Islamic Development Bank



ANNUAL REPORT
1429H - 2008

CORPORATE PROFILE OF THE ISLAMIC DEVELOPMENT BANK

Establishment

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

Purpose

The purpose of IDB is to foster economic development and social progress of member countries and Muslim communities in non-member countries individually as well as jointly in accordance with the principles of Shariah (Islamic law).

Functions

The main function of IDB is to provide various forms of development assistance for poverty alleviation, human development, forging economic cooperation, promoting trade and investment, and enhancing the role of Islamic finance in the social and economic development of member countries. It also establishes special funds for specific purposes including a fund for assistance to Muslim communities in non-member countries.

IDB mobilizes financial resources using Shariah-compliant modes and provides technical assistance to member countries, including provision of training facilities for personnel engaged in development activities in member countries.

Membership

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

Capital

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

Head Office and Regional Offices

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

Financial Year

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

Accounting Unit

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

Language

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

Group Photo of IDB Staff Monthly Gathering, IDB Headquarters, Jeddah, Saudi Arabia

In the Name of Allah,
the Beneficent, the Merciful

06 Rabi Awwal 1430H
03 March 2009

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

Dear Mr. Chairman,

Assalamu-O-Alaikum Waramatullah Wabarakatuh

In accordance with Articles 32(i), 32(iii) and 41(1) of the Articles of Agreement establishing the Islamic Development Bank and Section (11) of the By-laws, I have the honour to submit for the kind attention of the esteemed Board of Governors, on behalf of the Board of Executive Directors, the Annual Report on the operations and activities of the Bank in 1429H (2008).

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

IDB BOARD OF EXECUTIVE DIRECTORS

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

Hon. Ibrahim Mohamed Al-Mofleh,
representing the Kingdom of Saudi Arabia

Hon. Ismail Omar Al Dafa,
representing the State of Qatar

Hon. Bader Abdullah S. Abuaziza,
representing Great Socialist People's Libyan Arab Jamahiriyah

Hon. Jamal Nasser Rashid Lootah,
representing the United Arab Emirates

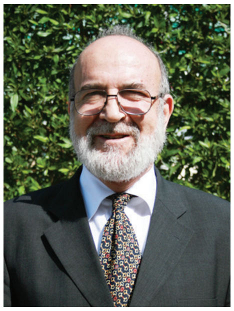
Hon. Junaidi Hashim,
representing Brunei Darussalam, Indonesia, Malaysia, Suriname

Hon. Hassan Hashem Abdul Hussain Al Haidary
representing Bahrain, Djibouti, Iraq, Jordan, Lebanon, Maldives, Oman

Hon. Khamdan H. Tagaimurodov,
representing Albania, Azerbaijan, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, Uzbekistan

IDB BOARD OF EXECUTIVE DIRECTORS

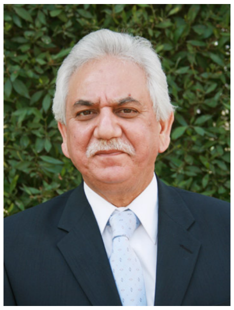
Hon. Zeinhom Zahran,
representing the Arab Republic of Egypt



Hon. Dr. Selim Cafer Karatas,
representing the Republic of Turkey

Hon. Dr. Syed Hamid Pour Mohammadi,
representing the Islamic Republic of Iran

Hon. Aissa Abdellaoui,
representing Algeria, Benin,
Mozambique, Palestine, Syria, Yemen



Hon. Farrakh Qayyum,
representing Afghanistan, Bangladesh, Pakistan

Hon. Faisal Abdul Aziz Al-Zamil,
representing the State of Kuwait

Hon. Nailane Mhadji,
representing Comoros, Cote d'Ivoire, Guinea, Guinea Bissau,
Morocco, Nigeria, Sierra Leone, Somalia, Sudan, Tunisia, Uganda

Hon. Yerima Mashoud Amadou,
representing Burkina Faso, Cameroon, Chad, Gabon,
Gambia, Mali, Mauritania, Niger, Senegal, Togo

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Message from the President, IDB Group

1429H (2008) was a challenging year for the IDB Group and its member countries because of three unprecedented crises -- food, energy, and financial and economic recession -- that changed the development landscape. Each crisis has weakened the ability of IDB member countries to meet the challenge of the subsequent crisis.

The crises are a source of concern for the IDB Group because of the magnitude of their impact with varying degrees on the economies of many member countries and the lives of citizens. They were adversely affected by job losses, shrinking remittances and development assistance, and declining world trade. Consequently, the MDGs appear to suffer a serious setback as the decade-long gains made by countries and their development partners are under stress.

There is truly an urgent need to undertake concerted efforts at all levels -- global, regional, and national -- to respond to the crises. In particular, multilateral development banks are urged to protect ongoing investment in social and physical infrastructure to sustain growth potential in their member countries.

In 1429H (2008), the IDB Group has significantly increased its project financing in member countries totalling ID1.9 billion ($3.1 billion), a growth of 17 percent over the previous year. The overall financing (including project, trade and grants) to public and private sectors in member countries grew by 5 percent to reach ID3.6 billion ($5.7 billion). In addition, special crisis-addressing initiatives were introduced by the Bank. The 'Jeddah Declaration Initiative' -- which helps member countries address the food crisis and attain food security -- and the 'Special Program for the Development of Africa' which assists member countries in Sub-Saharan Africa to meet the targets of MDGs and IDB 1440H Vision. The Bank plans to scale up the volume of development assistance by at least 15 percent in the current year.

In order to effectively face the deep economic recession, IDB supports a coordinated approach, forming new partnerships, and working closely with international bodies, G-20, and member countries to discourage and avoid trade protectionism in every form.

If there is any lesson to draw from the ongoing financial and economic crisis, it is that new international financial architecture should explicitly foster "responsibility and accountability". Such architecture would trigger credible government responses, strengthen market confidence, and elicit appropriate private sector responses.

Indeed, as the world is designing new financial architecture, the Islamic finance principles and practices have much to offer. The fundamental underpinning of Islamic finance that is unique and distinct is that there should be a systemic link between financial sector and the real sector of the economy. Combined with the exclusion of debt instruments and derivatives, such a link significantly reduces the emergence of asset bubbles. The principles of Islamic finance do not allow, among others, to trade loans and engage in short-selling but ensure that all financial transactions are real asset-backed.

In 1429H (2008), despite the global financial crisis, IDB having strong financial position maintained its highest ratings of "AAA" assigned by Standard & Poors', Moody's, and Fitch for the seventh consecutive year.

Amidst the crises, the IDB Group is repositioning itself to face the challenges and become a world-class institution. The Group commenced to realize major reform that culminated in the adoption of a new organizational structure and institutional arrangements. The Bank is determined to stay on a reform course consistent with the attainment of IDB 1440H Vision.

Reform is necessary for progress, therefore, IDB calls on member countries to adopt reform programs and position themselves to achieve higher levels of socio-economic development through exploiting the opportunities of a new world economic order that will emerge. Countries that resist meaningful reforms would be faced with stunted growth and limited poverty reduction.

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

TABLE 0.1: SUMMARY OF THE IDB GROUP ACTIVITIES FOR THE PERIOD 1396H-1429H
(01 JANUARY 1976 - 28 DECEMBER 2008)

(amount $/ID in million)(1)

ITEM(2)	1396H-1426H		1427H		1428H		1429H		1396H-1429H	
	No.	ID	No.	ID	No.	ID	No.	ID	No.	ID
PROJECT AND OPERATION FINANCING(3)										
Loan	655	2,849.4	40	280.8	40	244.6	37	237.4	772	3,612.2
		3,767.7		*407.0*		*364.5*		*370.7*		*4,909.9*
Of which LDMCs Loans	135	209.3	6	12.3	2	10.1	12	52.6	155	284.3
		287.5		*17.6*		*15.0*		*83.9*		*404.0*
Equity	167	856.2	22	235.2	26	213.5	27	141.2	242	1,446.2
		1,180.7		*342.0*		*335.3*		*273.6*		*2,131.6*
Of which Infrastructure Fund	12	373.4	7	170.9	1	2.1	0	0.0	20	546.4
		535.0		*246.8*		*3.3*		*0.0*		*785.1*
Leasing	278	3,414.3	31	475.7	22	623.9	24	485.4	355	4,999.3
		4,706.6		*704.2*		*959.6*		*767.6*		*7,137.9*
Instalment Sale	202	1,804.3	18	125.8	6	199.3	5	230.8	231	2,360.1
		2,433.0		*184.1*		*305.1*		*357.4*		*3,279.5*
Combined Lines of Financing	29	242.1	1	10.1	3	97.5	2	11.2	35	360.9
		317.6		*15.0*		*150.0*		*18.0*		*500.6*
Profit Sharing/Musharaka	9	100.1	0	0.0	2	48.1	2	6.5	13	154.7
		134.7		*0.0*		*76.0*		*10.1*		*220.8*
Istisna'a	98	1,667.8	16	381.4	12	288.1	17	727.1	143	3,064.3
		2,286.4		*557.9*		*437.8*		*1,164.7*		*4,446.9*
Others(4)	57	542.5	0	0.0	0	0.0	39	63.9	96	606.5
		775.6		*0.0*		*0.0*		*98.4*		*874.0*
Total Project and Operations Financing	**1,495**	**11,476.7**	**128**	**1,509.1**	**111**	**1,714.9**	**153**	**1,937.5**	**1,887**	**16,638.2**
		15,602.1		***2,210.3***		***2,628.2***		***3,060.6***		***23,501.2***
Technical Assistance (TA)	612	182.9	62	11.1	76	11.3	107	22.7	857	228.0
		199.2		*16.3*		*17.1*		*36.2*		*268.8*
TOTAL PROJECT & OPERATION FINANCING + TA	**2,107**	**11,659.6**	**190**	**1,520.2**	**187**	**1,726.2**	**260**	**1,960.2**	**2,744**	**16,866.2**
		15,801.3		***2,226.6***		***2,645.2***		***3,096.8***		***23,770.0***
TRADE FINANCING OPERATIONS										
International Islamic Trade Finance Corporation (ITFC)	..	..	..	..	..	..	67	1,558.0	67	1,558.0
		..		..		..		*2,482.8*		*2,482.8*
Other Entities/Funds(5)	..	..	..	..	..	..	18	96.2	18	96.2
		..		..		..		*148.6*		*148.6*
Historical Trade Financing(6)	1,799	18,141.7	130	1,984.1	81	1,817.4	0	0.0	2,010	21,943.2
		24,084.8		*2,921.7*		*2791.1*		*0.0*		*29,797.6*
TOTAL TRADE FINANCING OPERATIONS	**1,799**	**18,141.7**	**130**	**1,984.1**	**81**	**1,817.4**	**85**	**1,654.3**	**2,095**	**23,597.4**
		24,084.8		***2,921.7***		***2,791.1***		***2,631.5***		***32,429.1***
Special Assistance Operations	1,101	478.2	47	12.6	62	17.0	54	13.0	1,264	520.8
	..	*605.1*		*18.4*	..	*25.7*	..	*20.1*	..	*669.4*
NET APPROVED OPERATIONS	**5,007**	**30,279.5**	**367**	**3,516.9**	**330**	**3,560.6**	**399**	**3,627.5**	**6,103**	**40,984.5**
		40,491.2		***5,166.7***		***5,462.1***		***5,748.4***		***56,868.4***
GROSS APPROVED OPERATIONS	**5,620**	**35,028.9**	**376**	**3,558.6**	**337**	**3,606.1**	**402**	**3,643.0**	**6,735**	**45,836.5**
	..	***46,847.0***	**..**	***5,227.7***	**..**	***5,533.3***	**..**	***5,772.4***	**..**	***63,380.4***
DISBURSEMENTS	**..**	**22,702.1**	**..**	**1,673.2**	**..**	**2,307.5**	**..**	**2,450.0**	**..**	**28,539.3**
	..	***29,435.2***	**..**	***2,407.8***	**..**	***3,569.9***	**..**	***3,783.1***	**..**	***39,195.9***
REPAYMENTS	**..**	**17,060.9**	**..**	**1,816.5**	**..**	**1,883.8**	**..**	**1,803.8**	**..**	**22,565.0**
	..	***22,702.1***	**..**	***2,648.0***	**..**	***2,906.6***	**..**	***2,785.5***	**..**	***31,042.1***
NUMBER OF STAFF AT END OF YEAR	..	..	942		990		1,014		..	
Memorandum Items										
OCR-IDB (in ID million, unless otherwise stated)										
Total Assets	..	..	..	6,107.4	..	6,718.4	..	7,290.4	..	..
Gross Income	..	..	..	317.3	..	369.2	..	347.9	..	..
Net Income	..	..	..	123.5	..	163.5	..	194.2	..	..
Reserves: Capital	..	..	..	26.3	..	22.7	..	22.7	..	..
General	..	..	..	1,443.2	..	1,523.9	..	1,590.1	..	..
Subscribed Capital	..	..	..	13,217.7	..	1,3870.0	..	15,076.2	..	..
Administrative Budget: Approved	..	..	..	55.0	..	64.1	..	65.2	..	..
Actual	..	..	..	51.3	..	57.5	..	62.3	..	..
Number of Member Countries	..	..	56		56		56		..	..
ICIEC's Operations (in ID/$ million)										
Insurance Commitments(7)	..	1,667.8	..	938.9	..	972.2	..	1,175.3	..	4,754.2
	..	*2,367.8*	..	*1,399.0*	..	*1,536.0*	..	*1,815.0*	..	*7,117.8*
Business Insured(8)	..	991.5	..	573.2	..	929.7	..	971.3	..	3,465.8
	..	*1,423.2*	..	*854.0*	..	*1,469.0*	..	*1,500.0*	..	*5,246.2*

(1) $ amounts are in italic.
(2) All figures on operations are net of cancellation, unless otherwise specified.
(3) Figures include ICD, IBP, UIF, APIF and Treasury Operations.
(4) Refers to investment in *Sukuk* (1423H-1429H) and in Financial Institutions (mainly IBP,1408H-1422H).
(5) Mainly ICD and UIF for 1429H.
(6) Previous trade financing of ITFO, EFS, IBP, ICD, UIF, APIF and Treasury Operations.
(7) Amount of Insurance Commitments (contingent liability assured) approved/issued during the year.
(8) Amount of shipments/investments declared to ICIEC by policy holders for the period under consideration.

TABLE 0.2: CUMMULATIVE IDB GROUP OPERATIONS[1] BY MAJOR CATEGORY FROM 1396H TO THE END OF 1429H (01 JANUARY 1976 - 28 DECEMBER 2008)

(amount $/ID in million)

Country	Projects and Operations									Trade Financing			Grand Total		
	Project Financing			Technical Assistance			Special Assistance Operations								
	No.	ID	$	No.	ID	$	No.	ID	$	No.	ID	$	No.	ID	$
Afghanistan	4	37.6	56.5	2	0.6	1.0	21	11.7	15.8	0	0.0	0.0	27	49.9	73.3
Albania	17	96.8	140.3	5	0.8	1.1	3	1.0	1.4	0	0.0	0.0	25	98.6	142.8
Algeria	41	450.7	597.7	11	4.6	4.0	7	4.5	5.6	188	1,490.0	1,887.7	247	1,949.8	2,495.1
Azerbaijan	25	192.2	275.1	12	2.2	3.2	4	1.5	2.0	0	0.0	0.0	41	196.0	280.3
Bahrain	67	605.5	847.2	7	1.1	1.5	0	0.0	0.0	15	183.8	256.5	89	790.3	1,105.2
Bangladesh	63	385.6	535.0	7	2.6	3.9	12	28.8	35.7	191	4,246.7	6,033.7	273	4,663.7	6,608.2
Benin	30	131.2	179.5	19	6.9	5.8	1	1.3	1.4	5	26.0	35.0	55	165.4	221.7
Brunei	5	38.5	49.2	1	0.2	0.3	0	0.0	0.0	0	0.0	0.0	6	38.7	49.5
Burkina Faso	49	243.5	339.1	30	14.6	12.3	9	8.3	8.8	5	98.0	150.0	93	364.4	510.2
Cameroon	23	133.8	178.7	10	2.8	3.4	3	1.3	1.7	0	0.0	0.0	36	137.9	183.8
Chad	34	175.7	251.4	24	5.1	5.5	10	9.9	10.8	1	2.1	3.2	69	192.8	270.9
Comoros	4	8.8	11.1	10	2.6	3.0	3	0.9	1.1	3	5.9	7.5	20	18.1	22.7
Côte d'Ivoire	11	160.5	239.4	1	0.3	0.4	5	1.0	1.2	3	48.5	76.3	20	210.2	317.3
Djibouti	28	139.1	209.9	14	2.8	3.3	9	1.5	2.0	1	7.6	12.0	52	151.0	227.2
Egypt	42	547.5	767.5	10	1.9	2.6	4	1.1	1.5	111	1,275.1	1,792.9	167	1,825.7	2,564.5
Gabon	18	291.0	424.9	5	4.8	6.0	0	0.0	0.0	0	0.0	0.0	23	295.7	430.8
Gambia	31	94.7	133.4	18	3.6	4.0	4	1.7	1.8	12	32.3	46.0	65	132.2	185.3
Guinea	50	231.4	310.1	32	11.4	10.1	6	6.1	7.8	6	37.9	48.8	94	286.8	376.8
Guinea Bissau	2	2.0	2.2	7	1.7	1.8	3	1.1	1.3	2	11.6	15.0	14	16.4	20.3
Indonesia	75	659.6	931.0	8	0.8	1.1	4	2.9	4.4	29	506.8	689.3	116	1,170.0	1,625.9
Iran	66	1,172.8	1,685.6	11	3.6	5.5	7	10.0	13.3	153	1,408.7	2,011.7	237	2,595.1	3,716.1
Iraq	7	53.4	67.9	8	0.9	1.3	9	3.9	5.3	35	264.9	301.3	59	323.1	375.8
Jordan	63	599.3	827.5	18	4.7	5.7	1	0.2	0.3	68	672.3	814.8	150	1,276.6	1,648.3
Kazakhstan	16	170.8	251.3	8	1.4	2.0	5	0.7	0.9	6	37.4	56.0	35	210.3	310.2
Kuwait	18	161.5	230.2	5	1.1	1.5	4	6.5	7.5	45	692.1	1,024.5	72	861.2	1,263.8
Kyrgyz Rep.	12	69.6	101.6	8	1.6	2.3	7	1.7	2.4	0	0.0	0.0	27	72.9	106.3
Lebanon	46	512.9	703.9	7	3.8	5.6	21	7.0	9.8	12	162.2	228.5	86	686.0	947.8
Libya	16	253.5	343.0	2	2.2	2.9	2	2.9	3.8	10	230.0	299.8	30	488.6	649.4
Malaysia	41	684.4	960.2	7	0.9	1.4	5	8.8	11.5	41	201.2	281.7	94	895.3	1,254.7
Maldives	19	65.1	91.6	11	1.6	2.2	3	0.6	0.8	3	29.7	45.0	36	97.0	139.5
Mali	44	226.2	309.1	26	10.0	11.4	12	14.9	16.5	13	133.9	199.9	95	384.9	536.9
Mauritania	50	232.8	326.3	39	21.5	22.7	7	9.7	11.1	7	77.2	112.5	103	341.2	472.6
Morocco	54	914.0	1,320.8	19	3.9	5.4	4	1.2	1.5	113	1,538.8	2,115.3	190	2,457.9	3,443.0
Mozambique	16	81.7	116.0	6	1.2	1.9	5	1.8	2.2	1	9.8	15.0	28	94.6	135.1
Niger	40	157.5	217.6	35	12.6	13.1	18	10.2	12.2	20	109.2	138.4	113	289.5	381.2
Nigeria	1	20.7	30.0	0	0.0	0.0	30	5.9	7.9	6	68.6	105.0	37	95.2	142.9
Oman	35	444.3	587.7	7	2.3	2.4	2	0.4	0.5	1	1.4	2.0	45	448.3	592.5
Pakistan	76	917.5	1,312.8	6	0.9	1.3	10	8.3	11.5	243	3,897.4	5,291.0	335	4,824.1	6,616.5
Palestine	24	61.1	84.7	10	4.3	6.2	41	41.1	53.0	0	0.0	0.0	75	106.5	144.0
Qatar	24	338.9	513.0	1	0.1	0.1	0	0.0	0.0	0	0.0	0.0	25	339.0	513.1
Saudi Arabia	64	863.4	1,268.9	24	2.7	3.9	2	0.1	0.1	156	1,759.8	2,575.9	246	2,626.1	3,848.8
Senegal	55	304.8	415.9	27	10.1	11.0	7	12.9	14.2	24	176.9	247.6	113	504.6	688.7
Sierra Leone	20	67.0	93.7	26	6.8	6.6	4	2.8	3.6	1	3.2	5.0	51	79.7	108.9
Somalia	6	20.0	24.9	12	2.6	3.0	39	8.6	11.8	4	36.1	46.2	61	67.2	85.9
Sudan	76	506.0	723.6	20	3.0	4.2	19	19.4	23.4	27	213.1	296.3	142	741.5	1,047.6
Suriname	5	22.2	31.8	1	0.1	0.2	2	0.1	0.2	1	7.4	10.0	9	29.8	42.2
Syria	33	467.4	661.0	4	0.5	0.8	1	0.2	0.3	20	100.5	117.4	58	568.6	779.5
Tajikistan	19	96.8	136.9	11	2.4	3.5	9	1.1	1.5	1	8.8	14.0	40	109.1	155.9
Togo	14	103.7	151.9	5	1.5	1.9	2	1.4	1.7	1	4.2	6.0	22	110.7	161.5
Tunisia	51	540.2	767.8	8	1.5	2.1	4	3.3	4.2	160	803.9	1,094.9	223	1,348.9	1,869.0
Turkey	86	764.4	1,045.0	6	3.5	4.6	6	17.3	20.7	287	2,282.1	3,017.3	385	3,067.2	4,087.6
Turkmenistan	6	41.6	56.9	2	0.4	0.5	1	0.2	0.3	0	0.0	0.0	9	42.2	57.8
U.A.E	47	244.1	350.3	8	0.7	0.9	0	0.0	0.0	15	229.0	315.7	70	473.8	666.9
Uganda	8	28.5	39.2	12	3.6	3.1	8	3.1	4.1	5	11.3	13.9	33	46.5	60.3
Uzbekistan	18	168.5	256.5	4	0.6	0.8	8	1.4	1.9	0	0.0	0.0	30	170.5	259.2
Yemen	46	261.9	367.2	25	7.3	8.4	8	7.1	8.6	40	351.7	419.8	119	627.9	804.0
Regional Operations	23	201.1	299.6	194	31.0	44.1	63	41.3	57.0	1	32.4	50.0	281	305.8	450.7
Special Operations	4	62.5	85.0	0	0.0	0.0	0	0.0	0.0	1	14.8	20.0	5	77.3	105.0
Operations in Non-MCs	19	110.7	164.8	1	0.1	0.1	780	180.4	239.6	2	55.2	83.0	802	346.3	487.4
NET APPROVAL	**1,887**	**16,638.2**	**23,501.2**	**857**	**228.0**	**268.8**	**1,264**	**520.8**	**669.4**	**2,095**	**23,597.4**	**32,429.1**	**6,103**	**40,984.5**	**56,868.4**
GROSS APPROVAL	**2,158**	**19,004.7**	**26,636.5**	**912**	**240.7**	**284.1**	**1,268**	**522.1**	**671.2**	**2,397**	**26,069.0**	**35,788.6**	**6,735**	**45,836.5**	**63,380.4**

[1] Figures are net cancellation and include ICD, UIF, IBP, APIF and Treasury operations.

Meeting of the IDB Board of Executive Directors, IDB Headquarters, Jeddah, Saudi Arabia

1429H IN REVIEW: MAJOR ACHIEVEMENTS

In many respects, 1429H was a challenging year. It was the year of triple crises (food, energy, and global financial and economic crises), which, like the rest of the world, also hit the IDB member countries. In response, the IDB Group enhanced its development assistance to help member countries mitigate the adverse impacts on their socio-economic development. During the year, the Bank continued to post robust financial results and maintained its "AAA" ratings. The IDB Group also launched a number of new initiatives intended to assist member countries cope with the emerging developmental challenges. In addition, the Bank is also implementing a comprehensive internal reform programme to be able to scale-up its development effectiveness under the IDB 1440H Vision.

CHALLENGING YEAR

1429H (2008) was a challenging year for the global economy in which both developed and developing countries suffered from the adverse effects of food, energy, and financial crises. Consequently, developmental gains of the past decade have been reversed. For both policymakers and the international development community, the year has been unsettling in terms of addressing rapidly changing priorities and stretching the resource envelope to its limit. This time, the origin of the multiple global-level crises lies in the developed countries mainly due to policy mistakes in critical areas such as the subsidy given for bio-fuels production, huge imbalances in the balance of payments between developed and emerging countries and failure of de-regulated financial sector.

Unfortunately, the brunt of these crises has been borne by the most vulnerable groups – the poorest of the poor. In the unfolding story of the most serious global economic crisis over the past fifty years, it appears that underlying assumptions for the socio-economic development targets and macroeconomic stability at the country-level and the progress towards achieving Millennium Development Goals (MDGs) will have to be reset in the post-crisis world. The food and economic crises have come at a time when member countries, as

MAJOR ACHIEVEMENTS DURING 1429H

1. In the wake of triple crises, the IDB Group increased its overall financing by 5 percent and project financing by 17 percent to member countries.
2. Net income of IDB registered a strong growth of 18.8 percent.
3. IDB maintained its highest ratings "AAA" for the seventh consecutive year.
4. IDB increased its financing for the agriculture sector by six-fold.
5. IDB Subscribed Capital was increased from ID15 billion to ID16 billion.
6. Launched Special Program for the Development of Africa amounting to $4 billion
7. Launched Jeddah Declaration Initiative with an allocation of $1.5 billion to help member countries affected by the food crisis.
8. Launched IDB Infrastructure Fund-II.
9. Started implementing the IDB Group reform.

a group, were already behind in terms of achieving the MDGs. Some estimates have suggested that, as a result of these multiple crises, around 200 million more people have been pushed below the poverty line and about 44 million additional people slipped in the category of malnourished in the developing countries. From the standpoint of political and social stability, recent developments in the labour markets in the emerging economies suggest that they are under severe stress with unemployment expected to rise by over 50 million accompanied by about 200 million workers slipping into extreme poverty.

Due to weakening global economy, economic growth of member countries (as a group) dropped from 6.1 percent in 2007 to 4.9 percent in 2008. But their current account surplus improved significantly from 7.9 percent of GDP in 2007 to 12.7 percent in 2008 mainly due to higher food and fuel prices during the first half of 2008.

The year 1430H (2009) is also expected to be a challenging one as the global financial meltdown is causing rising unemployment and pushing more people into the poverty trap. Member countries may face a sizable decline in foreign capital inflows both from public and private sources. Economic prospects of member countries look uncertain as their growth is projected to drop further to 2.3 percent and current account surplus to 8.8 percent of GDP in 2009. These trends indicate a serious setback for member countries in achieving the MDGs and IDB 1440H Vision targets.

In order to mitigate the impact of global financial and economic crisis, member countries need to adopt prudent monetary, fiscal and financial policies in the coming years. For this purpose, new policy initiatives have to be taken aimed at stimulating aggregate demand and reducing poverty.

ENHANCING DEVELOPMENT ASSISTANCE

The IDB Group has strived on several fronts to help its member countries mitigate the adverse impacts of the triple crises during 1429H. To that end, besides extending normal financing, the Bank has launched several initiatives, such as the Islamic Solidarity Fund for Development, Special Program for the Development of Africa, Jeddah Declaration, and the IDB Group Initiative for member countries facing crises (Box 1).

Increasing Approvals

The IDB Group financing totalled ID3,627.5 million ($5,748.4 million) in 1429H, registering an increase of 5 percent (in terms of dollar) compared with the previous year. This financing was for 399 operations in 49 member countries and 46 non-member countries (of which 44 countries received Special Assistance financing) and four regional programmes, compared to 330 operations in 1428H. Total IDB Group project financing registered a 17 percent growth compared to 1428H, reaching ID1,960.2 million ($3,096.8 million). Trade financing operations amounted to ID1,654.3 million ($2,631.5 million) in 1429H (Table 1).

During 1429H, the IDB Group approved ID1,549.5 million ($2,461.8 million) for 66 projects and ID22.7 million ($36.2 million) for 107 technical assistance operations. Project financing by affiliates and funds reached ID387.9 million ($598.8 million) covering 87 operations in 1429H. The shares of IDB Group operations by major categories in 1429H are given in Chart 1.

Box 1
IDB Group Initiative to Assist Member Countries Facing Crises

The IDB Group launched a Programme in January 2009 to assist its least developed member countries facing the adverse consequences of the global financial and economic crisis. The Programme aims at scaling up commitments and disbursements, supporting economic recovery and capacity development. In this regard, the IDB Group adopted the following specific measures:

Initiatives to Scale up (Incremental) Commitments and Disbursements: Preparations for launching of an IDB Infrastructure Fund-II are near completion. The target size of this private equity Fund is $1.5 billion and IDB own investment in the Fund is expected at $300 million. For the period 2008 to 2010, incremental commitments in lending and guarantee operations is estimated at $6.6 billion, while under incremental flows arising through accelerated disbursements are estimated at $4.9 billion. Under OCR financing, the approval target is set at $2.5 billion for 2009 and $2.8 billion for 2010. Leveraging of development assistance through the Arab Coordination Group and capital markets is estimated at about $2.2 billion for 2009 and $2.6 billion for 2010. Under trade financing operations, the planned target for 2009 is $2.8 billion, which is to be accompanied by leveraging resource mobilization of $1.1 billion from the Arab Coordination Group and commercial banks.

Supporting Economic Recovery: The IDB Group initiatives include: to expedite disbursements for active or on-going projects and programmes and consider disbursements in advance through establishment of special accounts; approve additional projects in public works where disbursement can be made within a short period of time; reduce the requirement for counterpart funds to be provided by the government in IDB approved projects; consider additional funding if any co-financer withdraws due to the crisis; reduce immediate repayment burden, revise where necessary the project repayment schedules in the most affected countries; and re-allocate part of $350 million allocation for concessional financing to the most affected countries up to $100 million.

Supporting Capacity Development: The IDB Group will assist selected member countries to strengthen the enabling environment for expansion of Islamic finance; and help them in improving their regulatory environment for financial sector and investment climate.

Advocacy: In various international forums, IDB is advocating that while reforming the international financial architecture, certain principles need to be considered for adoption. For example, forging explicit and consistent linkage between growth in international finance and in the real sector; and engendering market-based discipline by promoting financial engineering in which intermediaries obtain returns and share in risk-taking with their borrowers may be adopted. Adoption of such principles will ensure that the severity and frequency of financial crises is minimized in the new international financial order.

At end-1429H, cumulative net approvals of the IDB Group reached ID40,984.5 million ($56,868.4 million). The share of project financing (including technical assistance) and trade financing operations in cumulative approvals stood at 41.8 percent and 57.0 percent respectively, while the share of special assistance operations was 1.2 percent.

SCALING UP RESOURCE TRANSFER

As a development institution, the IDB Group has continued to increase net resource transfers to member countries in order to meet their financing needs. The IDB Group increased its disbursements to member countries by 6 percent to ID2,450 million ($3,783.1 million) in 1429H. This increase was largely due to higher levels of disbursements for trade financing activities through both (former) Import Trade Finance Operations and International Islamic Trade Finance Corporation. Cumulative disbursements amounted to ID28,539.3 million ($39,195.9 million) (Table 2).

Total repayments by the member countries amounted to ID1,803.8 million ($2,785.5 million), which were lower

Exit

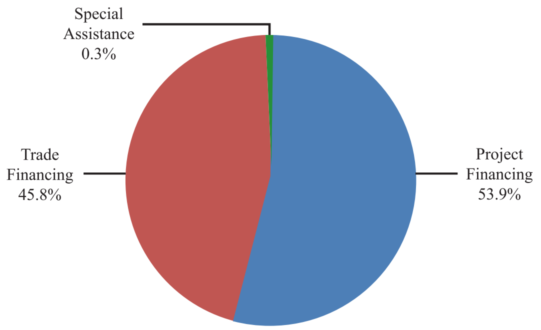
Table 1
Net Approvals of IDB Group by Major Categories

(amount in million)

	1427H			1428H			1429H			1396H-1429H		
	No.	ID	$	No.	ID	$	No.	ID	$	No.	ID	$
I. Project/Operation Financing from OCR *of which*	142	1,147.8	1,679.4	153	1,383.9	2,104.9	173	1,572.2	2,498.0	2,281	13,129.4	18,370.7
Technical Assistance	62	11.1	16.3	76	11.3	17.1	107	22.7	36.2	857	228.0	268.8
II. Project/Operation Financing by Funds/Entities (UIF, IBP, APIF, ICD & Treasury	48	372.4	547.2	34	342.3	540.3	87	387.9	598.8	463	3,736.7	5,399.2
III. Total IDB Group Project Financing (1+2)	190	1,520.2	2,226.6	187	1,726.2	2,645.2	260	1,960.2	3,096.8	2,744	16,866.2	23,770.0
IV. Trade Financing Operations	130	1,984.1	2,921.7	81	1,817.4	2,791.1	85	1,654.3	2,631.5	2,095	23,597.4	32,429.1
V. Special Assistance	47	12.6	18.4	62	17.0	25.7	54	13.0	20.1	1,264	520.8	669.4
Total IDB Group Financing	**367**	**3,516.9**	**5,166.7**	**330**	**3,560.6**	**5,462.1**	**399**	**3,627.5**	**5,748.4**	**6,103**	**40,984.5**	**56,868.4**

Note that slight increases in previous years' number of operations are due to reclassification by the data generating departments/entities.

Chart 1
IDB Group Operations by Major Categories, 1429H



from their 1428H level by 4.2 percent. This is mainly due to lower repayments under the Unit Investment Fund, which declined from $461.9 million in 1428H to $88.3 million in 1429H as its trade financing operations have been consolidated with the International Islamic Trade Finance Corporation. Cumulative repayments from 1396H to 1429H amounted to ID22,565 million ($31,042.1 million) (Table 2).

In recent years, a notable feature of the IDB Group operations is that net resource transfer has increased manifold. Net resource transfer by IDB Group jumped by two-and-half times in 1428H over the previous year while it increased by 50.4 percent from $663.3 million in 1428H to $997.6 million in 1429H.

STRENGTHENING FINANCIAL POSITION

No multilateral development bank can run without strong financial support from its member countries. During 1429H, the IDB Group also received continued strong financial support from its 56 member countries, maintained adequate level of liquidity, good financial results and highest ratings.

Receiving Strong Support from Member Countries

During the year, IDB Subscribed Capital was further increased from ID15 billion to ID16 billion by the Board of Governors during its 33rd Annual Meeting held in Jeddah on 30 Jumad Awwal 1429H (4 June 2008). This increase was approved by the Board to accommodate the request of the State of Qatar to increase its contribution to 8.6 percent of IDB Subscribed Capital so as to have the right to appoint a permanent member on the Board of Executive Directors. Accordingly, the State of Qatar subscription was increased from ID97.7 million to ID1,297.5 million.

IDB fund from member countries reached ID5,456 million in 1429H, registering an increase of 2.7 percent over 1428H. At end-1429H, the member countries' paid up capital amounted to ID3,299 million, a 7.6 percent increase over the last year due to payments of ID233 million made by member countries towards Bank equity.

Maintaining Adequate Liquidity Level

IDB policy aims at maintaining an adequate liquidity level to ensure uninterrupted availability of liquid funds to meet undisbursed commitments and other cash requirements. Liquid funds are placed with financial

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Table 2
IDB Group Disbursements and Repayments

($ million)

	Disbursements				Repayments			
	1427H	**1428H**	**1429H**	**1396H-1429H**	**1427H**	**1428H**	**1429H**	**1396H-1429H**
OCR	872.6	1,011.7	1,165.1	22,770.5	531.1	422.7	500.7	17,758.1
ITFO	1,187.4	1,986.9	936.4	9,233.8	1,507.2	1,869.8	1,784.3	8,000.6
Sukuk	12.7	232.8	146.5	851.9	70.2	85.2	78.6	272.0
Export Finance Scheme	107.5	-	-	1,221.7	300.1	-	-	1,193.6
Islamic Banks' Portfolio	18.6	-	-	941.7	39.1	-	-	832.9
Unit Investment Fund	103.9	238.0	114.1	1,794.7	138.2	461.9	88.3	2,436.5
Islamic Corporation for the Development of the Private Sector	73.7	51.3	133.0	446.8	52.5	47.1	50.7	216.2
Awqaf Properties investment Fund	22.2	40.2	11.6	130.4	9.5	19.8	11.9	61.1
Special Assistance Grants	9.1	9.1	14.3	542.4	-	-	-	-
ITFC	-	-	1,262.0	1,262.0	-	-	271.1	271.1
Total	**2,407.8**	**3,569.9**	**3,783.1**	**39,195.9**	**2,648.0**	**2,906.6**	**2,785.5**	**31,042.1**

institutions operating in international financial markets and in member countries. The placement of the funds is made in the currencies of the Special Drawing Rights basket, which is the ID unit of account of the OCR. In 1429H, the placements in Shariah-compliant instruments yielded a net return of ID33.9 million, which was equivalent to an annual return of 3.8 percent per annum.

Sustaining Good Financial Results

In 1429H, IDB continued to maintain strong financial results. Its net income from OCR amounted to ID194.2 million in 1429H, posting a growth of 18.8 percent over 1428H. The principal factor contributing to this increase was an exceptional gain of ID54 million, which is the OCR share of income on liquidation of Export Finance Scheme Fund. Excluding this exceptional gain, the net income declined by ID23.3 million, or 14.3 percent compared to last year. This decline is due to increase in provision for impairment of operating assets and fall in income from commodity placements which is due to falling benchmark international interest rates. However, these negative impacts were partly offset by reduction in external cost of financing. The income generated by operating asset portfolio comprising of Leasing, Installment Sale, and Istisna, Loan Services Fees, and Investment in Equities and Profit Sharing posted a growth of 3 percent in 1429H. The OCR administrative expenses for the year were ID62.9 million, marginally higher than last year and were within the budget, reflecting continuing budgetary discipline and effective cost control (Table 3).

Retaining Highest Ratings

In 1429H despite the global financial crisis, IDB was rated "AAA" institution by the three leading international rating agencies. Standard & Poor's confirmed for the seventh consecutive year its highest ratings for IDB; "AAA" for long-term and "A-1+" for short-term with "stable" outlook. IDB also maintained for the third year the highest ratings of "Aaa" for long-term and "P-1" for short-term assigned by Moody's. Fitch Ratings also maintained for the second year its "AAA" rating for the long-term, "F1" for the short-term and a "stable" outlook. These ratings reflect, *inter alia,* the financial soundness of IDB and its very low-risk profile.

In the course of assessing the potential impact of the global financial crisis on the Bank and its member countries, a high level Global Financial Crisis Monitoring Team assesses regularly the credit worthiness and repayment abilities of IDB member countries and other counterparts. Necessary measures have been taken to mitigate risks arising from the worldwide financial turbulence.

LAUNCHING NEW INITIATIVES

During 1429H, the Board of Executives Directors and the Board of Governors approved a number of new

Table 3
Income Statement of IDB, 1425H – 1429H

(ID million)

	1425H	1426H	1427H	1428H	1429H
Gross Income	**207.9**	**272.4**	**317.2**	**369.2**	**347.9**
Commodity Placements with Banks	16.0	26.9	53.8	56.5	28.7
ITFO	18.6	30.3	24.5	30.4	28.4
Leasing	101.8	137.2	133.9	143.2	143.7
Instalment Sale & Istisnaa	36.6	37.7	58.9	55.3	70.5
Loan Service Fees	14.7	17.8	18.6	24.6	23.3
Investments in Equity Capital	17.3	17.1	19.6	35.4	36.5
Others (including Mudarib Fees)	2.9	5.4	7.9	23.8	16.8
Expenses and Provisions	**132.5**	**165.2**	**193.4**	**212.1**	**213.9**
Total Administrative Cost	49.2	50.9	55.8	62.2	62.9
Staff Cost	38.2	39.9	41.9	46.7	47.9
Administrative Expenses	11.0	10.9	13.8	15.5	15.0
Depreciation – Leasing	65.8	83.9	84.7	91.9	93.0
Depreciation – Property & Equipment	2.0	2.3	2.8	2.8	1.6
Financing Cost	10.0	28.2	49.4	55.4	43.0
Operations Risk Provision/(recovery of impaired assets)	5.5	-	0.8	(0.2)	13.4
Exchange (Loss) / Gain	**(6.0)**	**1.0**	**(0.4)**	**6.4**	**6.2**
Exceptional Gain on Liquidation of Export Finance Scheme					54.0
Net Income	**69.4**	**108.2**	**123.5**	**163.5**	**194.2**

initiatives to help member countries in mitigating the effects of crises and achieving MDGs and IDB 1440H Vision targets.

Initiatives Approved by the Board of Executive Directors

The Board of Executive Directors held seven meetings during 1429H in addition to the activities of its Standing and Special Committees. Details of the activities of the Board in 1429H is presented in Annex 6. The Board adopted 139 resolutions and considered 81 information items. Some of the key decisions of the Board of Executive Directors during 1429H are the following:

- Launching of IDB Group Special Programme for the Development of Africa, a five-year follow-up programme to the Ouagadougou Declaration. The IDB Group targeted $600 million for the first year of the Programme, to be increased by 15 percent each year, making a total amount of $4 billion during the Programme period.
- Launching of the IDB Infrastructure Fund-II on the basis of the Audit Committee recommendations.
- Enhancement of the existing Medium-term Note Programme from $1 billion to $1.5 billion in order to facilitate the issuance of Sukuk.

Initiatives Approved by the Board of Governors

The 33rd Annual Meeting of the IDB Board of Governors was held in Jeddah on 29-30 Jumad Awwal 1429H (3-4 June 2008) under the patronage of the Custodian of the Two Holy Mosques, King Abdullah Ibn Abdul Aziz. The key outcomes of the meeting included the following:

- Issuance of the Jeddah Declaration in response to the global food crisis. In this regard, an allocation of $1.5 billion was made from various windows over the next five years to contribute towards food security and sustainable development of the agriculture sector, especially in LDMCs.
- Approval of an increase in Subscribed Capital of IDB from ID15 billion to ID16 billion, and increase in the subscription of the State of Qatar from ID97.7 million to ID1,297.5 million (Box 2).
- Election of seven Executive Directors for the twelfth term of the IDB Board of Executive Directors.

Custodian of the Two Holy Mosques King Abdullah Ibn Abdul Aziz with Sheikh Ahmad Bin Mohamad Al Khalifa, Minister of Finance, Bahrain, and Chairman of the IDB Board of Governors and President, IDB Group attended the 33rd Annual Meeting of the Board of Governors, 29-30 Jumad Awwal 1429H (3-4 June 2008), Jeddah, Saudi Arabia.

- Approval of an increase in the number of Executive Directors of IDB from 14 to 16 and amendment in the Regulations for the Election of the Executive Directors of IDB.

REFORMING THE IDB GROUP

One of the key strategic thrusts of the IDB 1440H Vision is reforming the IDB Group in order to be better equipped to meet the challenges facing its member countries. The main objective of the Reform is to ensure that the Bank is relevant in addressing the needs of its member countries, and is well-equipped to facilitate the achievement of 1440H Vision targets. Hence, the Reform looks at realigning the focus and priorities of the Bank. The additional responsibilities that the Bank is required to undertake necessitates changes to its organizational structure, and an enhancement of its capacity and resources. These include streamlining its business processes through realignment of its organizational structures, corporate governance, mission and functions of different entities. These are aimed at eliminating redundancies in functions, empowerment and responsibilities, transparency and disclosure, and accountability. At the same time, the roles of the Board of Executive Directors, Management, and stakeholders will be enhanced to increase efficiency. Through this exercise, IDB will redesign its business processes in order to be closer to its customers, improve project cycle time, and increase overall impact. Success of such major initiatives depends largely on the way the change is managed. Hence, Change Management, both internally and externally, constitutes a major cornerstone of the Reform Programme.

