ISLAMIC DEVELOPMENT BANK

Annual Report 1433H (2012)

PROFILE OF
THE ISLAMIC DEVELOPMENT BANK

Establishment

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

Vision

By the year 1440H, the Islamic Development Bank shall have become a world-class development bank, inspired by Islamic principles, that has helped significantly transform the landscape of comprehensive human development in the Muslim world and helped restore its dignity.

Mission

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

Membership

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

Capital

The Authorized Capital of IDB is ID30 billion and the Issued Capital is ID18 billion of which ID17.8 billion was subscribed and ID4.6 billion was paid up as at end 1433H.

Financial Year

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

Accounting Unit

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

Language

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

Islamic Development Bank Group

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

Head Office and Regional Offices

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

In the Name of Allah,
the Beneficent, the Merciful

16 Jumad Awwal 1434H
28 March 2013

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

Dear Mr. Chairman,

Assalamu alaikum warahmatullahi wabarakatuhu

In accordance with Articles 32(i), 32(iii) and 41(1) of the Articles of Agreement establishing the Islamic Development Bank and Section (11) of the By-laws, I have the honour to submit for the kind attention of the esteemed Board of Governors, on behalf of the Board of Executive Directors, the Annual Report on the operations and activities of the Bank in 1433H (2012).

The Annual Report also includes the audited financial statements of the Bank as well as those of the operations of the Waqf Fund, as prescribed in Section (13) of the By-laws.

Please accept, Mr. Chairman, the assurances of my highest consideration.

Dr. Ahmad Mohamed Ali

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

Board of Executive Directors

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

Dr. Hamad Bin Suleiman Al Bazai
(Saudi Arabia)

Bader Abdullah Abuaziza
(Libya)

Dr. Asghar Abolhasani Hastiani
(Iran)

Abdulwahab Saleh Al-Muzaini
(Kuwait)

Zeinhom Zahran
(Egypt)

Ali Hamdan Ahmed
(UAE)

Ismail Omar Al Dafa
(Qatar)

Ibrahim Halil Çanakci
(Turkey)

Mohammed Gambo Shuaibu
(Nigeria)

Dr. Mohd Irwan Bin Abdullah
(Brunei Darussalam, Indonesia, Malaysia, Suriname)

Md. Abul Kalam Azad
(Afghanistan, Bangladesh, Maldives, Pakistan)

Adel Ben Ali
(Algeria, Mauritania, Morocco, Tunisia)

Board of Executive Directors

Mohamed Jawad Bin Hassan Suleman
(Bahrain, Oman, Sudan, Yemen)

Mohamed Ahmed Abu Awad
(Iraq, Jordan, Lebanon, Palestine, Syria)

Sékou Ba
(Burkina Faso, Gambia, Mali, Niger, Senegal, Togo)

António Fernando Laice
(Chad, Comoros, Djibouti, Gabon, Mozambique, Somalia, Uganda)

Diomande Kanvaly
(Benin, Cameroon, Côte d'Ivoire, Guinea, Guinea-Bissau, Sierra Leone)

Yerlan Alimzhanuly Baidaulet
(Albania, Azerbaijan, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, Uzbekistan)

Vice-Presidents

Dr. Abdul Aziz Al Hinai
Vice-President (Finance)

Birama Boubacar Sidibe
Vice-President (Operations)

Dr. Ahmet Tiktik
Vice-President (Corporate Services)

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ABBREVIATIONS		
AAOIFI	-	Accounting and Auditing Organization for Islamic Financial Institutions in IDB MCs
AfDB	-	African Development Bank
AICDS	-	Africa Infrastructure Country Diagnostic Study
AsDB	-	Asian Development Bank
AFD	-	Agence Française de Développement
AGFUND	-	Arab Gulf Program for Development
AFESD	-	Arab Fund for Economic and Social Development
AFFI	-	Arab Financing Facility for Infrastructure
AIIV	-	Arab Infrastructure Investment Vehicle
AMU	-	Arab Maghreb Union
AGRA	-	Alliance for a Green Revolution in Africa
APIF	-	Awqaf Properties Investment Fund
ASEAN	-	Association of South East Asian Nations
BADEA	-	Arab Bank for Economic Development in Africa
B.E.D	-	Board of Executive Directors of IDB
B.O.G	-	Board of Governors of IDB
BCEAO	-	Banque Centrale des Etats de l'Afrique de l'Ouest
CAEs	-	Country Assistance Evaluations
CAREC	-	Central Asia Regional Economic Cooperation
CIS	-	Commonwealth of Independent States
COMCEC	-	OIC Standing Committee for Economic and Commercial Cooperation
COMSTECH	-	OIC Standing Committee for Scientific and Technological Cooperation
CIPA	-	Certified Islamic Professional Accountant
COMESA	-	Common Market for Eastern and the Southern Africa
COMIAC	-	Committee for Information and Cultural Affairs
DAC	-	Development Assistance Committee of the OECD
DFI	-	Development Finance Institution
EBRD	-	European Bank for Reconstruction and Development
ECAs	-	Export Credit Agencies
ECO	-	Economic Cooperation Organization
ECOWAS	-	Economic Community of West African States
ECG	-	Evaluation Cooperation Group
e4e	-	Education for Employment
EGM	-	Expert Group Meeting
EIB	-	European Investment Bank
FAO	-	Food and Agricultural Organisation of the United Nations
FATF	-	United Nations Financial Action Task Force
FDI	-	Foreign Direct Investment
FRS	-	Fiduciary Rating System
GCC	-	Gulf Cooperation Council
GDP	-	Gross Domestic Product
GHI	-	Global Hunger Index
GIZ	-	Deutsche Gesellschaft für Internationale Zusammenarbeit
GNI	-	Gross National Income
CIBAFI	-	Council of Islamic Banks and Financial Institutions
HDI	-	Human Development Index
HRM	-	Human Resources Management
HPI	-	Human Poverty Index
CIT	-	Member Countries in Transition

IAS	-	Islamic World Academy of Science
IBFIS	-	Islamic Banking and Finance Information System
IBP	-	Islamic Banks Portfolio
ICCIA	-	Islamic Chamber of Commerce Industry and Agriculture
ICBA	-	International Centre for Biosaline Agriculture
ICD	-	Islamic Corporation for the Development of the Private Sector
ICDT	-	Islamic Centre for Development of Trade
ICIEC	-	Islamic Corporation for the Insurance of Investment and Export Credit
ID	-	Islamic Dinar (equivalent to one Special Drawing Right of IMF)
IDB	-	Islamic Development Bank
IDBG	-	Islamic Development Bank Group
IIBR	-	Islamic Interbank Benchmark Rate
IIF	-	Islamic Infrastructure Fund
IFSB	-	Islamic Finance Services Board
IIRA	-	Islamic International Rating Agency
IRTI	-	Islamic Research and Training Institute
ISESCO	-	Islamic Educational, Scientific and Cultural Organization
ISFD	-	Islamic Solidarity Fund for Development
IsFI	-	Islamic Financial Institutions
IUT	-	Islamic University of Technology
IFAD	-	International Fund for Agricultural Development
IFC	-	International Finance Corporation
IFDC	-	International Fertilizer Development Centre
IFIs	-	International Financial Institutions
IICRA	-	International Islamic Centre for Reconciliation and Arbitration
IIFM	-	International Islamic Financial Market
ILMC	-	International Liquidity Management Corporation
ILO	-	International Labor Organisation
IMF	-	International Monetary Fund
INCEIF	-	International Centre for Education in Islamic Finance
ISRA	-	International Shariah Research Academy for Islamic Finance
ITFC	-	International Islamic Trade Finance Corporation
IPAs	-	Investment Promotion Agencies
ITAP	-	Investment Promotion Technical Assistance Program
ITFO	-	Import Trade Financing Operations of IDB
IDB-STATCAP	-	IDB Statistical Capacity Building Initiative
LDMCs	-	Least Developed Member Countries
LDP	-	Leadership Development Program
Levant	-	Refers to Jordan, Lebanon, Palestine and Syria
LIC	-	Low Income Countries
LoF	-	Lines of Financing
M&A	-	Mergers & Acquisitions
MCs	-	Member Countries of the Islamic Development Bank
MCPS	-	Member Country Partnership Strategy
MDB-WGG	-	Multilateral Development Banks Working Group on Gender
MDBs	-	Multilateral Development Banks
MDGs	-	Millennium Development Goals
MDP	-	Microfinance Development Program of IDB
MEA	-	Middle East and Africa
MENA	-	Middle East and North Africa
MoUs	-	Memorandum of Understandings
MPI	-	Multidimensional Poverty Index

MSP	-	Microfinance Support Program
MTBS 2.0	-	Medium Term Business Strategy
MT-LDP	-	Mid-Term Leadership Development Program
MVP	-	Millennium Village Project
NDFIs	-	National Development Finance Institutions
NGOs	-	Non-Governmental Organisations
OCFA	-	UAE Office for the Coordination of Foreign Aid
OCR	-	Ordinary Capital Resources of IDB
ODA	-	Official Development Assistance
ODI	-	Overseas Development Institute
OECD	-	Organisation for Economic Cooperation and Development
OFID`	-	OPEC Fund for International Development
OIC	-	Organisation of the Islamic Cooperation
OIC-VET	-	Vocational Education and Training Programme for the Member Countries of the Organization of Islamic Cooperation
OISHA	-	Organization of the Islamic Shipowners' Association
PCRs	-	Project Completion Reports
PMUs	-	Project Management Units
PPPs	-	Public Private Partnerships
PRI	-	Political Risk Insurance
RE	-	Renewable Energy
RLs	-	Reverse Linkages
R&D	-	Research and Development
SAO	-	Special Assistance Operations
SAPEPE	-	Smallholder Agricultural Productivity Enhancement Program
SESRIC	-	Statistical, Economic and Social Research and Training Centre for Islamic Countries
SMEs	-	Small and Medium Enterprises
SPMS	-	Staff Performance Management System
SSA	-	Sub-Saharan Africa
S&T	-	Science and Technology
SVP	-	Sustainable Villages Program
TA	-	Technical Assistance of IDB
TAF	-	Technical Assistance Facility
TCP	-	Technical Cooperation Program of IDB
UIF		Unit Investment Fund of IDB
UNCTAD		United Nations Conference on Trade and Development
UNDP		United Nations Development Program
UNIDO		United Nations Industrial Development Organization
VOLIP		Vocational Literacy for Poverty Reduction Program
UEMOA		West Africa Economic and Monetary Union
WAIPA		World Association of Investment Promotion Agencies
WIBC		World Islamic Banking Competitiveness
WHO		World Health Organisation
WTO		World Trade Organization
YES		Youth Employment Support
YPP	-	Young Professionals Program

SYMBOLS

.. Not Available

- Not Computable

$ United States Dollar

ID Islamic Dinar

Table 1: IDB Group Operational Activities from inception up to end 1433H (1 January 1976 - 14 November 2012)[1]

(Amount in million)[2]

	1396H-1430H		1431H		1432H		1433H		1396H-1433H	
ITEM[3]	**No.**	**ID/$**	**No.**	**ID/$**	**No.**	**ID/$**	**No.**	**ID/$**	**No.**	**ID/$**
PROJECT AND FINANCING OPERATION[4]										
Loan	789	3,777.1	43	244.6	42	260.6	62	255.3	936	4,537.4
		5,184.3		*371.7*		*402.1*		*392.1*		*6,350.2*
Equity	240	1,534.5	29	198.5	16	118.4	17	128.3	302	1,979.6
		2,209.8		*303.3*		*184.0*		*196.8*		*2,893.9*
Leasing	340	5,214.4	24	720.6	15	728.5	16	513.8	395	7,177.3
		7,471.7		*1,101.1*		*1,150.2*		*782.8*		*10,505.7*
Instalment Sale	215	2,585.6	2	20.2	9	76.8	20	636.5	246	3,319.2
		3,637.3		*30.8*		*120.7*		*970.6*		*4,759.4*
Combined Lines of Financing	50	460.4	3	99.2	5	149.3	4	88.5	62	797.3
		658.9		*150.0*		*230.0*		*135.0*		*1,173.9*
Profit Sharing/ Musharaka	9	93.6	0	0.0	2	62.0	1	33.3	12	189.0
		128.7		*0.0*		*100.0*		*50.0*		*278.7*
Istisna'a	164	4,088.1	27	1,276.6	36	1,510.0	45	1,401.1	272	8,275.9
		6,061.6		*1,992.3*		*2,357.7*		*2,159.8*		*12,571.3*
Others[5]	231	1,244.8	25	206.6	56	428.9	39	410.3	351	2,290.6
		1,890.1		*309.9*		*661.5*		*626.3*		*3,487.7*
Total Project Financing	**2,038**	**18,998.5**	**153**	**2,766.2**	**181**	**3,334.5**	**204**	**3,467.1**	**2,576**	**28,566.3**
		27,242.5		**4,258.9**		**5,206.0**		**5,313.4**		**42,020.9**
Technical Assistance (TA)	966	237.7	79	12.4	101	23.6	77	13.4	1,223	287.1
		329.5		*19.0*		*36.4*		*20.7*		*405.7*
Total Project & Operation Financing + TA	**3,004**	**19,236.3**	**232**	**2,778.6**	**282**	**3,358.0**	**281**	**3,480.6**	**3,799**	**28,853.5**
		27,572.0		**4,278.0**		**5,242.5**		**5,334.1**		**42,426.5**
TRADE FINANCING OPERATIONS										
International Islamic Trade Finance Corporation (ITFC)	106	2,608.2	70	1,665.6	66	1,926.9	57	2,902.9	299	9,103.6
		4,066.0		*2,524.6*		*3,023.4*		*4,466.0*		*14,080.0*
Other Entities/Funds[6]	2,015	22,004.8	3	11.8	6	26.3	9	26.3	2,033	22,069.1
		29,896.3		*17.7*		*39.5*		*39.9*		*29,993.4*
TOTAL TRADE FINANCING OPERATIONS	**2,121**	**24,612.9**	**73**	**1,677.4**	**72**	**1,953.2**	**66**	**2,929.2**	**2,332**	**31,172.7**
		33,962.3		**2,542.3**		**3,062.9**		**4,505.9**		**44,073.4**
Special Assistance Operations	1,297	528.4	55	13.2	49	9.6	39	5.3	1,440	556.4
		682.7		*19.9*		*15.1*		*8.0*		*725.8*
NET APPROVED OPERATIONS	**6,422**	**44,377.6**	**360**	**4,469.2**	**403**	**5,320.8**	**386**	**6,415.0**	**7,571**	**60,582.6**
		62,217.0		**6,840.2**		**8,320.4**		**9,848.0**		**87,225.6**
GROSS APPROVED OPERATIONS	**7,382**	**50,912.6**	**370**	**4,620.1**	**412**	**5,407.2**	**388**	**6,428.1**	**8,552**	**67,368.0**
		71,187.8		**7,071.5**		**8,454.2**		**9,868.0**		**96,581.6**
DISBURSEMENTS		30,718.0		2,560.4		3,347.8		3,672.8		40,299.0
		43,007.1		*3,941.0*		*5,209.8*		*5,636.7*		*57,794.7*
REPAYMENTS		24,133.4		1,953.9		2,162.1		2,335.8		30,585.2
		33,721.7		*3,007.4*		*3,364.7*		*3,565.0*		*43,658.8*
NUMBER OF IDB GROUP STAFF AT END OF YEAR			1,069		1,111		1,128			
Memorandum Items										
OCR-IDB (in ID million, unless otherwise stated)										
Total Assets				9,067.6		10,351.2		11,387.3		
Gross Income				356.9		375.8		454.0		
Net Income				169.6		109.0		114.2		
General Reserves:				1,702.3		1,769.8		1,788.8		
Fair Value Reserves:				525.9		377.1		460.3		
Subscribed Capital				17,475.6		17,782.6		17,782.6		
Administrative budget: Approved				80.8		88.6		95.9		
Actual[7]				72.7		82.1		89.1		
Number of Member Countries			56		56		56			
ICIEC's Operations (in ID/$ million)										
Insurance Commitments[8]		5,355.6		2,100.7		2,156.4		1,512.4		11,125.1
		8,042.9		*3,214.0*		*3,364.0*		*2,314.0*		*16,934.9*
Business Insured[9]		4,121.9		1,285.6		2,001.9		1,956.2		9,365.7
		6,228.2		*1,967.0*		*3,123.0*		*2,993.0*		*14,311.2*

[1] Cut-off date for data reported in this table was 29 Dhul-Hijja 1433H (14 November 2012).
[2] $ amounts are in italic.
[3] All figures on operations are net of cancellation, unless otherwise specified.
[4] Figures include ICD, IBP, UIF, APIF & Treasury Operations.
[5] Refers to investment in Sukuk (1423H-1432H) and in Financial Institutions (mainly IBP,1408H-1422H).
[6] This includes historical data of IBP, EFS and ITFO.
[7] Figures include capital expenditure and 1431H to 1433H include Reform related expenses.
[8] Amount of Insurance Commitments (contingent liability assured) approved/issued during the year.
[9] Amount of shipments/investments declared to ICIEC by policy holders for the period under consideration.

Source: IDB.

Table 2: Cumulative IDB Group Operations[1] by major modes of financing from 1396H up to end 1433H[2]
(1 January 1976 - 14 November 2012)

(Amount in million)

No.	Country	Project Financing			Technical Assistance (TA)			Trade Financing			Special Assistance Operations			Grand Total		
		No.	ID	$	No.	ID	$	No.	ID	$	No.	ID	$	No.	ID	$
1	Afghanistan	6	51.2	76.7	7	8.0	11.2	0	0.0	0.0	21	11.7	15.8	34	70.9	103.7
2	Albania	25	279.7	427.6	4	0.6	0.8	1	3.3	5.0	3	1.0	1.4	33	284.6	434.9
3	Algeria	41	457.9	608.7	11	3.0	4.0	188	1,490.0	1,887.7	7	4.5	5.6	247	1,955.4	2,506.1
4	Azerbaijan	39	710.8	1,078.7	13	2.4	3.5	10	30.2	45.0	4	1.5	2.0	66	744.9	1,129.2
5	Bahrain	98	1,165.6	1,722.5	10	1.7	2.6	22	230.8	328.5	0	0.0	0.0	130	1,398.1	2,053.6
6	Bangladesh	77	906.1	1,359.1	9	3.4	5.2	222	7,591.0	11,176.7	12	28.8	35.7	320	8,529.3	12,576.6
7	Benin	40	181.0	258.3	25	5.6	7.1	5	24.3	32.0	1	1.3	1.4	71	212.2	298.8
8	Brunei	4	36.4	46.2	1	0.2	0.3	0	0.0	0.0	0	0.0	0.0	5	36.6	46.5
9	Burkina Faso	61	287.0	406.4	39	10.9	14.2	7	143.4	221.1	9	8.3	8.8	116	449.6	650.5
10	Cameroon	35	241.5	347.4	14	3.1	4.0	2	22.4	35.0	3	1.3	1.7	54	268.3	388.1
11	Chad	44	328.7	487.9	31	5.0	6.9	1	2.1	3.2	10	9.9	10.8	86	345.8	508.8
12	Comoros	4	8.8	11.1	15	4.1	5.9	3	5.9	7.5	3	0.9	1.1	25	19.7	25.5
13	Côte d'Ivoire	20	215.7	325.7	2	0.9	1.4	3	48.5	76.3	5	1.0	1.2	30	266.0	404.6
14	Djibouti	31	154.7	234.8	18	3.1	4.3	1	7.6	12.0	9	1.2	1.7	59	166.6	252.7
15	Egypt	51	1,025.8	1,514.7	18	3.6	5.2	131	2,361.0	3,453.9	4	1.1	1.5	204	3,391.5	4,975.3
16	Gabon	17	284.9	419.0	4	1.7	2.2	0	0.0	0.0	0	0.0	0.0	21	286.6	421.2
17	Gambia	41	176.4	256.3	22	3.6	4.9	28	120.4	182.0	4	1.7	1.8	95	302.1	445.1
18	Guinea	54	258.1	353.6	35	8.3	11.0	6	37.9	48.8	6	6.1	7.8	101	310.4	421.1
19	Guinea-Bissau	1	1.4	1.5	8	1.6	2.1	2	11.6	15.0	3	1.1	1.3	14	15.7	19.9
20	Indonesia	115	1,273.6	1,890.5	12	2.2	3.3	51	901.6	1,301.3	4	2.9	4.4	182	2,180.3	3,199.5
21	Iran	80	2,169.7	3,229.2	16	4.3	6.6	175	1,757.4	2,549.8	7	10.0	13.3	278	3,941.4	5,798.8
22	Iraq	6	43.4	54.3	8	0.9	1.3	35	264.9	301.3	12	4.0	5.5	61	313.3	362.3
23	Jordan	61	634.0	882.9	24	4.8	6.5	69	678.9	824.8	1	0.2	0.3	155	1,317.9	1,714.6
24	Kazakhstan	24	359.7	552.6	10	1.6	2.3	13	247.0	381.0	6	1.4	1.9	53	609.6	937.8
25	Kuwait	26	190.1	276.5	11	1.5	2.2	48	775.9	1,151.5	4	6.5	7.5	89	974.0	1,437.6
26	Kyrgyz Republic	22	111.1	165.6	18	3.7	5.5	0	0.0	0.0	7	1.7	2.4	47	116.5	173.5
27	Lebanon	54	629.5	892.5	10	1.2	1.7	11	157.9	221.5	20	6.8	9.5	95	795.4	1,125.2
28	Libya	19	323.2	450.0	9	2.8	3.9	10	230.0	299.8	3	3.2	4.3	41	559.2	757.9
29	Malaysia	65	797.8	1,145.0	7	0.9	1.4	41	201.2	281.7	5	8.8	11.5	118	1,008.8	1,439.5
30	Maldives	21	83.4	120.8	12	1.7	2.3	8	102.6	159.0	3	0.6	0.8	44	188.3	282.9
31	Mali	67	405.4	584.4	32	9.4	12.8	13	133.8	199.9	11	14.6	16.1	123	563.2	813.1
32	Mauritania	71	490.8	731.0	43	17.4	24.2	12	115.2	169.2	7	9.7	11.1	133	633.0	935.5
33	Morocco	63	1,497.6	2,213.0	22	4.0	5.7	122	2,093.7	2,969.8	4	1.2	1.5	211	3,596.5	5,190.0
34	Mozambique	20	102.2	147.3	10	1.9	3.0	1	9.8	15.0	5	1.8	2.2	36	115.7	167.6
35	Niger	48	215.3	305.8	46	12.1	16.3	21	122.2	158.4	18	10.2	12.2	133	359.8	492.7
36	Nigeria	12	174.9	268.4	7	0.9	1.3	15	203.2	315.0	30	5.9	7.9	64	384.8	592.6
37	Oman	35	444.3	588.1	9	2.1	2.8	1	1.4	2.0	2	0.4	0.5	47	448.2	593.5
38	Pakistan	101	1,874.6	2,809.7	11	2.1	3.1	243	4,025.0	5,487.0	10	8.2	11.4	365	5,909.9	8,311.2
39	Palestine	22	62.5	88.7	14	7.1	10.8	0	0.0	0.0	41	40.9	52.9	77	110.5	152.4
40	Qatar	41	500.7	760.9	1	0.1	0.1	0	0.0	0.0	0	0.0	0.0	42	500.8	761.0
41	Saudi Arabia	96	1,150.7	1,712.2	25	2.6	3.7	159	1,886.9	2,762.1	4	0.3	0.4	284	3,040.5	4,478.4
42	Senegal	79	577.0	833.6	30	9.1	11.8	25	183.3	257.6	6	12.6	13.9	140	782.0	1,117.0
43	Sierra Leone	30	133.2	193.8	28	5.5	7.2	2	6.4	10.0	4	2.8	3.6	64	147.9	214.6
44	Somalia	3	7.3	9.4	11	3.4	5.2	4	36.1	46.2	46	10.9	15.4	64	57.7	76.1
45	Sudan	97	741.1	1,089.2	28	4.2	6.0	29	257.1	360.4	20	19.4	23.5	174	1,021.7	1,479.1
46	Suriname	5	22.0	32.3	1	0.1	0.2	1	7.4	10.0	2	0.1	0.2	9	29.6	42.7
47	Syria	38	675.8	972.3	8	1.1	1.6	29	130.8	164.8	5	0.5	0.7	80	808.2	1,139.4
48	Tajikistan	30	158.1	229.5	17	3.1	4.5	2	34.6	54.0	9	1.1	1.5	58	197.0	289.6
49	Togo	18	96.0	139.9	6	1.5	2.2	3	30.2	46.0	2	1.4	1.7	29	129.0	189.8
50	Tunisia	59	969.7	1,420.1	12	2.1	3.1	159	802.6	1,092.9	4	3.3	4.2	234	1,777.8	2,520.3
51	Turkey	121	1,673.2	2,444.9	12	4.2	5.6	313	2,679.8	3,628.4	6	17.3	20.7	452	4,374.5	6,099.6
52	Turkmenistan	11	375.0	585.5	4	0.8	1.1	0	0.0	0.0	2	0.2	0.3	17	376.0	587.0
53	U.A.E.	114	735.3	1,111.5	7	0.7	0.9	25	395.2	572.2	0	0.0	0.0	146	1,131.1	1,684.6
54	Uganda	16	105.6	159.1	18	3.5	4.6	5	11.3	13.9	8	3.2	4.3	47	123.7	182.0
55	Uzbekistan	29	574.6	883.3	5	0.8	1.1	2	4.0	6.1	7	1.4	1.9	43	580.8	892.4
56	Yemen	64	411.5	596.2	33	7.8	10.6	41	351.9	420.3	9	7.8	9.6	147	779.1	1,036.7
	Regional Projects	65	750.8	1,140.7	348	78.9	116.4	0	0.0	0.0	69	45.3	62.9	482	875.1	1,319.9
	Special Programs[3]	4	62.5	85.0	0	0.0	0.0	1	14.8	20.0	0	0.0	0.0	5	77.3	105.0
	Non-Member Countries	35	191.3	288.6	12	4.1	6.1	11	188.0	291.0	933	208.7	284.5	991	592.1	870.2
	Net Approval	**2,576**	**28,566.3**	**42,020.9**	**1,223**	**287.1**	**405.7**	**2,332**	**31,172.7**	**44,073.4**	**1,440**	**556.4**	**725.8**	**7,571**	**60,582.6**	**87,225.6**
	Gross Approval	**2,928**	**31,654.8**	**46,235.6**	**1,311**	**309.9**	**437.2**	**2,851**	**34,840.3**	**49,174.9**	**1,462**	**563.0**	**733.9**	**8,552**	**67,368.0**	**96,581.6**

[1] Figures are net of cancellation (unless otherwise specified) and include ICD, UIF, IBO, APIF, and Treasury Operations.
[2] Cut-off date for data reported in this table was 29 Dhul-Hijjah 1433H (14 November 2012).
[3] These are old equity and miscellaneous activities of IBP from 1410H up to 1420H.
Source: IDB.

1 1433H IN REVIEW

The global economic outlook is still challenging, fragile and uncertain. This is despite the unprecedented macroeconomic policy responses by advanced economies and to a lesser extent by emerging and developing economies. Overall, the global economic growth decreased from 3.8 percent in 2011 to 3.3 percent in 2012. This was due mainly to lower growth in the advanced economies (from 1.6 percent in 2011 to 1.3 percent in 2012) and emerging and developing countries (from 6.2 percent in 2011 to 5.3 percent in 2012).

Economic growth of the Least Developed Member Countries (LDMCs) slowed down from 5.9 percent in 2010 to 3 percent in 2011 and was expected to rise slightly to 3.3 percent in 2012. The same trend is also observed for non-LDMCs whose growth declined from 6 percent in 2010 to 5.1 percent in 2011 and is expected to increase to 5.3 percent in 2012.

IDB GROUP PERFORMANCE IN 1433H

Development Assistance

The IDB's commitment to fostering economic growth in member countries was evident from the increase in total financing approved by the Group from ID5.3 billion ($8.3 billion) in 1432H to ID6.4 billion ($9.8 billion) in 1433H. This represents about 18.4 percent growth in total financing, attributable mainly to the 47.1 percent increase in trade financing. Project financing from Ordinary Capital Resources (OCR) maintained its 1432H level (Table 1.1).

Infrastructure is a priority area of the Bank's interventions in its member countries. Approvals for this sector in 1433H amounted to ID1.7 billion ($2.6 billion) to finance the development of electricity generation and transmission, water and sanitation, housing and transportation infrastructure. In the energy sector, the focus was on the development of indigenous renewable energy resources and the promotion of energy efficiency enhancement initiatives. In line with the IDB Group Infrastructure Strategic Plan 1431H-1433H, interventions in the transportation sector were predominantly in LDMCs in sub-Saharan Africa (SSA) and Central Asia. Regional transport corridors continued to receive priority attention (Table 1.2).

At the regional level, 68.3 percent of concessional financing was approved for SSA member countries while the Middle East and North Africa (MENA) region received the bulk of ordinary financing in 1433H (Table 1.3). Least Developed Member Countries (LDMCs) understandably accounted for around 75.5 percent of concessional financing and only 14.3 percent of non-concessional financing.

In 1433H, there was a net flow of resources to member countries, with disbursements of ID3.7 billion ($5.6 billion) and repayments amounting to ID2.3 billion ($3.6 billion) [Table 1.4]. This brings the cumulative disbursements to member countries to ID40.3 billion ($57.8 billion).

MAJOR INITIATIVES AND ACTIVITIES

Partnerships and Cooperation

To realize its strategic objectives of strengthening and promoting cooperation among member countries, the IDB cooperates with international and regional economic organizations and maintains a close cooperation and strong working relationship with the OIC General Secretariat, and its subsidiary organs, affiliates and specialized institutions.

In 1433H, 31 operations in 20 countries were co-financed with other institutions. The total cost of these projects was $5.7 billion, of which IDB contributed around $1.3 billion (23 percent). In financing volume terms, co-financed operations represented around 32 percent of the total amount

Table 1.1
IDB Group Net Approvals by Major Categories[1]

(Amount in ID/$ million)

	1432H			1433H			1396H-1433H		
	No.	ID	$	No.	ID	$	No.	ID	$
1. Project/Operation Financing from OCR	206	2,718.2	4,252.7	215	2,819.8	4,325.6	3,035	22,914.5	33,618.2
Of which: Technical Assistance	101	23.6	36.4	77	13.4	20.7	1,223	287.1	405.7
2. Project/Operation Financing by Funds/ Entities (UIF, IBP, APIF, ICD & Treasury)	76	639.9	989.7	66	660.8	1,008.5	764	5,939.0	8,808.3
3. Total IDB Group Project Financing (1+2)	282	3,358.0	5,242.5	281	3,480.6	5,334.1	3,799	28,853.5	42,426.5
4. Trade Financing Operations	72	1,953.2	3,062.9	66	2,929.2	4,505.9	2,332	31,172.7	44,073.4
5. Special Assistance	49	9.6	15.1	39	5.3	8.0	1,440	556.4	725.8
Total IDB Group Financing	**403**	**5,320.8**	**8,320.4**	**386**	**6,415.0**	**9,848.0**	**7,571**	**60,582.6**	**87,225.6**

[1] Cut-off date for the data was 29 Dhul-Hijjah 1433H (14 November 2012). Difference in totals may arise due to rounding.
Source: IDB.

Table 1.2
Sectoral Distribution of Net OCR-Approved Projects, Operations and Technical Assistance[1]

(Amount in ID/$ million)

Sectors	1432H			1433H			1396H-1433H		
	No.	ID	$	No.	ID	$	No.	ID	$
Agriculture	30	432.9	675.6	67	476.6	732.4	585	2,723.5	3,997.8
Education	38	219.1	339.8	25	182.6	281.5	481	1,936.6	2,760.1
Energy	15	737.7	1,164.8	15	802.4	1,215.6	229	5,596.6	8,348.7
Finance	53	165.0	256.3	56	164.6	251.6	366	1,076.1	1,581.2
Health	22	208.5	328.9	26	306.2	469.4	297	1,407.7	2,041.9
Industry and Mining	4	15.3	23.3	3	83.4	128.0	211	1,859.7	2,610.8
Information and Communication	4	35.1	51.9	1	0.2	0.3	58	240.7	343.0
Public Administration	1	0.2	0.3	1	0.2	0.3	68	40.6	56.1
Trade	4	1.1	1.7	1	0.1	0.2	38	37.6	55.0
Transportation	13	505.1	790.8	8	281.9	437.0	406	4,809.2	7,133.6
Water, Sanitation & Urban Services	22	398.1	619.4	12	521.6	809.3	296	3,186.1	4,690.0
Total	**206**	**2,718.2**	**4,252.7**	**215**	**2,819.8**	**4,325.6**	**3,035**	**22,914.5**	**33,618.2**

[1] Cut-off date for the data was 29 Dhul-Hijjah 1433H (14 November 2012). Difference in totals may arise due to rounding.
Source: IDB.

approved by IDB ($4.2 billion) for project financing and technical assistance operations in 1433H.

At the country level, the Member Country Partnership Strategy (MCPS) is the foundation of the IDB Group's dialogue with member countries and there are currently seventeen MCPSs at various stages of preparation and implementation. Of these, eight MCPSs (Indonesia, Kazakhstan, Malaysia, Mali, Mauritania, Pakistan, Turkey, and Uganda) are under active implementation while six MCPSs (Bangladesh, Chad, Kuwait, Morocco, Niger, and Senegal) are either completed or nearly completed but yet to start actual implementation, with interim MCPSs launched in countries undergoing socio-political transformation (Egypt, Sudan and Tunisia).

The IDB maintained the momentum on enhancing development cooperation through the "Reverse Linkages" (RL) Initiative via the transfer of skills/ expertise, technology, and know-how between member countries. Under the initiative of *Energy for the Poor*, the Bank is facilitating the sharing of Turkey's experience with five African member countries and is also helping the Government of Mauritania to restructure the agriculture sector based on the vast experience of Morocco.

The promotion of economic cooperation between member countries takes place largely through trade

Table 1.3
Distribution of OCR Financing by Region[1]

(Amount in ID/$ million)

	1432H			1433H			1396H-1433H		
	No.	ID	$	No.	ID	$	No.	ID	$
Concessional Financing									
SSA-22	55	182.3	280.8	66	183.0	281.9	1,050	2,714.0	3,820.6
MENA-19	32	37.7	59.0	21	17.7	27.5	427	908.5	1,222.2
ASIA-8	7	22.0	34.5	10	28.8	43.9	169	654.2	916.9
CIT-7	7	29.4	44.7	16	34.5	52.4	153	464.8	673.6
Regional Projects	40	9.3	14.5	25	4.6	7.0	348	78.9	116.4
Non-Member Countries	2	3.4	5.1	1	0.1	0.2	12	4.1	6.1
LDMC-25	67	227.0	351.2	74	202.4	311.7	1,262	3,374.7	4,763.3
Non-LDMC-31	34	44.5	67.8	39	61.6	94.0	537	1,366.9	1,870.0
Subtotal	**143**	**284.1**	**438.5**	**139**	**268.7**	**412.9**	**2,159**	**4,824.6**	**6,755.8**
Ordinary Financing									
SSA-22	20	376.2	592.8	39	434.8	662.8	185	2,274.5	3,427.4
MENA-19	22	1,093.9	1,709.8	21	1,409.9	2,157.2	452	10,437.6	15,272.9
ASIA-8	12	473.0	747.2	7	349.7	537.8	166	3,217.2	4,829.4
CIT-7	9	491.0	764.4	6	278.9	435.0	56	1,881.7	2,906.8
Regional Projects	0	0.0	0.0	2	64.7	100.0	10	253.7	388.5
Non-Member Countries	0	0.0	0.0	1	13.1	20.0	7	25.3	37.4
LDMC-25	18	590.1	936.3	34	367.9	559.8	182	2,263.5	3,428.4
Non-LDMC-31	45	1,843.9	2,877.9	39	2,105.3	3,233.0	677	15,547.3	23,008.1
Subtotal	**63**	**2,434.1**	**3,814.2**	**76**	**2,551.1**	**3,912.8**	**876**	**18,089.9**	**26,862.4**
Grand Total	**206**	**2,718.2**	**4,252.7**	**215**	**2,819.8**	**4,325.6**	**3,035**	**22,914.5**	**33,618.2**

[1] Cut-off date for data reported in this table was 29 Dhul-Hijja 1433H (14 November 2012). Difference in totals may arise due to rounding.
Source: IDB.

Table 1.4
IDB Group Disbursements and Repayments[1]

(Amount in ID/$ million)

	Disbursements						Repayments					
	1432H		1433H		1396H-1433H		1432H		1433H		1396H-1433H	
	ID	$	ID	$	ID	$	ID	$	ID	$	ID	$
OCR	1,378.5	2,145.2	1,025.3	1,595.6	21,862.5	30,142.8	456.1	709.8	489.2	746.7	15,170.2	20,568.7
ITFO	7.2	11.2	..	..	6,274.4	9,395.5	55.7	86.7	9.1	13.9	5,746.4	8,727.3
Sukuk	..	..	..	..	559.4	851.9	..	..	..	..	296.6	456.2
EFS	..	..	..	..	885.6	1,221.8	..	..	..	..	889.7	1,247.3
IBP	..	..	..	..	679.6	941.7	..	..	..	..	626.3	832.9
UIF	36.9	57.4	28.3	43.2	1,437.1	2,075.6	47.7	74.3	57.1	87.2	1,974.9	2,745.7
ICD	91.6	142.5	82.4	125.7	670.7	1,018.7	38.3	59.6	43.3	66.2	303.9	464.3
APIF	5.7	8.8	5.7	8.9	159.4	244.6	1.5	2.3	13.7	20.9	70.6	107.9
SAO	11.9	18.5	8.6	13.4	454.9	608.1	..	..	..	..	..	..
ITFC	1,816.1	2,826.2	2,522.6	3,850.0	7,315.3	11,293.9	1,562.8	2,432.0	1,723.3	2,630.2	5,506.6	8,508.4
Total	**3,347.8**	**5,209.8**	**3,672.8**	**5,636.7**	**40,299.0**	**57,794.7**	**2,162.1**	**3,364.7**	**2,335.8**	**3,565.0**	**30,585.2**	**43,658.8**

[1] Cut-off date for data reported in this table was 29 Dhul-Hijja 1433H (14 November 2012). Difference in totals may arise due to rounding.
Source: IDB.

and investment. In this context, the ITFC actively contributes to the joint efforts of the OIC organs and member countries to increase the intra-OIC trade to 20 percent by 2015. In 1433H, it achieved a record approval of trade financing of $4.5 billion ($3 billion in 1432H), with disbursements of $3.9 billion ($2.8 billion in 1432H). To further strengthen intra-OIC trade and intra-OIC investment, new insurance commitments of the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) reached ID1.5 billion ($2.3 billion) in 1433H.

Public Private Partnerships (PPP) are also an integral part of the IDB, with the PPP portfolio growing to $3.3 billion over the last five years of which ID218.4 million ($335 million) was approved in 1433H. As an essential part of the Deauville Partnership, the IDB plays an active role in the Arab Financing Facility for Infrastructure (AFFI). This key initiative was established as a vehicle by the IDB, the World Bank and the International Finance Corporation (IFC) to jointly promote and co-invest in PPP programs in the Arab World. The IDB's PPP portfolio will continue to build on its successes and expand its activities during the coming years. PPP's regional impact continues to broaden to member countries from SSA and Central Asia. In addition to geographical spread, substantial resource allocation is being made to develop untapped soft infrastructure sectors of healthcare, education and agriculture.

Alleviating Poverty and Ensuring Sustainable Food Security

The IDB Group remains committed to promoting comprehensive human development in its member countries' efforts to raise living standards and enhance productive capacities. Assistance to LDMCs increased from ID1.8 billion ($2.8 billion) in 1432H to just over ID2 billion ($3.1 billion) in 1433H. The driving force behind IDB interventions in the social sectors is the conviction that an educated, trained and healthy population can play an important role in improving the quality of life, reducing poverty and attaining sustainable economic growth. Interventions in the social sectors amounted to ID488.8 million ($750.9 million) in 1433H, of which ID182.6 million ($281.5 million) was for 25 education operations and ID306.2 million ($469.4 million) for 26 operations in the health sector. The fight on poverty continues to be channelled through the Islamic Solidarity Fund for Development (ISFD), the Special Program for the Development of Africa (SPDA) and other programs for capacity development in the education and health sectors.

Under the Education for Employment (e4e) initiative, a Technical Assistance Grant facility (TA) was extended to Egypt to develop a country Action Plan, while a project has been approved for vocational training to enhance youth employability. The Vocational Literacy for Poverty Reduction Program (VOLIP) approved ID30.6 million ($48 million) for four countries to improve living conditions and reduce the vulnerability of the poor by equipping them with relevant functional literacy competencies and notional skills, and providing them access to microfinance services.

Through the Alliance to Fight Avoidable Blindness 26,330 patients were examined and 5,135 sight-restoring cataract operations carried out, thereby changing the lives of thousands of children, women and men of all ages who recovered their sight.

In response to the challenge of achieving food security in member countries, total approvals for agriculture and food security amounted to ID476.6 million ($732.4 million) in 1433H. As part of the $1.5 billion Jeddah Declaration Initiative, $450.4 million was approved in 1433H. Given the importance of water for food security and for improving the quality of life, investment in water resources, water and sanitation in the year 1433H amounted to ID252 million ($384.6 million). Flagship programs in agriculture included the Smallholder Agricultural Productivity Enhancement, the Building Resilience to Recurring Food Insecurity in the Sahel, and the East Africa Regional Drylands Program.

In order to help create jobs for the burgeoning youth, the IDB earmarked $250 million under the Youth Employment Support (YES) Program to help member countries in the Arab region affected by chronic youth unemployment. In 1433H, $200 million was approved for projects in Tunisia, Egypt, Libya and Yemen under the YES Program.

In 1433H, the ISFD approved $89.2 million for 18 operations in 19 member countries. As one of the key objectives of its Five-Year Strategy (2008 – 2012) and IDB Group Policy on Poverty Reduction, the ISFD continues to explore opportunities to forge partnerships with other financiers and stakeholders. Its key flagship programs include the VOLIP, Microfinance Support Program (MFSP), and Sustainable Villages Program (SVP). Under the SPDA a total of 121 operations amounting to ID791.8 million ($1.2 billion) was approved in 1433H.

Cognisant of the needs of Muslim communities in non-member countries, the IDB undertook several activities in non-member countries including providing relief assistance; supporting education and health services; launching capacity building initiatives through micro-financing and training; and the provision of scholarships. During the year, 39 operations were undertaken in one member country and 22 non-member countries amounting to ID5.3 million ($8 million).

Building Human and Institutional Capacity

The Technical Cooperation Program (TCP) is one of the main tools of IDB for human resource development in member countries. In 1433H, a total of 68 operations amounting to approximately ID1.1 million ($1.6 million) was approved under the TCP. In addition, the IDB Scholarship Programs facilitated the development of science-based human capital in both member and non-member countries, with 620 students benefitting from the three programs in 1433H.

Under the Science and Technology (S&T) program, 17 operations amounting to ID491.4 thousand ($750 thousand) were approved resulting in a cumulative approval of ID6.8 million ($10.3 million) for 197 operations since 1425H. A major achievement this year was the designing of a project under the RL framework in collaboration with one of the winners of the IDB Prizes for Science and Technology (MARDI of Malaysia).

Islamic Finance

The IDB is at the forefront of developing the Islamic finance sector having taken a lead role in establishing various related institutions and bodies. It continues to facilitate the development of the sector by providing technical assistance, improving access to Islamic finance for the poor, developing the Islamic finance architecture, participating in equity investments, developing the *Awqaf* sector and financing of *Awqaf* projects.

To facilitate the development of the enabling environment and institutions for Islamic finance, three TAs projects were approved. In addition, the IDB approved a budgetary allocation to create an enabling environment for the development of Islamic finance in six countries. Recognising the importance of partnerships in mainstreaming Islamic finance, the IDB signed Memorandum of Understandings (MoUs) with the World Bank, l'Agence Française de Développement (AFD) and La Banque Centrale des Etats de I'Afrique de I'Ouest (BCEAO). It also partnered with the IMF for the IDB-IMF Regional Conference on "Enabling Environment for Islamic Finance" and with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) to organize a "Regional Islamic Microfinance Awareness Symposium".

Under the IDB Microfinance Development Program (IDB-MDP), the Bank approved $10 million equity participation in Irada Company for Microfinance and $1.3 million for El Ebdaa' Microfinance Institution in partnership with the Arab Gulf Program for Development (AGFUND). In 1433H, the Bank approved three additional investments amounting to ID46.5 million ($71 million) to strengthen investee institutions within its existing portfolio. Under the *Awqaf* Properties Investment Fund (APIF), five projects worth $133.1 million were approved.

The Islamic Corporation for the Development of Private Sector (ICD) approved $167 million worth of projects in the Islamic finance sector in 1433H. During the year, the ICD approved two global lines of finance (LoF) operations for a total amount of $120 million and participated in seven equity investment projects in Islamic financial institutions with a total value of $47 million.

The Islamic Research and Training Institute (IRTI) undertook several activities to create and disseminate knowledge in Islamic economics, banking and finance, build capacity and develop human capital for the promotion of Islamic financial services industry. In carrying out its activities during the year, IRTI focused on socio-economic re-engineering in the light of *Maqasid Al-Shariah*.

FINANCIAL SOUNDNESS

Financial Results

Despite the continuing effects of the global economic crisis and political uncertainties in several member countries, the IDB's financial performance remained robust. Net income increased by 4.8 percent from ID109 million in 1432H to ID114 million in 1433H.

Risk Management

The IDB has a comprehensive risk management framework to address all types of credit, market and operational risks, with special attention on country and liquidity risk. To minimize its exposure, risk management policies, guidelines and practices are designed to manage credit risk arising from financing to public and private sector clients, and minimize operational and market risk exposures, within approved limits. Monitoring portfolio quality is a key focus area of IDB's risk management function, and is reflected in the regular assessment of the creditworthiness and repayment abilities of its member countries and other counterparts. Furthermore, adherence to risk management guidelines was closely monitored and the follow-up of project implementation was enhanced as part of an early warning system to preserve portfolio quality.

The IDB continues to maintain the highest credit ratings of "AAA" from Standard & Poor's, Moody's and Fitch Ratings, reflecting the strong support of its member countries, its financial soundness and the conservative financial and risk management policies adopted. The Basel Committee on Banking Supervision has designated IDB as a 'Zero-Risk Weighted' Multilateral Development Bank (MDB). The Commission of the European Communities also designated IDB as an MDB eligible to benefit from a 'Zero-Risk Weight', as laid down in the relevant instruments of the European Union.

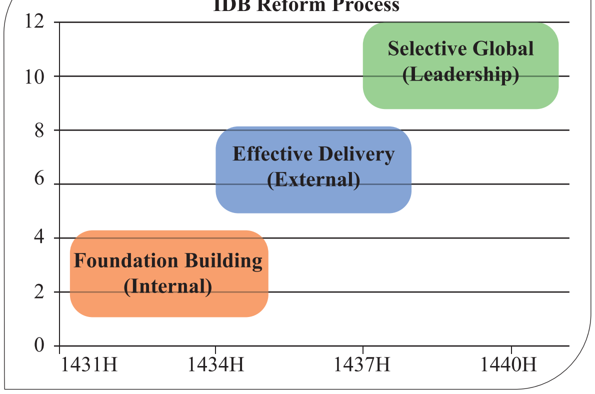
The IDB is committed to ensuring that all of its activities are governed by strict internal procedures and guidelines to facilitate regularity, transparency and legality in all aspects of its activities. The Bank's internal policy takes into consideration the unbiased and non-political recommendations of international entities such as the United Nations Financial Action Task Force (FATF) and its Forty Plus Nine Recommendations on Anti-Money Laundering and Combating Financing of Terrorists, as well as the International Convention for Suppression of the Financing of Terrorism and UN Security Resolution No. 1373 as the measures to combat money laundering and the financing of terrorism.

INSTITUTIONAL EFFECTIVENESS

IDB Reform and Medium Term Business Strategy 2.0

The IDB Group continued its Reform process (1431H-1440H) with the implementation of Foundation Stage and commencement of the Effective Delivery Stage (Figure 1.1). The designed programs and activities on modernization and transformation are mostly "on-track" despite the additional challenges emanating from the global financial crisis and political dynamics in IDB member countries.

Figure 1.1
IDB Reform Process



The Foundation Phase of the Reform has been assessed to identify challenges and make recommendations for the continuous modernization and transformation of the institution. That assessment formed the basis for IDB's three year Medium Term Business Strategy (1434H-1436H) - MTBS 2.0 which focuses on Connectivity; Effective Delivery; Organizational Modernization and Transformation.

The IDB Group is aligning its support to member countries with the resolutions of the Fourth Extraordinary Session of the Islamic Summit Conference, and is committed to achieving a growth rate of 10 percent annual growth in its project approvals.

The MTBS 2.0 was approved by IDB Board of Directors in November 2012 with the following salient features:

- **3 by 3 Strategic Framework** with 3 focus sectors/areas: (i) Comprehensive Human Development and Poverty Alleviation; (ii) Infrastructure Development; and (iii) Islamic Finance, and three cross cutting themes (a) Economic Cooperation; (b) Capacity Development and (c) Private Sector Development.
- **Results (Vision) Based Management -** in the Effective Delivery stage, the IDB will develop and implement results (Vision) based reporting of its operations expanding the focus from internal (input, output) to include external (outcome, impact) levels of reporting and management framework.
- **Resource Mobilization Services for Member Countries** – by mobilizing much needed development financing for member countries using Islamic financial instruments which can be backed by their physical assets (including land).
- **Innovative business and financial models, including models for concessional and grant financing -** exploring the potential for zakat and the halal industry to better serve development in member countries.

In 1433H, the following reform related activities were carried out:

- **Business Processes:** The SAP implementation program, including Treasury Management, Risk Management, Fund Management and Travel Management were launched. In addition, strategy based budgeting was implemented along with the preparation of Concepts for Innovative financing of IDB operations.
- **Development of member countries through Partnerships**: For enhancing the effectiveness of its operations, the MCPS remains the primary tool of engagement with member countries. In addition, the IDB is building on partnerships and collaborations with global leaders in development such as Bill and Melinda Gates Foundation and SVP. The IDB has institutionalized south-south cooperation through Country Based Exchanges or RL. Portfolio Monitoring and Reporting was improved to become more responsive to country needs. Field presence was also enhanced through the opening of new gateway offices and enhancing existing regional offices in order to more effectively and efficiently serve member countries.
- **Staff Development**: The IDB is actively engaged in various people development projects and initiatives in support of its vision. The implementation of the Staff Performance Management Systems (SPMS), Career Tracks (which equally values managerial and technical talent); Leadership and Staff Development, along with a revamp of the Young Professionals Program (YPP) has provided a clear approach to the management of people in the IDB. These infrastructures together with planned initiatives in succession planning and talent review will serve as building blocks for a People Strategy framework which will streamline all stages of the HR management process and facilitate staff development.

In building human capabilities, during 1433H, existing and future Directors and Managers benefitted from the Leadership Development Program (LDP) and the Mid-Term Leadership Development Program (MT-LDP). In addition, a comprehensive Management Development Program (MDP) for all new Directors and Managers was also implemented. The YPP attracts high quality professionals and leadership talent thereby providing the IDB Group with a steady stream of new staff. Currently, twenty percent of the Bank's Professional staffing have come through this program. In the quest for staff development and empowerment, 1091 learning opportunities were provided in 1433H.

At the end of 1433H, the IDB Group had 1,128 staff of which 877 were in the IDB, 113 in ICD, 81 in ITFC and 57 in ICIEC.

Independent Evaluation Activities

The independent evaluation activities of the IDB Group contributed to the development effectiveness of IDB operations by ensuring accountability, learning and the generation and dissemination of evaluation lessons. In 1433H, 28 projects were evaluated, including three private sector projects. The IDB-Scholarship Program for India and the IDB Science and Technology Program were also evaluated. In addition, two Country Assistance Evaluations (CAEs) for Iran and Azerbaijan were completed (Box 1.1) along with country level-TA operations evaluations for Niger (seven TAs) and a cluster of Special Assistance projects in Malawi. Furthermore, 12 Project Completion Reports (PCRs) were reviewed.

The evaluations highlighted that the IDB Group's interventions have been highly relevant to the priorities of member countries and consistent with the IDB strategic agenda. The outputs, outcomes and impacts of the post-evaluated projects expanded access to basic utilities such as potable water, sanitation and electricity; improved access to health services; supported higher education, improved transport infrastructure, promoted Islamic finance, developed institutional capacity, and created employment opportunities.

Box 1.1
Country Assistance Evaluation

Iran

At the end of 1433H, cumulative IDB Group financing in Iran amounted to $5.5 billion ($3 billion project financing operations and $2.6 billion trade financing) for 77 operations. The Bank's ordinary operations in agriculture and water, sanitation and urban services accounted for about 51 percent of the total project portfolio while the support to energy, industry and mining accounted for 38 percent. Over the years, the IDB's approvals for project financing have shown a sharp upward trend. The amount approved for project financing during the 2001-2011 period has increased by almost nine folds compared to the 1991-2000 level.

Overall, the IDB Group's interventions in Iran were relevant to the country's developmental needs and contributed to the enhancement of the physical and social infrastructures of the country. However, several projects faced long delays and cost variations due to insufficient supervision, lengthy disbursement and procurement procedures, and unfamiliarity with IDB guidelines. Nonetheless, the completed projects achieved their intended objectives and improved the living conditions of the beneficiaries. The IDB Group's support has positively impacted on promoting overall economic development in Iran by contributing to (i) lower electricity system losses and increasing the electrification ratios; (ii) food security by reducing post-harvest losses; (iii) increasing the market share and sales volume of Iran Khodro Car Company; and (iv) helping the Iran railways network cope with the increasing passenger demand.

Overall, IDBG operations in Iran are likely to be sustainable given that the equipment financed was in good condition with regular maintenance and servicing done by competent in-house technicians. In addition, evaluated projects are self-sufficient.

Azerbaijan

IDB Group's portfolio in Azerbaijan amounts to $1.1 billion ($947 million project financing operations, $46 million trade financing and $77 million private sector financing). The IDB Group interventions targeted priority economic sectors, including energy, water and sanitation, agriculture and transport. Over the years, the IDB's approvals for project financing have shown an upward trend, particularly during the last decade. It increased from about $66 million during the 1992-2001 period to $881 million during the 2002 – 2011 period.

IDB's assistance is in line with Azerbaijan's strategic priorities and is consistent with the government's transport, energy infrastructure and food security initiatives. IDB assistance also addressed the needs of the people in the areas devastated by the war with Armenia.

Although implementation was generally satisfactory, delays were observed at the stages of signing, effectiveness and implementation, mainly due to: (i) the executing agencies' lack of institutional capacity; (ii) weather conditions and difficulties in accessing project sites; (iii) poor performance of the contractors and (iv) lengthy administrative processes. Also four of the post-evaluated projects experienced cost under-runs. These cost variations stemmed mainly from poor quality at entry.

Completed projects generated the expected development results envisaged at appraisal by contributing to (i) meeting the increased demand for electricity; (ii) reducing fossil fuel consumption and atmospheric pollution; (iii) reducing power transmission losses; (iv) facilitating food security; and (v) improving productivity of wheat. The IDBs catalytic role in the development of the "Silk Road" has stimulated intra trade between Azerbaijan and its neighbours and is an important step towards promoting regional integration.

Overall, it was observed that sufficient resources are made available by the Government of Azerbaijan for operation and maintenance of completed projects.

IDB Board of Executive Directors at the Saudi Project for Utilization of Hajj Meat

A number of valuable lessons have been drawn from the evaluations conducted during the year. These lessons have been disseminated to the executing agencies, Project Management Units (PMUs), and the IDB Group for incorporation in the design and implementation of new programs and projects. The analysis of the lessons drawn shows implementation delays as a learning theme. The evaluation findings are expected to enhance the development effectiveness of IDB Group's operations and guide the Bank's activities in the coming years. Overall, management response showed the commitment of the IDB Group entities and concerned departments to implement the follow-up actions and recommendations emerging from the evaluations.

The IDB also commenced the revision of its evaluation tool box which included the preparation of an evaluation policy, a review of evaluation guidelines and the revision of the project rating scale. The IDB also participated in the Evaluation Cooperation Group (ECG) activities, including its stock taking process on the evaluation of TAs.

The first IDB Group Evaluation Symposium was addressed by speakers from the World Bank, African Development Bank (AfDB), the Development Assistance Committee of the Organization of Economic Cooperation and Development (DAC), U.A.E Office for the Coordination of Foreign Aid (OCFA) and the International Initiative for Impact Evaluations. The IDB in partnership with AfDB and OCFA, organised an evaluation training seminar for the benefit of various public servants and NGOs staff in the U.A.E.

Activities of the Board of Governors and the Board of Executive Directors

The Board of Governors

For the second time since the establishment of the IDB, the Annual Meeting of the Board of Governors (BOG) took place in Khartoum, Republic of the Sudan on 11-12 Jumad Awwal 1433H (3-4 April 2012). This was the 37th Annual Meeting of the BOG, which included mostly standard items with the statements of the Governors focusing in particular on the governance of IDB and its affiliated institutions. This focus led the IDB Management to establish a Task Force comprising senior officials of the IDB Group to review and make recommendations thereon, if necessary on all governance aspects of the Group.

The BOG meeting was chaired by H.E Ali Mahmoud Mohamed Abdel Rasoul, the IDB Governor for Sudan and was inaugurated by H.E Omar Hassan Ahmad Al-Bashir, the President of the Republic of Sudan, who paid tribute to the long-standing cooperation between his country and the IDB Group. The opening ceremony was also graced by H.E Mohammed Namadi Sambo, the Vice President of the Federal Republic of Nigeria and a number of other high-level dignitaries from Sudan and other member countries.

The BOG meetings were preceded by several seminars, workshops and exhibitions with important topics such as the "Role of Construction Industry in the Employment Generation", "Pricing and Marketing issues in Microfinance", and "Role of Islamic Finance in job creation". In addition, there was a special workshop on "Youth Development: Challenges and Opportunities", wherein specially invited youth from several member countries participated. It was also the first time that country presentations (Côte d'Ivoire, Indonesia and Sudan) were made during the Annual Meeting.

The Board of Executive Directors

The Board of Executive Directors (BED) held seven meetings during the year wherein 163 resolutions were adopted. Most of the resolutions (115) were on operations financing under OCR and the *Waqf* Fund (Annex 6). The salient topic discussed during the year was that of operational growth and the resources of the IDB, particularly following the final communiqué of the Fourth Extraordinary Session of the Islamic Summit Conference which called for an increase in the capital of the IDB.

The work of the BED during the year was facilitated through the participation of the Executive Directors in four Standing Committees (Administrative, Audit, Finance and Operations) where specific items were discussed before submission to the BED for decision. There were eighteen meetings of such standing Committees, plus four meetings of an ad-hoc committee specially devoted to operational growth and resources requirements.

In addition to the above meetings, Executive Directors were also active in several special committees such as the Executive Committee of the Unit Investment Fund, General Committees for IDB Scholarship Programs for Muslim Communities in non-member countries and IDB Merit Scholarship Program, Executive Committee of the *Awqaf* Properties Investment Fund and the Pension Committee. It must be noted that Executive Directors also constitute the Board of Directors of the ICIEC and the Board of Directors of the ISFD and some of them also represent the IDB in the Boards of Directors of ICD and ITFC.

2 ECONOMIC PERFORMANCE AND KEY DEVELOPMENT CHALLENGES

The global economic outlook remains challenging, fragile and uncertain. The European debt crisis is one of the most serious problems facing the world economy. Capital markets are not functioning efficiently and unemployment persists as a major concern both at the national and global levels. In this delicate environment, advanced economies are facing difficult policy choices, to strike a balance between the imperative of fiscal consolidation and the need for sustainable economic recovery and growth. For emerging and developing economies, the road to a sustained recovery is overshadowed by a number of key concerns including capital inflows volatility, risks of domestic credit and asset price bubbles, commodity price instability, especially food prices, and inadequate resources coupled with limited fiscal space and large development needs, including the need to achieve the MDGs.

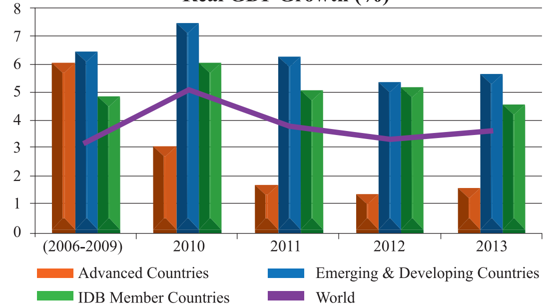
GLOBAL ECONOMIC OUTLOOK AND PROSPECTS

The global economy has continued to struggle since the financial crises in 2008-2009. Despite the implementation of unprecedented macroeconomic policy responses, including monetary and fiscal measures by advanced economies, uncertainties still persist with regard to the path to economic recovery. The global economy continues to grapple with financial market fluctuations and macroeconomic imbalances, leading to increasing vulnerabilities in global economic recovery and weakening employment prospects. World economic growth is estimated to decelerate from 3.8 percent in 2011 to 3.3 percent in 2012. Similarly, real GDP growth in advanced countries is expected to decline from 1.6 percent in 2011 to 1.3 percent in 2012, mainly due to negative growth (-0.4 percent) in the Euro area[1].

On average, the economic growth of G-3 countries (USA, Japan and Germany), projected to be 1.3 percent in 2012, appears to be sluggish. Although the real GDP growth of US is expected to marginally accelerate from 1.8 percent in 2011 to 2.2 percent in 2012, it will still fall below the world economic growth rate (3.3 percent). The economic growth of Japan showed a significant recovery as it accelerated from negative 0.8 percent in 2011 to 2.2 percent in 2012. The GDP growth in Germany, the largest economy in Europe, is estimated to drop significantly from 3.1 percent in 2011 to 0.9 percent in 2012. The main factor behind this weak performance and prolonged output gap is the weak private demand. In the United States, domestic consumption, which is the major driver of economic growth, is still sluggish. In Europe, the weak banking sector limits credit supply and hampers the pace of economic recovery. Low growth and uncertainty in the advanced economies is negatively affecting the emerging markets and developing countries, through trade and financial channels, thus adding to domestic weaknesses.

On average, BRICS economies recorded 4.1 percent growth in 2012, higher than the global economic growth in the same year, mainly due to better economic performance of China (7.8 percent) and India (4.9 percent). Real GDP growth for emerging and developing economies is estimated to drop from 6.2 percent in 2011 to 5.3 percent in 2012 (Figure 2.1). This reduction reflects expectations of deep economic slowdown in Central and Eastern Europe (from 5.3 percent

Figure 2.1
Real GDP Growth (%)



Source: IMF, World Economic Outlook, October 2012

[1] IMF, World Economic Outlook, October 2012.

in 2011 to 2 percent in 2012) and CIS (from 4.9 percent in 2011 to 4 percent in 2012). However, real GDP in Africa and the Middle East region is projected to rise sharply from 3.3 percent in 2011 to 5.3 percent in 2012.

To achieve sustainable global economic growth, advanced, emerging and developing economies will have to carry out structural reforms, open up their markets, diversify their growth drivers, strengthen demand, restore consumer confidence, improve financial stability and create opportunities for high quality jobs.

Global current account imbalances are expected to narrow slightly, decreasing from 0.6 percent in 2011 to 0.3 percent in 2012. In particular, current account deficits are estimated to narrow in some advanced economies such as France, Italy, Greece, Portugal, and Spain. Together, these economies accounted for the bulk of the world's current account deficits before the crisis. In contrast, the current account deficits in the United Kingdom, Canada, and Australia are expected to deteriorate. The United States is projected to experience no change in its current account deficit (3.1 percent of GDP in 2012).

