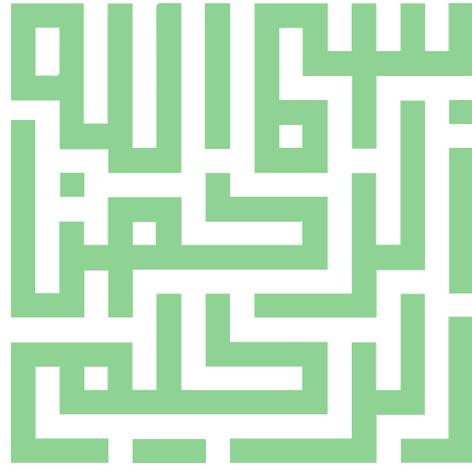


IsDB Group 10-Year Strategic Framework 2026 - 2035



“Originality and Solidarity for Intergenerational Prosperity”





”وَابْتَغِ فِيمَا آتَاكَ اللَّهُ الدَّارَ الْآخِرَةَ ۗ وَلَا تَنْسَ نَصِيبَكَ مِنَ الدُّنْيَا ۗ وَأَحْسِنَ كَمَا أَحْسَنَ اللَّهُ
إِلَيْكَ ۗ وَلَا تَبْغِ الْفُسَادَ ۗ فِي الْأَرْضِ ۗ إِنَّ اللَّهَ لَا يُحِبُّ الْمُفْسِدِينَ“
(القرآن الكريم، سورة القصص، آية 77)

*“Rather, seek the ‘reward’ of the Hereafter by means of what Allah has granted you,
without forgetting your share of this world. And be good ‘to others’ as Allah has been
good to you. Do not seek to spread corruption in the land, for Allah certainly does not
like the corruptors.”*

(Holy Quran, Surat Al-Qasas, Verse 77)

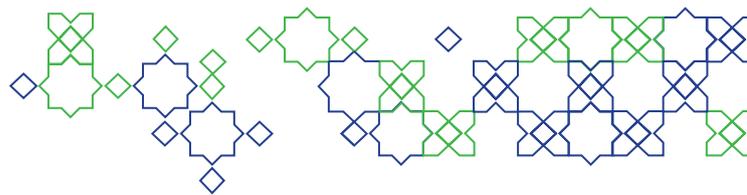


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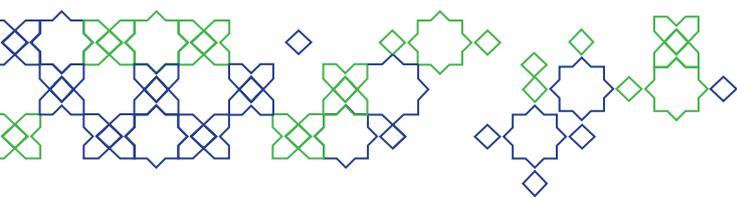
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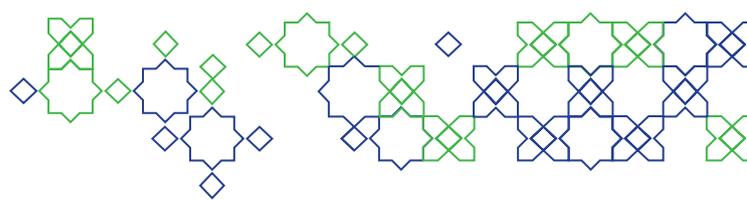
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Acronyms

AAOIFI	Accounting and Auditing Organization for Islamic Financial Institutions	LLF	Lives and Livelihoods Fund
AfDB	African Development Bank	MCs	Member countries
AI	Artificial Intelligence	MDB	Multilateral Development Bank
BRICS	Brazil, Russia, India, China, and South Africa (expanded to BRICS+)	MSMEs	Micro, Small, and Medium Enterprises
CAF	Capital Adequacy Framework	OIC	Organization of Islamic Cooperation
FCAS	Fragile and Conflict-Affected States	PPP	Public-Private Partnership
fintech	Financial Technology	SDGs	Sustainable Development Goals
G20	Group of Twenty (major economies)	SMEs	Small and Medium Enterprises
ICD	Islamic Corporation for the Development of the Private Sector	WASH	Water, Sanitation, and Hygiene
ICIEC	Islamic Corporation for the Insurance of Investment and Export Credit		
IFSB	Islamic Financial Services Board		
IILM	International Islamic Liquidity Management Corporation		
IsDB	Islamic Development Bank		
IsDBI	Islamic Development Bank Institute (formerly IRTI)		
ISFD	Islamic Solidarity Fund for Development		
ITFC	International Islamic Trade Finance Corporation		
LDMCs	Least developed member countries		



Foreword

As the Islamic Development Bank (IsDB) Group enters its sixth decade of service, we reaffirm our unwavering commitment to the development aspirations of our 57 member countries (MCs). Our journey, rooted in the principles of Islamic finance and South-South cooperation, has positioned us uniquely within the global development finance landscape. As an institution from the South, by the South, for the South, we have continuously evolved to meet the dynamic needs of our MCs, offering development solutions that align with their cultural and economic realities.

Over the past fifty years, the IsDB Group has undergone a profound transformation, adapting its strategies to reflect shifts in the global landscape and the evolving priorities of our MCs. As we approach the conclusion of our current 10-Year Strategy in 2025, alongside its post-COVID Strategic Realignment (2023-2025), we stand at a pivotal moment—one that calls for renewed vision, reinforced partnerships, and an adaptive approach to reposition the IsDB Group in order to address emerging challenges and opportunities.

The global development finance landscape is undergoing significant change. Geopolitical uncertainties, increasing economic fragility across our MCs, rapid urbanization, digitalization and artificial intelligence (AI), and pressing calls for multilateral development bank (MDB) reform demand a strategic response that is both agile and visionary. The “In Riyadh at Fifty Declaration,” adopted during our Golden Jubilee in 2024, reaffirmed our collective commitment to economic and social progress. It laid the foundation for a structured, consultative process that has shaped our new strategic planning cycle.

In response, we have adopted a Group-wide strategic planning process, taking into account the lessons learned from past planning cycles and their outcomes in terms of both approach and substance. The new planning process comprises two key components: (i) an IsDB Group 10-Year Strategic Framework (2026-2035) that sets the overarching direction, and (ii) two consecutive 5-Year Corporate Strategies for each Group Member, ensuring targeted and phased implementation.

The development of this Framework has been a highly inclusive process, engaging our Governors, Group Boards, and Group Management teams through

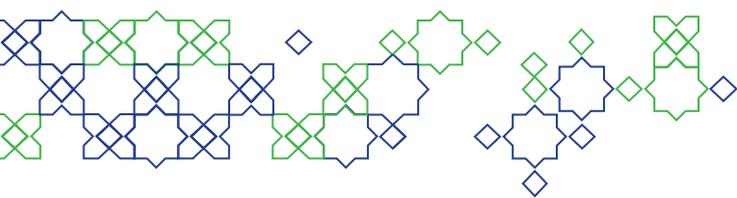


comprehensive consultations. A two-step approach, including a Shareholders' Survey and a Governors' Consultation Retreat in Madinah, Saudi Arabia, has allowed us to deeply align with our shareholders' aspirations. At the heart of these consultations was a fundamental question: How can the IsDB Group develop a value creation system at the country, OIC, and global levels over a 10-year horizon that maximizes its ability to: (i) fulfill its mandate, and (ii) respond to shareholder aspirations?

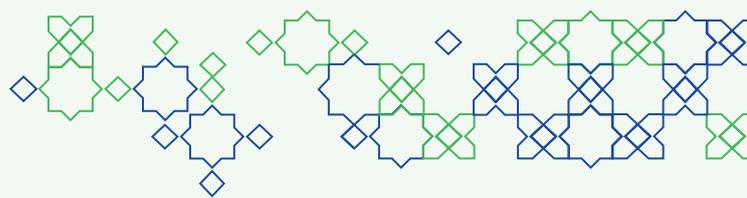
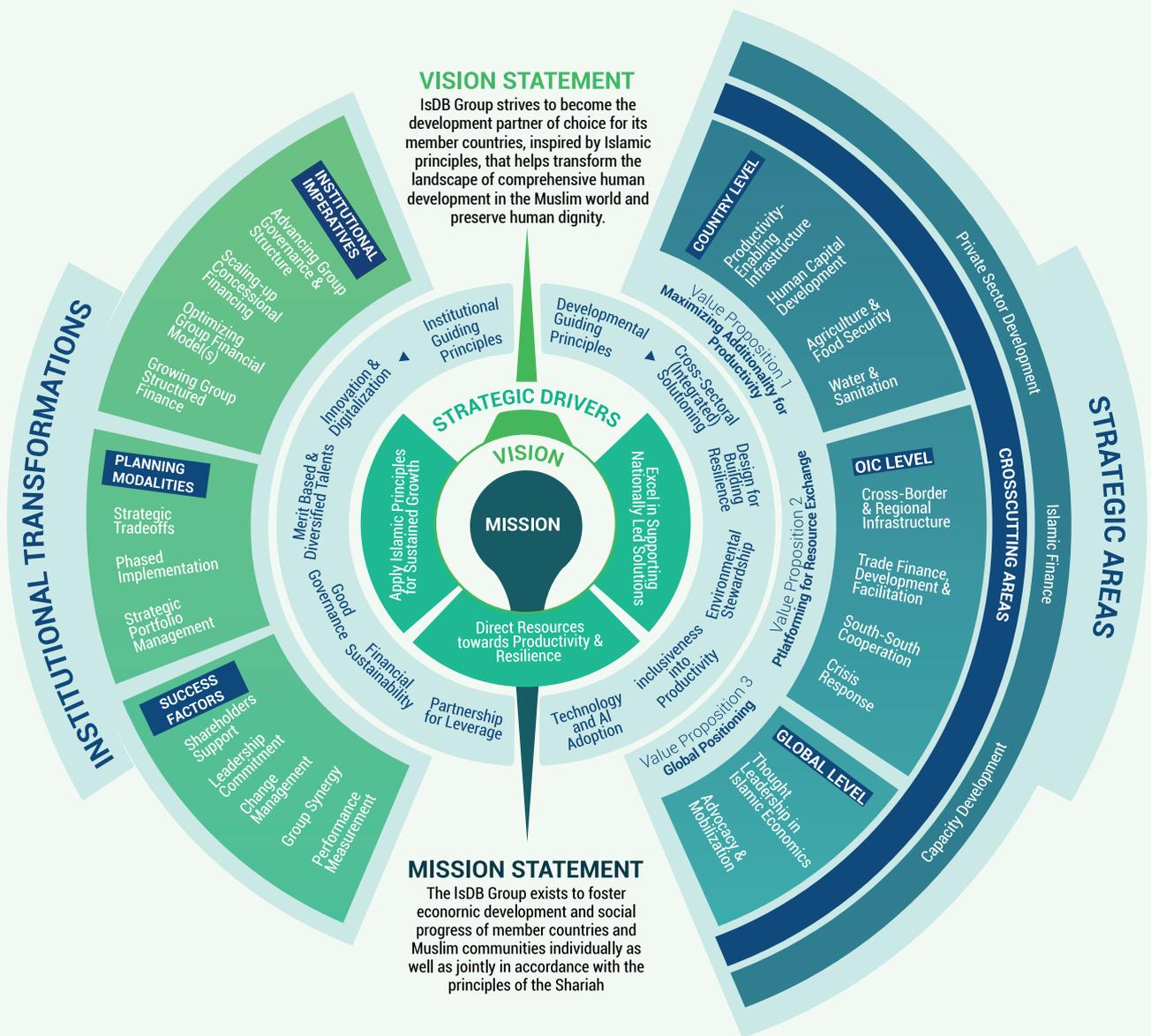
This Framework is more than general guidance; it is a testament to our collective ambition to reinvent and strengthen the IsDB Group's value propositions for a new era of development. With the wisdom and guidance of our shareholders, we are poised to enhance our impact in supporting MCs to navigate evolving challenges and seize emerging opportunities for sustained intergenerational prosperity for all.

