ISLAMIC DEVELOPMENT BANK

Annual Report 1432H (2011)

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 Cooperation, pays the first instalment of its minimum subscription to the Capital Stock of IDB, and accepts any terms and conditions that may be decided upon by the Board of Governors.

Capital

The Authorized Capital of IDB is ID30 billion and the Issued Capital is ID18 billion of which ID17.8 billion was subscribed and ID4.4 billion was paid up as at end-1432H.

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.

Photographs on cover page clockwise from top left:
- The Alliance to Fight Avoidable Blindness in Niger • School in Bangladesh
- Infrastructure project in Mali • Special Assistance Operation for the provision of water in Somalia

Background photograph: Rural landscape in Mauritania

In the Name of Allah,
the Beneficent, the Merciful

29 Rabi Awwal 1433H
21 February 2012

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

Dear Mr. Chairman,

Assalamu alaikum warahmatullahi wabarakatuhu

In accordance with Articles 32(i), 32(iii) and 41(1) of the Articles of Agreement establishing the Islamic Development Bank and Section (11) of the By-laws, I have the honour to submit for the kind attention of the esteemed Board of Governors, on behalf of the Board of Executive Directors, the Annual Report on the operations and activities of the Bank in 1432H (2011).

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

A. M. Ali.

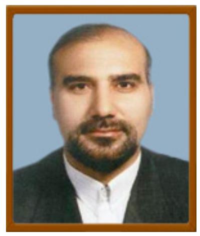
President,
Islamic Development Bank and
Chairman, Board of Executive Directors

Board of Executive Directors

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

Dr. Hamad Bin Suleiman Al Bazai
(Saudi Arabia)

Bader Abdullah Abuaziza
(Libya)



Dr. Asghar Abolhasani Hastiani
(Iran)

Abdulwahab Saleh Al-Muzaini
(Kuwait)

Zeinhom Zahran
(Egypt)

Ali Hamdan Ahmed
(UAE)

Ismail Omar Al Dafa
(Qatar)

Ibrahim Halil Çanakci
(Turkey)

Mohammed Gambo Shuaibu
(Nigeria)

Dr. Wan Abdulaziz Wan Abdullah
(Brunei Darussalam, Indonesia, Malaysia, Suriname)

Musharraf Hossain Bhuiyan
(Afghanistan, Bangladesh, Maldives, Pakistan)

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

Board of Executive Directors

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

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

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

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

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

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

Vice-Presidents

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

Birama Boubacar Sidibe
Vice-President (Operations)

Dr. Ahmet Tiktik
Vice-President (Corporate Services)

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ABBREVIATIONS		
2SMF	-	2-Step Murabaha Financing
AAOIFI	-	Accounting and Auditing Organization for Islamic Financial Institutions in Member Countries of the Islamic Development Bank
ADB	-	Asian Development Bank
ADFIMI	-	Association of National Development Finance Institutions
AfDB	-	African Development Bank
AFFI	-	Arab Financing Facility for Infrastructure
AfT	-	Aid for Trade
AGRA	-	Alliance for a Green Revolution in Africa
AICD	-	Africa Infrastructure Country Diagnostic
AITRS	-	Arab Institute for Training and Research in Statistics
APIF	-	Awqaf Properties Investment Fund
AuM	-	Assets under Management
AWI	-	Arab World Initiative
BADEA	-	Arab Bank for Economic Development in Africa
B.E.D	-	IDB Board of Executive Directors
B.O.G	-	IDB Board of Governors
CFM	-	Council of Foreign Ministers
CIBAFI	-	General Council for Islamic Banks and Financial Institutions
CIT	-	Member Countries in Transition
CNC	-	Communities in Non-Member Countries
COMCEC	-	OIC Standing Committee for Economic and Commercial Cooperation
COMPAS	-	Common Performance Assessment System
COMSTECH	-	OIC Standing Committee for Scientific and Technological Cooperation
DFI	-	Development Finance Institution
DFID	-	Department for International Development
DWG	-	G20 Development Working Group
e4e	-	Education for Employment
EBRD	-	European Bank for Reconstruction and Development
ECAIs	-	External Credit Assessment Institutions
ECO	-	Economic Cooperation Organization
ECOWAN	-	ECOWAS Wide Area Network
ECOWAS	-	Economic Community for West African States
EFS	-	Export Financing Scheme of IDB
EFSF	-	European Financial Stability Facility
ESM	-	European Stability Mechanism
FAO	-	Food and Agricultural Organisation of the United Nations
FCIC	-	Federation of Consultants from Islamic Countries
FDI	-	Foreign Direct Investment
FOCIC	-	Federation of Contractors from Islamic Countries
FSA	-	Financial Services Authority
GCC	-	Gulf Cooperation Council
GDP	-	Gross Domestic Product
GNP	-	Gross National Product
GTRC	-	Group Trade Related Issues Committee
HDI	-	Human Development Index

