,622</td>
<td>(88,224)</td>
</tr>
<tr>
<td>Net assets at the end of the year</td>
<td></td>
<td>146,492,655</td>
<td>147,010,430</td>
</tr>
</tbody>
</table>
### Schedule of donor contributions

Movement in donors’ contributions were as follows

(All amounts in United States Dollars unless otherwise stated)

<table>
<thead>
<tr>
<th></th>
<th>Islamic Solidarity Fund for Development</th>
<th>Bill and Melinda Gates Foundation</th>
<th>Qatar Fund for Development</th>
<th>King Salman Humanitarian Aid and Relief Centre</th>
<th>Abu Dhabi Fund for Development</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Reserve Amount</td>
<td>Available for Disbursement</td>
<td>Reserve Amount</td>
<td>Available for Disbursement</td>
<td>Reserve Amount</td>
<td>Available for Disbursement</td>
</tr>
<tr>
<td>Balance as at 31 Dec 2017</td>
<td>79,546</td>
<td></td>
<td>59,516</td>
<td></td>
<td>14,758,109</td>
<td>9,761,951</td>
</tr>
<tr>
<td>Contributions for the year</td>
<td>-</td>
<td>19,468,281</td>
<td>-</td>
<td>14,566,168</td>
<td>-</td>
<td>9,705,337</td>
</tr>
<tr>
<td>Allocation to Reserve Amount</td>
<td>409,150</td>
<td>(409,150)</td>
<td>306,126</td>
<td>(306,126)</td>
<td>75,314</td>
<td>(75,314)</td>
</tr>
<tr>
<td>Facility Administration Costs</td>
<td>(178,849)</td>
<td>(133,815)</td>
<td>-</td>
<td>(8,191)</td>
<td>-</td>
<td>(16,634)</td>
</tr>
<tr>
<td>Projects Preparation Costs</td>
<td>(16,634)</td>
<td>(12,445)</td>
<td>-</td>
<td>(8,191)</td>
<td>-</td>
<td>(16,634)</td>
</tr>
<tr>
<td>Investment Income</td>
<td>221,090</td>
<td>-</td>
<td>111,434</td>
<td>-</td>
<td>86,358</td>
<td>-</td>
</tr>
<tr>
<td>Grant expenses</td>
<td>-</td>
<td>(11,335)</td>
<td>-</td>
<td>(8,481)</td>
<td>-</td>
<td>(28,531)</td>
</tr>
<tr>
<td>Balance as at 31 Dec 2017</td>
<td>514,303</td>
<td>38,772,615</td>
<td>330,816</td>
<td>29,009,670</td>
<td>175,441</td>
<td>19,363,443</td>
</tr>
<tr>
<td>Contributions for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Allocation to Reserve Amount</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Facility Administration Costs</td>
<td>(307,858)</td>
<td>(230,340)</td>
<td>-</td>
<td>(28,814)</td>
<td>-</td>
<td>(307,858)</td>
</tr>
<tr>
<td>Projects Preparation Costs</td>
<td>(58,514)</td>
<td>(43,781)</td>
<td>-</td>
<td>(28,814)</td>
<td>-</td>
<td>(58,514)</td>
</tr>
<tr>
<td>Investment Income</td>
<td>759,208</td>
<td>543,530</td>
<td>353,726</td>
<td>642,418</td>
<td>-</td>
<td>379,603</td>
</tr>
<tr>
<td>Grant expenses</td>
<td>-</td>
<td>(512,454)</td>
<td>-</td>
<td>(844,562)</td>
<td>(512,453)</td>
<td>(256,228)</td>
</tr>
<tr>
<td>Balance as at 31 Dec 2018</td>
<td>907,139</td>
<td>38,260,161</td>
<td>600,225</td>
<td>28,626,252</td>
<td>18,518,881</td>
<td>594,765</td>
</tr>
</tbody>
</table>
From the Head of the Lives and Livelihoods Fund Management Unit

The year 2018 was an important milestone in the LLF journey.

After two years of consolidating our efforts for effectively managing the Fund’s activities, we focused on quality design and new delivery tools for project implementation, with wider global donors’ involvement in developing the 2018 projects’ pipeline and the pursuit of new geographical areas. In addition, we have put in place necessary management and policy tools to accelerate the preparation of future projects and deployment of the active projects’ portfolio.

Furthermore, we have begun intensive work with the IsDB’s Country Operational and Global Practices Teams to accelerate the approved projects. This has facilitated the strategic and sectoral alignment of new projects and the signing of new financing agreements and the initiation of first disbursements.

We also conducted a number of tasks and field visits to launch the LLF projects that required closer monitoring and start-up workshops for advanced procurement in close cooperation with the Bank’s regional hubs and field offices. We have benefited from the decentralization and organizational transformation of the Bank to work with the heads of the Regional Offices who act as “LLF Ambassadors” and focal points in the regions they cover. The benefits of the restructuring process have become evident, especially when targeted interventions aim to address specific challenges, as was the case with a multi-sectoral project in Morocco.

The LLF Management Team also played an important role in identifying new procurement strategies and collaborating extensively with the Operations Quality & Results Department (OQR) to improve project design and expedite the processing of the active portfolio and in light of the thorough audit exercise conducted on the LLF portfolio. The analysis and challenges faced and proposed solutions have contributed to the formation of a new framework and action plan for improving the management and delivery of all IsDB projects including LLF.