As we embark on this transformative journey, we reaffirm our dedication to serving our MCs as their trusted development partner of choice, ensuring that no MC is left behind in our pursuit of shared prosperity.

Dr. Muhammad Sulaiman Al Jasser
Chairman, Islamic Development Bank Group



THE ISDB GROUP STRATEGIC FRAMEWORK (2026-2035): An Integrated View



PART

01

What Defines Us

Part 1 - What Defines Us

At the heart of IsDB Group's strategic planning are the general guidance and directions of shareholders, as captured in IsDB's Mission and Vision as well as, most recently, the "In Riyadh at Fifty Declaration."

I. Our Mission

Mission Statement

The IsDB Group exists to foster economic development and social progress of member countries and Muslim communities individually as well as jointly in accordance with the principles of the Shari'ah.

Mission Rationale

The IsDB Group was established to foster balanced and harmonious development in its member countries, rooted in Islamic principles and ideals. As a tangible expression of the unity and solidarity of the Muslim Ummah, the Bank mobilizes financial resources, promotes investment, and facilitates the flow of development funds to uplift economies and improve social well-being. IsDB Group plays a vital role in advancing economic integration and unlocking opportunities for trade, investment, and regional cooperation. IsDB Group maximizes the collective strengths of its members to drive sustainable growth and social progress.

The above reinforces the timelessness of the Bank's "Purpose", as stipulated in its Articles of Agreement. Therefore, IsDB's Purpose, as crafted

by its Founders, shall be the Mission of IsDB Group over the next decade and beyond. In the recent "In Riyadh at Fifty Declaration," IsDB shareholders renewed their commitment to this noble mission.

II. Our Vision

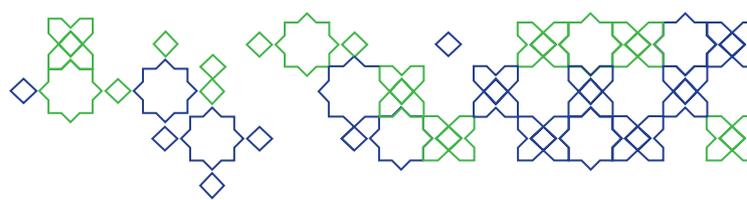
Vision Statement

IsDB Group strives to become the development partner of choice for its member countries, inspired by Islamic principles, that helps transform the landscape of comprehensive human development in the Muslim world and preserve human dignity.

Vision Rationale

The IsDB Group is committed to excellence in knowledge, governance, work ethics, and service delivery, ensuring responsiveness to the diverse needs of people in member countries and Muslim communities in non-member countries. In the pursuit of the Group's mission to drive meaningful economic and social progress, the ultimate target of development is to preserve human dignity across the Muslim world and beyond, as guided by Islamic values.

While its resources are limited, the Group prioritizes the most pressing challenges facing the Muslim world, leveraging strategic collaborations to maximize impact. In doing so, it recognizes the interconnectedness of global development and seeks to achieve integration among member countries and with the world at



large while ensuring that its interventions benefit all, regardless of faith, in accordance with Islam's inclusive vision of human well-being.

In line with the above, the current Vision of the Group remains compelling and inspiring. Its essence shall remain as the guiding star for the Group over the upcoming decade. However, a world class institution is only understood through the appreciation of MCs for our approach to development and unique role emphasizing nationally-led development, enabling IsDB Group to be their development partner of choice.

III. In Riyadh at Fifty Declaration

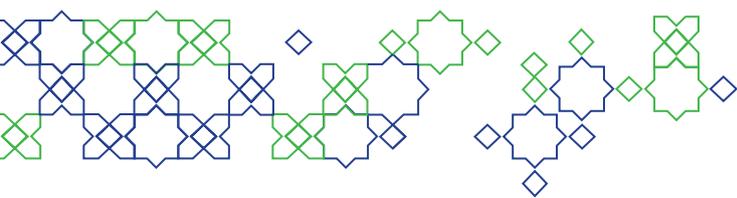
During IsDB's Golden Jubilee in 2024, Governors issued the "In Riyadh at Fifty Declaration." In this historic Declaration, the Governors urged "the leadership of the Group to work on the following key enablers, with a view to preparing [their] institution, the IsDB Group, to continue to serve this noble mission in the coming phase:

1. Continuing to advance the overall structure and governance framework of the Group to achieve greater clarity and integration of the roles of its entities to reach optimum levels of performance and financial sustainability, guided by recognized international practices.



IsDB Group strives to become the development partner of choice for its member countries, inspired by Islamic principles, that helps transform the landscape of comprehensive human development in the Muslim world and preserve human dignity.

2. Increasing the level of concessional financing through an institutional mechanism that would ensure effective mobilization of resources in order to respond optimally to the increasing financing needs faced by member countries, including but not limited to the least developed member countries. This would be done by balancing the continued growth of IsDB's operations with its financial sustainability.
3. Increasing the volume of grants through international partnerships and platforms that would ensure effective mobilization of complementary resources from official donors and from the private and third sectors so as to respond adequately to the growing development needs of the most vulnerable social groups in light of the disasters and difficulties experienced by an increasing number of our member countries and Muslim communities.
4. Strategically positioning the IsDB Group within the Islamic financial sector by consolidating its leading role in the sukuk market, expanding and deepening local and international Islamic capital markets and directing their resources to support development; developing regulatory and legal environments; building capacities; and mobilizing the necessary partnerships.
5. Strategically positioning the IsDB Group within the South-South cooperation arena by consolidating its role in promoting regional integration, intra-regional investments, intertrade, and exchange of developmental expertise and experience; developing regulatory and institutional environments; building capacities; and mobilizing the necessary partnerships."



PART

02

How We Approach Development

Part 2 - How We Approach Development

As an MDB established to foster balanced and harmonious development in its member countries, rooted in Islamic principles and ideals, IsDB Group has developed an original approach to development, embracing solidarity towards sustained intergenerational prosperity for all, based on MCs' national values and priorities.

I. Development from the Perspective of Islamic Economics and Finance

Recognizing the need for “harmonious and balanced development on the basis of Islamic principles and ideals” as per its Articles of Agreement, the IsDB champions an approach that emphasizes a holistic, inclusive, shared-solidarity centric, and ethically anchored framework.

This approach reflects the solidarity and unity of the Muslim Ummah as highlighted in the Bank's foundational purpose, while addressing human well-being, intergenerational equity, and sustainability. It views economic activities as embedded within broader social and ecological fabrics, advocating for social equity, stewardship of the environment and natural resources, and fostering human dignity. It incorporates mechanisms for redistributive justice, such as Islamic social finance, within a governance model aimed at achieving the *maqasid al-Shari'ah*, or objectives of Islamic law, which focus on the preservation of faith, life, intellect, lineage, and wealth.

Islamic finance is real-sector-driven. In other words, ensuring that all transactions are tied to tangible assets or productive activities is paramount. By avoiding speculative practices, Islamic finance channels capital into productive sectors or enablers of productivity like trade, agriculture, manufacturing, and infrastructure, directly fostering job creation and economic

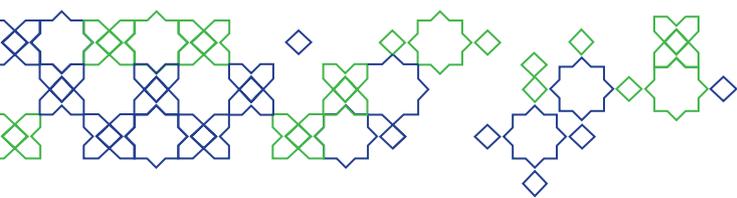
growth. This asset-based approach ensures that financial activities contribute meaningfully to the real economy, while discouraging unproductive wealth accumulation and speculative investments. Realism thus aligns economic incentives with social welfare and justice, emphasizing the productive use of resources for societal benefit.

By prioritizing real economic activities, Islamic finance promotes efficient resource allocation and stimulates entrepreneurship through risk-sharing mechanisms. It builds resilience into financial systems by reducing exposure to systemic risks and speculative volatility, creating stable and fair market environments where productivity can thrive.

II. Sustained Growth in Inclusive Productivity

Member countries aim to achieve lasting economic progress by focusing on real productivity gains—where people, firms, and institutions collectively produce more and better goods and services over time—and ensuring these gains are broadly shared. In this sense, productivity reflects the capabilities of a society to mobilize those resources effectively—whether through improved skills, better technologies, or stronger institutions—so that per capita incomes can rise in a way that benefits most of the population, in particular their ability to access and afford better education, healthcare, and other essential services.

When more individuals and enterprises are empowered to innovate, adopt new technologies, and participate in expanding markets, growth remains strong, stable, and widely felt. Such inclusiveness ensures that rising output leads to broad-based demand, social cohesion, and



resilience against economic shocks. By contrast, narrow productivity gains—confined to a few sectors or social groups—risk stagnating demand and fueling inequality, thereby undermining long-term stability.

Importantly, inclusive productivity growth stands in contrast to “growth mirages” fueled by financial speculation or temporary booms. In these scenarios, asset prices may soar, but actual production and average livelihoods do not meaningfully improve. By keeping financial activities rooted in real economic production, this approach not only mitigates the risks of boom-and-bust cycles but also aligns with Islamic finance principles, which prioritize supporting real economic development, rather than functioning as ends in themselves.

III. Country-Led Development

Member countries have the right and aspiration to achieve sustained growth when conditions allow, and to build resilience when challenges of fragility arise. In either case, development solutions must be homegrown, led by national actors—public, private, or nonprofit—to maximize long-term impact and integration into national systems.

Sustained Growth and Poverty Alleviation

In capable states with stable conditions, national development plans focus on transitioning to high-productivity economies, strengthening governance, and expanding opportunity. The state provides public goods, while enabling private and nonprofit actors to complement its role, ensuring broad-based economic participation and poverty alleviation through sustained growth. Infrastructure, trade, education, and institutional development amplify the benefits of growth, fostering long-term structural transformation.

IsDB Group’s efforts should embrace national development agendas, working with national actors to create the conditions for sustained and rapid economic growth that is poverty reducing at all poverty lines (from “extreme” to “prosperity” lines), thus increasingly inclusive, and key to achieving the Sustainable Development Goals (SDGs).



Development solutions must be homegrown, led by national actors - public, private, or nonprofit - to maximize long-term impact and integration into national systems.

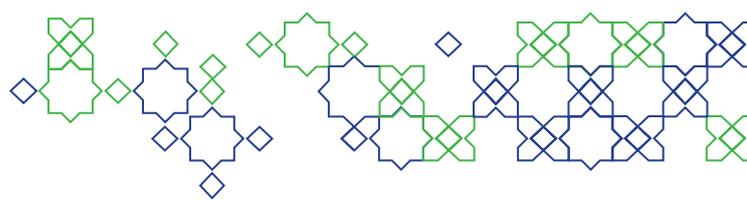
Central to sustained growth is ensuring inclusiveness into productivity for all, which entails including people, not least women and youth, into the opportunity to be productive. This means providing decent jobs and enabling real entrepreneurship, and thus MSMEs’ growth. In turn, this inclusiveness brings about a multiplier effect from economic and social infrastructure as well as business environment as they are used by people included into productivity.