HIPCs	-	Heavily Indebted Poor Countries
IAS	-	Islamic World Academy of Sciences
IBP	-	Islamic Banks Portfolio
IBRD	-	International Bank for Reconstruction and Development
ICBA	-	International Centre for Biosaline Agriculture
ICCI	-	Islamic Chamber of Commerce and Industry
ICD	-	Islamic Corporation for the Development of the Private Sector
ICDT	-	Islamic Centre for Development of Trade
ICIEC	-	Islamic Corporation for the Insurance of Investment and Export Credit
ID	-	Islamic Dinar (equivalent to one Special Drawing Right of IMF)
IDB	-	Islamic Development Bank
IDB-56	-	The 56 Member Countries of the IDB
IDB-STATCAP	-	IDB Statistical Capacity Building Initiative
IFAD	-	International Fund for Agricultural Development
IFC	-	International Finance Corporation
IFIs	-	Islamic Financial Institutions
IFSB	-	Islamic Financial Services Board
IFSI	-	Islamic Financial Services Industry
IEA	-	International Energy Agency
IICRA	-	International Islamic Center for Reconciliation and Arbitration
IIF	-	Islamic Infrastructure Fund
IIFM	-	International Islamic Financial Market
IIRA	-	Islamic International Rating Agency
ILO	-	International Labor Organization
IMF	-	International Monetary Fund
INTOSAI	-	International Organization of Supreme Audit Institutions
IRTI	-	Islamic Research and Training Institute
IRU	-	International Road Transport Union
ISESCO	-	Islamic Educational, Scientific and Cultural Organization
ISFD	-	Islamic Solidarity Fund for Development
ITAP	-	Investment Promotion Technical Assistance Program
ITFC	-	International Islamic Trade Finance Corporation
ITFO	-	Import Trade Financing Operations of IDB
LAS	-	League of Arab States
LDCs	-	Least Developed Countries
LDMCs	-	Least Developed Member Countries
LEVANT	-	Refers to Jordan, Lebanon, Palestine and Syria
LIFDC	-	Low-Income Food-Deficit Countries
LOF	-	Lines of Financing
MCs	-	Member Countries
MCPS	-	Member Country Partnership Strategy
MDBs	-	Multilateral Development Banks
MDGs	-	Millennium Development Goals
MDP	-	IDB Microfinance Development Program
MENA	-	Middle East and North Africa
MFIs	-	Multilateral Financing Institutions
MIGA	-	Multilateral Investment Guarantee Agency