The years 2011 and 2012 witnessed the collapse in the volume of world trade as a result of the slow economic growth, financial uncertainty and a number of shocks, including the European sovereign debt crisis, general loss of confidence, the impact of tight fiscal consolidation and austerity programs. The growth in the volume of world trade decelerated from 12.6 percent in 2010 to 5.8 percent in 2011 and is estimated to further slowdown to 3.2 percent in 2012. On average, advanced economies are expected to experience a fall in their exports by 3.1 percentage points, from 5.3 percent in 2011 to 2.2 percent in 2012. The growth of imports in advanced countries decelerated significantly from 11.4 percent in 2010 to 4.4 percent in 2011 and is estimated to reach 1.7 percent in 2012. The decline in trade, however, impacts developing countries disproportionately. Low-income countries are the hardest hit, as primary commodities make up about 70 percent of their total exports.

Economic and political developments in Europe currently exert a dominant influence on global capital flows, and this situation seems unlikely to change in the short-term. Net private financial flows to emerging economies remain quite volatile declining from \$604.7 billion in 2010 to \$503 billion in 2011 and are estimated to further decline to \$268.3 billion in 2012, even though the macroeconomic performance of emerging market economies remains substantially better than that of advanced economies[2]. This reduction reflects growing perceptions that China's currency may appreciate sufficiently in real terms which can make China less attractive to foreign direct investors. Consequently, overall private direct investment flows to emerging countries, which reached \$462 billion in 2011, are projected to fall to \$393.8 billion in 2012.

Remittance flows to developing countries are estimated to grow by 8.2 percent from \$406 billion in 2012 to \$482 billion by 2013 compared to a growth of 6.5 percent last year[3]. The growth rate of remittances in MENA was the lowest among all the regions in 2011. In 2013, remittance flows to Latin America and the Caribbean are expected to increase by 7.6 percent; SSA by 6.2 percent; and an 8.7 percent increase in South Asia. The factors affecting remittance flows include low economic growth in the high income OECD destination countries including the United States and Western Europe, which account for almost two-third of remittance flows to developing countries; exchange rate volatility; and fluctuations in oil prices.

Unemployment still remains a major concern both at national and global levels. There is an accumulation of global unemployment of 200 million people – an increase of 27 million people since the start of the crisis. In addition, more than 400 million new jobs will be needed over the next decade to avoid a further increase in unemployment[4]. The global youth unemployment rate in 2012, at 12.7 percent, still remains one percent higher than the pre-crisis level (2007). In

[2] IMF, World Economic Outlook, October 2012.
[3] Migration and Development Brief 19, The World Bank, November, 2012.
[4] Global Employment Trends 2012, Preventing a deeper jobs crisis, International Labour Organization 2012.

Spain, Ireland and Greece, unemployment rates for youth almost doubled, reaching more than 40 percent. The unemployment rate averaged 8.6 percent in developed countries in 2011, still above the pre-crisis level of 5.8 percent registered in 2007[5].

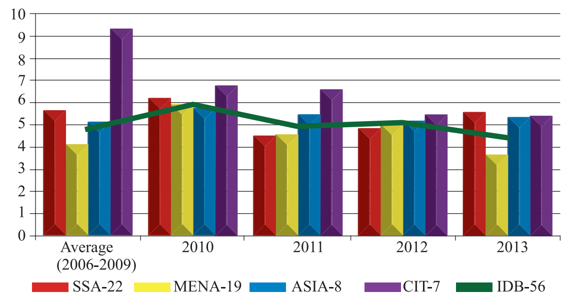
According to the OECD, in 2011, members of the DAC provided $133.5 billion of net official development assistance (ODA), representing 0.3 percent of their combined gross national income (GNI)[6]. This is a drop of 2.7 percent in real terms compared to 2010, the year it reached its peak. This decrease reflects the fiscal constraints in several DAC countries which have affected their ODA budgets. Failure in providing sufficient resources to developing countries with limited fiscal space and large development needs will not only impede further progress towards achieving the MDGs, but could jeopardize the gains already made. The ability of countries to mobilize domestic resources for development is also at risk. The decline in economic activities has reduced government revenues. Most governments in developing countries will not be able to make up the shortfall in their budgets by borrowing domestically or internationally. This will, likely, lead to lower public spending on social services, thus affecting progress on MDGs as well.

ECONOMIC PERFORMANCE OF MEMBER COUNTRIES

Uncertainty in financial markets, macroeconomic imbalances, and volatility of commodity prices, associated with the debt crisis in the Eurozone all have far-reaching developmental implications for developing countries, including IDB member countries. During the last year, IDB member countries felt the impact of the economic recession in Europe and slowdown in the United States through a number of channels such as export demand, foreign direct investment, tourism, ODA flows, workers' remittances and employment[7].

On average, the economic growth of member countries dropped from 6 percent in 2010 to 5 percent in 2011, although it is expected to slightly increase to 5.1 percent in 2012. Member countries from Asia, and CIT are expected to experience slowdown in their economic growth rates in 2012. For example, economic growth of CIT member countries is estimated to slowdown from 6.6 percent in 2011 to 5.5 percent in 2012, mainly due to declining global trade and shrinking capital flows. In contrast, member countries in SSA and MENA are likely to experience higher economic growth in 2012 (Figure 2.2).

Figure 2.2
Real GDP Growth of Member Countries by Region (%)



Source: IMF, World Economic Outlook, October 2012

The economic growth of IDB LDMCs significantly slowed down from 5.9 percent in 2010 to 3 percent in 2011. However, it is estimated that LDMCs experienced slightly higher economic growth (3.3 percent) in 2012. The economic growth of the non-LDMCs also slowed from 6 percent in 2010 to 5.1 percent in 2011 but is expected to increase to 5.3 percent in 2012. Oil exporting member countries are expected to experience higher economic growth (5.6 percent) in 2012. In contrast, the economic growth of non-oil exporting member countries is expected to decelerate from 6 percent in 2011 to 4.4 percent in 2012.

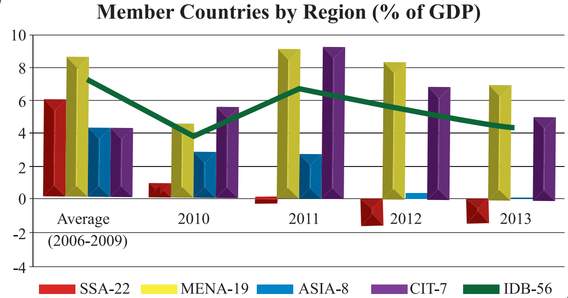
Improvement in Current Account Balance: Current account surplus of member countries, as a group, increased sharply from 3.8 percent of GDP in 2010 to 6.7 percent in 2011 but is expected to decline to 5.4 percent in 2012. The current account surplus of non-LDMCs is expected to decline from 7.4 percent of GDP in 2011 to 6.1 percent in 2012. This moderate decrease is attributable to the deepening negative effect of the EU economic recession. The LDMCs' current account deficit is

[5] World Economic Situation and Prospects 2012, UN.
[6] www.oecd.org/dac/stats.
[7] According to the ODI "Annual Report 2011-2012: impact and priorities", developing countries are expected to bear a cumulative output loss of $238 billion over 2012-13 because of the continued deepening of the crisis in the euro area. It is also estimated that a 1 percent drop in export growth could affect the growth in poor developing countries by up to 0.5 percent.

expected to deteriorate from 3.6 percent in 2011 to 5.5 percent in 2012, mainly due to the volatility of commodity prices. Commodity prices are expected to be volatile in the medium-term, partly due to the underlying imbalances in commodity markets. Since many LDMCs rely on earnings from the export of primary commodities, they will remain vulnerable to the volatility of primary commodity prices.

Oil-exporting member countries experienced current account surplus, averaging 11.9 percent of GDP in 2012. In contrast, the high food and fuel prices have put more pressure on the current account deficits of non-oil exporting member countries as they (as a group) are projected to record a deficit of 3.9 percent of GDP in 2012. The current account surplus of member countries from MENA region, CIT and Asia is expected to decrease slightly, from 9.1 percent, 9.3 percent and 2.8 percent of GDP in 2011 to 8.4 percent, 6.9 percent and 0.5 percent of GDP in 2012 respectively. On average, member countries from SSA are expected to face higher current account deficit of about 1.6 percent of GDP in 2012 (Figure 2.3).

Figure 2.3
Current Account Balance of Member Countries by Region (% of GDP)



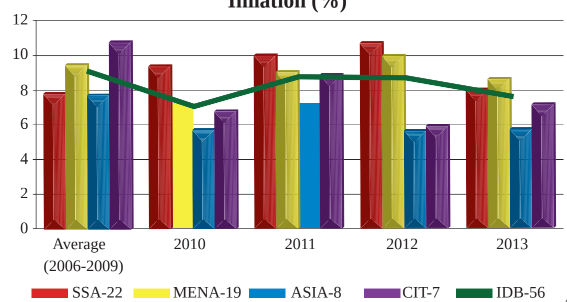
Source: IMF, World Economic Outlook, October 2012

Generally, the current account deficit will lead to an excessive and risky dependence on external financing. This poses a serious problem as the high volatility of the external capital account might undermine consumer and investor confidence and exchange rate stability. The country could then face the risks of macroeconomic instability and currency crisis. LDMCs tend to face this risk more than the non-LDMCs.

Inflation is an Increasing Concern: Inflationary risks remain high due to both external and domestic factors. The external risks are associated with the possibility that the international financial crisis may persist, while the domestic risks are associated with a context of slower demand due to the sluggish growth in private sector activities and low capacity utilization in many member countries. In addition, the risk of a spike in oil prices has also increased due to the political tensions in the Middle East.

Inflationary pressures have built up over the last two years in many member countries. On average, the inflation rate in member countries increased from 7 percent in 2010 to 8.6 percent in 2011 mainly due to rising commodity prices. The surge in food and oil prices in the second half of 2012 is also a great concern[8]. In particular, member countries from MENA and SSA will record double-digit inflation rate of about 10 percent in 2012. The inflation rate will be moderate in member countries from Asia and CIT in the same year, declining from 7.3 percent and 8.9 percent in 2011 to 5.8 percent and 6 percent in 2012, respectively (Figure 2.4).

Figure 2.4
Inflation (%)



Source: IMF, World Economic Outlook, October 2012

Building Unemployment Pressure: Globally, unemployment continues to be a major development challenge. In Central and South-Eastern Europe and CIS, unemployment remained at 8.6 percent, which is higher than the estimated global average of 6 percent in 2011 and is expected to show little change in 2012. The unemployment rate in South-East Asia remained constant and relatively low at 4.7 percent. In Malaysia, for

[8] International food prices have been less volatile than oil prices, but the weather continues to disrupt markets. The upward trend in food inflation in the first half of 2012 was driven mainly by strengthening soybean prices caused by dry weather in the US and South America.

example, the unemployment rate remained in the range of 3 percent to 3.2 percent in 2011, after large declines during the height of the recovery[9]. In contrast, in Indonesia, the largest economy in the region, the unemployment rate decreased from 7.1 percent in August 2010 to 6.6 percent in 2011[10].

In MENA, average unemployment is estimated to exceed 10 percent. Specifically, in North Africa, unemployment increased from 9.6 percent in 2010 to 10.9 percent in 2011. If the economic recovery of Egypt, Libya and Tunisia continues at the slow pace observed in 2011, the unemployment rate for North Africa may increase further. In the Middle East, the unemployment remained at 10.2 percent in 2011, an increase of 0.3 percentage point compared to 2010. Amongst the developing countries, youth unemployment is the most acute problem in the MENA region. In recent years, youth unemployment has averaged close to 25 percent in the MENA region, which is almost twice the rate prevalent in the world[11].

PROGRESS IN ACHIEVING SOCIAL DEVELOPMENT IN MEMBER COUNTRIES

Despite significant economic growth over the last decade, IDB member countries are still lagging behind in various socio-economic indicators, and the recent triple 'F' crises (financial, food, and fuel) have reversed the gains made by member countries to fast track development. Yet the world economy is struggling with recession and has been adversely affected by the sovereign debt crisis in Eurozone, the worsening financial conditions, and the deterioration of confidence. The spillover effects of this unfavorable situation on social development in member countries has been felt in different ways across different countries, sectors, social groups, locations and time, depending on the degree of integration into the global economy. The immediate impacts are felt most strongly through reduction in export demand, higher commodity prices, low foreign direct investment and tourism, ODA flows, workers' remittances and employment.

The economies of most IDB member countries in SSA were challenged with the negative impacts of high food and fuel prices. Their socio-economic problems were further aggravated by the slow global economic recovery. The latest data shows that member countries are facing great challenges ahead to improve their social conditions. The global economic slowdown is threatening to reverse the gains made in terms of social development in member countries. According to IDB estimations, prior to the crisis and despite significant progress, several member countries have not been on track to meet most MDGs[12]. As a consequence of slowdown in economic growth, more member countries are now likely to join the off-track groups.

Improving Human Development: The UNDP Human Development Index (HDI) is a composite measure of three dimensions of human development: living a long and healthy life, being educated, and having a decent standard of living. The HDI usually ranged from 0 (the worst) to 1 (the best). In 2011, Norway had the best human development with HDI of 0.94 while Congo scored 0.29. Member countries, on average, scored 0.55 in terms of HDI, a significant improvement since 2000. Most countries in the MENA region occupy the "very high" and 'high" human development categories, due to their high score in the income dimension of HDI. Member countries in CIT region, endowed with oil-reserves, are also ranked high in human development. On average, member countries from MENA and CIT performed relatively better, followed by member countries in Asia. SSA member countries, as a group, experienced relatively slow progress in 2011 compared to 2000 (Table 2.1). Overall, MENA, Asia and CIT regions had medium human development in 2011, while SSA region belonged to low human development category. Between 2000 and 2011, all member countries recorded progress in human development, albeit at various rates. It may be noted that there is a weak relationship between income growth and HDI performance in IDB member countries[13]. This

[9] Malaysia Department of Statistics, 2011.
[10] BPS Statistics Indonesia, 2011.
[11] Global Employment Trends, 2012, ILO.

[12] IDB Occasional Paper (2011), The Challenge of Achieving the Millennium Development Goals in IDB Member Countries in the Post-Crisis World.
[13] IDB Annual Report, 2011.

implies that member countries with higher growth and incomes did not necessarily experience faster improvements in human development.

In 2011, among individual member countries, 4 had very high HDI, 12 high HDI, 16 in the medium, and 23 in the low HDI category. Almost all the 23 low HDI category member countries are from the SSA region[14]. Long-run relationships are observed between GDP per capita and aggregate indicators of human development such as poverty rates, mortality and school enrolment. However, it is not always easy to identify the direction of causality in such long-term relationships. Improvements in GDP per capita could lead to better health outcomes and better health and education can in turn improve the productivity of the workforce and contribute significantly to GDP per capita.

Low Public Expenditure on Education and Health: Improving education and health status of people is not only a goal in itself but also has far-reaching positive impact on the economic development of a country[15]. Moreover, a number of Millennium Development Goals (MDGs) are directly related to education and health. These are to (a) achieve universal primary education; (b) reduce child mortality; (c) improve maternal health; and (d) combat HIV/AIDS, malaria and other diseases.

Public expenditure on education and health, as a percentage of GDP, gives an indication of how a country prioritizes education and health in relation to its overall allocation of resources. On average, IDB member countries, as a group, devoted only 2.6 percent of their GDP to health in 2010 and 3.6 percent of their GDP to education. This is lower than the global average for the same year. On average, global public expenditure on education and health, as a percentage of GDP, stood at 4.6 and 6.5 percent respectively in 2010[16]. Public expenditure on health in IDB member countries as a percentage of GDP increased slowly from 2.2 percent in 2006 to 2.6 percent in 2010. While member countries from MENA region experienced higher expenditure in 2010, public expenditure on health in CIT member countries remained stagnant during the same period. In 2010, LDMCs, as a group, allocated only 1.7 percent and 3 percent of their GDP to health and education, respectively. In contrast, non-LDMCs devoted 2.6 percent and 4.6 percent of their GDP to health and education (Table 2.1).

Multidimensional Poverty Index (MPI)[17]: The UNDP in its yearly Human Development Report has stopped reporting the Human Poverty Index (HPI). Instead, it has replaced HPI with a new Multidimensional Poverty Index which takes into account various poverty-related factors beyond income, which builds on the concept of capability, opportunity and functionality. It is made up of several factors that constitute poor people's experience of deprivation – such as poor health, lack of education, inadequate living standard, lack of income (as one of several factors considered), disempowerment, poor quality of work and threat of violence. The value of MPI ranges between zero and one. Zero value of MPI means no deprivation from essential needs of livelihood and one indicates absolute deprivation from various aspects poverty-related factors. The average MPI value by region is presented in Table 2.1.

SSA has the highest MPI value which means that the region is experiencing more deprivation in various poverty-related factors. This is not surprising given that the region has the largest concentration of the poor. The average MPI value for IDB member countries (0.091) is higher than that of the world (0.071). The CIT region has the lowest MPI value indicating that the region has better status in terms of poverty-related factors beyond income.

[14] Somalia is not included in the Report.

[15] In many countries, people now live longer due to better health care services. For instance, in the MENA region, life expectancy, on average, has increased by more than 11 years since 1980, and in Sub-Saharan Africa, life expectancy is more than 7 years longer than in 1980. Maternal, infant and adult mortality rates have fallen and better nutrition, especially in oil-rich countries has also contributed to better health over time.

[16] Data is not available for the following countries: Afghanistan Albania, Gabon, Guinea Bissau, Iraq, Jordan, Libya, Nigeria, Somalia, Sudan, Suriname, Turkmenistan, Uzbekistan, Somalia and Palestine.

[17] The Multidimensional Poverty Index (MPI) was developed in 2010 by Oxford Poverty & Human Development Initiative and the United Nations Development Program and uses different factors to determine poverty beyond income-based lists. It replaced the previous Human Poverty Index. It does not however measure deprivations like political empowerment or gender inequality.

Table 2.1
Social Development Indicators of IDB Member Countries by Region

	Human Development Index		Public Expenditure on Health (% of GDP)		Public Expenditure on Education (% of GDP) (Latest available year) (2006-2010)	Multidimensional Poverty Index (Latest available year) (2000-2009)
	Value (Index) (2000)	Value (Index) (2011)	(2006)	(2010)		
IDB MCs	0.48	0.55	2.2	2.6	3.6	0.091
SSA	0.35	0.40	1.5	2.0	4.1	0.368
MENA	0.63	0.70	2.8	3.2	3.7	..
ASIA	0.50	0.60	1.1	1.5	3.4	0.088
CIT	..	0.67	2.3	2.3	3.3	0.011
LDMCs	0.36	0.43	1.6	1.7	3.3	0.221
NON-LDMCs	0.62	0.67	2.3	2.6	3.6	..
World	0.63	0.68	5.8	6.5	4.6	0.071

Source: UNDP, Human Development Report, 2011

Global Hunger Index (GHI) (2012)[18]: Food security has become a daunting challenge to achieving the goal of reducing hunger and poverty in IDB member countries. The continuous land, water and energy stresses posed recurring threats to ensuring sustainable food security. It is becoming increasingly difficult for member countries to ensure food for 1.6 billion populations, which need much more integrated approach for the usage of land, water and energy in future.

According to the 2012 GHI (which covers forty-six member countries), 32 countries are classified as having "moderate" to "alarming" hunger. Of the 17 countries worldwide classified under "alarming" hunger situation, nine are from member countries. In 2012, no IDB member country fell under the "extremely alarming" hunger classification. It is also evident that 16 member countries have been classified under the "serious" hunger level, while 7 member countries fell under "moderate", and 14 member countries fell under "low" (Table 2.2). Data on hunger status and malnourishment are not available for 10 member countries.

MAJOR DEVELOPMENT CHALLENGES FACING MEMBER COUNTRIES

The slow recovery from the global economic recession along with the food and fuel price crises further complicated solutions to perennial development problems, posing serious challenges at the national, regional and global levels. Poverty persists at an alarming rate; unemployment is on the rise; and climate change continues to have detrimental developmental consequences. The following three most contemporary development issues appear to pose the most critical challenges to member countries: (i) Fostering Inclusive Development; (ii) Enhancing Infrastructure Development; and (iii) Developing Small and Medium Enterprises.

Fostering Inclusive Development

Inclusive development is critical for poverty reduction, narrowing deep-seated inequalities, addressing social injustice, and achieving sustainable economic growth. It ensures that all segments of the society participate in the development process, enjoy equal opportunity and share from the benefit of the economic growth non-discriminatorily.

Lack of inclusive development has often been associated with civil disorder, social unrest, conflict, tension or war with attendant consequences such as loss of innocent lives and properties, insecurity, increased poverty and vulnerable people, reversal in gains made in attaining international development goals.

It is in this context that IDB dedicated its 23rd Annual Symposium to addressing the issue of inclusive development (Box 2.1). It is clear from the Symposium that inclusive development should be on the priority list of the development agenda of governments in member countries in

[18] GHI measures hunger based on three leading indicators which cover various aspects of hunger and under-nutrition. The indicators are: (i) the proportion of undernourished population; (ii) the prevalence of underweight children; and (iii) the mortality rate of children.

Table 2.2
Hunger Status of IDB Member Countries

Country	1990	1996	2001	2012 Ranking	Change 1990 –2012	Hunger Status (2012)
						Extremely Alarming (>30)
Chad	39.3	35.6	30.4	28.3	11	Alarming (20.0-29.9)
Comoros	22.2	26.9	29.7	25.8	-3.6	
Sierra Leone	32.7	30.1	30.1	24.7	8	
Yemen	29.0	27.6	27.9	24.3	4.7	
Bangladesh	37.9	36.1	27.8	24.0	13.9	
Mozambique	35.5	30.7	28.8	23.3	12.2	
Niger	36.4	35.9	30.5	22.3	14.1	
Djibouti	30.8	25.7	25.3	21.7	9.1	
Sudan	28.7	24.5	25.9	21.5	7.2	
Pakistan	25.5	21.8	21.7	19.7	5.8	Serious (10.0-19.9)
Togo	26.4	22.0	23.3	19.0	7.4	
Guinea-Bissau	20.7	20.8	21.4	18.4	2.3	
Côte d'Ivoire	16.5	17.8	16.6	18.2	-1.7	
Cameroon	21.6	22.2	19.0	17.4	4.2	
Burkina Faso	23.5	22.4	21.8	17.2	6.3	
Guinea	22.4	20.0	21.6	16.6	5.8	
Mali	27.8	26.3	23.0	16.2	11.6	
Uganda	18.7	20.3	17.3	16.1	2.6	
Tajikistan	-	24.1	24.6	15.8	-	
Nigeria	24.1	20.9	18.2	15.7	8.4	
Gambia	16.2	20.1	16.3	15.6	0.6	
Benin	21.3	20.1	16.8	14.6	6.7	
Senegal	18.3	19.6	19.2	13.7	4.6	
Indonesia	18.5	15.4	14.2	12.0	6.5	
Mauritania	22.6	16.7	16.6	11.1	11.5	
Suriname	10.3	9.3	10.1	8.5	1.8	Moderate (5.0-9.9)
Uzbekistan	-	9.0	10.8	6.9	-	
Turkmenistan	-	10.0	8.9	6.9	-	
Kyrgyz Republic	-	9.0	9.0	5.8	-	
Gabon	8.4	6.9	7.2	5.4	3	
Malaysia	9.0	6.7	6.6	5.2	3.8	
Azerbaijan	-	14.6	7.8	5.0	-	
Albania, Algeria, Egypt, Iran, Jordan, Kazakhstan, Kuwait, Lebanon, Libya, Morocco, Saudi Arabia, Syria, Tunisia and Turkey						Low (<5)
Afghanistan, Bahrain, Brunei, Iraq, Maldives, Oman, Palestine, Qatar, Somalia and U.A.E.						Data not available

Source: Global Hunger Index Report 2012.
*Calculations for ranking: IDB Staff.

order to ensure robust, sound and long-lasting prosperity for their citizens. Achieving inclusive development in the face of emerging challenges requires substantial investment in (i) both physical and social infrastructure to be accompanied by policy reforms and institutional capacity building; (ii) inclusive social development to address linkages between social progress and economic development; and (iii) good governance to address the issues of accountability, participation, predictability, and transparency in the decision making process.

On its part, the Bank has mainstreamed inclusive development in its development assistance program. It also organized a Youth Development Forum, to engage and involve the youth in IDB development efforts, facilitate the exchange of knowledge and experience of solving youth related challenges and build knowledge capacity on youth development issues. The IDB is also active in supporting the vulnerable (women and children) and encouraging women to be part of the development process of their countries.

Box 2.1
Fostering Inclusive Development in IDB Member Countries

The 23rd IDB Annual Symposium on "Fostering Inclusive Development in IDB Member Countries" held in conjunction with the 37th Annual Meeting of IDB Group reached the following conclusions:

- Inclusive development is critical for poverty reduction, narrowing deep-seated inequalities, addressing social injustice, and achieving sustainable economic growth. It ensures that all segments of a society participate in the development process, enjoy equal opportunity and share from the benefit of economic growth non-discriminatorily;
- Embrace a new culture of responsiveness and inclusiveness by accelerating and sustaining broad-based economic growth to address inequality and poverty and bridge gender, ethnic, religious, and urban-rural divides;
- Formulate and implement inclusive policies and strategies for all citizens focusing more attention on those segments of the society that are left out from the development process especially the youth, the vulnerable, the economically inactive population, and the communities in remote areas and poor regions.
- Strive to achieve inclusive growth by focusing on these key priorities:
  - Increase investment in infrastructure to expand market access and opportunity for the poor to improve their standards of living;
  - Strengthen good governance and reform public institutions to deliver quality services;
  - Promote agriculture sector and rural development;
  - Provide social safety nets for the vulnerable citizens;
  - Enhance decentralization of local public services to cater for local needs; and
  - Create enabling environment for citizens to make choices, participate in government, enjoy freedom, human rights, and respects.
- Leverage on partnership with private sector, development partners, civil society organizations, and non-government organizations to promote inclusiveness.

Enhancing Infrastructure Development

Infrastructure plays an important role in promoting sustainable economic growth and development. Though there has been good progress in infrastructure development, member countries, particularly those in Africa still lag behind international standards in terms of quantity and quality. Physical and funding gaps in infrastructure — in energy, transport, communications, water and regional infrastructure are significant bottlenecks against increasing and maintaining growth in many developing countries, including IDB member countries. Low Income Countries (LICs) usually have limited institutional and human capital. This adversely affects their ability to identify and implement suitable infrastructure projects. Moreover, limited financial resources constrain the ability of most LICs to increase public investment in new infrastructure projects, or to maintain, or rehabilitate existing infrastructure. In addition, the lack of long-term financing continues to be a major constraining factor for private investment in infrastructure projects. The current economic crisis has aggravated the situation even further. While infrastructure investment and the maintenance needs in developing countries surpassed $900 billion annually, the actual spending was only half of that outlay. Increased assistance to infrastructure and the removal of bottlenecks would promote growth and foster global win-win situation[19]. The investment needs in Africa's infrastructure are quite substantial. The Africa Infrastructure Country Diagnostic Study (AICD) estimates the cost of addressing Africa's infrastructure problems at about $93 billion a year (15 percent of GDP)[20].

Making progress on infrastructure will require increased funding, greater efficiency, the right policies, strong institutions, and a major role for the private sector. In line with its vision 1440H, the IDB Group is committed to overcoming the major obstacles through investment, capacity building, project development and increasing financing to infrastructure in its member countries particularly in low-income member countries. In addition, the Bank cooperates with the G20 on the Infrastructure Action Plan and continues to lead the efforts for improving procurement practices to facilitate increased collaboration amongst the MDBs. The IDB has recommended to the G20 technical team to include the following actions in the Global Infrastructure Development Agenda: (i) support LICs to address urban-rural economic divide; (ii) spur development through introduction

[19] Multi-Year Global Development Agenda, G20, 2011.
[20] Overhauling the Engine of Growth: Infrastructure in Africa, World Bank, 2008.

of latest innovations in technology to help LICs leapfrog and catch-up; (iii) assist LICs to benefit from the opportunities created by increased globalized trade and services; (iv) promote private sector participation in infrastructure; (v) provide Technical Assistance for improving governance; (vi) improve LICs institutional capacity to prepare bankable infrastructure projects; and (vii) increase development effectiveness and impact by creating partnerships among MDBs.

To date, the IDB has scaled up its financing for infrastructure in many member countries. In addition to using its OCR for infrastructure, the Bank has other new facilities and funds including (i) PPP; (ii) AFFI; (iii) New Mudaraba Infrastructure Investment Facility; (iv) Islamic Infrastructure Fund; and (v) IDB Infrastructure Fund-1 and 2.

Developing Small and Medium Enterprises

The lack of sufficient productive and decent employment opportunities is a major bottleneck to reducing poverty and achieving the MDGs. Strengthening the productive resources and capacities of the poor enhances their ability and likelihood of finding or creating productive employment. In this context, SMEs are important to almost all economies in the world, particularly those with major employment and income inequality challenges. The SME sector is the backbone of the economy in high-income countries, but it is less developed in low-income countries. According to the Organization for Economic Cooperation and Development (OECD), more than 95 percent of enterprises in the OECD countries are SMEs. These enterprises account for almost 60 percent of private sector employment, make a large contribution to innovation, support regional development and social cohesion[21]. Within IDB countries, SMEs vary considerably in terms of their contribution to GDP. For example, in Malaysia SMEs contribute 56 percent of the country's GDP, whereas in Egypt and Saudi Arabia, SMEs accounts for 33 percent and 25 percent, respectively[22].

[21] OECD SME and Entrepreneurship Outlook 2005 Edition.
[22] Public Private Partnership and Development of SMEs in OIC Member States, 2011, OIC.

Despite the key role of SMEs in diversifying employment sources and overall economic expansion, they are facing challenges in a number of areas including access to finance, capacity building and technical development as well as business support services. Macroeconomic policies can contribute to creating new employment opportunities for SMEs, but often need to be sustained by structural and institutional changes to be effective. While many developing countries have achieved macroeconomic stability in the recent past, leading to moderate or even fast economic growth, major challenges remain in enhancing the contribution of the SMEs to sustainable growth that is more robust and pro-employment.

Creating a friendly environment for SMEs should be on the priority list of the development agenda of member countries. This requires a cross-cutting strategy that touches upon many areas including sound macroeconomic policies, conducive microeconomic business environments, good governance, accessible finance, suitable infrastructure, supportive education, healthy and flexible skilled labour as well as good public and private institutions[23].

IDB continues to play a catalytic role in supporting the efforts of member countries to promote SMEs by: (i) increasing investments in infrastructure; (ii) diversifying and utilizing Islamic microfinance products, including SMEs Fund so that it can better serve the various financial needs of SMEs; and (iii) supporting PPP for implementing various human capacity building programs within the framework of e4e; VOLIP; and OIC Vocational Education and Training Program (OIC-VET).

[23] http://www.oecd.org.

3 ADVANCING ECONOMIC DEVELOPMENT

In order to transform the landscape of human development, the IDB invests a significant portion of its resources in advancing economic development. In this regard, this chapter reviews the IDB's interventions in the infrastructure sector, its activities in the private sector, efforts at fostering cooperation and integration between member countries, progress with the member country partnership strategy and its co-financing with development partners.

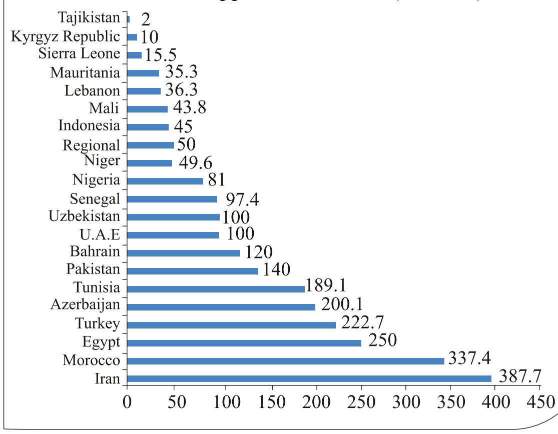
BUILDING INFRASTRUCTURE

Infrastructure is one of the priority areas through which the Bank supports its member countries. Since inception in 1396H, the IDB has financed over ID15.7 billion ($23.1 billion) worth of infrastructure projects in its member countries. At the end of 1433H, the Bank's active infrastructure portfolio comprised 194 operations for ID8.2 billion ($12.6 billion), of which ID2.8 billion (36%) has already been disbursed.

In 1433H, the Bank approved ID1.7 billion ($2.6 billion) to finance the development of electricity generation and transmission, water and sanitation, housing and transportation infrastructure. In addition, ID759 million ($1.1 billion) was disbursed for infrastructure-related projects during the year to demonstrate the Bank's strong commitment to help create an enabling environment in its member countries.

The energy sector in 1433H, received the highest allocation (46.9%) of the Bank's infrastructure financing budget, followed by urban development and services (31.2%) and transportation (16.9%). The remaining 5% was approved for development of the industrial sector so as to create new job opportunities, equity participation in the AFFI regional initiative, and on-lending through financial intermediaries to support local SMEs. PPPs, accounted for around 13.3% of total infrastructure financing. Overall, twenty member countries benefited from the Bank's infrastructure financing in 1433H (Figure 3.1).

Figure 3.1
Geographical Distribution of Infrastructure Approvals in 1433H ($ million)



Facilitating Affordable Access to Green Energy

Among the key priorities of the Bank are the development of "green" energy projects and the promotion of indigenous energy efficiency enhancement initiatives. In 1433H, the Bank approved a total of fifteen energy sector projects for a cumulative amount of ID802.4 million ($1.2 billion), of which ID91.5 million ($140 million) was to support two PPP renewable energy wind projects in Pakistan. The remaining projects amounting to ID710.9 million ($1.1 billion) were financed under Sovereign Guarantees in Egypt, Iran, Mali, Mauritania, Morocco, Niger, Senegal, Tajikistan, Tunisia and Uzbekistan. A total of ID284 million ($435 million) was disbursed in 1433H to facilitate the implementation of public sector energy projects in various member countries. In particular, the Bank worked closely with the Government of Turkey to finalize the first Restricted Mudaraba Infrastructure Investment Facility Agreement to support the development of Renewable Energy and Energy Efficiency Projects in the country (Box 3.1). Further, with regard to

Box 3.1
Restricted Mudaraba Renewable Energy Investment Facility

In 1433H, the Bank worked closely with the Government of Turkey to finalize the first Restricted Mudaraba Infrastructure Investment Facility Agreement to support the development of Renewable Energy (RE) and Energy Efficiency (EE) Projects in the country. The Industrial Development Bank of Turkey (TSKB) will be the Mudarib for the first ID66.4 million ($100 million) Facility. The Restricted Mudaraba Facility is both Sharia compliant and operationally compatible with the financing facilities extended to TSKB by other development partners, thus enabling IDB to significantly leverage its resources. The TSKB Facility is expected to facilitate the construction of 600 MW of RE installations in Turkey at a total cost of approximately $1.2 billion. In accordance with the priorities of the Government of Turkey, a minimum of 30% of the Facility has been earmarked to promote EE projects, targeting energy intensive industries, such as cement and steel. The Restricted Mudaraba Facility will provide a highly efficient and client friendly implementation mechanism which will immensely benefit the Bank's future operations in its member countries.

Renewable Energy for the Poor, the brainstorming session took place in Jeddah in February 2012 and a follow-up technical experts' workshop was organized in Turkey in partnership with the Turkish Cooperation and Coordination Agency (Box 3.2).

Regionally, ID68.3 million ($102 million) was approved for CIT (in Tajikistan and Uzbekistan), ID117.4 million ($176.9 million) for SSA (in Mali, Mauritania, Niger and Senegal) and ID525.2 million ($796.8 million) for MENA (in Egypt, Iran, Morocco and Tunisia). With regard to the mode of financing, a total of ID342.2 million ($520 million) was extended through Leasing (42.8%), followed by Instalment Sale (29.2%), Istisna'a (26.5%), and Loan (2.5%).

In 1433H, IDB also provided an additional amount of ID163.7 million ($250 million) as a second tranche for the 1,950 MW South Helwan Power Plant Project (Egypt), thus increasing the Bank's overall contribution to the project to ID290.2 million ($450 million). Once the power plant is completed, it will provide electricity to neighbouring countries through the regional power transmission inter-connections.

Box 3.2
Reverse Linkages Initiative – Energy for the Poor

"Renewable Energy for the Poor" constitutes one of the main themes of the IDB's RL Program launched in 1433H. A technical experts' workshop was organized in Turkey in partnership with the Turkish Cooperation and Coordination Agency (TIKA). The workshop was hosted by the Ministry of Energy and Natural Resources of Turkey. It enabled Renewable Energy experts from SSA countries, namely, the Gambia, Mauritania, Niger, Nigeria, and Senegal to benefit from the Turkish experience in overcoming the challenges of creating the legal, regulatory and incentives framework for the promotion of Renewable Energy sector. In order to promote renewable energy infrastructure projects and reduce energy poverty, the Bank intends to provide a platform, under the umbrella of its RL Program, to facilitate the engagement of the private sector as well as to formulate country-specific strategies.

In 1433H, the Bank also provided ID9.7 million ($14.9 million) to support Solar Rural Electrification Project in Aftout El Chargui Zone in the Islamic Republic of Mauritania. The project is the first ever solar based mini grid project financed by the IDB, indicating the Bank's increased interest in supporting off-grid solutions to address energy poverty in remote rural communities. The project is expected to support the progressive transformation and improvement of living conditions of the targeted population, through the provision of reliable electricity connections to rural households, water systems, health clinics and schools. It will also foster the development of small businesses in the project area.

Sustainable Transportation Networks

Alleviating poverty and accelerating the development of member countries through the financing of efficient, safe and sustainable transport networks remains a strategic priority of the IDB. In 1433H, the road and railway sectors in LDMCs in SSA and Central Asia, received specific attention. This is in line with the IDB Group Infrastructure Strategic Plan 1431H-1433H. New projects for ID281.9 million ($437 million) were approved in Kyrgyz Republic, Lebanon, Mauritania, Niger, Turkey and Sierra Leone. Disbursements on the 62 active projects amounted to ID294.6 million ($433.7 million). In addition, the IDB is continuing its support to Turkey in modernizing its railway transport sector (Box 3.3).

In line with the strategic thrusts of the IDB, regional transport corridors continued to receive

Box 3.3
Ankara-Konya High Speed Railway Line Project

The IDB is supporting Turkey in modernizing its railway transport sector. In 1433H, the Bank approved the Ankara-Konya High Speed Railway Line with a contribution of ID147.9 million ($227.8 million). This project will have a significant development impact in the country as currently there is only an indirect railway link between Ankara and Konya (687km). The project will reduce the rail travel time from Ankara to Konya from 10 hours to 1 hour 15 minutes by providing a high speed direct railway link (304 km). This is the third IDB support to the railway sector in Turkey after the upgrading of Railway Tracks Project and the Electric Locomotives Project. The project is aligned with the strategic priorities of IDB in Turkey as identified in the MCPS, especially with the first strategic pillar of supporting growth through infrastructure development. The creation of a balanced and efficient transportation infrastructure was adopted as a major strategic goal of this pillar. The related outcomes of improving East-West and South-North railway transport corridors and increasing the share of railways in passenger and freight transport will also be achieved through this operation.

high priority in the Bank's transport financing activities. The IDB provided financing for the Arlit-Assamaka road project in Niger which is a critical section of the Trans-Sahara highway that runs from the Mediterranean coastline in Algeria to the Atlantic coastline in Nigeria. This 4,500 km highway is close to completion and is expected to unlock the trade potential between North and West African countries and provide the landlocked country of Niger an enhanced access to the sea. Indeed, it is one of the priority infrastructure projects identified by the African Union to develop intra-African trade. The Bank also provided financing for the reconstruction of the Taraz–Talas–Suusamyr Road in Kyrgyz Republic, in line with the Bank's priorities under the Central Asia Regional Economic Cooperation (CAREC) trade and transport facilitation strategy. The segment to be reconstructed is a section of the "CAREC Corridor 3" that connects the Iran-Turkmenistan border in Turkmenistan to the Kazakhstan-Russian Federation border in Kazakhstan, through landlocked Kyrgyzstan, Uzbekistan and Tajikistan.

Transport projects with important social impacts are also given high importance by the IDB. The blended ID13.2 million ($20.4 million) Istisna'a-Loan financing of the Nema-Bassikounou road in Mauritania, for example, will revive and enhance the economic, commercial and social activities in one of the poorest areas of the country. By financing this $149.5 million project, the Bank also mobilized financing from members of the Arab Coordination Group. In Sierra Leone, the Pendembu-Kailahun road project, financed by a soft loan of ID9.7 million ($15 million), will contribute to poverty alleviation in the country through the provision of better access to the agricultural areas in the south eastern provinces, the creation of new employment opportunities and improvement of local population livelihood.

Fostering Urban Development

The IDB is scaling up its financing in urban development sector in line with the key strategic thrusts of the Bank's Vision 1440H. In 1433H, twelve new projects amounting to ID521.6 million ($809.3 million) were approved which represents an increase of over 30% from its 1432H level. Approximately 29% of the Bank's total urban development financing in 1433H went to facilitate the development of the Tehran sanitation project in Iran. The project will support the Government of Iran's efforts to establish an effective and sustainable system for the improvement of wastewater collection and treatment in the country's capital and most populous city. The project will connect 307,500 new households by 2016, ensure sustainable water supply to irrigate approximately 9,000 hectares and create approximately 4,000 direct and indirect jobs.

The Bank also approved ID125 million ($200.1 million) to support the $1.3 billion National Water Supply and Sanitation Project (NWSSP) in Azerbaijan. The NWSSP initiative is also co-financed by the World Bank, JICA, KfW, AsDB, and the SFD. The NWSSP will provide access to clean and safe drinking water and sewerage connections for the 320,267 inhabitants (including refugees and Internally Displaced People) of six regions (Astara, Dashkasen, Gadabey, Gazakh, Samukh and Tartar), at an affordable price and have significant social and financial impacts on those populations and local economies. The NWSSP will improve the water coverage from

10% in 2010 to 95% in 2014 and sewerage coverage from 0% in 2010 to 100% in 2014.

The IDB approved ID91.6 million ($140.3 million) for water and municipal infrastructure development projects in Bahrain and Lebanon while ID61.6 million ($94.8 million) was approved for the development of social housing and water projects in Africa (Mali and Nigeria). The social housing project in Mali will provide access to decent and affordable houses as well as basic infrastructure and utilities (water, sanitation, electricity) to a thousand low income households in Bamako, by the end of 2014. The IDB's rapidly growing urban development portfolio (including social housing sub-sector) and its expanding geographical coverage are two indicators of the Bank's continued commitment to support sustainable urban development, foster economic growth and improve the quality of life in member countries.

STRENGTHENING PRIVATE SECTOR DEVELOPMENT

By financing PPP transactions, the IDB continued its support to private investments in infrastructure in member countries. The Bank's PPP portfolio has rapidly grown to reach $3.3 billion over the last five years and continues to expand through stronger engagement with the governments and private sector in member countries. In 1433H, the Bank approved five PPP operations amounting to ID218.4 million ($335 million) while ID102 million ($153 million) was disbursed for on-going PPP projects.

As a demonstration of its continued commitment to support the development of renewable energy resources of member countries, IDB partnered with the private sector in Pakistan to arrange ID91.5 million ($140 million) for two renewable energy wind operations in the country. In this regard, the AsDB was invited to co-finance the projects under an Islamic financing structure, a first for AsDB. The deal has been internationally recognized in several major project finance publications as innovative and ground breaking.

The IDB also approved ID65 million ($100 million) for the development of Emirates Aluminum (EMAL) expansion project which will augment the existing production capacity of approximately 0.7 million tonnes of aluminium per annum (tpa) to 1.3 million tpa. The project will enable EMAL to become the largest single-site aluminum smelter in the world and one of the lowest cost producer globally and position it as a competitive supplier of aluminium products and the largest export-oriented industry in the U.A.E outside the oil and gas sector. Besides strengthening the position of U.A.E in the metal manufacturing sector, the project is expected to create 900 additional jobs and double EMAL's revenues from $1.8 billion in 2012 to $3.7 billion by 2015.

A LoF in favor of Indonesia EXIM Bank for an amount of ID29.3 million ($45 million) was also approved, using an innovative two-stage Murabaha (Installment Sale) structure. Under this facility, companies operating in export oriented sectors of manufacturing and energy would be targeted to support investments in technology, logistics and R&D, in order to strengthen their competitiveness in the global market place.

As an essential part of the Deauville Partnership, the Bank continues to play an active role in the AFFI. This key initiative has been established as a vehicle by IDB, World Bank and IFC to jointly promote and co-invest in PPP programs in the Arab World. The first Policy Forum of AFFI took place in Amman and a second in Marrakesh in 2012. The Technical Assistance Facility (TAF) to assist the preparation of PPP infrastructure projects became operational in 1433H. Subscription Agreements have also been signed with the Fund Manager (EMP) for the Arab Infrastructure Investment Vehicle (AIIV) which will provide mezzanine infrastructure financing on a commercial basis.

The Bank's PPP portfolio will continue to build on its successes and expand its activities in the coming years. PPP's regional impact continues to broaden to include member countries from SSA and Central Asia. In addition to the geographical coverage, substantial resource allocation is being made to develop untapped soft infrastructure sectors of healthcare, education and agriculture.

ENHANCING ECONOMIC COOPERATION AND REGIONAL INTEGRATION

The IDB Group endeavours to promote economic cooperation in a number of different ways including: promoting intra-OIC trade and intra-OIC investment; financing regional projects, and adopting new development methodologies and programmes, such as, the MCPS, and IDB Group's WTO related Technical Assistance and Capacity Building Program (under which seminars on regional integration are given a high priority).

Promotion of Intra-OIC Trade

Intra-OIC trade: The share of intra-OIC trade in OIC total trade increased from 15.6% in 2006 to 17.8% in 2009, and declined slightly to 17.1% in 2011. Although intra-OIC exports reached its highest level of $343.7 billion, its share in total exports of the OIC countries declined by 0.7 percentage points, falling to 15.3% in 2011.

During 2010-2011, intra-OIC imports increased to $330.8 billion in 2011, corresponding to 19.5% of OIC total imports. It is important to recognise that 75.3% of the intra-OIC exports were undertaken by only 10 OIC countries in 2011. Hence, greater effort is required to get other member countries to increase the level of trade among them.

Trade Financing and Promotion: The ITFC is actively contributing to the joint efforts of the OIC organs and member countries to increase intra-OIC trade to 20% by 2015. In 1433H, it achieved a record approval of trade financing of $4.5 billion ($3 billion in 1432H), with disbursements of $3.9 billion ($2.8 billion in 1432H).

The ITFC has taken the lead to develop comprehensive regional trade development programs within the framework of Aid for Trade initiatives. In this respect, ITFC is currently working with the Executive Committee on Economic and Social Affairs (ECESA) Cluster Members for International Trade and Aid for Trade Initiatives for economies of the Central Asia Region and Arab States. The Initiatives are aimed at strengthening productive capacities and market developments within the selected sectors, improving business environment, enhancing regional economic integration and improving institutional capacities in trade related areas. Both initiatives are expected to be launched in 2013 in partnership with the UN Trade and Development Cluster Members. The IDB Group has allocated an amount of $2 million, for the Aid for Trade Initiative for Arab States, and further funds mobilization is actively being pursued.

Promotion of Intra-OIC Investment

To further strengthen intra-OIC trade and intra-OIC investment, the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) was established in 1994 as an entity of the IDB Group to increase the scope of trade transactions and the inflow of foreign direct investments (FDI), and realize the critical role played by international and national Export Credit Agencies (ECAs) through Shariah Compatible insurance services. ICIEC contributes directly to the promotion of intra-OIC trade through insurance and reinsurance of exports and indirectly through support, advisory and capacity building services to ECAs in OIC Member Countries, and through the IDB Group Investment Promotion Technical Assistance Program (ITAP). In addition, ICIEC provides Political Risk Insurance (PRI) to facilitate FDI inflows between and among OIC member countries. ICIEC's PRI covers investors against war and civil disturbance, expropriation, breach of contract, transfer restriction and the non-honouring of sovereign obligations. New insurance commitments of the ICIEC for 1433H reached ID1.5 billion ($2.3 billion), bringing the cumulative commitments since its inception to ID11.1 billion ($16.9 billion), while the total business insured over the same period amounted to ID9.3 billion ($14.3 billion).

To promote investment in member countries, the ICD approved 19 new investment projects and 6 capital increases amounting to $375 million with disbursements of approximately $124 million. This brings the total approvals since inception to $2.6 billion with an overall disbursement of $1 billion.

Regionally, 38% of ICD's approved projects in 1433H were allocated to CIT, 15% to MENA, followed by Asia and SSA at 14% and 7% respectively. Regional projects covering multiple regions accounted for 25% of total approvals. In the past year, ICD achieved its target for the real sector with approvals of $202 million and disbursement of $50 million.

As part of its new strategy, ICD's advisory services also gathered momentum in 1433H with successful fund raising for Tunisia and Saudi Arabia SME Funds, and for the Central Asia Renewable Energy Fund. Furthermore, ICD approved the establishment of a Food and Agriculture Fund, Fixed Income Fund, and successfully secured some mandates in Tunisia and Cameroon for capacity building and creation of Islamic windows within conventional banks.

Investment Promotion Technical Assistance Program (ITAP)

Investment promotion is an important element of trade promotion. In this regard, ICIEC is managing the ITAP (launched in 2005) to assist member countries improve their investment climate, and promote FDI flows. The focus areas of ITAP include institutional development, sharing best practices, and disseminating information on investment opportunities in member countries. The program provides technical assistance for needs assessment studies and sector studies; capacity building of Investment Promotion Agencies (IPAs); and identification of investment opportunities.

Under the framework of ITAP, various Annual Capacity Building Programs on "Foreign Direct Investment and Entrepreneurship Development" and other related training activities were carried out for the benefit of member countries in 1433H in collaboration with the United Nations Conference on Trade and Development (UNCTAD), the United Nations Industrial Development Organization (UNIDO), World Association of Investment Promotion Agencies (WAIPA), and the Malaysian Investment Development Authority (MIDA).

IDB Group Business Forum (THIQAH)

The objective of THIQAH is to establish a unique and innovative platform for dialogue, cooperation and inclusive partnership that would enable business leaders maximize promising investment opportunities. THIQAH's vision is to position itself as the leading business platform of the IDB Group serving the private sector in member countries and maximizing the achievements of successful investment projects. THIQAH leverages IDB Group's resources to offer necessary services and confidence to investors in member countries and establish strategic partnerships with the leaders of the private sector in order to capitalize on their expertise and know-how and create the synergy with IDB Group entities. The primary focus is on maximizing cross-border investments among IDB Group member countries, with the support of IDB Group's financial products and services. In 1433H (2012), THIQAH organized a number of events such as the (i) IDB Group Nigeria Business Forum; (ii) Invest in North Cyprus Forum; (iii) Malaysia IDB Group Investment Forum; (iv) Sarajevo Business Forum; (v) International Investment Conference- Albania; (vi) Albaha Investment Forum - Saudi Arabia; (vii) IDB Group Private Sector Clients Day- Sudan; (viii) IDB Group Private Sector Day- Jordan; and (ix) IDB Group Private Sector Day- Cameroon. These different events and fora were attended by 3200 participants from the respective business communities. A total of 377 investment opportunities were show-cased during these conferences and 322 business-to-business meetings were organized.

Cooperation with Regional Institutions

To realize its strategic objectives of strengthening and promoting cooperation among member countries, the IDB cooperates with regional economic organizations such as the Economic Cooperation Organization (ECO), the Arab Maghreb Union (AMU), the Economic Community of West African States (ECOWAS), the Gulf Cooperation Council (GCC), the West Africa Economic and Monetary Union (UEMOA), the Common Market for Eastern and the Southern Africa (COMESA), and the Association of South East Asian Nations (ASEAN).

In order to harness more of the untapped South-South cooperation potential among these institutions, the IDB organized an Expert

Group Meeting (EGM) on "Inter-regional Economic Cooperation", which was attended by the representatives of the above mentioned groupings, at the IDB Headquarters in Jeddah on 25-26 September 2012. The objectives of the EGM were to (i) identify priority areas for cooperation between the concerned regional economic groupings; (ii) discuss ways and means of strengthening cooperation between IDB Group and the concerned regional economic groupings; and (iii) share experiences and best practices.

Cooperation with OIC General Secretariat and its Institutions

The IDB maintains close cooperation and strong working relationships with the Organization of Islamic Cooperation (OIC) General Secretariat, and its subsidiary organs, affiliates and specialized institutions, especially those that are mandated to help promote economic development and commercial cooperation among OIC member countries. These institutions include, among others, the Islamic Centre for Development of Trade (ICDT); the Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC), the Islamic Chamber of Commerce, Industry and Agriculture (ICCIA), the Islamic University of Technology (IUT), the Islamic Educational, Scientific and Cultural Organization (ISESCO) and the Organization of Islamic Shipowners (OISHA).

The IDB provides financial and technical support to projects initiated by the OIC General Secretariat in pursuance of the Resolutions of OIC conferences and Summits, and submits reports to the OIC General Secretariat on several issues concerning OIC member countries. The IDB has close relations with OIC standing committees, namely, the Standing Committee for Economic and Commercial Cooperation (COMCEC), the Standing Committee for Scientific and Technological Cooperation (COMSTECH) and the Committee for Information and Cultural Affairs (COMIAC).

Major events in which IDB participated recently included the Fourth Extraordinary Session of the Islamic Summit Conference, which was held in Makkah on 14 – 15 August 2012; the 39th Session of the Council of Foreign Affairs that was held in the Republic of Djibouti, from 15 – 17 November 2012; and the 27th Session of COMCEC held in Istanbul, from 8 – 11 November 2012.

WTO Related Matters

Pursuant to the OIC Ten-Year Programme of Action and various COMCEC resolutions, the IDB has organized several activities that support its WTO-related Technical Assistance and Capacity Building Program for member countries. The aim of these activities was to create and enhance the human and institutional capacity of member countries to better understand the complexities of the WTO Agreements and their relevance to the needs of IDB member countries. The activities included seminars, workshops and consultative meetings. Under this Programme, special focus was placed on the needs of member countries which were either in the process of acceding to the WTO or contemplating it. These activities were also aimed at creating awareness among member countries about WTO Agreements and related issues in addition to deliberating at expert levels on the various Agreements and the on-going Doha Round of Trade Negotiations.

In this regard, 12 activities were organized, in 1433H, under the WTO-related Technical Assistance and Capacity Building Program which inter-alia included seminars and workshops on Trade and Development; Market Access Related Negotiations i.e. Services and Non-Agriculture Market Access Negotiations, Aid for Trade, Dispute Settlement Understanding, Trade Policy Review Mechanism, Trade and Environment, Consultative Meeting of the OIC Trade Ministers on the eve of the 8th WTO Ministerial Conference as well as financing a study on "the Youth in the Arab Maghreb Union".

CATALYSING STRATEGIC ENGAGEMENTS WITH MEMBER COUNTRIES

The MCPS initiative, launched in 1431H, is the foundation of the IDB Group's dialogue with member countries and is envisaged to achieve four key outcomes: (i) Government ownership;

(ii) selectivity of interventions focused on client needs and impact; (iii) leveraging internal IDB Group synergies; and (iv) harmonization of the IDB Group's programs with other development partners. It must be recognised that underpinning a successful MCPS is a comprehensive diagnostic study of the binding constraints prevalent in the respective economies. Therefore, for most of the MCPSs, Country Economic Works/Memorandums were prepared based on extensive stakeholder consultations, which ensure buy-in and ownership at all levels.

The IDB has initiated seventeen MCPSs, which are at various stages of completion and implementation. Of these, eight MCPSs (Indonesia, Kazakhstan, Malaysia, Mali, Mauritania, Pakistan, Turkey, and Uganda) are under active implementation, while six MCPSs namely those for Bangladesh, Chad, Kuwait, Morocco, Niger, and Senegal have either been completed or nearly completed but are yet to be actually implemented. The Bank has launched interim MCPSs in member countries undergoing socio-political transformation namely Egypt, Sudan, and Tunisia (Table 3.1).

Table 3.1
Status of MCPS Preparation

Completed and Under Implementation	Nearing Completion	Ongoing
Indonesia	Bangladesh	Egypt
Kazakhstan	Chad	Sudan
Malaysia	Kuwait	Tunisia
Mali	Morocco	
Mauritania	Niger	
Turkey	Senegal	
Uganda		
Pakistan		

In 1433H, MCPSs for Malaysia and Kazakhstan were completed. The MCPS for Malaysia is for the period 2012-2015 and has two main pillars (i) Private Sector Development and (ii) RL. Private Sector Development focuses on PPP; private sector support; resource mobilization and business improvement advisory. Under RL, major areas include Islamic finance; science, technology and innovation; SMEs development; Halal industry; education; and promotion of trade and investment. The MCPS for Malaysia, similar to the ones for Kazakhstan and Kuwait, has no financial commitment. The MCPS for Kazakhstan sets four pillars of IDB Group engagement for the period 2012-2014. These are: (i) Enhancing Competitiveness through Infrastructure Modernization (transport and energy); (ii) Improving Diversification (high-value added industries and agriculture); (iii) Financial Deepening through Enhanced Islamic Banking and Finance; and (iv) Regional Cooperation and Integration RL, and the Development of the Private Sector as cross-cutting theme.

Realizing the expected outcomes of MCPS: Currently, eight MCPSs are under active implementation and have recorded satisfactory achievements in terms of approval rates ranging from 25% to 65% of the planned financing envelope. For example, Turkey MCPS (2010-2013) has achieved an implementation rate of 65%, Mauritania MCPS (2011-2015) 52%; Indonesia MCPS (2011-2014) 35-40%; Pakistan MCPS (2012-2015) 37-45%; Uganda MCPS (2011-2015) 29%; and Mali MCPS (2011-2014) 23%. The MCPS for Malaysia and Kazakhstan (without specified financing envelop) also achieved a satisfactory implementation rate (Table 3.2).

Table 3.2
MCPS Achievement[1]

Under Implementation	Achievement Rate of the Planned Financing Target	
Turkey	65%	2010-2013
Indonesia	35-40%	2011-2014
Mali	23%	2011-2014
Kazakhstan	*	2012-2014
Mauritania	52%	2011-2015
Uganda	29%	2011-2015
Pakistan	37-45%	2012-2015
Malaysia	*	2012-2015

[1] As at 29 Dhul Hijjah 1433H (14 November 2012)
* There are no financing envelop specified for Kazakhstan and Malaysia

The MCPS for Turkey is completing its second year of implementation. IDB Group approvals recorded unprecedented amount of operations totalling to $1.3 billion (65% of overall financing envelop of $2 billion) during the period of 2010-2012, which represents 22% of total IDB Group approvals since inception. In terms of OCR, MCPS approvals amounted to $713 million within two years, representing more than 40% of total approvals since inception, reorienting the IDB Group portfolio from trade finance to more project finance operations. In 2011, Turkey became member of ICD which already approved 2 operations for total amount of $90 million, while the ITFC provided more than $502 million of trade finance facilities to the private sector. Finally, ICIEC has already exceeded its MCPS target, insuring more than $573 million of transactions (both investment insurance and export credit). The IDB Group undertook a mid-term review of Turkey MCPS in November/December 2012 to assess its implementation progress. MCPS Mid-Term Review Report is being internally processed. In the remaining period of MCPS, more emphasis will be placed on smooth implementation of the on-going portfolio, RL opportunities, and regional cooperation as agreed under the MCPS framework.

Under the MCPS for Indonesia, total IDB approvals amounted to $468 million, mainly in the education and transport sectors as well as for PPP projects. ITFC had a trade financing volume of $354 million and ICD approvals stood at $55 million. In addition, ICIEC insured business amounted to $213 million. It is worth mentioning that at the start of 1433H (2012), the Government of Indonesia discussed with IDB its revised foreign borrowing strategy which sought to realign IDB support to Infrastructure and Private Sector Development Pillars only. The revised strategy includes the completion of education sector projects already in the pipeline and continuation of Rural Development Programs such as National Program for Community Empowerment (PNPM). The Government of Indonesia has decided to finance the Human Development sector (Education and Health) from domestic resources. In light of this realignment, the Government of Indonesia and the IDB estimated the revised MCPS envelop for the period 2011-2014 to be around $2.2 - 2.5 billion. Taking the revised envelop into account, the achievement rate of MCPS for Indonesia is around 35-40%.

With regard to the MCPS for Mauritania, the IDB Group approved a total amount of $362 million, (IDB $221 million, ITFC $141 million) representing 52% of the MCPS financing envelop of $700 million. Further, through RL, the Government of Mauritania has received assistance from Morocco to design and restructure its agricultural sector. In addition, a project for establishing a dry port is being processed in collaboration with Mali, consistent with the cross-border initiatives envisaged in the MCPS.

The implementation rate of Uganda MCPS stood at 29% with IDB financing of $87 million (out of a total MCPS envelop of $300 million), mostly for public sector projects. An ITAP-supported Gulf Cooperation Council (GCC) - Uganda Investment Forum held on 28-30 May 2012 in Kampala during which 119 letters of intent worth $500 million were signed, besides PPP projects. Four main sectors are being targeted namely: (i) Agriculture (cotton, fruits and vegetables); (ii) Livestock (dairy, meat); (iii) Tourism / Hospitality Industry; and (iv) Energy. Moreover, a tripartite Reverse Linkage activity (IDB-Malaysia-Uganda) to address Uganda's weak public sector management and administration as well as national planning capacity is under formulation.

Under the MCPS for Mali, IDB funded projects amounted to $115 million (23% of financing envelope of $500 million). The major projects approved are in agriculture (Markala Sugar Project; Smallholders Agricultural Productivity Enhancement Program for Sub-Saharan Africa; and the Kita Integrated Rural Development Project - Phase-II) and Energy sectors (Balingue II Power Plant Project). However, the on-going political standoff in the country is adversely affecting the pace of implementation.

In the case of the MCPS for Pakistan, total IDB Group (IDB and ITFC) financing of $1.12 billion (37-45% of MCPS financing envelop of $2.5 - 3.0 billion) was approved. The IDB approved project financing amounted to $815 million. This includes the $227 million approved in coordination with the Bill and Melinda Gates Foundation, to support the Polio Eradication Program of the Country and fully cover the financing gap of the Program till 2015. Moreover, the first Project under ISFD flagship of "Basic Education for the Poor" was approved for $10.5 million. Total trade financing approvals stood at $306 million and the total commitments of ICIEC amounted to $447 million.

The MCPS for Malaysia, completed in May 2012, has no financial commitment. Instead, a score card was prepared by all IDB Group Entities and Departments involved in the MCPS process. This will be used as a tool to monitor the implementation of the MCPS under two Pillars namely Private Sector Development and RL. A number of programs have so far been conceived or prepared under the RL initiative. Examples of such programmes are the cooperation between Malaysia and Sierra Leone (value-addition in palm oil industry); Malaysia-Mauritania (oil sector, Islamic banking and finance industry); Malaysia-Uganda (public administration and financial management, national planning, and enhanced public services delivery); and Malaysia-Turkey to assist in the launching and issuance of Sukuk for Turkey, Indonesia, Nigeria, Niger, and Senegal. The Bank also held a series of meetings with key stakeholders for the implementation of the MoU signed between Halal Development Corporation and the IDB Group.

Since the launch of MCPS for Kazakhstan, the IDB Group has been fully engaged in implementing different initiatives, particularly related to regional integration, establishment of OIC Food Security Office / mechanism and promoting Astana as a capital of innovation. In addition, IDB currently considers providing the Technical Assistance to National Bank of Kazakhstan to enhance Islamic Banking and Finance, especially with regard to the regulatory framework. In implementing the MCPS Programs in Kazakhstan, the IDB Group is expected to mobilize its own resources and optimize its partnership platform to attract additional resources in order to support the Government's medium-term development plan.

In order to evaluate progress in terms of outputs/ outcomes of the active MCPSs, in 1433H, the IDB Group initiated Turkey MCPS Mid-Term Review exercise. The IDB Group plans to undertake mid-term reviews for other MCPSs, including Indonesia, Mali, and Uganda in 1434H. These mid-term reviews will help to assess the continuing relevance of the strategies, and make necessary adjustments, as needed. More importantly, lessons can be drawn for future MCPSs.

