ISLAMIC DEVELOPMENT BANK

ANNUAL REPORT 1431H (2010)

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).

Vision

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

Mission

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

Membership

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

Capital

Pursuant to the decision of the Board of Governors at 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 increased from ID8.1 billion to ID15 billion. The Issued Capital was further increased to ID16 billion by the Board of Governors at their 33rd Annual Meeting held in Jeddah, Kingdom of Saudi Arabia in *Jumad Awwal* 1429H (3-4 June 2008). During 35th Annual Meeting of the Board of Governors held in Baku, Azerbaijan, in Rajab 1431H (June 2010), the Issued Capital was again increased to ID18 billion, of which ID17,474. 63 million was subscribed and ID4,031.07 million was paid up as at end-1431H.

Islamic Development Bank Group

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

Head Office and Regional Offices

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

Financial Year

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

Accounting Unit

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

Language

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

In the Name of Allah,
the Beneficent, the Merciful

26 Jumad Awwal 1432H
30 April 2011

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 1431H (2010).

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

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

Dr. Ahmad Mohamed Ali

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

Board of Executive Directors

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

Ibrahim Mohamed Al-Mofleh
(Saudi Arabia)

Ismail Omar Al Dafa
(Qatar)

Bader Abdullah S. Abuaziza
(Libya)

Dato Haji Junaidi Bin Pehin Dato Haji Hashim
(Brunei, Indonesia, Malaysia, and Suriname)

Zeinhom Zahran
(Egypt)

Khamdan H. Tagaimurodov
(Albania, Azerbaijan, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan)

Hassan H. Abdul Hussain Al Haidary
(Bahrain, Djibouti, Iraq, Jordan, Lebanon, Maldives, and Oman)

Yerima Mashoud Amadou
(Burkina Faso, Cameroon, Chad, Gabon, Gambia, Mali, Mauritania, Niger, Senegal and Togo)

Nailane Mhadji
(Comoros, Côte d'Ivoire, Guinea, Guinea Bissau, Morocco, Nigeria, Sierra Leone, Somalia, Sudan, Tunisia, and Uganda)

Board of Executive Directors

Hon. Abdul Wajid Rana[1]
(Afghanistan, Bangladesh, and Pakistan)

Asghar Abolhasani Hastiani[2]
(Iran)

Selim Cafer Karatas
(Turkey)

Abdul Aziz Abdullah Al-Zaabi
(United Arab Emirates)

Aissa Abdellaoui
(Algeria, Benin, Mozambique, Palestine, Syria, and Yemen)

Faisal Abdul Aziz Al-Zamel
(Kuwait)

Vice-Presidents

Abdul Aziz Al Hinai
Vice-President (Finance)

Birama Boubacar Sidibe
Vice-President (Operations)

Ahmet Tiktik
Vice-President (Corporate Services)

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[1]Honorable Abdul Wajid Rana has replaced Honorable Sibtain Fazal Halim in the IDB Board of Executive Directors on 22/05/1432H (26/04/2011).
[2]Honorable Asghar Abolhasani Hastiani has replaced Honorable Seyed Hamid Pourmohammadi in the IDB Board of Executive Directors on 27/01/1432H (02/01/2011).

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*Only brief Financial Statements (excluding detailed Notes) are included in this report, while complete Financial Statements are published separately.

N.B: $ refers in this Annual Report to US$ (US dollars).

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Message of the President, IDB Group

In the post-crisis world, uncertain growth prospects in developed countries and challenging socio-economic conditions in developing countries are still a matter of concern for the international community, member countries and the Islamic Development Bank. Hence, the need for greater cooperation and partnership to build consensus on the actions needed to honour commitments in terms of Official Development Assistance (ODA) and to provide the support needed to achieve the Millennium Development Goals (MDGs).

The various economic stimuli introduced by developed countries in 1431H (2010) did help to avert a serious recession and to bring about economic recovery. Moreover, the G20 helped to consolidate the reform agenda of the global financial system. In this connection, the three IDB member countries of the G20, namely, Indonesia, Saudi Arabia and Turkey as well as the IDB also actively helped to design the G20 Development Agenda in four key pillars of growth, namely, infrastructure, food security, aid-for-trade and human development. Furthermore, the international community assessed the progress made to achieve the MDGs and outlined the measures necessary to attain these noble goals.

As a result, growth picked up in both developed and developing countries. However, it was not quite enough to bring down unemployment. Moreover, the sovereign debt crisis in Europe remained cause for concern for policy makers and financial markets in the European Union.

During the year under review, member countries recorded a significant growth rate of 5.3 percent compared to 2 percent in 2009. However, unemployment as well as the rise of food prices continued to have serious socio-economic consequences. Fortunately, no member country owed an external debt greater than the size of its economy and/or incurred losses in the banking sector that jeopardized its solvency.

The IDB Group provided an amount of ID7.9 billion ($12.3 billion) for development project finance and ID4.6 billion ($7.2 billion) for trade finance operations over the 1429H-1431H (2008-2010) period in order to spur growth in member countries by targeting projects and operations in growth-multiplier sectors. As a result, the overall net transfer of resources to the public and private sectors in member countries stood at about ID2.0 billion ($3 billion).

At present, the Bank is helping to address the issue of unemployment in response to the urgent and pressing needs of member countries. The initial measures that the Bank has taken to help the countries affected to recover from the crisis and to address the structural impediments to efforts designed to reduce unemployment are, among others:

(i) the $250 million package recently approved by the Board of Executive Directors;

(ii) reconsideration of the composition of the projects and programs in the pipeline for 1432H (2011) with greater emphasis on increasing job opportunities;

(iii) greater partnership with other Multilateral Development Banks (MDBs) and regional partners including the Coordination Group.

In coming years, the IDB Group will continue its comprehensive reform process and efforts to better align the Group's Strategic Thrusts with member countries' development needs and priorities through the Member Country Partnership Strategy (MCPS) framework. In close consultation with stakeholders in member countries and development partners, the Group will develop mutually agreed strategies to address development challenges. The Group will continue to focus on support programs designed to boost employment through appropriate skills development, investment in infrastructure and support for small and medium enterprises.

In conclusion, I would like to express my sincere appreciation to the Board of Executive Directors for their unflinching support and to the entire IDB staff for their hard work.

Dr. Ahmad Mohamed Ali

President
Islamic Development Bank
Chairman, Board of Executive Directors

Table 1: IDB Group Operational Activities from Inception up to end 1431H (1 JANUARY 1976 - 6 DECEMBER 2010) [10]

Amount in Million[1]

ITEM[2]	1396-1428H No.	1396-1428H ID/US$	1429H No.	1429H ID/US$	1430H No.	1430H ID/US$	1431H No.	1431H ID/US$	1396H-1431H No.	1396H-1431H ID/US$
PROJECT AND OPERATION FINANCING[3]										
Loan	724	3,346.5	34	212.1	36	235.0	43	245.4	837	4,039.1
		4,516.5		*333.0*		*361.3*		*373.0*		*5,583.8*
Equity	214	1,306.0	31	185.4	43	290.3	27	175.1	315	1,956.8
		1,863.4		*289.4*		*450.2*		*268.2*		*2,871.1*
Leasing	331	4,462.8	24	521.2	36	568.7	25	744.2	416	6,296.9
		6,293.3		*818.3*		*880.5*		*1,137.2*		*9,129.3*
Instalment Sale	220	2,050.5	6	231.6	9	337.0	3	29.0	238	2,648.0
		2,810.9		*358.7*		*513.8*		*44.4*		*3,727.9*
Combined line of financing	29	321.2	2	36.2	4	38.5	1	66.7	36	462.5
		441.8		*55.0*		*60.0*		*100.0*		*656.8*
Profit Sharing/ Musharaka	11	147.2	..	..	..	..	..	..	11	147.2
		212.9		..		..		..		*212.9*
Istisnaa	124	2,304.5	16	726.0	26	1,063.1	30	1,350.1	196	5,443.7
		3,245.5		*1,163.4*		*1,640.7*		*2,107.1*		*8,156.6*
Others[4]	57	542.6	39	63.9	93	529.3	22	183.2	211	1,318.9
		775.6		*99.1*		*831.5*		*271.4*		*1,977.5*
Total Project Financing	**1,710**	**14,481**	**152**	**1,976**	**247**	**3,062**	**151**	**2,794**	**2,260**	**22,313**
		20,160		**3,117**		**4,738**	**-**	**4,301**		**32,316**
Technical Assistance (TA)	764	185.9	110	24.3	107	23.6	82	12.3	1,063	246.1
		249.9		*38.5*		*36.6*		*18.7*		*343.7*
Total Project & Operation Financing + TA	**2,474**	**14,667.2**	**262**	**2,000.7**	**354**	**3,085.5**	**233**	**2,806.0**	**3,323**	**22,559.2**
		20,409.8		**3,155.4**		**4,774.6**		**4,320.0**		**32,659.6**
TRADE FINANCING OPERATIONS										
International Islamic Trade Finance Corporation (ITFC)	..	..	61	1,357.6	49	1,305.6	72	1,684.8	182	4,348.0
		..		2,164.5		1,987.8		2,554.6		6,707.0
Other Entities/Funds[5]	169	1,069	18	93	16	155	5	44	208	1,361
		1,542.10		*143.40*		*243.60*		*67.70*		*1,996.70*
Historical Trade Financing[6]	1,823	20,852	..	..	..	..	..	..	1,823	20,852
		28,221.30		..		..		..		*28,221.3*
TOTAL TRADE FINANCING OPERATIONS	**2,010**	**21,943.2**	**79**	**1,450.4**	**65**	**1,460.7**	**77**	**1,729.0**	**2,231**	**26,583.4**
		29,797.7		**2,307.9**		**2,231.4**		**2,622.3**		**36,959.3**
Special Assistance Operations	1,183	503.6	55	13.2	50	12.6	53	12.5	1,341	541.9
		643.5		*20.5*		*19.4*		*18.8*		*702.1*
NET APPROVED OPERATIONS	**5,667**	**37,113.7**	**396**	**3,464.4**	**469**	**4,558.8**	**363**	**4,547.3**	**6,895**	**49,684.3**
		50,850.8		**5,483.7**		**7,025.3**		**6,961.2**		**70,320.9**
GROSS APPROVED OPERATIONS	**6,534**	**42,900.8**	**414**	**3,717.4**	**489**	**4,758.5**	**363**	**4,547.3**	**7,800**	**55,923.9**
		58,678.8		**5,883.8**		**7,330.7**		**6,961.2**		**78,854.6**
DISBURSEMENTS		25,896.1		2,440.6		2,381.3		2,548.0		33,266.0
		35,498.9		*3,768.7*		*3,739.6*		*3,921.9*		*46,929.0*
REPAYMENTS		20,618.6		1,823.0		1,690.9		1,947.4		26,079.9
		28,251.1		*2,815.1*		*2,655.6*		*2,997.5*		*36,719.1*
NUMBER OF IDB GROUP STAFF AT END OF YEAR			1,014		1,083		1,069			
Memorandum Items										
OCR-IDB (in ID million, unless otherwise stated)										
Total Assets				7,290.40		8,725.4		9,107.7		
Gross Income				347.9		363.7		367.1		
Net Income				194.2		124.8		161.3		
Reserves: Capital				22.7		22.7		22.7		
General				1,590.10		1,677.9		1,699.7		
Subscribed Capital				15,076.20		15,863.5		17,475.6		
Administrative budget: Approved				65.2		68.2		80.8		
Actual[7]				61.6		67.3		72.7		
Number of Member Countries			56		56		56		56	
ICIEC's Operations (in ID/$ million)										
Insurance Commitments[8]		2,849.5		1,082.7		1,423.3		2,124		7,479.8
		4,235.9		*1,672.0*		*2,135.0*		*3,250*		*11,292.9*
Business Insured[9]		2,500.2		935.1		686.7		1,211.8		5,333.7
		3,754.2		*1,444.0*		*1,030.0*		*1,854.0*		*8,082.2*

(1) US$ amounts are in italic.
(2) All figures on operations are net of cancellation, unless otherwise specified.
(3) Figues include ICD, IBP, UIF, APIF & Treasury Operations.
(4) Refers to investment in Sukuk (1423H-1431H) and in Financial Institutions (mainly IBP,1408H-1422H).
(5) Mainly ICD, UIF, and Treasury Operations.
(6) Previous trade financing of ITFO, EFS and IBP.
(7) Figures include capital expenditure and 1430 & 1431 include Reform related expenses.
(8) Amount of Insurance Commitments (contingent liability assured) approved/issued during the year.
(9) Amount of shipments/investments declared to ICIEC by policy holders for the period under consideration.
(10) Cut-off date for the data was 30 Dhul-Hijjah 1431H (6th.December 2010).

Source: Compiled by Data Resources and Statistics Department from all departments and entities in IDB Group.

Table 2: Cummulative IDB Group Operations by Major Modes of Financing from 1396H to end 1431H[2]
(1 JANUARY 1976 --- 6 DECEMBER 2010)

(Amount in million)

	TOTAL PROJECT FINANCING			TECHNICAL ASSISTANCE			TOTAL TRADE FINANCING			SPECIAL ASSISTANCE OPERATIONS			GRAND TOTAL		
	No.	ID	$	No.	ID	$	No.	ID	$	No.	ID	$	No.	ID	$
Afghanistan	6	51.0	76.9	3	0.9	1.4	0	0	0	21	11.7	15.8	30	63.6	94.1
Albania	21	125.4	186.6	6	0.8	1.1	1	3.3	5.0	3	1.0	1.4	31	130.5	194.2
Algeria	40	446.9	591.7	11	3.0	4.0	188	1,490.0	1,887.7	7	4.5	5.6	246	1,944.4	2,489.1
Azerbaijan	31	471.7	706.9	12	2.2	3.2	8	52.4	78.9	4	1.5	2	55	527.8	791.0
Bahrain	91	950.9	1,385.8	6	0.9	1.3	19	203.5	286.5	0	0	0	116	1,155.3	1,673.6
Bangladesh	68	589.6	856.1	9	3.4	5.2	213	5,369.6	7,733.7	12	28.8	35.6	302	5,991.4	8,630.6
Benin	36	161.1	227.3	25	5.6	7.1	5	26.0	35.0	1	1.3	1.4	67	194.0	270.8
Brunei	5	38.5	49.2	1	0.2	0.3	0	0	0	0	0	0	6	38.7	49.5
Burkina Faso	53	248.5	347.0	34	9.8	12.6	6	133.7	206.1	9	8.3	8.8	102	400.3	574.5
Cameroon	26	185.4	261.1	13	2.9	3.6	1	10.8	17.0	3	1.3	1.7	43	200.4	283.4
Chad	37	216.4	312.3	29	4.6	6.3	1	2.1	3.2	10	9.9	10.8	77	233.0	332.5
Comoros	4	8.8	11.1	13	3.4	4.9	3	5.9	7.5	3	0.9	1.1	23	19.0	24.5
Cote d'ivoire	15	186.1	279.8	1	0.3	0.4	3	48.5	76.3	5	1.0	1.2	24	235.8	357.7
Djibouti	31	160.1	242.9	16	2.7	3.7	1	7.6	12.0	10	1.7	2.3	58	172.1	260.9
Egypt	44	637.8	907.8	13	2.8	3.9	118	1,626.9	2,323.4	4	1.1	1.5	179	2,268.6	3,236.7
Gabon	16	279.3	409.5	4	1.7	2.2	0	0	0	0	0	0	20	280.9	411.8
Gambia	32	114.8	165.2	20	3.3	4.5	19	69.6	103.0	4	1.7	1.8	75	189.4	274.6
Guinea	53	242.7	327.9	34	8.1	10.7	6	37.9	48.8	6	6.1	7.8	99	294.8	395.2
Guinea Bissau	2	2.0	2.2	8	2.7	3.8	2	11.6	15.0	3	1.1	1.2	15	17.4	22.3
Indonesia	93	951.6	1,392.7	11	2.1	3.2	39	645.3	902.3	4	2.9	4.4	147	1,601.8	2,302.5
Iran	76	1,537.9	2,252.1	15	4.3	6.6	174	1,715.0	2,481.8	7	10.0	13.3	272	3,267.2	4,753.8
Iraq	7	53.4	68.2	8	0.9	1.3	35	264.9	301.3	12	4.0	5.5	62	323.3	376.2
Jordan	65	654.3	917.7	23	4.8	6.5	69	678.9	824.8	1	0.2	0.3	158	1,338.2	1,749.3
Kazakhstan	20	317.0	471.4	10	1.7	2.4	8	67.0	101.0	5	1.3	1.9	43	387.1	576.7
Kuwait	27	185.2	268.5	7	1.2	1.6	48	763.1	1,131.5	4	6.5	7.5	86	956.0	1,409.1
Kyrgyz republic	14	83.5	124.2	11	2.7	4.0	0	0	0	7	1.7	2.4	32	88.0	130.6
Lebanon	51	587.8	825.9	8	3.9	5.7	11	157.9	221.5	21	7.0	9.8	91	756.6	1,062.9
Libya	17	280.9	386.0	4	2.4	3.3	10	230.0	299.8	2	2.9	3.8	33	516.2	692.8
Malaysia	55	784.1	1,115.0	7	0.9	1.4	41	201.2	281.7	5	8.8	11.4	108	995.0	1,409.5
Maldives	20	78.7	113.4	11	1.6	2.2	7	77.2	119.0	3	0.6	0.8	41	158.1	235.4
Mali	52	314.9	446.5	29	8.9	12.0	13	133.9	199.8	12	14.9	16.5	106	472.6	674.9
Mauritania	60	359.9	523.4	39	16.6	23.0	7	60.8	84.5	7	9.7	11.1	113	447.0	642.0
Morocco	59	1,113.3	1 ,619.7	21	3.9	5.5	117	1,721.9	2,389.3	4	1.2	1.5	201	2,840.3	4,016.0
Mozambique	17	88.7	126.6	7	1.5	2.3	1	9.8	15.0	5	1.8	2.2	30	101.8	146.1
Niger	44	192.0	271.6	41	10.9	14.5	20	109.2	138.3	18	10.2	12.2	123	322.2	436.6
Nigeria	3	59.4	90.5	2	0.2	0.3	12	132.4	205.0	30	5.9	7.9	47	197.8	303.7
Oman	36	450.7	598.1	7	1.8	2.4	1	1.4	2.0	2	0.4	0.5	46	454.3	603.0
Pakistan	92	1,510.7	2,245.4	9	1.7	2.5	242	3,832.7	5,191.1	11	8.5	11.7	354	5,353.7	7,450.6
Palestine	22	58.3	82.0	11	4.6	6.7	0	0	0	42	41.3	53.3	75	104.2	142.0
Qatar	32	389.3	590.0	1	0.1	0.1	0	0	0	0	0	0	33	389.4	590.1
Saudi Arabia	91	1,115.9	1,654.9	23	2.6	3.7	162	1,879.4	2,750.9	2	0.1	0.1	278	2,998.0	4,409.6
Senegal	64	417.1	588.7	28	8.8	11.3	25	192.9	272.6	7	12.9	14.2	124	631.7	886.8
Sierra Leone	25	85.5	121.8	27	5.5	7.1	1	3.2	5.0	4	2.8	3.6	57	96.9	137.5
Somalia	6	19.3	24.1	15	2.9	4.0	4	36.1	46.2	43	9.6	13.3	68	67.8	87.6
Sudan	95	728.4	1,065.8	25	3.8	5.4	29	264.4	372.4	20	19.4	23.5	169	1,016.0	1,467.0
Suriname	5	22.0	32.3	1	0.1	0.2	1	7.4	10.0	2	0.1	0.2	9	29.6	42.7
Syria	38	643.3	921.2	7	1.1	1.6	25	108.8	130.5	1	0.2	0.3	71	753.4	1,053.5
Tajikistan	23	120.6	173.0	14	3.0	4.4	2	15.3	24.0	9	1.1	1.5	48	140.0	203.0
Togo	15	78.2	113.2	6	1.5	2.2	1	4.2	6.0	2	1.4	1.7	24	85.2	123.1
Tunisia	53	757.2	1,107.0	9	1.7	2.5	160	803.9	1,094.9	4	3.3	4.2	226	1,566.1	2,208.6
Turkey	94	1,025.2	1,442.1	8	3.9	5.2	298	2,421.1	3,226.2	5	17.0	20.4	405	3,467.3	4,693.9
Turkmenistan	10	199.8	306.9	3	0.6	0.8	0	0	0	1	0.2	0.3	14	200.7	308.0
U.A.E.	90	504.3	756.0	8	0.7	0.9	19	329.5	469.7	0	0	0	117	834.5	1,226.6
Uganda	10	47.9	69.9	16	3.3	4.4	5	11.3	13.9	9	3.4	4.5	40	65.9	92.6
Uzbekistan	22	308.9	476.3	6	1.4	2.1	1	31.8	50.0	7	1.4	1.9	36	343.6	530.2
Yemen	58	359.8	515.7	28	6.8	9.1	41	351.9	420.3	8	7.1	8.6	135	725.7	953.7
Regional	51	468.9	713.5	290	61.7	90.3	2	90.9	142.0	68	44.5	61.9	411	665.9	1,007.7
Special	4	62.5	85.0	0	0	0	1	14.8	20.0	0	0	0	5	77.3	105.0
Non Member Countries	33	179.5	272.2	9	0.6	0.9	5	114.3	176.0	842	195.9	263.9	889	490.4	713.0
NET APPROVAL	**2,260**	**2,313.0**	**2,315.9**	**1,063**	**246.1**	**343.7**	**2,231**	**26,583.4**	**6,959.3**	**1,341**	**541.9**	**702.1**	**6,895**	**49,684.3**	**70,320.9**
GROSS APPROVAL	**2,562**	**4,955.6**	**5,860.0**	**1,126**	**261.0**	**364.1**	**2,738**	**30,159.7**	**1,920.4**	**1,374**	**547.7**	**710.1**	**7,800**	**55,923.9**	**78,854.6**

[1]Figures are net of cancellation (unless otherwise specified) and include ICD, UIF, IBP, APIF, and Treasury Operations
[2]Cut-off date for the data was 30 Dhul-Hijjah 1431H (6 December 2010)
Source: Compiled by Data Resources and Statistics Department from all departments and entities in IDB Group

1431H IN REVIEW

In 1431H (2010), member countries faced the challenge of sustaining the fragile economic recovery and benefitting from the revival of global trade. They achieved significant growth; but as post-crisis development issues are serious, member countries need to complement global development efforts with effective implementation of crucial macroeconomic policy adjustments. For this reason, IDB Group maintained its high level of development assistance for the second consecutive year and launched its Member Country Partnership Strategy initiative as part of its reform agenda. During the year under review, its core areas of intervention were poverty alleviation and food security, infrastructure development, regional cooperation and Islamic finance.

ECONOMIC RECOVERY[1]

Global Growth and Trade Revival

The world economy grew by 4.8 percent in 2010, a remarkable improvement on the negative growth of 0.6 percent in 2009. Sustaining this momentum remains a concern in the face of associated risks and problems of fiscal deficits, macroeconomic imbalances and unemployment. The world trade, measured by export of goods and services, grew by 11.4 percent in 2010, after declining by 11 percent in 2009 due to the global economic downturn. This rebound augurs well for the global economy. However, there are emerging threats to global trade that need to be addressed, such as increasing protectionist measures by some countries.

The unemployment crisis created by the global downturn has continued to plague economies worldwide. Although emerging economies, which have shown more robust economic recovery, created additional jobs, thus mitigating the unemployment effect of the global financial and economic crisis, global unemployment reached an estimated 210 million in 2010, about 30 million more than the pre-crisis level of 2007.

As regards the financial markets, even though confidence is gradually returning, the pace of reform of the financial systems at global level is slow. In general, financial stability, which is critical for achieving strong and sustainable global economic recovery, is not occurring. The uncertainties in the global financial system were compounded by other risks such as fiscal distress, worsening real estate markets and low credit growth. Addressing these financial stability challenges through collective policy actions is crucial for consolidation of economic recovery.

Member Countries' Growth

Member countries as a group recorded significant real GDP growth of 5.3 percent in 2010 compared to 2 percent in 2009. At regional level, Sub-Saharan Africa recorded the highest growth in 2010 at 5.9 percent. The high growth rate was attributable to the strong rebound in global trade given that the economies of these countries are largely dependent on commodity export.

Current account balance improved from 2.5 percent of GDP in 2009 to 2.9 percent of GDP in 2010, after deteriorating sharply in recent years under the impact of the global financial and economic crisis. In addition, the inflationary trend in member countries fluctuated but remained subdued in 2010 at 7 percent. Despite the calm in inflation globally, the rise in food prices remained a source of concern because of its repercussions on poverty and the attendant social consequences.

Overall, lethargic economic performance in the post-crisis world will tend to exacerbate the poverty and related social problems, especially those relating to the development themes set forth in the Millennium Development Goals (MDGs). Clearly, therefore, consolidation of economic recovery will remain a major challenge for member countries. Their short-term growth prospects indicate that growth is expected to decelerate to

[1]See next Chapter on "Consolidating Economic Recovery".

5.1 percent in 2011 and remain sluggish in 2012. The relatively slower recovery momentum of member countries compared to the emerging economies' performance highlights the depth of their dependence on commodities. Therefore, member countries need to initiate and implement policies to diversify their economic activities and expand employment opportunities for effective and sustainable poverty reduction.

IDB GROUP OVERALL PERFORMANCE

Development Assistance

To help member countries consolidate their economic recovery, IDB Group maintained its high level of development assistance, attained through the sharp scaling up of its operations last year. In 1431H, total IDB Group financing amounted to ID 4,547.4 million ($6,961.1 million). This level of financing was maintained, thanks to 10.2 percent increase in project financing from Ordinary Capital Resources (OCR) and 18.4 percent in trade financing (Table 3).

Table 3
Net Approvals of IDB Group by Major Categories

(Amount in million)

	1430H			1431H			1396H-1431H		
	No.	ID	$	No.	ID	$	No.	ID	$
1. Project/Operation Financing from OCR	192	2,174.6	3,343.6	179	2,396.7	3,702.5	2,647	17,543.2	25,270.4
Of which: Technical Assistance	107	23.6	36.6	82	12.3	18.7	1,063	246.1	343.7
2. Project/Operation Financing by Funds/ Entities (UIF, IBP, APIF, ICD & Treasury)	162	910.9	1,430.9	54	409.2	617.5	676	5,015.8	7,389.1
3. Total IDB Group Project Financing (1+2)	***354***	***3,085.5***	***4,774.5***	***233***	***2,805.9***	***4,320.0***	***3,323***	***22,559.0***	***32,659.5***
4. Trade Financing Operations	65	1,460.7	2,231.4	77	1,729.0	2,622.3	2,231	26,583.4	36,959.3
5. Special Assistance	50	12.6	19.4	53	12.5	18.8	1,341	541.9	702.1
Total IDB Group Financing	**469**	**4,558.8**	**7,025.3**	**363**	**4,547.4**	**6,961.1**	**6,895**	**49,684.3**	**70,320.9**

(1) Cut-off date for the data was 30 Dhul-Hijjah 1431H (6 December 2010)

At sectoral level, infrastructure remained the largest sector with ID792.4 million ($1,211.9 million) allocations from OCR to energy and ID651.9 million ($1,018.8 million) to transport (Table 4).

At regional level, African member countries improved their share of total OCR approvals for both concessional and ordinary financing; receiving 33.5 percent of the overall financing, as against 61.4 percent for Asian member countries (Table 5).

In 1431H, member countries continued to benefit from a net transfer of resources from IDB Group. While total disbursements accounted for $3,921.9 million, total repayments stood at $2,997.5 million (Table 6).

Financial Results[2]

The net income from OCR increased from ID 124.8 million in 1430H to ID 161.0 million in 1431H (see Table 1).

Risk Management

The Bank seeks to minimize its exposure to the risks arising from its core business of providing development finance and related assistance. Accordingly, the Bank's risk management policies, guidelines and practices are designed to manage credit risks resulting from the financing of public and private sector clients and, at the same time, minimize operational and market risk exposures within approved risk limits. The policies and practices employed by the Bank to manage these risks are described in detail in Note 34 to the Financial Statements[3].

Overall, the Bank has put in place a comprehensive risk management framework to address all types

[2]Provisional, pending the account closing and auditing.
[3]See Financial Statements published separately.

Table 4
Sectoral Distribution of net OCR-approved Projects, Operations and Technical Assistance

(Amount in million)

Sectors	1430H			1431H			1396H-1431H		
	No.	ID mill.	$ mill.	No.	ID mill.	$ mill.	No.	ID mill.	$ mill.
Agriculture	47	289.0	439.4	29	242.2	373.2	493	1,811.9	2,572.4
Education	27	80.9	127.0	19	80.2	121.7	422	1,537.7	2,142.4
Energy	11	650.9	1,004.8	14	792.4	1,211.9	201	4,089.1	6,028.0
Finance	28	108.1	167.0	48	93.9	143.7	255	797.2	1,149.7
Health	26	42.9	66.4	26	98.0	152.8	259	906.7	1,265.2
Industry and Mining	11	73.4	112.2	8	213.4	329.1	208	1,764.6	2,464.5
Information and Communications	1	0	0.1	7	0.4	0.6	54	205.4	290.8
Public Administration	1	0	0.1	1	0.1	0.2	68	40.7	56.1
Trade	4	1.8	2.7	0	0	0	35	36.6	53.4
Transportation	20	600.5	926.1	11	651.9	1,018.8	390	4,152.9	6,080.5
Water, Sanitation & Urban Services	16	327.1	497.8	16	224.1	350.6	262	2,200.5	3,167.3
TOTAL	**192**	**2,174.6**	**3,343.6**	**179**	**2,396.6**	**3,702.6**	**2,647**	**17,543.3**	**25,270.3**

Cut-off date for the data was 30 Dhul-Hijjah 1431H (6 December 2010)

Table 5
Distribution of OCR Financing by Region, 1431H and 1396H-1431H

(Amount in million)

	1431H				1396H-1431H			
	No.	ID	$	Share[2](%)	No.	ID	$	Share[2] (%)
Concessional Financing								
African Member Countries	58	195.5	297.2	8.0	1,052	2,629.5	3,624.3	14.3
Asian Member Countries	26	54.1	82	2.2	512	1,476.3	2048	8.1
Other Countries[1]	6	3.9	6.1	0.2	37	117.1	163.9	0.6
Regional	35	4.1	6.3	0.2	290	61.7	90.3	0.4
Non-Member Countries	0	0.0	0.0	0.0	9	0.6	0.9	0.0
Sub-total	**125**	**257.6**	**391.6**	**10.6**	**1,900**	**4,285.2**	**5,927.4**	**23.5**
Ordinary Financing								
African Member Countries	20	615.5	945.2	25.5	252	4,212.5	6,133.0	24.3
Asian Member Countries	27	1,409.6	2,192.8	59.2	406	8,022.1	11,738.9	46.5
Other Countries[1]	2	79.0	118.2	3.2	75	822.3	1,165.2	4.6
Regional	1	32.0	50.0	1.4	8	189.0	288.5	1.1
Non-Member Countries	4	2.9	4.6	0.1	6	12.2	17.4	0.1
Sub-total	**54**	**2,139.0**	**3,310.8**	**89.4**	**747**	**13,258.1**	**19,343.0**	**76.5**
Total	**179**	**2,396.6**	**3,702.4**	**100.0**	**2,647**	**17,543.3**	**25,270.4**	**100.0**

[1]These are Albania, Turkey and Suriname.
[2]The shares are calculated on the basis of US$ million.
[3]Cut-off date for the data was 30 Dhul-Hijjah 1431H (6th December 2010).

of credit, market and operational risks. Given the nature of the Bank's activities, both country risk and liquidity risk are given special attention; and for these, comprehensive frameworks have been instituted with appropriate exposure limits, liquidity thresholds and concentration limits for various counterparts. IDB regularly carries out review of its risk management guidelines based on best practices and market developments.

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

MAJOR INITIATIVES AND ACTIVITIES

Partnerships and Cooperation[4]

In 1431H, IDB Group launched its Member Country Partnership Strategy (MCPS) initiative,

[4]See Chapter on "Promoting Partnerships and Cooperation".

Table 6
IDB Group Disbursements and Repayments, 1430H, 1431H and 1396H-1431H

(Amount in $ million)

	Disbursements			Repayments		
	1430H	1431H	1396-1431H	1430H	1431H	1396-1431H
OCR	1,756.2	1,875.3	26,402.0	516.7	837.4	19,112.2
ITFO	108.3	42.2	9,384.3	513.2	112.9	8,626.7
Sukuk	..	..	851.9	76.9	107.3	456.2
EFS	0.1	..	1,221.8	53.7	..	1,247.3
IBP	..	..	941.7	..	..	832.9
UIF	94.0	86.4	1,975.1	71.7	65.8	2,573.9
ICD	133.9	56.9	731.4	45.8	52.7	338.9
APIF	43.0	43.7	226.9	7.6	8.1	84.7
Special Assistance	17.1	16.6	576.1	..	..	..
ITFC	1,587.0	1,800.8	4,617.8	1,370.0	1,813.2	3,446.2
	3,739.6	**3,921.9**	**46,929.0**	**2,655.6**	**2,997.5**	**36,719.1**

which is part of its reform agenda. Through the MCPS framework, IDB Group, in close consultation with the Governments of member countries, development partners and other key stakeholders formulated a mutually agreed strategy for its interventions in core areas. IDB will consciously and proactively enhance its South-South Cooperation framework by promoting strategic and fruitful partnerships among its member countries to augment the regular lending operations. These member country-to-member country partnerships (or reverse linkages) are being pursued through various modalities such as twinning arrangements; transfer of technology; cross-border investments and trade exchanges; and the sharing of country experiences, success stories, best practices etc. Compared to the country partnership strategies adopted by other MDBs, ‘reverse linkages’ are the unique and distinctive feature of IDB MCPS framework as a South-South MDB. Being a “pilot” year for the MCPS exercise, IDB Group completed five MCPS for Turkey, Indonesia, Mauritania, Uganda and Mali.

As regards regional cooperation, IDB Group has always considered trade as an important instrument for promoting economic and commercial cooperation among its member countries. Trade financing operations registered a significant increase of 17.5 percent during 1431H, peaking at $2.62 billion. The main entity within IDB Group responsible for trade financing is the International Islamic Trade Finance Corporation (ITFC). It extended its operations to new countries and penetrated new non-oil sectors. The lack of trade finance seems to be a more serious problem for the least developed OIC countries. Accordingly, in 1431H, more than half of the amount approved by ITFC for its trade finance operations was for the LDMCs. IDB also continued to work closely with OIC General Secretariat, its subsidiary organs, specialized institutions and affiliates. The Bank participated in the Mid-Term Review Meeting of OIC Ten-Year Programme of Action.

Public-Private Partnerships (PPPs) entail cooperation between the public and private sectors for the sharing of resources, risks, responsibilities and the rewards of projects development, mainly in the infrastructure sector. In terms of overall business, 1431H has been a very successful year for IDB’s PPP activities, both in terms of new approved investments and the nature of such investments. The Bank approved ID203.9 million ($316.9 million) for PPP projects during the year under review.

Finally, in 1431H, as many as 26 operations in 18 countries were co-financed with other institutions. The total cost of these projects was $ 10.3 billion, of which IDB contributed $ 1.49 billion (or 14 percent), and other financiers $ 5.8 billion (or

56 percent) of the total cost. As a member of the Coordination Group, IDB developed very close working relation with this forum and its bilateral and multilateral members. Of the 26 operations cofinanced with other donors in 1431H, 17 were actually with members of the Coordination Group.

Poverty Alleviation and Food Security[5]

In 1431H, the Bank continued to invest in the education and health sectors. Its interventions included a wide spectrum of projects and programs amounting to ID 178.2 million ($274.5 million) globally geared to helping member countries to attain their respective MDG targets and achieve integral human development. In close collaboration with other development partners, the Bank strategically targeted interventions in vocational and technical education and training, as well as in tertiary education to enhance the productivity of the labor force in member countries. This strategy is in line with the realization that member countries can benefit from the global knowledge economy only through investments in science and technology at the tertiary as well as vocation and technical education levels. The Bank continued to scale up Vocational Literacy for Poverty Reduction Program, which was launched under the Islamic Solidarity Fund for Development with the aim of reducing poverty, particularly among women and youth in rural areas.

As a cornerstone for development, the health sector has been one of the Bank's focus areas since its inception. Its interventions in this sector varied from region to region due to the epidemiological diversity and the wide ranging needs of its member countries. Approved operations covered a substantial part of the health system support spectrum, including community level sensitization and polio and anti-blindness vaccination campaigns, health personnel training, provision of modern medical equipment and supplies, healthcare facilities development, etc. Under the Quick-Win Malaria program, a million inhabitants, mostly children and pregnant women, will in 1431H be protected from Malaria by IDB financed project on the use of Indoor Residual Spraying. In 1431H, IDB and its partners continued to work in collaboration with the Ministries of Health of eight African member countries (Benin, Burkina Faso, Cameroon, Chad, Djibouti, Guinea, Mali and Niger) to improve access to, and the efficiency and quality of cataract treatment. This year, the Alliance examined more than 37,000 patients and carried out 8,200 sight-restoring cataract operations.

Since the recent global food crisis of 2008, international development attention has focused on enhancing the countries' agriculture and rural development to ensure food security for the poor. During the year under review, IDB maintained the high level of approvals from OCR achieved a year earlier. The total amount approved in 1431H stood at $715.8 million. As part of its strategy, IDB is committed to supporting water management projects that can add value to the country's development program in this sector and protect the environment.

ISFD is dedicated to reducing poverty in member countries by promoting pro-poor growth, fostering human development, especially through improvements in health care and education, and providing financial support to enhance the productive capacity and sustainable means of income for the poor, financing employment opportunities, providing market outlets especially for the rural poor and improving basic rural and pre-urban infrastructure. Financing by the Fund is provided on concessional terms, primarily for the 28 least developed member countries. In line with ISFD's first Five-Year Strategy (2008-2012), two thematic programs were emphasized, namely: Vocational Literacy Program (VOLIP) and Microfinance Support Program (MFSP). With both programs, it is intended to equip poor illiterate people with relevant functional literacy skills and offer them access to financial resources. Building on the achievements of the Ouagadougou Declaration, the Special Program for the Development of Africa (SPDA) in its third year of implementation, leveraged on the optimistic horizon dawning on Africa, and deepened the achievements. A large proportion of SPDA approvals in 1431H were for infrastructure operations.

[5]See the Chapter on "Alleviating Poverty and Ensuring Sustainable Food Security".

36-MW Power Plant Project, Nouakchott, Mauritania.

Capacity development has always been accorded special attention by IDB. In 1431H, 45 technical assistance operations for capacity building amounting to $12 million were approved by the Bank, and benefiting 21 member countries. They reinforced the capacities of various stakeholders in member countries including ministries, executing agencies, non-governmental organizations, community groups and others. IDB Scholarship Programs aim to build science-based human capital in member countries as well as in Muslim communities in non-member countries. So far, the cumulative number of graduates from non-member and member countries under the three programs has exceeded six thousand. Under its S&T financing activities, IDB paid particular attention to human and institutional capacity enhancement. The Bank's S&T capacity building program focuses on South-South Cooperation for knowledge and technology transfer, and on partnership in scientific research among member countries.

Infrastructure Development[6]

In 1431H, the Bank approved ID 1,851 million ($2,865 million) infrastructure financing for development of electricity generation and transmission, as well as for transport, water and sanitation infrastructure so as to catalyze economic growth in member countries. 1431H saw 15 percent increase in project approvals in the infrastructure sector in comparison to 1430H. Energy was the dominant sector accounting for 54 percent of the Bank's infrastructure financing followed by Transport (35 percent).

In 1431H, the Bank continued to increase its investment in energy related projects. In view of the non-renewable nature of fossil fuels, coupled with their recent price volatility, the Bank is keenly facilitating the efforts of its member countries, especially countries heavily reliant on imported fossil fuels, to develop their indigenous renewable energy resources. To facilitate member countries' timely achievement of the Millennium Development Goals, IDB is actively boosting access to energy for the poor by financing electrification of rural communities, to which most of the poor belong. Strengthening the transmission network is essential for provision of reliable power supply to consumers while at the same time decreasing the technical losses that can result from an overly stressed power transmission infrastructure.

As an integral part of its Vision 1440H, and to enhance regional integration of member countries, the Bank continued to focus on improving all modes of transport including road, airport and railway networks in member countries. The Bank is actively financing projects that allow for year-round, reliable and direct land transport services among its member countries on the one hand, and between its member countries and the rest of world, on the other. In 1431H, the Bank participated in major regional and national road initiatives in member countries.

[6]See Chapter on "Strengthening Infrastructure Development".

Islamic Finance[7]

Driven primarily by the retail segment, the Islamic financial industry continued to grow. However, after enjoying general immunity from the first wave of the global financial crisis, which severely impacted on conventional institutions with exposure to derivative investments, the recession finally affected the industry by hitting the real economy. Fortunately, as the global economy gradually emerges from the crisis, the Islamic financial sector is also regaining its growth momentum, albeit with a clear focus on improving risk management, governance and portfolio and asset diversification. The global issuance of *Sukuk* increased significantly over the past year, with the *Takaful* sector equally witnessing strong growth.

1431H saw IDB Group take several strategic initiatives. These include seeding equity investments into developing Islamic financial institutions, - a measure which serves to attract more equity capital for the investee institutions - enhancing the Islamic microfinance sector to increase access to Islamic finance for the poor, successfully issuing and placing *Sukuk,* and actively working towards establishment of an infrastructure finance facility with the World Bank. This is in addition to conducting various trainings and seminars through IRTI in close collaboration with reputable Islamic infrastructure institutions, central banks and renowned international universities world-wide.

As at year-end 1431H, IDB had equity investments in 28 Islamic financial institutions in 20 countries, with total disbursed amount of approximately ID 197 million. It approved a total of ID 38.11 million for equity participation in Islamic financial institutions. Together with its strategic partners, IDB initiated in 2009, the idea of establishing a Mega Islamic Bank. It is also in the advanced stage of establishing the first Islamic microfinance institution in Bangladesh and, similarly, it is studying the modalities of establishing an Islamic Microfinance Fund in Indonesia. The Bank actively participated in the reinvigoration of the *Awqaf* sector. It provided technical assistance and advisory services to member countries as part of development of an enabling environment for Islamic financial sector.

In 2010, IDB further increased the amount for MTN program from $1.5 million to $3.5 million to meet the scaling-up in operations in the period 1430H to 1433H. This action served as a strong signal to capital markets that IDB would become a frequent issuer of, and provide liquidity for, IDB *Sukuk*. Also in 2010, IDB launched $500 million *Sukuk* listed both on the London Stock Exchange and on Bursa Malaysia. The 5-Year *Sukuk* maintained the highest rate possible from all the major rating agencies.

As part of the broader goal of developing the private sector in member countries, ICD implemented a number of measures aimed at promoting Islamic finance through establishment of Islamic financial institutions. It partnered with the Government of Maldives to establish Maldives Islamic Bank - the first Islamic bank in the country, sponsored with private companies the Tartarstan International Investment Company which is already operational, partnered to establish Azerbaijan Takaful Company, established Ijara Management & Advisory Company as well as an SME Development Fund in partnership with Saudi Arabian General Investment Authority (SAGIA), sovereign wealth funds, semi-government investment companies and pension funds of member countries.

The Islamic Research and Training Institute (IRTI) undertook a variety of knowledge building activities in 1431H focusing on the thematic areas of financial stability, inclusive Islamic financial services and on sustainable and comprehensive human development. To this end, many seminars, conferences and training programs were conducted. To provide the related services, IRTI further strengthened its partnership with three major Islamic financial infrastructure institutions, namely: the Islamic Financial Services Board for development and operationalization of its standards; the International Islamic Financial Market for Islamic capital market development; and the General Council of Islamic Banks

[7]See Chapter on "Advancing Islamic Finance".

IDB Members of Management at the 5th IDB Group Board of Directors Forum Meeting - 6 Safar 1432H (10 Jan. 2011)

and Financial Institutions for human resource development for the Islamic financial industry.

INDEPENDENT EVALUATION ACTIVITIES

IDB accords utmost importance to its evaluation function as a way to draw meaningful lessons from past experiences and, ultimately, improve the design of future development assistance. The evaluations conducted provide sound assessment of the relevance, efficiency, effectiveness, output, outcome and impact of IDB Group's interventions and of the sustainability of the development results achieved. Accordingly, IDB conducts project, thematic, process, program, sector and country assistance evaluations covering the activities of the Group.

In 1431H, 36 project evaluations (including technical and special assistance operations) were completed. At the same time, 10 higher level evaluations (two country assistance, five sector, two program and one process evaluations) were undertaken during the year. Furthermore, IDB deployed effort to build its capacity in the preparation of Project Completion Report (PCR) evaluation notes, thanks to the support provided by the African Development Bank in June 2010. This enabled the GOE Department to embark on the review and validation of 9 PCRs as a new activity to be undertaken for the first time.

The evaluations showed that overall IDB Group's interventions have been highly relevant to the national priorities of member countries and IDB strategic agenda. However, some evaluated projects faced delays in implementation, thus calling for greater focus on quality enhancement at entry. The developmental outcomes and impacts of the evaluated projects have been significant in several areas such as enhanced food security, access to basic utilities such as potable water, sanitation and electricity, greater access to health services and education, improved transport infrastructure, institutional capacity building and employment opportunities creation. However, the issue of sustainability has been recurrent mainly due to the lack of adequate budgetary provisions for maintenance of project facilities.

Furthermore, a number of valuable lessons were drawn from the evaluations undertaken during the year. The lessons mainly relate to issues arising from the various stages of project implementation as well as to the country, program, sector and thematic focus and sustainability of development results. These lessons are being disseminated for the purpose of feeding them into future IDB Group interventions.

It is noteworthy that in November 2010, IDB was admitted as full member of the Evaluation Cooperation Group (ECG), an apex body of the evaluation entities of international development institutions. IDB was earlier granted the status of observer in ECG in April 2008. The upgrading of IDB's membership status in ECG from observer to full member came as a result of compliance with a number of conditions. ECG decision to grant IDB full membership is indeed a recognition by the international development community that IDB's evaluation system are in line with ECG's Good Practice Standards. This was evidenced in the comparison of the evaluation systems of all multilateral development banks, including IDB, undertaken by an independent consultant hired by ECG in October 2010.

BANK GROUP REFORM

IDB Group reform emanated from the recommendations of the study entrusted by IDB to the group of distinguished Muslim personalities in the field of development, led by H.E. Dr. Mahatir Mohamed, former Prime Minister of Malaysia. This study entitled "The Islamic Development Bank Vision 1440H: A Vision for Human Dignity" diagnosed the major challenges confronting the Muslim world and IDB Group in a rapidly changing and increasingly competitive global environment, and recommended that IDB Group guide its developmental agenda and activities through selected strategic pillars to achieve Vision 1440H overarching objective "to become by the year 1440H (2020) a world-class development bank, inspired by Islamic principles, that has helped significantly transform the landscape of comprehensive human development in the Muslim *world and help it restore its dignity*".

Guided by Vision 1440H study and the directives of the Board of Executive Directors, IDB Group management initiated the reform program in 2007, the aim of which is to transform the Group into a knowledge-based development institution imbued with leadership culture and armed with a long-term strategy, a nimble organizational structure, the right skill mix, effective operations and knowledge management systems. The reform program was divided into two phases. Phase I comprised: (i) A New Strategy, Planning and Budgeting Framework for IDB Group; (ii) Governance and Organizational Structure; and (iii) Staff Renewal modules; and Phase II: (i) Operations Policies; (ii) Human Resources; (iii) Knowledge Management; and (iv) Business Processes & IT components. A change management process accompanied both phases.

Phase I of the Group's reform program has been successfully completed. A new three-year (2010-2013) strategic plan together with supporting medium-term business plans and annual budgets were approved for each complex and entity of the Group. The Group's new strategy rests on four main pillars, namely: (i) poverty reduction and human development, (ii) infrastructure development, (iii) regional integration, (iv) development of the Islamic Financial Industry; and two cross-cutting areas, i.e (i) private sector development, and (ii) capacity development. IDB Group will expand its operations at an annual rate of 30 percent during the period 1431-1433H (2010-2012) and thus achieve its medium-term strategic objectives and respond to the growing needs of member countries as expressed during the global financial crisis. A set of Key Performance Indicators (KPIs) was developed to ensure effective monitoring and assessment of the strategy implementation. IDB also developed a new strategic instrument, a Member Country Partnership Strategy (MCPS), which will align IDB Group's developmental interventions and resources with the national development plans of member countries and drive the cooperation and relations between IDB Group and its member countries. In addition, the Group made progress in enhancing its field presence through empowerment of its Regional Offices (Box 1).

In line with Vision 1440H and the new strategic plan, IDB re-designed its organizational structure, and the role, functions and organizational boundaries of each department and division. It created the Chief Economist complex to boost the capacity for economic research and knowledge, shifted resources to the Operation complex and created new functions to implement the new strategic focus of IDB Group. In addition, IDB modified its Delegation of Authority system for each complex to improve the decision-making process, staff

Box 1
Enhancing IDB Group Field Presence

The IDB Group, under its Reform Project has been working on a comprehensive decentralization plan for empowerment of its field offices. The IDB is currently represented in its member countries through its four Regional Offices (ROs) in Almaty-Kazakhstan, Dakar-Senegal, Rabat-Morocco and Kuala Lumpur-Malaysia. In addition, the IDB Group maintains Field Representatives in twelve member countries, where IDB has sizeable business activities.

The decentralization plan identified two pillars for enhancing the effectiveness of Group's field presence that are (i) Empowerment of the four Regional Offices and (ii) Upgrading the one-man field representative offices in member countries to fully functional and empowered Country Offices/Gateway Offices.

Empowerment of Regional Offices

IDB Group has made significant progress during 1431H and adopted three-phased approach to empower the four Regional Offices.

- Phase-1 was completed in early-June, 2010 and dealt mainly with evaluation of past performance of the four ROs. The evaluation identified main constraints which needed to be bridged in order to empower ROs and to improve their performance.
- Phase-2 was completed in July, 2010 and resulted in the approval of new business models of IDB's field presence to directly address the critical constraints and gaps affecting the performance of ROs.
- Phase-3 is near completion and deals with the actual implementation of the new business models in the form of action plans and crash programs to empower the ROs' along with the performance monitoring framework.

The ROs' of Dakar and Almaty have been realigned as 'Implementation Hubs' to enhance implementation efficiency in IDB Group Operations as a significant percentage of these operations are susceptible to delays in implementation. The ROs' of Rabat and Kuala Lumpur, on the other hand, have been realigned as 'Joint Venture Hubs' whereby the RO staff will report functionally to the relevant Business Departments and entities in HQ and serve as their eyes and ears in the field.

The four ROs will also work to improve group synergy by serving as 'one-stop shops' for the clients of all IDB Group members. In this regard, ICD has already transferred staff from HQ to Kuala Lumpur and Almaty and ITFC is in the process of transferring staff to Rabat to serve their respective clientele in the field.

empowerment and accountability. To ensure that IDB possesses the right managerial and professional skill mix required by the new organizational structure and the new Group strategy, comprehensive staff renewal process was implemented. With support from specialized consultants, IDB undertook assessment of the leadership potential of eligible staff. As a result of this process, most of the managerial and Senior Group positions in the new IDB organizational structure were filled. The recruitment process to fill the remaining managerial positions will be completed in 2011. A massive recruitment campaign to fill the professional vacancies was, concurrently, completed by end 2010, the aim being to scale up the Bank's human resources required to achieve Vision 1440H.

IDB Group made significant progress in the design and implementation of Phase II of the reform program. Operations policies including selected operations and guidelines were improved with the assistance of specialized consultants. To ensure consistency with the new IDB strategy and organizational structure, the Bank's Operations complex reformulated its modus operandi and work-flow system. IDB is in the process of strengthening its human resources management system to achieve the strategic objectives of attracting and retaining competent staff and making IDB Group an employer of choice. All aspects of human resource management are being enhanced through selected projects such as the streamlining of human resource policies, workforce planning, development of dual career track, and others. As part of this component, a new HR Policies Manual covering all phases and aspects of HR management will be developed by mid-2011.

Currently, business processes are being adjusted to the new organizational structure, and to the functions and systems in place. The second stage will assess the performance of business processes and define the scope of the business process re-engineering and optimization for the entire IDB Group. Implementation of the Business Process Reengineering module is planned to start in 1432H. IDB has successfully completed

IDB Group Board Members at the 5th IDB Group Board of Directors Forum Meeting - 6 Safar 1432H (10 Jan. 2011)

adjustment of the information technology (IT) applications to the new organizational structure. Efforts are in progress to adopt an integrated and comprehensive management information system based on SAP solutions. A major component of this endeavor, which includes Human Resources, Finance, Procurement and the Cash Management of Treasury modules, became operational in December 2010. The next phase of SAP solutions will include core business operations of IDB Group.

The change management component aims at engaging the staff in the reform process, creating the desired cultural change and supporting staff adaptation to the required change. The change management component of the Reform Phase I has been successfully completed. The Group Management undertook intensive regular communication with the staff and other activities with a view to instilling the new client-centric and performance driven culture across the Group. Change management efforts continued during the Reform Phase II to further strengthen the cultural change across IDB Group through selected initiatives.