MoUs	-	Memorandum of Understandings
MSE/VIP	-	Micro & Small Enterprise and Venture Investment Program
MTN	-	IDB Medium Term Note
NDFIs	-	National Development Finance Institutions
NGOs	-	Non-Governmental Organisations
OCFA	-	UAE Office for the Coordination of Foreign Aid
OCR	-	Ordinary Capital Resources of IDB
OECD	-	Organisation for Economic Cooperation and Development
OECD-DAC	-	OECD Development Assistance Committee
OFID	-	OPEC Fund for International Development
OIC	-	Organisation of the Islamic Cooperation
OIC-CERT	-	OIC Information System Network
OIC-StatCom	-	OIC Statistical Commission
OIC-TPS	-	Trade Preferential System Among the Member States of the OIC
PPPs	-	Public Private Partnerships
PRSP	-	Poverty Reduction Strategy Paper
QRCS	-	Qatar Red Crescent Society
RLs	-	Reverse linkages
SAIBOR	-	Saudi Arabian Interbank Offered Rate
SESRIC	-	Statistical, Economic and Social Research and Training Centre for Islamic Countries
SME	-	Small and Medium Enterprises
SPDA	-	Special Program for the Development of Africa
S&T	-	Science and Technology
SSA	-	Sub-Saharan Africa
STI	-	Science, Technology and Innovation
TA	-	Technical Assistance of IDB
TAF	-	Technical Assistance Facility
TCF	-	The Citizens Foundation
TCP	-	Technical Cooperation Programme of IDB
TCPP	-	Trade Cooperation and Promotion Program
YEF	-	Youth Employment Facility
TIR	-	Transports Internationaux Routiers (International Road Transport)
TPS	-	Trade Preferential System
UIF	-	Unit Investment Fund of IDB
UNCTAD	-	United Nations Conference on Trade and Development
UNIDO	-	United Nations Industrial Development Organization
VOLIP	-	Vocational Literacy Program for Poverty Reduction
WAMY	-	World Assembly of Muslim Youth
WHO	-	World Health Organisation
WCMP	-	World Congress of Muslim Philanthropists
WTO	-	World Trade Organization
WWF	-	World Waqf Foundation
YES	-	Youth Employment Support

SYMBOLS

.. Not Available

\- Not Computable

$ United States Dollar

ID Islamic Dinar

Table 1: IDB Group Operational Activities from inception up to end 1432H (1 January 1976 - 25 November 2011)[1]

(Amount in million)[2]