Enhancing Development Cooperation through Reverse Linkages Initiative

The IDB Group continued the implementation of its key RL initiative based on identified priorities under the completed MCPSs. Under this objective, the IDB organized a Workshop in February 2012 on Stakeholders' Consultations in the Implementation of "Reverse Linkages" Initiative. The Workshop has helped in the match-making process and agreeing on priority programs that are currently being developed for implementation in various member countries. These are an addition to the on-going ones as briefly highlighted above. The Bank has also developed a guiding policy note for the RL Program and is in the process of preparing the financial modalities to finance, implement and monitor mutually beneficial partnerships among member countries such as the transfer of skills/expertise, technology, and know-how; the promotion of cross-border investments and trade and the sharing of country experiences; etc. Under the RL, training programs have commenced on (i) Science, Technology and Innovation Policy and Technology Management for Socio-Economic Transformation; (ii) Technopreneurship; (iii) Training Programme in Rice Breeding; and (iv) ITAP - MIDA Capacity Building Programme for Investment Promotion for Officials of IDB Member Countries.

Under the initiative of Energy for the Poor, the Bank is facilitating the sharing of Turkey's experience with five African member countries. It is also helping the Government of Mauritania to restructure the agriculture sector based on the experience of Morocco. The IDB has shared its experiences of the "RL Programs" with other development partners and the members of the 2nd post-Busan Building Block meetings on South-South Cooperation, held during 1433H in Brussels and Paris and during the High-Level Meeting "Towards Country-led Knowledge Hubs" held in Bali, Indonesia in July 2012. The IDB has also agreed to collaborate with other development partners to develop and implement

RL opportunities in a structured manner by taking into account demand and supply of knowledge products and services across common member countries.

ENHANCING DEVELOPMENT PARTNERSHIPS

Development financing is becoming increasingly complex due to global economic, social and political challenges. Hence, collective action is required to effectively tackle these challenges, which are beyond the capability of any single institution. This principle of collective action was clearly articulated in the 8th Millennium Development Goal (MDG8), which calls for a global partnership for development with a special focus on least developed, land-locked countries and small islands. To achieve MDG8, the IDB Group puts partnership at the core of its long-term strategy, which advocates the IDB Group's catalytic role and stronger engagement with the international donor community and civil society.

In 1433H (September 2012), the IDB took up the role of Secretariat of the G8 Deauville Partnership International Financial Institutions (IFI) Coordination Platform from September 2012 for a period of one year (Box 3.4). In addition, four new institutional MoUs and partnership agreements with development partners were concluded.

Overview of Co-financing with Development Partners

In 1433H, 31 operations in 20 countries were co-financed with other institutions. The total cost of these projects was $5.7 billion, of which IDB contributed around $1.3 billion (23%), while the contribution of other financiers totalled $2.5 billion (44%) - around half of this amount was contributed by members of the Coordination Group[24] and the rest mainly from multilateral financing sources. In financing volume terms, co-financed operations represented around 32% of the total amount approved by IDB ($4.2 billion) for project financing and technical assistance operations in 1433H (Table 3.3).

Nearly half of the co-financed operations were in the infrastructure sector, with a further third in the agriculture and rural development sector,

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

Box 3.4
IDB Hosts G8 Deauville Partnership IFI Coordination Platform Secretariat

Following the 2011 political events in several Arab countries, the G8 requested the World Bank, African Development Bank (AfDB), European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB) and IDB to articulate a collective response to address the new challenges facing these countries. The "MDB Action Plan" was subsequently submitted and endorsed by the G8 Summit held in May 2011 in Deauville, France. The G8 also initiated a long-term Partnership (which became known as the Deauville Partnership) to support historical changes in the Arab World through (i) a political pillar to support the democratic transition and (ii) an economic pillar to support home-grown strategies for sustainable and inclusive growth. The Deauville Partnership is basically a compact between the G8, regional partners (Kuwait, Qatar, Saudi Arabia, Turkey and UAE) and 10 IFIs (AfDB, Arab Fund, AMF, EBRD, EIB, IDB, IFC, IMF, OFID and World Bank) to support Arab countries in transition (presently, Egypt, Jordan, Libya, Morocco, Tunisia and Yemen). At a follow-up meeting of Deauville Partnership Finance Ministers held in September 2011 in Marseille, the 10 IFIs endorsed the economic framework of the Deauville Partnership, which focuses on country-led programs in the following areas: (i) governance, transparency and accountability of economic activities; (ii) social and economic inclusion; (iii) economic modernisation and job creation; (iv) private sector-led growth; and (v) regional and global integration. In doing so, these IFIs decided to set-up a Coordination Platform, which also includes the OECD, to further leverage their collective resources and coordinate support to Arab countries in transition.

After consultation with the G8 Chair (US), IFIs selected IDB as host of the IFI Coordination Platform Secretariat as from September 2012. The Secretariat was officially taken over by the IDB Group on 12 September 2012 for a period of one year. The Secretariat led the IFI preparatory process and reporting to two major G8 Deauville Partnership events, namely, the G8 Deauville Partnership Foreign Affairs Meeting held on 28 September 2012 in New York during UN General Assembly, and the G8 Deauville Partnership Finance Ministers Meeting held on 12 October 2012 in Tokyo during the Annual Meetings of the IMF and World Bank Group, where the IDB presented an update and progress report on behalf of IFIs.

Table 3.3
Evolution of Co-financing (1426H-1433H)

Year	IDB OCR Approvals ($ million)	IDB Co-financing $ million (% OCR)	Number of Operations	Number of MCs	Co-financiers ($ million)	of which Coordination Group ($ million)	Projects' Cost ($ million)
1433	4,168	1,286 (31%)	31	20	2,474	1,180	5,733
1432	4,270	1,518 (36%)	21	16	4,468	1.421	7,863
1431	3,702	1,495 (40%)	26	17	5,806	862	7,302
1430	3,359	1,213 (37%)	23	16	2,766	1,479	7,133
1429	2,498	856 (34%)	21	18	2,151	540	5,218
1428	2,087	1,014 (49%)	31	20	2,818	786	6,925
1427	1,652	368 (22%)	8	7	793	437	1,802
1426	1,464	368 (25%)	15	12	745	311	1,688
Cumulative	**23,200**	**8,118 (35%)**	**176**	**126**	**22,021**	**7,016**	**43,664**

Source: IDB.

including 4 operations co-financed with the Bill and Melinda Gates Foundation in SSA. Co-financed infrastructure projects attracted a total amount of $1.1 billion of IDB financing, which represents 85% of the total co-financing volume. The energy sector attracted $764 million (59% of total co-financing), the water sector $248 million (19%), and the transport sector $45 million (3%). Geographically, around 21% of co-financing volume targeted member countries in SSA, while the remaining 79% focused mainly on member countries in North Africa and Asia.

Co-financing with the Coordination Group

As a member of the Coordination Group, the IDB has developed close working relationship with this forum along with its national and regional members (Box 3.5). In 1433H, 10 of the 31 operations co-financed were with members of the Coordination Group, which collectively, provided financing of $1.2 billion. This represents 36% of the total cost of those co-financed projects of which IDB contributed $690 million (21%).

IDB and Abu Dhabi Fund for Development: Cumulatively, co-financing between IDB and Abu Dhabi Fund covered 33 projects worth around $14.8 billion in 19 countries in Africa, MENA and, more recently, Central Asia. Co-financing focused mainly on infrastructure projects, with IDB providing around $1.8 billion and Abu Dhabi Fund $1.2 billion. Recent co-financed operations focused mainly on the energy and transport sectors in Central Asia and MENA. In 1433H, IDB and Abu Dhabi Fund co-financed two transport projects in Mauritania and Niger providing $35 million and $30 million, respectively.

IDB and the Arab Fund for Economic and Social Development: As multilateral institutions, IDB and Arab Fund have been cooperating very closely for over 35 years, during which they co-financed 83 operations worth around $25.6 billion in Arab member countries. Co-financed projects focused mainly on energy, water and transport sectors, with IDB providing approximately $3.3 billion and Arab Fund $5.2 billion. About 60% of co-financed volume was achieved in the last five years and targeted projects in the energy, transport and, to a lesser degree, the water sector. In 1433H, the two institutions co-financed 4 projects, including 2 water projects in Bahrain and Mauritania, an energy project in Egypt and a transport project in Mauritania. IDB's co-financing share in these 4 projects totalled $438 million, while the Arab Fund contributed $415 million.

IDB and the Arab Bank for Economic Development in Africa (BADEA): Cumulatively, co-financing between IDB and BADEA covered 59 operations for $4.8 billion in African countries. Co-financing focused mainly on transport, agriculture and rural development, with IDB and BADEA providing around $857 million and $622 million, respectively. Co-financing in recent years focused on agriculture and rural development, transport and water. In 1433H, IDB and BADEA co-financed 2 projects, namely the construction of Dakar's Dalal Jamm hospital in Senegal and a road project in Niger, with each institution contributing $23 million and $14 million, respectively.

IDB and the Kuwait Fund: By the end of 1433H, combined co-financing between IDB and Kuwait Fund reached approximately $6.3 billion, which was equally shared. This co-financing covered 92 operations worth $26 billion in IDB member countries in Africa, Asia and MENA. Co-financing in the last five years has largely focused on transport, energy and water sectors—these three sectors accounted for more than 80% of co-financing volume—mainly in Africa and MENA. In 1433H, the two institutions co-financed 5 projects, including 2 energy projects in Egypt and Tunisia, 2 transport projects in Mauritania and Niger and a water transmission project in Bahrain. The IDB contributed a total amount of $600 million towards the cost of these projects, while Kuwait Fund's contribution totalled $432 million.

IDB and OPEC Fund for International Development (OFID): By the end of 1433H, total co-financing between IDB and OFID reached around $3.4 billion, with IDB contributing $2.4 billion and OFID $1 billion. This co-financing covered 107 operations valued at around $15.7 billion predominantly in LDMCs. Co-financing focused primarily on energy, transport, health sectors, agriculture and rural development. Recent co-financed operations targeted transport, agriculture and energy in Africa, Central Asia and MENA. In 1433H, the two partners focused joint activities on the implementation of recently approved operations and co-financed 4 projects, including Sustainable Villages in the Kyrgyz Republic; a solar rural electrification project in Mauritania; a transport project in Niger; and the construction of Dakar's Dalal Jamm hospital in Senegal. Combined co-financing between IDB and OFID totalled $83 million, with IDB providing $47 million and OFID $36 million.

IDB and Saudi Fund for Development: Cumulatively, IDB and the Saudi Fund co-financed 90 operations valued at around $21.7 billion in IDB member countries in Africa, Asia and MENA. These operations focused mainly on infrastructure, agriculture and rural development, health and education, with IDB providing about $2.7 billion and Saudi Fund $2.5 billion. Co-financing in the last five years has focused mainly on transport and, to a lesser degree, energy, water and agriculture in Africa, Asia and MENA. In 1433H, the two partners co-financed 6 projects, including 2 energy generation projects in Egypt and Tunisia, two transport projects in the Kyrgyz Republic and Niger, a water transmission project in Bahrain and the construction of Dakar's Dalal Jamm hospital in Senegal. Total IDB contribution towards these 6 projects reached $598 million, with a further contribution of $232 million from the Saudi Fund.

Strengthening Cooperation with Multilateral Development Banks

IDB and the World Bank: Cooperation between IDB and the World Bank began in earnest when IDB commenced operations. Cumulatively, co-financing targeted over 75 operations in 26 common member countries in Africa, MENA and Asia, in which the two institutions collectively provided over $4.1 billion of assistance, 20% of which was provided by IDB. In 1433H, IDB and the World Bank Group co-financed 4 operations, including two education projects in Egypt and Yemen, an energy generation project in Egypt, and the regional AFFI, (which focuses on PPP projects). The IDB-World Bank Group co-financing, in 1433H, totalled $867 million, including $312 million from IDB (Box 3.5).

IDB and the Asian Development Bank (AsDB): Cumulatively, the two institutions have co-financed 28 operations in 9 common member countries for over $10 billion with IDB and the AsDB contributing $1.1 billion and $2.7 billion, respectively. In 1433H, IDB and AsDB co-financed 2 operations worth $163 million (a MSME project in Maldives and the development of wind energy in Pakistan), where both partners contributed $70 million each.

IDB and the African Development Bank (AfDB): Collectively, the two institutions have supported 54 projects valued at over $21 billion in 15 common member countries, with IDB and AfDB providing $1.6 billion and $3.5 billion, respectively. In 1433H, IDB and AfDB co-financed 3 projects, including an energy generation project in Morocco, a water supply project in Nigeria

Box 3.5

Partnering for Success with World Bank, JICA, KDB and EIB

World Bank: The IDB and World Bank signed a historic MoU on behalf of their institutions in Tokyo, 14 October 2012 setting out the framework for partnership in the area of global Islamic financial sector development. Through the MoU, the World Bank and the IDB will explore Islamic Finance as a potential tool supporting the efforts of countries to reach their development goals.

Coordination Group-JICA: A high level meeting between the Coordination Group and the JICA was held on the margins of the annual meetings of the IMF and World Bank Group in Tokyo in October 2012 to discuss cooperation between Japan and the Coordination Group. Meeting for the first time, the Coordination Group and JICA aimed to forge a strategic partnership, with a view to capitalise on their respective experience and expertise to support joint programs and projects targeting the Middle East, South Asia, and Africa. The meeting was also an opportunity to explore partnership opportunities in the framework of TICAD-V (Tokyo International Conference on African Development-V), which will be hosted by the Government of Japan, the African Union, the World Bank, and UNDP in June 2013. A follow-up meeting between the Coordination Group and JICA hosted by the Arab Fund in Kuwait in March 2013 identified specific areas of cooperation between members of the Coordination Group and JICA, with a particular focus on infrastructure development and water and food security, especially in Africa, South and Central Asia and the Middle East. IDB, for its part, works closely with JICA, especially since the signing of the cooperation MoU with JICA in September 2007. Furthermore, JICA President Akihiko Tanaka was the Keynote speaker at the IDB Governors' lunch organised on the margins of the annual meetings of the IMF and the World Bank Group in Tokyo in October 2012, which provided an opportunity to discuss potential partnership opportunities between IDB and JICA in IDB member countries.

Korean Development Bank (KDB): IDB and KDB signed an MoU in March 2012 that focuses on establishing cooperation arrangements for broader collaboration and coordination between the two institutions. Following the signing of this MoU, the two partners subsequently concluded a Framework Co-Financing Agreement (FCA) in June 2012. As per provisions of the FCA, the two institutions will earmark $1 billion each towards a joint pipeline of projects over the three-year period 2012-2014. The joint project pipeline is expected to focus on infrastructure, agriculture, human development and private sector development in IDB member countries.

European Investment Bank: At a Deauville Partnership meeting jointly hosted by the US (G8 Chair) and the UAE held in Abu Dhabi in February 2012, IDB and EIB signed a Memorandum of Understanding to enhance cooperation between the two institutions to jointly support the Deauville Partnership and the broader development of the Mediterranean region. The MoU aims to strengthen private-sector led growth in the Mediterranean region as well as support job creation and inclusive economic development. The IDB and EIB will initially focus on four pilot countries: Egypt, Jordan, Morocco and Tunisia. Cooperation will cover information-sharing and co-financing work, especially PPP projects. EIB is providing a grant of $1 million as its contribution to the IDB-administered Technical Assistance Facility (TAF) under the AFFI. Other TAF donors include the World Bank, IFC, EBRD and Arab Fund for Economic and Social Development.

and an agriculture project in Uganda. The IDB contributed $289 million towards the cost of these projects, while AfDB provided $300 million.

IDB and the European Investment Bank(EIB): The EIB is considered as one of IDB's earliest co-financing partners, given that it co-financed IDB's very first operation, Cameroun's Song-Loulou hydropower scheme, which was approved in 1396H (1976). Together, IDB and the European Investment Bank have supported 24 projects worth around $19 billion in 12 countries in Africa and Asia, and provided $1.7 billion and $3 billion, respectively. In 1433H, IDB and EIB signed a Memorandum of Understanding to strengthen cooperation between the two institutions within the framework of the G8 Deauville Partnership.

The IDB as a member of the Coordination Group has also commenced discussions with the Japan International Cooperation Agency (JICA), Korean Development Bank (KDB), and European Investment Bank (EIB) to explore areas of collaboration (Box 3.5).

Strengthening Partnership with the UN System

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

4 FOSTERING INSTITUTIONAL AND HUMAN DEVELOPMENT

The IDB Group remains committed to promoting comprehensive institutional and human development in its member countries. This is aimed at raising living standards and enhancing productive capacities. In the agriculture and rural development sector, interventions are geared towards enhancing sustainable food security in the face of global food crises. The fight on poverty continues to be channelled through the Islamic Solidarity Fund for Development, the Special Program for the Development of Africa as well as other programs for capacity development in the education and health sectors.

DEVELOPING HUMAN RESOURCES

The driving force behind IDB interventions in the social sectors is the conviction that an educated, trained and healthy population can play an important role in improving the quality of life, reducing poverty and attaining sustainable economic growth. Interventions in the sector amounted to ID488.8 million ($750.9 million) in 1433H, with cumulative approvals from Ordinary Capital Resources (OCR) being ID3.3 billion ($4.8 billion) for 778 operations at the end of 1433H.

Investing in Education for Skills Development

The IDB is strengthening its intervention in skills development and upgrading to meet labour market requirements. Its interventions in education cover all sub-sectors from primary/ basic through higher education including literacy and vocational education and training with an emphasis on increasing access, improving quality, efficiency and relevance. In 1433H, the IDB commitment to poverty reduction and comprehensive human development was evident by its interventions in the following key areas: (i) quality basic education particularly bilingual education and madrasah education to attain universal basic education; (ii) science and mathematics education for technological advancement; (iii) science and technology, (iv) vocational training and technical education to enhance youth employability; and (v) non formal education and functional literacy through vocational literacy programs (VOLIP) for skills acquisition and productive engagement.

IDB Intervention in the Education Sector: At the end of 1433H, cumulative approvals of interventions in the education sector were ID1.9 billion ($2.8 billion) for 481 operations. The distribution by level (basic, secondary, tertiary & TVET) shows dominance by the tertiary sector. This is largely explained by the use of non-concessional financing modes such as Istisna'a and Instalment Sale by middle income member countries like Indonesia for projects in the tertiary sub-sector.

Unemployment is one of the major socioeconomic challenges facing IDB member countries. High level of poverty and other related human development issues are the direct consequences of high unemployment rates in member countries. This stems from the failure of the education systems to produce appropriately skilled manpower to satisfy the requirements of the job market. In this regard, IDB in partnership with the IFC launched a major initiative called Education For Employment (e4e) in the Arab world. The e4e is aimed at providing a road map of action that should be taken to ensure the provision of education that leads to employment prospects for youth. This will be a major focus of the IDB in the coming years. A Technical Assistance Grant facility was extended to Egypt to develop a country Action Plan, while a project has been approved for vocational training to enhance youth employability.

In 1433H, 25 education operations were approved for ID182.6 million ($281.5 million). The sector interventions in the Arab region targeted vocational, technical education and training to tackle the skills gap, while in the middle income countries the target was tertiary education to increase the stock and quality of the workforce to enhance productivity and reduce unemployment. This strategy is in line with the realization that member countries can only benefit from the global knowledge economy through investments in science and technology at the tertiary, vocation and technical education levels. In least developed countries, focus has been on supporting efforts towards universal basic education.

Amongst the largest education operations approved in 1433H was the support for the Development of Islamic Higher Education in Indonesia for ID80.7 million ($123.8 million) to upgrade and equip facilities and enhance the curriculum and training of the teaching staff of four institutions. The project will benefit 69,686 students (60% of them female) and 764 lecturers/staff. Another project was the Bilingual Education Project in Nigeria for ID19.9 million ($30.3 million) to increase future employment opportunities for Qur'anic school pupils and contribute to the attainment of quality universal basic education. Nine model bilingual education boarding schools will be established in three States (Borno, Gombe and Niger) with a capacity to accommodate 20,000 children.

The Bank has also approved a TA Grant for Egypt to implement the recommendations and outcomes of the e4e Study. The Vocational Education and Training for Employment project, aims to improve the employability of 19,028 Egyptian youth by providing quality relevant skills and quality vocational training; creating tailored training programs in response to the needs of the labour market.

Vocational Literacy for Poverty Reduction Program (VOLIP): The aim of the VOLIP is to reduce poverty particularly among women and youth in rural areas through the provision of functional literacy skills and access to micro-finance. In 1433H, ID30.6 million ($48 million) was approved for four countries (Chad, Tajikistan, Tunisia and Yemen) and 37,000 youth are expected to benefit from the initiative. This brings the total beneficiary countries to eleven and total cumulative approvals, to ID97 million ($144.6 million). These projects will improve living conditions and reduce the vulnerability of the poor by equipping them with relevant functional literacy competencies, notional skills and providing access to microfinance services.

Cumulatively, through these interventions, (i) 39,000 out-of-school children will be given a second chance to attend school and complete basic non-formal education; (ii) 18,000 teenagers and young adults will acquire vocational skills that will enable them to access the labour market or setup their own microenterprises; and (iii) 29,000 women workers will be provided with various educational courses (literacy proficiency, vocational training, business skills development, etc.) and microfinance service to develop their income generating activities.

Investing in Health

As a cornerstone for human development, the health sector is one of the priority focus areas of the Bank. The Bank's interventions in this sector continues to be driven by regional epidemiological diversity and the wide range of needs of its member countries focusing on three key thematic areas: (i) prevention and control of both communicable and non-communicable diseases; (ii) strengthening the health system to improve access to and quality of healthcare services; and (iii) alternative health financing to remove, to the extent possible, financial barriers to access, generate/mobilize additional financial resources for health and make better use of available resources.

IDB Intervention in the Health Sector: At the end of 1433H, the Bank's cumulative financing for the health sector reached ID1.4 billion ($2 billion) for 297 operations. The Bank's investment in the sector has increased more than tenfold over the last 21 years.

In 1433H, the Bank approved 26 operations in the health sector amounting to ID306.2 million ($469.4 million). This is 43% more than the previous year's approvals of ID208.5 million ($328.9 million). Financing in health continued to be predominantly non-concessional through Istisna'a and Instalment Sale. In its drive to diversify funding mechanisms and leverage resources with other partners, the Bank engaged in an innovative financing in partnership with the

Patients being treated under Alliance to Fight Avoidable Blindness

Bill and Melinda Gates Foundation (BMGF) to support the Polio Eradication Initiative in Pakistan (Box 4.1).

Box 4.1

Innovative Health Service Financing – 'Triple-Win'

The IDB and the Bill and Melinda Gates Foundation recently signed an MoU using a combination of Murabaha and ISFD Loan financing of ID146.7 million ($227 million) to eradicate polio from Pakistan. This new financing mechanism is "win-win-win" in nature as all three partners stand to win. The 'triple-win' model is an Islamic compliant innovative mode of financing that enables Multilateral Financial Institutions (MFIs) to increase the quantum of concessional financing they could offer developing countries. It complements the principle of 'buy down' mechanism and 'loan conversion' models, enabling the IDB tap its ordinary resources to augment its concessional pool of financing for social sector projects. The recipient/beneficiary country only pays the principal while the co-financier pays the mark-up and/or service fee. Under the mechanism, the responsibility to effectively implement the project remains mainly with the recipient government.

The project is part of the National Polio Eradication Program under the Global Polio Eradication Initiative (Pakistan, Afghanistan and Nigeria are the only remaining polio endemic countries). The project aims to stop wild poliovirus transmission in Pakistan through countrywide mass polio vaccination campaigns targeting all children below five years of age, along with extensive community sensitization and mobilization and high standard surveillance activities. At completion, more than 34 million children will be fully immunized against Polio for life.

It is anticipated that the project will be replicated in two other countries (Afghanistan and Nigeria) where polio is still prevalent.

The approved operations covered a wide spectrum of the health system support including support for diseases control (including specialized services such as Oncology and Cardiology), the development of secondary and tertiary services and prevention of avoidable blindness. The support was further extended to cover training of health personnel, provision of modern medical equipment and supplies, and the development of healthcare facilities among others.

Alliance to Fight Avoidable Blindness: The main objectives of the Alliance are to reduce the prevalence of blindness due to cataract and to improve eye care access and quality in the following countries: Benin, Burkina Faso, Cameroon, Chad, Djibouti, Guinea, Mali and Niger. These activities under the Alliance consist of (i) supporting non-governmental organizations and volunteer doctors to conduct blindness control campaigns, (ii) organizing training for existing ophthalmologists and mid-level personnel as well the non-governmental organizations in charge of conducting the blindness control campaigns and (iii) granting scholarships to medical professionals to specialize in ophthalmology.

The main financial partners involved in the Alliance Program are: the Egyptian Fund for Technical Cooperation with Africa, the OFID, and BADEA. The main technical partners involved in this initiative are: the non-governmental organization Nadi Al bassar (Tunisia), Prevention of Blindness Union, Al Basar Foundation (Saudi

Arabia), Arab Medical Union (Egypt) and the Human Rights Foundation-IHH (Turkey).

This year, the Alliance examined 26,330 patients and carried out 5,135 sight-restoring cataract operations, thereby changing the lives of thousands of children, women and men of all ages who recovered their sight.

Under the Alliance, for the first time, an ophthalmologist has been recruited with the objective of strengthening the capacity of the National Program of Blindness Control (NPBC) of Chad. For one year, the recruited expert will be responsible for providing on-the-job training to the paramedical ophthalmic staff in Chad and for supporting the NPBC in organizing cataract campaigns and hence, providing treatment to the population. Half of the expenses concerning this operation are covered by the technical partner of the Arab Medical Union.

Gender Mainstreaming and Women in Development

Since inception, the IDB has been financing operations that have directly or indirectly benefited women. These operations cover various projects such as those aimed at providing women access to finance with a view to generating gainful productive activities that will improve their living conditions; education programs that can help correct the gender disparity in school enrolment; as well as health programs that contribute to improving women's health and their ability to provide necessary basic health care to their children.

In 1433H, the Bank supported the Multilateral Development Bank Working Group on Gender (MDB-WGG) in organizing a workshop on Gender, Employment and Decent Work, which was held in Istanbul, Turkey. This workshop focused on women's economic empowerment, promoting women's access to decent work and addressing gender disparities within the labour market.

Additionally, the IDB intensified its efforts on mainstreaming gender into the Bank's policies and programmes. For this purpose, two experts from the African Development Bank were invited to deliver a training and knowledge sharing session on their institutional experience in mainstreaming gender into the operational activities. In this respect, it is also worth stressing that the Bank approved, in 1433H, the inclusion of gender-disaggregated data in all its project documents for a better follow-up of the impact of the operations on women and men.

In 1433H, the seventh edition of the Prize for Women's Contribution to Development which aims to recognize, encourage, inspire and reward women's participation in the socio-economic development process was awarded. In 1433H, the Prize was devoted to "Promoting Women's Role in Finance and Economy" (Box 4.2 shows details about the winners).

Box 4.2
1433H Prize Winners for 'Promoting Women's Role in Finance and Economy'

The Individual Category Award was shared by Mrs. Selima Ahmad from Bangladesh and Mrs. Seyedah Fatimah Moghimi from Iran.

•Mrs. Selima Ahmad, is the founder and the president of the "Bangladesh Women Chamber of Commerce and Industry". She received the award for her exceptional leadership quality and outstanding ability to utilize financial networks to help women in their business activities. Through her efforts, she has helped to promote the establishment of over 3,000 women entrepreneurs in Bangladesh.

•Mrs. Seyedah Moghimi, is the founder and the managing director of "Sadidbar" an international shipping transportation company in Iran. She was awarded the prize for pioneering women entrepreneurial activities in the transport sector and supporting the national, as well as, regional economic development of Iran and the neighboring countries.

The award for the Organization Category was won by "Zenab for Women's Development", a non-governmental organization in Sudan.

•This Sudanese organization founded and led by women, won the Prize for helping to empower 2,000 rural women farmers in Sudan, to engage in better agriculture practices and gain access to financial resources thereby elevating their socio-economic status and improving their livelihood as well as their families.

Non-Governmental Organization (NGO) in Development

The NGO Program has the overall objective of enhancing the role of NGOs in the IDB MCs to facilitate IDB involvement at grassroots level and alleviate poverty. To achieve this overarching objective, the program finances two types of operations, namely i) capacity building operations to develop and improve the efficiency of NGOs to allow them to better serve the population and ii) pro-poor operations to address the basic needs of disadvantaged groups and grassroots communities.

In 1433H, 10 operations amounting to ID491.4 thousand ($750 thousand) were approved and the whole allocation under the NGO Program has been thus fully utilized. In line with the growing need of the MCs, the Bank responded to the challenge of youth unemployment by supporting NGOs specialized in this field. To this effect, the Bank supported a Yemeni NGO, Student Care Charity in Hadhramout, with a project aimed at equipping uneducated and unemployed youths with vocational and basic entrepreneurial skills, to improve their chances of finding decent employment. The Bank also supported a Turkish NGO, TASAM in raising awareness about the high levels of youth unemployment in Turkey and in generating policies in the area of vocational and technical education to tackle the issue of youth unemployment.

FOSTERING AGRICULTURE AND FOOD SECURITY

Over a billion people still suffer from hunger and malnutrition in spite of the fact that food production has been steadily increasing on a per capita basis for decades. Achieving food security is a complex task involving many actors and a host of factors. Water is considered to be at the core of the food security challenge. The gap between the needs and available resources is ever increasing and requires greater intervention by development institutions. The IDB acknowledges this fundamental challenge and remains committed to its thematic strategy of reducing poverty and ensuring food security, as mentioned in IDB Vision 1440H.

Cumulatively, approvals for agriculture amounted to ID2.7 billion ($4 billion). Approvals in 1433H were ID476.6 million ($732.4 million) which is over double the 1431H levels, and bears testimony to IDB's commitment to fostering food security and developing agriculture in its member countries.

Regional Food Security and Agricultural Development Flagship Programs

Smallholder Agricultural Productivity Enhancement Program (SAPEPE): The objective of the SAPEPE is to increase the productivity of rain fed and irrigated agricultural production systems, targeting smallholders in Benin, Burkina Faso, Cameroon, Mali and Niger. When implemented, the SAPEPE is expected to increase the average yields of staple crops, including cereals by at least seventy percent and the income of participating smallholders by at least twenty percent. The SAPEPE will address the key factors that constrain farm productivity including: (i) soil health, (ii) seed availability and accessibility, and (iii) access to market and finance. The total cost of the program is estimated at $157.8 million. IDB will contribute ID45.7 million ($68.5 million) while partners including beneficiary countries, AGRA and IFDC will provide $5.6 million, $73 million and $11.5 million respectively.

Building Resilience to Recurring Food Insecurity in the Sahel: The objective of the Program is to assist the most drought-prone member countries in the Sahel region of West Africa to strengthen their institutional and agricultural production capacities to better respond to drought and climate variability that affects agricultural production and productivity. The beneficiary countries of the program are those affected by the 2012 drought in West Africa and include: Burkina Faso, Chad, The Gambia, Mali, Mauritania, Niger and Senegal. The program will (i) provide emergency food and animal feed (short-term); (ii) rehabilitate and preserve rural livelihoods (support to pastoralists, agro-pastoralists and farmers); (iii) develop post-harvest, storage and water harvesting infrastructure; and (iv) support the dissemination of food security-information, early-warning systems and coordination. The total cost of the program is estimated at $351 million of which IDB and ITFC will finance ID 115.3 million ($176 million), and $140 million respectively, and beneficiary countries will provide $35 million.

East Africa Regional Drylands Program (EARDP): The program, which targets Djibouti, Somalia and Uganda, aims at reducing vulnerability and building the resilience of populations living in the pastoral regions in the program areas. The program will implement interventions to strengthen livelihood assets and improve community access to basic services by: (i) increasing household income and assets of target pastoralists; (ii) increasing the primary education enrolment rate; (iii) improving community access and use of health services; (iv) improving community understanding and practice of good use of natural resources; and (v) improving community business capacities and participation in the market. When implemented, the program will contribute towards the achievement of the MDGs in the IDB MCs. The total cost of the program is estimated at $71 million with IDB and ISFD contributing ID13.1 million ($20 million) and $15 million respectively, while the beneficiary countries and other partners including MDG Center will provide $36 million.

Jeddah Declaration for Food Security

In May 2008, IDB approved $1.5 billion to be utilized over a period of five years under the Jeddah Declaration Initiative. The Initiative aims to support IDB member countries in strengthening the agriculture sector and ensuring food security in response to the prevailing food crisis. Although priority is given to LDMCs, other member countries affected by the food crisis may also benefit from the Initiative.

The first phase of the short term assistance was launched in 2008 and consisted of grants totalling $20 million for 25 LDMCs. The grants are mainly to provide agricultural inputs to small farmers for improving local production. The IDB is also working in close collaboration with other MDBs and international organizations, including Coordination Group Institutions, the AfDB, the World Bank, FAO and IFAD, on the medium- to long-term assistance to increase overall productivity and improve the livelihood of vulnerable populations through enhanced access to agricultural inputs and services, improved agricultural infrastructure and strengthened agricultural institutions.

At the end of 1433H, total approvals under the Jeddah Declaration amounted to $1.3 billion (Figure 4.1). Despite the relatively high levels of approvals, only $267.6 million (20.6%) was disbursed. The low disbursement for medium- and long-term projects is mainly due to projects not signed (19%), projects not effective (23%) and projects non-disbursing (22%). However, for short-term projects, the disbursement rate is 78%. Implementation of projects in LDMCs is affected by the weakness of the Executing Agencies. IDB is taking appropriate measures in collaboration with the Executing Agencies to address these issues.

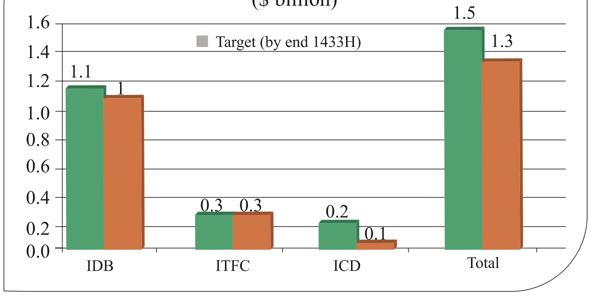


Figure 4.1
Jeddah Declaration: Targets and Achievements
($ billion)

Acknowledging the importance of water for sustainable food security and agriculture; increased economic activities; and improving the quality of life, the IDB water sector investment portfolio grew nearly threefold since 1431H. Total investment in water resources, water and sanitation in the year 1433H amounted to ID252 million ($384.6 million) for eight operations and remained focused on water resources infrastructure development for agriculture, human consumption, environment protection, and water and sanitation. Approximately 52% of the financing went to CIT and Iran, 42% to MENA, and the rest was approved for rural water supply in Togo and additional financing for the Heightening of Roseires Dam in Sudan.

Rainwater Harvesting White Nile, South Kordofan, Sinnar and Darfur States Project,

Sudan: Rainwater Harvesting in White Nile, Darfur and Sinnar states project in Sudan was designed to harness the potential from torrential and seasonal rains in areas of severe water shortages and address the food insecurity and conflict between the farmers and nomads. The project aims to improve the living conditions of the Internally Displaced Persons (IDP) in the regions of White Nile, South Kordofan, Sinnar and Darfur States by securing water for human and livestock consumption, and promoting sustainable peace among farmers and nomads.

The project is focused on the infrastructure element through the construction of 70 water storage ponds to collect water during the short rainy season of three months and utilize during the rest of year for human and livestock consumption. The total project cost is $22.5 million with IDB approved financing of ID12.8 million ($20.3 million). Once completed, the project will facilitate additional economic activity and generate employment opportunities in the project area. The project will contribute to prospering people, the peace-making efforts by settling 52,000 IDP in the states of Darfur, South Kordofan, White Nile and Sinnar, and thus contribute to the country's overall stability.

Among the other major operations was the Bank's approval of Sarney Dam and Water Supply Project in Iran. The dam will have a storage capacity of 61 MCM water and supply water to the city of Bandar Abbas and surrounding villages for a total cost of €107.64 with IDB intervention of ID74.8 million (€87 million) to construct the main dam, spillway and a water treatment plant. The project is expected to be completed in four years.

INTERNATIONAL CENTER FOR BIOSALINE AGRICULTURE (ICBA)

ICBA was initiated by the IDB in 1992 with the objective of enhancing the usage of saline water more productively. Members of its Board of Directors are appointed by the IDB and the Centre's host country, United Arab Emirates. In 1433H, ICBA focused its R&D activities in plant management, water management, socio-economic, and soil management. Over 17 externally-funded projects and 28 on-farm experiments were conducted across various geographic regions.

One of the key impacts of ICBA projects is that over 200 farmers were trained on using marginal water, improving water productivity (Crop per Drop), and using state of the art agricultural technologies. Research was also undertaken in order to support policy development. An example of this would be the development of 'Oman Salinity Strategy' in collaboration with the Ministry of Agriculture and Fisheries in Oman, to combat salinity and protect water resources from pollution and salinity.

Among the major R&D projects are the "Crop per Drop" (improving water productivity), Marginal Land Resources Project in Central Asia, Green Forge Seed Harvesting, Abu Dhabi Farmer's Service Center Crop Diversification Project, Water Policy and Governance, SSA Project for Integrated Crop and Seed Production System under Water and Irrigation Management, Use of Moisture and Salinity Sensors for Irrigation Management and Sandy Soils, and Sub-surface Irrigation Technology.

ICBA also finalized and presented the OIC's Water Vision to the 57 member countries. The OIC's Water Vision charts a common vision for its members and promotes enhanced collaboration and cooperation in this key resource area.

THE SAUDI PROJECT FOR UTILIZATION OF HAJJ MEAT (ADAHI)

The IDB has been successfully managing the responsibility of ADAHI entrusted to it by the Government of Saudi Arabia since 1403H. The project serves Pilgrims during the Hajj period especially by performing, on their behalf, the rites of animal sacrifice. The Bank oversees the utilization of meat in accordance with established religious norms. The meat is then distributed to the needy and poor in member countries. In 1433H, the meat from nearly a million heads of livestock was distributed to 22 countries.

The pilgrims were able to buy their offerings online and receive the information on cell phones about its timing.

IMPLEMENTING POVERTY REDUCTION INITIATIVES

Assistance to Least Developed Member Countries (LDMCs)

Overall, assistance to LDMCs since the inception of the IDB amounted to just over ID15.2 billion ($22.1 billion), representing 28.6% of total approvals. Assistance to LDMCs increased from ID1.8 billion ($2.8 billion) in 1432H to just over ID2 billion ($3.1 billion) in 1433H. However, in relative terms, the share of LDMCs financing declined from 39% in 1432H to 36.2% in 1433H. LDMCs continue to benefit the most from loan financing which accounted for 77.5% of approvals in 1433H (Table 4.1).

Youth Employment Support (YES) Program

Approximately 50% of the population in Arab countries are aged below 25 years and the region is plagued with youth unemployment (the highest in the world at 25%). It is estimated that the direct opportunity cost of youth unemployment to the region is $40-$50 billion annually[25]. Hence, it is critical to address this high level of unemployment given its implications for the socio-economic stability and development of the region. Several IDB MCs are facing critical challenges in creating jobs for their youth. In this regard, the IDB approved $250 million for the YES Program to help affected member countries in the Arab region combat chronic youth unemployment.

A total of $200 million was approved for projects in Tunisia, Egypt, Libya and Yemen in 1433H. These projects were undertaken with institutions in the respective countries with a view to generating employment opportunities for the youth. As such, the focus of IDB's interventions is tailored to the specific needs of each of the countries. A direct impact of this Program is the creation of approximately one million new jobs for the youth in these countries over a five year period.

[25] IMF, IDB Education for Employment: Realizing Arab Youth Potential, April 2011.

Strengthening the Role of the Islamic Solidarity Fund for Development (ISFD)[26]

The ISFD was officially launched in 2007 with a principal target capital of $10 billion with the objectives of addressing poverty and building the productive capacity of member countries. This is achieved through targeted interventions that foster sustainable economic growth and job creation, reduce illiteracy, and eradicate contagious diseases and epidemics such as malaria, tuberculosis and HIV/AIDS. These objectives are consistent with the UN Millennium Development Goals (MDGs) and directly linked to the IDB 1440H (2020) Vision.

ISFD provides concessional financing for IDBs LDMCs with cumulative project approvals from 1429H-1433H (2008-2012) of $234 million for 43 operations in member countries, of which $89.2 million was approved for 18 operations in 19 member countries in 1433H. The total cost of these projects is estimated at $1.5 billion. During the same period, total disbursements for ISFD projects/programs stood at $22 million, representing 9.4% of the total ISFD financing.

By the end of 1433H, the cumulative ISFD capital commitments stood at $2.7 billion, with $1.7 billion committed by 44 member countries and $1 billion by the IDB. In 1433H, new capital commitments amounting to $39 million were made by five countries, namely: Egypt ($10 million), Bangladesh ($12 million), Gabon ($2 million), Kazakhstan ($10 million), and Tunisia ($5 million).

Out of the total commitments, $1.7 billion was received by the ISFD including a payment of $100 million from the IDB in 1433H. Commitments and received capital payments represent 26.8% and 17.4% respectively of the approved capital amount. However, in addition to the efforts to mobilize the target capital of $10 billion, several other initiatives have been undertaken to augment the current resources of the Fund.

In line with the objectives of its Five-Year Strategy (2008 – 2012) and IDB Group Policy on

[26] Refer to the ISFD Annual Report, 1433H (2012) for more detailed information.

Table 4.1
Net Approvals for LDMCs[1]

(Amount in ID/$ million)

	1432H				1433H				1396H-1433H			
	No.	**ID**	**$**	**LDMCs Share[2]**	**No.**	**ID**	**$**	**LDMCs Share[2]**	**No.**	**ID**	**$**	**LDMCs Share[2]**
Loan	32	219.0	338.7	84.2	49	197.3	303.8	77.5	707	3,229.6	4,563.6	71.9
Equity	1	0.5	0.7	1.1	3	8.9	13.4	100.0	39	82.3	111.2	17.6
Leasing	4	313.4	502.5	45.6	1	20.0	30.0	4.8	41	814.1	1,230.5	15.4
Instalment Sale	3	18.7	28.7	23.7	9	24.1	37.5	3.9	33	170.8	250.6	5.7
Combined Lines of Financing	0	0.0	0.0	0.0	0	0.0	0.0	0.0	4	14.0	19.8	2.7
Profit Sharing/Musharaka	0	0.0	0.0	0.0	0	0.0	0.0	0.0	1	2.8	3.6	1.5
Istisna'a	10	257.6	404.5	17.4	21	314.9	478.9	22.4	64	1,179.4	1,812.7	14.6
Technical Assistance Operations	35	8.0	12.5	73.9	25	5.1	7.9	58.2	555	145.1	199.7	70.5
Sub-Total	**85**	**817.1**	**1,287.5**	**30.4**	**108**	**570.4**	**871.6**	**20.8**	**1,444**	**5,638.2**	**8,191.8**	**24.8**
Trade Financing (IDB Group)	19	970.6	1,521.9	51.3	21	1,477.3	2,271.9	50.6	441	9,338.9	13,608.1	31.1
Special Assistance Operation	4	1.7	2.7	77.7	0	0.0	0.0	0.0	274	209.5	257.2	68.0
Grand Total	**108**	**1,789.5**	**2,812.1**	**39.0**	**129**	**2,047.7**	**3,143.4**	**36.2**	**2,159**	**15,186.7**	**22,057.1**	**28.6**

[1] Cut-off date for data reported in this table was 29 Dhul-Hijja 1433H (14 November 2012). Difference in totals may arise due to rounding.
[2] The shares are calculated on the basis of $ million.
Source: IDB.

Poverty Reduction, the ISFD continues to explore opportunities to forge partnerships with other financiers and stakeholders including the World Bank, Arab Bank for Economic Development in Africa, World Congress of Muslim Philanthropists, World Assembly of Muslim Youth, JICA, OFID, Jameel Poverty Action Lab (J-PAL-MIT) & Innovations for Poverty Action and OXFAM, among others. These partnerships enabled the ISFD to play a catalytic role in mobilizing additional resources for financing its programs and can be further harnessed to sustain development efforts after the completion of the projects/programs.

The ISFD primarily carried out its development interventions in partnership with the governments of beneficiary countries. However, the Fund has strengthened its policy dialogue by involving a broader range of stakeholders in its work, particularly in the implementation of its main flagship programs. These include, Vocational Literacy Program (VOLIP), Microfinance Support Program (MFSP), and Sustainable Villages Program (SVP). In doing so, the ISFD aims to learn lessons by strategically partnering with institutions and organizations that have rich experience or are better placed to secure participation and effective implementation of these programs.

Sustainable Village Program and Millennium Village Project (MVP)

The SVP which was launched in 1432H is an integrated, innovative, and inclusive model of community-driven development which is geared to empowering rural communities combat extreme poverty. With the help of new advances in science and technology, experts in various sectors design and implement low cost, sustainable, and community-driven action plans which cater for the villages' needs, with a view to achieving the MDGs by end of 2015.

Overall, $120 million was approved for SVP comprising $60 million as loan from IDB/ISFD; $1.2 million as an IDB TA grant; $58.8 million from recipient countries and development partners. The first two projects were approved in 1432H for Chad and Sudan, while Mozambique and Kyrgyzstan became the second set of beneficiaries in 1433H.

In 1433H, the IDB also embarked on the MVP in three out of the four MVP countries namely Mali, Senegal and Uganda. The preparation of the MVP was based on an MoU that was signed on 17 June 2011 between the IDB and the Earth Institute (EI), Columbia University, USA[27], to forge a strategic partnership in support of the Bank's efforts to fight poverty, promote sustainable development and achieve the MDGs.

Implementing the Special Program for the Development of Africa (SPDA)

Economic conditions in Africa have remained generally robust against the backdrop of a sluggish global economy. This has resulted in several instances in a reduction in poverty, a growing middle class and progress towards the MDGs. However, this growth was accompanied by limited structural transformation. Rather than seeing production structures shift rapidly from agriculture to manufacturing, many African countries have experienced relatively slow productivity growth in agriculture and a less-pronounced shift from agriculture to services and, to an even lesser extent, manufacturing. Countries still have to overcome a number of deep-seated development challenges and binding constraints (such as undiversified production structures, poor service delivery, infrastructure deficits and political instability) to achieve high levels of sustainable growth. The strategic thrust of the SPDA remains the provision of support to help relax the binding constraints to economic growth in many African member countries.

In this context, the IDB Group channeled almost $ 7 billion worth of development support towards its African member countries over the last seven years, through the Ouagadougou Declaration (2003-2007) and the SPDA I- (2008-2012). It is against this background that the IDB Group is formulating a second SPDA (SPDA-II) which will draw lessons from, build upon and deepen the achievements of SPDA-I to support African member countries address their development challenges.

SPDA I was allocated a budget of $12 billion for a 5 year period (2008-2012). Out of this amount, the IDB Group (IDB, ICD, ITFC and ISFD) was to contribute $4 billion with the remaining $8 billion leveraged from other development partners. A total of 121 operations amounting to $1.2 billion were approved under SPDA-I in 1433H (Table 4.2). Since inception in 1429H (2008), 485 operations amounting $5 billion have been approved. This exceeded the IDB Group target of $4 billion by 25% and comprised $3.7 billion from OCR; $286.2 million from other IDB Group financing and $1 billion on trade operations.

Infrastructure operations under the SPDA I had the highest approvals in 1433H (45% of the total), followed by Agriculture and Rural Development (29%), Human Development (11%), Finance, Industry and Mining (at 7% each). It is interesting to note that agriculture witnessed the largest growth from 1431H (over 300% largely due to food security initiatives under the Jeddah Declaration).

BUILDING HUMAN AND INSTITUTIONAL CAPACITY

Technical Cooperation Program (TCP)

The TCP, a tripartite scheme consisting of technical donor, a beneficiary and IDB as a facilitator, is one of the main tools of IDB for human resource development in MCs. It is a South-South cooperation /RL program focusing on transfer and exchange of skills, knowledge and know-how amongst MCs.

In 1433H, a total of 68 operations amounting to approximately $1.6 million were approved under the TCP. These operations benefitted 31 member countries directly. However, it must be recognized that through the 28 regional activities organized, many more MCs received the Bank's support.

Under the TCP, 12 operations related to recruitment of experts were approved in 1433H for $341.5 thousand. These experts provided technical services in various sectors such as agriculture, health and science and technology for member countries. In 1433H, the TCP also financed 28 training courses amounting to $553.5 thousand. Further contributions were made to human capital development in member countries through the organisation of 28 seminars, workshops and conferences amounting to $689.5 thousand.

[27] The Earth Institute is a research body within Columbia University, which has 30 research centers and programs and is home to over 850 scientists, students, postdoctoral fellows and staff working to advance understanding in engineering, biology, and earth, health, and social science.

Table 4.2
SPDA Approvals[1]

(Amount in ID/$ million)

	1432H			1433H			1429H-1433H		
	No.	ID	$	No.	ID	$	No.	ID	$
(i) OCR Project Financing	**75**	**558.5**	**873.6**	**105**	**617.8**	**944.7**	**382**	**2,405.7**	**3,720.4**
Concessional Financing (Loan & TA)	55	182.3	280.8	66	183.0	281.9	284	836.8	1,287.7
Ordinary Financing	20	376.2	592.8	39	434.8	662.8	98	1,568.9	2,432.6
(ii) Other Project Financing (Funds & Financing)	**2**	**27.9**	**43.4**	**2**	**26.7**	**40.8**	**31**	**185.5**	**286.2**
UIF	0	0.0	0.0	0	0.0	0.0	1	3.2	5.0
APIF	0	0.0	0.0	1	8.4	12.8	8	52.7	81.1
ICD	2	27.9	43.4	1	18.3	28.0	21	128.3	198.1
Treasury Operations	0	0.0	0.0	0	0.0	0.0	1	1.3	2.0
(iii) Trade Financing	**11**	**108.4**	**169.9**	**14**	**147.3**	**226.9**	**59**	**663.0**	**1,036.0**
UIF	1	2.7	4.0	2	6.0	9.0	6	19.9	30.5
ICD	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Treasury Operations	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
ITFC	10	105.7	165.9	12	141.4	217.9	53	643.2	1,005.5
(iv) Waqf Fund Financing	**4**	**1.7**	**2.7**	**0**	**0.0**	**0.0**	**13**	**3.5**	**5.3**
SAO	4	1.7	2.7	0	0.0	0.0	13	3.5	5.3
Total	**92**	**696.5**	**1,089.5**	**121**	**791.8**	**1,212.3**	**485**	**3,257.7**	**5,047.9**

[1] Cut-off date for data reported in this table was 29 Dhul-Hijja 1433H (14 November 2012).
Source: IDB.

IDB Scholarship Programs

The IDB Scholarship Programs aim to build science-based human capital in MCs and Muslim communities in non-member countries. There are three types of scholarship programs:

- **The Scholarship Program for Muslim Communities in Non-Member Countries:** In 1433H, 442 students from 37 Muslim communities in non-member countries and 5 member countries received scholarships. Cumulatively, 12,428 students have benefitted from the program at the end of 1433H. India is a good example of a non-member country that has benefitted significantly from this Program (Box 4.3).

- **The M.Sc. Program in Science and Technology for the LDMCs:** In 1433H, 54 scholarships were granted bringing the cumulative number of beneficiaries since the inception of the program in 1419H (1998) to 458 students. Under the IDB Statistical Capacity Building Initiative (IDB-STATCAP), 14 scholarships were awarded in the fields of statistics, demography and other related fields.

- **The Merit Scholarship Program for High Technology for Member Countries:** Under this program, the IDB signed MoUs with several universities including the Universities of Cambridge, Oxford, Nottingham and Birmingham in UK and ParisTech Group in France. As of 1433H, a total of 86 scholars

Box 4.3
Scholarship Program for Muslim Communities in Non-Member Countries (SPMC)

Since the establishment of the program in 1983, Muslim communities in non-member countries have evolved significantly and represent today a large portion of the global Muslim population. In India alone the Muslim population exceeds 200 million.

To date, 3,819 Indian students have benefited from the program, of which 2564 are graduates (1163 Medical Doctors, 1197 Engineers, and 204 in other specialties). Currently, 1159 awardees are still registered in their programmes while 96 have dropped out. The drop outs are students who have moved from one country to another or to other scholarship programs and not academic failures. Despite the relative success of the Program, the low repayment rate of student loans by beneficiaries (17.6%) raises some concern. This is despite the high employment rates of graduates from the Program (97% based on a 2007 survey). Due to resources constraints, the number of scholarships in India was downscaled this year from 240 to 120.

The Muslim community in India is in dire need of assistance although it also has the expertise to help other Member Countries. This calls for the scaling-up of IDB assistance and for exploring RL potential to utilize the diverse expertise of the community for the benefit of other IDB Member Countries.

have attended these institutions within the framework of the MoUs. In 1433H, 100 scholars were awarded scholarships thus bringing the number of scholarship awarded since the inception of the program in 1413H (1992) to 860.

Cumulatively, the number of graduates under the three programs has exceeded seven thousand from both non-member and member countries. Ninety eight percent of graduates from non-member countries are in gainful employment. Seventy percent of the M.Sc graduates are engaged in employment in their countries, filling the intermediate level human resources needs in the science and technology sectors. Ninety percent of MSP graduates return to their respective countries to join their home institutions.

To help students prepare themselves for leading roles in developing their communities and countries, the IDB also provides them with extra-curricular activities, during their course of study, under a special program called "Guidance and Counselling Activities". This is followed through with "Post Study Activities" that include community service. Until 1429H, these activities were restricted to beneficiaries from Muslim communities in non-member countries. However, starting from 1430H, they have been extended to graduates from the other scholarship programs.

The IDB's, "Excellent Leadership Award" was initiated in 1430H for graduates of all three scholarship programs. High achieving graduates – both professionally and in community service – are invited to attend a 3-day Management Development Program at IDB Headquarters. In addition, the Bank has been organizing Community Development Workshops to strengthen the capacity of partner NGOs. In 1433H, 3 workshops were organized for over 150 leaders.

Science and Technology Program

The Science and Technology (S&T) program focuses on cooperation for knowledge and technology transfer and partnership in scientific research among member countries. It promotes and encourages the acquisition and dissemination of knowledge through activities such as short-term assignments of experts, exchange of scientists, networking amongst associations of scientists and organization of conferences and on-the-job training.

In 1433H, 17 operations amounting to $750 thousand were approved resulting in a cumulative approval of $10.3 million for 197 operations since 1425H. A major achievement this year was collaborating with one of the winners of the IDB Prizes for Science & Technology (MARDI of Malaysia) to design a project. For the first time, the expertise of an S&T Prize winner was utilised for the benefit of another member country. Indeed, it is envisaged that a new methodology and approach in rice breeding will be transferred to qualified personnel of the Adekunle Ajasin University and the Department of Agriculture in Nigeria.. The project will contribute directly to the enhancement of cooperation and knowledge transfer among the MCs under the RL' framework.

In 1433H, the tenth round of the IDB Prizes for Science and Technology was awarded. Three prizes are awarded on an annual basis to reward achievements in the following three categories: (1) outstanding science and technology contribution to social and economic development; (2) excellence in a given scientific specialty; and (3) best performing S&T center in a least developed member country. The amount of each prize is $100,000.

The prize winners for 1433H (2012) are:

Category-1: *Forest Research Institute Malaysia* for its outstanding work in research and development of the forestry sector in Malaysia mainly in forestry and environment, forest biodiversity, forest products, forestry biotechnology and natural products.

Category-2: *University of Agriculture Faisalabad Pakistan* for excellence in the scientific research in the area of agriculture and is also one of the largest agricultural universities in Pakistan, and

Category-3: *Senegalese Institute of Agricultural Research* for making available a number of technological innovations in agriculture to farmers and helping to formulate economic and agricultural policies at national and sub-regional levels.

IDB Statistical Capacity Building Initiative

The IDB-STATCAP initiative, established in 1428H, has continued to make progress in many areas. Indeed, it is one of the few STATCAPs in the world which provides scholarship for statistics-related studies. Focusing on least developed countries, the IDB STATCAP is aimed at strengthening capacity development of national statistical offices in member countries especially those with weak national statistical system. In 1433H, the IDB supported the Second Session of the OIC Statistical Commission (OIC-STATCOM-II) which was jointly organized with SESRIC in May 2012, Izmir, Turkey.

In terms of supporting human capital, the IDB-STATCAP, in 1433H, provided a scholarship in the area of statistics for a student in Uganda. It is also working closely with SESRIC to introduce professional accreditation programs for statisticians in member countries. The main aim of this program is to improve the statistical capacity of OIC member countries as well as the professional competencies of statisticians working in the National Statistical Offices (NSOs). The IDB has also served in the working group which was set up to develop the conceptual and methodological framework of the accreditation program.

In November 2009, the IDB-STATCAP got a boost of £2 million which was provided by the United Kingdom's Department for International Development (DFID) through a MoU signed between IDB and DFID. The MoU required the IDB to manage the fund over three years to finance statistical projects for Palestine, Yemen, Iraq and cover regional statistical activities of the MENA region. As at the end of 1433H, the fund has financed (i) Palestine's Agriculture Census which was successfully completed in 2011, (ii) two regional training workshops on "In-Depth Demographic Analysis" and "Population Projection Techniques", (iii) WHO project on "Data Reconciliation and Harmonisation in MENA Countries" and (iv) hiring of consultants to identify priority statistical projects and develop project documents for Yemen's Central Statistics Organisation (CSO) and Iraq's Central Organization for Statistics and Information Technology (COSIT). With regard to preparing project documents for COSIT and CSO, progress has been slow due to delay in identifying suitable consultants.

Support to Muslim Communities

Muslim Communities in many non-member countries face enormous challenges in terms of access to basic social services and economic opportunities. The IDB assists these communities to improve the quality of education and health facilities and empowers them through capacity building. It also provides relief assistance to both member and non-member countries in situations of natural and man-made disasters. In addition, it offers opportunities for the academically meritorious and financially needy young Muslim students to pursue higher education, facilitates the cross-fertilization of experiences and knowledge sharing, and enhances co-financing initiatives with donors in non-member countries.

In 1433H, the IDB undertook several activities in non-member countries including providing relief assistance; supporting education and health services; launching capacity building initiatives through micro-financing and training; and the provision of scholarships. During the year, 39 operations were undertaken in 1 member country and 22 non-member countries amounting to ID5.3 million ($8 million). Most of these operations were for the provision of access to basic services (32 for education and 4 for the health sector), with 3 operations for relief assistance (2 in a member country and 1 in a non-member country) amounting to ID0.2 million ($0.3 million).

5 SUPPORTING ISLAMIC FINANCE

In 2012, the Islamic financial sector continued to evolve in light of various global financial and economic developments. The Islamic banking industry posted strong growth as global *Sukuk* issuances reached an all-time high. The IDB Group continued to respond to the challenges facing the Islamic financial sector by creating the enabling environment, financing and participating in equity capital of Islamic financial institutions, developing Islamic microfinance institutions, developing the *Awqaf* sector, creating awareness in key markets, partnering with international development agencies and institutions and continuing innovative research and development in Islamic finance.

MAJOR DEVELOPMENTS IN ISLAMIC FINANCIAL SECTOR

Islamic Banking Sector [28]

In 2012, the Islamic banking sector continued to grow at a robust pace with global Islamic banking assets likely to exceed $1.1 trillion[29]. The performance of the Islamic banking sector seems to be stabilizing as Islamic banks continue to enjoy structural advantages – better financing margins, higher deposit growth, higher proportion of current deposits and lower leverage as compared to conventional banks. The introduction of the Islamic Interbank Benchmark Rate (IIBR) was also a key innovation during the year (Box 5.1).

The Islamic banking sector in the North African region has grown in prominence with many governments and the local populace showing keen interest in introducing Islamic finance. Hence, Islamic banking could play a critical role in developing new infrastructure and development projects in these markets. However, it is equally important that such countries develop the Islamic finance sector in a planned and orderly manner, benefitting from the rich experience of well-developed markets and ensuring regulatory clarity and coordinated efforts by all key stakeholders from inception.

Box 5.1
Islamic Interbank Benchmark Rate (IIBR)

The IIBR was launched in November 2011, as the world's first Islamic finance benchmark rate, to provide an objective and dedicated indicator for the average expected return on Sharia'a-compliant short-term interbank funding. IIBR was established by Thomson Reuters in cooperation with IDB, AAOIFI, Bahrain Association of Banks (BAB), Hawkamah Institute for Corporate Governance and a number of major Islamic banks. IIBR is calculated by using data from Sharia'a compliant US dollar funding in reasonable market size each business day by a panel of 16 Islamic banks/fully segregated Islamic banking windows. IIBR tenors range from overnight up to 12 months.

In terms of corporate governance, IIBR setting mechanism is governed by an Islamic Benchmark Committee and a Sharia'a Committee, both comprising leading market participants and Sharia'a experts. Given the recent Libor scandal, it is imperative that strong governance structures are in place. In addition, since most of the contributing banks are from the GCC, there is a need to diversify the contributing banks panel in the future to make the benchmark more representative of the wider industry. It is envisaged that over time, the benchmark will be used for pricing Islamic finance transactions.

Source: IIBR Factsheet (Thomson Reuters), other industry sources

In order to enhance financial stability and ensure better systemic risk management, central banks around the world continue to introduce several regulatory measures and it is expected that the Basel III framework will further crystallize these measures. The Central Banks continue to raise the minimum capital requirement and it remains to be seen as to how Islamic banks respond to these measures. Mergers and Acquisitions (M&A) should theoretically be one of the options for Islamic banks. However, out of sixty-one M&A transactions in the banking sector of the

[28] World Islamic Banking Competitiveness Report (WIBC) (2011-12), Zawya, Global Islamic Finance Magazine, other industry sources.
[29] WIBC (2011-12).

MENA region from 2004 to 2009, only eight involved Islamic banks as either the acquirer or the target. The historically low M&A activity in Islamic banking is primarily due to the limited number of Islamic Financial Institutions (IsFIs) compared to conventional banks, lack of pricing benchmarks, the limited M&A appetite of Islamic banks' shareholders, and the complexity involved in integrating and converting conventional into Islamic banking operations after acquisition. The Islamic banking sector has remained fragmented partly due to the limited M&A activity, with average asset base of the leading Islamic banks being $13 billion, which is a third of conventional banks.[30]

Recently, some global banking institutions have decided to reduce their Islamic finance portfolios. However, it must be emphasised that the decision of these institutions to roll-back Islamic finance operations is largely due to the institutions' wider business strategy revamp as opposed to risk or market conditions. This creates an opportunity for full-fledged Islamic banks to exploit business opportunities in selected markets by leveraging on their strengths and experience.

In terms of key challenges, Islamic banks need to reshape their business strategy to match the evolving competitive landscape. Hence, there is a need for an efficient and scalable business model based on enhanced risk management and product innovation which truly reflects the integrity of Islamic banking. It is also important to create and strengthen the enabling legislative, regulatory, and tax environment for emerging Islamic finance markets to develop in an orderly manner. The largest Islamic banks continue to operate on a regional level and need to truly internationalize. In terms of asset risk, Islamic banks continue to have high concentration in the real estate sector raising the need to diversify the asset-base. Islamic banks also have high cost-to-income ratio reflecting the need to reduce operating costs. Liquidity management remains an impeding factor as Islamic banks tend to hold more liquid assets due to the lack of Islamic liquidity management products.

[30] ibid

Sukuk Market[31]

Global *Sukuk* issuances reached record levels in 2012 as 673 *Sukuk* valued at $136.9 billion were issued compared to 525 *Sukuk* valued at $84.8 billion issued in 2011. Malaysia continued to be the largest issuer with 485 issuances valued at $101.1 billion followed by Saudi Arabia with 14 issues valued at $10.5 billion. In terms of issuing currency, 492 issuances (valued at $102.1 billion) were denominated in Malaysian Ringgit whereas only 23 issuances (valued at $18.2 billion) were in US Dollar. In terms of structure, Murabaha was the most popular structure accounting for 312 issuances valued at $74.8 billion.