IDB Group management is firmly committed to the successful implementation of the reform program which will be a major step in transforming the Group into a world class organization capable of delivering Vision 1440H.

ACTIVITIES OF THE BOARD OF GOVERNORS AND THE BOARD OF EXECUTIVE DIRECTORS

1431H emerged as a particularly important year for the Board of Governors and the Board of Executive Directors of IDB, in view of the matters they had to address. The Board of Governors (BoG) which met in Baku, Azerbaijan, on 11-12 Rajab 1431H (23-24 June 2010) had the following crucial items on its agenda (in addition to the standard items relating to annual accounts, selection of auditors, etc):

- *Election of IDB President for the coming five years*: the BoG unanimously approved the re-election of H.E. Dr. Ahmad Mohamed Ali to the position of President of Islamic Development Bank (with effect from 11.07.1431H).

- *Increase of Nigeria's subscription in IDB Capital Stock to the level of 8.65 percent*: this was approved by BoG, thus affording Nigeria the possibility to appoint one Executive Director after paying the first installment of this increase. The Board of Governors also resolved to increase IDB subscribed Capital Stock from ID 16 to 18 billion. Parallel to increasing the number of appointed Executive Directors to nine, BoG also decided that, after the above has taken place, the number of elected Executive Directors would also be raised to nine starting with the next term of the Board of Executive Directors, thus bringing the total number of Executive Directors (elected and appointed) to eighteen. The election for the next term is due to take place at the Board of Governors' meeting for 1432H.

It is worth mentioning that the BoG meeting, which was opened by H.E. Ilham Heydar Aliyev, President of the Republic of Azerbaijan, and chaired by H.E. Shahin Mustafayev, Minister of Economic Development of Azerbaijan, was the main event of the Annual Meeting of IDB Group. It was preceded by various meetings, seminars and symposia, on topics such as "Islamic Finance: Towards Global Resilience and Inclusiveness"; "Road Map to Develop Intra OIC Trade"; "Achieving Food Security in Member Countries in the Post Crisis World".

As for the Board of Executive Directors (BED) which normally meets seven times a year, the importance and number of the issues it had to deal with in 1431H made it necessary for the Board to hold two additional meetings in Muharram and Shawwal 1431H. It is interesting to note that while BED normally meets at IDB headquarters (with the exception of the meeting held as part of the Annual Meeting), the 265th meeting was actually held in Rabat, Morocco, at the invitation of the Moroccan government. That meeting was an opportunity to organize several events, thereby underlining the long-standing cooperation subsisting between Morocco and IDB.

Apart from its fully-fledged meetings, BED also discharged its functions through various committees, in particular the Audit Committee and the Finance and Administrative Committee. Regarding the latter, the BED actually decided that, starting from 1432H, it would be split into two separate bodies (a Finance Committee and an Administrative Committee) so as to more effectively address the issues at stake.

The areas of focus of BED and its committees included continued IDB reform process, especially its IT and Human Resources Components; and continued implementation of important decisions taken in 1430H regarding increase in the growth rate of financing approvals. Accordingly, BED considered the financing of about 110 projects (90 percent of them under ordinary capital resources and the remaining under Waqf resources). Overall, BED adopted 145 resolutions on financing and policy matters.

Finally, it is noteworthy that BED held a special meeting with the Boards of IDB Group entities (ICIEC, ICD and ITFC) to discuss matters of common interest that promote synergy within the Group. This "IDB Group Boards Forum" was the fourth of its kind; and it devoted particular attention to the question of promotion of partnership among member countries. The guest speaker was H.E. Ibrahim Canakci, Under Secretary of Turkish Treasury (IDB Governor for Turkey) who presented Turkey's extensive experience in this crucial field.

CONSOLIDATING ECONOMIC RECOVERY

The main challenge facing the world economy in the post-crisis era is to sustain the fragile and uneven recovery through global coordination so as to implement effective economic policies. Three key aspects of this challenge need to be addressed to consolidate the recovery of the global economy. Firstly, actual global demand has to be expanded without exacerbating the deep fiscal deficits, especially in the developed countries that instituted strong fiscal stimulus measures as a way to mitigate the impact of the global financial and economic crisis on their economies. Secondly, the momentum of global trade revival needs to be sustained. This can be achieved by tackling the emerging threat of protectionism and by effectively realigning production and consumption, and thus address global imbalances. Thirdly, the stability of the global financial system needs to be enhanced through robust national and global level reforms designed to encourage new systems of financial intermediation that spur meaningful investment activities.

This Chapter reviews the post-crisis outlook of the global economy. Based on this review, it goes on to analyze member countries' economic performance, their short-term prospects and their development challenges[1].

GLOBAL ECONOMIC OUTLOOK

Growth Returns with Downside Risks

Despite downside risks, global economic activities picked up after the sharp decline witnessed during the financial and economic crisis of 2008-2009. The emerging market economies recorded strong macro-economic performance; and this, notwithstanding the fact that achieving full global recovery depends on reviving the hitherto strong external demand from advanced economies.

In 2010, the world economy grew by 4.8 percent - a remarkable improvement in relation to the negative growth of 0.6 percent recorded in 2009. The advanced economies rebounded strongly with 2.7 percent growth in 2010 up from a 3.2 percent decline in 2009. Sustaining this momentum constitutes a serious challenge, given the related risks and problems of fiscal deficit, macroeconomic imbalances, sluggish private sector growth and worrying unemployment situation. Growth in the US improved reasonably well despite the tenuous employment and real estate situation. Japan is grappling with deflationary pressure, while the Euro zone is unsettled as a result of the sovereign debt crisis in some of its member countries and its attendant global consequences.

Emerging and developing economies achieved 7.1 percent growth in 2010, that is, nearly three times their 2.5% growth rate in 2009. This significant improvement was achieved largely as a result of the resilience and robust growth performance of developing Asian countries, which saw 9.4 percent growth in 2010 in contrast to 6.9 percent in 2009. China and India, the key drivers of developing Asia, grew, respectively, from 9.1 percent in 2009 to 10.5 percent in 2010; and from 5.7 percent in 2009 to 9.7 percent in 2010. Sub-Saharan Africa achieved 5 percent growth in 2010, a significant improvement from 2.6 percent growth recorded in the region in 2009. The Middle East and North Africa region also improved from 2 percent growth in 2009 to 4.1 percent in 2010.

The slow pace of recovery in the advanced economies contrasts sharply with the much faster rhythm in the emerging and developing countries. For example, in 2010, the US, Japan and Germany recorded 2.7 percent, 2.8 percent and 3.3 percent growth, respectively, compared to China and India, which, in the same year, registered 10.5 percent and 9.7 percent, respectively. This uneven growth pattern poses a risk not only to global economic stability but also to the consolidation of economic recovery. The fiscal stimulus measures instituted by various governments to boost their economies had the effect of narrowing the fiscal

[1]Data used for the analysis were sourced from the IMF World Economic Outlook, October 2010 as summarized in Table 7 for member countries compared with the averages of developing countries.

space, especially in the advanced economies with the potential of undermining recovery. Early exit from the stimulus support amid fears of sovereign risks could delay and indeed derail recovery. Besides, the possibility of a currency war triggered by the US- China dispute over exchange rate management could provoke protectionist policies that could undermine global trade and further complicate global economic recovery.

Achieving Financial Stability: the Challenges

Although confidence is gradually returning to the financial markets, the pace of financial system reforms in the advanced economies in particular, and at global level in general, is slow. The quantitative easing policies put in place by advanced economies ushered in a positive climate for risky assets, depreciating the value of the US dollar and generating increasing (but not significantly high) yields on safe-haven bonds. As a result of these policies, capital inflows to emerging economies sparked an intense inflationary pressure with the risk of bubbles and bursts. Faced with these situations, many emerging market economies embarked on implementation of policies to restrict capital inflows, and hence stave off the risk of an asset bubble. As a result, however, financial stability, which is critical in achieving strong and sustainable global economic recovery, was scuttled. Markets across the world continued to be volatile as the financial and equity markets indicate that:

- Bond yields of vulnerable Euro area countries have increased due to high public debts and external deficits;
- Bank lending in advanced economies is gradually normalizing amid widening corporate spreads;
- Equity markets in emerging economies are rebounding following recent losses with moderate widening in spreads and falls in issuance;
- China is slowing high credit growth to prevent overheating, while India is tightening monetary policy to curb inflation;
- Credit slowdown continues to prevail in the MENA region due mainly to risk aversion on the part of financial institutions, where average real credit growth fell by 17 percentage points compared to the pre-crisis period.

The uncertainties in the global financial system are compounded by other risks facing advanced economies such as fiscal distress, worsening real estate markets and low credit growth. Addressing these financial stability related challenges through bold and collective policy actions is crucial for the consolidation of economic recovery.

World Trade is Rebounding but New Threats are Emerging

World trade, measured by export of goods and services, grew by 11.4 percent in 2010, after declining by 11 percent in 2009 owing to the global economic downturn. In 2009, advanced economies' trade declined in relation to that of the emerging and developing economies, which, for two consecutive years – 2009 and 2010 – maintained increasing levels of trade. Specifically, the exports of advanced economies declined by 12.4 percent in 2009 but increased by 11 percent in 2010. Similarly, their imports, which slumped by 12.7 percent in 2009, rose by about 10 percent in 2010. In the same vein, emerging and developing economies' exports declined by 7.8 percent in 2009 but climbed by about 12 percent in 2010, while the import of these economies declined by 8.2 percent in 2009, and then shot up by 14.3 percent in 2010.

Evidently, global trade rebound was more robust and more rapid than global economic growth; and as trade is the engine of growth, its rebound augurs well for the global economy. However, according to the World Trade Organization, three emerging threats to global trade have to be addressed if the momentum of trade rebound is to be sustained. The first is the increasingly protectionist measures instituted by some countries. The second threat is the range of trade and investment distortion measures in place; and the third, the challenge of ensuring effective management of the impacts of the fiscal stimulus on trade and investments.

Sustainable global recovery is achievable through strong and sustainable global trade, and this depends on significant improvements in actual global demand. The pre-crisis chain of global production, consumption and surpluses was based on emerging countries' increasing industrial production, demand for raw materials from non-emerging developing economies and supply of finished products worldwide. The financial crisis weakened consumer confidence in the advanced economies, especially in the US - which represents a significant source of global demand - leading to a slump in global trade. Emerging industrial economies instituted measures to expand domestic and regional demands, and this contributed significantly to global trade rebound. In the absence of global rebalancing of production and consumption, revival of external demand from advanced economies will continue to be critical in achieving robust and sustainable trade recovery, growth and employment.

Unemployment Concern Persists

The global downturn created serious unemployment crisis which has now become a global problem, plaguing economies worldwide, but more severely so in advanced economies. According to the International Labor Organization (ILO)[2], emerging economies showed greater robust economic recovery, created additional jobs and mitigated the impact of the global financial and economic crisis in terms of unemployment. Nonetheless global unemployment peaked at an estimated 210 million in 2010 i.e. about 30 million over and above the 2007 pre-crisis level.

The manufacturing and construction sectors led other sectors in terms of job losses estimated at 3 million and 2.2 million respectively in the first quarter of 2010. This trend continued in the second quarter, albeit at a slower pace. The manufacturing sector shed 1.1 million jobs, and the construction sector, 1.4 million. Relatively lower job loss levels were recorded in the wholesale and retail trade sectors at 0.8 percent, while the transport, storage and communications sector shed 0.6 percent. Despite this job loss trend, some sectors still recorded employment gains during the year. This includes the hotel and restaurant, real estate and renting as well as the business services sectors, which registered job growths of between 1.1 percent and 1.5 percent respectively. On a positive note, the education, health and public administration sectors saw heightened employment levels in 2010.

The worsening global unemployment situation is attributable to the fragile global recovery. Worse hit by the unemployment crisis were the real economic sectors such as manufacturing; whereas the services and social sectors achieved moderate employment gains. The increased employment in the two vital social sectors (education and health) is encouraging. However, robust employment recovery in the real economic sectors is crucial in achieving significant overall progress in terms of employment gains[3].

Global Development Agenda[4]

The G20 formulates and implements the Global Development Agenda. It recognizes the importance of narrowing the development gap and reducing poverty to achieve strong, sustainable and balanced growth in the world economy. This objective was underscored in the Declaration issued by G20 leaders at their Summit held in Toronto in June 2010. The leaders directed that a working group be set up to formulate a global development agenda (GDA) as well as a multi-year action plan, both of which were considered at the follow-up summit held in Seoul in July 2010.

While recognizing the multi-faceted nature of development, the G20 focuses on economic growth and its wider implications for other areas of development. Accordingly, a multi-year action plan has been designed and it assigns responsibilities to key stakeholders of global development, based on the following key pillars for achieving strong growth and resilience at global level:

- *Infrastructure:* Despite the universally acclaimed significance of infrastructure in achieving growth, many developing countries have, in past years, been unable to attract and undertake sufficient infrastructure investments to stimulate strong growth. The GDA action plan seeks to galvanize and enhance the roles of Multilateral Development Banks and South-South Cooperation as well as private

[2]International Labor Organization (ILO), "Weak employment recovery with persistent high unemployment and decent work deficits: An update on employment and labor market trends in G20 countries", November, 2010

[3]Further discussion on this can be found on page ….under development challenges.

[4]Summarized from the "Scoping Paper for the G20 High-Level Development Working Group by the co-Chairs" July 2010.

sector participation through public-private partnerships to provide the infrastructure required to engender sustainable growth and development.

- *Private Investment and Job Creation:* The GDA recognizes that long-term growth requires huge private sector investment both domestically and through Foreign Direct Investment (FDI) to generate employment and contribute to successful poverty reduction. This is particularly crucial for low income countries where private investments have been very low with the attendant impact on sluggish growth and high incidence of poverty. The GDA action plan seeks to emphasize and prioritize the need for low income countries to create a conducive climate for investments.

- *Human Resource Development:* Given that human development is critical in achieving sustainable growth and development, it is needful to improve on the successes achieved using as benchmark the targets set forth in the Millennium Development Goals, while widening the scope of these Goals to include other innovative elements. In this context, the GDA will focus on identifying measures to improve the quality of basic education in developing countries, create employment-related skills through vocational education and upscale the emphasis on higher/university level education.

- *Trade:* Access to, and the benefits of, trade are crucial in achieving growth and reducing poverty, reason for which the G20 agenda focused on "Aid for Trade" and "Duty Free Quota Free" market access. The GDA will, in addition, pursue the Doha Development Agenda to its logical conclusion to serve the trading needs of low income countries.

Other crosscutting issues on the global development agenda of the G 20 platform are financial inclusion, growth resilience and food security, governance and knowledge sharing.

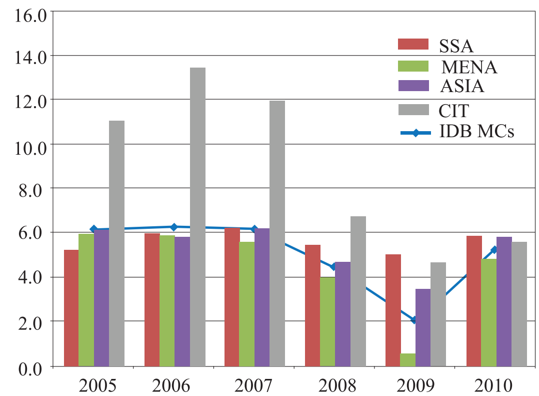
The IDB Group participated in the process of formulating the global development agenda and has, in pursuance of the key recommendations of the GDA, developed its action plan. Coincidentally, the recommendations are in line with the medium-term strategic operational plan of the IDB Group. However, post-crisis development challenges are enormous and member countries need to complement global development efforts with effective implementation of crucial macroeconomic policy adjustments that are required for achieving the desired developmental impacts.

MEMBER COUNTRIES' ECONOMIC OUTLOOK

Significant Growth achieved but Consolidation remains a Challenge

The 56 IDB member countries as a group recorded substantial 5.3 percent real GDP growth in 2010 compared to 2 percent in 2009. Although this growth level is below the average (7.1 percent) registered by emerging and developing economies, it is slightly better than the global growth rate of 4.8 percent (Chart 1). The 22 oil-exporting member countries recorded 4.7 percent growth in 2010 up from 2.1 percent in 2009, whereas the 34 non-oil exporting member countries had 6 percent growth in 2010 compared to 2 percent in 2009. The relatively lower growth performance of the group of oil-exporting member countries is attributable to the waning impact of oil exports on growth, in the immediate post-crisis global economic landscape, despite the rising price of oil on the international market.

Chart 1: Real GDP Growth (Percentage)



Source: World Economic Outlook, IMF, October 2010.

The 22 Sub-Saharan Africa (SSA) member countries, on average, grew by 5.9 percent in 2010, slightly up from 5 percent in 2009. The

6 oil-exporting member countries in the group recorded higher growth at 6.2 percent compared to the 4.7 percent growth achieved by the 16 non-oil exporters in the group. In 2009, the oil exporters in the group achieved 5.4 percent growth while the non-oil exporters registered 3.8 percent.

The Middle East and North Africa (MENA) member countries grew at an average of 4.8 percent in 2010, much stronger than the 0.6 percent in 2009. This remarkable achievement was attributed to the spillover effects of the global recovery. In particular, the 11 oil exporting member countries in MENA recorded 4 percent growth compared to 1.6 percent in 2009, while the 8 non-oil exporters in the group experienced 6.8 percent growth as against the 1.7 percent decline in 2010, a trend which indicates that the non-oil exporters in the group recovered faster and stronger than the oil exporters.

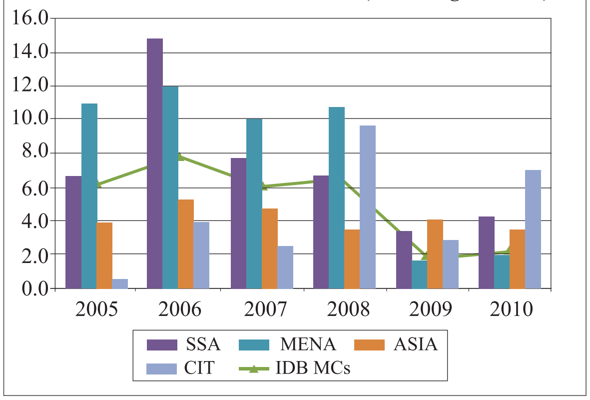
The 8 Asian member countries as a group grew by 5.8 percent in 2010 compared to 3.5 percent in 2009. The group has only one oil exporter which emerged from 1.7 percent decline in 2009 to attain 6.7 percent growth in 2010. The 7 non-oil exporting member countries grew by 5.6 percent in 2010, up from the 4.6 percent the previous year. The 7 countries in transition (CIT) sustained their modest growth performance and, in addition, realized a marginal improvement from 4.7 percent in 2009 to 5.6 percent in 2010.

Of the regional group of IDB member countries, SSA recorded the highest growth in 2010 at 5.9 percent, followed by Asia with 5.8 percent. Having in recent years surpassed other regional groups in terms of high growth, CIT member countries showed relatively slower growth pace. This is attributable to the effects of financial market uncertainties, given the fact that the economies of CIT countries rely heavily on foreign investment flows. SSA member countries' growth surge is attributable to the strong rebound in global trade, since their economies are largely dependent on commodities export. As a corollary, the strong growth path of China which has significant investment relations with SSA member countries in various sectors, may have accounted for the higher growth performance of SSA member countries in relation to other regional groupings of IDB member countries. The equally higher growth of Asia could be explained by the spillover effects of the strong growth of developing Asian countries, while the MENA region may have experienced slower growth pace as a result of the waning effect of oil exports in the immediate post-crisis era.

Current Account Balance Improves but yet to Recover

After deteriorating sharply in recent years under the effect of the global financial and economic crises, member countries' current account balance improved marginally from 2.5 percent of GDP in 2009 to 2.9 percent of GDP in 2010 (Chart 2). This marginal improvement is encouraging given the fact that the current account narrowed sharply from 8.4 percent of GDP in 2008 to 2.5 percent of GDP in 2009 as a result of the slow pace of trade rebound.

Chart 2: Current Account Balance (Percentage of GDP)



Source: World Economic Outlook, IMF, October 2010.

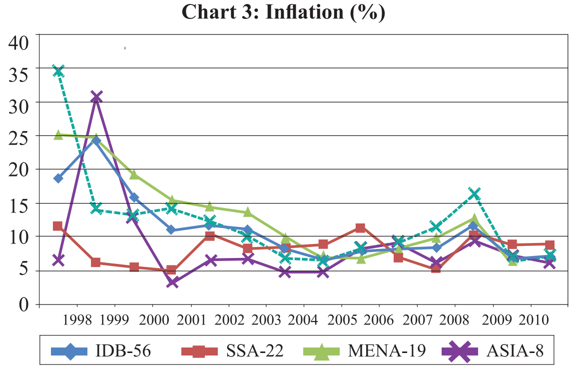
The current account balance of the oil-exporting member countries widened from over 5.5 percent of GDP in 2009 to 6.9 percent of GDP in 2010, but narrowed for non-oil exporters from 0.7 percent of GDP deficit in 2009 to 1.4 percent deficit in 2010. The current account balance improved for both the LDMCs and non-LDMCs, respectively, from 0.3 percent of GDP in 2009 to 1.7 percent of GDP in 2010; and from 2.8 percent of GDP in 2009 to 3.1 percent of GDP in 2010.

In terms of regional groupings, CIT member countries' current account balance improved the most, from 2.8 percent of GDP in 2009 to 6.9 percent of GDP in 2010. Next were Sub-Saharan Africa member countries which saw their current account balance widen from 3.3 percent of GDP in 2009 to 4.2 percent of GDP in 2010, while the group of MENA countries registered a slight improvement in current account balance from 1.6 percent of GDP in 2009 to 1.9 percent of GDP in 2010. However, the current account balance of Asian member countries decreased from over 4 percent of GDP in 2009 to 3.5 percent of GDP in 2010.

Inflation remains subdued amid easing Deflationary Concerns

In the same vein as the global trend, inflationary trends in member countries fluctuated but remained subdued in 2010. In member countries, the rate averaged 7 percent in 2009 and 2010, respectively (Chart 3). Deflationary risks arising from the global slump in demand subsided owing to the responsive monetary policy measures implemented by governments worldwide. In Sub-Saharan Africa member countries, inflation decreased marginally from 9 percent in 2009 to 8.8 percent in 2010. In contrast, inflation in the Asian member countries declined from 7.2 percent in 2009 to 6.2 percent in 2010. In MENA and CIT member countries, the average inflation rate shot up from 6.6 percent in 2009 to 7.1 percent in 2010, and from 6.3 percent to 7.2 percent in 2010, respectively.

Chart 3: Inflation (%)



Source: World Economic Outlook, IMF, October 2010.

Whereas inflation was stable globally, food price rises remained a source of concern, given the repercussions on poverty and the attendant social consequences. According to the Food and Agriculture Organization of the United Nations (FAO)[5], the Food Price Index climbed from 147.1 points in July 2009 to 174 points in January 2010, the highest level since September 2008 when food prices peaked at record levels. Even though food prices dropped after the first quarter of 2010, they remained relatively above the pre-2008 levels and still susceptible to volatility. For instance, wheat prices surged from 60 percent to 80 percent, as rice and maize prices spiraled between July and September 2010. According to FAO, the combined effect of high food prices and the global economic downturn has been the submersion of additional 115 million people in poverty and hunger.

Member Countries' Prospects of Consolidation

From the above analysis of member countries' economic growth and macroeconomic performances, it is obvious that consolidation of recovery in member countries has been relatively slower than expected. According to their short-term growth outlook, 2011 will see a slight deceleration of growth to 5.1 percent from 5.3 percent in 2010, and growth will be sluggish in 2012. Other macroeconomic indicators suggest a similar pattern of slowness and uncertainty. In the post-crisis world, lethargic economic performance will tend to exacerbate poverty and related social problems, especially those covered by the development themes set forth in the Millennium Development Goals (MDGs).

The relatively slow member countries' recovery momentum compared to the emerging and developing economies' performance, highlights the depth of the dependence on commodities on the part of many member countries. The global trade rebound, a crucial pillar of recovery, has been more favorable to advanced and emerging industrialized economies owing to the relatively higher benefits associated with trade in value-added commodities than primary commodities with little or no value-addition.

Gross national savings of member countries as a group improved from 26.7 percent of GDP in 2009 to 28.5 percent in 2010, reflecting in the improvement of gross fixed capital formation from 24.4 percent of GDP in 2009 to 24.6 percent in 2010. In addition, their external debt declined from 35.8 percent of GDP in 2009 to 31.2 percent in 2010 while debt service also reduced from 10.2 percent of GDP in 2009 to 8.3 percent in 2010.

[5]FAO Initiative on Soaring Food Prices at: http://www.fao.org/isfp/about/en/

Table 7
Macroeconomic Performance Indicators of Member Countries

	Average (2002-2006)	2007	2008	2009	Estimate 2010	Projected 2011
Real GDP Growth (Annual percent change)						
IDB Member Countries	6.2	6.2	4.5	2.0	5.3	5.1
LDMCs	7.0	8.5	6.6	5.9	5.6	5.4
Developing Countries	6.8	8.7	6.0	2.5	7.1	6.4
Inflation (Annual percent change)						
IDB Member Countries	8.4	8.5	12.0	7.0	7.1	6.4
LDMCs	7.2	8.8	12.6	5.7	7.6	6.9
Developing Countries	6.2	35.4	45.4	-0.8	17.9	11.4
Broad Money (Annual percent change)						
IDB Member Countries	14.6	25.3	19.6	5.0	13.0	9.8
LDMCs	17.6	23.2	21.1	12.7	14.4	14.0
Developing Countries	21.5	35.4	45.4	-0.8	17.9	11.4
Gross National Savings (percent of GDP)						
IDB Member Countries	28.6	31.9	31.8	26.7	28.5	28.7
LDMCs	21.6	22.7	23.0	20.7	23.3	24.1
Developing Countries	-	-	-	-	29.8	30.6
Gross Fixed Capital Formation (percent of GDP)						
IDB Member Countries	21.9	23.6	23.9	24.2	24.6	24.8
LDMCs	24.0	23.6	23.3	22.6	23.3	24.1
Developing Countries	25.3	27.7	28.6	29.8	30.6	31.1
Net Direct Investment (percent of GDP)						
IDB Member Countries	2.5	4.0	3.9	2.6	3.1	3.2
LDMCs	4.0	2.4	3.3	3.2	3.0	3.1
Developing Countries	2.8	3.9	3.7	2.3	2.4	2.4
Current Account Balance (percent of GDP)						
IDB Member Countries	6.0	8.1	8.4	2.5	2.9	2.9
LDMCs	2.3	3.2	3.8	0.3	1.7	1.8
Developing Countries	3.0	4.2	3.7	1.9	1.5	1.4
Trade Balance (percent of GDP)						
IDB Member Countries	15.7	16.7	17.2	12.2	12.5	12.5
LDMCs	-0.6	2.9	4.3	0.7	2.3	2.7
Developing Countries	0.3	0.3	0.3	0.2	0.3	0.2
Total External Debt at year-end (percent of GDP)						
IDB Member Countries	39.0	34.7	31.3	35.8	31.2	30.4
LDMCs	53.8	33.4	28.9	30.5	28.5	28.3
Developing Countries	32.1	27.7	24.5	27.3	24.7	24.0
Debt Service (percent of GDP)						
IDB Member Countries	10.2	8.8	8.8	10.2	8.3	8.4
LDMCs	2.6	2.9	1.6	1.6	1.8	1.6
Developing Countries	10.2	8.9	9.2	9.5	8.2	7.8

Source: Basic Data Supplied by the IMF, October 2010

These are indications of positive investment prospects and improving fiscal conditions that could form the basis for consolidating economic recovery.

The key challenge facing member countries is, therefore, how to enhance the vibrancy of their economies through increased production of value-added goods in line with domestic and regional consumption needs, and thus expand market opportunities. To this end, member countries will need to initiate and implement policies to diversify their economic activities, and by so doing engender the structural transformation of their economies through scaled-up manufacturing activities that will sustain inclusive growth. Member countries need to adopt aggressive development strategies by providing Small and Medium Enterprises with incentives that will enable them to evolve and transform into robust manufacturing enterprises. This is the most viable route to achieving economic vibrancy, thus helping to consolidate current economic gains through higher growth and expansion of employment opportunities for effective and durable poverty reduction.

MEMBER COUNTRIES' DEVELOPMENT CHALLENGES

Addressing the global imbalances and bolstering private sector activities are crucial for global recovery and in mitigating unemployment. During the year, global trade rebounded along with trade financing after the crisis-induced slump, giving rise to the need to strengthen trade financing to enhance member countries' trade benefits. These development challenges are analyzed hereunder.

Addressing International Macroeconomic Imbalances for Sustainable Global Recovery

Global economic imbalances provided a fertile ground for the eruption of the recent global financial crisis that originated in the US, and then spread to all economies of the world owing to global interconnectedness. The imbalances were characterized by very high consumption patterns in one group of countries leading to current account deficits, especially in the US, while other groups of countries accumulated high surpluses deriving from significant savings from export revenues. In yet another group of countries, low consumption levels coupled with equally low investment levels led to high prevalence of poverty. The global imbalances are reflected in the current account balance positions of the various economies. According to the macroeconomic indicators published by the IMF World Economic Outlook (2010):

- Advanced economies saw current account deficit rise from 0.8 percent of GDP in 2002 to 1.2 percent of GDP in 2008; and fall to 0.3 percent in 2009, under the impact of the crisis. With consumption accounting for about 21 percent of world GDP, the US saw current account deficit rise from 4.3 percent in 2002 to 6 percent in 2006; and then decrease to 5.1 percent in 2007, 4.7 percent in 2008 and 2.7 percent in 2009.
- On the other hand, the developing countries of Asia experienced a rise in current account surplus from 2.5 percent of GDP in 2002 to 6.9 percent in 2007, stabilizing at 5.9 percent and 4.1 percent of GDP in 2008 and 2009, respectively. China is the fastest surplus accumulating country with current account surplus climbing from 2.4 percent of GDP in 2002 to 10.6 percent in 2007, and stabilizing at 9.6 percent and 6 percent, respectively, in 2009.
- Having declined from 3.7 percent in 2002 to 0.4 percent in 2005, Sub-Saharan Africa current account deficit, turned into a surplus of 4.3 percent of GDP in 2006, had a decreased surplus of 1.2 percent in 2007 and thereafter relapsed into 0.2 and 1.7 percent deficit in 2008 and 2009, respectively.

Internal and external rebalancing measures are required to achieve a robust, balanced and sustained world recovery. In the advanced economies, internal rebalancing involves a return to reliance on private demand and the mitigation of fiscal deficits. For the US and other advanced economies, external rebalancing is about greater reliance on net exports; and on domestic demand, for emerging economies such as China. The share of global trade is at stake and the slow pace of the rebalancing process arising from the safeguard measures instituted by the two groups of advanced and emerging economies, led to a triangular cycle of distortions to the global economy. These distortions occured in the form of loose advanced economies' monetary policies (quantitative easing especially by the US), low currency exchange policies by emerging economies (mainly by China) and control measures by emerging economies to check the inflow of 'toxic' capital. This chain of measures and counter measures are generating concerns over the possibility of a global 'currency war' and more protectionist policies that could pose a threat to the flourishing of global trade.

Global economic rebalancing calls for the integration of large segments of the world population that has been on the fringes of global growth and prosperity, into mainstream goods and services global production and consumption. . This measure could facilitate the flourishing of global trade, with new consumers emerging based on productive engagements, especially as the consumption "bubbles" that sustained global trade before the global recession is not likely to revert to its pre-crisis level. In addition, a constructive mutually beneficial resolution of the seemingly intractable Doha Development rounds is of crucial importance.

Global imbalances have developmental implications for member countries, since many of them are highly dependent on primary commodity exports for their economic growth. This dependence implies that their economies are highly susceptible to external shocks, and they are faced with constraints in implementing effective counter-cyclical measures. Besides, while surplus-accumulating economies are driven by scaled-up value-adding industrial production, high commodity dependent member countries tend to generate relatively lower surpluses and, indeed, deficits for those member countries that are less natural resource endowed and have low value-adding production.

Member countries need to expand value-adding production activities to improve the relevance of the manufacturing sector in their domestic economies and, in the process, enhance the content of, and their benefits from, global trade. This will create more employment opportunities thanks to increased participation in production and consumption, lead to surplus income generation and, by extension, contribute to global rebalancing in favor of member countries. To this end, member countries need to create enabling conditions by investing heavily in infrastructure and human capital development. Additionally, they need to create the conditions necessary for effective financial intermediation not only to encourage private sector investments but also intensify economic cooperation for mutually beneficial economic gains.

Bolstering the Private Sector to tackle Unemployment and Poverty

One of the most disconcerting fallouts of the global financial and economic crisis is the accompanying unemployment crisis. Beside the increasing number of job losses, the International Labor Organization (ILO) asserts that about 30 million over and above the 2007 level, and about 80 percent of global population lack access to social protection. Furthermore, there is a high proportion of low quality jobs among those employed implying that significant percentage of employed persons are vulnerable to poverty. For instance, according to the ILO, approximately 1.2 billion women and men i.e. 40 percent of world's labor force, still did not earn enough to keep themselves and their families above the US$2-a-day poverty level in 2008"[6]. In terms of long-term unemployment challenges, the ILO estimates that "in the next 10 years, more than 440 million new jobs will be needed to absorb new entrants into the labor force, and still more to reverse the unemployment caused by the crisis".

Apart from lack of adequate jobs, quality employment worldwide deteriorated due mainly to the dynamics of globalization. This state of affairs has raised the number of vulnerable employment as a result of greater work intensity, flexibility of contracts and less social protection. This is attributable to the structural mismatch in the growth-generating pattern of the global economy. For instance, in high income countries, manufacturing sector employment plummeted by over 10 percent in 2010 compared to 2006, and by

[6] "Challenges of Growth, Employment and Social Cohesion" ILO, September 2010.

3 percent in emerging countries during the same period.

Despite the global economic recovery, the unemployment crisis continues to plague virtually all economies of the world, more especially in G20 countries. Unemployment rate in the G20 countries ranged between 5 percent and 25 percent in mid 2010, i.e., a tenfold increase compared to the same period in 2009[7]. This implies that the recovery is not strong and inclusive enough to impact positively on job creation. Consequently, there is the need for stronger recovery, as this would create increasing number of high quality jobs and thus provide a basis for sustainable growth and development.

Private sector activities, usually regarded as efficient in resource utilization, could be boosted to expand production and consumption, and thus generate increased employment opportunities. The manufacturing sector is the most virile source of generation of inclusive growth to create high quality and high-income employment that would impact positively on poverty reduction and sustainable livelihoods. It is therefore essential for stakeholders to focus on bolstering private sector activities in general and the manufacturing sector in particular, as a means of consolidating economic recovery through inclusive growth leading to inequality reduction, poverty alleviation and social safety nets enhancement.

The IDB Group recognizes the seriousness of unemployment in general and its implications for socio-economic stability in member countries, in particular. It is therefore committed to addressing unemployment in partnership with member countries. To this end, the IDB Group has signed an agreement with the International Finance Corporation (IFC) - the private sector entity of the World Bank Group - to implement initiatives to engage and bolster the private sector so as to generate more opportunities for employment-based education and enhance job market skills for Arab youth.

Even before the crisis, the potential impact of the private sector on high and inclusive growth and poverty reduction had been incorporated in the growth and development strategies of many countries and of international development partners. Accordingly, the IDB Group included private sector development among the cross-cutting thematic strategies for the realization of the development goals set out in the 1440H Vision. Thus, supporting private sector development to drive inclusive and sustainable growth that creates high quality employment, and thereby effectively tackle poverty in member countries, is a crucial component of IDB Group operational strategies.

Strengthening Trade Finance to Consolidate Recovery

Trade is the life wire of the economy at all levels (local, national and global); and trade financing is a lubricant of trade especially at global level. One of the immediate effects of the 2008-2009 crisis was the slump in global trade with detrimental consequences on the growth trajectories of the global economy in general and the economies of developing countries in particular. For instance, the crisis led to a 35 percent and 9 percent drop in member countries' nominal and real merchandise exports, respectively, in 2009. The oil exporting member countries were worst hit, recording 41 percent and 11 percent fall in their nominal and real merchandise exports, respectively[8]. The root cause of the financial crisis that triggered the recession was the high risks associated with financial instruments in an atmosphere of laxed regulations in advanced economies, especially the US. Therefore, the decline in global trade adversely affected trade financing as a result of the reluctance on the part of financing institutions to take risks in an atmosphere of uncertainty and liquidity squeeze. Trade finance is low risk on account of its inbuilt collateralization; and thus, its robust revival is regarded as an important indication of the sustainability of trade rebound for consolidation of economic recovery.

Initially, the decline in trade did not immediately affect trade financing. Subsequently however, its adverse affects on trade financing emerged with the worsening of the global financial climate. There are indications that global trade is recovering, implying that demand for trade financing will rise.

[7] "Weak employment recovery with persistent high employment and decent work deficits: An update on employment and labour market trends in G20 countries", ILO November 2010.

[8] IDB Research Note (2009) "Quantifying Trade Impact of Global Downturn on IDB Member Countries"

Availability of trade finance needs to increase so as to match demand, and thereby help to enhance and sustain economic recovery. In 2010, trade financing activities recorded significant strides especially in the area of structured commodity finance. The volume of syndicated deals in structured commodity trade financing reportedly hit the $1.96 trillion mark in the third quarter of 2010, representing a 45 percent surge from the figure for the same period last year[9]. This positive outlook for trade finance deals has been attributed to banks' improved liquidity generally, and favorable pricing levels that yielded high returns for the banks. An interesting development in trade financing circles is that local banks are increasingly participating therein and competing with international banks. However, most of the recorded successes involve huge deals with large enterprises, most often unsuitable or asymmetrical to the trade financing needs of developing countries.

Developing economies (including member countries), which account for one-third of world trade[10] are more susceptible to the adverse effects of declining global trade and trade financing. One main challenge facing member countries is that they are predominantly commodity export dependent, and are thus more vulnerable to the vagaries of global trade financing challenges. The ITFC was established to provide member countries with trade financing cushion to foster trade both among themselves, as well as between them and other international trade partners. Besides, the OIC target of achieving 20 percent intra-trade among member countries by 2020 requires strong trade financing support. Emerging post-crisis period trade financing challenges require that ITFC enhance its competitiveness through improved innovation to serve the strategic needs of member countries. For their part, member countries will need to focus on improving the value-added contents of trade so as to maximize the benefits of participating in global trade.

[9]Trade Finance Magazine, December 2010

[10]"Challenges of Trade Financing" by Marc Auboin, January 2009, ww.voxeu.org/index.php?q=node/2905

PROMOTING PARTNERSHIPS AND COOPERATION

Since its inception, the IDB has made promotion of partnerships and cooperation with other development partners and with member countries a core of its operational agenda. This is important because no development financing institution can alone meet all the needs of its member countries. By creating synergy and complementarity among donors, it leads to better coordination and effectiveness of development assistance. To realize this objective, in 1431H, the IDB Group launched a new "Member Country Partnership Strategy (MCPS)", targeting member country-to-member country support activities. With existing cooperation arrangements with many development partners (e.g. MDBs, UN agencies, NGOs and bilateral agencies), OIC affiliates and regional institutions in the member countries, the IDB Group co-financed a number of projects with them. It is also a party to several global and regional initiatives. This Chapter presents three complementary activities that promote partnerships and cooperation between the IDB and its member countries. These are: (i) MCPS, (ii) economic cooperation and regional integration; and (iii) co-financing activities

LAUNCHING MEMBER COUNTRY PARTNERSHIP STRATEGY (MCPS)

Starting a New Business Model through MCPS Process

The IDB Group Vision 1440H articulates the Bank's long-term roadmap and strategic focus. One of the key strategic thrusts is the reform of the IDB itself, an exercise which has been successfully completed. Both the Vision and the reform agenda have called for an adoption of a new business model, which embodies three major operating principles. The first is pro-activeness, which is reaching out to clients instead of waiting to be approached. The second operating principle is inclusiveness, wherein the IDB seeks the support and cooperation of all state and non-state actors in its developmental work. And third is prioritization, implying that the available resources must be allocated to the most urgent and priority needs of member countries for efficiency and impact reasons. Two other major global developments have reinforced the need for a new business model. First, IDB and other development partners committed in 2005 to the Paris Declaration, which requires all development partners to align their activities with the development strategies of national governments. Second, the global financial and economic crisis has necessitated a thorough review of the workings of multilateral development banks including the IDB.

The Member Country Partnership Strategy (MCPS), which was formally launched at the beginning of 1431H (2010), is the tool for actualizing the new business model. It is thus a key priority activity under the implementation of the IDB Vision and reform agenda. The MCPS is a Group-wide undertaking involving all entities namely; ITFC, ICD, ICIEC, IRTI and all the operational Departments of the IDB.

The MCPS exercise forms the foundation and cornerstone of the IDB Group's dialogue with member countries. It sets out the Group's diagnosis of the countries' development situation and future aspirations; and develops work programs for Bank Group support aligned with the countries' development objectives and the IDB's sectoral and thematic priorities identified in the 1440H Vision. The articulation of such programs also takes into account the activities of other development partners in the country. This alignment calls for a process of extensive consultations, internally and externally with the governments of client countries, the civil society, the private sector, interest groups, MDBs and other development partners. It is on the basis of these consultations that the IDB formulates and refocuses its support to a member country over the medium-term. The knowledge generated through these consultations is contributing to building an in-house analytical and diagnostic capability and the way member countries perceive IDB.

Through the MCPS framework, the instruments of IDB Group support to member countries are not only direct financing and knowledge-based diagnostics; but also the mobilization of domestic resources; forging strategic partnerships with other development partners; and more importantly, promoting fruitful partnerships among member countries. These member country-to-member country partnerships (or reverse linkages) constitute the second unique feature of the MCPS process (in addition to it being an IDB Group-wide undertaking). The reverse linkages are pursued through various modalities such as twinning arrangements; transfer of technology; cross-border investments and trade exchanges; and sharing of country experiences, success stories, best practices etc., with the IDB serving as a facilitator. This enables the IDB to proactively promote and enhance South-South cooperation, and in the process, augment its regular lending operations. For example, through the MCPS for Turkey, already a cross-border initiative is under implementation between Turkey and Syria, while several Turkish agencies are involved in capacity building and technology transfer to other member countries.

Based on the completed MCPSs, the key expected outcomes from the MCPS initiative include the following: (i) Ownership by the member countries of the mutually-agreed multi-year programs specifically tailored to address their development objectives; (ii) Alignment and harmonization of IDB Group's programs with those of other development partners; (iii) Focus on impact and results by engaging member countries in strategic and policy discussions aimed at addressing binding constraints and meeting their development goals; and (iv) Leveraging of internal IDB Group synergies through internal consultation and focus on niche areas where the IDB Group entities have a comparative advantage; and this is a key aspect that differentiates the MCPS from previous efforts by the Group at developing a country assistance strategy study (CASS).

Signing Ceremony of the MOU for the MCPS for Turkey by H.E. Mr. Ibrahim Halil Canakci, Undersecretary, Secretariat of Treasury of Turkey and Dr. Ahmad Mohamed Ali, President, IDB Group, Ankara, 25 March 2010. H.E. Mr. Ali Babacan, Deputy Prime Minister of Turkey (standing in the middle) also attended the occasion.

MCPS Exercise During 1431H (2010)

With 1431H (2010) being a "pilot" year for the MCPS exercise, the IDB Group completed five MCPSs. These were for Turkey, Indonesia, Mauritania, Uganda, and Mali. Table 8 highlights the key pillars and cross-cutting themes along with indicative financing envelopes for each member country. The specific support areas identified in each country will be promoted through direct financing, partnerships with other development partners, capacity building, and member country-to-member country support programs or reverse linkages. Out of the five MCPSs, Box 2 provides a snapshot of the MCPS for Turkey, for which 1432H (2011) is the first year of its implementation.

From the 1431H MCPS exercise, a number of key success factors have emerged. First, the candidate countries provided strong technical and logistical support to the IDB Group, including the provision of the required data/information and articulation of their development challenges and objectives. Second, extensive discussions with all the relevant stakeholders ensured an all-inclusive work program that addresses urgent concerns and priorities. Third, the IDB Group – jointly with others – initiated economic and sector diagnostic studies which have provided a learning base for future analytical works[1]. Finally, there was strong team spirit and enthusiasm among the IDB Group

[1]First diagnostic study for the sector level, IDB (July 2010), *Indonesia: Critical Constraints to Infrastructure Development*. Diagnostic study for the country level, joint study by the ADB, IDB and ILO (2010), *Indonesia: Critical Development Constraints*.

Table 8
IDB Group MCPS Exercise in Selected Member Countries during 1431H

Country		Key Pillars and Cross-Cutting Areas	Indicative Financing
Turkey (2010-13)	**Pillar 1:**	Supporting growth through infrastructure development	$2 billion for (2010-13)
	Pillar 2:	Enhancing human development through vocational and pre-school education	
	Pillar 3:	Raising employment through private sector development	
	Pillar 4:	Reverse Linkage through enhancing regional economic integration and human development	
Indonesia (2011-2014)	**Pillar 1:**	Improving education and skills development	$3.0–3.3 billion for 2011-2014
	Pillar 2:	Enhancing agriculture and rural development	
	Pillar 3:	Strengthening infrastructure development	
	Pillar 4:	Promoting private sector development	
	Cross-Cutting Areas: (a) Promoting Islamic financial sector development; (b) Leveraging partnerships for enhancing resource flows; (c) Capacity building and reverse linkages programs.		
Mauritania (2011-2015)	**Pillar-1:**	Human development, with a focus on basic primary healthcare	$700 million for 2011-2015
	Pillar-2:	Rural development and food security	
	Pillar-3:	Enhancing and diversifying the economy	
	Cross-Cutting Area: Capacity building including institutional developments		
Uganda (2011-2015)	**Pillar 1:**	Infrastructure development through two priority subsectors (power and road transport)	$300 million for 2011- 2013
	Pillar 2:	Enhancing agricultural productivity and value addition	
	Pillar 3:	Promoting private sector development through investment promotion and improved access by SMEs to Islamic financial services	
	Pillar 4:	Enhancing human resource base and institutional capacity	
	Cross-Cutting Area: Reverse linkages (sharing country experiences and know how in public administration, PPPs, oil resource management, HIV, statistics etc.)		
Mali (2011-2014)	**Pillar 1:**	Supporting growth through increased agricultural production and value-chain enhancement	$500 million for 2011-2014
	Pillar 2:	Promotion of regional integration through support to the transport, energy and development of cross-border cooperation	
	Pillar 3:	Support to private sector development through Islamic and trade financing	
	Cross-Cutting Area: Institutional capacity building		

Source: MCPS Country Documents (January 2011).

entities to synergize and implement the MCPS, making it a truly Group-wide initiative.

The Way Forward

During 1432H, dedicated IDB Group Programming missions will be mounted to develop multi-year work programs and project pipelines for all the completed MCPSs namely, Indonesia, Uganda, Mauritania, Mali and Bahrain. This exercise has been undertaken already for Turkey, wherein a programming mission visited Istanbul and Ankara in September - October 2010 and formulated a Three-Year Work Program (1432-1434H / 2011-2013).

In addition, the IDB Group plans to undertake at least 6 more MCPSs during the year, with the possibility of undertaking MCPSs for all the member countries in the next five years. The Group will also commence periodic reviews of progress in implementing these MCPSs and their development impact in member countries. Furthermore, the MCPS process aims to provide

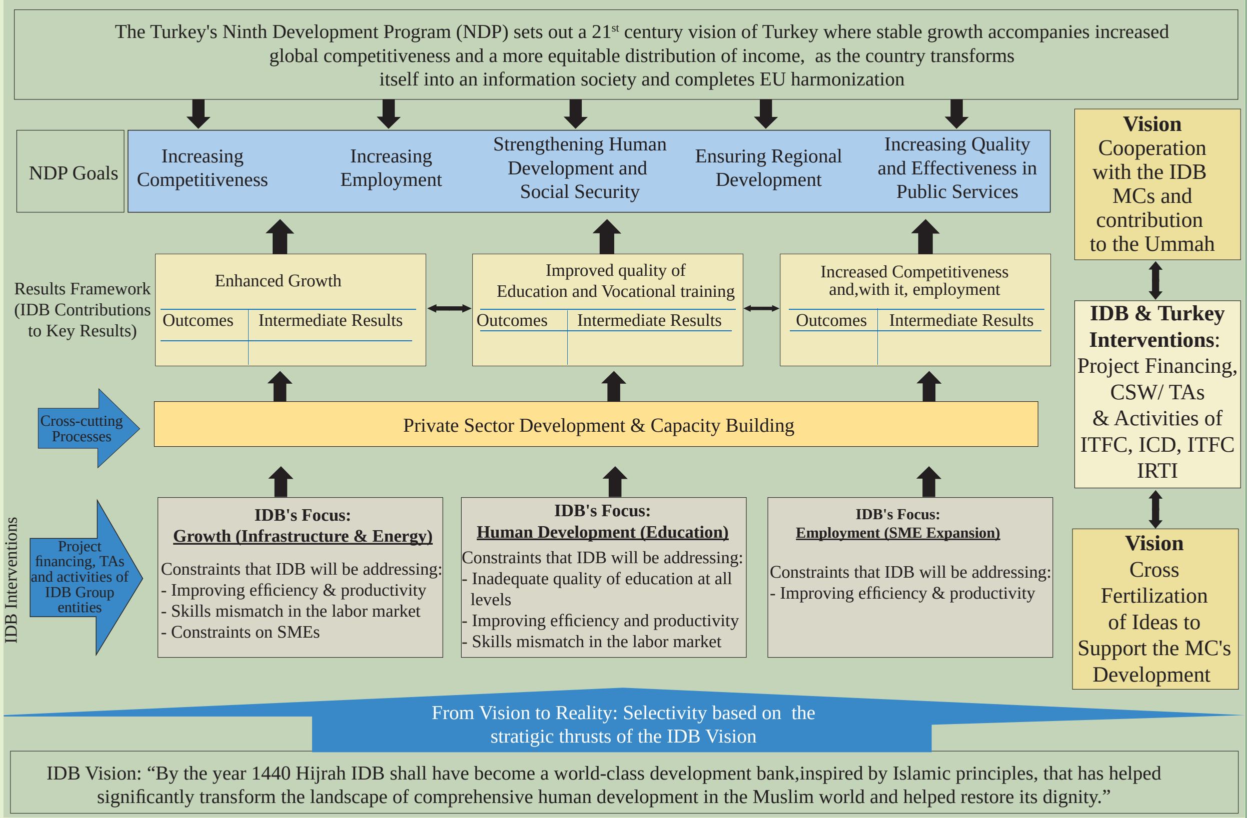
Box 2
Snapshot of MCPS for Turkey

The IDB Group has undertaken the MCPS process for Turkey as its first initiative. This exercise is anchored on the priorities of Turkey's Ninth Development Plan (NDP) 2007-2013. The Turkey MCPS is a partnership based on four pillars: (i) Supporting Growth (through Infrastructure Development); (ii) Enhancing Human Development (through Education); (iii) Raising Employment (by Private Sector Development); and (iv) "Reverse Linkage" (in the form of support Turkey can provide to other MCs). It is supported by an indicative financing envelope of US$ 2.0 billion for the 2010-2013 period.

Two IDB Group missions, including representatives from the ITFC, ICD, ICIEC and other Departments, visited Turkey during January and March 2010 to hold discussions on the MCPS with the Government, other development partners, the private sector and civil society. The missions, led by the President of the IDB Group for the policy dialogue part, received an overwhelming positive response from the Turkish Government and resulted in the signing of a Memorandum of Understanding (MOU) signaling a commitment by both parties to the process.

The MCPS for Turkey was completed in June 2010 and submitted to the 268th BED Meeting in the same month in Baku (Azerbaijan). It was discussed again in the 269th BED Meeting in Sha'ban 1431H (August 2010). Four key expected outcomes from the Turkey MCPS process include the following: (i) Government ownership of the planned multi-year program tailored to the NDP objectives; (ii) Harmonization of IDB Group's program with that of other development partners in Turkey; (iii) A focus on impact and results by engaging the Government in a strategic dialogue to address key constraints that it is facing in achieving its development goals; and (iv) Leveraging internal IDB Group synergies through consultations and focus on niche areas. The following strategic framework illustrates the essence of the MCPS process.

The Strategic Framework (Illustrative) for Turkey MCPS



Source: Member Country Partnership Strategy of the IDB Group for Turkey, 2010-2013, (January 2011).

The implementation of the Turkey MCPS has started in earnest. A programming mission visited Turkey in September / October 2010 and developed a project pipeline and formulated an MCPS-based Three-Year Work Program (2011-2013). Through this MCPS, the IDB is enhancing regional economic integration by supporting the Turkey-Syria cross border initiative. This experience will be replicated in Jordan and Lebanon (to create free trade area among the four neighboring countries) and in other IDB member countries. With regard to "reverse linkages", the IDB is working with the Turkish International Development Agency (TIKA), the Union of Turkish Chambers of Commerce (TOBB), the Turkish Red Crescent, the OIC-VET Program and SESRIC to facilitate capacity building, training and transfer of technology from Turkey to other IDB member countries.