ITEM[3]	1396H-1429H No.	1396H-1429H ID/$	1430H No.	1430H ID/$	1431H No.	1431H ID/$	1432H No.	1432H ID/$	1396H-1432H No.	1396H-1432H ID/$
PROJECT AND OPERATION FINANCING[4]										
Loan	748	3,520.3	36	247.2	43	245.4	40	239.6	867	4,252.5
		4,796.4		*382.9*		*372.9*		*370.0*		*5,922.2*
Equity	239	1,446.0	39	244.8	28	178.3	17	125.2	323	1,994.2
		2,081.6		*379.5*		*273.2*		*194.5*		*2,928.8*
Leasing	342	4,850.1	33	556.0	25	744.4	17	794.1	417	6,944.6
		6,932.8		*860.5*		*1,137.6*		*1,258.3*		*10,189.2*
Instalment Sale	222	2,259.3	9	337.0	3	29.0	9	80.0	243	2,705.3
		3,139.1		*513.8*		*44.4*		*129.5*		*3,826.9*
Combined Lines of Financing	29	343.3	4	38.5	1	66.7	2	65.7	36	514.2
		477.9		*60.0*		*100.0*		*100.0*		*737.9*
Profit Sharing/ Musharaka	10	139.6	..	..	..	..	2	62.0	12	201.6
		200.9		..		..		*100.0*		*300.9*
Istisna'a	140	3,030.3	25	1,056.7	30	1,350.1	37	1,574.5	232	7,011.6
		4,409.6		*1,630.7*		*2,107.1*		*2,453.6*		*10,600.9*
Others[5]	96	606.5	96	539.4	26	201.0	50	291.9	268	1,638.7
		874.7		*847.1*		*306.9*		*443.3*		*2,471.9*
Total Project Financing	**1,826**	**16,195.4**	**242**	**3,019.6**	**156**	**2,814.9**	**174**	**3,233.0**	**2,398**	**25,262.6**
		22,913.0		***4,674.5***		***4,342.1***		***5,049.2***		***36,978.8***
Technical Assistance (TA)	864	205.6	107	23.6	81	12.2	98	22.5	1,150	264.1
		281.8		*36.6*		*18.7*		*34.7*		*371.7*
Total Project & Operation Financing + TA	**2,690**	**16,401.0**	**349**	**3,043.2**	**237**	**2,827.1**	**272**	**3,255.5**	**3,548**	**25,526.7**
		23,194.8		***4,711.1***		***4,360.8***		***5,083.8***		***37,350.5***
TRADE FINANCING OPERATIONS										
International Islamic Trade Finance Corporation (ITFC)	61	1,357.6	45	1,259.7	70	1,665.7	66	1,933.2	242	6,216.2
		2,164.5		*1,916.4*		*2,524.6*		*3,033.3*		*9,639.0*
Other Entities/Funds[6]	2,024	22,016.7	15	91.4	5	44.3	11	123.1	2,055	22,275.5
		29,912.0		*143.6*		*67.7*		*189.5*		*30,312.7*
TOTAL TRADE FINANCING OPERATIONS	**2,085**	**23,374.4**	**60**	**1,351.1**	**75**	**1,709.9**	**77**	**2,056.2**	**2,297**	**28,491.6**
		32,076.6		***2,060.0***		***2,592.3***		***3,222.9***		***39,951.7***
Special Assistance Operations	1,261	520.6	50	12.6	55	13.2	49	9.6	1,415	556.0
		669.0		*19.4*		*19.9*		*15.1*		*723.4*
NET APPROVED OPERATIONS	**6,036**	**40,295.9**	**459**	**4,406.9**	**367**	**4,550.3**	**398**	**5,321.3**	**7,260**	**54,574.3**
		55,940.4		***6,790.5***		***6,973.0***		***8,321.7***		***78,025.5***
GROSS APPROVED OPERATIONS	**6,942**	**46,569.4**	**488**	**4,735.2**	**371**	**4,570.9**	**398**	**5,321.3**	**8,199**	**61,196.8**
		64,506.8		***7,297.3***		***7,005.3***		***8,321.7***		***87,131.2***
DISBURSEMENTS		28,336.7		2,381.3		2,560.5		3,347.8		36,626.2
		39,267.6		*3,739.6*		*3,941.0*		*5,209.8*		*52,158.0*
REPAYMENTS		22,442.5		1,690.9		1,953.9		2,162.1		28,249.4
		31,066.1		*2,655.6*		*3,007.4*		*3,364.7*		*40,093.8*
NUMBER OF IDB GROUP STAFF AT END OF YEAR			1,083		1,069		1,111			
Memorandum Items										
OCR-IDB (in ID million, unless otherwise stated)										
Total Assets				8,725.4		9,067.6		10,351.2		
Gross Income				363.7		356.9		375.8		
Net Income				124.8		169.6		109.0		
General Reserves:				1,677.9		1,702.3		1,769.8		
Fair Value Reserves:				425.0		525.9		377.1		
Subscribed Capital				15,863.5		17,475.6		17,782.6		
Administrative budget: Approved				68.2		80.8		88.6		
Actual[7]				67.3		72.7		82.1		
Number of Member Countries			56		56		56			
ICIEC's Operations (in ID/$ million)										
Insurance Commitments[8]		3,932.0		1,423.3		2,100.7		2,156.4		9,612.7
		5,908.0		*2,135.0*		*3,214.0*		*3,364.0*		*14,620.9*
Business Insured[9]		3,435.0		686.7		1,285.6		2,002.0		7,409.5
		5,198.0		*1,030.0*		*1,967.0*		*3,123.0*		*11,318.2*

[1] Cut-off date for the data was 29 Dhul-Hijjah 1432H (25 Nov. 2011).
[2] $ amounts are in italic.
[3] All figures on operations are net of cancellation, unless otherwise specified.
[4] Figures include ICD, IBP, UIF, APIF & Treasury Operations.
[5] Refers to investment in Sukuk (1423H-1432H) and in Financial Institutions (mainly IBP,1408H-1422H).
[6] This includes historical data of IBP, EFS and ITFO.
[7] Figures include capital expenditure and 1430H to 1432H include Reform related expenses.
[8] Amount of Insurance Commitments (contingent liability assured) approved/issued during the year.
[9] Amount of shipments/investments declared to ICIEC by policy holders for the period under consideration.

Source: Data Resources and Statistics Department, IDB.