Financial inclusion, facilitated by physical as well as regulatory infrastructure (e.g. for Islamic finance), enables the capture and circulation of income generated from individuals’ and firms’ productivity to support human wellbeing and further expansion of entrepreneurship and development in a virtuous cycle of productivity enhancement.

This holistic approach fosters long-term structural changes, addressing the root causes of poverty and ensuring that poverty alleviation efforts are both sustainable and transformational. This is in contrast with the targeted, programmatic approach that may be suitable as a temporary solution for reducing poverty in fragile settings.

Building State Capacity

State capacity, at its core, is a government’s ability to effectively design and deliver policies and services that genuinely improve people’s lives—ranging from building roads and collecting taxes to providing education or healthcare. According to this view, capacity is best strengthened by tackling real problems in real time, rather than simply providing formal training or importing off-the-shelf solutions.



A problem-driven, locally tailored approach means identifying concrete challenges that matter to people—like maintaining a new road network or boosting school attendance—and empowering local actors to learn by doing as they address them. Under this model, external partners offer support and technical expertise but let local reformers set priorities and lead the process. This approach fosters true ownership, ensures that solutions fit local realities, and helps countries avoid “capability traps,” where institutions appear strong on paper but fail to solve day-to-day issues.

Building Resilience

In fragile settings where public sector capacity is weakened, private and nonprofit actors play a larger role in providing essential services and ensuring minimum levels of resilience. International aid actors may supplement these efforts. In such settings, taking a pragmatic and programmatic approach to interventions balances urgent needs with long-term development. By leveraging national actors from the private sector and civil society, fostering islands of capacity, and embedding flexibility, this strategy navigates fragility while laying the foundation for future stability and growth.

This case could also be relevant to some underserved Muslim communities in non-member countries facing significant challenges. Such challenges include unmet basic needs in nutrition, health, education, and growth opportunities, and heightened exposure to increasing social tensions that may limit their contributions to their societies. These issues impact their living, making development assistance essential to support and empower them.

Resilience is built through broad-based development strategies that create jobs, reduce inequality, and promote self-reliance. It also depends on promoting self-reliance through sustainable economic systems and fostering trust and social cohesion through collaborative efforts among public, private, and nonprofit actors. Strengthening institutions, governance, and economic diversification fosters social stability and adaptability to crises. Investments in education, healthcare, and infrastructure equip

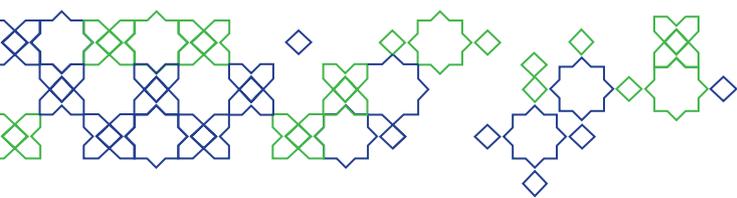
populations with the skills necessary for long-term development.

Sustainability and Climate Challenges

To address sustainability and environmental stewardship while pursuing transformative growth, embracing circularity and climate adaptation as mutually reinforcing strategies provides a harmonious and balanced development approach. Circularity fosters resource efficiency, local resilience, and economic diversification, transitioning economies from extractive models to sustainable, regenerative growth. This is achieved through approaches such as reducing waste, reusing resources, and promoting regional self-sufficiency. Climate adaptation ensures MCs can manage vulnerabilities while achieving sustained growth. Together, these approaches create a development model aligned with Islamic principles, rooted in *maqasid al-Shari'ah* while prioritizing affordability, practicality, and intergenerational equity and prosperity.



To address sustainability and environmental stewardship while pursuing transformative growth, embracing circularity and climate adaptation as mutually reinforcing strategies provides a harmonious and balanced development approach.



PART

03

How To Reposition Our Group

Part 3 - How To Reposition Our Group

IsDB Group occupies a unique position within the MDB landscape as a Global-South-led institution that champions the development aspirations of its MCs. Established to address the unique needs of its Global South MCs, the IsDB Group provides solutions that align with the cultural and economic realities of its members, implementing innovative financial instruments and directing investments to areas often underserved by traditional MDBs. The evolving development finance landscape has further emphasized the demand for institutions that better represent the priorities of developing economies, prompting many countries to seek alternative financing approaches, including that offered by Islamic finance.

As the global development landscape evolves, the IsDB Group's role becomes increasingly pivotal due to its apolitical, countercyclical and solidarity-minded development finance model. The IsDB Group should strategically position itself as a leader in South-South financial cooperation, diversifying beyond traditional global institutions and aligning with emerging economic networks. By fostering alternative financial frameworks and enhancing regional financial integration, it can strengthen resilience and expand its influence in a shifting global landscape. By prioritizing South-South cooperation and tailoring its strategies to the specific challenges and opportunities within member countries, the IsDB Group not only addresses immediate development needs but also contributes to a more balanced and inclusive global financial system.

This strategic positioning ensures that the IsDB Group remains a key player in facilitating sustainable development and economic resilience across the Muslim world and beyond, while strengthening the voice of the Global South in international development.

I. Our Strategic Drivers

In order to ensure that IsDB Group's Mission, Vision and approach to development are guiding IsDB Group's country programming as well as thematic and sectoral strategies, the following Strategic Drivers should be collectively considered:

Driver 1: Excel In Supporting Nationally Driven Solutions

Over the next decade, IsDB Group aspires to be the development partner of choice enabling impactful nationally driven development solutions while efficiently facilitating transfer of resources and knowledge.

Driver 2: Apply Islamic Principles for Sustained Growth

Over the next decade, guided by Islamic principles of solidarity, fairness and sustainability, IsDB Group shall support MCs in driving sustained growth and building resilience and assist Muslim communities globally.

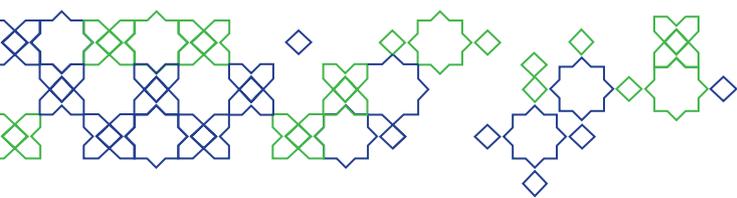
Driver 3: Direct Resources towards Productivity and Resilience

Over the next decade, to optimize resource utilization and leverage our comparative advantages, IsDB Group shall focus on development areas that significantly contribute to MCs' economic productivity and resilience.

II. Our Value Propositions

Our First Value Proposition: Maximizing Additionality for Productivity

IsDB Group enhances both input and output additionality by developing solutions that deliver greater benefits and by pooling resources that



would otherwise be inaccessible or unaffordable to MCs.

Output additionality is achieved through interventions that accelerate, expand, and improve development outcomes towards higher and more inclusive productivity leading to sustained and sustainable growth. This is achieved through direct project funding, trade financing and facilitation, capacity building, advisory services and technical assistance or regulatory enhancements. IsDB Group acts as a responsible financier and honest broker, advising MCs on the best financial arrangements to mitigate debt stress while enhancing projects' efficiency. Ensuring that capability-building strategies are embedded in project design is crucial, with modalities such as knowledge transfer, South-South cooperation, and joint learning playing a key role.

Input additionality is realized through financial and non-financial resource pooling to support development in member countries and Muslim communities in non-member countries. Non-financial resources include expertise, partnerships, and networking, while financial resources range from capital contributions and market mobilization to concessional funding and Islamic social finance. With a strong global network built over five decades, IsDB Group is well-positioned to access diverse funding sources. To sustain and optimize this process, the Bank should leverage its Islamic values—fairness, trust, and solidarity—alongside its South-South principles of reciprocity, sovereignty, and equality.

Our Second Value Proposition: Platforming for Resource Exchange

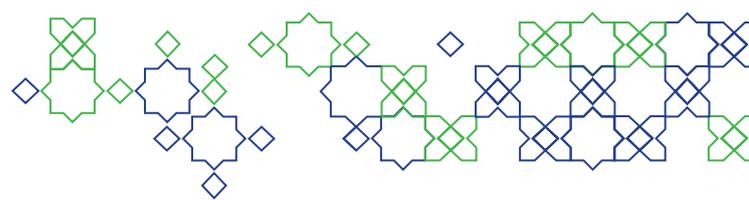
Cooperation among IsDB Group member countries is a core principle embedded in its Articles of Agreement by means of fostering mutual financial and economic cooperation. As a pioneer of South-South cooperation, IsDB Group prioritizes intra-OIC trade, regional infrastructure, cross-border investments, regulatory harmonization, Islamic financial flows, skills mobility, and knowledge exchange. By engaging member countries as both providers and recipients, the Group builds mutually beneficial partnerships through sustainable platforming initiatives.

Platforming presents a promising model for accelerating productivity and growth, connecting OIC actors—public, private, and nonprofit—in an interactive value exchange ecosystem while expanding access to markets. This approach, grounded in Islamic values and South-South principles, facilitates engagement based on trade, knowledge sharing, reciprocity, and solidarity. Effective platforming, however, requires institutional, regulatory, and human capacity among participating actors, making capacity assessment and development essential. Furthermore, and in direct relation to deepening additionality, platforming also unlocks scalability and network effects, allowing IsDB Group to efficiently mobilize a diversified set of financial and non-financial resources.

Our Third Value Proposition: Global Positioning

At the Global level, in line with its Functions and Powers as per its Articles of Agreement, IsDB focuses on strengthening its role as a thought leader and advocate for Islamic economics and finance, offering ethical and impactful solutions to global challenges. As a voice for the Global South, rooted in Islamic values, the Group integrates fairness, solidarity, and sustainability into the global development discourse, positioning Islamic finance as a model for ethical development while fostering trust and engagement with diverse stakeholders.

IsDB Group also champions sustainability and resilience through Islamic economics, emphasizing environmental stewardship as a moral responsibility. By advocating for equitable global financing solutions through proven Group experiences, amplifying the voices of member countries, and leveraging South-South cooperation, the Group provides an Islamic alternative to traditional development finance. Delivering on this proposition requires IsDB Group to serve as a connection hub, cultivating a global network of experts and think tanks to strengthen advocacy and thought leadership beyond its internal resources. Furthermore, global positioning through advocacy and leadership unleashes wider opportunities for mobilization of resources and partnerships to the benefit of MCs' development priorities.



PART

04

What Strategic Areas to Pursue

Part 4 - What Strategic Areas To Pursue

Over the next decade, IsDB Group's Strategic Drivers, emanating from its Mission, Vision and development approach, should shape the Group's interventions through various engagement channels and across specific areas.

I. Engagement Channels

IsDB Group's developmental interventions can be divided across three levels or channels of delivery. These are the following:

Channel 1: Country (MCs) Level

This channel includes IsDB Group's interventions impacting a specific MC context whereby the Group is supporting national actors (public, private or nonprofit) extending its financial or non-financial services.

At this level, IsDB Group's value proposition is about *"Maximizing Additionality for Productivity."*

Channel 2: OIC Level

This channel includes IsDB Group's interventions impacting more than one MC whereby the Group is supporting projects, interactions or exchanges among actors (public, private or nonprofit) of those MCs through financial and non-financial services.