Shaking hands after signing ceremony of the MOU for the MCPS for Uganda by H.E. Syda Bbumba, Minister of Finance, Planning and Economic Development and Dr. Ahmad Mohamed Ali, President, IDB Group, and Hon. Janet K. Museveni, First Lady of the Republic of Uganda (standing in the middle) 02 November 2010.

financing opportunities for sector and thematic niches for the IDB Group for which it has comparative advantage, complement the efforts exerted by other development partners, and add value to the economies of member countries (such as value-chain operations).

In the coming years, the MCPS exercise will continue to provide a renewed guidance for reforming the IDB Group's past practice of doing business by shifting the current focus of project-based operations to program and knowledge-based. Further, the MCPS process will provide an effective platform for designing operational programs to deliver development results at the country level in response to emerging development issues. As such, the MCPS exercise will continue to focus on strategic orientation and development impact, particularly through enhancing capacity building and knowledge generation by the IDB Group with full ownership of the MCPS programs by the member countries.

ENHANCING ECONOMIC COOPERATION AND REGIONAL INTEGRATION

The Islamic Development Bank has always considered trade as a vital instrument for promotion of economic and commercial cooperation among its member countries. This is evident in the fact that IDB was the first multilateral development bank to start trade financing operations soon after its establishment. Over the years, it developed various *Shariah* compatible modes of financing for its trade operations which gradually became one of the major areas of its overall financing operations. This section highlights the efforts deployed by IDB towards the promotion of economic cooperation among its member countries and their regional integration, as well as the status of various trade and investment related agreements among OIC member countries.

Promotion of Intra-Trade among Member Countries

***Intra-Trade Trends**:* In 2009, the world economy experienced one of the worst recessions in decades, with the global output declining by 0.6 percent and the volume of global trade contracting by 11 percent. As a result of the major policy initiatives undertaken by the developed countries and the launch of support packages amounting to hundreds of billions of dollars, the meltdown was arrested to a large extent, and their economies gradually started to recover. Member countries' trade saw a serious setback in 2009 with 33 percent export decline to $1,264.04 billion as against their 2008 level of $1,888.45 billion. This decline was in sharp contrast to the 35 percent growth achieved in 2008. Member countries' intra-exports also registered significant decline (24.7 percent) in 2009 to $199.15 billion compared to the previous year's level of $264.37 billion. However, despite the steep decline in their exports, member countries' share of intra-exports in overall trade increased from 16.2 percent in 2008 to 16.8 percent in 2009.

The member countries with high levels of intra-exports in 2009 were Turkey with total intra-exports amounting to $28.66 billion, Saudi Arabia ($27.22 billion), UAE ($27.11 billion), Malaysia ($17.0 billion) and Indonesia ($14.24 billion). The total intra-exports of these five member countries put together amounted to $114.22 billion[2], representing 57.4 percent of the total intra-exports of all the 56 member countries. On the other hand, the combined share of 31 member countries in intra-exports stood at less than 5 percent of the overall intra-exports of all the member countries. However, despite the low dollar value, the share of intra-exports in the total exports of some of these

[2]Figures may not add up to the total due to rounding.

countries was quite high. For example, although Somalia's intra-exports in 2009 accounted for only $423 million, this figure represented over 98 percent of the country's total exports amounting to $431 million. Similarly, Djibouti recorded intra-exports of 89 percent, Lebanon (76.9 percent), Syria (67.9 percent) and Jordan (56 percent). Moreover, the intra-exports of 24 member countries remained at over 20 percent of their total exports in 2009, and at less than 10 percent for 15 member countries.

As regards intra-imports, member countries' share of total imports fell from 19.1 percent in 2008 to 17.8 percent in 2009, representing a decline from $288.02 billion to $216.57 billion in value terms. The member countries with the highest levels of intra-imports in 2009 were UAE ($20.61 billion), Turkey ($17.97 billion), Indonesia ($15.12 billion), Iran ($15.00 billion) and Pakistan ($13.36 billion). These countries accounted for almost 38 percent of the combined total intra-imports of the 56 member countries. With respect to the share of intra-imports in overall imports, the five highest ranking countries were Somalia (56.8 percent), Iraq (49.1 percent), Syria (42.9 percent), Pakistan (42.2 percent) and Burkina Faso (38.6 percent); whereas the countries with the lowest share of intra-imports in 2009 included Surinam (0.99 percent), Kazakhstan (5.2 percent), Mozambique (6.2 percent), Nigeria (6.8 percent) and Albania (8.1 percent).

At regional level, the highest level of intra-exports among member countries in 2009 was recorded in the GCC region. This amounted to $69.65 billion, representing almost 35 percent of the combined intra-exports of all the 56 member countries. It was followed by ECO (25.7 percent), ASEAN (16.0 percent) and COMESA (6.6 percent).[3] The intra-exports of the Economic Community of West African States (ECOWAS) member countries stood at just 4.1 percent.

***Trade Financing and Promotion**:* with regard to the trade financing operations of IDB Group, these registered significant rise in 1431H peaking at $2.62 billion – an increase of $390.9 million (17.5 percent) over the previous year's level of $2.23 billion. The cumulative trade financing operations approved by Group for up to the end of 1431H hit the $36.96 billion mark.

The main entity within IDB Group responsible for trade financing is the International Islamic Trade Finance Corporation (ITFC). This institution started its operations on 1st Muharram 1430H (10 January 2008) when all trade financing operations were brought under the competence of the Bank. In 1431H, while operating in an uncertain economic environment and most countries were still adjusting to the effects of the global financial crisis, ITFC made substantial achievements in several areas[4]. Its trade approvals in 1431H shot up to $2.55 billion, thus showing an increase of 17.5 percent over the 1430H level of $2.17 billion. It extended its operations to new countries and penetrated new non-oil sectors. It also managed to attract 20 new clients with a total amount of $349 million. ITFC cumulative trade finance approvals up to the end of 1431H rose to $7.23 billion, about $725 million of which were destined for Sub-Saharan African member countries.

In 1431H, ITFC continued to focus on Structured Trade Finance and on 2-Step Murabaha Financing, with special attention to the needs of the least developed member countries. The number of Structured Trade Finance operations more than doubled from 4 in 1430H to 10 in 1431H; while in terms of approvals their amounts increased almost three-fold from $95 million to $376 million. This increase was achieved thanks to the successful implementation of the Corporation's strategy aimed at enhancing its resilience in the midst of the global financial crisis. This strategy, which required more stringent corporate credit analysis, helped in ensuring the proper use of funds and the linking of credit assessment to the primary source of the beneficiary member countries' repayment.

Lack of trade finance has been identified as one of the major impediments to enhanced intra-trade among the OIC countries. This is evident from the Framework Agreement on TPS-OIC, Article 2 of which proposes the use of trade finance to promote trade in OIC countries. The lack of trade finance was apparently a more serious problem in the least

[3]The full names of these regional groupings are the following: Cooperation Council for the Arab States of the Gulf (GCC), Economic Cooperation Organization (ECO), Association of South East Asian Nations (ASEAN), and Common Market of Eastern and Southern Africa (COMESA).

[4]See ITFC Annual Report 1431H (2010).

Meeting to develop the Road Map for Enhancing Intra-OIC Trade, Baku, Azerbaijan, 21-22 June 2010

developed OIC countries. Accordingly, in 1431H, over a half of the total amount approved by ITFC for its trade finance operations was destined to the LDMCs. Another challenge faced by ITFC was the financing of small and medium enterprises (SMEs). For reasons of the large number of small disbursements involved and the difficulties inherent in assessing credit worthiness, ITFC does not extend direct financing to SMEs. To address this problem, it devised a 2-Step Murabaha Financing Mechanism, which is an Islamic line of financing. Under this mechanism, ITFC provides lines of financing to local banks which have better access to information on SMEs and can handle small amounts. In 1431H, ITFC extended lines of financing amounting to $190.5 million to eight banks in six member countries.

In 1431H, ITFC exerted effort to further boost its Trade Cooperation and Promotion Programme (TCPP). This Programme now focuses more on knowledge-driven and need-oriented activities, and ITFC is collaborating with international, regional and local trade-related organizations to achieve its targets. To enhance trade cooperation among member countries, ITFC continued to deliver trade-related technical assistance to the trade support institutions (TSIs) and SMEs in these countries. It organized, supported or was involved in 24 different activities and projects/programme.

In collaboration with ICDT, ITFC worked towards the establishment of OIC Trade Promotion Organizations (TPOs) network and facilitated the organization of TPO meetings for the French- and Arabic-speaking member countries. OIC-TPOs network would be a platform for the joint design and implementation of trade promotion and capacity building activities, enabling it to reach out to more member countries and mobilize additional resources for implementation of its trade development programmes.

In 1431H, capacity building programmes targeting SMEs were organized under TCPP jointly with the Foreign Trade Training Centre of Egypt. Almost 60 SMEs participated in 3 training courses on Export Strategies and International Marketing, sponsored by ITFC. In addition, 4 capacity building programmes were organized jointly with the Union of Chambers of Commerce and Commodity Exchanges of Turkey (TOBB) and the Islamic Chamber of Commerce and Industry (ICCI). Nearly 30 Chambers of Commerce and Industry participated in and benefited from these programmes.

ITFC continued to support TPOs trade promotion activities by organizing and sponsoring their collective participation in international trade fairs and buyer-seller meetings, with focus on the development of Halal Industry in member countries. Under the trade promotion business line, ITFC supported 4 activities in which 11 trade support organizations and a number of companies promoted their products and had a chance to establish new business links. Through the participation of these trade support organizations, the products of about 50 companies were exhibited in three international trade fairs staged in major importing OIC member countries, namely: Turkey, Iran and Malaysia.

In line with its new strategy and its efforts at reducing TPOs dependence on basic agricultural commodities and to help them diversify their production and exports, ITFC initiated and supported the project for revitalization of the groundnut sector in selected Sub-Saharan African countries. Through this project, it identified the current needs of the target countries and developed appropriate plans to meet these needs. The findings of a study on the groundnut sector and the suggested actions were presented to local and regional stakeholders and the international donor community. Similarly, ITFC was actively involved in the preparation of a concept note for an integrated project for development of the cotton sector in selected member countries, a project expected to identify ITFC potential interventions in this sector.

In June 2010, ITFC organized a meeting in Baku, Azerbaijan, to review the implementation and enrich the scope and content of the "Executive Programme of the Road-Map for Achieving Intra-OIC Trade Targets" in light of the experience and knowledge of international and regional trade organizations, including ITC, WTO, WCO, UNIDO, UNDP, and UNCTAD. The following five pillars were identified in the Road-Map and the Executive Programme to create synergy among the OIC Organs, IDB Group and member countries:

- Trade Finance for SMEs and LDMCs through the development of new mechanisms and introduction of new tools;
- Trade Facilitation with a view to cutting down on the cost and price of cross-border movement of goods and services;
- Capacity Building with special emphasis on LDMCs;
- Trade Promotion to expand trade opportunities among OIC countries; and
- Development of Strategic Products to boost export capacity while focusing on food security.

The United Nations Special Programme for Central Asia (SPECA) which comprises six Central Asian countries (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan, and Azerbaijan) and Afghanistan was one of the areas of focus of TCPP interventions in 1431H. The consultative meeting on SPECA Aid-for-Trade Initiative in 2009 was followed by an Experts Meeting in March 2010. These meetings were organized with ITFC financial, technical and organizational support. The final stage of this initiative was the ministerial meeting held in Baku, Azerbaijan, in December 2010, where a Regional Aid-for-Trade Review with its action matrix was presented to international donors. International organizations including UNDP, WTO, UNCTAD, ITC and UNIDO together with the concerned local and national trade authorities prepared a list of project proposals, the aim being to develop national supply side capacity, enhance cross-border cooperation, improve human and institutional capacity in these countries, and facilitate integration of SPECA countries into the multilateral trading system. ITFC will continue to provide support towards implementation of the identified projects.

Promotion of Investment among Member Countries

IDB Group has a special programme for the promotion of investment in member countries. This programme, known as Investment Promotion Technical Assistance Programme (ITAP), was launched in 2005. It is managed by ICIEC and funded by IDB, ICD and ICIEC[5]. The main objectives of ITAP are to assist member countries in improving their investment climate, and in identifying and promoting promising investment opportunities to encourage FDI flows into these countries. The focus areas of this Programme include institutional development, sharing of best practices and dissemination of information on investment opportunities in member countries. The types of technical assistance provided by the Programme include: needs assessment and sector studies; capacity building for Investment Promotion Agencies (IPAs) and relevant government institutions; investment opportunities identification; country promotion events including seminars and conferences; policy advice for improved investment climate; development of investment information networks on the internet as well as common software platforms that help in the matching of investors with projects in member countries.

[5]See ICIEC Annual Report 1431H (2010).

ITAP identifies the specific needs of individual member countries so as to improve and invigorate the inflow of foreign direct investment. It has established partnerships with sister organizations such as the Multilateral Investment Guarantee Agency (MIGA), the United Nations Industrial Development Organization (UNIDO), the United Nations Conference on Trade and Development (UNCTAD), the Malaysian Industrial Development Agency (MIDA), the Arab Bank for Economic Development in Africa (BADEA), the Foreign Investment Advisory Service (FIAS) and the World Association of Investment Promotion Agencies (WAIPA). ITAP matches technical assistance needs with the transfer of know-how not only from its partner institutions but also from member countries which have excelled in the arena of investment promotion.

The following major activities were undertaken under the ITAP in 1431H:

1. Seminar on "Investment Promotion: Strategy, Protection and Aftercare" (organized jointly with UNCTAD in Casablanca, Morocco, in April 2010).
2. Seminar on Attracting and Retaining Investments: The Role of Investment Climate and Incentives (Istanbul, Turkey, September 2010).
3. 5th Annual MIDA-ITAP Capacity Building Seminar for Investment Promotion Officials of IDB Member Countries (Kuala Lumpur, Malaysia, November 2010).
4. Training course on "Planning and Organization of Conferences" for the staff of the Syrian Investment Agency (SIA), (Damascus, Syria, January 2010).
5. Training course on "Customer Care" for the staff of the Syrian Investment Agency - SIA, (Damascus, Syria, July 2010).
6. Two familiarization visits to Amman, Jordan, for the senior staff of the Investment Commissions of Iraq, in cooperation with Jordan Investment Board (JIB), (March, and June-July 2010).

In addition to the above-listed activities, ITAP continued to implement its on-going country specific technical assistance programmes for The Sudan, Uganda and Syria. As regards The Sudan, the technical assistance is designed to bolster the Ministry of Investment in all aspects of investment promotion and, in particular, help it to evolve into a pro-active investment promotion agency. As a result of ITAP/UNIDO Programme, the Ministry approved a new organizational structure which now includes a Domestic Investment Promotion Unit. ITAP Project for Uganda started in February 2008 with a preliminary assessment and a sector analysis study. Based on this assessment and the sector study, an activity plan was prepared by UNIDO Investment and Technology Promotion Office in Bahrain and ITAP. This plan was discussed with Uganda Investment Authority (UIA) which endorsed it in April 2010. A Technical Advisor/Project Coordinator has been selected for this project. With regard to Syria, a consultant has

Box 3
Capacity Building and Knowledge Sharing: Seminar for Investment Promotion Officials

ITAP, in collaboration with the Malaysian Industrial Development Agency (MIDA) jointly organized their 5th Annual Capacity Building Seminar for the Investment Promotion officials of OIC Member Countries in Kuala Lumpur, Malaysia, on 7-12 November 2010. The Seminar was organized in partnership with the Commonwealth Secretariat. Thirty-two participants from 27 member countries attended this one-week seminar during which they had the opportunity to discuss the conceptual frameworks and critical issues in Public-Private Partnership. The participants also got opportunities to present their country experiences and promote their green field and existing projects. Malaysian Businessmen also participated in the seminar and held several meetings with the participants from other countries. These B2B meetings enabled them to discuss possible investment opportunities in their respective countries

ITAP-MIDA Capacity Building Seminar for Investment Promotion Officials of OIC Member Countries, 7-13 November 2010, Kuala Lumpur Malaysia been selected for the preparation of 100 project profiles of investment opportunities in the country.

To promote its export credit and investment insurance services, ICIEC opened its first overseas representative Office in Dubai in May 2010. With a large number of international banks and corporate businesses having their regional headquarters in Dubai, the opening of this Office is expected to further increase awareness of ICIEC services and contribute towards promotion of investment in member countries.

Strengthening Regional Cooperation

Cross-Border Development Programme (CBDP): Facilitation of integration of member countries' economies is one of the key strategic thrusts of IDB Group. In his address to the 25th Session of COMCEC in November 2009, IDB President had expressed the Bank's willingness to work with COMCEC on a Joint Cross-Border Regional Economic Programme in the same vein as the successful ongoing programme between Turkey and Syria. In Safar 1431H (February 2010), a *Concept Note* on Cross-Border Development Programme (CBDP) was presented to IDB Board of Executive Directors which fully endorsed the programme. The Board also approved the launch of CBDP as a pilot exercise to support the on-going *Syria-Turkey Interregional Cooperation Programme*, and thereby enable the Bank to build its knowledge of the formulation and implementation of CBDP prior to its replication in other IDB member countries. CBDP is expected to include several components like public-private partnerships, technical cooperation for project identification, private sector development, support to NGOs, public sector projects financing, trade promotion and financing, investment insurance and export credit.

On the occasion of the 35th Annual Meeting of IDB Board of Governors held in Baku, Azerbaijan, in June 2010, IDB signed financing agreements with the Turkish and Syrian authorities for implementation of this project. The relevant authorities in the two countries have started collecting applications and project documents from local agencies for the sub-projects to be financed under IDB grant. It is expected that the full amount set aside for this project would be disbursed in 2011. At the same time, IDB is exploring the possibility of replicating the programme in other member countries.

Collaboration with OIC General Secretariat and OIC Institutions: IDB continued to work closely with OIC General Secretariat, its subsidiary organs, specialized institutions and affiliates. In 1431H, IDB financed a total of 21 OIC-related activities amounting to $978,000 and comprising 3 regional seminars on Cyber-Security staged by OIC Cyber-Security Emergency Response Team, meetings on OIC Five-Year Action Plan for Cotton, Atlas of Science Innovation in the Islamic World, Workshop on Agriculture and Rural Development for Poverty Reduction in OIC member countries, and the Sixth Businesswomen Forum and Training Workshop.

The Bank participated in the Mid-term Review Meeting of the OIC Ten-Year Programme of Action held in Istanbul from 28 to 30 July 2010. The meeting was organized by OIC General Secretariat and hosted by OIC Research Centre for Islamic History, Trade and Culture. It discussed the progress achieved in the implementation of the Ten-Year Programme of Action, the major challenges and constraints faced by the relevant institutions and put forward suggestions on how best to tackle those challenges in future. The Review Meeting report was later presented to the 26th Session of COMCEC held in Istanbul in October 2010. IDB also participated in another midterm review meeting which took place in Dubai in December 2010 and discussed the implementation of the OIC Ten-Year Programme of Action on Science and Technology. The meeting report was presented to the 14th General Assembly of COMSTECH held in Islamabad, Pakistan, in January 2011.

IDB organized a workshop on agriculture and rural development in Antalya in September 2010 in collaboration with the Statistical, Economic and Social Research and Training Centre for Islamic Countries. The workshop report and recommendations were presented to the 26th Session of COMCEC. One of the recommendations was that the mandate of the OIC Task Force on Food Security be widened to include agriculture and rural development, and that the Task Force should further engage OIC Member States and relevant institutions for establishment of an

Executive Framework. The meeting expressed appreciation for the work done by the Task Force and, in particular, noted the success stories recounted at the Workshop on Agriculture and Rural Development. Member States were called upon to study the feasibility of replicating the success stories in their countries in collaboration with regional and international partners.

The Bank maintained close cooperation with the two OIC standing committees, namely: the Standing Committee for Economic and Commercial Cooperation (COMCEC) and the Standing Committee for Scientific and Technological Cooperation (COMSTECH). The Bank participated in the 26th Session of COMCEC held in Istanbul, Turkey, in October 2010. The Session discussed a number of crucial issues including intra-OIC trade, poverty alleviation and economic/technical assistance to OIC countries, the private sector and financial cooperation among OIC countries. It also reviewed the progress achieved in the implementation of various OIC initiatives and programmes including OIC Ten-Year Programme of Action and OIC Cotton Action Plan. The Session commended IDB for successfully organizing the Workshop on Agriculture and Rural Development in Antalya in September 2010, and took note of its report. As regards COMSTECH, IDB continued to extend support to its programmes and activities. In particular, the Bank provided financing for COMSTECH training programmes on Science, Technology and Innovation, and for the annual workshops organized by COMSTECH "Inter-Islamic S&T Networks". It also supported the regional training courses and workshops organized by the Inter-Islamic Networks on Oceanography, Space Sciences and Technology as well as on Water Resource Development.

In Jumad Thani 1431H (May 2010), IDB signed an MoU with OIC General Secretariat. The main objective of this framework was not only to prepare the ground for enhanced cooperation between OIC and IDB Group by defining priority areas for collaboration and creating a coordination mechanism, but also to lend strong support to the ongoing implementation of OIC Ten-Year Programme of Action. The coordination mechanism would facilitate: (i) overall planning and monitoring of the execution of the crucial sectoral components of OIC Ten-Year Programme of Action, and the launch of fast implementable joint projects which may achieve quick-wins; (ii) enhancement of the spirit of synergetic partnership and teamwork between the two organizations; and mutual consultation in dealings with non-OIC Member States, international and regional organizations as well as international development and cooperation agencies, in respect of the priority areas defined in OIC Ten-Year Programme of Action; and (iii) exchange of information on best practices in areas of mutual interest. OIC and IDB Group agreed to set up an institutional mechanism which would serve as a cooperation and coordination framework for implementation of the MoU. It is expected that, with this MoU, the working relations between IDB Group and OIC General Secretariat would be further consolidated.

Status of Various Trade and Investment Related Agreements among OIC Member States

In existence are eight major agreements, protocols and statutes, all of which are intended to promote economic and commercial cooperation among OIC Member States. These are: (i) General Agreement on Economic, Technical and Commercial Cooperation; (ii) Agreement on Promotion, Protection and Guarantee of Investments; (iii) Framework Agreement on Trade Preferential System; (iv) Protocol on the Preferential Tariff Scheme for TPS-OIC (PRETAS); (v) Trade Preferential System (TPS)-OIC Rules of Origin; (vi) Statute of the Islamic Civil Aviation Council; (vii) Statute of the Islamic States Telecommunications Union (ISTU); and (viii) Statute of the Standards and Metrology Institute for Islamic Countries (SMIIC). The status of these agreements, protocols and statutes is given in Table 9.

Forging Strategic Partnerships and Alliances

IDB has always maintained close working relations with its development partners and paid special attention to enhancing its collaboration and building partnerships and alliances with them. This section highlights some of the areas of the Bank's cooperation and collaboration with WTO and UN institutions in 1431H.

Table 9
Agreements and Statutes on Economic, Commercial and Technical Cooperation Among OIC Member States

Agreement/Statutes	Adopted Resolution	No. of Counties Signed	No. of Countries Ratified	No. of Counties signed	No. of Countries Ratified
		Up to November 2009		Up to end October 2010	
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	45	31	46	32
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	33	25	34	27
Framework Agreement on Trade Preferential System	Adopted as per Resolution No 1 of the 6th COMCEC Istanbul/Turkey 7-10/10/1990	34	23	35	25
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	21	10	22	12
Trade Preferential System (TPS)-OIC Rules of Origin	Adopted as per Resolution No. I of the 23rd COMCEC Istanbul, Turkey 14-17/11/2007	18	4	19	9
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	19	13	19	14
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	18	14	18	15
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	15	9	17	12

Source: http://www.oic-oci.org/uploads/file/conventions/en/Accords_En.pdf
Figures updated on the basis of information received from the General Secretariat of the OIC.

IDB has, for more than ten years, been implementing its WTO-related Technical Assistance and Capacity Building Programme in close collaboration with the World Trade Organization (WTO). In 1431H (2010), six activities were undertaken under this Programme, including two intensive training courses on Trade Negotiation Skills, two seminars on Regional Trade Agreements, and one seminar each on Trade Facilitation and Economic Partnership Agreements. WTO contributed to these capacity building activities by providing resource persons who shared their knowledge and expertise with the participants. In November 2010, IDB and WTO representatives discussed the ways and means to further strengthen the partnership between the two institutions and agreed in principle on a number of areas in which joint capacity building activities for member countries would be undertaken in 2011. Other relevant institutions such as UNCTAD, International Trade Centre (ITC) Geneva and World Intellectual Property Organization (WIPO) also collaborated with IDB in implementing its WTO-related Technical Assistance and Capacity Building Programme, and provided subject specialists who served as resource persons and made invaluable contributions to the success of these events.

IDB partnership with UNCTAD in 2010 fared better than its contribution to the WTO-related seminars and workshops. UNCTAD worked with IDB Group in the implementation of its Investment Promotion Technical Assistance Programme (ITAP), details of which had been given earlier. In June 2010, a Memorandum of Understanding was signed by ICIEC - the organ implementing ITAP - and UNCTAD creating a general framework to facilitate cooperation between the two institutions in the promotion of foreign and domestic investments and, thus, contribute to the economic and social development of their Member States. As a matter of fact, UNCTAD/ICIEC cooperation dates back to 2007, when the two institutions staged a series of workshops on investment promotion and protection. The MoU will further boost this cooperation.

In collaboration with OIC General Secretariat and COMCEC Coordination Office, IDB is working with the Food and Agriculture Organization of the United Nations (FAO) to develop a framework for food security in OIC member countries. To this end, a Task Force was constituted in 2010; it held several meetings during the year, including the one in Izmir, Turkey, in September 2010. As mentioned earlier, this meeting report was presented to and endorsed by the 26th Session of COMCEC. With the endorsement of its extended mandate to include agriculture and rural development, the Task Force agreed that its Work Plan for 2011 would comprise: (i) immediate actions to mobilize resources for high priority national food security programmes and South-South cooperation agreements; and (ii) establishment of an Executive Framework for Agriculture, Rural Development and Food Security for OIC Member States, embodying identified programmes and projects in critical sectors with timelines and benchmarks, accompanied by lead countries, lead MDBs and the regional and international organizations active in the domain of agriculture, rural development and food security.

In 1431H, IDB participated in the OIC-UN General Cooperation Meeting convened in Istanbul, Turkey, in June 2010. The meeting reviewed the ongoing cooperation activities in political, cultural, economic, scientific and technical fields. IDB participated in the meeting of the Working Group on economic, science and technology matters, which reviewed a wide range of issues including trade and development, science and technology, food security and agricultural development, transport and telecommunication, environment, health and population, education and eradication of illiteracy, technical cooperation and human development. The meeting offered IDB the opportunity to discuss the ways and means to further consolidate its existing cooperation with UN institutions and build strategic partnerships.

ENHANCING PRIVATE SECTOR DEVELOPMENT

Public-Private Partnership (PPP)

Public-Private Partnership (PPP) has emerged as one of the most widely used approaches for delivery of infrastructure projects in many countries. Broadly defined, PPP refers to cooperation between the public and private sectors in the sharing of resources, risks, responsibilities and the rewards of projects development, mostly in the infrastructure sector. PPP has now become an acceptable and tested mode of medium to large-scale infrastructure projects implementation. PPP projects yield benefits in terms of alleviation of public sector financial burden in the funding of large-scale infrastructure costs; improved governance and projects management; increased value for money and better risk allocation among stakeholders.

In 1431H, IDB financed a number of PPP projects in member countries (Table 10). Once implemented, the projects will play a critical role in the economic development of these countries.

Table 10
PPP Infrastructure Projects Approved in 1431H

Project Name	Approved Amount (ID million)	Mode
St-Louis Rural Electrification, Senegal	6.0	Istisnaa
Jubail Refinery & Petrochemical Project, KSA	78.1	Leasing
AIBD Airport, Senegal	62.1	Istisnaa
Uch-II Power Plant, Pakistan	57.7	Leasing

In addition to project financing, IDB deployed significant effort to position itself as a catalyser and strategic partner in the promotion of infrastructure development in our member countries. In 1430H, IDB in partnership with the Asian Development Bank (ADB) launched the Islamic Infrastructure Fund to cater for infrastructure development in 12 countries, members of both IDB and ADB. A similar initiative was undertaken in 1432H for the Arab regions, with the establishment of the Arab Infrastructure Finance Facility jointly sponsored by IDB Group and the World Bank (including IBRD and IFC) to attract private investments to infrastructure development in non-GCC Arab League countries. This initiative fits well into the Arab World Initiative of the World Bank and IDB infrastructure strategy. The initiative concept has been approved, with IDB indicative contribution of up to $150 million towards *Shariah* compliance. Final approval is expected in 1433H.

As regards overall business, 1431H was a very successful year for IDB PPP activities, both in terms of newly approved investments and the nature of such investments. The Bank approved ID 203.9 million ($316.9 million) for PPP projects and disbursements thereof got as far as ID 148 million ($ 230 million).

Of all the new approved projects, the Dakar airport project (AIBD Airport Project) in Senegal deserves special mention considering its value added and the role IDB played in structuring and making it a bankable transaction. Structured as a PPP project and backed by a 30-year concession by the Senegalese Government, AIBD is a new airport project, construction of which is underway outside the city of Dakar. The airport facilities will include a state-of-the-art passenger terminal designed to accommodate a wide range of aircrafts. This project is unique in the sense that it was not bankable when it was initially presented to the financiers. Given its importance to the Senegalese Government and the significant development impact it would accrue, IDB and other financiers worked closely with the sponsor and consultants to make the project bankable. IDB led the Islamic *tranche*, within which it approved ID 78.1 million (€ 70 million) financing for up to 18 years tenure.

In 1431H, IDB also approved a long-term lease finance facility of $ 90 million for the development of the Uch-II Power Plant Project in the Baluchistan province of Pakistan. It will be a combined cycle gas fired power plant with a capacity of 404 MW and will use low BTU gas from the Uch gas field. The project which will be located alongside the existing Uch-I power project, will help reduce the present power generation deficit in Pakistan. It is co-financed with ADB and IFC.

St. Louis Rural Electrification Project is the first rural electrification concession of its kind in Senegal, with the objective to connect and supply electricity to at least 19,574 households over three years. With concession period of 25 years, the project is part of a wider partnership programme initiative between International Financial Institutions consisting of the World Bank Group (IDA and IFC), the African Development Bank, the French Development Agency, the German Reconstruction Credit Institute (KfW) and IDB, the aim being to provide clean, reliable and affordable electricity to the rural populations of Senegal. This initiative represents an innovative approach to the provision of electricity to the rural poor population of Senegal in a commercially viable way through a PPP structure (involving private sector operators).

Jubail Refinery & Petrochemical Project located in the Jubail Industrial City on the east coast of the Kingdom of Saudi Arabia, is structured as a PPP project and backed by a 30-year Agreement for supply of Arabian heavy crude oil feedstock up to a maximum daily quantity of 440,000 bpd. The refinery will process low cost Arabian heavy crude oil to produce high value refined products, liquid petroleum gas and petrochemical products. The sponsor consortium comprises Saudi Aramco and TOTAL, for equity interests of 62.5 percent and 37.5 percent, respectively, in the Project Company. The Project was financed with a combination of Equity (35 percent, $ 4.81 billion) and non-recourse Debt (65 percent, $ 8.92 billion). The Debt for the project was provided by Saudi Ministry of Finance, Saudi Industrial Development Fund, Export Credit Agencies, Commercial Banks including all Saudi Banks and about 19 International Banks, Senior Shareholder Loans, Sukuk bonds, and Project bonds. IDB was part of the Islamic *tranche*.

Private Sector Operations Financing by ICD

As it marked the 11th year of its operation in 1431H, ICD continued to strengthen its position in promoting and supporting private sector development. To stay resilient, it undertook numerous initiatives to promote infrastructure and SMEs development in its member countries.

The approval levels for 1431H stood at $235 million, as disbursements peaked at $56 million. In terms of geographical coverage, ICD has reached out to most of its member countries across different regions and in various sectors including manufacturing, food production, textile, services, etc.

In view of the difficulties faced by Small and Medium Enterprises (SMEs) in accessing direct financing from commercial banks, and to circumvent its own limitations in providing direct financing to small businesses in member countries, ICD made the strategic decision in 2002 to support and develop the SME sector through the extension of 'Lines of Financing' to well established local financial institutions. In 1431H, ICD approved 2 new lines of financing facilities totalling $50 million, thus bringing the total approvals of the lines of financing issued since its inception to $281.

ICD recently started yet another SME development initiative, namely, the establishment of SMEs fund in member countries, the first of which targeted Saudi Arabia with a potential size of SR 1 billion. It is currently reviewing the feasibility study for the fund and, as soon as its viability is established, the requisite steps for its creation and bringing in other partners will be initiated.

Supporting and Promoting Private Sector Development (ICIEC)

The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) was established with the objective of stepping up trade transactions among OIC member countries, facilitating foreign direct investments in these countries and providing reinsurance facilities to national export credit agencies. ICIEC fulfils these objectives by providing *Shariah*-compliant investment and export credit insurance.

Since its inception, ICIEC has been supporting private sector development through both export credit insurance and investment insurance. Its aggregate insurance commitment for the period 1417H-1431H rose to $11.26 billion, while the total business insured over the same period amounted to $8.20 billion.

In 1431H, ICIEC covered a 82 million Euro transaction involving a long-term contract for supply of electrical cables and equipment from Egypt, a member country of ICIEC, to Ethiopia. ICIEC insurance enabled the exporter to avail the buyer with a seven-year repayment tenor, thus helping the Egyptian exporter to win the contract tender and to obtain financing from banks for the contract.

ICIEC also covered a $15 million transaction involving the export of internet telecommunication infrastructure equipment from Malaysia to Bahrain, installation thereof, and a repayment period of 4 years. The transaction made it possible for the Bahraini private telecommunication operator to obtain a medium-term supplier credit facility, a crucial acquisition considering the fact that the operator was at the initial stage of the operations.

ICIEC renewed two investment insurance policies in 1431H covering a pharmaceutical project in Algeria owned by a Jordanian investor for a value of $15 million, and another $17 million for French cheese manufacturing investment in Iran.

ITAP and UNCTAD organized their 3rd Capacity Building Programme for the officials of investment promotion agencies in member countries. The theme of this year's 4-day programme that was held in Morocco in April 2010, was "Investment Promotion: Strategy, Protection and Aftercare", and was dedicated to the representatives of Investment Promotion Agencies in the French-speaking member countries. The Programme was attended by 30 participants representing 15 member countries.

In cooperation with the Jordan Investment Board (JIB), ITAP organized a familiarization programme for 6 senior staff of Al Anbar Investment Commission of Iraq. The programme which was hosted by JIB in March 2010 included several field visits to all of Jordan's investment and developmental entities. Following the success of the first programme carried out for Al Anbar Investment Commission, ITAP conducted a second familiarization programme for Nineveh, Salahuddin and Al Anbar Investment Promotion Commission in coordination with JIB in Amman, Jordan, in June, 2010. The second programme brought together thirteen officials from the above three Investment Promotion Commissions.

ITAP, the Economic Policy Research Foundation of Turkey (TEPAV), the Union of Chambers and Commodity Exchange of Turkey (TOBB) and the World Bank Group organized a capacity building programme for officials of Investment Promotion Agencies in member countries under the theme: "Attracting and Retaining Investments: The Role of Investment Climate and Incentives". The programme which was conducted in Istanbul, Turkey, in September 2010, was attended by thirty specialists from over 24 member countries.

The technical assistance extended to the Ministry of Investment of Sudan through ITAP programme was designed to strengthen it in all aspects of investment promotion, and in particular, to transform it into a pro-active investment promotion agency. Thanks to ITAP/UNIDO Programme, four sectors were identified, namely: marble/stone, leather sector, solar sector and agro-industry sector. The marble sector analysis study was completed in April 2010. As a result of the study, five project profiles and a full sector analysis were completed and officially submitted to the Ministry in November 2010. Currently, the Ministry is in the process of promoting this investment profile in collaboration with UNIDO through the latter's Investment Promotion and Technology Offices Network (UNIDO/ ITPO).

EXPANDING CO-FINANCING

As a result of its unique South-South nature, strategic location and special position in Islamic countries, the Islamic Development Bank has become the focal point of quite busy partnership activities in the Islamic World, the Arab World, and indeed in Western countries and MDBs, all of which seek to build bridges of cooperation and partnership. In 1431H (2010), IDB was overwhelmed with delegations and initiatives of many bilateral and multilateral institutions, NGOs and business communities and other partnership activities.

New Agreements with Development Partners

Over 20 delegations from several major MDBs as well as international development and bilateral financial institutions, including the World Bank, African Development Bank, Swiss Development Agency, Carter Centre, OXFAM GB, Canadian Council on Africa, Department for International Development (DFID), French Development Agency, Wallonia Foreign Trade and Investment Agency, etc, as well as delegations from Russia, Canada, France and Kuwait, visited the Bank during the year under review.

The Bank participated in the 67th Coordination Group Meetings held in Khartoum, The Sudan (January 2010) and Abu Dhabi, UAE (June 2010), respectively. These semi-annual meetings were attended by the Directors of the Technical Departments of the Coordination Group. The meeting of the Coordination Group held in January 2011 was hosted by IDB at its Headquarters and was attended by delegations from the World Bank.

In 1431H (2010), six MoUs were signed with major development partners on projects co-financing, and other cooperation and partnership activities. The Country and Sector Departments joined their counterparts in these institutions to share their respective work plans for identifying operations co-financing opportunities in common member countries.

Cooperation with development finance partners covers a wide array of development activities. Transaction-based collaboration, for example, may be in the form of co-financing and sharing of market and country information. Other forms of cooperation include staff exchange, joint field visits and joint advocacy and outreach activities (e.g. hosting of conferences and workshops). Participation in donor consultation meetings, roundtables and similar fora also offers opportunity to further strengthen partnership and dialogue amongst donors, Governments, the civil society and other stakeholders. Of all these modes of cooperation, co-financing opportunities remain the main, and perhaps the most attractive, collaboration mechanism, especially at operational level, as it helps to enhance institutional cooperation in the long run.

Co-Financing Operations

In 1431H, as many as 26 operations in 18 countries were co-financed with other institutions. The total cost of these projects was $10.3 billion, $1.49 billion (or 14 percent) of which was contributed by IDB, while other financiers contributed $5.8 billion (or 56 percent) of the total cost. In terms of financing volume, cofinanced operations represented 39 percent of the total amount approved by IDB for project financing and technical assistance operations in 1431H.

The renewed focus on partnership and co-financing is clearly reflected in Table 11, which provides co-financing data for the five-year period 1427H-1431H, a period that coincides with IDB five-year strategic plan. Table 11 also shows that over the five-year period 1427H-1431H, about a third (35 percent) of the Bank's cumulative financing was effected on cofinancing basis. Co-financing for multilateral development banks typically represents, on average, around a quarter of annual commitments. During 1427-1431H, IDB provided, on the average, around 14 percent of the combined total cost of co-financed projects, while the co-financiers provided an additional 56 percent, representing four times IDB contribution, i.e. a ratio of 1:4. IDB co-financing activities in 1431H saw 44 percent increase in terms of total project costs, 29 percent in IDB contribution and 110 percent in the leveraged contribution of other co-financiers, compared to the corresponding figures for 1430H.

In geographical terms, 81 percent of IDB co-financing for 1431H amounting to almost $1.5 billion, targeted member countries in Asia, with the remaining 19 percent or $279 million, targeting member countries in Africa. This geographical distribution (Table 12) may be explained by the fact that IDB assistance to member countries in Africa is channelled mainly through concessional financing, which often targets relatively small social sector and poverty reduction projects; whereas assistance to member countries in Asia (including West Asia) many of which are middle-income countries, is driven largely by the growing demand for investment in huge infrastructure projects.

As a member of the Coordination Group[6], IDB developed very close working relations with this forum and its bilateral and multilateral members. With 35 years of experience, the Coordination Group remains an exemplary model for aid coordination, predating by at least a couple of decades the current harmonization drive. Thanks to this harmonization, the model may be said to have been replicated on a global scale, admittedly, with a much stronger policy focus. The Coordination

Table 11
Summary of Active Co-financed Projects

Year	No. of Projects	Contribution of IDB $ Million	Contribution of other Co-Financers $ Million	Total Cost $ Million
1427	10	454.70	2,281.40	2,736.10
1428	24	894.40	2,729.60	3,624.00
1429	20	928.20	11,917.70	12,845.90
1430	23	1,103.90	2,504.10	3,608.00
1431	26	1,495.30	5,806.50	7,301.80
Total	**103**	**4,876.50**	**25,239.30**	**30,115.80**

Group members share the same philosophy and approach to development, which stem from their shared values and principles. Coordination Group members provide united aid with no conditionality, and are generally focused on transactions rather than policy issues. With strong focus on *"complementarity"*, the Coordination Group enables its members to more effectively conjugate their efforts to increase the impact of their collective assistance to developing countries. This is usually achieved through coordinated country-level programming and implementation and the harmonization of procedures (e.g. procurement) to reduce transactional costs.

Out of the 26 operations cofinanced with other donors in 1431H, 17 were actually cofinanced with members of the Coordination Group, who, collectively, provided financing to the tune of $861.85 million or 28 percent of the contributions of the major co-financiers. IDB contributed a total amount of $1,342.85 million for projects co-financed with the Coordination Group.

As a member of this Group, IDB plays an important role in the new strategic partnership between the Coordination Group and the World Bank Group, particularly within the framework of the Arab World Initiative, which aims to bolster World Bank Group engagement and extend support to Arab member countries.

Partnership for Aid Effectiveness

Recent years witnessed stronger corporate and operational focus on the building of new partnerships, as well as on strengthening existing partnerships with traditional partners, especially funding agencies, multilateral and bilateral alike. In addition to pooling resources and

[6]Established in 1975, the Coordination Group is an aid coordination forum of Arab bilateral and multilateral development aid institutions, as well as the two institutions in which Arab States are the major shareholders. The current members of the Coordination Group are (in alphabetical order): the Abu Dhabi Fund for Development, the Arab Fund for Economic and Social Development, the Arab Bank for Economic Development in Africa (BADEA), the Arab Gulf Programme for United Nations Development Organizations (AGFUND), the Arab Monetary Fund (AMF), the Islamic Development Bank (IDB), the |Kuwaiti Fund for Arab Economic Development, the OPEC Fund for International Development (OFID) and the Saudi Fund for Development (SFD).

Table 12 Regional Distribution of Co-Financed Projects - 1431H (2010)					
S. No.	**Sector**	**No. of Projects**	**IDB Contribution $ Million**	**Co-Financing Contribution $ Million**	**Total Cost $ Million**
1	Sub-Saharan Africa	14	278.60	1,074.40	1,353.00
2	MENA	9	766.70	1,601.10	2,367.80
3	South East Asia	3	450.00	3,131.00	3,581.00
TOTAL		**26**	**1,495.30**	**5,806.50**	**7,301.80**

skills, partnerships provide an ideal platform for improvement of aid effectiveness and knowledge-sharing. In recognition of this advantage, IDB became one of the signatories to the so-called Paris Declaration on Aid Effectiveness, which aims to translate MDG 8 and the Monterrey Consensus into specific time-bound targets for both the donor community and recipient countries.

Similarly, IDB has become a member of the Common Performance Assessment System (COMPAS), which aims to provide a unified performance assessment platform for multilateral development banks[7] through a set of commonly agreed performance indicators. Launched in 2005, COMPAS provides a framework through which the multilateral development banks could track their capacities to manage for development results. COMPAS has since become an established and recognized reference for constructive dialogue within and among multilateral development banks and partners, a dialogue designed to sharpen their focus on management for development results. COMPAS focuses on measuring the capacity to apply and improve operational processes for results on the ground. As a self-reporting exercise, COMPAS aims to measure the capacity for, and progress in management for development results, consistently through the analysis of key performance indicators consolidated into a concise and convenient format, and comparable within each participating institution. COMPAS provides partners with opportunity to learn reports data from one another in eight categories: country capacity to manage for development results, country strategies, allocation of concessional resources, projects, institutional learning from operational experience, results-focused human resource management, harmonization and use of country system among development agencies, and private sector operations. For its part, IDB joined COMPAS in 2008 and is featured in the COMPAS 2007, 2008 and 2009 editions.

IDB collaborated with the Organization for Economic Cooperation and Development/ Development Assistance Committee (OECD-DAC) in the areas of aid effectiveness and reporting of data on IDB financing, including approvals and disbursements of its concessional resources. It participated in related initiatives, which provided opportunity for learning and experience sharing, and for promotion of the visibility of IDB development efforts and contributions. The OECD-DAC is currently engaged in harmonizing the collection and reporting of data on both concessional and non-concessional flows from MDBs for use in its global monitoring report on Development Assistance. It has also adopted a common framework format for the reporting of aid flows to ensure the comparability of statistics across MDBs.

Similarly, IDB is actively engaged in the pursuit of the development and implementation of strategic partnerships with UN and non-UN specialized agencies having significant diagnostic and implementation capability. The purpose is to assist in the design and delivery of well-targeted IDB assistance, especially within the framework of multi-year special programmes established recently at IDB, such as the Special Programme for the Development of Africa (SPDA) and the Jeddah Declaration Initiative on agriculture and food security.

[7] African Development Bank, Asian Development Bank, International Fund for Agricultural Development, Inter-American Development Bank, European Bank for Reconstruction and Development and the World Bank Group, in addition to IDB.

ALLEVIATING POVERTY AND ENSURING SUSTAINABLE FOOD SECURITY

In pursuance of its mission to alleviate poverty in its member countries, the IDB Group approved many projects and programmes designed to promote comprehensive human development. It continued to make efforts to align its interventions in the agriculture and rural development sectors to the needs of its member countries so as to achieve sustainable food security and ensure better recovery from the food crisis. It improved the implementation of its several poverty reduction initiatives under the Islamic Solidarity Fund for Development, the Special Programme for the Development of Africa and its various capacity building programmes.

PROMOTING HUMAN DEVELOPMENT

In 1431H, the Bank continued to invest in the education and health sectors. It also pursued efforts to mainstream the key cross-cutting theme of gender into all its operations. The Bank's interventions included a wide spectrum of projects and programmes for a total amount of ID 178.2 million ($274.5 million) globally geared towards helping the member countries to attain their respective MDG targets and achieve integral human development. With these operations, the cumulative approvals from Ordinary Capital Resources (OCR) for both social sectors reached the ID 2,444 million ($ 3,408 million) level, and covered 681 operations.

Investing in Education

Since its inception, the IDB has been supporting member countries in their efforts to develop human capital through an enhanced and effective education system. Its commitment to education unrelentingly grew to cover all education sub-sectors such as primary/basic and higher education while striving to improve not only access to education but also the quality, effectiveness and relevance of this social sector in member countries. After the adoption of its Thematic Strategy for Poverty Reduction and Comprehensive Human Development in 1430H, the Bank continued to focus its interventions on the key areas of: (i) basic education, particularly bilingual education; (ii) science and mathematics education; (iii) science and technology as well as vocational training and technical education; and (iv) non-formal education through vocational literacy programmes.

IDB Intervention in the Education Sector: At the end of 1431H, the cumulative approvals for the Bank's interventions in the education sector stood at ID 1,538 million ($2,142 million) for 422 operations. Distribution by social sector (education and health) showed the dominance of education, which accounted for over 63 percent of the Bank's total approvals, thus underscoring the priority it accords to this sector.

In 1431H, the Bank approved 19 education operations amounting to ID 80.2 million ($121.7 million). Seventy percent of these approvals were in the form of loan financing. While maintaining its policy of facilitating universal access to basic education, the IDB is cognizant of the implications of this target on the other levels of the education system and, indeed, the intricate link between education, training and the labour market. Consequently, the Bank, as part of its close collaboration with other development partners, the Bank, in 1431H, strategically targeted interventions in vocational and technical education and training as well as in tertiary education with a view to enhancing the productivity of the labour force in member countries. This strategy is based on the realization that member countries can benefit from the global knowledge economy only through investment in science and technology at the tertiary and vocational as well as technical education levels.

During the year under review, many operations in connection with education were approved. The largest among them are the Development and Quality Improvement of Semarang State University Project in Indonesia and the Uganda National Support Programme. They account for ID 23.7 million ($35.3 million) and ID 8.8

million ($13.7 million) respectively. The overall aim of the operations is to help build a critical mass of knowledgeable and skilled labour force to enhance productivity and economic growth and thus achieve poverty reduction.

In Indonesia, the project will help enhance the quality of education and that of the physical learning environment, particularly at the Faculties of Engineering, Law, Mathematics and Natural Sciences. It will help over 30,000 students to receive teaching and education of better quality that meets market demands. In Uganda, the project is designed to rehabilitate and expand Technical and Teacher Colleges in post-conflict areas where the youth have slim chances of proceeding to higher levels of secondary education. It will equip the youths with employable skills and thus help build the local economy.

Vocational Literacy for Poverty Reduction Programme (VOLIP): The Bank continued vigorously to scale up VOLIP, which was launched under the Islamic Solidarity Fund for Development (ISFD) with the aim of reducing poverty, particularly among women and youths in rural areas.

Mauritania and Niger received in 1431H a funding package of ID 13.8 million ($20.8 million) under the Program. The Program will equip the beneficiaries with relevant functional literacy competencies and notional skills and ensure them access to microfinance services. It would thus improve living conditions and reduce poverty among the poorer segments of the population in both countries.

Through the Program will help achieve the following:

1. 11,000 school drop-outs will have the chance to back to school and complete their basic non-formal education;

2. 7,000 teenagers and young adults will acquire vocational skills that will enable them to access the labour market or set up their own micro-enterprises;

3. 14,000 female workers will attend various educational courses (literacy proficiency, vocational training, business skills development, etc.) and microfinance services to boost their income generating activities.

Sector Policy: The IDB 1440H Vision considers that "in the long-term education, coupled with appropriate job opportunities, has the greatest sustainable potential to rescue thousands from the depths of poverty". Cognizant of the need for a focused strategic direction, the IDB worked out a sector policy in 1431H. The main purpose of the Education Sector Policy Paper is to guide the Bank in its operations in the education sector so that it can maximize output with limited resources and the education challenges facing member countries.

Investing in Health

As a cornerstone for development, the health sector has been one of the Bank's areas of focus since its inception. The Bank's interventions in this sector varied depending on region, on epidemiological diversity and on the wide range of needs of its member countries. In line with its Thematic Strategy for Poverty Reduction and Comprehensive Human Development, the Bank strives to support this sector by concentrating on three key thematic areas: (i) *prevention and control* of both communicable and non-communicable diseases (depending on the prevailing disease patterns in the member country); (ii) *health system strengthening* to improve access to and quality of healthcare services; and (iii) *alternative health financing* to remove, to the extent possible, financial barriers to access, generate/mobilize additional financial resources for health and make better use of available resources.

IDB Intervention in the Health Sector: As at the end of 1431H, the Bank's cumulative financing for the health sector stood at ID 906.7 million ($1,265 million) covering 259 operations. The Bank's investment in the sector increased almost tenfold during the past three decades.

In 1431H alone, the Bank approved 26 health operations amounting to ID 98 million ($152.8 million) for the benefit of 16 member countries[1]. Health sector financing was mainly in the form of *Istisna* (for civil works) which accounted for 56

[1]Afghanistan, Benin, Burkina Faso, Cameroon, Chad, The Comoros, Djibouti, The Gambia, Indonesia, Kyrgyzstan, Mali, Pakistan, Somalia, The Sudan, Turkmenistan, Uzbekistan.

Laureates of the fifth edition of the Prize for Women's Contribution to Development

percent, followed by instalment sale (24 percent), loan (17 percent) and grant (3 percent).

The approved operations covered a good part of the spectrum of health system support including community level sensitization and polio vaccination and anti-blindness campaigns, training of health personnel, provision of modern medical equipment and supplies, development of healthcare facilities, etc.

The development of a teaching hospital for the National University of Science and Technology (NUST) in the Islamic Republic of Pakistan and the establishment of a dental care centre in Turkmenistan were amongst biggest health project actions approved in 1431H, accounting for ID 39.7 million ($ 62 million) and ID 18.5 million ($28.8 million), respectively. On completion, the NUST project will improve the access of over 7 million residents of Islamabad and its surrounding areas to quality health services. Moreover, the project will provide a proper set-up for the training of qualified doctors and paramedics who are direly needed by the country's health sector. Similarly, the dental care centre in Turkmenistan will render modern dental healthcare services to over 800,000 clients per year. In addition to increasing access to quality dental healthcare services, the new centre will enhance the country's potential for training qualified dentists and dental technicians versed in contemporary dental health procedures and technologies.

Quick-win Malaria Programme: Over 4 million inhabitants of Cameroon, mostly children and pregnant women, will be protected from Malaria thanks to IDB financed project on the use of Indoor Residual Spraying (IRS) which was approved this year. In addition to introducing IRS to 22 malaria highly endemic districts, the project will enhance the capacity of the National Malaria Prevention and Control Programme through training and transfer of technical and managerial skills in the planning, implementation, monitoring and evaluation of malaria related projects and programmes as well as in resource allocation/mobilization.