An important objective of the year was also achieved by involving the donors more in the early project design discussions at concept level reaching together a better understanding on the nature of development cooperation and specific country conditions and challenges. This was supplemented with regular monthly progress reports on a number of key performance indicators of operational and financial matters. We have also been able to leverage the rich experience and wide insights of the donors for the benefit of the Fund.

To this end, we successfully organized the first meeting of the Technical Review Committee (TRC) in London in August 2018. The intensive work achieved paved the way for the successful meeting of the Third Impact Committee in Jeddah in October 2018, which came up with a number of important decisions and approved the largest pipeline to date, taking the Fund’s total net approvals to cross the US$1.0 billion mark.

During 2018, we launched a new dashboard with custom management tools that effectively monitor key performance indicators. We can now manage and monitor each project better and assess our portfolio fully against these goals. We have strengthened the Fund’s vision and access to potential new partners, through an online presence (new IsDB website and LLF page, Wikipedia), professionally supported social media (e.g. Twitter), and participation in major global events.

With regard to partnerships development, the UK Department for International Development (DFID) was invited as an Observer to participate in the 1st TRC and ICM3 meetings with a view to joining the LLF compact in the near future. It is gratifying to note that the Third Impact Committee meeting has agreed in principle to accept DFID as a new member of the LLF.

We recognize the need to speed up disbursement of the approved funds, and we will make this as one of our major undertaking in 2019 and beyond. We will do our utmost to move closer to our ultimate ambition: to transform the lives and living conditions of the most needy populations and help them lift themselves out of extreme poverty. This is the ultimate aim of the LLF and I deeply thank all our partners and stakeholders for their strong support to truly help us achieve the noble goal.

Dr. Waleed Ahmad J. Addas
Head of the Lives and Livelihoods Fund Management Unit
What our donors say

“The US$1 billion concessional financing milestone is a testament to the well-supported pillars of the LLF. The rapid deployment of these projects has resulted in considerable benefits to communities and elevated the living standard in countries that need it most.”
Mr. Ahmed AL-Kalbani, Chief Economist
Abu Dhabi Fund for Development

“It is essential that at this stage of the LLF we consider new and innovative solutions that will ensure that the desired impacts are achieved more quickly, supporting the resources of the Fund to ensure its long-term sustainability.”
Mr. A. Khemais El Gazzah, Senior Advisor to the DG ISFD, Responsible Of Resource Mobilization for ISFD Programs
Islamic Solidarity Fund for Development

All participating countries in the Fund directly or indirectly contribute to alleviating the suffering of the needy countries, which in turn participate in the renaissance of countries and development in all fields. We pray we continue this initiative and financing these development projects for several years to come.
Mr. Sultan Al-Molafkh, Secretary
King Salman Humanitarian Aid and Relief Center

“The QFFD’s strategic objectives focus on supporting developing countries and strengthening cooperation and partnerships to achieve greater impact. The LLF enables the QFFD to use its contribution to catalyze public finance and develop a portfolio mix that is expected to ensure sustainability. Part of QFFD strategy is to focus on Health and Economic empowerment, which are two main areas of LLF.”
Mr. Youssef Heneine, Senior Advisor
Qatar Fund for Development
Acknowledgements

This report was made possible thanks to the support and advice of many individuals, as well as our member organizations, who are listed below.

Abu Dhabi Fund for Development (ADFD)
The Abu Dhabi Fund for Development is a foreign aid agency established by the Government of Abu Dhabi to help developing countries to achieve sustainable economic growth and reduce poverty. It does this by providing financial resources, forging partnerships in the public and private sectors, and adopting international best practice to ensure aid effectiveness.

Bill & Melinda Gates Foundation (BMGF)
The Bill & Melinda Gates Foundation focuses on areas of greatest need across the world. Its areas of focus offer the opportunity to dramatically improve the quality of life for billions of people. It builds partnerships that bring together resources, expertise and vision, and works with the best organizations around the globe to identify issues, find answers and drive change.

King Salman Humanitarian Aid and Relief Center (KSRelief)
The King Salman Humanitarian Aid and Relief Center is dedicated to coordinating and providing international relief to crisis-affected communities, alleviating suffering and providing the essentials to allow people everywhere to live good lives.

Islamic Development Bank (IsDB)
The Islamic Development Bank (IsDB) is an international Islamic financial institution that aims to foster the economic development and social progress of member countries and Muslim communities in accordance with the principles of shariah, or Islamic law.

Islamic Solidarity Fund for Development (ISFD)
The Islamic Solidarity Fund for Development (ISFD) is dedicated to reducing poverty in its member countries by promoting pro-poor growth, emphasizing human development, especially improvements in health care and education, and providing financial support to enhance the productive capacity and sustainable means of income for the poor, including financing employment opportunities, providing market outlets especially for the rural poor and improving basic rural and pre-urban infrastructure.

Qatar Fund for Development (QFFD)
The Qatar Fund for Development is a public institution committed, on behalf of the state of Qatar, to implement foreign aid projects. Since 2012, QFFD has been providing aid to many countries in accordance with international cooperation goals of the Qatar National Vision 2030, and in line with best practices and standards. QFFD's main goal is to achieve inclusive and sustainable development, by addressing global priority issues in education, health, and economic empowerment.
Contact us

Ms. Alaa Abdullati
Executive Assistant
Lives and Livelihoods Fund Management Unit

Phone: +966 (12) 646 7012
Fax: +966 (12) 637 1334
Email: aabdullati@isdb.org

https://www.isdb.org/partnership/lives-and-livelihoods-fund