At this level, IsDB Group's value proposition is about *"Platforming for Resource Exchange."*

Channel 3: Global Level

This channel includes IsDB Group's involvement at the global level in conjunction with other global development actors through advocacy, partnership and joint financing that benefit and align with MCs' needs.

At this level, IsDB Group's value proposition is about *"Global Positioning."*

II. Strategic Areas and Directions for the Next Decade

Strategic thematic and sectoral areas of intervention by IsDB Group across these three levels of engagement are described below, along with strategic directions for each over the next decade.

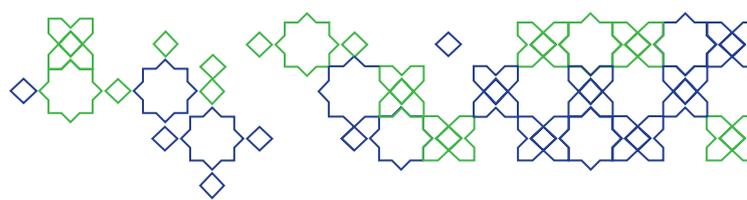
Channel 1: Country Level

1. Productivity-Enabling Infrastructure

Economic infrastructure is critical for boosting productivity and therefore sustained growth of MCs. Funding needs for infrastructure in IsDB Group's MCs are massive and span across multiple sectors. Many MCs continue to face significant infrastructure deficits in both quality and scale, which constrain their economic potential and competitiveness. Over the next decade, IsDB Group will continue to scale-up its support for MCs by mobilizing financial and technical resources to expand and modernize infrastructure.

a. Transportation

Efficient transportation boosts productivity by reducing costs, improving market access, and ensuring resilience to environmental shocks. Investments in roads, bridges, ports, and multi-modal systems enhance connectivity, strengthen supply chains, and integrate underserved regions. In the OIC, improved transport links lower trade costs and facilitate seamless movement of goods and labor, driving inclusive economic growth.



High-Speed Connection – Vital Rail Infrastructure for Morocco

Morocco's rapid economic growth required modern, efficient transportation to connect key trade hubs like Tangier, Rabat, and Casablanca. The Tangier-Casablanca High-Speed Rail (HSR), Africa's first high-speed railway, was developed to address outdated transport links that hindered productivity and regional integration. The Islamic Development Bank (IsDB) provided \$101.5 million to support the construction of modern stations, aligning with Morocco's Vision 2030 and IsDB's goals of infrastructure development and climate resilience. Completed in 2018, the HSR cut travel time from five hours to just over two, benefiting over 10 million annual passengers. The project created 6,500 construction jobs and 1,500 permanent jobs, boosting local economies. Additionally, the railway's eco-friendly design reduces 120,000 tons of CO₂ emissions annually, with plans to run entirely on green energy by 2025. This project exemplifies how strategic infrastructure investments enhance productivity, promote inclusion, and support sustainable economic growth.

b. Energy

Reliable and affordable energy access is crucial to boosting productivity by lowering costs, enhancing efficiency, and ensuring resilience against supply disruptions. Investments in energy diversification through expanding renewables, smart grids, off-grid solutions, and ability to procure energy products expand access, optimize energy use, and support economic stability. In the OIC, cross-border energy-related trade and diversified sources strengthen regional integration, reduce dependency, and drive sustainable growth.

Powering Progress – Transforming Energy Independence in Benin

Benin, once reliant on importing over 90% of its electricity, faced frequent power shortages that hindered economic growth. To address this, the Islamic Development Bank (IsDB) supported the construction of a 120 MW thermal power plant, later exceeding expectations by generating 127 MW. The Maria Gléta Thermal Power Plant, completed ahead of schedule in 2019, significantly reduced the country's dependence on rental power, saving an estimated \$11 million annually and achieving 50% energy self-sufficiency. Beyond energy security, the project created 1,703 local jobs, improved infrastructure with new roads, and enhanced education by building 24 classrooms. Prioritizing worker welfare, it ensured zero on-site injuries and conducted health education campaigns. This transformative initiative demonstrates how strategic investment in energy can drive economic productivity, enhance resilience, and promote inclusive development.

c. Digital Infrastructure

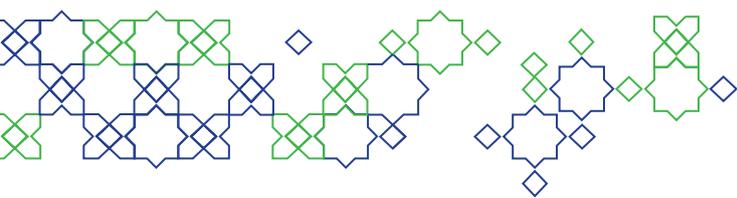
Robust digital infrastructure boosts productivity by enhancing efficiency, fostering innovation, and driving economic diversification. Investments in broadband, digital public goods, and AI-driven automation expand access, improve governance, and strengthen business competitiveness. Bridging the digital divide for rural and underserved regions improves financial inclusion and economic empowerment. Seamless digital infrastructure across the OIC enhances regional integration by enabling interoperable payment systems, cross-border e-commerce, and data-sharing frameworks, fostering deeper economic collaboration and strengthening intra-regional trade.

d. Rural Development

Integrated rural development boosts productivity by improving infrastructure and expanding access to essential services, thereby enhancing livelihoods. Investments in roads, irrigation, electrification, and social infrastructure strengthen rural economies, increase agricultural yields, and improve living conditions. Cross-sectoral rural development programs empower rural communities, fostering resilience and inclusion into national growth.

Strategic Direction for Productivity-Enabling Infrastructure

Over the next decade, in all productivity-enabling infrastructure, IsDB Group will lead in homegrown integrated solutions through responsible financial and non-financial interventions, whereas it will join other leading partners in high-tech and integrated urban infrastructure projects.



2. Human Capital Development

Human capital and its integration into the formal economy is a determinant of productivity and long-term economic growth. In this regard, MCs face significant disparities in education, healthcare, and workforce capabilities. While some MCs are making progress, challenges such as inequality, conflict, and underinvestment continue to limit human capital development and its utilization. Strengthening workforce skills and skill-job match, improving access to quality education and healthcare, as well as promoting youth employment and entrepreneurship are essential for enhancing economic competitiveness. Over the next decade, IsDB Group will focus on quality and integrated programs and solutions to meet the human capital needs of the future.

a. Education

Quality education for all—including women, youth, and rural communities—is essential for sustained and inclusive productivity. By focusing on market-relevant skills and genuine learning outcomes, education systems can enhance job readiness, expand economic opportunities, and foster innovation. Investments in digital learning and carefully targeted jobs training pathways become especially effective when aligned with actual employer needs, while locally attuned approaches strengthen social cohesion. Such efforts bridge skill gaps and reduce barriers to employability, ensuring that expanded access to schooling translates into real gains for both individuals and the broader economy.

Strategic Direction

Over the next decade, IsDB Group will lead selectively where it can drive measurable gains in learning outcomes and link foundational skills to concrete labor-market needs. It will finance high-impact interventions that demonstrably boost employability—such as targeted well-structured “skills for jobs” programs. This ensures that every investment translates into real gains in youth employment and workforce readiness.

b. Health

Quality healthcare is fundamental to overall well-being and includes essential nutrition

measures, ensuring a healthier population that can fully participate in economic and social life. Targeted interventions—such as preventive care, telemedicine, and nutrition support—can reduce absenteeism and protect workforce capacity.

Strategic Direction

Over the next decade, IsDB Group will primarily join health initiatives led by specialized national, regional or global partners to fill critical funding gaps. The Bank will focus on co-financing essential medical facilities in ways that complement existing expertise. This targeted model avoids duplication of effort and maximizes impact.

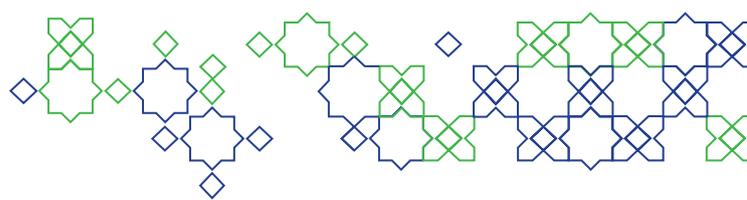
3. Resilience

a. Agriculture and Food Security

Agriculture is essential for ensuring food security, economic stability, and resilience against climate and market shocks. Investing in agricultural innovation, smart farming, and sustainable production systems enhances productivity while preserving natural resources. Strengthening value chain integration and intra-OIC agricultural trade fosters regional self-sufficiency, reducing dependence on external markets. By promoting resilient food systems and strategic investments, countries can build long-term food security and withstand global supply disruptions.

The agriculture sector includes four key sub-themes: Smallholder Agriculture, which supports small-scale farmers through financial access and sustainable practices; Sustainable Agriculture, which promotes eco-friendly farming methods to preserve resources and reduce environmental impact; Food Security, which ensures food availability, accessibility, and nutrition for all communities; and Food Processing that contributes to job creation, value addition and productivity.

Delivery models in agriculture include agricultural finance, cooperatives, and capacity development programs to support farmers. Technology-driven solutions like climate-resilient farming and precision agriculture enhance productivity. Strengthening supply chains and improving market access help farmers achieve fair pricing



and economic stability. Trade financing for the agriculture and food sector, including for import of strategic commodities such as food items and agricultural inputs, as well as export agricultural commodities, is key for food security.

Strategic Direction

Over the next decade, IsDB Group will lead food security interventions, leveraging its cross-regional trade finance and facilitation as well as South-South capabilities to enhance inclusive productivity and resilience of food value chains. IsDB Group will join partners' efforts in specialized areas such as smart agriculture.

Livestock for Livelihoods – New Opportunities for Rural Women in Egypt

In Egypt, youth unemployment—especially among women—remains a critical challenge. The Islamic Development Bank (IsDB) addressed this through the Youth Employment Support (YES) program, a \$250 million initiative aimed at fostering sustainable livelihoods. One of its flagship projects, Ard El Khair, empowers rural women by providing financial support, vocational training, and hands-on experience in cattle fattening. Through murabaha financing, the program enables participants to acquire cattle at reduced costs. Over nine months, women receive structured training in nutrition, veterinary care, and business management while earning a monthly allowance. By the program's end, they sell the fattened cattle to institutional buyers, earning an average of \$166 per month—a significant step toward financial independence. Beyond income generation, the initiative promotes entrepreneurship, confidence, and inclusion, positioning women as equal economic contributors and catalysts for community development.

b. Water and Sanitation

Water and sanitation are critical development sectors that directly impact public health, economic productivity, and quality of life. Access to clean water and proper sanitation is fundamental

for preventing diseases, improving education outcomes, and fostering economic development. Investing in water stewardship sanitation projects promotes healthier communities, increases workforce productivity, and supports sustainable development, while enhancing resilience against droughts and water scarcity.

The sector is structured around two sub-themes: Water, Sanitation, and Hygiene (WASH), which ensures access to safe drinking water and sanitation to improve public health; and Sustainable Water Management, which focuses on efficient resource use, conservation, and ecosystem protection.