Under the Quick-win Malaria Programme, the Bank in 1431H approved $5 million for implementation of a project on Sterile Insect Technique (SIT) for Malaria vector control in the Northern State of The Sudan. In addition to the initial objective of eliminating Malaria from the project area, the SIT project will make it possible to save the over $3.2 million spent annually for vector control and Malaria prevention and treatment in that area.

Alliance to Fight Avoidable Blindness: In 1431H, IDB and its partners - the Arab Bank for Economic Development in Africa, the Egyptian Fund for Technical Cooperation with Africa, Nadi Al Bassar and the Arab Medical Union - continued to work closely with the Health Ministries of eight African member countries (Benin, Burkina Faso, Cameroon, Chad, Djibouti, Guinea, Mali and Niger) to improve the accessibility, effectiveness and quality of cataract treatment.

This year, the Alliance examined over 37,000 patients and carried out 8,200 sight-restoring cataract operations. It helped to change the lives of thousands of children, women and men of all ages who recovered their sight. Besides, the

Alliance is enhancing the skills of over 35 eye care professionals and provided medical equipment to as many patients as can have their sight restored.

Partnership for Health: Improving member countries' health systems is a challenging and resource intensive task that cannot be fully covered by a single donor. For this reason, the Bank's top strategic priorities for harnessing additional resources and bringing about sustainable development in member countries include forging partnerships, strengthening collaboration and initiating coordination with other institutions. In this regard, the Bank in 1431H approved $0.3 million grant for the first project under the Bank's partnership with Merieux Foundation for a 25-week training of 15 biomedical laboratory technicians from 7 member countries, namely: Gabon, Burkina Faso, Côte d'Ivoire, Mali, Mauritania, Niger, and Senegal.

A Memorandum of Understanding (MoU) was signed between IDB and the African Development Bank for the financing of health sector projects in Benin, Cameroon, Mauritania, Nigeria, Niger, Mali, Burkina Faso and Chad. In addition to the co-financing of projects, the MoU encompasses the sharing of best practices in health projects management, exchange of economic and sector data, joint preparation and appraisal missions, and participation in the meetings and fora organized by either institution.

Gender Mainstreaming

Since its establishment, the Bank has been keen to finance operations from which women have benefited, directly and/or indirectly. The operations cover various projects such as those aimed at providing women with access to finance and thereby subsequently generate gainful productive activities and improve their living conditions; educational programmes that can help correct the gender disparity in school enrolment; and health programmes to help improve both women's health and women's ability to provide the necessary basic health care to their children.

During the year under review, the Bank convened the sixth meeting of IDB Women's Advisory Panel in Uganda in the continued effort to mainstream the key cross-cutting theme of gender into all its operations. The Panel contributes to promoting and encouraging women's participation in the socio-economic development process in member countries.

In 1431H, the fifth edition of the Prize for Women's Contribution to Development was processed. This prize is awarded annually to draw international attention to the vital role women play in developing their communities and the world at large. The objective is to recognize, encourage, inspire and reward women's participation in the socio-economic development process. In 1431H, the prize winners in 1431H were:

- Mrs. Ma Zhiying from China for her inspirational work in promoting young girls' education in rural communities;
- Mrs. Zahra Idali from Morocco in recognition of her efforts at establishing and sustaining projects for young girls' development in rural communities;
- Haikal Organization from Sierra Leone for providing quality education and capacity building for young women;
- Parastor Organization from Tajikistan for supporting and encouraging the socio-economic empowerment of young women; and
- Muslim Educational Society from Bahrain for their creative initiative in promoting values and social skills in young girls.

PROMOTING AGRICULTURE AND FOOD SECURITY

Since the recent global food crisis in 2008, the attention of international development partners has focused on developing countries' agriculture and rural development, the objective being to ensure food security for the poor. IDB was no different; its Vision 1440H and thematic strategy put poverty alleviation and food security at the heart of IDB Group's operations, emphasizing the need for increased investment in member countries' agriculture and rural development sector. In 1431H, the restructuring of the Bank and the creation of Agriculture and Rural Development Department enabled the Bank to reorient and refocus its agriculture and rural development interventions to square with IDB Group Vision and the global developments in the agriculture sector. The Bank identified and focused on three thematic areas, namely: (i) micro-finance and community-driven development, (ii) food security, and (iii) water and irrigation infrastructure. Partnerships were developed with international and regional institutes and organizations such as IFPR, IFAD, FAO, World Bank, FARA and AGRA, in the areas of value chain development, technology transfer, South-South collaboration, environment and ICT for development.

Investing in the Agriculture Sector

During the year 1431H, IDB approved 45 operations in the agriculture and water sectors amounting to US$ 723.8 million. Water supply, sanitation, and sewerage was the major beneficiary sub-sector amounting for over 48% of the total approvals. Integrated rural development (30%), and general agriculture (14%) were the other major sub-sectors which benefitted from IDB financing.

Jeddah Declaration Fund for Food Security: In May 2008, during the global food crisis, IDB approved a financing package for a food security programme under the Jeddah Declaration Initiative for an amount of $1.5 billion covering a period of five years. The objective of the initiative was to support member countries and boost their agricultural sector and food security. The package comprised (i) Ordinary Capital Resources -IDB ($1.05 billion); (ii) ITFC ($250 million); and ICD ($200 million). ICIEC supported the programme through insurance and promotion of investments in the agriculture sector. While top-most priority was accorded to the Least Developed Member Countries (LDMCs), other member countries affected by the crisis could also benefit from the package, the scope of which covers both short-term and medium to long-term measures to enhance food security.

As at the end 1431H, total approvals under the Jeddah Declaration Initiative (JDI) had risen above the $692 million level, representing about 46 percent of the total fund of the Initiative. This includes approvals of $472 million by IDB for short, medium and longer-term assistance. The Group contributions were as follows: $143 million by ITFC and $77 million by ICD.

Multipurpose Water Infrastructure Programme: Since most of the Bank's member countries are developing nations, they require substantial assistance to develop their water infrastructure and ensure proper water management for enhanced agricultural productivity. As a part of its strategy, IDB is committed to supporting the water management projects which can add value to the country's development programme in this sector and protect the environment. One such project was approved to finance rural areas waste water project in Iran for a total amount of Euro 129.65 million. The project objectives included improvement of the living conditions of the people in the rural areas and protection of water resources from contamination in 124 villages in 30 provinces across Iran. The project involves the construction of waste-water collection network over 2,108 km long, with suitable waste water treatment facilities.

Leveraging Regional and International Partnerships for Food Security: As member of COMCEC Task Force on Agriculture, Rural Development and Food Security, the Bank contributed to COMCEC food security endeavours during the year. For instance, the 26th session of COMCEC requested the Task Force to formulate an Executive Framework for agriculture, food security and rural development in OIC member countries. IDB will champion this initiative in the coming year. To this end, IDB initiated the preparation of IDB Group Agricultural Development and Food Security Strategy. The strategy will be hinged into IDB Vision 1440H and Executive Framework on Food Security and Agriculture. IDB Group also made financing available for various projects/ programmes, partnership leverages and for provision of technical assistance to back the initiatives undertaken by COMCEC.

The Bank chaired the third Project Committee Meeting of the OIC Task Force on Cotton, which aims to develop the cotton sector in member countries. COMCEC endorsed the extension of the Cotton Action Plan by five years, up to 2016. IDB has been tasked to undertake a review of the programme, which is planned for 1432H (2011).

IDB Group attended two high-level G20 Development Working Group meetings in Seoul, South Korea. IDB presented an Issue Paper on the recommended action plans for achieving food security in low income countries. It noted that global developments in major wheat/grain production markets, the competing and increasing demand of the rising population and alternate uses for the commodity (bio-fuels, for example), coupled with the neglect of the sector by both national and international development agencies - all these pose unique challenges for food security. In view of various constraints along the entire production chain, including the constraints of demographics and climate change, it is needful to focus on various elements in an integrated manner. IDB key recommendations in this respect relate to increasing and aligning aid with national strategies, enhancing research and extension capacities, promoting private investment and supporting PPPs across the value chains, removing the constraints to cross-border trade and investment, and harmonizing the efforts exerted by various development partners in support of the sector (Box 4).

International Centre for Bio Saline Agriculture: IDB partnership with ICBA continued to deliver considerable outcomes in the Group's priority area of agricultural development and food security. ICBA is collaborating with partners to improve the livelihoods of rural communities in marginal lands through sustainable water, rangeland and livestock management. ICBA work contributed significantly to sustainable food security in freshwater deprived countries (Box 5).

In 1431H, the financial stakeholders, including IDB, signed an extended agreement to revise the funding model of the Center, an agreement which recognized its achievements in the areas of marginal water utilization for agriculture, research for improved productivity of saline agriculture, and support to the formulation of water and agriculture strategy in MENA countries.

ICBA water sector policy and governance role across the region was intensified with the establishment of a hub at the Centre to develop data for support to decision-making in water and food security issues at country and regional levels throughout the Middle East and North Africa.

A new project, targeting crop/livestock diversification and sustainable management of marginal lands in the Near East and North Africa through the scaling-up and dissemination of high-yield forage production packages that are better suited to saline and marginal environmental conditions, covering five MENA countries (Jordan, Syria, Egypt, Tunisia and Oman) also began during the year.

The Centre is collaborating with Oman National Ministry to formulate plans for salinity control, water resource conservation and protection and development of sustainable agricultural systems and farmer livelihoods. Other activities in Oman relate to the assessment of Manager Aquifer Recharge Schemes, and improvement of irrigation planning and scheduling.

Activities of KSA Project for Utilization of Hajj Meat during 1431H: Since its establishment in 1983, the Saudi project for Utilization of *Hajj* Meat, managed by IDB, has been playing an important and pioneering role in assisting pilgrims in performing the ritual of offering *Hadi* and *Adahi* which pilgrims perform during *Hajj* season. The main objective of the project includes the distribution of meat to poor and the needy in Makkah Al-Mukarramah (Haram poor and needy) and Al-Madinah Al-Munawarah as well as rest of cities around the Kingdom of Saudi Arabia, and the export of excess quantities to the needy around the world, ensuring fulfillment of religious and health (veterinary) requirements of the animals, assuring environmental protection of the holy sites, and extracting *Halal* Gelatin from the skin and the bones of the animals.

In order to achieve these objectives successfully, the project undertakes administrative, financial and technical activities. It employees around 40,000 people for all the required *Hajj* seasonal works. The project has also launched an online service (*www.adahi.org*) to facilitate the process of buying sheep that meet all *Shariah* and health requirements either by credit card (e.g. Visa, Master cards) or through money transfer. In Saudi Arabia, the project has introduced "Sadaad" services that facilitate the buying of *Adahi* vouchers during *Hajj* season through the use of Tele-banking, ATM, and online.

Box 4
G20 High-Level Development Working Group Meetings:
Achieving Food Security in Low Income Countries (LICs)

The purpose of the G20 Working Group meetings held in Korea in July and September/October, was to prepare a 'Concept Paper' and a 'Multi-Year Action Plan on Development' for presentation at the G20 Summit held in Seoul, Korea, in November 2010. Several International Organizations (IOs) including the Islamic Development Bank were mandated to prepare issue papers on the recommended action plans for the key pillars of economic growth. Based on the issue papers, the Co-Chairs prepared the afore-mentioned documents for discussion and adoption as recommendations for the G20 Seoul Summit. The final documents, which include IDB recommendations, were presented for inclusion in the G20 Summit Communiqué.

IDB recommendations delineated in its issue paper on the theme 'Achieving Food Security in Low Income Countries (LICs)', are presented hereunder:

Recommendations	Actions
Agricultural Productivity	
1. Increase development assistance to the agriculture sector in line with countries' national development priorities.	- Align intervention/assistance with national and regional agricultural priority sectoral plans. - Focus on value chain approach to agriculture and food security. - Enhance agricultural infrastructure to facilitate agri-business and investments.
Cross-Cutting Areas	
2. Enhance productivity through improved research to create new seed varieties as well as adapt existing varieties to changing climate conditions.	- Enhance technical assistance to focus on core agricultural inputs (seeds and water). - Foster greater access to agricultural research particularly crop seeds, agro-chemicals and irrigation facilities.
3. Scale up development assistance to support public-private partnerships (PPPs) and private investment in agriculture, food industry, infrastructure and support services.	- Set up targets for financing private sector engagement in agriculture - Establish and enhance network among MDBs and Coordination Group for co-financing with the private sector. - Intensify financing PPP projects in agriculture.
Intra-Investment and Intra-Trade	
4. Promote South-South and North-South trade, investments and business development opportunities in the agriculture sector with focus on reducing transaction costs and enabling business environment and investment climate.	- Facilitate joint ventures and intra-agricultural investment based on comparative advantages of specific countries. - Strengthen regional trade corridors (particularly for land-locked countries).
Partnerships	
5. Strengthen partnerships and create synergies with international and regional institutions to support agriculture sector in an integrated manner.	- Promote conducive food markets and trade initiatives aimed at sustainable food trade. - Analyse and disseminate international/regional food commodities trade information.

In 1431H (2010) *Hajj* season, the project has successfully managed the selling of 935,000 coupons, representing the offering of *Hadi* and *Adahi*, and utilization of 2,409 heads of camels and cows. These figures represents 32 percent increment in sheep and 33 percent decrement in cows and camels in relation to 1430H (2009) season.

IMPLEMENTING POVERTY REDUCTION INITIATIVES

Increasing Assistance to Least Developed Member Countries (LDMCs)

In 1431H, the IDB Group continued to increase its development assistance to LDMCs using its various initiatives and modes of financing. The

Box 5
Activities of the International Center for Biosaline Agriculture

In pursuance of its mandate, ICBA has continued to implement its three major programmes: (i) Integrated Water Resource System Programme, (ii) Marginal Quality Water Programme, and (iii) Capacity Building and Knowledge-Sharing. Initiatives using the marginal water developed in ICBA consultancy work have already had significant impact in terms of reducing the strain on the limited freshwater resources - a critical outcome, given that the MENA region is among the driest in the world. In 2010, the 'Best Water Consultancy' award was conferred on the Centre for its achievements.

Bangladesh

Similarly, ICBA was awarded a major contract by the Farmers' Service Centre (FSC) to evaluate farming systems and establish demonstration farms in Abu Dhabi Emirate. Established by the Abu Dhabi Agriculture and Food Safety Authority, the FSC model will now be adopted by other GCC countries, Kuwait and Qatar, with ICBA participation.

ICBA programmes have provided the framework for advancing a strong policy and governance role as well as for research and development. ICBA managed the formulation of various policy documents, including the *United Arab Emirates Water Conservation Strategy, the Recycled Water Strategic Plan for Abu Dhabi Emirate, and Sustainable Irrigation Development* with the UAE. In Oman, ICBA is collaborating with Sultan Qaboos University to conduct a socio-economic and technical feasibility study of Manager Aquifer Recharge schemes in Oman.

Chagi Water Management and Agriculture Development Program, Pakistan

During the year, ICBA established a sophisticated IT system for the Middle East North Africa-Land Data Assimilation Systems (MENA-LDAS) modelling, and appointed three researchers to evaluate, verify and develop the NASA model for the regional water situation. Additionally, formal links were established with the Emirates Institute of Advanced Science and Technology to collaborate in downloading the satellite images that will be used in the modelling, through their ground-receiving station.

ICBA has been collaborating with local institutions in the Central Asian countries of Uzbekistan, Turkmenistan and Tajikistan to improve the livelihoods of rural communities in saline desert environments through establishment of soil tolerant cropping systems, and contribution to national water and soil salinity management strategies.

LDMCs share in total net approvals reached 42.4 percent for an amount of ID1,729.8 million ($2,638.2 million). In particular, LDMCs benefitted from 86.0 percent of loan financing, 65.0 percent of technical assistance and 80.0 percent of special assistance that went to member countries (Table 13).

Strengthening the Role of the Islamic Solidarity Fund for Development (ISFD)[2]

ISFD was officially launched at the 32nd Meeting of IDB Board of Governors (BOG) held in Dakar, Senegal, in May 2007 following a decision by the Extraordinary Session of the OIC Summit in Makkah, Saudi Arabia in December, 2005. The Fund was established in the form of a Waqf with a principal amount of $10.0 billion. All member countries were called upon to pledge financial contributions to the Fund and to extend technical and moral support to its operations.

ISFD is dedicated to reducing poverty in member countries by promoting pro-poor growth, emphasizing human development, especially improvements in health care and education, and providing financial support to enhance the productive capacity and sustainable sources of income for the poor. This includes the financing of employment opportunities, provision of market outlets especially for the rural poor, and improvement of basic rural and pre-urban infrastructure. These objectives are linked directly to the achievement of the MDGs which are currently at the centre of member countries' national development plans and poverty reduction programmes, apart from being directly compatible with IDB Vision1440. Financing by the Fund is provided on concessional terms, primarily for the 28 least developed member countries.

[2]See ISFD Annual Report, 1431H (2010).

Table 13
Net OCR approvals for LDMCs, 1431H and 1396H-1431H

	1431H				1396H-1431H			
	No.	ID	$	LDMCs	No.	ID	$	LDMCs
Loan	36	211.3	320.7	86.0	659	2,995.0	4,185.5	75.0
Equity	4	7.6	11.6	19.3	38	81.7	110.1	18.2
Leasing	2	131.3	195.2	20.7	41	684.1	998.4	15.8
Instalment Sale	0	0	0	0	28	212.0	308.5	9.2
Combined line of Financing	0	0	0	0	9	53.7	80.1	12.2
Profit Sharing/Musharaka	0	0	0	0	1	2.8	3.6	4.2
Istisna	14	584.9	908.6	43.1	41	1,050.0	1,618.1	20.1
Technical Assistance	30	5.3	8.0	65.0	523	131.4	179.0	70.9
Sub-Total	86	940.4	1,444.1	39.7	1,340	5,210.7	7,483.3	30.1
Trade Financing (IDB Group)	29	788.9	1,193.3	46.2	422	7,021.7	10,015.2	27.3
Special Assistance Operations	3	0.5	0.8	80.0	286	212.2	260.3	69.4
Grand Total	**118**	**1,729.8**	**2,638.2**	**42.4**	**2,048**	**12,444.6**	**17,758.8**	**28.7**

Special Assistance share corresponds to the share in the total that went to MCs as a group and not the combined MCs+Non-MCs.
Cut-off date for the data was 30 Dhul-Hijjah 1431H (6 December 2010)

Despite the fact that ISFD intensified its efforts at resource mobilization on many fronts and developed a new fundraising strategy, only $119 million was actually received in 1431H, i.e. 17 per cent of the target set for the year. In other words, ISFD saw only 1.2 percent growth in terms of concessional resources. As at the end of 1431H, the cumulative amount of received funds stood at $1,198 million - $300 million from IDB and the remaining $ 898 million from member countries. The number of countries that actually made payments to the Fund increased from 24 at the start of the year to 29 as at the year's end (Box 6).

Financing Poverty Reduction Projects: In 1431H, the loan approvals issued under ISFD amounted to $ 49.1 million for a total of 11 projects accounting for $453 million overall. These approved projects were, for the most part, destined for the least developed member countries such as Mauritania, Burkina Faso, Benin, Sierra Leone, Yemen and Niger.

Accordingly, ISFD utilized 81.7 percent of its overall commitment capacity of $60 million for 1431H, leaving a balance of $ 11 million, which is to be transferred to the small commitment income of ISFD for 1432H.

Implementing Flagship Projects: In line with ISFD first Five-Year Strategy (2008-2012), two thematic programmes were emphasized, namely: Vocational Literacy Programme (VOLIP) and Microfinance Support Programme (MFSP). With both programmes, the objective is to equip poor

Box 6
ISFD's Resource Mobilization

One of the strategies being pursued to boost the fund raising has been the successful organization of an Expert Group Meeting (EGM) as a platform for developing relevant resolutions aimed at the OIC Summit in March 2011. The EGM,which was convened in December 2010, acknowledge and commended the performance and management of the Fund, especially given the short period of time and limited resources available to it. Recognizing the substantial need for resources required for combating and alleviating poverty in member countries, the EGM recommended that member countries capitalize ISFD in order to enable it to have greater results and impact. The proposals of the EGM are to be presented at the upcoming OIC Summit for consideration at the highest level particularly the urgent resource needs of the ISFD, with the aim of empowering the ISFD to enable it to be the engine for poverty reduction in member countries.

ISFD has been also proceeding strategically by developing an Investment Policy and Guidelines in order to shape and augment its investment portfolio, optimising current resources to contribute more toward its operations. The average return on investments for the first seven months of the year 1431H was only 0.63 percent due to the high proportion of investments (more than 80 percent) made in commodity *Murabaha* instruments and only about 10 percent invested in *Sukuk*. Since the investment of ISFD resources has not yielded the expected results in the previous year, the new Investment Policy has ben started to be formulated and it will be validated by a selected consultant before being presented, through the appropriate Committees within IDB, to the Board of Directors of ISFD for approval.

illiterate people with relevant functional literacy competencies and avail them with access to financial resources.

In 1431H, the Bank continued to expand its support to the Islamic Microfinance Sector, with its dual advantage of reducing poverty and promoting Islamic finance. Three new projects were approved in Benin, Albania and Kazakhstan, with one additional financing in The Sudan.

The total cost of the Microfinance Programme is estimated at $500 million to be spread evenly over a five-year period, i.e. $100 million annually. ISFD is playing a catalytic role by providing $20 million each year as seed money from its resources, and mobilizing the remaining amounts from other partners. Similarly, ISFD is committed to allocating $20 million yearly to the Vocational Literacy Programme. As at the end of 1431H, both targets had been exceeded, with the provision of $25.9 million to MFSP and $20.6 million to VOLIP.

Partnership and Networking: ISFD has forged a number of partnerships, with the aim to formulate projects that enhance human development, especially in the areas of health, education, food security and microfinance for the poor. Partnerships and Networking constitute strategic areas for ISFD, the objective being to leverage resources and scale up projects and programmes. The partnerships and initiatives ongoing with ISFD include the Social Business Initiative with Grameen, the Education-for-the-Poor Initiative with TCF, the Sustainable Villages Initiative with Prof. Jeffrey Sachs (the Earth Institute) and the Anti-Blindness Campaign with the involvement of several partners.

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

Building on the achievements of the Ouagadougou Declaration, SPDA in its third year of implementation leveraged on the optimistic horizon dawning on Africa, and deepened the achievements. Rebounding in 2010 from the financial and economic crisis, Africa is now on the threshold of an economic takeoff, much like China and India 30 and 20 years ago, respectively (WB 2010)[3]. With economic acceleration averaging at over 5 per cent per annum, poverty falling at a faster rate than many other regions, declining child mortality rates, primary completion rates rising faster than anywhere else in the world, and with returns on investment among the highest in the world, the conditions for SPDA support to this economic takeoff and poverty reduction are more conducive than ever. The thrust of the programme will therefore be to continue to support the relaxation of binding constraints so as to facilitate this takeoff. The great majority of SPDA approvals in 1431H were for infrastructure operations.

Approvals under SPDA: SPDA initiative continues to build on the momentum gained at the start of its implementation. As indicated in the Table below, a total of 92 operations were approved in 1431H, 73 on OCR operations, 9 on project funds and financing and 10 on trade operations amounting to $1,008 million; thus bringing to 267 the total number of operations funded through SPDA since its implementation started in 1429H. Of this figure, OCR operations accounted for 202, project funds and financing 30, and trade operations 35. So far, $2,829 billion have been spent out of the $4 billion target; $1,883 million from OCR; $276 million on project funds and financing and $ 669.3 million on trade operations (Table 14).

In 1431H, infrastructure operations claimed the biggest slice of funding with 78 percent, followed by human development with 19 percent, agriculture and rural development 5 percent, and others 2 percent. As regards financing mode, in 1431H, Istisna represented 62 percent, followed by ordinary loan at 34 percent, technical assistance grant at 2 percent and ISFD Loan, Leasing and Equity at 1 percent each.

Improving implementation: Following the recommendations made at the Sub-regional Ministerial Forum in 1430H, IDB Group continued in 1431H to intensify its efforts at improving implementation of SPDA, and at disseminating the Islamic finance concept in West Africa. This was achieved through the establishment of Islamic banks in Mali and Senegal, and Takaful insurance in The Gambia. The Group also extended support towards mobilization of resources for ISFD. In

[3]Africa's Future and the World Bank's Role in it.

Table 14
Gross Approvals for SPDA (1429H-1431H)[1]

	1429H			**1430H**			**1431H**			**1429H-1431H**		
	No.	**ID mill.**	**$ mill.**	**No.**	**ID mill.**	**$ mill.**	**No.**	**ID mill.**	**$ mill.**	**No.**	**ID mill.**	**$ mill.**
OCR Ordinary Operations	64	342.6	537.4	65	360.3	557.6	73	514.8	788.1	202	1,217.7	1,883.1
Concessional Loans	22	122.9	191.6	21	133	203.5	31	183.8	279.5	74	439.7	674.6
T.A	34	10.6	17	30	6.1	9.5	25	3.3	5	89	20.0	31.5
Ordinary Financing	8	209.1	328.8	14	221.2	344.6	17	327.7	503.6	39	758.0	1,177.0
Other Project Financing (Funds & Financing)	12	69.3	107	9	57.2	89.8	9	51.9	79.8	30	178.4	276.6
IBP										0	0	0
UIF	0			1	3.2	5	0	0	0	1	3.2	5.0
APIF	2	20.4	31.5	4	48.1	75.5	4	22.9	35.3	10	91.4	142.3
ICD	10	48.9	75.5	4	5.9	9.3	4	27.3	42	18	82.1	126.8
Treasury Operations	0	0	0	0	0	0	1	1.7	2.5	1	1.7	2.5
Trade Operations	16	197.6	317.6	9	89.7	139.5	10	138.7	212.2	35	426.0	669.3
ITFO	0	0	0	0	0	0	0	0	0	0	0	0
IBP	0	0	0	0	0	0	0	0	0	0	0	0
UIF	2	4.9	7.5	1	6.4	10	0	0	0	3	11.3	17.5
ICD	0	0	0	1	6.4	10	0	0	0	1	6.4	10.0
Treasury Operations	0	0	0	0	0	0	0	0	0	0	0	0
ITFC	14	192.7	310.1	7	76.9	119.5	10	138.7	212.2	31	408.3	641.8
Total	**92**	**609.5**	**962.0**	**83**	**507.1**	**786.9**	**92**	**705.4**	**1,080.1**	**267**	**1,822.0**	**2,829.0**

N.B: These data are for Sub-Saharan African Member Countries and not for LDMCs in Africa
[1]Cut-off date for the data was 30 Dhul-Hijjah 1431H (6th. December 2010)
Source: Compiled by Data Resources and Statistics Department from all departments and entities in IDB Group

December 2010, an Expert Group Meeting (EGM) was held at IDB Headquarters on the "Challenges and Future Prospects" of the Islamic Solidarity Fund (ISFD). It was recommended, among other things, that the Islamic Solidarity Fund for Development evolve as IDB Group primary concessional window in the medium and long-term.

Integrated Community-Driven Development (ICDD)

Year 1431H saw the continued development of IDB pioneered programme for rural development using ICDD approach. This programme offers an ideal platform for integrated grassroots development of marginalized and poor communities in member countries. Following the success of an earlier project, the second phase of the programme was launched in Indonesia; while new projects were initiated in The Gambia and Sierra Leone in 1431H.

Relief Assistance

Relief Assistance in Congo Brazzaville: IDB approved a relief grant of $100,000 to purchase and distribute medicines to refugees fleeing the ethnic conflict in the Equateur province in the north western Congo Brazzaville. The grant will be implemented in collaboration with Ministry of Health and population in Congo Brazzaville.

Relief Assistance to Iraqi (Refugee) in Syria: IDB approved a relief grant of $215,000 to finance the completion of the limb center for Syrian Arab Red Crescent in Shab'a Region (neighborhood of Damascus), medical equipment for kamishli hospital (border Iraqi Syria Area) and digging of 5 bore wells in 5 different Syrian provinces.

Relief Assistance to Affected people in Sa'ada, Yemen: IDB approved a Relief Grant of $1200,000 for assistance in the Sa'ada Province areas to start the Rehabilitation of Schools and hospital, bore wells, medical equipment for Republic hospital and purchasing of 8,000 school desks for Ministry of Education for distribution in various schools.

Relief Assistance to Haiti: IDB Board of Governors approved the emergency assistance to Haiti for an amount of $5.00 million to be used for reconstruction and rehabilitation of 8 schools and education facilities affected by the earthquake

2010. A joint mission with members from Human Development Department and the Communities in Non-Member Countries Department visited Haiti along with a representative from Islamic Relief Worldwide to Haiti during 30 January – 06 February 2011 to assess the needs and consult with the concerned authorities.

Heavily Indebted Poor Country (HIPC) Initiative

IDB has approved participation in HIPC Initiative on debt relief for eligible member countries, especially those that have reached their decision point. Out of 40 eligible countries for HIPC, 21 are member countries, of which 14 member countries have reached completion point. These are Afghanistan, Benin, Burkina Faso, Cameroon, Chad, Gambia, Mali, Mauritania, Mozambique, Niger, Senegal, Sierra Leone, Togo and Uganda. Four member countries (Côte d'Ivoire, Guinea, Guinea Bissau and Comoros) are at decision point stage, while another three member countries (Kyrgyz Republic, Somalia and Sudan) are at pre-decision stage. The cost of IDB share of debt-relief under the HIPC Initiative is projected at around $97 million.

IDB has implemented earlier debt relief package for 9 member countries, namely Benin, Burkina Faso, Mauritania, Niger, Uganda, Mali, Chad, Cameroon and Senegal. In August 2010, debt relief for two more countries (Gambia and Togo) have been implemented, bringing the number of countries that have received debt relief from IDB to 11. The remaining 3 countries comprising Afghanistan, Mozambique and Sierra Leone had also reached completion point, but their debt stocks at the time of decision point were low; therefore, no relief was given in the form of rescheduling.

SUPPORTING CAPACITY DEVELOPMENT

Capacity development refers to a long-term and continuous process through which individuals, organizations and societies obtain, enhance and maintain abilities to perform specific functions, as well as set and achieve objectives. IDB has always accorded special attention to capacity development and, more particularly, its narrower concepts of institution building and capacity building. This is evidenced by the establishment of several assistance giving organizational units and programmes by the Bank. These include Technical Assistance for Capacity Building, Technical Cooperation Programme, IDB Scholarship Programmes, Science and Technology Programme and IDB Statistical Capacity Building Initiative.

Technical Assistance for Capacity Building

The Bank defines technical assistance as the provision of technical expertise, means and/or know-how to assist in the preparation or implementation of a policy or a project, or to help develop the capacity of institutions, organizations and the human resources which will have the responsibility to execute such policies and projects. Some of these operations are fully devoted to capacity building.

In 1431H, 45 technical assistance operations for capacity building amounting to $12 million were approved by the Bank for the benefit of 21 member countries. These operations were cross-sectoral in nature and in the form of either project component or stand-alone project; and enhanced the capacities of various stakeholders in member countries including ministries, executing agencies, non-governmental organizations, community groups and others.

In 1431H, as a stand-alone technical assistance, for instance, a capacity building operation amounting to $0.3 million was approved for the Ministry of Planning, Development and Evaluation of Public Action of the Republic of Benin. This operation will enhance the human and technical capacities of the Ministry which plays a crucial role in monitoring the implementation of the poverty reduction strategy in the country.

Technical Cooperation Programme

The Technical Cooperation Programme (TCP) is one of the main arms of IDB for human resource development in member countries. It is a South-South programme focusing on transfer and exchange of skills, knowledge and know-how amongst member countries. Built around a tripartite scheme, this programme involves three partners in each of its activities; namely: a technical donor, a beneficiary and IDB as facilitator. TCP finances the recruitment of experts, the provision of on-the-job training and the organization of seminars.

Since its inception in 1403H up to 1431H, 1,818 operations amounting to $42.4 million have been approved under the programme: 315 operations ($5.8 million) of which were for recruitment of experts; 801 ($15.8 million) for on-the-job training; and 702 ($20.8 million) for seminars. In terms of the number of people involved in the programme since its launch, TCP facilitated the training of 14,438 persons and the exchange of 468 experts amongst the member countries. It also enabled 17,333 specialists to share their knowledge and experiences in various fora (Table 15).

Table 15
Technical Cooperation Programme

Activities	Number of Operations	Number of Experts, Trainees, Participants	Amount Approved in million US$
Experts	315	468	5.8
Training	801	14,438	15.8
Seminars	702	17,333	20.8
Total	**1,818**	**32,239**	**42.4**

In 1431H, 96 operations amounting to $3.2 million were approved, benefiting 29 member countries and 21 regional organizations. The main technical expertise and training providers with which the Bank partnered were: Egypt, Malaysia, Morocco and Tunisia. TCP in particular boosted collaboration with the Egyptian Fund for Technical Cooperation with Africa (EFTCA) as well as the Egyptian Fund for Technical Cooperation with Commonwealth Countries (EFTCIS). Both Funds played a catalytic role in the mobilization of Egyptian expertise in favour of other member countries.

Under the TCP, 45 experts were recruited in 1431H to provide technical services to member countries in various sectors such as agriculture, education and health. For instance, a quality control expert from Tunisia was appointed to assist the National Public Health Laboratory of Burkina Faso in its efforts at fulfilling the requirements for international accreditation. This intervention is a continuation of previous experts' missions financed under TCP, fielded to the laboratory with a view to improving its services.

In 1431H, IDB financed 38 training courses amounting to $1.3 million under TCP. It exerted effort to develop regional courses in addition to the study visits and on-the-job training supported by this programme on regular basis. It reinforced its partnerships with centres of excellence in member countries, thereby enabling them to benefit from their own experiences and offer a wide range of specialized training courses. Thus, as one of the training programmes funded on annual basis under TCP, IDB and Bank Negara Malaysia continued to jointly organize the course on the fundamentals of Islamic finance in 1431H. This course, which was initiated in 1429H, provides a learning platform for central bankers, finance ministry officials and securities industry regulators to enhance their knowledge and expertise on Islamic finance. This year, in addition to two sessions which took place in Kuala Lumpur, Malaysia, a session was also organized in Amman, Jordan. These three sessions benefited 70 practitioners from 22 member countries.

Further contribution to human resource development and knowledge inculcation activities in member countries was made through the organization of 41 seminars and conferences for an amount of $1.5 million. The purpose of these operations which benefited over 1,100 persons was to disseminate best practices in key sectors, thus enabling member countries to address some of the emerging challenges facing them.

IDB Scholarship Programmes

IDB Scholarship Programmes are intended to build science-based human capital in member countries and in Muslim communities in non-member countries. There are three types of scholarship programmes: the Scholarship Programme for Muslim Communities in Non-Member Countries; the M.Sc. Programme in Science and Technology for the Least Developed Member Countries; and the High Technology Merit Scholarship Programme for Member Countries.

Under the first category of the scholarship programme, meritorious Muslim students in non-member countries with limited financial means are granted loan scholarships to pursue their first degree-level education. The approved disciplines under this programme are Medicine, Engineering, Dentistry, Pharmacy, Nursing, Veterinary Sciences, Agriculture and Computer Science. For Muslim communities in CIS 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 in 1428H. Out of this quota, 708 students were selected from 45 Muslim communities in non-member countries in 1431H. As at the end of 1431H, the cumulative student scholarship awards stood at 11,216 out of a quota of 11,485 . Since this scholarship is a loan to students, and a grant to communities, the students are expected to pay back their loans to IDB appointed local trust for recycling.

The M.Sc. Programme in Science and Technology is intended to develop intermediate level science-based human capital in the Least Developed Member Countries (LDMCs). This programme allows students from LDMCs to qualify for IDB High Technology Merit Scholarship Programme. In the bid to enhance the quality of the programme and attract potential students, IDB in 1431H, signed a Memorandum of Understanding (MoU) with the prestigious Bilkent University in Turkey for the provision of places to IDB students and on 78 percent tuition fee discount. Annual student enrollment has been growing steadily from 20 to 50 since 1429H. In 1431H, 50 scholarships were granted. As at the end of 1431H, 354 students had been awarded scholarships under this programme; 9 scholarships of which were accorded for Statistics, Demography and other related fields under IDB STATCAP initiative.

The High Technology Merit Scholarship Programme provides 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 enhance the capacity of research institutions in member countries. In 1430H, IDB signed an MoU with the Universities of Cambridge, Nottingham and Birmingham. By this Memorandum, these institutions will not only provide places for IDB-sponsored scholars but also share the related tuition fees. In 1431H, a total of 38 scholars benefited from these MoU. Similar memoranda are being negotiated with other high-ranking universities such as Oxford University in the United Kingdom and Tokyo University in Japan. The annual student enrollment has been steadily increasing from 50 to 100 since1429H. In 1431H, 100 scholars were awarded scholarships. As at the end of 1431H, 660 scholars had been awarded scholarship under this programme; 16 of which went to Muslim communities in non-member countries under the 5 percent quota allocation reserved for them since 1428H.

The cumulative number of graduates turned out under the three programmes has exceeded six thousand, from non-member and member countries alike. Ninety-eight percent of graduates from non-member countries are in gainful employment bringing prosperity to their families, society and the community at large. Seventy percent of the M.Sc graduates are employed in their countries, filling LDMCs need for intermediate level human resources in the science and technology sectors. Some of the success stories of the graduates are highlighted in (Box 7).

To help students prepare themselves for their future leading role in the development of their communities and countries, IDB provides them with extra-curricular activities under a special programme called “Guidance and Counselling Activities” during their course of study, and later follows them through “Post Study Activities” that include their community service activities. Until 1429H, these activities were restricted to the students and graduates of the programme for Muslim communities in non-member countries. However, effective from 1430H, these activities have been extended to include a number of graduates of the other two scholarship programmes. In 1431H, 2,500 students from 22 countries benefited from these activities.

IDB initiated another activity, namely, “Excellent Leadership Award” in 1430H. This is exclusively for graduates of all three scholarship programmes under which high achieving graduates – both in terms of their profession and in community service – are invited to attend a 3-day Management Development Programme at IDB headquarters and to visit Makkah and Madinah. In 1431H, 25 students benefited from this award.

Box 7
Some Success Stories of IDB Scholarship Programmes

- The graduates of IDB Scholarship Programmes contribute to the development of their communities and their countries. Some of them have attained high and leading professional positions through which they inspire and help others. Some of these success stories are recounted hereunder:
- Dr. Mouhamad Mpezamihigo from Uganda and a Merit Scholarship Programme graduate. He is the Vice-Rector of the Islamic University of Uganda, a position he is using to exert considerable impact through development of new academic programmes and revitalization of the University's research agenda. He is attracting a lot of research grants especially for research in agriculture. He is also member of the Uganda National Council for Higher Education and Science & Technology.
- Dr. Ahmad Abdulkader from Syria and a Merit Scholarship Programme graduate. He is a senior scientist at the General Commission for Scientific and Agricultural Research under his country's Ministry of Agriculture. He has established a laboratory where research on genetic transformation is being conducted under his supervision with the aim to produce crops tolerant to biotic and abiotic stresses, thus effectively transferring the technology acquired by him. Scientific research that integrates biotechnological methods into production systems is a high priority in Syria as it is a way of ensuring sustainable food security.
- Dr. Naufal Kassim Mohammed from Zanzibar, Tanzania, and a Scholarship Programme for Muslim Communities graduate. He is the Head of the Ear, Nose and Throat (ENT) Department in the National Hospital of Zanzibar. He founded the non-governmental organization "Zanzibar Outreach Programme" which actively provides community services and runs medical camps almost every week on different specialties like ENT, orthopaedics, ophthalmology, gynaecology and paediatric care. It also installed water pumps in the rural areas of the country.
- Aldazier Jakiran from the Philippines and a Scholarship Programme for Muslim Communities graduate. At the age of 23, he was already Chairman of the Nursing Department at the Mindanao State University; a position he is effectively using to encourage the underprivileged to send their children to study nursing; and the young generation to pursue their studies.

The Bank has also been organizing Community Development Workshops to strengthen the capacity of partner NGOs. In 1431H, 3 workshops were organized, attended by over 150 leaders.

Science and Technology Programme

IDB considers it a necessity to incorporate science and technology (S&T) in the development process and acknowledges the importance of its positive impact on priority sectors and areas, such as agriculture, food security, education and health. Under its S&T financing activities, IDB paid particular attention to human and institutional capacity enhancement. The Bank's S&T capacity building programme focuses on South-South cooperation for knowledge and technology transfer and on partnership among member countries in scientific research. It promotes and encourages the acquisition and dissemination of knowledge through activities such as short-term assignment of experts, exchange of scientists, networking of associations of scientists and organization of on-the-job training and conferences.

From 1425H up to 1431H, 151 operations or sub-programmes amounting to $5.9 million were approved under the S&T capacity building programme. More specifically, in 1431H, 29 operations amounting to $1.1 million were approved.

The Bank continued to support the "Inter-Islamic S&T Networks" established by the OIC Standing Committee for Scientific and Technological Cooperation, through the financing of some of their regional training courses and workshops. For instance, it sponsored the regional course on taxonomy organized in Izmir, Turkey, by the Inter-Islamic Network on Oceanography in partnership with the Institute of Marine Sciences and Technology of Dokuz Eylül University of Turkey.

This year, the Bank initiated collaboration with the Organization of Islamic Conference-Computer Emergency Response Team (OIC-CERT) which is an OIC affiliated institution aimed at developing collaborative initiatives and partnerships among OIC member countries in the area of cyber security. This collaboration culminated in the organization of 3 regional workshops in Egypt for the Middle East region; in Morocco for the Africa region and in Malaysia for the Asia region. They created awareness among member countries of the importance of developing their capacity in the area of cyber security to protect and harness economic development.

Under the S&T capacity building programme, the Bank also engaged in the "Atlas of Islamic World Science and Innovation" project managed by the Statistical, Economic and Social Research Training Centre for Islamic Countries in coordination with the British Royal Society. The Atlas aims to map and evaluate the changing landscape of science, technology and innovation across 15 OIC countries. The project will determine the rising hotspots for innovation as well as examine how science, technology and innovation can contribute to sustainable development and poverty reduction in some of the less developed countries of the Islamic World through the analysis of the latest data, trends and case studies.

In 1431H, the eighth edition of IDB Prizes for Science & Technology was processed. These prizes were established as a special programme to promote excellence in research and development (R&D), and in scientific education. The amount of each prize is $100,000. Three prizes are awarded on annual basis to reward achievement in the following three categories: (i) outstanding science and technology contribution to social and economic development; (ii) excellence in a given scientific specialty; and (iii) best performing R&D centre in a least developed member country. In 1431H, the prize winners were:

- Category-I: Isfahan Science and Technology Town – Iran.
- Category-II: Hussein Ebrahim Jamal Research Institute of Chemistry – Pakistan.
- Category-III: Faculty of Engineering, Islamic University of Gaza – Palestine.

IDB Statistical Capacity Building Initiative

In 1428H, IDB launched a statistical capacity-building initiative, known as IDB-STATCAP. Its aim was to assist member countries with weak statistical capacities to overcome the vicious cycle of the under performance and under funding of their national statistical systems. The activities carried out by IDB-STATCAP in 1431H can be divided into two types. The first concerns the STATCAP activities financed from IDB own resources; while the second type are those activities financed from the resources mobilized from development partners, mainly the United Kingdom's Department for International Development.

In regard to the first type of activities, IDB contributed to the financing of three important statistical events in 1431H. These were (i) the First Meeting of the National Statistical Organizations of the Organization of Islamic Conference Member Countries hosted by the Statistical, Economic and Social Research Training Centre for Islamic Countries in Istanbul, Turkey in March 2010; (ii) the Fifth International Conference on Agricultural Statistics, hosted jointly by FAO and Uganda Bureau of Statistics in Kampala, Uganda in October 2010, and (iii) the First Conference of Al-Khawarezmi Committee on Statistics of Arab Region organized by the Qatar Statistics Authority , in Doha, Qatar, in December, 2010. In 1431H, IDB provided $200,000 to UN ESCWA to support the 2011 Round of the International Comparison Programme.

IDB hosted the Third Meeting of OIC Statistical Working Group (OIC-SWG) at its headquarters in December 2010. The OIC-SWG comprises the OIC General Secretariat; the Statistical, Economic and Social Research Training Centre for Islamic Countries; the Islamic Centre for Development of Trade; the Islamic Chamber of Commerce and Industry; and IDB. This working group aims at strengthening coordination and cooperation as well as improving harmonization of statistical activities and standardization of statistical methodologies among OIC Statistical Institutions to avoid duplication of effort, wastage and release of conflicting figures on OIC member countries' indicators (Communiqué of OIC-SWG in Box 8).

In addition to these activities, IDB-STATCAP, the first STATCAP in the world to include scholarships as a facility for statisticians to obtain Master's degrees, provided three scholarships to three students from Chad, The Gambia and Uganda in the areas of statistics and demographics in the 2009/2010 academic year.

As for the second type of statistical activities, they were financed from the United Kingdom's Department for International Development (DFID) fund. The DFID signed an MoU with IDB in November 2009 for contribution of £2

Box 8
Final Communiqué of the Third Meeting of OIC Statistical Working Group

The 3rd Meeting of the OIC Statistical Working Group (OIC-SWG-3) was hosted by the Islamic Development Bank (IDB) at its Headquarters in Jeddah, Kingdom of Saudi Arabia on 20 Muharram 1432H (26 December, 2010). It was attended by the representatives of the OIC General Secretariat; Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC); Islamic Centre for Development of Trade (ICDT); Islamic Chamber of Commerce and Industry (ICCI); IDB; and Central Department of Statistics and Information, Kingdom of Saudi Arabia.

The OIC-SWG-3 participants presented a number of technical papers followed by discussions on these themes: *(i) Scorecard on OIC-SWG activities: Where do we stand on coordination, harmonization, and standardization?; (ii) Institutional Progress Report on OIC-SWG Activities and New Statistical Initiatives; (iii) OIC Statistical Commission: Issues and Preparation, (iv) Joint Statistical Publications for the OIC-Summit and (v) Review of thedraft communiqué of OIC-SWG-3.*

The OIC-SWG-3 agreed as follows: -

1. Recognize the unprecedented challenges posed by the economic and financial crisis, which requires high quality data to gauge its impact on the economies of OIC member countries and the need for new statistical indicators to address the development challenges facing member countries in the post-crisis world.
2. Underscore the vital role played by statistics in socio-economic development of OIC member countries and call on the governments of the OIC countries to provide more resources and create enabling environment for National Statistics Organizations (NSOs) to discharge their responsibilities effectively and efficiently.
3. Reaffirm the commitment to the guiding pillars of the SWG which focus on strengthening coordination, harmonization, and standardization of statistical activities among member countries in close relationship with NSOs.
4. Determined to work together to advance and strengthen partnership through coordination, collaboration, and cooperation in all areas of statistical activities needed to support various initiatives of OIC, its subsidiaries, and member countries including the OIC Ten-year Programme of Action.
5. Acknowledge the progress made by SWG members in implementing statistical activities assigned to them from all previous SWG meetings and recognizing that much more work needs to be done to complete the activities that need urgent attention and therefore, calling on members to expedite actions on their remaining activities. IDB volunteers to follow-up with members on the deadlines to complete the assignments.
6. Urge NSOs of OIC countries to treat SWG members as partners and to provide timely data to enable them report accurate, reliable, and consistent data in their publications.
7. Take note of the outcome of the meeting of NSOs of OIC member countries, which was held in Istanbul and Ankara on 22-23 March 2010 as well as the Islamic Statistics Experts' Committee Meeting held in Jordan on 21-22 December 2010 and call on all NSOs and SWG members to adopt and implement the resolutions of these two meetings.
8. Welcome the proposal of SESRIC to organize both OIC Statistical Commission and the 4th Meeting of the SWG (OIC-SWG-4) together in 2011 at a date to be determined in consultation with the SWG members. ICDT will study the proposal and convey its position as soon as possible.
9. Express thanks and appreciation to IDB for organizing the OIC-SWG-3, and to SESRIC for hosting the OIC-SWG-2 as well as the two meetings mentioned in paragraph 7 above.

million to support IDB-STATCAP activities in Iraq, Palestine and Yemen as well as for regional statistical activities.

In 1431H, DFID and IDB mounted joint missions to Iraq, Palestine and Yemen to identify statistical capacity building activities. As a result of the missions, DFID and IDB agreed, among other things, to finance the "Agricultural Census" to be implemented by the Palestinian Central Bureau of Statistics and the Ministry of Agriculture. The primary aim of this project will be to conduct an accurate agricultural census with a view to creating a database for agricultural holdings, and thus put in place a precise snapshot of the agricultural sector in Palestine. The expected outcome of the census is an accurate data that will help in devising appropriate policies geared to improving the living conditions of farmers and agricultural workers, and maintaining food security for sustainable development in the agricultural sector. The total cost of the project is estimated at $ 4.27 million. IDB (through DFID fund) allocated £1 million (approximately $ 1.55 million) for the financing of the project. As for Iraq and Yemen, statistical consultants are currently working with the concerned authorities to formulate appropriate projects.

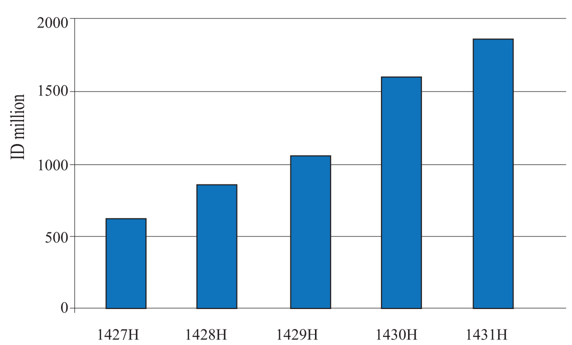
STRENGTHENING INFRASTRUCTURE DEVELOPMENT

Good quality and adequate infrastructure is one of the critical factors that help to achieve long-term economic growth. Investment in key infrastructure sectors such as energy, transport, water and ICT, considered major engines of economic growth, would help member countries to make use of the growth opportunities in the aftermath of the financial crisis.

FINANCING INFRASTRUCTURE DEVELOPMENT

The Bank approved an amount of ID 1,851 million ($2,865 million) in 1431H for development of power generation and transmission, transportation, water and sanitation to catalyze the economic growth of its member countries. 1431H witnessed a 15 percent increase in project approvals for the infrastructure sector in comparison to ID 1,611 million ($2,488 million) approved in 1430H[1]. As Chart 5 shows, there was a significant increase in IDB infrastructure project approvals since the launch of IDB 1440H Vision.

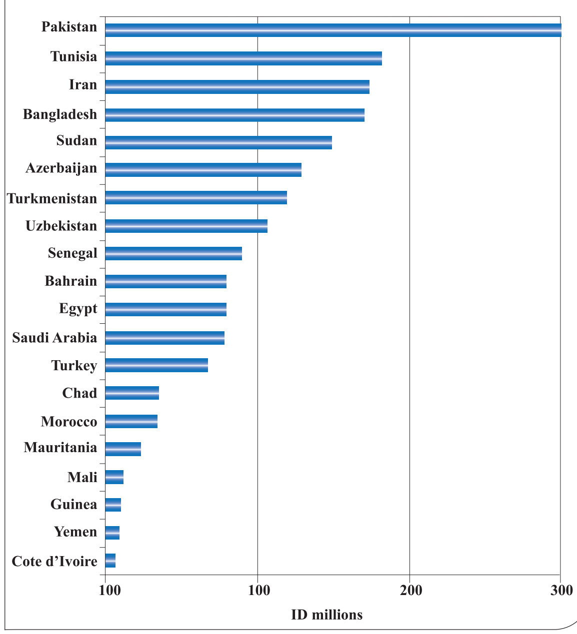
Chart 4 : Infrastructure Approvals (1427-1431H)



Istisna has continued to be the main mode of financing infrastructure projects in member countries (accounting for 48 percent of total infrastructure approvals in 1431H). Thirty-five percent of operations were financed through leasing, 10 percent through Installment Sale of infrastructure assets and 4 percent through the extension of financing facilities to local development banks. The remaining 3 percent of infrastructure financing were in soft loans to the Bank's least developed member countries.

Energy was the dominant infrastructure sector, representing 54 percent of the Bank's infrastructure financing, followed by transportation (35 percent) and urban development and services (11 percent). A total of twenty member countries benefited from the Bank's infrastructure financing as shown in Chart 6.

Chart 5: Infrastructure Approvals by Country in 1431H (2010)



REDUCING ENERGY POVERTY

Access to reliable and affordable energy services is a prerequisite for modernization, industrialization and poverty reduction. Energy helps greatly to ensure access to clean water, modern communications, commerce, health, education and transport. Moreover, greater awareness of the environmental impact of energy has drawn attention to the need to develop urgently indigenous

[1]The infrastructure approval figures quoted in 1430H Annual Report included project approvals of ID 205 million ($317 million) which were rolled over to the 1431H budget.

renewable energy resources and promote energy efficiency enhancement initiatives.