Box 2
Increase in Qatar's Share in IDB's Subscribed Capital

The State of Qatar submitted a proposal to IDB to increase its subscription in the capital stock of the Bank in order to be able to appoint a permanent member on the Board of Executive Directors of the Bank. The matter was discussed at the 33rd Annual Meeting of the Board of Governors, which approved Qatar's request.

Accordingly, the State of Qatar's subscription in the capital stock of the Bank was increased from ID97.7 million to ID1,297.5 million, which represented 8.6 percent of IDB's Subscribed Capital. Other member countries were also given the option to increase their subscription if they wish to maintain their original shareholding before Qatar's increase in the capital stock. Several countries have expressed their interest to increase their subscriptions accordingly. The Subscribed Capital of the Bank was therefore increased from ID15 billion to ID16 billion. Likewise, the IDB Board of Governors also increased the number of Executive Directors from 14 to 16.

Exit

33rd Annual Meeting of the IDB Board of Governors, 3-4 June 2008, Jeddah, Saudi Arabia

Implementing Phase-I of Reform

Phase-I of the IDB Group Reform has been concluded. It covers three focal areas; vision strategy (implementation framework), rolling plans and key performance indicators; governance and organizational design; and Change Management. A coordinating body, called the Group Reform Implementation Team, was formed to plan and coordinate the implementation of the Phase-I of the Reform and to manage Phase-II during 1430H. In 1429H, significant progress was made in the strategy component of the IDB Reform. Some of key achievements are as follows:

- The first IDB Group Strategy Forum, held on 16 Ramadan 1429H (16 September 2008), developed a shared understanding of the Group strategy, promoted Group-wide thinking among members and provided clarity on the way forward with respect to strategic planning.
- A structured Strategic Planning Process was developed to define the Group's objectives and goals, facilitate the formulation of strategies and programmes, and assess their results and effectiveness. The deliverables of the exercise will be the Group and entities Three-Year Rolling Plans and Medium-Term Budget Framework for 1430H-1432H, and Annual Operation Plans for each year.
- The formation of Thematic Teams on Comprehensive Human Development and Poverty Reduction, Prosper the People/Sustaining Growth (Infrastructure), Islamic Financial Services Industry Development, Economic Integration and two cross cutting strategic issues of Capacity Building and Private Sector Development. These Teams are assigned to produce the 3-year thematic strategic plans, which will in turn, guide the IDB complexes and entities in developing their 3-Year Rolling Plans and Medium-Term Budgetary Framework.
- Under the new organizational structure of IDB, three Vice-Presidents and a Chief Economist were appointed during 1429H.

During 1430H, in other areas of the IDB Reform Phase-I Implementation, a managerial assessment exercise will be conducted to identify well-qualified candidates to fill-in all the managerial positions in the new organization chart. The Group will also conduct a staff renewal process aimed at ensuring that the best and the brightest occupy the positions in the new organizational structure.

ECONOMIC PERFORMANCE AND MAJOR DEVELOPMENT ISSUES 1

During 1429H, the world economy suffered major setbacks because of the dramatic rise in food and energy prices and the implosion of the global financial market. Although the food and energy prices, which increased sharply during the first half of 2008, subsided in the second half, the financial crisis continued to worsen, engulfing many countries around the world. Consequently, the global economy started to shrink as it had become difficult to sustain the fast growth trend of recent years. Not surprisingly, it had implications for macroeconomic performance and social development in member countries. During the year, member countries responded to overcome these crises and other emerging development challenges.

WEAKENING MACROECONOMIC PERFORMANCE

Due to weakening global economy, macroeconomic performance of member countries slowed down during 1429H (2008) and is projected to decelerate further in 1430H (2009) as the effects of the global financial crisis deepen. Against this backdrop, the short-term prospects of their possible recovery depend on the improvement of the global economy.

Straining Global Economy

Even though the financial crisis originated in the US, it has resulted into a global economic downturn due mainly to the inter-dependence of world economies. The strength of economic fundamentals and the level and nature of dependence of different economies to the global economy determined its effect on various economies. Despite the limited exposure of many developing countries to the international financial system, the crisis affected them in terms of reduction in foreign direct investment (FDI), private capital flows and official development assistance (ODA) and weakening global import demand. The impact on various economies, therefore, has been relative to the extent of their integration with the financial sector of the advanced economies.

Sharp slowdown in world economic growth

The world economy decelerated sharply from 4.5 percent growth in 2007 to 2.6 percent in 2008. It is projected to decline by negative 1.2 percent in 2009. The most affected by the financial and economic turmoil is the group of advanced economies, slumping growth from 2.6 percent in 2007 to 0.8 percent in 2008, and is projected to decline by 3.1 percent (negative growth) in 2009.

The spread of the contagion to developing countries happened through the withdrawal of equity funds by global investors from the emerging-market economies and converted them into more liquid assets. At the same time, external capital flows dried up, which led to high borrowing cost. In addition, the economic strain in advanced economies resulted in sharp fall in demand for goods and services. That, in turn, led to a sharp decline in commodity prices in the international market.

The global economic downturn resulted in the deceleration of growth in developing economies from 8 percent in 2007 to 6 percent in 2008; it is projected to drop steeply by 2.1 percent in 2009. The growth in China and India, key drivers of the world economy in recent years, is also declining rapidly.

Decreasing global exports

Due to the global economic downturn, projected global export volumes are set to decrease by 2.1 percent in 2009 and import demand for the same period is projected to decline by 3.4 percent. Sharp fall in international commodity prices will also slow down economic growth in developing countries as they largely depend on commodity export. This will also affect their current account balances. More recent data suggests that in about one-third of oil-importing developing countries, current account deficit is estimated to have exceeded 10 percent of their GDP, while in the case of oil-exporting

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developing countries, their international reserves as a share of their imports are declining.

Declining foreign capital flows

Furthermore, ODA and remittance flows, which constitute significant share of most developing countries' GDP, will decrease as high-income economies grapple with the realities of economic downturn. According to the World Bank, remittance flows from high-income economies into developing countries reduced (as a percentage of GDP of recipient countries) from 2 percent in 2007 to 1.8 percent in 2008[1].

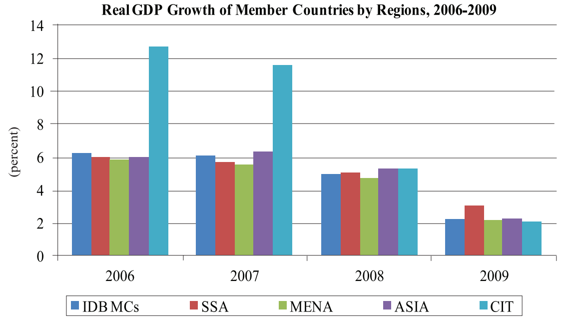
Effects of Global Downturn in Member Countries

During 1429H, the impact of food and energy prices and global financial crisis was increasingly felt in member countries, particularly in terms of economic growth and current account balances.

Decelerating economic growth

Economic growth of member countries (as a group) dropped from 6.1 percent in 2007 to 4.9 percent in 2008, and is projected to decelerate further to 2.3 percent in 2009 (Chart 1.1). The trend indicates a

Chart 1.1
Real GDP Growth of Member Countries by Regions, 2006-2009

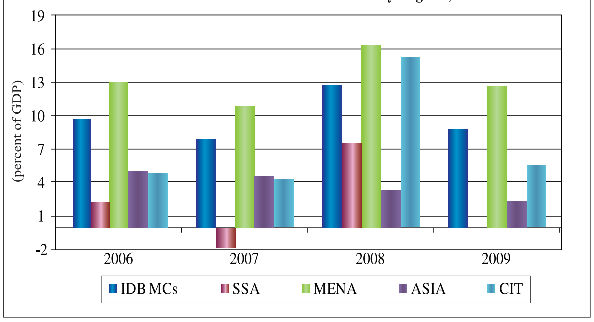


serious setback for member countries in achieving the MDGs and IDB 1440H Vision targets. The least developed member countries (LDMCs)[2] are especially vulnerable to the global economic downturn because of their high dependence on financial inflows and imports by the rich countries that have been hit hard by the global meltdown. Economic growth of LDMCs, which have been experiencing rising trend in recent years, fell from 8.1 percent in 2007 to 5.2 percent in 2008, and is projected to decelerate to 3.8 percent in 2009 (Table 1.1). For non-LDMCs, their economies slowed down from 5.8 percent in 2007 to 4.9 percent in 2008, and are projected to drop to 2.1 percent in 2009.

Declining current account surpluses

Current account surplus of member countries (as a group) improved significantly from 7.9 percent of GDP in 2007 to 12.7 percent of GDP in 2008, but is projected to drop to 8.8 percent of GDP in 2009 (Chart 1.2). It implies that, the adverse impact of sharp fall

Chart 1.2
Current Account Balance of Member Countries by Regions, 2006-2009



in prices that started in the second half of 2008 has not completely obliterated the revenue gains accrued to them due to the commodity price increases during the first half of the year. However, (as the projection suggests) the current account surplus will decrease in 2009 if the present trends continue.

Although the economic downturn is a worldwide phenomenon, its impact on countries varies around the world. This is also the case among different groups of member countries in various regions. Region-specific prognosis is, therefore, essential in explaining the different challenges posed by the global economic downturn. Country-wise data on key macroeconomic indicators are given in Annexes 7-12.

Middle East and North Africa

Economies of member countries in the Middle East and North Africa (MENA)[3] region grew by 4.8 percent in 2008, compared to 5.5 percent in 2007; it is projected to drop to 2.2 percent in 2009. Their current account surplus, as a percent of GDP, rose from 10.8 percent in

[1]World Bank, Migration and Development Brief, (November 2008).
[2]The list of LDMCs is given in Chapter 2.
[3]MENA region includes Algeria, Bahrain, Egypt, Iran, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Syria, Tunisia, Turkey, UAE, and Yemen.

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Table 1.1
Real GDP Growth and Current Account Balances of Member Countries, 2003-2009

	2003	2004	2005	2006	2007	2008	2009
Real GDP Growth (%)							
IDB MCs	**6.4**	**6.7**	**6.3**	**6.3**	**6.1**	**4.9**	**2.3**
SSA	7.4	7.7	5.2	6.0	5.7	5.1	3.0
MENA	6.6	6.6	6.2	5.8	5.5	4.8	2.2
ASIA	5.1	6.0	6.1	6.0	6.3	5.2	2.2
CIT	8.7	9.4	10.8	12.7	11.6	5.3	2.1
LDMC	**6.2**	**6.7**	**7.4**	**8.6**	**8.1**	**5.2**	**3.8**
NON-LDMC	**6.4**	**6.7**	**6.2**	**6.0**	**5.8**	**4.9**	**2.1**
Current account balance (percent of GDP) (%)							
IDB MCs	**4.2**	**5.1**	**8.7**	**9.7**	**7.9**	**12.7**	**8.8**
SSA	-5.6	-0.4	0.8	2.2	-1.8	7.5	-0.03
MENA	5.3	6.8	12.1	12.9	10.8	16.4	12.6
ASIA	5.6	3.9	3.8	5.1	4.6	3.4	2.3
CIT	-2.0	-1.4	1.3	4.8	4.3	15.2	5.6
LDMC	**-4.7**	**-4.1**	**-2.7**	**-1.5**	**0.1**	**3.5**	**0.2**
NON-LDMC	**5.0**	**5.9**	**9.7**	**10.6**	**8.5**	**13.6**	**9.6**

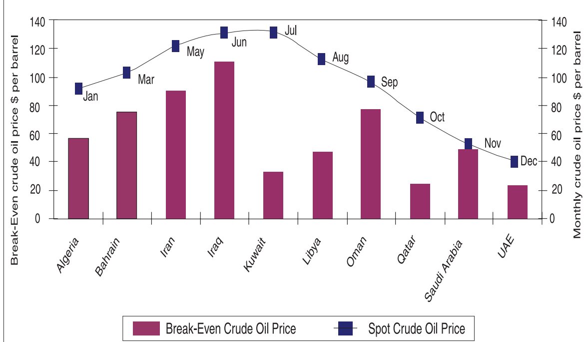
Source: Islamic Development Bank (April 2009).

2007 to 16.4 percent in 2008, but is projected to fall to 12.6 percent in 2009 as the global economic downturn deepens. Some member countries in the region are major exporters of oil and have substantial financial asset investments in the global financial system. They, therefore, constitute a vital economic bloc in the global economic dispensation. For instance, the estimated net foreign asset holding of GCC countries is between $1.5 trillion and $2 trillion, equivalent to 225 percent of their combined GDP. These investments are mainly in direct bank placements, stock markets, telecommunications, real estate, construction and infrastructure in various countries. With the deepening of the financial crisis, the values of their investments have depreciated.

The falling demand for crude oil, the main export commodity of member countries in the region, has far-reaching implications for their current account balance and fiscal position. Crude oil prices have fallen from a record $147 per barrel in July 2008 to over $50 in March 2009, thereby exacerbating their fiscal vulnerabilities. As Chart 1.3 illustrates, the break-even level of crude oil prices for fiscal balance for different countries vary significantly, suggesting that some are relatively less vulnerable to oil price volatility than others.

The shrinking of global credit market, lower oil prices, falling stock markets and incipient outflows from banks' deposits have implications for the GCC banking sector in terms of business growth, profitability, asset quality and liquidity.

Chart 1.3
Break-Even Crude Oil Price for Fiscal Balance and Spot Crude Oil Price, 2008



Source: Middle East and Central Asia Regional Economic Outlook, October 2008, IMF.

Despite various measures taken by the GCC governments to ensure smooth functioning of the financial sector, lending volumes remain at a low level and cost of borrowing has risen sharply. Chart 1.4 illustrates trend of spread for Middle Eastern Aggregate US Dollar Bond Index[4]. It shows that since inception in 2005, the spread over LIBOR has maintained more or less constant but has risen sharply from September 2008 to early 2009, the period of the global financial turmoil.

The combined effect of the fiscal stress arising from oil price volatility and elevated spreads would weaken public and private sector investments on key infrastructure and strategic industrial projects, including petrochemical and aluminium that are vital to the diversification of economies in the region. As

[4]Source: http://www.hsbcdifxindices. com/Indices.aspx.

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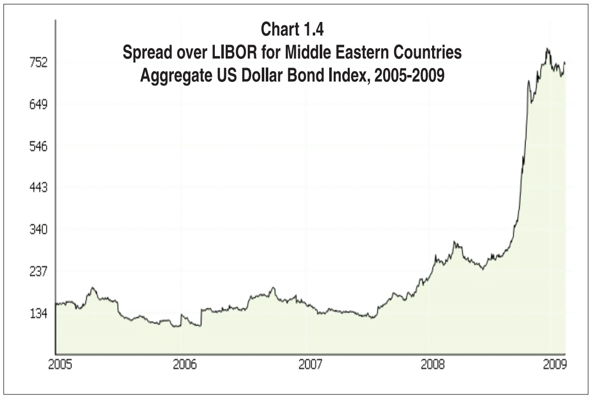

Chart 1.4
Spread over LIBOR for Middle Eastern Countries
Aggregate US Dollar Bond Index, 2005-2009

the projected growth in investments is to decelerate from 16.8 percent in 2007 to 7 percent in 2009, it would have a stifling effect on the region's future economic growth. However, GCC governments have demonstrated strong commitment to maintain high levels of public investments by drawing from previous surpluses and their Sovereign Wealth Funds. This will help in crowding-in private sector investments to stimulate economic growth, in consonance with the fiscal stimulus prescription for recovery.

Sub-Saharan Africa

The economies of Sub-Saharan Africa (SSA)[5] member countries achieved 5.1 percent growth in 2008, compared to 5.7 percent growth in 2007. However, their current account balance improved from a deficit of 1.8 percent of GDP in 2007 to a surplus of 7.5 percent of GDP in 2008. This could be attributed to the increase in oil revenue of two oil-exporting countries in the region, due to the rise in global prices in the first half of 2008.

Economies of member countries in the SSA region rely substantially on commodity exports, as well as ODA and remittance inflows. Few oil and gas abundant economies among them continue to depend on oil revenue for supporting public expenditures. The region as a whole is likely to experience further hardships because of their falling commodity export earning coupled with the projected decline of ODA and remittances to their economies. This will adversely affect their current account balance, which is likely to turn from surplus to deficit.

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

Limited foreign ownership of financial institutions, along with non-exposure to risks arising from complex derivative instruments, contributed to the minimal effect of the global financial crisis on the banking sector of SSA member countries. However, further deepening of the global financial turbulence could lead to decline in quality credit portfolios and losses on other financial assets, such as deposits with troubled foreign correspondent banks and capital repatriations by troubled parent banks. Already, due to shrinking credit line, it is becoming difficult to raise funds for new development projects in the region.

Stock market vulnerabilities in the SSA region have further deepened because of the global economic downturn. This is discouraging foreign investors, leading to growing fears of capital flight from the region. From 1st September to 31 December 2008, the composite index of securities exchange of member countries of the West African Economic and Monetary Union[6] fell by 25.8 percent and the stock market lost more than 32 percent of market capitalization (or $3.3 billion) during the same period.

The global economic downturn affected SSA economies because of the decline in resource inflows through ODA, remittances[7] and FDI. Mitigating the weakening effect of the global downturn on economic growth and current account balance will depend on the strength of economic fundamentals embedded in their productive structures and effectiveness of their policy response mechanisms.

Asia and Countries in Transition

Economic growth of Asian[8] member countries decelerated from 6.3 percent in 2007 to 5.2 percent in 2008, and is projected to drop to 2.2 percent in 2009. The economies of countries in transition (CIT)[9] slowed down even more sharply as their growth rate decreased from 11.6 percent in 2007 to 5.3 percent in 2008, and are projected to decelerate further to 2.1 percent in 2009. Some of the Asian member countries have reasonably strong economic fundamentals, which could help

[6]The member countries are Benin, Burkina Faso, Côte-d Ivoire, Guinea Bissau, Mali, Niger, Senegal, and Togo.
[7]According to the World Bank, workers' remittances in Sub-Saharan Africa will decline by 6.8 percent in 2009.
[8]Asia includes Afghanistan, Bangladesh, Brunei, Indonesia, Malaysia, Maldives, Pakistan, and Suriname.
[9]CIT includes Albania, Azerbaijan, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan.

them withstand further deepening of the financial and economic crisis. Economies of member countries in Asia and CIT benefited significantly from remittances, and the projected decline in remittance flows is likely to have adverse effect on their economies.

Current account surplus declined for member countries in the Asia region from 4.6 percent in 2007 to 3.4 percent of GDP in 2008. But in the case of CIT, current account surplus increased significantly from 4.3 percent in 2007 to 15.2 percent of GDP in 2008. As the impact of the global economic downturn deepens, current account surpluses are projected to drop to 2.3 percent for Asia, and 5.6 percent for CIT in 2009.

Reforms in the financial sector, undertaken in recent years by many member countries in these regions, have contributed to the relative insulation of their economies from significant direct impact of the global financial turmoil. However, the banking sectors of some countries in the CIT remain vulnerable due to their reliance on non-local currency deposits. As the real sectors of advanced economies experience downturn, the exports and by extension, economic growth of member countries of these regions will be adversely affected. Appropriate policy responses tailored to effective harnessing of domestic resources through sound fiscal measures are essential in mitigating the adverse effects of the creeping global economic downturn.

Challenges ahead

Although IDB member countries have not reached high levels of development, enormous opportunities exist for them towards achieving sustainable economic growth and development. The economies of many member countries have the requisite economic fundamentals to weather the current global downturn, but this requires appropriate counter-cyclical fiscal policy responses.

The commitments to continue planned growth in public investments by member countries with fiscal space, as demonstrated by the GCC countries, need to focus on key domestic sectors with the capabilities of generating high multiplier effects. To achieve this, the value-adding chain of public and private sector investments arising from the fiscal stimulus, must ensure productive connections between various sectors of the economy. It requires consolidation of activities of real sectors to strengthen the linkages between production and consumption in domestic economies and among economies of member countries.

Member countries with fiscal constraints need to improve fiscal efficiency by directing available resources to high-multiplier impact sectors of their economies as a measure of reducing fiscal strain. There could be spillover effects of the economic gains of the fiscal stimulus policies of member countries. These spillover effects would trickle down only if the enabling atmosphere exists through fiscal efficiency and effective targeting of investment in infrastructure developments.

Expansionary effects resulting from these strategies will create more employment opportunities. Predictably, this will lead to substantial reduction in poverty through sustainable and inclusive growth. Fundamentally, public expenditure of member countries needs to focus on human development and improvement in infrastructural facilities. This will create the enabling environment required to spur a chain of value-adding economic activities. This, in turn, will generate employment and help achieve poverty alleviation in member countries.

Furthermore, expansion in real sector activities will create opportunities for learning-by-doing and innovation-driven technological progress to provide the basis for sustainable economic growth.

ADDRESSING SOCIAL DEVELOPMENT CHALLENGES

Macroeconomic performance and social development are interdependent. A slowdown in economic growth has adverse implications for social development in member countries. Attainment of social development is a prerequisite for achieving sustainable economic growth. Social development provides opportunities for people to realize their potential towards collective societal development. Constant monitoring and evaluation of social development indicators in member countries provide insights into the development challenges they are facing.

Slow Progress in Social Development Indicators

Over the years, member countries have witnessed slow progress in attaining social development as measured by the UNDP Human Development Index (HDI)[10] and the Human Poverty Index (HPI)[11]. Efficient public sector spending on health and education is crucial for human development in member countries. These are, therefore, considered key indicators for evaluating the social development achievements of member countries.

Improving human development

In terms of HDI, IDB member countries (as a group) witnessed some improvements in human development between 2000 and 2006. Among the regions, MENA fared relatively better, followed by SSA and CIT, while relatively slow progress was observed in Asia (Table 1.2). Between 2000 and 2006, all member countries (except one country) showed progress in human development. In 2006, among individual member countries, 11 were in the high HDI category, 28 in the medium, and 14 in the low category. All the 14 low HDI category member countries are from the SSA region (Annex 13).

Diverse human poverty

Human Poverty Index (HPI) revealed that there was relatively low level of human deprivation in the CIT, implying low level of poverty incidence in the region. This was followed by MENA and Asia, while member countries in the SSA region witnessed higher level of human deprivation. Among individual member countries, 12 witnessed low incidence of poverty while others remained at the medium level in 2006.

Inadequate public spending on education and health

The Human Development Index and Human Poverty Index indicators suggest that the levels of human development and standard of living in member countries are not satisfactory. To understand why, it is useful to track the public expenditure on education and health—two key determinants of HDI and HPI. Public spending on health in member countries (as a group) accounted for 2.2 percent of GDP and it was 4.5 percent on education in 2006. Depending on the member countries' individual economic strength, public spending on health ranged from a dismal 0.4 percent to an impressive 10.6 percent of GDP in 2006. Twenty-four member countries committed less than 2 percent of their GDP to health, while only two of them allocated above 5 percent. Similarly, public spending on education ranged between 0.4 percent and 12.1 percent of GDP. Twenty-two member countries allocated above 4.5 percent of GDP to education. The low levels of public spending on education and health by member countries underlined the human development challenges they are facing.

Efficiency of public sector spending on health and education is crucial for improvement in the human development in member countries. This requires adaptation and application of systems of delivery that respond adequately to the peculiar needs and circumstances of individual countries without compromising international best practices. On its part, IDB continues to develop programmes for member countries in health and education based on thorough evaluation of country constraints and their priorities. The IDB 1440H Vision and MDGs targets can only be realized through dedicated commitments to human development, through significant increase in public expenditure on health and education, as well as ensuring efficiency in the delivery of those services.

RESPONDING TO GLOBAL DEVELOPMENT CHALLENGES

The global financial and economic crisis further complicates solutions to perennial development problems. Three most contemporary development issues appear to pose the most critical challenges to member countries are: (i) Achieving food and water security; (ii) Forging regional cooperation for energy security; and (iii) Bridging the financial resource gap for achieving developmental goals. The global financial and economic crisis has implications for each of these issues.

Achieving Food and Water Security

Ensuring food and water security is vital to alleviating poverty, a major developmental goal under MDGs and IDB 1440H Vision. Lack of food and water security breeds hunger. A key target of the MDGs is to reduce the proportion of people suffering from hunger by half between 1990 and 2015.

[10] The HDI incorporates key elements of livelihood that enhance human capabilities such as life expectancy, educational attainment and standard of living.
[11] The HPI measures human deprivation that reflects life expectancy, level of literacy, and standard of living.

Table 1.2
Social Development Indicators of IDB Member Countries

	Human Development Index		Human Poverty Index Value (%) (2006)	Public Expenditure on Health (% of GDP) (2006)	Public Expenditure on Education (% of GDP) (Latest available year)
	Value (Index) (2000)	Value (Index) (2006)			
IDB MCs	0.59	0.63	27.2	2.2	4.5
SSA	0.43	0.47	40.1	1.5	2.1
MENA	0.70	0.75	16.9	2.8	5.3
ASIA	0.61	0.63	28.2	1.1	3.8
CIT	0.70	0.74	9.9	2.3	3.3
LDMCs	0.48	0.52	37.7	1.6	3.6
NON-LDMCs	0.64	0.67	22.5	2.3	4.6

Sources: - UNDP, Human Development Report, 2008.
- World Bank, WDI Database online, accessed on 31 December 2008.
- UNESCO Institute of Statistics, Database online, accessed on 01 January 2009.

In its 2008 report, the International Food Policy Research Institute indicated that there are marginal improvements in global hunger situation with 33 countries classified to be in “extremely alarming” or “alarming” category, which included 15 IDB member countries. The report also revealed that 34 out of 46 member countries (for which data was available) are classified in varying degrees of hunger, ranging from moderate to extremely alarming (Annex 14).

In 2006, there was nutrition gap of 1.7 million tonnes and distribution gap of 4.5 million in African member countries; and 1.4 million and 3.7 million tonnes of nutrition and distribution gaps in Asian member countries. Projections for 2016 are 2.5 million tonnes and 6.5 million tonnes of nutrition and distribution gaps for African member countries, respectively. The nutrition gap for Asian member countries is projected to rise to 1.9 million tonnes but distribution gap will fall to 2.8 million tonnes.

As the world strives to achieve food security, the rise in food prices during the early part of 2008 generated global concerns for a looming food crisis. It became even more alarming when riots and violent protests erupted in over 25 countries in Asia, Africa and Latin America, and the Caribbean because of the persistent increase in food prices. Recent estimates by the Food and Agriculture Organization (FAO) revealed that about 75 million additional people in 2007 and another 40 million in 2008 dropped below the hunger threshold because of the high food prices.[12] This brought the total number of people below the hunger threshold in the world to nearly 1 billion by end of 2008.

Water security, easy access to clean drinking water, and basic sanitation remain the formidable global developmental challenges. The water security target of MDGs is to reduce by half “the proportion of the population without sustainable access to safe drinking water and basic sanitation” by 2015. Apart from being critical for human survival, water is essential for agriculture production, which ensures food security. Although there is abundant natural water in the world, about 2.8 billion people (40 percent of the world population) live in conditions of relative water scarcity. Of them, more than 1.2 billion people live in physical water scarcity, while 1.6 billion live in economic scarcity[13]. Total annual renewable productive capacity of member countries is 5,454 cubic meters of water compared to world average of 8,538 cubic meters while access to improved water source of member countries is 73 percent compared to world average of 83 percent[14].

Globally, there have been various responses to these challenges. However, to ensure a coordinated strategy, High-Level Task Force on the Global Food Security Crisis has been constituted under the leadership of the UN Secretary-General. Aimed at promoting unified global responses, the Task Force has produced Comprehensive Framework for Action. In addition, at the FAO High-Level Conference on World Food Security held in Rome in June 2008, world leaders and policy-makers ratified a declaration to assist developing countries. Later at the G8 Summit in Hokkaido, Japan

[12]Background document for High-Level Meeting on Food Security for All, 26-27 January, 2009, Madrid, Spain.

[13]Physical water scarcity occurs when more than 75 percent of river flows withdraw while economic water scarcity occurs because financial, institutional and human capability constraints weaken ability to make effective use of available natural water resources.
[14]Computed on the basis of data from World Bank, World Development Indicators.

world leaders expressed commitment to reverse the decline in food aid and investment in agriculture. Due to policy actions on emergency food assistance, boosting of small farming, favourable trade and tax policies and controlling the effects of biofuel production, there is optimism that the alarming situation will ease, especially as food prices started to decline.

Member countries are not immune from the global twin challenges of food and water security. With average population growth rate of 2 percent in member countries (as a group), against world average of 1.3 percent, the demand for food and water is certain to rise. Efficient management of water resources and improving agricultural productivity could enhance both food and water security.

Efficiency in food production and processing, as well as water resource management is crucial for poverty alleviation and sustainable development. In a competitive global economy, the use of advanced technologies for the production of high quality and diversified food products is the key to achieving food security. In responding to these challenges, IDB has undertaken several short- and long-term measures to support agricultural production and water resource management.

At the IDB level, the main response, in addition to its usual agricultural project financing activities, is a comprehensive financing package under the "Jeddah Declaration". It is a programme with financing package of $1.5 billion over a period of five years that involves supporting member countries to reinvigorate their agricultural sector (details in Chapter 2).

The six GCC countries, all members of IDB, plan to invest in other countries with high agricultural potential as a cost effective measure of boosting food production towards achieving food security.

The establishment of a regional water think-tank, the Arab Water Council, by the 22 Arab member countries has been useful in overcoming the water security challenges in those member countries. Recently, the Council launched, with the support of IDB, the Arab Water Academy as a specialized institute to build human capacity in effective water management towards attaining water security in its 22 Arab member countries (Box 1.1).

Forging Regional Cooperation for Energy Security

Energy security means accessibility to adequate energy needs in an affordable and sustainable manner. Despite its essentiality in improving the quality of life, about 2.6 billion people in the world lack access to energy, and 1.6 billion in the developing world do not have access to electricity. Global demand for energy is estimated to grow by more than 50 percent by the year 2030. About 80 percent of global energy needs will continue to be met by fossil fuels, which are depleting resources. Given that energy is essential for improving quality of life and achieving poverty reduction target of the MDGs, it requires substantial improvement in access to affordable energy. Depleting fossil fuel and its crucial role in contemporary energy needs underlies the essence of global energy security challenges.

Global response to the energy security challenges has been in the form of mobilizing multilateral efforts around the challenges of the "3Es"-- energy security, economic growth and environmental protection. The United Nations Framework Convention on Climate Change was formed to establish principles for protecting the environment. The World Bank, drawing the inspiration from the Jeddah Energy Summit of leading oil consumers and producers held on 22 June 2008, is formulating "Energy for the Poor Initiative".

As a group of developing countries with evolving industrialization agenda, member countries are concerned with supply and consumption of energy to stimulate economic growth to meet the needs of their increasing population. Key indicators of energy supply and consumption provide insights into the energy challenges that member countries are facing. Aggregate energy consumption of 39 member countries (for which data was available) increased from 0.97 billion tonnes in 1996 to 1.3 billion tones in 2005. This represents a 3.6 percent average annual increase, which is higher than average annual growth in world energy use (2.2 percent), high-income countries (1.5 percent), middle-income countries (2.9 percent) and low-income countries (3.2 percent) during 1996-2005.

The low share of energy use of world average and classification of 13 out of 39 member countries as energy-deficit consumers suggest the need for additional attention to the energy sector by member

Box 1.1
The Arab Water Academy

The World Bank MENA region, in partnership with IDB, the Arab Water Council (AWC), Abu Dhabi Environment Agency, and USAID, launched the Arab Water Academy (AWA) on 6 July 2008 in Abu Dhabi. The AWA is a regional water policy think-tank based in Cairo. The role of the IDB in the formation and operation of the AWA is crucial as the Academy is hosted by IDB International Centre for Biosaline Agriculture (ICBA), in partnership with the Abu Dhabi Environment Agency. The main objective of the Academy is to serve as a specialized institute for building human capacity in effective water management, in furtherance of the mission of attaining water security in the 22 Arab IDB member countries.

At the occasion of launching the Academy, the IDB President stressed that as the region's economies and population grow, the cost of providing water services will continue to put tremendous pressure on governments across the region, not least because of dwindling water resources and escalating production costs. This region will increasingly need "smart" solutions that combine effective engineering and managerial prowess. This will require, amongst others, re-training water policy makers and managers in order to meet the water challenges of the twenty-first century. This change in addressing water problems "out-of-the-box" will not be easy to implement and will require commensurate institutional and human capacity, underpinned by strong political commitment.

In addition to tapping into the expertise available within the region, the Academy will also forge strategic partnership with leading academic and research institutions worldwide, such a Harvard University, Oxford University, Cambridge University and Cranfield University, all of which attended the inaugural meeting of the academy in Abu Dhabi.

countries. As member countries strive to speed up their industrialization drive, their demand for energy will increase. There is a need for investment and trade cooperation among member countries to enhance their energy security. Market incentives arising from intra- and inter-regional cooperation among member countries can stimulate further investments in the energy sector. For instance, member countries from the CIT region could respond by developing their hydropower sector for which they have huge potentials.

The IDB Group financing for the energy sector in member countries accounted for about 38 percent of its total net approvals. IDB recognizes the financing needs of the energy sector in creating a basis for sustainable energy security for achieving developmental goals. In line with its catalytic role in promoting economic and social development of member countries, IDB seeks to foster regional partnerships to synergize investments in energy and transport infrastructures in member countries. This will not only lead to improvement in energy and transport infrastructures, but will also enhance benefits in the value chain of energy resources and provide avenues for domestic technological progress to facilitate industrialization drive of member countries towards sustainable growth and development.

Bridging the Financial Resource Gap for Achieving Developmental Goals

Achieving sustainable development hinges on efficient harnessing of available human and material resources. However, many developing countries including most member countries face difficult challenges in mobilizing adequate financial resources for development projects for achieving internationally agreed development goals as encapsulated by the MDGs and IDB 1440H Vision targets. While capital inflows and FDI are capable of stimulating economic growth towards achieving development goals, the requisite conditions for attracting such flows require financing for key projects with significant economic internal rate of return.

Bridging resource adequacy, aid effectiveness in achieving developmental goals has emerged as a key issue in IDB member countries. High-level Forum on Aid Effectiveness evolved from the Monterrey process and culminated into the Paris Declaration on Aid Effectiveness in 2005 and the Accra Agenda for Action in 2008. A follow-up conference to review the

Her Majesty Queen Rania Al-Abdullah of Jordan paid a visit to the IDB Headquarters, 26 April 2008.

implementation of the Monterrey Consensus was held in Doha, Qatar from 29 November to 2 December 2008. The Conference acknowledged improvements, identified challenges, affirmed commitments to the Monterrey Consensus and proposed new measures for improving delivery of development assistance anchored to the principles of partnership and solidarity.

Despite the global efforts, the challenges of bridging resource gap for development remain daunting. Official development assistance (ODA) constitutes the bulk of resource flows in financing development, hence its trend reflects the progress towards bridging financing gap for achieving the internationally agreed development goals. In 2007, the shortfall in ODA commitments trajectory for supporting investments that could enhance the achievement of the MDGs amounted to $10 billion[15]. Overall, ODA flows dropped by 8.4 percent in 2007. The G8 Gleneagles commitment of increasing aid flows by $50 billion, which would have raised ODA from $80 billion in 2004 to $130 billion in 2010, is suffering from delivery gap of $31.4 billion as of 2007. A yearly increase of $18 billion is required between 2008 and 2010 to fulfill this commitment.

Furthermore, the UN target of 0.7 percent of gross national income of OECD countries committed to ODA was never met and actual commitment stands at only 0.28 percent, even though five countries from the group have reached the 0.7 percent target. There is relative slow progress in aid quality, as 95 percent of bilateral aid to the LDCs was untied in 2006. With the deepening effect of the global financial crisis on high-income countries, it is projected that aid flows will decline. There was no firm assertion in the resolutions of the G20 Summit of 15 November 2008 in Washington, convened in the wake of the financial turmoil to sustain ODA commitments. Similarly, no such affirmation emerged from the Doha Follow-up Conference on the Monterrey Consensus. The enormity of the challenges of bridging resource gap for achieving development goals cannot be more daunting.

In grappling with the challenges of bridging the resource gap, new initiatives for financing development are emerging, which have given rise to the concept of innovative financing. Already, Public-Private Partnership has gained grounds in development projects around the world. Recent initiatives include the Air Ticket Levy, International Financing Facility for Immunization and the Advance Market Commitments, which operates by advance purchase of pneumococcal vaccines to ensure their efficient production to make them available at very low prices.

IDB has joined hands with some private health care services conglomerates to provide affordable access to quality healthcare to the poorest households in Bangladesh, Yemen, and Sudan. Also, IDB is collaborating with the Bangladesh-based Grameen Trust to replicate successful microfinance programs in Indonesia and Sudan, as well as developing a model of 'Social Business' enterprises that caters to the essential needs of the poor in member countries and expanding job opportunities for them as a two-dimensional vehicle of poverty alleviation. IDB will continue to develop innovative strategies for enhancing the adequacy and effectiveness of development financing to its member countries in consonance with internationally agreed developmental goals.

Hon. Dr. Mohammad Yunus, Nobel Peace Prize Laureate delivered a lecture on "Creating a World Without Poverty" at IDB Headquarters, 18 November 2008.

[15]This refers to the annual shortfall in the trajectory (not the shortfall for the targeted period) to the Report of the MDG Gap Task Force, UNDP Public Information-DPI/2517 D-September 2008 (www.un.org/esa/policy/mdggap).

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PROMOTING ECONOMIC DEVELOPMENT:
POVERTY ALLEVIATION AND HUMAN DEVELOPMENT 2

Poverty and human development continue to be the main focus of the majority of IDB member countries, particularly the LDMCs. The need to take action to help member countries, promote socio-economic development and meet the MDGs and IDB 1440H Vision targets gained added urgency in 1429H due to the food and fuel crises, which pushed around an estimated 130-155 million people back into poverty in developing countries and the spreading global financial and economic crisis will trap 53 million more people in poverty. The subsequent financial meltdown in developed economies, which resulted in a global economic recession, threatens to reverse the previous gains made by member countries across regions in poverty reduction and human development-related MDGs. These developments reinforce the mixed picture on progress towards meeting the MDGs at midpoint. There has been significant progress since 2000 when the goals were set but recent crises have thrown up some formidable challenges in achieving them by 2015. In response to these challenges, IDB continued to strengthen its assistance towards alleviating poverty, promoting human development, and building capacity of its member countries.

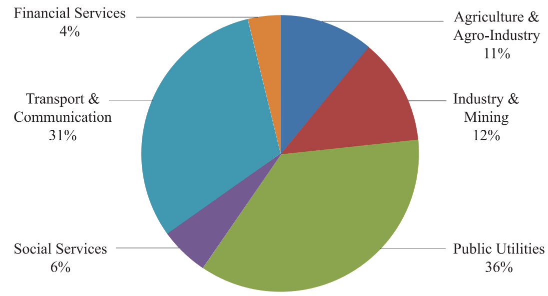
STRENGTHENING DEVELOPMENT ASSISTANCE

IDB provides development assistance to member countries in various forms, which complements their efforts in fighting poverty and achieving sustainable economic growth. The Bank has been operating in consonant with its Five-Year Strategic Plan and IDB 1440H Vision, which identify human development, social services, public utilities, infrastructure and agricultural development and food security as priority sectors for interventions in member countries.

Assistance by Sectors

In 1429H, the breakdown of OCR approvals shows that public utilities received the largest allocation of ID563.3 million ($904.5 million), which represented 36.2 percent of total OCR financing, followed by transport and communications, 31.1 percent or ID485.2 million ($776 million), industry and mining, ID195.9 million ($308.6 million) or 12.4 percent, agriculture, ID177.7 million ($273.9 million), or 11 percent , and social services, 5.6 percent or ID90.8 million ($139.9 million). The remaining amount of ID59.4 million ($95 million) or 3.8 percent, was allocated to financial services (Table 2.1 and Chart 2.1).

Chart 2.1
Sectoral Distribution of Project and Technical Assistance Financing from OCR, 1429H



Assistance by Regions

In terms of regional distribution of approved operations, IDB development assistance benefited all the regions in which member countries are located. The development assistance targeted 47 member countries and a number of regional and international organisations. Of them, 23 were from Africa, 22 from Asia, and two other member countries were Albania and Turkey. In 1429H, concessional financing approved for African member countries amounted to ID163.1 million ($255.3 million), while Asian member countries received ID83.6 million ($130.8 million). A further ID8.8 million ($13.6 million) was approved for three other member countries--Turkey, Albania, and Suriname-- and ID4.6 million ($7.2 million) for various regional operations.

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Table 2.1
Sectoral Distribution of net OCR-approved Projects and Technical Assistance

(Amount in million)

	1427H			1428H			1429H			1396H-1429H		
	No.	ID	$	No.	ID	$	No.	ID	$	No.	ID	$
Agriculture & Agro-Industry	19	87.2	126.5	7	33.8	51.6	44	177.7	273.9	405	1,367.5	1,859.1
Industry & Mining	6	162.1	241.1	7	89.6	134.7	5	195.9	308.6	162	1,445.0	1,992.5
Public Utilities	26	328.7	480.3	24	463.2	705.2	17	563.3	904.5	366	4,031.6	5,731.7
Social Services	48	253.0	366.0	55	229.2	343.2	33	90.8	139.9	604	2,479.8	3,402.8
Transport & Communication	20	306.6	450.9	21	407.1	623.6	17	485.2	776.0	381	3,058.0	4,344.6
Financial Services	23	10.1	14.6	39	161.0	246.7	57	59.4	95.0	363	747.6	1,040.0
Total	**142**	**1,147.8**	**1,679.4**	**153**	**1,383.9**	**2,104.9**	**173**	**1,572.2**	**2,498.0**	**2,281**	**13,129.4**	**18,370.7**

With respect to the share of total approvals received by various regions, Asian member countries received the major share of 62.7 percent (comprising 57.5 percent of ordinary financing and 5.2 percent of concessionary financing), while African member countries received 29.7 percent (comprising 10.2 percent of concessionary financing and 19.5 percent of ordinary financing) (Table 2.2).

Table 2.2
Distribution of OCR Financing by Region, 1429H

	No.	ID million	$ million	Share (%)
Concessional Financing				
African Member Countries	61	163.1	255.3	10.2
Asian Member Countries	38	83.6	130.8	5.2
Other Countries	2	8.8	13.6	0.5
Regional	43	4.6	7.2	0.3
Sub-total	**144**	**260.1**	**407.0**	**16.3**
Ordinary Financing				
African Member Countries	10	304.0	486.9	19.5
Asian Member Countries	17	900.3	1,436.6	57.5
Other Countries	2	107.9	167.4	6.7
Regional	..	..	..	..
Sub-total	**29**	**1,312.2**	**2,091.0**	**83.7**
Total	**173**	**1,572.2**	**2,498.0**	**100.0**

N.B. The shares are calculated on the basis of $ values.

Assistance to LDMCs[1]

Because of the magnitude of the challenges facing LDMCs, IDB has continued to provide concessional development assistance to these countries through its operational activities and other initiatives. At the same time, it has actively sought partnership with other multilateral and bilateral agencies, as well as the private sector to assist the LDMCs cope with crises that erupted during 1429H so that they would not be distracted from pursuing the longer-term goals of poverty alleviation and human development.

In 1429H, LDMCs received ID141.1 million ($220.7 million) in loans, which was 76.9 percent of IDB total loans. In cumulative terms, they received 71.1 percent of total loans between 1396H and 1429H. In addition, during 1429H LDMCs received ID52.6 million ($83.9 million) on concessional terms -- the LDMCs Loan Account -- as well as ID14.7 million ($23.8 million), or 65.7 percent of overall amount allocated for technical assistance.

Project and technical assistance financing from OCR approved for LDMCs was ID398.5 million ($624 million) in 1429H. Another important development worth mentioning here relates to the approval of 23 trade financing operations in LDMCs amounting to ID660.2 million ($1,049.2 million) in 1429H, which accounted for 42.3 percent of aggregate trade financing.

Up to end-1429H, cumulative development assistance extended to the LDMCs reached ID8,999.2 million ($12,479.1 million), of which, net approvals from OCR amounted to ID3,851 million ($5,327.9 million). It accounted for 29 percent of the aggregate OCR financing approved by the IDB Group (Table 2.3).