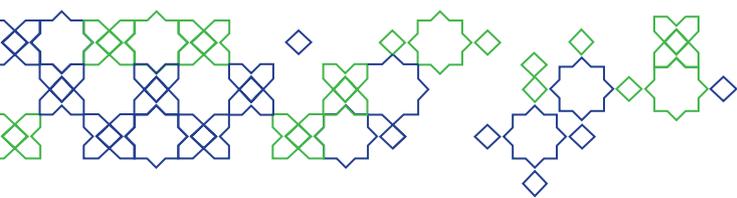
Delivery models include water conservation initiatives, rainwater harvesting, water treatment technologies, infrastructure improvements for water distribution, sanitation services, and agricultural water management to ensure sustainable usage.

Strategic Direction

Over the next decade, IsDB Group will lead and advocate for the design of sustainable water management and sanitation systems in rural and urban areas, leveraging MCs' experiences in this regard. In rural areas, a community-based approach will be prioritized.



At the country level, IsDB Group's value proposition is about Maximizing Additionality for Productivity. At the OIC level, IsDB Group's value proposition is about Platforming for Resource Exchange. At the global level, IsDB Group's value proposition is about Global Positioning.



Water for Life – Upgrading Critical Infrastructure in Nigeria

For decades, the residents of Zaria, Nigeria, struggled with an outdated water system built in 1939 and last expanded in 1975. Broken infrastructure forced many to rely on unsafe water sources, consuming hours daily and limiting education, work, and economic opportunities. To address this, the Islamic Development Bank (IsDB), alongside the African Development Bank (AfDB) and the Nigerian government, launched the Zaria Water Supply Expansion Project, a \$437 million initiative to provide safe, potable water to over 960,000 people. IsDB financed critical infrastructure, including 73 km of transmission pipes, 10 bulk reservoirs, and pump stations, while AfDB funded distribution networks and house connections. By 2018, the project was fully operational, guaranteeing continuous clean water supply until at least 2035. The initiative has improved public health, reduced water collection burdens (especially for women and children), and boosted business productivity, demonstrating the transformative power of sustainable infrastructure in driving social and economic inclusion.

Channel 2: OIC Level

1. Regional Integration

a. Cross-Border and Regional Infrastructure

Efficient connectivity infrastructure is crucial for facilitating trade and investment necessary for enhancing regional economic integration among MCs. Many OIC countries face challenges due to inadequate cross-border physical connectivity, inefficient border processes, fragmented regulatory environments, and weakly-integrated logistics systems, which hinder economic cooperation. Better cross-border connectivity will enable MCs to enhance their competitiveness in global markets by facilitating intra-OIC market integration and will provide them with a buffer to build resilience against global economic uncertainties.

The three sub-themes are: Transport and Logistics Infrastructure, which enhances roads, railways, ports, and airports; Energy Connectivity Infrastructure, which interconnects

national energy systems; and Digital and Telecommunications Infrastructure, which expands broadband and mobile connectivity.

Delivery models include public-private partnerships, regional infrastructure funds, trade facilitation and investment promotion initiatives, and digital infrastructure expansion to support cross-border trade and investment flows.

Strategic Direction

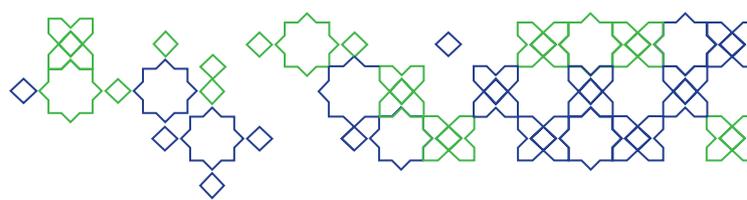
Over the next decade, IsDB Group will catalyze intra-OIC cross-border and regional infrastructure through direct financing and convening policy dialogue for enhancing cross-border connectivity by facilitating shared infrastructure development and strengthening transport, energy and digital linkages among member countries.

b. Trade Finance, Development and Facilitation

Trade finance, development and facilitation are critical for enhancing intra-OIC and international trade, fostering sustained growth, and reducing dependency on external markets, building resilience and collaboration among MCs in view of shifting trade dynamics. Many MCs face trade finance gaps, limited access to capital, and regulatory barriers that hinder trade expansion. Strengthening trade finance mechanisms, trade development activities and trade facilitation will unlock market opportunities, enhance value chain integration, and drive economic cooperation in MCs.

The two main sub-themes are: trade finance and trade development. Trade finance aims to expand financing the MCs' imports of strategic commodities and supports SMEs and private sector players by offering accessible trade finance solutions, including export and pre-export financing, and risk mitigation instruments.

Trade development aims to harmonize trade regulations and standardization across MCs, strengthen intra-OIC trade corridors and promote related strategic partnerships to unlock trade opportunities of MCs and increase intra-OIC trade. This includes intra- and inter-regional trade initiatives, customized sectoral technical assistance, and institutional capacity building in areas of digital trade, cross-border trade facilitation, SMEs' trade development and Islamic trade finance.



Delivery models for trade finance, development, and facilitation include establishing trade finance lines to provide liquidity to banks for SMEs, offering trade credit insurance to mitigate non-payment risks, and implementing customs modernization programs to streamline trade processes. Additional mechanisms include guarantee facilities, portfolio coverage, blended financing schemes, trade facilitation platforms, digital platforms for transaction efficiency, product innovation, de-risking mechanisms, and resource mobilization to enhance trade-related financing and development.

Strategic Direction

Over the next decade, IsDB Group will become the leading Islamic trade finance provider and development partner of choice for providing integrated trade solutions for MCs. IsDB Group will accelerate closing the MCs' trade finance, development and facilitation gap and continue enhancing intra-OIC trade.

2. Solidarity

a. South-South Cooperation

Knowledge exchange among MCs is crucial for accelerating development, fostering innovation, and strengthening institutional capacities. Many OIC countries possess valuable expertise in areas such as Islamic finance, infrastructure development, agriculture, social services, research and development, and digital transformation, yet knowledge-sharing mechanisms remain underutilized. Strengthening South-South knowledge exchange will enable MCs to learn from each other's experiences, scale best practices, and collectively address common challenges.

This South-South collaborative approach leads to mutually beneficial long-term relationships among MCs, ultimately fostering sustained competitive advantages and enhanced resilience at national and regional levels.

The two sub-themes are: Knowledge and Technology Transfer, which support sharing expertise, best practices and affordable technologies for development.

Delivery models include the Reverse Linkage modality, technical assistance programs,

technology deployment programs, multi-country capacity development initiatives, and knowledge-sharing platforms to strengthen economic and social ties among developing countries.

Strategic Direction

Over the next decade, IsDB Group will become the leading facilitator of South-South technical cooperation to support nationally-led development solutions, via transfer of knowledge, expertise and affordable technologies for development.

b. Crisis Response

Humanitarian assistance and crisis response are essential for addressing fragile situations such as conflicts, natural disasters, and socio-economic shocks. Many MCs suffer fragility and lack of resilience due to crisis, necessitating timely and coordinated external interventions.

The two sub-themes are: Humanitarian Aid and Disaster Relief, which provides emergency assistance; and Post-Crisis Recovery and Reconstruction, which supports rebuilding infrastructure and restoring livelihoods.

Delivery models include emergency relief funds, reconstruction projects, livelihood recovery programs to help communities recover and rebuild sustainably and coordinating regional efforts for mobilizing resources.

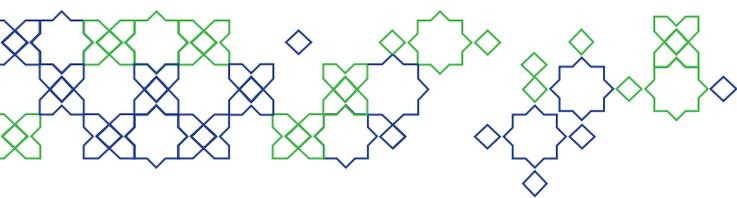
Strategic Direction

Over the next decade, IsDB Group will join partners and use its convening power to aggregate collective response to support quicker transition out of crises towards recovery and reconstruction pathways leading to long-term development programming.

Channel 3: Global Level

1. Thought Leadership in Islamic Economics and Finance

The challenges faced by the global financial architecture—ranging from economic growth and financial resilience to inclusion and sustainability—require a paradigm shift in economic thinking and international development discourse. For MCs,



thought leadership in Islamic economics and finance is essential for bridging knowledge gaps, driving policy innovation, and integrating Islamic principles into national financial frameworks. By advancing cutting-edge research and policy dialogue and fostering strategic collaborations, Islamic economics and finance can offer systemic solutions that promote fairer and more stable economies.

Despite its potential to provide ethical and resilient financial solutions, Islamic finance remains underrepresented in global economic frameworks. Islamic finance could contribute significantly to the resilience and reform of the evolving financial system. Through high-level advocacy, regulatory recognition, and institutional collaboration, the global reach of Shari'ah-compliant finance and its integration into mainstream economic governance can be expanded.

Strategic Direction

Over the next decade, IsDB Group will become the premier intellectual hub for Islamic economics and finance, cultivating a global network of experts and think tanks to enrich global discourse and contribute to the reshaping of economic architecture, benefitting from AI to leapfrog the barriers of cost and capacity constraints.

2. Advocacy and Mobilization

Resource mobilization includes financial and technical resources, through appropriate partnerships and networks. The global development financing gap is large and widening, and access to international capital markets is limited for many MCs. IsDB Group needs to improve resource mobilization to scale up financing without increasing capital risks and credit rating risks.

In parallel, enhancing the IsDB Group's visibility and global advocacy is essential for mobilizing resources and advancing the development priorities of MCs. Strengthening global advocacy will ensure that Islamic finance, South-South cooperation, and MCs' development priorities gain greater recognition in international fora. It will further amplify the voices of MCs in global decision-making platforms.

Strategic Direction

Over the next decade, IsDB Group will champion global advocacy and resource mobilization by leveraging innovative approaches and strategic alliances to drive sustainable development in its MCs. Building on its strong foundation, the Group will integrate targeted advocacy efforts with robust resource mobilization strategies to catalyze investments in key sectors and support national development priorities.

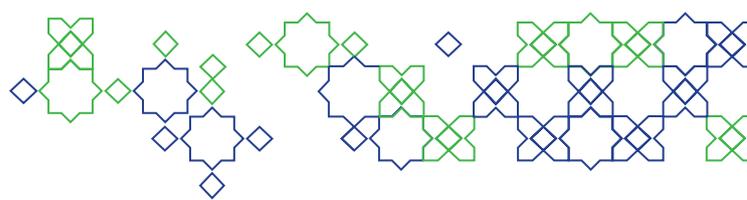
Cross-Cutting Themes

1. Private Sector Development

At the country level, a vibrant and competitive private sector is essential for economic diversification, inclusive productivity, job creation, and sustained growth in MCs. However, many MCs face structural challenges such as non-conducive business environments, limited access to affordable and adequate finance, and a wide range of bottlenecks pertaining to the private sector ecosystem that hinder its expansion. Strengthening private-sector development will drive entrepreneurship, enhance industrialization, and attract cross-border investments, eventually leading to inclusive productivity and sustained growth.

The sector has the following four sub-themes at the country level: SME Development, which enhances small-and-medium sized businesses' access to Islamic finance largely relying on the local financial institutions as intermediaries; advisory and capacity building solutions for entrepreneurship, Innovation and financial markets; large corporate sector financing in productive industries; project financing (including PPPs), which accelerates infrastructure development; and Business Environment Reforms, which promotes fair competition and a conducive ecosystem. At the OIC level, themes include cross-border investment facilitation and project export financing. At the global level, they include enabling access to markets and integration with global value chains.