Table 2: Cumulative IDB Group Operations[1] by major modes of financing from 1396H up to end 1432H[2]
(1 January 1976 - 25 November 2011)

(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	51.2	77.2	4	1.1	1.7	0	0	0	21	11.7	15.8	31	64.0	94.7
Albania	23	274.7	420.5	5	0.8	1.1	1	3.3	5.0	3	1.0	1.4	32	279.8	428.0
Algeria	41	457.9	608.7	11	3.0	4.0	188	1,490.0	1,887.7	7	4.5	5.6	247	1,955.4	2,506.1
Azerbaijan	37	559.8	838.6	13	2.4	3.5	10	55.2	83.5	4	1.5	2.0	64	619.0	927.6
Bahrain	97	1,090.0	1,606.7	8	1.0	1.4	21	224.3	318.5	0	0	0	126	1,315.3	1,926.6
Bangladesh	72	842.5	1,262.1	9	3.4	5.2	224	6,275.5	9,153.7	12	28.8	35.6	317	7,150.2	10,456.6
Benin	36	172.5	245.5	25	5.6	7.1	5	26.0	35.0	1	1.3	1.4	67	205.4	289.0
Brunei	5	38.5	49.2	1	0.2	0.3	0	0	0	0	0	0	6	38.7	49.5
Burkina Faso	56	269.9	379.8	37	10.5	13.6	6	133.7	206.1	9	8.3	8.8	108	422.4	608.3
Cameroon	28	197.0	280.7	14	3.1	4.0	2	22.4	35.0	3	1.3	1.7	47	223.8	321.4
Chad	38	295.8	439.7	30	4.7	6.5	1	2.1	3.2	10	9.9	10.8	79	312.6	460.2
Comoros	4	8.8	11.1	15	4.1	5.9	3	5.9	7.5	3	0.9	1.1	25	19.7	25.5
Côte 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	29	155.7	236.5	17	2.8	3.9	1	7.6	12.0	10	1.7	2.3	57	167.8	254.7
Egypt	47	843.5	1,231.8	17	3.4	4.9	123	1,858.5	2,681.4	4	1.1	1.5	191	2,706.5	3,919.6
Gabon	18	299.3	441.3	4	1.7	2.2	0	0	0	0	-	-	22	301.0	443.6
Gambia	38	151.5	220.0	21	3.5	4.8	24	98.9	149.0	4	1.7	1.8	87	255.6	375.6
Guinea	51	240.1	325.3	35	8.3	11.0	6	37.9	48.8	6	6.1	7.8	98	292.5	392.9
Guinea-Bissau	1	1.4	1.5	8	2.7	3.8	2	11.6	15.0	3	1.1	1.3	14	16.8	21.6
Indonesia	110	1,161.2	1,715.2	11	2.1	3.2	48	780.5	1,115.3	4	2.9	4.4	173	1,946.7	2,838.1
Iran	79	1,767.8	2,607.6	16	4.3	6.6	177	1,791.0	2,601.8	7	10.0	13.3	279	3,573.2	5,229.3
Iraq	6	43.4	54.5	8	0.9	1.3	35	264.9	301.3	12	4.0	5.5	61	313.3	362.6
Jordan	63	648.1	908.1	23	4.8	6.5	69	678.9	824.8	1	0.2	0.3	156	1,331.9	1,739.7
Kazakhstan	20	317.0	471.3	10	1.7	2.4	10	143.5	221.0	6	1.4	1.9	46	463.6	696.7
Kuwait	27	185.2	268.5	10	1.5	2.1	49	782.3	1,161.5	4	6.5	7.5	90	975.4	1,439.6
Kyrgyz Republic	15	98.5	146.6	12	2.8	4.2	0	0	0	7	1.7	2.4	34	103.1	153.2
Lebanon	52	610.8	863.5	10	1.2	1.7	11	157.9	221.5	21	7.0	9.8	94	776.9	1,096.5
Libya	18	289.7	400.0	5	2.5	3.4	10	230.0	299.8	3	3.2	4.3	36	525.4	707.4
Malaysia	64	796.3	1,142.0	7	0.9	1.4	41	201.2	281.7	5	8.8	11.5	117	1,007.3	1,436.5
Maldives	20	76.5	110.8	12	1.7	2.3	8	102.6	159.0	3	0.6	0.8	43	181.4	272.9
Mali	57	354.2	505.8	31	9.1	12.4	13	133.9	199.9	12	14.9	16.5	113	512.1	734.6
Mauritania	66	454.6	675.0	42	17.1	23.8	10	109.1	160.3	7	9.7	11.1	125	590.6	870.3