Debt Relief to Member Countries

IDB has approved participation in the HIPC debt relief packages for HIPC member countries, especially those that have reached their decision points, except for Mozambique, where the Bank had no exposure to its

[1]The LDMCs include: Afghanistan, Albania, Azerbaijan, Bangladesh, Benin, Burkina Faso, Chad, Comoros, Djibouti, Gambia, Guinea, Guinea Bissau, Kyrgyz Republic, Maldives, Mali, Mauritania, Mozambique, Niger, Palestine, Sierra Leone, Senegal, Somalia, Sudan, Tajikistan, Togo, Uganda, Uzbekistan and Yemen.

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Table 2.3
Net Approvals for LDMCs, 1429H and 1396H-1429H

(Amount in million)

	1429H				1396H-1429H			
	No.	ID	$	LDMCs[1] Share	No.	ID	$	LDMCs Share
Loan	19	141.1	220.7	76.9	450	2,342.7	3,205.2	71.1
Loan (LDMC)	12	52.6	83.9	100.0	155	284.3	404.0	100.0
Equity	..	..	..	..	34	74.1	98.5	17.4
Install Sale	2	38.4	62.0	18.4	26	216.2	318.3	11.0
Istisnaa	7	142.5	218.6	19.0	22	282.9	417.8	9.6
Leasing	..	..	..	..	34	460.9	662.3	13.8
Line of Financing	1	9.2	15.0	83.3	7	41.0	60.1	12.0
Profit Sharing	..	..	..	..	1	3.5	4.4	5.3
Technical Assistance	44	14.7	23.8	65.7	457	145.4	157.3	58.5
Sub-Total	**85**	**398.5**	**624.0**	**25.0**	**1,186**	**3,851.0**	**5,327.9**	**29.0**
ITFC (for 1429H) + ITFO (1396H-1428H)	23	660.2	1,049.2	42.3	297	4,938.2	6,894.3	26.5
Special Assistance Operations	5	0.7	1.1	14.8	278	210.0	256.9	59.8
Grand Total	**113**	**1,059.4**	**1,674.3**	**33.6**	**1,761**	**8,999.2**	**12,479.1**	**27.9**

Note: Special Assistance share corresponds to the share in the total that went to MCs as a group and not the combined MCs+Non-MCs.
[1]LDMCs share in respective modes of financing.

decision point and Guinea Bissau, where delivery of IDB share of debt relief is yet to be finalized. The Bank debt-relief packages have been implemented for Benin, Burkina Faso, Mauritania, Niger, Uganda, Mali, Chad, and Senegal.

Out of the 41 eligible HIPCs, 21 are IDB member countries. Of them, 11 member countries (Benin, Burkina Faso, Cameroon, Mali, Mauritania, Mozambique, Niger, Senegal, Sierra Leone, Gambia, and Uganda) have reached completion point. Five member countries (Afghanistan, Chad, Guinea, Guinea Bissau and Togo) are at the decision point stage, while another five member countries (Comoros, Côte d'Ivoire, Kyrgyz Republic, Somalia, and Sudan) are at the pre-decision stage. The cost of IDB share of debt-relief under the HIPC Initiative is projected at around $155 million (0.75 percent of the multilateral creditors' share) for the 16 eligible member countries (Table 2.4).

Table 2.4
Estimated NPV of Debt Relief by IDB to Member Countries, 1429H

Country	NPV Date	IDB NPV[1] Share ($ million)	BED Approval
Benin	Dec 1998	4.7	Yes
Burkina Faso	Dec 1999	20.7	Yes
Cameroon	Jun 1999	1.9	Yes
Chad	Dec 2000	2.4	Yes
Gambia	Dec 1999	2.7	Yes
Guinea	Dec 1999	16.7	Yes
Guinea Bissau	Jul 2000	11.0	Dialogue
Mali	Dec 1998	10.5	Yes
Mauritania	Dec 1998	15.5	Yes
Mozambique	No exposure at Decision Point Date		
Niger	Dec 1999	21.0	Yes
Senegal	Dec 1998	10.6	Yes
Sierra Leone	Dec 2000	1.1	Yes
Togo	Dec. 2007	5.2	Dialogue
Uganda	Jun 1999	4.0	Yes
Total		128.0	

[1]Net Present Value (NPV) of debt relief for each country has been estimated at different decision point dates.

Managing Development Effectiveness

In partnership with other multilateral development banks, IDB has been supporting its member countries efforts to increase the impact of its development assistance in terms of making meaningful progress towards poverty reduction goals and improving their socio-economic conditions.

To achieve greater development impact, the core strategy of the Bank is to design projects that match the member countries capacity to implement them in a way that can be sustained in the future. In this regard, the Bank focuses on two inter-related aspects to ensure that its development assistance leads to a discernable improvement in the lives of the targeted populations.

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Children of IDB staff who visited the IDB Headquarters, on 16 July 2008, with the President, IDB Group

Firstly, the Bank post-evaluation of completed projects provides a key to learning lessons from past experience, which helps to improve the design of future development assistance. Secondly, the Bank constantly reviews its portfolio of ongoing projects so as to ensure the timely implementation of approved operations and adherence to its implementation guidelines.

Operations evaluation

IDB accords the highest importance to operations evaluation in order to draw meaningful lessons from past experience and, ultimately, improve the design of future development assistance. Accordingly, IDB conducts post-evaluation of completed projects, Country Assistance Evaluation (CAE), sector, thematic and impact evaluation and, if deemed necessary, special evaluation of on-going projects.

In 1429H, IDB conducted 36 evaluations, including 20 post-evaluations of completed operations; three special evaluations of on-going projects in Bangladesh, Iran and Mali; three post-evaluations of special assistance operations in the education sector in South Africa; two CAE studies for Burkina Faso and Pakistan; and eight other evaluations, including three sector evaluations, three thematic evaluations (social safety networks in Egypt, Jordan and Yemen), one programme evaluation (Ouagadougou Declaration), and an evaluation of trade finance operations in Indonesia. The sector-wise distribution of post-evaluated operations in 1429H was as follows: agriculture (8 percent), education (17 percent), health (11 percent), public utilities (25 percent), transport and communications (25 percent), industry (3 percent) and others (11 percent). Out of these operations, 59 percent were rated successful and 36 percent partly successful.

From 1411H to end-1429H, a total of 401 evaluations were conducted by IDB. These included 335 completed operations, 12 on-going operations, 23 special assistance operations, eight CAEs, and 23 sector, thematic and programme evaluations. The main findings and lessons learned from programme evaluation on the implementation of Ouagadougou Declaration conducted by the Bank in 1429H are presented in Box 2.1.

To enhance the effectiveness of evaluation activities, IDB is broadening its partnership with development partners, especially multilateral development banks and international financial institutions. In 1429H, IDB became an observer member of the Evaluation Coordination Group, which is an apex forum of evaluation bodies of multilateral development banks. Moreover, the Bank is currently collaborating with the African Development Bank to benefit from its experience and to help in developing Country Assistance Evaluation guidelines.

Assessment of the portfolio

1429H witnessed continued effort of IDB for improving the overall quality of the portfolio, leading to trimming down of projects that were eligible for cancellation, and speeding up the implementation of approved operations. The overall size of the active portfolio (in terms of number of operations) stood at 821 operations at end-1429H, corresponding to a total approved amount of ID6,834 million ($10,079 million).

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Box 2.1
Evaluation of the Ouagadougou Declaration

The aim of Ouagadougou Declaration was to boost IDB assistance for the development of African member countries with special focus on LDMCs. Under the Declaration, the IDB Group sought to extend a total financing of $2 billion to these countries over a five-year period (1424H-1428H). This has increased both approvals and disbursements for ordinary and trade financing operations by the IDB Group. The cumulative approvals during the five-year period reached $2.3 billion, exceeding the $2 billion target by 15 percent. The disbursements amounted to $1.4 billion, representing 70 percent of the overall commitment.

The key issues emerged from the evaluation of Ouagadougou Declaration include: inadequacy of the volume of concessional resources, difficulty in financing the private sector, and finding sound private sector projects was greatly challenging. Given the limited absorptive capacity of many recipient countries, a number of projects experienced implementation delays.

The main lessons learned from the evaluation include: appropriate and measurable performance indicators should be identified in the Action Plan when designing such programmes in the future; major stakeholders need to be involved at an early stage when designing and implementing such programmes; adequate allocation of resources, especially in terms of manpower and budgetary resources, is required to ensure the proper implementation of such programmes; adequate field presence to ensure proper interaction with and feedback from clients is required to properly supervise the implementation of such programmes; and to create synergies and partnerships with other development partners to maximize the impact.

Based on the evaluation of this programme, a number of recommendations are made. They include: all concerned IDB Group operational units are to be involved in the implementation process; a time-bound Action Plan with clear deliverables, responsibilities, division of labour and performance indicators must be drawn up; any future intervention should target social and human development areas, agriculture and food security, as well as infrastructure, water and sanitation with special focus on rural areas as envisaged in the IDB 1440H Vision; the IDB Group should continue to play its catalytic role in mobilizing concessional funds to meet the increasing needs of the African LDMCs; mid-term and completion reviews of programmes implemented should be conducted by the implementing departments; and launching of any new development assistance programme should capitalize on lessons learned from the past programmes.

Out of these, 525 operations (representing 57 percent of the total amount) are currently in the disbursing category, while the remaining 296 operations (43 percent of the total amount) are yet to enter the disbursement stage.

In line with the current project portfolio quality improvement programme, there is now a stronger focus on quality-at-entry and the timely implementation of projects. This has resulted in the completion of 153 operations valued at ID1,050 million ($1,460 million), representing around 14 percent of the active portfolio at end-1429H, while nine operations valued at ID17 million ($23 million) were cancelled over the same period. List of approved projects during 1429H is given in Annex 15.

ALLEVIATING POVERTY

Both the MDGs and IDB 1440H Vision put emphasis on poverty alleviation through comprehensive human development. In 1429H, IDB launched various initiatives to assist member countries to overcome the adverse impact of food crisis on poverty in the longer-term. The major initiatives include Jeddah Declaration, Special Programme for the Development of Africa, and operations under the Islamic Solidarity Fund for Development.

Progress in Achieving MDGs at Midpoint

At the global level, estimates indicate that the target of halving extreme poverty by 2015 is achievable, but serious challenges remain in fighting hunger and malnutrition[2]. At the same time, the MDGs related to human development are showing slower progress and do not appear achievable on current trends globally, and for IDB member countries. Needless to say, human development is both an end in itself and a sustainable path out of poverty and thus measuring progress towards meeting human development MDGs is critical.

[2]Global Monitoring Report, 2008.

Eradicating extreme poverty and hunger (MDG-1)[3]

IDB estimates indicate that the proportion of people below the poverty line in member countries averaged 24 percent in 2004, compared with an estimated 26 percent in 1990; a decline of just 2 percent in 14 years. In absolute terms, the number of poor people living on less than $1 a day in member countries totaled 330 million in 2004 compared with 270 million in 1990; an increase of 60 million[4]. This stands in stark contrast to the decline of 278 million in the number of absolute poor for the developing world as a whole over the same period.

The extreme poverty rate declined among member countries in Middle East and North Africa (MENA), Asia, and Countries in Transition (CIT) regions, but increased in Sub-Saharan Africa (SSA) region from 53 percent in 1990 to 56 percent in 2004, an increase of 3 percentage points. The number of absolute poor fell by 23 millions in Asia and by 0.6 million in CIT region between 1990 and 2004, while in MENA region, it soared by 5 million to reach 27 million, and in SSA by 70 million to reach 200 million. In terms of LDMCs with 30 percent of the population of member countries in 2004, the proportion of people living on less than $1 a day increased by 2 percentage points, from 39 percent in 1990 to 41 percent in 2004. In contrast, the non-LDMCs experienced a decline of 5 percentage points in extreme poverty, from 21 percent to 16 percent over the same period. On the other hand, in terms of absolute numbers, the number of extreme poor increased in non-LDMCs from 152 million in 1990 to 157 million in 2004, but the increase was significantly higher in LDMCs, from 117 million to 173 million over the same period.

The second target of MDG-1 (to halve the proportion of people who suffer from hunger) has already been analyzed in Chapter 1, which shows malnutrition and undernourishment is widespread in member countries.

The global economic slowdown, currently projected to last up to two years, threatens to reverse the gains made in terms of poverty and human development indicators. Recent estimates suggest that the food crisis has caused 130-155 million people to fall back into poverty and developing countries will need an additional $38 billion to lift the incomes of the poor to the poverty line[5]. The sharp slowdown in economic growth projected for 2009 will substantially expand the resource requirements to put hard hit member countries back on track. Before the onset of crises, IDB estimated that 30 member countries were considered on-track of halving the proportion of people living in extreme poverty by 2015. As a consequence of slowdown in growth, more member countries are now likely to join the ranks of the 26 countries that were originally considered off-track, 22 of which were in the SSA region.

Achieving universal primary education (MDG-2)

The primary school completion rate is the single most important indicator for MDG-2[6]. Overall, member countries are off-track for achieving universal primary education, although the completion rate has increased from 70.3 percent in 1990 to 80 percent in 2004. Regional assessments indicate that MENA, CIT, and Asia are the regions that are on-track while SSA is off-track and regressing, which is deeply worrying.

Improving maternal health (MDG-5)

Measured by the maternal mortality ratio, the target is to reduce this ratio by three-quarters between 1990 and 2015[7]. The overall assessment of this target indicates that member countries as a group are off-track. In fact, 30 member countries are off-track of achieving the maternal mortality target. The regional outlook on maternal mortality MDG target is not encouraging. MENA region recorded two countries that are early achievers. In Asia, two countries are on track of

[3]Extreme poverty is measured by proportion of people below $1-per-day; while hunger by prevalence of below-five children that are underweight and by the proportion of population that is undernourished.
[4]Recent analysis at the World Bank has led to the revision in the global poverty benchmark, the International Poverty Line (IPL) from $1-a-day to $1.25-a-day. An immediate implication of the revised IPL is that the number of poor people in the developing countries in 2005 is estimated at 1.4 billion, which is higher by 400 million people as compared to the earlier IPL of $1-a-day. Except for SSA region, the developing world is still on track to achieve the MDG target to halve the 1990 poverty rate by 2015. In terms of the new IPL, the number of poor in SSA region was estimated at 380 million and the poverty rate was estimated at 50 percent in 2005, the same that it was in 1981.

[5]Global Economic Prospects, 2009 (p. 11).
[6]Children may enroll in school and later drop out, this conveys little in terms of a success story. However, if a group of children is able to enroll in school, stay on to complete the full course of schooling, and graduate there, this can be considered to be the real success.
[7]Maternal deaths are ubiquitous in most developing countries. According to World Bank estimates, around half a million maternal deaths occur annually in developing countries—a problem almost non-existent in developed countries.

President, IDB Group with Dr. Mahathir Bin Mohamad, former Prime Minister of Malaysia, and Sheikh Ahmad Bin Mohamad Al-Khalifa, Minister of Finance, Bahrain in a meeting of the High Level Advisory Panel of Islamic Solidarity Fund for Development, Bahrain, 5 February 2008.

meeting the target, while in case of CIT and SSA only one country from each region is on-track.

Poverty Alleviation Initiatives

IDB has continued to rise up to the challenge of assisting member countries to alleviate poverty. In some cases, it has responded in timely manner to assist them through launching specific initiatives, particularly, Islamic Solidarity Fund for Development; Special Programme for the Development of Africa; and Jeddah Declaration.

Operationalising the Islamic Solidarity Fund for Development[8]

Islamic Solidarity Fund for Development (ISFD) formally began its operations on 1st Muharram 1429H (10 January 2008)[9]. The ISFD is in the form of a *Waqf* (Trust), with a principal targeted capital of $10 billion. So far, 33 member countries have announced their contributions amounting to about $1,611 million, of which $538.2 million have been paid according to the agreed payment schedules. In addition, IDB has committed to contribute $1 billion to the Fund over 10 years. The amount announced both by the member countries and IDB represents 26 percent of the principal targeted capital of the Fund.

In order to provide for the sustainability and immediate operations of the Fund, IDB has agreed to meet the financing requirements of projects approved under the ISFD from its own capital resources. To that end, IDB will provide up to $357 million per year in concessional financing until the proceeds of investment of the ISFD resources reach a sufficient level to meet its commitments. The resources mobilized under the ISFD are to be supplemented by additional sources, including co-financing from other partners (public and private) for funding poverty alleviation projects and programmes.

During the first year of its operations, the ISFD approved 26 projects for $320.3 million in different sectors in 20 member countries. The Fund has also launched two thematic programmes under Vocational Literacy Programme for Poverty Reduction (VOLIP, Box 2.2) and Microfinance Programme for African Member Countries (Box 2.3). Implementation of projects under these two Programmes has commenced in Djibouti, Niger, Sierra Leone, Tajikistan and Yemen. For each Programme the cost is expected to be $500 million and the contribution by the ISFD will be $100

[8]For detail, see ISFD Annual Report 1429H, www.isdb.org.
[9]The ISFD, was officially launched during the 32nd Annual Meeting of the IDB Board of Governors, held on 12-13 Jumad Awwal 1428H (29-30 May 2007) in Dakar, Senegal.

Box 2.2

Vocational and Literacy Programme for Poverty Reduction for African Member Countries

The Vocational and Literacy Programme for Poverty Reduction (VOLIP) is an innovative programme launched by the ISFD, aimed at addressing simultaneously two key gaps facing poor illiterate families that are the main cause of their poverty: a gap in knowledge and a gap in the access to financial services. The VOLIP, which is mainly aimed at the LDMCs, seeks to combine literacy training with access to microfinance credit.

To implement the programme, the Bank selected a number of countries including Senegal, based on their low achievement in the attainment of the education-related MDGs, particularly in adult and youth literacy rates and in gender-related index. A needs assessment was conducted in the poorest regions of Senegal to determine the level of literacy and non-formal education. Subsequently, a comprehensive programme was outlined and discussed with the Government during the IDB preparation and appraisal mission. The programme's main objective in Senegal is to reduce poverty, particularly among women and the rural populations by equipping them with functional literacy competencies and notional skills, and by giving them access to microfinance schemes so that they are able to improve their conditions. To achieve this objective, the programme combines literacy training with access to microfinance schemes for families that participate in the VOLIP.

The project, which will be implemented over a period of five years, was approved by IDB during 1429H. It is articulated around five components: access to alternative basic education; youth literacy and vocational training; women workers' literacy and vocational training; microfinance support scheme and; support to project management. It is expected that the programme would ultimately reach more than 100,000 out-of-school children (aged between 9 and 15 years); 140,000 teenagers and young adults (16-24 years old); and 160,000 women workers. The programme's total cost is estimated at $110 million and will be implemented in phases. IDB and the Government of Senegal are co-financing a pilot phase of this programme in 15 rural communities in two of the poorest regions of Senegal, namely Diourbel and Kafrine. Based on the results obtained and the lessons learned from this pilot phase, the programme will be scaled up and replicated and other donors and partners will be invited to finance the subsequent phases. The total cost for the programme's first phase is estimated at $14.6 million, including a $2 million microfinance line of financing. IDB participation in the project financing is to the tune of ID7.8 million ($11.8 million), while Senegal's contribution is $2.8 million (19 percent of the total project amount). For 1430H, the Bank plans to finance similar projects in Burkina Faso, Côte d'Ivoire, Guinea, Mali, Niger and Togo.

million over a five-year period. These Programmes are aimed to promote access of the poor to Islamic finance and to create employment.

These thematic Programmes, to be implemented over the next five years, are part of the ISFD Strategy aimed at formulating and supporting additional thematic programmes, as well as both single and multiple-sectors projects at an overall cost of $13.8 billion. Resource mobilization and effective partnership are central to the implementation of the Strategy, since it is expected that $2 billion of the total programme costs will be met by the Fund and the rest would be mobilized from other IDB windows and development partners. This is in line with the IDB 1440H Vision of partnership-based resource mobilization.

In order to anchor Bank Group assistance to the priority countries' needs and provide strategic framework for medium-term assistance to LDMCs, the Fund initiated Country Poverty Assessments (CPAs) to assess the needs and specific circumstances of individual member countries. The CPAs were launched for four countries in 1429H, namely: Bangladesh, Tajikistan, Yemen and Uganda, to be followed by other LDMCs and are expected to be completed in 1430H. These CPAs will provide the basis for preparing Country Assistance Programmes in closer collaboration with the target

Box 2.3

Microfinance Programme for African Member Countries

In line with its Vision 1440H and the Special Programme for the Development of Africa, the Bank has committed itself to scale up its support to the microfinance actors in Sub-Sahara African member countries, building on the fact that the development of microfinance is the appropriate way to meet the financing needs of the poor. In this regard, the Bank is determined to give fresh impetus to its intervention, with a more ambitious microfinance programme that will specifically target women and the youth, and contribute more significantly to the income generation and self employment opportunities for the poorest groups in the society.

In 1429H, the Bank undertook various microfinance supervision missions to make an indepth review of the institutional, financial, fiduciary and technical implementation of the on-going microfinance projects it has financed in Benin, Cameroon, Guinea, Mali and Senegal. The objective was to enable the Bank to draw on the lessons learned over the past seven years in order to improve the implementation of such projects. Following the assessment missions, the Bank approved in December 2008 a financing to the tune of ID4.5 million in a project in Chad to kick start what is considered as "second generation" microfinance projects. In the meantime, a "Quick Win Microfinance Programme" initiative is being developed. If successful, this programme will adopt a holistic approach in establishing the first Islamic Microfinance House in Senegal as a pilot project with the possibility of replicating it in other Sub-Sahara African member countries. The objective of the project is to provide a comprehensive solution for uplifting the poor out of poverty through micro credit, insurance, saving schemes, health care, education, pension, and housing.

countries, as well as with other development partners working in these countries.

Implementing the Special Programme for the Development of Africa

In 1429H, IDB launched a new initiative called the Special Programme for the Development of Africa (SPDA) in Rabi Awwal 1429H (March 2008)[10]. The SPDA, which builds on the Ouagadougou Declaration, is a five-year programme spanning 2008–2012 with an allocation of $4 billion.

A Ministerial Meeting of African member countries on the "IDB Special Programme on the Development of Africa" was held on 22 - 23 January 2008 in Dakar, Senegal. The outline of the Programme was presented to the Ministerial Meeting, which endorsed launching of the SPDA.

The important characteristic of the SPDA is that it will serve as a catalyst for mobilizing additional resources from other development partners, particularly from regional organizations, private sector and Islamic banks. It is envisaged that the Bank will mobilize resources to raise the SPDA fund to $12 billion during the programme period.

The main objectives of the SPDA are to contribute effectively to alleviate poverty, promote sustainable economic growth and support regional integration. The programme will focus on a number of priority sectors and activities including agriculture and food security, water and sanitation, energy, transport infrastructure, education system, health and the fight against communicable diseases. To ensure the effectiveness of the Bank intervention in these priority areas, the following cross-cutting activities will also be considered under the SPDA: Public-Private Partnership; private sector development in general, and SMEs in particular; capacity building of women; promoting key microfinance institutions; institutional capacity building and promoting standardization, improving the Bank advisory role, as well as the promotion of Islamic banking system.

In 1429H, 94 operations with a total amount of ID629.7 million ($994.3 million) were approved for Sub-Saharan African member countries under the SPDA. This compares favourably with the ID583.6 million ($898.4 million) approved for 67 operations in the previous year (under Ouagadougou Declaration), registering an

[10]The SPDA was formally adopted by the 11th session of the Islamic Summit Conference, held in Dakar, Senegal, 5-6 Rabi Awwal 1429H (13-14 March 2008).

annual increase of 10.7 percent in dollar term. Under the SPDA, operations consisting of concessional financing, TA and ordinary financing for African member countries amounted to ID365.6 million ($574.2 million), of which 39.6 percent were on concessionary loans. Trade operations for African member countries totaled ID194.8 million ($313.1 million) in 1429H, representing an increase of 88.5 percent compared to the previous year. The ICD provided ID48.9 million ($75.5 million) project financing to African member countries during 1429H. This is a significant increase compared with the ID2.3 million ($3.6 million) recorded in 1428H (Table 2.5).

Adopting Jeddah Declaration

In responding to the food crisis, which engulfed the whole world and negatively affected most member countries, the IDB Board of Governors, at their 33rd Annual Meeting held on 29-30 Jumad Awwal 1429H (3-4 June 2008) in Jeddah, adopted the Jeddah Declaration committing $1.5 billion over five years. This Initiative is aimed at supporting hard hit member countries to strengthen their food security and revitalize their agriculture sector. Under the Jeddah Declaration, the IDB Group financed projects and trade operations totalling $210 million in 1429H. Of this amount, $158 million went to projects financing (comprising loans of $138 million for 4 countries -- Mauritania, Mali, Burkina Faso and Niger -- and grants of $20 million for 25 LDMCs) while $53 million went to trade operations for 3 member countries -- Burkina Faso, Mauritania, and Sudan. In the medium- and long-term, the IDB Group will support improvements in agriculture productivity and rural incomes through enhancing access to inputs and services, improving infrastructure and strengthening supporting institutions in the sector.

Adahi Project for the Utilization of Hajj Meat

An important ritual of Hajj is the slaughtering of sacrificial animals. In order to assist pilgrims in performing the ritual in a smooth, organized and orderly manner, the Government of Saudi Arabia, in 1403H (1983), entrusted the management of the scheme to IDB. Although it is not part of the Bank's mainstream

Table 2.5
Gross Approvals for Ouagadougou Declaration (1424H -1428H) and SPDA (1429H)

(amount in million)

	1427H			1428H			1429H			1424H-1429H		
	No.	ID	$	No.	ID	$	No.	ID	$	No.	ID	$
OCR Ordinary Operations	**48**	**313.2**	**458.9**	**51**	**362.1**	**551.2**	**67**	**365.6**	**574.2**	**335**	**1,746.6**	**2,583.8**
Concessional loans	28	147.6	214.5	25	143.4	214.7	24	145.1	227.1	175	851.4	1,246.5
T.A	11	3.9	5.8	18	2.7	4.0	34	10.5	16.9	102	37.4	49.6
Ordinary financing	9	161.6	238.7	8	216.0	332.5	9	210.0	330.2	58	857.8	1,287.7
Other Project financing (Funds & Entities)	**2**	**0.5**	**0.7**	**5**	**114.6**	**181.1**	**12**	**69.3**	**107.0**	**32**	**251.0**	**386.2**
IBP	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
UIF	0	0.0	0.0	2	75.9	120.0	0	0.0	0.0	2	75.9	120.0
APIF	2	0.5	0.7	2	36.4	57.5	2	20.4	31.5	8	65.9	102.7
ICD	0	0.0	0.0	1	2.3	3.6	10	48.9	75.5	21	74.5	113.6
Treasury Operations	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	1	34.6	50.0
Trade Operations	**14**	**154.7**	**227.5**	**11**	**107.0**	**166.1**	**15**	**194.8**	**313.1**	**72**	**657.1**	**1,004.1**
ITFO	10	136.5	201.1	9	96.7	149.9	13	190.0	305.6	54	599.2	917.7
EFS	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
IBP	1	2.6	3.8	0	0.0	0.0	0	0.0	0.0	4	9.5	13.8
UIF	1	1.7	2.6	0	0.0	0.0	2	4.9	7.5	6	11.2	16.7
APIF	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
ICD	0	0.0	0.0	1	0.9	1.5	0	0.0	0.0	3	5.6	8.5
Treasury Operations	2	13.9	20.0	1	9.3	14.7	0	0.0	0.0	5	31.7	47.4
Grand Total	**64**	**468.3**	**687.2**	**67**	**583.6**	**898.4**	**94**	**629.7**	**994.3**	**439**	**2,654.6**	**3,974.2**

N.B: These data are for Sub-saharan African member countries and not for LDMCs in Africa.

IDB provided financing of $26.6 million for Stain Malang University in Island of Java, Indonesia, completed in 2008.

activities, the availability of abundant meat as a result of slaughtering by pilgrims during the Hajj presents an opportunity to distribute the meat among the poor and the needy in Saudi Arabia and other member countries. IDB plays an important role in ensuring that the global distribution of the Hajj meat helps to reduce protein deficiencies, especially for victims in regions affected by natural disaster and conflict.

IDB, in collaboration with commercial banks in Saudi Arabia, has developed an online service for pilgrims to buy coupons for their offerings in any part of the world using their credit cards or through cash transfers. The online service also allows IDB to build up a central data base of beneficiaries of the service.

In 1429H, Hajj meat from 873,255 sacrificial animals were distributed to poor people within Saudi Arabia and to countries around the world. The sacrificial animals registered 19.2 percent increase in 1429H over the previous year.

PROMOTING HUMAN DEVELOPMENT

Sustained development of human capital is crucial for the member countries' long-term economic growth. For over 20 years, the Bank has been involved in various projects and initiatives in promoting human development in member countries. To further accelerate progress in this field, IDB intensified its support for education through a number of scholarship programmes aimed at building science-based human capital in member as well as non-member countries. IDB interventions are also intended to ensure that women meaningfully participate in the development process.

Supporting Universal Education

IDB has been active in the education sector since its inception and has allocated 9.7 percent of its total net approvals to education. More recently, the Bank has decided to give further attention and support to education sector. The Bank is also involved in education through Special Assistance, Scholarship Programmes, and Science and Technology Programmes with a view to building capacities of its member countries, as well as Muslims in non-member countries.

Financing the education sector

By the end of 1429H, the Bank cumulative net approvals for education amounted to ID1,305.6 million ($1,780.7 million), covering all education sub-sectors. More than 90 percent of this funding has been carried out since 1990, reflecting greater emphasis on human development. In 1429H, IDB approved ID32.9 million ($52.3 million) for 11 education sector projects in member countries, which was lower compared to the previous year in terms of number of operations and amount (32 operations for an amount of ID96 million equivalent to $142 million). The reduction is attributed to IDB response to the energy and food crises, which adversely affected member countries in 1429H.

Workshop on Undergraduate Scholarship Programme Partners organized by IDB in Jeddah, Saudi Arabia, April 2008.

Enhancing scholarship programmes

The IDB Scholarship Programmes aim to build science-based human capital in member countries as well as Muslim communities in non-member countries. There are three types of programmes: the Scholarship Programme for Muslim Communities in

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IDB provided $8.2 million for Duress General Hospital, Phase-II, Albania, completed in December 2008

Non-Member Countries; the M.Sc. Programme for the Least Developed Member Countries; and the Merit Scholarship Programme for High Technology for Member Countries.

Under the first category, meritorious Muslim students with limited financial means are granted scholarships to pursue their first degree-level education in non-member countries. Approved disciplines under this programme are medicine, engineering, dentistry, pharmacy, nursing, veterinary sciences, agriculture and computer science. For Muslim communities in CIT and East European countries, the programme also covers banking, finance, administration, management, accountancy and marketing. In 1429H, the quota was doubled to 900 students compared to 475 students in 1428H. The cumulative awards at the end of 1429H was given to 9,219 students out of a quota of 9,715 students (Annex 16).

M.Sc. Programme for Science and Technology aims at developing the intermediate level of science-based human capital in the LDMCs. This programme allows students from LDMCs to qualify for the IDB Merit Scholarship Programme for High Technology. The annual intake of students increased from 21 in 1428H to 50 in 1429H. Up to end-1429H, 255 students were awarded scholarships under this programme (Annex 17).

Merit Scholarship Programme for High Technology provides an outright grant to scholars, who intend to undertake doctoral or post-doctoral research in designated universities. The programme aims to develop scientific human capital and strengthen the capacity of research institutions in member countries. The annual intake of students increased from 54 in 1428H to 71 in 1429H. Up to end-1429H, the cumulative awards were given to 470 students.

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

Promoting science and technology

To further mainstreaming Science & Technology in the socio-economic development of member countries, IDB launched Prizes for Science & Technology in 1422H. By the end of 1429H, six sets of three annual IDB Prizes have been awarded. The latest three Prizes were awarded to the Institute for Research in Molecular Medicine, Malaysia; Centre for Molecular Biology, Pakistan; and Agriculture Research Corporation, Sudan. The Seventh Edition of Prizes for Science and Technology is under consideration and the awards will be presented during 34th Annual Meeting of IDB Board of Governors.

Improving Access to Healthcare Services

Strengthening the health sector invariably leads to improvements in the quality of health services, a priority area for IDB. In order to have greater impact in health operations, during 1429H, IDB laid emphasis on the promotion of partnership with other institutions involved in health sector development. In this regard, a series of consultations were held with the World Health Organization, and a Memorandum of Understanding was signed in July 2008 between IDB and the Foundation Mérieux to support the fight against infectious diseases in IDB member countries.

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Financing the health sector

By end-1429H, IDB cumulative financing for the health sector reached ID782.5 million ($1,060.1 million) for 199 projects. The year 1429H also witnessed a decline in the allocation of resources for the health sector from ID41.2 million ($61.5 million) in 1428H to ID19.9 million ($31.1 million) in 1429H. Like the education sector, this decline is also attributed to IDB responses to the global energy and food crises in 1429H. Health sector financing in 1429H remained in the forms of both TA grants and LDMC Loans, targeting several sub-sectors including malaria prevention and control, early detection of gastric cancer, secondary blindness campaigns, Avian Influenza control and support to vaccine production. Within the SPDA, implementation of IDB Quick Win Malaria Programme continued during 1429H at a cost of $17 million to support the prevention and control of the disease. This has been augmented by providing support to both capacity and institutional building, with training courses for doctors and paramedics and construction of a medical complex. Overall, IDB health sector interventions were carried out in 13 countries, mostly in LDMCs.

IDB Programme for Self-Reliance in Vaccine Production

Under Self-Reliance in Vaccine Production Programme, IDB was able to mobilize resources to secure the collaboration of WHO and to effectively achieve a sustained capacity building assistance to vaccine producers and national control authorities in OIC member countries. At the same time, in collaboration with them, it was able to develop a comprehensive training programme and certification procedures capability building. Egypt, Iran, Tunisia and Malaysia hosted four annual meetings of the Programme. Furthermore, technical assistance operations were approved within this Programme for the vaccine producers in member countries. An amount of $5.6 million was budgeted for the Programme and by the end of 1429H, 51 percent ($2.9 million) had been utilized to support seven training events, and associated TA for institutional capacity building. In February 2008, IDB also launched "Alliance to Fight Avoidable Blindness" in SSA member countries (Box 2.4).

Special Capacity Building Assistance Programmes

The Bank supports capacity development as a mean for improving the effectiveness of institutions in member countries. It provides assistance to individuals and institutions for creating an enabling environment, increasing efficiency, transferring technology, and expertise in order to strengthen the overall process of economic development. During 1429H, IDB adopted capacity development framework, which involves partnering with other multilateral and international organizations aimed at ensuring better results for member countries. The instruments of IDB assistance are mainly in the form of technical cooperation, scholarships, and science and technology projects.

Special Assistance Programme

The Special Assistance Programme aims at assisting Muslim communities in non-member countries to enhance and strengthen their human capital. The programme also supports emergency relief operations in communities affected by natural disasters and provides assistance to refugees in post-conflict areas across the world. In addition, the programme provides assistance to member countries in the areas of training and research in Islamic economics, finance and banking.

During 1429H, the Bank approved 54 operations totaling ID13 million ($20.1 million) from the IDB Waqf Fund (formerly the Special Assistance Account). Ten operations totaling ID4.7 million ($7.2 million) were approved in member countries and 44 operations of ID8.3 million ($13 million) were approved for Muslim communities and organizations in non-member countries. On a cumulative basis, since the inception of the programme, ID520.8 million ($669.4 million) were approved for 1,264 operations and programmes, of which ID340.5 million ($429.8 million) was approved for 484 operations in member countries and ID180.4 million ($239.6 million) for 780 operations in Muslim communities and organizations in non-member countries (Annex 18).

Within its Special Assistance Programme, IDB has financed a number of activities such as Orphan Kafala (Sponsorship) Programme for Tsunami affected orphan children in Indonesia; Special Programme for Saudi

Box 2.4
Launching of the Alliance to Fight Avoidable Blindness in Sub-Saharan Africa

As a pilot operation, in 2003, IDB sent a team of volunteer eye-specialist doctors from the NGO Nadi Al Bassar to Niger so as to perform cataract surgeries free of charge over a period of one week. As a result, 350 cataract (which is the major cause of blindness) operations were undertaken. Accordingly, the Bank decided to reiterate such interventions in a project approach. Therefore, from 2003 to 2007 several teams of non-local eye specialists (with the technical support of NGO partner and local authorities) were sent periodically to perform cataract surgeries and provide training in seven SSA member countries (Benin, Burkina Faso, Cameroon, Chad, Djibouti, Mali and Niger) where the problem of cataract is significant and the supply of trained ophthalmologists is inadequate.

This blindness control campaigns enabled 14,304 patients to benefit from eye treatments; 3,394 persons recovered sight. Training was provided to 48 ophthalmologists and technicians. The total cost incurred by IDB amounted to $0.42 million. Based on the foregoing success and an assessment of these activities, the Bank launched the "Alliance to Fight Avoidable Blindness" in February 2008 for SSA member countries. Under this programme, over the 5 years, 50,000 persons will recover sight; 250,000 persons will benefit from eye consultation; 16 new ophthalmologists will be available, and training will be provided to 50 ophthalmologists and technicians. The Alliance also includes the purchase of equipments and grant for scholarships.

IDB is planning to attract several other donors in order to collect $9.5 million grant for the Alliance programme. So far, $4 million has been pledged: $2 million from IDB, $1 million from Arab Bank for Economic Development in Africa, and $1 million from Egyptian Fund for Technical Cooperation with Africa.

Charity Relief Campaign; and Fael Khair Programme for Relief of Cyclone Victims of Bangladesh.

Technical Cooperation Programme

IDB supports the capacity building activities in member countries through its Technical Cooperation Programme (TCP), which involves three programmes, namely: Expert Exchange/Recruitment of Experts; On-the-Job Training; Seminars and Workshops. Between 1403H and 1429H, 1,622 operations amounting to $36.6 million were approved under TCP, of which 285 operations ($5.1 million) for Recruitment of Experts; 719 operations ($13.4 million) for On-the-Job Training activities; and 618 operations ($18.1 million) for Seminars and Workshops. During 1429H, 112 operations amounting to $2.9 million were approved.

Statistical capacity building initiative

In 1429H, the initiative was launched by IDB for statistical capacity building (IDB-STATCAP) in its member countries. Three African member countries received a cumulative amount of about $0.4 million from the IDB-STATCAP Programme. Of them, Guinea-Bissau received $50,000 to strengthen statistical capacity, Morocco's Central Bank got $298,000 to develop analytical macroeconomic framework, and Djibouti received $51,500 to help conducting national population census. Three other countries also benefited from IDB-STATCAP scholarships (Mauritania, Comoros and Guinea). All the candidates of those countries are enrolled in Master's degree programme in specific area of statistics.

Furthermore, in collaboration with ITAP and UNCTAD, the IDB-STATCAP facility is being used to develop an "Intra-Investment Database of OIC Member Countries". The aim of this database is to assist potential investors, policy makers and researchers to have access to accurate, reliable, and consistent statistics on various indicators of intra-investment activities of OIC countries. In order to fulfill this aim, IDB organized an

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A group of orphan children from Indonesia, sponsored by Orphan Kafala Programme under the OIC Alliance for Child Victim were invited for IDB Annual Meeting, Jeddah, Saudi Arabia, 3-4 June 2008.

Expert Group Meeting in July 2008 at the UNCTAD headquarters in Geneva.

Moreover, IDB also financed two training courses in collaboration with regional statistical institutions, namely the Arab Institute for Training and Research in Statistics, and Statistical, Economic and Social Research and Training Centre for Islamic Countries. The IDB also hosted the 1st Meeting of the Statistical Working Group on 17-18 Rabi Awwal 1429H (25-26 March 2008) at its headquarters in Jeddah (Box 2.5).

Agricultural capacity building

The IDB-supported International Center for Biosaline Agriculture (ICBA) launched its new Strategic Plan 2008-2012 with an expanded mandate to help water-scarce countries improve the productivity, social equity and environmental sustainability of water use through an integrated water resource systems approach, with special emphasis on the effective use of marginal quality water. The ICBA has implemented three new programmes: Integrated Water Resource System, Marginal Quality Resources, and Capacity Building and Knowledge-Sharing.

During 1429H, ICBA supplied seeds of high yielding, promising genotypes as per the lists of summer and winter forage crops most suited to local environments of each country, and established seven full demonstration sites. Technological packages on sustainable production systems were developed in Syria, Jordan and Tunisia. With an emphasis on capacity development, the seven project collaborators (Jordan, Palestine, Pakistan, Oman, Syria, Tunisia and UAE) were invited to training courses and field works.

Supporting civil society

IDB recognizes the important role played by the non-governmental organizations and considers them as essential partners in the development process, largely because of their proximity to local communities. Therefore, the Bank provides funding for projects at the grassroots level by partnering with NGOs to address the basic needs of disadvantaged groups and empower the grassroots communities in its member countries. Funding is provided to support capacity building programmes in sectors such as health, agriculture, and education. IDB, until end-1429H, approved 179 projects amounting to $6.3 million, spread across more than 30 member countries.

Mainstreaming women in development

The participation of women is an important prerequisite for achieving socio-economic development. Since its inception, the Bank has financed operations to improve access of women to education and healthcare services. To further emphasize its commitment towards enhancing the role of women in development, the IDB 1440H Vision for human dignity specifically calls for "the Empowerment of Women" as one of its key strategic thrusts.

More recently, the Bank has started to implement measures to mainstream women-in-development in IDB operational activities. One of these activities was the establishment of the IDB Women Advisory Panel in 2004. The Panel allows IDB to benefit from the advice of twelve distinguished women, having wide experience in their respective field of specialization, in order to adequately mainstream women's issues in the Bank operations and formulate appropriate programmes to promote women's participation in the socio-economic development of their countries. IDB has already held four meetings with the Panel members. The last meeting of the Panel took place on 23-24 Rabi Awwal 1429H, in Manama, Bahrain. These meetings resulted in concrete recommendations that the Bank started to implement. Based on the Panel's recommendation, the Bank established IDB Prize for

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Box 2.5

1st Meeting of the Statistical Working Group

IDB, in collaboration with the OIC General Secretariat, SESRIC, Islamic Chamber of Commerce and Industry, and the Islamic Center for the Development of Trade, established the Statistical Working Group (SWG). The aim of SWG is to provide a forum for strengthening collaboration, enhancing coordination, and improving the quality of statistics produced by the OIC institutions. The first meeting of the SWG was organized by IDB on 25-26 March 2008 at its headquarters, in Jeddah, Saudi Arabia.

The SWG discussed issues of harmonizing statistical activities, exchanging experiences and best practices, developing common methodologies for collecting data from member countries and streamlining techniques for calculating aggregate statistics. The SWG also agreed to undertake concrete actions, including preparation of documents on "A Framework for Statistical Coordination among OIC Institutions" and "A Charter for Statistics at OIC Level". It also undertook a feasibility study to create a common database for disseminating reliable and consistent statistics on OIC member countries.

The SWG also decided to jointly produce a "Special Brochure on Intra-OIC Trade Statistics" and prepare a publication entitled "Islamic Ummah in Figures", covering OIC countries and Muslim communities in non-OIC member countries. It also decided to share statistical publications and provide feedback before they are published and to establish links to websites of each OIC Institution. The SESRIC offered to host the 2nd Meeting of the SWG at its Headquarters in Ankara, Turkey in June 2009.

Women Contribution in Development in 1427H. This prize recognizes and rewards the role of women, as well as their accomplishments in the development process. It consists of two separate awards: $50,000 for an individual or group of individuals, and $100,000 for an organization or group of organizations. This prize has been already awarded three times. The 1429H prizes were awarded to two women from Bangladesh and Iran working on "Women's Initiatives and Participation in Healthcare Improvement" and two organizations from Saudi Arabia and Sudan involved in "Maternal Care Programmes".

IDB provided financing of $9.3 million for Government Primary Schools Project, Bangladesh.

IDB provided financial assistance to poor women to equip them with technical skills, Rawalpindi, Pakistan.

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PROMOTING ECONOMIC DEVELOPMENT: 3
INFRASTRUCTURE AND PRIVATE SECTOR DEVELOPMENT

The year under review witnessed member countries facing formidable challenges in terms of sustaining economic growth and ensuring greater opportunities for people to improve their social and economic conditions. In this context, IDB development assistance focused on supporting member countries' efforts to achieve sustainable socio-economic development through infrastructure development, promoting private sector, and enhancing co-financing with multilateral development banks and the Coordination Group. Entities of the IDB Group also made serious efforts to enhance resource mobilisation to better accommodate infrastructure needs of member countries and their private sectors.