It is interesting to note that for the first time since 2006 in the GCC, *Sukuk* sales volumes have overrun *Sharia'a*-compliant bank financing. This was largely driven by *Sukuk* issuance from Saudi Arabia's State run Civil Aviation Authority and the Qatar Government. One of the key reasons for the preference of *Sukuk* over loans is because of record low average yield on *Sukuk*, as evidenced by yield curve on the HSBC/NASDAQ Dubai US Dollar *Sukuk* Index. Furthermore, the economic expansion and development of infrastructure, transport, real estate and industrial projects in the GCC is paving the way for more corporate and project *Sukuk* issuance in the near future.

Despite the record demand for *Sukuk* from the GCC, *Sukuk* issuances remain concentrated in Malaysia, denominated primarily in local currency. However, the issuances of *Sukuk* denominated in US Dollar remained scarce during the year, not for lack of demand, but primarily due to the absence of an enabling legal and taxation framework in many jurisdictions, non-availability of *Sharia'a* compliant underlying assets, lack of standardized product structures and, in some cases, the perceived cost of *Sharia'a* compliance. As such, there is a greater need than ever before to achieve more diversification in the market by addressing these bottlenecks on a long-term basis.

In terms of key challenges, the sector needs to widen its investor base beyond the traditional

[31] Zawya *Sukuk* Monitor, Gulf Sukuk Beat Loans for First Time Since 2006: Islamic Finance, 10 October 2012, Bloomberg, Other industry sources

clients and offer more international issuances. There also remains the need to diversify the tenure of the product as most issues are for tenures between three to five years, thus creating a gap for the short-term and long-term issuances. Furthermore, it is expected that the market has learnt from the structuring and risk-management weaknesses which led to *Sukuk* defaults during the global financial crisis. It is therefore anticipated that recent issuances will be better structured under a more developed regulatory regime.

Takaful Sector[32]

The global *Takaful* sector continued to grow at a robust pace, although the relative rate of annual growth slowed from 31% the year before to 19% in 2009-2010, with global contributions amounting to $8.3 billion in 2010. Overall, the GCC witnessed a slower growth, while Saudi Arabia continued to be the largest *Takaful* market with $4.3 billion in *Takaful* contributions. However in terms of growth, the Levant region remained the highest growth region, recording an annual growth of 102% in 2010.

The analysis of relative performance measures indicate that, overall, conventional insurance companies continued to outperform *Takaful* operators in terms of having higher investment and shareholder returns. Conventional insurance companies tend to offer a broader spectrum of products to a well-established and loyal clientele, whereas *Takaful* operators continue to rely heavily on retail segments with a limited product range.

In terms of key business lines, medical *Takaful* is the prime business line in the GCC; whereas family *Takaful* is the major business line in Malaysia. Across all jurisdictions, marine and aviation *Takaful* business remain restricted.

In Saudi Arabia, regulators introduced cooperative insurance as a new business model in 2011. The cooperative insurance model, similar to the classical *Takaful* model, is based on mutual contract and requires that 10% of the net surplus generated from insurance and investment activities be allocated to policyholders' fund directly or be used as a basis for premium reduction in the following year. The remaining 90% of the net surplus is to be transferred to the shareholders' income statement. Under the model, 20% of the net shareholders' income is set aside as statutory reserve until this reserve reaches 100% of the paid-up capital. The new model requires *Takaful* operators to adjust their internal accounting structure; discontinue the use of *Wakala*[33] and *Qard*[34]; and, amend product terms and conditions. Since Saudi Arabia is the largest *Takaful* market, this shift may bring new changes in the global *Takaful* sector.

The *Takaful* sector urgently needs to respond to key strategic issues, such as, addressing the need to increase business efficiency by achieving a critical business volume, reducing cost and revamping the service delivery mechanism. *Takaful* Operators also need to diversify the client base by penetrating lucrative commercial lines hence avoiding concentration in the retail segment. There is also the need to understand the complex business risks and price them appropriately. As regulators continue to increase solvency and capital requirements, the smaller *Takaful* operators need to quickly scale-up through organic growth or merger possibilities. In addition, there is a need to have greater regulatory harmonization across countries in order to facilitate cross-border *Takaful* activity. Related to this factor is the need to fasten the pace of convergence of standards developed by AAOIFI and IFSB and those by IASB and IFRS.

Key Activities of Islamic Finance Infrastructure Institutions[35]

Islamic finance infrastructure institutions form the bedrock of Islamic finance architecture and facilitate an orderly development of the sector by providing various standards, guidelines, best practices, rating framework, dispute resolution framework etc. However, the challenge is to

[32] The World *Takaful* Report 2012.

[33] One of the popular *Takaful* business model makes use of the *Wakala* (Agency) structure wherein the policyholders collectively own the *Takaful* pool and the responsibility of the Wakil (manager) is to manage the investment and underwrite policies against a known fixed fee irrespective of the business performance (other than wilful negligence in contravention of Wakil's fiduciary responsibility).

[34] *Qard* or *Qard-Al-Hasan* is essentially a zero interest rate loan which is usually provided from the shareholders' fund to policyholder's fund to temporarily cover any shortfall arising in the capital for underwriting business.

[35] Based on feedback from respective institutions collected during the period October – December 2012.

convince market participants and regulators to take full ownership of these institutions' outputs and this can be resolved through better coordination and harmonization amongst various market participants. The IDB played an instrumental role in the establishment of these institutions and continues to closely work with them to further develop the Islamic finance sector. Highlights of the institutions' activities in 1433H (2012) are as follows:

Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI): The AAOIFI issued four *Sharia'a* standards on capital and investment protection, investment agencies, *Amanah* options, and rules for profit determination and calculation. In addition, a new accounting standard on investments in real estate was introduced. Moreover, two exposure drafts were issued to revise (i) the existing accounting standard on the disclosure of bases for profit allocation between owners' equity and investment account holders; and (ii) the accounting standard on equity of investment account holders and their equivalent. In terms of standards awareness activities, besides holding of regulator workshops and roundtable discussions, AAOIFI organized the 'Annual *Sharia'a* Conference' (7-8 May 2012, Bahrain) and 'AAOIFI-World Bank Annual Conference on Islamic banking and finance' (3-4 December 2012, Bahrain). In terms of standards training activities, training sessions were carried out for Certified *Sharia'a* Adviser and Auditor (CSAA) and Certified Islamic Professional Accountant (CIPA) programs.

General Council of Islamic Banks and Financial Institutions (CIBAFI): In terms of imparting Islamic finance knowledge, the 'Islamic Finance Training Centre' of the Council provided training programs to individuals and institutions globally. The Centre also conferred 7 professional certifications, 4 diplomas, 1 masters and 1 PhD in Islamic finance (in collaboration with University Utara, Malaysia). The Council also organized a number of seminars and conferences including 'First International Forum for Islamic Banks and Financial Institutions' (June 2012, Jordan) and 'Second Islamic Finance Maghreb Forum' (April 2012, Mauritania, in cooperation with ICD). In order to disseminate information relating to Islamic finance sector, the 'Centre of Information' published financial information collected from various financial institutions.

Islamic Financial Services Board (IFSB): The Board issued two guiding principles on liquidity risk management and stress testing for institutions offering Islamic financial services. Two exposure drafts were issued on risk management for *Takaful* and revised capital adequacy standard for institutions offering Islamic financial services. The IFSB also initiated the mid-term review of 'Islamic financial service industry development: ten-year framework and strategies' and preparation of 'global Islamic financial services industry stability report'. In order to enhance cooperation, IFSB signed memoranda of understandings with AsDB, Bahrain Institution of Banking and Finance (BIBF), International Centre for Education in Islamic Finance (INCEIF), International *Sharia'a* Research Academy for Islamic Finance (ISRA), and SESRIC. Nine workshops on facilitating the implementation of IFSB standards and twelve Islamic finance awareness-creation events were also organized.

International Islamic Centre for Reconciliation and Arbitration (IICRA): The Centre managed several arbitration proceedings during the year, including real estate issues, supervisory services and other banking disputes. The Centre also provided legal consultancy services to Islamic financial institutions and international law firms involved in the arbitration field. Over and above hosting various events, the Centre organized a forum on 'Arbitration Proceedings: Practical Problems and Procedural Defences' and the 4th International Symposium of Legal Experts in Islamic Finance. The Centre also conducted various training programs including the one leading to accreditation as 'Certified Islamic Finance Arbitrator'.

International Islamic Financial Market (IIFM): The IIFM continued its efforts towards developing Islamic hedging standardized documentation framework. In this context, it continued the rollout of the *Tahawwut* (Hedging) Master Agreement and published the *Mubadalatul Arabaah* Product Agreement which covers cash flow management requirements of Islamic financial institutions (IsFIs). It is also working to finalize two new liquidity management products i.e. Inter-bank Unrestricted Master *Wakala* Agreement and Collateralized (*Rahn*) Product. In terms of awareness creation, IIFM organized various consultative meetings, seminars, briefing sessions and workshops on specific issues or initiatives. It is also working to publish the 3rd edition of the IIFM *Sukuk* Report which has quickly gained support amongst market participants.

International Islamic Rating Agency (IIRA): The Agency has laid down the framework for risk assessments, the Fiduciary Rating System (FRS) methodology, tailored to the nuances of Islamic finance, including a methodology for Islamic banks. The framework has been developed in collaboration with Malaysian Rating Corporation Berhad and JCR-VIS Credit Rating Co. Ltd Pakistan who are also IIRA's shareholders and technical partners. It may be noted that the financing for the development of the methodology was provided by the IDB. The framework lays emphasis on governance and *Sharia'a* compliance and is highly appreciated by market players. IIRA not only enhanced its presence in the existing markets but also ventured into new ones like Sudan and Qatar.

PROMOTING ISLAMIC FINANCE

The Role of IDB

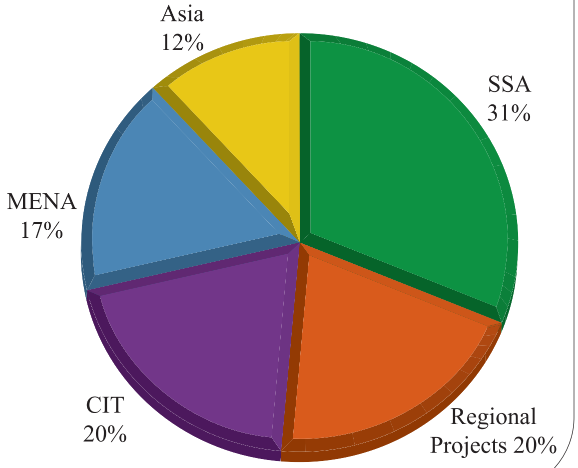
The IDB has been at the forefront of developing the Islamic financial sector. Besides taking a lead role in the establishment of various institutions and bodies, the Bank continues to facilitate the development of the sector by providing technical assistance, improving access to Islamic finance for the poor, developing Islamic finance architecture, participating in equity investments, developing the *Awqaf* sector, financing *Awqaf* projects in MCs and non-MCs, and organizing awareness creation events. Highlights of the activities undertaken by the Bank during the year are presented below:

Development of Enabling Environment and Institutional Development: The enabling environment for Islamic finance comprises the legal, regulatory, *Sharia'a* governance, tax, accounting and auditing, and liquidity framework which enables the competitive development of the Islamic financial sector vis-à-vis the conventional financial sector. During the year, the Bank approved 3 TA projects to develop Islamic finance institutions for the IIRA, Bank-e-Milli Afghan, and Libyan Development Bank. The TA to IIRA will be used to develop the FRS methodology which is a customized rating tool tailored for Islamic finance. The TA to Bank-e-Milli Afghan, a state owned bank, will serve to strengthen Islamic finance operations and help develop product programs, policies and procedures relating to the Islamic finance business line. The TA to Libyan Development Bank will help the introduction of Islamic finance operations in a step-by-step manner similar to the TA for Bank-e-Milli Afghan. One TA was approved for developing Islamic finance enabling environment in Indonesia, while another was approved to increase awareness of IFSB standards in emerging Islamic finance markets and facilitate the development of new standards and prudential database.

In addition, the Bank approved budgetary allocation, within the year to facilitate creation of the enabling environment for the development of Islamic finance in Kazakhstan, Turkey, Tunisia, Oman, Libya and Bosnia and Herzegovina. It is expected that during the forthcoming year, the Bank will partner with the appropriate regulatory institutions in these countries to develop Islamic finance enabling environment in an orderly and progressive manner. The geographic distribution of the 27 TAs approved in the last five years is shown in Figure 5.1.

In order to develop the Islamic finance sector, in general, and the enabling environment in particular, the Bank continues to partner with international development agencies and institutions. In this regard, the Bank along with the IMF, organized the IDB-IMF Regional Conference on "Enabling Environment for Islamic Finance" in Almaty, Kazakhstan, in September 2012 (Box 5.2).

Figure 5.1
Geographic Distribution of TAs (1429H-1433H)



Box 5.2
IDB-IMF Regional Conference:
Enabling Environment for Islamic Finance, Almaty

The IDB-IMF Regional Conference on 'Enabling Environment for Islamic Finance' was organized in partnership with the IMF and hosted by the National Bank of Kazakhstan in Almaty, 17-19 September 2012. The objective of the Conference was to raise awareness among the CIS and neighboring countries about requirements for creating the requisite enabling environment for Islamic finance.

The Conference facilitated a constructive exchange of knowledge on Islamic finance enabling environment in the context of latest global developments in area of Islamic finance regulation. It helped some of the prominent Islamic finance providers showcase their achievements and highlighted emerging opportunities for Islamic finance in the region.

In terms of building partnerships, the Bank signed an MoU with the World Bank to forge a strategic partnership for joint development of Islamic finance globally. The Bank also signed an MoU with l'Agence Française de Développement (AFD) in January 2012 under which one of the cooperation pillars relates to knowledge sharing on Islamic finance. Under the MoU a high-level Islamic Microfinance Conference was organized by IDB, AFD and CGAP (Consultative Group to Assist the Poor) on 30 April 2012 in Jeddah. The Conference drew significant international participation and discussed successful Islamic microfinance models as well as key strategic issues facing the sector. Another milestone MoU was signed in September 2012, with La Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO) - the Central Bank of the eight west African countries comprising Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo - which would cover Islamic finance development in the eight countries primarily through capacity building, training programs, knowledge sharing, and technical assistance for developing the regulatory framework for Islamic banking.

IDB Microfinance Development Program (IDB-MDP): The aim of the IDB-MDP is to increase the outreach of Islamic microfinance to reduce poverty through the development of the Islamic microfinance industry in IDB member countries. The Program focuses specifically on institutional development of Islamic microfinance institutions and the related enabling environment. Under the program, the Bank approved $10 million equity participation in Irada Company for Microfinance, Sudan (Box 5.3). The Bank also approved $1.3 million for El Ebdaa' Microfinance Institution in partnership with the AGFUND. A separate MoU was also signed with the AGFUND for strengthening the cooperation between the two institutions for poverty alleviation through Islamic microfinance.

In order to raise awareness about Islamic microfinance, the Bank partnered with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), to organize a 'Regional Islamic Microfinance Awareness Symposium' in Jordan (Box 5.4). In order to strengthen Islamic microfinance sector in Senegal, the Bank signed a MoU with the Government of Senegal, in September 2012, which covers the development of legal framework, capacity building, and expert exchange program for Islamic microfinance in Senegal. The MoU will also pave the way for establishing an Islamic microfinance institution in Senegal once the necessary enabling environment is in place.

Equity Investments: The Bank participates in the capital of Islamic Financial Institutions

Box 5.3
Irada Company for Microfinance

The Irada Company for Microfinance, once operational, will be a unique Islamic microfinance institution with equity capital of $50 million. It is sponsored by the Bank Al Khartoum ($40 million) and the IDB ($10 million). The Project is in-line with Government of Sudan's 'National Vision for Microfinance' and will also facilitate the implementation of Central Bank of Sudan's policy directive requiring all commercial banks to allocate at least 12 percent of their credit portfolio for funding Islamic microfinance.

It is expected that Irada will serve 325,000 clients in the first five years of its operation. Given the strong demand for Islamic microfinance, Bank Al Khartoum has already launched its microfinance operations, which will be transferred to Irada, under which it has provided $42 million in microfinance to more than 90,000 clients.

Abu Halima Greenhouse, a project developed by Bank Al Khartoum.

Box 5.4
IDB-GIZ Islamic Microfinance Symposium

The IDB-GIZ Symposium was organized in partnership with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), on behalf of the German Federal Ministry for Economic Cooperation & Development (BMZ) in Jordan, 4-5 September 2012.

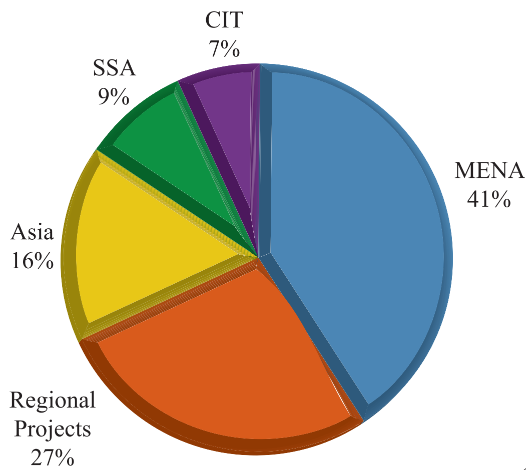
The Symposium was attended by more than 65 microfinance practitioners - donors, regulators, relevant ministries, social funds, and major microfinance institutions from the region. The discussions focused on honest and open dialogue with emphasis on sharing lessons learned, challenges and notable successes. The participants showed a sincere and persistent effort to develop new Islamic microfinance products that would ensure financial inclusion of youth and socially & economically marginalized people. The Symposium was followed by a roundtable meeting between IDB and GIZ to identify avenues of cooperation between the two institutions in Islamic microfinance.

(IsFIs) in order to support fledgling institutions and strengthen existing institutions. At the end of 1433H, the IDB had equity investments in 32 IsFIs in over 20 countries, with the approved participation of approximately ID288 million.

During the year, the Bank approved three additional investments amounting to ID46.5 million ($71 million) to strengthen investee institutions. The investment in the Mega Islamic Bank would focus mainly on origination of securitizable assets, creation of *Sharia'a* compliant money market instruments and a dedicated market. In the Islamic Bank of Guinea and BBI Real Estate Company in Bosnia and Herzegovina, the IDB increased its shareholding.

The Bank is also looking towards establishing IsFIs and *Sharia'a* compliant investment funds in other member countries and regions. The geographic distribution of the approved equity participation in 32 IsFIs since inception is shown in Figure 5.2.

Figure 5.2
Geographic Distribution of Investment in IsFIs



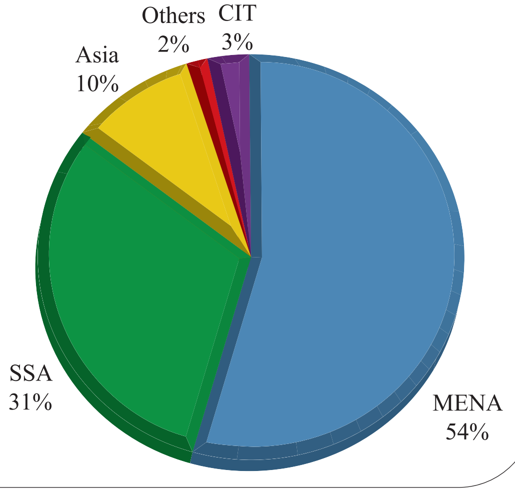
Awqaf Properties Investment Fund (APIF)[36]: *Awqaf* organisations, by mandate, are Islamic charitable entities that carry out a vast array of economic, social, and cultural activities. The Bank established the APIF, having a current capital base of $71.8 million funded by 15 participants including the Bank (which is also the *Mudarib* of

[36] For detailed information please consult APIF Annual Report 1433H

the Fund). The objective of the APIF is to develop green-field projects on *Waqf* lands and renovate existing *Waqf* properties, thereby transforming them into profit generating assets. Additionally, the Bank has also provided a Line of Financing (LoF) of $100 million. Under the APIF and the LoF, 40 projects valued at over $805 million have been completed or are on-going in 22 MCs and Non-MCs (Figure 5.3).

In 1433H, five projects worth $133.1 million were approved. Three projects involved financing the construction of residential-commercial apartments in Madinah (Saudi Arabia), Sharjah (U.A.E), and Kampala (Uganda). One project entails the development of commercial and furnished apartments in favour of the International Union of Muslim Scouts in Jeddah (Saudi Arabia). A line of financing was extended to Bosna Bank International for developing *Awqaf* projects in Bosnia and Herzegovina. Separate MoUs were signed for development of the *Waqf* sector in Niger, Algeria and Libya.

Figure 5.3
Geographic Distribution of Projects Financed by APIF



The Role of Islamic Corporation for the Development of Private Sector (ICD)[37]

The essence of ICD's new strategy is to expand Islamic financing channels in member countries so as to reach more clients and maximise development impact. In line with its new strategy, ICD approved $167 million worth of projects in the Islamic financial sector in 1433H.

Extending the LoF to financial institutions and their immediate beneficiaries (SMEs) has proven to be a critical tool for ICD in the fight against unemployment and poverty. During the year, the Board of Directors of ICD approved 2 global LoF operations for $120 million. These included $80 million to Turkey and $40 million to Kazakhstan.

Moreover, ICD participated in 7 equity investment projects in Islamic financial institutions with a total value of $47 million. Four of these projects are green-field investments and include establishing a SME Fund in Tunisia and establishing three Ijarah Companies in Albania, Kazakhstan and Sudan. ICD also participated in two capital increases in (i) Tamweel Africa Holding Company and (ii) International Hajj advisory Company, and one shareholders' loan to Capitas Group International. As part of its new strategy, ICD's advisory services gathered additional momentum in 1433H. In the area of Islamic finance, ICD successfully secured mandates in Tunisia and Cameroon for capacity building and the creation of Islamic windows within conventional banks.

Research and Training in Islamic Finance[38]

The Islamic Research and Training Institute (IRTI) undertook several activities with a view to creating and disseminating knowledge in Islamic economics, banking and finance, building capacity and developing human capital for the promotion of Islamic financial services industry. In order to promote outstanding Islamic finance achievement, IRTI continues to award the IDB Prize for Islamic banking and finance (Box 5.5).

In carrying out its activities during the year, IRTI focussed on socio-economic re-engineering in the light of *Maqasid Al-Sharia'a*. Key activities undertaken by IRTI during 1433H are as follows:

Conferences, Seminars and Workshops: IRTI organized 22 events and participated in 15 others including the 2nd International Conference on Islamic Capital Markets: Products, Development

[37] For detailed information please consult ICD Annual Report 1433H

[38] For detailed information please consult IRTI Annual Report 1433H

Box 5.5
IDB Prize in Islamic Banking and Finance, 1433H

The IDB Prize was established in 1408H (1988) and is awarded annually, alternating between Islamic Economics and Islamic Banking and Finance.

The IDB Prize in Islamic banking and finance for the year 1433H (2012) went to H. E. Tan Sri Dr. Zeti Akhtar Aziz, Governor, Bank Negara Malaysia, in consideration of her significant contributions, dedication and leadership in the development of Islamic banking & finance industry, Takaful sector and Shariah governance framework in Malaysia as well as globally; and in recognition of her very valuable services in supporting Islamic Financial Services Board (IFSB), creating INCEIF and ISRA, setting up of Malaysia International Islamic Financial Centre (MIFC), and lately founding International Islamic Liquidity Management Corporation (IILM).

Box 5.6
The 7th IDB Global Forum on Islamic Finance: Role of Islamic Finance in Job Creation

The 7th IDB Global Forum on Islamic Finance, jointly organized by IDB and IRTI, was held on 1 April 2012 to coincide with IDB Annual Meeting in Khartoum, Sudan.

During the Forum, it was emphasised that the real benefits of Islamic economic and financial systems can only be achieved if it is directly helpful in stimulating real economic growth and succeeds in creating employment opportunities, for all segments of the society. The participants discussed the issue of access to Islamic finance for the poor, and how Islamic finance is creating possibilities for self-employment and small and medium enterprises. The Forum also raised and debated the role of Islamic finance in job creation and its future potential, particularly in the context of the changing socio-economic environment in the region, the alarming rate of unemployment and its related risks and opportunities. Obstacles to maximising the use of Islamic finance as a tool of employment creation was also discussed.

and Regulation in Jakarta, Indonesia; 5th International Conference on Islamic Banking and Finance: Risk Management, Regulation and Supervision in Amman, Jordan; 7th IDB Global Forum on Islamic Finance (Box 5.6); and 8th International Conference on Islamic Economics and Finance in Doha, Qatar.

Research Activities: IRTI published six research papers on various topics in Islamic finance, including a paper on 'Empirical Analysis of Earnings at Risk in Islamic Banking' and a paper on 'The Optimality of Diminishing Partnership versus Debt Contract'. In addition, seven working papers and an occasional paper on 'Affordable Housing Finance in IDB Member Countries Using Islamic Modes' were published.

Training Activities: A total of 38 training courses were organized during the year including twenty-four training courses for Member Country Assistance Training Program, two training programs in collaboration with OIC Affiliates, one Global Islamic Leadership Program, one Training of Trainers Program, eight training courses for the benefit of the Bank's staff, and two courses for the benefit of the external private sector. In addition, a Master's Program in Islamic Banking and Finance was offered via e-learning in partnership with Insaniah University (Malaysia), along with two lecture series in distance learning for a network of six universities.

Data on Islamic Financial Institutions: The Islamic Banking and Finance Information System collected and published data for 156 Islamic Financial Institutions in 1433H (125 banks in 1432H). In addition, the IRTI portal publishing revised information on *Awqaf* Database System and on the management of IRTI customer relationships.

Other Activities: IRTI awarded 6 new Scholarships for students doing MA and PhD studies and 2 Research Grants to non-student researchers. These were awarded along with textbooks grants for university professors to produce university textbooks.

Annex 1

ISLAMIC DEVELOPMENT BANK

ORDINARY CAPITAL RESOURCES

FINANCIAL STATEMENTS

29 Dhul Hijjah 1433H (14 November 2012) with

INDEPENDENT JOINT AUDITORS' REPORT

PricewaterhouseCoopers
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Jeddah 21464
Kingdom of Saudi Arabia

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P. O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia

INDEPENDENT JOINT AUDITORS' REPORT

Your Excellencies the Chairman and Members of the Board of Governors
Islamic Development Bank
Jeddah
Kingdom of Saudi Arabia.

We have audited the accompanying statement of financial position of Islamic Development Bank - Ordinary Capital Resources (the "Bank") as of 29 Dhul Hijjah 1433H (14 November 2012) and the related statements of income, cash flows and changes in members' equity for the year then ended and the attached notes from 1 to 33 which form an integral part of the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI") and to operate in accordance with Islamic Shari'ah rules and principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions issued by AAOIFI and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 29 Dhul Hijjah 1433H (14 November 2012), and the results of its operations, its cash flows and changes in members' equity for the year then ended in accordance with the Financial Accounting Standards issued by the AAOIFI for Islamic Financial Institutions and the Shari'ah rules and principles as determined by the Shari'ah Committee of the Bank.

Emphasis of matter

We refer to note 2.1 which states that the accompanying financial statements represent the separate financial statements of the Bank. Our opinion is not qualified in this respect.

PricewaterhouseCoopers

Ali A. AlOtaibi
Certified Public Accountant
Registration No. 379

KPMG Al Fozan & Al Sadhan

Ebrahim Oboud Baeshen
Certified Public Accountant
Registration No. 382

1 Jamada'I 1434H
13 March 2013
Jeddah

ISLAMIC DEVELOPMENT BANK

ORDINARY CAPITAL RESOURCES

STATEMENT OF FINANCIAL POSITION

As of 29 Dhul Hijjah 1433H (14 November 2012)

(All amounts in thousands of Islamic Dinars unless otherwise stated)

	Notes	1433H	1432H
Assets			
Cash and cash equivalents	4	**469,972**	953,974
Commodity placements through banks, net	5	**1,357,530**	655,784
Investments in Sukuk	6	**388,549**	266,631
Murabaha financing, net	7	**214,438**	232,197
Accrued income and other assets	8	**480,775**	448,219
Istisna'a assets, net	9	**2,538,153**	2,077,134
Instalment financing receivables, net	10	**1,026,479**	1,001,507
Qurood, net	11	**1,659,954**	1,621,784
Ijarah Muntahia Bittamleek, net	12	**1,864,050**	1,788,082
Investments in equity capital, net	14	**717,065**	649,835
Investments in subsidiaries and trust funds	15	**446,572**	413,699
Investments in associates, net	16	**54,838**	51,475
Other investments, net	17	**110,915**	130,858
Fixed assets, net	18	**58,102**	59,978
Total assets		**11,387,392**	10,351,157
Liabilities and members' equity			
Liabilities			
Sukuk issued	19	**3,101,322**	1,901,370
Commodity purchase liabilities	20	**893,219**	1,359,902
Accruals and other liabilities	21	**439,305**	460,199
Total liabilities		**4,433,846**	3,721,471
Members' equity			
Paid-up capital	23	**4,590,239**	4,373,804
General reserve	24	**1,788,769**	1,769,766
Fair value reserve		**460,314**	377,116
Retained earnings		**114,224**	109,000
Total members' equity		**6,953,546**	6,629,686
Total liabilities and members' equity		**11,387,392**	10,351,157
Restricted investment accounts	27	**53,403**	45,519

The accompanying notes from 1 to 33 form an integral part of these financial statements.

ISLAMIC DEVELOPMENT BANK

ORDINARY CAPITAL RESOURCES

INCOME STATEMENT

For the year ended 29 Dhul Hijjah 1433H (14 November 2012)

(All amounts in thousands of Islamic Dinars unless otherwise stated)

	Notes	**1433H**	1432H
Income from:			
Commodity placements through banks		**19,562**	12,131
Investments in Sukuk		**21,914**	13,677
Murabaha financing		**8,311**	6,103
Istisna’a assets		**102,164**	72,061
Instalment financing		**41,212**	39,868
Qurood service fees		**8,820**	8,260
Ijarah Muntahia Bittamleek		**189,789**	183,654
Investments in equity capital		**41,953**	27,396
Others		**20,256**	12,676
		453,981	375,826
Depreciation of assets under Ijarah Muntahia Bittamleek	12	**(147,254)**	(118,304)
		306,727	257,522
Foreign exchange gain, net		**4,456**	1,276
Loss from Murabaha-based Profit Rate Swaps		**(5,028)**	(1,187)
Financing costs		**(57,358)**	(48,314)
Income from operations		**248,797**	209,297
General and administrative expenses:			
Employees related expenses		**(68,225)**	(66,078)
Depreciation	18	**(7,439)**	(5,923)
Administrative expenses		**(22,567)**	(18,133)
Income before provision for impairment of financial assets		**150,566**	119,163
Provision for impairment of financial assets	13	**(36,342)**	(10,163)
Net income for the year		**114,224**	109,000

The accompanying notes from 1 to 33 form an integral part of these financial statements.

ISLAMIC DEVELOPMENT BANK

ORDINARY CAPITAL RESOURCES

STATEMENT OF CASH FLOWS

For the year ended 29 Dhul Hijjah 1433H (14 November 2012)

(All amounts in thousands of Islamic Dinars unless otherwise stated)

	Notes	**1433H**	1432H
Cash flows from operations			
Net income for the year		**114,224**	109,000
Adjustments to reconcile net income for the year to net cash from operating activities:			
Depreciation		**154,693**	124,227
Provision for impairment of financial assets		**36,342**	10,163
Investment fair value gains		**(8,397)**	(5,136)
Amortization of deferred grant income		**(567)**	(600)
Foreign exchange gains		**(6,941)**	(325)
Changes in operating assets and liabilities:			
Commodity placements through banks		**(701,746)**	233,656
Murabaha financing		**6,196**	86,977
Accrued income and other assets		**(32,556)**	(138,549)
Istisna'a assets		**(462,536)**	(444,390)
Instalment financing receivables		**(20,323)**	(132,694)
Ijarah Muntahia Bittamleek		**(229,836)**	(407,531)
Qurood		**(33,485)**	(139,812)
Accruals and other liabilities		**(29,641)**	193,505
Net cash utilized in operating activities		**(1,214,573)**	(511,509)
Cash flows from investing activities			
Investments in Sukuk		**(156,241)**	(80,486)
Proceeds from disposal/redemption of investments in Sukuk		**47,831**	16,342
Investments in equity capital		**(4,099)**	(19,046)
Proceeds from disposal of investment in equity capital		**908**	18,014
Additions to other investments		**(2,127)**	(63,260)
Proceeds from disposal of other investments		**18,653**	14,143
Investment in associates		**(4,938)**	
Investment in subsidiaries and trust funds		**(32,873)**	(22,493)
Purchase of fixed assets		**(5,563)**	(5,062)
Net cash utilized in investing activities		**(138,449)**	(141,848)
Cash flows from financing activities			
Net increase in paid-up capital		**216,435**	342,733
Technical assistance and scholarship program grants		**(7,714)**	(10,029)
Contribution to the principal of Islamic Solidarity Fund for Development (ISFD)		**(64,803)**	(63,861)
Payment of Islamic Corporation for the Development of the Private Sector (ICD) capital on behalf of member countries		**(8,167)**	(8,794)
Proceeds from issuance of Sukuk		**1,288,953**	526,779
Redemption of Sukuk		**(89,001)**	-
Net movement in commodity purchase liabilities		**(466,683)**	343,951
Net cash generated from financing activities		**869,020**	1,130,779
(Decrease)/Increase in cash and cash equivalents		**(484,002)**	477,422
Impairment provision cash and cash equivalents		**-**	(10,456)
Cash and cash equivalents at the beginning of year		**953,974**	487,008
Cash and cash equivalents at the end of year	4	**469,972**	953,974

The accompanying notes from 1 to 33 form an integral part of these financial statements.

ISLAMIC DEVELOPMENT BANK

ORDINARY CAPITAL RESOURCES

STATEMENT OF CHANGES IN MEMBERS' EQUITY

For the year ended 29 Dhul Hijjah 1433H (14 November 2012)

(All amounts in thousands of Islamic Dinars unless otherwise stated)

	Notes	Paid-up capital	General reserve	Fair value reserve	Retained Earning	Total
Balance at 1 Muharram 1432H		4,031,071	1,702,308	525,886	169,622	6,428,887
Increase in paid-up capital	23	342,733	-	-	-	342,733
Net unrealized losses from equity investments	14	-	-	(148,770)	-	(148,770)
Increase in the actuarial losses relating to retirement and medical plans	22	-	(19,480)	-	-	(19,480)
Payment of ICD share capital on behalf of member countries		-	(8,794)	-	-	(8,794)
Contribution to the principal amount of ISFD	25	-	(63,861)	-	-	(63,861)
Net income for the year ended 29 Dhul Hijjah 1432H		-	-	-	109,000	109,000
Transfer to general reserve	24	-	169,622	-	(169,622)	-
Allocation for grants	24	-	(10,029)	-	-	(10,029)
Balance at 29 Dhul Hijjah 1432H		4,373,804	1,769,766	377,116	109,000	6,629,686
Increase in paid-up capital	23	216,435	-	-	-	216,435
Net unrealized gains from equity & other investments	14,17	-	-	83,198	-	83,198
Increase in the actuarial losses relating to retirement and medical plans	22	-	(9,313)	-	-	(9,313)
Payment of ICD share capital on behalf of member countries		-	(8,167)	-	-	(8,167)
Contribution to the principal amount of ISFD	25	-	(64,803)	-	-	(64,803)
Net income for the year ended 29 Dhul Hijjah 1433H		-	-	-	114,224	114,224
Transfer to general reserve	24	-	109,000	-	(109,000)	-
Allocation for grants	24	-	(7,714)	-	-	(7,714)
Balance at 29 Dhul Hijjah 1433H		**4,590,239**	**1,788,769**	**460,314**	**114,224**	**6,953,546**

The accompanying notes from 1 to 33 form an integral part of these financial statements.

Annex 2

ISLAMIC DEVELOPMENT BANK

SPECIAL ACCOUNT RESOURCES WAQF FUND

(IDB – WAQF FUND)

FINANCIAL STATEMENTS

29 Dhul Hijjah 1433H (14 November 2012) with

INDEPENDENT JOINT AUDITORS' REPORT

PricewaterhouseCoopers
P.O. Box 16415
Jeddah 21464
Kingdom of Saudi Arabia

Al Fozan & Al Sadhan
P. O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia

INDEPENDENT JOINT AUDITORS' REPORT

Your Excellencies the Chairman and Members of the Board of Governors
Islamic Development Bank
Jeddah,
Kingdom of Saudi Arabia,

We have audited the accompanying statement of financial position of the Islamic Development Bank - Special Account Resources Waqf Fund (the "Fund") as of 29 Dhul Hijjah 1433H (14 November 2012) and the related statements of activities, changes in net assets and cash flows for the year then ended and the attached notes from 1 to 32 which form an integral part of the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and to operate in accordance with Islamic Shari'ah rules and principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions issued by the AAOIFI and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

PricewaterhouseCoopers
P.O. Box 16415
Jeddah 21464
Kingdom of Saudi Arabia

KPMG Al Fozan & Al Sadhan
P. O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 29 Dhul Hijjah 1433H (14 November 2012), and the results of its activities, changes in net assets and cash flows for the year then ended in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions and the Shari'ah rules and principles as determined by the Shari'ah Committee of the Fund.

Emphasis of mater

We refer to note 2(a) which states that the accompanying financial statements represent the separate financial statements of the Fund. Our opinion is not qualified in this respect.

PricewaterhouseCoopers

Ali A. AlOtaibi
Certified Public Accountant
Registration No. 379

KPMG Al Fozan & Al Sadhan

Ebrahim Oboud Baeshen
Certified Public Accountant
Registration No. 382

برايس وترهاوس كوبرز
محاسبون قانونيون
ترخيص رقم ٢٥
PRICE WATER HOUSE COOPERS
CERTIFIED PUBLIC ACCOUNTANTS
LICENSE NO. 25

13 Jamada Al Awal 1434H
25 March 2013
Jeddah

C.R. 46
KPMG
Certified Public Accountants
KPMG Al Fozan & Al Sadhan

ISLAMIC DEVELOPMENT BANK

SPECIAL ACCOUNT RESOURCES WAQF FUND

STATEMENT OF FINANCIAL POSITION

As of 29 Dhul Hijjah 1433H (14 November 2012)

(All amounts in thousands of Islamic Dinars unless otherwise stated)

	Notes	1433H	1432H
Assets			
Cash and cash equivalents	4	**29,716**	59,304
Commodity placements through banks, net	5	**384,104**	415,055
Investment in Murabaha	6	**-**	221
Due from related parties	7	**67,644**	103,243
Investments in units	8	**78,410**	78,410
Investments in subsidiaries	9	**73,536**	60,516
Investments in Sukuk	10	**73,156**	87,831
Investments in equity capital, net	11	**19,324**	19,324
Investments in associates	12	**9,523**	9,523
Instalment financing receivables, net	13	**1,417**	1,780
Investments in Ijarah	14	**18,665**	18,539
Istisna'a assets, net	15	**-**	756
Qard, net	16	**167,022**	156,720
Accrued income and other assets		**7,236**	8,524
Other investments	17	**164,464**	202,552
Fixed assets, net	19	**26,581**	23,987
Total assets		**1,120,798**	1,246,285
Liabilities			
Commodity purchase liabilities	20	**269,949**	361,296
Due to related parties	7	**31,713**	22,329
Accruals and other liabilities	21	**3,418**	6,750
Specific deposit from IDB – Unit Investment Fund	8	**-**	9,505
Total liabilities		**305,080**	399,880
Net assets		**815,718**	846,405
Represented by:			
Waqf Fund principal amount	31	**763,291**	761,179
Special assistance	31	**(91,691)**	(56,077)
Special account for Least Developed Member Countries (LDMC)	31	**144,118**	141,303
		815,718	846,405

The accompanying notes from 1 through 32 form an integral part of these financial statements.

ISLAMIC DEVELOPMENT BANK

SPECIAL ACCOUNT RESOURCES WAQF FUND

STATEMENT OF ACTIVITIES AND CHARGES IN NET ASSETS

For the year ended 29 Dhul Hijjah 1433H (14 November 2012)

(All amounts in thousands of Islamic Dinars unless otherwise stated)

		1433H				
	Notes	Waqf Fund Principal Amount	Special Assistance	Special Account for LDMC	**Total**	1432H Total
Income from:						
Commodity placements through banks		-	-	-	**6,310**	7,937
Investments in Murabaha		-	-	-	**224**	267
Investments in units		-	-	-	**2,656**	2,628
Investments in Sukuk		-	-	-	**9,420**	4,885
Instalment financing receivable		-	-	-	**319**	303
Investments in Ijarah		-	-	-	**-**	154
Istisna'a assets		-	-	-	**-**	75
Other investments		-	-	-	**11,685**	4,067
Dividend income		-	-	-	**437**	477
Other income		-	-	-	**1,895**	500
					32,946	21,293
Foreign currency exchange gains		-	-	-	**3,771**	1,737
Financing costs		-	-	-	**(4,418)**	(4,943)
					32,299	18,087
Provision for impairment of financial assets	18	-	-	-	**(13,859)**	(250)
Attributable net income					**18,440**	17,837
Income attributable to Special Assistance		-	5,091	-	**-**	-
Allocation of attributable net income	23	2,002	8,677	2,670	**-**	-
Share of income transferred from IDB-OCR	24	47	203	62	**312**	48
Contributions from IDB-OCR for technical assistance grants and scholarship program	25	-	7,713	-	**7,713**	10,028
Income before grants and program expenses		2,049	21,684	2,732	**26,465**	27,913
Grants for causes	22		(31,497)		**(31,497)**	(37,719)
Program expenses	22		(11,787)		**(11,787)**	(11,204)
		2,049	(21,600)	2,732	**(16,819)**	(21,010)
Capital losses		-	-	-	**-**	(141)
Change in net assets / (liabilities)		**2,049**	**(21,600)**	**2,732**	**(16,819)**	(21,151)
Fair value reserve		63	(504)	83	**(358)**	1,523
Movement in general reserve		-	(13,510)	-	**(13,510)**	-
Net assets / (liabilities) at the beginning of the year		761,179	(56,077)	141,303	**846,405**	866,033
Net assets / (liabilities) at end of the year	31	**763,291**	**(91,691)**	**144,118**	**815,718**	846,405

The attached notes from 1 through 32 form an integral part of these financial statements.

ISLAMIC DEVELOPMENT BANK

SPECIAL ACCOUNT RESOURCES WAQF FUND

STATEMENT OF CASH FLOWS

For the year ended 29 Dhul Hijjah 1433H (14 November 2012)

(All amounts in thousands of Islamic Dinars unless otherwise stated)

	Notes	1433H	1432H
Cash flows from operations:			
Attributable net income		**18,440**	17,837
Adjustments to reconcile attributable net income to net cash provided by (used in) operating activities:			
Depreciation		**903**	886
Provision for impairment		**13,859**	250
Investments fair value loss		**765**	-
Foreign exchange gain		**(1,734)**	619
Change in operating assets and liabilities:			
Investments in Murabaha		**221**	10,605
Instalment financing receivable		**363**	1,127
Istisna'a assets		**756**	403
Qard		**(10,302)**	8,636
Accrued income and other assets		**1,288**	(344)
Accruals and other liabilities		**6,052**	21,595
Special Assistance Program Expenses		**(31,497)**	(11,204)
Grant for causes		**(11,787)**	(37,719)
Net cash (used in) /provided operations		**(12,673)**	12,691
Cash flows from investing activities:			
Commodity placements through banks		**30,951**	218,441
Investments in Subsidiaries		**(13,020)**	-
Investments in equity capital		**-**	(12,492)
Investments in associates		**-**	(2,517)
Investments in Ijara		**-**	6,053
Investments in Sukuk		**(16,131)**	(22,299)
Redemption of Sukuk		**18,139**	18
Other investments		**23,873**	(42,153)
Specific deposit from IDB - Unit Investment Fund		**(9,505)**	-
Additions to fixed assets		**(3,497)**	(6,627)
Net cash provided by investing activities		**30,810**	138,424
Cash flows from financing activities:			
Changes in receivable from IDB Group Entities		**35,599**	(80,538)
Commodity purchase liabilities		**(91,349)**	(181,394)
Income transferred from IDB-OCR		**312**	48
Contribution from IDB		**7,713**	10,028
Net cash used in financing activities		**(47,725)**	(251,856)
Net decrease in cash and cash equivalents		**(29,588)**	(100,741)
Cash and cash equivalents at the beginning of the year		**59,304**	160,045
Cash and cash equivalents at the end of the year	4	**29,716**	59,304

The attached notes from 1 through 32 form an integral part of these financial statements.

Annex 3
Status of Voting Power of Executive Directors
(As at 29/12/1433H (November. 14, 2012)

No.	Name	Countries Represented	Votes	%	Total	% on Total
1.	Dato Sri Dr. Mohd Irwan Bin Abdullah (Malaysia)	Brunei Darussalam	4,024	0.29		
		Indonesia	33,151	2.42		
		Malaysia	23,097	1.68		
		Suriname	1,209	0.09	61,481	4.48
2.	Hon. Sékou Ba (Burkina Faso)	Burkina Faso	2,963	0.22		
		Gambia	1,209	0.09		
		Mali	1,898	0.14		
		Niger	2,449	0.18		
		Senegal	3,985	0.29		
		Togo	996	0.07	13,501	0.98
3.	Hon. António Fernando Laice (Mozambique)	Chad	1,452	0.11		
		Comoros	857	0.06		
		Djibouti	996	0.07		
		Gabon	4,492	0.33		
		Mozambique	1,209	0.09		
		Somalia	996	0.07		
		Uganda	2,672	0.19	12,673	0.92
4.	Hon. Diomande Kanvaly (Côte d'Ivoire)	Benin	1,982	0.14		
		Cameroon	3,977	0.29		
		Côte d'Ivoire	857	0.06		
		Guinea	3,639	0.27		
		Guinea-Bissau	996	0.07		
		Sierra Leone	996	0.07	12,448	0.91
5.	Hon. Adel Ben Ali (Tunisia)	Algeria	35,734	2.61		
		Mauritania	1,308	0.10		
		Morocco	7,547	0.55		
		Tunisia	2,448	0.18	47,037	3.43
6.	Hon. Ibrahim Halil Çanakci (Turkey)	Turkey	90,105	6.57	90,105	6.57
7.	Hon. Mohamed Jawad Bin Hassan Suleman (Oman)	Bahrain	2,489	0.18		
		Oman	4,413	0.32		
		Sudan	6,024	0.44		
		Yemen	7,595	0.55	20,521	1.50
8.	Hon. Mohamed Ahmed Abu Awad (Palestine)	Iraq	4,207	0.31		
		Jordan	6,617	0.48		
		Lebanon	1,477	0.11		
		Palestine	1,981	0.14		
		Syria	1,921	0.14	16,203	1.18
9.	Hon. Bader Abdullah Abuaziza (Libya)	Libya	123,177	8.98	123,177	8.98
10.	Hon. Yerlan Alimzhanuly Baidaulet (Kazakhstan)	Albania	1,209	0.09		
		Azerbaijan	1,898	0.14		
		Kazakhstan	1,983	0.14		
		Kyrgyz	1,209	0.09		
		Tajikistan	996	0.07		
		Turkmenistan	996	0.07		
		Uzbekistan	868	0.06	9,159	0.67
11.	H.E. Dr. Asghar Abolhasani Hastiani (Iran)	Iran	116,000	8.46	116,000	8.46
12.	Hon. Abdulwahab Saleh Al Muzaini (Kuwait)	Kuwait	99,088	7.23	99,088	7.23
13.	Hon. Dr. Hamad Bin Suleiman Al Bazai (Saudi Arabia)	Saudi Arabia	329,624	24.03	329,624	24.03
14.	Hon. Md. Abul Kalam Azad (Bangladesh)	Afghanistan	1,346	0.10		
		Bangladesh	14,498	1.06		
		Maldives	1,209	0.09		
		Pakistan	34,443	2.51	51,497	3.75
15.	Hon. Zeinhom Zahran (Egypt)	Egypt	98,775	7.20	98,775	7.20
16.	Hon. Ali Hamdan Ahmed (United Arab Emirates)	U.A.E	98,014	7.15	98,014	7.15
17.	Hon. Ismail Omar Al Dafa (Qatar)	Qatar	96,218	7.02	96,218	7.02
18.	Hon. Mohammed Gambo Shuaibu (Nigeria)	Nigeria	75,931	5.54	75,931	5.54
		Total	**1,371,452**	**100.00**	**1,371,452**	**100.00**

Annex 4
Comparative Statement Showing OCR
Actual Expenditure for 1432H and 1433H and Approved Budget for 1434H*

(ID thousand)

No.	Description	Actual Expenditure		Approved Budget
		1432H (2010-2011)	**1433H (2011-2012)**	**1434H (2012-2013)**
1.	**Annual Meeting and BED Expenses**	**2,435**	**2,651**	**3,283**
	a . Annual Meeting Expenses	1,285	1,149	1,520
	b . Board of Executive Directors Expenses	1,150	1,502	1,763
2.	**Personnel Cost**	**59,632**	**65,289**	**67,265**
	a . Salaries and Benefits	57,426	60,490	59,947
	b . Other Personnel Cost	1,058	1,146	1,877
	c . Young Professional Program	1,148	1,160	1,994
	d. New Staff Cost and Other Related Cost		2,492	3,446
3.	**General Administrative Expenses**	**13,015**	**15,294**	**14,405**
	a. Business Travel	3,505	4,090	3,528
	b. Other General Administrative Expenses	9,510	11,204	10,877
4.	**Contingencies**	**-**	**-**	**100**
5.	**Regional Offices**	**3,124**	**3,411**	**3,673**
6.	**Capital Investment**	**1,801**	**1,492**	**7,837**
7.	**Specifically Approved Programs**	**1,303**	**800**	**8,533**
	Total	**81,310**	**88,936**	**105,096**
	Budget for Reform Initiatives			
8.	**Reform Related Items**	**819**	**162**	

* For the comparison purposes Actual Expenditure include utilization for Trust Funds (Ex. Al-Quds and Al-Aqsa Funds) 1432H and 1433H amounting to ID1.245 million and ID1.308 million. The approved 1434H Budget also include Administrative Budget of ID1.765 million for Trust Funds (Ex. Al-Quds and Al-Aqsa Funds).

Annex 5 (Part 1)
Islamic Development Bank - Ordinary Capital Resources
Statement of Subscriptions to Capital Stock and Voting Power as at 29/12/1433H (November. 14, 2012)

(Amount in ID million)

No.	Member Country	Subscribed Capital							Voting Power	
				Par Value of Shares in Million ID						
		No. of Shares	Percent of Total	Total	Callable	Paid-in	Overdue	Not Yet Due	Number of Votes	Percent of Total
1	Afghanistan	993	0.06%	9.93	4.93	3.53	*	1.47	1,346	0.10%
2	Albania	923	0.05%	9.23	6.73	2.50	0.00	*	1,209	0.09%
3	Algeria	45,922	2.55%	459.22	334.96	123.66	0.60	-0.00	35,734	2.61%
4	Azerbaijan	1,819	0.10%	18.19	13.27	4.92	0.00	0.00	1,898	0.14%
5	Bahrain	2,588	0.14%	25.88	18.88	7.00	*	0.00	2,489	0.18%
6	Bangladesh	18,216	1.01%	182.16	132.87	49.27	0.02	-0.00	14,498	1.06%
7	Benin	2,080	0.12%	20.80	14.76	4.48	1.27	0.29	1,982	0.14%
8	Brunei	4,585	0.25%	45.85	33.44	12.41	0.00	-0.00	4,024	0.29%
9	Burkina Faso	2,463	0.14%	24.63	12.22	12.41	0.00	0.00	2,963	0.22%
10	Cameroon	4,585	0.25%	45.85	33.44	11.94	0.47	0.00	3,977	0.29%
11	Chad	977	0.05%	9.77	4.85	4.67	0.25	0.00	1,452	0.11%
12	Comoros	465	0.03%	4.65	2.15	0.56	1.94	0.00	857	0.06%
13	Côte d'Ivoire	465	0.03%	4.65	2.15	2.50	*	0.00	857	0.06%
14	Djibouti	496	0.03%	4.96	2.46	1.63	0.88	0.00	996	0.07%
15	Egypt	127,867	7.10%	1,278.67	932.67	346.00	0.00	-0.00	98,775	7.20%
16	Gabon	5,458	0.30%	54.58	39.81	12.74	2.03	0.00	4,492	0.33%
17	Gambia	923	0.05%	9.23	6.73	2.50	*	0.00	1,209	0.09%
18	Guinea	4,585	0.25%	45.85	33.44	8.56	3.85	0.00	3,639	0.27%
19	Guinea-Bissau	496	0.03%	4.96	2.46	2.21	0.29	0.00	996	0.07%
20	Indonesia	40,648	2.26%	406.48	282.22	124.20	0.06	-0.00	33,151	2.42%
21	Iran	149,120	8.28%	1,491.20	1,058.30	413.28	0.00	19.62	116,000	8.46%
22	Iraq	4,824	0.27%	48.24	35.19	13.05	*	0.00	4,207	0.31%
23	Jordan	7,850	0.44%	78.50	55.71	22.13	0.00	0.66	6,617	0.48%
24	Kazakhstan	1,929	0.11%	19.29	14.00	5.29	*	0.00	1,983	0.14%
25	Kuwait	98,588	5.48%	985.88	489.24	496.64	0.00	0.00	99,088	7.23%
26	Kyrghyz	923	0.05%	9.23	6.73	2.50	*	0.00	1,209	0.09%
27	Lebanon	977	0.05%	9.77	4.85	4.92	*	0.00	1,477	0.11%
28	Libya	170,446	9.47%	1,704.46	1,209.65	378.98	50.43	65.40	123,177	8.98%
29	Malaysia	29,401	1.63%	294.01	214.45	79.56	0.00	0.00	23,097	1.68%
30	Maldives	923	0.05%	9.23	6.73	2.50	*	0.00	1,209	0.09%
31	Mali	1,819	0.10%	18.19	13.27	4.92	0.00	0.00	1,898	0.14%
32	Mauritania	977	0.05%	9.77	4.85	3.23	1.69	0.00	1,308	0.10%
33	Morocco	9,169	0.51%	91.69	66.88	24.81	*	0.00	7,547	0.55%
34	Mozambique	923	0.05%	9.23	6.73	2.50	*	0.00	1,209	0.09%
35	Niger	2,463	0.14%	24.63	12.22	7.27	5.14	0.00	2,449	0.18%
36	Nigeria	138,400	7.69%	1,384.00	982.23	65.91	35.58	300.28	75,931	5.54%
37	Oman	5,092	0.28%	50.92	37.14	13.78	*	0.00	4,413	0.32%
38	Pakistan	45,922	2.55%	459.22	334.96	110.74	13.52	0.00	34,443	2.51%
39	Palestine	1,955	0.11%	19.55	9.70	5.11	4.74	0.00	1,981	0.14%
40	Qatar	129,750	7.21%	1,297.50	942.89	312.72	*	41.89	96,218	7.02%
41	Saudi Arabia	424,960	23.61%	4,249.60	3,015.94	1,177.49	0.00	56.17	329,624	24.03%
42	Senegal	5,280	0.29%	52.80	37.47	8.59	5.99	0.75	3,985	0.29%
43	Sierra Leone	496	0.03%	4.96	2.46	1.94	0.56	0.00	996	0.07%
44	Somalia	496	0.03%	4.96	2.46	2.50	*	0.00	996	0.07%
45	Sudan	8,321	0.46%	83.21	59.05	13.86	9.15	1.15	6,024	0.44%
46	Suriname	923	0.05%	9.23	6.73	2.50	*	0.00	1,209	0.09%
47	Syria	1,849	0.10%	18.49	13.49	5.00	*	0.00	1,921	0.14%
48	Tajikistan	496	0.03%	4.96	2.46	2.50	*	0.00	996	0.07%
49	Togo	496	0.03%	4.96	2.46	2.50	*	0.00	996	0.07%
50	Tunisia	1,955	0.11%	19.55	9.70	9.78	0.07	-0.00	2,448	0.18%
51	Turkey	116,586	6.48%	1,165.86	850.39	315.47	*	0.00	90,105	6.57%
52	Turkmenistan	496	0.03%	4.96	2.46	2.50	*	0.00	996	0.07%
53	United Arab Emirates	135,720	7.54%	1,357.20	963.21	300.07	1.05	92.87	98,014	7.15%
54	Uganda	2,463	0.14%	24.63	12.22	9.50	2.92	0.00	2,672	0.19%
55	Uzbekistan	480	0.03%	4.80	2.15	2.60	*	0.05	868	0.06%
56	Yemen	9,238	0.51%	92.38	67.57	24.76	0.05	0.00	7,595	0.55%
Net Shortfall/(overpayment)		*	*	*	*	*	-0.39	0.39	*	*
Sub-Total		**1,778,260**	**98.79%**	**17,782.600**	**12,470.380**	**4,590.239**	**142.130**	**579.851**	**1,371,452**	**100.00%**
Uncommitted		**21,740**	**1.21%**	**217.400**	**188.900**	*	*	*	*	*
Grand Total		**1,800,000**	**100.00%**	**18,000.000**	**12,659.280**	**4,590.239**	**142.130**	**579.851**	**1,371,452**	**100.00%**

Annex 5 (Part 2)
Islamic Development Bank - Ordinary Capital Resources
Statement of Subscriptions to Capital Stock and Voting Power as at 29/12/1433H (November. 14, 2012)

Authorized Capital: ID 30 Billion (Amount in ID million)

No.	Member Country	Consolidated Position of Subscribed Share Capital				
		No. of Shares	Called-up	Callable	Total	% of Total
1	Afghanistan	993	5.000	4.930	9.930	0.06%
2	Albania	923	2.500	6.730	9.230	0.05%
3	Algeria	45,922	124.260	334.960	459.220	2.55%
4	Azerbaijan	1,819	4.920	13.270	18.190	0.10%
5	Bahrain	2,588	7.000	18.880	25.880	0.14%
6	Bangladesh	18,216	49.290	132.870	182.160	1.01%
7	Benin	2,080	6.040	14.760	20.800	0.12%
8	Brunei	4,585	12.410	33.440	45.850	0.25%
9	Burkina Faso	2,463	12.410	12.220	24.630	0.14%
10	Cameroon	4,585	12.410	33.440	45.850	0.25%
11	Chad	977	4.920	4.850	9.770	0.05%
12	Comoros	465	2.500	2.150	4.650	0.03%
13	Côte d'Ivoire	465	2.500	2.150	4.650	0.03%
14	Djibouti	496	2.500	2.460	4.960	0.03%
15	Egypt	127,867	346.000	932.670	1278.670	7.10%
16	Gabon	5,458	14.770	39.810	54.580	0.30%
17	Gambia	923	2.500	6.730	9.230	0.05%
18	Guinea	4,585	12.410	33.440	45.850	0.25%
19	Guinea Bissau	496	2.500	2.460	4.960	0.03%
20	Indonesia	40,648	124.260	282.220	406.480	2.26%
21	Iran	149,120	432.900	1058.300	1491.200	8.28%
22	Iraq	4,824	13.050	35.190	48.240	0.27%
23	Jordan	7,850	22.790	55.710	78.500	0.44%
24	Kazakhstan	1,929	5.290	14.000	19.290	0.11%
25	Kuwait	98,588	496.640	489.240	985.880	5.48%
26	Kyrgyz	923	2.500	6.730	9.230	0.05%
27	Lebanon	977	4.920	4.850	9.770	0.05%
28	Libya	170,446	494.810	1209.650	1704.460	9.47%
29	Malaysia	29,401	79.560	214.450	294.010	1.63%
30	Maldives	923	2.500	6.730	9.230	0.05%
31	Mali	1,819	4.920	13.270	18.190	0.10%
32	Mauritania	977	4.920	4.850	9.770	0.05%
33	Morocco	9,169	24.810	66.880	91.690	0.51%
34	Mozambique	923	2.500	6.730	9.230	0.05%
35	Niger	2,463	12.410	12.220	24.630	0.14%
36	Nigeria	138,400	401.770	982.230	1384.000	7.69%
37	Oman	5,092	13.780	37.140	50.920	0.28%
38	Pakistan	45,922	124.260	334.960	459.220	2.55%
39	Palestine	1,955	9.850	9.700	19.550	0.11%
40	Qatar	129,750	354.610	942.890	1297.500	7.21%
41	Saudi Arabia	424,960	1233.660	3015.940	4249.600	23.61%
42	Senegal	5,280	15.330	37.470	52.800	0.29%
43	Sierra Leone	496	2.500	2.460	4.960	0.03%
44	Somalia	496	2.500	2.460	4.960	0.03%
45	Sudan	8,321	24.160	59.050	83.210	0.46%
46	Suriname	923	2.500	6.730	9.230	0.05%
47	Syria	1,849	5.000	13.490	18.490	0.10%
48	Tajikistan	496	2.500	2.460	4.960	0.03%
49	Togo	496	2.500	2.460	4.960	0.03%
50	Tunisia	1,955	9.850	9.700	19.550	0.11%
51	Turkey	116,586	315.470	850.390	1165.860	6.48%
52	Turkmenistan	496	2.500	2.460	4.960	0.03%
53	U.A.E.	135,720	393.990	963.210	1357.200	7.54%
54	Uganda	2,463	12.410	12.220	24.630	0.14%
55	Uzbekistan	480	2.650	2.150	4.800	0.03%
56	Yemen	9,238	24.810	67.570	92.380	0.51%
Shortfall / (Overpayment)		*	*	*	*	*
Sub-Total		**1,778,260.000**	**5,312.220**	**12,470.380**	**17,782.600**	**98.79%**
Uncommitted		21,740.000	28.500	188.900	217.400	1.21%
Grand Total		**1,800,000.000**	**5,340.720**	**12,659.280**	**18,000.000**	**100.00%**

Annex 6
Meetings of Board of Executive Directors During 1433H

Date of B.E.D. Meeting	No.	Projects*	Waqf Fund Operations	Policy Items	Other Items	Follow-up Reports	Items Approved by the President and Submitted to B.E.D for Information	Total No. of Agenda Items	Resolutions Adopted
14-15 Safar 1433H (08-09 January, 2012)	280	6*	6	5	16	3	**-	36	21
27 Rabi' Awwal 1433H (19 February 2012)	281	14	4	3	19	3	1	44	26
09 Jumad Awwal 1433H (01 April 2012)	282	8	4	1	12	3	-	28	14
29-30 Jumad Thani 1433H (20-21 May 2012)	283	9	5	5	19	3	2	43	21
25 Sha'baan 1433H (15 July 2012)	284	21	5	2	19	3	1	51	31
22-23 Shawwal 1433H (09-10 September 2012)	285	13	5	10	13	3	4	48	27
26-27 Dhul Hijja 1433H (11-12 November 2012)	286	11	4	1	18	3	4	41	23
Total	**7 meetings**	**82**	**33**	**27**	**116**	**21**	**12**	**291**	**163**

* Projects + TAs.
** This column also includes TA Projects approved by the President, IDB.
Note: Out of 291 items considered by the Board, Resolutions were adopted on 163 items while 12 items were approved by the President, as indicated in the 2nd footnote. The remaining 116 items which were considered by the Board on which no Resolution was required, pertain to Reports of B.E.D. Committees, standing items such as Adoption of the Agenda, Adoption of the Minutes, Brief Oral Report of the President, IDB, and other items for information.