Morocco	61	1,228.1	1,801.5	22	4.0	5.7	120	1,881.7	2,643.3	4	1.2	1.5	207	3,115.0	4,452.0
Mozambique	18	96.4	139.0	9	1.9	2.9	1	9.8	15.0	5	1.8	2.2	33	109.8	159.1
Niger	45	197.9	281.5	41	10.8	14.3	20	109.2	138.3	18	10.2	12.2	124	328.1	446.4
Nigeria	6	80.2	123.7	3	0.4	0.6	13	148.1	230.0	30	5.9	7.9	52	234.5	362.2
Oman	35	444.3	588.1	8	2.0	2.7	1	1.4	2.0	2	0.4	0.5	46	448.1	593.3
Pakistan	97	1,631.2	2,435.4	9	1.7	2.5	241	3,826.3	5,181.0	11	8.5	11.7	358	5,467.7	7,630.6
Palestine	23	64.5	92.0	13	5.9	8.8	0	0	0	42	41.3	53.3	78	111.7	154.1
Qatar	32	382.6	580.0	1	0.1	0.1	0	0	0	0	0	0	33	382.7	580.1
Saudi Arabia	91	1,088.8	1,621.3	23	2.6	3.7	163	1,873.9	2,742.4	4	0.3	0.4	281	2,965.7	4,367.8
Senegal	69	517.6	740.9	30	9.1	11.8	24	176.9	247.6	7	12.9	14.2	130	716.5	1,014.5
Sierra Leone	28	110.1	158.3	27	5.5	7.1	1	3.2	5.0	4	2.8	3.6	60	121.5	174.0
Somalia	3	7.3	9.4	12	3.3	4.9	4	36.1	46.2	47	11.4	16.0	66	58.0	76.5
Sudan	95	819.0	1,211.3	27	4.0	5.8	29	264.4	372.4	20	19.4	23.5	171	1,106.8	1,612.9
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	675.9	994.5	8	1.1	1.6	27	129.3	162.5	1	0.2	0.3	74	806.5	1,158.9
Tajikistan	23	132.2	191.0	15	3.1	4.5	2	15.3	24.0	9	1.1	1.5	49	151.7	221.1
Togo	17	88.2	128.1	6	1.5	2.2	1	4.2	6.0	2	1.4	1.7	26	95.2	137.9
Tunisia	54	788.2	1,157.0	10	1.9	2.8	160	803.9	1,094.9	4	3.3	4.2	228	1,597.3	2,258.9
Turkey	108	1,406.6	2,035.1	10	4.0	5.4	305	2,496.6	3,346.2	6	17.3	20.7	429	3,924.5	5,407.4
Turkmenistan	13	391.9	611.8	4	0.8	1.1	0	0	0	1	0.2	0.3	18	392.9	613.3
U.A.E.	103	532.3	803.5	7	0.7	0.9	25	395.4	572.2	0	0	0	135	928.4	1,376.5
Uganda	11	56.9	84.5	17	3.2	4.2	5	11.3	13.9	9	3.4	4.5	42	74.9	107.1
Uzbekistan	23	372.0	571.3	6	1.4	2.1	2	51.1	80.0	8	1.4	1.9	39	425.9	655.2
Yemen	61	376.0	540.6	32	7.8	10.5	41	351.9	420.3	9	7.8	9.6	143	743.5	981.1
Regional	60	558.1	845.4	326	69.8	102.9	1	27.2	42.0	69	45.3	62.9	456	700.4	1,053.1
Special[3]	4	62.5	85.0	0	0	0	1	14.8	20.0	0	0	0	5	77.3	105.0
Non-Member Countries	36	192.0	291.2	11	4.0	6.0	8	175.0	271.0	904	206.0	279.4	959	577.1	847.5
NET APPROVAL	**2,398**	**25,262.6**	**36,978.8**	**1,150**	**264.1**	**371.7**	**2,297**	**28,491.6**	**39,951.7**	**1,415**	**556.0**	**723.4**	**7,260**	**54,574.3**	**78,025.5**
GROSS APPROVAL	**2,737**	**28,139.5**	**40,863.2**	**1,224**	**283.5**	**398.8**	**2,815**	**32,216.0**	**45,143.3**	**1,423**	**557.8**	**725.9**	**8,199**	**61,196.8**	**87,131.2**

[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 29 Dhul-Hijjah 1432H (25 November 2011).
3 These are old equity and miscellaneous activities of IBP from 1410H up to 1420H.
Source: Data Resources and Statistics Department, IDB.