In 1431H, the Bank continued to increase its investment in energy-related projects from ID 327 million ($522 million) in 1429H and ID 658 million ($1,018 million) in 1430H to ID 998 million ($ 1,530 million). Of the total investments in energy, ID 142 million[2] ($220 million) or 14 percent were channelled through the Public-Private Partnership facility (PPP). Public sector financing accounted for a total amount of ID 856 million ($1,310 million) for projects worth an estimated total cost of approximately $4,264 million. This represents an average co-financing ratio (including government contribution) of 1:2.3. ID 470 million (55 percent) was approved for the Eurasia region (Azerbaijan, Bangladesh, Turkey, Iran and Pakistan) and ID 386 million (45 percent) for the Middle East and Africa (MEA) region (Bahrain, Egypt, Tunisia, Morocco and Mauritania). ID 516 million ($786 million) was accorded through the lease financing mode (representing 60 percent of the overall public sector energy project approvals), followed by installment sale (22 percent), Istisna (9 percent), financing facility (8 percent) and loan (1 percent).

Developing Green Energy Infrastructure

In view of the non-renewable nature of fossil fuels coupled with their recent price volatility, the Bank is actively facilitating the endeavours of its member countries, especially countries heavily reliant on imported fossil fuels, to develop their indigenous renewable energy resources. In 1431H, ID 66.7 million ($100 million) was approved through a financing facility extended to Turkey Industrial Development Bank for a pilot renewable energy program under the umbrella of the Bank's first Member Country Partnership Strategy (MCPS) formulated for Turkey. The objective of this multi-year renewable energy program is to facilitate the implementation of the Government of Turkey's strategy to achieve energy security and to control the country's green house gas emissions by increasing the share of renewable energy in the overall energy mix to 30 percent by 2023 from the present 19.5 percent.

[2]Energy sector projects approved under the PPP modality include St.Louis Rural Electrification (Senegal), Uch Power Plant (Pakistan) and Jubail Refinery (Saudi Arabia).

In line with its policy to participate in mega projects of importance to member countries, the IDB financed, with an amount of ID 142.7 million ($220 million), an equipment leasing for the 969 MW Neelum-Jhelum Hydropower Plant Project in Pakistan. The Bank earlier approved, in 1430H, a $138 million Istisna financing for the civil works component of the same project. In addition to the total IDB financing of $358 million for the project, $700 million will be co-financed by China EXIM ($448 million), the Abu-Dhabi Fund ($100 million), the Saudi Fund for Development ($81 million), the Kuwait Fund ($40 million) and the OPEC Fund for International Development ($31 million). The Government of Pakistan's contribution of $753 million is being arranged through an electricity surcharge collected from all electricity consumers (excluding lifeline poor consumers using less than 50 units/month) effective from January 2008 up to December 2015. On completion, the Neelum-Jhelum Hydropower Project will supply over five percent of the current total electric energy generated in the country. The Bank also participated in the formulation of the Energy Sector Roadmap for Pakistan, which was endorsed by the ministerial meeting of the Friends of Democratic Pakistan held in Brussels in October 2010 (See Box 9).

The Bank approved ID 78.5 million ($120 million) for the 750 MW capacity Benha Combined Cycle Power Plant in Egypt. The Bank co-financed it with the Arab Fund for Economic and Social Development, the Kuwait Fund, the Saudi Fund for Development, the Abu Dhabi Fund and the OPEC Fund for International Development. The project will help scale up the capacity and maintain the reliability of the power generation system. It is expected to reduce CO_2 emissions by 528,000 tons per annum through modern and highly efficient electricity generation technology.

The Bank approved ID 128.5 million ($191.2 million) for the construction of the first waste-to-energy plant in Azerbaijan. The plant will have the capacity to treat 500,000 tons of Baku's municipal solid waste annually. It is also designed to generate 230 GWh of electricity per year, while the residue from the incineration process will be used as construction material. The project will introduce significant and tangible changes in the

Box 9
Energy Sector Task Force Pakistan (ESTF)

The Friends of Democratic Pakistan (FoDP) is a group comprising 26 members (21 countries together with the United Nations, European Union, World Bank, Asian Development Bank and Islamic Development Bank) established in September 2008 to support the Islamic Republic of Pakistan's efforts to promote democracy and socio-economic development. The FoDP Summit held in September 2009 in New York (co-chaired by the Presidents of Pakistan and the USA and Prime Minister of Britain), in recognition of the hardship imposed by the persistent energy shortages on the country's economy and on livelihoods, assigned the Asian Development Bank (AsDB) to lead the preparation of a report that would address the development of an efficient and financially sustainable energy sector in Pakistan to overcome the challenges posed by energy bottlenecks to growth and poverty reduction. Consequently, the Energy Sector Task Force (ESTF), under the leadership of the AsDB and the Government of Pakistan, formulated its report and recommendations, which were presented at the FODP ministerial meeting held in Brussels, Belgium, in October 2010. The recommendations of the ESTF include a short and a medium-term investment plan for the energy sector, which will result in an orderly and effective development of Pakistan's energy sector through financial support from several bilateral and multilateral donors. Several countries including the Kingdom of Saudi Arabia, Turkey, Korea, Japan, Germany and the USA provided technical, regulatory and policy experts to assist the ESTF Secretariat in formulating Pakistan's energy sector roadmap. The IDB played an important role in the ESTF by contributing to the discussions and providing a Fuels Sector Expert to help with the timely completion of the study. The study was endorsed for implementation by the FoDP ministerial meeting held in Brussels in October 2010.

environmental conditions of the capital city, Baku, and surrounding areas. The project was processed under the scale-up plan for member countries affected by the financial crisis, on fast track basis.

Supporting Rural Electrification

In a bid to help member countries attain the Millennium Development Goals on time, the IDB is facilitating access to energy for the poor by financing electrification in rural communities. ID33.9 million ($51.8 million), which includes ID7.85 million of concessional loan financing, was approved for Morocco's Office National d'Electricité (ONE) as the final phase of the Rural Electrification Project in that country. The final phase (which targets 105,000 households in 2,600 villages) is designed to ensure connection to the national grid of about 20,000 households living in 570 villages in 49 provinces of the country. The project will increase the access rate to rural electrification in the country from the current 96.5 percent to 98 percent by 2013. The final phase will mark the successful conclusion of a long and fruitful relationship between the IDB and ONE for rural electrification, with a total IDB exposure of $637 million; of which the Government of Morocco guaranteed $591 million and $46 million is extended on a stand-alone credit basis under a letter of comfort from the Government. Under the Program, the rural electrification rate significantly increased from 22 percent in 1996 (year of its launch) to 96.5 percent in 2009, reflecting the Program's high success rate. The investment requirements for this final phase stands at Euro 180 million to be co-financed by the IDB in partnership with Agence Française de Développement (AFD), the European Investment Bank (EIB), the Japan Bank for International Cooperation (JBIC), the African Development Bank (AfDB) and the Kuwaiti Fund for Development (KFD).

Promoting Energy Security and Reliability

As part of the energy self-sufficiency initiative of the Government of Iran, the IDB approved ID 46.6 million ($68.7 million) for the Khomrood Coal Mining Project in that country. The financing will facilitate the development of an underground mining complex to tap the potential coal reserves of around 60 million tons in the area. All the coal extracted from the Khomrood site will be high quality coking coal and will be used mainly in the steel smelting plant in Esfahan to produce quality steel for the industry and for the country. At full output, the mine will have the capacity to produce a total of 0.75 million tons of mine coal annually. The project will gradually reduce Iran's dependence on imported coking coal, thus saving foreign exchange for the country as well as creating employment opportunities in the region.

Strengthening of the transmission network is essential for ensuring reliable power supply to consumers; while at the same time decreasing the technical losses that can result from an overly stressed power transmission infrastructure. ID 78.8 million ($124 million) was approved for the development of a 66-KV transmission network in Bahrain. The project is the second phase of a program designed to reinforce the 66-kV and

220-kV electricity transmission networks in Bahrain. The first phase of the program involved the procurement and installation of ten new 220kV substations and their connection to the grid through underground cables, as well as the expansion of seven existing 220kV substations. The IDB approved $180.00 million in July 2009 for the first phase. The Arab Fund for Economic and Social Development ($104.00 million), the Abu Dhabi ($50 million) and the Kuwait Fund ($100.00 million) are co-financiers of the project. The scope of the second phase (approved in 1431H) involves the construction of twenty-four new 66-kV substations. The project will help to upgrade the electricity transmission system needed to meet the expected electricity demand in Bahrain, which is growing at a rate of 8 percent a year.

An amount of ID 183.3 million ($281.8 million) was approved for Societé Tunisienne de l'Electricité et du Gaz (STEG) for the reinforcement and extension of the transmission network in Tunisia. The project will support the economic growth and help to improve the living standards of the population of Tunisia by making available an adequate and reliable electricity supply. On completion, the project will reduce the energy losses in the transmission grid, as well as the number of shutdowns in the high voltage grid, thus improving the reliability of the power supply, essential in sustaining the growth of the country's commercial and industrial sectors.

DEVELOPING EFFICIENT TRANSPORT LINKS

As part of its 1440H Vision and its drive to enhance regional integration among its member countries, the Bank continued to improve transport facilities such as roads, airports, railways in member countries. Lower transport costs of goods and persons, development of public transportation system and the creation of job opportunities (directly from the project and from other economic activities supported by the project) have a direct impact on poverty alleviation. In 1431H, nine projects worth ID 651.8 million ($1,018.8 million) were approved to support transport infrastructure in member countries[3].

[3]Includes AIBD Airport (Senegal) approved as PPP for the sum of ID 62.1 million ($97.5 million). See Section 3 (Strengthening Private Sector Development) for details.

Developing Trade Corridors

The Bank is actively financing projects that allow for year-round, reliable and direct land transport services not only among member countries, but also between the IDB members and the rest of the world. In 1431H, the Bank participated in major regional and national road construction initiatives in member countries i.e. the M39 road as part of the Silk Road in Uzbekistan, the N'Djamena-Abéché-Sudan border road (Mongo-Mangalme) and the M4 national corridor in Pakistan.

Reconstruction and upgrading of 100 kms of the M39 road in Uzbekistan: ID 107.3 million ($167.2 million) was approved to improve transport efficiency and promote economic development in Uzbekistan through the reconstruction and upgrading of a portion of about 100 kms of the M39 "Almaty-Bishkek-Tashkent Termez" highway in the Surkhan Darya region. Furthermore, the project is part of a regional corridor connecting Uzbekistan to neighboring member countries as well as Northern Europe. The road will also help to connect the Gulf region with CIS member countries, China, Russia and Europe through Iran, Afghanistan, Uzbekistan and Kazakhstan.

N'Djamena-Abéché-Sudan border road (Mongo-Mangalme) in Chad: ID 34.7 million ($51.2 million) was approved to support the government's Poverty Reduction Strategy Program through a reliable and efficient transport system by the construction of the Mongo-Mangalme road. The project consists of upgrading the existing Mongo-Mangalme road (128 km) from a laterite road to a modern paved road. The proposed road section will serve the entire eastern and northern parts of the country and is the only remaining unpaved section of the N'djamena- Abéché axis up to the Sudanese border. On completion, the project will enhance regional integration by facilitating trade and commercial exchanges between Chad and Sudan.

Khanewal – Multan motorway (M4) in Pakistan: ID 99.6 million ($160.23 million) was approved for the construction of the M4 motorway in Pakistan. The M4 is an integral part of the National Trade Corridor Highway Investment Program (NTCHIP). The NTCHIP initiative is intended to rehabilitate and bolster the capacity of the entire transport infrastructure within the corridor. It provides a holistic and integrated approach to reducing cost when it comes to doing business in Pakistan. The initiative will help increase trade flow through the country and inflow of Foreign Direct Investment by improving the transport logistics chain and bringing it up to international standards. The NTCHIP will, besides, help to enhance regional connectivity by improving transport links with the Middle East, Central Asian States, Iran, Afghanistan and India, and thus help to achieve the goal of utilizing Pakistan's strategic geographical location as a potential transport hub. The purpose of constructing the M4 corridor is to improve trade flows and reduce transit costs and travel time by providing a high speed, safe and reliable access link between Faisalabad and Multan, located 241 km apart. The project will usher in significant long-term benefits for the inhabitants of the cities and towns connected by the new motorway.

Reducing Distance to Markets

Eighty percent of the Bangladesh land area is made up of floodplains created by over 300 rivers and channels, including the Padma River, one of the three major rivers that flow through the country. As a result of the very dynamic riverine morphology of Bangladesh, development of transport and communication networks, particularly the construction of fixed crossings over the major rivers across the floodplain, poses a challenge, particularly the construction of fixed crossings over the major rivers. An amount of ID 89.8 million ($150 million) was approved for the Padma Multipurpose Bridge Project in Bangladesh. The project is designed to achieve the strategic objective of connecting the south-western region to the rest of the country. In so doing, it will stimulate economic growth by facilitating inter-regional and cross-river transport of passengers and freight. It will also facilitate natural gas, telecommunication and electricity transmission in a cost effective manner and build the capacity of the Bangladesh Bridge Authority to develop, implement and effectively manage large bridge projects in the country. The project will include the construction of a 6.15 km four-lane, double deck main bridge, as well as viaducts, approach roads, toll plazas and various bridge-end facilities. This will be a "rail ready" bridge forming a section of the Asian Highway 1, and will, by 2014, provide significant travel time savings of about two hours for passenger traffic (cars and buses) and more than ten hours for commercial traffic, i.e. trucks. Operationalization of the Padma Bridge will result in significant economic structural change in the southwestern region in terms of relocation of economic activities, generation of new commercial activities or changes in the way current economic activities are undertaken. The project, total cost of which is estimated at $2,912 million, is being co-financed with the Japan International Cooperation Agency (JICA), the International Development Agency (IDA) and the Asian Development Bank (AsDB).

Creating a Regional Air Hub

ID 98.1 million ($150 million) was approved for the Khartoum New International Airport Project in Sudan. Khartoum Airport is strategically located on the main air routes between Europe and Southern Arica. The project will provide a state-of-the-art international airport that caters for present and future aviation needs. It will be a gateway to the Republic of Sudan with hub functions to East Africa and the Middle East, and serve as a growing air travel and freight market. It will provide opportunities for economic growth, prosperity, employment and future industrial development at both national and regional levels, and guarantee the highest level of safety standards in air transport. The total estimated cost of the project is $860.0 million. It will be co-financed with the Arab Fund for Economic and Social Development ($175 million), the Saudi Fund for Development ($150 million), the Kuwait Fund for Arab Economic Development ($80 million) and the OPEC Fund for International Development ($80 million). The Government of Sudan will contribute $225 million. The proposed IDB Istisna financing will cover the entire cost of the terminal building.

SUSTAINABLE URBAN DEVELOPMENT AND SERVICES

The financing of urban development is relatively new at the Bank. The establishment of the Urban Development and Services Division within the Infrastructure Department came as a response to the new reality whereby, in developing countries, the major population shift from rural to urban areas is posing huge developmental challenges, especially in terms of the saturation of urban infrastructure (water, sanitation and housing). It has been projected that, in the next 20 years, over 95 percent of the population growth in developing countries would occur in urban areas as the urban population is expected to surge from 2.6 billion in 2010 to 3.9 billion in 2030. This demographic transformation raises major questions as to how to deliver development aid and build suitable and affordable urban infrastructure.

Currently, the sector's focus is mainly on urban water supply and sanitation projects together with initiatives involving housing and solid waste management. An essential part of the sector's strategy is to diversify activities geared toward better urban planning, social housing, slum upgrading, better urban environment, climate change and disaster prevention.

In 1431H, the Bank approved five water supply and sanitation related projects for a total of ID 201.4 million ($316 million). About 38 percent of the financing went to Sub-Saharan Africa, thus substantially contributing to the overall goal of restoring regional balance in terms of financing and channeling additional resources to this region. At the same time, the Bank maintained its engagement in the MENA and Asia region. An important project which needs to be highlighted in this regard is the Qom and Kashan Sewerage Project for which ID 123.4 million ($196.2 million) was approved. This project is designed to improve the quality of life in Kashan and in the historic city of Qom through the construction of a sewerage collection network and the expansion of wastewater treatment facilities. Over 660 km of sewerage lines will be added to the collection network, and the current wastewater treatment capacity will double to 100,000 m3 per day. It is noteworthy that the project complements another investment approved by the Bank in 1430H to ensure access to pipe-borne water supply services in the same region. The Bank is thus engaged in an integrated approach, not only by tackling water supply related problems, but also by providing the infrastructure required to treat the increased volumes of discharged wastewater.

ID 51.3 million ($80 million) was approved for the development of Al-Gadarif Water Supply Project in Sudan. The project will usher in significant and tangible change in the living, health and economic conditions of more than 350,000 residents of Al-Gadarif city and its surrounding areas, which is currently facing acute shortage of potable water. It will provide a source of sustainable and safe drinking water through the construction of a new water treatment plant capable of treating 75,000 cubic meters of water a day. A 70 km transmission line will also be constructed from Atbara River as an integral part of the project.

In Sub-Saharan Africa, two water supply projects were approved in 1431H, namely: the Kalabancoro (Bamako) and Conakry water supply projects. The Bank approved ID 10.8 million ($15.9 million) for the Kalabancoro Water Supply Project in Mali. The project will fulfill the immediate water supply needs in the capital city. Estimated to produce additional 18,000 m^3 of water a day by the end of 2013, the project will provide access to clean water for 96,000 low income households. The Bank also contributed ID 9.5 million ($14.5 million) towards the development of the Conakry Water Supply Project in Guinea, which is designed to improve access to potable water by 2015 for an additional population of 320,000 in the most economically deprived districts of the city.

CONTRIBUTION TO THE DEVELOPMENT OF A INFRASTRUCTURE POLICY FRAMEWORK

In 1431H, the Bank actively participated in the formulation of national, regional and international infrastructure development policy frameworks.

Open Access in Africa

The IDB participated in the meeting for regional policy dialogue on Open Access in Africa in November 2010. The initiative encouraged both governments and stakeholders to work out adequate regulation, competitive incentives, structures and open access conditions that would help stimulate sustainable and enabling investments in ICT infrastructure, especially via innovative public-private partnership schemes, to help meet the increasing bandwidth capacity demand both now and in the future. The forum documented good practices by governments and regulators that bring about successful cost modeling for interconnection tariffs, through long-run incremental cost models and benchmarking. It stressed the key role of regional economic communities in resolving the problem of broadband regional interconnection in the areas between countries, often known as 'no-man's-land' zones.

Infrastructure Policy Paper for the G 20:

As part of its increasing focus to become a knowledge Bank, the IDB formulated a policy brief on infrastructure development in low income member countries. The paper was presented to a meeting of the G-20 Working Group assigned to prepare a multi-year action plan on development for presentation to the G-20 Heads of State meeting held in Seoul in November 2010. It was proposed that, in order to achieve sustainable infrastructure development, emphasis must be laid on adequate investments to raise productivity, accessibility, connectivity, reliability and efficiency in an environment-friendly manner (Box 10). The G-20 endorsed and incorporated the recommendations of the IDB paper in its multi-year action plan.

Program for Infrastructure Development in Africa (PIDA)

The continent-wide infrastructure program aims to develop a strategic framework for regional and continental infrastructure including transport, energy, trans-boundary water and ICT. Launched in Kampala, Uganda, in July 2010, on the sidelines of the 15th Ordinary Session of the Assembly of the African Union, the program will generate a solid investment plan for projects in Africa up to 2030. PIDA is a joint initiative of the African Union Commission, the New Partnership for Africa's Development (NEPAD) Secretariat and the African Development Bank Group. The IDB is financing part of the studies under PIDA. The Bank actively participated in the kick-off workshop held in Addis Ababa in July 2010, and in the workshop for validation of the methodological brief on the outlook for the future, held in Johannesburg in September 2010. The IDB is also actively participating in the development of the 8,860 km long Trans-Saharan Road Corridor (See Box 11).

Box 10
Summary of Recommendations for the Policy Paper submitted to G 20 for Development of Infrastructure in Low Income Countries (LICs)

- Promote Green Infrastructure Investments;
- Assist the LICs in decreasing the urban-rural economic divide;
- Spur development through introduction of latest innovations in technology to help LICs leapfrog and catch-up;
- Assist LICs to benefit from the opportunities created by increasing globalized trade and services;
- Promote private sector participation in infrastructure;
- Provide technical assistance for good governance;
- Improve LICs' institutional capacity to prepare bankable infrastructure projects;
- Increase development effectiveness and impact through partnership among MDBs.

Increasing Road Safety

The Bank has embarked on a new initiative to promote road safety in its member countries. A Joint Statement and Shared Approach to Managing Road Safety were issued by seven MDBs (WB, AsDB, AfDB, IaDB, IDB, EIB and EBRD). The UN General Assembly meeting in March 2010 adopted a resolution in which it welcomed the Joint Statement of the MDBs and proclaimed the period 2011-2020 as the Decade of Action for Road Safety. The IDB also prominently participated in the MDBs follow-up meeting convened to discuss and chart the way forward. In this context, the Bank similarly participated in a professional training seminar on how to improve road safety, jointly organized in Alexandria, Egypt, in October 2010, by the International Road Transport Union, the League of Arab States and the Arab Union for Land Transport.

Infrastructure Diagnostic Study

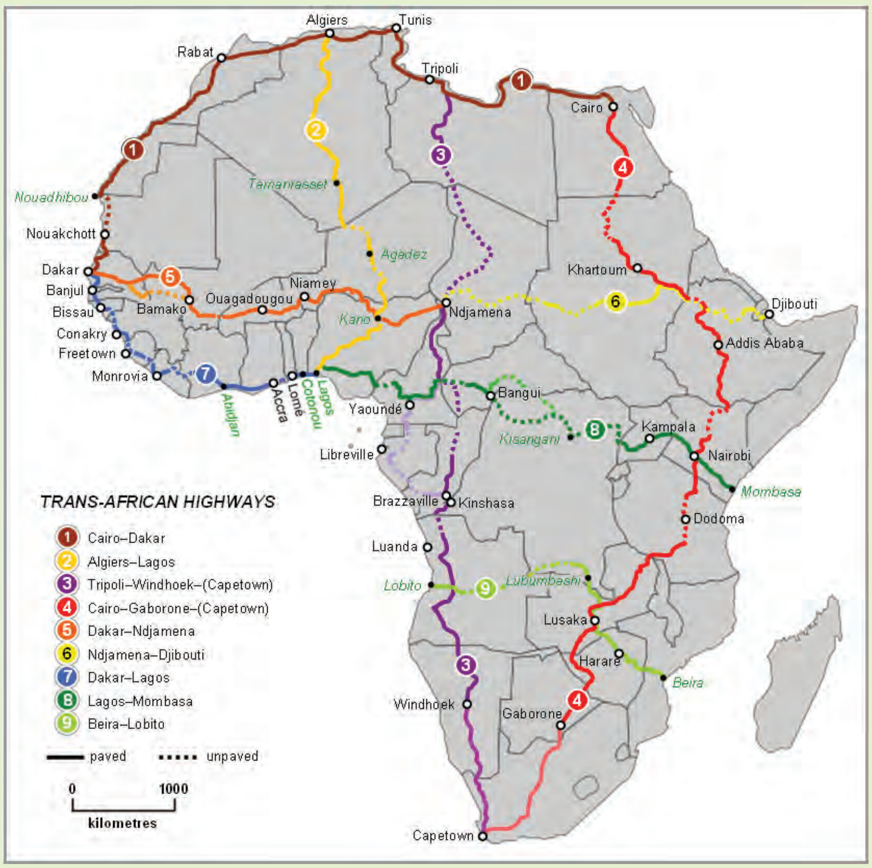
In the current era of globalization and international competitiveness, economic growth, sustainable development and poverty reduction cannot be achieved without adequate and efficient infrastructure. In partnership with the Asian

Box 11
The Trans-Saharan Road Corridor

The Trans-Saharan Road Corridor is a network of about 8,860 km, consisting of a main axis running from Algiers to Lagos (4,500 km), and three connection branches running through Gabes in Tunisia (810 km), Bamako in Mali (2,250 km) and N'Djamena in Chad (1,300 km). The Trans-Saharan Road (TSR) is one of Africa's inter-connecting highways, which aims to open up the vast Sahara desert regions and contribute to the economic integration of North Africa and Sub-Saharan Africa. The Trans-Saharan Road (TSR) was launched in the early 70s. Today, the TSR is completely paved in Nigeria, more than half of the 1,200 km stretch in this country being dual carriageways. In Algeria and Tunisia, the TSR is also fully paved, and efforts in this direction have been deployed in the three other landlocked member countries - Mali, Niger and Chad. Despite the long distance of the remaining sections of the Road in Mali (650 km), Niger (233 km) and Chad (500 km), the corridor has been a source for catalyzing commercial activities.

Member countries (Algeria, Mali, Niger, Nigeria, Tunisia and Chad) have established a Liaison Committee of the Trans-Saharan Highway to monitor the operation and maintenance of the 2,300 km portion that has already been constructed and paved as part of the TSR project. The Committee meets twice a year to review the progress of the project. The main axis of the TSR - Algiers-Lagos 4,500 km - is now fully paved with the exception of the Assamaka-Arlit (233 km) section in Niger.

The IDB has contributed towards the construction of the Sevare-Gao road and the Gao Bridge in Mali, the Agades-Zinder and the Guiguimi-Diffa roads in Niger, and the Massaguet-Massakory road in Chad. Moreover, it has facilitated the investment of the Arab Funds to help finance the above projects. IDB has, in addition, helped to finance various studies on segments of the Trans-Saharan Highway in Mali, Niger and Chad. The Bank seeks to help construct the remaining sections of the highway in collaboration with its development partners, particularly members of the Coordination Group.



Disclaimer: This map is for illustrative purposes and does not imply the expression of any opinion on the part of the Bank concerning the legal status of any country or territory or concerning the delimitation of frontiers or boundaries.

Development Bank and the International Labor Organization, the Bank, through a consultative process, conducted an infrastructure diagnostic study, which identified the most binding constraints to infrastructure development in Indonesia. Workshops were organized to enable the key stakeholders, including the Government of Indonesia, academic and research institutions, the civil society, development partners and the private sector, to participate in the formulation of the diagnostic study. Upon endorsement of the study, the Government of Indonesia organized an IDB Group Infrastructure Workshop in Bandung, Indonesia, in October 2010 to facilitate the Bank's re-engagement in the development of Indonesia's infrastructure (see Box 12).

Box 12
IDB Group Infrastructure Workshop in Bandung, Indonesia

Indonesia needs approximately $8 billion annually for the construction of new highways, including toll roads, over the MCPS period of 2011-14. Its annual investment requirement for the power sector during the same period is $10 billion. Indonesia also intends to finance, over the next four years, a cumulative $10.6 billion in the water resource and urban development sector to meet the Millennium Development Goal targets. Given the country's immense appetite for infrastructure project financing, the Ministry of Foreign Affairs of Indonesia arranged a two-day Workshop in Bandung, Indonesia (120 km south-west of Jakarta) to facilitate the re-engagement of IDB in the development of the country's infrastructure sector. The Workshop was attended by over a hundred participants comprising prominent business persons and senior government officials. In his welcome remarks, H.E. Ahmad Heryawan, Governor of West Java, stressed the importance of infrastructure development in facilitating economic growth, and highlighted some key sectors of possible IDB intervention, including development of toll roads and geothermal power plants.

Public Procurement Forum

The IDB, the World Bank and the Asian Development Bank teamed up for the second consecutive year to organize the 6th Regional Public Procurement Forum, which took place in Istanbul, Turkey in April 2010, with the financial support of the three institutions. The idea of the Forum was initiated in 2005 by the World Bank in cooperation with public procurement authorities in Central Asia,with a view of sharing information between the participating countries and the key active donors in these countries on how best to improve country public procurement systems. Since then, the Forum has gained momentum and visibility. Its geographical coverage has been extended to include countries in Eastern and Central Europe such as Albania, Turkey, Kosovo and Macedonia. In 2010, the Forum was attended by a total of 55 participants, which apart from the AsDB, the IDB and the World Bank, included UN agencies and representatives of 14 countries, with Singapore and Korea as special guests. This joint effort with the World Bank and the AsDB is part of the commitment of the three institutions to the principles of the Accra Agenda for Action, which places high premium on ownership and use of country systems.

ENHANCING ISLAMIC FINANCE

Pursuant to its mandate of promoting Islamic finance, IDB has continued to play an instrumental role in enhancing the development of the industry. Accordingly, 1431H saw IDB take several strategic initiatives. These include seeding equity investments into the development of Islamic Financial Institutions (IFIs) to attract more equity capital for investee institutions, developing the Islamic microfinance sector to step up access to Islamic finance for the poor, successfully issuing and placing *Sukuk* and actively working towards the establishment of an infrastructure finance facility with the World Bank. This is in addition to conducting various training programs and seminars through IRTI in close collaboration with reputable Islamic infrastructure institutions, central banks and renowned international universities world-wide.

MAJOR DEVELOPMENTS IN THE ISLAMIC FINANCIAL SECTOR

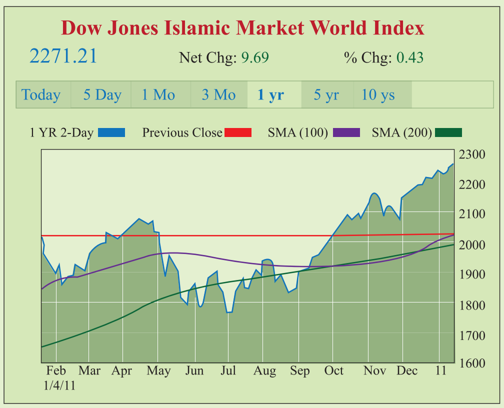
The appeal for Islamic finance is stretching beyond its traditional boundaries of the Middle East and Malaysia, with strong demand manifesting in Indonesia and even in non-OIC member jurisdictions like Hong Kong, Singapore, Russia, the United Kingdom and the countries in the EU bloc. This enhanced demand is driven primarily by the retail segment. The unprecedented demand coupled with IFI will to provide the masses with Islamic financial services is paving the way for innovations in Islamic products and solutions.

After enjoying general immunity from the first wave of global financial crisis (2008-09) which severely impacted on conventional institutions with exposure to derivative investments, the recession finally affected the IFIs in 2008-09. IFIs business growth slowed as the second wave of the crisis during 2009-10 ultimately hit the real economy, particularly the real estate and manufacturing sectors, both globally and regionally. Substantial asset concentration in the real estate sector, coupled with liquidity shortages on the market, forced down asset valuations and deteriorated balance sheets. Consequently, many banks were compelled to provide for, or write off, bad debts and investments; while several IFIs managed to raise fresh equity capital from the market to boost their balance sheets. However, as the global economy gradually emerges from the crisis, the Islamic financial sector is also regaining its growth momentum, albeit with clear focus on improving risk management, governance, as well as portfolio and asset diversification. The Dow Jones Islamic Market World Index^{SM} showed a trend reversal as described in Box 13.

Box 13
Growth Trend Reversal of the Dow- Jones Islamic Market World Index

The Dow Jones Islamic Market World Index^{SM} comprises a variety of Shariah-compliant indexes, and is one of the most widely used Islamic financial sector related benchmarks.

The Chart clearly shows that the index started to exhibit a downward trend in April 2010 when its value was just below the 2,100 mark. However, the trend reversed in September 2010 and the index has since continued to shoot upwards.



Source: Dow Jones Indexes Website

The major achievements of stakeholders such as infrastructure institutions and regulators during 1431H (2010) focused on addressing some long-standing needs of the industry such as liquidity management vehicles and contract standardization. Examples include the launch of the International Islamic Liquidity Management Corporation (IILMC) and of Tahawwut Master Agreement by the International Islamic Financial Markets (IIFM). Overall issuance of *Sukuk* increased significantly over the past year, as the *Takaful* sector similarly witnessed strong growth. Additionally, the growth of the Islamic financial sector can be further unlocked if the key challenges facing the industry, namely: inadequate liquidity management solutions, shortage of quality human capital, lack of harmonized contracts and products, and inadequate regulatory and supervisory framework - can be tackled and appropriate alternative and remedial measures adopted.

Impact of the Global Financial Crisis on the Islamic Financial Sector

The global financial crisis raised concerns regarding the long-term stability of the global financial system. Complex financial products like Collateralized Debt Obligations and Credit Default Swaps which evolved in the last few decades, are now being shunned by many sophisticated investors and, as such, many asset pricing models have come under scrutiny. Moreover, the shortcomings in the current risk management systems and practices have come to the fore.

The crisis also highlighted the severity of interdependence risk in a globalized economy, wherein the risks originating from one part of the world immediately impact on others. More importantly, the crisis called to question the supervisory and regulatory framework in the financial sector. To avoid such financial disasters in future, the Basel Committee on Banking Supervision embarked upon the process of finalization of the Basel III supervisory framework which would require banking institutions to hold more capital against risk-weighted assets, and institute several other precautionary measures.

The impact of the crisis on the Islamic financial sector has been somewhat different from its effects on the conventional financial sector. Despite a few *Sukuk* defaults, no bank failures occurred. Since Islamic banks are anchored in the real economy and are barred from investing in financial derivatives, they were resilient in the face of the financial crisis (the first wave during 2008-2009). However, as the financial crisis transformed into an economic crisis (the second wave of which started in 2009) when the real economy especially the real estate sector started to suffer, the Islamic banking sector was adversely affected due to wide exposures. The real estate slump restricted the balance sheet growth seen in previous years. Besides, with the rising intensity of the crisis, customer defaults and dues rescheduling increased. Islamic banks also suffered because of severe price devaluations in other asset classes like equities, *Sukuk* and managed funds, all of which were themselves adversely affected by the crisis. Several of these banks were rescued largely by investors through various measures, including recapitalization and restructuring. The Islamic financial sector is now positioned on the path of steady recovery and growth, although growth rates are expected to be less aggressive than in the recent past.

In a comparative study[1] covering Islamic and conventional banking sectors in Bahrain, Jordan, Kuwait, Malaysia, Qatar, Saudi Arabia and the UAE, it was demonstrated that Islamic banks performed better than conventional banks in 2008; though this performance was reversed is 2009 as the crisis hit the real economy. Even so, it is noteworthy that Islamic banks' growth in terms of credit and assets stayed higher than that of its conventional counterparts in almost all jurisdictions. The prime factor that kept Islamic banks shielded from the adverse impact of the financial crisis was the fact that they did not have any direct exposure to toxic assets and derivatives, as a result of *Shariah-based* restrictions on banking in such non-asset based products. The study concludes that Islamic banks, on the average, showed stronger resilience during the global financial crisis.

The crisis also reinforced certain long-standing constraints in the Islamic financial sector. In particular, the need to institute a well established liquidity management framework was severely felt by the industry as few Islamic banks which were facing temporary liquidity crisis, found it difficult to devise appropriate liquidity solutions within the confines of *Shariah*. It is hoped that the International Islamic Liquidity Management

[1]IMF Working Paper: The Effects of the Global Crisis on Islamic and Conventional Banks: A Comparative Study, Maher Hasan and Jemma Dridi, September 2010.

Corporation (IILMC) initiative will address this need in a definitive manner.

Islamic Financial Sector Developments

Islamic Banking: 1431H was a challenging year for Islamic banks, as the industry had to face up to the global economic slowdown. The Islamic banks were forced to restructure balance sheets as non-performing financing crept up across the board. However, unlike conventional banks, Islamic banks did not generally seek government support all through the crisis. In 2008, for example, five out of the top ten conventional banks sought and received government financial assistance amounting to a total of $163 billion; whereas in the same period, only one out of the top ten Islamic financial institutions received government assistance. Moreover, in 2009, no Islamic bank needed any form of rescue from national governments[2].

Under the trying conditions, various Islamic banks increased their paid-up capital as a buffer against bad credits. Besides, it is hoped that the anticipated Basel III regulations would require Islamic banks to either ramp up their capital base or consolidate with other banks. This measure will, in the long-run, create a relatively smaller number of big Islamic banks which should be in a better position to withstand economic shocks. Islamic banks would also need to further boost their risk management frameworks that effectively limit asset concentration in specific sectors. Moreover, to remain competitive in the global finance industry, they will have to improve their corporate governance architecture by raising the bar so as to achieve even higher standards.

One major development in the Islamic banking sector was the establishment of the International Islamic Liquidity Management Corporation (IILMC) in October 2010. The Articles of Agreement were signed by 11 central banks including that of Indonesia, Iran, Luxemburg, Malaysia, Mauritius, Nigeria, Qatar, Saudi Arabia, Sudan, Turkey and United Arab Emirates, as well as by the IDB Group (Islamic Corporation for the Development of the Private Sector). The institution is being facilitated by Islamic Financial Services Board; and its primary mandate is to issue *Shariah*- compliant tradable financial instruments, or *Sukuk*, which will provide an enhanced liquidity management solution for Islamic banks globally. The institution will be headquartered in Malaysia.

The potential of Islamic banking is immense both within and outside the OIC region. Of the 1.6 billion Muslim population, only 14 percent use formal banking services. By comparison, in the developed economies such as US and UK, about 92 percent and 95 percent of households, respectively, use banks[3]. As OIC countries become financially more sophisticated, the demand for

Box 14
Islamic Finance Development and Multilateral Development Banks

Asian Development Bank and International Finance Corporation: In 2009, multilaterals like the Asian Development Bank (ADB) and International Finance Corporation (IFC) played an active role in the development of Sukuk market. ADB worked closely with IDB to establish a $500 million *Shariah*-compliant fund (first closing of $262 million) named Islamic Infrastructure Fund. On the other hand, in 2009, IFC became the first non-Islamic financial institution to issue $100 million Sukuk for term funding in the Gulf Cooperation Council.

The World Bank: On 10 October 2010, the World Bank and the Islamic Development Bank announced the setting up of a regional infrastructure finance facility targeting the MENA region, the aim being to raise as much as $1 billion to fill the infrastructure gap in the target region. MENA region requires investment in the range of $75 million to $100 million every year to sustain the economic growth rates achieved in recent years.

World Bank and IDB would partner with other key anchor investors to unlock private capital flows for countries like Egypt, Morocco, Jordan and Tunisia. The two-pronged objective of the Facility is (i) develop PPP regulatory policy and legal framework in selected countries and (ii) make strategic investments in cross-border infrastructure projects based on PPP structures. It is to be noted that the Fund will have such legal structure as would enable it to co-host both conventional and *Shariah*- compliant financing facility. In so doing, the Fund will be in a position to satisfy the risk appetite of a diverse investor base.

The facility is expected to invest in the entire spectrum of infrastructure projects including energy, transport and water in the MENA region.

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[2] Islamic Finance and Global Financial Stability, IFSB, IDB, IRTI, April 2010‘

[3] ‘Rich Potential in Islamic Markets’, David Oakley, Islamic Finance: Financial Times Special Report, May 13, 2010

formal banking services will increase as many of them would want to adopt Islamic banking.

Growing Takaful Industry*[4]*: *Takaful* refers to the Islamic equivalent of the conventional insurance wherein participants contribute money towards a common pool and provide a guarantee (i.e. *Kafala*) to each other against any unforeseen loss or damage. Based on the principles and tenets enshrined in the Holy Quran and Sunnah, *Takaful* imbibes mutual assistance and protection amongst the participants.

The global *Takaful* Industry showed resilience in the wake of the economic slowdown. Global gross *Takaful* contribution increased from $4,122 million in 2007 to $5,318 million in 2008, reflecting 29 percent year-on-year increase; and this, notwithstanding the gross contribution in Iran which rose from $3,415 million in 2007 to $4,096 million in 2008, representing 20 percent year-on-year increase. The Indian sub-continent saw 135 percent growth between 2004 and2008 followed by GCC (45 percent), South-East Asia (28 percent) and Africa (18 percent). Despite these impressive numbers, the *Takaful* sector's penetration in the insurance market remains low across the OIC. It is noteworthy that Saudi Arabia and Malaysia are the two largest markets for Takaful.

The *Takaful* sector has to tackle a number of challenges if it is to reach its real potential. Firstly, *Takaful* regulations vary across different jurisdictions. This calls for the harmonization of standards across national boundaries. Besides harmonization, *Takaful* operators need to improve corporate governance practices, scale up the operations so as to boost technical income and reduce reliance on investment income, diversify their investment portfolio and attract quality human capital. Given the business risks inherent in the entire industry and the improved market conditions, the potential for mergers and acquisitions is evident.

Sukuk Market: The most widely used financial instrument in the Islamic capital market is the *Sukuk* which is essentially a tradable Islamic financial paper evidencing ownership of an asset, with the related risks and rewards. The legal and return payoff structure of *Sukuk* is such that it is classified as a *Shariah*-compliant investment product as opposed to a conventional debt product or a bond.

[4]Ernst and Young – The World *Takaful* Report 2009 & 2010.

1431H saw a pickup in the momentum of new *Sukuk* issuance. As the financial markets gradually normalized to long-term average growth rates, the appetite for *Sukuk* is getting back to the pre-crisis days. Thus, since January 2010, over $40 billion worth of Sukuk have been issued[5], of which Malaysia alone accounted for over $30 billion. Indonesia's rise on the *Sukuk* radar also caught the attention of many investors as that country raised an unprecedented $3 billion through 35 *Sukuk* issuances. The total assets of Islamic banks in Indonesia stood at about $9.6 billion at the end of third quarter of 2010, an increase of 43 percent compared to the same period last year[6].

It is worth noting that the financial crisis also highlighted the need to have *Sukuk* of varying tenors, as the typical tenor of *Sukuk* continues to oscillate between 3 and 7 years.

The rising investor confidence in 1431H generated the return of the sovereigns to the *Sukuk* market – a development which will augur well for a promising *Sukuk* issuance pipeline in the coming year. This year, the sovereigns issued over $22 billion worth of *Sukuk*[7]. Governments around the world are also working on developing appropriate regulatory and tax frameworks to promote issuance of *Sukuk*. Jordan is finalizing its first ever law covering *Sukuk* issuance[8], and Kazakhstan is undertaking similar measures[9]. To maintain supremacy in the industry, Malaysia is developing a local currency *Sukuk* index to act as a benchmark for *Shariah*-compliant fixed income instruments[10].

Key Activities of Islamic Infrastructure Institutions: Islamic infrastructure institutions are an integral pillar of the Islamic financial sector. These institutions facilitate the development and enhancement of Islamic finance architecture by providing a suite of innovative *Shariah*-compliant products and solutions in areas as diverse as

[5]Zawya *Sukuk* Monitor.

[6]Islamic Finance News, 27 October 2010.

[7]Islamic Finance Information Service (IFIS) Database.

[8]'Jordan sovereign *Sukuk* law almost ready', Reuters, 19 October 2010.

[9]'Agency of the Republic of Kazakhstan on Regulation of Activities of the Regional Financial City of Almaty City' website.

[10]'Malaysian Islamic banks plan ringgit *Sukuk* index', Reuters, 28 October 2010.

17th Meeting of the Council of the Islamic Financial Services Board (IFSB) held at IDB Headquarters on 14 December 2010

accounting, auditing, banking, capital and money markets, advisory action, credit rating as well as reconciliation and arbitration. A brief write-up on the key activities of major Islamic infrastructure institutions is presented in the following paragraphs.

- **Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI):** In terms of development of new standards/statements in 1431H, the Institute introduced three new accounting standards (Consolidation, Investments in Associates, and Investments in *Sukuk*, shares and similar instruments), an accounting statement on conceptual framework for financial reporting by IFIs, a guidance note on first time adoption of AAOIFI accounting standards, and a governance standard on corporate social responsibility conduct and disclosure for IFIs. AAOIFI standards were made mandatory in ten jurisdictions. The institute has been successfully conducting Islamic finance certification in 'Certified Islamic Professional Accountant' program and 'Certified *Shariah* Adviser and Auditor' program. Besides this, the institute successfully conducted and participated in a variety of seminars and conferences globally.

- **General Council of Islamic Banks and Financial Institutions (CIBAFI):** The Council carried on with its objective of developing the Islamic financial sector. In this regard, it conducted a variety of activities via its International Islamic Financial Training Centre, Islamic Financial Watch Centre, Shariah Committee for Rating and Audit, and Financial Information and Analysis Centre. CIBAFI has introduced the Certified Islamic Banker Certificate which provides thorough understanding of the basic Islamic finance. The Council has also been closely monitoring the unfolding of global financial crisis and has noted its impact on Islamic financial sector through the various periodic reports. Furthermore, the Council also maintains updated data containing financial analysis on Islamic financial institutions in the region.

- **Islamic Financial Services Board (IFSB)**: In1431H, the Board introduced a standard on solvency requirement for *Takaful* and four guidance notes (namely: risk management and capital adequacy standards involving commodity Murabaha transactions, the practice of smoothing profits payout to investment account holders, recognition of ratings by external credit assessment institutions on *Takaful* and re-*Takaful* undertakings, IFSB capital adequacy ratio standard which entail determination of alpha parameter in the capital adequacy ratio). IFSB was also part of the high-level taskforce on liquidity management and played a key role in facilitating the establishment of International Islamic Liquidity Management Corporation. In addition, IFSB organized a number of seminars and workshops on various business issues pertaining to Islamic finance including the practical aspects of Takaful, business models in Islamic finance, management and supervision of profit sharing investment accounts, risk mitigation and enhancement of financial stability in the context of contingent capital, and the legal aspects of asset securitization and insolvency regimes.

- **International Islamic Centre for Reconciliation and Arbitration (IICRA):** Pursuant to its mandate of providing *Shariah*-compliant arbitration services, IICRA continued to provide such services in resolving disputes, in addition to dispensing consultancy services in Islamic arbitration and conciliation to international law firms. It organized 'Draft Federal Arbitration Law' Conference in Abu Dhabi in May 2010 in collaboration with the Institute of Training and Judicial Studies, Dubai International Arbitration Centre and Abu Dhabi Commercial Conciliation and Arbitration Centre. IICRA contributed to the drafting of the Islamic banking law and relevant regulations for the Central Bank of Djibouti in partnership with IDB and CIBAFI. It also prepared a detailed commentary on the application of Islamic banking laws in the European environment. It presented various papers in international conferences and signed landmark MoUs, including one with the Securities and Commodities Authority, UAE, to open up new avenues of cooperation and mutual benefit.

- **International Islamic Financial Market (IIFM):** Since its inception, IIFM has been playing a pioneering role in developing a robust and transparent Islamic financial system. In 1431H, it achieved milestones in the documentation and standardization of Islamic products. In March 2010, IIFM published the Tahawwut Master Agreement (TMA) jointly with International Swaps and Dealers Association,. This agreement provided a globally standardized structure for privately negotiated Islamic hedging products and will facilitate better risk management for Islamic financial institutions. To date, the industry has shown great admiration for the Agreement and IIFM has delivered several seminars/training sessions to explain the details to the bankers. Besides the TMA, IIFM is diligently working on a number of other measures including Master Wakala Agreement which will further serve to harmonize the global banking standards for IFIs.

- **International Islamic Rating Agency (IIRA)**: The Agency was actively engaged in the rating of sovereigns and entities, including credit rating, corporate governance rating and IIRA's flagship and unique product i.e. *Shariah* Quality Rating. In addition, IIRA was involved in conducting a number of training workshops aimed at enhancing the capability of market players in the Islamic financial sector, and providing knowledge to the market about IIRA's product and services. Notable among the gatherings was a workshop on AAOIFI *Shariah* standards, *Shariah* quality analysis, and on corporate credit analysis. In 1431H, IIRA went through the process of restructuring its operations with a view to positioning itself to fulfill the future needs of the Islamic financial sector.

Exploring New Frontiers in Islamic Finance

Given the popularity of Islamic finance and its inherent strengths, an increasing number of countries are, year after year, introducing Islamic finance into their financial sector. There is, therefore, a need for these countries to make appropriate changes to their regulatory and supervisory framework, changes that will create the enabling environment required to nurture new Islamic financial institutions or, indeed, introduce Islamic banking windows within the realm of conventional financial institutions. By way of example to stress the need for a reformed framework, Islamic financial transactions are embedded in an underlying sales transaction involving a physical asset and, as such, are susceptible to double taxation under the conventional banking framework. This will be the case unless the law of the land recognizes underlying sales transaction as a prerequisite for Islamic financial transaction, and hence provide appropriate tax adjustment so that Islamic and financial transaction may be competitive from taxation point of view.

A number of initiatives relating to the development of Islamic financial sector took place across the globe in 1431H, covering a wide range of activities. Some notable initiatives undertaken in the recent past are briefly discussed in Box 15. The list of activities is by no means exhaustive;

Box 15
Islamic Finance Development in Countries Around the World*

China (Hong Kong): China has a Muslim population of approximately 83 million, and the banking sector is making rapid progress in terms of banking with these potential clients within the framework of Islamic Finance. The first Islamic banking license in the country was issued to the Bank of Ningxia in September 2009, and now a number of prominent conventional banks are reportedly exploring the ways and means of establishing Islamic banking windows. In addition, Hong Kong has continued to show keen interest in Islamic banking. HKMA's strategy for development of Islamic finance comprises a four-point action plan: (i) putting in place the necessary infrastructure (ii) raising international profile and linkages (iii) encouraging product development and (iv) deepening market knowledge. It is worth noting that HKMA has already signed a number of MOUs with high profile industry leaders like Bank Negara in Malaysia and the Securities Commission also in Malaysia, besides hosting a variety of seminars and conferences[i.]

Germany: In 2009, the Kuwait Turkish Participation Bank - the Turkish subsidiary of Kuwait Finance House- obtained banking license from the Federal Financial Supervisory Authority (BaFin) to establish a *Shariah*-compliant financial service branch in the country. The branch which will be located in Mannheim, is expected to open in early 2011. Furthermore, the Cologne-based Meridio AG has established the Meridio Global Islamic Multi Asset Fund which is essentially an open-ended dual currency (US$ and Euro) mutual fund domiciled in Luxembourg[ii].

France: France has been the most active European country in terms of the promotion of Islamic finance. It recently overhauled its tax laws to facilitate Islamic finance transactions based on the model adopted by the UK when it first introduced Islamic banking in the country. In July, France issued a new instruction to facilitate the introduction of *Sukuk, Ijara, Murabaha* and *Istisna* products[iii]. Recently, Paris EUROPLACE (a body representing major financial institutions) signed agreement with AAOIFI to enhance the development of Islamic finance in France. In early 2010[iv], Qatar Islamic Bank (QIB) entered into an agreement with B*anque Populaire Caisse d'Epargne (BPCE)* that will collaborate to provide *Shariah*-compliant banking in France. BPCE is France's second largest banking group, and banks with a diverse base of clients at both retail and institution ends. Besides QIB -Al Baraka Banking group - also plans to establish five branches in France in 2011[iii].

Kazakhstan: The country aims to become the post-Soviet era leader in Islamic finance in the Central Asia region. The Kazakh Government established a working group in 2009 to draw up a roadmap for an Islamic financial system. In addition, the principles of Islamic finance were introduced into the Kazakh legislation after the necessary amendments to facilitate various Islamic finance transactions. Kazakhstan also plans to issue a sovereign Sukuk in 2011[iv].

Kenya: The Country has two operational Islamic Banks which are gradually making inroads into Kenya's bankable population. To further facilitate Islamic banking in the country, the Central Bank of Kenya made amendments in its Banking Act in May 2010[v].

Korea: South Korea's Ministry of Strategy and Finance is forging ahead with its plan to raise capital through the issuance of *Sukuk*. *Sukuk issuance* is seen as a way to diversify Korea's funding base and help channel money into the country subsequent to the departure of international funds in the wake of the credit crisis that started in 2008. In a separate initiative, In March 2010, Qatar Islamic Bank signed agreement with Woori Investment & Securities Co. for cooperation in investment banking services. Woori Investment & Securities Co. is part of Woori Financial Group, South Korea's third largest financial group[vi].

Maldives: Islamic banking has been gaining popularity amongst the masses of Maldives, since the launched of s the country's first Islamic bank in 2010. The sponsors of Maldives Islamic Bank include Islamic Corporation for the Development of Private Sector (ICD) and Government of Maldives. The total authorized capital was US$100 million, and the initial paid-up capital US$11.7 million.

Nigeria: Islamic banking has recently gained traction in the Nigerian Banking sector. The Central Bank of Nigerai is keen to open up the market for Islamic banks and in order to facilitate the necessary enabling environment, it introduced the 'Framework for the Regulation and Supervision of Institutions offering non-interest financial services in Nigeria' on January 13, 2011.

Singapore: In February 2010, the Monetary Authority of Singapore (MAS) facilitated consultation to amend the Deposit Insurance Act to include *Murabaha* as an insured product. Parkway Holdings, a healthcare firm successfully closed the largest Islamic Finance deal in Singapore worth SGD 750 million (US$ 580 million) through a syndicated *Murabaha* facility involving six banks. During the year, Khazanah Nasional issued US$1.2 billion *Sukuk* which was four times oversubscribed[vii].

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[i]GIFF 2010, 'Development of Islamic Finance in Hong Kong', Hong Kong Monetary Agency.
[ii]Islamic Banks Enter Germany', Arab News, 26 April 2010.
[iii]French Initiatives for Islamic Finance', Islamic Financial Intelligence Summit, FTBusiness.com, 3 November 2010.
[iv]Agency of the Republic of Kazakhstan on Regulation of Activities of the Regional Financial City of Almaty City' website.
[v]GIFF 2010, 'Islamic Finance Opportunities: Country and Business Guide 2010
[vi]QIB signs MoU with Woori of South Korea', Zawya, 16 March 2010.
[vii]Monetary Agency of Singapore website, Policy Statement & Speeches, 24 November 2010.