Annex 7
Selected Basic Indicators

No.	Country	Total Population (million) 2012	Annual Population Growth 2012	Life Expectancy at Birth (Years) 2011	Real GDP Growth (%) 2012	GDP (current, $ billion) 2012	GDP per Capita (current $) 2012	PPP GDP (current, $ billion) 2012	Exchange Rate (National Currency per $) 2012
1	Afghanistan	32.0	3.0	48.7	5.2	19.8	620	31.8	..
2	Albania	3.2	0.5	76.9	0.5	12.4	3,821	25.9	105.9
3	Algeria	36.5	1.5	73.1	2.6	206.5	5,660	274.5	..
4	Azerbaijan	9.2	0.8	70.7	3.9	71.0	7,727	98.2	0.8
5	Bahrain	1.2	1.9	75.1	2.0	26.5	23,027	32.4	0.4
6	Bangladesh	150.0	1.1	68.9	6.1	118.7	791	305.5	..
7	Benin	9.4	2.8	56.1	3.5	7.5	806	15.5	497.2
8	Brunei	0.4	2.1	78.0	2.7	16.9	38,801	21.9	1.2
9	Burkina Faso	17.4	2.3	55.4	7.0	10.3	592	24.0	497.2
10	Cameroon	21.5	2.5	51.6	4.7	24.5	1,142	50.3	497.2
11	Chad	10.7	2.5	49.6	7.3	9.7	905	21.3	497.2
12	Comoros	0.7	2.1	61.1	2.5	0.6	858	0.9	372.9
13	Côte d'Ivoire	23.4	3.0	55.4	8.1	24.3	1,039	39.6	497.2
14	Djibouti	0.9	2.5	57.9	4.8	1.4	1,571	2.4	177.7
15	Egypt	82.0	2.0	73.2	2.0	255.0	3,109	537.8	..
16	Gabon	1.5	1.5	62.7	6.1	16.8	10,908	26.7	497.2
17	Gambia	1.8	2.7	58.5	-1.6	0.9	509	3.5	..
18	Guinea	10.9	2.5	54.1	4.8	5.7	529	12.3	..
19	Guinea-Bissau	1.7	2.2	48.1	-2.8	0.9	514	1.9	497.2
20	Indonesia	244.5	1.4	69.4	6.0	894.9	3,660	1,212.0	9,670.0
21	Iran	76.1	1.3	73.0	-0.9	483.8	6,356	997.4	12,260.0
22	Iraq	33.6	2.4	69.0	10.2	130.6	3,882	155.4	1,166.0
23	Jordan	6.4	2.3	73.4	3.0	31.4	4,901	38.7	0.7
24	Kazakhstan	16.7	0.1	67.0	5.5	200.6	12,021	232.4	150.7
25	Kuwait	3.8	2.8	74.6	6.3	174.6	46,142	166.0	0.3
26	Kyrgyz Republic	5.6	1.0	67.7	1.0	6.2	1,109	13.5	47.4
27	Lebanon	4.0	1.3	72.6	2.0	41.8	10,416	63.7	1,507.5
28	Libya	6.6	2.0	74.8	121.9	85.1	12,879	87.9	..
29	Malaysia	29.0	1.7	74.2	4.4	307.2	10,578	492.0	3.1
30	Maldives	0.3	1.8	76.8	1.5	2.0	5,977	2.9	15.4
31	Mali	16.3	3.1	51.4	-4.5	9.6	587	17.4	497.2
32	Mauritania	3.6	2.4	58.6	5.3	4.1	1,129	7.6	..
33	Morocco	32.5	1.0	72.2	2.9	97.2	2,988	171.0	..
34	Mozambique	22.5	2.0	50.2	7.5	14.6	652	26.2	..
35	Niger	15.6	3.1	54.7	14.5	6.6	422	13.5	497.2
36	Nigeria	164.8	2.8	51.9	7.1	272.6	1,654	450.5	155.3
37	Oman	3.2	3.1	73.0	5.0	80.0	25,152	90.7	0.4
38	Pakistan	178.9	2.1	65.4	3.7	230.5	1,288	514.6	97.1
39	Palestine*	4.3	3.3	72.8	..	..	..	..	..
40	Qatar	1.8	4.0	78.4	6.3	184.6	100,378	189.0	3.6
41	Saudi Arabia	28.8	2.2	73.9	6.0	657.0	22,823	740.5	3.8
42	Senegal	13.8	7.8	59.3	3.7	14.0	1,013	26.5	497.2
43	Sierra Leone	6.2	2.6	47.8	21.3	3.8	621	8.4	..
44	Somalia	..	..	51.2	..	..	..	..	..
45	Sudan	33.5	2.6	61.5	-11.2	51.6	1,539	80.4	..
46	Suriname	0.5	1.5	70.6	4.0	5.1	9,339	6.7	3.3
47	Syria	..	..	75.9	..	..	..	..	..
48	Tajikistan	8.0	2.1	67.5	6.8	7.3	912	17.6	4.8
49	Togo	6.3	2.2	57.1	5.0	3.6	575	6.9	497.2
50	Tunisia	10.8	1.0	74.5	2.7	44.7	4,152	104.4	..
51	Turkey	74.9	0.2	74.0	3.0	783.1	10,457	1,125.4	1.8
52	Turkmenistan	5.6	1.6	65.0	8.0	33.5	5,961	47.5	..
53	U.A.E.	5.5	3.0	76.5	4.0	361.9	65,377	271.2	3.7
54	Uganda	35.6	3.3	54.1	4.2	20.5	574	50.6	..
55	Uzbekistan	29.4	1.2	68.3	7.4	51.6	1,753	103.9	..
56	Yemen	25.9	3.0	65.5	-1.9	36.4	1,405	57.8	214.9
	All MCs	**1,569.3**	**1.3**	**65.3**	**5.1**	**6,161.3**	**3,937**	**9,116.5**	**..**

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

Sources: Columns 3,4,6,7,8 and 9: IMF, World Economic Outlook online database, October 2012 edition.
Column 5: UNDP, Human Development Report, 2011.
Column 10: IMF, International Financial Statistics online database, accessed on 03 February 2013.

Annex 8
Inflation (%)

No.	Country	1990	2000	2007	2008	2009	2010	2011	2012
1	Afghanistan	..	..	13.0	26.8	-12.2	7.7	11.8	6.6
2	Albania	-0.2	0.04	2.9	3.4	2.2	3.6	3.4	2.0
3	Algeria	9.3	0.3	3.6	4.9	5.7	3.9	4.5	8.4
4	Azerbaijan	..	1.8	16.6	20.8	1.6	5.7	7.9	3.0
5	Bahrain	-0.9	-0.7	3.3	3.5	2.8	2.0	-0.4	0.6
6	Bangladesh	10.5	2.5	9.1	8.9	5.4	8.1	10.7	8.5
7	Benin	1.1	4.2	1.3	7.4	0.9	2.1	2.7	6.9
8	Brunei	2.1	1.2	1.0	2.1	1.0	0.4	2.0	1.7
9	Burkina Faso	-0.8	-0.1	-0.2	10.7	2.6	-0.6	2.8	3.0
10	Cameroon	1.5	0.8	1.1	5.3	3.0	1.3	2.9	3.0
11	Chad	0.5	3.8	-7.4	8.3	10.1	-2.1	1.9	5.5
12	Comoros	-7.4	5.9	4.5	4.8	4.8	3.9	6.8	5.6
13	Côte d’Ivoire	-0.7	-0.4	1.9	6.3	1.0	1.4	4.9	2.0
14	Djibouti	..	2.0	5.0	12.0	1.7	4.0	5.1	4.7
15	Egypt	21.2	2.8	11.0	11.7	16.2	11.7	11.1	8.7
16	Gabon	15.4	0.5	5.0	5.3	1.9	1.4	1.3	2.3
17	Gambia	12.2	0.9	5.4	4.5	4.6	5.0	4.8	4.7
18	Guinea	25.7	6.8	22.9	18.4	4.7	15.5	21.4	14.7
19	Guinea-Bissau	33.0	8.6	4.6	10.4	-1.6	1.1	5.0	5.0
20	Indonesia	7.8	3.8	6.7	9.8	4.8	5.1	5.4	4.4
21	Iran	9.0	12.8	18.4	25.4	10.8	12.4	21.5	25.2
22	Iraq	..	..	30.8	2.7	-2.2	2.4	5.6	6.0
23	Jordan	16.2	0.7	4.7	13.9	-0.7	5.0	4.4	4.5
24	Kazakhstan	..	13.3	10.8	17.1	7.3	7.1	8.3	5.0
25	Kuwait	15.8	1.6	5.5	10.6	4.0	4.0	4.7	4.3
26	Kyrgyz Republic	..	18.7	10.2	24.5	6.8	7.8	16.6	2.9
27	Lebanon	68.9	-0.4	4.1	10.8	1.2	4.5	5.0	6.5
28	Libya	0.7	-2.9	6.2	10.4	2.4	2.5	15.9	10.0
29	Malaysia	3.0	1.6	2.0	5.4	0.6	1.7	3.2	2.0
30	Maldives	15.5	-1.2	7.4	12.3	4.0	4.7	14.1	12.3
31	Mali	1.6	-0.7	1.5	9.1	2.2	1.3	3.1	7.2
32	Mauritania	4.9	3.3	7.3	7.5	2.1	6.3	5.7	5.9
33	Morocco	6.0	1.9	2.0	3.9	1.0	1.0	0.9	2.2
34	Mozambique	43.7	12.7	8.2	10.3	3.3	12.7	10.4	3.0
35	Niger	-2.0	2.9	0.1	10.5	1.1	0.9	2.9	4.5
36	Nigeria	7.9	6.9	5.4	11.6	12.5	13.7	10.8	11.4
37	Oman	10.0	-1.2	5.9	12.6	3.5	3.3	4.0	3.2
38	Pakistan	9.1	3.6	7.8	10.8	17.6	10.1	13.7	11.0
39	Palestine*	..	..	..	..	..	..	..	..
40	Qatar	3.0	1.7	13.8	15.0	-4.9	-2.4	1.9	2.0
41	Saudi Arabia	2.1	-1.1	4.1	9.9	5.1	5.4	5.0	4.9
42	Senegal	0.3	0.7	5.9	5.8	-1.7	1.2	3.4	2.3
43	Sierra Leone	110.9	-0.9	11.7	14.8	9.2	17.8	18.5	13.7
44	Somalia	..	..	..	..	..	..	..	..
45	Sudan	-0.9	8.0	8.0	14.3	11.3	13.0	18.3	28.6
46	Suriname	21.8	58.6	6.6	15.0	-0.05	6.9	17.7	6.2
47	Syria	11.1	-3.9	4.7	15.2	2.8	4.4	..	..
48	Tajikistan	..	32.9	13.2	20.4	6.5	6.5	12.4	6.0
49	Togo	1.1	1.9	0.9	8.7	1.9	3.2	3.6	2.5
50	Tunisia	6.5	2.9	3.4	4.9	3.5	4.4	3.5	5.0
51	Turkey	60.3	55.0	8.8	10.4	6.3	8.6	6.5	8.7
52	Turkmenistan	..	8.0	6.3	14.5	-2.7	4.5	5.3	4.3
53	U.A.E.	0.6	1.3	11.1	12.3	1.6	0.9	0.9	0.7
54	Uganda	45.4	3.4	6.1	12.0	13.1	4.0	18.7	14.6
55	Uzbekistan	..	25.0	12.3	12.7	14.1	9.4	12.8	12.9
56	Yemen	..	12.2	7.9	19.0	3.7	11.2	19.5	15.0
	All MCs	**15.9**	**10.9**	**8.7**	**12.0**	**6.8**	**7.0**	**8.7**	**8.7**

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

Source: IMF, World Economic Outlook online database, October 2012 edition.

Annex 9
Balance of Payments Indicators

No.	Country	Current Account Balance ($ billion)			Overall Balance ($ billion)			Gross Reserves in Months of Imports		
		2010	2011	2012	2008	2009	2010	2009	2010	2011
1	Afghanistan	0.6	0.6	0.4	..	..	..	12.7	9.8	10.1
2	Albania	-1.4	-1.6	-1.5	0.3	-0.02	0.2	6.1	6.7	5.3
3	Algeria	12.1	19.7	12.9	36.6	3.5	..	45.7	47.7	46.5
4	Azerbaijan	15.0	17.1	14.5	2.5	-1.0	1.4	9.9	11.4	12.7
5	Bahrain	0.8	3.2	2.6	-0.3	-0.1	1.3	4.8	5.5	4.5
6	Bangladesh	1.7	0.03	-0.4	1.0	4.3	1.0	5.6	4.6	2.8
7	Benin	-0.5	-0.7	-0.7	-0.1	-0.4	..	7.1	6.7	3.9
8	Brunei	5.6	7.9	8.3	0.04	0.2	..	6.7	7.6	7.2
9	Burkina Faso	-0.2	-0.1	-0.4	-0.6	-0.4	..	8.3	6.3	4.4
10	Cameroon	-0.7	-1.1	-1.0	0.3	0.2	0.01	9.9	8.5	5.9
11	Chad	-0.3	0.2	-0.2	..	..	..	3.7	3.6	5.5
12	Comoros	-0.04	-0.1	-0.1	..	..	..	8.6	7.7	6.7
13	Côte d'Ivoire	0.3	1.6	-0.7	0.2	1.0	..	5.6	5.5	7.7
14	Djibouti	-0.1	-0.2	-0.2	-0.01	-0.03	-0.003	6.4	8.2	7.1
15	Egypt	-4.3	-6.1	-8.7	0.9	-1.6	-0.2	8.6	7.7	3.1
16	Gabon	1.2	1.7	1.5	..	..	..	9.6	8.4	6.8
17	Gambia	-0.2	-0.1	-0.2	-0.02	0.02	-0.1	8.9	8.5	7.8
18	Guinea	-0.6	-0.8	-2.2	0.02	0.2	0.04	0.6	1.5	3.7
19	Guinea-Bissau	-0.1	-0.1	-0.03	-0.1	-0.1	..	8.6	8.2	8.1
20	Indonesia	5.1	1.7	-18.9	-1.9	12.5	30.3	8.1	8.3	7.2
21	Iran	25.3	60.1	16.5	..	..	..	19.2	13.7	14.0
22	Iraq	-2.5	9.5	0.3	18.5	..	..	14.4	15.4	14.4
23	Jordan	-1.9	-3.5	-4.4	1.2	3.1	0.7	9.7	10.4	7.5
24	Kazakhstan	2.4	14.1	12.4	2.2	2.5	4.7	8.8	10.0	8.0
25	Kuwait	38.3	70.8	77.0	0.6	3.8	0.6	12.0	11.4	12.3
26	Kyrgyz Republic	-0.3	-0.4	-0.8	0.1	0.1	0.02	5.9	6.0	4.8
27	Lebanon	-3.6	-5.5	-6.7	7.3	8.9	3.1	21.4	20.8	19.8
28	Libya	14.6	0.5	18.6	12.9	5.2	4.2	118.3	114.1	116.9
29	Malaysia	27.3	31.7	23.1	-3.5	3.9	-0.04	9.3	7.6	8.4
30	Maldives	-0.4	-0.3	-0.6	-0.1	0.02	0.05	3.4	4.0	2.9
31	Mali	-1.2	-1.1	-0.5	-0.1	0.4	..	7.9	5.7	5.1
32	Mauritania	-0.3	-0.3	-1.0	..	..	..	1.9	1.7	2.4
33	Morocco	-3.9	-8.0	-7.6	-5.7	-4.4	-3.0	8.3	7.7	5.3
34	Mozambique	-1.1	-1.6	-1.7	0.1	0.2	0.1	6.7	7.3	4.7
35	Niger	-1.1	-1.6	-1.7	0.1	-0.2	..	3.3	4.0	3.4
36	Nigeria	13.4	8.8	9.5	1.7	-10.5	-9.7	15.9	9.5	6.6
37	Oman	5.1	12.2	11.2	1.8	1.1	1.5	8.2	7.9	7.3
38	Pakistan	-3.9	0.2	-4.5	-9.0	1.7	0.7	4.3	4.6	4.0
39	Palestine*	..	..	..	0.5	0.05	..	1.7	1.6	1.3
40	Qatar	33.9	52.4	54.6	..	..	..	8.9	15.8	7.6
41	Saudi Arabia	66.8	158.5	171.3	137.0	-32.6	35.3	51.5	50.0	50.3
42	Senegal	-0.6	-0.9	-1.2	-0.6	-0.2	..	5.4	5.1	4.0
43	Sierra Leone	-0.5	-1.5	-0.5	-0.2	-0.1	-0.3	9.3	6.4	3.1
44	Somalia	..	..	..	..	..	..	..	..	..
45	Sudan	-1.4	-0.3	-4.0	0.1	-0.5	-0.1	1.4	1.2	0.4
46	Suriname	0.3	0.3	-0.005	0.1	0.2	0.04	5.7	5.5	6.8
47	Syria	-2.0	..	..	0.05	0.3	2.1	13.6	13.3	10.7
48	Tajikistan	-0.01	0.04	-0.03	-0.1	0.1	0.1	0.8	1.5	1.1
49	Togo	-0.2	-0.3	-0.3	-0.3	0.1	..	5.6	5.7	5.5
50	Tunisia	-2.1	-3.4	-3.6	1.7	1.6	-0.2	6.9	5.1	3.7
51	Turkey	-46.6	-77.1	-59.0	-2.8	0.9	15.0	6.1	5.2	3.9
52	Turkmenistan	-2.3	0.6	-0.5	..	..	..	29.7	37.5	31.2
53	U.A.E.	9.1	33.3	33.6	..	..	..	1.8	2.1	2.1
54	Uganda	-1.7	-2.0	-2.3	-0.1	0.3	-0.3	8.5	6.9	6.8
55	Uzbekistan	2.4	2.6	2.4	..	..	..	15.6	17.9	18.1
56	Yemen	-1.4	-1.0	-1.0	0.4	-1.3	-1.5	9.1	7.6	5.3
	All MCs	**194.0**	**389.9**	**333.6**	**202.8**	**2.8**	**--**	**13.8**	**12.7**	**11.6**

*Refers to Gaza and West Bank .. Data not available -- No enough data for aggregation

Sources: Columns 3,4 and 5: IMF, World Economic Outlook online database, October 2012 edition.
Columns 6,7 and 8: IMF, International Financial Statistics online database, accessed on 04 January 2012.
Columns 9,10 and 11: IDB staff computation based on UNCTAD online database, accessed on 21 January 2013.

Annex 10
International Trade Indicators

No.	Country	Merchandise Exports (f.o.b.) Value ($ billion)	Annual Growth Rate (%)	Ten-Year Growth (%)	Merchandise Imports (c.i.f.) Value ($ billion)	Annual Growth Rate (%)	Ten-Year Growth (%)	Trade Balance ($ billion)	Terms of Trade (2000=100)	
		2011	2011	2002-2011	2011	2011	2002-2011	2011	2005	2011
1	Afghanistan	0.4	-9.9	13.5	6.3	22.2	11.3	-5.9	119	146
2	Albania	1.9	25.7	20.0	5.4	17.2	15.4	-3.4	92	94
3	Algeria	73.4	28.7	14.0	47.2	15.2	17.2	26.2	161	199
4	Azerbaijan	34.5	30.3	39.3	9.7	47.5	17.6	24.8	136	188
5	Bahrain	19.6	44.0	12.9	12.1	8.2	10.3	7.5	114	129
6	Bangladesh	25.9	27.7	17.1	34.3	30.2	15.2	-8.4	81	55
7	Benin	1.8	33.2	17.2	2.7	25.0	16.5	-0.9	98	125
8	Brunei	12.5	39.5	12.9	2.9	19.4	9.8	9.5	160	201
9	Burkina Faso	1.8	39.7	21.6	2.6	26.9	13.5	-0.8	86	141
10	Cameroon	4.6	18.6	9.6	6.5	26.6	14.9	-1.9	126	150
11	Chad	4.1	16.4	29.4	2.1	0.0	9.7	2.0	154	209
12	Comoros	0.0	22.1	-1.1	0.3	22.0	19.7	-0.3	54	76
13	Côte d'Ivoire	11.0	7.4	9.5	6.7	-14.4	11.3	4.3	131	159
14	Djibouti	0.1	11.6	12.7	0.4	14.2	9.5	-0.3	87	78
15	Egypt	30.8	16.9	24.2	59.3	11.8	23.3	-28.5	131	159
16	Gabon	12.2	49.3	16.5	3.8	52.5	13.5	8.4	156	219
17	Gambia	0.1	170.8	27.6	0.3	20.6	8.3	-0.2	95	92
18	Guinea	1.5	-2.6	11.1	2.1	49.9	12.6	-0.6	106	110
19	Guinea-Bissau	0.2	103.3	14.4	0.3	43.4	19.1	-0.1	75	81
20	Indonesia	203.5	29.0	14.3	177.4	30.8	17.6	26.1	107	134
21	Iran	130.5	28.0	17.4	68.3	3.9	13.5	62.2	142	181
22	Iraq	84.7	56.8	24.3	50.6	28.8	18.6	34.1	155	212
23	Jordan	8.0	13.4	12.6	18.3	19.9	14.9	-10.3	88	76
24	Kazakhstan	84.9	48.2	25.0	38.0	25.0	21.0	46.8	147	220
25	Kuwait	99.6	54.2	19.8	25.2	12.7	11.7	74.4	161	219
26	Kyrgyz Republic	2.0	12.5	19.0	4.3	32.2	26.3	-2.3	101	109
27	Lebanon	5.7	12.8	17.2	20.2	12.2	13.8	-14.5	93	98
28	Libya	16.5	-66.4	12.2	5.0	-52.4	6.9	11.5	150	185
29	Malaysia	227.0	14.2	9.3	187.6	14.0	9.2	39.4	102	101
30	Maldives	0.3	75.4	8.1	1.4	28.9	13.9	-1.1	96	100
31	Mali	2.4	19.7	11.8	3.3	13.8	14.5	-0.9	100	177
32	Mauritania	2.8	32.8	28.6	2.5	42.1	17.8	0.3	122	131
33	Morocco	21.5	21.1	11.3	44.3	25.2	15.5	-22.8	99	141
34	Mozambique	3.6	60.7	14.2	6.3	76.9	14.5	-2.7	107	107
35	Niger	1.3	20.2	18.0	2.4	4.8	22.0	-1.2	126	164
36	Nigeria	108.3	39.1	20.6	64.1	44.9	24.3	44.2	157	211
37	Oman	47.1	28.7	17.5	23.9	19.4	17.6	23.2	156	231
38	Pakistan	25.3	18.4	9.3	43.6	16.1	15.8	-18.2	75	52
39	Palestine*	0.8	31.9	12.7	4.5	13.5	11.8	-3.7	..	..
40	Qatar	114.3	50.2	28.0	25.7	10.5	25.9	88.6	156	213
41	Saudi Arabia	360.1	43.4	16.5	129.0	20.7	17.0	231.1	177	216
42	Senegal	2.5	17.6	9.4	5.9	23.6	12.3	-3.4	96	105
43	Sierra Leone	0.4	2.5	20.3	1.7	122.9	18.4	-1.4	73	62
44	Somalia	0.5	15.0	10.0	1.2	23.0	10.8	-0.7	103	100
45	Sudan	10.7	-15.0	23.1	9.2	-8.1	16.8	1.4	152	229
46	Suriname	2.3	15.8	18.3	1.7	19.3	12.5	0.7	97	142
47	Syria	7.8	-30.9	5.7	16.6	-5.5	16.5	-8.8	120	144
48	Tajikistan	1.2	4.2	6.0	3.2	19.9	18.6	-2.0	95	102
49	Togo	1.1	23.1	9.0	1.7	13.7	11.5	-0.6	21	30
50	Tunisia	17.8	8.6	11.3	24.0	7.8	11.1	-6.1	94	95
51	Turkey	134.9	18.4	14.6	240.8	29.8	16.0	-105.9	97	89
52	Turkmenistan	13.0	100.0	14.1	7.4	32.1	14.8	5.6	149	221
54	U.A.E.	236.0	19.0	17.7	207.8	15.0	20.1	28.2	139	178
53	Uganda	2.4	-22.5	25.5	4.6	-2.2	19.1	-2.2	96	120
55	Uzbekistan	13.3	14.4	20.9	10.0	18.7	19.1	3.3	114	178
56	Yemen	9.6	13.2	12.2	10.0	8.4	15.7	-0.4	137	157
	All MCs	**2,240.3**	**27.2**	**16.1**	**1,696.6**	**19.6**	**15.9**	**543.7**	**110**	**131**

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

Sources: Columns 3 and 6: UNCTAD online database, accessed on 16 April 2013.
Columns 4,5,7,8 and 9: IDB staff computation based on UNCTAD online database, accessed on 16 April 2013.
Column 10 and 11: World Bank, Global Development Finance online database, accessed on 01 January 2013.
World Bank, World Development Indicators online database, accessed on 01 January 2013.

Annex 11
External Debt Indicators

No.	Country	Total Debt			Total Debt Service			Interest Payments % of Merchandise Exports	Concessional Debt % of Total Debt
		Value ($ billion)	% of Merchandise Exports	% of GNI	Value ($ billion)	% of Merchandise Exports	% of GNI		
		2011	2011	2011	2011	2011	2011	2011	2011
1	Afghanistan	2.6	749.6	..	0.01	3.0	0.1	2.8	72.9
2	Albania	5.9	303.5	46.0	0.4	19.6	3.0	6.4	30.4
3	Algeria	6.1	8.3	3.4	0.6	0.9	0.3	0.1	25.9
4	Azerbaijan	8.4	23.8	14.9	1.9	5.3	3.3	2.7	27.7
5	Bahrain	..	..	..	..	..	..	..	..
6	Bangladesh	27.0	110.7	22.6	1.5	6.1	1.2	1.3	77.2
7	Benin	1.4	79.0	19.5	0.04	2.1	0.5	0.7	83.1
8	Brunei	..	..	..	..	..	..	..	..
9	Burkina Faso	2.4	134.4	23.8	0.1	3.9	0.7	1.4	83.9
10	Cameroon	3.1	66.8	12.2	0.3	7.0	1.3	1.9	65.0
11	Chad	1.8	38.7	21.4	0.1	1.7	0.9	0.4	88.9
12	Comoros	0.3	1,389.7	45.6	0.004	19.7	0.6	8.6	88.3
13	Côte d’Ivoire	12.0	107.9	52.1	0.5	4.9	2.4	0.8	50.9
14	Djibouti	0.8	807.4	..	0.04	39.7	..	10.8	79.2
15	Egypt	35.0	114.7	15.7	3.5	11.5	1.6	2.9	56.4
16	Gabon	2.9	23.0	19.7	0.4	3.2	2.7	1.1	17.6
17	Gambia	0.5	1,166.2	43.6	0.02	61.3	2.8	16.9	81.7
18	Guinea	3.1	179.4	65.6	0.2	9.7	3.7	1.8	83.2
19	Guinea-Bissau	0.3	123.3	29.2	0.01	2.2	0.5	0.2	71.0
20	Indonesia	213.5	106.0	26.0	31.2	15.5	3.8	3.0	21.4
21	Iran	19.1	14.6	..	1.6	1.2	..	0.2	3.3
22	Iraq	..	..	..	..	..	..	..	..
23	Jordan	17.6	221.4	61.5	0.9	11.7	3.3	4.4	21.5
24	Kazakhstan	124.4	141.2	77.9	32.9	37.3	20.3	7.1	1.0
25	Kuwait	..	..	..	..	..	..	..	..
26	Kyrgyz Republic	5.5	278.1	..	0.4	20.8	7.6	3.6	47.4
27	Lebanon	24.8	437.3	61.7	5.3	94.2	13.4	27.3	5.5
28	Libya	..	..	..	..	..	..	..	..
29	Malaysia	94.5	41.6	34.8	10.9	4.8	3.9	0.8	3.2
30	Maldives	1.0	280.9	50.2	0.1	26.8	5.5	5.8	42.3
31	Mali	2.9	119.1	29.1	0.1	2.8	0.7	1.1	83.1
32	Mauritania	2.7	101.5	70.8	0.1	4.2	2.9	1.5	76.0
33	Morocco	29.0	137.3	29.4	3.2	15.3	3.3	3.8	32.3
34	Mozambique	4.1	113.8	32.1	0.1	1.6	0.4	0.8	80.0
35	Niger	1.4	112.7	23.7	0.03	2.8	0.6	1.0	77.8
36	Nigeria	13.1	11.0	6.1	0.4	0.4	0.2	0.1	39.4
37	Oman	..	..	..	..	..	..	..	..
38	Pakistan	60.2	233.4	27.3	3.0	11.5	1.3	4.0	58.9
39	Palestine*	..	..	..	..	..	..	..	..
40	Qatar	..	..	..	..	..	..	..	..
41	Saudi Arabia	..	..	..	..	..	..	0.03	..
42	Senegal	4.3	169.9	30.6	0.4	14.1	2.5	0.3	68.2
43	Sierra Leone	1.0	268.9	48.2	0.02	5.3	0.9	0.02	50.6
44	Somalia	3.1	..	..	0.0	..	..	..	53.3
45	Sudan	21.2	228.9	..	0.5	5.8	0.9	..	40.4
46	Suriname	..	..	..	..	..	..	5.2	..
47	Syria	5.0	46.4	..	0.6	5.8	..	0.6	66.2
48	Tajikistan	3.3	264.4	51.6	0.6	46.1	9.0	0.4	58.7
49	Togo	0.6	58.5	18.1	0.01	1.3	0.4	65.6	47.3
50	Tunisia	22.3	125.1	50.4	2.7	14.9	6.0	84.0	22.3
51	Turkey	307.0	227.5	40.1	56.5	41.8	7.4	0.01	3.4
52	Turkmenistan	0.4	4.0	2.0	0.1	1.2	0.5	0.3	56.7
53	U.A.E.	..	..	..	..	..	..	..	..
54	Uganda	3.9	175.4	23.5	0.1	3.1	0.4	7.5	74.3
55	Uzbekistan	8.4	63.2	17.8	0.6	4.7	1.3	..	30.3
56	Yemen	6.4	54.9	20.5	0.3	2.3	0.9	0.6	91.4
	All MCs	**1,114.5**	**88.2**	**29.9**	**162.2**	**12.9**	**4.4**	**1.6**	**20.6**

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

Sources: World Bank, Global Development Finance online database, accessed on 01 January 2013.
World Bank, World Development Indicators online database, accessed on 01 January 2013.

Annex 12
Resource Flows

No.	Country	Total Receipt[1] ($ billion)				Total ODA Commitments ($ billion)			
		2000	2009	2010	2011	2000	2009	2010	2011
1	Afghanistan	0.16	6.31	6.48	6.82	0.12	6.72	7.63	6.54
2	Albania	0.23	0.79	0.89	0.80	0.34	0.30	0.49	0.39
3	Algeria	-0.40	3.03	0.64	1.58	0.26	0.30	0.29	0.32
4	Azerbaijan	0.67	1.02	0.77	1.67	0.17	0.58	0.21	0.33
5	Bahrain	1.49	..	..	..	0.12	..	..	..
6	Bangladesh	1.24	2.08	1.45	2.01	1.27	2.60	2.77	5.63
7	Benin	0.23	0.65	0.69	0.71	0.33	0.75	0.68	0.60
8	Brunei	..	..	..	..	..	..	..	..
9	Burkina Faso	0.19	1.08	1.09	1.03	0.45	1.74	0.95	0.98
10	Cameroon	0.22	0.76	0.24	0.66	0.44	1.10	0.79	1.00
11	Chad	-0.22	0.58	0.50	0.49	0.34	0.64	0.56	0.62
12	Comoros	0.00	0.04	0.07	0.05	0.02	0.09	0.08	0.05
13	Côte d’Ivoire	0.72	-0.22	0.69	1.98	0.39	2.65	0.85	1.76
14	Djibouti	0.09	0.33	0.11	0.19	0.09	0.15	0.18	0.17
15	Egypt	3.27	7.27	6.33	4.15	1.68	1.25	2.53	0.93
16	Gabon	0.08	-0.28	0.51	0.53	0.08	0.11	0.21	0.08
17	Gambia	0.05	0.15	0.12	0.15	0.05	0.13	0.19	0.15
18	Guinea	0.33	0.19	0.21	0.18	0.18	0.21	0.16	0.43
19	Guinea-Bissau	0.08	0.13	0.15	0.11	0.09	0.13	0.15	0.08
20	Indonesia	2.36	5.42	6.44	10.69	2.03	3.40	2.88	1.79
21	Iran	0.02	-1.13	-1.30	-4.28	0.15	0.10	0.13	0.13
22	Iraq	0.11	2.95	2.54	2.58	0.08	3.07	2.34	1.51
23	Jordan	0.57	1.37	1.63	1.19	0.57	1.20	1.15	1.46
24	Kazakhstan	0.75	2.45	0.90	3.10	0.30	0.19	0.31	0.17
25	Kuwait	..	..	..	..	..	..	..	..
26	Kyrgyz Republic	0.22	0.33	0.43	0.59	0.26	0.37	0.55	0.50
27	Lebanon	0.05	0.52	0.84	0.13	0.16	0.52	0.49	0.49
28	Libya	..	1.20	-0.29	0.92	..	0.02	0.05	0.38
29	Malaysia	-0.31	5.59	7.11	7.44	1.19	0.11	0.10	0.16
30	Maldives	0.01	0.06	0.11	-0.05	0.03	0.10	0.10	0.04
31	Mali	0.31	0.97	1.11	1.26	0.54	1.51	1.07	1.20
32	Mauritania	0.22	0.41	0.39	0.48	0.27	0.15	0.38	0.57
33	Morocco	0.62	2.11	3.27	5.01	0.69	1.74	2.14	1.30
34	Mozambique	1.18	2.04	2.84	2.66	1.18	2.23	2.30	2.05
35	Niger	0.18	0.47	0.68	0.60	0.33	0.46	0.62	0.79
36	Nigeria	-1.99	4.00	1.53	4.37	0.37	3.08	1.45	2.09
37	Oman	0.20	0.08	1.17	..	0.15	0.19	0.02	..
38	Pakistan	0.17	3.25	3.46	4.22	1.19	5.43	5.09	3.32
39	Palestine*	0.55	2.85	2.54	2.45	0.68	3.07	2.49	2.18
40	Qatar	..	..	..	..	..	..	..	..
41	Saudi Arabia	-0.98	..	..	..	0.02	..	..	..
42	Senegal	0.48	1.40	0.92	1.26	0.71	1.31	1.51	0.96
43	Sierra Leone	0.19	0.46	0.45	0.44	0.29	0.39	0.52	0.43
44	Somalia	0.10	0.67	0.48	1.10	0.08	0.60	0.39	1.23
45	Sudan	0.32	2.39	2.17	1.20	0.28	2.58	2.23	1.68
46	Suriname	0.02	0.19	0.13	0.30	0.02	0.23	0.01	0.02
47	Syria	0.21	0.50	0.27	0.60	0.12	0.70	0.49	0.32
48	Tajikistan	0.12	0.43	0.46	0.37	0.18	0.40	0.48	0.49
49	Togo	0.06	0.55	0.28	0.42	0.05	0.62	0.56	0.58
50	Tunisia	0.66	0.82	0.29	0.62	0.58	0.85	0.72	1.09
51	Turkey	8.72	4.07	10.16	25.71	0.69	1.35	1.77	1.82
52	Turkmenistan	0.29	-0.07	0.66	0.30	0.02	0.02	0.05	0.03
53	U.A.E.	..	..	..	..	..	..	..	..
54	Uganda	0.83	1.99	1.88	1.66	0.94	2.45	2.11	1.54
55	Uzbekistan	0.45	0.30	0.31	0.05	0.09	0.40	0.79	0.38
56	Yemen	0.34	1.11	-0.44	0.44	0.44	1.62	0.94	0.92
	All MCs	**25.44**	**73.65**	**74.35**	**100.96**	**21.11**	**59.91**	**54.92**	**51.64**

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

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

Source: OECD, Development Assistance Committee (DAC) Statistics online database, accessed on 01 January 2013.

Annex 13
Social Development Indicators of IDB Member Countries

No.	Country	Human Development Index (HDI 2012)			Basic Capabilities Index (BCI)**			Total Expenditure on Health (% of GDP) (2010)	Public Expenditure on Education (% of GDP) (Latest available year)
		HDI Rank	Index	Status	BCI (2000)	BCI (2011)	BCI Status (2011)		
1	Afghanistan	172	0.398	Low	44.7	..	..	7.6	..
2	Albania	70	0.739	High	96.4	96.0	Medium	6.6	3.1
3	Algeria	96	0.698	Medium	90.7	92.2	Medium	4.2	4.3
4	Azerbaijan	91	0.700	High	90.2	93.1	Medium	5.9	2.8
5	Bahrain	42	0.806	Very High	96.0	97.1	Medium	5.0	2.9
6	Bangladesh	146	0.500	Low	60.9	69.6	Critical	3.5	2.2
7	Benin	167	0.427	Low	70.4	75.6	Very Low	4.1	5.3
8	Brunei	33	0.838	Very High	99.1	97.9	Medium	2.8	3.7
9	Burkina Faso	181	0.331	Low	52.8	62.4	Critical	6.7	4.0
10	Cameroon	150	0.482	Low	65.0	72.6	Very Low	5.1	3.5
11	Chad	183	0.328	Low	47.2	47.9	Critical	4.5	2.5
12	Comoros	163	0.433	Low	73.7	77.5	Very Low	4.5	7.6
13	Côte d'Ivoire	170	0.400	Low	69.1	68.0	Critical	5.3	4.6
14	Djibouti	165	0.430	Low	68.8	74.9	Very Low	7.2	8.4
15	Egypt	113	0.644	Medium	85.5	89.7	Low	4.7	3.8
16	Gabon	106	0.674	Medium	85.6	86.0	Low	3.5	3.8
17	Gambia	168	0.420	Low	67.2	70.2	Critical	5.7	3.2
18	Guinea	178	0.344	Low	56.6	64.2	Critical	4.9	3.0
19	Guinea-Bissau	176	0.353	Low	51.9	56.0	Critical	8.5	5.2
20	Indonesia	124	0.617	Medium	86.5	88.4	Low	2.6	3.0
21	Iran	88	0.707	High	90.9	94.2	Medium	5.6	4.7
22	Iraq	132	0.573	Medium	81.8	86.8	Low	8.4	..
23	Jordan	95	0.698	Medium	96.0	95.6	Medium	8.0	4.9
24	Kazakhstan	68	0.745	High	94.3	96.3	Medium	4.3	3.1
25	Kuwait	63	0.760	High	92.9	96.7	Medium	2.6	3.8
26	Kyrgyz Republic	126	0.615	Medium	90.4	94.1	Medium	6.2	5.8
27	Lebanon	71	0.739	High	..	95.9	Medium	7.0	1.6
28	Libya	64	0.760	High	..	97.3	Medium	3.9	2.7
29	Malaysia	61	0.761	High	96.0	97.7	Medium	4.4	6.3
30	Maldives	109	0.661	Medium	90.1	96.6	Medium	6.3	7.8
31	Mali	175	0.359	Low	52.8	61.4	Critical	5.0	4.8
32	Mauritania	159	0.453	Low	66.2	69.2	Critical	4.4	4.3
33	Morocco	130	0.582	Medium	81.6	82.2	Low	5.2	5.4
34	Mozambique	184	0.322	Low	52.4	67.9	Critical	5.2	5.0
35	Niger	186	0.295	Low	43.2	56.9	Critical	5.2	4.5
36	Nigeria	156	0.459	Low	61.5	63.8	Critical	5.1	..
37	Oman	89	0.705	High	93.4	95.2	Medium	2.8	4.3
38	Pakistan	145	0.504	Low	58.3	67.5	Critical	2.2	2.4
39	Palestine*	114	0.641	Medium	..	..	..	..	..
40	Qatar	37	0.831	Very High	98.3	97.1	Medium	1.8	2.5
41	Saudi Arabia	56	0.770	High	..	94.8	Medium	4.3	5.6
42	Senegal	155	0.459	Low	67.2	70.2	Critical	5.7	5.6
43	Sierra Leone	180	0.336	Low	50.8	57.7	Critical	13.1	3.6
44	Somalia	..	..	..	56.9	56.7	Critical	..	..
45	Sudan	169	0.408	Low	68.9	69.3	Critical	6.3	..
46	Suriname	104	0.680	Medium	86.3	91.4	Medium	7.0	..
47	Syria	119	0.632	Medium	92.7	94.8	Medium	3.4	4.9
48	Tajikistan	127	0.607	Medium	85.2	92.0	Medium	6.0	4.0
49	Togo	162	0.435	Low	69.2	76.9	Very Low	7.7	4.6
50	Tunisia	94	0.698	High	93.9	94.2	Medium	6.2	6.3
51	Turkey	92	0.699	High	89.1	94.2	Medium	6.7	2.9
52	Turkmenistan	102	0.686	Medium	90.7	93.9	Medium	2.5	..
53	U.A.E.	30	0.846	Very High	92.1	96.9	Medium	3.7	1.1
54	Uganda	161	0.446	Low	61.5	69.1	Critical	9.0	3.2
55	Uzbekistan	115	0.641	Medium	93.8	95.2	Medium	5.3	..
56	Yemen	154	0.462	Low	69.8	71.5	Very Low	5.2	5.2
	All MCs		**0.549**		**74.5**	**79.1**	**Very Low**	**4.6**	**3.7**

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

**The Basic Capabilities Index (BCI) is an alternative way to monitor the situation of poverty in the world. It is the average of three indicators: 1) mortality among children under five, 2) reproductive or maternal-child health, and 3) education (measured by a combination of enrolment in primary education and the proportion of children reaching fifth grade).

Sources: Column 3,4, and 5: UNDP, Human Development Report, 2013.
Columns 6,7 and 8: Social Watch, Basic Capabilities Index.
Column 9: WHOSIS online database, accessed on 03 February 2013.
Column 10: UNESCO Institute of Statistics online Database, accessed on 03 February 2013.

Annex 14
Global Hunger Index

No.	Country	1990	1996	2001	2012	Status of Hunger (2012)
1	Afghanistan	..	..	..	..	..
2	Albania	8.5	5.2	8.2	<5	Low Hunger
3	Algeria	6.7	7.3	6.0	<5	Low Hunger
4	Azerbaijan	..	14.6	7.8	5.0	Moderate Hunger
5	Bahrain	..	..	..	..	..
6	Bangladesh	37.9	36.1	27.8	24.0	Alarming Hunger
7	Benin	21.3	20.1	16.8	14.6	Serious Hunger
8	Brunei	..	..	..	..	..
9	Burkina Faso	23.5	22.4	21.8	17.2	Serious Hunger
10	Cameroon	21.6	22.2	19.0	17.4	Serious Hunger
11	Chad	39.3	35.6	30.4	28.3	Alarming Hunger
12	Comoros	22.2	26.9	29.7	25.8	Alarming Hunger
13	Côte d’Ivoire	16.5	17.8	16.6	18.2	Serious Hunger
14	Djibouti	30.8	25.7	25.3	21.7	Alarming Hunger
15	Egypt	8	6.7	5.3	<5	Low Hunger
16	Gabon	8.4	6.9	7.2	5.4	Moderate Hunger
17	Gambia	16.2	20.1	16.3	15.6	Serious Hunger
18	Guinea	22.4	20.0	21.6	16.6	Serious Hunger
19	Guinea-Bissau	20.7	20.8	21.4	18.4	Serious Hunger
20	Indonesia	18.5	15.4	14.2	12.0	Serious Hunger
21	Iran	8.8	7.3	5.1	<5	Low Hunger
22	Iraq	..	..	..	..	..
23	Jordan	<5	<5	<5	<5	Low Hunger
24	Kazakhstan	..	<5	5.4	<5	Low Hunger
25	Kuwait	9.1	<5	<5	<5	Low Hunger
26	Kyrgyz Republic	..	9.0	9.0	5.8	Moderate Hunger
27	Lebanon	<5	<5	<5	<5	Low Hunger
28	Libya	<5	<5	<5	<5	Low Hunger
29	Malaysia	9	6.7	6.6	5.2	Moderate Hunger
30	Maldives	..	..	..	..	..
31	Mali	27.8	26.3	23.0	16.2	Serious Hunger
32	Mauritania	22.6	16.7	16.6	11.1	Serious Hunger
33	Morocco	7.6	6.8	6.2	<5	Low Hunger
34	Mozambique	35.5	30.7	28.8	23.3	Alarming Hunger
35	Niger	36.4	35.9	30.5	22.3	Alarming Hunger
36	Nigeria	24.1	20.9	18.2	15.7	Serious Hunger
37	Oman	..	..	..	..	..
38	Pakistan	25.5	21.8	21.7	19.7	Serious Hunger
39	Palestine*	..	..	..	..	..
40	Qatar	..	..	..	..	..
41	Saudi Arabia	6.3	6.2	<5	<5	Low Hunger
42	Senegal	18.3	19.6	19.2	13.7	Serious Hunger
43	Sierra Leone	32.7	30.1	30.1	24.7	Alarming Hunger
44	Somalia	..	..	..	..	..
45	Sudan	28.7	24.5	25.9	21.5	Alarming Hunger
46	Suriname	10.3	9.3	10.1	8.5	Moderate Hunger
47	Syria	6.7	5.7	5.4	<5	Low Hunger
48	Tajikistan	..	24.1	24.6	15.8	Serious Hunger
49	Togo	26.4	22.0	23.3	19.0	Serious Hunger
50	Tunisia	<5	<5	<5	<5	Low Hunger
51	Turkey	5.7	5.3	<5	<5	Low Hunger
52	Turkmenistan	..	10.0	8.9	6.9	Moderate Hunger
53	U.A.E.	..	..	..	..	..
54	Uganda	18.7	20.3	17.3	16.1	Serious Hunger
55	Uzbekistan	..	9.0	10.8	6.9	Moderate Hunger
56	Yemen	29	27.6	27.9	24.3	Alarming Hunger

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

Source: IFPRI, “The challenge of hunger: Ensuring sustainable food security under land, water, and energy stresses”, October 2012.

Annex 15: List of Projects and Technical Assistance Operations Approved in 1433H

(Amount in ID/$ millions)

No.	Country	Project Name	Mode(s) of Financing	Total Cost	IDB Financing		Objectives
					(ID)	($)	
1.	Afghanistan	Capacity Building of Islamic Banking for Bank-E-Milli Afghanistan (BMA)	Grant (TA)	0.17	0.08	0.13	Help Bank Milli to develop new Islamic banking products and build capacity to develop appropriate policies and procedures for Islamic banking.
2.	Albania	Construction of Durres fishing port (supplementary financing)	Loan & Istisna'a	10.05	4.90	7.58	Provide the Fisheries Sector in Durres with a separate strategically located and fully operational New Fishing Port where vessels can berth safely and discharge their catch.
3.	Azerbaijan	Support to the National Water Supply and Sanitation Program in six regions	Istisna'a	270.00	125.00	200.05	Help satisfy the water and basic sanitation demands by providing new water distribution networks and sewage treatment plants, which will help reduce the outbreak of water-borne diseases.
4.	Bahrain	Develop a Comprehensive Rating Methodology - International Islamic Rating Agency (IIRA)	Grant (TA)	0.13	0.09	0.13	Assist the IIRA to develop a rating methodology and build capacity to market the product and undertake credit ratings and fiduciary reports for Islamic banks.
5.	Bahrain	Howart Aali Urban Agri. Growth Pole Pilot Incubator	Grant (TA)	1.00	0.65	1.00	Help launch a pilot urban agro-incubator program to position Bahrain as a regional hub for the green economy.
6.	Bahrain	Development of National Water Transmission and Storage (Phase II)	Istisna'a & Instalment Sale	405.85	78.12	120.00	Foster full integration of the national water transmission infrastructure and ensure uninterrupted water supply to domestic, commercial and industrial consumers.
7.	Bangladesh	Enhancing the Madrassa Learning Environment	Loan	12.63	6.80	10.47	Enhance the learning environment for Madrassas in flood and low land areas by providing flood resistant school infrastructure for a safer and more conducive learning environment.
8.	Bangladesh	Agricultural Support for Smallholders in South-Western Region of Bangladesh	Istisna'a Jeddah Declaration & Instalment Sale Jeddah Declaration.	16.85	9.03	14.00	Improve the livelihood of landless, marginal and small farmers by enabling sustainable increase in agricultural productivity, improvement in rural infrastructure, and institutional capacity building.
9.	Benin	Smallholders Agricultural Productivity Enhancement Program for Sub-Saharan Africa (SAPEP-SSA)-Benin	Loan Istisna'a Jeddah Declaration, Instalment Sale Jeddah Declaration & Loan ISFD	157.75	8.94	13.40	Enhance food security by rapidly scaling up staple food production, increasing agricultural productivity, and income of small farm-holders and households in Benin. The program is being implemented in eight sub-Saharan African (SSA) member countries.
10.	Bosnia & Herzegovina	Bosnia Bank International	Equity & Grant (TA)	300.00	13.11	19.96	Participate in the Equity Capital increase of the Bosnia Bank International as institutional support.
11.	Bosnia & Herzegovina	Development of Islamic Finance Enabling Environment	Grant (TA)	0.41	0.10	0.15	Help to develop the legal and regulatory frameworks and business environment for Islamic Banking and Finance in Bosnia & Herzegovina.

No.	Country	Project Name	Mode(s) of Financing	Total Cost	IDB Financing (ID)	IDB Financing ($)	Objectives
12.	Burkina Faso	Smallholders Agricultural Productivity Enhancement Program for Sub-Saharan Africa (SAPEP-SSA)-Burkina Faso	Loan, Istisna'a Jeddah Declaration, Instalment Sale & Loan ISFD	157.75	9.45	14.16	Enhance food security by rapidly scaling up staple food production, increasing agricultural productivity, and income of small farm-holders and households in Burkina Faso. The program is being implemented in eight Sub-Saharan African (SSA) member countries.
13.	Burkina Faso	Blindness Control Program (2012)	Grant (TA)	0.11	0.06	0.09	Address the widespread problem of sight-loss and blindness by providing cataract treatment and surgery.
14.	Burkina Faso	Emergency Assistance to Drought Affected Member Countries in Sahel region	Grant (TA)	0.40	0.27	0.40	Help IDB member countries in the Sahel region to avert food crisis, acute malnutrition and famine due to recurrent droughts.
15.	Cameroon	Smallholders Agricultural Productivity Enhancement Program for Sub-Saharan Africa (SAPEP-SSA)-Cameroon	Loan, Istisna'a Jeddah Declaration, Instalment Sale & Loan ISFD	157.75	8.68	13.03	Enhance food security by rapidly scaling up staple food production, increasing agricultural productivity, and income of small farm-holders and households in Cameroon. The program is being implemented in eight Sub-Saharan African (SSA) member countries.
16.	Cameroon	Livestock and Fishery Development Project for the North West Region, Cameroon	Loan, Istisna'a, & Instalment Sale	58.19	34.96	52.44	Help farmers to increase rural income and reduce poverty by enhancing livestock and fisheries production through improved techniques and better access to markets and services.
17.	Chad	Emergency Assistance to Drought Affected Member Countries in Sahel region	Grant (TA)	0.40	0.27	0.40	Help IDB member countries in the Sahel region to avert food crisis, acute malnutrition and famines due to insufficient rainfall and recurrent droughts.
18.	Chad	Rice Value Chain Development in the Plaine of Chari-Logone	Istisna'a, Jeddah Declaration Loan, Instalment Sale	44.51	25.96	39.95	Improve food security by increasing agricultural production and productivity through the development of a rice value chain, thereby facilitating increased income for rural households.
19.	Chad	Vocational Literacy Program (VOLIP) for Poverty Reduction	Loan & Loan ISFD	12.62	7.06	11.00	Help reduce poverty, particularly among the rural youth and women by: (i) equipping them with the relevant functional literacy competencies and basic livelihood skills, and (ii) giving them access to micro-finance schemes.
20.	Côte d'Ivoire	Support to the Enhancement of Cardiology Services in Bouake	Loan & Instalment Sale	19.31	11.07	16.83	Improve access to high-quality specialised care and treatment for cardiovascular illnesses by providing research opportunities for medical students and Para-medics.
21.	Côte d'Ivoire	Post-Conflict Reconstruction and Community Development	Loan, Istisna'a Jeddah Declaration & Loan ISFD	28.00	18.40	28.00	Help in developing rural infrastructure; increasing agriculture production and expanding access to markets in the war-affected and underdeveloped regions of West Cote Côte d'Ivoire.
22.	Côte d'Ivoire	Capacity Building for the Ministry of Planning and Development	Loan T.A.	1.10	0.65	1.00	Assist in upgrading the professional and technical skills of staff of the Ministry of Planning and creating an efficient working environment.

No.	Country	Project Name	Mode(s) of Financing	Total Cost	IDB Financing (ID)	IDB Financing ($)	Objectives
23.	Djibouti	Prevention of Mother-to-Child-Transmission (PMTCT) of HIV	Grant (TA)	0.86	0.25	0.40	Assist in achieving the MDGs relating to HIV/AIDS by encouraging HIV-infected pregnant women to receive regular consultations from skilled health-care staff and to mitigate the risk of disease transmission from mother to child.
24.	Djibouti	East Africa Regional Drylands Program (EARDP)	Loan & Loan ISFD	13.97	1.29	2.00	Reduce the vulnerability of pastoral and agro-pastoral communities to recurrent drought and poverty through low-cost interventions in the area of health care services; primary education and efficient use and management of natural resources.
25.	Djibouti	Basic Education Support	Loan	6.24	4.13	6.24	Enhance access to and quality of basic education and reduce educational disparities through ‘positive discrimination’ in favour of the poor and the disadvantaged members of society.
26.	Egypt	Helwan Power Plant Project (II)	Leasing	1,922.00	163.66	250.00	Meet the increasing demand for electricity through the installation of a 1950 MW Steam Power Plant that will help satisfy the energy needs of agriculture, industry, tourism, and services sectors. It will also help maintain the national electricity coverage for 99% of the population.
27.	Egypt	The National Agricultural Sub-Surface Drainage Project (Phase-3)	Istisna’a Jeddah Declaration.	54.48	20.18	32.30	Contribute to Egypt’s food security by promoting sustainable agricultural development through increased productivity and minimizing production and yield losses by helping implement a drainage system that will carry away excess water and avoid water logging and soil salinity.
28.	Egypt	Development of Action Plan for the Education for Employment (E4E)	Grant (TA)	0.50	0.20	0.31	Support employment creation for educated youth by helping the country prepare an Action Plan and a Road Map to identify short and medium-term E4E opportunities.
29.	The Gambia	Enhancing Value Addition in Groundnut Sector-Gambia	Loan & Istisna’a	27.33	18.42	28.00	Enable growth in the groundnut sector of The Gambia, and enhance its contribution to economic growth, poverty reduction, and economic stability.
30.	The Gambia	Obstetric Fistula Treatment and Care	Grant (TA)	0.15	0.10	0.15	Tackle Obstetric Fistula by helping reduce women’s vulnerability to the illness through a holistic approach that includes preventing new cases from arising; treating existing patients; motivating sufferers to seek treatment and helping to rehabilitate them through behavioural change and reintegration into society.
31.	The Gambia	Support to Bilingual Education	Loan	11.66	6.51	10.00	Improve the access to and the quality of Madrassa education through the promotion and strengthening of bilingual education. It will also make available textbooks and teaching materials, and train Madrassa teachers.
32.	Guinea	Islamic Bank of Guinea	Equity	8.18	1.39	2.14	Participate in the Capital Increase of the Islamic Bank of Guinea and enable the Bank further expand its activities.

No.	Country	Project Name	Mode(s) of Financing	Total Cost	IDB Financing		Objectives
					(ID)	($)	
33.	Guinea	Support to the Primary Education Sector Program	Loan & Loan ISFD	13.69	7.50	12.00	Enable improved access to quality education and a better learning environment. It will reduce existing disparities in education access between the northern and southern parts of the country.
34.	Guinea Bissau	C.B. of the National Hospital Simao Mendes	Grant (TA)	0.33	0.19	0.30	Improve the quality of health care services through capacity building of the National Hospital Simao Mendes and contribute to the achievement of the health-related MDGs for Guinea Bissau.
35.	Indonesia	Support to Development of Islamic Higher Education (IHE) Project	Istisna'a	163.28	80.67	123.75	Improve access to and quality of Islamic Higher Education Institutions by equipping and upgrading the facilities, enhancing the curriculum and training the teaching faculty and staff.
36.	Indonesia	Line of Financing for EXIM Bank	Instalment Sale	50.00	29.26	45.00	Support the export-oriented private sector in the areas of manufacturing; infrastructure and agriculture by providing access to long-term finance.
37.	Indonesia	Development of Islamic Finance Enabling Environment	Grant (TA)	24.65	0.10	0.15	Help to create a conducive environment for private sector participation in export-oriented activities by providing access to competitive financing for export commodities and manufactured goods.
38.	Iran	Support to the Development of the Dr. Shariati Hospital	Istisna'a	165.71	79.11	122.62	Enhance access to and quality of healthcare by expanding the in-take capacity of the Hospital; reducing patient-waiting time; providing modern medical equipment and information management systems.
39.	Iran	Azarbaijan Power Transmission Project	Instalment Sale	236.60	103.76	157.69	Help to meet the increasing demand for electricity and sustain the country's economic performance.
40.	Iran	Sarney Dam & Water Supply	Istisna'a	141.75	74.82	114.57	Facilitate the availability of safe drinking water to the people of Bandar Abbas through the construction of a Dam along with a water pipeline and water treatment plant.
41.	Iran	Western Tehran Sanitation Project	Istisna'a	487.56	149.67	230.00	Improve the environmental conditions and public health in Greater Tehran by establishing an effective and sustainable system for the collection of waste-water and treatment. It will also help enhance irrigation systems in the neighbouring areas.
42.	Jordan	The Saudi Center for Training of Blind Girls	Grant (TA)	0.18	0.04	0.06	Help transform the existing training centre into a Vocational Training Institute and help Blind Girls to obtain job-oriented skills such as weaving; handicrafts; computer operating; food processing that will make them self-dependent and contribute to society.
43.	Kazakhstan	Development of Islamic Finance Enabling Environment	Grant (TA)	0.15	0.10	0.15	Develop the legal and regulatory frameworks and enabling environment for Islamic Banking and Finance in Kazakhstan.

No.	Country	Project Name	Mode(s) of Financing	Total Cost	IDB Financing		Objectives
					(ID)	($)	
44.	Kuwait	Optimization of Sand Control System	Grant (TA)	0.31	0.05	0.07	Develop a sand control system in order to protect vital facilities such as oil installations; communication equipment & stations and military equipment from the disruptive and destructive impact of sand encroachment.
45.	Kyrgyz Republic	Reconstruction of Taraz-Talas-Suusamyr Road (Phase III)	Loan	22.08	6.64	10.00	Provide enhanced access to road transportation, reduce cost and travel time and increase mobility and intra-trade which will contribute to regional integration.
46.	Kyrgyz Republic	Sustainable Villages Project	Loan & Loan ISFD	12.50	5.95	9.00	Help reduce poverty in the project area through low-cost, sustainable and community-led interventions in agriculture; health; and education.
47.	Kyrgyz Republic	Microfinance Project for Rural Development - Centre Kapital	Loan ISFD & Grant (TA)	1.16	0.78	1.16	Contribute to the Government efforts to alleviate poverty by increasing access to reliable and affordable microfinance services for rural and urban poor, particularly women. The project aims to build capacity and provide financing to a local micro-financing institution, Centre Kapital.
48.	Kyrgyz Republic	Microfinance Project for Rural Development - Finance Partner	Loan ISFD & Grant (TA)	1.27	0.86	1.27	Contribute to the Government efforts to alleviate poverty by increasing access to reliable and affordable microfinance services for rural and urban poor, particularly women. The project aims to build capacity and provide financing to a local micro-financing institution, Finance Partner.
49.	Kyrgyz Republic	Microfinance Project for Rural Development - Commercial Bank Kyrgyzstan	Grant (TA) & Loan ISFD	1.08	0.72	1.08	Contribute in the Government efforts to alleviate poverty by increasing access to reliable and affordable microfinance services for rural and urban poor, particularly women. The project aims to build capacity and provide financing to a local micro-financing institution, Commercial Bank Kyrgyzstan.
50.	Kyrgyz Republic	Preparation Facility for the Sustainable Villages Project	Grant (TA)	0.10	0.06	0.10	Develop a reconnaissance survey and baseline study on the prevalence of poverty and hunger in the Kyrgyz Republic so as to identify sites for ISFD's Sustainable Villages Programs with particular emphasis on food security and related interventions.
51.	Lebanon	Saida Infrastructure Development Project	Istisna'a	23.50	13.50	20.33	Improve the living conditions of people in Saida City by enhancing access to sustainable public utility services including water supply, sanitation, electricity and road network infrastructure.
52.	Lebanon	Hadath El Jubba - Bqerqasha Road Project	Istisna'a	16.69	10.14	16.00	Improve accessibility; road safety and level of service and contribute to socio-economic development by upgrading a 10.2 km road section connecting several villages in the North District of Lebanon.

No.	Country	Project Name	Mode(s) of Financing	Total Cost	IDB Financing		Objectives
					(ID)	($)	
53.	Lebanon	Support to Secondary And Tertiary Healthcare Services Project in Southern Lebanon	Loan & Instalment Sale	19.04	9.10	14.11	Contribute to achieving the Country's National Health Development Strategy by enabling improved access to quality healthcare coverage especially at the secondary and tertiary levels.
54.	Libya	Youth Employment Support Project	Profit Sharing & Grant (TA)	50.32	33.53	50.32	Empower the unemployed youth through improved access to business opportunities and comprehensive business assistance strategies that will help them identify viable and sustainable opportunities for self-employment.
55.	Libya	Development of Islamic Finance Enabling Environment - Central Bank	Grant (TA)	0.10	0.07	0.10	Help to develop the legal and regulatory framework and improve the business environment for Islamic Banking and Finance during the current economic transition in Libya.
56.	Libya	Introducing of Islamic Banking Products in Masraf Tanmia	Grant (TA)	0.05	0.03	0.05	Assist to build the capacity of Masraf Tanmia to develop shari'ah banking products; prepare policies, procedures and guidelines; contracts and manuals in the area of Shariah-related financing.
57.	Maldives	Micro, Small and Medium-size Enterprise Development (MSMED) Project	Loan	23.56	6.87	10.30	Enable sustainable economic development by diversifying the economy,providing access to micro finance and helping small scale manufacturers to market their products.
58.	Mali	Agricultural develop. Project in Kangaba Region	Loan	11.37	0.66	1.00	Facilitate increased agricultural production and improve food security through the construction of 10 small dams that will supply water for irrigation.
59.	Mali	Integrated Rural Development Project(IRDP) - Kita - Phase-II	Istisna'a Jeddah Declaration.	37.00	13.81	21.00	Improve income and livelihoods by helping to diversify agricultural production, provide drinking water; strengthen the capacity of farmer organizations, and facilitate market access.
60.	Mali	Millennium Village Project in Mali	Loan & Loan ISFD	48.84	5.33	8.00	Help rural communities to combat extreme poverty, through low cost sustainable, community-led action plans.
61.	Mali	Balingue-II Power Plant Project	Leasing	32.00	20.00	30.00	Alleviate electricity shortages and contribute to improving the living conditions of the rural population.
62.	Mali	Smallholders Agricultural Productivity Enhancement Program for Sub-Saharan Africa (SAPEP-SSA)-Mali	Loan, Istisna'a Jeddah Declaration, Instalment Sale Jeddah Declaration & Loan ISFD	157.75	9.70	14.54	Enhance food security by rapidly scaling up staple food production, increasing agricultural productivity, and income of small farm-holders and households in Mali. The program is being implemented in eight Sub-Saharan African (SSA) member countries.
63.	Mali	Support to the Social Housing Program in Mali	Loan & Istisna'a	47.75	8.18	12.54	Enable access to decent and affordable housing with basic amenities such as electricity; water supply and sanitation as well as roads and streetlights.

