BUILDING PARTNERSHIPS

IsDB PILLARS OF ACTIVITY

ADDING VALUE

PROMOTING GLOBAL DEVELOPMENT

FOCUS ON SCIENCE, TECHNOLOGY & INNOVATION

FOSTERING COLLABORATION

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DIGEST
AN ESSENTIAL GUIDE TO THE
2019 ANNUAL REPORT
At its 38th Annual Meeting, the IsDB’s Board of Governors took place in Rajab 1395H (July 1975) and the IsDB formally began operations on 15 Shawwal 1395H (20 October 1975).

VISION

The Islamic Development Bank strives to become a world-class development bank, inspired by Islamic principles, that helps to significantly transform the landscape of comprehensive human development in the Muslim world and to restore its dignity.

MISSION

To promote comprehensive human development, with a focus on the priority areas of alleviating poverty, improving health, promoting education, improving governance and bringing prosperity to the people.

MEMBERSHIP

The IsDB has 57 member countries across various regions. The prime conditions for membership are that the prospective country should be a member of the Organization of Islamic Cooperation (OIC), that it pays the first installment of its minimum subscription to the Capital Stock of the IsDB, and that it accepts any terms and conditions that may be decided upon by the Board of Governors.

CAPITAL

At its 38th Annual Meeting, the IsDB’s Board of Governors approved the 5th General Capital Increase whereby the Authorized Capital was increased to ID50 billion and the Subscribed Capital (available for subscription) was increased to ID50 billion. By the same Resolution, the Board of Governors agreed to the calling in of the callable (portion) of the 4th General Capital Increase. As at the end of 2019, the subscribed capital of the IsDB stood at ID50.6 billion.

The world is changing at an unprecedented pace, with economic growth being driven by technology and innovation. The scale and magnitude of the changes required a paradigm shift in the way we support our member countries strengthen their capacities, and help them confront these challenges in their quest for long-term sustainable inclusive growth, within the context of the Sustainable Development Goals (SDGs).

It is against this backdrop that we embarked on a transformational journey three years ago, based on the understanding that the road ahead would be fraught with challenges. However, without this shift, we would be unable to help our member countries tackle these challenges.

Shaping new frontiers and pushing the boundaries of what countries can achieve is no easy feat, yet we have stayed the course. The Islamic Development Bank’s (IsDB) new business model focuses on making markets work for development; leveraging Science, Technology and Innovation to help member countries build competitive value chains whilst simultaneously addressing their socio-economic development needs. In this regard, we are focusing on high impact GVC based interventions that create jobs and foster economic growth commencing with our Member Country Partnership Strategies in Gabon, Maldives, Turkey and Morocco. At the heart of delivering on our new business model is the need for innovative Islamic finance, forging new partnerships and mobilizing financing from non-conventional sources, whilst maintaining our AAA credit rating.

2019 was a particularly challenging year, and 2020 looks set to follow that trend. Our member countries grappled with sluggish global economic growth in 2019 driven by a synchronized slowdown, rising trade tensions, adverse impacts of climate change, increasing inequalities and heightened fragility, conflict and violence.

The COVID-19 outbreak toward the end of 2019 has the potential to push us over the edge of an economic precipice in 2020. The magnitude of its impact globally necessitates concerted efforts at all levels. We are deeply concerned about the loss of lives, the socio-economic disruptions and the strain on health systems in our member countries. In this regard, we remain fully committed to supporting our member countries in their short-, medium- and long-term endeavors to tackle this unprecedented pandemic.

With precarious growth and risks to the downside, we need to protect the hard-earned development gains and increase support for our member countries in these difficult times. Our member countries will need to adopt forward-looking resilience policies to spur productivity and foster inclusive sustainable development.

In 2019 we witnessed the actualization of the paradigm shift in delivering on our promises and responding to the development needs of our member countries. Among the notable successes are the several STI-related initiatives, the focus on building resilience, empowerment of women, our debut issuance of Green Sukuk worth EUR 1 billion for Green Financing, and the commitment of 35% of resources to climate finance. Efficiency and effectiveness at the institutional level was enhanced through the newly established policy infrastructure encompassing 18 new sector, thematic and fiduciary policies to guide the Bank’s interventions. Among the key policies developed are the Science, Technology and Innovation, Climate Change, Reverse Linkage and Women’s Empowerment. Our collective efforts are encapsulated in the theme “Shaping New Frontiers for Sustainable Development.”