Box 15
Islamic Finance Development in Countries Around the World (Continued)

Sri Lanka: In Sri Lanka, Islamic banking has fast been gaining momentum. In 2010, Amana Investments Limited (an investment company set up in 1997) raised about LKR 3.2 billion, as against the central bank's minimum requirement of LKR 2.5 billion, for establishment of the country's first Islamic bank named Amana Bank Limited. The bank obtained provisional banking license last year and its formal establishment in currently underway. It is to be noted that the Muslim minority in Sri Lanka essentially comprise sophisticated merchants and as such offer great potential for Islamic banking to flourish. Amana Bank's key shareholders include Bank Islam Malaysia and Islamic Development Bank.

Thailand: The Thai Cabinet approved in principle a draft ministerial regulation paving the way for the issuance of *Sukuk* in Thailand. The amendment to the existing regulation will provide for the expansion of the boundary of securities transaction to allow for brokering, trading and arranging the issuance of *Sukuk*. Islamic Bank of Thailand plans to issue its first *Sukuk* early next year and The Securities and Exchange Commission of Thailand is expected to soon finalize the *Sukuk* guidelines. The Islamic Bank of Thailand plans to establish a US$50.2 million *Shariah*-compliant property fund[viii].

UK: As a result of the financial crisis, all financing activities including Islamic banking, took a brief pause from its relentless growth. Despite the economic slowdown in 2010, the London Stock Exchange listed 25 *Sukuk* valued at around US$14.5 billion, second only to Nasdaq Dubai in terms of value. UK currently has five Islamic banks and the Government has been considering issuing a sovereign *Sukuk*[ix].

USA: In November 2009, General Electric issued a US$500m *Sukuk*, and thereby became the first US corporate firm to enter the Islamic capital market. The issue was reportedly two times oversubscribed. The *Sukuk*, which matures in 2014, is listed on Bursa Malaysia[x].

*The names of countries are listed in alphabetical order.

[viii] Islamic Finance News, 27 October 2010.
[ix] UK government 'seriously considering' first Sukuk issue', Arabianbusiness.com, 18 October 2010.
[x] GE's Sukuk', Financial Times, Alphaville, 01 December 2009.

rather, the activities are meant solely to depict the popularity of the Islamic finance. It is expected that many countries/institutions will approach IDB for help to further develop their Islamic banking architecture.

IFSI Developmental Constraints:

The Islamic financial sector made rapid progress in recent decades. However, systemic bottlenecks persist, and this is hampering further growth in the industry. As a result of such constraints, Islamic banking assets still merely comprise approximately 1 percent of global banking assets[11]. The huge pent-up demand can be met and new opportunities unlocked if these developmental constraints are eliminated. The key concerns are the following:

- **Liquidity management:** Appropriate *Shariah*-compliant liquidity management instruments are not currently available for IFIs; and so, the asset liability management is restricted to the use of *Commodity Murabaha* which typically yields sub-LIBOR returns for investors. It is expected that the establishment of International Islamic Liquidity Management Centre will address and largely resolve this constraint.
- ***Shariah* governance:** There is a general shortage of qualified *Shariah* scholars in the industry. This issue is all the more relevant given the rapid growth of the Islamic financial sector and the ever-increasing issuance of *Sukuk* and other instruments. Thus, the existing resources are thinly spread across the industry.
- **Access to Islamic finance for the poor:** One of the objectives of Islamic finance is to ensure access to finance for all, including the less privileged in the society; and hence the increasing need to provide inclusive finance for the poor, through Islamic microfinance structures.
- **Well capitalized financial institutions:** The recent financial crisis has shown that large banks with stronger capital base have been better able to withstand external shocks than the small counterparts; and so, the industry needs consolidation.

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[11] 'Islamic Bank Assets up 29 percent – survey', Reuters, 5 November 2009

- **Product standardization:** There is a general lack of product standardization in the industry. Therefore, greater effort needs to be made to harmonize product standards including legal documentation and accounting, and the risk management practices in the industry.

- **Human resources:** Other than the dearth of proficient *Shariah* scholars, the industry needs quality human capital to become the engine of growth for Islamic finance.

PROMOTION OF ISLAMIC FINANCE BY THE IDB GROUP

The Bank continues to play a vital role in the development of the Islamic finance industry through a variety of measures. Foremost among such measures is that the Bank facilitates the development of and support to standard setting bodies like the Islamic Financial Services Board (IFSB) and the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). The Bank also assisted in the establishment of other key infrastructure institutions and consultative bodies like the International Islamic Financial Markets (IIFM), the Islamic International Rating Agency (IIRA), the International Islamic Center for Reconciliation and Arbitration (IICRA) and the General Council of Islamic Banks and Financial Institutions (CIBAFI). Moreover, IRTI organizes a variety of seminars, trainings and conferences to advance the cause of Islamic finance.

In an effort to foster Islamic finance globally, IDB undertakes to establish an enabling environment in prospective countries by providing technical assistance through grants and general advisory services for effective reform of the banking regulatory regime. Once the appropriate supervisory and tax framework is in place in a country, the Bank facilitates establishment of Islamic financial institutions and participates therein with seed capital. Furthermore, the Bank participates in financing *Awqaf* real estate projects globally, as a means of promoting the *Awqaf* sector. It is noteworthy that technical assistance grants are also provided for promotion of the *Takaful* sector, Islamic microfinance and corporate governance in Islamic financial institutions.

Islamic Development Bank (IDB)

Advisory Services to Member Countries: The Bank provides technical assistance and advisory services to member countries towards the creation of an enabling environment for the Islamic financial sector. To this end, the Islamic Financial Services Department provides Technical Assistance Grants (TAs) and capacity building services to national governments, central banks and infrastructure institutions. The assistance covers a range of activities such as:

- **Building the Enabling Environment for IFSIs (Technical Support Program):** Providing Technical Assistance to develop an enabling environment for the growth of Islamic financial sector including to introduce appropriate changes in the legal, regulatory, supervisory and tax framework of member countries.

- **Microfinance Development Program:** also to develop new Islamic microfinance institutions or bolster existing institutions in member countries.

- **Zakat Development Program:** to provide TAs and capacity building for the *Zakat* sector and facilitate the integration of the program into member countries' poverty reduction agenda.

- **Awqaf Development Program:** also to provide TAs and capacity building for the *Awqaf* sector and facilitate its integration into member countries' poverty reduction agenda.

- ***Takaful* Development Program:** to develop the *Takaful* sector or enhance existing institutions by providing TAs and creating new institutions in the sector.

- **Islamic Capital Market Development:** to facilitate the development of Islamic capital markets by supporting the issuance of *Sukuk* member countries, issuing more IDB *Sukuk* in the capital market in order to provide liquidity, and providing TAs and capacity building.

Each of the above-mentioned programs entails a range of activities which include: undertaking studies to examine the various sub-sectors in relation to the Islamic financial sector; identifying and partnering with key strategic stakeholders within the aforementioned sub-sectors; procuring appropriate banking/other license for establishment of new IFIs; strengthening existing institutions through capacity building measures; providing advisory services to national governments, central banks and Islamic infrastructure institutions; soliciting potential shareholders and liaising with relevant institutions for the development of the Islamic financial sector.

During 1431H, the Bank continued to provide TAs as part of its agenda to develop the industry. Examples include the TA offered to the National Bank of Kyrgyz Republic for the development of legislation and procedures for implementation of liquidity management mechanism for Islamic banks, *Sukuk* and *Takaful*. Earlier, a TA was provided to the National Bank for the initial review of the regulatory framework. A TA was also approved for disbursement to the Central Bank of Uganda to develop the regulatory and supervisory framework for oversight of Islamic banking and finance in Uganda and to help the Bank of Uganda to develop and train its key employees in the regulatory and supervisory aspects of Islamic banking and finance.

Additionally, the Bank is working towards providing a number of TAs, prominent among which will be the TAs for Kyrgyz Republic, Libya (Box 16), Nigeria, Uganda, and a TA for Senegal focussing on West Africa, as well TAs provided to infrastructure institutions (CIBAFI and IFSB). IDB is also working with the central banks of various countries such as Turkey and Maldives as well as Islamic infrastructure institutions to meet a variety of advisory services requests.

Development of Islamic Microfinance Institutions: to ensure access to Islamic Finance for the poor, IDB has further explored the possibility of establishing Islamic Microfinance Institutions or strengthening the existing institutions in member countries. To this end, pilot projects are being implemented in Bangladesh, Indonesia, The Sudan and Senegal under the Microfinance Development Program (MDP) to provide access to Islamic finance for the poor (Box 17). Some gaps were identified during the diagnostic study and the relevant proposals are under consideration.

To promote Islamic Microfinance, IDB partnered with CGAP (World Bank), Deutsche Bank and Grameen-Jameel to organize the Islamic Microfinance Competition. Under the partnership program, the Competition is designed to serve as a platform for Islamic Microfinance product development and implementation. Out of the five short listed applicants for the award, Al Amal Microfinance Bank of Yemen has been declared the winner and awarded $104,000 for providing outstanding Islamic microfinance services in its very short lifespan.

Box 16
Enabling Islamic Banking in Libya

With the aim of developing the Islamic banking industry in Libya, IDB provided Technical Assistance (TA) to Gumhouria Bank (Masraf Al Gumhouria), the largest and fully government-owned commercial bank in Libya, in 1431H, to assist the bank in introducing Islamic banking operations.

IDB assistance focused on developing full-scale Islamic banking operations at Gumhouria Bank, and opening of dedicated Islamic branches. The objectives of the TA included (i) preparing policy and procedures manuals, (ii) developing an accounting system based on AAOIFI standards (the first one to be prepared in Libya), and (iii) preparing an Islamic core banking system, which was later implemented successfully. Subsequently, IDB arranged for training of staff members in a Bahrain-based retail Islamic bank. With this assistance, the bank opened the doors of its first dedicated Islamic banking branch (Fashlum Street, Tripoli) in early 1431H.

After the launch, customer deposits at the bank increased manifold due to strong customer demand for Islamic financing products, and branch reported a net profit in the very first year, after being in the red for several years. The management is now keen to expand Islamic banking operations to other parts of the country due to high demand.

Box 17
Strengthening Islamic Microfinance In Sudan

The Government of Sudan through the Central Bank of Sudan (CBOS) had formulated a National Vision for Microfinance for developing and expanding the Microfinance sector in Sudan. In this context, a Microfinance Unit has also been established at the CBOS to act as the focal point for this sector. Accordingly, Bank Al Usra (The Family Bank), the first bank exclusively for providing Islamic microfinance services was established in July 2008.

Subsequently, the Government of Sudan requested IDB to provide technical assistance for availing the services of BRAC Bangladesh to assist in capacity building of Bank Al Usra. The objectives of this TA were to (i) develop and expand the Islamic microfinance sector in line with the best international practices (ii) provide experts for training and capacity building of the staff (iii) assist in management and operations and (iv) provide expertise to assist in the development of an efficient Management Information System. The BRAC team was able to bring about positive changes at Bank Al Usra by development of new products, providing training in microfinance and various managerial skills for capacity building. The foremost challenge was a change in the culture of the Bank Al-Usra which required constant reminders about the nature of microfinance and its needs.

Subsequently after the successful implementation of the TA, Bank Al-Usra as a result of the TA provided by IDB through BRAC, was able to assist the IDB in implementing a $50 million microfinance project in Sudan. Overall, there is a general feeling in the banking industry that Bank Al Usra is evolving as a role model in the microfinance sector in Sudan

Equity Investment in Islamic Financial Institutions (IFIs): As at year-end 1431H, IDB had equity investments in 28 Islamic financial institutions in 20 countries with total disbursed amount of approximately ID 197 million. During the year, IDB approved a total of ID 38.11 million (ID 45 million in 1430H) for equity participation in IFIs.

Following a proactive approach, the Bank made strategic investments in the equity capital of selected banks in its portfolio. IDB approved ID 12.5 million capital increase in Kuwait Turkish Participation, ID 20.2 million capital increase in Bank Muamalat Indonesia, and ID 2.56 million capital increase in the Islamic Bank of Niger. All these capital increases were made for the purposes of business expansion.

The Bank also approved participation in the equity capital of two new Islamic financial institutions; one in Sri Lanka and the other in Tartarstan (Russia). In Sri Lanka, IDB participated in the transformation of Amana Investments Limited, an Islamic investment company established in 1997, into Amana Bank Limited, a *Shariah*-compliant Islamic bank licensed by the Central Bank of Sri Lanka. IDB approved ID 2.44 million for subscription to the common equity in Amana Bank which will serve the needs of the Muslim minority in Sri Lanka, mostly merchants and traders. IDB partnered with Bank Islam Malaysia as the technical and strategic partner in this transaction. In Russia, the Bank approved ID 0.41 million for participation in the Tartarstan International Investment Company equity. The Bank also committed, in principle, to participate in the equity capital of the International Islamic Liquidity Management Corporation (IILMC) [Box 18].

The Bank has been studying the developmental constraints in the Islamic banking industry, and realizes that the industry does not have a large multinational bank with a large balance sheet size to rival the conventional coutnerparts, and hence be able to undertake big ticket projects in member countries. Thus, almost all the big ticket deals are sourced through conventional banks using conventional modes of finance. Another equally compelling constraint is the absence of a functional and liquid interbank market where *Shariah*-compliant instruments can be traded. To address these two vital gaps, IDB together with its strategic partners initiated the idea of establishing a Mega Islamic Bank (MIB) in 2009. The Bank has been working diligently towards realizing this project and important milestones are being achieved as expected.

Another development constraint that is yet to be addressed is the lack of Islamic finance for the poor. To tackle this constraint and as part of the IDB's Microfinance Development Program (MDP), the

Box 18
International Islamic Liquidity Management Corporation

The IDB-IFSB Taskforce was constituted on 29 October 2008 in response to the recommendations of the Forum of the Global Financial Crisis and its impact on the Islamic financial sector. The Taskforce comprising renowned scholars and practitioners of Islamic finance was headed by H.E. Dr Zeti Akhtar Aziz, Governor of Bank Negara Malaysia.

The Taskforce prepared and published the final report in April 2010. The conclusion was that, to be better equipped to withstand future financial and economic crisis, the Islamic finance industry needs to focus on three key priority areas:

- Strengthen the infrastructure building blocks of the Islamic financial services industry to further enhance the industry's resilience;
- Accelerate the implementation of Shariah and prudential standards and rules to facilitate the creation of a more stable, efficient and internationally integrated Islamic financial services industry; and
- Create a common platform for the regulators of the Islamic financial services industry, and thus enhance constructive dialogue.

One of the infrastructure building blocks is the development of a robust national and international liquidity infrastructure, which encompasses the potential for monetary policy and money market operations. To address this issue, IFSB established the high level taskforce on liquidity management, with the mandate to deliver a liquidity framework which provides practical Islamic liquidity management solution for the industry.

At its 16th meeting held in The Sudan in April 2010, IFSB approved the recommendation of the Taskforce to establish an Islamic Liquidity Management Corporation (IILMC) with the primary objective of issuing high quality Shariah-compliant financial instruments.

The Articles of Agreement were signed in October 2010 by 11 central banks including Indonesia, Iran, Luxembourg, Malaysia, Mauritius, Nigeria, Qatar, Saudi Arabia, Sudan, Turkey and United Arab Emirates, as well as the IDB Group (Islamic Corporation for the Development of the Private Sector). It is expected that IILM will positively contribute towards solving the liquidity management issues pertaining to Islamic financial sector.

bank is at advanced stage of establishing the first Islamic microfinance non-banking financial institutions (NBFI) in Bangladesh, and also of studying the modalities of establishing an Islamic Microfinance Fund in Indonesia. These pilot projects will serve as a test case for developing similar models in other jurisdictions.

Investments in Awqaf Projects: As part of promoting Islamic finance in IDB member countries, the Bank actively participates in the reinvigoration of the *Awqaf* sector. In this regard, the Bank established the Awqaf Properties Investment Fund (APIF) and co-finances real estate *Awqaf* projects in member and non-member countries alike. The Bank also works with the governments of member countries to spread awareness of *Awqaf*'s potential to reduce poverty as well as the potential as an alternate means of financing real estate in a *Shariah* compliant manner. In 1431H, the Bank approved seven projects for a total amount of $68.3 million (approx. ID 44.4 million) whereas in 1430H, it approved four projects for a total amount $39 million (approx. ID 25.3 million). These projects comprised mainly residential and commercial complexes. It is to be noted that repayments from these projects are ploughed into the financing of charity programs for the underprivileged in the society and to ensure long-term income for charity organizations.

IDB Sukuk Program: IDB has issued a number of *Sukuk* in the global capital markets. The IDB debut *Sukuk* of $400 million was issued in 2003 for 5 year maturity and had been fully repaid. In 2005, IDB established a Medium Term Note (MTN) Program with a $1.0 billion limit and listed in Luxemburg. The two prong objectives of the MTN program were firstly to lessen the dependence of IDB on member countries for funding and secondly to develop the Islamic capital markets and global *Sukuk* markets. Under the program, IDB issued a $500 million *Sukuk* in 2005 for 5 year maturity. The *Sukuk* had been fully repaid in June, 2010.

The Program limit was increased to $1.5 billion in 2009 to meet the funding needs of the planned scale up in Bank's operations. Under the increased MTN Program, IDB issued $850 million fixed rate *Sukuk* for 5 year maturity. The issue was listed on the London Stock Exchange (LSE). The mandated Lead Managers and book-runners consisted of global names such as BNP Paribas Deutsche Bank, HSBC, and a syndicate of CIMB and Bank Islam Brunei Darussalam. The IDB 2014 *Sukuk* had a 3.172 percent semi-annual profit rate and was rated AAA, the highest rating possible by all of the major rating agencies, namely Standard & Poor's Moody's and Fitch.

The Program limit was further increased to $3.5 billion in 2010, to meet the projected resources requirement for the subsequent years. It is currently listed on the official list of the UK's Financial Services Authority (FSA) and traded on the Regulated Market of the London Stock Exchange and Bursa Malaysia under the exempt regime. The increase in MTN program will augur well for the development of IDB member countries. It also signals strongly to the capital markets that IDB will continue to tap the market for the next few years in order to become a frequent issuer and provide liquidity for IDB *Sukuk*. Given the low risk profile of the Bank, IDB continues to prove itself as an established MDB with "AAA" rating and a zero-risk weighted MDB assigned by the Bank of International Settlements (BIS) in Basle, Switzerland.

In 2010, under the updated Program, IDB made a public issue of $500 million fixed rate *Sukuk* for 5 year maturity. The issue had a dual listing on the London Stock Exchange (LSE) and Bursa Malaysia. The mandated Lead Managers and book-runners consisted of CIMB, Citigroup, HSBC and Standard Chartered Bank; and NCB Capital as Co-Lead Manager.

The IDB 2015 *Sukuk* was tightly priced at 1.775 percent semi-annual profit rate to yield 40 bps over Mid Swap. This issuance is the lowest profit rate ever achieved by IDB and by a public $ denominated *Sukuk*. It however established a strong benchmark for future *Sukuk* issuances by IDB.

The order book saw diverse geographical distribution with 54 percent in the Middle East, 34 percent in Asia and 12 percent in Europe, thereby achieving IDB's strategic objective of investor diversification. The issuance also saw strong distribution to central banks and government agencies which accounted for 47 percent of the book, with the balance going to banks/private banks (37 percent), fund managers (9 percent) and insurance/pension funds (7 percent). It is to be noted that 50 percent of the issuance amount was allocated to new investors from Asia, the Middle East and North Africa region.

In addition, IDB raised an equivalent of $500 million through a private placement *Sukuk* for 10 year maturity, bringing to a total of $1,000 million the amount mobilized by IDB from the market in 1431H, and reflecting investor confidence in the Bank.

Islamic Financial Products Development Center: Recently, IDB established the Islamic Financial Products Development Center, an exclusive business unit, to focus on the development and implementation of new Islamic financial products (IFPs) and instruments as a primordial means to support the implementation of IDB Group's 1440H vision. The Centre will also explore the potential of the new Islamic financial products with a view to developing Islamic capital and money markets. It will serve as IDB Group's focal point for development of new IFPs; and in this regard, undertake surveys of the Islamic finance industry and collaborate with relevant entities both within IDB and with the industry.

IDB-World Bank Working Group on Islamic Finance: In 1431H, the Working Group on Islamic Finance made progress in the following two key areas:

- ***Islamic Financial Sector Assessment Program (iFSAP)***: The study entitled "Towards Developing a Template to Assess Islamic Financial Services Industry (IFSI) in the World Bank – IMF Financial Sector Assessment Program (FSAP)" was completed to identify gaps in the FSAP for the assessment of Islamic finance sector and recommendations were sought from industry experts. The matter was presented at the IDB Group Annual Meeting on 23-24 June 2010, in Baku. Going forward, based on recommendations, a template will be developed in coordination with the relevant institutions; it would then be discussed with the World Bank-IMF Financial Sector Liaison Committee, and subsequently implemented after pilot testing.
- ***Corporate governance in Islamic Financial Institutions:*** IDB set up a working group on Islamic finance jointly with the World Bank, to undertake measures on corporate governance in IFIs. In this regard, IDB is working in close coordination with the concerned staff at the World Bank on finalizing draft guidelines.

Training Institute has been contacted to dispense training and develop a joint program for corporate governance in IFIs.

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

As part of the broader goal of developing the private sector in member countries, ICD implemented a number of measures for the promotion of Islamic finance. In furtherance of the new strategy and business model, ICD adopted a two-pronged strategy, i.e. (i) establishment of Islamic financial institutions as channels for development and (ii) providing direct financing facilities for strategic private sector projects in ICD member countries.

Using the new strategy as guide, ICD in 1431H approved a total of $125 million for the funding of many crucial equity and term financing projects in several member countries, as well as a regional initiative for Africa. ICD partnered with the Government of Maldives (GoM) to establish the Maldives Islamic Bank, the first of its kind in the country. ICD subscribed to 85 percent of the $11.7 million initial capital of the bank which is likely to commence commercial operation in early 2011. Another vital regional initiative sponsored by IDB and five private companies from ICD member countries is Tartarstan International Investment Company which is already operational.

ICD partnered with AmrahBank of Azerbaijan to establish the Azerbaijan *Takaful* Company with an initial paid-up capital of AMZ 5 million (approx. $6.2 million). It is also seeking to establish advisory institutions and, to this end, established Ijara Management & Advisory Company (IMC) which will provide comprehensive advisory and management services to *Shariah*-compliant *Ijara* companies and other institutions aiming to develop *Ijara* based financial products. The Company, fully owned by ICD, will assist with the implementation of ICD sponsored *Ijara* companies in member countries. Currently, ICD is planning to establish *Ijara* companies in Albania, Yemen, Algeria, Libya and Egypt.

To develop the SME sector, ICD intends to establish an SME Development Fund which will assist SMEs in member countries by providing *Shariah*-compliant financial investment. The targeted fund size is $267 million and Saudi Arabia has been selected as location for the pilot fund. ICD will contribute a total $27 million towards the Fund, the initial partners of which will include Saudi Arabian General Investment Authority (SAGIA), sovereign wealth funds, semi-government investment companies and pension funds of ICD member countries.

ISLAMIC RESEARCH AND TRAINING INSTITUTE (IRTI)

The Islamic Research and Training Institute (IRTI) undertook a variety of activities in 1431H with a view to developing the Islamic financial sector. The knowledge building activities of IRTI focused on the thematic areas of financial stability, inclusive Islamic financial services as well as sustainable and comprehensive human development. During the year, IRTI successfully conducted 22 seminars (as against 34 in 1430H), conferences and 24 training programs (as against 37 training programs in 1430H) focusing directly on the promotion of Islamic finance. These training programs were held at IDB HQ as well as in 11 other countries in English, Arabic, French and Russian Languages. The subjects covered included *Shariah* supervision and auditing, *Sukuk*, Islamic banking and finance (both basic and intermediate), risk management and sustainable Islamic banking system. The total number of training programs and seminars conducted in 1431H fell short of the figure for 1430H. This was largely because IRTI strategized its training programs in 1431H to provide training in key focus areas rather than on all the areas under the umbrella of Islamic finance. There was also the fact that 1431H was a turbulent year for the global banking sector including IFIs, leading to reduced demand for training programs and courses in general.

Knowledge Building for Financial Stability

During the year, IRTI continued to deploy effort towards knowledge building for financial stability. To provide the related services, IRTI further strengthened its partnership with three major Islamic financial infrastructure institutions: the Islamic Financial Services Board for development and operationalization of its standards; the International Islamic Financial Market for Islamic Capital Market Development; and the General

Prof. Dr. Rifaat Abdel Karim receiving the IDB Prize in Islamic Banking and Finance for 1431H from H.E. the President, IDB Group

Council of Islamic Banks and Financial Institutions (CIBAFI) for human resource development for the Islamic financial industry.

Box 19
IDB Prize for the year 1431H

The Bank established an IDB Prize in 1988 'to recognize, reward and encourage excellence in Islamic Economics, Banking & Finance and in activities geared to enhancing Islamic values." The Prize is awarded each year for Economics, and for Banking & Finance, alternatively.

The Bank awarded the Prize in Islamic Banking and Finance for 1431H to Prof. Dr. Rifaat Abdel Karim for outstanding achievement in developing the Islamic finance industry through his various publications. He also successfully managed key positions at AAOIFI and IFSB in the past. The award was conferred during the 35th meeting of IDB Board of Governors held in Baku, Azerbaijan, on 23-24 June 2010.

To promote awareness of the role of Islamic finance in building financial stability, IRTI organized several training sessions and seminars/ conferences, including a training course with the Institute of Banking Studies in Jordan on *Shariah* Supervision and Auditing of Islamic Banks. It also collaborated with Saleh Kamel Center for Islamic Economics in conducting a training session on Regulation and Supervision of Islamic Banks. IRTI worked closely with the University of Indonesia and the Central Bank of The Sudan to organize two separate international conferences on Islamic Banking & Finance: Risk Management, Regulation and Supervision.

In the context of the financial crisis, IRTI partnered with Durham University and successfully conducted an international conference on Islamic Finance and Financial Crisis: Issues at Regulatory, Organizational and Product Level, in Durham, United Kingdom.

Besides training institutions and individuals outside IDB Group, IRTI also provided Islamic finance advisory services on *Shariah* compliance to various departments and entities of the IDB Group. In this regard, it provided consultancy services towards establishment of a fund for the financing of small and medium enterprises.

In conjunction with the 6th World Islamic Economic Forum held in Kuala Lumpur, Malaysia, IRTI organized two knowledge-sharing sessions; one, at the Kuala Lumpur Convention Centre (KLCC), and the other, at Bank Negara Malaysia (BNM). At KLCC, IRTI invited bankers, academicians and other Islamic finance practitioners to participate in discussion on the implementation of Islamic Financial Sector Assessment Program (iFSAP), on Islamic Banking Information System (IBIS) and advisory services on Islamic banking and Finance offered by IRTI. At BNM, IRTI conducted a special presentation on IBIS for the BNM staff.

Knowledge Building for Sustainable and Comprehensive Human Development

During the year, IRTI instituted a number of measures to raise awareness on sustainable and comprehensive human development. The Institute worked with the Jordanian University and Islamic Fiqh Academy to conduct a seminar on Islamic Cooperative Insurance. It also partnered with Al Jamia al Islamiya Kerala, India, to successfully conduct an international seminar on Islamic Economics and Finance. IRTI further conducted a host of symposia to instill awareness in the masses of the role of Islamic finance in human development

Furthermore, the institute has been conducting distance learning programs in Islamic Finance and Economics, and to this end, organized its 10th, 11th and 12th distance learning courses with four participating universities. At the same time, IRTI partnered with a number of universities and institutions of higher learning to facilitate e-learning programs through various mechanisms comprising course design as well as syllabus and curriculum development.

IRTI Scholarship and Research Grant Program: With the growing interest in Islamic banking and finance, and the accelerated expansion of the Islamic financial industry, building human capital in these areas is increasingly assuming critical importance. For these reasons, IRTI started to offer scholarships to outstanding individuals to pursue post graduate studies. In 1431H, ten scholarships were awarded, six for PhD and four for Masters programs. Eight of the recipients are pursuing their studies/research in the UK (University of Durham, University of Edinburgh and London School of Economics and Political Science), while two others have enrolled for post graduate programs at the International Islamic University in Malaysia.

Knowledge Building for Inclusive Financial Services

Aware of the importance of providing inclusive Islamic financing to the underprivileged in the society, IRTI prioritized knowledge building for Islamic Financial Services and conducted training courses and seminars to popularize the idea with the masses. In this regard, a workshop was organized in collaboration with Diwan Az Zakat Foundation.

IRTI hosted the 5th IDB Global Forum on Islamic Finance (GIFF) at Baku, Azerbaijan. The theme of the event was “Towards global Resilience and Inclusiveness”. With over 100 participants, the event was intended to provide the avenue for strategic policy dialogue for the sharing of country and institutional experiences in the development of the various segments of the IFS industry. It also provided the platform, identified key challenges of the industry’s different segments in an integrated manner and promoted cooperation, knowledge-sharing and partnership in alleviating the challenges, thereby facilitating the industry’s orderly development, competitiveness and stability. During the event, a panel session was conducted to discuss implementation of iFSAP. There were sessions for knowledge sharing on usage of IBIS, and discussion on the Global Report on Islamic Finance and Microfinance Development Program.

Annex 1

PRICEWATERHOUSECOOPERS
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ISLAMIC DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

FINANCIAL STATEMENTS
30 Dhul Hijjah 1431H (6 December 2010)

with

INDEPENDENT JOINT AUDITORS' REPORT

Note: Detailed Financial Statements are published separately

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INDEPENDENT JOINT 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 1431H (6 December 2010) and the related statements of income, cash flows and changes in members' equity for the year then ended and the attached notes from 1 to 33 which form an integral part of the financial statements.

The comparative figures shown in these financial statements were audited by other auditors, whose audit report dated 28 Rabi'I, 1431H (corresponding to 14 March, 2010) contained an unqualified opinion on those financial statements.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 30 Dhul Hijjah 1431H (6 December 2010), and the results of its operations, its cash flows and changes in members' equity for the year then ended in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions and the Shari'ah rules and principles as determined by the Shari'ah Committee of the Bank.

We draw your attention to the fact that the Bank has followed other accounting standards as disclosed in note 2(a) for matters not addressed by the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions.

PricewaterhouseCoopers

Sami E. Farah
Certified Public Accountant
Registration No. 168

KPMG Al Fozan & Al Sadhan

Ebrahim Oboud Baeshan
Certified Public Accountant
Registration No. 382

23 Jamad Al-Awwal 1432H
27 April 2011
Jeddah

ISLAMIC DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF FINANCIAL POSITION
As of 30 Dhul Hijjah 1431H (6 December 2010)
(In Thousands of Islamic Dinars)

	Note	**1431H**	1430H
ASSETS			
Cash and cash equivalents	4	487,008	1,195,018
Commodity placements through banks, net	5	889,440	444,367
Murabaha financing, net	6	345,270	580,399
Accrued income and other assets	7	309,670	313,769
Istisna'a assets, net	8	1,633,091	1,325,604
Installment sales financing, net	9	869,033	739,638
Loans, net	10	1,467,140	1,320,094
Ijarah Muntahia Bittamleek, net	11	1,498,065	1,354,098
Investments in equity capital, net	13	855,563	716,650
Investments in subsidiaries and trust funds:			
Islamic Corporation for the Development of the Private Sector	14	207,842	191,940
Awqaf Properties Investment Fund	15	14,629	14,629
International Islamic Trade Finance Corporation	16	168,735	168,735
Other investments, net	17	300,603	303,250
Fixed assets, net	18	61,657	57,172
TOTAL ASSETS		9,107,746	8,725,363
LIABILITIES AND MEMBERS' EQUITY			
LIABILITIES			
Accruals and other liabilities	19	1,292,516	1,813,448
Sukuk liability	20	1,374,591	1,021,710
Total liabilities		2,667,107	2,835,158
MEMBERS' EQUITY			
Paid-up capital	22	4,031,071	3,639,867
Capital reserve	23	22,672	22,672
General reserve	24	1,699,685	1,677,938
Fair value reserve		525,886	424,965
Net income for the year		161,325	124,763
Total members' equity		6,440,639	5,890,205
TOTAL LIABILITIES AND MEMBERS' EQUITY		9,107,746	8,725,363

The financial statements were authorized for issue in accordance with a resolution of the Board of Executive Directors on 6th Jamad-ul-Awwal, 1432H (10 April 2011G).

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

ISLAMIC DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF INCOME
For the Year Ended 30 Dhul Hijjah 1431H (6 December 2010)
(In Thousands of Islamic Dinars)

	Notes	1431H	1430H
Income from:			
Commodity placements through banks		10,720	17,507
Investment in Sukuk		7,103	6,865
Murabaha financing		10,889	18,066
Istisna'a assets		51,688	49,842
Installment sales financing		38,822	32,063
Loan service fees		13,070	18,976
Ijarah Muntahia Bittamleek		164,549	165,247
Investments in equity capital		33,561	31,488
Mudarib fees and others		36,703	23,695
		367,105	363,749
Depreciation of assets under Ijarah Muntahia Bittamleek	11	(91,639)	(110,064)
		275,466	253,685
Foreign exchange loss, net		(8,445)	(10,621)
Financing costs		(17,793)	(31,572)
		249,228	211,492
Administrative expenses:			
Staff costs		(55,995)	(49,638)
Depreciation on fixed assets	18	(1,951)	(1,860)
Other		(16,300)	(16,842)
		174,982	143,152
Provision for impairment of assets	12	(13,657)	(18,389)
Net income for the year		**161,325**	**124,763**

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

ISLAMIC DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF CASH FLOWS
For the Year Ended 30 Dhul Hijjah 1431H (6 December 2010)
(In Thousands of Islamic Dinars)

	Note	1431H	1430H
CASH FLOWS FROM OPERATIONS			
Net income for the year		161,325	124,763
Adjustments to reconcile net income for the year to net cash from operating activities:			
Depreciation		93,590	111,924
Provision for impairment of assets		13,657	18,389
Foreign exchange (gains) / losses	17	(9,167)	6,623
Changes in operating assets and liabilities:			
Commodity placements through banks		(444,188)	(133,397)
Murabaha financing		230,156	(53,443)
Accrued income and other assets		4,099	(46,581)
Istisna'a assets		(306,483)	(421,441)
Installment sales financing		(126,816)	(71,296)
Ijarah Muntahia Bittamleek		(232,750)	(344,180)
Loans		(143,213)	(150,065)
Accruals and other liabilities		(532,907)	353,527
Net cash utilized in operating activities		(1,292,697)	(605,177)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in equity capital		(62,503)	(16,918)
Proceeds from disposal of investment in equity capital		3,089	--
Additions in other investments		(80,573)	(130,609)
Proceeds from disposal of other investments		93,968	32,790
Investment in subsidiaries and trust funds		(15,902)	--
Purchase of fixed assets		(6,436)	(1,790)
Net cash utilized in investing activities		(68,357)	(116,527)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase in paid-up capital		391,204	340,858
Technical assistance and scholarship program grants		(7,960)	(13,593)
Contribution to the principal of Islamic Solidarity Fund for Development		(65,120)	(67,903)
Payment of Islamic Corporation for the Development of the Private Sector capital on behalf of member countries	13	(17,961)	(17,751)
Proceeds from issuance of Sukuk		685,708	642,035
Redemption of Sukuk		(332,827)	--
Net cash generated from financing activities		653,044	883,646
(Decrease) / increase in cash and cash equivalents		(708,010)	161,942
Cash and cash equivalents at the beginning of year		1,195,018	1,033,076
Cash and cash equivalents at the end of year	4	487,008	1,195,018

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

ISLAMIC DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF CHANGES IN MEMBERS' EQUITY
For the Year Ended 30 Dhul Hijjah 1431H (6 December 2010)
(In Thousands of Islamic Dinars)

	Note	Paid-up Capital	Capital reserve	General reserve	Fair value reserve	Net income for the year	Total
Balance at 1 Muharram 1430H		3,299,009	22,672	1,590,120	351,932	194,190	5,457,923
Increase in paid-up capital	22	340,858	--	--	--	--	340,858
Net unrealized gains from investments in equity capital	13	--	--	--	73,033	--	73,033
Increase in the actuarial losses relating to retirement and medical plans	21	--	--	(7,125)	--	--	(7,125)
Payment of ICD share capital on behalf of member countries	14	--	--	(17,751)	--	--	(17,751)
Contribution to the principal amount of ISFD	26	--	--	(67,903)	--	--	(67,903)
Net income for the year ended 30 Dhul Hijjah 1430H		--	--	--	--	124,763	124,763
Transfer to general reserve	24	--	--	194,190	--	(194,190)	--
Allocation for grants	23	--	--	(13,593)	--	--	(13,593)
Balance at 30 Dhul Hijjah 1430H		3,639,867	22,672	1,677,938	424,965	124,763	5,890,205
Increase in paid-up capital	22	391,204	--	--	--	--	391,204
Net unrealized gains from equity capital and other investments	13, 17	--	--	--	100,921	--	100,921
Increase in the actuarial losses relating to retirement and medical plans	21	--	--	(11,975)	--	--	(11,975)
Payment of ICD share capital on behalf of member countries	14	--	--	(17,961)	--	--	(17,961)
Contribution to the principal amount of ISFD	26	--	--	(65,120)	--	--	(65,120)
Net income for the year ended 30 Dhul Hijjah 1431H		--	--	--	--	161,325	161,325
Transfer to general reserve	24	--	--	124,763	--	(124,763)	--
Allocation for grants	23	--	--	(7,960)	--	--	(7,960)
Balance at 30 Dhul Hijjah 1431H		**4,031,071**	**22,672**	**1,699,685**	**525,886**	**161,325**	**6,440,639**

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

Annex 2

PRICEWATERHOUSECOOPERS

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

KPMG **Al Fozan & Al Sadhan**

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

ISLAMIC DEVELOPMENT BANK
SPECIAL ACCOUNT RESOURCES WAQF FUND

FINANCIAL STATEMENTS
30 Dhul Hijjah 1431H (6 December 2010)

with

INDEPENDENT JOINT AUDITORS' SPECIAL PURPOSE REPORT

Note: Detailed Financial Statements are published separately

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

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P. O. Box 55078
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Kingdom of Saudi Arabia

INDEPENDENT JOINT AUDITORS' SPECIAL PURPOSE 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 "Fund") as of 30 Dhul Hijjah 1431H (6 December 2010) and the related statements of activities and changes in net assets and cash flows for the year then ended and the attached notes from 1 to 31 which form an integral part of the financial statements.

The comparative figures shown in these financial statements were audited by another auditor, whose audit report dated 28 Rabi'I, 1431H (corresponding to 14 March, 2010) contained an unqualified opinion on those financial statements.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 30 Dhul Hijjah 1431H (6 December 2010), and the results of its activities and changes in net assets 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 and the Shari'ah rules and principles as determined by the Shari'ah Committee of the Fund.

We draw your attention to the fact that the Fund has followed other accounting standards as disclosed in note 2(a) for matters not addressed by the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions.

PricewaterhouseCoopers

Sami E. Farah
Certified Public Accountant
Registration No. 168

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

KPMG Al Fozan & Al Sadhan

Ebrahim O. Baeshen
Certified Public Accountant
Registration No. 382

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

23 Jamad Al-Awwal 1432H
27 April 2011
Jeddah

ISLAMIC DEVELOPMENT BANK
SPECIAL ACCOUNT RESOURCES WAQF FUND
STATEMENT OF FINANCIAL POSITION
As of 30 Dhul Hijjah 1431H (6 December 2010)
(In Thousands of Islamic Dinars)

	Notes	**1431H**	1430H (Restated)
ASSETS			
Cash and cash equivalents	4	160,045	442,977
Commodity placements through banks, net	5	633,496	105,573
Murabaha financing, net	6	2,198	5,934
Receivable from IDB - Ordinary Capital Resources	7	4,761	41,125
Investment in units	8	78,410	77,031
Investment in subsidiaries	9	60,516	60,516
Investment in Sukuk	10	81,947	116,596
Investment in equity capital, net	11	13,399	12,053
Instalment sales financing, net	12	2,907	3,934
Ijarah Muntahia Bittamleek, net	13	15,004	3,585
Istisna'a assets, net	14	1,159	1,528
Loans, net	15	165,356	152,997
Accrued income and other assets		25,650	30,503
Other investments	16	158,899	168,376
Fixed assets, net	18	18,246	19,035
TOTAL ASSETS		1,421,993	1,241,763
LIABILITIES			
Accruals and other liabilities	19	549,700	362,165
Specific deposit from IDB – Unit Investment Fund	8	9,505	9,313
TOTAL LIABILITIES		559,205	371,478
NET ASSETS		862,788	870,285
REPRESENTED BY:			
Waqf Fund principal amount		757,856	752,926
Special assistance	30	(31,941)	(12,939)
Special account for least developed member countries	30	136,873	130,298
		862,788	870,285

The financial statements were authorized for issue in accordance with a resolution of the Board of Executive directors on 6th Jamad-ul-Awwal, 1432H (10 April 2011G).

The accompanying notes from 1 through 31 form an integral part of these financial statements.

ISLAMIC DEVELOPMENT BANK
SPECIAL ACCOUNT RESOURCES WAQF FUND
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended 30 Dhul Hijjah 1431H (6 December 2010)
(All amounts in Thousands of Islamic Dinars unless otherwise stated)

	Notes	1431H				1430H (Restated)
		Waqf Fund Principal Amount	Special Assistance	Special Account for LDMC	Total	Total
Income from:						
Commodity placements through banks		-	-	-	6,003	11,853
Murabaha financing		-	-	-	387	974
Investments in units		-	-	-	3,639	5,870
Investment in Sukuk		-	-	-	4,119	4,212
Instalment sales financing		-	-	-	334	311
Ijarah Muntahia Bittamleek		-	-	-	1,684	2,566
Istisna'a assets		-	-	-	124	107
Other investments		-	-	-	18,442	12,339
		-	-	-	34,732	38,232
Depreciation of assets under Ijarah Mutahia Bittamleek	13	-	-	-	(1,597)	(1,271)
					33,135	36,961
Foreign currency exchange gain/(loss)		-	-	-	2,482	(175)
Financing cost		-	-	-	(4,158)	(8,793)
Other expenses		-	-	-	-	(510)
					31,459	27,483
Loss on sale of investment		-	-	-	-	(15,452)
Provision for impairment of assets	17	-	-	-	(2,872)	(5,299)
Attributable net income		-	-	-	28,587	6,732
Allocation of attributable net income	21	4,288	18,582	5,717	-	-
Share of income transferred from IDB-OCR	22	27	116	36	179	1,018
Contributions from IDB-OCR for technical assistance grants and scholarship program	23	-	7,960	-	7,960	13,593
Income before grants and program expenses		4,315	26,658	5,753	36,726	21,343
Grants for causes	20	-	(29,076)	-	(29,076)	(33,244)
Program expenses	20	-	(16,962)	-	(16,962)	(12,206)
		4,315	(19,380)	5,753	(9,312)	(24,107)
Capital losses		-	(320)	-	(320)	-
Change in net assets		**4,315**	**(19,700)**	**5,753**	**(9,632)**	(24,107)
Fair value reserve		615	698	822	2,135	30
Net assets at beginning of the year, as previously reported		757,490	(4,288)	133,601	886,803	910,544
Prior year adjustments	29	(4,564)	(8,651)	(3,303)	(16,518)	(16,182)
Net assets at beginning of the year, as restated		752,926	(12,939)	130,298	870,285	894,362
Net assets at end of the year	30	**757,856**	**(31,941)**	**136,873**	**862,788**	870,285

The attached notes from 1 through 31 form an integral part of these financial statements.

ISLAMIC DEVELOPMENT BANK
SPECIAL ACCOUNT RESOURCES WAQF FUND
STATEMENT OF CASH FLOWS
For the Year Ended 30 Dhul Hijjah 1431H (6 December 2010)
(All amounts in Thousands of Islamic Dinars unless otherwise stated)

	1431H	1430H (Restated)
CASH FLOWS FROM OPERATIONS:		
Attributable net income	28,587	6,732
Adjustments to reconcile attributable net income to net cash provided by (used in) operating activities:		
Depreciation	2,407	2,297
Provision for impairment	2,872	5,299
Change in operating assets and liabilities:		
Murabaha financing	3,736	(190)
Instalment sales financing	1,026	1,171
Ijarah Muntahia Bittamleek,	(13,016)	(24)
Istisna'a assets	369	(1,528)
Loans	(12,359)	(5,694)
Accrued income and other assets	4,853	(8,432)
Accruals and other liabilities	187,535	(80,849)
Net cash provided by/ (used in) operations	206,010	(81,218)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Commodity placements through banks	(527,924)	306,273
Investment in units	(1,379)	14,761
Investment equity capital	-	(3,140)
Investment in Sukuk	31,433	(38,501)
Other investments	(823)	--
Proceeds from disposal of other investments	11,115	19,606
Specific deposit from IDB - Unit Investment Fund	192	(161)
Additions to fixed assets	(21)	(17)
Special Assistance Program expenses	(16,962)	(12,424)
Net cash (used in) / provided by investing activities	(504,369)	286,397
CASH FLOWS FROM FINANCING ACTIVITIES:		
Changes in receivable from / (payable to) from IDB - Ordinary Capital Resources	36,364	(6,693)
Income transferred from IDB-OCR	179	1,018
Net grants for causes and contribution from IDB for technical assistance grants from Special Assistance Account	(21,116)	(19,651)
Net cash provided by / (used in) financing activities	15,427	(25,326)
Net (decrease) increase in cash and cash equivalents	(282,932)	179,853
Cash and cash equivalents at beginning of the year	442,977	263,124
Cash and cash equivalents at end of the year	160,045	442,977

The attached notes from 1 through 31 form an integral part of these financial statements.

Annex 3
IDB Board of Executive Directors

Sl. No.	Executive Directors[1]	Countries Represented[1]	Votes[3]	Total	% of Total
1.	Hon. Ibrahim Mohamed Al-Mofleh (Saudi Arabia)	Saudi Arabia	305,793	305,793	25.76
2.	Hon. Ismail Omar Al Dafa (Qatar)	Qatar	79,906	79,906	6.73
3.	Hon. Bader Abdullah. S. Abuaziza (Libya)	Libya	111,149	111,149	9.36
4.	Hon. Junaidi Hashim (Brunei Darussalam)	Brunei Darussalam	3,896		
		Indonesia	31,524		
		Malaysia	22,275		
		Suriname	1,209	58,904	4.96
5.	Hon. Zeinhom Zahran (Egypt)	Egypt	95,142	95,142	8.02
6.	Hon. Khamdam H. Tagaymurodov (Tajikistan)	Tajikistan	996		
		Albania	1,209		
		Azerbaijan	1,847		
		Kazakhstan	1,928		
		Kyrgyz Republic	1,209		
		Turkmenistan	996		
		Uzbekistan	750	8,936	0.75
7.	Hon. Hassan Hashem Abdul Hussain Al Haidary (Iraq)	Iraq	4,207		
		Bahrain	2,489		
		Djibouti	996		
		Jordan	6,216		
		Lebanon	1,426		
		Maldives	1,209		
		Oman	4,271	20,815	1.75
8.	Hon. Yerima Mashoud Amadou (Togo)	Togo	996		
		Burkina Fasso	2,721		
		Cameroon	3,596		
		Chad	1,272		
		Gabon	4,492		
		Gambia	1,209		
		Mali	1,848		
		Mauritania	1,308		
		Niger	2,449		
		Senegal	3,943	23,835	2.01
9.	Hon. Nailane Mhadji (Comores)	Comoros	857		
		Cote d'Ivoire	858		
		Guinea	3,639		
		Guinea-Bissau	996		
		Morocco	7,291		
		Nigeria	857		
		Sierra Leone	996		
		Somalia	996		
		Sudan	5,928		
		Tunisia	2,353		
		Uganda	2,612	27,384	2.31
10.	Hon. Abdul Wajid Rana (Pakistan)	Pakistan	33,654		
		Afghanistan	1,267		
		Bangladesh	13,820	48,741	4.11
11.	Hon. Dr. Asghar Abolhasani Hastiani (Iran)	Iran	106,053	106,053	8.93
12.	Hon. Dr. Selim C. Karatas (Turkey)	Turkey	81,399	81,399	6.86
13.	Hon. Abdul Aziz A. Al-Zaabi (United Arab Emirates)	U.A.E	77,949	77,949	6.57
14.	Hon. Aissa Abdellaoui (Algeria)	Algeria	34,468		
		Benin	1,970		
		Mozambique	1,212		
		Palestine	1,981		
		Syria	1,869		
		Yemen	7,247	48,746	4.11
15.	Hon. Faisal Abdul Aziz Al-Zamil (Kuwait)	Kuwait	92,223	92,223	7.77
	Total		**1,186,972**	**1,186,972**	**100.00**

[1] In Arabic alphabetical order. [2] As on 16.03.1431H (02.03.2010). [3]Differences in totals may arise due to rounding of figures.

Annex 4
Comparative Statement Showing OCR Actual Expenditure for 1430H and 1431H and Approved Budget for 1432H

(ID thousand)

Sl. No.	Description	Actual Expenditure		Approved Budget
		1430H (2008-2009)	1431H (2009-2010)	1432H (2010-2011)
1.	**Annual Meeting and BED Expenses**	**2,862**	**2,659**	**3,349**
	a . Annual Meeting Expenses	1,494	1,260	1,603
	b . Board of Executive Directors Expenses	1,368	1,400	1,746
2.	**Personnel Cost**	**47,788**	**52,395**	**55,338**
	a . Salaries and Benefits	44,066	49,499	48,662
	b . Other Personnel Cost	2,076	944	1,348
	c . Young Professional Program	1,646	860	3,107
	d. New staff recruited in 1431H[1]		1,092	2,221
3.	**General Administrative Expenses**	**10,217**	**8,856**	**13,977**
	a. Business Travel	2,791	2,856	3,643
	b. Other General Administrative Expenses	7,426	6,000	10,334
4.	**Contingencies[2]**	**91**	**-**	**124**
5.	**Regional Offices[3]**	**2,309**	**1,948**	**3,560**
6.	**Capital Investment**	**1,431**	**1,642**	**1,803**
7.	**Specifically Approved Programs**	**557**	**1,850**	**1,929**
	Total	**65,256**	**69,350**	**80,080**
Budget for Reform Initiatives				
8.	**Reform Related Items:**	**2,081**	**3,392**	**7,152**

[1]The budget for the new staff recruited in 1431H has been reallocated from the Reform related budget.
[2]The contingency budget has been reallocated to cover for additional resource requirement of the Public Information Outreach Program, Member Country Partnership Strategy and business travel.
[3]The capital investment budget of the Regional Offices have been restated in the Capital Investment budget of OCR.