No.	Country	Project Name	Mode(s) of Financing	Total Cost	IDB Financing (ID)	IDB Financing ($)	Objectives
64.	Mali	Emergency Assistance to Drought Affected Member Countries in Sahel region	Grant (TA)	0.40	0.27	0.40	This assistance is intended to help member countries in the Sahel region avert food crisis, acute malnutrition and famine due to recurrent droughts.
65.	Mauritania	Support to the Extension of Health Coverage in Rural Areas	Loan & Istisna'a	7.00	10.34	15.93	Facilitate increased access to basic health services through the construction of a chain of new health centres and the provision of state-of-the-art modern medical equipment and training facilities.
66.	Mauritania	Dhar Water Supply	Istisna'a	125.50	30.50	47.27	Improve the quality of life by increasing access to safe drinking water which will also reduce the incidence of water-borne diseases.
67.	Mauritania	Nema-Bangou-Bassiknou-Fassala Road	Loan & Istisna'a	149.47	13.17	20.42	Enhance the commercial and economic opportunities of the poorer segment of the population by upgrading the road network and opening up land-locked regions in the East and South of the country..
68.	Mauritania	Solar Rural Electrification Project	Loan, Instalment Sale & Loan ISFD	30.40	9.71	14.90	Provision of reliable electricity to rural households, schools, and health clinics.
69.	Mauritania	Emergency Assistance to Drought Affected Member Countries in Sahel region	Grant (TA)	0.40	0.27	0.40	This assistance is intended to help IDB member countries in the Sahel region to avert food crisis, acute malnutrition and famine due to insufficient rainfall and recurrent droughts.
70.	Morocco	Upgrade of Jorf El Asfar (JLEC) Coal Quay Project	Istisna'a	251.50	88.36	142.79	Contribute to the country's energy security by facilitating the increased availability of coal for the JLEC Coal Power Plant.
71.	Morocco	MDEZ Al Menzel Power Plant	Istisna'a	382.35	131.75	200.00	Contribute to the Government's efforts for energy security by diversifying the energy mix and ensuring energy accessible to all. This Hydro-power project is intended to meet peak-hour electricity supply through a new 225 KV Transmission line.
72.	Morocco	Water Supply Project in Eight Provinces	Istisna'a	97.71	55.42	84.79	Increase access to reliable, sustainable and safe drinking water and reduce the incidence of water-borne diseases.
73.	Mozambique	Sustainable Villages Program (SVP)	Loan & Loan ISFD	10.00	5.80	9.00	Assist rural communities to overcome extreme poverty, through low cost sustainable, community-led action plans.
74.	Mozambique	Preparation Facility for the Sustainable Villages Project	Grant (TA)	0.13	0.06	0.09	Assist rural communities in targeted areas to combat extreme poverty, and help them to achieve the MDGs at the village level through sustainable, community-led action plans and new advances in science and technology.
75.	Niger	Smallholders Agricultural Productivity Enhancement Program for Sub-Saharan Africa (SAPEP-SSA)-Niger	Loan, Istisna'a Jeddah Declaration, Instalment Sale Jeddah Declaration & Loan ISFD	157.75	8.93	13.40	Enhance food security by rapidly scaling up staple food production, increasing agricultural productivity, and income of small farm-holders and households in Niger. The program is being implemented in eight Sub-Saharan African (SSA) member countries.
76.	Niger	Gorou Banda Thermal Power Plant Project	Loan & Istisna'a	141.27	22.69	34.72	Meet the growing demand for electricity, improve the reliability of supply and strengthen the transmission network.

No.	Country	Project Name	Mode(s) of Financing	Total Cost	IDB Financing		Objectives
					(ID)	($)	
77.	Niger	Capacity Building of Ministry of Planning, Land & Community Development	Grant (TA)	0.34	0.20	0.30	Strengthen the institutional capacity of the Ministry of Planning to deliver high quality services.
78.	Niger	Arlit-Assamaka Road Project	Loan	102.00	9.81	15.00	Promote regional integration by increasing trade between countries of the Maghreb region and Sub-Saharan Africa.
79.	Niger	Prevention Campaign on Breast Cancer Risks	Grant (TA)	0.08	0.05	0.07	Increase Awareness of Breast Cancer Risks among Women in the community.
80.	Niger	Emergency Relief Assistance for Food Crisis in Niger	Grant (TA)	1.09	0.74	1.09	Assist to address the food crisis by boosting production through purchase and distribution of Agriculture inputs and addressing emergency needs for basic food items.
81.	Niger	Emergency Assistance to Drought Affected Member Countries in Sahel region	Grant (TA)	0.40	0.27	0.40	Address the acute food crisis and the resultant production deficit due to insufficient rainfall in 2011. The aid will be targeted to pockets of drought and hunger-stricken communities with the aim of averting future famine and hunger.
82.	Niger	Emergency Supporting of Malian Refugees Flowing into Niger	Grant (TA)	0.10	0.07	0.11	Emergency Relief Assistance for Malian Refugees flowing into Niger.
83.	Nigeria	Zaria Water Supply Expansion Project	Loan & Istisna'a	437.50	52.61	81.00	Enable access to safe and sustainable water supply and sanitation services so as to improve the living conditions and public health in Zaria city and surrounding towns and villages.
84.	Nigeria	Study Visit of Experts & Technicians on Dams and Irrigation Network	Grant (TA)	0.17	0.08	0.13	Assist Nigerian Experts to gain knowledge of best practices in agricultural land management and improve their knowledge of water management and irrigation systems working with Indonesian Experts (Reverse Linkage).
85.	Nigeria	Nigerian-Malaysian Cooperation for the Development of Rice Production	Grant (TA)	0.16	0.11	0.16	Help researchers from Nigeria gain know-how and expertise in rice-breeding from Malaysia, so as to develop their own capabilities (Reverse Linkage).
86.	Nigeria	Prevention and Treatment of Obstetric Fistula	Grant (TA)	0.20	0.09	0.14	Tackle Obstetric Fistula by helping reduce women's vulnerability to the illness through a holistic approach that includes preventing new cases from arising; treating existing patients; motivating sufferers to seek treatment and helping to rehabilitate them through behavioural change and reintegration into society.
87.	Nigeria	Support to Bilingual Education	Loan, Istisna'a, Grant (TA) & Loan ISFD	112.67	19.86	30.33	Integrate Islamic /Quaranic schools into the Universal Basic Education System and offer quality education that meets labour market demand so as to increase employment opportunities for the young graduates.

No.	Country	Project Name	Mode(s) of Financing	Total Cost	IDB Financing (ID)	IDB Financing ($)	Objectives
88.	Oman	Developing Regulatory Framework of Capital Markets Authority	Istisna'a & Grant (TA)	0.15	0.10	0.15	Assist in developing the regulatory framework and business environment for Islamic Capital Market in Oman.
89.	Pakistan	Basic Education for the Poor	Loan, Grant (TA) & Loan ISFD	35.14	6.98	10.52	Provide free access to high quality education to the underprivileged urban and rural children.
90.	Pakistan	Support to the Polio Eradication Program in Pakistan	Instalment Sale & Loan ISFD	283.21	147.02	227.01	Prevent Polio Virus transmission through a country-wide Vaccination Campaign for children and extensive community mobilization and sensitization. It will also enhance the Country's capacity to effectively undertake mass public health interventions.
91.	Pakistan	Establishment of Advanced Electronics Laboratory at International Islamic University, Islamabad	Grant (TA)	0.60	0.20	0.30	Establish an advanced Electronics Laboratory that will enable researchers and scientists to work on semi-conductor devices and enhance quality of research work. This will also help develop local expertise and knowledge and mitigate the problem of brain-drain.
92.	Pakistan	Foundation Wind Energy Limited I	Leasing	140.00	45.75	70.00	Address the growing need for electricity by helping to develop renewable and clean energy sources. The project will add 100 MW of renewable wind energy to the National Grid, thereby saving valuable foreign exchange spent on imported oil.
93.	Pakistan	Foundation Wind Energy Limited II	Leasing	140.00	45.75	70.00	Address the growing need for electricity by helping to develop renewable and clean energy sources. The project will add 100 MW of renewable wind energy to the National Grid, thereby saving valuable foreign exchange spent on imported oil.
94.	Palestine	Expanding Education	Grant (TA) & Loan ISFD	50.00	1.20	2.00	Expand the in-take capacity of schools by increasing infrastructure support and also improve the quality of education in East Jerusalem.
95.	Senegal	70 Mega Watt Power Plant	Istisna'a	112.00	65.00	97.38	Reduce Peak time power deficit and avoid repetitive load-shedding through the installation and commissioning of a 70 MW power barge adjacent to the existing Power Station so as to help improve electricity supply to the City of Dakar and surrounding areas.
96.	Senegal	Construction and Equipping of the Dalal Jamm Hospital Project (Supplementary Financing)	Instalment Sale	35.05	5.22	8.40	Facilitate access to advanced quality health services with a range of specialized treatments and strengthen training and research facilities in medicine.

No.	Country	Project Name	Mode(s) of Financing	Total Cost	IDB Financing		Objectives
					(ID)	($)	
97.	Sierra Leone	Pendembu-Koindu Road Project	Loan	22.14	9.73	15.45	Alleviate poverty through better access to markets and essential services and better transport network with other parts of the country. It will also help enhance trade with neighbouring countries.
98.	Sierra Leone	Linking Smallholders to Market	Istisna'a Jeddah Declaration	22.80	13.33	20.00	Increase smallholders' income and reduce food insecurity by improving farm production and enhancing access to markets. This will be achieved through good agricultural practices such as the provision of agricultural inputs (seed and fertilizers); the development of new agricultural land including small scale irrigation facilities, and the rehabilitation feeder roads for better access to markets.
99.	Sierra Leone	Prevention and Treatment of Obstetric Fistula	Grant (TA)	0.16	0.07	0.11	Tackle Obstetric Fistula by helping reduce women's vulnerability to the illness through a holistic approach that includes preventing new cases from arising; treating existing patients; motivating sufferers to seek treatment and helping to rehabilitate them through behavioural change and reintegration into society.
100.	Sudan	Rehabilitation of New Halfa Agriculture Scheme	Istisna'a Jeddah Declaration	64.83	32.73	49.10	Contribute to the enhancement of food security in Sudan by promoting sustainable agricultural development. This will be achieved by helping increase irrigated land area and agricultural production which will help reduce poverty and provide increased income to farmers. This will enable better access to safe drinking water; health-care services and education for children.
101.	Sudan	Al-Ebda'a Microfinance Institution in Sudan-AGFUND	Equity	5.00	0.80	1.25	Participation in the Equity Capital of Al Ebda'a Micro-finance Institution, Sudan.
102.	Sudan	IRADA Microfinance Institution	Equity	50.00	6.70	10.00	Participation in the Equity Capital of IRADA Micro-finance Institution, Sudan.
103.	Sudan	Technical Assistance to Kalamendo Rural Hospital, North Darfur	Grant (TA)	0.78	0.17	0.26	Contribute to the Government's efforts to reduce maternal and child mortality by enabling improved and better access to quality health-care and thus achieving the MDGs related to Health in the country.
104.	Sudan	Rainwater Harvesting in White Nile, South Kordofan, Sinnar and Darfur States Project	Loan	22.54	12.80	20.32	Improve the living conditions of the internally displaced persons in the region by enabling easier access to water for human and livestock consumption and promoting sustainable peace among farmers and nomads.

No.	Country	Project Name	Mode(s) of Financing	Total Cost	IDB Financing		Objectives
					(ID)	($)	
105.	Sudan	Heightening Roseires Dam	Istisna'a	511.32	7.00	11.20	Alleviate water shortages in the existing irrigation scheme to intensify the development of agriculture by increasing the storage capacity of Roseires Dam. In addition, the project will generate an estimated additional 566 GWH of hydro-electrical power.
106.	Tajikistan	Secondary Schools Development Project	Loan	20.04	11.34	17.49	Support the Government's objective to develop secondary education by enabling increased access to education and improving the quality of secondary education in selected districts. This will be accomplished through the construction of schools; the provision of equipment; curriculum development and training of teachers in the selected districts.
107.	Tajikistan	Mini Hydropower Plants in the Rural Areas (supplementary financing)	Loan	11.59	1.28	1.98	Harness the hydro-power potential of the country's rivers and construct eight Mini Hydro-power Plants to provide a reliable supply of electricity to rural areas.
108.	Tajikistan	Vocational Literacy Program for Poverty Reduction (VOLIP) Project	Loan & Loan ISFD	15.00	6.59	9.98	Help reduce poverty among the rural youth by enhancing functional literacy competencies and improving skills and training as well as access to micro-finance.
109.	Togo	Rural Water supply project in the regions of Maritime and Plateaux in Togo	Loan	14.06	7.79	12.00	Extend and reinforce the rural water supply and sanitation infrastructure, increase access to safe drinking water and sanitation facilities and reduce the incidence of water-borne diseases.
110.	Tunisia	Integrated Agricultural Development Project In Kef and Kasserine Governorates	Istisna'a Jeddah Declaration	43.57	23.07	34.60	Enhance food security through improvements in agricultural production and productivity. Develop agricultural potential, protect natural resources, support employment and improve the income of the local population.
111.	Tunisia	Sousse Power Plant	Instalment Sale	456.93	127.40	194.68	Increase the installed generation capacity in a cost-effective, environmentally friendly and sustainable manner by adding a new single-shaft combined cycle generating module to the existing power station at Sousse.
112.	Tunisia	Vocational Education and Training for Employment	Istisna'a & Loan ISFD	47.00	16.87	27.00	Develop the capabilities of graduates and help equip them with relevant skills to enhance their prospects of securing gainful employment.
113.	Tunisia	Rural Women's Economic Empowerment	Grant (TA)	0.00	0.07	0.10	Assist the Centre of Arab Women for Training & Research in the project area to earn income from Olive oil processing by refining their know-how and production skills.
114.	Tunisia	Development of Islamic Finance Enabling Environment	Grant (TA)	0.20	0.13	0.20	Help in developing the regulatory framework and conducive business environment for Islamic Capital Market in Tunisia.
115.	Turkey	Development of Ankara-Konya High Speed Railway Line	Instalment Sale	294.03	145.29	222.75	Support the development of Railway line to reduce travel time and costs and thereby improve access to markets; tourism and employment opportunities.

No.	Country	Project Name	Mode(s) of Financing	Total Cost	IDB Financing		Objectives
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116.	Turkey	Turkey's Strategic Vision 2023, Youth Employment	Grant (TA)	0.24	0.10	0.15	Finance an International Congress and conduct a series of seminars and meetings to raise awareness on the high levels of youth unemployment and generate proposals to tackle the problem through actions in the area of vocational and technical education.
117.	Turkey	Development of Islamic Finance Enabling Environment Phase II	Grant (TA)	0.10	0.07	0.10	Provide capacity building in the areas of Legal, Regulatory, Supervisory and Shariah compliant Frameworks for the development of Islamic Finance in Turkey.
118.	U.A.E	Emirates Aluminium Expansion Project	Grant (TA) & Leasing	4,600.00	65.00	100.00	Support the expansion of Emirates Aluminium to double its production capacity, improve its competitiveness and maintain market share as one of the largest aluminium smelters in the World.
119.	Uganda	Community Agriculture Infrastructure Improvement Program (CAIIP-III)	Loan	73.00	5.21	8.00	Help farmers with better access to markets through improvements in rural infrastructure and commercialization of Agriculture. CAIIP-3 is a follow-on project to the two existing projects, CAIIP-1 & CAIIP-2.
120.	Uganda	Support to the Development of a Specialized Maternal & Neonatal Healthcare Unit in the Mulago Nation	Loan, Instalment Sale Grant (TA) & Loan ISFD	33.91	19.69	30.72	Support the Government's strategy to develop the health sector and enable increased access to specialized health care through the establishment of a 320 bed specialty hospital for neo-natal and maternal Health Care.
121.	Uganda	Enhancing the National Food Security through increased Rice Production	Grant (TA) & Istisna'a Jeddah Declaration	95.45	21.97	34.05	Assist Uganda reach food security through improved and increase production of high quality rice. The project also aims at facilitating the development of agro-processing and marketing of the rice produce; and the provision of improved agro-inputs to small land-holders..
122.	Uzbekistan	Development of Oncology Services	Instalment Sale	71.55	25.51	37.04	Improve the quality of medical diagnostic and treatment services for cancer patients through the provision of modern medical equipment to fifteen (15) oncology centres at different locations in Uzbekistan and significantly improve the standard of oncology and medical treatment services.
123.	Uzbekistan	Reconstruction of Main Irrigation Canals of Tashsaka Irrigation System in Khorezm	Istisna'a Jeddah Declaration	119.57	56.48	90.37	Contribute to food security and improve the livelihood of local communities through re-construction of irrigation canals to increase water supply.
124.	Uzbekistan	Modernization of Hydropower Stations in Uzbekistan	Leasing	184.00	67.00	100.00	Ensure sustainable energy supply security and efficiency by increasing hydro-power generation and capacity of two hydro-power stations in Uzbekistan by about 140 MW. In addition to increasing generation capacity, the project will help extend the lifetime of the two existing power stations.

No.	Country	Project Name	Mode(s) of Financing	Total Cost	IDB Financing		Objectives
					(ID)	($)	
125.	Uzbekistan	TA Grant for "UZINFOINVEST" Uzbekistan	Grant (TA)	0.42	0.20	0.30	Enhance Uzbekistan's capacity to attract foreign direct investment by enabling UZINFOINVEST to promote opportunities for investment through marketing; material promotion, staff training and the development of investment promotion strategies.
126.	Yemen	Support to the Development of the Faculty of Engineering, University of Aden, Yemen	Loan	14.48	7.79	12.00	Operationalize the existing facilities and provide needed skills to the students so as to increase their employability. The project aims to offer training to faculty members and technicians. It complements an earlier project implemented for the Faculty of Engineering at Aden University.
127.	Yemen	Youth Employment Support Project	Istisna'a	50.00	33.00	50.00	Improve the living conditions and quality of life of the youth by helping create income generating activities and build productive community members.
128.	Regional	Setting up a Private Sector PPF in SSA	Grant (TA)	4.50	0.67	1.00	Assist along with the ICD, private sector entrepreneurs to prepare and formulate bankable projects to address the current financing constraint in the industry.
129.	Regional	Training on Bioequivalence & Pharmacokinetic Technique for CBSBR	Grant (TA)	0.14	0.03	0.05	Enhance the skills of the CBSBR staff in assessing the effects of generic medicinal products on the human body and confirm that they are comparable to original branded medicines. This will make available good quality generic medicines at affordable prices.
130.	Regional	Symposium on S&T Past, Present and Future in Kazakhstan and Islamic World	Grant (TA)	0.08	0.02	0.03	Highlight the contribution of the Central Asian Countries to the fields of science and technology, discuss latest developments in the field of S&T and reflect on the achievements in the Muslim World.
131.	Regional	Arab Infrastructure Investment Vehicle (AIIV) (Part of AFFI)	Equity	300.00	32.68	50.00	Joint Public Private Partnership Initiative with World Bank aims to facilitate investments in the infrastructure sector of the Arab and GCC regions in the areas of power/energy; transportation; telecommunication; water and sanitation.
132.	Regional	IDB Prize For Women Contribute in Development - 7th Edition	Grant (TA)	0.15	0.10	0.15	Recognize, reward and encourage outstanding achievements made by Women in community development.
133.	Regional	7th Meeting of the IDB Women Advisory Panel	Grant (TA)	0.06	0.04	0.06	Working Session to discuss Technical and Operational issues relating to developing suitable strategies for Women's Empowerment, especially the role of Women in Poverty Reduction and the overall Socio-Economic Development Process.

No.	Country	Project Name	Mode(s) of Financing	Total Cost	IDB Financing		Objectives
					(ID)	($)	
134.	Regional	Emergency aid for control of old world screw worm	Grant (TA)	0.91	0.28	0.45	Control the spread of old world screw worm that attacks and infests livestock through curative and preventive measures such as use of pesticides and medication. This 2nd phase of the project is being undertaken with savings from Phase-1 implemented during 2002/2003 and covers Iraq, Jordan, Syria, and GCC.
135.	Regional	IDB Prizes for Science & Technology - 10th Edition (1433H)	Grant (TA)	0.33	0.26	0.40	Encouraging S&T institutions in member countries to pursue excellence and raise awareness on the potential contribution of S&T to development.
136.	Regional	International Center for Biosaline Agriculture (ICBA)	Grant (TA)	2.00	1.31	2.00	IDB's Contribution to ICBA's Annual Budget for financial year 2012.
137.	Regional	Data Reconciliation & Harmonization in MENA Region (WHO)	Grant (TA)	0.36	0.13	0.20	Contribute to the production and dissemination of accurate and timely estimates of water and sanitation statistics of countries in MENA region.
138.	Regional	TWAS/BIO Vision Alexandria NXT Workshop	Grant (TA)	0.12	0.03	0.04	Provide a platform for young researchers to discuss innovative ideas; latest approaches to funding; problems faced by young scientists and commercialization of innovative ideas. It also aims to enhance the quality of research in the fields of bio-technology; agriculture; health and the environment.
139.	Regional	Technical Cooperation Program(TCP)	Grant (TA)	1.56	1.00	1.56	Support operational activities of the TCP to promote technical cooperation for the development of human resources.
140.	Regional	Training Workshop on Science , Technology and Innovation Policy & Technology Management for Socio-Economic Development	Grant (TA)	0.14	0.03	0.05	Provide participants with adequate knowledge to face the challenges in driving socio-economic transformation through the strategic management of science, technology and innovative techniques.
141.	Regional	International Conference on Information, Communication and Technology (ICT)	Grant (TA)	0.27	0.02	0.03	Enable individuals with special needs and learning difficulties to make increased use of ICT and become active community members.

Annex 16

IDB Scholarship Programme for Muslim Communities in Non-member Countries

No.	Country	Year Started	Total up to 1433H (November 2012)					1433H (2011-2012)		
			Quota	Utilized	Graduates	Non-completions	Active/ Current	Quota	Selected	Enrolled
Non-Member Countries										
1	Argentina	1997	35	3	0	0	3	3	-	-
2	Australia	2006	25	4	0	0	4	3	-	-
3	Bosnia-Herzegovina	1994	202	57	41	8	8	10	-	-
4	Brazil	2006	25	8	2	0	6	3	3	-
5	Bulgaria	1989	93	99	46	15	38	3	3	3
6	Burundi	2002	31	40	10	1	29	3	3	-
7	Cambodia	1992	59	82	49	3	30	3	4	4
8	Canada	1994	49	55	14	4	37	3	3	-
9	Central African Republic	1994	62	40	1	0	39	3	3	3
10	China	1992	964	794	139	2	653	100	80	45
11	Congo	1992	59	61	20	8	33	3	4	4
12	Croatia	2001	35	31	10	0	21	3	3	-
13	Democratic Republic of Congo (Zaire)	1987	168	97	19	17	61	5	6	-
14	Eritrea	1986	192	125	80	32	13	1	-	-
15	Ethiopia	1990	359	320	144	26	150	15	16	16
16	Fiji	1986	75	59	31	16	12	3	2	-
17	Georgia Republic		2	11	0	0	11	2	5	5
18	Ghana	1986	317	332	258	21	53	9	9	9
19	Greece	1995	24	2	2	0	0	1	-	-
20	Guyana	1994	50	42	11	8	23	3	3	3
21	India	1983	3480	3945	2859	97	989	120	126	126
22	Kenya	1983	284	264	153	27	84	8	9	5
23	Kibris	1988	50	8	6	2	0	3	-	-
24	Kosovo	1995	45	90	18	6	66	3	3	3
25	Lesotho	1995	35	5	1	4	0	1	-	-
26	Liberia	1987	175	165	53	33	79	5	7	7
27	Macedonia	1991	61	121	75	9	37	3	4	4
28	Madagascar	1987	98	68	20	15	33	3	4	4
29	Malawi	1986	123	77	26	15	36	3	3	3
30	Mauritius	1986	83	72	42	8	22	3	3	3
31	Mongolia	1991	62	58	18	21	19	3	-	-
32	Myanmar	1985	269	262	99	60	103	10	12	8
33	Namibia	2009	2	4	0	0	4	2	-	-
34	Nepal	1987	135	159	115	9	35	3	4	4
35	New Zealand	1993	51	17	11	2	4	1	-	-
36	Papua New Guinea	2000	29	2	0	1	1	1	-	-
37	The Philippines	1986	667	793	489	123	181	20	20	20
38	Russian Federation	1993	191	108	42	18	48	8	8	8
39	Rwanda	1990	75	88	57	2	29	5	5	5
40	Singapore	1985	107	68	51	7	10	3	3	2
41	South Africa	1987	225	207	121	25	61	7	12	11
42	Sri Lanka	1983	279	317	259	7	51	6	8	-
43	Tanzania	1985	494	453	238	70	145	15	15	3
44	Thailand	1986	446	552	409	25	118	12	15	-
45	Trinidad-Tobago	1989	93	44	31	7	6	3	-	-
46	U.S. Virgin Isles	1995	39	2	2	0	0	1	-	-
47	Vanuatu	1999	32	9	3	1	5	2	1	-
48	Vietnam	1995	47	47	17	5	25	3	4	-
49	Zambia	2000	40	23	5	3	15	3	3	3
50	Zimbabwe	1993	54	26	17	1	8	3	4	3
	New Countries	-	-	-	-	-	-	14	-	-
Member Countries Included on Exceptional Basis:										
51	Afghanistan	1986	454	451	398	51	2	-	-	-
52	Albania	1994	34	28	15	4	9	-	-	-
53	Azerbaijan	1994	21	2	2	0	0	-	-	-
54	Côte d'Ivoire	1987	100	55	30	7	18	3	3	-
55	Guinea Bissau	2008	20	25	-	1	24	5	5	5
56	Kazakhstan	1992	72	52	13	38	1	-	-	-
57	Mozambique	1992	70	49	30	5	14	3	-	-
58	Nigeria	1987	885	902	784	66	52	-	-	-
59	Palestine	1984	252	200	143	7	50	15	1	1
60	Somalia	1996	200	223	77	16	130	10	10	10
61	Sudan	2008	20	20	-	-	20	5	-	-
62	Togo	1986	135	105	46	23	36	3	3	3
	TOTAL		**12860**	**12428**	**7652**	**982**	**3794**	**500**	**442**	**333**

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

Annex 17
IDB Merit (MSP) & M.Sc Scholarship Programmes:

No.	Countries	Selection until 1428H (2007-08)		1429 / 2008		1430 / 2008-09		1431 / 2009-10		1432 / 2010-11		1433 / 2011-12		Total Selected	
		Merit	M.Sc	Merit	M.Sc	Merit	M.Sc	Merit	M.Sc	Merit	M.Sc	Merit	M.Sc	Merit	M.Sc
1	Afghanistan	3	20	1	3	1	3	1	3	1	3	2	2	9	34
2	Albania	3	-	-	-	-	-	-	-	-	-	1	-	4	-
3	Algeria	15	-	-	-	4	-	1	-	-	-	1	-	21	-
4	Azerbaijan	1	-	-	-	-	-	1	-	2	-	1	-	5	-
5	Bahrain	5	-	-	-	-	-	-	-	-	-	-	-	5	-
6	Bangladesh	26	-	5	-	5	-	5	-	4	-	4	-	49	-
7	Benin	3	12	-	3	1	2	1	4	1	3	3	2	9	26
8	Brunei Darussalam	-	-	-	-	-	-	-	-	-	-	-	-	0	-
9	Burkina Faso	1	6	-	-	1	3	-	3	1	3	2	3	5	18
10	Cameroon	5	-	-	-	-	-	1	-	-	-	3	-	9	-
11	Chad	2	12	-	3	1	3	1	2	1	3	1	3	6	26
12	Comoros	-	5	1	4	1	3	1	3	3	3	2	2	8	20
13	Côte d’Ivoire	-	-	2	-	1	-	2	-	1	-	1	-	7	-
14	Djibouti	-	6	-	2	-	1	2	-	2	1	1	2	5	12
15	Egypt	28	-	5	-	5	-	5	-	4	-	4	-	51	-
16	Gabon	-	-	-	-	2	-	-	-	-	-	-	-	2	-
17	Gambia	3	9	-	4	-	1	-	-	2	3	1	3	6	20
18	Guinea	4	15	-	4	-	3	2	4	3	4	-	3	9	33
19	Guinea Bissau	-	-	-	1	-	-	-	-	-	-	-	-	0	1
20	Indonesia	34	-	5	-	5	-	5	-	4	-	3	-	56	-
21	Iran	24	-	4	-	5	-	5	-	4	-	4	-	46	-
22	Iraq	5	-	-	-	5	-	4	-	4	-	3	-	21	-
23	Jordan	12	-	3	-	5	-	5	-	3	-	4	-	32	-
24	Kazakhstan	2	-	-	-	-	-	-	-	1	-	2	-	5	-
25	Kuwait	4	-	1	-	-	-	-	-	1	-	-	-	6	-
26	Kyrghyz	4	-	-	-	2	-	2	-	-	-	-	-	8	-
27	Lebanon	5	-	2	-	2	-	-	-	2	-	1	-	12	-
28	Libya	3	-	-	-	-	-	-	-	-	-	1	-	4	-
29	Malaysia	22	-	5	-	3	-	5	-	4	-	4	-	43	-
30	Maldives	2	11	1	1	-	3	1	-	1	1	-	3	5	19
31	Mali	3	8	-	1	-	1	-	1	-	3	-	2	3	16
32	Mauritania	2	10	-	3	-	2	1	2	2	1	1	3	6	21
33	Morocco	8	-	1	-	4	-	3	-	-	-	2	-	18	-
34	Mozambique	1	-	-	-	1	1	-	-	1	-	-	2	3	3
35	Niger	3	13	-	2	-	2	-	3	-	3	1	3	4	26
36	Nigeria	3	-	2	-	5	-	5	-	3	-	2	-	20	-
37	Oman	8	-	2	-	2	-	-	-	2	-	3	-	17	-
38	Pakistan	26	-	5	-	5	-	5	-	4	-	4	-	49	-
39	Palestine	16	4	4	4	3	4	5	4	4	3	3	3	35	22
40	Qatar	-	-	-	-	-	-	-	-	-	-	-	-	0	-
41	Saudi Arabia	6	-	-	-	-	-	-	-	-	-	-	-	6	-
42	Senegal	5	-	-	-	-	-	1	-	3	-	3	-	12	-
43	Sierra Leone	1	12	-	3	2	3	-	4	-	2	1	3	4	27
44	Somalia	2	18	1	3	-	3	-	5	-	5	2	3	5	37
45	Sudan	20	-	5	-	3	-	5	-	4	-	4	3	41	3
46	Suriname	-	-	-	-	-	-	-	-	-	-	1	-	1	-
47	Syria	15	-	3	-	3	-	4	-	3	-	3	-	31	-
48	Tajikistan	3	-	-	-	-	-	1	-	1	-	1	-	6	-
49	Togo	1	5	-	1	-	4	4	3	3	2	2	3	10	18
50	Tunisia	15	-	5	-	5	-	5	-	4	-	3	-	37	-
51	Turkey	19	-	4	-	4	-	1	-	4	-	3	-	35	-
52	Turkmenistan	-	-	-	-	-	-	-	-	-	-	-	-	0	-
53	Uganda	7	17	1	4	-	4	-	5	2	3	3	3	13	36
54	U.A.E.	-	-	-	-	-	-	-	-	-	-	-	-	0	-
55	Uzbekistan	4	-	-	-	1	-	4	-	3	-	3	-	15	-
56	Yemen	9	20	-	4	-	4	2	4	4	4	3	2	18	38
Students from Non-Member Countries Selected on Exceptional Basis		6	1	3	-	3	-	4	-	4	-	3	1	23	2
Total		**399**	**204**	**71**	**50**	**90**	**50**	**100**	**50**	**100**	**50**	**100**	**54**	**860**	**458**

Annex 18
IDB Special Assistance Program

(Amount in ID/$ million)

Year	Member Countries			Muslim Communities in Non-Member Countries			Total		
	No.	ID	$	No.	ID	$	No.	ID	$
1399	1	0.7	0.9	..	..	..	1	0.7	0.9
1400	4	6.5	8.5	1	0.8	1.0	5	7.2	9.5
1401	3	2.0	2.2	5	3.3	4.0	8	5.3	6.2
1402	6	5.5	6.3	1	0.6	0.7	7	6.1	7.0
1403	3	3.2	3.7	3	3.1	3.4	6	6.3	7.0
1404	24	55.2	57.4	10	5.5	5.8	34	60.6	63.3
1405	10	21.2	25.0	18	7.0	7.7	28	28.3	32.7
1406	3	0.5	0.6	14	8.7	10.0	17	9.3	10.6
1407	9	6.3	7.9	7	2.6	3.2	16	9.0	11.1
1408	41	24.9	32.4	22	5.1	6.3	63	30.0	38.7
1409	11	24.1	28.2	23	6.3	8.0	34	30.3	36.3
1410	32	40.1	49.7	21	3.6	4.7	53	43.7	54.4
1411	34	23.8	30.1	25	4.2	5.5	59	28.0	35.6
1412	28	7.7	10.3	37	22.2	29.7	65	29.8	39.9
1413	15	11.4	15.6	18	2.6	3.6	33	13.9	19.1
1414	26	11.8	16.5	40	5.4	7.4	66	17.2	23.9
1415	9	1.1	1.5	27	4.1	5.9	36	5.2	7.4
1416	8	3.9	5.6	37	4.8	7.0	45	8.6	12.6
1417	10	9.1	12.9	27	4.6	6.6	37	13.8	19.5
1418	12	4.6	6.2	39	6.7	9.1	51	11.3	15.3
1419	25	3.5	4.8	41	6.7	9.2	66	10.2	14.0
1420	15	9.0	12.3	51	15.4	19.6	66	24.3	31.8
1421	14	8.0	10.9	25	4.4	5.8	39	12.4	16.7
1422	17	5.2	6.6	32	5.9	7.4	49	11.1	14.0
1423	12	5.4	7.3	29	4.6	6.2	41	10.0	13.5
1424	18	12.8	17.9	30	4.1	5.8	48	16.9	23.7
1425	26	7.2	10.6	39	6.4	9.5	65	13.6	20.1
1426	11	4.3	6.3	34	5.2	7.7	45	9.5	13.9
1427	17	7.3	10.6	30	5.3	7.8	47	12.6	18.4
1428	23	7.4	11.1	39	9.6	14.6	62	17.0	25.7
1429	11	4.9	7.5	44	8.3	13.0	55	13.2	20.5
1430	7	5.2	7.8	43	7.4	11.6	50	12.6	19.4
1431	11	1.7	2.4	44	11.5	17.5	55	13.2	19.9
1432	7	2.2	3.4	42	7.4	11.7	49	9.6	15.1
1433	4	0.3	0.4	35	5.0	7.6	39	5.3	8.0
Total	**507**	**347.8**	**441.3**	**933**	**208.7**	**284.5**	**1,440**	**556.4**	**725.8**

Annex 19
Inter- and Intra-Trade of World, Developed, Developing and IDB Member Countries

From ------------------> To	World					Developed Economies					Developing Economies					IDB Member Countries				
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011
World																				
Merchandise Exports ($ billion)	13,993.4	16,107.7	12,506.5	15,213.9	18,087.1	8,859.5	9,934.4	7,484.2	8,731.5	10,219.0	4,572.7	5,501.3	4,588.5	5,949.5	7,148.3	1,152.0	1,452.5	1,203.9	1,431.0	1,690.2
Annual Percent Change	15.5	15.1	-22.4	21.6	18.9	12.4	12.1	-24.7	16.7	17.0	19.0	20.3	-16.6	29.7	20.1	22.6	26.1	-17.1	18.9	18.1
Merchandise Imports ($ billion)	14,180.7	16,401.0	12,621.5	15,305.3	18,285.5	8,011.4	8,951.5	6,916.5	7,976.0	9,307.4	5,540.1	6,621.9	5,154.5	6,620.8	8,028.7	1,490.0	1,997.6	1,373.4	1,786.1	2,304.4
Annual Percent Change	14.9	15.7	-23.0	21.3	19.5	15.3	11.7	-22.7	15.3	16.7	15.3	19.5	-22.2	28.4	21.3	12.8	34.1	-31.2	30.0	29.0
Developed Economies																				
Merchandise Exports ($ billion)	8,155.3	9,106.0	7,038.0	8,202.1	9,519.0	5,991.4	6,550.5	4,983.4	5,613.4	6,485.3	1,876.2	2,187.0	1,824.6	2,311.0	2,673.4	498.2	606.2	493.8	569.7	652.4
Annual Percent Change	14.6	11.7	-22.7	16.5	16.1	13.4	9.3	-23.9	12.6	15.5	16.1	16.6	-16.6	26.7	15.7	19.3	21.7	-18.6	15.4	14.5
Merchandise Imports ($ billion)	9,012.5	10,085.9	7,559.2	8,836.9	10,329.5	5,793.1	6,308.3	4,777.3	5,350.9	6,156.2	2,850.6	3,282.1	2,476.2	3,082.5	3,632.6	750.3	976.2	618.4	784.2	989.5
Annual Percent Change	12.4	11.9	-25.1	16.9	16.9	14.1	8.9	-24.3	12.0	15.1	11.1	15.1	-24.6	24.5	17.8	8.6	30.1	-36.7	26.8	26.2
Developing Economies																				
Merchandise Exports ($ billion)	5,290.3	6,266.4	4,993.0	6,394.4	7,789.9	2,572.1	2,940.8	2,232.3	2,767.7	3,311.9	2,602.9	3,175.0	2,659.7	3,500.5	4,299.6	583.3	745.5	637.6	775.7	954.9
Annual Percent Change	16.4	18.5	-20.3	28.1	21.8	11.0	14.3	-24.1	24.0	19.7	21.2	22.0	-16.2	31.6	22.8	24.9	27.8	-14.5	21.7	23.1
Merchandise Imports ($ billion)	4,701.9	5,705.1	4,653.1	5,996.1	7,317.8	1,972.1	2,320.9	1,924.2	2,392.8	2,839.6	2,591.3	3,208.4	2,587.0	3,417.5	4,232.6	700.8	968.4	720.4	965.8	1,266.3
Annual Percent Change	18.3	21.3	-18.4	28.9	22.0	17.1	17.7	-17.1	24.4	18.7	19.2	23.8	-19.4	32.1	23.8	16.5	38.2	-25.6	34.1	31.1
IDB Member Countries																				
Merchandise Exports ($ billion)	1,503.5	1,948.3	1,390.3	1,760.5	2,240.3	748.3	931.7	605.5	746.3	955.8	707.6	956.1	744.3	971.9	1,227.4	217.7	285.3	240.5	281.8	343.6
Annual Percent Change	16.5	29.6	-28.6	26.6	27.2	10.9	24.5	-35.0	23.3	28.1	21.7	35.1	-22.2	30.6	26.3	23.3	31.1	-15.7	17.2	21.9
Merchandise Imports ($ billion)	1,153.3	1,463.8	1,194.5	1,418.4	1,696.6	523.5	637.2	526.8	582.7	670.4	546.2	714.5	591.7	746.7	920.9	205.8	282.0	220.3	272.7	330.7
Annual Percent Change	24.8	26.9	-18.4	18.8	19.6	23.7	21.7	-17.3	10.6	15.1	25.3	30.8	-17.2	26.2	23.3	21.1	37.0	-21.9	23.8	21.3
% Intra-Trade/ Total Trade																15.9	16.6	17.8	17.4	17.1

Source: UNCTAD online database, accessed on 16 April 2013.

Annex 20
Intra-Trade Indicators of IDB Member Countries

No.	Country	Intra-Trade Values ($ million)		Share of Intra-Trade in External Trade %								
		Intra-Exports	Intra-Imports	Intra-Exports as % of Total Exports			Intra-Imports as % of Total Imports			Total Intra-Trade as % of Total Trade		
		2011	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
1	Afghanistan	251.0	2,829.7	71.2	52.2	71.7	50.5	50.3	44.9	52.8	50.4	46.3
2	Albania	264.6	424.8	22.0	7.9	13.6	10.5	8.4	7.9	12.7	8.3	9.4
3	Algeria	5,417.4	4,639.5	8.1	8.4	7.4	10.0	9.9	9.8	9.0	9.1	8.3
4	Azerbaijan	3,356.4	2,554.1	11.8	11.8	9.7	19.3	20.1	26.2	13.5	13.5	13.4
5	Bahrain	8,126.0	5,176.2	39.8	40.9	41.4	36.1	35.3	42.8	38.1	38.4	41.9
6	Bangladesh	1,722.8	8,354.2	6.1	7.6	6.6	18.6	22.5	24.4	13.1	16.0	16.7
7	Benin	927.0	470.0	41.1	56.4	50.1	16.2	18.8	17.4	25.4	33.5	30.7
8	Brunei	1,077.0	595.8	10.3	8.1	8.6	22.8	18.5	20.2	13.5	10.4	10.8
9	Burkina Faso	376.1	853.0	17.6	22.0	20.9	34.5	35.6	32.8	29.0	30.3	27.9
10	Cameroon	615.7	1,749.0	13.3	13.7	13.4	23.0	27.9	26.9	18.7	21.8	21.3
11	Chad	34.7	529.1	0.5	1.6	0.8	20.8	20.9	25.2	9.0	8.8	9.1
12	Comoros	10.5	84.8	41.1	41.9	41.5	30.6	30.7	30.7	31.3	31.6	31.6
13	Côte d'Ivoire	2,544.2	2,355.8	24.0	22.2	23.0	29.6	36.1	35.1	26.2	28.2	27.6
14	Djibouti	70.7	183.5	86.4	71.1	74.4	37.7	27.9	44.2	44.9	36.1	49.8
15	Egypt	11,167.6	12,466.3	39.4	39.0	36.3	19.3	18.4	21.0	26.4	25.3	26.2
16	Gabon	785.2	415.1	8.4	6.4	6.4	10.0	10.6	10.9	8.9	7.4	7.5
17	Gambia	22.5	103.7	25.8	12.5	23.8	30.9	29.9	30.2	30.0	28.0	28.8
18	Guinea	163.7	336.1	7.4	3.6	10.7	16.2	16.0	16.0	11.7	9.4	13.8
19	Guinea-Bissau	3.7	90.0	1.5	1.5	1.5	27.1	33.8	30.3	17.8	22.0	17.3
20	Indonesia	22,876.9	23,910.2	12.2	11.7	11.2	13.7	13.1	13.5	12.9	12.3	12.3
21	Iran	20,670.3	27,893.3	12.3	14.8	15.8	35.4	36.0	40.8	21.3	23.1	24.4
22	Iraq	3,231.1	25,560.4	6.6	6.3	3.8	51.1	50.6	50.5	27.4	24.9	21.3
23	Jordan	3,929.4	7,711.1	51.0	51.0	49.3	36.6	40.9	42.1	41.0	44.1	44.3
24	Kazakhstan	8,146.9	2,600.4	10.1	9.0	9.6	5.3	6.9	6.8	8.2	8.3	8.7
25	Kuwait	13,675.3	6,682.8	15.9	14.4	13.7	20.5	22.4	26.5	17.2	16.4	16.3
26	Kyrgyz Republic	1,145.3	671.1	52.7	51.2	57.9	16.6	19.0	15.8	29.6	30.4	29.1
27	Lebanon	3,511.2	4,738.0	60.5	57.8	62.0	19.5	20.7	23.5	27.9	28.8	31.9
28	Libya	1,655.2	1,851.5	5.9	6.4	10.1	21.4	22.5	37.1	9.2	9.3	16.3
29	Malaysia	24,854.4	22,765.1	10.8	10.5	10.9	9.6	10.4	12.1	10.3	10.5	11.5
30	Maldives	7.3	446.6	5.1	4.6	2.1	25.4	30.1	31.6	22.4	26.2	25.8
31	Mali	624.1	1,304.5	17.0	31.6	26.1	42.4	38.6	40.1	32.0	35.7	34.2
32	Mauritania	280.7	455.5	12.3	12.7	10.1	16.1	18.5	18.6	14.2	15.4	14.1
33	Morocco	2,539.5	8,561.8	10.2	11.5	11.8	15.0	17.7	19.3	13.6	15.6	16.9
34	Mozambique	189.1	474.2	3.7	2.6	5.2	7.6	7.0	7.5	6.2	5.3	6.7
35	Niger	237.0	678.5	24.8	37.4	19.0	25.4	23.3	28.3	25.2	27.7	25.1
36	Nigeria	7,343.7	6,207.3	7.6	6.9	6.8	12.5	8.9	9.7	9.6	7.6	7.9
37	Oman	9,003.5	9,688.5	19.6	18.5	19.1	33.4	36.5	40.6	25.0	24.8	26.3
38	Pakistan	8,952.6	21,280.5	34.8	33.4	35.3	42.0	45.4	48.8	39.4	41.0	43.9
39	Palestine	92.2	369.1	9.4	11.5	12.1	5.7	7.0	8.2	6.2	7.5	8.8
40	Qatar	5,508.2	5,240.2	4.9	3.9	4.8	22.5	22.7	20.4	10.8	8.3	7.7
41	Saudi Arabia	47,149.7	19,114.1	13.4	13.0	13.1	12.6	13.8	14.8	13.1	13.2	13.5
42	Senegal	1,193.7	1,088.0	46.0	51.7	47.0	19.5	18.1	18.4	27.5	28.6	27.0
43	Sierra Leone	39.4	809.3	10.6	8.8	11.3	47.2	47.1	47.1	35.8	35.4	41.1
44	Somalia	419.4	392.3	97.9	96.6	81.0	52.0	39.8	33.4	66.3	58.0	48.0
45	Sudan	1,830.3	3,421.6	21.1	16.6	17.2	30.8	35.7	37.1	26.1	25.1	26.4
46	Suriname	225.0	11.7	6.6	13.2	9.6	0.8	0.7	0.7	3.7	8.1	5.9
47	Syria	4,855.6	6,336.8	59.9	57.2	61.9	37.4	39.0	38.2	46.1	46.2	45.8
48	Tajikistan	653.7	721.4	34.8	45.9	53.0	29.5	27.3	22.6	31.0	33.0	31.1
49	Togo	490.7	169.2	42.4	52.2	44.6	13.7	17.6	10.0	24.5	30.6	23.6
50	Tunisia	2,942.8	3,368.4	15.9	14.4	16.5	12.6	11.1	14.1	14.1	12.5	15.1
51	Turkey	37,319.0	31,413.3	28.1	28.5	27.7	12.6	15.1	13.0	19.1	20.2	18.3
52	Turkmenistan	3,287.2	2,861.9	41.6	42.6	25.3	31.6	41.5	38.7	35.8	42.1	30.1
54	U.A.E.	63,059.5	31,309.1	31.4	27.3	26.7	14.9	16.4	15.1	23.4	22.1	21.3
53	Uganda	420.2	913.2	16.2	18.1	17.4	18.6	20.5	20.0	17.6	19.6	19.1
55	Uzbekistan	2,897.2	938.3	31.6	40.9	21.9	19.2	20.4	9.4	25.9	32.3	16.5
56	Yemen	1,361.1	4,506.1	18.3	15.6	14.1	36.8	39.3	44.9	29.3	27.9	29.9
	All MCs	**343,555.2**	**330,676.1**	**17.3**	**16.0**	**15.3**	**18.4**	**19.2**	**19.5**	**17.8**	**17.4**	**17.1**

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

Source: UNCTAD online database, accessed on 16 April 2013.

ACKNOWLEDGEMENTS

Annual Report Coordination Committee

Jamel Zarrouk (*Chairman*)

Annual Report Drafting Committee

- Areef Suleman (*Chairman/Coordinator*)
- Mohamed Salah Algoussi (*Data Coordinator*)
- Nosratollah Nafar • Zafar Iqbal
- Abdullateef Al-Lawati • Karim Allaoui • Jawara Gaye
- Shehzad Akram • Farid Khan • Muhammad Umair Husain

Overall Responsibility

- Bank Secretariat Department
- Administrative Services Department

Design and Layout of the Annual Report

- Musharraf Wali Khan

The Annual Report 1433H (2012) and complete Financial Statements are available on USB flash drive and can be downloaded from IDB website at www.isdb.org.

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BRIEF CORPORATE PROFILE OF IDB GROUP ENTITIES

ISLAMIC RESEARCH AND TRAINING INSTITUTE (IRTI)

Islamic Research and Training Institute (IRTI) was established in 1401H (1981) as the research and training arm of the IDB. IRTI plays a key role in supporting the transformation of the IDB Group into a world-class knowledge based organization. IRTI's mandate is to support the development and sustenance of a dynamic and comprehensive Islamic Financial Services Industry that enhances socio-economic development in IDB member countries. The Institute undertakes cutting edge applied and policy research as well as capacity building and advisory services in the field of Islamic economics and finance. IRTI aims to be the global knowledge centre for Islamic economics and finance in line with its new vision. www.irti.org

ISLAMIC CORPORATION FOR THE INSURANCE OF INVESTMENT AND EXPORT CREDIT (ICIEC)

ICIEC was established in 1415H (1994) by the Islamic Development Bank (IDB) and member countries of the Organization of Islamic Cooperation (OIC) as an independent entity within the IDB Group. Its mandate is to help increase the scope of trade transactions of member countries, to facilitate the flow of foreign direct investments into member countries, and to provide reinsurance facilities to Export Credit Agencies in member countries. ICIEC fulfils these objectives by providing appropriate Islamic *Shari'ah* compatible credit and country risk insurance and reinsurance instruments. www.iciec.com

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

ICD was established in 1420H (1999) as an independent entity within the IDB Group and has been operational since 6 Rabi Thani 1421H (8 July 2000). The mission of ICD is to compliment the role played by IDB through development and promotion of the private sector as a vehicle for economic growth and prosperity in member countries. The main objectives of ICD are: (i) support economic development of its member countries through provision of finance aimed at promoting private sector development in accordance with the principles of *Shari'ah*, and (ii) provide advice to governments and private organizations to encourage the establishment, expansion and modernization of private sectors. www.icd-idb.org

INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION (ITFC)

The International Islamic Trade Finance Corporation (ITFC) was established in 1426H (2005) and commenced business operations in 1429H (2008) with an Authorized Capital of $3 billion, as an autonomous and dedicated trade finance entity of the Islamic Development Bank (IDB) Group. ITFC supports the development of markets and trading capacities of its member countries of the Organization of the Islamic Cooperation (OIC) in order to promote the IDB Group's strategic developmental objectives. Operating to world-class standards, the ITFC's mission is clear from its mandate to be a catalyst for the development of trade among OIC Member Countries and with the rest of the world. ITFC aspires to be a recognized provider of trade solutions for the OIC Member Countries' needs; in order to fulfill its brand promise of "Advancing Trade and Improving Lives". www.itfc-idb.org.

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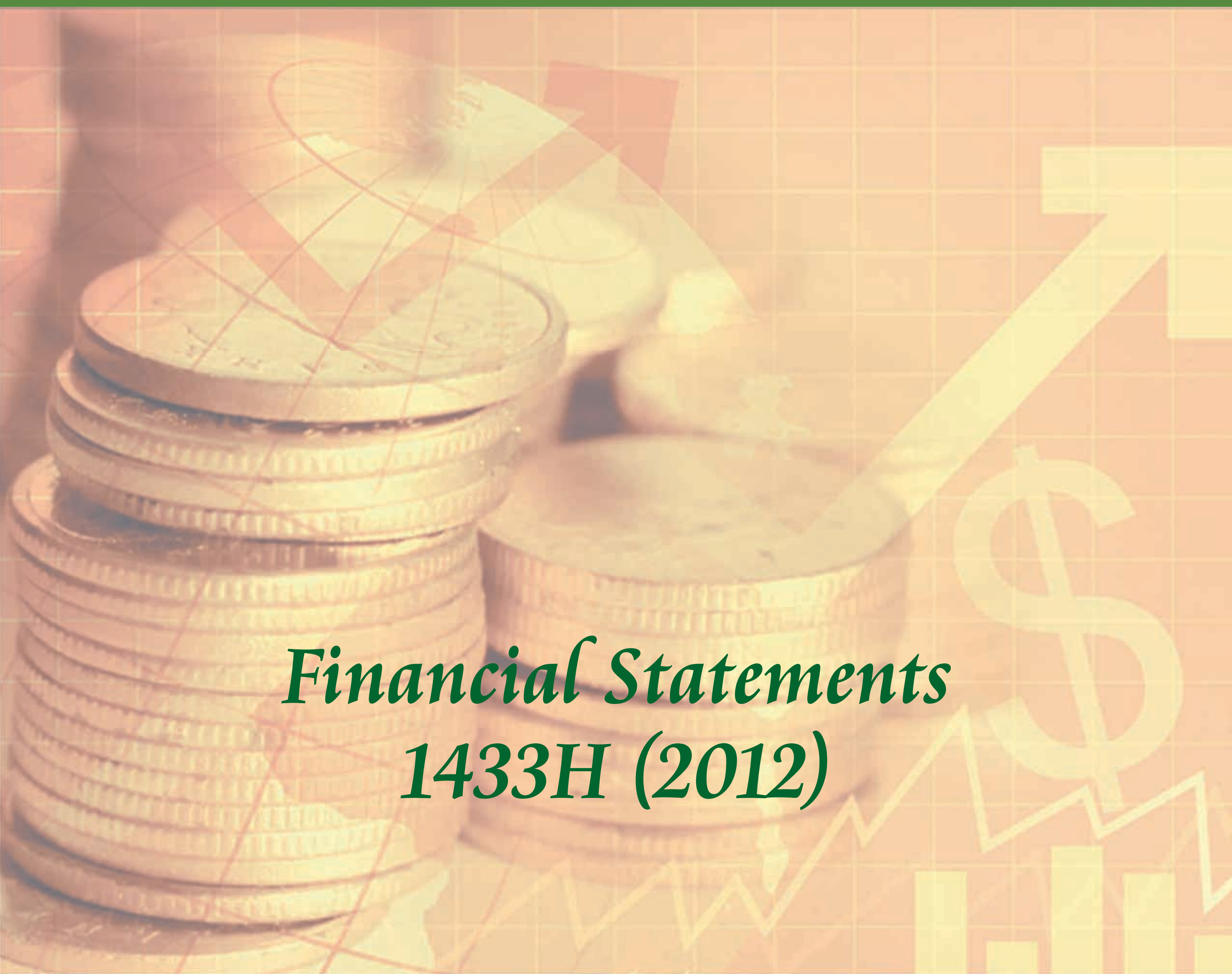
ISLAMIC DEVELOPMENT BANK



Financial Statements 1433H (2012)

PROFILE OF
THE ISLAMIC DEVELOPMENT BANK

Establishment

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

Vision

By the year 1440H, the Islamic Development Bank shall have become a world-class development bank, inspired by Islamic principles, that has helped significantly transform the landscape of comprehensive human development in the Muslim world and helped restore its dignity.

Mission

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

Membership

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

Capital

The Authorized Capital of IDB is ID30 billion and the Issued Capital is ID18 billion of which ID17.8 billion was subscribed and ID4.6 billion was paid up as at end 1433H.

Financial Year

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

Accounting Unit

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

Language

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

Islamic Development Bank Group

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

Head Office and Regional Offices

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

ISLAMIC DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

FINANCIAL STATEMENTS
29 Dhul Hijjah 1433H (14 November 2012) with
INDEPENDENT JOINT AUDITORS' REPORT

ISLAMIC DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
FINANCIAL STATEMENTS
29 Dhul Hijjah 1433H (14 November 2012)

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KPMG Al Fozan & Al Sadhan
P. O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia

INDEPENDENT JOINT AUDITORS' REPORT

Your Excellencies the Chairman and Members of the Board of Governors
Islamic Development Bank
Jeddah
Kingdom of Saudi Arabia.

We have audited the accompanying statement of financial position of Islamic Development Bank - Ordinary Capital Resources (the "Bank") as of 29 Dhul Hijjah 1433H (14 November 2012) and the related statements of income, cash flows and changes in members' equity for the year then ended and the attached notes from 1 to 33 which form an integral part of the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI") and to operate in accordance with Islamic Shari'ah rules and principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions issued by AAOIFI and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 29 Dhul Hijjah 1433H (14 November 2012), and the results of its operations, its cash flows and changes in members' equity for the year then ended in accordance with the Financial Accounting Standards issued by the AAOIFI for Islamic Financial Institutions and the Shari'ah rules and principles as determined by the Shari'ah Committee of the Bank.

Emphasis of matter

We refer to note 2.1 which states that the accompanying financial statements represent the separate financial statements of the Bank. Our opinion is not qualified in this respect.

PricewaterhouseCoopers

Ali A. AlOtaibi
Certified Public Accountant
Registration No. 379

KPMG Al Fozan & Al Sadhan

Ebrahim Oboud Baeshen
Certified Public Accountant
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1 Jamada'I 1434H
13 March 2013
Jeddah

برايس وترهاوس كوبرز
محاسبون قانونيون
ترخيص رقم ٢٥
PRICE WATER HOUSE COOPERS
CERTIFIED PUBLIC ACCOUNTANTS
LICENSE NO. 25

كي. بي. إم. جي الفوزان والسدحان
محاسبون ومراجعون قانونيون
C.R. 46
KPMG
KPMG Al Fozan & Al Sadhan
Certified Public Accountants

ISLAMIC DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

STATEMENT OF FINANCIAL POSITION

As of 29 Dhul Hijjah 1433H (14 November 2012)
(All amounts in thousands of Islamic Dinars unless otherwise stated)

	Notes	1433H	1432H
Assets			
Cash and cash equivalents	4	**469,972**	953,974
Commodity placements through banks, net	5	**1,357,530**	655,784
Investments in Sukuk	6	**388,549**	266,631
Murabaha financing, net	7	**214,438**	232,197
Accrued income and other assets	8	**480,775**	448,219
Istisna'a assets, net	9	**2,538,153**	2,077,134
Instalment financing receivables, net	10	**1,026,479**	1,001,507
Qurood, net	11	**1,659,954**	1,621,784
Ijarah Muntahia Bittamleek, net	12	**1,864,050**	1,788,082
Investments in equity capital, net	14	**717,065**	649,835
Investments in subsidiaries and trust funds	15	**446,572**	413,699
Investments in associates, net	16	**54,838**	51,475
Other investments, net	17	**110,915**	130,858
Fixed assets, net	18	**58,102**	59,978
Total assets		**11,387,392**	10,351,157
Liabilities and members' equity			
Liabilities			
Sukuk issued	19	**3,101,322**	1,901,370
Commodity purchase liabilities	20	**893,219**	1,359,902
Accruals and other liabilities	21	**439,305**	460,199
Total liabilities		**4,433,846**	3,721,471
Members' equity			
Paid-up capital	23	**4,590,239**	4,373,804
General reserve	24	**1,788,769**	1,769,766
Fair value reserve		**460,314**	377,116
Retained earnings		**114,224**	109,000
Total members' equity		**6,953,546**	6,629,686
Total liabilities and members' equity		**11,387,392**	10,351,157
Restricted investment accounts	27	**53,403**	45,519

The accompanying notes from 1 to 33 form an integral part of these financial statements.

ISLAMIC DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

INCOME STATEMENT
For the year ended 29 Dhul Hijjah 1433H (14 November 2012)
(All amounts in thousands of Islamic Dinars unless otherwise stated)

	Notes	**1433H**	1432H
Income from:			
Commodity placements through banks		**19,562**	12,131
Investments in Sukuk		**21,914**	13,677
Murabaha financing		**8,311**	6,103
Istisna'a assets		**102,164**	72,061
Instalment financing		**41,212**	39,868
Qurood service fees		**8,820**	8,260
Ijarah Muntahia Bittamleek		**189,789**	183,654
Investments in equity capital		**41,953**	27,396
Others		**20,256**	12,676
		453,981	375,826
Depreciation of assets under Ijarah Muntahia Bittamleek	12	**(147,254)**	(118,304)
		306,727	257,522
Foreign exchange gain, net		**4,456**	1,276
Loss from Murabaha-based Profit Rate Swaps		**(5,028)**	(1,187)
Financing costs		**(57,358)**	(48,314)
Income from operations		**248,797**	209,297
General and administrative expenses:			
Employees related expenses		**(68,225)**	(66,078)
Depreciation	18	**(7,439)**	(5,923)
Administrative expenses		**(22,567)**	(18,133)
Income before provision for impairment of financial assets		**150,566**	119,163
Provision for impairment of financial assets	13	**(36,342)**	(10,163)
Net income for the year		**114,224**	109,000

The accompanying notes from 1 to 33 form an integral part of these financial statements.

ISLAMIC DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

STATEMENT OF CASH FLOWS
For the year ended 29 Dhul Hijjah 1433H (14 November 2012)
(All amounts in thousands of Islamic Dinars unless otherwise stated)

	Note	1433H	1432H
Cash flows from operations			
Net income for the year		**114,224**	109,000
Adjustments to reconcile net income for the year to net cash from operating activities:			
Depreciation		**154,693**	124,227
Provision for impairment of financial assets		**36,342**	10,163
Investment fair value gains		**(8,397)**	(5,136)
Amortization of deferred grant income		**(567)**	(600)
Foreign exchange gains		**(6,941)**	(325)
Changes in operating assets and liabilities:			
Commodity placements through banks		**(701,746)**	233,656
Murabaha financing		**6,196**	86,977
Accrued income and other assets		**(32,556)**	(138,549)
Istisna'a assets		**(462,536)**	(444,390)
Instalment financing receivables		**(20,323)**	(132,694)
Ijarah Muntahia Bittamleek		**(229,836)**	(407,531)
Qurood		**(33,485)**	(139,812)
Accruals and other liabilities		**(29,641)**	193,505
Net cash utilized in operating activities		**(1,214,573)**	(511,509)
Cash flows from investing activities			
Investments in Sukuk		**(156,241)**	(80,486)
Proceeds from disposal/redemption of investments in Sukuk		**47,831**	16,342
Investments in equity capital		**(4,099)**	(19,046)
Proceeds from disposal of investment in equity capital		**908**	18,014
Additions to other investments		**(2,127)**	(63,260)
Proceeds from disposal of other investments		**18,653**	14,143
Investment in associates		**(4,938)**	
Investment in subsidiaries and trust funds		**(32,873)**	(22,493)
Purchase of fixed assets		**(5,563)**	(5,062)
Net cash utilized in investing activities		**(138,449)**	(141,848)
Cash flows from financing activities			
Net increase in paid-up capital		**216,435**	342,733
Technical assistance and scholarship program grants		**(7,714)**	(10,029)
Contribution to the principal of Islamic Solidarity Fund for Development (ISFD)		**(64,803)**	(63,861)
Payment of Islamic Corporation for the Development of the Private Sector (ICD) capital on behalf of member countries		**(8,167)**	(8,794)
Proceeds from issuance of Sukuk		**1,288,953**	526,779
Redemption of Sukuk		**(89,001)**	-
Net movement in commodity purchase liabilities		**(466,683)**	343,951
Net cash generated from financing activities		**869,020**	1,130,779
(Decrease)/Increase in cash and cash equivalents		**(484,002)**	477,422
Impairment provision cash and cash equivalents		**-**	(10,456)
Cash and cash equivalents at the beginning of year		**953,974**	487,008
Cash and cash equivalents at the end of year	4	**469,972**	953,974

The accompanying notes from 1 to 33 form an integral part of these financial statements.