Delivery models include the following: expanding access to finance for SMEs through Islamic financial instruments, tailored advisory and



capacity building solutions, assisting the enhancement of business climate reforms to reduce regulatory burdens, supporting entrepreneurship development programs, strengthening private-sector participation in infrastructure and industrial projects through PPPs, and blended finance.

Strategic Direction

Over the next decade, IsDB Group will become the development partner of choice for offering a wide range of tailored and innovative private-sector development solutions spanning direct corporate and project financing; selective and high-impact equity investments; indirect SMEs financing; advisory solutions and integrated entrepreneurship-support programs.

2. Islamic Finance

Islamic finance enhances financial inclusion and ethical investing through Shari'ah-compliant products. Strengthening the reach and competitiveness of Islamic banking, takaful, sukuk, and Islamic digital finance ensures broader access to financial services, particularly for underserved communities. Islamic social finance, such as zakat and waqf, supports poverty alleviation, social cohesion and resilience. At the macro level, resilience-focused Islamic finance solutions play a crucial role in mitigating economic instability. By leveraging risk-mitigating mechanisms such as blended finance, asset- and commodity-based financing, and inflation-protected instruments, financial systems can strengthen economic stability and debt sustainability, particularly in fragile economies.

At the OIC level, a well-integrated Islamic financial sector across MCs enhances regional economic integration, liquidity mobilization, and capital market development. Expanding cross-border sukuk issuance, harmonizing regulations, and strengthening regional financial hubs deepens financial markets and directs liquidity towards development. The development of Islamic capital market platforms further strengthens financial integration, particularly in regions where Islamic finance remains underutilized. By integrating Shari'ah-compliant solutions into financial inclusion strategies and investment flows, access to funding for infrastructure, businesses—especially MSMEs—and digital finance can be

significantly expanded. Facilitating intra-OIC financial flows boosts investment and trade financing across MCs.

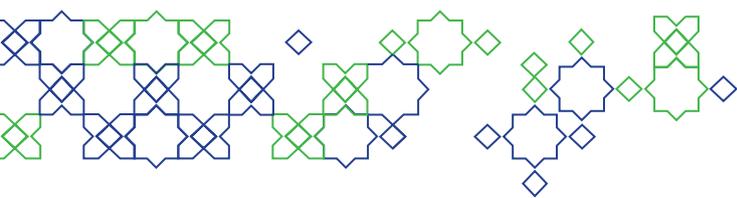
At the global level, Islamic finance requires global regulatory alignment and governance. Supporting global Islamic finance infrastructure institutions like AAOIFI, IFSB, and IILM strengthens Shari'ah-compliant financial standards and promotes global adoption. Advancing blockchain-based financial instruments, digital assets, and AI-powered fintech further enhances accessibility, efficiency, and transparency. The integration of digital solutions into Islamic finance broadens market reach and modernizes Shari'ah-compliant financial systems, ensuring their continued relevance in an evolving global financial landscape.

Strategic Direction

Over the next decade, IsDB Group will catalyze the expansion of Islamic finance ecosystems by enhancing national financial inclusion, deepening capital markets, and supporting global regulatory frameworks. It will support innovation in sukuk, takaful, and Islamic fintech while promoting zakat- and waqf-based Islamic social finance.

Banking on Values – Türkiye's Progress in Islamic Finance

For years, Islamic banking in Türkiye struggled to gain market share, accounting for just 5-6% of the banking sector. To expand financial inclusion and support sustainable development, the Turkish government, in partnership with the Islamic Development Bank (IsDB), launched Vakif Katilim Bank in 2016. IsDB provided \$300 million through an innovative mudaraba financing structure, enabling the bank to grow rapidly while aligning with Türkiye's goal of increasing Islamic banking's share to 15% by 2025. Within three years, Vakif Katilim Bank's assets exceeded \$4.8 billion, making it a key player in the sector. Profits from the bank are reinvested into waqf (charitable endowments), funding scholarships, food aid, and support for vulnerable populations. By blending modern banking with traditional Islamic philanthropy, the initiative fosters financial inclusion, social impact, and economic resilience, demonstrating how Islamic finance can drive sustainable development at scale.



3. Capacity Development

At the level of countries, a fresh approach to capacity building can dramatically enhance IsDB Group's additionality by addressing the real gaps that keep projects from delivering long-term benefits. Traditional training and technical assistance often produce limited results once the experts depart. By contrast, a more hands-on, problem-focused approach helps countries build the skills, systems, and ownership needed to sustain outcomes, making IsDB Group's offering more attractive and impactful.

Capacity building is also crucial at both the OIC and global levels. At the OIC level, South-South technical cooperation facilitates such capacity building. On the other hand, building capacity is also necessary to effectively participate in OIC platforms. Globally, capacity building centered on advocacy, mobilization and Islamic economics and finance is needed to unleash their full potentials.

Strategic Direction

Over the next decade, IsDB Group will pioneer modalities embedding capacity building directly into development interventions, integrating skills development and institutional capacity building into real projects, addressing challenges and ensuring long-term sustainability.

III. Developmental Guiding Principles

The following Developmental Guiding Principles address how IsDB Group designs and develops development interventions:

1. **Cross-Sectoral (Integrated) Solutioning:**

IsDB Group should emphasize problem-solving through a solutions-oriented, cross-sectoral approach benefitting from its own learning and transferable experiences of other MCs and partners. In doing so, it should also strive to ensure that development solutions are homegrown, scalable, and led by national actors to maximize long-term impact and integration into national systems.

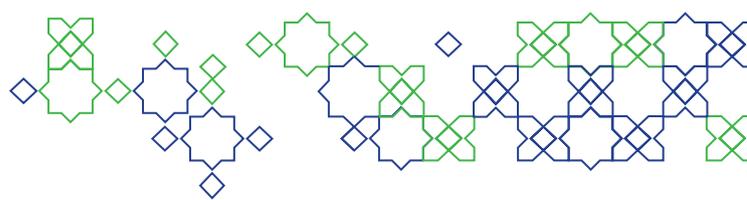
2. **Design for Building Resilience:** IsDB Group should embed resilience as a core principle

by balancing urgent needs with long-term development. It should empower private and nonprofit actors; foster self-reliance, economic diversification, and social cohesion; and invest in education, healthcare, and infrastructure. Strengthening institutions, disaster risk management, and climate-smart infrastructure enhances economic, social, and environmental resilience, enabling member countries to withstand shocks, sustain development, and mitigate risks from climate change, natural disasters, and socio-economic disruptions.

3. **Environmental Stewardship:** IsDB Group should promote sustainability and stewardship by embedding circularity, climate adaptation, and resource efficiency in its interventions and solutions. It should support waste reduction, resource reuse, and self-sufficiency, supporting economies' transition from extractive to sustainable models. IsDB Group should ensure practical, affordable, and regenerative development while addressing environmental challenges.

4. **Inclusiveness Into Productivity:** IsDB Group should expand economic participation by empowering and integrating members of society into productivity, not least women, youth, and underserved hard-to-reach communities including those engaged in informal economic activity. It should promote decent jobs, entrepreneurship, and MSME growth, while strengthening financial inclusion, integration into the formal economy, and equal access to opportunities. This allows larger populations to integrate into and benefit from the broader economy and improves income levels and wellbeing.

5. **Technology and AI Adoption:** IsDB Group should support universal digital access, capacity-building, and technology diffusion, fostering science, technology, and innovation ecosystems that empower MCs for broad-based productivity and sustained growth. Harnessing technology and digital transformation accelerates growth, inclusion, and development impact. Advancements in AI, smart infrastructure, and digital connectivity drive productivity and sustainability.



PART

05

Where
We Stand

Part 5 - Where We Stand

To chart IsDB Group's journey over the next decade, based on its foundations, approach to development, and strategic repositioning, and to deliver its development commitments across various areas as an Islamic development institution, a conscious appreciation of the Group's cumulative strengths and lessons learned from the past is required. Additionally, a careful assessment of the context and trends impacting the development landscape is essential.

I. Fifty Years of Impact

A Half Century of Dedication to the Well-Being of Member Countries

Over the last fifty years, the IsDB Group has evolved into a comprehensive development institution with robust financial health, earning an AAA rating and approving hundreds of billions in development financing. Initially, it focused on establishing economic infrastructure and later expanded into developing the Islamic financial sector. To better serve member countries, IsDB established specialized entities—IsDBI (previously IRTI), ICIEC, ICD, and later ITFC—each with complementary mandates and distinct Islamic finance offerings. Additionally, it launched thematic funds, such as ISFD, sponsored by member countries, and LLF, supported by regional and international donors.

The IsDB Group has significantly contributed to infrastructure development, including roads, water, sanitation, and energy projects, while leveraging credit enhancement services to attract investments for sustained socio-economic growth. It has also committed substantial resources to climate-resilient initiatives and poverty reduction, particularly in Least Developed Member Countries (LDMCs), through targeted programs like the Food Security Response Program. Education initiatives, such as the Smart Education Financing Initiative,

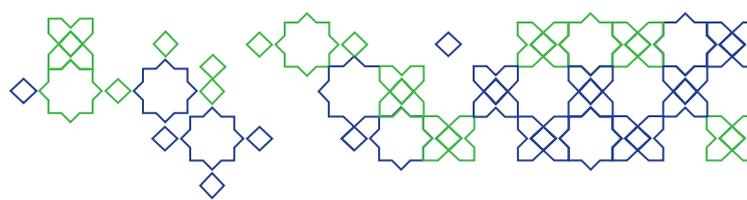
have aimed to educate out-of-school children and improve literacy and healthcare, enhancing millions of lives.

As an MDB from the South, by the South, and for the South, IsDB Group has fostered South-South cooperation, strengthened intra-OIC and international trade and investment, and provided Shari'ah-compliant financing in critical sectors. Its innovative Reverse Linkage mechanism has enabled technical cooperation and knowledge sharing among MCs. Additionally, IsDB Group has provided rapid financial and logistical aid during crises, demonstrating its adaptability, resilience, and commitment to solidarity.

A pioneer in Shari'ah-compliant finance, IsDB Group has played a key role in developing Islamic financial institutions, introducing innovative financial products like awqaf finance and sukuk, and facilitating the growth of Islamic capital markets. The IsDB Group has also contributed to private sector development by financing SMEs, promoting entrepreneurship, and supporting job creation and economic diversification across MCs.



As an MDB from the South, by the South, and for the South, IsDB Group has fostered South-South cooperation, strengthened intra-OIC and international trade and investment, and provided Shari'ah-compliant financing in critical sectors. Its innovative Reverse Linkage mechanism has enabled technical cooperation and knowledge sharing among MCs



Key Strengths of IsDB Group

Key cumulative strengths that will enable IsDB Group to better serve its MCs in a challenging global landscape include the following:

1. Robust financial capacity and superior ratings (AAA rating);
2. Strategic MC support;
3. A wide network of local, regional and global partnerships;
4. Islamic finance leadership and expertise;
5. Trade finance, development and facilitation expertise;
6. Governance and operational maturity;
7. A wide range of solidarity-minded development modalities;
8. Local MC knowledge and outreach;
9. A unique mandate rooted in South-South cooperation and Islamic principles;
10. Being a trusted and neutral development partner for MCs; and
11. Cumulative expertise in financing infrastructure.