INFRASTRUCTURE DEVELOPMENT

Investment in infrastructure development is the key to achieving sustainable economic growth and poverty alleviation. In this context, IDB financing for the expansion and upgradation of infrastructure in member countries continued to be one of its main development themes during 1429H.

Increasing Infrastructure Financing

The Bank overall infrastructure financing almost doubled over the last three years from ID635 million ($931 million) in 1427H to ID1,048 million ($1,680 million) in 1429H. This assistance mainly targeted water sector; power generation, transmission and distribution; transport sector including sea, air and land; agriculture sector; extractive industry; and post-disaster reconstruction.

Revitalising assistance to water sector

Out of ID563.3 million ($904.5 million) committed to the public utilities sector in 1429H, an amount of ID236 million ($383 million), or 42.4 percent, targeted the water sector, which was six times higher than the amount allocated to this sector in 1428H. This assistance was allocated to seven projects, including two water desalination projects in Qatar; three water supply projects in Albania, Gambia and Yemen; a sanitation project in Iran; and the construction of a major multi-purpose dam at Kandadji in Niger (Box 3.1).

Keeping power sector as a major recipient

Although financing for power projects registered a decline of 18.6 percent from ID421million ($641 million) in 1428H to ID327 million ($522 million) in 1429H, the power sector continued to be one of the major recipients of IDB financing with 20.9 percent of the overall ordinary capital resources during the year. IDB financing in 1429H mainly targeted two thermal power generation projects in Iran and Tunisia, a hydropower project in Pakistan, a transmission project in Uzbekistan, and a power distribution project in Guinea.

Strengthening transport infrastructure

1429H witnessed an increased activity in the transport sector, which received ID485 million ($776 million) from IDB. The amount represented a 25 percent increase compared to 1428H. Unlike the previous year, which saw greater diversification with a number of new operations financed in both air and sea transport sub-sectors, approvals during 1429H focused mainly on road construction projects, which received $490 million of IDB financing targeting 11 projects in 10 member countries including eight in Sub-Saharan Africa. They received a total of $225 million to expand their land transport infrastructure. In particular, these projects included $107 million for the construction of Akieni-Okondja road and $62 million for the construction of Arboutchatak-Bitkine road in Gabon. The Bank also provided $92 million for Kuala Lumpur-Selangor Toll

Box 3.1
IDB Support for Expansion of Water and Sanitation Service in Member Countries

Provision of water has always been of concern in IDB member countries as the burden of water-related problems falls heavily on the poor and has adverse effects on their health, quality of life and productivity. Since its inception, IDB has been helping member countries to address their water problems, and water projects have been a central part of the Bank's programmes. The IDB 1440H Vision also singled out water and sanitation as one of its main themes. To date, IDB has provided more than $2.8 billion of assistance in the water sector to its 56 member countries. This financing, which represented around 15 percent of IDB aggregate project financing, targeted some 260 water-related projects worth over $15 billion.

Ras Abu Fontas (RAF-A1) and Ras Laffan C Desalination Plants in Qatar: IDB approved $225 million of combined financing for two Independent Water and Power Producers in Qatar. The Ras Laffan project is being funded on a build, own, operate and transfer basis with an estimated cost of $3.7 billion. The plant will have a production capacity of 286,000 m3 per day of desalinated water and 2,730 MW of electricity, fulfilling one-sixth of Qatar's water demand and 30 percent of its power demand. The project is financed through a mix of equity (15 percent) and non-recourse debt (85 percent). IDB and the Qatar Islamic Bank provided an Islamic finance facility of $150 million and $100 million, respectively, under the $250 million Islamic tranche of this project. The Japan Bank for International Cooperation provided $1.5 billion, while a number of international commercial banks and export credit agencies covered the remaining debt financing. The second project, Ras Abu Fontas plant, will have a water production capacity of 205,000 m3 per day. It is estimated to cost around $601 million and is financed through equity (25 percent) and debt financing (75 percent). IDB and Qatar Islamic Bank are providing 12 percent each ($75 million) of the total financing through the project's Islamic financing tranche of $150 million. The project, which is being financed on a build, own and operate basis, will help meet water demand in Qatar, which has been increasing annually by around 7 percent. With this project, Qatar's installed water production capacity is expected to reach around 1.2 million m3 per day.

Mashhad Sewerage Project in Iran: The year 2008 was declared by the United Nations General Assembly as the International Year of Sanitation. It was, therefore, quite fitting for the Bank to approve a mega sewerage project during its first Board of Executive Directors Meeting in 2008. The project targeted the Iranian city of Mashhad, with an estimated cost of EUR120 million. The project is expected to double the city's coverage of sanitation services from 25 percent to 48 percent by providing services to additional 925,000 inhabitants. The project aims to upgrade and expand the city's wastewater treatment capacity by an additional 158,000 m3 per day. It adds around 610 km to the city's sewerage network to collect municipal wastewater from the central and eastern districts of the city. IDB approved EUR53 million of financing for the construction and expansion of wastewater treatment plants in Khin Arab and Al-Teymour.

IDB provided $105 million to expand the facilities of Hajj Terminal Complex at King Abdulaziz International Airport, Jeddah, Saudi Arabia.

Expressway and $156 million for the construction of Morocco's Taza-Oujda segment of Fez-Oujda highway project. IDB also financed an air transport project in Cote d'Ivoire and a railway project in Turkey for a combined amount of $191 million (Box 3.2).

Bolstering agriculture sector financing

In order to support member countries achieve food security, IDB financing in the agriculture sector registered a sharp increase from ID30 million ($42 million) in 1428H to ID178 million ($274 million) in 1429H, which represented more than a six-fold increase during the year under review.

Focusing on extractive industry

IDB financing for extractive industry-related operations increased in 1429H, which received about ID196 million ($308 million), or over 12 percent of IDB financing. This was in line with the trend observed during the period 1426H-1428H, which witnessed a number of operations in this sector. IDB infrastructure-related financing in this sector in 1429H included gas processing in Syria, and fertiliser production in Saudi Arabia and Tunisia (Box 3.3).

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Box 3.2
IDB Support for Building Transport Infrastructure in Member Countries

Transport infrastructure is one of the most vital components of development process. IDB has long recognised the important role of this sector, which historically represented around a fourth (24 percent) of its aggregate commitments in project financing and technical assistance.

Akieni-Okondja Road in Gabon: The new 74-km Akieni-Okondja road, which costs around $107 million, is being entirely financed by the Bank. The project is to be completed within 48 months. Once built, the new road will not only provide people in these provinces with a safe and weather-proof road but will also provide access to new markets for the regions' produce as well as open them up for further development activities such as tourism. In addition, the road is expected to provide vital access to further develop these provinces' natural resources.

Railway Upgrade in Turkey: IDB approved $154 million financing for Turkey for renewing 7 priority segments of the Turkish Railway Network totalling 888 km of railway tracks. The project, which is expected to be completed within four years, involves the replacement of rail, ballast and sleepers. Once completed, it is expected to decrease average journey times and improve safety levels, which in turn, is expected to increase railway usage on these routes.

Improving Air Transport Links in Côte d'Ivoire. In today's globalised economy, air transport plays a vital role. Hence it is necessary for a country to develop its air transport infrastructure in order to remain competitive. The Felix Houphouet Boigny International Airport in Abidjan is the country's only international airport. Hence the government of Cote d'Ivoire has recently embarked on public-private partnership to develop this vital airport. As part of this partnership, the government invited IDB and OPEC Fund for International Development to help finance a $53 million project to upgrade and expand the Abidjan International Airport Freight Terminal. IDB is providing $37 million or 71 percent of the financing. The project is due to be completed within 36 months. Once completed, the project will substantially increase the handling capacity and the quality of freight services provided by the airport, as it seeks to become a major regional air freight hub for West Africa.

The Al-Aqsa Fund and Al-Quds Fund approved an emergency assistance of $25 million in food and medical supplies to Palestine.

Supporting post-disaster reconstruction

The Bank continued its implementation of disaster recovery programmes by approving an amount of $93 million during 1429H for the reconstruction of rural infrastructure in Shangla and Kohistan districts of Pakistan, following the earthquake in Azad Kashmir and the North West Frontier Province in October 2005. This brings the total IDB assistance to $300 million, which includes the approval of $80 million and $127 million in 2006 and 2007, respectively. This assistance is being provided in the framework of IDB emergency assistance package of $502 million to the victims of Pakistan earthquake.

PRIVATE SECTOR DEVELOPMENT

Promoting private sector development is critical for sustaining higher economic growth and reducing poverty in member countries. Private sector development covers a multitude of inter-related issues, such as pursuing macroeconomic stability, improving the business environment through effective regulation and corporate governance, and enhancing public-private-partnerships. Further, entities and funds of the IDB Group (ICD, ICIEC, Unit Investment Fund, IDB Infrastructure Fund, and Awqaf Properties Investment Fund) promoted private sector growth in member countries through a wide range of instruments and initiatives.

Expanding Public-Private Partnerships

The rising trend in financing of public-private partnerships (PPPs) witnessed during 1429H, which totalled $532 million. It covered five projects in four countries, included Qatar's Ras Laffan and Ras

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Box 3.3
IDB Assistance for Fertiliser Production in Member Countries

The recent global food crisis has highlighted the need to expand agricultural production capacity, especially in developing and low-income countries. As a result, demand for agricultural inputs, such as fertilisers, is expected to increase substantially over the coming years. This growth in demand, combined with significant price increases witnessed in the last 2-3 years, has prompted a number of IDB member countries to expand fertiliser production to meet the needs of domestic and international markets. This, in turn, led IDB to play a more active role in supporting the development and expansion of fertiliser production capacity in member countries.

Ma'aden Phosphoric Fertiliser Complex in Saudi Arabia: The Kingdom of Saudi Arabia is endowed with many natural and mineral resources including natural rock phosphate, which is the main raw material used in manufacturing phosphoric fertiliser. The Saudi Arabian Mining Company (Ma'aden) and the Saudi Arabian Basic Industries Corporation formed a joint venture and launched a $5.5 billion project to build the world's largest di-ammonium phosphate (DAP) plant, which is scheduled to start production in 2013. The new DAP plant is expected to meet one-fifth of the global DAP demand. Given the importance of this project towards addressing the global food crisis, IDB is participating in this project through a lease financing of $100 million. Other financiers include the Saudi Industrial Development Fund, the Saudi Public Investment Fund, the Export-Import Bank of Korea and several international commercial banks.

Fertiliser Production in Tunisia: The growing demand for food production coupled with the increasing use of biofuels is exerting great pressure on the world's agricultural lands. This has resulted in the fast depletion of natural mineral content in agricultural soils. In this context, the Tunisian-Indian Fertilisers SA (TIFERT), which was established in 2006 as a company jointly owned by Tunisia's Compagnie des Phosphates de Gafsa and Groupe Chimique Tunisien, India's Coroman Fertilisers Ltd, and Gujarat State Fertilisers and Chemicals Ltd. TIFERT plans to set-up a new manufacturing plant in Skhira in Tunisia with an annual production capacity of 0.36 million tons of phosphoric acid. The total cost of this project is $533 million, of which 35 percent or $185 million is financed by shareholder equity, and the remaining balance through long-term ($300 million) and short-term ($48 million) debt. The long-term debt is being provided equally by IDB, through lease financing, and the European Investment Bank.

Abu Fontas Independent Water and Power Producer Desalination Projects; Saudi Arabia's Ma'aden Phosphate Company; Malaysia's Kuala Lumpur-Selangor Expressway; and the Tunisia-India's Joint-Venture Fertiliser Project.

Doubling of Approvals by Islamic Corporation for the Development of Private Sector

During 1429H, Islamic Corporation for the Development of Private Sector (ICD)[1] approved $347 million for 33 private sector operations, which was almost double the amount committed in 1428H ($178 million). ICD financing targeted 28 countries and five regional projects related to industry (32 percent), financial services (21 percent), real estate (18 percent) and transport sector (10 percent). Since it began operations in 1421H, ICD cumulative approvals reached $987 million (net of cancellations) for 132 projects. As of end-1429H, ICD portfolio, in terms of investment type, was composed of $405 million (41 percent) in equity, $393 million (40 percent) in term finance, $106 million (11 percent) in corporate finance, and $82 million (8 percent) in line of finance.

Unit Investment Fund (UIF) mobilizes resources through the securitisation of its lease and instalment sale assets and complements the Bank financing of projects and trade financing operations. In order to further strengthen secondary market trading of Shariah-compliant facility, UIF is encouraging institutional investors to actively trade units as principals rather than agents or brokers. In 1429H, UIF financed 18 operations totalling $150 million. Cumulatively, UIF committed $2,144 million for 225 operations since it began operations in 1412H (1989).

In order to consolidate private sector activities under a single entity within IDB Group, the resources and activities of UIF were transferred to ICD with effect from 1429H. Under the new arrangements, ICD would now act as a sub-Mudarib for the Fund, while IDB would remain the Mudarib. At the same time, it would extend the facility of full redemption guarantee to the Fund.

[1] For detail, see ICD Annual Report 1429H, www.icd-idb.com.

IDB provided assistance of $5.1 million for Rural Development Project in Guinea.

Robust Growth by Islamic Corporation for the Insurance of Investment and Export Credit

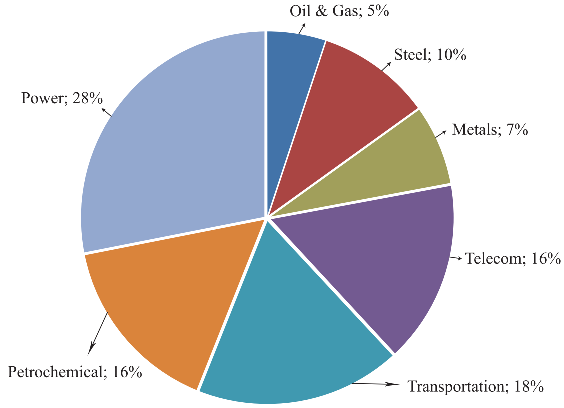
Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC)[2] was established with the objective of increasing trade transactions among OIC member countries, facilitating foreign direct investments into these countries, and providing reinsurance facilities to national export credit agencies. ICIEC fulfills these objectives by providing Shariah-compliant investment and export credit insurance products.

ICIEC business activities witnessed a steady average increase of 60 percent per year, and exceeded the targets set in its five-year strategic plan for the period 2005-2009. As a reflection of its robust commitment to private sector development in member countries, aggregate insurance commitment for the period 1417H-1429H reached $7.1 billion, while total business insured over the same period stood at $5.2 billion. ICIEC provided risk insurance support to Sabodala Gold Project in Senegal in 1429H (Box 3.4).

Above Industry Benchmark Performance by IDB Infrastructure Fund

As a private investment vehicle dedicated to infrastructure development in member countries, IDB Infrastructure Fund highlighted a prime example of public-private partnership for development. As of end-1429H, the Fund had committed a total of $785 million in 20 projects across 12 countries. The Fund investment primarily targeted the power, petrochemical, telecom, transport and mining sectors, which together attracted around 95 percent of the Fund's commitments, while the remaining 5 percent targeted the oil and gas sector. Total amount paid to investors in terms of capital return, capital gains and dividend was $694 million. The remaining investment is valued at $353 million (Chart 3.1).

Chart 3.1
IDB Infrastructure Fund Financing by Sub-Sectors



Awqaf Properties Investment Fund

Awqaf Properties Investment Fund (APIF)[3] established in 1421H (2001) as a trust fund managed by IDB, invests in Awqaf real estate properties that are socially desirable and economically feasible. In addition to its own capital resources of $59.5 million, APIF has access to a $100 million IDB line of financing and a technical assistance pool of $250,000 to be utilised for

[2] For detail, see ICIEC Annual Report 1429H, www.iciec.com.

[3] Awqaf (singular, waqf) is an Arabic word meaning assets that are donated, bequeathed, or purchased for the purpose of being held in perpetual trust for general or a specific charitable cause that is socially beneficial. For detail, see APIF Annual Report 1429H, www.isdb.org.

Box 3.4
ICIEC Support for Sabodala Gold Project in Senegal

In 1429H, ICIEC, through Lloyd's of London Syndicate insurers, provided political risk insurance support to the Sabodala Gold Project in Senegal. The project, operated by Mineral Deposits Limited (MDL) of Australia, is an open pit gold project with a total mining concession of 20.3 square km. The project is majority owned (and operated) by MDL, which holds a 90 percent stake, and the government of Senegal with a 10 percent free-carried interest in the company -- Sabodala Gold Operations SA. The total cost is estimated at around $175 million, including $70 million of debt financing provided by Australia's Macquarie Bank Limited. The current mine life of the Sabodala Gold Project is 10 years with the planned production of 2 million tonnes per year, producing in the order of 150,000 ounces of gold annually. The project construction was completed in December 2008 and production is to start in early 2009. The venture will create direct employment for 470 Senegalese workers and will support local community projects in the surrounding villages.

Three insurers -- American International Group, Chubb, and Catlin -- provided political risk insurance (with insurance cover share of $26.5 million, $19.7 million and $24.6 million, respectively) in favour of Macquarie Bank Limited of Australia for its partial funding of the project against transfer restrictions, expropriation, and war and civil disturbance. ICIEC provided reinsurance for 50 percent of Chubb and Catlin's combined share of $22.1 million. The insurance cover started in August 2008 for a period of four years.

supporting the expansion of APIF activities. During 1429H, APIF approved five operations totalling $99 million. Cumulatively, it has approved 70 operations worth $584 million, 70 percent of which were based on lease financing, 13 percent on profit-sharing, and 9 percent on equity financing.

STRENGTHENING CO-FINANCING

Forging strategic partnerships and alliances with other development partners have been given new impetus by the adoption of the IDB Group Strategic Framework. Historically, the Bank has maintained a close working relationship with development partners and the Coordination Group. During 1429H, this relationship was extended to a broader spectrum of multilateral and bilateral development institutions.

Expanding Co-financing with Development Partners

Cooperation with development partners covers a wide array of activities, such as co-financing, market intelligence, and knowledge-sharing. Other forms of cooperation include staff exchange, joint field visits, joint advocacy and outreach activities (e.g., hosting workshops and symposiums). Participation in donor consultation meetings and roundtables also provide an opportunity to further strengthen dialogue and partnership amongst donors, governments, civil society and other stakeholders. During 1429H, IDB participated in the ongoing harmonisation of policies, procedures and practices amongst multilateral development banks, which is intended to improve aid effectiveness through reduced transactional costs and better coordination and delivery of donor assistance to developing countries (Box 3.5).

Co-financing provided an important collaboration mechanism at the operational level and helped to strengthen institutional cooperation. During 1429H, 21 operations in 18 countries were co-financed with other institutions. The total cost of these projects was $5,218 million, out of which IDB contributed $856 million (or 16 percent), while the contribution of other international financiers reached $2,151 million (or 41 percent) of the total cost. In terms of volume, co-financed operations represented 34 percent of the total amount approved for project financing and technical assistance operations in 1429H.

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Box 3.5
IDB and Partners Support for Regional Integration in Maghreb Region

Fostering cooperation amongst its member countries (and regional integration) is one of IDB main strategic objectives. In this context, IDB has been supporting the development of the "Maghreb Highway", a cornerstone of the Maghreb regional integration project, which aims to link Nouakchott in Mauritania to Tobrouk in Libya. In 1429H, IDB was invited by the government of Morocco to finance the Fes-Taza segment of the Fez-Oujda highway, which is part of the "Maghreb Highway". The 127 km-long Fes-Taza segment of the road costing a total of $764 million (EUR 493 million) is being jointly financed by IDB, the Arab Fund for Economic and Social Development (AFESD), the European Investment Bank (EIB) and the Kuwait Fund for Arab Economic Development (KFAED). IDB is contributing $157 million (EUR92 million), or 20 percent of the total financing for the construction of 18 km of Fes-Taza segment. The AFESD, EIB and KFAED are providing EUR79 million, EUR40 million and EUR180 million, respectively and the remaining balance being provided by Autoroute du Maroc (ADM), the executing agency. The project is scheduled for completion in 2010 and is expected to further strengthen the transport network in this region of Morocco and help facilitate the development of sectors, such as tourism for which there is a great demand. IDB aggregate financing in support of ADM's highway development programme, including this project, will reach $499 million covering six projects financed between 2000 and 2009.

Promoting Co-financing with the Coordination Group

As a member of the Coordination Group, the Bank maintains strong ties with this forum and its members. Since its inception 35 years ago, the Coordination Group remains a successful model of cooperation for development assistance, and possibly a precursor to the current harmonisation drive, which basically aims at replicating this model on a global scale. Based on a collegial approach with a strong focus on complementarity, the Coordination Group enables its members to better consolidate their efforts in order to increase the impact of their collective assistance to developing countries. This is usually achieved through coordinated country-level activities and the harmonisation of procedures.

Out of the 21 operations co-financed with development partners, nine were co-financed with members of the Coordination Group, who collectively financed around $540 million (or 26 percent) of the total cost of these projects, while IDB contributed a total amount of $510 million (or 24 percent) of the total cost of these projects (Box 3.6).

IDB provided $9.29 million to the power sector in Tajikistan to secure reliable supply to the Capital City Dushanbe.

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Box 3.6

11th Meeting of the Coordination Group

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 member countries of the Coordination Group are (in alphabetical order): Abu Dhabi Fund for Development, Arab Fund for Economic and Social Development, Arab Bank for Economic Development in Africa, Arab Gulf Programme for United Nations Development, Arab Monetary Fund, IDB, Kuwait Fund for Arab Economic Development, OPEC Fund for International Development, and Saudi Fund for Development.

The heads of funds and financial institutions of the Coordination Group in its 11th Meeting held on 23 April 2008 at IDB Headquarters, Jeddah. The meeting reviewed the level of coordination and integration among the Group member countries with regard to project and programme financing, as well as policies, procedures and exchange of expertise and information. It also re-affirmed the Group's determination to pursue more cooperation and coordination, including support for the private sector and trade transactions. The meeting expressed the member countries' satisfaction with the continuous increase in the development assistance provided by the Group, which has so far exceeded $80 billion for financing economic and social development projects and plans for the benefit of 135 developing countries in various parts of the world. The meeting also discussed the challenges posed by the steep rise in food prices around the world, and the role that the Coordination Group can play to address this deepening crisis. In this regard, the meeting emphasized the necessity for increasing the Group's support to Arab countries for developing water and agriculture sectors.

The heads of the member countries of the Group devoted particular attention to the IDB Special Programme for the Development of Africa prepared by the Bank in consultation with the countries concerned. The heads of the participating funds and institutions also expressed their satisfaction with the contributions made by the Group member countries individually and collectively as development aid to Palestine. They commended the proposals regarding the improved modes of financing based on past experience, as well as the exemplary response to the needs of the Palestinian people.

IDB provided financing of $18.9 million for Saraya-Kita Regional Road between Mali and Senegal.

STRENGTHENING ECONOMIC AND REGIONAL COOPERATION 4

In pursuance of one of its four strategic thrusts to promote economic cooperation among member countries, IDB continued its efforts in 1429H to strengthen its working relationship with the OIC and its affiliates, and leverage partnerships with multilateral and regional organizations. The partnerships with regional institutions focussed mainly on enhancing intra-trade and intra-investment as well as strengthening science and technology activities in member countries. In the wake of food and financial crises, during 1429H the Bank forged new partnership arrangements with other multilateral development banks and international organizations to support capacity development in areas of common interest.

PROMOTING ECONOMIC COOPERATION

Forging economic cooperation through promoting intra-trade and intra-investment has always been a major development thrust of IDB. To that end, besides its normal trade financing operations, IDB initiated a range of activities to promote intra-trade and intra-investment among its member countries in 1429H.

Improving Intra-Trade Performance

The year under review witnessed a significant improvement in intra-exports and intra-imports among member countries. At the same time, it also witnessed steady improvement in achieving the intra-OIC trade target of 20 percent.

Rising intra-exports and intra-imports

The volume of intra-exports among member countries increased from $67 billion in 2003 to $201 billion in 2007, registering an impressive average annual growth of 29.2 percent. The share of member countries' intra-exports to their total exports also increased from 13.7 percent in 2006 to 14.6 percent in 2007 (Annex 19). The aggregate intra-exports of 19 member countries amounted to $181.7 billion in 2007, which accounted for 90.6 percent of total intra-exports among member countries. In 21 member countries, intra-exports were more than $2 billion each in 2007. With regard to individual member countries, in 2007, the top-5 intra-exporters were Saudi Arabia ($35 billion), UAE ($23.7 billion), Turkey ($20.2 billion), Malaysia ($15.4 billion), and Indonesia ($13.1 billion) (Annex 20). Saudi Arabia's major commodity for intra-exports is fuel; it is machinery and equipment in the case of UAE and Malaysia, and manufactured goods for Turkey and Indonesia.

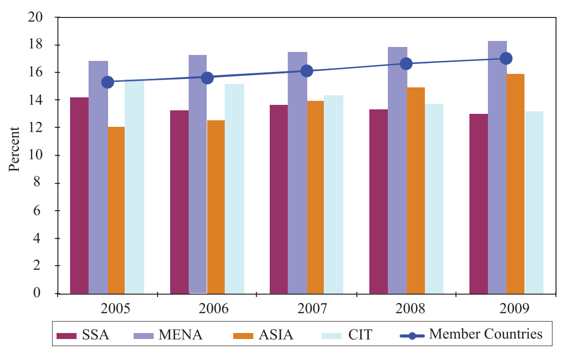
The level of intra-imports among member countries also increased from $75 billion in 2003 to $216 billion in 2007, representing a remarkable annual average growth of 29.1 percent. The share of intra-imports in total imports of member countries slightly declined from 18 percent in 2006 to 17.9 percent in 2007. The total volume of intra-imports of 25 countries was $196.4 billion, representing a share of about 91 percent of aggregate intra-imports among member countries in 2007. The top-5 intra-importers in 2007 were Turkey ($21.5 billion), UAE ($20.5 billion), Indonesia ($16.6 billion), Pakistan ($14.9 billion), and Iran ($14.5 billion). Fuel dominated the intra-imports, followed by manufactured goods, machinery and transport equipments, and chemicals.

Achieving the intra-trade target

The OIC Ten-Year Programme, adopted in Dhul Qada 1426H (December 2005), called on OIC member countries to expand the scope of intra-trade in order to achieve greater economic integration by raising its level to 20 percent of the overall trade volume by 2015. According to IDB estimates, 34 out of 56 member countries are expected to achieve the intra-trade (defined as intra-exports plus intra-imports as percent of total imports and exports) target by 2015, while 22 member countries are unlikely to achieve that target.

Although, the intra-trade performance of member countries (as a group) improved overtime, yet it is still far from the intra-trade target. Intra-trade steadily increased from 13.5 percent in 2003 to 16.1 percent in 2007. According to IDB estimates, intra-trade among member countries is projected to increase from 16.6 percent in 2008 to 17 percent in 2009 (Chart 4.1).

Chart 4.1
Intra-Trade Performance of IDB Member Countries by Regions



With regard to various regions of member countries, Middle East and North Africa (MENA) had the highest intra-trade of 17.5 percent in 2007, followed by Countries in Transition (CIT) 14.3 percent, Asia 13.9 percent, and Sub-Saharan Africa (SSA) 13.6 percent. Intra-trade of MENA is projected to increase from 17.8 percent in 2008 to 18.2 percent in 2009 and Asia from 14.9 percent to 15.8 percent, while it is projected to decline from 13.3 percent to 13 percent in the case of SSA and from 13.7 percent to 13.1 percent in the case of CIT during the same period. On the other hand, MENA is projected to reach the target of intra-trade, while other regions are projected to remain off-track from the target.

Efforts in Promoting Foreign Trade

In 1429H, the IDB Group initiated various efforts aimed at helping member countries achieve intra-OIC target, as well as enhancing their overall foreign trade through increasing trade financing operations and other activities related to trade facilitation and market access.

Enhancing trade financing and facilitation

From the beginning of 1429H, all trade financing operations have been taken over by the new entity, called International Trade Finance Corporation (ITFC)[1]. During 1429H, the IDB Group total trade financing operations approved mainly by ITFC amounted to ID1,654.3 million ($2,631.5 million). The share of financing petroleum products was 61.5 percent and other trade financing 38.5 percent of the total approvals in 1429H.

Besides trade financing operations, the IDB Group -- through ITFC -- also initiated various activities aimed at facilitating greater economic cooperation through promoting intra-trade, as well as exports of member countries. During 1429H, ITFC developed four programmes to achieve these objectives. They are: Trade Promotion; Trade Facilitation; Capacity Building; and Development of Strategic Products. During the year, under these programmes, 23 trade-related activities were supported and 36 member countries received financial and operational support from ITFC.

To enhance intra-OIC trade, IDB established a Task Force in July 2007, which held an Expert Group Meeting in Ankara, Turkey, on 5-6 July 2008. The meeting was organized in collaboration with the OIC Standing Committee for Economic and Commercial Cooperation (COMCEC), Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC), and the Union of Chambers of Commerce of Turkey (TOBB). The Meeting made concrete and specific recommendations in the form of a road-map that aimed at enhancing intra-OIC trade target. The recommendations were presented in the 24th COMCEC Ministerial Meeting held in Ankara, Turkey (Box 4.1).

Mitigating adverse impact of global financial and economic crisis on trade

As described in Chapter 1, market access for member countries' exports is being squeezed due to slowdown in economic growth in developed and developing countries. Although, the global financial and economic crisis is projected to have adverse impact on exports of member countries in 2009, they are also likely to create an opportunity for them to enhance their intra-trade through provision of greater access to their markets, and reducing tariff and non-tariff trade barriers.

[1]For more detail, see ITFC Annual Report 1429H, www.isdb.org.

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Box 4.1
Expert Group Meeting on Enhancing Intra-OIC Trade

ITFC organized Expert Group Meeting on 5-6 July 2008 in Ankara, Turkey to explore more concrete and effective ways and means for enhancing intra-OIC trade. It was jointly organized with the TOBB, SESRIC and the COMCEC.

The participants agreed on a set of recommended actions to be taken with respect to enhancing intra-trade. The actions include the development of new mechanism to increase financing for SMEs in the member countries, particularly in the least-developed member countries; enhancing ITFC field presence and introducing new trade finance products. With regard to trade facilitation, the participants recommended to expedite the ratification of Protocol on the Preferential Tariff Scheme for trade preference system among OIC member countries; conduct annual meetings on specific infrastructure issues, which have direct impacts on trade facilitation; enhance partnership with trade promotion organisations in member countries and conduct annual meetings for them; ease visa processes for businessmen of member countries; and assure mutual recognition for certification and testing bodies in the member countries.

With respect to the areas of trade promotion, capacity building and development of strategic commodities, participants recommended to organise more training programmes and seminars on best practices in trade related areas and cost-sharing schemes for marketing; strengthen brand awareness and promote products made in member countries; encourage member countries to utilise the existing platform within the OIC organs and trade fairs; create funds for investment in agriculture and other strategic commodities; expedite the implementation of the OIC Action Plan for Cotton Sector Development; and develop new action plans for other strategic commodities.

The issue of "Global Financial Crisis and Its Impact on the OIC Member Countries" was also discussed in the COMCEC Ministerial Meeting. It emphasized to diversify export structures of OIC member states and promote intra-trade with a view to mitigating negative impacts of the global financial crisis, which has dampened global demand for products. Member countries were called upon to coordinate their policies to mitigate the negative impact by streamlining policy coordination among the central banks, ministries of finance, and banking regulatory bodies. IDB and SESRIC were entrusted to continue to monitor the global financial crisis and coordinate with the relevant international organisations such as the World Bank, IMF and United Nations Conference on Trade and Development with a view to suggesting appropriate policy recommendations for the benefit of member countries.

Maintaining WTO-related Technical Assistance Programme

More than 14 years have passed since the establishment of the WTO, but a number of IDB member countries have not yet been able to fully integrate their economies into the multilateral trading system and to meaningfully benefit from it because of limited human and institutional capacity. With a view to helping member countries to overcome that deficiency and simultaneously prepare them to cope with the challenges of the multilateral trading system, the IDB Group launched a special

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Technical Assistance Programme (WTO-TAP). It is geared to enhance member countries' human and institutional capacity on WTO- related matters.

During 1429H, two short Trade Policy Courses were organized, which offered basic training to government officials from 42 member countries on the WTO trade regime, its agreements and other related issues including the latest developments in the Doha Work Programme. During the course of the year, a number of Expert Group Meetings were held on Intellectual Property Rights, Development Aspects of Doha Round of the Multilateral Trading System, and the Impact of Economic Partnership Agreements. The purpose of these meetings was to brainstorm on the various dimensions of the Doha Work Programme to relevant officials from OIC member countries. A number of workshops on the modalities of agricultural and non-agricultural market access negotiations were also organized during 1429H. During these courses and workshops, participants were able to further enhance their analytical and negotiating abilities, as well as develop a better understanding of the impact of these negotiations on the OIC member countries.

New Initiatives in the Area of Intra-Investment

Foreign direct investment (FDI) is an important vehicle for forging economic and regional cooperation. It helps in achieving sustainable economic growth and long-term socio-economic development through creating jobs, increasing productivity, attracting new technology, and expanding capacity in FDI-recipient countries. Keeping in view the key role played by FDI, IDB launched in 1429H, various initiatives aimed at supporting and attracting FDI, and to increase intra-investment among member countries.

Promoting foreign direct investment

FDI have been the largest source of foreign capital flows in member countries. They received $141.3 billion in 2007, compared to $84.9 billion in 2005. Given the fluctuations in global FDI flows as well as their concentration in a few developing countries, there is a need to strengthen the framework for enhancing intra-investment flows amongst member countries.

Foreign direct investment had supported the remarkable economic growth achieved by member countries during the last decade, particularly the LDMCs. However, the prevailing global credit crunch is likely to lower FDI flows to member countries, particularly to LDMCs.

Activities to promote intra-investment

The Bank -- through its financing operations and other related activities -- continued to lay special emphasis on promoting intra-investment amongst member countries. In this regard, IDB extends credit lines to development financing institutions and Islamic banks. In this connection, entities in the IDB Group, mainly ICD and ICIEC, are expanding financing by providing credit lines to the financial intermediaries for intra-investment activities and protection of investments through the provision of related insurance facilities. All these activities are geared to promote intra-investment with substantial contribution by the private sector.

As part of its efforts to strengthen economic and regional cooperation through intra-investment promotion among member countries, the IDB Group established Investment Promotion Technical Assistance Programme (ITAP) in 1426H with the objective of developing member countries' capacity to attract foreign direct investment and support their efforts to improve investment and business climate. ITAP is a joint initiative involving funding contributions from IDB, ICD and ICIEC. The Programme assists member countries, particularly LDMCs, to identify and promote promising investment opportunities attractive to both local and foreign investors. It is implemented in close collaboration with reputed international agencies in the field of investment promotion such as the World Bank, UNCTAD, UNIDO, and OECD.

During 1429H, ITAP allocated a budget of $1.5 million to provide technical assistance to Sudan, Uganda, Mauritania, Chad, Djibouti, Syria, and Afghanistan. During the year, ITAP initiated to establish OIC Intra-investment database under the IDB Group Statistical Capacity Building Programme (IDB-STATCAP). Among other activities, ITAP prepared an Investment Climate Review for Albania; signed a memorandum of understanding for capacity building and investment promotion with the Syrian Investment Authority; and commenced its activities in partnership with the Uganda Investment Authority for preliminary assessment of investment climate and sector analysis study.

During the year, ITAP also organized a number of events for the promotion of investment in member countries. It organized a private sector workshop entitled "Centers of Excellence"; Joint ITAP-UNCTAD Expert Group Meeting on "Intra-Investment Database of OIC Member Countries"; a workshop on "Promoting IDB Member Countries as Destination for Foreign Direct Investment"; and SESRIC-ITAP joint Expert Group Meeting on "Improving the Investment Climate in OIC Member Countries" (Box 4.2).

ENHANCING REGIONAL COOPERATION

In order to promote intra-trade and intra-investment, IDB has maintained close working relations with OIC, COMCEC, OIC Standing Committee for Scientific and Technological Cooperation (COMSTECH) and other OIC-affiliated institutions. In addition, IDB Group has also played an effective and dynamic role in providing appropriate forums for exchanging views on issues of common interests, which are also reflected in different programmes and activities undertaken during 1429H.

Strengthening Cooperation on Economic and Commercial Matters

As a specialized institution of the OIC, IDB has always maintained strong ties and pursued effective cooperation

Box 4. 2
ITAP-SESRIC Expert Group Meeting on Improving Investment Climate in OIC Member Countries

ITAP organized an Expert Group Meeting on "Improving Investment Climate in OIC Member Countries" on 22-23 July 2008, in Jeddah, Saudi Arabia, in collaboration with the Statistical, Economic, and Social Research and Training Centre for Islamic Countries (SESRIC). Representatives of OIC subsidiary organs, specialized and affiliated institutions, and African business community participated in the meeting. Representatives from OIC member countries (Tunisia, Nigeria, Senegal, Turkey, Djibouti and Egypt) also attended the meeting, which was concluded with a number of recommendations, recognizing the complexity of challenges facing the member countries in terms of improving investment climate in order to attract foreign investment, as well as to promote intra-investment among OIC member countries.

The participants supported the concerned OIC organs to enhance their efforts to establish an OIC Portal on investment opportunities within member countries. Relevant OIC institutions need to facilitate sharing of best practice models, such as industrial zones and techno parks covering physical and human infrastructure. OIC member countries were encouraged to utilize export credit insurance and foreign investment insurance that is provided by agencies, such as ICIEC in order to leverage finance. More member countries were encouraged to apply for ICIEC membership. They were also encouraged to develop/enhance their legal and regulatory framework for Islamic financing mechanisms that are necessary to attract investment, for which IDB was recommended to provide technical assistance to member countries.

It was recommended that concerted efforts to be made within OIC member countries to raise the level of education of their national work forces. National curricula must be developed in the area of business management to encourage entrepreneurship in member countries. A Public-Private Partnership scheme needs to be adopted under these initiatives. The participants recommended to setting up intra-OIC investment targets with time schedule similar to that adopted for intra-OIC trade. Member countries were urged to use international indicators and benchmarks for "Doing Business" developed by the World Bank. Targets need to be set for each area of investment climate reform so that efforts can be directed towards achieving those targets. Training programmes for member countries should also be developed on business climate improvement.

Exit

with the General Secretariat of the OIC and its affiliates. The Bank has been at the forefront of implementing the agenda related to the socio-economic development of the OIC member countries approved by Islamic Summits and Ministerial Conferences. In particular, IDB has attached great importance and devoted significant resources towards the implementation of the "Development and Socio-economic" agenda of the OIC Ten-Year Programme of Action. With regard to OIC affiliates, IDB maintains close cooperation with SESRIC; COMCEC; Islamic Committee for Economic, Cultural and Social Affairs; Islamic Centre for Development of Trade; Islamic Chamber of Commerce and Industry; and Islamic University of Technology. The cooperation between IDB and these institutions includes provision of financing and technical assistance for projects and undertaking joint studies, collaboration in research and training activities, and participation in task forces, joint technical groups, and various other related events.

IDB participated in the OIC-UN Coordination Meeting, which was held on 8-10 July 2008 in Geneva. The Meeting discussed issues related to strengthening cooperation between the United Nations, its Funds and Programmes and the specialized agencies; and the OIC and its affiliates including IDB. The Meeting highlighted the progress that has been made between the two organizations, their respective agencies and institutions in the priority areas of cooperation including economic and commercial; education and illiteracy eradication; environment, population and health; science and technology; food security and agriculture; rural development and microfinance; vocational training; technical cooperation; assistance to refugees; development of arts and crafts; and promotion of heritage.

The Bank participated in the 11th OIC Islamic Summit, held on 13-14 March 2008 in Dakar, Senegal. The Summit adopted a number of resolutions related to economic, political, cultural, social, higher education, science and technology, health and environment, and the areas concerning the implementation of the OIC Ten-Year Programme of Action.

As a manifestation of its long-standing cooperation with the COMCEC, IDB has been regularly participating

IDB organized Trade Policy Course for Arab Countries in collaboration with WTO on 11-29 October 2008 in Muscat, Oman.

in Annual Ministerial Sessions and Meetings of the COMCEC. During 1429H, IDB participated in the 24th Session of COMCEC held on 20-24 October 2008 in Istanbul, Turkey, in which a number of economic issues related to OIC countries were reviewed. The Session also adopted a number of resolutions aimed at mitigating the impact of global financial crisis on the economies of OIC member states. Several new activities emerged from the resolutions of the 24th Session including organizing expert-level meetings on financial crisis and conducting joint studies with other OIC institutions. The implementation of the OIC Ten-Year Programme of Action and the Plan of Action to strengthen economic and commercial cooperation among the member states and the "Action Plan for OIC Cotton Producing Countries Cooperation Development Strategy (2007-2011)" were also reviewed in the meeting.

Supporting Development of Science and Technology

IDB has launched a number of initiatives in partnership with COMSTECH to support the development of Science and Technology (S&T) in OIC member countries.

Early harvest projects

A common framework for integration and coordination of policy and strategy of S&T for development among OIC institutions and member countries has been formulated in partnership with Islamic Chamber of Commerce and Industry, OIC, COMSTECH, and the Ministry of Science, Technology,

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and Innovation, Malaysia. The programme, known as Early Harvest Projects (EHPs), identifies S&T projects to be implemented with major financing from the private sector. The programme explores potential for S&T solutions of a member country through commercialization among member countries. As a collective facilitator, the EHPs promote and facilitate partnership among agencies of member countries; facilitate market access and fund-raising options for the roll-out of the projects.

During 1429H, under the EHPs scheme, four mega projects were developed aiming at joint industrial development and production of affordable cars, aircrafts, communication satellites, and biopharmaceuticals. The 11th OIC Summit, held in March 2008, adopted a resolution endorsing the EHPs and the mega projects and called upon member states to extend full support to these projects.

Besides hosting the two high-level consultations, IDB co-organized and provided funds for expertise and technical meetings, as well as financed the stakeholders seminars on selected EHPs titled Haj Mobilization (collaborative research between Saudi Arabia and Malaysia) and Non-Destructive Testing (technology transfer from Malaysia to Sudan). It also approved a grant contribution of $300,000 to the $553,400 cost of the feasibility study of the mega project on cars conducted by Foras Company in Malaysia.

Annual Inter-Islamic Networks Workshop Programme

An Annual Inter-Islamic Networks Workshop Programme was launched in 1419H. The Programme has completed 11 cycles of implementation through OIC Science & Technology Networks established by the COMSTECH for water resources; renewable energy sources; space sciences and technology; oceanography; genetic engineering and biotechnology; tropical medicine; biosaline agriculture; information and communication technology; and agricultural sector. During the 13th COMSTECH General Assembly held in Islamabad in April 2008, two new networks on Nano-technology and Techno-parks have been adopted for formal establishment in OIC member countries.

Expediting Ratification of Multilateral Agreements among OIC Member Countries

For promoting economic, commercial and technical cooperation among its member countries, the OIC has adopted a number of multilateral agreements and statutes. Some of these have become effective upon completion of the legal requirements, while others are still pending due to non-completion of the necessary legislative procedures by the member countries. The progress on ratification of these agreements remained slow during 1429H (Table 4.1).

However, there were improvements in three multilateral agreements in terms of signing and ratifying by member countries. The agreement on "Trade Preferential System (TPS-OIC) Rules of Origin" was signed by additional four member countries and ratified by two more during 1429H. The "Protocol on the Preferential Tariff Scheme for TPS-OIC (PRETAS)" was signed and ratified by additional four member countries. The "Statute of the Islamic Civil Aviation Council" was ratified by only one additional member country.

There was, however, no improvement in terms of signing and ratification by member countries for other multilateral agreements in 1429H. They are "Statute of the Standards and Metrology Institute for the Islamic Countries"; "Framework Agreement on Trade Preferential System"; "Statute of the Islamic States Telecommunications Union"; "Agreement on Promotion, Protection and Guarantee of Investments"; and "General Agreement on Economic, Technical and Commercial Cooperation".

Therefore, OIC continues to urge its member countries to sign and ratify the agreements after fulfilling the necessary legal requirements so that they become effective within minimum possible time.