ISLAMIC DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

STATEMENT OF CHANGES IN MEMBERS' EQUITY

For the year ended 29 Dhul Hijjah 1433H (14 November 2012)
(All amounts in thousands of Islamic Dinars unless otherwise stated)

	Notes	Paid-up capital	General reserve	Fair value reserve	Retained Earning	Total
Balance at 1 Muharram 1432H		4,031,071	1,702,308	525,886	169,622	6,428,887
Increase in paid-up capital	23	342,733	-	-	-	342,733
Net unrealized losses from equity investments	14	-	-	(148,770)	-	(148,770)
Increase in the actuarial losses relating to retirement and medical plans	22	-	(19,480)	-	-	(19,480)
Payment of ICD share capital on behalf of member countries		-	(8,794)	-	-	(8,794)
Contribution to the principal amount of ISFD	25	-	(63,861)	-	-	(63,861)
Net income for the year ended 29 Dhul Hijjah 1432H		-	-	-	109,000	109,000
Transfer to general reserve	24	-	169,622	-	(169,622)	-
Allocation for grants	24	-	(10,029)	-	-	(10,029)
Balance at 29 Dhul Hijjah 1432H		4,373,804	1,769,766	377,116	109,000	6,629,686
Increase in paid-up capital	23	216,435	-	-	-	216,435
Net unrealized gains from equity & other investments	14,17	-	-	83,198	-	83,198
Increase in the actuarial losses relating to retirement and medical plans	22	-	(9,313)	-	-	(9,313)
Payment of ICD share capital on behalf of member countries		-	(8,167)	-	-	(8,167)
Contribution to the principal amount of ISFD	25	-	(64,803)	-	-	(64,803)
Net income for the year ended 29 Dhul Hijjah 1433H		-	-	-	114,224	114,224
Transfer to general reserve	24	-	109,000	-	(109,000)	-
Allocation for grants	24	-	(7,714)	-	-	(7,714)
Balance at 29 Dhul Hijjah 1433H		**4,590,239**	**1,788,769**	**460,314**	**114,224**	**6,953,546**

The accompanying notes from 1 to 33 form an integral part of these financial statements.

(All amounts in thousands of Islamic Dinars unless otherwise stated)

1. INCORPORATION AND ACTIVITIES

Islamic Development Bank (the "Bank") is a multilateral development bank established pursuant to Articles of Agreement signed and ratified by its member countries. The Bank commenced its operations on 15 Shawwal 1395H (20 October 1975). The purpose of the Bank is to foster economic development and social progress of member countries and Muslim communities, individually as well as jointly, in accordance with the principles of Shari'ah. The Bank has 56 member countries.

The Bank's operational assets are primarily considered as sovereign debts made to or guaranteed by the respective member country or investments in member countries, which are guaranteed in a manner acceptable to the Bank.

As a multilateral development bank, the Bank is not subject to any local or foreign external regulatory authority.

The Bank consults the Islamic Fiqh Academy, an institution established by the Organization of the Islamic Cooperation (formerly Organization of the Islamic Conference), to provide it with Shari'ah advice. In 1422H, the Bank also established its own Shari'ah Committee.

The Bank carries out its business activities through its headquarters in Jeddah, Kingdom of Saudi Arabia and regional offices in Morocco, Malaysia, Kazakhstan and Senegal. The Bank has the following subsidiaries and affiliated special trust funds /entities:

Entity	Relationship	Equity ownership 1433H	Equity ownership 1432H	Nature of business
Islamic Corporation for the Development of the Private Sector ("ICD")	Equity participation (subsidiary) see note 2.1	**53.3%**	53.0%	Private sector financing
International Trade Finance Corporation ("ITFC")	Equity participation (subsidiary) see note 2.1	**38.1%**	38.8%	Trade financing
Awqaf Properties Investment Fund ("APIF")	Mudarib and equity participation (subsidiary) see note 2.1	**41.1%**	41.1%	Social sector financing
Islamic Solidarity Fund for Development ("ISFD")	Management services Special trust fund	-	-	Social sector financing
Special Account Resources Waqf Fund ("SWF")	Management services Special trust fund	-	-	Social sector financing
Islamic Corporation for the Insurance of Investment and Export Credit ("ICIEC")	Management services Insurance Company Affiliate	-	-	Insurance services

1. INCORPORATION AND ACTIVITIES (continued)

The Bank's financial year is the lunar Hijra year.

The financial statements were authorized for issue in accordance with a resolution of the Board of Executive Directors on 29 Rabi Thani 1434H (11 March 2013).

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

These separate financial statements are considered to be the Bank's primary set of financial statements and are prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI") and the Shari'ah rules and principles as determined by the Shari'ah Committee of the Bank. For matters which are not covered by AAOIFI standards, the Bank follows the relevant International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB).

These financial statements contain information about the Bank on an individual basis of the Ordinary Capital Resources (OCR) of the Bank, as defined in the Articles of Agreement and do not contain consolidated financial statements related to the Bank's subsidiaries, ICD, ITFC and APIF. Such subsidiaries have been reflected at cost in accordance with the requirements of AAOIFI standards. The Bank also prepares consolidated financial statements which include the results of all entities of Islamic Development Bank Group (IDB Group).

The financial statements are prepared under the historical cost convention except for the following items in the statement of financial position:

- investments in equity capital and other investments measured at fair value through equity; and
- Murabaha-based profit rate and cross-currency swaps and investments in Sukuk which are measured at fair value through income statement.

2.2 Critical accounting judgments and estimates

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. Such estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including obtaining professional advices and expectations of future events that are believed to be reasonable under the circumstances. Significant areas where management has used estimates, assumptions or exercised judgments are as follows:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Provision for impairment of financial assets:

The Bank exercises judgement in the estimation of provision for impairment of financial assets. For equity investments, the determination of whether a reduction in fair value compared to cost is significant or prolonged requires the exercise of judgement. The methodology for the estimation of the provision is set out in note 2.9.

ii) Employee benefits plans:

The Bank uses the projected unit credit method to determine the present value of its defined benefit plans and the related service costs. In this regard, the Bank uses certain assumptions of discount rates, expected return on plan assets and rate of salary increases which may differ from the actual experiences. However, these estimates are revised every three years when an actuarial estimate of the benefits plans is carried out.

iii) Useful lives of Ijarah Muntahia Bittamleek and fixed assets

The Bank uses estimates of useful lives of assets under Ijarah Muntahia Bittamleek and fixed assets for depreciating these assets and assessing the remaining useful lives of items of such assets at least at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate. These estimates may have a significant impact on the amount of the carrying values of the assets and on the depreciation expense for the year.

2.3 Derivative Financial Instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Any changes in the fair value of derivatives are taken to the income statement.

2.4 Employment benefit plans

The Bank has two defined post-employment benefit plans, the Staff Retirement Plan and the Post-Employment Medical Scheme, both of which require contributions to be made to separately administered funds. The Bank uses the Projected Unit Credit Method to determine the present value of its defined benefit plan and the related service costs.

Actuarial gains or losses, if material, are recognized immediately in the general reserve under members' equity in the year they occur.

2.5 Foreign currency translations

i) Functional and presentation currency

These financial statements are presented in thousands of Islamic Dinars (ID) which is the functional and presentation currency of the Bank. Islamic Dinar is the unit of account of the Bank and is equal to one Special Drawing Right (SDR) of the International Monetary Fund ("IMF").

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

ii) Transactions and balances

Foreign currency transactions are translated into ID using the SDR rates declared by the IMF at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year-end exchange rates declared by the IMF are recognized in the income statement except for unrealized gains and losses on investment in equity capital which are charged to fair value reserve account under members' equity.

Non-monetary items measured at historical cost denominated in a foreign currency are translated at the exchange rate at the date of initial recognition.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances and commodity placements through banks having a maturity of three months or less at the date of placement.

2.7 Commodity placements through banks

Commodity placements are made through banks and are utilized in the purchase and sale of commodities at fixed profit. The buying and selling of commodities is limited by the terms of agreement between the Bank and other Islamic and conventional financial institutions. Commodity placements are initially recorded at cost including acquisition charges associated with the placements and subsequently measured at cost less any provision for impairment.

2.8 Operational assets

Operational assets consist of receivables from Murabaha financing, Istisna'a assets, Instalment financing receivables, Qurood contracts and Ijarah Muntahia Bittamleek assets detailed as follows:

i) Murabaha and Instalment financing receivables

Murabaha financing and Instalment financing receivables are agreements whereby the Bank sells to a customer a commodity or an asset, which the Bank has purchased and acquired based on a promise received from the customer to buy. The selling price comprises the cost plus an agreed profit margin.

Amounts receivable from Murabaha and Instalment financing receivables are stated at the cost of goods sold or disbursements made to the beneficiaries plus income recognized by the Bank to the date of the statement of financial position, less repayments received and provision for impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

ii) Istisna'a assets

Istisna'a is an agreement between the Bank and a customer whereby the Bank sells to the customer an asset which is either manufactured or acquired by the purchaser on behalf of the Bank according to agreed-upon specifications, for an agreed-upon price.

Istisna'a assets represent the disbursements made as of the date of the statement of financial position against the assets acquired for Istisna'a projects plus income recognized, less repayments received and provision for impairment.

After completion of the project, the Istisna'a asset is transferred to the Istisna'a receivable account.

iii) Qurood

Qurood is recognized when cash is disbursed to the borrowers.

Amounts receivable from Qurood represent amounts disbursed in respect of projects plus the Qurood service fees due, less repayments received relating to the outstanding capital portion and service fees of the Qurood as determined according to the Qurood agreements and provision for impairment.

iv) Ijarah Muntahia Bittamleek

Ijarah is an agreement whereby the Bank, acting as a lessor, purchases according to the customer request (lessee), based on his promise to lease the asset for an agreed rent for a specific period. The Bank transfers the title of the asset to the lessee without consideration upon completion of all payments due.

Investment in Ijarah Muntahia Bittamleek consists of assets purchased by the Bank, either individually or through a syndicate agreement and leased to beneficiaries for their use under Ijarah Muntahia Bittamleek agreements. These assets are stated at cost less the accumulated depreciation up to the date of the statement of financial position. The assets are depreciated using the straight-line method over the related lease period. No depreciation is recorded in respect of assets under construction.

2.9 Investments in equity capital, real estate and other funds

Equity-type instruments

Investments in equity capital, real estate and other funds are intended to be held for a long-term period, and may be sold in response to needs for liquidity or changes in prices. Initially and subsequently such investments are measured at fair value, and any unrealized gains arising from the change in their fair value are recognized directly in the fair value reserve under members' equity until the investment is derecognized or determined to be impaired, at which time the cumulative gain or loss previously recorded under the members' equity is recognized in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in equity capital, real estate and other funds whose fair value cannot be reliably measured are carried at cost, less provision for any impairment in the value of such investments.

Investments in Murabaha and Leasing Funds, which are of debt type in nature, are measured at amortized cost, less provision for any impairment in the value of such investments.

2.10 Investments in subsidiaries and trust funds

Investments in subsidiaries and trust funds over which the Bank exerts control are recognized at cost and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable and impairment loss, if any, is recognized for the amount by which the investment in subsidiaries' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less cost to sell and value in use. Previously recognized impairment losses, if any, are reviewed for possible reversal of the impairment at each reporting date.

An assessment is made at each balance sheet date to determine whether there is objective evidence that an investment in the subsidiaries and trust funds may be impaired. The amount of the impairment loss is calculated as the difference between the investment's carrying amount and its estimated fair value and is charged to the income statement. Subsequent recoveries of amounts written-off are credited to the income statement.

The Bank's share of dividends distributed by the subsidiaries and trust funds are recognized in the income statement.

The Bank also manages the Special Account Resources Waqf Fund which, along with Organisation of the Islamic Conference is currently managing Kafala (Sponsor) programs such as Tsunami Orphans and others from donations received from philanthropists. The Bank does not have residual interest in these Funds therefore these Funds are not considered as subsidiaries of the Bank.

2.11 Investments in associates

Investments in associates are measured at cost, less provision for any impairment in the value of such investments.

2.12 Investments in Sukuk

Debt-type instruments

Investments in Sukuk are classified as investments at fair value through income statement. These investments are initially recognized at fair value at the date the contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period with the resulting gain or loss recognized in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Murabaha-based profit rate and cross currency swaps

The Bank uses Murabaha-based profit rate and cross-currency swaps for asset/liability management and hedging purposes to modify mark-up rate or currency characteristics of the Sukuk issued and financing extended. Murabaha-based profit rate and cross-currency swaps are treated as held-for-trading.

These instruments are initially recognized at fair value at the date the contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period with the resulting gain or loss recognized in the income statement. Murabaha-based profit rate swap or cross-currency swap with positive fair values are recognized within other assets and those with negative fair values are recognized within other liabilities.

2.14 Impairment of financial assets

Operational assets:

Operational assets are the assets controlled by the Bank to conduct its operations. An assessment is made at each balance sheet date to determine whether there is evidence that a financial asset or a group of financial assets may be impaired. Accordingly, the Bank determines the provision for impairment losses based on an assessment of incurred losses. This involves a review of the financial assets on the balance sheet date in order to determine if there are any indications of impairment in their value individually; and also the losses that the Bank suffers as a result of rescheduling the dues from certain countries and from settlement plans mutually agreed with the beneficiaries due to its participation in the debt relief initiative for the Heavily Indebted Poor Countries (HIPC). The loss results from the difference between the carrying amount of the asset and the net present value of expected future cash flows discounted at the implicit rate of return of the financial asset mentioned in the agreement. The impairment provision is periodically adjusted based on a review of the prevailing circumstances. In addition, a general provision is created for losses where there is objective evidence that unidentified losses are present in the portfolio at the balance sheet date. These are estimated based on country risk ratings, the current economic conditions and the default pattern that are embedded in the components of the portfolio.

Adjustments to the provision are recorded as a charge or credit in the Bank's income statement. In determining the adequacy of the provision, the Bank takes into account the net present value of expected future cash flows discounted at the financial instruments' implicit rate of return.

Other financial assets:

An assessment is made at each financial position date to determine whether there is objective evidence that a financial asset or a group of financial assets may be impaired. The amount of the impairment losses for other financial assets is calculated as the difference between the asset's carrying amount and its estimated fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

The carrying amount of the financial asset is reduced through the use of an allowance account. When a financial asset is not considered recoverable, the asset is written off against the allowance account and any excess loss is recognised in the income statement. Subsequent recoveries of amounts previously written-off are credited to the Bank's income statement.

2.15 Fixed assets

Fixed assets are recorded at cost, except for donated land, which was recorded at its fair value at the time of receipt of donation.

Maintenance and repair costs are expensed as incurred. Cost includes expenditures that are directly attributable to the acquisition / construction of the asset. Subsequent expenditures are only capitalized when it increases the useful life of the asset.

Land is not depreciated. Other fixed assets are depreciated using the straight-line method over their estimated useful lives as follows:

	Years
• Permanent headquarters building	40
• Pre-fabricated buildings	6 to 7
• Furniture and equipment	4 to 10
• Motor vehicles	5

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

2.16 Impairment of non-financial assets

The carrying amounts of assets (other than for financial assets covered above) are reviewed for impairment at each statement of financial position date to determine whether there is any indication of impairment. If such indication exists, the assets recoverable amount is estimated. The recoverable amount of an asset is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognized whenever the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in the income statement. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

2.17 Provisions

Provisions are recognized when a reliable estimate can be made by the Bank for a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Revenue recognition

Commodity placements through banks

Income from placements through other Islamic and conventional banks is recognized on a time apportionment basis over the period from the actual disbursement of funds to the date of maturity.

Investments in Sukuk

Income from investments in Sukuk is accrued on a time apportionment basis using the rate of return advised by the issuing entities.

Murabaha and Instalment financing

Income from Murabaha and Instalment financing receivables are accrued on a time apportionment basis over the period from the date of the actual disbursement of funds to the scheduled repayment date of Instalments.

Mudarib share of income

Mudarib share of income is recognized on an accrual basis when the service has been provided.

Istisna'a income

The Bank uses the deferred profits method for recognizing Istisna'a income on Istisna'a assets whereby there is a proportionate allocation of deferred profits over the future financial period of the credit.

Qurood service fees

Income from Qurood service fees is accrued according to the service fee repayment schedule appended to the Qurood agreement.

Ijarah Muntahia Bittamleek

Rental Income from Ijarah Muntahia Bittamleek is allocated proportionately in the financial periods over the term of Ijarah.

Dividends

Dividend income from investments in subsidiaries, associates and trust funds is recognized when the right to receive the dividend is established.

Earnings prohibited by Shari'ah

Any income earned by the Bank from sources, which is considered by management as forbidden by Shari'ah, is not included in the Bank's income statement but is transferred to the Special Account Resources Waqf Fund.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Commodity purchase and sale agreements

The Bank enters into commodity purchase and sale agreements with certain banks. Under the terms of the agreements, the Bank purchases certain commodities from these banks on a deferred payment basis and sells these through those banks to third parties. The payable related to the purchase price under these agreements is presented as commodity purchase liabilities in the statement of financial position. The difference between sale and purchase price is treated as finance cost and accrued on a time apportionment basis over the period of the agreements.

2.20 Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and the Bank intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.21 Zakat and tax

In accordance with the Articles of Agreement and the fact that the Bank's equity is part of Bait-ul-Mal (public money), the Bank is not subject to Zakat or Tax.

3. SHARI'AH COMMITTEE

The Bank's business activities are subject to the supervision of a Shari'ah Committee consisting of members appointed by the Board of the Executive Directors of IDB. A Shari'ah Committee for IDB and its Affiliates was established pursuant to the Board Resolution No. BED/24/11/421/(198)/138. Members of the Shari'ah Committee of IDB Group are appointed for a period of 3 years renewable.

The Committee has the following functions:

i. to consider all that are referred to it of transactions and products introduced by the Bank for use for the first time and rule on its conformity with the principles of the Shari'ah, and to lay down the basic principles for the drafting of related contracts and other documents;

ii. to give its opinion on the Shari'ah alternatives to conventional products which the Bank intends to use, and to lay down the basic principles for the drafting of related contracts and other documents, and to contribute to its development with a view to enhancing the Bank's experience in this regard;

iii. to respond to the questions, enquiries and explications referred to it by the Board of Executive Directors or the management of the Bank;

iv. to contribute to the Bank's programme for enhancing the awareness of its staff members of Islamic banking and to deepen their understanding of the fundamentals, principles, rules and values relative to Islamic financial transactions; and

v. to submit to the Board of Executive Directors a comprehensive report showing the measure of the Bank's commitment to principles of Shari'ah in the light of the opinions and directions given and the transactions reviewed.

(All amounts in thousands of Islamic Dinars unless otherwise stated)

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the years are comprised of the following:

	1433H	1432H
Cash in hand and at banks (note 4.1)	**32,717**	50,587
Commodity placements through banks (note 5)	**437,255**	903,387
Total	**469,972**	953,974

Commodity placements through banks comprise those placements having a maturity of three months or less at the date of placement.

4.1 Cash in hand and at banks

Cash in hand and at banks at the end of the years comprise the following:

	1433H	1432H
Cash in hand	**165**	224
Cash at banks:		
- Current accounts	**2,899**	8,104
- Call accounts	**29,653**	42,259
Total	**32,717**	50,587

Current accounts at 29 Dhul Hijjah 1433H include ID 0.5 million (1432H: ID 0.5 million) that represent balances in member countries' currencies. These current account balances are to be used to finance operations and projects in the countries in which these accounts are maintained. For each such account, the country is required to maintain the counter-value in local currency.

5. COMMODITY PLACEMENTS THROUGH BANKS, NET

Commodity placements through banks at the end of the years are comprised of the following:

	1433H	1432H
Placements through Islamic banks	**181,317**	249,550
Placements through conventional banks	**1,617,611**	1,313,764
	1,798,928	1,563,314
Less:		
- maturity of three months or less at the date of placement (note 4)	**(437,255)**	(903,387)
- Provision for impairment (note 13.3)	**(4,143)**	(4,143)
Commodity placements through banks, net	**1,357,530**	655,784

(All amounts in thousands of Islamic Dinars unless otherwise stated)

6. INVESTMENTS IN SUKUK

Investments in Sukuk certificates represent the Sukuk issued by various governments, financial institutions and certain other entities.

Investments in Sukuk at the end of the years comprise of the following:

	1433H	1432H
Governments	**107,771**	73,463
Financial institutions	**189,322**	128,229
Other entities	**91,456**	64,939
	388,549	266,631

The movement in investments in Sukuk is summarized as follows:

	1433H	1432H
Balance at the beginning of the year	**266,631**	198,455
Additions during the year	**156,241**	80,486
Sales/redemptions during the year	**(47,831)**	(16,342)
Fair value gains	**8,397**	5,136
Exchange revaluation gains/ (losses)	**5,111**	(1,104)
Balance at the end of the year	**388,549**	266,631

7. MURABAHA FINANCING, NET

Murabaha financing at the end of the year are comprised of the following:

	1433H	1432H
Gross amounts receivable	**266,682**	270,657
Less: unearned income	**(5,198)**	(2,976)
	261,484	267,681
Less: provision for impairment (note 13.3)	**(47,046)**	(35,484)
Murabaha financing, net	**214,438**	232,197

(All amounts in thousands of Islamic Dinars unless otherwise stated)

8. ACCRUED INCOME AND OTHER ASSETS

Accrued income and other assets at the end of the years are comprised of the following:

	1433H	1432H
Accrued income on operating assets	**214,994**	153,000
Accrued income from commodity placements through banks	**8,465**	2,838
Accrued income on investments in Sukuk	**3,471**	2,385
Related party balances (note 28)	**178,964**	188,058
Positive fair value of Murabaha - based profit rate and Cross currency profit rate swaps (note 8.1)	**37,691**	44,372
Staff loans and advances	**14,289**	13,263
Prepayments and other assets	**22,901**	44,303
Total	**480,775**	448,219

8.1 Swaps

The Bank has entered into the following Murabaha based profit rate and cross currency profit rate swaps with financial institutions:

a) Murabaha-based Profit Rate Swaps:

Under the arrangement, the Bank shall swap fixed profit rate with floating profit rate or vice versa with the counterparty. The contract amounts of the swaps are United States Dollar (USD) 50 million (1432H: US$ 100 million) equivalent to (ID 33 million) (1432H: ID 65 million) (for certain related party receivables) and USD 1,850 million (ID 1,212 million) (for Sukuk issued during the year for the same amount).

b) Cross Currency Profit Rate Swap:

The Bank has issued Sukuk amounting to Saudi Riyal (SAR) 1,875 million (ID 327.6 million), and Pound Sterling (GBP) 260 million (ID 270.3 million). In order to provide protection against exchange rate fluctuations between the SAR and USD ,GBP and Euro and GBP and USD and the profit payments under the Sukuk, the Bank entered into cross currency profit rate swaps for the contract amount of SAR 1,875 million and GBP 260 million respectively. Under the arrangement, the Bank shall swap profit rate in USD and EURO with profit rates in SAR and GBP respectively with the counterparties.

For Murabaha-based Profit Rate Swaps and Cross Currency Swaps, the counter parties will act as an agent of the Bank to buy and sell Shari'ah compliant assets for immediate delivery. Under these arrangements Murabaha generates fixed payments (comprising both a cost price and a fixed rate profit mark-up) or vice versa. Corresponding Reverse Murabaha contracts generates the floating leg payments (the cost price is fixed but the profit rate mark-up is floating) or vice versa.

(All amounts in thousands of Islamic Dinars unless otherwise stated)

8. ACCRUED INCOME AND OTHER ASSETS (continued)

The table below shows the positive and negative fair values of Murabaha-based profit rate swaps and cross currency swaps and together with the cost price of Murabaha and Reverse Murabaha transaction on net basis.

1433H			**Contract amount**			
	Positive fair value	**Negative fair value**	**Total**	**1-3 years**	**3-5 years**	**Over 5 years**
Murabaha-based profit and cross currency profit rate swaps	**37,691**	**31,432**	**1,842,838**	**1,021,268**	**493,964**	**327,606**

1432H			Contract amount			
	Positive fair value	Negative fair value	Total	1-3 years	3-5 years	Over 5 years
Murabaha-based profit and cross currency profit rate swaps	44,372	23,761	1,402,127	699,458	381,375	321,294

9. ISTISNA'A ASSETS, NET

Istisna'a assets at the end of the years are comprised of the following:

	1433H	1432H
Istisna'a assets in progress	**1,829,828**	1,470,686
Istisna'a receivables	**1,036,093**	881,111
	2,865,921	2,351,797
Less : unearned income	**(325,220)**	(273,631)
	2,540,701	2,078,166
Less : provision for impairment (note 13.3)	**(2,548)**	(1,032)
Istisna'a assets, net	**2,538,153**	2,077,134

10. INSTALMENT FINANCING RECEIVABLE, NET

Instalment financing receivables at the end of the years are comprised of the following:

	1433H	1432H
Gross amounts receivable	**1,430,462**	1,440,037
Less: unearned income	**(400,590)**	(430,488)
	1,029,872	1,009,549
Less: provision for impairment (note 13.3)	**(3,393)**	(8,042)
Instalment financing receivables, net	**1,026,479**	1,001,507

(All amounts in thousands of Islamic Dinars unless otherwise stated)

11. QUROOD, NET

Qurood balances at the end of the years are comprised of the following:

	1433H	1432H
Qurood	**1,716,353**	1,682,867
Less: Provision for impairment (note 13.3)	**(56,399)**	(61,083)
Qurood, net	**1,659,954**	1,621,784

12. IJARAH MUNTAHIA BITTAMLEEK, NET

Ijarah Muntahia Bittamleek at the end of the years are comprised of the following:

	1433H	1432H
Cost:		
Assets under construction:		
At the beginning of the year	**1,350,021**	1,064,480
Additions	**232,604**	407,530
Transferred to assets in use	**(485,196)**	(121,989)
At the end of the year	**1,097,429**	1,350,021
Assets in use:		
At the beginning of the year	**1,044,283**	935,654
Transferred to beneficiaries and disposal due to early lease payments	**-**	(13,360)
Transferred from assets not yet in use	**485,196**	121,989
At the end of the year	**1,529,479**	1,044,283
Total cost	**2,626,908**	2,394,304
Accumulated depreciation:		
At the beginning of the year	**(585,102)**	(480,158)
Transferred to beneficiaries and disposal due to early lease payments	**-**	13,360
Charge for the year	**(147,254)**	(118,304)
Share of syndication participants	**(2,768)**	-
At the end of the year	**(735,124)**	(585,102)
Balance at the end of the year	**1,891,784**	1,809,202
Less: provision for impairment (note 13.3)	**(27,734)**	(21,120)
Ijarah Muntahia Bittamleek, net	**1,864,050**	1,788,082

As at 29 Dhul Hijjah 1433H included in assets in use is an amount of ID 179.4 million (1432H: 95.3 million) that represents the cost of fully depreciated assets, which will ultimately be transferred to the beneficiaries under the terms of the lease agreements.

(All amounts in thousands of Islamic Dinars unless otherwise stated)

13. PROVISION FOR IMPAIRMENT OF FINANCIAL ASSETS

13.1 Provision for impairment of financial assets at the end of the years are comprised of the following:

	1433H	1432H
Specific provision	**237,928**	201,342
General provision	**18,509**	18,753
	256,437	220,095

13.2 The movement in provision for impairment of financial assets is as follows:

	1433H	1432H
Balance at the beginning of the year	**220,095**	209,932
Charge for the year	**36,342**	10,163
Balance at the end of the year	**256,437**	220,095

i) Specific provision

The movement in specific provision for impairment of financial assets is as follows:

	1433H	1432H
Balance at the beginning of the year	**201,342**	195,469
Charge for the year	**36,586**	5,873
Balance at the end of the year	**237,928**	201,342

ii) General provision

The movement in general provision for impairment of financial assets is as follows:

	1433H	1432H
Balance at the beginning of the year	**18,753**	14,463
(Reversal)/Charge for the year	**(244)**	4,290
Balance at the end of the year	**18,509**	18,753

(All amounts in thousands of Islamic Dinars unless otherwise stated)

13. PROVISION FOR IMPAIRMENT OF FINANCIAL ASSETS (continued)

13.3 Provision for impairment of financial assets at the end of the years represents:

	1433H	1432H
Cash and bank	**10,456**	10,456
Commodity placements through banks	**4,143**	4,143
Murabaha financing	**47,046**	35,484
Istisna'a assets	**2,548**	1,032
Instalment financing receivables	**3,393**	8,042
Qurood	**56,399**	61,083
Ijarah Muntahia Bittamleek	**27,734**	21,120
Other investments	**4,911**	-
Investment in equity capital	**78,204**	58,709
Investment in associates	**21,603**	20,029
Balance at the end of the year	**256,437**	220,095

13.4 The above impairment provision consists of the following:

a) The differences between the carrying amount of the related financial assets and the net present value of the expected future cash flows discounted at the implicit rate of return of the assets mentioned in the respective agreements. These differences arise either as a result of agreed rescheduled instalments or management's best estimates of the timings of future cash flows from such financial assets.

b) A general provision based on management's assessment of unidentified losses present in the portfolio using the country risk ratings and a probability analysis of the rates and severity of defaults.

c) The impairment provision for investments is taken when the decrease in fair value below cost is significant or prolonged. The impairment provision for unlisted equity capital investment is based on the difference between the investment carrying value and its net assets value at end of the years.

d) Provision for Sukuk is created when the Bank identifies investments in specific Sukuk as potentially impaired. In such situation, investments at the statement of financial position date are re-measured at their fair value and the difference is recognized in the statement of income.

(All amounts in thousands of Islamic Dinars unless otherwise stated)

13. PROVISION FOR IMPAIRMENT OF FINANCIAL ASSETS (continued)

13.5 As at the end of the years 1433H and 1432H the following is the ageing of operating assets which were overdue and considered impaired by the management of the Bank. A portion of the impairment provision calculated based on the above methodology relates specifically to these impaired receivables:

1433H	**0-6 months**	**7 – 12 months**	**1-2 years**	**Over two years**	**Total**
Murabaha financing	**130**	**130**	**261**	**40,345**	**40,866**
Instalment financing receivables	**-**	**-**	**-**	**2,469**	**2,469**
Qurood	**289**	**614**	**516**	**8,130**	**9,549**
Ijarah Muntahia Bittamleek	**-**	**1,291**	**2,582**	**16,529**	**20,402**
Total	**419**	**2,035**	**3,359**	**67,473**	**73,286**

1432H	0-6 months	7 – 12 months	1-2 years	Over two years	Total
Murabaha financing	-	-	-	30,323	30,323
Instalment financing receivables	-	-	-	5,173	5,173
Qurood	374	277	889	7,633	9,173
Ijara Muntahia Bittamleek	97	8	335	17,742	18,182
Total	471	285	1,224	60,871	62,851

The remaining provision for impairment relates to Heavily Indebted Poor Countries ("HIPC") countries' rescheduled instalments under the HIPC initiative and general provision based on the management's best estimate of the losses present in the portfolio.

Following are the ageing of the balances which were overdue and not considered impaired by the management of the Bank.

1433H	**0-6 months**	**7 – 12 months**	**1-2 years**	**Over two years**	**Total**
Amount overdue but not considered impaired	**23,088**	**10,228**	**1,467**	**1,076**	**35,859**

1432H	0-6 months	7 – 12 months	1-2 years	Over two years	Total
Amount overdue but not considered impaired	3,054	688	210	104	4,056

(All amounts in thousands of Islamic Dinars unless otherwise stated)

14. INVESTMENTS IN EQUITY CAPITAL, NET

The Bank undertakes equity investments in industrial, agro-industrial projects, Islamic banks and Islamic financial institutions of member countries principally.

Investments in equity capital at the end of the years comprise of the following:

	1433H	1432H
Equity investments:		
Listed	**652,884**	569,349
Unlisted	**142,385**	139,195
	795,269	708,544
Less: provision for impairment (note 13.3)	**(78,204)**	(58,709)
Investments in equity capital, net	**717,065**	649,835

The movement in investments in equity capital is as follows:

	1433H	1432H
Balance at the beginning of the year	**649,835**	803,976
Additions during the year	**4,099**	19,046
Disposal during the year	**(908)**	(17,743)
Provision for impairment	**(19,495)**	(6,403)
Transfer to other investments, net (note 17)	**-**	(271)
Net unrealized fair value gains / (losses)	**83,534**	(148,770)
Balance at the end of the year	**717,065**	649,835

Investments carried at cost primarily represent equity investments in start-up unlisted entities where it is not possible to determine the fair value reliably given the developmental nature of such investments. The Bank intends to hold these investments for the long-term as strategic investments and exits from such investments would be made within the overall context of the Bank's developmental activities. During the year there were no transfers of investments carried at cost to investments at fair value through equity

The movement in provision for impairment in equity capital is as follows:

	1433H	1432H
Provision at the beginning of the year	**58,709**	52,306
Provision during the year	**19,495**	6,403
Provision at the end of the year	**78,204**	58,709

(All amounts in thousands of Islamic Dinars unless otherwise stated)

15. INVESTMENTS IN SUBSIDIARIES AND TRUST FUNDS

Investments in subsidiaries and trust funds at the end of the years comprise of the following:

	1433H	1432H
Islamic Corporation for the Development of the Private Sector (note 15.1)	**256,856**	223,983
Awqaf Properties Investment Fund (note 15.2)	**20,981**	20,981
International Islamic Trade Finance Corporation (note 15.3)	**168,735**	168,735
Investments in subsidiaries and trust funds	**446,572**	413,699

15.1 Islamic Corporation for the Development of the Private Sector

The Islamic Corporation for the Development of the Private Sector ("ICD") is an international specialized institution established pursuant to the Articles of Agreement signed and ratified by its members. ICD commenced operations following the inaugural meeting of the General Assembly held on 6 Rabi Thani 1421H (8 July 2000). According to the Articles of Agreement establishing ICD, the objective of ICD is to promote, in accordance with the principles of Shari'ah, the economic development of its member countries by encouraging the establishment, expansion and modernization of private enterprises producing goods and services in such a way as to supplement the activities of the Bank. As of end of Dhul Hijjah 1433H, the Bank owns 53.3% (1432H: 53%) of the paid-up capital of ICD. The Bank paid ID 8.2 million during 1433H (1432H: ID 8.79 million) on behalf of the member countries towards the share capital of ICD, which has been appropriated against the general reserve. The Bank controls ICD.

15.2 Awqaf Properties Investment Fund

Awqaf Properties Investment Fund ("APIF") is a specialized Trust fund established pursuant to the Articles 2 and 23 of the Articles of Agreement establishing the Bank and the Memorandum of Understanding signed between the Bank, Awqaf Ministries and Institutions of Islamic countries in the year 1422H. APIF commenced its operations on 1 Rajab 1422H (19 September 2001). The objective of the APIF is to develop and invest, in accordance with the principles of Shari'ah, Awqaf real estate properties that are socially, economically, and financially viable in the member countries of IDB and Islamic communities in non-member countries. As of 29 Dhul Hijjah 1433H, the Bank owns 41.09% (1432H: 41.09%) of the paid-up capital of the Fund. The Bank controls APIF.

15.3 International Islamic Trade Finance Corporation

The Board of Governors of IDB during their 30th meeting held on 17 Jumad Awwal 1426H (24 June 2005) approved the establishment of the International Islamic Trade Finance Corporation ("ITFC") to focus primarily on trade finance operations for the IDB Group. The Articles of ITFC came into effect on 29 Dhul Qadah 1427H (20 December 2006) and it commenced its commercial operations on 1 Muharram 1429H (10 January 2008).

As of 29 Dhul Hijjah 1433H, the Bank owns 38.1% (1432H: 38.8%) of the paid-up capital of the ITFC. The Bank controls ITFC.

(All amounts in thousands of Islamic Dinars unless otherwise stated)

16. INVESTMENTS IN ASSOCIATES, NET

Investments in associates at the end of the years are comprised of the following:

	Country of incorporation	Ownership %			
		1433H	1432H	**1433H**	1432H
Allied Cooperative Insurance Group (Listed)	Saudi Arabia	**20.0%**	20.0%	**6,887**	3,409
Bosna Bank International	Bosnia	**45.5%**	45.5%	**9,618**	9,618
Islamic Bank of Guinea	Guinea	**49.9%**	49.9%	**4,086**	2,627
Bank Muamalat Indonesia	Indonesia	**32.8%**	32.8%	**32,964**	32,964
Syrikat Takaful Indonesia	Indonesia	**26.4%**	26.4%	**2,233**	2,233
Islamic Bank of Niger	Niger	**49.5%**	49.5%	**1,716**	1,716
International Leasing and Investment Company	Kuwait	**28.0%**	28.0%	**11,444**	11,444
Sonali Paper & Board Mills	Bangladesh	**23.2%**	23.2%	**808**	808
Northern Jute Manufacturing Company	Bangladesh	**30.0%**	30.0%	**198**	198
National Fibres Limited	Pakistan	**21.2%**	21.2%	**6,487**	6,487
Total				**76,441**	71,504
Less: Provision for impairment				**(21,603)**	(20,029)
Investment in associates, net				**54,838**	51,475

The fair value of the listed associates as of 29 Dhul Hijjah 1433H is ID 15,026 (1432H: ID 11,275).

The movement in investments in associates is summarized as follows:

	1433H	1432H
Balance at the beginning of the year	**51,475**	51,587
Additions during the year	**4,938**	-
Provision for impairment	**(1,575)**	(112)
Balance at the end of the year	**54,838**	51,475

(All amounts in thousands of Islamic Dinars unless otherwise stated)

17. OTHER INVESTMENTS, NET

Other investments at the end of the years are comprised of the following:

	1433H	1432H
Lease and Murabaha Funds - Debt type	**75,569**	79,115
Infrastructure, Equity and other funds - Equity type	**40,257**	51,743
	115,826	130,858
Less: provision for impairment (note 13.3)	**(4,911)**	-
Other investments, net	**110,915**	130,858

Above investments are managed by third party institutions or Bank affiliates in which the Bank has made specific investments as part of its management of liquidity.

The movement in other investments is summarized as follows:

	1433H	1432H
Balance at the beginning of the year	**130,858**	79,836
Additions during the year	**2,127**	62,989
Sale/capital redemptions during the year	**(18,653)**	(14,143)
Transfer from investments in equity capital, net (note 14)	-	271
Foreign exchange gains	**1,830**	1,905
Provision for impairment	**(4,911)**	-
Net unrealized fair value losses	**(336)**	-
Balance at the end of the year	**110,915**	130,858

(All amounts in thousands of Islamic Dinars unless otherwise stated)

18. FIXED ASSETS, NET

Fixed assets at 29 Dhul Hijjah 1433 are comprised of the following:

	Land	Buildings	Furniture, equipment and vehicles	Total
Cost:				
At the beginning of the year	13,043	91,519	24,322	128,884
Additions during the year	-	402	5,161	5,563
At the end of the year	13,043	91,921	29,483	134,447
Less: share of assets allocated to Special Account Resources Waqf Fund:				
At the beginning and end of the year	-	(31,842)	-	(31,842)
At the end of the year	13,043	60,079	29,483	102,605
Accumulated depreciation:				
At the beginning of the year	-	41,496	10,025	51,521
Disposals during the year	-	-	-	-
Charge for the year	-	2,483	5,688	8,171
At the end of the year	-	43,979	15,713	59,692
Less: share of accumulated depreciation allocated to Special Account Resources Waqf Fund:				
At the beginning of the year	-	(14,457)	-	(14,457)
Disposals during the year	-	-	-	-
Allocation during the year	-	(732)	-	(732)
At the end of the year	-	(15,189)	-	(15,189)
At the end of the year	-	28,790	15,713	44,503
Net book value:				
29 Dhul Hijjah 1433H	**13,043**	**31,289**	**13,770**	**58,102**
29 Dhul Hijjah 1432H	13,043	32,638	14,297	59,978

Included in fixed assets is an amount of ID 13 million which represents the estimated market value of land at the time of donation, by the Government of the Kingdom of Saudi Arabia.

(All amounts in thousands of Islamic Dinars unless otherwise stated)

18. FIXED ASSETS, NET (continued)

The cost of the Bank's permanent headquarters building was funded out of the Bank's ordinary resources and out of special account- resources Waqf Fund. The cost and depreciation of the permanent headquarters building and related furniture and equipment are being split according to the following proportions:

The Bank (Ordinary Capital Resources)	65%
Special Account Resources Waqf Fund	35%

19. SUKUK ISSUED

IDB Trust Services Limited ("ITSL") and Tadamun Services Berhad ("TSB") have issued the following global Sukuk by selling global Sukuk Certificates as set out below:

Date of Issue	Issuing currency	Amount	ID Equivalent 1433H	ID Equivalent 1432H	Maturity date	Stock Exchange Listing	Issued by
20 August 2008	MYR	300,000	**64,310**	60,584	20 August 2013	Bursa Malaysia ("BM")	TSB
30 March 2009	MYR	100,000	**21,437**	20,194	28 March 2014	BM	TSB
16 September 2009	USD	850,000	**556,928**	546,199	16 September 2014	London Stock Exchange ("LSE")	ITSL
14 September 2009	SGD	200,000	**-**	89,001	14 September 2012	Not Listed	ITSL
20 September 2010	SAR	937,500	**163,802**	160,647	20 September 2020	Not Listed	ITSL
20 September 2010	SAR	937,500	**163,802**	160,647	20 September 2020	Not Listed	ITSL
27 October 2010	USD	500,000	**327,604**	321,293	27 October 2015	LSE and BM	ITSL
17 February 2011	GBP	60,000	**58,997**	60,865	17 February 2016	Not Listed	ITSL
25 May 2011	USD	750,000	**491,407**	481,940	25 May 2016	LSE and BM	ITSL
30 January 2012	GBP	100,000	**102,049**	-	30 January 2017	Not listed	ITSL
26 June 2012	USD	800,000	**524,167**	-	26 June 2017	LSE and BM	ITSL
07 August 2012	GBP	100,000	**102,652**	-	07 August 2015	Not listed	ITSL
01 October 2012	USD	300,000	**196,563**	-	01 October 2015	Not listed	ITSL
11 October 2012	USD	500,000	**327,604**	-	11 October 2017	Not listed	ITSL
			3,101,322	1,901,370			

The Sukuk Certificates confer on certificate holders the right to receive periodic distribution amounts arising from certain Ijarah transactions, which were originated by the Bank. Accordingly the Bank continues to recognize the Sukuk assets and records the amounts due to the holders of Sukuk Certificates as a liability in its financial statements.

The Bank continues to service these assets, and guarantees as a third party any shortfall in the scheduled instalments.

The finance cost for the year ended 1433H is ID 50.1 million (1432H: ID 36.7 million).

(All amounts in thousands of Islamic Dinars unless otherwise stated)

20. COMMODITY PURCHASE LIABILITIES

The Bank has entered into commodity purchase and sale agreements with certain banks. Under the terms of the agreements, the Bank has purchased certain commodities from these banks on deferred payment basis and has simultaneously sold these through those banks to third parties. The outstanding balance of ID 893.21 million as of 29 Dhul Hijjah 1433H (1432H: ID 1,360 million) represents the purchase price under these agreements. The related finance cost for the year ended 29 Dhul Hijjah 1433H is ID 7.2 million (1432H: ID 10.9 million).

21. ACCRUALS AND OTHER LIABILITIES

Accruals and other liabilities at the end of the years are comprised of the following:

	1433H	1432H
Related party balances (note 28)	**94,424**	201,097
Accrued staff retirement and medical benefit scheme liability (note 22)	**67,466**	58,153
Negative fair value of Murabaha based profit rate and cross currency profit rate swaps (note 8.1)	**31,432**	23,761
Accruals	**21,681**	18,613
Deferred grant income	**11,903**	12,472
Investment deposits	**2,662**	2,308
Other liabilities	**209,737**	143,795
Total	**439,305**	460,199

22. RETIREMENT BENEFITS

The Bank has a defined staff retirement pension plan that covers substantially all of its staff. In addition, the Bank provides medical retirement benefits for eligible active retired staff through its post-employment medical scheme.

a. Staff Retirement Pension Plan

The Staff Retirement Pension plan is a defined benefit pension plan established and maintained by IDB and covers most employees on regular appointment who receive a regular stated remuneration from the Bank. It became effective on 1 Rajab 1399H. The Pension Committee is responsible for the oversight of investment and actuarial activities of the Plan, which includes the IDB's contribution to the Plan. The Bank underwrites the investment and actuarial risk of the plan.

The main features of the plan are:

(i) normal retirement age is the 62nd anniversary of the participant's birth;
(ii) on retirement, the eligible retired employee is entitled to 2.5% of the highest average remuneration (basic salary plus cost of living allowance) for each year of pensionable service.

(All amounts in thousands of Islamic Dinars unless otherwise stated)

22. RETIREMENT BENEFITS (continued)

Under the Plan, the employee contributes at a rate of 9% (1432H – 7%) of the basic salary while the Bank typically contributes 21% (1432H- 14.88%), but may vary such contribution based on the results of the actuarial valuations.

The Plan assets are held and managed by IDB but recorded separately from the Bank's other assets and is used solely to provide the benefits and pay expenses of the Plan. The Bank pays all the administrative expenses of the Plan. The Plan's assets are invested in accordance with the policies set out by the Bank.

b. Post-Employment Medical Benefit Scheme

Effective 1 Muharram 1421H, the Bank established the medical benefit scheme for retired employee via resolution BED/18/10/418(176) dated 18 Shawwal 1418H. In accordance with the said resolution, the Post-Employment Medical Benefit Scheme is to be funded jointly by the Bank and staff at 1% and 0.5%, respectively.

The purpose of the Post-Employment Medical Benefit Scheme is to pay a monthly amount to eligible retired employee towards their medical expenses. The administration of the Post-Employment Medical Benefit Scheme is independent of the Staff Retirement Benefit Plan and contributions are invested in a similar manner to that of the Staff Retirement Benefit Plan under the management of the Pension Investment Management Committee. The monthly entitlements payable for each retired employee is computed according to the following formula:

Monthly highest average remuneration X 5 (being minimum contribution period) X .18%

The following table summarizes the movements on the present value of the defined benefit obligation:

	Staff Retirement Plan		**Medical Benefit Scheme**	
	1433H	1432H	**1433H**	1432H
Benefit obligation at beginning of the year	**161,496**	142,718	**9,686**	7,398
Service costs (excluding member contributions)	**8,891**	7,396	**974**	699
Finance costs	**8,448**	8,405	**531**	499
Plan member contributions	**4,313**	2,592	**243**	185
Benefits paid from plan assets	**(5,747)**	(6,044)	**(183)**	(94)
Foreign exchange losses and other adjustments	**15,632**	6,429	**948**	999
Benefit obligation at end of the year	**193,033**	161,496	**12,199**	9,686

(All amounts in thousands of Islamic Dinars unless otherwise stated)

22. RETIREMENT BENEFITS (continued)

The movements on the plan assets are as follows:

	Staff Retirement Plan		Medical Benefit Scheme	
	1433H	1432H	**1433H**	1432H
Fair value of plan assets at the beginning of the year	**108,077**	106,753	**4953**	4,690
Actual return on plan assets	**8,716**	3,447	**162**	116
Employer contributions	**9,956**	5,504	**580**	383
Plan member contributions	**4,313**	2,592	**243**	185
Benefits paid from plan assets	**(5,747)**	(6,044)	**(183)**	(94)
Foreign exchange gains / (losses) and other adjustments	**6,584**	(4,175)	**112**	(327)
Fair value of plan assets at end of the year	**131,899**	108,077	**5,867**	4,953
Funded status - net liability recognized on balance sheet representing excess of benefit obligation over fair value of plan assets (note 21)	**61,134**	53,419	**6,332**	4,733

The above net liability represents the cumulative actuarial losses resulting from the difference between the actual experience and the assumptions used in estimating the liability which is recognized by the Bank in the members' equity immediately in the year it arises, if material.

Based on the actuarial valuations, the pension and medical benefit expenses for the year 1433H and 1432H for the Bank comprised the following:

	Staff Retirement Plan		Medical Benefit Scheme	
	1433H	1432H	**1433H**	1432H
Current service costs - gross	**13,204**	9,989	**1,217**	884
Less - Employee contributions	**(4,313)**	(2,592)	**(243)**	(185)
Net - current service costs	**8,891**	7,397	**974**	699
Finance costs	**8,448**	8,405	**531**	499
Expected return on plan asset	**(7,060)**	(6,216)	**(316)**	(276)
Expense for the year	**10,279**	9,586	**1,189**	922

(All amounts in thousands of Islamic Dinars unless otherwise stated)

22. RETIREMENT BENEFITS (continued)

Principal assumptions used in the actuarial valuations dated 17 Rabi Awwal 1433H (9 Feb 2012) and extended as at the end of the years are as follows:

	Staff Retirement Plan		Medical Benefit Scheme	
	1433H	1432H	**1433H**	1432H
Discount rate	**4.5%**	5.4%	**4.5%**	5.4%
Expected return on plan assets	**6.0%**	6.0%	**6.0%**	6.0%
Rate of expected salary increase	**4.5%**	4.5%	**4.5%**	4.5%

The expected return on plan assets is an average of the expected long-term return of the Plan assets, weighted by the portfolio allocation of the assets. Asset class returns are developed based on historical returns as well as forward-looking expectations. The discount rate used in determining the benefit obligations is selected by reference to the long-term rates on AAA Corporate Bonds.

The following table presents the plan assets by major category:

	Staff Retirement Plan		Medical Benefit Scheme	
	1433H	1432H	**1433H**	1432H
Commodity placements	**3,465**	6,644	**2,867**	2,788
Investment in UIF	**19,140**	18,772	**-**	-
Syndicated Murabaha	**7,538**	1,647	**3,224**	306
Managed funds and Instalment Sales, net	**18,811**	30,909	**-**	-
Investments in Sukuk	**74,315**	62,403	**1,323**	1,285
Land	**4,635**	4,546	**-**	-
Others (net)	**3,995**	(16,844)	**(1,547)**	573
Plan Assets – net	**131,899**	108,077	**5,867**	4,952

14.5 % of staff retirement plan assets (1432H: 17.4%) are invested respectively within the IDB Group as of 29th Dhul Hijjah 1433H.

The following table summarizes the funding status of the staff retirement plan at the end of the last five fiscal years:

	1433H	1432H	1431H	1430H	1429H
Present value of defined benefit obligation	**(193,033)**	(161,496)	(142,718)	(125,605)	(117,261)
Fair value of plan assets	**131,899**	108,077	106,753	101,234	99,353
Plan deficit	**(61,134)**	(53,419)	(35,965)	(24,371)	(17,908)

(All amounts in thousands of Islamic Dinars unless otherwise stated)

22. RETIREMENT BENEFITS (continued)

The following table summarizes the funding status of the medical benefit scheme at the end of the last five fiscal years:

	1433H	1432H	1431H	1430H	1429H
Present value of defined benefit obligation	**(12,199)**	(9,686)	(7,398)	(6,106)	(5,332)
Fair value of plan assets	**5,867**	4,952	4,690	3,779	3,392
Plan deficit	**(6,332)**	(4,734)	(2,708)	(2,327)	(1,940)

The amounts recognized in the general reserve are as follows:

	Staff Retirement Benefit	**Medical Benefit Scheme**	**1433H Total**	1432H Total
Balance at the beginning of the year	53,419	4,734	**58,153**	38,673
Movement during the year	7,715	1,598	**9,313**	19,480
Balance at the end of the year	61,134	6,332	**67,466**	58,153

23. PAID-UP CAPITAL

The capital of the Bank at the end of the years is comprised of the following:

	1433H	1432H
Authorized 3,000,000 shares of ID 10,000 each	**30,000,000**	30,000,000
Issued: 1,800,000 shares of ID 10,000 each	**18,000,000**	18,000,000
Issued shares available for subscription	**(217,400)**	(217,400)
Subscribed capital	**17,782,600**	17,782,600
Callable capital	**(12,470,380)**	(12,469,121)
Called-up capital	**5,312,220**	5,313,479
Amount not yet due	**(579,851)**	(770,902)
Instalments overdue	**(142,130)**	(168,773)
Paid-up capital	**4,590,239**	`4,373,804

In its 287th meeting held in Safar 1434H (December 2012G), the Board of Executive Directors of the Bank resolved to recommend the following for consideration and approval of the Board of Governors of the Bank in the next Annual General Meeting:

(All amounts in thousands of Islamic Dinars unless otherwise stated)

23. PAID-UP CAPITAL (continued)

a. that the 50% cash callable portion of the 4th General Capital be called in so that the value of shares subscribed by each member country be paid in equal instalments over 20 years starting 01 January 2016G;

b. that the authorized capital of the Bank be increased from ID30 Billion to ID100 Billion;

c. that the subscribed capital of the Bank be increased from ID18 Billion to ID50 Billion,

24. GENERAL RESERVE

In accordance with Section 1 of Article 42 of the Articles of Agreement of the Bank, the annual net income of the Bank is required to be transferred to the general reserve, when approved by the Board of Governors, until this reserve equals 25% of the Bank's subscribed capital. Any excess of the net income over the above limit is available for distribution to member countries.

According to the Board of Governors' resolution No. BG/2-433 dated 12 Jumada Awwal 1433H (4 April 2012), and the Board of Executive Directors' resolution No. BED/BG/3-433, the higher of 5% of the Bank's 1432H net income and USD 5 million was allocated to finance technical assistance operations in the form of grants during the year 1433H amounted to ID 5.5 million (1432H: ID 7.17 million).

According to the Board of Governors' resolution No. BG/3-433 dated 12 Jumada Awwal 1433H (4 April 2012), and the Board of Executive Directors' resolution No. BED/BG/4-434, higher of 2% of the Bank's 1432H net income and USD Dollars 2 million was allocated to the merit scholarship programme in the form of grants during the year 1433H amounted to ID 2.2 million (1432H: ID 2.86 million).

25. CONTINGENCIES AND COMMITMENTS

25.1 Undisbursed commitments

Undisbursed commitments at the end of the years are comprise the following:

	1433H	1432H
Murabaha financing	-	7,931
Instalment financing receivables and Istisna'a assets	**4,264,961**	3,764,945
Qurood	**987,709**	1,060,101
Ijarah Muntahia Bittamleek assets	**1,147,371**	807,357
Investments in equity capital and profit sharing	**70,107**	8,675
Investment in ICD	**16,380**	48,194
ISFD (note 25.2)	**327,605**	385,552
Total	**6,814,133**	6,082,755

25. CONTINGENCIES AND COMMITMENTS (continued)

25.2. Islamic Solidarity Fund for Development - commitments

The Islamic Solidarity Fund for Development ("ISFD") was established pursuant to the decision taken at the Third Extraordinary session of the OIC Islamic Summit conference in Makkah in December 2006 (Dhul Qadah 1426H). The purpose of ISFD is to finance different productive and service projects and programmes that help in reducing poverty in member countries of the Organization of Islamic Conference in accordance with its Regulations. ISFD was officially launched during the 32nd meeting of the IDB Board of Governors, held on 12-13 Jumad Awwal 1428H (29-30 May 2007) , in Dakar, Senegal through adoption of the BoG resolution no. BG/5-428. The target principal amount of ISFD is USD 10 billion and the Bank has committed to contribute USD 1 billion, payable in 10 annual instalments of USD 100 million each (ID 64.8 million) (1432H: ID 63.86 million). The first five instalments amounting to USD 500 million have already been paid by the Bank as of 29 Dhul Hijjah 1433H.

25.3. Commitments and contingencies through IDB - Unit Investment Fund

The Bank's Unit Investment Fund ("UIF") is a Trust Fund established under Article 23 of the Articles of Agreement of the Bank. The purpose of UIF is to participate in the economic development of the member countries through the pooling of the savings of institutions and individual investors, and to invest these savings in producing projects in the said member countries. The Bank has agreed to extend the guarantee to cover all the projects financed by UIF.

Until 1429H, UIF was being managed by the Bank. During 1430H, its management was transferred to ICD, which is a subsidiary of the Bank.

The Bank has outstanding guarantees at 29 Dhul Hijjah 1433H of ID 50.3 million (1432H: ID 61.3 million) in respect of other operations, which are covered by counter guarantees acceptable to the Bank.

26. EARNINGS AND EXPENDITURES PROHIBITED BY SHARI'A

Earnings realised during the year from transactions which are not permitted by Shari'a amounted to ID 99 thousands (1432H: ID 16 thousands) in respect of the return from call accounts maintained with some conventional banks. These earnings have been transferred to Special Account Resource Waqf Fund during the year.

27. RESTRICTED INVESTMENT ACCOUNTS

The Bank in its capacity as a Mudarib has invested funds of holders of restricted investment accounts for a fixed fee and does not participate in the investment results. Restricted investments accounts are not shown in the Bank's statement of financial position. Right of holders of restricted investments accounts realised from their investments and the total obligation as at the end of Dhul Hijjah 1433H amounted to ID 53.4 million (1432H: ID 45.5 million).

(All amounts in thousands of Islamic Dinars unless otherwise stated)

28. RELATED PARTY BALANCES

In the ordinary course of its activities, the Bank transacts with related parties defined as member countries, subsidiaries and associates, other programmes initiated by the Bank and key decision making bodies comprising of the Board of Governors, the Board of Executive Directors and the Shari'ah Board.

Bank's development activities were principally conducted with its member countries.

The net balances due (to) / from IDB group entities at the end of the year are as follows:

	1433H		1432H	
	Assets	**Liabilities**	Assets	Liabilities
World Waqf Foundation	**-**	**(1,314)**	-	(935)
APIF	**33**	**-**	-	(734)
UIF	**-**	**(56)**	12,623	-
ICIIEC	**6,336**	**-**	2,705	-
Special Account Resources Waqf Fund	**29,318**	**-**	-	(41,317)
IDB Special Assistance Fund	**-**	**(5,554)**	-	(14,993)
IDB Pension Fund	**3,908**	**-**	5,320	-
IDB Medical Fund	**-**	**(4)**	1,287	-
Al-Aqsa Fund	**5**	**-**	-	(37,214)
Al Quds Fund	**995**	**-**	973	-
ICD	**12,789**	**-**	31,480	-
BADEA	**38**	**-**	-	(56)
ITFC	**-**	**(33,283)**	-	(105,084)
Fael Khair Program	**17,302**	**-**	24,030	-
ISFD	**88**	**-**	3,845	-
Sacrificial Meat Project	**3,319**	**-**	2,000	-
GCC Program for Reconstruction of Gaza	**-**	**(14)**	39,536	-
Kafala Program	**-**	**(1)**	-	(764)
ICD – Receivable under Wakala agreement (note 28 (a))	**32,760**	**-**	64,259	-
ITFC – Receivable under Wakala agreement (note 28 (a))	**72,073**	**-**	-	-
Waqf – Payable under Wakala agreement (note 28 (a))	**-**	**(54,198)**	-	-
Total	**178,964**	**(94,424)**	188,058	(201,097)

APIF, ICD and ITFC are the subsidiaries of the Bank. All the remaining entities are Bank's affiliated entities. The Bank provides management services to these entities.

(All amounts in thousands of Islamic Dinars unless otherwise stated)

28. RELATED PARTY BALANCES (continued)

Other than the overall development activity transactions, which are entered into with member countries, the following significant related party transactions were entered into with the entities in IDB Group:

(a) The Bank entered into a Wakala agreement with ICD amounting to USD 50 million, on which the Bank will receive a quarterly Muwakkil profit of 2.75% per annum. This transaction will mature on26 Muharram1434H (10 December 2012). The Bank also entered into two Wakala agreements with ITFC amounting to USD 110 million, on which the Bank will receive a Muwakkil profit of 1.25% and 0.9% per annum respectively. These transactions will mature on 16 Muharram1434H (30 November 2012) and 29 Muharam1434H (13 December 2012) respectively. Similarly, the Bank also entered into two Wakala agreements with Special Account Resource Waqf Fund and borrowed an amount of EUR 65 million. The Bank will pay Muwakkil profit of 0.04% and 0.1% respectively to Special Account Resource Waqf Fund. These transactions will mature on 30 November 2012 and 7 February 2013 respectively.

(b) According to the IDB's Board of Executive Directors' resolution number BED/27/12/428(249)/157, dated 27 Dhul Hijja 1428H (6 January 2008), the Board resolved to allocate USD 1 billion of IDB OCR resources for the ITFC, wherein ITFC will act as Mudarib under a Mudaraba agreement dated 10 Rabi al Awwal 1429H (18 March 2008).

(c) Key management compensation

Key management comprises of the President and the three Vice Presidents. The compensation paid or payable to key management for their services is shown below:

	1433H	1432H
Salaries and other short-term benefits	**1,536**	1,457
Accumulated post-employment benefits	**1,056**	856

29. NET ASSETS IN FOREIGN CURRENCIES

The net assets in foreign currencies at the end of the years are as follows:

	1433H	1432H
United States Dollars	**643,454**	654,741
Euros	**653,994**	437,600
Pound sterling	**186,095**	150,765
Japanese Yens	**121,618**	129,508

(All amounts in thousands of Islamic Dinars unless otherwise stated)

30. ASSETS AND LIABILITIES ACCORDING TO THEIR RESPECTIVE MATURITY PERIODS OR EXPECTED PERIODS TO CASH CONVERSION

1433H	**Less than 1 Month**	**1 to 3 Months**	**3 to 6 Months**	**6 Months To 1 Year**	**1 to 5 Years**	**Over 5 Years**	**Total**
Total assets	**648,175**	**1,084,113**	**439,178**	**701,746**	**2,054,465**	**6,459,715**	**11,387,392**
Total Liabilities	**186,083**	**395,476**	**359,963**	**197,292**	**2,889,602**	**405,430**	**4,433,846**

1432H	Less than 1 Month	1 to 3 Months	3 to 6 Months	6 Months To 1 Year	1 to 5 Years	Over 5 Years	Total
Total assets	664,218	1,041,926	609,080	655,689	1,551,633	5,828,611	10,351,157
Total Liabilities	508,480	773,373	443,863	89,389	1,564,041	342,325	3,721,471

31. CONCENTRATION OF ASSETS

Analysis of assets by economic sector is as follows:

	Public utilities	**Transport and telecom**	**Agriculture**	**Industry and Mining**	**Social Services**	**Others**	**Total**
1433H							
Total assets	**3,866,886**	**1,905,892**	**142,554**	**565,634**	**592,297**	**4,314,129**	**11,387,392**
1432H							
Total assets	3,262,348	1,639,492	481,147	266,684	827,887	3,873,599	10,351,157

(All amounts in thousands of Islamic Dinars unless otherwise stated)

31. CONCENTRATION OF ASSETS (continued)

The geographical locations of assets are as follows:

	Member countries				
1433H	**Asia**	**Africa**	**Europe**	**Non-member countries**	**Total**
Total assets	**7,557,813**	**3,275,139**	**270,400**	**284,040**	**11,387,392**
1432H					
Total assets	6,494,411	2,739,463	611,418	505,865	10,351,157

The geographical locations of assets reflect the countries in which the beneficiaries of the assets are located.

32. RISK MANAGEMENT

The Bank has a Group Risk Management Department ("GRMD") that is fully independent from all business departments as well as other entities of the Bank. The GRMD is responsible for identification, assessment, mitigating and reporting of all risks inherent in the Bank's activities to maintain its low risk profile. The Bank has also established a Group Risk Management Committee which ensures that, based on the risk appetite; there are appropriate controls on all major risks arising from financing and investment operations through reviewing the risk management framework, policies, procedures, guidelines and risk reports.

a) Credit Risk

Credit risk refers to the risk that a Bank's counterparty, i.e. sovereign, financial institution, corporate, etc, will fail to discharge its obligation resulting in financial loss to the Bank. The Bank's credit risk arises mainly from its operating and financial assets.

For all classes of financial assets held by the Bank, the maximum credit risk exposure is their carrying value as disclosed in the statement of financial position. The assets which subject the Bank to credit risk, principally relates to financing operations under Murabaha, Istisna'a, Instalment sale, Ijarah Muntahia Bittamleek and other investments which are largely covered by sovereign guarantees, commercial bank guarantees and other securities acceptable to the Bank (in accordance with specific eligibility criteria and credit risk assessments).

The Bank also has strong protection against credit losses on sovereign financing due to its 'Preferred Creditor Status' affording the Bank priority over other creditors in the event of default. Historically, the Bank has had a very low level of overdues and write-offs. The Bank's Management is of the opinion that significant credit losses, beyond what has already been provisioned for, is unlikely to occur.

32. RISK MANAGEMENT (continued)

The Bank's liquid funds portfolio; comprising Commodity placements, Sukuk and other investments, are also exposed to credit risk which is mitigated by diversification and limiting exposure to highly rated banks and issuers including sovereigns.

The Bank has put in place comprehensive credit risk management framework including policies and guidelines on various types of financing operations. The credit policy formulation, credit limit setting, monitoring of credit exposures/exceptions and monitoring/review functions are performed independently by GRMD, which endeavours to ensure that business departments comply with risk parameters and prudential limits established by the Board of Executive Directors ("BED") and the Management.