Lessons Learned from Past Strategic Planning Cycles

The Strategic Framework and subsequent 5-Year Corporate Strategies internalize the lessons learned from past planning cycles and their outcomes in terms of both process and substance. Major lessons of relevance in this context include the following:

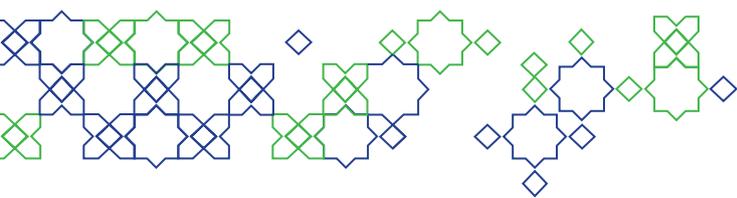
Process-Related Lessons

1. **Planning and Institutional Fit:** Strategic programs and business models should be ambitious yet grounded in realistic assessments of institutional capacity and resources constraints.
2. **Group-Wide vs. Entity-Specific Planning:** Unified Group-wide planning, down to thematic areas, can enhance coherence, unlock synergies, and increase impact through stronger coordination.

3. **Centralization vs. Delegation:** Clear delegation of authority and streamlined governance structures improve agility and responsiveness, enabling leadership to focus on strategic issues.
4. **Inclusivity and Ownership:** Inclusive planning processes strengthen alignment with MC needs and foster ownership, while leveraging internal expertise builds institutional memory.
5. **Length and Stability of Strategic Periods:** Maintaining stable, well-communicated strategic directions over time ensures institutional confidence, staff buy-in, and operational effectiveness.
6. **Monitoring, Evaluation & Learning:** Embedding regular reviews and evaluations into the planning cycle enhances learning, allowing timely course correction and results-based management.

Substance-Related Lessons

1. **Responsiveness vs. Strategic Focus:** A balanced approach that integrates demand-driven responsiveness with Group-level strategic priorities can optimize resource allocation and impact.
2. **Prioritization and Phasing:** A phased and prioritized approach to implementation allows for more effective resource use, prevents overextension, and helps generate measurable impact.
3. **Sectoral Balance and Skew:** Greater balance in sectoral allocations between fostering economic growth and building resilience can enhance equity and broaden development impact.
4. **Private Sector Development:** Improving private sector engagement via effective crowding-in mechanisms and institutional support helps realize private-sector development goals.
5. **Islamic Finance as a Comparative Advantage:** A consolidated, well-resourced Islamic finance strategy with institutional responsibilities will strengthen IsDB Group's leadership and impact.



6. **Concessionality and Equity:** Concessional resource allocation should reflect developmental need and equity, especially for LDMCs, with resource use aligned to maximize development returns.
7. **Non-Financial Contributions:** Elevating the role of knowledge and advisory support enhances IsDB Group's development footprint, reinforcing its long-term relevance and contribution.
8. **Intra-OIC Cooperation and Integration:** Expanding trade and investment support across a wider set of MCs and sectors will foster deeper regional integration and more inclusive development.

II. Our Context

Major Trends for IsDB Group to Consider

Key trends of relevance to IsDB Group's journey over the next decade include the following:

1. Major Global Trends

Geopolitical, Economic and Trade Related Challenges: The emergence of new economic blocks like BRICS+ is challenging traditional globalization patterns and creating global geopolitical tensions. This raises the need for reforming the global financial and economic system and strengthening South-South cooperation mechanisms. In addition, geopolitical fragmentation is giving way to growing global trade tensions. Protectionism, shifting trade dynamics, and supply chain disruptions create opportunities and risks, particularly for commodity-dependent economies. New global financing mechanisms, such as local currency swaps and central-bank-backed digital currencies, may enhance South-South trade but require regulatory harmonization. Inflation and high interest rates heighten fiscal vulnerabilities in developing countries, necessitating concessional financing and diversification. Economic inequality within and across countries is rising, underscoring the need for inclusive social investments and financial systems reforms.

Environmental and Sustainability Related Challenges:

Frequent extreme weather events and natural disasters necessitate prioritizing climate adaptation, especially in agriculture and infrastructure. Natural disasters, given rapid population growth and resource competition among countries, are putting increasing pressures on global food supplies exacerbating food insecurity. Increased investment in sustainable agriculture and climate resilience is critical to meet escalating challenges. Environmental challenges also put pressures on energy security and transition. Transition policies challenge fossil-fuel-reliant economies and demand green financing, capacity-building, and renewable energy investments.

Disruptive New Technologies and Digital Transformation:

Accelerated adoption of robotics, AI, and blockchain transforms labor markets, requiring digital infrastructure investment and inclusion policies. Opportunities for Islamic finance arise in fintech innovations, albeit with regulatory challenges.

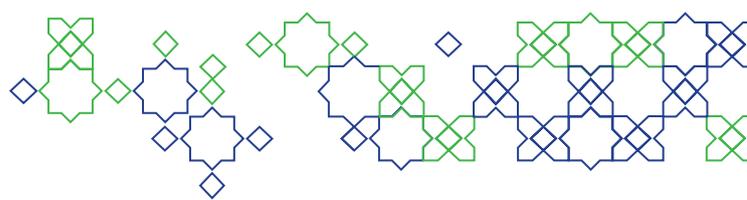
Post SDGs Development Agenda Formulation challenges:

Financing gaps and geopolitical pressures risk selective development, stressing the need for global partnerships for the post-2030 agenda.

2. Major OIC-Specific Trends

Economic and Financial Challenges: OIC countries face rising inflation, sovereign debt vulnerability, and limited fiscal spaces, limiting investments in infrastructure, education, and healthcare. OIC states that heavily rely on natural resource exports need to diversify their economies for better resilience through investment in technology, SMEs, and renewables. In addition, the rapid population growth and urbanization in OIC countries require significant infrastructure investments to address urban challenges and spur economic growth.

Trade-Related Challenges: The Share of Intra-OIC trade is still behind the target set for 2025. Lack of Intra-OIC Infrastructure and weak regional integration are among the major obstacles. Inadequate infrastructure hampers trade and



regional integration, calling for investments in cross-border transportation, energy, and water systems.

Challenges of Vulnerability to Climate Change and Environmental Sustainability: Many MCs face severe climate risks demanding large-scale adaptation projects and sustainability-linked financing.

Digital Transformation Challenges: OIC countries have an urgent need for physical and institutional Infrastructure supporting digital transformation to enhance their access to global digital economies. Building this infrastructure necessitates large investments in related sectors.

Large Potential for Islamic Finance Industry: Islamic finance is growing within OIC countries and globally, presenting significant opportunities for growth and socio-economic development. This industry could be key in addressing the rising need for financial inclusion in OIC countries, particularly for vulnerable segments of the population such as women, youth, and rural communities. This necessitates regulatory reforms to enhance financial access, as well as increased investments in Islamic financial tools like Islamic fintech and microfinance.

Rising Role of Private-Sector and SMEs in Development: The private sector in OIC countries is key for economic growth, productivity, and job creation, with SMEs making up 90% of businesses and driving employment and productivity. The private sector, including SMEs, have shown resilience, contributing to recovery and sustainable development in OIC countries. Limited access to finance remains a key obstacle for SMEs' growth and sustainability.

3. Major Trends in the MDBs landscape:

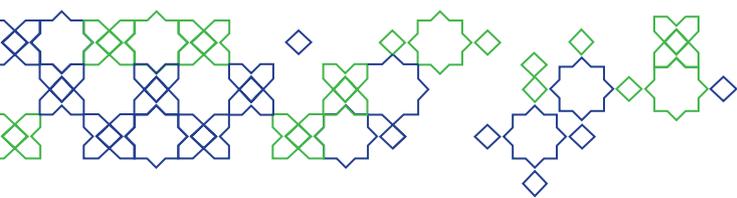
Financial-Model-Related Reforms: The global MDB reform agenda calls for expanded lending capacity and risk appetite. Towards this, MDBs are leveraging private capital and partnerships with the private sector to attract private investments for development projects. Innovative approaches of resource mobilization – such as blended finance, hybrid models, and securitization - are also leveraged to bridge development financing gaps

without raising MDBs' risk profiles. The global MDB reform agenda also calls for increased focus on climate financing, which could overshadow traditional development priorities like health and education.

Rising Potential for South MDBs: The rise of southern economic powers has increased donor and aid fragmentation, posing coordination challenges and reducing MDB financing, which could be mitigated through pooled funding mechanisms and trust funds. The global economic fragmentation has also increased the need for and potential of regional and South-South cooperation, which enhances the role of MDBs in fostering such cooperation patterns. This global economic shift, along with high global interest rates and currency risks, is driving an increased demand on local-currency-denominated financing to enhance debt sustainability.

Rising Importance of Fragility and Resilience: Rising global geopolitical tensions may escalate conflicts, increasing the need for tailored MDBs support for Fragile and Conflict-Affected States (FCAS) focusing on reducing fragility and building resilience. This could be achieved through concessional financing, resilience-building measures, and reforms to ensure resources address systemic risks and root causes of fragility.

Operating-Model-Related Reforms: The MDB reform agenda calls for impact-driven operational models. MDBs are increasingly adopting data-driven and technology-enabled operating models to streamline operations. This may reduce the cost for decentralization. Yet, MDBs need to better align operations with national and regional priorities to ensure relevance and strengthen local and regional ownership of their interventions.



PART

06

How To Transform Our Group

Part 6 - How To Transform Our Group

In order to contribute significantly to the transformation of its MCs' development landscape, IsDB Group should embrace an evolutionary approach to transform its business model across operational, organizational and financial dimensions. This involves adopting lean, agile, and efficient operating models across the Group. Critical business model improvements will be addressed concretely through targeted initiatives responding to imperatives emanating from shareholders' guidance. On the other hand, the operating models' transformation will be addressed within the 5-Year Corporate Strategies, guided by the set of modalities, principles and success factors described below.

I. Institutional Imperatives

MCs' aspirations for IsDB Group lead to a set of institutional imperatives, including the following:

1. Advancing Group governance and structure

In the first Key Enabler of the "In Riyadh at Fifty Declaration," Governors urged IsDB Group leadership to continue to advance the overall structure and governance framework of the Group.

Advancing the governance structures of MDBs is essential to enhance their responsiveness to evolving global challenges. Streamlining and consolidating governance within MDBs, such as IsDB Group, can lead to greater clarity in roles and responsibilities, improved decision-making processes, and increased operational efficiency. This alignment with international best practices enables MDBs to better address complex development issues, optimize resource allocation, and strengthen accountability mechanisms.

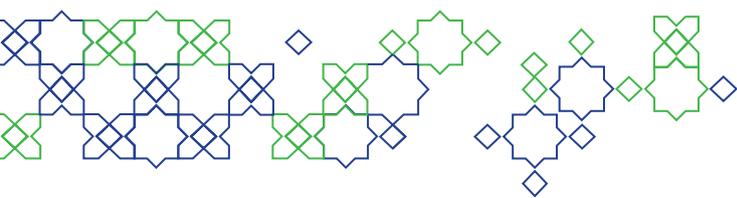
2. Scaling-up concessional financing

In the second Key Enabler of the "In Riyadh at Fifty Declaration," Governors urged IsDB Group leadership to increase the level of concessional financing through an institutional mechanism.

The most vulnerable IsDB member countries, particularly least developed member countries (LDMCs), are facing unprecedented development setbacks due to a polycrisis. This has resulted in eroded economic gains, increased debt distress, and deepened poverty, severely limiting households' ability to access basic services. Given these challenges, LDMCs in particular urgently require scaled-up concessional financing that is sustainable and responsive to their pressing needs. At the same time, donor MCs have a historic opportunity to demonstrate leadership by pioneering a fairer, more inclusive development model based on solidarity and shared prosperity.