Annex 5 (Part 1)
Islamic Development Bank – Ordinary Capital Resources
Statement of Subscriptions to Capital Stock and Voting Power
As on 30 Dhul Hijja 1431H (December 6, 2010) Expressed in Million Islamic Dinars (ID)

S. No.	Country	Amount in Million ID					Breakdown of Called-up Capital (ID)			Voting Power	
		No. of Shares	Called-up	Callable	Total	% of Total	Paid-up	Overdue	Not Yet Due	No. of Votes	% Voting
1	Afghanistan	993	5.000	4.930	9.930	0.06%	3.005	*	1.995	1,294	0.10%
2	Albania	923	2.500	6.730	9.230	0.05%	2.499	0.001	*	1,209	0.09%
3	Algeria	45,922	124.260	334.960	459.220	2.55%	119.606	0.372	4.282	35,329	2.72%
4	Azerbaijan	1,819	4.920	13.270	18.190	0.10%	4.582	0.169	0.169	1,864	0.14%
5	Bahrain	2,588	7.000	18.880	25.880	0.14%	7.000	*	0.000	2,489	0.19%
6	Bangladesh	18,216	49.290	132.870	182.160	1.01%	45.889	0.001	3.400	14,160	1.09%
7	Benin	2,080	6.040	14.760	20.800	0.12%	4.484	0.266	1.290	1,982	0.15%
8	Brunei	4,585	12.410	33.440	45.850	0.25%	11.985	0.000	0.425	3,982	0.31%
9	Burkina Faso	2,463	12.410	12.220	24.630	0.14%	10.408	1.575	0.427	2,763	0.21%
10	Cameroon	4,585	12.410	33.440	45.850	0.25%	10.443	1.540	0.427	3,827	0.29%
11	Chad	977	4.920	4.850	9.770	0.05%	2.873	1.877	0.170	1,272	0.10%
12	Comoros	465	2.500	2.150	4.650	0.03%	0.560	1.940	0.000	857	0.07%
13	Cote d'Ivoire	465	2.500	2.150	4.650	0.03%	2.508	*	(0.008)	858	0.07%
14	Djibouti	496	2.500	2.460	4.960	0.03%	1.625	0.875	0.000	996	0.08%
15	Egypt	127,867	346.000	932.670	1278.670	7.10%	333.889	0.000	12.111	97,564	7.50%
16	Gabon	5,458	14.770	39.810	54.580	0.30%	12.742	1.519	0.509	4,492	0.35%
17	Gambia	923	2.500	6.730	9.230	0.05%	2.500	*	0.000	1,209	0.09%
18	Guinea	4,585	12.410	33.440	45.850	0.25%	8.564	3.419	0.427	3,639	0.28%
19	Guinea Bissau	496	2.500	2.460	4.960	0.03%	2.212	0.288	0.000	996	0.08%
20	Indonesia	40,648	124.260	282.220	406.480	2.26%	107.933	12.046	4.281	31,524	2.42%
21	Iran	149,120	432.900	1058.300	1491.200	8.28%	325.851	12.073	94.976	107,257	8.25%
22	Iraq	4,824	13.050	35.190	48.240	0.27%	13.051	*	(0.001)	4,207	0.32%
23	Jordan	7,850	22.161	56.344	78.504	0.44%	20.325	*	1.836	6,466	0.50%
24	Kazakhstan	1,929	5.290	14.000	19.290	0.11%	5.119	0.000	0.171	1,966	0.15%
25	Kuwait	98,588	496.640	489.240	985.880	5.48%	462.418	0.000	34.222	95,666	7.36%
26	Kyrgyz	923	2.500	6.730	9.230	0.05%	2.500	*	0.000	1,209	0.09%
27	Lebanon	977	4.920	4.850	9.770	0.05%	4.751	*	0.169	1,460	0.11%
28	Libya	170,446	494.810	1209.650	1704.460	9.47%	370.349	23.722	100.739	122,314	9.41%
29	Malaysia	29,401	79.560	214.450	294.010	1.63%	76.819	0.000	2.741	22,823	1.76%
30	Maldives	923	2.500	6.730	9.230	0.05%	2.501	*	(0.001)	1,209	0.09%
31	Mali	1,819	4.920	13.270	18.190	0.10%	4.581	0.169	0.170	1,864	0.14%
32	Mauritania	977	4.920	4.850	9.770	0.05%	3.230	1.520	0.170	1,308	0.10%
33	Morocco	9,169	24.810	66.880	91.690	0.51%	23.952	0.004	0.854	7,461	0.57%
34	Mozambique	923	2.500	6.730	9.230	0.05%	2.526	*	(0.026)	1,212	0.09%
35	Niger	2,463	12.410	12.220	24.630	0.14%	7.273	4.710	0.427	2,449	0.19%
36	Nigeria	138,400	401.770	982.230	1384.000	7.69%	31.618	*	370.152	72,502	5.58%
37	Oman	5,092	13.780	37.140	50.920	0.28%	13.314	*	0.466	4,366	0.34%
38	Pakistan	45,922	124.260	334.960	459.220	2.55%	102.849	17.129	4.282	33,654	2.59%
39	Palestine	1,955	9.850	9.700	19.550	0.11%	5.106	4.406	0.338	1,981	0.15%
40	Qatar	129,750	354.610	942.890	1297.500	7.21%	205.755	*	148.855	85,523	6.58%
41	Saudi Arabia	424,960	1233.660	3015.940	4249.600	23.61%	1,052.974	0.000	180.686	317,172	24.39%
42	Senegal	5,280	15.330	37.470	52.800	0.29%	8.592	3.398	3.340	3,985	0.31%
43	Sierra Leone	496	2.500	2.460	4.960	0.03%	1.878	0.430	0.192	996	0.08%
44	Somalia	496	2.500	2.460	4.960	0.03%	2.501	*	(0.001)	996	0.08%
45	Sudan	8,321	24.160	59.050	83.210	0.46%	13.538	5.473	5.149	5,992	0.46%
46	Suriname	923	2.500	6.730	9.230	0.05%	2.501	*	(0.001)	1,209	0.09%
47	Syria	1,849	5.000	13.490	18.490	0.10%	4.829	*	0.171	1,904	0.15%
48	Tajikistan	496	2.500	2.460	4.960	0.03%	2.644	*	(0.144)	996	0.08%
49	Togo	496	2.500	2.460	4.960	0.03%	2.636	*	(0.136)	996	0.08%
50	Tunisia	1,955	9.850	9.700	19.550	0.11%	9.149	0.361	0.340	2,385	0.18%
51	Turkey	116,586	315.470	850.390	1165.860	6.48%	250.173	54.415	10.882	83,575	6.43%
52	Turkmenistan	496	2.500	2.460	4.960	0.03%	2.500	*	0.000	996	0.08%
53	U.A.E.	104,596	283.030	762.930	1045.960	5.81%	263.526	9.769	9.735	78,940	6.07%
54	Uganda	2,463	12.410	12.220	24.630	0.14%	9.495	2.488	0.427	2,672	0.21%
55	Uzbekistan	480	2.650	2.150	4.800	0.03%	2.005	*	0.645	809	0.06%
56	Yemen	9,238	24.810	67.570	92.380	0.51%	22.936	1.019	0.855	7,413	0.57%
	Shortfall / (Overpayment), Net	*	*	*	*	*	*	(0.388)	0.388	*	*
	Sub-Total	**1,747,136**	**5,200.63**	**12,270.73**	**17,471.36**	**97.06%**	**4,031.072**	**166.586**	**1,002.973**	**1,300,237**	**100.00%**
	Uncommitted	52,864	28.50	500.15	528.64	2.94%	*	*	*	*	*
	Grand Total	**1,800,000**	**5,229.13**	**12,770.88**	**18,000.00**	**100.00%**	**4,031.072**	**166.586**	**1,002.973**	**1,300,237**	**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 shareholding reflect actual percentage of IDB's member countries indicated above 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 J. Awwal 1429H (4 June 2008) and also Resolution No. BG/4-431 adopted during the 35th Annual Meeting of IDB Board of Governors held on 12 Rajab 1431H (24 June 2010).

Annex 5 (Part 2)

Islamic Development Bank - Ordinary Capital Resources Statement of IDB Share Capital Subscription

As at 30 Dhul Hijja 1431H (December 06, 2010)

Authorized Capital : ID 30 Billion.			(Amount in million ID)	
S. No.	Country	**No. of Shares**	**Total Amount**	**% of Total**
1	Afghanistan	993	9.930	0.06%
2	Albania	923	9.230	0.05%
3	Algeria	45,922	459.220	2.55%
4	Azerbaijan	1,819	18.190	0.10%
5	Bahrain	2,588	25.880	0.14%
6	Bangladesh	18,216	182.160	1.01%
7	Benin	2,080	20.800	0.12%
8	Brunei	4,585	45.850	0.25%
9	Burkina Faso	2,463	24.630	0.14%
10	Cameroon	4,585	45.850	0.25%
11	Chad	977	9.770	0.05%
12	Comoros	465	4.650	0.03%
13	Cote d›Ivoire	465	4.650	0.03%
14	Djibouti	496	4.960	0.03%
15	Egypt	127,867	1278.670	7.10%
16	Gabon	5,458	54.580	0.30%
17	Gambia	923	9.230	0.05%
18	Guinea	4,585	45.850	0.25%
19	Guinea Bissau	496	4.960	0.03%
20	Indonesia	40,648	406.480	2.26%
21	Iran	149,120	1491.200	8.28%
22	Iraq	4,824	48.240	0.27%
23	Jordan	7,850	78.504	0.44%
24	Kazakhstan	1,929	19.290	0.11%
25	Kuwait	98,588	985.880	5.48%
26	Kyrgyz	923	9.230	0.05%
27	Lebanon	977	9.770	0.05%
28	Libya	170,446	1704.460	9.47%
29	Malaysia	29,401	294.010	1.63%
30	Maldives	923	9.230	0.05%
31	Mali	1,819	18.190	0.10%
32	Mauritania	977	9.770	0.05%
33	Morocco	9,169	91.690	0.51%
34	Mozambique	923	9.230	0.05%
35	Niger	2,463	24.630	0.14%
36	Nigeria	138,400	1384.000	7.69%
37	Oman	5,092	50.920	0.28%
38	Pakistan	45,922	459.220	2.55%
39	Palestine	1,955	19.550	0.11%
40	Qatar	129,750	1297.500	7.21%
41	Saudi Arabia	424,960	4249.600	23.61%
42	Senegal	5,280	52.800	0.29%
43	Sierra Leone	496	4.960	0.03%
44	Somalia	496	4.960	0.03%
45	Sudan	8,321	83.210	0.46%
46	Suriname	923	9.230	0.05%
47	Syria	1,849	18.490	0.10%
48	Tajikistan	496	4.960	0.03%
49	Togo	496	4.960	0.03%
50	Tunisia	1,955	19.550	0.11%
51	Turkey	116,586	1165.860	6.48%
52	Turkmenistan	496	4.960	0.03%
53	U.A.E.	104,596	1045.960	5.81%
54	Uganda	2,463	24.630	0.14%
55	Uzbekistan	480	4.800	0.03%
56	Yemen	9,238	92.380	0.51%
	Shortfall / (Overpayment), Net	*	*	*
Sub-Total		**1,747,136**	**17,471.36**	**97.06%**
Uncommitted		52,864	528.64	2.94%
Grand Total		**1,800,000**	**18,000.00**	**100.00%**

Annex 6
Meetings of Board of Executive Directors During 1431H

Date of B.E.D. Meeting	No.	Projects*	Waqf Fund operations	Policy items	Other Items	IFS Items	Follow-up Reports	Items Approved by the President and submitted to B.E.D for information	Total No. of Agenda items	Resolutions Adopted
06 Muharram 1431H (23 December 2009)	264	*(Special BED Meeting)*								
16 Safar 1431H (31 January 2010)	265	6	7	3	5	-	3	10	39	20
28 Rabi Awwal 1431H (14 March 2010)	266	8	6	5	4	1	3	6	40	24
25 Jumad Awwal 1431H (09 May 2010)	267	9	7	3	2	-	3	9	40	20
08 Rajab 1431H (20 June 2010)	268	13	6	2	2	3	2	12	46	21
27 Sha'ban 1431H (08 August 2010)	269	13	6	3	5	-	3	8	45	26
19 Ramadan 1431H (29 August 2010)	270	-	-	1	1	-	-	-	3	4
24 Shawwal 1431H (03 October 2010)	271	14	4	5	3	-	3	10	47	22
22-23 Dhul Hijjah 1431H (28-29 November 2010)	272	3	5	2	1	1	3	9	38	21
Total		**66**	**41**	**24**	**23**	**5**	**20**	**64**	**298**	**158**

* Projects + TAs.
Note: Out of 298 items considered by the Board, Resolutions were adopted on 158 items while 64 items were approved by the President, IDB. The remaining 23 items which were considered by the Board on which no Resolution was required, pertain to Reports of B.E.D. Committees, Standing items such as Adoption of Agenda, Approval of Minutes, Brief Oral Report of the President, Executive Sessions, and other items for information.

Annex 7
Selected Basic Indicators for 2010

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 $)
1	Afghanistan	29.7	2.6	44.6	8.9	16.6	561	29.6	45.27
2	Albania	3.2	0.5	76.9	2.6	11.6	3,616	23.6	104.00
3	Algeria	35.5	1.5	72.9	3.8	159.0	4,478	252.2	74.94
4	Azerbaijan	9.0	0.8	70.8	4.3	52.2	5,765	90.1	0.80
5	Bahrain	1.1	6.3	76.0	4.0	21.7	19,641	29.7	0.38
6	Bangladesh	164.5	1.4	66.9	5.8	105.4	641	257.5	70.75
7	Benin	9.6	2.8	62.3	2.8	6.5	673	14.0	490.91
8	Brunei	0.4	2.9	77.4	0.5	12.0	28,340	19.9	1.29
9	Burkina Faso	14.7	2.3	53.7	4.4	8.7	590	19.7	490.91
10	Cameroon	20.4	2.5	51.7	2.6	21.9	1,071	44.2	490.91
11	Chad	10.2	2.5	49.2	4.3	7.6	743	16.9	490.91
12	Comoros	0.7	2.1	66.2	2.1	0.6	820	0.8	368.18
13	Côte d'Ivoire	22.0	3.0	58.4	3.0	22.4	1,016	37.2	490.91
14	Djibouti	0.8	2.5	56.1	4.5	1.1	1,382	2.1	177.72
15	Egypt	78.2	2.0	70.5	5.3	216.8	2,771	498.2	..
16	Gabon	1.5	1.4	61.3	4.5	12.6	8,395	22.2	490.91
17	Gambia	1.7	2.6	56.6	5.0	1.0	606	3.4	..
18	Guinea	10.3	2.5	58.9	3.0	4.3	421	10.9	..
19	Guinea-Bissau	1.7	2.9	48.6	3.5	0.8	498	1.8	490.91
20	Indonesia	234.6	1.3	71.5	6.0	695.1	2,963	1,027.4	8,991.00
21	Iran	75.4	1.7	71.9	1.6	337.9	4,484	830.7	10,353.00
22	Iraq	32.0	2.6	68.5	2.6	84.1	2,626	115.3	1,170.00
23	Jordan	6.1	2.3	73.1	3.4	27.1	4,435	34.6	0.71
24	Kazakhstan	15.6	0.1	65.4	5.4	129.8	8,326	193.3	147.50
25	Kuwait	3.6	2.0	77.9	2.3	117.3	32,530	138.1	0.28
26	Kyrgyz Republic	5.4	1.4	68.4	-3.5	4.4	816	11.8	47.10
27	Lebanon	3.9	1.3	72.4	8.0	39.1	10,019	59.9	1,507.50
28	Libya	6.5	2.0	74.5	10.6	77.9	12,062	96.1	..
29	Malaysia	28.2	1.7	74.7	6.7	219.0	7,755	412.3	3.08
30	Maldives	0.3	1.6	72.3	3.4	1.4	4,478	1.8	12.80
31	Mali	14.0	2.3	49.2	5.1	9.1	649	16.9	490.91
32	Mauritania	3.2	2.4	57.3	4.7	3.5	1,096	6.7	282.00
33	Morocco	32.0	0.8	71.8	4.0	91.7	2,868	152.6	8.36
34	Mozambique	21.6	2.0	48.4	6.5	10.2	473	21.2	..
35	Niger	14.6	3.1	52.5	3.5	5.6	383	10.5	490.91
36	Nigeria	156.1	2.7	48.4	7.4	206.7	1,324	374.3	150.66
37	Oman	3.0	3.3	76.1	4.7	53.8	18,041	78.1	0.38
38	Pakistan	166.6	1.7	67.2	4.8	174.8	1,049	464.7	85.71
39	Palestine*	4.1	..	73.9	..	..	..	..	..
40	Qatar	1.7	3.7	76.0	16.0	126.5	74,423	150.0	3.64
41	Saudi Arabia	26.1	2.3	73.3	3.4	434.4	16,641	619.8	3.75
42	Senegal	13.1	2.4	56.2	4.0	12.7	964	23.8	490.91
43	Sierra Leone	5.8	2.6	48.2	4.5	1.9	325	4.7	4,198.01
44	Somalia	9.5	..	50.4	..	..	..	..	..
45	Sudan	40.1	2.6	58.9	5.5	65.9	1,643	99.0	..
46	Suriname	0.5	1.1	69.4	4.0	3.3	6,245	4.7	2.75
47	Syria	20.6	2.4	74.6	5.0	59.6	2,892	105.3	..
48	Tajikistan	7.6	2.0	67.3	5.5	5.6	732	14.5	..
49	Togo	7.0	2.5	63.3	3.3	3.1	441	5.9	490.91
50	Tunisia	10.5	1.0	74.3	3.8	43.9	4,160	100.0	1.44
51	Turkey	71.4	1.3	72.2	7.8	729.1	10,207	956.6	1.54
52	Turkmenistan	5.4	1.6	65.3	9.4	..	3,663	35.9	..
53	U.A.E.	5.1	3.0	77.7	2.4	239.7	47,407	186.9	3.67
54	Uganda	34.0	3.5	54.1	5.8	17.1	504	42.3	2,308.30
55	Uzbekistan	28.2	1.2	68.2	8.0	37.7	1,336	85.4	..
56	Yemen	24.4	3.0	63.9	8.0	30.0	1,231	63.3	213.80
	All MCs	**1,553.3**	**1.9**	**64.9**	**5.4**	**4,781.7**	**3,119**	**7,918.6**	**..**

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

Sources: Columns 3,4,6,7,8 and 9: IMF, World Economic Outlook Database online, October 2010 edition.
Column 5: UNDP, Human Development Report, 2010.
Column 10: IMF, International Financial Statistics online database accessed on 9 March 2011.

Annex 8
Inflation (%)

No.	Country	1990	2000	2005	2006	2007	2008	2009	2010
1	Afghanistan	..	..	12.3	5.1	13.0	26.8	-12.2	0.5
2	Albania	-0.2	0.0	2.4	2.4	2.9	3.4	2.2	3.4
3	Algeria	9.3	0.3	1.6	2.3	3.6	4.9	5.7	5.5
4	Azerbaijan	..	1.8	9.7	8.4	16.6	20.8	1.5	5.5
5	Bahrain	-0.9	-0.7	2.6	2.0	3.3	3.5	2.8	2.6
6	Bangladesh	10.5	2.5	7.0	6.8	9.1	8.9	5.4	8.5
7	Benin	1.1	4.2	5.4	3.8	1.3	8.0	2.2	2.8
8	Brunei	2.1	1.2	1.1	0.2	0.3	2.7	1.8	1.8
9	Burkina Faso	-0.8	-0.1	6.4	2.4	-0.2	10.7	2.6	2.3
10	Cameroon	1.5	0.8	2.0	4.9	1.1	5.3	3.0	3.0
11	Chad	0.5	3.8	3.7	7.7	-7.4	8.3	10.1	6.0
12	Comoros	-7.4	5.9	3.0	3.4	4.5	4.8	4.8	2.6
13	Côte d'Ivoire	-0.7	-0.4	3.9	2.5	1.9	6.3	1.0	1.4
14	Djibouti	..	1.6	3.1	3.5	5.0	12.0	1.7	3.9
15	Egypt	21.2	2.8	8.8	4.2	11.0	11.7	16.2	11.7
16	Gabon	15.4	0.5	1.2	-1.4	5.0	5.3	2.1	3.0
17	Gambia	12.2	0.9	5.0	2.1	5.4	4.5	4.6	3.9
18	Guinea	25.7	6.8	31.4	34.7	22.9	18.4	4.7	15.4
19	Guinea-Bissau	33.0	8.6	3.3	0.7	4.6	10.4	-1.6	1.5
20	Indonesia	7.8	3.8	10.5	13.1	6.0	9.8	4.8	5.1
21	Iran	9.0	12.8	10.4	11.9	18.4	25.4	10.8	9.5
22	Iraq	..	..	37.0	53.2	30.8	2.7	-2.8	5.1
23	Jordan	16.2	0.7	3.5	6.3	4.7	13.9	-0.7	5.5
24	Kazakhstan	..	13.3	7.9	8.7	10.8	17.1	7.3	7.6
25	Kuwait	15.8	1.6	4.1	3.1	5.5	10.6	4.0	4.1
26	Kyrgyz Republic	..	18.7	4.3	5.6	10.2	24.5	6.8	4.8
27	Lebanon	68.9	-0.4	-0.7	5.6	4.1	10.8	1.2	5.0
28	Libya	0.7	-2.9	2.9	1.4	6.2	10.4	2.8	4.5
29	Malaysia	3.0	1.6	3.0	3.6	2.0	5.4	0.6	2.2
30	Maldives	15.5	-1.2	2.5	3.5	7.4	12.3	4.0	4.5
31	Mali	1.6	-0.7	6.4	1.5	1.5	9.1	2.2	2.1
32	Mauritania	4.9	6.8	12.1	6.2	7.3	7.3	2.2	6.1
33	Morocco	6.0	1.9	1.0	3.3	2.0	3.9	1.0	1.5
34	Mozambique	43.7	12.7	6.4	13.2	8.2	10.3	3.3	9.3
35	Niger	-2.0	2.9	7.8	0.1	0.1	10.5	1.1	3.4
36	Nigeria	7.9	6.9	17.9	8.2	5.4	11.6	12.4	11.9
37	Oman	10.0	-1.2	1.9	3.4	5.9	12.6	3.5	4.4
38	Pakistan	9.1	3.6	9.3	7.9	7.8	12.0	20.8	11.7
39	Palestine*	..	..	..	..	..	..	..	..
40	Qatar	3.0	1.7	8.8	11.8	13.8	15.0	-4.9	1.0
41	Saudi Arabia	2.1	-1.1	0.6	2.3	4.1	9.9	5.1	5.5
42	Senegal	0.3	0.7	1.7	2.1	5.9	5.8	-1.7	0.9
43	Sierra Leone	110.9	-0.9	12.1	9.5	11.7	14.8	9.2	16.5
44	Somalia	..	..	..	..	..	..	..	..
45	Sudan	-0.9	8.0	8.5	7.2	8.0	14.3	11.3	10.0
46	Suriname	21.8	58.6	9.9	11.3	6.4	14.6	-0.1	6.4
47	Syria	11.1	-3.9	7.2	10.4	4.7	15.2	2.8	5.0
48	Tajikistan	..	32.9	7.3	10.0	13.2	20.4	6.5	7.0
49	Togo	1.1	1.9	6.8	2.2	0.9	8.7	1.9	2.2
50	Tunisia	6.5	2.9	2.0	4.2	3.4	4.9	3.5	4.5
51	Turkey	57.3	55.0	8.2	9.6	8.8	10.4	6.3	8.7
52	Turkmenistan	..	8.0	10.7	8.2	6.3	14.5	-2.7	3.9
53	U.A.E.	45.4	5.8	8.0	6.6	6.8	7.3	14.2	9.4
54	Uganda	0.6	1.4	6.2	9.3	11.1	12.3	1.2	2.0
55	Uzbekistan	..	25.0	10.0	14.2	12.3	12.7	14.1	10.6
56	Yemen	..	12.2	9.9	10.8	7.9	19.0	3.7	9.8
	All MCs	**15.4**	**11.0**	**7.8**	**8.4**	**8.5**	**12.0**	**7.0**	**7.1**

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

Source: IMF, World Economic Outlook Database online, October 2010 edition.

Annex 9
Balance of Payments Indicators

No.	Country	Current Account Balance ($ billion)			Overall Balance ($ billion)			Gross Reserves in months of Imports		
		2008	2009	2010	2007	2008	2009	2007	2008	2009
1	Afghanistan	-0.1	-0.3	0.1	..	..	..	..	..	..
2	Albania	-2.0	-1.7	-1.1	0.020	-0.4	-0.6	5.4	5.7	6.1
3	Algeria	34.5	0.4	5.4	..	..	..	39.6	43.8	45.7
4	Azerbaijan	16.5	10.2	12.6	1.8	2.5	-1.0	8.0	11.7	10.5
5	Bahrain	2.3	0.6	1.1	1.4	-0.3	-0.1	..	..	..
6	Bangladesh	1.6	3.1	2.7	1.4	1.0	4.4	2.9	3.0	5.6
7	Benin	-0.5	-0.6	-0.6	-0.2	-0.3	..	7.5	7.6	7.4
8	Brunei	8.5	4.9	5.2	0.1	0.045	0.2	3.4	4.0	8.5
9	Burkina Faso	-1.0	-0.5	-0.6	0.1	-0.4	..	6.6	5.4	7.6
10	Cameroon	-0.4	-0.6	-0.9	0.8	0.1	0.2	8.6	8.6	10.4
11	Chad	-1.2	-2.3	-2.4	..	..	..	7.1	8.9	3.8
12	Comoros	-0.1	0.0	0.0	..	..	..	9.0	8.1	9.4
13	Côte d'Ivoire	0.5	1.6	1.5	0.3	0.2	1.0	4.2	3.6	5.5
14	Djibouti	-0.3	-0.2	-0.2	-0.026	0.004	-0.007	3.0	4.3	7.1
15	Egypt	0.9	-4.4	-4.3	3.7	0.9	-1.6	9.6	8.3	8.6
16	Gabon	3.4	1.8	1.9	..	..	..	6.2	10.1	11.8
17	Gambia	-0.1	-0.1	-0.1	-0.018	-0.025	0.020	5.4	4.4	..
18	Guinea	-0.4	-0.5	-0.4	0.2	0.018	0.2	0.7	0.9	0.6
19	Guinea-Bissau	0.0	0.0	0.0	-0.025	-0.1	..	7.4	7.5	10.0
20	Indonesia	0.1	10.6	6.4	12.7	-1.9	12.5	5.9	5.4	8.2
21	Iran	24.0	11.9	14.3	..	..	..	15.7	18.4	17.1
22	Iraq	11.0	-16.9	-12.1	5.8	18.5	..	13.6	17.3	16.3
23	Jordan	-2.2	-1.3	-1.9	0.9	1.2	3.1	6.0	6.6	9.7
24	Kazakhstan	6.3	-3.4	4.2	-3.0	2.2	2.5	5.3	6.5	8.8
25	Kuwait	60.2	28.7	35.3	3.2	0.6	3.8	8.7	9.7	13.7
26	Kyrgyz Republic	-0.4	0.1	-0.2	0.3	0.1	0.1	4.1	3.9	5.9
27	Lebanon	-2.8	-3.3	-4.3	-0.7	7.3	8.9	11.1	14.9	21.4
28	Libya	37.1	9.4	15.7	20.0	12.9	5.2	48.3	48.9	50.8
29	Malaysia	38.9	31.8	32.1	13.1	-3.5	3.9	7.8	7.6	9.3
30	Maldives	-0.6	-0.4	-0.4	0.1	-0.1	0.015	3.0	2.5	3.2
31	Mali	-1.1	-0.9	-0.7	-0.020	-0.1	..	4.7	4.0	6.3
32	Mauritania	-0.6	-0.4	-0.3	..	..	..	1.5	1.4	1.9
33	Morocco	-4.6	-4.6	-4.9	-0.8	-5.7	-4.4	8.2	7.2	8.4
34	Mozambique	-1.2	-1.2	-1.4	0.1	0.1	0.2	4.9	4.9	..
35	Niger	-0.7	-1.3	-1.4	-0.003	0.1	..	5.2	5.3	4.8
36	Nigeria	32.6	23.8	27.0	9.0	1.7	-10.5	15.4	16.7	15.9
37	Oman	5.0	-0.3	3.1	6.3	1.8	1.1	5.9	6.8	8.2
38	Pakistan	-13.9	-9.3	-3.5	2.5	-9.0	1.7	4.5	2.4	4.3
39	Palestine*	..	..	..	0.1	0.5	..	..	..	..
40	Qatar	34.6	14.1	19.7	..	..	..	4.5	4.5	9.5
41	Saudi Arabia	132.5	22.8	29.1	79.8	137.0	-32.6	35.7	52.5	56.4
42	Senegal	-1.9	-1.1	-1.1	-0.1	-0.6	..	3.5	3.4	5.4
43	Sierra Leone	-0.2	-0.2	-0.2	-0.030	-0.2	-0.1	5.3	5.1	9.6
44	Somalia	..	..	..	..	..	..	..	..	..
45	Sudan	-5.2	-7.0	-5.8	-0.4	0.1	-0.3	1.8	1.9	1.6
46	Suriname	0.1	-0.1	0.0	0.2	0.1	0.2	4.1	4.2	6.8
47	Syria	-1.9	-2.4	-2.3	0.5	0.1	..	4.3	4.4	4.8
48	Tajikistan	-0.4	-0.2	-0.2	-0.014	-0.1	0.1	..	..	..
49	Togo	-0.2	-0.2	-0.2	0.025	-0.3	..	3.5	4.5	5.4
50	Tunisia	-1.7	-1.2	-1.9	0.7	1.7	1.6	4.3	4.9	7.0
51	Turkey	-41.9	-14.0	-38.0	12.1	-2.8	0.9	4.7	4.9	6.1
52	Turkmenistan	3.6	-3.0	-0.9	..	..	..	34.3	34.1	27.9
53	U.A.E.	22.0	9.0	12.9	..	..	..	5.3	2.1	2.6
54	Uganda	-0.5	-0.6	-1.1	0.7	-0.1	0.3	7.7	6.3	8.3
55	Uzbekistan	2.5	0.9	1.4	..	..	..	11.4	13.3	12.0
56	Yemen	-1.3	-2.7	-1.5	-0.2	0.4	-1.3	9.8	10.8	11.0
	All MCs	**389.2**	**98.8**	**136.8**	**172.3**	**165.5**	**--**	**10.7**	**12.1**	**13.8**

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

Sources: Columns 3,4 and 5: IMF, World Economic Outlook Database online, October 2010 edition.
Columns 6,7 and 8: IMF, International Financial Statistics Database online, accessed on 16 January 2011.
Columns 9,10 and 11: IDB staff computation based on UNCTAD online database, accessed on 10 January 2011.

Annex 10
International Trade Indicators

No.	Country	Merchandise Exports (f.o.b.) Value ($ billion)	Merchandise Exports (f.o.b.) Annual Growth Rate (%)	Merchandise Exports (f.o.b.) Ten-Year Growth (%)	Merchandise Imports (c.i.f.) Value ($ billion)	Merchandise Imports (c.i.f.) Annual Growth Rate (%)	Merchandise Imports (c.i.f.) Ten-Year Growth (%)	Trade Balance ($billion)	Terms of Trade (2000=100)	
		2009	2009	2000-2009	2009	2009	2000-2009	2009	2004	2009
1	Afghanistan	0.5	-4.8	19.7	6.7	18.1	33.9	-6.2	115	108
2	Albania	1.0	-15.3	18.9	4.2	-9.4	18.2	-3.2	..	..
3	Algeria	45.2	-43.0	16.5	40.7	3.5	18.9	4.5	122	161
4	Azerbaijan	14.7	-69.2	34.1	6.1	-14.6	23.3	8.6	..	..
5	Bahrain	23.1	-20.6	17.2	9.1	-23.1	14.5	14.0	105	114
6	Bangladesh	14.4	5.5	13.4	21.8	-8.5	13.3	-7.4	86	65
7	Benin	0.4	-35.0	7.0	6.0	-14.1	37.3	-5.6	97	83
8	Brunei	6.4	-36.9	12.6	2.6	-2.3	9.9	3.9	123	169
9	Burkina Faso	0.5	-7.5	15.9	1.7	-0.3	16.1	-1.2	101	79
10	Cameroon	3.8	-31.3	14.3	3.9	-9.8	12.7	-0.1	117	122
11	Chad	2.1	-41.5	66.0	1.0	8.2	18.5	1.1	119	136
12	Comoros	0.0	-11.9	2.8	0.2	-19.4	12.1	-0.2	57	66
13	Côte d'Ivoire	10.3	4.5	12.3	7.0	-11.4	14.4	3.3	130	140
14	Djibouti	0.4	-10.1	9.9	2.3	-6.9	18.6	-2.0	99	77
15	Egypt	23.1	-11.9	22.5	44.9	-14.9	14.7	-21.8	105	128
16	Gabon	4.8	-40.8	7.7	2.4	-15.7	9.4	2.4	118	155
17	Gambia	0.1	9.0	5.7	0.8	-4.9	11.8	-0.8	96	86
18	Guinea	1.3	-32.6	15.3	3.7	-3.2	28.8	-2.4	139	143
19	Guinea-Bissau	0.2	9.0	6.2	0.3	14.2	14.7	-0.2	101	66
20	Indonesia	116.5	-15.0	10.9	97.0	-25.0	17.1	19.5	101	63
21	Iran	73.7	-38.0	19.9	59.8	-14.6	18.8	13.9	112	132
22	Iraq	35.1	-38.0	19.6	23.6	10.0	23.5	11.5	120	141
23	Jordan	5.0	-19.3	16.0	14.2	-16.2	17.2	-9.2	87	120
24	Kazakhstan	36.1	-30.9	22.4	32.7	-24.3	29.6	3.4	..	..
25	Kuwait	47.1	-39.6	19.0	19.1	-25.8	14.7	28.1	122	156
26	Kyrgyz Republic	1.0	-40.7	12.5	8.1	99.5	34.7	-7.2	..	..
27	Lebanon	3.3	-17.6	20.8	17.2	-1.8	13.5	-13.9	104	109
28	Libya	34.3	-44.4	21.2	21.5	8.5	21.0	12.8	117	140
29	Malaysia	157.4	-21.1	9.2	123.8	-21.1	8.5	33.6	102	100
30	Maldives	0.1	-39.8	8.5	1.0	-26.3	16.3	-0.9	98	128
31	Mali	0.2	-24.5	1.6	3.1	-2.6	12.1	-3.0	122	165
32	Mauritania	1.7	-25.9	19.5	2.1	-7.6	15.3	-0.4	95	151
33	Morocco	13.4	-30.8	10.6	31.0	-22.1	15.8	-17.6	105	137
34	Mozambique	1.9	-30.2	22.0	3.6	-11.0	17.3	-1.7	103	98
35	Niger	0.5	84.8	12.7	1.6	-6.5	16.8	-1.0	132	185
36	Nigeria	52.8	-39.0	17.3	43.2	-20.3	28.3	9.6	115	145
37	Oman	24.1	-31.3	13.9	17.9	-22.1	18.1	6.3	112	150
38	Pakistan	17.5	-19.0	10.5	31.6	-31.3	19.9	-14.1	85	63
39	Palestine*	..	..	..	..	..	..	..	..	..
40	Qatar	46.2	-17.1	22.6	22.8	-18.3	30.9	23.4	121	173
41	Saudi Arabia	172.0	-43.4	17.4	92.7	-18.8	17.4	79.2	129	176
42	Senegal	1.9	-5.4	11.7	4.5	-19.8	15.5	-2.6	98	99
43	Sierra Leone	0.2	-20.7	14.5	0.8	-6.2	9.0	-0.6	79	65
44	Somalia	0.4	0.9	21.1	1.0	-13.5	16.6	-0.6	105	101
45	Sudan	7.0	-41.7	25.2	8.5	-15.8	26.3	-1.5	118	152
46	Suriname	1.3	-14.5	16.1	1.4	-3.0	12.8	0.0	128	151
47	Syria	11.3	-30.6	12.1	22.4	-18.0	20.0	-11.1	107	148
48	Tajikistan	1.0	-30.1	8.3	2.5	-22.8	20.7	-1.5	..	..
49	Togo	0.7	-1.2	12.4	1.0	2.7	13.6	-0.3	30	29
50	Tunisia	13.8	-22.6	12.6	20.3	-19.0	12.4	-6.5	94	94
51	Turkey	102.2	-22.7	19.4	140.9	-30.2	18.4	-38.7	98	95
52	Turkmenistan	2.9	-70.5	10.7	6.5	21.9	12.8	-3.5	..	..
53	U.A.E.	117.9	-39.0	19.8	151.7	-24.6	28.3	-33.8	114	135
54	Uganda	1.5	-12.3	18.9	2.8	-37.6	18.6	-1.3	96	120
55	Uzbekistan	4.9	-30.7	16.8	8.4	-7.8	19.8	-3.6	..	..
56	Yemen	4.9	-48.6	9.2	9.6	-12.4	21.1	-4.7	114	127
	All MCs	**1,264.0**	**-33.1**	**16.0**	**1,215.5**	**-19.6**	**17.8**	**48.6**	**104**	**113**

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

Sources: Columns 3 and 6: IMF, Direction of Trade Statistics, accessed on 16 January 2011.
Columns 4,5,7,8 and 9: IDB staff computation based on IMF, Direction of Trade Statistics, accessed on 16 January 2011.
Column 10: World Bank, Global Development Finance online database, accessed on 4 January 2011.
World Bank, World Development Indicators online database, accessed on 4 January 2011.

Annex 11
External Debt Indicators

No.	Country	Total Debt			Total Debt Service			Interest Payments % of Merchandise Exports	Concessional Debt % of Total Debt
		Value ($ billion)	% of Merchandise Exports	% of GNI	Value ($ billion)	% of Merchandise Exports	% of GNI		
		2009	2009	2009	2009	2009	2009	2009	2009
1	Afghanistan	2.3	415.8	..	0.01	1.9	..	1.3	89.8
2	Albania	4.7	433.8	39.6	0.26	24.3	2.2	8.5	36.2
3	Algeria	5.3	11.8	3.8	1.03	2.3	0.7	0.3	36.7
4	Azerbaijan	4.9	23.1	12.1	0.40	1.9	1.0	0.4	31.1
5	Bahrain	..	..	..	0.00	0.0	..	0.0	
6	Bangladesh	23.8	157.9	24.4	0.96	6.3	1.0	1.5	83.8
7	Benin	1.1	107.3	16.1	0.04	3.7	0.6	1.2	91.8
8	Brunei	..	..	..	0.00	0.0	..	0.0	
9	Burkina Faso	1.8	215.9	22.9	0.04	4.9	0.5	1.8	91.9
10	Cameroon	2.9	98.0	13.3	0.39	13.2	1.8	2.0	68.7
11	Chad	1.7	62.3	..	0.08	2.8	..	0.8	92.7
12	Comoros	0.3	2148.5	51.0	0.01	91.0	2.2	22.4	94.4
13	Côte d’Ivoire	11.7	131.5	52.2	1.11	12.4	4.9	3.0	49.2
14	Djibouti	0.8	1003.2	67.2	0.03	39.1	2.6	10.3	93.3
15	Egypt	33.3	144.2	17.6	2.94	12.8	1.6	3.8	64.9
16	Gabon	2.1	41.8	22.3	0.47	9.2	4.9	2.9	21.0
17	Gambia	0.5	3467.4	75.3	0.03	170.9	3.7	52.3	85.7
18	Guinea	2.9	289.7	79.3	0.13	12.8	3.5	3.3	89.0
19	Guinea-Bissau	1.1	965.7	134.4	0.01	8.7	1.2	3.2	82.5
20	Indonesia	157.5	131.8	32.9	24.85	20.8	5.2	3.7	27.7
21	Iran	13.4	17.2	4.1	2.58	3.3	0.8	0.6	7.5
22	Iraq	..	..	..	0.00	0.0	..	0.0	
23	Jordan	6.6	103.9	25.7	0.58	9.2	2.3	2.6	53.0
24	Kazakhstan	109.9	254.4	106.2	40.69	94.2	39.3	9.4	1.0
25	Kuwait	..	..	..	0.00	0.0	..	0.0	
26	Kyrgyz Republic	2.9	201.5	65.8	0.36	25.1	8.2	2.7	79.9
27	Lebanon	24.9	593.8	70.2	4.24	101.3	12.0	37.0	6.1
28	Libya	..	..	..	0.00	0.0	..	0.0	
29	Malaysia	66.4	42.2	35.1	11.07	7.0	5.9	1.4	5.6
30	Maldives	0.8	461.7	55.2	0.07	40.9	4.9	11.4	35.7
31	Mali	2.7	127.0	29.6	0.08	3.8	0.9	1.2	94.1
32	Mauritania	2.0	148.1	66.6	0.08	5.7	2.5	1.8	80.5
33	Morocco	23.8	171.3	26.5	3.41	24.6	3.8	5.1	33.8
34	Mozambique	4.2	194.1	43.0	0.04	2.0	0.4	1.3	75.9
35	Niger	1.0	110.1	18.8	0.04	5.0	0.8	1.0	91.0
36	Nigeria	7.8	14.9	4.8	0.51	1.0	0.3	0.3	44.3
37	Oman	..	..	..	0.00	0.0	..	0.0	
38	Pakistan	53.7	303.8	32.3	3.43	19.4	2.1	5.7	58.8
39	Palestine*	..	..	..	0.00	..	..	..	
40	Qatar	..	..	..	0.00	0.0	..	0.0	
41	Saudi Arabia	..	..	..	0.00	0.0	..	0.0	
42	Senegal	3.5	160.7	27.4	0.20	9.2	1.6	2.4	71.2
43	Sierra Leone	0.4	192.5	23.4	0.01	3.2	0.4	1.6	81.8
44	Somalia	3.0	..	..	0.00	..	..	..	54.2
45	Sudan	20.1	257.1	40.9	0.48	6.2	1.0	1.5	34.2
46	Suriname	..	..	..	0.00	0.0	..	0.0	
47	Syria	5.2	50.3	10.3	0.64	6.2	1.3	1.4	71.2
48	Tajikistan	2.5	249.2	51.2	0.47	46.6	9.6	4.3	63.1
49	Togo	1.6	205.0	57.5	0.06	6.9	1.9	1.8	79.2
50	Tunisia	21.7	150.3	58.2	2.10	14.6	5.6	5.2	20.8
51	Turkey	251.4	246.1	41.4	61.58	60.3	10.1	11.3	3.5
52	Turkmenistan	0.6	8.7	3.0	0.17	2.6	0.9	0.3	67.8
53	U.A.E.	..	..	..	0.00	0.0	..	0.0	
54	Uganda	2.5	100.5	15.8	0.07	2.9	0.5	0.9	84.7
55	Uzbekistan	4.1	38.3	12.6	0.62	5.8	1.9	0.9	47.9
56	Yemen	6.4	..	25.5	0.26	..	1.1	..	91.9
	All MCs	**901.9**	**65.8**	**29.8**	**166.6**	**12.2**	**5.5**	**2.2**	**24.0**

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

Sources: World Bank, Global Development Finance online database, accessed on 4 January 2011.
World Bank, World Development Indicators online database, accessed on 4 January 2011.

Annex 12
Resource Flows

No.	Country	Total Receipt[1] ($ billion)				Total ODA Commitments ($ billion)			
		2000	2007	2008	2009	2000	2007	2008	2009
1	Afghanistan	0.16	3.97	4.93	6.14	0.12	4.60	6.27	6.53
2	Albania	0.23	0.67	0.84	0.79	0.32	0.32	0.55	0.30
3	Algeria	-0.40	2.12	0.33	2.84	0.26	0.43	0.26	0.30
4	Azerbaijan	0.67	2.63	2.29	0.90	0.17	0.25	0.28	0.58
5	Bahrain	1.48	..	..	..	0.12	..	..	..
6	Bangladesh	1.23	1.73	2.83	1.89	1.27	2.55	4.04	2.60
7	Benin	0.23	0.50	0.65	0.65	0.32	0.50	0.65	0.73
8	Brunei	..	..	..	..	..	..	..	..
9	Burkina Faso	0.19	0.90	1.04	1.08	0.44	0.75	1.28	1.69
10	Cameroon	0.22	0.63	0.59	0.77	0.43	2.21	1.24	0.96
11	Chad	-0.23	0.41	0.44	0.58	0.32	0.46	0.49	0.64
12	Comoros	0.00	-0.04	0.04	0.05	0.02	0.05	0.04	0.08
13	Côte d›Ivoire	0.72	0.19	0.24	-0.26	0.39	0.50	0.74	2.30
14	Djibouti	0.09	0.13	0.15	0.33	0.08	0.15	0.12	0.12
15	Egypt	3.22	8.12	16.93	5.99	1.68	1.70	1.75	1.06
16	Gabon	0.08	0.58	-0.36	-0.28	0.08	0.15	0.12	0.11
17	Gambia	0.05	0.09	0.10	0.15	0.04	0.07	0.06	0.11
18	Guinea	0.33	0.24	0.23	0.20	0.18	0.34	0.39	0.21
19	Guinea-Bissau	0.08	0.10	0.12	0.14	0.09	0.13	0.13	0.13
20	Indonesia	2.36	1.69	3.32	4.46	2.03	3.02	3.67	3.40
21	Iran	0.02	-0.81	-1.42	-1.31	0.15	0.11	0.14	0.10
22	Iraq	0.11	5.16	4.94	2.98	0.08	9.31	12.78	3.07
23	Jordan	0.57	0.43	0.49	1.39	0.57	0.66	0.87	0.98
24	Kazakhstan	0.75	6.89	3.43	0.72	0.30	0.31	0.18	0.19
25	Kuwait	..	..	..	..	..	..	..	..
26	Kyrgyz Republic	0.22	0.30	0.42	0.33	0.24	0.28	0.33	0.35
27	Lebanon	0.05	0.83	1.12	0.57	0.16	1.12	1.13	0.44
28	Libya	..	1.90	1.97	1.11	..	0.02	0.08	0.02
29	Malaysia	-0.31	10.26	1.09	4.04	1.19	0.07	0.13	0.11
30	Maldives	0.01	0.12	0.07	0.06	0.03	0.05	0.08	0.10
31	Mali	0.31	0.93	0.94	0.97	0.53	1.42	1.26	1.50
32	Mauritania	0.22	0.32	0.31	0.30	0.26	0.18	0.20	0.12
33	Morocco	0.60	2.84	3.06	2.11	0.69	1.21	2.73	1.52
34	Mozambique	1.18	1.81	1.89	2.06	1.12	1.85	2.89	2.08
35	Niger	0.18	0.33	0.58	0.47	0.32	0.41	0.86	0.46
36	Nigeria	-1.99	1.05	2.55	2.92	0.37	2.47	1.96	3.08
37	Oman	0.17	1.66	0.20	0.21	0.15	0.00	0.02	0.12
38	Pakistan	0.17	5.29	3.20	3.77	1.19	2.97	2.70	5.44
39	Palestine*	0.51	1.86	2.56	3.06	0.68	1.47	2.34	2.81
40	Qatar	..	..	..	..	..	..	..	..
41	Saudi Arabia	-0.98	5.80	..	..	0.02	0.03	..	..
42	Senegal	0.48	0.98	1.36	1.38	0.69	0.69	1.23	1.21
43	Sierra Leone	0.19	0.37	0.38	0.45	0.29	0.60	0.38	0.36
44	Somalia	0.10	0.39	0.77	0.67	0.08	0.41	0.86	0.60
45	Sudan	0.32	2.15	2.40	2.33	0.28	1.97	2.70	2.58
46	Suriname	0.02	0.07	0.12	0.19	0.02	0.15	0.09	0.23
47	Syria	0.21	0.44	0.25	0.52	0.12	0.33	0.38	0.41
48	Tajikistan	0.12	0.22	0.31	0.43	0.15	0.25	0.40	0.36
49	Togo	0.06	0.19	0.31	0.55	0.05	0.20	0.46	0.57
50	Tunisia	0.66	1.47	1.56	0.79	0.58	0.72	1.07	0.80
51	Turkey	8.72	30.52	13.99	3.46	0.69	1.01	1.65	1.35
52	Turkmenistan	0.29	-0.47	-0.08	-0.07	0.02	0.08	0.04	0.02
53	U.A.E.	..	..	..	..	..	..	..	..
54	Uganda	0.83	1.83	1.87	1.95	0.93	2.02	2.24	2.45
55	Uzbekistan	0.45	0.13	0.10	0.30	0.09	0.15	0.21	0.40
56	Yemen	0.29	0.32	1.27	1.05	0.44	0.40	0.68	1.52
	All MCs	**25.21**	**110.25**	**86.73**	**66.19**	**20.87**	**51.13**	**65.14**	**57.20**

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

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

Source: OECD, Development Assistance Committee (DAC) Statistics Online, accessed on 16 January 2011.

Annex 13
Social Development Indicators of IDB Member Countries

No.	Country	Human Development Index (HDI, 2010)			Basic Capabilities Index (BCI)**			Total Expenditure on Health (% of GDP) (2008)	Public Expenditure on Education (% of GDP) (Latest available year)
		HDI Rank	Index	Status	BCI 2000	BCI 2010	Basic Capabilities Progress		
1	Afghanistan	155	0.349	Low	45	..	..	7.3	0.0
2	Albania	64	0.719	High	99	97	Regression	6.8	2.9
3	Algeria	84	0.677	High	94	96	Slight progress	4.5	4.3
4	Azerbaijan	67	0.713	High	90	94	Slight progress	3.6	2.8
5	Bahrain	39	0.801	Very High	95	95	Stagnant	3.6	2.9
6	Bangladesh	129	0.469	Low	61	61	Stagnant	3.5	2.4
7	Benin	134	0.435	Low	78	85	Slight progress	4.8	3.5
8	Brunei	37	0.805	Very High	..	..	..	2.4	3.7
9	Burkina Faso	161	0.305	Low	55	69	Significant progress	5.6	4.6
10	Cameroon	131	0.460	Low	75	75	Stagnant	5.5	3.7
11	Chad	163	0.295	Low	50	54	Slight progress	4.9	3.2
12	Comoros	140	0.428	Low	74	..	..	3.3	7.6
13	Côte d'Ivoire	149	0.397	Low	73	74	Slight progress	4.2	4.6
14	Djibouti	147	0.402	Low	72	76	Slight progress	8.5	8.4
15	Egypt	101	0.620	Medium	83	91	Slight progress	6.4	3.8
16	Gabon	93	0.648	Medium	84	..	..	4.1	3.8
17	Gambia	151	0.390	Low	76	72	Major regression	5.3	2.0
18	Guinea	156	0.340	Low	54	67	Significant progress	5.5	2.4
19	Guinea-Bissau	164	0.289	Low	55	60	Slight progress	5.8	5.2
20	Indonesia	108	0.600	Medium	85	90	Slight progress	2.0	2.8
21	Iran	70	0.702	High	93	95	Slight progress	6.3	4.7
22	Iraq	..	..	..	81	88	Slight progress	2.7	0.0
23	Jordan	82	0.681	High	97	97	Stagnant	8.5	4.9
24	Kazakhstan	66	0.714	High	95	97	Slight progress	3.7	2.8
25	Kuwait	47	0.771	High	94	94	Stagnant	2.0	3.8
26	Kyrgyz Republic	109	0.598	Medium	95	95	Stagnant	6.6	5.9
27	Lebanon	..	..	..	94	92	Regression	8.8	1.8
28	Libya	53	0.755	High	96	..	..	2.8	2.7
29	Malaysia	57	0.744	High	96	97	Slight progress	4.3	4.1
30	Maldives	107	0.602	Medium	88	92	Slight progress	11.2	11.2
31	Mali	160	0.309	Low	62	69	Slight progress	5.5	4.4
32	Mauritania	136	0.433	Low	69	71	Slight progress	2.6	2.9
33	Morocco	114	0.567	Medium	78	88	Significant progress	5.3	5.6
34	Mozambique	165	0.284	Low	62	71	Significant progress	5.6	5.0
35	Niger	167	0.261	Low	48	59	Significant progress	5.0	4.5
36	Nigeria	142	0.423	Low	64	61	Major regression	6.8	0.0
37	Oman	..	..	..	94	94	Stagnant	2.4	3.9
38	Pakistan	125	0.490	Medium	55	65	Significant progress	2.9	2.7
39	Palestine	..	..	..	..	..	..	..	0.0
40	Qatar	38	0.803	Very High	96	94	Regression	3.3	2.1
41	Saudi Arabia	55	0.752	High	92	..	..	4.0	5.6
42	Senegal	144	0.411	Low	70	71	Slight progress	5.7	5.8
43	Sierra Leone	158	0.317	Low	55	61	Slight progress	4.2	4.3
44	Somalia	..	..	..	58	57	Stagnant	2.6	0.0
45	Sudan	154	0.379	Low	79	77	Regression	3.6	0.0
46	Suriname	94	0.646	Medium	91	91	Stagnant	7.7	0.0
47	Syria	111	0.589	Medium	92	96	Slight progress	3.2	4.9
48	Tajikistan	112	0.580	Medium	86	93	Slight progress	5.6	3.5
49	Togo	139	0.428	Low	71	74	Slight progress	6.4	4.6
50	Tunisia	81	0.683	High	94	97	Slight progress	6.0	7.1
51	Turkey	83	0.679	High	90	95	Slight progress	5.0	3.1
52	Turkmenistan	87	0.669	Medium	91	98	Slight progress	1.8	0.0
53	U.A.E.	32	0.815	Very High	92	95	Slight progress	2.4	1.2
54	Uganda	143	0.422	Low	..	..	..	6.3	3.2
55	Uzbekistan	102	0.617	Medium	96	97	Slight progress	5.0	0.0
56	Yemen	133	0.439	Low	..	..	..	3.7	5.2
	All MCs		**0.516**					**4.3**	**3.4**

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

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

Sources: Column 3,4, and 5: UNDP, Human Development Report, 2010.
Columns 6,7 and 8: Social Watch, Basic Capabilities Index.
Column 9: WHOSIS online Database accessed on 18 January 2011.
Column 10: UNESCO Institute of Statistics, online Database accessed on 18 January 2011.