An important element of the credit risk management framework is exposure limits structure for each obligor and group of connected obligors. Moreover, portfolio concentration limits relating to single country and single obligor are also in place with the view to maintain appropriate diversification. In summary, IDB has a well-developed exposure and concentration limit structure that is based on the credit strength of the beneficiary/obligor, the size of the obligor, as well as the size and structure of the portfolio.

The assessment of any exposure is based on the use of comprehensive internal rating systems for various potential counterparties eligible to enter into business relationships with IDB. While extending financing to its member countries, the Bank safeguards its interests by obtaining adequate guarantees and securities and ensures that the concerned beneficiaries as well as the guarantors are able to meet their obligations to IDB. In addition to the above risk mitigation tools, the Bank has in place a comprehensive approach for risk assessment and assignment of exposure limits for each type of obligors in line with the best banking practices.

Country risk refers to the risks associated with the economic, social and political environments of the beneficiary's home country. Guidelines are in place for assessing and monitoring country risk profiles and exposure to safeguard the Bank against undue risk. The country risk profiles and exposure limits are periodically reviewed taking into consideration the macro-economic, financial and other developments in the member countries, as well as the status of their business relationship with IDB, perception of the rating agencies and institutions of repute, risk perception of market participants and experience of other MDB's. Countries are classified under 7 risk categories; i.e., "A" to "G", whereby "A" represents the highest creditworthy category (lowest risk) and "G" represents the lowest creditworthy category (highest risk).

(All amounts in thousands of Islamic Dinars unless otherwise stated)

32. RISK MANAGEMENT (continued)

(i) Concentration of credit risk

The table below reflects the ten largest country exposures for financed operations (excluding equity and profit sharing) as of the end of years 1433H and 1432H:

	1433H			1432H	
Country	**Amount**	**% (of total exposure)**	Country	Amount	% (of total exposure)
Morocco	**738,011**	**9.9%**	Morocco	745,670	10.9%
Iran	**559,800**	**7.5%**	Iran	546,230	8.0%
Pakistan	**450,708**	**6.1%**	Pakistan	355,189	5.2%
Indonesia	**356,687**	**4.8%**	Saudi Arabia	352,550	5.1%
Tunisia	**341,460**	**4.6%**	Indonesia	318,431	4.7%
Azerbaijan	**337,986**	**4.5%**	Tunisia	316,356	4.6%
Saudi Arabia	**313,203**	**4.2%**	Azerbaijan	305,498	4.5%
Bahrain	**301,656**	**4.1%**	Bahrain	287,246	4.2%
Sudan	**251,157**	**3.4%**	Syria	228,241	3.3%
Syria	**244,615**	**3.3%**	Sudan	226,062	3.3%
Total Top 10	**3,895,283**	**52.4%**	Total Top 10	3,681,473	53.8%

(ii) Credit quality of financed operations

The table below provides analysis of the credit quality of country exposures related to financed operations (excluding equity and profit sharing) as of the end of years 1433H and 1432H:

	1433H		1432H	
Credit Risk Category	**Amount**	**%**	Amount	%
Category "A"	**466,948**	**6.3%**	529,700	7.7%
Category "B"	**2,706,685**	**36.4%**	2,533,283	37.0%
Category "C"	**1,523,547**	**20.5%**	1,321,642	19.3%
Category "D"	**784,004**	**10.5%**	754,995	11.0%
Category "E"	**1,456,185**	**19.6%**	1,252,780	18.3%
Category "F"	**432,824**	**5.8%**	386,498	5.7%
Category "G"	**69,956**	**0.9%**	68,485	1.0%
Other Non Rated	**45**	**0.0%**	81	0.0%
Total	7,440,194	100%	6,847,464	100%

(All amounts in thousands of Islamic Dinars unless otherwise stated)

32. RISK MANAGEMENT (continued)

Gross operating assets are covered by guarantees and securities as follows:

	Sovereign	Commercial & Others	Total
1433H			
Other operating assets	**6,166,165**	**1,012,545**	**7,178,710**
Murabaha financing	**178,744**	**82,740**	**261,484**
Total	**6,344,909**	**1,095,285**	**7,440,194**
As % of total operational assets	**85.3%**	**14.7%**	**100%**
1432H			
Other operating assets	5,578,370	1,001,418	6,579,788
Murabaha financing	213,760	53,916	267,676
Total	5,792,130	1,055,334	6,847,464
As % of total operational assets	84.6%	15.4%	100.0%

Geographical concentration of operating assets

The Bank carries on business mainly with countries in Middle East, Asia and Africa. Due to the relatively high country risk of some countries in these continents, the Bank is exposed to potential loss arising from its exposure to these countries. The Bank's exposure to any Member Country is diversified with a view to avoid excessive concentration of risk in any particular Member Country by setting maximum country exposure limits.

The following table reflects the geographical distribution of exposure on financed operations with member countries:

	1433H	1432H
Geographical Area		
Middle East	**47.9%**	50.7%
Asia & others	**29.9%**	27.2%
Africa	**22.2%**	22.1%
	100%	100%

32. RISK MANAGEMENT (continued)

b) Market risks

IDB is exposed to the following market risks:

i) Currency risk

Currency risk arises from the possibility that changes in foreign exchange rates will affect the value of the Bank's financial assets and liabilities denominated in foreign currencies, in case the Bank does not hedge its currency exposure by means of hedging instruments. Exposure to exchange risk is limited as the Bank has the Islamic Dinar (equivalent to Special Drawing Right – SDR of the International Monetary Fund) as the unit of account (which mitigates against translation risk) and the Bank does not speculatively trade in currencies and is therefore not exposed to currency trading risk. The treasury and operational investment portfolio are held in major currencies and are aligned with the composition of the Islamic Dinars basket, namely US Dollar, Sterling Pound, Euro and Japanese Yen. The Bank has a conservative policy whereby the currency composition of the portfolio is monitored and adjusted regularly (Also see Note 29 for distribution of net assets by currencies).

ii) Liquidity risk

Liquidity risk is the risk that the Bank will be unable to meet its net funding requirements. To guard against this risk, the Bank adopts a conservative approach by maintaining high liquidity levels invested in cash, cash equivalents, commodity placements and Murabaha financing with short-term maturity of three to twelve months. The liquidity profile of the Bank's assets and liabilities has been presented in Note 30.

iii) Equity price risk

The Bank is exposed to equity price risks arising from equity investments that are held for strategic rather than trading purposes. The Bank does not actively trade these investments. If equity prices had been 5% higher or lower, net income for the year ended 29 Dhul Hijjah 1433H would have been unaffected as equity investments are classified as available-for-sale and adequate provision has been made for the equity investments against which an impairment loss has occurred.

iv) Mark-up risk

Mark-up risk arises from the possibility that changes in Mark-up will affect the value of the financial instruments. The Bank is exposed to Mark-up risk on its investments in cash and cash equivalents, commodity placements, Murabaha financing, Istisna'a assets, Ijarah Muntahia Bittamleek assets, investments in Sukuk and Sukuk liabilities. In respect of the financial assets, the Banks returns are based on a benchmark and hence vary according to the market conditions. In terms of the Sukuk liability, the outflows are based on the returns on the underlying assets which are measured in terms of a fixed percentage over and above a benchmark.

(All amounts in thousands of Islamic Dinars unless otherwise stated)

32. RISK MANAGEMENT (continued)

The effective mark-up rate for the various operational financial assets and financial liabilities are as follow:

	1433H	1432H
Commodity placements	**1.3%**	0.9%
Murabaha financing	**3.8%**	2.2%
Istisna'a assets	**4.4%**	4.0%
Instalment sales	**4.0%**	4.3%
Ijarah Muntahia-Bittamleek	**2.3%**	4.0%
Sukuk liability	**2.1%**	2.2%

The Bank also uses Murabaha-based swaps instruments approved by the Shari'ah Board in its portfolios for asset/liability management, cost reduction and risk management. These instruments include cross-currency swaps and profit-rate swap that are used to modify the profit-rate or currency characteristics of the Sukuk liability and other assets of the Bank. Further details are contained in Note 8.1.

c) Capital risk

The Bank's objective when managing its capital, which comprises Members' equity, is to maintain a strong capital base to support it in its development initiatives. The Bank is not subject to any external capital requirements.

d) Other risks

The Bank assumes financial institution risk while dealing with banks and other financial institutions for placement of liquid funds; acceptance of guarantees for IDB financing operations and extending lines of financing. The GRMD follows in its credit risk evaluation the approved framework for the financial institutions.

Credit quality of the liquid fund portfolio, based on the internal rating system of the Bank, as of the year end is shown below:

	1433H		1432H	
Credit Risk Category	**Amount**	**%**	Amount	%
Category "A"	**-**	**-**	-	-
Category "B"	**248,700**	**13.6%**	10,919	0.7%
Category "C"	**1,136,173**	**62.0%**	1,166,077	72.2%
Category "D"	**105,612**	**5.8%**	216,229	13.4%
Category "E"	**335,183**	**18.3%**	207,680	12.9%
Category "F"	**-**	**-**	-	-
Category "G"	**5,977**	**0.3%**	12,996	0.8%
Total	**1,831,645**	**100%**	1,613,901	100%

(All amounts in thousands of Islamic Dinars unless otherwise stated)

32. RISK MANAGEMENT (continued)

The Bank assumes corporate risk due to its dealings with corporations, that are not financial institutions and do not carry any explicit government guarantee, in the form of financing, investments and corporate guarantees. This financing can be in the form of structured facilities, trade finance, equity investments, profit sharing, etc. According to the approved guidelines, a maximum of 30% of IDB's financing operations can be made against such alternatives to Sovereign/Bank guarantees.

The Bank has a strict framework for corporate financing risk evaluation. Further, the GRMD, while reviewing the financing proposals ensures that the due-diligence has been performed according to the approved guidelines.

The Bank adopts a detailed risk management framework for assessing measuring and mitigating all risks related to project finance. The GRMD undertakes independent risk review covering all aspects of the project finance in accordance with the related guidelines.

e) Fair values of financial assets and liabilities

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the group's assets and liabilities that are measured at fair value at 29 Dhul Hijjah 1433H and 1432H.

1433H

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through income statement				
- Sukuk investments	-	388,549	-	388,549
- Murabaha based profit rate cross currency swaps	-	37,691	-	37,691
Available for sale financial assets				
- Investment in equity capital	629,408	-	-	629,408
Total assets	629,408	426,240	-	1,055,648
Liabilities				
Financial liabilities at fair value through profit or loss				
- Murabaha based profit rate cross currency swaps	-	31,432	-	31,432
Total liabilities	-	31,432	-	31,432

(All amounts in thousands of Islamic Dinars unless otherwise stated)

32. RISK MANAGEMENT (continued)

1432H

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
- Sukuk investments	-	266,631	-	266,631
- Murabaha-based profit rate cross currency swaps	-	44,372	-	44,372
Financial assets at fair value through equity				
- Investments in equity capital	564,583	-	-	564,583
Total assets	564,583	311,003	-	875,586
Liabilities				
Financial liabilities at fair value through profit or loss				
- Murabaha-based profit rate cross currency swaps	-	23,761	-	23,761
Total liabilities	-	23,761	-	23,761

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction.

The fair values of operational assets are not significantly different from the carrying values included in the financial statements except for unlisted equity investments and investments in subsidiaries and trust funds over which the Bank exerts control. Unlisted equity investments are stated at cost as their fair values cannot be reliably determined. These amounted to ID 129.64 million (1432H ID 139.2 million). Fair value of listed equity investments are measured based on market quotes. Fair value of investments in Sukuk and Murabaha-based profit rate cross currency swaps are measured based on inputs other than quoted prices that are observable.

33. SEGMENT INFORMATION

Management has determined the chief operating decision maker to be the Board of Executive Directors as this body is responsible for overall decisions about resource allocation to development initiatives within its member countries. In order to ensure sufficient resources to enable it to meet its developmental objectives, the Bank actively engages in treasury and liquidity management. Development initiatives are undertaken through a number of Islamic finance products as disclosed on the face of the Statement of Financial Position which are financed centrally through the Bank's capital and Sukuk liabilities. Management has not identified separate operating segments within the definition of FAS 22 "Segment Reporting" since the Board of Executive Directors monitors the performance and financial position of the Bank as a whole, without distinguishing between the developmental activities and the ancillary supporting liquidity management activities or geographical distribution of its development programmes. Further, the internal reports furnished to the Board of Executive Directors do not present discrete financial information with respect to the Bank's performance to the extent envisaged in FAS 22 - the sectorial and geographical distribution of the Bank's assets is set out in note 32.

ISLAMIC DEVELOPMENT BANK
SPECIAL ACCOUNT RESOURCES WAQF FUND
(IDB – WAQF FUND)

FINANCIAL STATEMENTS
29 Dhul Hijjah 1433H (14 November 2012)
with
INDEPENDENT JOINT AUDITORS' REPORT

ISLAMIC DEVELOPMENT BANK
SPECIAL ACCOUNT RESOURCES WAQF FUND

29 Dhul Hijjah 1433H (14 November 2012)

CONTENTS

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INDEPENDENT JOINT AUDITORS' REPORT

Your Excellencies the Chairman and Members of the Board of Governors
Islamic Development Bank
Jeddah,
Kingdom of Saudi Arabia,

We have audited the accompanying statement of financial position of the Islamic Development Bank - Special Account Resources Waqf Fund (the "Fund") as of 29 Dhul Hijjah 1433H (14 November 2012) and the related statements of activities, changes in net assets and cash flows for the year then ended and the attached notes from 1 to 32 which form an integral part of the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and to operate in accordance with Islamic Shari'ah rules and principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions issued by the AAOIFI and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion
In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 29 Dhul Hijjah 1433H (14 November 2012), and the results of its activities, changes in net assets and cash flows for the year then ended in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions and the Shari'ah rules and principles as determined by the Shari'ah Committee of the Fund.

Emphasis of mater
We refer you to note 2(a) which states that the accompanying financial statements represent the separate financial statements of the Fund. Our opinion is not qualified in this respect.

PricewaterhouseCoopers	**KPMG Al Fozan & Al Sadhan**
Ali A. AlOtaibi	Ebrahim Oboud Baeshen
Certified Public Accountant	Certified Public Accountant
Registration No. 379	Registration No. 382

برايس وترهاوس كوبرز
محاسبون قانونيون
ترخيص رقم ٢٥
PRICE WATER HOUSE COOPERS
CERTIFIED PUBLIC ACCOUNTANTS
LICENSE NO. 25

13 Jumada Al Awal 1434H
25 March 2013
Jeddah

كي. بي. إم. جي الفوزان والسدحان
محاسبون ومراجعون قانونيون
C.R. 46
KPMG
KPMG Certified Public Accountants Al Fozan & Al Sadhan

ISLAMIC DEVELOPMENT BANK
SPECIAL ACCOUNT RESOURCES WAQF FUND

STATEMENT OF FINANCIAL POSITION
As of 29 Dhul Hijjah 1433H (14 November 2012)
(All amounts in thousands of Islamic Dinars unless otherwise stated)

	Notes	**1433H**	1432H
Assets			
Cash and cash equivalents	4	**29,716**	59,304
Commodity placements through banks, net	5	**384,104**	415,055
Investment in Murabaha	6	**-**	221
Due from related parties	7	**67,644**	103,243
Investments in units	8	**78,410**	78,410
Investments in subsidiaries	9	**73,536**	60,516
Investments in Sukuk	10	**73,156**	87,831
Investments in equity capital, net	11	**19,324**	19,324
Investments in associates	12	**9,523**	9,523
Instalment financing receivables, net	13	**1,417**	1,780
Investments in Ijarah	14	**18,665**	18,539
Istisna'a assets, net	15	**-**	756
Qard, net	16	**167,022**	156,720
Accrued income and other assets		**7,236**	8,524
Other investments	17	**164,464**	202,552
Fixed assets, net	19	**26,581**	23,987
Total assets		**1,120,798**	1,246,285
Liabilities			
Commodity purchase liabilities	20	**269,949**	361,296
Due to related parties	7	**31,713**	22,329
Accruals and other liabilities	21	**3,418**	6,750
Specific deposit from IDB – Unit Investment Fund	8	**-**	9,505
Total liabilities		**305,080**	399,880
Net assets		**815,718**	846,405
Represented by:			
Waqf Fund principal amount	31	**763,291**	761,179
Special assistance	31	**(91,691)**	(56,077)
Special account for Least Developed Member Countries (LDMC)	31	**144,118**	141,303
		815,718	846,405

The accompanying notes from 1 through 32 form an integral part of these financial statements.

ISLAMIC DEVELOPMENT BANK
SPECIAL ACCOUNT RESOURCES WAQF FUND

STATEMENT OF ACTIVITIES AND CHARGES IN NET ASSETS
For the year ended 29 Dhul Hijjah 1433H (14 November 2012)
(All amounts in thousands of Islamic Dinars unless otherwise stated)

		1433H				
	Notes	Waqf Fund Principal Amount	Special Assistance	Special Account for LDMC	**Total**	1432H Total
Income from:						
Commodity placements through banks		-	-	-	**6,310**	7,937
Investments in Murabaha		-	-	-	**224**	267
Investments in units		-	-	-	**2,656**	2,628
Investments in Sukuk		-	-	-	**9,420**	4,885
Instalment financing receivable		-	-	-	**319**	303
Investments in Ijarah		-	-	-	**-**	154
Istisna'a assets		-	-	-	**-**	75
Other investments		-	-	-	**11,685**	4,067
Dividend income		-	-	-	**437**	477
Other income		-	-	-	**1,895**	500
					32,946	21,293
Foreign currency exchange gains		-	-	-	**3,771**	1,737
Financing costs		-	-	-	**(4,418)**	(4,943)
					32,299	18,087
Provision for impairment of financial assets	18	-	-	-	**(13,859)**	(250)
Attributable net income					**18,440**	17,837
Income attributable to Special Assistance		-	5,091	-	**-**	-
Allocation of attributable net income	23	2,002	8,677	2,670	**-**	-
Share of income transferred from IDB-OCR	24	47	203	62	**312**	48
Contributions from IDB-OCR for technical assistance grants and scholarship program	25	-	7,713	-	**7,713**	10,028
Income before grants and program expenses		2,049	21,684	2,732	**26,465**	27,913
Grants for causes	22		(31,497)		**(31,497)**	(37,719)
Program expenses	22		(11,787)		**(11,787)**	(11,204)
		2,049	(21,600)	2,732	**(16,819)**	(21,010)
Capital losses		-	-	-	**-**	(141)
Change in net assets / (liabilities)		**2,049**	**(21,600)**	**2,732**	**(16,819)**	(21,151)
Fair value reserve		63	(504)	83	**(358)**	1,523
Movement in general reserve		-	(13,510)	-	**(13,510)**	-
Net assets / (liabilities) at the beginning of the year		761,179	(56,077)	141,303	**846,405**	866,033
Net assets / (liabilities) at end of the year	31	**763,291**	**(91,691)**	**144,118**	**815,718**	846,405

The attached notes from 1 through 32 form an integral part of these financial statements.

ISLAMIC DEVELOPMENT BANK
SPECIAL ACCOUNT RESOURCES WAQF FUND

STATEMENT OF CASH FLOWS

For the year ended 29 Dhul Hijjah 1433H (14 November 2012)
(All amounts in thousands of Islamic Dinars unless otherwise stated)

	Note	1433H	1432H
Cash flows from operations:			
Attributable net income		**18,440**	17,837
Adjustments to reconcile attributable net income to net cash provided by (used in) operating activities:			
Depreciation		**903**	886
Provision for impairment		**13,859**	250
Investments fair value loss		**765**	-
Foreign exchange gain		**(1,734)**	619
Change in operating assets and liabilities:			
Investments in Murabaha		**221**	10,605
Instalment financing receivable		**363**	1,127
Istisna'a assets		**756**	403
Qard		**(10,302)**	8,636
Accrued income and other assets		**1,288**	(344)
Accruals and other liabilities		**6,052**	21,595
Special Assistance Program Expenses		**(31,497)**	(11,204)
Grant for causes		**(11,787)**	(37,719)
Net cash (used in) /provided operations		**(12,673)**	12,691
Cash flows from investing activities:			
Commodity placements through banks		**30,951**	218,441
Investments in Subsidiaries		**(13,020)**	-
Investments in equity capital		**-**	(12,492)
Investments in associates		**-**	(2,517)
Investments in Ijara		**-**	6,053
Investments in Sukuk		**(16,131)**	(22,299)
Redemption of Sukuk		**18,139**	18
Other investments		**23,873**	(42,153)
Specific deposit from IDB - Unit Investment Fund		**(9,505)**	-
Additions to fixed assets		**(3,497)**	(6,627)
Net cash provided by investing activities		**30,810**	138,424
Cash flows from financing activities:			
Changes in receivable from IDB Group Entities		**35,599**	(80,538)
Commodity purchase liabilities		**(91,349)**	(181,394)
Income transferred from IDB-OCR		**312**	48
Contribution from IDB		**7,713**	10,028
Net cash used in financing activities		**(47,725)**	(251,856)
Net decrease in cash and cash equivalents		**(29,588)**	(100,741)
Cash and cash equivalents at the beginning of the year		**59,304**	160,045
Cash and cash equivalents at the end of the year	4	**29,716**	59,304

The attached notes from 1 through 32 form an integral part of these financial statements.

1. INCORPORATION AND ACTIVITIES

The Special Account Resources Waqf Fund (the "Fund") of the Islamic Development Bank (the "Bank" or "IDB") was established on 1 Muharram 1418H (7 May 1997) based on the Board of Governors' Resolution No. BG/3-417. At that date, the entire uncommitted assets of the Special Account of the Bank were transferred to the Fund.

The Board of Governors' Resolution, as subsequently amended by BG/4-420 and BED/28/12/(192)/195, also stated that a certain percentage of the income for the Fund resources and the same percentage of the banking returns from the Bank's investments in the international market shall be transferred to the principal amount of the Fund until it reaches one billion Islamic Dinars. At such time, the Board of Governors shall, upon recommendation of the Board of Executive Directors, determine the purpose for which the amounts in excess of one billion Islamic Dinars shall be used. Such percentage will be reviewed each year on the basis of annual income earned for that year (see Note 23).

In 1417H, the Special Accounts of the Islamic Development Bank - Ordinary Capital Resources ("IDB-OCR") consisted of the Special Reserve, Special Assistance and Special Account for Least Developed Member Countries. On 1 Muharram 1418H, the balances of these accounts in the books of IDB-OCR as of 29 Dhul Hijjah 1417H together with the related assets and liabilities were transferred to the Special Account Resources Fund. The balance of the Special Reserve Account has been taken as the uncommitted resources of the Special Accounts and formed the balance of the Fund principal amount at 1 Muharram 1418H. The balances of the Special Assistance and Special Account for Least Developed Member Countries have been taken as committed resources of the Special Accounts and have been transferred to the Fund, but do not form part of the Fund principal amount. All assets of the Fund are commingled and are not distinguished between the Fund principal amount and the other committed resources of the Fund (see note 30).

The Fund is managed in accordance with its regulations by the Bank through a Board of Trustees. The regulations provide that the Bank's Board of Executive Directors shall be the Board of Trustees of the Fund. Its activities are carried out through the Bank's headquarters in Jeddah, Kingdom of Saudi Arabia.

The title of assets recorded in the financial statements as Fund assets is held with the Bank.

As a Fund of the Bank which is a multilateral development bank, the Fund is not subject to any local or foreign external regulatory authority.

The Fund's financial year is the lunar Hijra year.

The financial statements were authorized for issue in accordance with a resolution of the Executive Directors on, 29 Rabi Thani 1434H (11 March 2013).

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

a) Basis of preparation

These separate financial statements are considered to be the primary financial statements of the Fund and have been prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI") and the Shari'ah rules and principles as determined by the Shari'ah Committee of the Bank. For matters, which are not covered by AAOIFI standards, the Fund follows the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB).

The financial statements contain information about the Fund on an individual basis and do not contain consolidated financial information related to the Fund's subsidiaries, Islamic Corporation for the Insurance of Investment and Export Credit ("ICIEC") and Investment in BBI Leasing and Real Estate Company ("BBI"). Such subsidiaries have been reflected at cost in accordance with the requirements of AAOIFI Standards. The Fund also prepares consolidated financial statements which include the results of all subsidiaries.

The financial statements are prepared under the historical cost convention except for the revaluation of investments in units, equity, Sukuk and other investments to fair value.

b) Critical accounting estimates and judgments

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. Such estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances. Significant areas where management has used estimates, assumptions or exercised judgment are as follows:

i) *Provision for impairment of financial assets:*

The Bank exercises judgement in the estimation of provision for impairment of financial assets. For equity investments, the determination of whether a reduction in fair value compared to cost is significant or prolonged requires the exercise of judgement. The methodology for the estimation of the provision is set out in note 2(r).

ii) Useful lives of Ijarah Muntahia Bittamleek and fixed assets

The Bank uses estimates of useful lives of assets under Ijarah Muntahia Bittamleek and fixed assets for depreciating these assets and assessing the remaining useful lives of items of such assets at least at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate. These estimates may have a significant impact on the amount of the carrying values of the assets and on the depreciation expense for the year.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Foreign currency translations

(i) Functional and presentation currency

These financial statements are presented in thousands of Islamic Dinars (ID) which is the functional and presentation currency of the Fund. Islamic Dinar is the unit of account of the Fund and is equal to one Special Drawing Right (SDR) of the International Monetary Fund ("IMF").

(ii) Transactions and balances

Foreign currency transactions are translated into Islamic Dinars using the SDR rates declared by the IMF at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the year-end exchange rates declared by the IMF are recognized in the statement of activities except for unrealized gains and losses on investment in equity capital which are charged to fair value reserve account under the statement of activities and changes in net assets.

Non-monitory items measured at historical cost denominated in a foreign currency are translated with the exchange rate at the date of initial recognition.

d) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances and commodity placements through banks having a maturity of three months or less at the date of placement.

e) Commodity placements through banks

Commodity placements are made through banks and are utilized in the purchase and sale of commodities at fixed profit. The buying and selling of commodities is limited by the terms of agreement between the Fund and other financial institutions. Commodity placements are initially recorded at cost including acquisition charges associated with the placements and subsequently measured at cost less any provision for impairment.

f) Murabaha and Installment financing receivable

Murabaha financing and installment financing are agreements whereby the Fund sells to a customer a commodity or an asset, which the Fund has purchased and acquired based on a promise received from the customer to buy. The selling price comprises the cost plus an agreed profit margin.

Amounts receivable from Murabaha financing and installment financing receivable are stated at the cost of goods sold or disbursements made to the beneficiaries plus income recognized by the Fund to the date of the statement of financial position, less repayments received and any provision for impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Investment in units, equity capital and other assets

i. Equity-type instruments

Investments in units, equity and other assets are equity-type instruments and are intended to be held for a long-term period, and may be sold in response to needs for liquidity or changes in prices. Such investments are measured at fair value, and any unrealized gains arising from the change in their fair value are recognized statement of changes in net assets until the investment is derecognized or determined to be impaired, at which time the cumulative gain or loss previously recorded under the statement of changes in net assets is recognized in the statement of activities.

Investments in, equity capital, and other assets whose fair value cannot be reliably measured are carried at cost, less provision for any impairment in the value of such investments.

ii. Debt-type instruments

Investments in Murabaha and leasing funds, which are of debt-type instruments in nature are measured at amortized cost, less provision for any impairment in the value of such investments.

h) Investments in subsidiaries

Investments in subsidiaries are recognized at cost and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss, if any, is recognized for the amount by which the investment in the subsidiaries' carrying amount exceeds its recoverable amount, the recoverable amount being the higher of the fair value less costs to sell and value in use. Previously recognized impairment losses, if any, are reviewed for possible reversal of the impairment at each reporting date.

i) Investments in associates

Investments in associates are measured at cost, less provision for any impairment in the value of such investments.

j) Investments in Sukuk

Debt-type instruments

Investments in Sukuk are classified as investments at fair value through income. These investments are initially recognized at fair value at the date the contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period with the resulting gain or loss recognized in the statement of activities. Transaction costs are expensed on the date the contract is entered into.

k) Istisna'a assets

Istisna'a is an agreement between the Fund and a customer whereby the Fund sells to the customer a developed asset according to agreed upon specifications, for an agreed upon price.

Istisna'a assets represent the disbursements made as of the date of the statement of financial position against the assets acquired for istisna'a projects plus income recognized, less repayment received and provision for impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Ijarah Muntahia Bittamleek

Ijarah is an agreement whereby the Fund, acting as a lessor, purchases according to the customer request (lessee), based on the customer's promise to lease the asset for an agreed rent for a specific period. The Fund transfers the title of the asset to the lessee without consideration upon completion of all payments due.

Investment in Ijarah Muntahia Bittamleek consists of assets purchased by the Fund, either individually or through a syndicate agreement and leased to beneficiaries for their use under Ijarah Muntahia Bittamleek agreements. The assets are stated at cost less the accumulated depreciation up to the date of the statement of financial position. The assets are depreciated using the straight-line method over the related lease period. No depreciation is recorded in respect of assets under construction.

m) Investments in Ijara

Investments in Ijara, which are of debt type in nature are initially recognized at fair value and subsequently are measured at amortized cost, less provision for any impairment in the value of such investments. These are investments managed by third parties or Bank affiliates in which the Fund has participated as part of its liquidity management.

n) Qard

Qard is recognized when cash is disbursed to the borrowers.

Amounts receivable from Qard represent amounts disbursed in respect of projects plus the Qard service fees due, less repayments received relating to the outstanding capital portion of the Qard as determined according to the Qard agreements.

o) Fixed assets

Fixed assets are recorded at cost. Maintenance and repair costs are expensed as incurred. Cost includes expenditures that are directly attributable to the acquisition/ construction of the asset. Subsequent expenditures are only capitalized when it increases the useful life of the asset.

Land is not depreciated. Other assets are depreciated using the straight-line method over their estimated useful lives as follows:

	years
• Permanent headquarters buildings	40
• Pre-fabricated buildings	6 to 7
• Furniture and equipment	4 to 10
• Motor vehicles	5

Gains or losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of activities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Revenue recognition

Commodity placements through banks
Income from placements through banks is recognized on a time apportionment basis over the period from the actual disbursement of funds to the date of maturity.

Murabaha and installment financing receivable
Income from Murabaha and installment financing is accrued on a time apportionment basis over the period from the date of actual disbursement of funds to the scheduled repayment dates of installments.

Investments in Sukuk
Income from investments in Sukuk is accrued on a time apportionment basis using the rate of return advised by the issuing entities.

Ijarah Muntahia Bittamleek
Income from Ijarah Muntahia Bittamleek is allocated proportionately to the financial periods over the lease term.

Istisna'a assets
The Fund uses the deferred profits method for recognizing Istisna'a income whereby there is a proportionate allocation of deferred profits over the future financial period of the credit.

Qard service fees
Income from Qard service fees is accrued according to the service fee repayment schedule appended to the Qard agreement.

Investment Ijarah
Income from Ijarah is accrued based on the repayment schedules or the rate stipulated in the Ijara agreement.

Investment in units, equity capital and other assets
Income from investment in units, equity capital and other investments are recognized when the right to receive the payments is established.

p) Commodity purchase and sale agreements

The Bank on behalf of the Fund enters into commodity purchase and sale agreements with certain banks. Under the terms of the agreements, the Bank purchases certain commodities from these banks on a deferred payment basis and sells these through those banks to third parties. The payable related to the purchase price under these agreements is included as commodity purchase liabilities in the Statement of financial position. The difference between sale and purchase price is treated as finance cost and accrued on a time apportionment basis over the period of the agreements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Impairment of financial assets

Operational assets

Operational assets are the assets controlled by the Fund to conduct its operations. An assessment is made at each balance sheet date to determine whether there is evidence that a financial asset or a group of financial assets may be impaired. Accordingly, the Fund determines the provision for impairment losses based on an assessment of incurred losses. This involves a review of the financial assets on the statement of financial position date in order to determine if there are any indications of impairment in their value individually; and also the losses that the Fund suffers as a result of rescheduling the dues from certain countries and from settlement plans mutually agreed with the beneficiaries due to its participation in the debt relief initiative for the Heavily Indebted Poor Countries (HIPC). The loss results from the difference between the carrying amount of the asset and the net present value of expected future cash flows discounted at the implicit rate of return of the financial asset mentioned in the agreement. The impairment provision is periodically adjusted based on a review of the prevailing circumstances. In addition, a portfolio provision is created for losses where there is objective evidence that unidentified losses are present in the portfolio at the balance sheet date. These are estimated based on country risk ratings, the current economic conditions and the default pattern that are embedded in the components of the portfolio.

Adjustments to the provision are recorded as a charge or credit in the Fund's Statement of activities. In determining the adequacy of the provision, the Fund takes into account the net present value of expected future cash flows discounted at the financial instruments' implicit rate of return.

Other financial assets

An assessment is made at each Statement of financial position date to determine whether there is objective evidence that a financial asset or a group of financial assets may be impaired. The amount of the impairment losses for other financial assets is calculated as the difference between the asset's carrying amount and its estimated fair value.

The carrying amount of the financial asset is reduced through the use of an allowance account. When a financial asset is not considered recoverable, the asset is written off against the allowance account and any excess loss is recognised in the Statement of activities. Subsequent recoveries of amounts previously written-off are credited to the Fund's Statement of activities.

r) Impairment of non-financial assets

The carrying amounts of assets (other than for financial assets covered above) are reviewed for impairment at each statement of financial position date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognized whenever the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in the Statement of activities. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

s) Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the Statement of financial position when there is a legally enforceable right to set off the recognized amounts and the Fund intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

t) Zakat and tax

Since the Fund's resources are part of Bait-ul- Mal (public money), the Fund is not subject to Zakat or tax.

u) Provisions

Provisions are recognized when a reliable estimate can be made by the Fund for a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation.

3. SHARI'AH COMMITTEE

The Fund's business activities are subject to the supervision of a Shari'ah Committee consisting of members appointed by the IDB's General Assembly. IDB Group's Shari'ah Committee was established pursuant to the Board Resolution No.BED/24/11/421/(198)/138. Members of the Shari'ah Committee of IDB Group are appointed for a period of 3 years renewable.

The Committee has the following functions:

i. to consider all that are referred to it of transactions and products introduced by the Fund for use for the first time and rule on its conformity with the principles of the Shari'ah, and to lay down the basic principles for the drafting of related contracts and other documents;

ii. to give its opinion on the Shari'ah alternatives to conventional products which the Fund intends to use, and to lay down the basic principles for the drafting of related contracts and other documents, and to contribute to its development with a view to enhancing the Fund's experience in this regard;

iii. to respond to the questions, enquiries and explications referred to it by the Board of Executive Directors or the management of the Fund;

iv. to contribute to the Fund's programme for enhancing the awareness of its staff members of Islamic banking and to deepen their understanding of the fundamentals, principles, rules and values relative to Islamic financial transactions; and

v. to submit to the Board of Executive Directors a comprehensive report showing the measure of the Fund's commitment to principles of Shari'ah in the light of the opinions and directions given and the transactions reviewed.

(All amounts in thousands of Islamic Dinars unless otherwise stated)

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the years comprised of the following:

	1433H	1432H
Cash in hand	**38**	48
Cash at banks	**16,303**	23,294
Commodity placements through banks (Note 5)	**13,375**	35,962
Total	**29,716**	59,304

5. COMMODITY PLACEMENTS THROUGH BANKS, NET

Commodity placements through banks at the end of the years are comprised of the following:

	1433H	1432H
Commodity placements through Islamic banks	**26,842**	8,919
Commodity placements through conventional banks	**370,637**	442,098
Total	**397,479**	451,017
Less: maturity of three months or less at the date of placement (Note 4)	**(13,375)**	(35,962)
	384,104	415,055

6. INVESTMENT IN MURABAHA, NET

Investment in Murabaha at the end of the years comprised of the following:

	1433H	1432H
Gross amounts receivable	**-**	221
Less: unearned income	**-**	-
Investment in Murabaha, net	**-**	221

7. RELATED PARTY TRANSACTIONS

During the ordinary course of its business, the Fund has certain transactions with IDB Group entities relating to investments and realization of investments made through the inter-fund account between the Fund and the Bank. The balances due to/from IDB Group entities as the end of the year are as follows:

(All amounts in thousands of Islamic Dinars unless otherwise stated)

7. RELATED PARTY TRANSACTIONS (continued)

(i) Due from related parties

	1433H	1432H
International Islamic Trade Finance Corporation	**57**	18,346
Unit Investment Fund	-	2,268
Islamic Corporation for the Development of the Private Sector	-	1,328
Awqaf Properties Investment Fund	**330**	323
Kafala Program	**68**	414
IDB-Special Assistance Fund	-	7,713
IDB-World Waqf Fund	**4,411**	1,876
IDB-Pension Fund	**2**	5,021
Sacrificial Meat Project	**5,303**	5,352
Islamic Solidarity Fund for Development	**54**	19,285
IDB-Fael Al Khair Fund	**3,221**	-
IDB-Ordinary Capital Resources (OCR) – Receivable under Wakala agreement (note 7(a))	**54,198**	41,317
	67,644	103,243

(ii) Due to related parties

	1433H	1432H
Ordinary Capital Resources	**29,318**	-
IDB-Pension Fund	**288**	-
IDB-Medical	**409**	346
IDB - Special Assistance Fund	**1,634**	-
IDB-Al Aqsa Fund	**64**	-
GCC Program for Reconstruction of Gaza	-	15,526
IDB - Fael Al Khair Program	-	6,457
	31,713	22,329

The Fund has entered into the following significant related party transactions with affiliates:

a) The Fund entered into two Wakala agreements with OCR. The OCR borrowed an amount of EUR 65 million from the Fund. The OCR will pay Muwakkil profit of 0.04% and 0.1% respectively to the Fund. These transactions will mature on 16 Muharram 1434 (30 November 2012) and 26 Rabiul'awwal 1434 (7 February 2013) respectively.

b) The cost of the permanent Headquarters buildings and other related furniture and equipment was funded out of IDB's Ordinary Capital Resources and the Fund. The cost of such fixed assets and the related depreciation was split according to the following proportions:

IDB - Ordinary Capital Resources	65%
The Fund	35%

(All amounts in thousands of Islamic Dinars unless otherwise stated)

8. INVESTMENTS IN UNITS

IDB - Unit Investment Fund ("UIF") is a trust fund established under Article 23 of the Articles of Agreement of the Bank. The purpose of the UIF is to participate in the economic development of member countries through the pooling of the savings of institutions and individual investors, and to invest these savings in producing projects in the said member countries. The units of UIF are quoted on the Bahrain Bourse.

9. INVESTMENTS IN SUBSIDIARIES

	1433H	1432H
ICIEC (Note 9.1)	**50,000**	50,000
BBI (Note 9.2)	**23,536**	10,516
	73,536	60,516

9.1 Investment in ICIEC

ICIEC was established on 1 August 1994 by the Bank. The objective of ICIEC is to enlarge the scope of trade transactions and the flow of investments among member countries of the Organization of the Islamic Conference by providing: a) export credit insurance to cover the non-payment of export receivables; and b) investment insurance against country risks.

The authorized capital of ICIEC is ID 400 million, divided into 400,000 shares of ID 1,000 each. The subscribed capital of ICIEC at 29 Dhul Hijjah 1433H is ID 229.99 million (1432H: ID 148.99 million), with callable installments of ID 114.99 million (1432H: ID 74.49 million) of which ID 101.00 million were paid (1432H: ID 73.53 million).

The Fund has subscribed in 100,000 shares and paid for 50,000 shares in ICIEC, which represents 43.48% of ICIEC's share capital at 29 Dhul Hijjah 1433H (1432H: 67.12%). The Fund controls ICIEC.

9.2. Investment in BBI

BBI Leasing and Real Estate D.O.O. is a limited liability company ("BBI") established in Bosnia and Herzegovina by Court Decision no. UF/1-1411/05 dated 2 September 2005 and commenced its operations in 2006. BBI is principally engaged in development and leasing of real estate. The subscribed and paid-up capital of BBI is Convertible Mark ("KM") 39,915 thousand (ID 16,729 thousand) at 29 Dhul Hijjah 1433H. As of 29 Dhul Hijjah 1433H, the Fund has subscribed in and paid for KM 39,905 thousand (ID 23,536 thousand) (1432H: KM 21,531 thousand - ID 10,516 thousand), representing a share of 99.97% (1432H: 53.94%) in the total paid up capital of BBI.

(All amounts in thousands of Islamic Dinars unless otherwise stated)

10. INVESTMENTS IN SUKUK

Investments in Sukuk represent a portion in the Sukuk issued by various governments, financial institutions and certain other entities.

Investments in Sukuk at the end of the years comprise of the following:

	1433H	1432H
Government	**30,880**	16,660
Financial Institutions	**21,864**	24,044
Other entities	**20,412**	47,127
	73,156	87,831

The movement in investments in Sukuk is summarized as follows:

	1433H	1432H
Balance at the beginning of the year	**87,831**	85,192
Additions during the year	**16,131**	22,299
Sales/redemptions during the year	**(18,139)**	(18)
Transfer to investments in Ijara	**-**	(2,599)
Transfer to investment in Murabaha	**-**	(8,628)
Transfer to other funds	**(13,510)**	-
Transfer to other investments	**-**	(7,796)
Fair value losses	**(765)**	-
Exchange revaluation gains/(losses)	**1,608**	(619)
Balance at the end of the year	**73,156**	87,831

11. INVESTMENTS IN EQUITY CAPITAL, NET

The Fund through the Bank invests in the equity of industrial, agro-industrial and Investment management institutions.

Investments in the equity at the end of the years comprised of the following:

	1433H	1432H
Equity investments:		
Listed	**13,512**	13,512
Unlisted	**5,812**	5,812
	19,324	19,324

(All amounts in thousands of Islamic Dinars unless otherwise stated)

11. INVESTMENTS IN EQUITY CAPITAL, NET (continued)

The movement in investments in equity capital is summarized as follows:

	1433H	1432H
Balance at the beginning of the year	**19,324**	6,393
Additions during the year	-	12,492
Fair value gains	-	689
Less: Provision for impairment (Note 18)	-	(250)
	19,324	19,324

The Fund intends to hold these investments for the long-term as strategic investments and exits from such investments would be made within the overall context of the Fund's developmental activities. During the year there were no transfers of investments carried at cost to investments at fair value through equity.

12. INVESTMENTS IN ASSOCIATES

Investments in associates at the end of the years comprised of the following:

	Country of Incorporation	Ownership % **1433H**	**1432H**	**1433H**	**1432H**
Caspian International Investment Co.	Azerbaijan	27	27	**7,006**	7,006
Islamic Bank of Niger	Niger	35	35	**2,517**	2,517
				9,523	9,523

13. INSTALLMENT FINANCING RECEIVABLE, NET

Installment financing receivable at the end of the years comprised of the following:

	1433H	1432H
Gross amounts receivable	**1,522**	2,108
Less: unearned income	**(105)**	(328)
Installment financing receivable, net	**1,417**	1,780

(All amounts in thousands of Islamic Dinars unless otherwise stated)

14. INVESTMENT IN IJARAH

	1433H	1432H
Balance at the beginning of the year	**18,539**	15,004
Transfer from Sukuk	-	2,599
Transfer from other investment	-	6,989
Redemption during the year	-	(6,053)
Revaluation gain	**126**	-
Balance as at the end of the year	**18,665**	18,539

15. ISTISNA'A ASSETS, NET

Istisna'a assets at the end of the years comprised of the following:

	1433H	1432H
Istisna'a receivable	-	756
Less: unearned income	-	-
Istisna'a assets, net	-	756

16. QARD, NET

Qard at the end of the years comprised of the following:

	1433H	1432H
Qard	**174,458**	164,156
Less: Provision for impairment	**(7,436)**	(7,436)
Qard, net	**167,022**	156,720

17. OTHER INVESTMENTS

Other investments at the end of the years are summarized as follows:

	Notes	1433H	1432H
Real estate, equity & other funds	17.1	**118,345**	143,195
Infrastructure Fund	17.2	**42,325**	39,907
Infrastructure and Growth Capital Fund ("IGCF")	17.3	**17,653**	19,450
Organization of Islamic Conference - Network SDN BHD	17.4	-	1,379
Total		**178,323**	203,931
Provision for impairment		**(13,859)**	(1,379)
Other investments, net		**164,464**	202,552

(All amounts in thousands of Islamic Dinars unless otherwise stated)

17. OTHER INVESTMENTS (continued)

17.1 Ijarah, real estate and other funds are debt-type investments managed by third party institutions in which the Fund has made specific investments as part of its management of liquidity.

17.2 Investment in the Infrastructure Fund is equity-type instrument and is classified as investment at fair value through equity and represents investment in IDB Infrastructure Fund LLP (the "Infrastructure Fund"), a limited liability partnership incorporated in the Kingdom of Bahrain, promoted by the Bank. The primary objective of the Infrastructure Fund is to promote the use of Islamic Finance in infrastructure projects and seeks long-term capital appreciation through participation in such projects.. The total capital committed by the partners to the Infrastructure Fund is USD 730.50 million (ID: 478.63million) (1432H: US$ 730.50, ID 469.40 million). The Waqf Fund has committed USD 100 million (ID 65.52 million) (1432H: USD100 million, ID 64.26 million) of which USD 64.59 million (ID 42.32million) was not paid up to 29 Dhul Hijjah 1433H (1432H USD 62.71 million, ID 39.90 million). The investment is currently stated at cost, as fair value cannot be reliably measured.

17.3 IGCF is equity-type instrument and is classified as investment at fair value through equity and represents investment made by the Fund in a USD 2 billion fund managed by Abraaj Capital. The main objective of IGCF is to access private equity infrastructure investment opportunities across the high growth regions of the Middle East, North Africa and South Asia (MENASA). The Fund has committed an amount of USD 35 million (ID 22.9 million), out of which a net amount of USD 26.86 million (ID 17.6 million) has been disbursed. The investment is currently stated at fair value, with the difference in the cost and the fair value recorded as a separate component directly in the resources of the Fund.

18. PROVISION FOR IMPAIRMENT OF FINANCIAL ASSETS

The movement in provision for specific impairment of financial assets is as follows:

	1433H	1432H
Balance at the beginning of year	**10,738**	22,819
Charge for the year	**13,859**	250
Write-off during the year	**(1,379)**	(12,331)
Balance at the end of year	**23,218**	10,738

(All amounts in thousands of Islamic Dinars unless otherwise stated)

19. FIXED ASSETS, NET

Fixed assets at the end of the years are comprised of the following:

	Buildings	**Furniture and equipment**	**Total**
Cost:			
At the beginning of the year	41,042	108	41,150
Additions	3,423	74	3,497
At the end of the year	44,465	182	44,647
Accumulated depreciation:			
At the beginning of the year	17,106	57	17,163
Charge for the year	861	42	903
At the end of the year	17,967	99	18,066
Net book value:			
29 Dhul Hijjah 1433H	**26,498**	**83**	**26,581**
29 Dhul Hijjah 1432H	23,936	51	23,987

20. COMMODITY PURCHASE LIABILITIES

The Bank on behalf of the Fund has entered into commodity purchase and sale agreements with certain banks. Under the terms of the agreements, the Fund has purchased certain commodities from other banks on deferred payment basis and has simultaneously sold these through those banks to third parties. The purchase price includes the accrued markup under these agreements. The related finance cost for the year ended 29 Dhul Hijjah 1433H was ID 4.4 million (1432H: ID 4.9million).

21. ACCRUALS AND OTHER LIABILITIES

Accruals and other liabilities at the end of the years comprised the following:

	Note	**1433H**	1432H
Accrued expenses		**3,418**	6,750

(All amounts in thousands of Islamic Dinars unless otherwise stated)

22. SPECIAL ASSISTANCE

On 1 Muharram 1418H, the Special Assistance resources were transferred to the Fund from IDB-OCR, and are to be used for the purposes set out in the Board of Governors' Resolutions No. BG/14-99 and BG/3-402, as follows:

a) training and research for member countries to re-orient their economies, financial and banking activities in conformity with the Islamic Shari'ah;
b) provision of relief for natural disasters and calamities;
c) provision to member countries for the promotion and furtherance of Islamic causes; and
d) provision towards the special account for technical assistance.

The Board of Executive Directors of the Bank has made certain commitments to make disbursements to support the above-mentioned causes.

The Bank created IRTI, which is an international organization devoted to technical research and training. IRTI was formed pursuant to Article 2 of the Articles of Agreement of the Bank and became operational in 1403H. The President of the Bank is also the President of IRTI and the Board of Executive Directors of the Bank is its supreme policy making body. Since 1 Muharram 1418H, the entire activities of IRTI are financed out of the Fund resources and are included as part of the program expenses of the Special Assistance accounts in these financial statements.

The following amounts were distributed as grants from the Fund during the years ended end of Dhul Hijjah 1433H and 1432H as part of the activities of the Special Assistance accounts pursuant to its above-mentioned objectives:

	1433H	1432H
Relief against disasters and calamities	**499**	2,302
Assistance for Islamic causes	**7,772**	9,608
Technical assistance grants	**12,514**	15,587
Technical cooperative program	**651**	1,589
Scholarship program	**10,061**	8,633
Total	**31,497**	37,719

The following amounts were incurred as program expenses from the Fund during the years ended end of Dhul Hijjah 1433H and 1432H as part of the activities of the Special Assistance accounts pursuant to its above-mentioned objectives.

	1433H	1432H
IRTI, Program share & others	**6,040**	6,316
Technical cooperation office	**955**	238
Special Assistance office	**2,500**	2,005
Sacrificial meat project	**1,010**	1,250
Scholarship Program	**1,282**	1,395
Total	**11,787**	11,204

(All amounts in thousands of Islamic Dinars unless otherwise stated)

23. ALLOCATION OF FUND INCOME

The Fund's regulations stipulate that the net income of the Fund for the year is allocated to the Fund's Resources as follows:

	1433H	1432H
Fund principal	**15%**	15%
Special Assistance	**65%**	65%
Special Account for Least Developed Member Countries ("LDMC")	**20%**	20%

24. SHARE OF INCOME TRANSFERRED FROM IDB-OCR

Income on IDB balances with banks (conventional investments) and other investments balances, which are considered by IDB management to be forbidden by Shari'ah, are not included in the income statement of IDB-OCR but are transferred by IDB to the Fund in accordance with the Board of Governors' Resolutions No. BG/3-417 and BG/4-420.

The Bank's Shari'ah advisers have ruled that the investment in companies that deal with interest-bearing methods of finance is not permissible under Shari'ah. The Bank's management is reviewing its equity participation portfolio and the cumulative income arising from such companies.

The allocation of the income transferred from IDB-OCR to the Fund's resources during the years ended end of Dhul Hijjah is as follows:

	1433H	1432H
Fund principal amount	**47**	7
Special Assistance	**203**	31
Special Account for LDMC	**62**	10
Total	**312**	48

25. CONTRIBUTION FROM IDB-OCR FOR TECHNICAL ASSISTANCE GRANT AND SCHOLARSHIP PROGRAMS

According to the Board of Governors' resolution No. BG/2-432, and the Board of Executive Directors' resolution No. BED/BG/2-432, 5% but not less than USD 5 million of the IDB-OCR 1432H net income was allocated to finance Technical Assistance Operations in the form of grants during the year 1433H. This amounts to ID 5.5 million (1432: ID 7.2 million).

According to the Board of Governors' resolution No. BG/3-432, and the Board of Executive Directors' resolution No. BED/BG/3-432, an amount equivalent to 2% but not less than USD 2 millions of IDB-OCR net income for 1432 was allocated for financing of Scholarship Programmers in the form of grants for the year 1433H. This amounts to ID 2.2 million (1432: ID 2.9 million).

26. UNDISBURSED COMMITMENTS

Undisbursed commitments at the end of the years are as follows:

	1433H	1432H
Special assistance grants	**37,614**	52,116
Qard to LDMC	**67,313**	88,028
Special loans	**2,340**	1,974
Technical assistance grants	**42,464**	42,749
Scholarship program	**46,220**	40,000
Total	**195,951**	224,867

27. NET ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

The net assets and liabilities of the Fund in foreign currencies (in thousands of ID equivalents) at the end of Dhul Hijjah are as follows:

	1433H	1432H
United States Dollar	**315,218**	303,929
Euro	**194,627**	190,246
Japanese Yen	**49,573**	49,098
Pound Sterling	**54,676**	54,852
Other currencies	**7,055**	(29,946)

28. ASSETS AND LIABILITIES ACCORDING TO THEIR RESPECTIVE MATURITY PERIODS OR EXPECTED PERIODS TO CASH CONVERSION

	29 Dhul Hijjah 1433H					
	Maturity period determined				Maturity period not determined	Total
	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years		
Assets	**118,268**	**377,351**	**302,457**	**170,776**	**151,946**	**1,120,798**
Liabilities	**305,080**	**-**	**-**	**-**	**-**	**305,080**

	29 Dhul Hijjah 1432H					
	Maturity period determined				Maturity period not determined	Total
	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years		
Assets	614,373	48,520	55,826	388,640	138,926	1,246,285
Liabilities	390,375	-	-	9,505	-	399,880

(All amounts in thousands of Islamic Dinars unless otherwise stated)

29. CONCENTRATION OF ASSETS

Economic sectors:

All operations of the Fund are receivable in respect of social sector financing. All investments are invested in accordance with criteria set out by management to ensure that the investee institutions have a credit rating acceptable to the management of the Fund or are in accordance with furthering the aims and objectives of the Bank.

The geographical locations of assets and liabilities of the Fund are as follows:

	29 Dhul Hijjah 1433H				
	Member countries			Non-member countries	Total
	Asia	Africa	Europe		
Assets	**904,146**	**135,321**	**37,135**	**44,196**	**1,120,798**
Liabilities	**305,080**	**-**	**-**	**-**	**305,080**

	29 Dhul Hijjah 1432H				
	Member countries			Non-member countries	Total
	Asia	Africa	Europe		
Assets	1,022,841	129,247	50,216	43,981	1,246,285
Liabilities	399,880	-	-	-	399,880

The geographical locations of assets and liabilities for 1433H and 1432H reflect the countries in which the beneficiaries of the assets are located.

30. COMMINGLING OF ASSETS

The management of the Fund has reviewed the commingling of the assets of the Fund, Principal amount, Special Assistance account and Special Account for LDMC as presented in these financial statements. The management has taken the advice of the Bank's legal counsel. As per the Bank's legal counsel's opinion and the Fund's management, the presentation set out in these financial statements is in accordance with the requirements of the regulations of the Fund.

(All amounts in thousands of Islamic Dinars unless otherwise stated)

31. CHANGES IN NET ASSETS

	Waqf Fund Principal Amount	Special Assistance	Special Account for LDMC	Total
Net assets at 1 Muharram 1432H	758,343	(29,831)	137,521	866,033
Changes in net assets during the year 1432H	2,608	(27,236)	3,477	(21,151)
Fair value reserve	228	990	305	1,523
Net assets at 1 Muharram 1433H	761,179	(56,077)	141,303	846,405
Changes in net assets during the year 1433H	2,049	(21,600)	2,732	(16,819)
Fair value reserve	63	(504)	83	(358)
General Reserves	-	(13,510)	-	(13,510)
Net assets at 29 Dhul Hijjah 1433H	763,291	(91,691)	144,118	815,718

32. RISK MANAGEMENT

The Bank has a Group Risk Management Department ("GRMD") fully independent from all business departments as well as other entities of the Bank, including the Fund. The GRMD is responsible for dealing with all risk policies, guidelines and procedures with a view to achieving sound, safe and sustainable low risk profile for the Bank through the identification, measurement and monitoring of all types of risks inherent in its activities. The Bank has also established a Risk Management Committee which is responsible for reviewing the risk management policies, procedures, guidelines and defining the Bank's risk management framework and appetite, with a view to ensuring that there are appropriate controls on all major risks resulting from the Bank's financial transactions.

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Fund's credit risk arises mainly from its operating assets.

For all classes of financial assets held by the Fund, the maximum credit risk exposure to the Fund is their carrying value as disclosed in the statement of financial position. The assets which subject the Fund to credit risk, principally consist of commodity placements, Murabaha financing, Istisna'a assets, installment financing, loans and Ijarah Muntahia Bittamleek, which are mainly covered by sovereign guarantees and commercial bank guarantees acceptable to theFund, in accordance with specific eligibility criteria and credit risk assessments. The Fund's liquid fund investments portfolio is managed by the Bank's Treasury Department and comprise deals with reputable banks. Murabaha financing, Istisna'a assets, Installment financing, Qard and Ijarah Muntahia Bittamleek are covered, in most cases, by sovereign guarantees from Member Countries, or commercial bank guarantees from banks whose ratings are acceptable to the Bank per its policies, or sovereign guarantees from Member Countries. The Bank benefits from preferred creditor status on sovereign financing, which gives it priority over other creditors in the event of default thus constituting a strong protection against credit losses. Historically, the Fund has had a very low level of overdue. The management is of the opinion that, with the exception of what has already been provided for; additional significant credit loss is unlikely to occur.

32. RISK MANAGEMENT (continued)

Credit risk includes potential losses arising from a counterparty's (i.e., countries, banks/financial institutions, corporate, etc.) inability or unwillingness to service its obligation to the Fund. In this respect, the Fund has developed and put in place comprehensive credit policies and guidelines as a part of overall credit risk management framework to provide clear guidance on various types of financing.

These policies are clearly communicated within the Fund with a view to maintain the overall credit risk appetite and profile within the parameters set by the management of the Fund. The credit policy formulation, credit limit setting, monitoring of credit exceptions / exposures and review / monitoring functions are performed independently by the RMD, which endeavors to ensure that business lines comply with risk parameters and prudential limits established by the BED and the management of the Bank.

An important element tool of credit risk management is the established exposure limits for single beneficiary or an obligor and group of connected obligors. In this respect, the Fund has a well developed limit structure, which is based on the credit strength of the beneficiary, the obligor. Moreover, credit commercial limits in member countries regarding financing operations as well as placement of liquid funds are also in place.

The assessment of any exposure is based on the use of comprehensive internal rating systems for various potential counterparties eligible to enter into business relationship with the Fund. While extending financing to its member countries the Fund safeguards its interests by obtaining the relevant guarantees for its financing operations and has to ensure that the concerned beneficiaries as well as the guarantors are able to meet their obligations. In addition to the above risk mitigation tools, the Fund has in place a comprehensive counterparty's assessment criteria and detailed structured exposure limits in line with the best banking practices.

b)Market risks

The Fund is exposed to following market risks:

i) Currency risk

Currency risk arises from the possibility that changes in foreign exchange rates will affect the value of the financial assets and liabilities denominated in foreign currencies, in case the Fund does not hedge its currency exposure by means of hedging instruments. Exposure to exchange risk is limited. Most of the Fund's financing operations are ID denominated, the same currency in which the Fund's resources – i.e. equity are denominated. The Fund does not trade in currencies. Therefore, it is not exposed to currency trading risk. The investment portfolio is held in major currencies in line with the composition of the Islamic Dinar basket, namely US Dollar, Sterling Pound, Euro and Japanese Yen. The Fund has a conservative policy whereby the currency composition of the portfolio is monitored and adjusted regularly.

32. RISK MANAGEMENT (continued)

ii) Liquidity risk

Liquidity risk is the risk that the Fund will be unable to meet its net funding requirements. To guard against this risk, the Fund adopts a conservative approach by maintaining high liquidity levels invested in cash and cash equivalents and Murabaha financing with short-term maturity of three to twelve months.

iii) Equity price risk

The Fund is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Fund does not actively trade these investments. If equity prices had been 5% higher or lower, net assets at the year ended 29 Dhul Hijjah 1433H would have not been significantly affected as equity investments are classified as available-for-sale and adequate provision has been made for the equity investments against which an impairment loss has occurred.

iv) Mark-up risk

Mark-up risk arises from the possibility that changes in Mark-up risk will affect the value of the financial instruments. The Fund is exposed to Mark-up on its investments in cash and cash equivalents, Murabaha financing, Istisna'a assets, Ijarah Muntahia Bittamleek assets and investments in Sukuk. In respect of the financial assets, the Funds returns are based on a benchmark and hence vary according to the market conditions.

c) Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

The fair values of operational assets are not significantly different from the carrying values included in the financial statements except for unlisted equity investments. Unlisted equity investments are stated at cost as their fair values cannot be reliably determined because of non-availability of required information for such determination. Fair value of listed equity investments are measured based on market quotes, fair value of investments in Sukuk and other investments carried at fair value are measured based on inputs other than quoted prices that are observable.

32. RISK MANAGEMENT (continued)

d) Segment information

Management has determined the chief operating decision maker to be the Board of Executive Directors as this body is responsible for overall decisions about resource allocation to development initiatives within its member countries. In order to ensure sufficient resources to enable it to meet its developmental objectives, the Fund actively engages in treasury and liquidity management. Development initiatives are undertaken through a number of Islamic finance products as disclosed on the face of the Statement of Financial Position which are financed centrally through the Fund's capital and Sukuk liabilities. Management has not identified separate operating segments within the definition of FAS 22 "Segment Reporting" since the Board of Executive Directors monitors the performance and financial position of the Fund as a whole, without distinguishing between the developmental activities and the ancillary supporting liquidity management activities or geographical distribution of its development programmes. Further, the internal reports furnished to the Board of Executive Directors do not present discrete financial information with respect to the Fund's performance to the extent envisaged in FAS 22.

BRIEF CORPORATE PROFILE OF IDB GROUP ENTITIES

ISLAMIC RESEARCH AND TRAINING INSTITUTE (IRTI)

Islamic Research and Training Institute (IRTI) was established in 1401H (1981) as the research and training arm of the IDB. IRTI plays a key role in supporting the transformation of the IDB Group into a world-class knowledge based organization. IRTI's mandate is to support the development and sustenance of a dynamic and comprehensive Islamic Financial Services Industry that enhances socio-economic development in IDB member countries. The Institute undertakes cutting edge applied and policy research as well as capacity building and advisory services in the field of Islamic economics and finance. IRTI aims to be the global knowledge centre for Islamic economics and finance in line with its new vision. www.irti.org

ISLAMIC CORPORATION FOR THE INSURANCE OF INVESTMENT AND EXPORT CREDIT (ICIEC)

ICIEC was established in 1415H (1994) by the Islamic Development Bank (IDB) and member countries of the Organization of Islamic Cooperation (OIC) as an independent entity within the IDB Group. Its mandate is to help increase the scope of trade transactions of member countries, to facilitate the flow of foreign direct investments into member countries, and to provide reinsurance facilities to Export Credit Agencies in member countries. ICIEC fulfils these objectives by providing appropriate Islamic *Shari'ah* compatible credit and country risk insurance and reinsurance instruments. www.iciec.com

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

ICD was established in 1420H (1999) as an independent entity within the IDB Group and has been operational since 6 Rabi Thani 1421H (8 July 2000). The mission of ICD is to compliment the role played by IDB through development and promotion of the private sector as a vehicle for economic growth and prosperity in member countries. The main objectives of ICD are: (i) support economic development of its member countries through provision of finance aimed at promoting private sector development in accordance with the principles of *Shari'ah*, and (ii) provide advice to governments and private organizations to encourage the establishment, expansion and modernization of private sectors. www.icd-idb.org

INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION (ITFC)

The International Islamic Trade Finance Corporation (ITFC) was established in 1426H (2005) and commenced business operations in 1429H (2008) with an Authorized Capital of $3 billion, as an autonomous and dedicated trade finance entity of the Islamic Development Bank (IDB) Group. ITFC supports the development of markets and trading capacities of its member countries of the Organization of the Islamic Cooperation (OIC) in order to promote the IDB Group's strategic developmental objectives. Operating to world-class standards, the ITFC's mission is clear from its mandate to be a catalyst for the development of trade among OIC Member Countries and with the rest of the world. ITFC aspires to be a recognized provider of trade solutions for the OIC Member Countries' needs; in order to fulfill its brand promise of "Advancing Trade and Improving Lives". www.itfc-idb.org.

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