LEVERAGING DEVELOPMENT PARTNERSHIPS

Historically, IDB has strengthened its working relationships with national development financing institutions, and regional and international organizations. Forging strategic partnerships and alliances with development partners has remained a priority area of

Table 4.1
Agreements and Statutes on Economic, Commercial and Technical Cooperation among OIC Member States

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

Source: OIC Secretariat, Department of Economics, Jeddah, Saudi Arabia (1st November 2008).

the Bank. Economic and commercial cooperation with these institutions covered a wide range of activities during 1429H.

Cooperation with National Development Financing Institutions

IDB cooperates with National Development Financing Institutions (NDFIs) mainly through extending lines of financing. As of end-1429H, the Bank has extended total lines of financing to 40 NDFIs in 15 member countries involving a total approval of $501.6 million, out of which $15 million was approved in 1429H. Through lines of financing, the Bank is reaching out to small and medium enterprises (SMEs) to support their investment plans and expand markets. This is done in recognition of SMEs' capability in creating employment and income opportunities in member countries.

In order to strengthen the banking and managerial skills of NDFIs, IDB has also been sponsoring various capacity building initiatives undertaken by the Istanbul-based Association of National Development Financing Institutions in member countries (ADFIMI), which is represented by 48 NDFIs from 20 OIC member countries. The ADFIMI provides a forum for exchanging new ideas and experiences to enhance the contribution of SMEs to economic growth, income generation and human resource development. Each year, on the occasion of the Annual Meeting of the IDB Board of Governors, IDB and ADFIMI jointly sponsor seminars and hold bilateral meetings aimed at exchanging information and putting in place operational modalities from the lessons learned. On the occasion of IDB Annual Meeting held in Jeddah on 2-3 June 2008, a seminar was held to discuss the ways and means to involve NDFIs in microfinance programmes that are Shariah-compatible.

Cooperation with Regional and International Organizations

During 1429H, IDB continued to participate in regional and international initiatives such as the Common Performance Assessment System (COMPAS); the MDG Africa Steering Group; the UN Department of Economic and Social Affairs; Development Cooperation Forum; and the World Islamic Economic Forum (WIEF).

IDB intensified its co-financing and partnering arrangements with a view to furthering its leveraging capacity. It strengthened working relationships with the World Bank, African Development Bank, Asian Development Bank, UN Food and Agriculture Organization (FAO), World Health Organization, and International Fund for Agricultural Development (IFAD), and others. IDB also participated in the "Consultation Meeting on the Coordinated Long-term MDB Support to the Current Food Crisis in Africa" in Tunis in June 2008. Similar consultations were also held with FAO, IFAD and the Millennium Village Initiative, which is being implemented in Africa by the Millennium Promise and United Nations Development Programme.

Enhancing cooperation with the World Bank

So far, IDB and World Bank have co-financed over 60 projects in 26 countries in Africa, Asia, and the Middle East worth $3.2 billion. Recent joint activities included a power project in Yemen, education project in Iraq, and Queen Alia Airport expansion project in Jordan. A high-level World Bank delegation led by its President visited the IDB headquarters on 1st May 2008 to review bilateral cooperation between the two institutions in areas such as food security, aid to Africa, water challenges, and climate change. The two institutions discussed the Arab World Initiative, a new strategy aimed at re-invigorating World Bank's engagement in the Arab region. Further, IDB and the World Bank have provided support for the establishment of the Arab Water Academy, which was launched on 15 August 2008 in Abu Dhabi. The Academy is under the umbrella of the Arab Water Council.

Mr. Robert B. Zoellick, President of the World Bank, visited the IDB Headquarters, 1st May 2008.

Mr. Haruhiko Kuroda, President of the Asian Development Bank visited the IDB Headquarters, 23rd November 2008.

Strengthening cooperation with the Asian Development Bank

The President of the ADB visited the IDB headquarters in Jeddah on 23 November 2008 and discussed ways and means to lessen the impact of the global financial crisis and rising food prices on their 13 common member countries[2]. Both institutions reaffirmed their commitment to enhancing development efforts as per the Paris Declaration and the Accra High-Level Forum on Aid Effectiveness. They also called for stronger institutional and operational cooperation in line with the framework of the co-financing agreement signed between them in Ramadan 1429H (September 2008). This agreement calls on both institutions to provide up to $2 billion each over a three-year period. The co-financing will mainly target infrastructure, public utilities and the urban sector. Some funds will also go into education and health. Recent joint activities by the two institutions included a proposed $250 million Asia Infrastructure Fund aimed at promoting private sector participation in infrastructure projects in common member countries.

Enhancing cooperation with regional organizations

IDB works closely with regional organizations, especially those with common membership to enhance economic cooperation and regional integration. It also supports initiative to facilitate cooperation between two or more regional groupings of its member countries from Asia and Africa.

The Bank has signed MoUs with several regional organizations including the Arab Maghreb Union, the

[2]IDB and ADB common member countries are Afghanistan, Azerbaijan, Bangladesh, Brunei, Indonesia, Kazakhstan, Kyrgyz Republic, Malaysia, Maldives, Pakistan, Tajikistan, Turkmenistan and Uzbekistan.

Dr. Surin Pitsuwan, Secretary General, ASEAN, visited the IDB Headquarters, 13 September 2008.

Economic Cooperation Organization (ECO), the GCC, and the Economic Community of West African States. Under these MoUs, IDB extends technical assistance for promoting economic and social development in its member countries. Besides financing different events, training courses, seminars and workshops of these regional organizations, IDB has also financed TA operations.

In 1429H, IDB approved technical assistance to implement the Transit Transport Framework in the ECO region. Total assistance provided till the end of 1429H to the ECO amounted to $1.6 million.

In addition, IDB, in collaboration with the FAO and ECO, will provide technical assistance for 10 projects in area of food security. In this respect, technical assistance amounting to $0.3 million was approved for Turkey in 1429H, while TA for Afghanistan and Pakistan will be processed in 1430H. The Bank extended TA to the GCC Secretariat to strengthen its institutional role in promoting regional integration. So far, IDB has financed nine TA operations amounting to ID1.6 million ($2.3 million) for studies in areas, such as establishment of railway network, gas distribution network, information and communications technology infrastructure, promotion of private sector, genetic and biodiversity, fisheries, and globalization.

The Bank has also strengthened relationship with several other regional organizations. They include African Economic and Monetary Union, the Common Market for Eastern and the South Africa and the Association of South East Asian Nations (ASEAN). IDB and ASEAN signed an MoU at the IDB headquarters on 13 September 2008 during the visit of its Secretary General. The MoU outlines the framework of partnership between the two institutions towards promotion of economic and social development, and alleviation of poverty in their common constituencies. Areas of cooperation include capacity building in health, education, Halal food supply and agriculture, as well as investment promotion and economic cooperation.

Knowledge Sharing with Multilateral Development Banks

During 1429H, the IDB Group initiated Economic Lecture Series under which distinguished experts and scholars were invited to the IDB headquarters to share their knowledge and perspectives on current economic issues, global developments, challenges and prospects. The Series is designed to broaden the understanding of the IDB staff so that they are well positioned to grasp the latest developments on key economic issues, challenges and prospects.

IDB organized three lectures during 1429H. The first lecture on "The Challenge of Sustained Growth in Asia" was delivered by Ifzal Ali, the then Chief Economist, Asian Development Bank. The lecture addressed issues such as developing Asia's short-term outlook and risks, and their likely impacts, and the emerging challenges and global uncertainties. The second lecture on "Middle East and North Africa: Recent Economic Developments and Prospects" was delivered by Mustapha K. Nabli, Senior Advisor, (Former Chief Economist, MENA Region), World Bank. Main issues addressed in the lecture were recent economic developments and performance; progress on structural reforms; developments in labour markets; and recent international turbulence and prospects in the MENA region. The third lecture was on "Outlook for Sustained Economic Growth in Africa: The Case of IDB African Member Countries". It was delivered by Louis Austin Kasekende, Chief Economist, African Development Bank. The focus of the lecture was on outlook for sustained growth in IDB member countries in Africa; potential risks to sustained growth; major long-term challenges; and additional steps that need to be taken to keep Africa on an upward growth trajectory.

SUPPORTING ISLAMIC FINANCIAL SERVICES INDUSTRY 5

The IDB 1440H Vision identified development of Islamic Financial Services Industry as a key strategic thrust, aimed at enhancing its socio-economic developmental impact in member countries. Given its inherent features, the Islamic finance has the potential to concurrently achieve sustainable economic development and equitable social progress, supported by the sound and stable financial institutions and markets. Although Islamic banks and financial institutions remained largely insulated from the first-order impact of financial meltdown, a major downside risk to their growth and profitability prospects still persists. This is largely because of the global economic recession during 2009 that will inevitability heighten risks and slowdown credit off-take by businesses across the member countries. During 1429H, IDB continued its efforts in promoting Islamic finance through leveraging Islamic finance for socio-economic development; enhancing resource mobilization and operations financing; and building knowledge in Islamic finance.

DEVELOPMENTS IN ISLAMIC FINANCIAL SERVICES INDUSTRY

During the last decade, the Islamic financial services industry had grown rapidly with annual growth of between 10 percent and 20 percent, while the number of Islamic financial institutions reached 300 in over 75 countries in 2008. The scope of Islamic finance business had also expanded to more sophisticated Shariah-compliant financial products. Clearly, the global financial meltdown has created challenges as well as opportunities for the industry.

Recent Trends in Shariah-compliant Assets

Shariah-compliant assets[1] worldwide are estimated to have reached $800 billion by the end of 2007, a phenomenal growth in just seven years from $140 billion in 2000. Shariah-compliant assets are projected to reach $1 trillion by 2010 and are expected to reach $4 trillion by 2015. By the end of 2007, share of these assets worldwide in various segments of the industry led by banks and financial institutions reached 78.6 percent, followed by Sukuk (13.9 percent), mutual funds (4.3 percent), equity funds (2.9 percent), and Takaful (0.4 percent).

[1]Data reported in this section has been obtained from 'Islamic Finance: Opportunities and Challenges', published by Gulf One Investment Bank Research Bulletin, Vol. 1, No. 12, December 2008; McKinsey and Co. Report, December 2007; and 'Top-500 Islamic Financial Institutions', Supplement published by The Banker Magazine, November 2008.

As a dominant segment within the industry, the estimated assets of top-500 Islamic banks and financial institutions in 47 countries worldwide grew by 27.6 percent from $500.5 billion in 2007 to $639.1 billion in November 2008. For the same period, the assets of the Islamic banks in the GCC region grew by 47.5 percent to reach $262.7 billion, while growth in the Asia region was 32.3 percent to reach $67.1 billion.

Islamic banks and financial institutions have remained largely insulated from the first-order impact of the global financial crisis. This is mainly because of their insulation from 'toxic' US financial assets; Shariah-compliant injunction against trading in debt instruments; and prohibition of speculative activities. However, a major downside risk to growth and profitability prospects of Islamic banks arises from the global economic recession during 2009 that will inevitably heighten risk and slowdown credit off-take by businesses across the developing countries.

The global exposure of Islamic financial industry to financial services and real estate sector is estimated at over 40 percent. In the current global economic environment, such a high level of sectoral concentration will naturally affect the growth prospects of non-bank segments of the Islamic financial industry. For instance, total issuance of Sukuk stood at around $14.6 billion in 2008, less than half of the nearly $33 billion recorded in 2007. The sharp decline in Sukuk issuance was witnessed in the fourth quarter of 2008. A part of the explanation is related to the ruling by the Accounting and Auditing Organization for Islamic Financial Institutions on the Shariah-compliance of some Sukuk structures in January 2008, as well as by factors related to global financial crisis such as drying up of liquidity and widening of credit spreads even for prime borrowers since September 2008.

Islamic Finance Perspectives on Reform of the International Financial Architecture

The global financial crisis in 2008 emanated from four core fault-lines in the US financial system, which created 'excessive' leverage model of financial intermediation. First, derivative structures allowed for slicing of risks and then sold (and re-sold) to other investors. With the benefit of hindsight, it is clear that the explosive investments in such structures did not follow the norms of market discipline as, instead of risks being diversified, the derivative structures obscured the risks to multiple layers of investors. Second, the system incentivized creation of 'speculative' bubbles or an unsustainable rise in asset prices. This outcome was possible because of aggressive lending and an unrealistic expectation concerning sustained rise in asset prices. Third, the astronomical expansion in the size of the derivatives market, particularly credit default swaps, lowered the incentives for 'due diligence', engendered a 'false' sense of security, and created inter-linkages and systemic vulnerabilities. And, fourth, global financial institutions grew to 'too big to fail' size, leading to moral hazard behaviour and imprudent lending practices.

The above four fault-lines led to 'excessive' growth in volume of credit and an incentive to maximize profits by investing borrowed funds, which raised the leverage ratio of financial institutions. Given the complexity of the global financial and economic crisis, a unified and holistic approach needs to be adopted to reform the international financial architecture. In this endeavour, it is vital that the new architecture is built, run, owned, and protected by all stakeholders at the global level for its systemic stability. The fundamental lessons learned from the financial crisis are to forge explicit and consistent linkage between growth in international finance and in the real sector, and to engender market-based discipline by promoting financial engineering in which intermediaries obtain returns and share in risk-taking with their borrowers.

Despite its resilience to the first-order impact of the global financial crisis, the Islamic financial industry is likely to be vulnerable to its secondary impact and from the fallout of the global economic recession. In the near-term, resource mobilization through Sukuk issuance will remain subdued. Scaling up of regulatory capacity of authorities and the need to balance it with avoiding regulatory 'overburden' on institutions in the financial sector will be a major challenge to address in the medium-term. Yet in some member countries, Islamic financial institutions, which are classified as non-bank institutions, will need to be brought under effective supervision by central banks.

IDB Group Response to Global Financial Crisis

Soon after the outbreak of global financial crisis in September 2008, the IDB Group responded through various initiatives and activities, such as holding of forums by inviting leaders and experts from the Islamic financial industry; establishing Islamic Finance Joint Working Group with the World Bank; and operationalising activities under the Technical Assistance Sub-Account with the IMF.

Holding IDB Forum

Soon after the global financial meltdown, the IDB Group invited leaders, scholars and experts from the Islamic financial industry for a Forum on 'Global Financial Crisis and its Impact on the Islamic Financial Industry'. It was held at IDB Headquarters on 25 Shawwal 1429H (25 October 2008) (Box 5.1).

Following the recommendations of the Forum, IDB, after consultations with key stakeholders, established a Task Force on Islamic Finance and Global Financial Stability, chaired by Governor, Bank Negara Malaysia. The Task Force, established three thematic teams to prepare analytical papers in the following areas:

- The concept of Islamic finance and how its universal ethical foundations can contribute to global economic stability and welfare.

Box 5.1

IDB Forum on Global Financial Crisis and its Impact on Islamic Financial Industry

Leaders, scholars and professionals of the Islamic financial services industry met on 25 October 2008, in Jeddah, Saudi Arabia to discuss the escalating effects of the financial crisis and the role of the Islamic financial industry. During the one-day forum, participants conducted brainstorming sessions and discussed the impact of the global financial meltdown and emerging challenges and opportunities for the Islamic financial services industry and worked out joint strategies and relevant initiatives needed for implementation.

Experts in the Forum emphasized the importance of synergetic interlinking of the financial sector and the real sector, which is a distinctive feature of the Islamic financial system. They suggested devising financial products and instruments that strengthen the links between the two industries in order to promote economic growth and stability. They also called on IDB, central banks and stakeholders to enhance the institutional and regulatory infrastructure of the Islamic financial industry consistent with the principles and values that govern its activities. The participants suggested the establishment of major investment institutions that would promote the proper model of Islamic finance and investment, and add value to economic activity. They also recommended that IDB should play a leading role on this score.

Participants suggested to form a task force composed of experts in order to monitor developments and repercussions pertaining to the crisis, particularly on Muslim communities and the Islamic financial industry; prepare working papers designed to boost efforts by stakeholders to address the crisis and deliver such papers to delegates attending gatherings dealing with the crisis at the national, regional and international levels; explore and identify opportunities raised by the crisis and draw lessons in order to preempt the eruption of such crises in the future; and assist socially-responsible microfinance institutions and non-profit sector, especially the institutions of Zakat and Waqf, in combating poverty and alleviating the adverse effects of economic downturns. They also stressed that all activities of Islamic financial institutions have to be compliant with rules and objectives of Shariah; and adopt a uniform Shariah reference for the Islamic financial industry, first at the national level, and then at a global level.

- The architecture of Islamic financial services industry with a view to explaining its potential contribution to reforming the global financial architecture and strengthening global financial stability.
- Stocktaking of the resilience and stability of Islamic financial services industry with a view to promoting its future competitiveness, sustainability and its role in enhancing global financial stability.

The Task Force will also address the resource mobilization and risk management implications of the crisis for the industry. It will also present Islamic finance perspectives on reforming international financial architecture and promoting global financial stability at various international forums.

Establishing Islamic Finance Joint Working Group with the World Bank

Following the World Bank president's visit to IDB Headquarters on 1st May 2008, both institutions agreed to establish an Islamic Finance Joint Working Group. The first meeting of the Group was held at IDB Headquarters on 24-25 January 2009, which prepared a work programme in three thematic areas: gap study in terms of developing industry template in the joint World Bank-IMF Financial Sector Assessment Programme (FSAP); corporate governance module for Islamic financial institutions; and a set of activities related to Shariah-compliant financing of SME sector and resource mobilization through local currency Sukuks.

The Action Plan adopted by the G20 Summit, which was held on 15 November 2008 in Washington, committed the signatory countries to voluntarily undertake FSAP. In the context of the global financial and economic crisis, the resilience of domestic financial sector to major economic and financial shocks has gained added importance. So far, 18 member countries have participated in the FSAP process. In order to further strengthen the resilience of Islamic financial institutions to shocks through stress testing, it is imperative to develop a template for the industry in the FSAP framework. The gap study by the Joint Working Group along with the IMF will identify areas of common benchmarks and propose additional corporate governance and financial indicators to capture the specificities of the Islamic finance.

Operationalising activities under the Technical Assistance Sub-Account with the IMF

IDB established $0.6 million Technical Assistance Sub-Account with the IMF in April 2007. It supports authorities in member countries in the areas of banking regulation, supervision, operations; monetary policy and central banking operations; development of government securities and other financial markets; payment systems; insurance; and anti-money laundering measures. Modalities for implementing Sub-Account activities cover support to organization of technical workshops; training activities; seminars; and working groups with international organizations. During 1429H, capacity development assistance was provided to authorities in the Kyrgyz Republic, which aimed at strengthening its Islamic banking regulatory framework.

LEVERAGING ISLAMIC FINANCE FOR SOCIO-ECONOMIC DEVELOPMENT

During 1429H, IDB continued to leverage partnerships with Islamic financial industry to support capacity development and alignment, and innovative Shariah-compliant financing. The Bank launched Islamic Financial Sector Technical Support Programme and established a number of Quick Win Programmes aimed at mainstreaming the basic tenets of Islamic finance in the promotion of socio-economic development in member countries in the year under review. Clearly, the global economic recession is affecting the poorest segment of the society in developing countries, including member countries. Going forward, implementation of pro-poor initiatives by the Bank will require supportive public policies in member countries in order to encourage the Islamic financial institutions to get involved in their socio-economic development.

Launching of the Islamic Financial Sector Technical Support Programme (IFS-TSP)

During 1429H, the Bank launched Islamic Financial Sector Technical Support Programme (IFS-TSP) with the objective of assisting member countries in promoting and supporting the expansion of the industry through a comprehensive package of capacity development services. The IFS-TSP consists of five components:

(i) Enabling Environment Programme for creation of an enabling environment and regulatory framework for the industry.

(ii) Corporate Governance Programme for strengthening corporate governance best-fit practices by enhancing central banks' ability to effectively monitor and supervise Islamic products and institutions.

(iii) Awqaf Capacity Building Programme for preparing bankable project documents by Waqf sponsors, which will also revive and reintegrate Waqf properties into the poverty reduction programmes.

(iv) IDB Microfinance Development Programme for providing policy and technical support for the development of the Shariah-compliant financing packages.

(v) Consultancy and Advisory Services Programme to provide prepackaged solutions in the areas of operations, liquidity management, governance, and information technology.

Under the IFS-TSP, during 1429H, assistance was provided in the areas of Enabling Environment and

Corporate Governance Programmes to two Islamic infrastructure institutions -- Islamic Financial Services Board (IFSB) and International Islamic Centre for Reconciliation and Commercial Arbitration. In addition, a pipeline of 22 IFS-TSP projects was also developed in various member and non-member countries to assist them in improving access of the poor to Shariah-compliant financing services (i.e., development of microfinance and micro-Takaful or insurance packages).

A noteworthy feature of IFS-TSP operations was the fostering of international partnership in supporting IFSB activities in the development of prudential standards, regulatory and supervisory framework, and a legal and liquidity infrastructure needed for Islamic finance and capital markets. The total cost of these developmental activities is estimated at $850,000, which will be shared equally between IDB and ADB. The project will be implemented by IFSB in consultation and coordination with IDB, IMF, World Bank, and the Bank for International Settlements and is expected to be completed by 2010.

Launching of Quick Win Programmes for the Development of Islamic Finance

During 1428H, IDB launched a number of Quick Win Programmes: Awqaf Sector Development Programme; Zakah Development Programme; and Microfinance Development Programme, all aimed at mobilizing resources to mainstream Maqasid al-Shariah instruments for achieving the goals of comprehensive human development.

Awqaf Sector Development Programme

Under the Awqaf Sector Development Programme, the Bank provides advisory services for developing enabling environment for Awqaf; support capacity development of public Awqaf organizations; expand the scope and size of Awqaf Properties Investment Fund; and promote linkages between a network of Islamic financial institutions and the charitable trusts and philanthropists. In this regard, preparatory work was initiated during 1429H to study the market potential and business model of Awqaf development financing institution.

Zakah Development Programme

IDB 1440H Vision calls for using, among others, the institution of Zakah to support poverty reduction programmes in member countries. Accordingly, the overall objective of Zakah Development Programme, which was approved during 1429H, is to integrate Zakah as a poverty reduction tool by promoting greater transparency in the sourcing and utilization of it in member countries. The Programme does not envisage a direct role in either collection or distribution of Zakah. Four pilot Programmes are planned for Bangladesh, Indonesia, Senegal and Sudan to foster transfer of best practices among Zakah institutions both in the public and private sectors.

Microfinance Development Programme

The goal of the Microfinance Development Programme (MDP) is to support increasing outreach of Shariah-compliant microfinance to the SME sector. The activities of the MDP include: improving access to finance for the poor through various income generating activities; providing local currency financing to labour intensive SME sector for sustained employment and income generation; participating in the equity of SME companies in member countries; and arranging issuance of local currency Sukuks to raise funds for microfinance institutions.

During 1429H, preparatory work was initiated to launch four pilot MDPs in Bangladesh, Indonesia, Senegal and Sudan. Based on a feasibility study by Grameen Trust, discussions with potential strategic partners have been initiated for establishing a microfinance institution in Indonesia. Bangladesh Rural Advancement Committee is engaged in assisting the first microfinance bank in Sudan (Bank Al Usra) to expand its outreach. Work is also in progress for launching of MDP in Bangladesh and Senegal.

Equity investments in Islamic financial institutions

As of end-1429H, IDB had equity investments valued at ID131 million in 26 Islamic financial institutions in 19 countries. The investment strategy continues to focus on creating and strengthening these institutions mainly through encouraging and initiating mergers between

Islamic banks to create larger and sound institutions; assisting and participating in the establishment of mega-financial institutions; restructuring existing financial institutions and inducting good management practices and capital to create value; supporting efforts to align activities of financial institutions with IDB 1440H Vision of comprehensive human development.

ENHANCING RESOURCE MOBILIZATION AND OPERATIONS FINANCING

Resource mobilization under Islamic finance framework is underpinned by an explicit linkage with the financing activities in the real sector. Prior to the onset of the current global financial crisis, the international market for Sukuk issuance experienced phenomenal growth. This potential can be realized further by putting in place supportive legal, regulatory and tax framework for Sukuk issuance in key financial centres. During 1429H, the United Kingdom and Singapore provided leadership in development of a supportive environment.

A key development during 1429H was the approval by the IDB Shariah Committee of a compliant concept for the issuance of a Mudaraba Sukuk. This structure consists of a series of Sukuk based on an unrestricted Mudaraba contract, wherein the Mudarib (fund manager, i.e., IDB) mixes its net assets with the Mudaraba capital in a common investment pool. The combined capital will be invested in development projects in member countries. The purpose of the Mudaraba Sukuk is to leverage triple-A rating of IDB in seeking additional resources at a lower cost from the capital markets. By doing so, the Bank will position itself as a liquidity manager for member countries and, thereby, directly contributing to the deepening of capital markets.

Medium-Term Note Programme

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

Excess Liquidity Scheme and Fund Management Services

The Excess Liquidity Scheme was introduced by IDB with a view to providing Shariah-compliant investment opportunities to the central banks and other major institutions of member countries with surplus balance of payments, on the one hand, and to help meet the balance of payments deficit of selected member countries, on the other. Under this Scheme, member countries, having relatively high foreign exchange reserves place their funds with IDB which, in turn, are placed with other member countries needing foreign currency funding on short-term basis. This is an off-balance sheet scheme. IDB receives funds under a Mudaraba or a Wakala Agreement and places the same with the member countries selected with the consent of the institutions providing the funds. Under this Scheme, the investor institutions earn an attractive rate of return and enjoy the benefit arising from IDB preferred creditor status. IDB also offers a similar Scheme using its balance sheet, whereby funds are invested by interested central banks and other institutions on placement basis. For placement under this Scheme, IDB has currently set a maximum limit of ID1.5 billion.

Consultative Meeting on Liquidity Management Issues

IDB and IFSB jointly organized a Consultative Meeting on Liquidity Management Issues in the Islamic Financial Industry on 24 January 2009 at the IDB Headquarters. Representatives from central banks, inter-governmental organizations, Shariah scholars and Islamic finance institutions discussed various issues relating to liquidity management, and related institutional and operational gaps in the Islamic financial services industry. The following steps were recommended:

- Continue the efforts of IFSB Task Force on liquidity management by following up on their recommendations.
- A follow-up Task Force led by the IFSB and supported by IDB should be formed with specific mandate on further work relating to the development

Participants of a course on Privatization Techniques and Policies, organized by IRTI, Khartoum, Sudan, 21-25 December 2008.

of products, markets and institutions to enhance liquidity for the industry.

- The Task Force should also develop strategy and operational framework with respect to the development of markets where Shariah-compliant liquidity products are made available to the market. Such products and markets shall provide not only liquidity at national level but also address the issue at international level in an integrated fashion.

Enhancing Capital Markets Cooperation among Member Countries

Since its inception, IDB has been at the forefront for promoting Islamic finance at the global level. At the strategic level, IDB has so far played this role at two levels. First, during 1970s and 1980s, it contributed to the development of Islamic banking through financial engineering of contemporary Shariah-compliant modes of financing and supported the establishment of Islamic financial institutions in the private sector. Second, during 1990s, IDB took a leading facilitative role in establishing a number of infrastructure institutions (or specialized bodies) aimed at building sound underpinnings of Islamic financial architecture.

The 19th IDB Annual Symposium on "Enhancing Capital Markets Cooperation among IDB Member Countries" was jointly organized with the Capital Market Authority, Saudi Arabia, in conjunction with the 33rd Annual Meeting of the IDB Board of Governors on 28 – 30 Jumad Awwal 1429H (2 – 4 June 2008) in Jeddah. The main purpose of organizing this Symposium was to address the major issues related to promoting capital markets cooperation among member countries in order to accelerate the mobilization of longer-term resources and improve the efficiency of resource allocation through diversified and competitive capital markets (Box 5.2).

Energizing the development of vibrant regional capital markets has also been a subject of coordination between the OIC Member States' Stock Exchanges Forum and IDB. Presentation on the outcome of IDB Annual Symposium was made during the second meeting of the Forum, which was held under the auspices of the Istanbul Stock Exchange on 18-19 October 2008. The Communiqué of the Forum, which was also endorsed by the 24th Session of COMCEC, urged closer collaboration in the implementation of the work programme of both the Forum and IDB in the area of enhancing the development of Islamic capital markets.

At the strategic level, the next frontier goal for the IDB is to play a catalytic role in promoting the development of Islamic capital markets at the regional and international levels. By supporting the development of Islamic capital markets, the following strategic outcomes

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Box 5.2
IDB Annual Symposium on
"Enhancing Capital Markets Cooperation among IDB Member Countries"

The 19th Annual Symposium was composed of one-day Technical Sessions and a Ministerial Session during the IDB Board of Governors Annual Meeting held on 2-4 June 2008 in Jeddah, Saudi Arabia. The participants reviewed obstacles to greater cooperation among the regional stock markets in member countries and highlighted areas of cooperation among key stakeholders in member countries in order to facilitate enhanced capital mobility.

Participants recommended that IDB member countries should initiate measures to diversify investments across various asset classes and encourage the shift from individual-based investments to the growth of mutual funds industry; develop short- and longer-term sovereign and corporate Sukuk, while also addressing legal and fiscal impediments to Sukuk issuance by corporate; and identify measures and provide incentives, which both broaden and deepen the universe of Shariah-compliant stocks and products in order to reverse flight of capital.

Experts urged stock exchanges, infrastructure and standard setting bodies, and regional capital market authorities to join the "OIC Member States Stock Exchange Forum"; develop a unified e-based trading platform for aggregating and listing various types of stocks and Sukuks, leading eventually to the establishment of an "Islamic Virtual Capital Market" and develop regional and Shariah-compliant stocks and Sukuk indices in partnership with reputable international index providers.

They also suggested that the IDB Group may consider to study, in partnership with regional bodies and specialized organizations, ways for promoting greater issuance of depository receipts and promote public debt instruments for energizing the development of Islamic capital market; study the possibility of establishing a "reserve fund" with central banks and leading financial institutions to help in developing Islamic money market by issuing short-term securities for liquidity management. In addition, experts suggested to facilitate the establishment of a consortium of Islamic financial institutions that will offer equitization by restructuring balance sheets of companies so as to allow their inclusion in international Islamic stock market indices; collaborate with financial institutions to study the feasibility of launching a mutual fund aimed at investing in both listed and non-listed stocks in diversified sectors across all member countries; explore the possibility of issuing tradable papers against the balance sheet of ISFD to raise additional resources and also generate returns through appropriate investment policy. They also urged to leverage IDB brand to mobilize philanthropic funds, partner with the private sector to offer business services for the poor and incentivize such companies to be listed in Islamic stock market indices; and partner with regional bodies and organizations to develop capacity building programmes aimed at developing Sukuk; addressing legal and fiscal impediments; assisting both sovereigns and corporates in listing, clearing and settlement systems; and supporting joint training and staff exchange.

are expected: increasing intra-investment and intra-portfolio flows amongst member countries; greater cross-border resource mobilization by companies in the private sector through provision of enabling instruments; helping to reverse capital flight through Shariah-compliant restructuring of company balance sheet; and development of global and regional indices for Islamic capital markets.

KNOWLEDGE BUILDING IN ISLAMIC FINANCE

The Islamic Research and Training Institute (IRTI) -- a member of the IDB Group -- in conformity with its mandate to generate and disseminate knowledge in the area of Islamic banking and finance undertook a number of activities during 1429H[2]. The knowledge building activities of IRTI focused on the thematic areas of financial stability; inclusive financial services; and sustainable and comprehensive human development.

Knowledge Building for Financial Stability

During 1429H, IRTI had close technical partnership with three major Islamic financial infrastructure institutions: the Islamic Financial Services Board for developing and implementing its Standard; the

[2]For more details, see IRTI Annual Report, 1429H, www.irti.org.

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International Islamic Financial Market for Islamic capital market development; and General Council for Islamic Banks and Financial Institutions (CIBAFI) for human resource development for the Islamic financial industry. They are all intended to contribute significantly to Islamic financial architecture and infrastructure development.

During the year, IRTI concluded preparations for the Third International Conference on "Islamic Banking and Finance: Risk Management, Regulation and Supervision". Realizing the importance of developing human resources for the Islamic financial services industry as a critical factor for its growth, IRTI, during 1429H, organized an International Symposium on Islamic Finance Education in collaboration with the International Islamic University Malaysia. In collaboration with the CIBAFI, IRTI organized the Islamic Financial Sector Development Forum 2008, which addressed challenges and proposed initiatives in human capital development for the industry.

Knowledge Building for Inclusive Financial Services

IRTI accorded high priority to building knowledge for promoting an inclusive financial system and provision of microfinance as a tool of poverty alleviation. Accordingly, a number of initiatives were undertaken. During 1429H, IRTI developed and published a policy dialogue paper "Islamic Microfinance Development: Challenges and Initiatives" in consultation with various stakeholders in the industry. It also prepared and published an Occasional Paper on "Role of Microfinance in Poverty Alleviation" based on case studies in three member countries (Box 5.3).

In continuation with its endeavour to encourage research and take stock of the existing knowledge about Islamic microfinance services, IRTI prepared a compendium of selected research papers presented in various seminars and conferences on Zakah, Awqaf and poverty alleviation. In collaboration with the Bangladesh Bank, IRTI has completed arrangements to organize the Second International Conference on Islamic Inclusive Financial Sector Development. A total of 30 research papers have been selected for presentation at this event from 10 countries.

IRTI is also in the process of developing a policy dialogue paper on "Integrating Zakah and Awqaf in Inclusive Financial Sector Development Policies" involving major stakeholders that would help sharpen the focus on Zakah and Awqaf as tools of poverty alleviation and economic empowerment. A "Manual on Islamic Microfinance" is under preparation for use by trainers to facilitate human resource development in this key area.

Knowledge Building for Sustainable and Comprehensive Human Development

Another important theme governing activities at IRTI is sustainable and comprehensive human development through public policies in the light of Maqasid al-Shariah. The Institute, during 1429H, published a research study "Islamic Vision of Development in the Light of Maqasid al-Shariah" that seeks to provide a framework for achieving comprehensive human development. IRTI -- in collaboration with the Islamic Universities League and Saleh Kamel Centre for Islamic Economics, Egypt -- organized in Cairo an International Conference on "Sustainable Development of the Muslim World in the Light of Challenges of Globalization". Papers presented during the Conference examined the current developmental status existing in member countries in view of contemporary global changes; identified the role of Islamic value-based exchange model in the development paradigm; and exchange of developmental experiences. Currently, preparations are underway to organize an international workshop on "Operationalizing the Concept of Comprehensive Human Development" in collaboration with Insaniah University, Malaysia. The theme would also be in sharp focus at another major event: the First International Conference on Islamic Economics and Economies of OIC Countries to be held in association with the International Islamic University, Malaysia. IRTI, in collaboration with CIBAFI, organized a Forum on "Human Capital Development for Islamic Financial Industry: Challenges and Initiatives" on 27 Jumad Awwal 1429H (1st June 2008) in Jeddah.

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Box 5.3
Highlights of IRTI Research Papers

Role of Microfinance in Poverty Alleviation: Lessons from Selected IDB Member Countries

This Occasional Paper examines alternative models of microenterprise development and models of inclusive microfinance in the context of Muslim societies characterized by varying levels of poverty and diverse cultures based on real-life case studies in three countries: Bangladesh, Turkey and Indonesia. The paper attempts to identify problem areas and growth constraints in programmes of microenterprise development with respect to livelihood and growth enterprises and suggest policy interventions to tackle them; understand the need for managerial, technical assistance and business development services as means to promote livelihood and growth enterprises; and develop a model for linking managerial-technical-spiritual assistance and business development services with microfinance based on insights from the real-life case studies.

Islamic Microfinance Development: Challenges and Initiatives

This policy dialogue paper concludes that diverse approaches are needed to minimize financial exclusion in IDB member countries. It recommends that Microfinance Institutions (MFI) must consider the cultural and religious sensitivities of Muslim societies while attempting to build inclusive financial systems. The paper analyzes poverty levels in IDB member countries; examines the Islamic approach to poverty alleviation through microfinance; emphasizes the need for a dual approach: charity programmes for the destitute, disabled and unbankable, and a microfinance programme for wealth creation; and reviews Islamic financial contracts for deposit mobilization, financing and risk management in a Shariah-compliant framework. It suggests several strategic initiatives, for instance, at the micro level, a move towards collective resolution of Shariah issues, product range enhancement and increased bank participation in microfinance through provision of credit guarantees and safety nets. Provision of education and training, better coordination and networking, technical assistance through Awqaf and Zakah funds, provision of rating services specific to Islamic MFIs are also recommended. Finally, at the macro level, development of an enabling regulatory and policy environment is recommended.

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ISLAMIC DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

FINANCIAL STATEMENTS
30 Dhul Hijjah 1429H (28 December 2008)

with

AUDITORS' REPORT

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AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of Islamic Development Bank - Ordinary Capital Resources (the "Bank") as of 30 Dhul Hijjah 1429H (28 December 2008) and the related statements of income, cash flows and changes in members' equity for the year then ended. These financial statements and the Bank's undertaking to operate in accordance with Islamic Shari'ah are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Islamic Development Bank - Ordinary Capital Resources as of 30 Dhul Hijjah 1429H (28 December 2008), and the results of its operations and its cash flows for the year then ended in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the Shari'ah rules and principles as determined by the Shari'ah Committee of the Bank.

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

For : DELOITTE & TOUCHE
BAKR ABULKHAIR & CO.

Al-Mutahhar Y. Hamiduddin
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Hamoud Ali Rubian
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المحاسبون المتضامنون
محاسبون قانونيون
ترخيص
الربيعان و شريكه
٤٠
Associated Accountants
Certified Public Accountants

23 Rabi'II, 1430H
April 19, 2009G

ISLAMIC DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF FINANCIAL POSITION
As of 30 Dhul Hijjah 1429H (28 December 2008)
(In Thousands of Islamic Dinars)

	Notes	1429H	1428H
ASSETS			
Cash at banks	3	74,370	99,590
Commodity placements with banks, net	4	1,270,561	1,000,036
Murabaha financing, net	5	537,010	674,671
Accrued income and other assets	6	267,188	221,591
		2,149,129	1,995,888
Istisna'a assets, net	7	912,112	773,341
Installment sales financing, net	8	669,138	539,268
Loans, net	9	1,171,485	1,072,333
Ijarah Muntahia Bittamleek, net	10	1,119,080	968,342
		3,871,815	3,353,284
Investments in equity capital, net	12	659,952	844,376
Investments in subsidiaries and trust funds:			
Islamic Corporation for the Development of the Private Sector	13	191,940	191,940
Awqaf Properties Investment Fund	14	14,629	14,629
Export Financing Scheme	15	-	75,000
Islamic Banks' Portfolio for Investment and Development	15	-	39,699
International Islamic Trade Finance Corporation	16	168,735	-
Other investments, net	17	178,812	149,727
Property and operating equipment, net	18	55,382	53,899
TOTAL ASSETS		7,290,394	6,718,442
LIABILITIES AND MEMBERS' EQUITY			
LIABILITIES			
Accruals and other liabilities	19	1,452,796	831,622
Sukuk liability	20	379,675	573,440
Total liabilities		1,832,471	1,405,062
MEMBERS' EQUITY			
Paid-up capital	22	3,299,009	3,065,182
Capital reserve	23	22,672	22,672
General reserve	24	1,590,120	1,523,897
Fair value reserve		351,932	538,121
Net income for the year		194,190	163,508
Total members' equity		5,457,923	5,313,380
TOTAL LIABILITIES AND MEMBERS' EQUITY		7,290,394	6,718,442

The financial statements were authorized for issue in accordance with a resolution of the Board of Executive Directors on 23 Rabi'II, 1430H April 19 2009G).

ISLAMIC DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF INCOME
For the Year Ended 30 Dhul Hijjah 1429H (28 December 2008)
(In Thousands of Islamic Dinars)

	Notes	1429H	1428H
Income from:			
Commodity placements with banks	4	28,658	56,521
Investment in Sukuk	17	8,501	9,605
Murabaha financing	5	28,375	30,404
Istisna'a assets	7	42,430	30,402
Installment sales financing	8	28,100	24,934
Loan service fees	9	23,305	24,546
Ijarah Muntahia Bittamleek	10	143,702	143,226
Investments in equity capital	12	36,450	33,518
Mudarib fees & others	14, 28	8,361	16,084
		347,882	369,240
Foreign exchange gain, net		6,243	6,403
Financing cost	19, 20	(43,023)	(55,372)
		311,102	320,271
Administrative expenses:			
Staff costs		(47,922)	(46,765)
Other		(15,030)	(15,501)
		(62,952)	(62,266)
Depreciation:			
Ijarah Muntahia Bittamleek	10	(93,019)	(91,892)
Property and operating equipment	18	(1,600)	(2,775)
		(94,619)	(94,667)
(Provision) for / recovery of impairment of assets	11	(13,377)	170
Net income before gain on liquidation of subsidiaries		140,154	163,508
Gain on liquidation of subsidiaries	15	54,036	-
Net Income		194,190	163,508

ISLAMIC DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF CASH FLOWS
For the Year Ended 30 Dhul Hijjah 1429H (28 December 2008)
(In Thousands of Islamic Dinars)

	1429H	1428H
CASH FLOWS FROM OPERATIONS		
Net income	194,190	163,508
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	94,619	94,667
(Recovery) / Provision for impairment of assets	13,379	(170)
Gain from investment liquidation of Islamic Banks' Portfolio for Investment Development and Export Financing Scheme	(54,036)	-
Changes in operating assets and liabilities:		
Other investments	(29,153)	(53,184)
Murabaha financing	139,089	(184,716)
Istisna'a assets	(138,751)	(187,924)
Installment sales financing	(132,207)	(51,469)
Loans	(104,183)	(93,071)
Accrued income and other assets	(61,862)	34,775
Accruals and other liabilities and Sukuk liabilities	437,651	99,828
Net cash (used in) / from operating activities	358,736	(177,756)
CASH FLOWS FROM INVESTING ACTIVITIES		
Commodity placements with banks	(307,426)	193,246
Ijarah Muntahia Bittamleek, net	(244,769)	(279,039)
Investments in equity capital	(8,144)	(23,429)
Investment in Islamic Corporation for the development of the private sector	-	9,232
Investment in International Islamic Trade Finance Corporation	(168,735)	-
Proceed from liquidation of investment in Islamic Banks' Portfolio for Investment and Development and Export Financing Scheme	168,735	-
Purchase of property and operating equipment, net	(3,083)	(3,097)
Net cash used in investing activities	(563,422)	(103,087)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in paid-up capital	233,827	255,223
Technical assistance and scholarship program grants	(11,445)	(8,643)
Contribution to the principal of Islamic Solidarity Fund for Development	(62,840)	-
Payment of ICD capital on behalf of member countries (Note 13)	(16,977)	(27,254)
Net cash from financing activities	142,565	219,326
(Decrease) in cash and cash equivalents	(62,121)	(61,517)
Cash and cash equivalents at the beginning of the year	1,095,197	1,156,714
Cash and cash equivalents at the end of the year (Note 25)	1,033,076	1,095,197

ISLAMIC DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF CHANGES IN MEMBERS' EQUITY
For the Year Ended 30 Dhul Hijjah 1429H (28 December 2008)
(In Thousands of Islamic Dinars)

	Note	Paid-up capital	Capital reserve	General reserve	Fair value reserve	Net income for the year	Total
Balance at 29 Dhul Hijjah 1427H		2,809,959	26,267	1,443,239	409,733	123,470	4,812,668
Increase in paid-up capital	22	255,223	-	-	-	-	255,223
Net unrealized gains from Investments in equity capital	12	-	-	-	128,388	-	128,388
Cumulative actuarial losses relating to retirement plan	21	-	-	(10,510)	-	-	(10,510)
Transfer to general reserve	23	-	(3,595)	3,595	-	-	-
Payment of ICD share capital on behalf of member countries	13	-	-	(27,254)	-	-	(27,254)
Net income		-	-	-	-	163,508	163,508
Transfer to general reserves		-	-	123,470	-	(123,470)	-
Allocation for grants		-	-	(8,643)	-	-	(8,643)
Balance at 30 Dhul Hijjah 1428H		3,065,182	22,672	1,523,897	538,121	163,508	5,313,380
Increase in paid-up capital	22	233,827	-	-	-	-	233,827
Net unrealized losses from investments in equity capital	12	-	-	-	(186,189)	-	(186,189)
Increase in the actuarial losses relating to retirement & medical plans	21	-	-	(6,023)	-	-	(6,023)
Payment of ICD share capital on behalf of member countries	13	-	-	(16,977)	-	-	(16,977)
Contribution to the principal amount of ISFD	27			(62,840)			(62,840)
Net income		-	-	-	-	194,190	194,190
Transfer to general reserves		-	-	163,508	-	(163,508)	-
Allocation for grants*		-	-	(11,445)	-	-	(11,445)
Balance at 30 Dhul Hijjah 1429H		3,299,009	22,672	1,590,120	351,932	194,190	5,457,923

*According to the Board of Governors' resolution No. BG/2-429, and the Board of Executive Directors' resolution No. BED/BG/4-429, 5% of the Bank 1428 net income was allocated to finance Technical Assistance Operations in the form of grants during the year 1429H.