1432H IN REVIEW

The global economic recovery that was evident a year ago is now fragile. Nonetheless, the IDB remains committed to playing a catalytic role to foster long-term sustainable growth of its member countries. This review analyzes the global economic climate, member countries economic situation, the performance of the IDB Group, the major initiatives and activities undertaken, financial results and risk management. This is followed by a review of the progress towards achieving institutional effectiveness and the activities of the Boards of Governors and Executive Directors.

GLOBAL ECONOMIC CONTEXT

The year in review was challenging due to the debt overhang in Europe and the United States (including the downgrading of the US credit rating), the impact of Japan earthquake and the social unrest in some of the member countries in the Middle East and North Africa (MENA) which disrupted supply chains, high food prices and high unemployment, especially among the youth.

Global economic recovery in 2011 was slow and uncertain. This was largely due to the low growth in the advanced economies and the failure to resolve the Euro-zone crisis. Global growth declined from 5.3% in 2010 to 4% in 2011. Although advanced economies grew at 1.6% in 2011 (3.1% in 2010), emerging and developing economies grew more rapidly at 6.4%.

IDB MEMBER COUNTRIES PERFORMANCE

Growth in IDB member countries declined from 5.7% in 2010 to 4.9% in 2011. This was due to the slowdown of the global economy and social unrest in parts of the MENA region. The current account surplus for IDB member countries registered significant improvement for the second consecutive year, increasing from 4% of GDP in 2010 to 5.6% of GDP in 2011. In terms of regional groupings, Asia was the only group with deterioration in the current account balance, down from 2.9% of GDP in 2010 to 2.6% of GDP in 2011.

The total external debt of member countries (as a group) continued its downward trend, decreasing from 32% of GDP in 2010 to 29.5% of GDP in 2011. Although both the least developed member countries (LDMCs) and non-LDMCs[1] experienced declines in their debt levels, only the former witnessed reduction in debt servicing. Despite the slower growth and easing of food and fuel prices, inflation remained high, increasing from an average of 7.1% in 2010 to 8.7% in 2011.

IDB GROUP PERFORMANCE IN 1432H

Development Assistance

The IDB demonstrated its commitment to fostering economic growth in member countries by intensifying its countercyclical role in 1432H. Total financing approved by the IDB Group increased significantly from ID4.6 billion ($7 billion) in 1431H to ID5.3 billion ($8.3 billion) in 1432H. This represents a growth of 16% in total financing, and is attributed to the growth of over 20% in trade financing and approximately 13% in project financing from Ordinary Capital Resources (Table 1.1).

At the sectoral level, infrastructure (energy, industry and mining, information and communication, transportation and water, sanitation and urban services) maintained its dominance, representing 63.8% of the net OCR approvals in 1432H (Table 1.2). Within the infrastructure sector, financing for energy was the highest, followed by transportation and water, sanitation and urban services.

Regionally, net ordinary financing approvals for Asian member countries remained high at approximately 50% in 1432H. The bulk of the

[1] IDB has 25 Least Developed Member Countries and 31 non-LDMCs.

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

(Amount in ID/$ million)