With Saudi Arabia at the helm of the G20 in 2020, we are uniquely poised to help shape the global development landscape and inject new ideas and innovative solutions to address the ever-increasing challenges at hand.

To realize this potential, we will remain proactive, agile and at the forefront of development. Anticipating and responding to existing and emerging challenges in innovative ways will always define our developmental role and the manner in which we support our member countries.

We will not rest on our laurels. We will continue the transformation journey to enhance IsDB’s efficiency and effectiveness as part of our relentless pursuit of a better future for both our member countries and Muslim communities in non-member countries.
OVERVIEW OF IsDB GROUP DEVELOPMENT ACTIVITIES

This chapter presents a synopsis of the development activities of the IsDB Group in cumulative terms and separately for the main IsDB Ordinary Capital Resources (OCR) financing, as well as for each of the entities.

1. FOSTERING DEVELOPMENT IN MEMBER COUNTRIES

This chapter presents the activities of the IsDB in 2019 to foster sustainable development in member countries. These are achievements during the year and are mainly about approvals for implementation of development projects, in addition to other accomplishments.

2. ENHANCING INSTITUTIONAL AND DEVELOPMENT EFFECTIVENESS

This chapter presents IsDB’s activities in the area of institutional and development effectiveness focusing on Board of Governors, Board of Executive Directors, Audit, Risk Management, Evaluation, Compliance, Development Results and Human Resources Management, among others.

IsDB GROUP IN BRIEF

FINANCIAL HEALTH

The IsDB has maintained the highest credit ratings of ‘AAA’ by all the three leading international rating agencies.

The Basel Committee on Banking Supervision and European Commission have designated the IsDB as a ‘zero-risk weighted’ multilateral development bank.

The ICIEC has maintained a rating of ‘Aa3’ with a ‘stable’ outlook from Moody’s.

The ICD has maintained a rating of ‘AA-’ by Fitch with a ‘stable’ outlook. However, its S&P rating was lowered to ‘A’ with a ‘negative’ outlook. Its rating by Moody’s was lowered to ‘A2’ with a ‘stable’ outlook.

The ITFC has maintained a rating of ‘A1’ by Moody’s with a ‘stable’ outlook.

See Flagship Vocational Literacy Program for Poverty Reduction (VOLIP), Senegal on page 74 of the Annual Report.
DEVELOPMENT IMPACT OF RECENTLY COMPLETED PROJECTS

THE IsDB GROUP SUSTAINED ITS FINANCING OF DEVELOPMENT PROJECTS AND PROGRAMS IN SUPPORT OF MEMBER COUNTRIES TO ACHIEVE SOCIAL AND ECONOMIC DEVELOPMENT IN ACCORDANCE WITH THE SUSTAINABLE DEVELOPMENT GOALS (SDGs).

1. SDG-1
   NEARLY 11,000 HOUSES AND SHELTERS WERE BUILT

2. SDG-2
   60,000 HECTARES OF LAND WERE IRRIGATED
   1.4 MILLION TONNES OF ADDITIONAL CROPS PRODUCED

3. SDG-3
   BUILT OR REHABILITATED NEARLY 4,000 HOSPITALS AND HEALTH FACILITIES
   BENEFITTED OVER 1.2 MILLION PATIENTS

4. SDG-4
   IsDB FINANCED THE BUILDING OF NEARLY 1,000 EDUCATIONAL INSTITUTIONS
   NEARLY 2.4 MILLION STUDENTS RECEIVED EDUCATION AT VARIOUS LEVELS

5. SDG-5
   THE IsDB GROUP SUSTAINED ITS FINANCING OF DEVELOPMENT PROJECTS AND PROGRAMS IN SUPPORT OF MEMBER COUNTRIES TO ACHIEVE SOCIAL AND ECONOMIC DEVELOPMENT IN ACCORDANCE WITH THE SUSTAINABLE DEVELOPMENT GOALS (SDGs).