According to the Board of Governors' resolution No. BG/3-429, and the Board of Executive Directors' resolution No.BED/BG/5-429, an amount equivalent to 2% but not less than US Dollars 2 million of the net income for 1428H was allocated for the Merit Scholarship Programme in the form of grants for the year 1429H.

Exit

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

ASSOCIATED ACCOUNTANTS
MEMBER OF BDO INTERNATIONAL
P.O. Box 60930
Riyadh 11555
Saudi Arabia

ISLAMIC DEVELOPMENT BANK
SPECIAL ACCOUNT RESOURCES WAQF FUND

FINANCIAL STATEMENTS
30 Dhul Hijjah 1429H (28 December 2008)

with

AUDITORS' REPORT

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DELOITTE & TOUCHE
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AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of Islamic Development Bank - Special Account Resources Waqf Fund (the "Waqf Fund") as of 30 Dhul Hijjah 1429H (28 December 2008) and the related statements of activities and cash flows for the year then ended. These financial statements and the Waqf Fund's undertaking to operate in accordance with Islamic Shari'ah are the responsibility of the Waqf Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Islamic Development Bank - Special Account Resources Waqf Fund as of 30 Dhul Hijjah 1429H (28 December 2008), and the results of its operations and its cash flows for the year then ended in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the Shari'ah rules and principles as determined by the Shari'ah Committee of the Waqf Fund.

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

**For DELOITTE & TOUCHE
BAKR ABULKHAIR & CO.**

**Al-Mutahhar Y. Hamiduddin
Registration No. 296**

**For ASSOCIATED ACCOUNTANTS
MEMBER OF BDO INTERNATIONAL**

**Hamud A. Al Rubian
Registration No. 222**

23 Rabi'II, 1430H
April 19, 2009G

ISLAMIC DEVELOPMENT BANK
SPECIAL ACCOUNT RESOURCES WAQF FUND
STATEMENT OF FINANCIAL POSITION
as of 30 Dhul Hijjah 1429H (28 December 2008)
(In Thousands of Islamic Dinars)

	Notes	1429H	1428H
ASSETS			
Cash at banks		29,632	53,141
Commodity placements with banks		660,790	684,773
Murabaha and other funds – net	3	111,813	106,989
Investments in units	5	91,792	125,282
Investment in Islamic Corporation for the Insurance of investment and Export Credit (ICIIEC)	6	66,765	65,190
Investment in BBI Leasing and Real Estate Company	7	9,933	10,516
Investment in islamic ijarah sukuk	8	83,341	123,673
Investment in equity capital	9	8,913	5,047
Instalment sales financing–net	10	5,105	-
Ijarah muntahia bittamleek–net	11	4,856	-
Accrued income and other assets		22,070	18,905
Other investments	12	66,461	53,901
Property and equipment – net	13	19,826	20,587
Loans – net	14	147,303	138,280
Receivable from IDB – Ordinary Capital resources	4	34,432	13,627
TOTAL ASSETS		1,363,032	1,419,911
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accruals and other liabilities	15	443,014	470,759
Specific deposit from IDB – Unit Investment Fund	5	9,474	9,257
Total liabilities		452,488	480,016
NET ASSETS			
Waqf Fund principal amount	16	756,240	756,784
Special assistance	17	22,369	50,452
Special account for least developed member countries	18	131,935	132,659
Total net assets		910,544	939,895
TOTAL LIABILITIES AND NET ASSETS		1,363,032	1,419,911

The financial statements were authorized for issue in accordance with a resolution of the Board of Executive directors on 23 Rabi'II, 1430H (April 19, 2009G).

ISLAMIC DEVELOPMENT BANK
SPECIAL ACCOUNT RESOURCES WAQF FUND
STATEMENT OF ACTIVITIES
For the Year Ended 30 Dhul Hijjah 1429H (28 December 2008)
(In Thousands of Islamic Dinars)

	Notes	1429H				1428H
		Waqf Fund Principal	Special Assistance	Special Account for LDMC	Total	Total
Income from:						
Commodity placements with banks		-	-	-	25,504	18,165
Murabaha and other funds	3	-	-	-	4,948	13,929
Specific deposit from IDB-UIF	5	-	-	-	-	(507)
IDB - Investments in units	5	-	-	-	1,993	9,343
Investment in ICIIEC	6	-	-	-	1,575	2,470
Investment in BBIL	7	-	-	-	(583)	-
Instalment sales financing	10	-	-	-	611	-
Ijarah Muntahia Bittamleek	11	-	-	-	7,946	-
Islamic Ijarah Sukuk	8	-	-	-	4,974	4,082
Other Investments	12	-	-	-	507	12,235
Foreign currency exchange gain/ (loss)		-	-	-	(7,027)	1,127
Total income		-	-	-	40,448	60,844
Administrative Expenses:						
Staff costs		-	-	-	(574)	(498)
Finance cost	15	-	-	-	(15,057)	(4,175)
Total administrative expenses		-	-	-	(15,631)	(4,673)
Depreciation – Ijarah	11	-	-	-	(5,938)	-
Investment risk provision	8	-	-	-	(9,073)	-
Attributable net income		**-**	**-**	**-**	**9,806**	**56,171**
Allocation of attributable net income	2 (o)	1,471	6,374	1,961	-	-
Share of Income transferred from OCR	19	130	564	174	868	2,356
Contributions from IDB-OCR for technical assistance grants and scholarship program		-	11,445	-	11,445	8,643
Income before Grants and Program Expenses		**1,601**	**18,383**	**2,135**	**22,119**	**67,170**
Grants for causes	17	-	(26,192)	-	(26,192)	(30,561)
Program expenses	17	-	(10,977)	-	(10,977)	(4,576)
Change in net assets		**1,601**	**(18,786)**	**2,135**	**(15,050)**	**32,033**
Fair value reserve		(2,145)	(9,297)	(2,859)	(14,301)	-
Net assets at beginning of the year		**756,784**	**50,452**	**132,659**	**939,895**	**907,862**
Net assets at end of the year		**756,240**	**22,369**	**131,935**	**910,544**	**939,895**

ISLAMIC DEVELOPMENT BANK
SPECIAL ACCOUNT RESOURCES WAQF FUND
STATEMENT OF CASH FLOWS
For the Year Ended 30 Dhul Hijjah 1429H (28 December 2008)
(In Thousands of Islamic Dinars)

	1429H	1428H
CASH FLOWS FROM OPERATING ACTIVITIES:		
Attributable net income	9,806	56,171
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	6,737	771
Investment risk provision	9,073	
Change in operating assets and liabilities:		
Murabaha and other funds	(16,881)	9,260
Installment sales financing	(5,105)	-
Ijarah Muntahia Bittamleek,	(10,794)	-
Accrued income and other assets	(3,165)	7,793
Accruals and other liabilities	(27,745)	338,264
Loans	(9,023)	(16,377)
Net cash (used in) / provided operations	(47,097)	395,882
CASH FLOWS FROM INVESTING ACTIVITIES:		
Placements with banks having maturity more than three months, net	(319,609)	(107,689)
Investment in specific deposit - UIF	-	628
Investment in units	33,490	(30,521)
Investment in ICIIEC, net	(1,575)	(2,470)
Investment BBIL	583	-
Investment equity capital	(3,866)	-
Investment in islamic ijarah sukuk	31,259	36,147
Other investments	(14,804)	(1,504)
Specific deposit from IDB - Unit Investment Fund	217	(1,254)
Additions to property and equipment	(38)	(4)
Special assistance program expenses	(10,977)	(4,576)
Net cash (used in) investing activities	(285,320)	(111,243)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Changes in payable to/ receivable from IDB - Ordinary Capital Resources	(20,805)	(43,034)
Income transferred from IDB - Ordinary Capital Resources	868	2,356
Net grants for causes and contribution from Islamic Development Bank for technical assistance grants from Special Assistance Account	(14,747)	(21,918)
Net cash used in financing activities	(34,684)	(62,596)
Net (decrease) increase in cash and cash equivalents	(367,101)	222,043
Cash and cash equivalents at beginning of year (Note 20)	630,225	408,182
Cash and cash equivalents at end of year (Note 20)	263,124	630,225

Annex 3
Board of Executive Directors

No.	Executive Directors[1]	Countries Represented[2]	Votes[3]	Total
1.	Hon. Ibrahim Mohamed Al-Mofleh (Saudi Arabia)	Saudi Arabia	266,524	266,524
2.	Hon. Ismail Omar Al Dafa (Qatar)	Qatar	74,294	74,294
3.	Hon. Bader Abdullah S. Abuaziza (Libya)	Libya	111,149	111,149
4.	Hon. Jamal Nasser Rashid Lootah (U.A.E.)	U.A.E.	76,010	76,010
5.	Hon. Junaidi Hashim (Brunei Darussalam)	Brunei Darussalam	3,810	
		Indonesia	30,989	
		Malaysia	21,725	
		Suriname	1,209	57,734
6.	Hon. Hassan Hashem Abdul Hussain Al Haidary (Iraq)	Iraq	4,207	
		Bahrain	2,489	
		Djibouti	996	
		Jordan	5,806	
		Lebanon	1,392	
		Maldives	1,209	
		Oman	4,177	20,276
7.	Hon. Khamdan H. Tagaimurodov (Tajikistan)	Tajikistan	996	
		Albania	1,209	
		Azerbaijan	1,793	
		Kazakhstan	1,895	
		Kyrgyz Republic	1,209	
		Turkmenistan	996	
		Uzbekistan	750	8,848
8.	Hon. Zeinhom Zahran (Egypt)	Egypt	92,720	92,720
9.	Hon. Dr. Selim Cafer Karatas (Turkey)	Turkey	79,222	79,222
10.	Hon. Dr. Syed Hamid Pour Mohammadi (Iran)	Iran	93,869	93,869
11.	Hon. Aissa Abdellaoui (Algeria)	Algeria	33,650	
		Benin	1,796	
		Mozambique	1,212	
		Palestine	1,981	
		Syria	1,829	
		Yemen	7,162	47,630
12.	Hon. Farrakh Qayyum (Pakistan)	Pakistan	33,654	
		Afghanistan	1,253	
		Bangladesh	13,477	48,384
13.	Hon. Faisal Abdul Aziz Al-Zamil (Kuwait)	Kuwait	88,844	88,844
14.	Hon. Nailane Mhadji (Comoros)	Comoros	857	
		Cote d' Ivoire	858	
		Guinea	3,597	
		Guinea Bissau	996	
		Morocco	7,120	
		Nigeria	857	
		Sierra Leone	996	
		Somalia	996	
		Sudan	5,414	
		Tunisia	2,286	
		Uganda	2,612	26,588
15.	Hon.Yerima Mashoud Amadou (Togo)	Togo	996	
		Burkina Faso	2,583	
		Cameroon	3,596	
		Chad	1,272	
		Gabon	4,340	
		Gambia	1,209	
		Mali	1,763	
		Mauritania	1,308	
		Niger	2,449	
		Senegal	3,602	23,118

[1] In Arabic alphabetical order. [2] As on 26.03.1430H (23.03.2009). [3]Differences in totals may arise due to rounding of figures.

Annex 4
Comparative Statement Showing OCR Actual Expenditure for 1428H and 1429H and Approved Budget for 1430H (2009)

(ID thousand)

No.	Description	Actual Expenditure		Approved Budget
		1428H (2007-2008)	1429H (2008)	1430H (2009)
1.	**Annual Meeting and BED Expenses**	**2,232**	**3,411**	**4,708**
	a. Annual Meeting Expenses	1,220	2,016	2,606
	b. Board of Executive Directors Expenses	1,013	1,395	2,102
2.	**Personnel Cost**	**40,911**	**45,633**	**46,983**
	a. Salaries & Benefits(1)	38,543	42,409	43,943
	b. Other Personnel Cost	896	1,140	1,003
	c. New Staff Cost	-	-	-
	d. Young Professional Programme	1,472	2,084	2,037
3.	**General Administrative Expenses (4+5)**	**8,967**	**7,774**	**9,927**
4.	**Business Travel**	**3,050**	**3,210**	**3,297**
5.	**General Administrative Expenses**	**5,917**	**4,564**	**6,630**
6.	**Contingencies**	**-**	**-**	**91**
7.	**Regional Offices**	**1,972**	**2,502**	**2,638**
8.	**Capital Expenditure**	**650**	**1,563**	**1,266**
9.	**Expenditure specifically approved**	**671**	**706**	**621**
	Total (1 to 9)	**55,404**	**61,590**	**66,234**
10.	**IDB Reform Programme (approved in 1428H and 1429H)**	**290**	**743**	**-**
11.	**Assets Management Department(2)**	**1,832**	**-**	**-**
	Grand Total	**57,526**	**62,333**	**66,234**

1. Implication of Cost of Living Allowance (COLA) as approved by the BED has been added to the actuals for the year 1429H.
2. Cost relating to AMD included in Trust and other Funds in 1428H; merged with IDB (OCR) in 1429H.

Annex 5 – Part 1
Islamic Development Bank – Ordinary Capital Resources
Statement of Subscriptions to Capital Stock and Voting Power
As on 26/03/1430H (23 March 2009) Expressed in Million Islamic Dinars (ID)

No.	Country	Subscribed Capital[1]							Voting Power[2]	
		No. of Shares	Percent of Total[3]	Total	Callable	Paid-in	Overdue	Not Yet Due	Number of Votes	Percent of Total
1	Afghanistan	993	0.07	9.93	4.93	2.60	1.52	0.88	1,253	0.11
2	Albania	923	0.06	9.23	6.73	2.50	-	-	1,209	0.11
3	Algeria	45,922	3.05	459.22	334.96	102.82	0.04	21.41	33,650	3.02
4	Azerbaijan	1,819	0.12	18.19	13.27	3.87	0.20	0.85	1,793	0.16
5	Bahrain	2,588	0.17	25.88	18.88	7.00	-	0.00	2,489	0.22
6	Bangladesh	18,216	1.21	182.16	132.87	39.06	1.73	8.50	13,477	1.21
7	Benin	1,819	0.12	18.19	13.27	3.90	0.17	0.85	1,796	0.16
8	Brunei	4,585	0.30	45.85	33.44	10.27	0.003	2.14	3,810	0.34
9	Burkina Faso	2,463	0.16	24.63	12.22	8.61	1.67	2.14	2,583	0.23
10	Cameroon	4,585	0.30	45.85	33.44	8.13	2.14	2.14	3,596	0.32
11	Chad	977	0.06	9.77	4.85	2.87	1.20	0.85	1,272	0.11
12	Comoros	465	0.03	4.65	2.15	0.56	1.94	0.00	857	0.08
13	Côte D'Ivoire	465	0.03	4.65	2.15	2.51	-	-0.01	858	0.08
14	Djibouti	496	0.03	4.96	2.46	1.63	0.88	0.00	996	0.09
15	Egypt	127,867	8.48	1,278.67	932.67	285.45	0.05	60.50	92,720	8.31
16	Gabon	5,458	0.36	54.58	39.81	11.22	1.01	2.55	4,340	0.39
17	Gambia	923	0.06	9.23	6.73	2.50	-	0.00	1,209	0.11
18	Guinea	4,585	0.30	45.85	33.44	8.14	2.14	2.14	3,597	0.32
19	Guinea Bissau	496	0.03	4.96	2.46	2.21	0.29	0.00	996	0.09
20	Indonesia	40,648	2.70	406.48	282.22	102.58	0.27	21.41	30,989	2.78
21	Iran	129,334	8.58	1,293.34	943.37	289.63	-	60.34	93,869	8.42
22	Iraq	4,824	0.32	48.24	35.19	13.05	-	-0,001	4,207	0.38
23	Jordan	7,350	0.49	73.50	53.61	16.46	-	3.43	5,806	0.52
24	Kazakhstan	1,929	0.13	19.29	14.00	4.41	0.03	0.85	1,895	0.17
25	Kuwait	98,588	6.54	985.88	489.24	394.20	16.89	85.55	88,844	7.97
26	Kyrgyz Republic	923	0.06	9.23	6.73	2.50	-	0.00	1,209	0.11
27	Lebanon	977	0.06	9.77	4.85	4.07	-	0.85	1,392	0.12
28	Libya	147,824	9.81	1,478.24	1,078.24	370.35	0.01	29.65	111,149	9.97
29	Malaysia	29,401	1.95	294.01	214.45	65.84	0.01	13.71	21,725	1.95
30	Maldives	923	0.06	9.23	6.73	2.50	-	-0,001	1,209	0.11
31	Mali	1,819	0.12	18.19	13.27	3.57	0.51	0.85	1,763	0.16
32	Mauritania	977	0.06	9.77	4.85	3.23	0.84	0.85	1,308	0.12
33	Morocco	9,169	0.61	91.69	66.88	20.54	-	4.27	7,120	0.64
34	Mozambique	923	0.06	9.23	6.73	2.53	-	-0.03	1,212	0.11
35	Niger	2,463	0.16	24.63	12.22	7.27	3.00	2.14	2,449	0.22
36	Nigeria	465	0.03	4.65	2.15	2.05	-	0.45	857	0.08
37	Oman	5,092	0.34	50.92	37.14	11.42	-	2.37	4,177	0.37
38	Pakistan	45,922	3.05	459.22	334.96	102.85	0.01	21.41	33,654	3.02
39	Palestine	1,955	0.13	19.55	9.70	5.11	3.05	1.70	1,981	0.18
40	Qatar	129,750	8.61	1,297.50	942.89	93.47	-	261.14	74,294	6.66
41	Saudi Arabia	368,513	24.44	3,685.13	2,687.96	825.11	0.28	171.78	266,524	23.90
42	Senegal	4,589	0.30	45.89	33.47	8.17	2.11	2.14	3,602	0.32
43	Sierra Leone	496	0.03	4.96	2.46	1.81	0.30	0.38	996	0.09
44	Somalia	496	0.03	4.96	2.46	2.50	-	-0,001	996	0.09
45	Sudan	7,277	0.48	72.77	53.08	12.90	3.40	3.39	5,414	0.49
46	Suriname	923	0.06	9.23	6.73	2.50	-	-0.001	1,209	0.11
47	Syria	1,849	0.12	18.49	13.49	4.08	0.04	0.88	1,829	0.16
48	Tajikistan	496	0.03	4.96	2.46	2.47	-	0.03	996	0.09
49	Togo	496	0.03	4.96	2.46	2.64	-	-0.14	996	0.09
50	Tunisia	1,955	0.13	19.55	9.70	8.16	-	1.69	2,286	0.20
51	Turkey	116,586	7.73	1,165.86	850.39	206.64	54.41	54.41	79,222	7.10
52	Turkmenistan	496	0.03	4.96	2.46	2.50	-	0.00	996	0.09
53	U.A.E.	104,596	6.94	1,045.96	762.93	234.23	0.08	48.73	76,010	6.82
54	Uganda	2,463	0.16	24.63	12.22	8.90	1.38	2.14	2,612	0.23
55	Uzbekistan	250	0.02	2.50	0.00	1.50	-	1.00	750	0.07
56	Yemen	9,238	0.61	92.38	67.57	20.43	0.10	4.27	7,162	0.64
Net Shortfall/ (Overpayment)		-	-	-	-	–	-0.52	0.52	-	-
Sub-Total		**1,507,620**	**100.00**	**15,076.20**	**10,699.99**	**3,368.01**	**101.15**	**907.05**	**1,115,210**	**100.00**
Uncommitted		**92,380**	*	**923.80**	**895.12**	-	-	-	-	-
Grand Total		**1,600,000**	**100.00**	**16,000.00**	**11,595.11**	**3,368.01**	**101.15**	**907.05**	**1,115,210**	**100.00**

Notes:

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

Annex 5 (Continued) – Part 2 Islamic Development Bank – Ordinary Capital Resources Statement of Subscriptions to Capital Stock and Voting Power As on 26/03/1430H (23 March 2009) Expressed in Million Islamic Dinars (ID)								
No.	**Country**	**Initial**	**1st Additional**	**2nd General Increase**	**3rd General Increase**	**4th General Increase**	**Total**	**Percent of Total**
1	Afghanistan	2.50	-	2.50	4.93	-	9.93	0.07
2	Albania	2.50	-	-	2.46	4.27	9.23	0.06
3	Algeria	25.00	38.10	61.16	122.41	212.55	459.22	3.05
4	Azerbaijan	2.50	-	2.42	4.85	8.42	18.19	0.12
5	Bahrain	5.00	2.00	-	6.90	11.98	25.88	0.17
6	Bangladesh	10.00	15.00	24.29	48.56	84.31	182.16	1.21
7	Benin	2.50	-	2.42	4.85	8.42	18.19	0.12
8	Brunei	6.30	-	6.11	12.22	21.22	45.85	0.30
9	Burkina Faso	2.50	3.80	6.11	12.22	-	24.63	0.16
10	Cameroon	2.50	3.80	6.11	12.22	21.22	45.85	0.30
11	Chad	2.50	-	2.42	4.85	-	9.77	0.06
12	Comoros	2.50	-	-	-	2.15	4.65	0.03
13	Côte D'Ivoire	2.50	-	-	-	2.15	4.65	0.03
14	Djibouti	2.50	-	-	2.46	-	4.96	0.03
15	Egypt	25.00	148.00	173.00	340.84	591.83	1,278.67	8.48
16	Gabon	3.00	4.50	7.27	14.55	25.26	54.58	0.36
17	Gambia	2.50	-	-	2.46	4.27	9.23	0.06
18	Guinea	2.50	3.80	6.11	12.22	21.22	45.85	0.30
19	Guinea Bissau	2.50	-	-	2.46	-	4.96	0.03
20	Indonesia	25.00	38.10	61.16	122.41	159.81	406.48	2.70
21	Iran	2.50	175.00	172.47	344.75	598.62	1,293.34	8.58
22	Iraq	10.00	3.05	-	12.86	22.33	48.24	0.32
23	Jordan	4.00	6.10	9.79	19.59	34.02	73.50	0.49
24	Kazakhstan	2.50	0.37	2.42	5.07	8.93	19.29	0.13
25	Kuwait	100.00	152.20	244.44	489.24	-	985.88	6.54
26	Kyrgyz Republic	2.50	-	-	2.46	4.27	9.23	0.06
27	Lebanon	2.50	-	2.42	4.85	-	9.77	0.06
28	Libya	125.00	190.30	84.70	394.04	684.20	1,478.24	9.81
29	Malaysia	16.00	24.40	39.16	78.37	136.08	294.01	1.95
30	Maldives	2.50	-	-	2.46	4.27	9.23	0.06
31	Mali	2.50	-	2.42	4.85	8.42	18.19	0.12
32	Mauritania	2.50	-	2.42	4.85	-	9.77	0.06
33	Morocco	5.00	7.60	12.21	24.44	42.44	91.69	0.61
34	Mozambique	2.50	-	-	2.46	4.27	9.23	0.06
35	Niger	2.50	3.80	6.11	12.22	-	24.63	0.16
36	Nigeria	2.50	-	-	-	2.15	4.65	0.03
37	Oman	5.00	2.00	6.78	13.57	23.57	50.92	0.34
38	Pakistan	25.00	38.10	61.16	122.41	212.55	459.22	3.05
39	Palestine	2.50	2.50	4.85	9.70	-	19.55	0.13
40	Qatar	25.00	165.92	163.69	346.04	596.85	1,297.5	8.61
41	Saudi Arabia	200.00	306.37	490.80	982.30	1,705.66	3,685.13	24.44
42	Senegal	2.50	3.80	6.12	12.23	21.24	45.89	0.30
43	Sierra Leone	2.50	-	-	2.46	-	4.96	0.03
44	Somalia	2.50	-	-	2.46	-	4.96	0.03
45	Sudan	10.00	-	9.69	19.40	33.68	72.77	0.48
46	Suriname	2.50	-	-	2.46	4.27	9.23	0.06
47	Syria	2.50	-	2.50	4.93	8.56	18.49	0.12
48	Tajikistan	2.50	-	-	2.46	-	4.96	0.03
49	Togo	2.50	-	-	2.46	-	4.96	0.03
50	Tunisia	2.50	2.50	4.85	9.70	-	19.55	0.13
51	Turkey	10.00	150.00	155.47	310.77	539.62	1,165.86	7.73
52	Turkmenistan	2.50	-	-	2.46	-	4.96	0.03
53	U.A.E.	110.00	3.80	6.11	278.81	484.12	882.84	5.86
54	Uganda	2.50	33.72	139.31	12.22	-	187.75	1.25
55	Uzbekistan	2.50	-	-	-	-	2.50	0.02
56	Yemen	5.00	7.60	12.21	24.81	42.76	92.38	0.61
	Grand-Total	**836.80**	**1,536.23**	**2,003.18**	**4,298.03**	**6,401.96**	**15,076.20**	**100.00**

Annex 6
Meetings of Board of Executive Directors During 1429H

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 BED for information.	Total No. of Agenda items	Resolutions Adopted+
11 Safar 1429H (18 February 2008)	250	6	5	5	6	3	24	45	25
01 Rabhi Thani 1429H (07 April 2008)	251	10	4	5	10	3	10	38	17
27 Jumad Awwal1429H (01 June, 2008)	252	11	8	3	11	3	12	44	29
10 Rajab 1429H (13 July 2008)	253	3	6	6	9	3	8	31	16
23 Sha'baan 1429H (24 August 2008)	254	6	4	9	8	3	9	35	12
26-27 Shawwal 1429H (26-27 October 2008)	255	2	4	7	9	3	9	30	14
23-24 Dhul Hijja 1429H (21-22 December 2008)	256	12	8	5	18	3	9	51	26
Total		**50**	**39**	**40**	**71**	**21**	**81**	**302**	**139**

Exit

Annex 7
Selected Basic Indicators

No.	Country	Total Population (million)	Annual Population Growth (%)	Life Expectancy at Birth (Years)	Real GDP Growth (%)	GDP (current, $ billion)	GDP per Capita (current, $)	PPP GDP (current, $ billion)	Exchange Rate (National Currency Per $)
		2007	2007	2006	2007	2007	2007	2007	2008
1	Afghanistan	27.1	3.7	42	11.5	11.6	428	27.1	49.50
2	Albania	3.2	0.3	71	5.7	10.6	3,313	20.3	..
3	Algeria	33.9	1.5	71	3.8	135.3	3,991	262.1	64.60
4	Azerbaijan	8.6	1.0	64	23.9	31.2	3,628	64.1	0.80
5	Bahrain	0.8	1.9	75	6.0	17.4	21,750	24.4	0.40
6	Bangladesh	158.6	1.6	63	6.4	67.7	427	197.0	68.60
7	Benin	9.0	3.0	55	4.5	5.4	600	11.8	447.81
8	Brunei	0.4	1.9	77	0.6	12.3	30,750	19.6	1.40
9	Burkina Faso	14.8	2.9	47	3.5	6.8	459	16.6	447.81
10	Cameroon	18.5	2.0	51	3.3	20.6	1,114	39.4	447.81
11	Chad	10.8	2.8	46	0.3	7.1	657	15.9	447.81
12	Comoros	0.6	2.0	65	1.0	0.4	667	0.7	335.90
13	Cote d'Ivoire	19.3	1.9	53	1.4	19.6	1,016	32.2	447.81
14	Djibouti	0.8	1.8	56	5.3	0.8	1,000	1.7	177.90
15	Egypt	75.5	1.7	68	7.1	128.1	1,697	403.9	..
16	Gabon	1.3	1.5	58	5.3	10.7	8,231	20.2	447.81
17	Gambia	1.7	2.6	59	6.2	0.6	353	2.1	..
18	Guinea	9.4	2.1	53	1.6	4.6	489	10.7	..
19	Guinea Bissau	1.7	2.9	48	2.5	0.4	235	0.8	447.81
20	Indonesia	225.6	1.2	68	6.3	432.8	1,918	841.1	..
21	Iran	71.0	1.3	71	7.1	270.9	3,815	776.5	9,428.50
22	Iraq	30.4	2.8	56	..	..	..	..	..
23	Jordan	5.7	3.2	71	6.0	15.8	2,772	28.0	..
24	Kazakhstan	15.5	1.1	64	8.4	103.8	6,697	167.6	120.30
25	Kuwait	2.7	2.4	78	4.6	111.5	41,296	130.2	0.30
26	Kyrgyz Republic	5.2	1.0	66	7.9	3.5	673	10.4	36.60
27	Lebanon	4.1	1.0	70	3.0	24.0	5,854	41.4	1,507.50
28	Libya	6.2	1.9	72	6.8	58.3	9,403	88.5	..
29	Malaysia	26.5	1.7	72	6.2	180.7	6,819	355.2	3.30
30	Maldives	0.3	1.7	72	7.6	1.0	3,333	1.6	12.80
31	Mali	12.3	3.0	46	3.0	6.9	561	13.4	447.81
32	Mauritania	3.1	2.5	58	0.8	2.6	839	6.0	..
33	Morocco	30.9	1.2	72	2.7	73.3	2,372	125.4	7.80
34	Mozambique	21.4	1.9	50	6.9	7.8	364	17.0	..
35	Niger	14.2	3.3	42	3.1	4.2	296	8.9	447.81
36	Nigeria	148.0	2.2	48	6.3	165.7	1,120	292.6	..
37	Oman	2.6	2.1	74	6.4	40.4	15,538	61.7	0.40
38	Pakistan	162.4	2.1	63	6.1	143.6	884	410.0	70.40
39	Palestine	3.9	2.5	..	..	4.0	..	..	..
40	Qatar	0.8	1.8	77	15.9	73.3	91,625	79.7	3.64
41	Saudi Arabia	24.2	2.2	70	3.5	381.7	15,773	554.3	3.75
42	Senegal	12.4	2.8	59	4.6	11.2	903	20.7	447.81
43	Sierra Leone	5.8	1.8	40	6.5	1.7	293	4.0	..
44	Somalia	8.7	2.9	55	..	..	..	..	..
45	Sudan	38.6	2.2	60	10.0	47.6	1,233	80.5	2.10
46	Suriname	0.5	0.5	68	5.5	2.2	4,400	3.6	2.75
47	Syria	19.9	2.5	72	5.2	38.1	1,915	89.8	11.23
48	Tajikistan	6.7	1.5	64	7.8	3.7	552	11.8	3.40
49	Togo	6.6	2.6	57	2.1	2.5	379	5.3	447.81
50	Tunisia	10.2	1.2	72	6.3	35.0	3,431	76.9	1.20
51	Turkey	73.9	1.2	73	4.6	657.1	8,892	922.2	..
52	Turkmenistan	5.0	1.3	63	11.6	12.9	2,580	..	..
53	Uganda	30.9	3.4	50	8.3	11.2	362	29.0	..
54	U.A.E.	4.4	2.7	78	7.4	190.7	43,341	170.3	3.67
55	Uzbekistan	26.9	1.4	68	9.2	22.3	829	65.2	..
56	Yemen	22.4	3.0	61	3.0	22.5	1,004	52.3	..
Total/Average		**1,485.9**	**1.9**	**62**	**6.1**	**3,655.7**	**2,460**	**6,711.7**	**..**

.. Data not available

Sources:
- IMF, World Economic Outlook Database October2008, November 2008, update January 2009.
- World Bank, Global Economic Prospects Report 2008, Global Economic Outlook February 2009.
- United Nations, Global Economic Outlook Database 2009, online accessed on 24 February 2009.
- WHO, World Health Statistics Database online, accessed on 20 January 2009.
- IDB Computations.

Annex 8
Inflation and Money Supply

No.	Country	Inflation (based on consumer price index) (%)			Narrow Money (M1) (annual percentage change)			Broad Money (M2) (annual percentage change)		
		2005	2006	2007	2005	2006	2007	2005	2006	2007
1	Afghanistan	12.3	5.1	13.0	..	..	32.8	..	..	46.0
2	Albania	2.4	2.4	2.9	15.2	17.1	4.8	14.1	16.0	13.7
3	Algeria	1.6	2.5	3.6	9.8	34.1	36.0	8.8	20.6	22.8
4	Azerbaijan	9.7	8.4	16.6	14.9	145.2	96.9	23.2	86.9	73.2
5	Bahrain	2.6	2.2	3.4	23.4	21.0	23.2	22.0	14.9	39.3
6	Bangladesh	7.0	7.1	9.1	18.1	32.1	16.8	16.0	20.2	13.6
7	Benin	5.4	3.8	1.3	33.3	11.9	17.3	26.3	14.5	19.6
8	Brunei	1.1	0.2	0.3	1.3	10.8	-2.8	-4.5	2.1	6.7
9	Burkina Faso	6.4	2.4	-0.2	-7.0	4.2	27.7	-4.8	11.0	23.8
10	Cameroon	2.0	5.1	0.9	0.4	12.4	24.5	4.9	10.3	14.9
11	Chad	7.9	7.9	-8.8	32.2	54.2	9.0	31.3	52.3	9.8
12	Comoros	3.0	3.4	4.5	8.6	-2.9	51.8	3.2	-1.7	52.3
13	Cote d'Ivoire	3.9	2.5	1.9	7.5	11.0	27.9	7.7	10.3	23.6
14	Djibouti	3.1	3.5	5.0	0.6	20.0	17.9	11.3	11.2	8.6
15	Egypt	8.8	4.2	11.0	20.4	20.0	25.1	11.5	15.0	19.1
16	Gabon	1.2	-1.4	5.0	36.4	17.0	11.6	27.5	16.4	6.9
17	Gambia	5.0	2.1	5.4	6.9	26.0	0.6	13.1	26.2	6.7
18	Guinea	31.4	34.7	22.9	21.9	..	..	33.4	..	..
19	Guinea Bissau	3.4	2.0	4.6	20.3	3.1	19.2	21.3	4.4	24.9
20	Indonesia	10.5	13.1	6.2	10.2	28.1	29.7	16.4	14.9	19.3
21	Iran	10.4	11.9	18.4	22.8	25.9	30.5	22.8	29.1	30.6
22	Iraq	..	..	..	15.8	31.4	46.7	3.7	33.8	37.1
23	Jordan	3.5	6.3	5.4	28.2	12.4	6.2	21.4	12.8	12.4
24	Kazakhstan	7.6	8.6	10.8	18.0	60.3	19.6	26.3	78.1	25.9
25	Kuwait	4.1	3.1	5.5	20.7	-3.6	18.1	12.0	21.7	19.3
26	Kyrgyz Republic	4.3	5.6	10.2	16.4	51.9	40.2	10.0	51.5	33.2
27	Lebanon	-0.7	5.6	4.1	-2.6	12.5	7.7	4.5	7.8	12.4
28	Libya	2.9	1.4	6.2	31.8	15.5	42.4	29.0	14.1	38.0
29	Malaysia	3.0	3.6	2.0	8.7	12.2	18.7	6.3	11.5	10.5
30	Maldives	3.3	3.5	7.4	22.5	22.2	18.8	11.7	20.6	23.7
31	Mali	6.4	1.9	2.5	12.8	8.1	1.4	9.8	6.0	13.7
32	Mauritania	12.1	6.2	7.3	..	..	..	..	..	..
33	Morocco	1.0	3.3	2.0	14.3	16.2	19.1	14.0	17.0	16.1
34	Mozambique	6.4	13.2	8.2	23.8	21.3	24.6	24.3	21.4	26.2
35	Niger	7.8	0.1	0.1	5.7	17.3	19.5	7.0	14.8	24.7
36	Nigeria	17.8	8.3	5.5	15.9	25.5	61.0	16.2	39.7	58.1
37	Oman	1.9	3.4	5.9	25.4	8.9	45.5	21.7	24.5	34.7
38	Pakistan	9.3	7.9	7.8	36.7	17.1	19.6	16.5	14.6	19.5
39	Palestine	..	..	..	9.0	..	..	3.9	6.1	20.4
40	Qatar	8.8	11.8	13.8	53.2	24.7	26.9	43.3	37.9	32.7
41	Saudi Arabia	0.6	2.3	4.1	7.8	10.0	22.7	13.2	20.4	20.1
42	Senegal	1.7	2.1	5.9	8.4	14.1	15.3	8.2	12.5	13.1
43	Sierra Leone	12.1	9.5	11.7	23.1	15.4	12.3	31.3	21.4	22.6
44	Somalia	..	..	..	..	..	..	..	..	..
45	Sudan	8.5	7.2	8.0	34.5	29.4	8.1	43.5	29.7	10.3
46	Suriname	9.9	11.3	6.4	9.7	22.7	26.3	10.7	23.7	29.1
47	Syria	7.2	10.4	4.7	14.3	-4.0	2.4	11.3	7.3	9.6
48	Tajikistan	7.3	10.0	13.2	-0.04	30.4	262.5	25.9	59.7	169.9
49	Togo	6.8	2.2	1.0	-3.2	33.0	12.1	2.2	22.6	16.8
50	Tunisia	2.0	4.5	3.1	13.7	13.1	12.0	11.0	11.6	12.4
51	Turkey	8.2	9.6	8.8	48.0	58.6	11.2	25.1	32.6	15.2
52	Turkmenistan	10.7	8.2	6.3	..	..	..	..	..	..
53	Uganda	8.0	6.6	6.8	21.0	17.7	21.0	17.2	16.9	22.0
54	U.A.E.	6.2	9.3	11.1	29.2	14.9	51.4	30.5	23.2	41.7
55	Uzbekistan	10.0	14.2	12.3	..	..	..	..	..	..
56	Yemen	11.8	18.2	12.5	13.3	26.2	9.9	14.4	26.1	17.0
	All MCs	**7.4**	**7.9**	**8.2**	**21.8**	**27.7**	**25.7**	**18.0**	**23.9**	**22.8**

.. Data not available

Sources: - IMF:World Economic Outlook Database online, accessed on 19 January 2009
- IMF: International Financial Statistics Database online, accessed on 24 January 2009
- World Bank: World Development Indicators Database online, accessed on 17 January 2009.

Exit

Annex 9
Balance of Payments Indicators

No.	Country	Current Account Balance ($ billion)			Overall Balance ($ million)			Gross Reserves in months of imports		
		2005	2006	2007	2005	2006	2007	2005	2006	2007
1	Afghanistan	0.2	0.04	-0.12	..	..	..	..	..	..
2	Albania	-0.3	-0.5	-0.5	148	269	153	5.9	5.9	6.0
3	Algeria	11.1	21.2	29.2	..	..	..	32.3	38.2	48.2
4	Azerbaijan	-2.6	0.2	3.1	161	1,343	1,781	3.0	5.3	8.5
5	Bahrain	0.4	1.6	2.0	294	822	1,415	..	..	..
6	Bangladesh	-0.2	0.01	0.8	-416	865	1,373	2.2	2.6	3.4
7	Benin	-0.3	-0.3	-0.3	-57	-1,117	..	8.5	10.6	13.1
8	Brunei	3.8	5.3	6.4	-9	30	..	3.7	3.2	3.7
9	Burkina Faso	-0.5	-0.6	-0.6	..	..	..	3.7	4.2	7.3
10	Cameroon	-0.6	-0.6	-0.14	-538	1,617	839	3.9	6.0	9.3
11	Chad	-0.5	-0.3	-0.4	..	..	..	2.4	5.3	7.7
12	Comoros	-0.01	-0.01	-0.02	..	..	..	9.6	9.5	11.7
13	Cote d'Ivoire	0.2	0.04	0.5	-315	223	321	3.0	3.8	5.0
14	Djibouti	-0.01	0.01	-0.1	-107	-75	..	3.5	3.9	..
15	Egypt	3.4	2.9	0.9	5,226	2,937	3,687	12.2	12.3	13.4
16	Gabon	0.8	1.8	1.9	226	..	..	5.0	6.8	6.7
17	Gambia	-0.03	-0.08	-0.07	-36	-0.09	-9	4.8	5.1	5.6
18	Guinea	-0.2	-0.1	-0.2	..	..	188	1.3	..	..
19	Guinea Bissau	0.01	-0.02	-0.04	..	..	..	9.4	9.5	12.3
20	Indonesia	1.6	0.3	10.0	-2,111	14,958	12,706	5.1	5.7	7.2
21	Iran	1.4	16.6	19.4	..	..	..	..	..	..
22	Iraq	..	..	..	-4,523	1,533	..	5.8	8.5	..
23	Jordan	0.00	-2.3	-2.0	261	1,442	890	5.7	6.5	6.8
24	Kazakhstan	0.3	-1.1	-1.8	-1,944	11,075	-3,029	3.5	7.4	5.7
25	Kuwait	18.2	32.7	41.3	619	3,583	3,218	6.7	8.5	10.3
26	Kyrgyz Republic	0.11	0.08	-0.19	68	177	293	4.8	4.4	5.4
27	Lebanon	-3.3	-2.9	-1.4	458	146	-665	14.8	14.7	12.6
28	Libya	7.4	17.3	24.3	13,840	19,447	..	72.8	91.5	110.8
29	Malaysia	14.9	20.0	25.6	3,620	6,864	13,144	6.8	7.1	8.2
30	Maldives	-0.1	-0.3	-0.4	-23	45	76	2.7	2.7	3.4
31	Mali	-0.4	-0.4	-0.3	16	-2,035	..	5.9	6.1	6.5
32	Mauritania	-0.5	-0.9	-0.04	..	..	..	..	..	..
33	Morocco	1.0	1.4	2.2	449	628	-840	8.7	8.8	9.2
34	Mozambique	-0.5	-0.7	-0.6	-197	-1,643	57	4.8	4.6	5.4
35	Niger	-0.2	-0.3	-0.3	33	-83	..	3.4	4.6	7.3
36	Nigeria	3.8	9.1	14.3	10,397	..	9,035	15.9	20.6	22.4
37	Oman	0.3	2.7	3.0	2,809	2,206	6,287	5.2	4.7	8.0
38	Pakistan	1.8	-1.5	-5.0	475	1,551	2,127	4.4	4.4	5.2
39	Palestine	..	..	..	-26	..	..	..	..	..
40	Qatar	7.1	14.2	16.4	..	..	..	4.1	3.4	5.1
41	Saudi Arabia	52.0	90.1	95.5	-465	894	6,168	4.9	4.0	4.3
42	Senegal	-0.5	-0.7	-0.9	-362	-122	..	4.3	4.2	4.7
43	Sierra Leone	-1.4	-3.0	-5.5	-130	60	-30	5.6	5.5	6.2
44	Somalia	-0.06	-0.09	-0.08	..	..	..	..	..	..
45	Sudan	..	..	..	598	-591	-424	3.0	2.4	2.0
46	Suriname	-0.1	-0.2	0.1	20	94	177	1.9	2.9	5.1
47	Syria	-0.8	-1.2	-2.1	14	-732	..	..	..	..
48	Tajikistan	-0.1	-0.1	-0.1	6	-10	-14	1.3	1.0	..
49	Togo	-0.1	-0.1	-0.1	-113	158	..	1.8	3.2	3.6
50	Tunisia	-0.6	-0.3	-0.7	936	2,082	689	3.8	4.8	5.0
51	Turkey	-15.6	-22.6	-31.9	23,176	10,621	12,052	4.7	4.7	5.2
52	Turkmenistan	0.08	0.9	3.4	..	..	..	..	..	..
53	Uganda	-0.08	-0.2	-0.4	82	3,774	646	7.0	7.4	9.2
54	U.A.E.	10.3	24.3	35.9	..	..	..	2.8	3.0	7.7
55	Uzbekistan	1.2	1.9	3.2	..	..	..	..	..	..
56	Yemen	0.2	0.6	0.6	434	1,112	-354	14.4	16.1	15.7
	All MCs	**231.1**	**303.2**	**291.4**	**52,993**	**..**	**..**	**7.0**	**7.6**	**9.3**

..Data not available.