IsDB's ability to expand concessional financing remains constrained due to credit rating requirements and limited availability of off-balance-sheet concessional resources. Additionally, LDMCs—many of which receive substantial grants and concessional financing from other MDBs—may be reluctant to increase financing requests from IsDB unless it offers comparable concessional terms. To address this, establishing a dedicated Concessional Window, in line with MDB practice, would enable IsDB to expand and sustain concessional financing while improving predictability, transparency, and financial sustainability.

As traditional ODA models decline in effectiveness and availability, there is an urgent need to rethink development financing for the Global South. A cooperative concessional financing model among OIC economies presents a viable



and sustainable alternative, leveraging shared resources, innovative financial instruments, and Islamic economic principles to drive development. By institutionalizing South-South financial cooperation and reducing dependency on external donors, this approach can create a more resilient, dignified, and self-sustaining development finance ecosystem for the future.

3. Optimizing Group financial model(s)

IsDB Group must optimize its financial model(s) to align with member countries' aspirations while benefitting from key Capital Adequacy Framework (CAF) recommendations to balance financial prudence with expanded impact. Given its relatively low leverage compared to other MDBs, IsDB Group should responsibly optimize utilization across all its balance sheets, increasing financing headroom while maintaining Shari'ah-compliant financial discipline and preserving its AAA credit rating.

Strengthening capital efficiency by aligning disbursements with financing capacity and reducing undisbursed commitments will ensure sustained development momentum. To increase transparency, IsDB Group should improve financial disclosures and introduce performance-based funding frameworks to ensure resources are effectively allocated. IsDB Group must also diversify its financial instruments and private sector mobilization, enhancing ITFC's trade financing, ICD's private-sector financing and ICIEC's risk-sharing role, following successful models of comparable MDBs.

Honorable Governors During their Consultation Retreat in Madinah:

"It is important to work towards developing a highly efficient financial model... We need to seek to adopt a highly efficient financial model that will preserve our high credit ranking."

"The Bank should continue to be a part of the G20-led MDB reform agenda, focusing on increased lending and enhanced risk appetite."

4. Growing Group Structured Finance

IsDB Group needs to adopt a strategic approach to financial structuring by combining various Shari'ah-compliant instruments into

comprehensive and sustainable solutions. By integrating instruments of debt, equity, guarantees, insurance, and grants, extended by IsDB Group members, the Group can optimize resource allocation, enhance creditworthiness, and attract co-financing.

Effective structuring will ensure that interventions align with MCs' needs while managing risks and maximizing impact. To strengthen its Group-wide response, IsDB Group should leverage the unique capabilities of its members—IsDB, ICD, ITFC, and ICIEC—to pool resources and mobilize capital from both the public and private sectors. It should structure innovative financial solutions, ensuring a unified Group-wide response to development challenges.

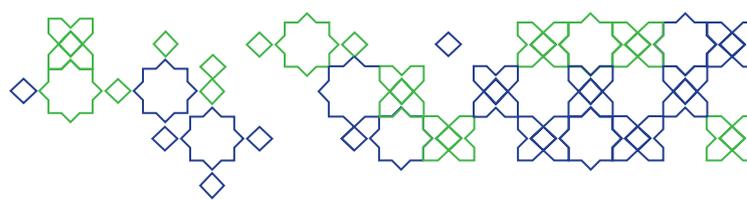
II. Planning Modalities

The following planning modalities should be considered during 5-year strategic planning, operational planning, as well as annual work programming in order to inform resource allocation and management:

1. **Strategic Tradeoffs:** To maximize value, IsDB Group will make strategic tradeoffs across **core**, **niche**, and **non-core areas** to ensure continuity and focus. Core areas, like infrastructure, offer stability and should be optimized for efficiency. Niche areas, such as trade finance and Islamic finance, provide strategic advantages but require investment and innovation. Non-core



IsDB Group will adopt a three-phase approach to realize this framework: the “Perform” phase, focusing on incremental improvements and efficiency gains, optimizing core operations; the “Platform” phase, developing scalable platforms for niche areas like Islamic finance, trade, and South-South cooperation; and the “Outperform” phase, integrating core areas and platforms to maximize growth and deliver exponential value across all channels.



areas should be rationalized or outsourced to free resources and reduce complexity. Administrative budgets and activities, including talent acquisition, will follow the same principle, prioritizing the development of niche areas.

2. **Phased Implementation:** Phasing the Framework realization through an evolutionary approach allows for non-disruptive transformation while improving predictability and agility. IsDB Group will adopt a three-phase approach: the "Perform" phase, focusing on incremental improvements and efficiency gains, optimizing core operations; the "Platform" phase, developing scalable platforms for niche areas like Islamic finance, trade, and South-South cooperation; and the "Outperform" phase, integrating core areas and platforms to maximize growth and deliver exponential value across all channels.
3. **Strategic Portfolio Management:** IsDB Group will adopt a portfolio management approach to manage risk, minimize disruption, and encourage innovation. Resources will be distributed across three portfolios: the "Exploit" portfolio, focused on core mainstreamed areas like infrastructure finance where the Group has expertise and delivers reliable results with lower risk and predictable returns; the "Explore" portfolio, dedicated to piloting higher-risk, higher-potential ideas critical for long-term relevance and differentiation; and the "Transfer" portfolio, which bridges the gap by transitioning successful pilots from the Explore phase into scalable solutions for the Exploit portfolio.

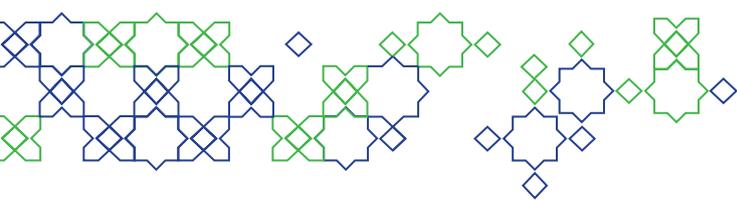
III. Institutional Guiding Principles

The following principles should inform any design or re-design efforts of the operating models of IsDB Group members:

1. **Innovation & Digitalization:** Leveraging digitalization and innovation will provide the IsDB Group with powerful opportunities to enhance efficiency, reduce administrative burdens, and improve responsiveness across its interventions, processes, and financial instruments. By embedding digital tools and AI, the Group will strengthen communication and collaboration with stakeholders, driving

financial sustainability and maximizing impact. Achieving true transformation requires a fundamental paradigm shift, where digitalization is not just an enabler but a core pillar shaping all aspects of operations, governance, and service delivery. This shift must permeate financing models, risk management, project design, and monitoring, ensuring agility and data-driven decision-making. A commitment to continuous technological adaptation, investment in digital talent, and fostering an innovation-driven institutional culture will be essential to future-proof the IsDB Group's role in global development.

2. **Merit-Based and Diversified Talents:** Adopting this will enable the IsDB Group to enhance innovation, improve staff performance, and strengthen global competitiveness. Focusing on merit ensures a highly skilled workforce, driving effective strategy execution. This approach also will boost employee engagement and retention and help align the Group's initiatives with the diverse needs of its member countries, contributing to greater success in achieving its development goals. A geographically and competency-wise diverse workforce will bring varied perspectives, fostering better decision-making and creative solutions.
3. **Good Governance:** Adopting good governance involves promoting accountability, transparency, decentralization and empowerment of local teams and balancing interests of all stakeholders. This will enable the IsDB Group to foster trust with stakeholders, enhancing the Group's credibility and relationships, and to improve efficiency, responsiveness, and decision-making. These will also strengthen long-term sustainability, ensuring the Group's actions align with global development goals and deliver more effective, impactful results.
4. **Financial Sustainability:** Achieving higher impact will be anchored in strong financial sustainability. IsDB Group will leverage Islamic finance's unique structuring, asset-based financing, and risk-sharing features. By using Shari'ah-compliant instruments (especially sukuk and risk-hedging tools), diversifying funding sources, and optimizing capital use, it can withstand shocks and volatility.





IsDB Group should embrace an evolutionary approach to transform its business model across operational, organizational and financial dimensions. This involves adopting lean, agile, and efficient operating models across the Group.

Competitive pricing will be benchmarked against comparable institutions while considering market conditions and member countries' absorption capacities.

5. Partnership for Leverage: Central to the Strategic Framework implementation, partnerships will enable resource mobilization, expertise, and knowledge for sustainable, inclusive development. By integrating public, private, and philanthropic contributions, IsDB Group will drive innovation, strengthen co-financing, and maximize financial leverage while reducing risks through shared responsibility and blended finance. Partnerships will also enhance South-South and triangular cooperation, fostering knowledge-sharing and joint initiatives to support the Bank's solidarity mandate.

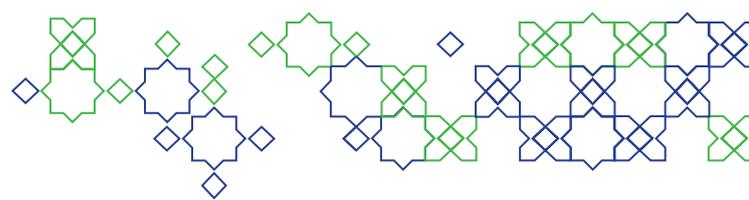
IV. Success Factors

Given the ambitious mandate, innovative direction, and multi-entity structure, the following Critical Success Factors must be in place to successfully implement the IsDB Group Strategic Framework:

1. Shareholder Support: Shareholders' support is crucial to the successful implementation of the IsDB Group's Strategic Framework, providing, in addition to a shared vision for the Group's long-term goals, strategic guidance, and financial backing. Their involvement ensures the Framework remains relevant, adaptable, and responsive to evolving challenges and opportunities, allowing for timely adjustments as needed. Moreover, shareholders' endorsement reinforces the credibility and legitimacy of the Framework, fostering trust

and commitment from all involved parties while enabling resource mobilization, policy alignment, and collaboration across member countries.

- 2. Leadership Commitment:** An unwavering dedication of the leadership through active engagement, resource allocation, and accountability mechanisms to drive execution is essential for a successful implementation of the Strategic Framework. The Strategic Framework calls for changes that compel Group leadership to instill clear strategic direction, nurture a culture of ownership and motivation, and lessen resistance to change.
- 3. Change Management:** Given the evolving development landscape, proactive change management is crucial to ensure smooth transitions towards the future state aspired by shareholders for the Group. A structured change management approach, including clear communication, stakeholder engagement, and risk mitigation, will be put in place to minimize resistance and ease transitions.
- 4. Group Synergy:** Providing comprehensive support to MCs through the Strategic Framework will require Group Synergy to ensure collaboration and integration among Group members to enhance their collective impact by leveraging their complementary mandates, expertise, and resources. A coordinated approach is needed to reduce duplication and ensure all Corporate Strategies align with the Group Strategic Framework's objectives.
- 5. Performance Measurement:** A strong performance measurement structure will be put in place to promote transparency and ensure that strategic objectives are turned into measurable targets, allowing for ongoing tracking of progress and impact.



IsDB 
البنك الإسلامي للتنمية
Islamic Development Bank

📍 8111 King Khaled St
Al Nuzlah Yamania
Unit 1 Jeddah 22332-2444
Kingdom of Saudi Arabia

☎ (+966-12) 636 1400
☎ (+966-12) 636 6871
✉ idbarchives@isdb.org
🌐 www.isdb.org