6. SDG-6
   PROVIDED POTABLE WATER TO NEARLY 25,000 HOUSEHOLDS
   BUILT A SEWERAGE NETWORK EXTENDING TO OVER 2,500 KM

7. SDG-7
   HELPED CONNECT OVER 240,000 HOUSEHOLDS TO ELECTRICITY
   GENERATED 3,622 MW OF ELECTRICITY – 1,700 MW FROM RENEWABLE SOURCES

8. SDG-8
   NEARLY 40,000 PEOPLE WERE EMPLOYED
   NEARLY 50,000 PEOPLE PROVIDED WITH VOCATIONAL AND FORMAL TRAINING
   A TOTAL OF 145,000 PEOPLE PROVIDED WITH ISLAMIC MICROFINANCE SOLUTIONS.

9. SDG-9
   PAVED NEARLY 11,000 KM OF ROADS – INCLUDING 276 KM OF HIGHWAYS
   Laid 326 KM OF RAILWAY TRACKS
   EXPANDED AIRPORTS AND SEA PORTS INCREASING ANNUAL CAPACITY TO 3 MILLION PASSENGERS & 18 MILLION TONNES OF GOODS

10. SDG-10
    THESE PROJECTS TOGETHER HAVE RESULTED IN A REDUCTION OF CO₂ EMISSIONS PER YEAR OF 204,000 TONNES
    THUS CONTRIBUTING IN ACHIEVING SDG-13 AND SDG-15
2019 IN NUMBERS

TOTAL NET APPROVALS (2019)
ID 5.6 BN
US$ 7.8 BN
11.4 % INCREASE OVER THE
US$ 7 BN APPROVAL IN 2018

TOP-5 RECIPIENTS OF IsDB GROUP FINANCING IN 2019
PAKISTAN
ID 1.36 BN
US$ 1.01 BN
US$ 0.88 BN
BANGLADESH
EGYPT
BURKINA FASO
MALDIVES
US$ 0.41 BN
US$ 0.40 BN

SCATEC 50 MW SIX SOLAR POWER PROJECTS IPP IN ASWAN, EGYPT, US$446 MILLION
SEE PAGE 61 OF THE ANNUAL REPORT

TOTAL NET APPROVALS BY COUNTRY IN 2019 ($ MILLION)

NET INCOME (2019)
ID 140.40 MM
US$ 194.14 MM
A 67 PERCENT INCREASE FROM 2018
The significant increase in IsDB-OCR approvals reflects additional commitment to deliver projects for supporting sustainable development in member countries.

IsDB-OCR APPROVALS WAS
US$1.63 BN
A 28.6 PERCENT INCREASE FROM THE
US$1.27 BILLION APPROVED IN 2018
1395H-2019 APPROVALS IN NUMBERS

CUMULATIVE NET APPROVALS (1395H-2019)

ID 101.38 BN
US$ 145.07 BN

BY MAJOR MODE OF FINANCING (1395H-2019)

TRADE FINANCING
ID 58.93 BN
US$ 83.44 BN

PROJECT FINANCING
ID 39.85 BN
US$ 57.88 BN

TECHNICAL ASSISTANCE OPERATIONS
ID 1.42 BN
US$ 2.08 BN

SPECIAL ASSISTANCE OPERATIONS
ID 1.18 BN
US$ 1.68 BN

BY NUMBER OF OPERATIONS (1395H-2019)

10,482

TOTAL IsDB GROUP NET APPROVALS GREW OVER 10% IN 2019 AS THE INSTITUTION EMBARKED ON THE IMPLEMENTATION OF ITS STRATEGY AND NEW BUSINESS MODEL.

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The key expected outcome of the agriculture transformation project, South Agropole is the emergence of a strong agro-industrial value-added production that inspires sustainable high-level productivity, especially in mango and cashew nuts, leading to an estimated 10,000 direct jobs in Senegal. See page 50 of the annual report.