Sources: - IMF: World Economic Outlook Database online, October 2007 edition, accessed on 19 January 2009.
- IMF: International Financial Statistics Database online, accessed on 24 January 2009.
- World Bank: World Development Indicators Database online, accessed on 17 January 2009.

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Annex 10
International Trade Indicators

No.	Country	Merchandise Exports (f.o.b.) Value ($million)	Merchandise Exports (f.o.b.) Annual Growth Rate (%)	Merchandise Exports (f.o.b.) Ten-Year Growth (%)	Merchandise Imports (c.i.f.) Value ($million)	Merchandise Imports (c.i.f.) Annual Growth Rate (%)	Merchandise Imports (c.i.f.) Ten-Year Growth (%)	Trade Balance ($million)	Terms of Trade (2000=100)	
		2007	2007	1998-2007	2007	2007	1998-2007	2007	1996	2006
1	Afghanistan	480	17.6	13.1	2,950	14.3	18.2	-2,470	..	..
2	Albania	1,072	34.4	18.1	4,196	37.2	18.2	-3,124	..	..
3	Algeria	59,518	9.0	21.1	27,439	27.9	13.9	32,079	68	179
4	Azerbaijan	9,300	45.9	30.7	6,050	14.9	24.7	3,250	..	..
5	Bahrain	13,634	11.8	15.4	11,488	9.3	15.0	2,146	..	132
6	Bangladesh	12,360	4.7	10.3	18,470	15.2	10.2	-6,110	111	73
7	Benin	590	3.9	5.5	1,110	15.6	5.4	-520	94	81
8	Brunei	7,230	-5.3	14.6	2,190	30.7	4.1	5,040	..	179
9	Burkina Faso	660	12.2	12.2	1,700	13.3	12.5	-1,040	123	90
10	Cameroon	3,750	4.9	10.4	3,760	19.3	11.8	-10	82	136
11	Chad	3,450	1.2	47.8	1,500	14.7	19.0	1,950	..	..
12	Comoros	9	-14.4	2.3	120	4.1	11.8	-112	..	..
13	Cote d'Ivoire	8,400	0.4	9.3	6,100	16.9	9.4	2,300	119	135
14	Djibouti	60	8.8	8.5	410	22.1	8.2	-350	..	..
15	Egypt	16,201	18.2	20.3	27,064	31.4	5.0	-10,862	111	127
16	Gabon	5,950	13.3	12.9	2,200	27.5	9.1	3,750	147	179
17	Gambia	13	13.4	-4.8	305	17.6	4.6	-292	100	80
18	Guinea	1,100	8.9	5.3	1,190	28.0	8.2	-90	78	204
19	Guinea Bissau	70	9.3	8.0	110	12.1	8.5	-40	..	..
20	Indonesia	118,163	14.2	9.3	91,715	14.1	12.0	26,448	97	101
21	Iran	83,000	7.8	21.6	45,000	10.4	16.8	38,000	..	155
22	Iraq	36,400	19.2	16.0	29,020	10.5	20.4	7,380	..	..
23	Jordan	5,760	11.3	15.3	13,310	16.3	16.3	-7,550	114	84
24	Kazakhstan	46,540	15.0	28.7	32,940	32.0	27.6	13,600	..	..
25	Kuwait	63,450	13.9	22.8	19,440	21.8	11.6	44,010	..	195
26	Kyrgyz Republic	1,105	36.3	8.8	2,475	44.0	14.8	-1,370	..	..
27	Lebanon	3,574	27.0	22.5	12,251	27.0	7.0	-8,677	..	101
28	Libya	45,000	14.8	23.5	8,600	23.7	7.0	36,400	..	172
29	Malaysia	176,211	9.7	9.8	146,982	12.1	10.2	29,229	112	99
30	Maldives	228	1.3	11.4	1,097	18.4	13.5	-869	..	119
31	Mali	1,620	4.9	13.6	2,000	8.5	12.3	-380	111	107
32	Mauritania	1,360	5.1	15.4	1,510	38.7	20.4	-150	94	170
33	Morocco	14,646	14.9	8.5	31,468	31.5	13.4	-16,823	92	86
34	Mozambique	2,650	11.3	33.7	3,210	11.9	16.2	-560	115	131
35	Niger	650	24.8	9.1	970	2.1	11.5	-320	106	164
36	Nigeria	66,500	13.2	23.1	27,500	26.1	14.0	39,000	87	161
37	Oman	23,050	6.8	15.4	14,300	29.3	11.5	8,750	..	182
38	Pakistan	17,457	3.1	9.9	32,598	9.3	16.3	-15,141	120	76
39	Palestine	..	..	..	..	..	..	..	..	..
40	Qatar	36,970	8.6	23.4	22,045	34.1	25.3	14,925	..	165
41	Saudi Arabia	228,550	8.2	21.6	94,235	35.0	13.8	134,315	..	205
42	Senegal	1,650	6.0	7.4	4,250	23.8	13.3	-2,600	166	102
43	Sierra Leone	260	12.5	58.4	420	8.0	20.0	-160	..	..
44	Somalia	..	..	..	..	..	..	..	..	..
45	Sudan	8,160	44.2	31.3	8,450	4.7	23.8	-290	100	189
46	Suriname	1,310	9.2	16.9	940	14.6	7.6	370	..	193
47	Syria	11,330	3.8	15.9	14,820	29.0	17.6	-3,490	..	133
48	Tajikistan	1,468	4.9	9.5	2,455	42.5	15.0	-987	..	..
49	Togo	690	12.7	7.9	1,450	9.0	12.3	-760	92	78
50	Tunisia	15,029	30.5	11.3	18,980	27.7	9.2	-3,951	99	94
51	Turkey	107,154	25.3	18.4	169,987	21.8	17.8	-62,833	107	96
52	Turkmenistan	8,920	54.5	27.6	4,460	9.9	16.8	4,460	..	..
53	Uganda	1,530	52.5	12.4	3,350	31.0	9.0	-1,820	158	102
54	U.A.E.	154,000	8.1	19.7	121,100	23.7	17.3	32,900	..	153
55	Uzbekistan	8,040	43.1	9.8	4,470	11.9	4.1	3,570	..	..
56	Yemen	7,160	-2.1	16.4	5,890	11.3	13.7	1,270	..	150
	All MCs	**1,443,432**	**12.0**	**16.7**	**1,112,040**	**20.6**	**13.9**	**331,392**	**..**	**128**

..Data not available.

Sources: 1. World Bank, Global Development Finance online database, accessed on 31 December 2008.
2. World Bank, World Development Indicators online database, accessed on 31 December 2008.

Annex 11
External Debt Indicators

No.	Country	Total Debt			Total Debt Service			Interest Payments % of Merch. Exports	Concessional Debt % of Total Debt
		Value ($ billion)	% of Merchandise Exports	% of GNI	Value ($ billion)	% of Merchandise Exports	% of GNI		
		2007	2007	2007	2007	2007	2007	2007	2007
1	Afganistan	2.0	416.7	17.5	0.02	4.2	0.2	3.3	96.1
2	Albania	2.7	251.9	24.8	0.10	9.3	0.9	5.7	55.0
3	Algeria	5.5	9.2	4.1	1.40	2.4	1.1	0.4	32.2
4	Azerbaijan	3.1	33.3	11.7	0.10	1.1	0.4	0.7	41.6
5	Bahrain	..	..	..	..	..	..	..	..
6	Bangladesh	22.0	178.0	30.1	0.80	6.5	1.0	2.0	87.9
7	Benin	0.9	152.5	16.0	0.10	16.9	1.2	2.3	92.8
8	Brunei	..	..	..	..	..	..	..	..
9	Burkina Faso	1.5	227.3	22.3	0.10	15.2	0.8	3.0	83.7
10	Cameroon	3.1	82.7	15.0	0.50	13.3	2.5	3.8	64.1
11	Chad	1.8	52.2	29.1	0.10	2.9	0.9	0.6	88.4
12	Comoros	0.3	3,333.3	64.7	0.03	333.3	5.8	156.6	95.9
13	Cote d'Ivoire	13.9	165.5	74.8	0.40	4.8	2.1	1.0	47.1
14	Djibouti	0.5	833.3	51.8	0.04	66.7	4.5	11.4	89.7
15	Egypt	30.4	187.6	23.5	2.30	14.2	1.8	5.0	66.8
16	Gabon	5.7	95.8	62.6	0.10	1.7	0.7	0.4	15.8
17	Gambia	0.7	5,384.6	122.4	0.03	230.8	5.2	89.3	95.0
18	Guinea	3.3	300.0	72.5	0.20	18.2	3.4	3.7	85.0
19	Guinea Bissau	0.7	1,000.0	213.0	0.03	42.9	8.3	13.6	95.8
20	Indonesia	140.8	119.2	33.9	13.30	11.3	3.2	4.3	26.0
21	Iran	20.1	24.2	7.5	3.10	3.7	1.1	1.1	5.5
22	Iraq	..	..	..	..	..	..	..	..
23	Jordan	8.4	145.8	50.4	0.60	10.4	3.8	4.8	49.3
24	Kazakhstan	96.1	206.5	103.4	27.10	58.2	29.2	8.4	1.0
25	Kuwait	..	..	..	..	..	..	..	..
26	Kyrgyz Republic	2.4	217.2	69.7	0.20	18.1	4.6	2.5	78.4
26	Lebanon	24.6	688.3	103.3	4.30	120.3	18.1	45.1	4.4
28	Libya	..	..	..	..	..	..	..	..
29	Malaysia	53.7	30.5	29.3	9.40	5.3	5.1	1.2	6.1
30	Maldives	0.6	263.2	56.5	0.04	17.5	4.2	6.3	43.8
31	Mali	2.0	123.5	29.6	0.10	6.2	1.0	1.2	96.2
32	Mauritania	1.7	125.0	62.2	0.10	7.4	4.3	2.1	72.7
33	Morocco	20.2	137.9	28.1	3.90	26.6	5.4	4.6	30.0
34	Mozambique	3.1	117.0	46.3	0.04	1.5	0.5	1.0	75.3
35	Niger	1.0	153.8	23.0	0.03	4.6	0.7	1.6	86.5
36	Nigeria	9.0	13.5	6.0	1.00	1.5	0.7	0.5	27.9
37	Oman	..	..	..	..	..	..	..	..
38	Pakistan	40.7	233.1	27.8	2.30	13.2	1.6	6.3	68.2
39	Palestine	..	..	..	..	..	..	..	..
40	Qatar	..	..	..	..	..	..	..	..
41	Saudi Arabia	..	..	..	..	..	..	..	..
42	Senegal	2.6	157.6	23.5	0.20	12.1	1.6	3.6	73.9
43	Sierra Leone	0.3	115.4	20.4	0.01	3.8	0.8	1.5	77.9
44	Somalia	2.9	..	..	0.00	..	..	..	54.4
45	Sudan	19.2	235.3	44.8	0.30	3.7	0.7	1.0	33.2
46	Suriname	..	..	..	..	..	..	..	..
47	Syria	..	..	..	..	..	..	..	..
48	Tajikistan	1.2	81.7	34.0	0.10	6.8	2.0	2.6	85.6
49	Togo	2.0	289.9	80.2	0.01	1.4	0.4	0.8	64.3
50	Tunisia	20.2	134.4	60.8	2.30	15.3	7.0	6.1	20.6
51	Turkey	251.5	234.7	38.7	41.90	39.1	6.4	11.2	2.1
52	Turkmenistan	0.7	7.8	5.9	0.20	2.2	1.6	0.4	64.4
53	Uganda	1.6	104.6	14.7	0.10	6.5	0.6	1.0	84.5
54	U.A.E.	..	..	..	..	..	..	..	..
55	Uzbekistan	3.9	48.5	17.3	0.80	10.0	3.6	2.2	39.8
56	Yemen	5.9	82.4	27.9	0.20	2.8	0.8	1.0	89.1
	All MCs	**834.5**	**57.8**	**31.2**	**117.98**	**8.2**	**4.4**	**2.2**	**22.4**

..Data not available.

Sources: 1. World Bank: Global Development Finance online database, accessed on 10 January 2009.
2. World Bank: World Development Indicators online database, accessed on 10 January 2009.

Exit

Annex 12
Resource Flows

($ million)

No.	Country	Total Receipt[1]				Total ODA Commitments			
		2000	2005	2006	2007	2000	2005	2006	2007
1	Afghanistan	157	2,794	3,044	3,959	121	3,125	3,004	4,241
2	Albania	231	482	500	642	325	280	408	283
3	Algeria	-400	-1,366	-3,830	2,144	260	511	397	428
4	Azerbaijan	672	1,534	1,623	2,458	173	395	189	243
5	Bahrain	1,480	..	..	..	117	..	..	..
6	Bangladesh	1,234	1,710	1,326	1,681	1,167	1,582	1,828	1,949
7	Benin	229	379	370	493	318	442	740	402
8	Brunei	..	..	..	..	..	..	..	..
9	Burkina Faso	345	725	970	876	371	861	478	461
10	Cameroon	222	238	817	631	366	452	2,099	1,890
11	Chad	-226	388	298	407	322	424	273	388
12	Comoros	-2	43	31	-41	19	57	29	41
13	Côte d'Ivoire	715	210	552	97	386	233	392	329
14	Djibouti	91	98	185	133	72	100	108	128
15	Egypt	3,223	4,703	5,355	6,725	1,779	963	1,824	1,684
16	Gabon	76	-76	172	581	79	65	138	158
17	Gambia	45	68	73	87	39	84	60	53
18	Guinea	329	165	172	228	200	164	200	267
19	Guinea Bissau	84	77	75	103	88	55	60	113
20	Indonesia	2,361	7,960	3,665	1,807	1,986	3,863	3,048	2,542
21	Iran	21	5,746	2,065	-872	153	59	119	137
22	Iraq	106	20,584	6,960	4,996	83	20,364	8,068	9,079
23	Jordan	574	837	516	413	574	638	551	640
24	Kazakhstan	750	1,972	5,963	4,059	303	142	182	305
25	Kuwait	..	..	..	..	..	..	..	..
26	Kyrgyz Republic	223	332	274	300	276	192	293	258
27	Lebanon	49	386	561	779	162	248	1,004	1,115
28	Libya	..	521	-401	2,055	..	14	38	19
29	Malaysia	-307	736	7,419	9,499	1,190	796	125	69
30	Maldives	11	127	142	121	35	66	46	32
31	Mali	385	757	833	924	459	681	723	1,159
32	Mauritania	216	207	176	317	240	148	270	164
33	Morocco	601	2,184	1,556	2,782	693	866	1,376	1,195
34	Mozambique	1,175	1,283	1,617	1,511	1,118	1,284	1,408	1,404
35	Niger	183	395	-419	324	304	605	394	302
36	Nigeria	-1,994	7,593	-3,095	-312	311	6,076	11,710	1,818
37	Oman	167	2,352	2,157	1,661	151	9	6	3
38	Pakistan	167	2,578	3,982	4,808	1,188	1,942	1,821	1,783
39	Palestine	507	1,137	1,432	1,859	681	955	987	1,471
40	Qatar	..	..	..	..	..	..	..	..
41	Saudi Arabia	-979	1,969	10,438	8,245	18	12	22	27
42	Senegal	476	699	843	965	561	887	793	623
43	Sierra Leone	185	350	435	362	311	319	238	520
44	Somalia	100	239	400	391	80	175	418	374
45	Sudan	315	1,853	2,123	2,141	285	2,102	1,782	1,890
46	Suriname	23	19	37	71	22	51	57	149
47	Syria	210	109	125	480	123	111	195	325
48	Tajikistan	117	273	253	223	152	188	212	214
49	Togo	60	92	155	194	53	78	56	166
50	Tunisia	660	515	34	1,486	578	486	502	714
51	Turkey	8,722	11,720	17,370	28,309	688	1,668	1,017	1,011
52	Turkmenistan	286	-44	97	-466	20	25	32	79
53	Uganda	819	1,258	1,571	1,769	848	1,256	1,063	1,520
54	U.A.E.	..	..	..	..	..	..	..	..
55	Uzbekistan	448	36	-167	130	95	204	193	140
56	Yemen	287	278	874	312	429	252	229	302
	All MCs	**25,431**	**89,225**	**81,723**	**102,845**	**20,371**	**56,558**	**51,204**	**44,607**

..Data not available.
[1] Total Receipt or "Net Resource Flows" is the sum of net ODA, and net private flows. ODA refers to Official Development Assistance.
Source: OECD, Development Assistance Committee (DAC) Statistics Online, accessed on 31 December 2008.

Annex 13
Social Development Indicators of IDB Member Countries

No.	Country	Human Development Index (2006)			Human Poverty Index (2006)		Public Expenditure on Health (2006) (% of GDP)	Public Expenditure on Education (Latest available year) (% of GDP)	Average Real GDP Per Capita (current, $) (2004-2008)
		Rank	Value (Index)	Status	Value (%)	Rank			
1	Afghanistan	..	..	..	60.2	135	1.0	1.9	..
2	Albania	69	0.807	High	4.6	15	2.6	2.9	1,599
3	Algeria	100	0.748	Medium	18.1	71	2.6	..	2,133
4	Azerbaijan	97	0.758	Medium	11.8	50	1.0	2.3	1,545
5	Bahrain	32	0.902	High	8.3	37	2.5	3.6	14,382
6	Bangladesh	147	0.524	Medium	36.9	110	0.8	2.7	421
7	Benin	161	0.459	Low	44.5	125	3.0	4.4	326
8	Brunei	27	0.919	High	..	..	1.6	5.2	18,068
9	Burkina Faso	173	0.372	Low	53.7	131	4.0	4.2	256
10	Cameroon	150	0.514	Medium	31.5	92	1.5	3.1	690
11	Chad	170	0.389	Low	56.2	133	1.5	1.9	264
12	Comoros	137	0.572	Medium	21.2	77	1.6	3.8	376
13	Côte d'Ivoire	166	0.431	Low	40.5	120	0.8	4.6	555
14	Djibouti	151	0.513	Medium	26.5	85	4.5	8.4	818
15	Egypt	116	0.716	Medium	20	73	2.3	4.2	1,740
16	Gabon	107	0.729	Medium	20.2	74	3.0	3.8	4,340
17	Gambia	160	0.471	Low	40.9	121	3.4	2.0	328
18	Guinea	167	0.423	Low	50.9	128	0.7	1.6	406
19	Guinea Bissau	171	0.383	Low	36.7	109	1.7	5.2	131
20	Indonesia	109	0.726	Medium	17.2	69	1.0	2.9	989
21	Iran	84	0.777	Medium	12	51	4.4	4.7	2,030
22	Iraq	..	..	..	22.6	80	3.1	5.1	..
23	Jordan	90	0.769	Medium	6.1	22	4.8	4.9	2,176
24	Kazakhstan	71	0.807	High	7.8	34	2.5	2.3	2,140
25	Kuwait	29	0.912	High	..	..	1.7	4.8	21,163
26	Kyrgyz Republic	122	0.694	Medium	8.7	39	2.5	4.9	337
27	Lebanon	78	0.796	Medium	8.5	38	3.8	2.7	5,151
28	Libya	52	0.840	High	13.6	60	2.2	2.7	7,109
29	Malaysia	63	0.823	High	6.4	23	1.9	6.2	4,548
30	Maldives	99	0.749	Medium	17.1	68	10.6	7.7	3,427
31	Mali	168	0.391	Low	56.3	134	2.9	4.1	287
32	Mauritania	140	0.557	Medium	35.9	106	1.7	2.3	464
33	Morocco	127	0.646	Medium	31.8	93	1.9	6.8	1,644
34	Mozambique	175	0.366	Low	48.2	127	2.7	5.0	329
35	Niger	174	0.370	Low	55.1	132	1.9	3.4	167
36	Nigeria	154	0.499	Low	37	111	1.2	0.8	457
37	Oman	53	0.839	High	15	64	2.1	3.6	9,714
38	Pakistan	139	0.562	Medium	33.6	100	0.4	2.3	632
39	Palestine	106	0.731	Medium	6.7	26	..	..	1,000
40	Qatar	34	0.899	High	7.2	29	3.2	3.3	..
41	Saudi Arabia	55	0.835	High	12.5	55	2.6	6.8	9,916
42	Senegal	153	0.502	Medium	41.1	123	1.7	5.4	503
43	Sierra Leone	179	0.329	Low	51.2	129	1.9	3.8	225
44	Somalia	..	..	..	..	..	..	0.4	..
45	Sudan	146	0.526	Medium	34.3	101	1.4	12.1	493
46	Suriname	89	0.770	Medium	10.1	46	2.5	9.0	2,748
47	Syria	105	0.736	Medium	13	57	2.1	3.2	1,295
48	Tajikistan	124	0.684	Medium	18.3	72	1.1	3.5	248
49	Togo	159	0.479	Low	37.2	112	1.4	2.6	239
50	Tunisia	95	0.762	Medium	16.1	66	2.4	7.3	2,531
51	Turkey	76	0.798	Medium	8.7	40	5.4	4.0	4,807
52	Turkmenistan	108	0.728	Medium	..	..	3.2	4.3	..
53	Uganda	156	0.493	Low	32.2	94	2.0	5.2	277
54	U.A.E.	31	0.903	High	7.8	33	1.9	5.2	24,848
55	Uzbekistan	119	0.701	Medium	9.2	43	2.4	7.4	735
56	Yemen	138	0.567	Medium	36.6	108	2.1	9.9	549
	IDB-56	**..**	**0.625**	**Medium**	**27.2**	**..**	**2.2**	**4.5**	**2,159**

Sources: - UNDP, Human Development Report, 2008.
- World Bank, WDI Database online, accessed on 31 December 2008.
- UNESCO Institute of Statistics, Database online, accessed on 01 January 2009.

Annex 14
Global Hunger Index, 1990, 2007, and 2008

	Country	1990	2007	2008	Status of Hunger (2008)
1	Niger	38.0	32.7	32.4	Extremely Alarming Hunger
2	Sierra Leone	32.4	35.2	32.2	
3	Chad	37.5	29.9	29.9	Alarming Hunger
4	Yemen	30.7	31.5	29.8	
5	Comoros	26.4	31.5	29.1	
6	Guinea Bissau	23.0	27.4	27.5	
7	Mali	29.6	27.7	26.9	
8	Mozambique	40.9	28.0	26.3	
9	Tajikistan	-	29.9	25.9	
10	Bangladesh	32.3	28.4	25.2	
11	Burkina Faso	25.1	24.6	23.5	
12	Pakistan	25.3	22.7	21.7	
13	Djibouti	30.7	17.1	20.9	
14	Guinea	29.3	21.8	20.9	
15	Sudan	24.5	25.6	20.5	
16	Cameroon	22.0	19.3	18.7	Serious Hunger
17	Nigeria	23.7	19.1	18.4	
18	Togo	23.0	20.4	18.2	
19	Mauritania	25.3	18.1	17.6	
20	Gambia	18.4	18.8	17.3	
21	Uganda	19.9	18.6	17.1	
22	Senegal	22.1	18.0	15.4	
23	Côte d'Ivoire	19.4	17.4	15.3	
24	Benin	22.8	17.4	15.1	
25	Indonesia	16.0	11.6	11.3	
26	Uzbekistan	-	13.6	11.2	
27	Azerbaijan	-	8.6	10.4	
28	Gabon	11.3	8.7	7.6	Moderate Hunger
29	Suriname	10.7	9.0	7.5	
30	Malaysia	9.5	6.5	6.5	
31	Morocco	7.7	6.8	6.5	
32	Turkmenistan	-	10.1	6.4	
33	Albania	10.5	7.2	6.3	
34	Algeria	7.4	6.5	6.0	
35	Egypt	8.6	4.3	<5	Low Hunger
36	Iran	8.3	4.7	<5	
37	Jordan	4.8	4.7	<5	
38	Kazakhstan	-	5.9	<5	
39	Kuwait	12.6	3.1	<5	
40	Kyrgyz Republic	-	7.3	<5	
41	Lebanon	5.1	3.5	<5	
42	Libya	2.7	0.8	<5	
43	Saudi Arabia	6.9	6.9	<5	
44	Syria	9.6	4.2	<5	
45	Tunisia	5.2	2.5	<5	
46	Turkey	6.2	4.2	<5	

Source: Welthungerhilfe, IFRI & CONCERN, "Global Hunger Index, The Challenge of Hunger" (2007 - 2008).

Annex 15
List of Approved Projects During 1429H

No.	Country	Project Name	Mode	Approved Date	Total Cost	IDB Financing		Brief Description
					(in million)			
					$	$	ID	
1	Afghanistan	Rehabilitation & Upgrading of Irrigation & Water Management	Loan	18/02/2008	94.91	10.00	6.61	The project focuses on rehabilitation and upgrading of primary irrigation canals and intake network in the intensively irrigated plain of Pashtun Zarqun District of Herat province, with the objective to improve rural livelihoods and increase household income of farmers in the Western Basins of Afghanistan, mainly comprising the Hari Rud River Basin and the Murghab River Basin.
2	Albania	The Water Supply & Sanitation in Orikum	Loan	01/06/2008	16.44	13.35	8.61	The project aims at improving public health and enhancing environmental conditions by providing access to uninterrupted safe drinking water to the residents of Orikum, Radhima Coastline, Tragjas, Radhima, Old Dukat and New Dukat, through the construction of an integrated water supply and sewerage system.
3	Azerbaijan	Strengthening The Capacity Of The Cabinet Of Ministers	Grant	23/06/2008	0.38	0.32	0.20	The project improves performance and debt management capacity of the Cabinet of Ministers of Azerbaijan by strengthening coordination efforts between the Ministers and key Agencies that are involved in attracting external financing, monitoring implementation and ensuring repayment. This is to be done through the establishment of a Central Monitoring System within its External Borrowings Department.
4	Azerbaijan	Feasibility Study for the Reconstruction of Mil-Garabagh Water Collector	Grant	10/08/2008	0.35	0.31	0.20	The objective of the TA is to prepare a feasibility study for the reconstruction of the Mil-Garabagh Water Collector (MGC) project in Azerbaijan.
5	Burkina Faso	Construction of the Koudougou Dedougou Road	Loan	24/08/2008	67.80	16.30	10.00	The project upgrades 130km of earthern roads to all-weather roads linking Dedougou to Koudougou, in order to boost economic activity by improving the means of transporting agricultural output to various parts of Burkina Faso.
6	Burkina Faso	Dangoumana Hydro-Agricultural Development Project	Istisnaa/ Loan	21/12/2008	31.80	28.37	18.33	With the aim of intensifying agricultural production, this project contributes to improving food security and reducing poverty of the Dangoumana population through the development of 2,000 ha of irrigated land (entire program - 5,500 ha). The project mainly encompasses construction of irrigation systems and basic social infrastructure (rural roads).
7	Bangladesh	Greater Rajshahi Division Integrated Rural Development	LDMC Loan	13/07/2008	29.64	19.90	12.44	To reduce poverty in the Greater Rajshahi Division through multi-sectoral interventions, which include development of essential rural infrastructure (i.e. roads and markets), increase employment opportunities for the rural population especially the poor, disadvantaged women and youth, and enhance their capacities and skills. The project is expected to benefit 250,000 persons directly and approximately 7.6 million indirectly.
8	Bangladesh	Improving Rural Households Livelihood Through Solar Energy	Loan	21/12/2008	64.00	18.00	12.00	To support efforts to raise socioeconomic conditions of 143,000 rural households, by promoting the productive use of environmental-friendly renewable energy (i.e. solar power), with the aim to support income-generating activities as well as improving delivery of social services in economically active communities all over Bangladesh.
9	Bahrain	Alpha Lease & Finance Holding Co. B.S.C	L. Equity	13/01/2008	50.00	3.00	2.00	

No.	Country	Project Name	Mode	Approved Date	Total Cost (in million) $	IDB Financing (in million) $	IDB Financing (in million) ID	Brief Description
10	Côte d'Ivoire	Upgrading & Expansion of Abidjan International Airport Freight Terminal	Istisnaa	07/04/2008	52.66	37.41	22.88	To increase the capacity and improve the quality of services by increasing annual freight volume from 23,000 tons to 40,000 tons per year by 2015, at the freight terminal of Abidjan International Airport, in an effort to stimulate economic growth, contribute towards the revival of the country's civil aviation industry, help maintain the Airport's role of regional hub, and foster regional integration.
11	Côte d'Ivoire	Post-Conflict Program for the Center-North-West (CNO) Zone	Loan/ Grant	21/12/2008	36.30	10.37	7.01	Within the framework of the Crisis Recovery Programme, which is an emergency short-term multi-sectoral post-conflict reconstruction programme to restore basic socio-economic infrastructure in seven main cities in the Centre North West regions (CNO), the project aims to support the displaced population to return to their original locations by providing increased access to improved urban infrastructure and services (including roads, water supply and education) in four of the seven cities in the CNO.
12	Djibouti	Construction Of Djibouti-Loyada Road	LDMC Loan	01/06/2008	12.50	10.00	6.14	The project aims at improving transport conditions by constructing a 19km trunk road linking Djibouti City to Loyada, as part of a regional network to directly connect Djibouti with Somalia. The project is expected to increase livestock exports by 10%. The project also intends to alleviate poverty and enhance the livelihoods of the population of the surrounding localities (Doudda and Damerjog) by mobilizing communities and providing basic services.
13	Djibouti	Balbala Urban Poverty Reduction	Grant/ LDMC Loan	01/06/2008	9.06	8.80	5.87	The project aims at improving the quality of life and livelihoods of some 50,000 people belonging to the poorest segment of the Balbala suburban slum community by increasing access of deprived families to infrastructure and basic urban services, providing market oriented vocational training to improve employability of unemployed youth and extending micro-finance services.
14	Egypt	The Avian Influenza Control	Loan	01/06/2008	14.87	10.00	6.67	The project supports the efforts to minimize risk of further spreading of the Avian Influenza Virus in the country (affecting both humans and animals) through the production of 300 million doses/year of vaccines, with the aim to control the disease. The project upgrades the current laboratories to produce quality controlled vaccines, accompanied by appropriate storage and delivery, as well as training and research activities.
15	Gabon	Construction of the Akieni-Okondja Road	Istisnaa	18/02/2008	107.35	106.83	66.00	The purpose of the project is to improve the transfer of goods & services between rural areas and economic centers thereby ensuring national integration, through the construction of a 74 km road linking Akieni to Okondja both in East Gabon.
16	Guinea	Rehabilitation & Extension Of Conakry Electricity Distribution	Loan	07/04/2008	31.60	11.44	7.00	To improve electricity service delivery and alleviate acute electricity shortages within the Conakry capital city through the rehabilitation and extension of the distribution networks of Ratoma and Matoto districts. The project is estimated to reduce energy losses from 60% in 2007 to 29% in 2011, by improving the quality of electricity delivery and increasing efficiency of distribution grid - thus contributing to improving living conditions and supporting economic growth.
17	Gambia	Support To Malaria Prevention And Control In The Gambia	LDMC Loan	12/01/2008	3.00	3.00	1.89	In an effort to contribute to the attainment of Malaria-related target of the MDG of halving prevalence of Malaria by 2015 in Gambia, the main objective of the project is to improve diagnosis, and increase by 60%, the proportion of malaria cases receiving treatment within 24 hours of the appearance of symptoms, in 3 health divisions.

No.	Country	Project Name	Mode	Approved Date	Total Cost	IDB Financing		Brief Description
					(in million)			
					$	$	ID	
18	Gambia	Rural Water Supply in Gunjur	LDMC Loan	27/10/2008	5.17	4.74	2.84	The project aims at improving public health conditions of 15,000 inhabitants of Gunjur, who currently depend on contaminated wells, by providing access to better quality clean water, primarily through the installation of a water supply and sanitation system
19	Indonesia	Development & Upgrading of the State University Of Jakarta (UNJ)	Loan/ Istisnaa	01/06/2008	38.68	24.97	15.61	The project assists the State University of Jakarta (UNJ) to provide high quality education to increasing number of students (from 16,000 in 2007 to 25,000 in 2011) through (i) the development and expansion of academic and research facilities, (ii) curricula development and (iii) training of faculty members.
20	Iran	Mashahd Sewage Project	Istisnaa	18/02/2008	180.60	79.25	48.94	The project improves environmental conditions in the central and eastern districts of Mashahd city by significantly increasing coverage of sanitation services through the provision of satisfactory wastewater collection and treatment facilities for an additional population of 925,000 people.
21	Iran	Abadan Combined Cycle Power Plant	I. Sale	07/04/2008	290.00	121.74	80.00	The objective of the project is to increase power generation capacity of the existing Abadan Gas Turbine Power Plant (from 492 MW to 812 MW through conversion into a combined cycle plant), to meet the growing power needs of the consumers in Khozestan province and to export to the neighboring areas including the Southern region of Iraq, for a sustained economic growth in the region.
22	Iran	Identification of Biomarkers For Early Detection of Gastric Cancer	Grant	01/06/2008	0.65	0.46	0.28	The main objective of the project is to develop a cost-effective approach for the early diagnosis and treatment of gastric cancer, in order to reduce the mortality rate of the disease in Iran. The expected output of the project is a set of standard screening tests to be incorporated into the health care system.
23	Jordan	Microfinance Program	Loan/ Grant	21/12/2008	13.85	10.35	6.95	The program aims at reducing vulnerability, improving living conditions and livelihoods of the poor in pockets of poverty covering over 250 rural communities through access to microfinance services, market oriented training, business opportunities & networking with active operators of the private sector.
24	Kazakhstan	Establishment of a Laboratory for Halal Certification of Food	Grant	11/02/2008	0.48	0.32	0.20	This TA project aims at facilitating establishment of a laboratory for Halal Certification of Food and Agricultural products in Kazakhstan, with the goal to promote further investment and development of the local private sector. It plays a catalytic role in increasing the efficiency of Halal food exports to other Islamic countries.
25	Kyrgyz Republic	Taraz-Talas-Suusamyr Road (Phase II)	Loan	01/06/2008	12.77	11.20	7.00	The objective of this project is to reconstruct and rehabilitate an existing road (covering 21 km out of total length of 198 km) that connects the Talas region with the rest of the Kyrgyz Republic, in order to facilitate faster access to the border areas and provide an important link with Kazakhstan, reduce vehicle operating costs and traffic accidents, reduce travel time and bring about overall economic growth in the project area.
26	Kuwait	Int'l Leasing & Investment Co. (ILIC) - (Additional I)	Equity	01/07/2008	127.55	37.10	22.60	Participation in capital increase.
27	Lebanon	Upgrading of Shebaa Roads	Loan	01/06/2008	6.62	5.23	3.18	This project constructs and upgrades of approximately 23 km of roads linking several villages in South Lebanon (including Zaghla, Shoueya, Shebaa, and Hebbariye) with the aim of facilitating transport of passengers & goods with increased safety thus contributing to the socio-economic development of the project area.

No.	Country	Project Name	Mode	Approved Date	Total Cost	IDB Financing		Brief Description
					(in million)			
					$	$	ID	
28	Morocco	Construction of Taza-Oujda Segment within Fes-Oujda Highway	Istisnaa	07/04/2008	763.93	156.75	94.00	The project constructs a double-lane dual carriageway motorway of the Taza-Oujda highway segment of 197 km length linking two significant cultural and economic poles of Morocco (Fes and Oujda) and ensuring connection with Rabat and Casablanca, with the overall aim of improving living standards of people and creating employment opportunities by supporting the country's tourism and agro-based industry sectors.
29	Morocco	Capacity Building of the Pasteur Institute of Morocco (IPM)	Grant	28/07/2008	0.38	0.32	0.20	The project aims to reduce morbidity and fatalities caused by envenomings through the building of technical capacity of the Pasteur Institute of Morocco (IPM) to be able to improve anti-scorpion and anti-viperid serotherapy.
30	Morocco	National Initiative for Human Development (INDH)	Grant	21/12/2008	2.46	1.00	0.67	The project aims at strengthening the institutional capacity for the implementation of the National Initiative for Human Development (INDH) through training in equipped centres, to enable targeted population to tap opportunities of income generating activities and employment included in the other components of INDH.
31	Mozambique	Support to Vaccine Production	Grant	24/06/2008	0.49	0.32	0.20	Within the framework of the OIC/IDB Self-Reliance in Vaccine Production Program, this project aims at increasing production of three main veterinary vaccines and biological products that are in short supply in Maputo, through upgrading infrastructure and equipment, and improving production processes.
32	Mozambique	Lower Secondary Education (LOSEP)	Loan	27/10/2008	17.31	15.26	9.72	In line with the country's Education and Culture Strategic Plan (ECSP), the objective of the project is to contribute to the expansion of secondary education as well as to the improvement of its quality and relevance through constructing and equipping of 5 lower secondary schools in 3 provinces (Niassa, Cabo Delgado and Zambezia), initial training of 100 female science teachers, and in-service training for 400 teachers and 30 school-heads benefitting 5,000 students.
33	Mauritania	Malaria Control Quick-Win	LDMC Loan	21/05/2008	4.44	3.10	1.94	The project aims at supporting efforts of the Government of Mauritania in achieving the MDG of significantly reducing malaria morbidity and mortality by 2010, by improving the Malaria related health delivery system and reducing its prevalence in the Assaba, Hodh Echargi, Hodh Elgharbi, Tagant and Guidimagha regions, which will benefit 38% of the total population of Mauritania.
34	Mauritania	Drought & Locust Striken Mauritania (Food Security)	LDMC Loan	21/07/2008	2.00	2.00	1.25	Within the Emergency Assistance Program for Drought-and-Locust stricken Sahel countries, and the Government's need to reach food security stocks of 17,000 tons of cereals, the objective of this project is to strengthen food security by purchasing 3,500 tons of wheat.
35	Mauritania	Irrigation Development Project in R'Kiz Eastern Basin	LDMC Loan/ Istisnaa	27/10/2008	23.51	12.92	8.40	The project aims at increasing the rice production on small holder farms in Rkiz region through improving irrigation scheme covering 2,400 ha, strengthening farmers' organizations and providing basic social services, thereby improving food situation in the region and increasing net income of over 2,000 families.
36	Mauritania	Integrated Agricultural Development Project	Loan/ LDMC Loan	19/10/2008	14.52	12.00	7.50	The project will revitalize agriculture in three communes by focusing on increasing agricultural production and productivity and food security. This will be achieved by: (i) integration of components and activities crucial to increasing production and productivity, (ii) the use of state of the art technologies and techniques for agriculture and (iii) ensuring sustainability through the use of the participatory approach.

No.	Country	Project Name	Mode	Approved Date	Total Cost	IDB Financing (in million)		Brief Description
					$	$	ID	
37	Malaysia	Kuala Lumpur to Kuala Selangor Toll Expressway (KLS)	Istisnaa	13/07/2008	441.00	92.00	60.00	The objective of this project is to build a 33 km dual two-lane expressway, as part of the Kuala Lumpur Outer Ring Road (KLORR) in order to improve the efficiency of the Klang Valley transportation system. The aim is to spur growth of new development areas along its corridor and contribute to the increase in competitiveness of the Selangor state; by improving accessibility to a number of urban centres, catering to the additional traffic volume arising from current developments along its corridor, and providing strategic access to other transportation hubs (e.g. seaports).
38	Malaysia	The Islamic Financial Services Board (IFSB)	Grant	24/08/2008	0.85	0.43	0.27	To promote financial stability and sound markets in the fast-growing industry of Islamic financial services in IDB member countries, through establishment of international prudential standards for Islamic banks and financial institutions, an effective regulatory and supervisory framework, and a robust legal & liquidity infrastructure needed for sound development of Islamic finance. This would be achieved by assisting IFSB in facilitating implementation of IFSB Standards in those countries.
39	Niger	Construction Of Kandadji Dam	Loan/ I.Sale	07/04/2008	317.00	30.00	18.90	The main objective is to improve the Niger River fluvial ecosystem conducive for the development of agriculture and energy production potential by 2015. This will contribute to spurring growth and reducing poverty.
40	Niger	Malaria Prevention & Control	LDMC Loan / Grant	01/06/2008	5.36	5.19	3.20	The project aims to help the Niger Government to achieve the Health related Millennium Development Goals (MDGs) though the reduction of maternal and child mortality by contributing towards the reduction by 50% the malaria mortality and morbidity rates by 2010.
41	Pakistan	Reconstruction Of Rural Infrastructure for Victims of Earthquake	Istisnaa	04/04/2008	134.03	93.00	56.86	This project will contribute to improving the socio-economic development of the two least developed districts in the North-West Frontier Province (NWFP) of Pakistan through targeted interventions in the social sector (education & health), power and communication. The project will provide assistance in particular to 1.5 million people in the province who were affected by the October 2005 earthquake, and forms part of the IDB earthquake assistance package for Pakistan.
42	Pakistan	Khwar Hydropower Plant	Istisnaa	24/08/2008	477.20	150.20	100.90	The project aims to increase the environmentally friendly electricity generation capacity of Pakistan, while also meeting the growing demand for power in the country. The project involves the construction of three hydro power stations with a cumulative power capacity of 323 MW.
43	Qatar	Ras Abu Fontas Water Desalination (RAF-A1)	Leasing	07/04/2008	601.00	75.00	46.00	The aim of this project is to setup a new desalination plant which is needed as a response to the growing demand for water in Qatar. The facility will comprise three multi stage flash-systems and desalination distillers for the production of 45 MIGD (million imperial gallons per day) of potable water, and will make use of the excess heat energy produced by an existing electricity generation plant for operation.
44	Qatar	Ras Laffan C Independent Water & Power Plant (IWPP)	Leasing	02/07/2008	3,709.00	150.00	92.00	This is a dual purpose project, aimed at further increasing power generation capacity and potable water supply. The power and water production facilities have capacities of 2,730 MW of power and 63 million gallons per day of desalinated water.

No.	Country	Project Name	Mode	Approved Date	Total Cost	IDB Financing		Brief Description
						(in million)		
					$	$	ID	
45	Saudi Arabia	Ma'aden Phosphoric Fertilizer Complex	Leasing	01/06/2008	600.00	100.00	61.47	The project is part of Saudi Arabia's diversification drive to non-oil based industries. The project will not only contribute to the development of the phosphate mineral resources in Ras Azzawr region, but will also contribute significantly to increasing the global phosphate based fertilizer production and is expected to help lower the prices of these types of fertilizer globally.
46	Saudi Arabia	Rabigh Refinery & Petro Chemical Project (Additional I)	Leasing	08/02/2008	8,561.06	16.70	11.76	The project will partially address Saudi Aramco's long-term strategy of owning and operating high quality refining assets and is in line with the strategic aim of Saudi Arabia of developing its industrial base through the value addition to its crude oil exports.
47	Saudi Arabia	SABIC-Yansab Petrochemical Project (Additional I)	Leasing	08/02/2008	5,000.00	25.00	17.61	The project aims to establish a modern, 'state of the art' petrochemical complex for the production of polyethylene, polypropylene and ethylene glycol – all of which currently enjoy an increasing demand especially in Europe and Asia. The project would also be contributing to Saudi Arabia's goal of creating value addition industries based around its crude oil reserves.
48	Sudan	Heightening Roseires Dam	Istisnaa	18/02/2008	476.51	80.00	53.33	The project increases the storage capacity of Roseires Dam by 4.4 billion cubic meters with objectives of (i) reducing the water shortages in the existing irrigation schemes and intensifying agriculture on about 1.7 million hectares, and (ii) generating additional 566 GWH of hydro-power. With increased agricultural production and power generation, the project contributes to improving socio-economic conditions and living standards at local and broader level.
49	Sudan	Upgrading & Development Of The Gezira University	Loan	01/06/2008	13.02	11.18	7.00	The multi-component project assits Gezira University to improve educational standards with the aim to produce highly skilled and productive graduates that can effectively contribute to local development. The project targets mainly medical and agricultural faculties for: (i) upgrading teaching infrastructure to improve physical learning environment, (ii) enhancing quality and relevance of curricula, and (iii) developing capacity and skills of faculty and technicians.
50	Senegal	Construction of Warehouses in Mali (Supplementary)	Istisnaa	21/01/2008	1.35	1.35	0.86	The project aims at improving the storage facilities for goods arriving by train from Dakar to Bamako in order to facilitate swift unloading and freeing-up of coaches for international traffic.
51	Senegal	Upgrading Of Dakar Expressway (Supplementary)	Istisnaa	24/08/2008	13.79	6.67	4.09	The project aims at improving the urban mobility in Dakar City and its surroundings through upgrading the dual expressway VDN (5.7 km) including construction of 3 grade separated interchanges and related access roads. The supplementary financing supports additional works including bridge widening works, displacement of public utility networks and landscaping works.
52	Senegal	Livestock Development Project	Loan	18/02/2008	18.37	10.34	7.00	The project contributes to strengthening food security, alleviating poverty and improving overall living standards of population in Eastern Senegal and Upper Casamance Regions. The main components of the project include: infrastructure development, natural resources management, support to production and agro-pastoral organizations, support to extension and local technical services and provision of line of credit for micro-finance.