Annex 14
Global Hunger Index

No.	Country	1990	2010	Status of Hunger (2010)
1	Afghanistan	..	..	..
2	Albania	10.5	<5	Low Hunger
3	Algeria	7.4	<5	Low Hunger
4	Azerbaijan	..	7.7	Moderate Hunger
5	Bahrain	..	..	..
6	Bangladesh	32.3	24.2	Alarming Hunger
7	Benin	22.8	17.1	Serious Hunger
8	Brunei	..	..	..
9	Burkina Faso	25.1	21.1	Alarming Hunger
10	Cameroon	22.0	17.6	Serious Hunger
11	Chad	37.5	30.9	Extremely Alarming Hunger
12	Comoros	26.4	27.9	Alarming Hunger
13	Côte d'Ivoire	19.4	14.0	Serious Hunger
14	Djibouti	30.7	23.5	Alarming Hunger
15	Egypt	8.6	<5	Low Hunger
16	Gabon	11.3	6.4	Moderate Hunger
17	Gambia	18.4	18.5	Serious Hunger
18	Guinea	29.3	17.1	Serious Hunger
19	Guinea Bissau	23.0	22.6	Alarming Hunger
20	Indonesia	16.0	13.2	Serious Hunger
21	Iran	8.3	<5	Low Hunger
22	Iraq	..	..	..
23	Jordan	4.8	<5	Low Hunger
24	Kazakhstan	..	<5	Low Hunger
25	Kuwait	12.6	<5	Low Hunger
26	Kyrgyz Republic	..	<5	Low Hunger
27	Lebanon	5.1	<5	Low Hunger
28	Libya	2.7	<5	Low Hunger
29	Malaysia	9.5	<5	Low Hunger
30	Maldives	..	..	..
31	Mali	29.6	19.1	Serious Hunger
32	Mauritania	25.3	13.1	Serious Hunger
33	Morocco	7.7	5.8	Moderate Hunger
34	Mozambique	40.9	23.7	Alarming Hunger
35	Niger	38.0	25.9	Alarming Hunger
36	Nigeria	23.7	17.8	Serious Hunger
37	Oman	..	..	..
38	Pakistan	25.3	19.1	Serious Hunger
39	Palestine*	..	..	..
40	Qatar	..	..	..
41	Saudi Arabia	6.9	<5	Low Hunger
42	Senegal	22.1	16.8	Serious Hunger
43	Sierra Leone	32.4	28.9	Alarming Hunger
44	Somalia	..	..	..
45	Sudan	24.5	20.9	Alarming Hunger
46	Suriname	10.7	5.6	Moderate Hunger
47	Syria	9.6	5.2	Moderate Hunger
48	Tajikistan	..	15.8	Serious Hunger
49	Togo	23.0	22.4	Alarming Hunger
50	Tunisia	5.2	<5	Low Hunger
51	Turkey	6.2	<5	Low Hunger
52	Turkmenistan	..	6.3	Moderate Hunger
53	U.A.E.	..	..	..
54	Uganda	19.9	15.0	Serious Hunger
55	Uzbekistan	..	7.1	Moderate Hunger
56	Yemen	30.7	27.3	Alarming Hunger

*Refers to Gaza and West Bank .. Data not available
Source: IFPRI, "2010 Global Hunger Index: The Crisis of Child Undernutrition", 12 October 2010.

Annex 15
List of Projects and Projects related Technical Assistance Approved During 1431H

S. No	Country	Operation Name	Mode of Financing	Approval Date (DD/MM/YY	Total Cost (US$)	IDB Financing (US$)	IDB Financing (ID)	Description
1	Albania	Microfinance Project	Grant (T.A.)	03/10/10	6.0	0.3	0.2	The project aims to provide easy access to affordable and inclusive source of microfinance funding to impoverished segments of the population working in the agriculture sector.
			Loan			4.2	2.67	
			Loan ISFD			1.0	0.64	
2	Azerbaijan	Baku Waste to Energy Plant	Leasing	08/05/10	480.0	191.2	128.46	The project aims to improve the ecology and health conditions in the capital city of Baku by constructing the first Waste to Energy plant capable of treating 500,000 tons of municipal solid waste annually. The plant is designed to generate electricity of 230 GWH per annum where the residue of the incineration process will be used as construction material.
3	Bahrain	66KV Electricity Transmission Development Project	Leasing	13/03/10	287.0	124.0	78.84	The project involves up-gradation of Transmission Network and construction of 24 new 66-KV Sub-stations within the National Grid. It will facilitate electricity transmission to satisfy 8% per annum increase in electricity demand in Bahrain.
4	Bangladesh	Single Point Mooring (SPM)	Istisnaa	13/12/09	14.6	129.2	81.18	The main objective of the project is to improve the efficiency of existing method of decanting crude oil and high speed diesel from vessels. The project is important to meet the country's increasing demand for petroleum products in an efficient and cost effective manner.
5	Bangladesh	Water Supply Sanitation Project in Cyclone Prone Coastal Areas	Loan	08/05/10	17.1	14.4	9.7	The project aims to improve the environmental conditions by reducing water related diseases and post cyclone related environmental hazards in Coastal areas.
6	Bangladesh	Padma Multipurpose Bridge	Istisnaa	03/10/10	2912.1	140.0	89.82	The project aims to achieve the strategic objective of connecting the southwestern region to the rest of the country. The Multipurpose Bridge of 6.15 KM length (with 4 Lances and Rail ready) will facilitate the transport to great extent. The project is part of the Asian-Highway section-I and will stimulate economic growth by facilitating Inter-Regional transport.
7	Benin	Microfinance Support Program	Grant (T.A.)	13/03/10	17.3	0.5	0.3	The main objective of the project is to improve the livelihoods of low-income people through improving their access to microfinance. The project will also impart market oriented training and provide business opportunities to impoverished segments of the population working in the agriculture sector.
			Loan			5.1	3.33	
			Loan ISFD			5.0	3.33	
8	Burkina Faso	Integrated Rural Development in the Central Plateau Region	Istisnaa / Jeddah. Declaration	24/06/10	21.5	6.3	4.3	The main objective of the project is to contribute to enhanced Food Security and reduce Poverty through intensive Agricultural production and large scale Agri-business development.

S. No	Country	Operation Name	Mode of Financing	Approval Date (DD/MM/YY	Total Cost (US$)	IDB Financing (US$)	IDB Financing (ID)	Description
9	Burkina Faso	Basic Education Development Project	Loan	08/08/10	12.6	10.2	6.67	The objective of the project is to support the ten-year basic education development plan of the Government of Burkina Faso. It will specifically contribute to the extension of basic education coverage and reduce regional and gender disparities.
			Loan ISFD			1.5	0.99	
10	Cameroon	Malaria Presentation Control Using Indoor Residual Spraying	Loan	28/11/10	20.5	6.9	4.49	The project will contribute to Malaria Prevention and Control Program benefiting about 4 million inhabitants, mostly children and pregnant women, in 22 high Malaria endemic districts in Cameroon. The project will also strengthen capacity of the Government to manage National Malaria Prevention and Control Program.
11	Chad	Mango-Mangalme Road	Istisnaa	24/06/10	84.1	51.2	34.73	The objective of the project is to build a reliable and efficient road transport Network. The project will upgrade 128KM of earth road to paved road connecting boarder region of Chad with Sudan.
12	Cote d'Ivoire	Post-Conflict Program for Center-North-West Zone	Loan	22/12/08	36.3	9.4	6.35	The objective of the project is to increase access to and improve the quality of urban infrastructure including roads, provision of water, and education facilities. The project will be implemented in four main cities in the Centre-North-West regions which were the worst hit during the conflict in Cote d'Ivoire.
13	Cote d'Ivoire	Hydro-Agriculture Development in Upper Sassandra-Fromager (Phase II)	Istisnaa (Jeddah Declaration).	08/05/10	17.6	15.8	10.61	The objective of the project is to increase water storage capacity. Stored water will be used to develop irrigable Agricultural land for rice production in the Daloua Vavoua area in Cote d'Ivoire.
14	Djibouti	Ali Sabieh Regional Hospital	Loan	08/08/10	14.2	13.9	9.09	The objective of the project is to contribute to improving the quality and access to the basic health services for population of Ali Sabieh Region.
15	Egypt	Banha Combined Cycle Power Plant	Leasing	08/08/10	683.0	120.0	78.48	The project aims at satisfying increasing demand for electricity in Egypt by enhancing the capacity and reliability of the power generation system. A new Combined Cycle Power Plant of 750 MW capacity will be installed that will help to reduce CO2 emission by 528,000 Tons per annum. The project will use most modern and highly efficient green electricity generation technologies.
16	Gambia	Development of the University of the Gambia	Loan	08/08/10	53.5	16.2	10.62	The main objective of the project is to provide support to the higher education sector in Gambia.
17	Gambia	Community-Based Infrastructure and Livelihood Improvement (CILIP)	Grant (T.A.)	03/10/10	18.0	0.4	0.27	The objective of the project is to empower the beneficiary-communities and improve their livelihoods by increasing access to basic infrastructure.
			Loan			16.5	10.57	
18	Guinea	Islamic Bank of Guinea	Equity	24/02/10	7.1	1.5	0.96	IDB has increased its equity capital in the Islamic Bank of Guinea with a view to strengthen and widen its shareholding. The increased share in equity by IDB will help the Bank in expanding its coverage of services to beneficiaries.

S. No	Country	Operation Name	Mode of Financing	Approval Date (DD/MM/YY	Total Cost (US$)	IDB Financing (US$)	IDB Financing (ID)	Description
19	Guinea	Conakry Water Supply	Loan	08/08/10	15.8	14.5	9.49	The project aims at improving access to potable water in the City of Conakry. It will provide an access to potable water to the additional population of 320,000 especially in the most economically deprived districts of Conakry.
20	Indonesia	Bank Muamalat Indonesia (BMI) (Additional-iii) from Waqf Fund	Equity	10/07/10	105.8	30.3	20.26	Participation in BMIs 3rd offer of a Share Capital increase through a Rights Issue of 820,25 million shares at a price of IDR 1161 per share. IDB will acquire an additional 229,746,116 shares for a total amount of IDR 266.8 billion.
21	Indonesia	Development of a Medical Education Research Center and two University Hospitals	Istisnaa	18/10/09	129.8	31.3	19.66	The main objective of the project is to develop a medical education research center for the Faculty of Medicine at the University of Indonesia, and two University Hospitals at University of Andalas and University of Sebelas Merat.
22	Indonesia	Quality Improvement of Padjaja Ran University	Inst. Sale	08/05/10	43.9	8.2	5.53	The project aims at supporting the higher Education Sector of Indonesia and developing the nation's competitiveness by enhancing the intellectual capacity and welfare level of the community.
			Istisnaa			27.0	18.14	
23	Indonesia	Simeulue Physical Infrastructure (Phase II) Palm Oil Plant Product	Istisnaa	24/06/10	23.1	20.0	13.57	The overall goal of the project is to assist in improving the incomes and livelihoods of farmers and communities in Simeulue Island. The project, in the long-term, will improve socio-economic development by enhancing the palm oil sector industry and helping generate sustainable income for the farmers.
24	Indonesia	Integrated Community Driven Development (ICDD) Phase II	Grant (T.A.)	03/10/10	212.0	0.5	0.3	The overall objective of the project is to improve the socio-economic conditions of communities in the targeted areas. The project aims to assist the most vulnerable segment of the population, especially women and the poorest. The project will improve the community infrastructure, both physical and social, and also improve access to basic facilities.
			Istisnaa/ Jeddah Declaration			10.0	6.42	
			Istisnaa			136.0	87.25	
			Loan			6.2	4	
			Loan ISFD			7.0	4.49	
25	Iran	Tehran Power Transmission Project	Leasing	24/07/10	184.9	6.7	4.44	The project will establish a substation of 400 KV switchyard and double overhead and underground transmission lines.
26	Iran	Qom Sewage Project	Istisnaa	13/12/09	135.6	*103.8*	65.27	The main objective of the project is to improve hygiene and environment conditions in the historic city of Qom. The project will enhance coverage of sanitation services and improve health conditions of people living in the area with the provision of sewerage collection network and expansion of wastewater treatment facility. The project will also help reduce ground and surface water pollution.

S. No	Country	Operation Name	Mode of Financing	Approval Date (DD/MM/YY	Total Cost (US$)	IDB Financing		Description
						(US$)	(ID)	
27	Iran	Kashan Sewage Project	Istisnaa	13/12/09	189.5	92.4	58.14	The main objective of the project is to improve the hygiene and environment conditions of people in the city of Kashan. The project will increase coverage of sanitation services and improve health conditions of people living in the project area with the provision of sewerage collection network and expansion of wastewater treatment facility. The project will also help reduce ground and surface water pollution.
28	Iran	Khomrood Coal Mining	Leasing	24/06/10	133.0	68.7	46.62	The objective of the project is to develop and operate an underground mining complex capable of producing, at full output, a total of 0.75 million Tones of run of Mine high quality coking coal annually. The project will increase the country's coking coal production capacity to 3 MTPA to meet the growing demand for and reduce dependency on imported coal to meet the growing demand for local Steel industry.
29	Iran	East Tehran Grain Silo	Istisnaa	08/08/10	27.7	27.7	18.1	The objective of the project is to contribute to achieving food security in East Tehran and West of Semnan Province (Garmsar city) of Iran through providing efficient grain storage services.
30	Kazakhstan	Microfinance to Rural Areas	Grant (T.A.)	31/01/10	12.2	0.2	0.1	The objective of the project is to contribute to the efforts of the Government of Kazakhstan to increase access to micro-finance to help alleviate poverty.
			Loan ISFD			10.0	6.43	
31	Lebanon	West Bekaa Waste Water Project	Istisnaa	08/05/10	73.9	8.3	5.53	The main objective of the project is to reduce heavy pollution affecting the Qaraoun lake and Litani river. The project will meet the need for wastewater collection and treatment in Qaraoun lake area to meet the needs for the next 20 years.
32	Mali	Construction of Taoussa Dam	Loan	03/06/09	195.4	10.0	6.73	The project aims at construction of a multi-purpose Dam. A 25 MW Hydro-Electric power station will be installed along with construction of 220 KM long transmission line. The Dam will also store water to irrigate 139000 hectares of dry land.
33	Mali	Djenne Agricultural Development Project	Istisnaa	08/05/10	175.4	29.8	18.62	The project aims at enhancing agricultural production and food security, alleviate poverty, and improve the living conditions of the beneficiaries.
			Loan			10.3	6.9	
34	Mali	Kalabancoro Water Supply	Loan	24/06/10	12.0	15.9	10.78	The project aims at improving the delivery of water supply in Kalabancoro (Bamako City). It will enhance water availability for 96000 low income households by providing additional water supply of 18000 M3 and expanding the distribution network.
35	Mauritania	Nouakchott University Campus	Loan	31/01/10	61.0	9.4	6	The project aims at assisting the government in implementing its long term higher education sector development strategy for producing qualified graduates, who can contribute positively to increasing productivity and competitiveness in Mauritania's labor market.

S. No	Country	Operation Name	Mode of Financing	Approval Date (DD/MM/YY	Total Cost (US$)	IDB Financing		Description
						(US$)	(ID)	
36	Mauritania	Nouakchott Power Plant Expansion	Leasing	17/02/10	20.4	4.0	2.81	The project aims to urgently reduce acute electricity shortage in the capital city of Nouakchott and its suburbs, through expansion of the capacity of the existing power generation station by acquiring two sets of 7 MW diesel generators, construction of 33/15-KV substation, construction of distribution power cable and associated civil works.
37	Mauritania	Vocational Literacy Program for Poverty Reduction (VOLIP)	Loan	08/08/10	16.0	6.4	4.2	The objective of the project is to improve the literacy competencies, job skills productivity of about 21000 un-educated and poor people through access to non-formal education, vocational training and access to micro-finance. The project will improve living conditions and reduce vulnerability of the poorest segment of the society. The out of school children will complete their basic education and get non-formal education and vocational training.
			Loan ISFD			5.2	3.4	
38	Mauritania	Aftout Elehargui Zone East Water Supply	Istisnaa	03/10/10	30.9	14.2	9.08	The objective of the project is to improve the living and health conditions of the population by satisfying their water needs and reducing water borne diseases.
			Loan			14.2	9.08	
39	Mauritania	Construction of Kiffa-Kankossa Road	Istisnaa	03/10/10	40.0	14.9	9.58	The project aims at facilitating the transport of passengers and goods between the central southern regions of the country. It also contributes to regional integration by encouraging trade among the regional countries.
			Loan			15.7	10.1	
40	Morocco	Rural Electrification Project Final Phase	Istisnaa	08/08/10	66.1	39.8	26.01	The objective of the project is to universalize electricity access to rural population in a sustainable manner. The project is final phase of Rural Electrification Program for connecting 105,000 households living in 2600 villages and 49 provinces. After implementation of the project, the rural electrification access rate in Morocco will reach to 98% by 2013.
			Loan			12.0	7.85	
41	Niger	Islamic Bank of Niger	Equity	05/12/09	5.4	5.4	3.63	IDB has participated in the Equity Capital increase of the Islamic bank of Niger to promote Islamic Banking in the country. This will strengthen the Equity base of the bank and widen its coverage of services.
42	Niger	Construction of Kandadji Dam	Loan	08/04/08	317.0	10.0	6.3	The project aims at improving Niger's fluvial ecosystem and makes it conducive to development of agriculture and increase energy production. The project will ultimately contribute to reducing poverty through the regeneration of the physical environment and the reinforcement of food security.
43	Niger	Vocational Literacy Program for Poverty Reduction (VOLIP)	Grant (T.A.)	24/06/10	10.1	0.2	0.15	The program aims to improve the living conditions and reduce the vulnerability of the poorest segments of the population, viz. women and youth. It will develop relevant functional literacy competencies and skills and provide them access to microfinance.
			Loan			4.0	2.7	
			Loan ISFD			5.0	3.39	

S. No	Country	Operation Name	Mode of Financing	Approval Date (DD/MM/YY	Total Cost (US$)	IDB Financing (US$)	IDB Financing (ID)	Description
44	Pakistan	Construction of Khanewal-Multan Motorway(M4)	Istisnaa	31/01/10	195.3	160.2	99.65	The main objective of the project is to provide high speed, safe and reliable transport infrastructure by building a Motorway of 241KM length linking Industrial town of Faisalabad to Multan. It will reduce transit cost and travel time along the North-South National Trade Corridor and improve living standards of people living around the project area.
45	Pakistan	Construction of Teaching Hospital for National University of Science and Technology (NUST)	Inst. Sale	13/03/10	77.6	22.6	14.68	The main objective of the project is to meet the healthcare needs of 7 million residents of Islamabad and adjoining areas. Under the project, a 510 beds state-of-the-art hospital will be established to provide quality healthcare services. Moreover, the project will provide a setup to train highly qualified doctors and paramedic staff.
			Istisnaa			39.4	25	
46	Pakistan	Uch-II Power Expansion	Leasing	03/10/10	542.4	90.0	57.74	The project will provide additional 400MW combined cycle power and help in reducing the existing energy deficit of the country. The project will use indigenous low BTU natural gas from the Uch gas field and thereby reduce dependency on expensive imported fuel and to supply power at a very competitive price. It will also help achieve the Government's objective of involving the private sector in the power generation sector.
47	Pakistan	Neelum-Jhelum Hydropower Plant	Leasing	27/11/10	1811.0	220.0	142.74	The project involves the construction of a run-of-the-river Hydro Electric Power Plant with an installed capacity of 969 mega watts and capable of producing 5,150 GWH per year. The project aims to meet the growing electricity requirements of people and reduce the country's existing power generation deficit of over 5000 MW. The project will harness the largely untapped hydro power potential of the country and add about 5% to current total energy generation. It will also help in reducing the heavy reliance on thermal power.
48	Russia	Tatarstan International Investment Company	Equity	04/04/10	0.6	0.6	0.4	IDB has participated in the equity capital of Tatarstan International Investment Company. The IDB's contribution in the equity of the Company will help to promote investments in the Region.
49	Saudi Arabia	Jubail Refinery and Petrochemical Project	Leasing	13/03/10	1280.9	120.0	78.06	This Joint Venture project between ARAMCO and TOTAL aims to increase the oil refining capacity of Saudi Arabia, by producing an additional 400,000 Barrels of oil per day. It will stimulate the economy and help create 1275 direct jobs and over 6000 indirect jobs.
50	Senegal	Islamic Bank of Senegal (BIS) (Additional-I)	Equity	06/07/10	4.5	4.7	3.12	IDB's participation in the Capital increase of the Bank will help to expand its operations and to promote Islamic Banking in Senegal.
51	Senegal	St-Louis Rural Electrification Concession Project	Istisnaa	31/01/10	23.1	9.4	6	The project will significantly contribute to the development of the infrastructure of the St-Louis Region of Senegal by filling a gap in the supply of electricity.

S. No	Country	Operation Name	Mode of Financing	Approval Date (DD/MM/YY	Total Cost (US$)	IDB Financing (US$)	IDB Financing (ID)	Description
52	Senegal	Construction of the Linguere-M Atam (Boula-Patouki) Road	Istisnaa	24/06/10	149.3	14.2	9.65	The objective of the project is to improve the transport of goods and people between rural areas and economic centers, thereby, ensuring national integration and increasing economic activities.
			Loan			17.9	12.12	
53	Senegal	AIBD Dakar Airport	Istisnaa	23/10/10	776.0	97.5	62.1	The AIBD Airport is a Public-Private Partnership project intended to improve connectivity and position Dakar as a regional hub for business with state-of-the-art airport facilities.
54	Sierra Leone	Community Driven Development (CDD)	Grant (T.A.)	13/03/10	18.5	0.5	0.3	The main objective of the project is to assist fragile and vulnerable rural communities in Sierra Leone by providing economic opportunities. The project will also reduce poverty and build local capacity for collective action.
			Loan			8.6	5.62	
			Loan ISFD			8.4	5.62	
55	Sierra Leone	Palm Oil Production	Grant (T.A.)	24/06/10	12.8	0.4	0.24	The objective of the project is to contribute to the improvement of food security. It will help in reduction of poverty in the rural population through the development of Palm Oil production and its processing.
			Istisnaa Jeddah Declaration			4.7	3.17	
			Loan			4.1	2.77	
			Loan ISFD			2.0	1.36	
56	Sri Lanka	Amana Bank	Equity	03/05/10	30.0	3.9	2.49	IDB's participation in the equity of AMANA Bank, Sri Lanka, aims to promote Islamic Banking in Sri Lanka.
57	Sudan	Construction of 22 Basic Schools in Southern Sudan	Loan	19/09/10	10.3	2.0	1.38	The project aims to establish 22 basic schools in selected areas in the southern states to accommodate school age children and provide them with the necessary education and learning opportunities. The availability of schools and the enrollment of students will help in re-settling the displaced/migrated families in achieving stability and security in the region.
58	Sudan	Microfinance Support Program	Loan ISFD	19/09/10	62.5	2.2	1.47	The main objective of the program is to improve the livelihoods of low-income people by facilitating their access to microfinance and provision of market oriented training facilities and business opportunities.
59	Sudan	Biological Control of Malaria Vector through Science and Technology	Loan	26/07/10	5.9	5.0	3.31	The project aims at achieving the Malaria related Millennium Development Goals (MDGs) by reducing morbidity and mortality caused by Malaria in the Northern State of Sudan. It will reduce the incidence of Malaria by 90% through the introduction of the Sterile Insect Technique (SIT) which is one of the world's latest intervention initiatives for control of Malaria
60	Sudan	Khartoum New International Airport	Istisnaa	08/08/10	860.0	150.0	98.1	The project aims to establish a modern state of the art international airport with high safety standards. It will improve the air transport services to cater the needs for both international and domestic air travelers.

S. No	Country	Operation Name	Mode of Financing	Approval Date (DD/MM/YY	Total Cost (US$)	IDB Financing (US$)	IDB Financing (ID)	Description
61	Sudan	Algadarif Water Supply	Istisnaa	03/10/10	87.0	80.0	51.32	The project aims at improving the living health and hygiene conditions for 35,000 households of Al Gadarif city. It will provide an additional treated water of 75000 cubic Meter per year by establishing a water treatment plant and 70KM of transmission line.
62	Syria	Syria-Turkey Inter-Regional Co-Operation Program (STICP)	Grant (T.A.)	13/03/10	21.0	0.5	0.33	The STICP aims at i) Realizing economic, social, cultural and scientific development in the border region of Syria with Turkey. ii) Improving bilateral relations between two countries by supporting local development and iii) Creating a successful role model to be replicated in other regions.
63	Togo	Integrated Rural Development of Mo Plain	Loan	24/06/10	29.1	10.3	7	The objective of the project is to improve incomes and livelihoods of the population of Togo in general and the inhabitants of the Mo Plain area in particular. Project will create opportunities for impoverished population of the region using an integrated approach to rural development.
64	Tunisia	Micro-Finance Support Project	Loan	14/07/10	14.2	0.7	0.48	The project aims to increase access to micro-finance for the educated youth in Tunisia. It will create opportunities for self employment by establishing small businesses. The project also aims at reducing poverty in the country by providing self-employment opportunities to the educated youth.
65	Tunisia	Electricity Transmission Network Restructuring	Istisnaa	13/03/10	590.1	281.8	183.3	The main objective of the project is to reinforce and extend electricity transmission network in Tunisia. It will improve quality of electricity service with proper distribution of electricity to meet the increasing demand. The project will ensure availability of adequate and reliable electricity. The new transmission network will help to reduce energy losses, voltage fluctuations and tripping.
66	Turkey	Kuwait-Turkish Participation Bank (KTPB) (Additional IX)	Equity	20/06/10	200.0	18.2	12.33	IDB has participation in the ninth capital increase of the Kuwait-Turkish Participation Bank (KTPB) will help to maintain its equity level of 9% of its capital share in the Bank.
67	Turkey	Syria-Turkey Inter-Regional Co-Operation Program (STICP)	Grant (T.A.)	13/03/10	21.0	0.5	0.33	The STICP aims at developing border regions of Turkey with Syria. It aims at: (i) realizing economic, social, and cultural development and (ii) Improving bilateral relations between Syria and Turkey. The program will support local development in the border areas and constitute a role model to be replicated in other regions.
68	Turkey	Renewable Energy Program	Line	08/05/10	100.0	100.0	66.7	The objective of the project is to facilitate the development of an estimated 150 MW of new indigenous renewable energy sources. The project will help diversify sources of Energy and increase clean power generation capacity, achieve energy security and reduce green house gas emissions in Turkey.

S. No	Country	Operation Name	Mode of Financing	Approval Date (DD/MM/YY	Total Cost (US$)	IDB Financing (US$)	IDB Financing (ID)	Description
69	Turkmenistan	Bereket-Etrek-Turkmenistan-Iran Border Railway (1431H)	Istisnaa	23/12/09	1414.6	189.9	118.8	The objective of the project is to enhance regional economic integration through improved transport infrastructure. The project will link Turkmenistan's Railway Network with that of Iran. This will provide an inexpensive and reliable transport system for enhancing socio-economic development of Turkmenistan and increase trade and commerce with the neighboring countries.
70	Turkmenistan	Construction Equipping of a New Dental Care Center	Inst. Sale	03/10/10	32.1	13.6	8.75	The objective of the project is to meet the dental clinical needs of the people in Turkmenistan. The project will support establishment of a state-of-the-art Dental Care Center and provision of quality Healthcare services to the 800,000 patients per annum. The project will also provide the proper set-up to train qualified dentists and dental technicians to be well versed with the contemporary dental health techniques.
			Istisnaa			15.1	9.71	
71	Uganda	The National Education Support Project	Grant (T.A.)	31/01/10	15.3	0.2	0.15	The objective of the project is to support the country's Education Sector Strategic Plan (ESSP) by: (a) Improving access to quality education through the expansion and rehabilitation of existing Technical Colleges and National Teacher College and (b) Providing students with opportunities for getting technical education.
			Loan			13.5	8.66	
72	Uzbekistan	Support to Secondary Education Sector	Loan	08/08/10	13.2	12.2	7.98	The overall objective of the project is to enhance access to the secondary education in rural areas of Uzbekistan. The project will support construction and equipping of 13 secondary schools, and training of 300 teachers in rural areas where about 3,000 secondary school students will be enrolled.
73	Uzbekistan	Reconstruction and Upgrading of M39 Road in Surkhandarya Region	Istisnaa	03/10/10	198.0	167.2	107.27	The project aims at improving transport efficiency through the reconstruction/upgrading of the portion of about 100 KM of the M39 road in Surkhandarya region. The project is part of the regional corridor connecting Uzbekistan to neighboring countries (Almaty-Bishkek-Tashkent Termez). The construction of new road will facilitate transportation of goods and people within Uzbekistan and to the CIS region.
74	Yemen	Rural Electrification Project	Loan	31/05/09	117.0	13.0	9	The project aims at improving electricity access of rural population in the selected areas in a sustainable manner. The project is part of the government's efforts in raising electricity coverage in rural areas.
75	Yemen	Enhancement of Rural Development Opportunities	Loan	13/03/10	40.6	10.8	7	The main objective of the project is to contribute to the government efforts to improve the economic status of rural farmers in the targeted areas by increasing economic opportunities.
			Loan ISFD			2.0	1.33	
76	Regional	Mega Islamic Bank (MIB)	Equity	25/07/09	500.0	50.0	32	IDB participation in the Equity Capital of Mega Islamic Bank (MIB) will help to serve the needs of Islamic Banking Industry Globally.

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

No.	Country	Year Started	Total up to 1431H (December 2010) Quota	Utilized	Graduates	Non-completions	Active/ Current	1431H (December 2010) Quota	Selected	Enrolled
Non-Member Countries										
1	Argentina	1997	29	3	0	0	3	3	-	-
2	Australia	2006	17	3	0	0	1	5	2	2
3	Bosnia-Herzegovina	1994	172	57	37	8	12	20	-	-
4	Brazil	2006	17	5	0	0	3	5	3	3
5	Bulgaria	1989	84	90	30	15	39	6	6	6
6	Burundi	2002	23	35	1	1	27	5	6	6
7	Cambodia	1992	51	75	19	3	51	5	6	6
8	Canada	1994	41	51	14	3	30	5	5	4
9	Central African Republic	1994	53	31	0	0	31	6	6	6
10	China	1992	704	626	68	2	525	160	111	71
11	Congo	1992	51	52	13	8	31	5	5	5
12	Croatia	2001	27	26	5	0	16	5	-	-
13	Democratic Republic of Congo (Zaire)	1987	149	84	19	17	49	14	14	-
14	Eritrea	1986	181	125	80	32	13	10	-	-
15	Ethiopia	1990	314	279	115	26	135	30	30	14
16	Fiji	1986	67	49	30	16	3	5	7	2
17	Ghana	1986	290	306	236	20	51	18	19	19
18	Greece	1995	23	2	2	0	0	0	-	-
19	Guyana	1994	42	29	11	8	13	5	5	-
20	India	1983	3120	3575	2269	95	1279	240	250	250
21	Kenya	1983	260	245	137	27	84	16	17	16
22	Kibris	1988	44	8	6	2	0	3	-	-
23	Kosovo	1995	37	79	12	5	55	5	10	10
24	Lesotho	1995	31	5	1	4	0	3	-	-
25	Liberia	1987	160	148	44	33	71	10	12	12
26	Macedonia	1991	53	111	57	9	40	5	5	5
27	Madagascar	1987	90	61	16	15	30	5	5	5
28	Malawi	1986	114	69	23	15	31	6	6	4
29	Mauritius	1986	75	66	39	6	21	5	5	5
30	Mongolia	1991	54	56	17	19	20	5	5	5
31	Myanmar	1985	244	228	78	60	90	15	19	11
32	Namibia	2009	-	2	0	0	2	-	-	-
33	Nepal	1987	124	149	98	8	43	8	8	8
34	New Zealand	1993	41	17	6	2	9	5	-	-
35	Papua New Guinea	2000	25	2	0	1	1	3	-	-
36	The Philippines	1986	607	734	439	119	167	40	42	42
37	Russian Federation	1993	167	85	28	18	36	16	10	9
38	Rwanda	1990	64	76	36	2	43	6	6	6
39	Singapore	1985	99	62	50	6	4	5	2	2
40	South Africa	1987	203	183	107	25	51	15	-	-
41	Sri Lanka	1983	261	304	243	7	54	12	12	12
42	Tanzania	1985	445	423	213	69	142	34	34	28
43	Thailand	1986	409	536	355	25	156	25	26	26
44	Trinidad-Tobago	1989	85	44	31	7	6	5	-	-
45	U.S. Virgin Isles	1995	35	2	2	0	0	3	-	-
46	Vanuatu	1999	27	7	2	1	4	3	2	-
47	Vietnam	1995	39	43	17	5	16	5	5	5
48	Zambia	2000	32	18	3	3	12	5	5	5
49	Zimbabwe	1993	46	23	16	1	4	5	2	2
	New Countries	-	-	-	-	-	-	15		
Member Countries Included on Exceptional Basis										
50	Afghanistan	1986	454	451	356	51	44	-	-	-
51	Albania	1994	34	27	15	4	8	-	-	-
52	Azerbaijan	1994	21	2	2	0	0	-	-	-
53	Cote d›Ivoire	1987	92	50	23	7	20	5	5	5
54	Guinea Bissau	2008	10	15	-	-	15	5	5	5
55	Kazakhstan	1992	72	52	13	38	1	-	-	-
56	Mozambique	1992	62	49	30	5	14	5	5	5
57	Nigeria	1987	885	902	607	65	232	-	-	-
58	Palestine	1984	222	191	143	6	39	15	10	4
59	Somalia	1996	170	187	54	16	108	20	20	13
60	Sudan	2008	10	15	-	-	10	5	5	5
61	Togo	1986	127	97	46	24	27	5	5	5
	TOTAL		**11485**	**11327**	**6314**	**964**	**4022**	**900**	**768**	**654**

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

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

No	Countries	Selection until 1426H (2005-06)		1427 / 2006-07		1428 / 2007-08		1429 / 2008		1430 / 2008-09		1431 / 2009-10		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	15	-	3	2	2	1	3	1	3	1	3	6	29
2	Albania	1	-	1	-	1	-	-	-	-	-	-	-	3	-
3	Algeria	14	-	1	-	-	-	-	-	4	-	1	-	20	-
4	Azerbaijan	1	-	-	-	-	-	-	-	-	-	1	-	2	-
5	Bahrain	4	-	-	-	1	-	-	-	-	-	-	-	5	-
6	Bangladesh	22	-	3	-	1	-	5	-	5	-	5	-	41	-
7	Benin	2	11	1	1	-	-	-	3	1	2	1	4	5	21
8	Brunei Darussalam	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Burkina Faso	1	4	-	1	-	1	-	-	1	3	-	3	2	12
10	Cameroon	4	-	-	-	1	-	-	-	-	-	1	-	6	-
11	Chad	2	10	-	1	-	1	-	3	1	3	1	2	4	20
12	Comoros	-	3	-	1	-	1	1	4	1	3	1	3	3	15
13	Côte d'Ivoire	-	-	-	-	-	-	2	-	1	-	2	-	5	-
14	Djibouti	-	4	-	1	-	1	-	2	-	1	2	-	2	9
15	Egypt	22	-	3	-	3	-	5	-	5	-	5	-	43	-
16	Gabon	-	-	-	-	-	-	-	-	2	-	-	-	2	-
17	Gambia	3	6	-	1	-	2	-	4	-	1	-	-	3	14
18	Guinea	4	12	-	1	-	2	-	4	-	3	2	4	6	26
19	Guinea Bissau	-	-	-	-	-	-	-	1	-	-	-	-	-	1
20	Indonesia	26	-	4	-	4	-	5	-	5	-	5	-	49	-
21	Iran	17	-	3	-	4	-	4	-	5	-	5	-	38	-
22	Iraq	3	-	1	-	1	-	-	-	5	-	4	-	14	-
23	Jordan	10	-	1	-	1	-	3	-	5	-	5	-	25	-
24	Kazakhstan	2	-	-	-	-	-	-	-	-	-	-	-	2	-
25	Kuwait	4	-	-	-	-	-	1	-	-	-	-	-	5	-
26	Kyrghyz	4	-	-	-	-	-	-	-	2	-	2	-	8	-
27	Lebanon	4	-	-	-	1	-	2	-	2	-	-	-	9	-
28	Libya	3	-	-	-	-	-	-	-	-	-	-	-	3	-
29	Malaysia	15	-	3	-	4	-	5	-	3	-	5	-	35	-
30	Maldives	1	9	-	1	1	1	1	1	-	3	1	-	4	15
31	Mali	1	6	2	1	-	1	-	1	-	1	-	1	3	11
32	Mauritania	1	8	1	1	-	1	-	3	-	2	1	2	3	17
33	Morocco	8	-	-	-	-	-	1	-	4	-	3	-	16	-
34	Mozambique	1	-	-	-	-	-	-	-	1	1	-	-	2	1
35	Niger	3	10	-	2	-	1	-	2	-	2	-	3	3	20
36	Nigeria	-	-	2	-	1	-	2	-	5	-	5	-	15	-
37	Oman	7	-	1	-	-	-	2	-	2	-	-	-	12	-
38	Pakistan	19	-	3	-	4	-	5	-	5	-	5	-	41	-
39	Palestine	11	1	3	2	2	1	4	4	3	4	5	4	28	16
40	Qatar	-	-	-	-	-	-	-	-	-	-	-	-	-	-
41	Saudi Arabia	6	-	-	-	-	-	-	-	-	-	-	-	6	-
42	Senegal	4	-	-	-	1	-	-	-	-	-	1	-	6	-
43	Sierra Leone	1	9	-	1	-	2	-	3	2	3	-	4	3	22
44	Somalia	2	15	-	1	-	2	1	3	-	3	-	5	3	29
45	Sudan	15	-	1	-	4	-	5	-	3	-	5	-	33	-
46	Suriname	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47	Syria	11	-	2	-	2	-	3	-	3	-	4	-	25	-
48	Tajikistan	3	-	-	-	-	-	-	-	-	-	1	-	4	-
49	Togo	1	3	-	2	-	-	-	1	-	4	4	3	5	13
50	Tunisia	8	-	3	-	4	-	5	-	5	-	5	-	30	-
51	Turkey	17	-	1	-	1	-	4	-	4	-	1		28	-
52	Turkmenistan	-	-	-	-	-	-	-	-	-	-	-	-	-	-
53	Uganda	5	15	1	1	1	1	1	4	-	4	-	5	8	30
54	U.A.E.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55	Uzbekistan	-	-	2	-	2	-	-	-	1	-	4	-	9	-
56	Yemen	8	18	-	1	1	1	-	4	-	4	2	4	11	32
Students from Non-Member Countries Selected on Exceptional Basis		-	-	-	1	6	-	3	-	3	-	4	-	16	1
Total		**302**	**159**	**43**	**24**	**54**	**21**	**71**	**50**	**90**	**50**	**100**	**50**	**660**	**354**

Table 18 IDB Special Assistance Program									
Year	Member Countries			Muslim Communities in Non-Member Countries			Total		
	No.	ID Million	$ Million	No.	ID Million	$ Million	No.	ID Million	$ 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	3	3.3	3.7	3	3.1	3.4	6	6.4	7.0
1404H	24	55.2	57.4	9	5.4	5.8	33	60.6	63.2
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	9	5.7	7.1	7	3.2	3.9	16	8.9	11.0
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	24	4.2	5.5	58	28.0	35.6
1412H	26	7.6	10.2	38	22.3	29.9	64	29.9	40.1
1413H	16	11.6	15.8	18	2.6	3.6	34	14.1	19.4
1414H	28	12.3	17.2	38	5.2	7.1	66	17.5	24.3
1415H	9	1.1	1.5	27	4.1	5.9	36	5.2	7.4
1416H	8	3.9	5.6	37	4.8	7.0	45	8.6	12.6
1417H	10	9.1	12.9	27	3.7	5.3	37	12.8	18.1
1418H	12	4.6	6.2	36	5.5	7.4	48	10.1	13.6
1419H	25	3.5	4.8	36	5.8	7.9	61	9.2	12.7
1420H	15	9.0	12.3	51	15.4	19.6	66	24.3	31.8
1421H	14	8.0	10.9	23	4.1	5.4	37	12.1	16.3
1422H	17	5.2	6.6	30	5.6	7.1	47	10.8	13.7
1423H	13	5.8	7.9	27	4.3	5.7	40	10.1	13.5
1424H	18	12.8	17.9	29	4.0	5.7	47	16.8	23.6
1425H	26	7.2	10.6	39	6.5	9.6	65	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	37	9.4	14.3	60	16.9	25.4
1429H	11	4.9	7.5	44	8.3	13.0	55	13.2	20.5
1430H	7	5.2	7.8	41	7.3	11.3	48	12.4	19.1
1431H	11	1.7	2.4	44	10.9	17.5	55	12.6	19.9
	501	**346.8**	**439.2**	**841**	**195.2**	**263.8**	**1,342**	**542.0**	**703.0**

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				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
Merchandise Exports ($ billion)	10,377.3	11,988.4	13,891.8	16,014.0	12,325.2	7,476.7	8,459.6	9,546.4	10,672.6	8,077.3	2,783.7	3,389.4	4,190.6	5,128.2	4,040.7	790.7	925.8	1,135.4	1,423.3	1,141.6
Annual Percent Change	13.6	15.5	15.9	15.3	-23.0	11.6	13.1	12.8	11.8	-24.3	19.4	21.8	23.6	22.4	-21.2	18.3	17.1	22.6	25.4	-19.8
Merchandise Imports ($ billion)	10,740.9	12,326.5	14,298.8	16,497.5	12,724.6	6,859.3	7,674.9	8,824.4	9,796.1	7,650.6	3,727.6	4,498.3	5,313.4	6,516.6	4,919.0	1,078.2	1,329.2	1,516.9	1,996.3	1,354.2
Annual Percent Change	13.6	14.8	16.0	15.4	-22.9	9.0	11.9	15.0	11.0	-21.9	22.4	20.7	18.1	22.6	-24.5	25.0	23.3	14.1	31.6	-32.2
Industrial Countries																				
Merchandise Exports ($ billion)	7,110.0	7,979.4	9,119.1	10,106.0	7,899.8	5,227.3	5,760.3	6,465.3	6,985.6	5,376.4	1,838.0	2,163.4	2,594.9	3,046.5	2,465.5	473.0	531.4	626.7	752.1	610.6
Annual Percent Change	9.3	12.2	14.3	10.8	-21.8	7.4	10.2	12.2	8.0	-23.0	15.1	17.7	19.9	17.4	-19.1	13.4	12.4	17.9	20.0	-18.8
Merchandise Imports ($ billion)	7,766.7	8,761.8	9,881.3	11,038.1	8,369.7	5,063.5	5,596.6	6,306.1	6,812.0	5,236.8	2,666.1	3,125.7	3,538.8	4,179.8	3,098.4	749.5	885.7	960.1	1,249.1	789.2
Annual Percent Change	11.3	12.8	12.8	11.7	-24.2	7.1	10.5	12.7	8.0	-23.1	20.4	17.2	13.2	18.1	-25.9	24.9	18.2	8.4	30.1	-36.8
Developing Countries																				
Merchandise Exports ($ billion)	3,264.0	4,005.0	4,767.5	5,902.9	4,421.7	2,247.9	2,697.5	3,079.2	3,685.3	2,699.9	944.0	1,223.7	1,592.5	2,078.3	1,572.3	317.5	394.1	508.4	670.7	530.6
Annual Percent Change	24.5	22.7	19.0	23.8	-25.1	22.7	20.0	14.1	19.7	-26.7	28.9	29.6	30.1	30.5	-24.3	26.4	24.1	29.0	31.9	-20.9
Merchandise Imports ($ billion)	2,963.9	3,551.7	4,402.9	5,439.3	4,341.6	1,792.6	2,074.3	2,514.1	2,978.7	2,411.0	1,054.4	1,363.7	1,764.1	2,322.2	1,810.1	327.8	442.3	555.3	745.0	562.9
Annual Percent Change	19.8	19.8	24.0	23.5	-20.2	14.8	15.7	21.2	18.5	-19.1	27.6	29.3	29.4	31.6	-22.1	24.8	34.9	25.5	34.1	-24.4
IDB Member Countries																				
Merchandise Exports ($ billion)	992.8	1,225.3	1,398.1	1,888.5	1,264.0	651.4	771.3	832.6	1,113.2	695.2	295.7	397.9	500.0	691.1	506.0	132.9	160.7	194.2	264.4	199.1
Annual Percent Change	24.2	23.4	14.1	35.1	-33.1	22.9	18.4	8.0	33.7	-37.6	25.7	34.6	25.7	38.2	-26.8	23.0	20.9	20.8	36.1	-24.7
Merchandise Imports ($ billion)	805.6	941.4	1,163.2	1,511.7	1,215.5	453.2	505.4	609.1	761.0	619.4	340.6	421.1	534.9	732.2	579.7	141.4	171.9	209.4	288.0	216.6
Annual Percent Change	19.7	16.9	23.6	30.0	-19.6	14.7	11.5	20.5	24.9	-18.6	27.0	23.6	27.0	36.9	-20.8	26.6	21.6	21.9	37.5	-24.8
% Intra-Trade/ Total Trade																15.3	15.3	15.8	16.2	16.8

[1] IMF classifies countries into 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.
Source: IMF, Direction of Trade Statistics, accessed on 16 January 2011.

Annex 20
Intra-Trade Indicators of IDB Member Countries

No.	Country	Intra-Trade Values ($ million)			Share of Intra-Trade in External Trade %								
		Intra-Exports	Intra-Imports	Total Intra-Trade	Intra-Exports as % of Total Exports			Intra-Imports as % of Total Imports			Total Intra-Trade as % of Total Trade		
		2009	2009	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009
1	Afghanistan	185.2	2,302.2	2,487.4	41.5	39.1	40.8	52.1	49.9	34.5	51.5	49.0	34.9
2	Albania	9.5	342.0	351.5	2.6	3.4	1.0	8.7	8.4	8.1	7.5	7.4	6.7
3	Algeria	3,675.2	5,621.7	9,296.9	5.6	7.2	8.1	7.8	8.4	13.8	6.3	7.6	10.8
4	Azerbaijan	1,784.2	1,182.4	2,966.5	36.4	6.5	12.1	19.4	18.7	19.3	28.1	8.1	14.2
5	Bahrain	2,454.3	2,967.1	5,421.4	10.9	12.6	10.6	36.9	37.1	32.4	17.7	19.7	16.8
6	Bangladesh	763.6	3,812.8	4,576.5	4.0	4.7	5.3	20.4	22.2	17.5	13.7	15.8	12.6
7	Benin	131.0	877.9	1,008.9	32.4	33.6	31.9	12.8	13.4	14.6	14.3	15.1	15.7
8	Brunei	651.8	580.8	1,232.5	25.0	22.5	10.1	13.0	22.1	22.7	20.8	22.4	13.7
9	Burkina Faso	106.3	657.8	764.1	17.2	18.1	21.3	37.9	41.9	38.6	32.8	36.2	34.7
10	Cameroon	431.5	840.3	1,271.8	8.6	8.5	11.2	23.2	23.8	21.5	14.8	15.2	16.4
11	Chad	7.3	234.1	241.4	0.7	0.3	0.3	27.1	29.7	23.2	7.0	6.4	7.8
12	Comoros	9.3	53.5	62.7	45.6	32.1	34.3	24.4	22.7	29.4	28.2	23.8	30.0
13	Côte d'Ivoire	2,472.0	2,077.0	4,548.9	28.3	25.1	24.0	30.8	37.3	29.7	29.5	30.5	26.3
14	Djibouti	330.3	831.5	1,161.8	94.4	92.1	89.0	34.1	36.4	35.6	42.9	44.3	42.9
15	Egypt	9,254.3	8,679.2	17,933.5	19.4	32.0	40.1	21.7	19.4	19.3	20.8	23.6	26.4
16	Gabon	406.1	246.4	652.6	7.9	3.6	8.5	9.2	9.3	10.4	8.3	5.0	9.2
17	Gambia	3.2	260.0	263.2	6.3	7.4	5.8	32.6	36.2	31.1	31.3	34.6	29.5
18	Guinea	68.3	332.2	400.5	2.7	5.0	5.4	9.6	9.9	9.1	6.7	8.3	8.1
19	Guinea Bissau	40.7	71.3	112.0	11.0	31.3	26.7	31.6	33.5	21.8	20.4	32.8	23.3
20	Indonesia	14,237.0	15,115.5	29,352.5	11.2	11.8	12.2	22.3	17.5	15.6	15.6	14.6	13.7
21	Iran	8,000.6	15,000.5	23,001.1	12.1	11.8	10.9	31.5	29.3	25.1	18.6	18.3	17.2
22	Iraq	1,737.5	11,592.9	13,330.4	4.0	4.1	5.0	58.2	57.7	49.1	20.1	18.8	22.7
23	Jordan	2,823.0	5,273.5	8,096.5	47.3	46.3	56.0	38.5	38.2	37.0	41.0	40.4	42.0
24	Kazakhstan	2,956.2	1,716.0	4,672.2	8.4	8.6	8.2	6.1	5.4	5.2	7.2	7.2	6.8
25	Kuwait	6,628.1	3,947.2	10,575.3	15.5	13.0	14.1	19.0	23.2	20.7	16.5	15.6	16.0
26	Kyrgyz Republic	517.5	659.4	1,176.9	45.1	37.4	54.0	21.4	16.7	8.1	29.0	22.6	13.0
27	Lebanon	2,505.8	4,463.8	6,969.6	69.9	72.7	76.9	30.0	28.8	26.0	37.9	36.9	34.1
28	Libya	2,013.2	5,001.4	7,014.6	6.0	4.6	5.9	19.7	21.3	23.3	9.2	8.6	12.6
29	Malaysia	16,998.4	11,890.8	28,889.1	8.7	10.2	10.8	8.4	10.1	9.6	8.6	10.1	10.3
30	Maldives	2.0	310.0	312.0	3.1	2.4	1.8	33.2	31.8	29.9	29.5	28.3	27.1
31	Mali	44.6	821.9	866.5	21.3	21.1	27.6	29.0	32.4	26.4	28.4	31.7	26.4
32	Mauritania	213.0	295.5	508.5	12.6	10.2	12.2	14.6	13.7	14.0	13.6	11.9	13.2
33	Morocco	1,438.2	4,775.9	6,214.0	7.7	8.1	10.7	17.6	16.8	15.4	14.4	13.9	14.0
34	Mozambique	32.7	220.9	253.6	1.2	0.6	1.8	7.6	6.2	6.2	4.8	4.0	4.7
35	Niger	129.6	410.4	539.9	29.4	48.8	24.3	32.7	36.4	25.9	31.8	38.2	25.5
36	Nigeria	3,824.4	2,941.0	6,765.4	6.0	5.7	7.2	6.6	7.4	6.8	6.2	6.4	7.0
37	Oman	4,705.0	6,557.1	11,262.1	21.3	20.9	19.5	35.5	37.7	36.7	27.1	27.5	26.8
38	Pakistan	5,985.5	13,355.2	19,340.7	33.1	36.9	34.2	36.5	40.2	42.2	35.4	39.1	39.3
39	Palestine*	..	..	..	..	..	..	..	..	..	..	..	..
40	Qatar	1,533.4	4,529.6	6,063.0	6.0	2.5	3.3	20.8	22.8	19.9	11.4	9.3	8.8
41	Saudi Arabia	27,222.3	12,021.5	39,243.8	15.0	13.7	15.8	11.9	13.3	13.0	14.1	13.6	14.8
42	Senegal	857.8	930.0	1,787.8	50.2	48.7	45.5	19.3	25.2	20.5	27.0	31.3	27.8
43	Sierra Leone	23.7	179.2	203.0	4.3	3.1	11.0	23.5	19.2	22.4	17.2	15.3	20.0
44	Somalia	423.0	579.8	1,002.8	94.4	96.4	98.2	54.7	52.2	56.8	65.7	64.0	69.1
45	Sudan	1,094.2	2,715.4	3,809.5	5.4	10.5	15.6	27.8	32.8	32.0	16.6	20.6	24.6
46	Suriname	135.5	13.8	149.3	8.2	9.1	10.1	0.9	1.2	1.0	4.8	5.3	5.5
47	Syria	7,710.0	9,605.0	17,315.0	64.2	65.4	67.9	41.9	43.1	42.9	50.2	51.4	51.3
48	Tajikistan	351.2	790.4	1,141.6	46.9	41.2	34.8	37.3	31.9	31.5	40.8	34.7	32.5
49	Togo	356.1	140.8	496.9	50.4	69.7	52.8	12.9	16.3	14.3	22.8	38.6	30.0
50	Tunisia	2,183.3	2,906.0	5,089.2	11.9	13.9	15.9	11.7	15.8	14.3	11.8	15.0	14.9
51	Turkey	28,665.0	17,969.1	46,634.1	18.8	24.6	28.0	12.7	14.4	12.8	15.0	18.5	19.2
52	Turkmenistan	1,074.2	2,056.5	3,130.7	19.1	14.6	36.6	36.8	35.4	31.9	25.2	21.8	33.4
54	U.A.E.	27,111.5	20,609.2	47,720.7	21.1	20.6	23.0	15.5	16.5	13.6	18.2	18.5	17.7
53	Uganda	391.1	603.9	995.0	26.2	22.5	25.9	20.1	22.6	21.4	21.8	22.6	23.0
55	Uzbekistan	1,603.1	1,096.1	2,699.1	29.2	27.4	32.8	14.0	13.9	13.0	21.4	19.7	20.3
56	Yemen	837.1	3,507.0	4,344.1	12.6	11.6	17.2	36.8	41.6	36.5	26.9	27.7	30.0
	All MCs	**199,148.6**	**216,572.3**	**415,720.9**	**13.9**	**14.0**	**15.8**	**18.0**	**19.1**	**17.8**	**15.8**	**16.2**	**16.8**

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

Source: IMF, Direction of Trade Statistics online database accessed on 16 January 2011.

ACKNOWLEDGEMENTS

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The Annual Report 1431H (2010) and complete Financial Statements are available in CD-Rom and can be downloaded from IDB website at www.isdb.org.

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ISSN 0466-1319

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