No.	Country	Project Name	Mode	Approved Date	Total Cost	IDB Financing		Brief Description
						(in million)		
					$	$	ID	
53	Sierra Leone	Kenema-Pendembu Road	LDMC Loan	24/08/2008	61.56	12.43	7.65	The project upgrades Kenema-Pendembu (86 km) earthern road to a modern paved road to reduce transport cost and to facilitate access to markets, services and income and employment opportunities. The project is also expected to contribute to facilitate Sierra Leone's trade with Guinea and Liberia.
54	Somalia	Livestock Development	Grant	13/04/2008	0.33	0.33	0.20	With overall goal of improving the livelihoods of the poor and the vulnerable, the project contributes towards the development of livestock sub-sector in the Puntland Region in North Somalia through testing and promoting irrigated formage crop production and developing capacity of farmers associations.
55	Syria	Al-Cham Medical Complex For Cancer Diagnosis & Treatment	Loan	07/04/2008	12.84	8.10	5.13	With overall goal of reducing mortality and morbidity due to cancer, the project aims at providing adequate, reasonably priced and easier-to-reach cancer treatment services to well-off patients and same services free-of-charge to the poor and needy patients- through upgrading of infrastructure, equipment, technical support services and enhancement of capacity and skills.
56	Syria	The North Central Area Gas Treatment Plant	Leasing	01/06/2008	280.00	88.00	54.05	The project increases Syrian gas production capacity to meet the increasing local demand and to diversify the country's energy sources. The project is also set to benefit the Syrian industrial sector from relatively low cost, internationally competitive and environmental friendly gas-based technology. The project is located in the North Central Area (Twinan Region) and involves construction of gas treatment plant with capacity of 3 million cubic meters/day of purified gas, 100 cubic meter of/day of liquified propane-butane and 2000 barrel/day of condensate.
57	Chad	Arboutchatak-Bitkine Road	Loan / Istisnaa	21/12/2008	68.00	61.82	39.81	The project upgrades Arboutchatak-Bitkine (76km) earthen road to a modern paved road to reduce transport cost and to facilitate access to markets, services and income and employment opportunities. The project is also expected to contribute to facilitate trade between between Chad and Sudan.
58	Chad	Microfinance Project	Loan / Grant	21/12/2008	7.47	6.70	4.50	The project supports the Government of Chad in the implementation of its National Strategy for Microfinance (as part of its poverty alleviation strategy) by enhancing access to sustainable and cost-effective micro-finance services for women and youth micro-enterpreneurs in the country.
59	Togo	Construction of the Dapaong Ponio - Burkina Border Road	Loan	27/10/2008	24.57	10.94	7.00	This project aims to improve the transportation access in the northern part of Togo, thereby facilitating access to the isolated villages in this region, as well as reduce the cost of goods' transportation. In addition, the project will contribute to further regional integration between Togo and its land-locked neighboring countries of Burkina Faso and Niger. The project involves the re-surfacing and the upgrading of the existing 38 kms earth road between the city of Dapaong and the village of Ponio on the border with Burkina Faso.
60	Tajikistan	Dangara Valley Irrigation Network (Phase II)	Loan	18/02/2008	30.48	13.17	8.50	The alleviation of poverty in the Dangara Valley area of Tajikistan through the increase of the household income of the rural population is the main aim of this project. The project hopes to achieve this by helping to develop the irrigation network in this region and by this boost the region's agricultural production (cotton and grain). The project targets to develop 1,750 ha of irrigated lands and through this, provide employment for 13,400 people. This project will be co-financed by the Kuwait Fund.

No.	Country	Project Name	Mode	Approved Date	Total Cost	IDB Financing		Brief Description
						(in million)		
					$	$	ID	
61	Tunisia	Extension Of Feriana & Thyna Power Plants	Istisnaa	13/07/2008	202.00	196.10	113.07	The project aims at satisfying the growing demand for electricity in Tunisia, by increasing the electricity output from the existing Feriana and Thyna power plants by 250MW. This will be achieved through the installation of new Gas Turbines, which are not only more efficient and cost-effective, but are also equipped with the latest pollution control technology.
62	Tunisia	Tunisian Indian Fertilizers (TIFERT SA)	Leasing	24/08/2008	533.00	120.00	80.00	This project is an example of South – South Cooperation effort to tackle the global food and agricultural crisis. Tunisian-Indian Fertilizers SA (TIFERT) was established in 2006 and is jointly owned by Tunisian (Compagnie des Phosphates de Gafsa (CPG) and Groupe Chimique Tunisien (GCT)), and Indian (Coroman Fertilizers Ltd (CFL) and Gujarat State Fertilizers and Chemicals Ltd (GSFC)) companies. For this project TIFERT will be setting up a new manufacturing plant in Skhira in Tunisia with an annual production capacity of 360 thousand tons of phosphoric acid. The total cost of this project is US$ 533 million, of this 35% or US$ 185 million would be financed by shareholder equity while the balance would be through long term (US$ 300 million) and short term (US$ 48 million) debt. The long term senior debt would be provided equally by the European Investment Bank (EIB) and the IDB. The OPEC Fund will be co-financing the IDB portion of the Debt financing.
63	Turkey	Kuwait Turkish Participation Bank (Additional VIII)	Equity	30/04/2008	13.80	13.80	8.40	The IDB partcipated in the capital increase call of the Kuwait Turkish Bank (KTB) of Turkey by purchasing shares worth US$ 13.8 million. The KTB is one of the leading Islamic Banks in Turkey and this equity participation is inline with IDB's strategic goal of promoting Islamic Banking and Finance. KTB hopes to utilize the proposed capital increase to expand its branch network, renew its IT infrastructure and launch new products. With this injection of capital, KTB would be able to meet the BASEL II requirements.
64	Turkey	The Enhancing Organic Farming Project	Grant	20/05/2008	0.36	0.29	0.20	The project hopes to enhance the sustainable livelihoods and improve the income generating capabilities of agricultural producers and associations through Organic Farming, by prioritizing the production of organic crops in Turkey. The project will be providing a T.A. Grant towards conducting detailed studies on the comparative advantages of Organic Crops, on increasing efficiency and on the diversification of rural household incomes and economic opportunities, through the development of new supply chains for high-value organic products and by providing capacity building programmes for rural farmers on trade, marketing and competitiveness.
65	Turkey	Railway Tracks	I. Sale	21/12/2008	366.18	153.64	99.45	This project aims to increase the competitiveness of the Railway Transportation Network in Turkey, by increasing its comfort, safety and speed. The project will finance the renewal and upgrade of 888 km of railway tracks. Once completed the project will not only reduce the travel-time and improve safety, but will also help reduce the maintenance cost of the Turkish Railways.
66	Uzbekistan	The National Bank of Uzbekistan-2nd Line of Financing	L. I. Sale	07/04/2008	15.00	15.00	9.18	The project aims to develop the small and medium scale enterprises (SME) operating in key sectors such as agriculture, fruit and vegetable processing, textile sector etc., in Uzbekistan. This project will provide a Line of Financing for SME financing to the National Bank of Uzbekistan (NBU). This would be the second such Line of Finance provided to NBU, the first Line was provided in 2004 and is now almost fully utilized.

No.	Country	Project Name	Mode	Approved Date	Total Cost	IDB Financing		Brief Description
					(in million)			
					$	$	ID	
67	Uzbekistan	500 KV Guzar-Surkhan Transmission Line & Substations	I. Sale	13/07/2008	128.40	42.00	25.76	The objective of the project is to strengthen the electricity transmission network in southern Uzbekistan and create the ability to export 300 MW of electricity to Afghanistan. The project involves the construction of a 196 km, 500 kV transmission line from the existing Guzar substation to the Surkhan substation and a further 43km 220 kV line from Surkhan substation to the Afghan border. The project will also include the upgrading of both the Guzar and Surkhan substations. Once completed, the project would have a positive impact on job creation (through increased production) and living conditions (improved the reliability of the electricity supply).
68	Uzbekistan	Irrigation & Drainage Network In Djizzakh & Syrdaria Regions	Istisnaa	21/12/2008	93.21	52.65	34.00	The project hopes to increase the food security, improve the per capita income and living standards of the people in the Djizzakh and Syrdaria regions of Uzbekistan. This would be achieved by the reconstruction, extension and improvement of the existing irrigation and drainage systems in the region, as well as by improving the support services to the lower income groups and by building the institutional capacity of the Water Users Associations. Once completed, the project would increase agricultural production in 210,060 ha in the Djizzakh and 222,200 ha in the Syrdaria regions. This project will be co-financed by the OPEC Fund and the Kuwait Fund.
69	Yemen	Rural Access Program	LDMC Loan	13/07/2008	13.89	11.20	7.00	The objective is to improve the accessibility of the target villages along their corridors in the most deprived Governorates of Lahj and Taiz, through the construction of the Assoha-Suq Arrabu (Lahj) paved road of 27.32 km, and improvement of an existing 24 km long track linking Souq Al-Berain to Al-Qadaha (Taiz), thereby improving the national integration of these villages, and connect a sizable proportion of Yemen's rural population to Centres where they would have access to better social services such as education, healthcare, employment opportunities and markets; which in turn will positively affect the socio-economic development of 224,690 inhabitants.
70	Yemen	Urban Water Supply & Sanitation in Al-Howta City	Loan	24/08/2008	13.18	10.09	6.29	The project aims to contribute to poverty alleviation in the target zone of 36,348 inhabitants by improving the environment, livelihood and overall health conditions through provision of safe drinking water and proper sanitation facilities, and increase water supply coverage and contribute to the reduction of water borne diseases, by developing an urban water supply and sanitation system in the City of Al-Howta.
71	Regional	The Transit Transport Framework Agreement (TTFA) - ECO	Grant	27/10/2008	0.52	0.41	0.27	The objective of the TA is to assist the Economic Cooperation Organization (ECO) to plan for the implementation of the Transit Transport Framework Agreement (TTFA), and will form the basis for the preparation of an investment plan that will identify priority areas for involvement of IDB and other partners. Implementation of the TTFA will reduce institutional, procedural, and bureaucratic complexities; improve legal and administrative frameworks; and strengthen capabilities in transport intermediaries and government institutions through adoption of internationally acceptable practices pertaining to transit transport.

No.	Country	Project Name	Mode	Approved Date	Total Cost (in million) $	IDB Financing (in million) $	IDB Financing (in million) ID	Brief Description
72	Regional	Arab Development Portal (Coordination Group)	Grant	21/12/2008	10.00	1.00	0.65	The project aims to address the knowledge deficit and the challenge of harmonization of different major data sources on the state of development in the Arab region, and to support development policy decision making, research, knowledge sharing as well as the sound measurement of development progress in the Arab region through the establishment of a portal that improves the scope, depth and reliability of development information and statistical data.
73	Regional	Improvement Of Wheat Crop Production In Arab Countries	Grant	21/12/2008	1.40	0.49	0.33	The project aims at increasing the capability of the Arab region in satisfying its country needs of producing improved and genetically pure seeds, and helps embark countries on large scale production of improved seeds in order to increase productivity of wheat; by supporting the efforts of ACSAD to produce 120 tons of improved basic seeds of wheat and distribute them to 11 Arab producing countries and field trials and further multiplication at the farmer's level.
74	Regional	Feasibility Study for Mega Project on Cars	Grant	08/04/2008	0.30	0.30	0.20	The purpose of the Feasibility Study is to determine the viability of gradually establishing new automobile manufacturing facilities to meet the needs of OIC member countries, the outcome of which would be the establishment of an automotive company meeting the market demand in OIC member countries by providing affordable cars to people in their member states.
75	Regional	Dakar Regional Bilingual Education Coordination Unit	Grant	23/07/2008	0.31	0.31	0.20	The main objective of the project is to contribute to the development and strengthening of bilingual education in Sub-Saharan Africa by setting up a Bilingual Education Programs Coordination Unit in Dakar.
76	Regional	Replenishment of Food Security Stocks in 25 IDB Member Countries	Grant	29/07/2008	20.00	20.00	12.31	In response to the food crisis, IDB has pledged a package of $1.5 billion for a period of 5 years which was announced through the Jeddah Declaration Initiative in June 2008.The objective of the package is to support the member countries strengthen their food security and revitalize their agriculture sector. The scope of the package covers immediate, short- and medium- to longer-terms measures. The short-term measures include assistance for acquiring agricultural inputs to boost local production and replenishing food security stocks. As an initial phase, a grant assistance of $20 million to LDMCs supports small farmers to increase their food and agricultural production through improved access to seeds, fertilizers, animal feed and other inputs. In some cases, the grant assistance also supports replenishment of food security stocks.

Annex 16
IDB Scholarship Programme for Muslim Communities in Non-Member Countries

No.	Country	Upto 1429H (Upto December 2008)						1429H (December 2008)		
		Year Started	Quota	Active/ Current	Graduates	Non-completions	Total	Quota	Selected	Enrolled
Non-Member Countries										
1	Argentina	1997	23	3	0	0	3	3	-	-
2	Australia	2006	7	1	0	0	1	5	-	-
3	Bosnia-Herzegovina	1994	132	14	33	10	57	20	-	-
4	Brazil	2006	7	2	0	0	2	5	-	-
5	Bulgaria	1989	72	32	22	15	69	6	-	-
6	Burundi	2002	13	17	1	1	19	5	6	-
7	Cambodia	1992	41	39	16	5	60	5	8	7
8	Canada	1994	31	25	14	3	42	5	4	4
9	Central African Republic	1994	41	15	0	0	15	6	4	-
10	China	1992	384	196	57	2	255	160	35	17
11	Congo	1992	41	20	11	7	38	5	5	-
12	Croatia	2001	17	14	6	1	21	5	5	5
13	Democratic Republic of Congo (Zaire)	1987	121	33	13	15	61	14	11	-
14	Eritrea	1986	161	22	71	32	125	10	0	0
15	Ethiopia	1990	254	99	101	27	227	30	30	13
16	Fiji	1986	57	1	30	16	47	5	-	-
17	Ghana	1986	254	84	163	20	267	18	14	13
18	Greece	1995	23	0	2	0	2	0	-	-
19	Guyana	1994	32	6	8	8	22	5	-	-
20	India	1983	2640	541	2188	90	2819	240	-	-
21	Kenya	1983	228	49	125	25	199	16	16	13
22	Kibris	1988	38	0	6	2	8	3	-	-
23	Kosovo	1995	27	28	7	3	38	5	-	-
24	Lesotho	1995	25	0	1	4	5	3	-	-
25	Liberia	1987	140	53	31	28	112	10	-	-
26	Macedonia	1991	43	48	39	9	96	5	7	7
27	Madagascar	1987	80	18	15	14	47	5	5	-
28	Malawi	1986	102	14	20	18	52	6	7	7
29	Mauritius	1986	65	13	38	4	55	5	7	5
30	Mongolia	1991	44	9	15	22	46	5	2	2
31	Myanmar	1985	214	61	73	60	194	15	19	15
32	Nepal	1987	108	35	88	8	131	8	10	10
33	New Zealand	1993	31	7	6	2	15	5	-	-
34	Papua New Guinea	2000	19	0	0	1	1	3	2	-
35	The Philippines	1986	527	126	363	117	606	40	46	-
36	Russian Federation	1993	135	31	16	18	65	16	7	7
37	Rwanda	1990	52	31	25	2	58	6	6	-
38	Seychelles	2008	-	-	-	-	-	-	1	-
39	Singapore	1985	89	4	49	5	58	5	3	3
40	South Africa	1987	183	48	90	25	163	15	2	2
41	Sri Lanka	1983	234	41	231	6	278	12	13	13
42	Tanzania	1985	399	105	193	66	364	34	34	29
43	Thailand	1986	350	78	349	26	453	25	31	-
44	Trinidad-Tobago	1989	55	11	26	7	44	5	-	-
45	U.S. Virgin Isles	1995	27	0	2	0	2	3	-	-
46	Vanuatu	1999	21	2	2	1	5	3	3	-
47	Vietnam	1995	31	15	15	5	35	5	5	4
48	Zambia	2000	22	6	3	2	11	5	4	3
49	Zimbabwe	1993	36	7	13	1	21	5	-	-
50	New Countries	-	-	-	-	-	-	-	15	-
Member Countries Included on Exceptional Basis										
51	Afghanistan	1986	454	66	334	51	451	-	-	-
52	Albania	1994	34	4	13	10	27	-	-	-
53	Azerbaijan	1994	21	0	2	0	2	-	-	-
54	Côte d'Ivoire	1987	82	11	23	6	40	5	-	-
55	Guinea Bissau	2008	-	-	-	-	-	5	6	-
56	Kazakhstan	1992	72	2	12	38	52	-	-	-
57	Mozambique	1992	52	15	19	5	39	5	5	-
58	Nigeria	1987	885	407	435	60	902	-	-	-
59	Palestine	1984	192	35	132	6	173	15	-	-
60	Somalia	1996	130	104	27	10	141	20	21	9
61	Sudan	2008	-	-	-	-	-	5	-	-
62	Togo	1986	117	10	45	23	78	5	7	-
	TOTAL		**9715**	**2658**	**5619**	**942**	**9219**	**900**	**391**	**188**

Definitions

1. Country = Beneficiary country.
2. Quota = Total No. of scholarships allotted/budgeted.
3. Total = Total No. of scholarships utilized.
4. Graduates = No. of students completed their studies.
5. Non-completions = Students who could not complete for various reasons like failure, withdrawal, absence, death, misconduct, sickness, etc.

Exit

Annex 17
IDB Merit and M.Sc. Scholarship Programmes

No	Country	1413H to 1424H (1992-93 to 2003-04)		1425H (2004-05)		1426H (2005-06)		1427H (2006-07)		1428H (2007-08)		1429H (2008)		Total Selected	
		Merit	M.Sc.	Merit	M.Sc.	Merit	M.Sc.	Merit	M.Sc.	Merit	M.Sc.	Merit	M.Sc.	Merit	M.Sc.
1	Afghanistan	1	11	-	1	-	1	-	3	2	2	1	3	4	21
2	Albania	1		-	-	-	-	1	-	1	-	-	-	3	-
3	Algeria	12	-	-	-	2	-	1	-	-	-	-	-	15	-
4	Azerbaijan	1	-	-	-	-	-	-	-	-	-	-	-	1	-
5	Bahrain	4	-	-	-	-	-	-	-	1	-	-	-	5	-
6	Bangladesh	17	-	2	-	3	-	3	-	1	-	5	-	31	-
7	Benin	1	8	1	2	-	-	1	1	-	-	-	3	3	14
8	Brunei	-	-	-	-	-	-	-	-	-	-	-	-	0	-
9	Burkina Faso	1	2	-	1	-	1	-	1	-	1	-	-	1	6
10	Cameroon	4	-	-	-	-	-	-	-	1	-	-	-	5	-
11	Chad	2	7	-	2	-	1	-	1	-	1	-	3	2	15
12	Comoros	-	3	-	-	-	-	-	1	-	1	1	4	1	9
13	Côte d'Ivoire	-	-	-	-	-	-	-	-	-	-	2	-	2	-
14	Djibouti	-	4	-	-	-	-	-	1	-	1	-	2	0	8
15	Egypt	17	-	2	-	3	-	3	-	3	-	5	-	33	-
16	Gabon	-	-	-	-	-	-	-	-	-	-	-	-	0	-
17	Gambia	3	5	-	-	-	2	-	1	-	2	-	4	3	14
18	Guinea	3	8	1	2	-	2	-	1	-	2	-	4	4	19
19	Guinea Bissau	-	-	-	-	-	-	-	-	-	-	-	1	0	1
20	Indonesia	20	-	3	-	3	-	4	-	4	-	5	-	39	-
21	Iran	12	-	2	-	3	-	3	-	4	-	4	-	28	-
22	Iraq	3	-	-	-	-	-	1	-	1	-	-	-	5	-
23	Jordan	9	-	1	-	-	-	1	-	1	-	3	-	15	-
24	Kazakhstan	2	-	-	-	-	-	-	-	-	-	-	-	2	-
25	Kuwait	4	-	-	-	-	-	-	-	-	-	1	-	5	-
26	Kyrgyz Republic	4	-	-	-	-	-	-	-	-	-	-	-	4	-
27	Lebanon	4	-	-	-	-	-	-	-	1	-	2	-	7	-
28	Libya	3	-	-	-	-	-	-	-	-	-	-	-	3	-
29	Malaysia	10	-	2	-	3	-	3	-	4	-	5	-	27	-
30	Maldives	1	8	-	-	-	2	-	1	1	1	1	1	3	13
31	Mali	1	5	-	1	-	-	2	1	-	1	-	1	3	9
32	Mauritania	1	6	-	1	-	2	1	1	-	1	-	3	2	14
33	Morocco	8	-	-	-	-	-	-	-	-	-	1	-	9	-
34	Mozambique	1	-	-	-	-	-	-	-	-	-	-	-	1	0
35	Niger	2	8	1	-	-	2	-	2	-	1	-	2	3	15
36	Nigeria	-	-	-	-	-	-	2	-	1	-	2	-	5	-
37	Oman	7	-	-	-	-	-	1	-	-	-	2	-	10	-
38	Pakistan	15	-	2	-	2	-	3	-	4	-	5	-	31	-
39	Palestine	9	-	2	2	-	2	3	2	2	1	4	4	20	11
40	Qatar	-	-	-	-	-	-	-	-	-	-	-	-	0	-
41	Saudi Arabia	5	-	1	-	-	-	-	-	-	-	-	-	6	-
42	Senegal	4	-	-	-	-	-	-	-	1	-	-	-	5	-
43	Sierra Leone	1	7	-	2	-	1	-	1	-	2	-	3	1	16
44	Somalia	1	10	1	2	-	2	-	1	-	2	1	3	3	20
45	Sudan	12	-	1	-	2	-	1	-	4	-	5	-	25	-
46	Suriname	-	-	-	-	-	-	-	-	-	-	-	-	0	-
47	Syria	9	-	-	-	2	-	2	-	2	-	3	-	18	-
48	Tajikistan	2	-	1	-	-	-	-	-	-	-	-	-	3	-
49	Togo	1	2	-	-	-	-	-	2	-	-	-	1	1	5
50	Tunisia	7	-	-	-	1	-	3	-	4	-	5	-	20	-
51	Turkey	13	-	3	-	1	-	1	-	1	-	4	-	23	-
52	Turkmenistan	-	-	-	-	-	-	-	-	-	-	-	-	0	-
53	Uganda	4	13	1	1	-	1	1	1	1	1	1	4	8	21
54	U.A.E.	-	-	-	-	-	-	-	-	-	-	-	-	0	-
55	Uzbekistan	-	-	-	-	-	-	2	-	2	-	-	-	4	-
56	Yemen	7	13	-	3	1	1	-	1	1	1	-	4	9	23
Students from Non-Member Countries Selected on Exceptional Basis															
		-	-	-	-	-	-	-	-	6	1	3	-	9	1
	Total	**249**	**120**	**27**	**20**	**26**	**20**	**43**	**23**	**54**	**21**	**71**	**50**	**470**	**255**

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Annex 18
IDB Special Assistance Programme

Year	Member Countries			Muslim Communities in Non-Member Countries			Total		
	No.	ID million	US million	No.	ID million	US million	No.	ID million	US million
1399H	1	0.7	0.9	-	-	-	1	0.7	0.9
1400H	5	6.9	9.1	1	0.8	1.0	6	7.7	10.1
1401H	3	2.0	2.2	5	3.3	4.0	8	5.3	6.2
1402H	6	5.5	6.3	1	0.6	0.7	7	6.1	7.0
1403H	2	3.1	3.4	3	3.1	3.4	5	6.1	6.8
1404H	24	55.2	57.4	10	5.5	5.8	34	60.6	63.3
1405H	10	21.2	25.0	21	9.6	10.7	31	30.8	35.7
1406H	4	0.7	0.8	16	9.2	10.5	20	9.8	11.2
1407H	10	6.7	8.3	7	2.6	3.2	17	9.3	11.5
1408H	41	24.9	32.4	24	5.6	6.9	65	30.6	39.3
1409H	11	24.1	28.2	23	6.3	8.0	34	30.3	36.3
1410H	33	40.4	50.0	21	3.6	4.7	54	44.0	54.7
1411H	34	23.8	30.1	26	4.4	5.7	60	28.2	35.8
1412H	28	7.6	10.2	38	22.3	29.9	66	30.0	40.1
1413H	16	11.6	15.8	18	2.6	3.6	34	14.1	19.4
1414H	28	12.3	17.2	39	5.4	7.3	67	17.7	24.5
1415H	9	1.1	1.5	27	4.1	5.9	36	5.2	7.4
1416H	8	3.9	5.6	39	4.9	7.2	47	8.7	12.8
1417H	10	9.1	12.9	27	3.7	5.3	37	12.8	18.1
1418H	12	4.6	6.2	39	6.7	9.1	51	11.3	15.3
1419H	25	3.5	4.8	41	6.7	9.2	66	10.2	14.0
1420H	15	9.0	12.3	51	15.4	19.6	66	24.3	31.8
1421H	14	8.0	10.9	25	4.4	5.8	39	12.4	16.7
1422H	17	5.2	6.6	32	5.9	7.4	49	11.1	14.0
1423H	13	5.8	7.9	29	4.6	6.2	42	10.5	14.0
1424H	18	12.8	17.9	30	4.1	5.8	48	16.9	23.7
1425H	26	7.2	10.6	40	6.5	9.7	66	13.7	20.3
1426H	11	4.3	6.3	34	5.2	7.7	45	9.5	14.0
1427H	17	7.3	10.6	30	5.3	7.8	47	12.6	18.4
1428H	23	7.4	11.1	39	9.6	14.6	62	17.0	25.7
1429H	10	4.7	7.2	44	8.3	13.0	54	13.0	20.1
Total	**484**	**340.5**	**429.8**	**780**	**180.4**	**239.6**	**1264**	**520.8**	**669.4**

Annex 19

Inter-and Intra-Trade of World, Industrial, Developing and IDB Member Countries[1]

From ------------------> To	World					Industrial Countries					Developing Countries					IDB Member Countries				
	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007	2003	2004	2005	2006	2007
World																				
Exports ($ billion)	7,516	9,132	10,367	11,931	13,818	4,858	5,774	6,437	7,243	8,120	2,583	3,259	3,814	4,543	5,532	523	669	800	926	1,131
Annual Percent Change	16.8	21.5	13.5	15.1	15.8	15.5	18.8	11.5	12.5	12.1	20.0	26.2	17.0	19.1	21.8	22.2	28.0	19.6	15.8	22.2
Imports ($ billion)	7,748	9,487	10,754	12,335	14,370	4,631	5,479	5,941	6,613	7,666	3,029	3,888	4,658	5,527	6,476	672	864	1,079	1,292	1,458
Annual Percent Change	16.9	22.4	13.4	14.7	16.5	15.2	18.3	8.4	11.3	15.9	20.2	28.4	19.8	18.7	17.2	24.2	28.6	24.8	19.8	12.8
Industrial Countries																				
Exports ($ billion)	4,654	5,484	5,961	6,655	7,593	3,324	3,857	4,143	4,555	5,115	1,304	1,591	1,779	2,051	2,430	261	319	368	405	476
Annual Percent Change	14.9	17.8	8.7	11.6	14.1	14.8	16.0	7.4	9.9	12.3	15.8	22.0	11.8	15.3	18.5	16.6	22.5	15.4	9.9	17.7
Imports ($ billion)	5,047	6,001	6,666	7,488	8,399	3,272	3,800	4,069	4,485	5,050	1,755	2,175	2,568	2,973	3,320	373	463	582	680	735
Annual Percent Change	16.2	18.9	11.1	12.3	12.2	15.5	16.2	7.1	10.2	12.6	18.6	23.9	18.1	15.8	11.7	22.9	24.4	25.6	16.9	8.1
Developing Countries																				
Exports ($ billion)	2,859	3,644	4,403	5,272	6,219	1,533	1,915	2,292	2,687	3,004	1,277	1,667	2,033	2,489	3,099	262	349	431	521	655
Annual Percent Change	20.1	27.4	20.8	19.7	18.0	17.2	24.9	19.7	17.2	11.8	24.7	30.5	22.0	22.4	24.5	28.5	33.4	23.4	20.8	25.7
Imports ($ billion)	2,696	3,478	4,079	4,835	5,958	1,357	1,676	1,868	2,125	2,613	1,271	1,709	2,083	2,546	3,146	299	401	496	611	722
Annual Percent Change	18.3	29.0	17.3	18.5	23.2	14.4	23.5	11.5	13.7	23.0	22.6	34.4	21.9	22.2	23.6	26.0	33.9	23.8	23.1	18.1
IDB Member Countries																				
Exports ($ billion)	611	803	987	1,195	1,374	320	418	510	607	656	263	351	435	536	636	67	98	135	164	201
Annual Percent Change	20.8	31.5	22.9	21.1	13.5	21.6	30.6	21.9	19.0	8.2	19.6	33.1	24.1	23.3	18.6	19.2	47.1	36.8	21.6	21.2
Imports ($ billion)	503	695	827	969	1,206	262	340	385	429	519	231	345	431	527	668	75	112	142	175	216
Annual Percent Change	18.9	38.2	19.0	17.2	24.4	15.4	30.0	13.1	11.4	21.2	22.7	49.5	25.0	22.1	26.9	23.4	49.1	27.0	22.5	23.7
Share of IDBMCs Intra-Trade to Total Trade (%)[2]																12.8	14.1	15.3	15.6	16.1

1 IMF classifies countries in three main categories: industrial countries, developing countries, and a group of 26 small countries/territories called "other countries" not included elsewhere (n.i.e.)..
Note that the values of industrial and developing countries do not sum-up to the world total because the category n.i.e. is not included.
2. (IntraImports + IntraExports)/(TotalImports + TotalExports)*100.
Source: IDB Computations using IMF, Direction of Trade Statistics online database accessed in October 2008.

Annex 20
Intra-Trade Indicators of IDB Member Countries

No.	Country	Intra-Trade Values ($ Million)			Share of Intra-Trade in Foreign Trade								
		Intra-Exports	Intra-Imports	Total Intra-Trade	Intra-Exports as % of Total Exports			Intra-Imports as % of Total Imports			Total Intra-Trade as % of Total Trade		
		2007	2007	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
1	Afghanistan	122.8	2,565.6	2,688.5	33.4	35.8	37.5	53.8	53.2	53.2	52.3	52.0	52.2
2	Albania	26.1	364.7	390.8	1.8	2.1	2.8	8.7	9.2	9.8	7.3	7.8	8.4
3	Algeria	3,485.5	3,298.9	6,784.4	6.0	5.6	6.1	9.2	10.4	10.2	7.1	7.1	7.6
4	Azerbaijan	1,120.2	2,015.8	3,136.0	20.8	16.2	8.3	22.0	20.7	25.6	21.4	18.2	14.7
5	Bahrain	3,202.9	4,968.7	8,171.6	12.9	12.6	13.3	45.9	47.0	47.7	23.0	23.1	23.7
6	Bangladesh	647.8	3,763.4	4,411.2	3.9	3.8	4.7	21.2	21.3	20.4	14.6	13.6	13.6
7	Benin	187.7	696.8	884.5	37.7	38.1	40.3	25.2	13.3	14.3	28.3	15.8	16.6
8	Brunei	1,835.6	509.4	2,345.0	19.6	21.2	24.9	26.6	22.0	12.9	21.2	21.4	20.7
9	Burkina Faso	83.6	670.6	754.2	13.6	15.2	17.9	39.5	43.0	42.5	32.9	36.1	36.9
10	Cameroon	462.9	861.7	1,324.6	9.4	8.1	9.4	21.3	24.0	23.9	14.3	14.2	15.5
11	Chad	8.8	210.5	219.2	0.3	0.3	0.4	28.1	31.9	29.0	6.1	6.2	7.0
12	Comoros	13.1	40.4	53.5	6.2	8.5	43.0	22.5	22.2	25.1	19.7	19.7	28.0
13	Cote d'Ivoire	2,558.7	2,427.2	4,985.9	25.6	24.4	30.6	31.4	34.7	37.8	28.2	28.7	33.7
14	Djibouti	311.1	680.4	991.6	73.3	73.2	73.6	33.5	32.8	35.5	40.9	40.1	42.3
15	Egypt	6,426.7	7,400.1	13,826.8	25.8	24.0	27.7	15.4	15.1	14.8	18.7	18.1	18.9
16	Gabon	554.6	282.0	836.6	2.0	4.6	8.9	10.3	10.2	10.3	4.1	6.3	9.3
17	Gambia	6.3	307.1	313.4	19.6	16.8	12.7	33.0	33.2	36.0	32.4	32.4	34.7
18	Guinea	108.5	322.8	431.3	4.0	6.3	6.1	13.4	11.6	11.2	9.5	9.6	9.3
19	Guinea Bissau	34.3	70.9	105.1	19.3	19.9	20.9	27.2	26.3	29.0	24.5	23.7	25.8
20	Indonesia	13,063.0	16,603.8	29,666.8	9.7	9.4	10.1	16.2	18.5	22.3	12.4	12.6	14.5
21	Iran	10,870.7	14,497.5	25,368.2	11.8	13.3	13.3	22.0	25.0	25.9	16.3	18.0	18.4
22	Iraq	1,533.3	9,376.7	10,910.0	6.0	4.7	5.6	57.2	58.2	59.1	27.6	24.1	25.3
23	Jordan	2,619.0	5,207.2	7,826.2	45.8	44.1	47.3	38.9	40.5	38.5	40.9	41.6	41.1
24	Kazakhstan	4,053.1	2,270.2	6,323.3	10.2	10.5	10.8	5.7	6.0	6.2	8.1	8.4	8.6
25	Kuwait	7,631.9	4,235.8	11,867.7	14.3	14.5	16.1	20.1	22.3	20.2	16.1	16.7	17.4
26	Kyrgyz Republic	479.2	559.9	1,039.1	58.2	42.4	46.1	27.8	19.8	9.9	38.8	27.0	15.5
27	Lebanon	2,348.7	3,857.1	6,205.8	70.6	73.8	72.7	25.5	27.6	29.8	33.9	36.3	38.3
28	Libya	2,042.1	2,505.3	4,547.4	10.1	8.8	4.7	17.6	18.8	19.2	11.8	10.9	8.1
29	Malaysia	15,375.6	12,376.2	27,751.8	7.2	7.4	8.7	7.4	8.4	8.4	7.3	7.8	8.6
30	Maldives	13.9	363.7	377.6	0.7	6.5	8.2	28.8	29.4	31.8	25.5	25.9	28.7
31	Mali	65.8	813.4	879.2	16.4	12.8	23.1	26.3	27.7	28.6	25.2	25.6	28.1
32	Mauritania	205.7	284.3	490.0	15.5	11.4	12.2	12.8	15.0	15.6	13.9	13.2	14.0
33	Morocco	1,369.6	5,564.6	6,934.1	7.9	8.4	8.6	17.4	18.2	17.3	14.2	14.8	14.4
34	Mozambique	49.3	221.1	270.3	1.0	1.7	1.8	4.0	5.0	5.9	2.8	3.5	4.1
35	Niger	113.1	365.8	478.9	23.9	20.4	26.0	29.3	29.2	32.8	27.9	26.6	30.9
36	Nigeria	4,764.5	2,723.5	7,488.0	8.0	7.3	7.9	8.5	7.3	7.2	8.2	7.3	7.6
37	Oman	4,280.4	4,728.4	9,008.8	18.0	17.2	17.3	33.3	33.7	30.2	23.5	22.6	22.3
38	Pakistan	6,734.8	14,855.8	21,590.6	27.2	30.7	34.3	38.2	35.5	37.6	33.9	33.8	36.5
39	Palestine	..	..	..	..	..	..	..	..	..	..	..	..
40	Qatar	2,657.4	4,033.7	6,691.1	9.6	9.2	8.6	21.6	25.5	18.6	13.6	14.7	12.8
41	Saudi Arabia	35,034.5	12,192.3	47,226.8	15.7	16.2	17.5	12.9	13.6	13.3	14.9	15.5	16.2
42	Senegal	752.2	646.5	1,398.7	41.1	44.3	42.6	22.4	14.3	13.0	28.2	22.9	20.7
43	Sierra Leone	6.7	169.8	176.5	2.6	2.8	2.5	20.3	22.1	24.6	16.0	16.9	18.4
44	Somalia	352.2	508.2	860.4	89.8	91.9	92.7	53.3	51.1	52.3	63.8	62.4	63.6
45	Sudan	581.6	2,432.8	3,014.4	9.8	10.1	6.7	33.5	28.7	27.8	23.5	21.0	17.3
46	Suriname	112.9	11.2	124.2	9.0	7.3	8.0	0.9	1.0	0.9	5.0	4.5	4.7
47	Syria	9,903.0	10,906.2	20,809.1	61.8	62.9	68.0	46.3	47.9	47.0	52.4	53.8	55.1
48	Tajikistan	386.3	980.7	1,367.0	31.2	46.3	38.1	44.7	42.0	38.9	39.2	44.0	38.7
49	Togo	291.1	409.4	700.4	52.3	41.1	41.8	19.7	12.2	10.0	32.2	17.3	14.6
50	Tunisia	2,032.8	2,330.0	4,362.9	12.2	13.2	13.6	11.1	11.1	11.7	11.6	12.0	12.6
51	Turkey	20,194.6	21,519.7	41,714.3	17.8	17.5	18.9	12.4	13.7	12.7	14.5	15.2	15.1
52	Turkmenistan	2,789.1	1,388.4	4,177.5	29.0	33.3	36.2	42.9	41.2	39.5	33.5	35.8	37.3
53	Uganda	107.0	325.5	432.4	12.1	14.1	12.5	12.2	12.6	11.5	12.2	12.9	11.7
54	U.A.E.	23,723.1	20,501.1	44,224.1	17.2	17.7	18.7	13.1	13.7	14.1	15.1	15.7	16.3
55	Uzbekistan	1,795.1	857.2	2,652.3	31.8	27.4	29.6	15.5	15.5	14.6	23.6	21.9	22.2
56	Yemen	972.0	3,871.7	4,843.6	10.9	11.6	13.6	47.6	44.7	41.9	27.8	28.9	29.5
	IDB	**200,502.1**	**215,951.7**	**416,453.8**	**13.6**	**13.7**	**14.6**	**17.2**	**18.0**	**17.9**	**15.3**	**15.6**	**16.1**

Source: IDB computations using IMF, Direction of Trade Statistics online database accessed in October 2008.

Exit

ACKNOWLEDGEMENTS

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The Annual Report 1429H (2008) and complete Financial Statements are available in CD-Rom and can be downloaded from IDB website at www.isdb.org.

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BRIEF CORPORATE PROFILE OF IDB GROUP ENTITIES, FUNDS AND AFFILIATES

ISLAMIC RESEARCH AND TRAINING INSTITUTE (IRTI)

IRTI was established in 1401H (1981) to help IDB in discharging its functions in the fields of research and training. According to its statute, the objectives of IRTI are to undertake research and provide training and information services to member countries and Muslim communities in non-member countries to help bring their economic, financial and banking activities into conformity with *Shari'ah* and to further accelerate economic development and enhance cooperation amongst them. www.irti.org

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

ICIEC was established in 1415H (1994) with the mission to encourage exports from member countries and to facilitate the flow of foreign direct investment to member countries by providing and encouraging the use of *Shari'ah*-compliant export credit and investment insurance as credit and political risk mitigation instruments. The Authorized Capital of ICIEC is ID150 million ($231.6 million). As of end-1429H, the Subscribed Capital of ICIEC stood at ID148.24 million ($228.88 million). IDB has subscribed ID100 million ($154.4 million), while thirty-seven member countries have subscribed ID48.24 million ($74.48 million). www.iciec.com

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

ICD was established in 1420H (1999) as an independent entity within IDB Group. The mission of ICD is to promote the private sector as a vehicle for economic growth and development in member countries. The Authorized Capital of ICD is $1 billion, of which $500 million is available for subscription. IDB has subscribed 50 percent of its capital, while member countries and public financial institutions in member countries have subscribed up to 30 and 20 percent, respectively. As of end-1429H, the total Paid-up Capital of ICD stood at $357.36 million. www.icd-idb.org

INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION (ITFC)

The establishment of ITFC as an autonomous entity within IDB Group was approved by IDB Board of Governors at its meeting held in Jumad Awwal 1426H (June 2005). ITFC commenced operations on 01 Muharram 1429H (10 January 2008). The primary objective of the Corporation is to facilitate intra-trade among OIC member countries using *Shari'ah*-compliant instruments. The Authorised Capital of ITFC is $3 billion and its Subscribed Capital is $750 million. ITFC's headquarters is in Jeddah, Saudi Arabia and the first branch will be established in Dubai, UAE. ITFC is the sole entity in IDB Group which offers programmes and activities related to trade finance and promotion. www.isdb.org

ISLAMIC SOLIDARITY FUND FOR DEVELOPMENT (ISFD)

The IFSD is an outcome of the Third Extraordinary Summit of the OIC, held in Makkah Al-Mukarramah, Saudi Arabia, in Dhul Qadah 1426H (December 2005). The establishment of this Fund was formalized at the 31st Annual Meeting of IDB Board of Governors held in Kuwait in May 2006 and was launched as a Waqf on the occasion of the 32nd Annual Meeting of IDB Board of Governors held in Dakar, Senegal, in May 2007. The Fund's targeted capital is $10 billion. The Fund is established within IDB on the basis of voluntary contributions by all member countries, irrespective of their development status. The purpose of the Fund is to help in alleviating poverty, enhance capacity building, elimination of illiteracy, and eradication of diseases and epidemics in the OIC member countries. www.isdb.org

IDB INFRASTRUCTURE FUND (IIF)

IIF is the first private equity investment vehicle to focus on infrastructure development in the member countries of IDB. The Manager of the Fund is Emerging Markets Partnership (EMP), Bahrain, a subsidiary of EMP Global. The strategic objectives of the Fund are to seek long-term capital appreciation by making equity and equity-related investments in infrastructure projects and infrastructure industries in IDB member countries and one of the objectives of the Fund was to promote the use of Islamic finance in infrastructure projects. The first Closing of the Fund was on 6 December 2001, with an equity commitment of $730.5 million. The Fund is fully committed and the commitment period expired on 5 December 2006. www.isdb.org

AWQAF PROPERTIES INVESTMENT FUND (APIF)

APIF was launched in 1421H (2001). It aims to develop and invest in Awqaf (endowments) real estate properties that are socially, economically, and financially viable. In addition to its own capital resources of $59.5 million, APIF has access to a $100 million IDB line of financing and a technical assistance pool of $250,000. www.isdb.org

WORLD WAQF FOUNDATION (WWF)

WWF was established by IDB in 1422H (2001) in collaboration with Waqf organizations, governmental organizations, NGOs and philanthropists from the private sector. The objectives of the WWF are to promote Awqaf to contribute to the cultural, social and economic development of member countries and Muslim communities, and to alleviate poverty, as well as extending technical assistance to Waqf organizations with expertise and coordination, and support their projects, programmes and activities in the educational, health, social, and cultural fields. www.worldwaqf.org

INTERNATIONAL CENTRE FOR BIOSALINE AGRICULTURE (ICBA)

ICBA, established in 1420H (1999), is a non-profit applied research and development centre mandated to work for agricultural development in arid and semi-arid areas affected by salinity. This specialized centre in Dubai carries out applied research for agricultural development in member countries facing water shortages, aridity, and harsh climatic conditions. www.biosaline.org

SAUDI ARABIAN PROJECT FOR THE UTILIZATION OF HAJJ MEAT

The Project, which is managed by IDB, lies outside the normal range of operations. The Government of Saudi Arabia signed an MOU with IDB on 29 Dhul Qadah 1409H (3 July 1989) to implement the Project, which serves the Hajj pilgrims by performing the sacrificial slaughter and related services on their behalf. The meat is distributed to the needy and the poor in member countries and to Muslim communities in non-member countries. www.adahi.org

Exit

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