	1431H			1432H			1396H-1432H		
	No.	**ID**	**$**	**No.**	**ID**	**$**	**No.**	**ID**	**$**
1. Project/Operation Financing from OCR	178	2,396.6	3,702.4	198	2,727.1	4,270.1	2,817	20,143.3	29,383.0
Of which: Technical Assistance	81	12.2	18.7	98	22.5	34.7	1150	264.1	371.7
2. Project/Operation Financing by Funds/ Entities (UIF, IBP, APIF, ICD & Treasury)	59	430.5	658.4	74	528.4	813.7	731	5,383.4	7,967.5
3. Total IDB Group Project Financing (1+2)	***237***	***2,827.1***	***4,360.8***	***272***	***3,255.4***	***5,083.8***	***3,548***	***25,526.7***	***37,350.5***
4. Trade Financing Operations	75	1,709.9	2,592.3	77	2,056.2	3,222.9	2297	28,491.6	39,951.7
5. Special Assistance	55	13.2	19.9	49	9.6	15.1	1415	556.0	723.4
Total IDB Group Financing	**367**	**4,550.3**	**6,973.0**	**398**	**5,321.3**	**8,321.7**	**7260**	**54,574.3**	**78,025.5**

[1]Cut-off date for the data was 29 Dhul-Hijjah 1432H (25 November 2011).
Source: Data Resources and Statistics Department, IDB.

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

(Amount in ID/$ million)

Sectors	1431H			1432H			1396H-1432H		
	No.	**ID**	**$**	**No.**	**ID**	**$**	**No.**	**ID**	**$**
Agriculture	28	230.4	354.9	29	422.1	658.4	519	2,250.9	3,258.2
Education	19	80.2	121.7	38	219.2	340.0	455	1,735.3	2,454.7
Energy	14	792.4	1,211.9	15	782.5	1,238.3	214	4,841.3	7,239.5
Finance	47	93.9	143.5	50	147.4	229.1	302	898.3	1,310.7
Health	26	98.0	152.8	21	202.2	319.1	277	1,115.6	1,595.3
Industry and Mining	8	213.4	329.1	5	15.5	23.6	209	1,776.6	2,483.0
Information and Communication	7	0.4	0.6	4	35.1	51.9	58	240.5	342.6
Public Administration	1	0.1	0.2	1	0.2	0.3	68	40.6	56.1
Trade	0	0	0	0	0	0	34	36.4	53.1
Transportation	11	651.9	1,018.8	13	505.1	791.1	398	4,622.0	6,821.6
Water, Sanitation & Urban Services	17	236.0	368.9	22	397.6	618.3	283	2,586.0	3,768.2
Total	**178**	**2,396.6**	**3,702.4**	**198**	**2,727.1**	**4,270.1**	**2,817**	**20,143.3**	**29,383.0**

[1] Cut-off date for the data was 29 Dhul-Hijjah 1432H (25 November 2011).
Source: Data Resources and Statistics Department, IDB.

concessional financing (around 64%) went to African member countries (Table 1.3).

In 1432H, there was a net transfer of resources from the IDB Group to member countries. Total disbursements amounted to $5.2 billion, while total repayments stood at $3.4 billion (Table 1.4).

MAJOR INITIATIVES AND ACTIVITIES

Partnerships and Cooperation

Five Member Country Partnership Strategies (MCPS), were completed in 1431H for Turkey, Indonesia, Uganda, Mauritania and Mali. Through the MCPS, the IDB Group provides support to member countries in key strategic areas that directly contribute to their medium- to long-term development aspirations. In 1432H, the MCPS for Pakistan was completed and four others for Kazakhstan, Senegal, Malaysia and Morocco were in the final stages of completion. The MCPSs for Bahrain, Egypt, Kuwait, Niger, Syria, Tunisia and the GCC regional were at various stages of preparation. One of the key features of the MCPS is that it provides an avenue for the Bank to replicate success stories and best practices through Reverse Linkages.

A key objective of the IDB is the promotion of economic cooperation among its member countries, through trade financing. In 1432H, the approvals by the International Islamic Trade Finance Corporation (ITFC), the trade-financing arm of the IDB Group – reached ID1.9 billion ($3 billion).

Table 1.3
Distribution of OCR Financing by Region[1]

(Amount in ID/$ million)

	1431H				1432H				1396H-1432H			
	No	ID	$	Share[3] (%)	No	ID	$	Share[3] (%)	No	ID	$	Share[3] (%)
Concessional Financing												
African Member Countries	58	195.5	297.1	8.0	61	169.3	260.8	6.1	1,097	2,782.0	3,867.0	13.2
Asian Member Countries	26	54.1	82.0	2.2	36	79.8	123.8	2.9	544	1,541.4	2,150.5	7.3
Other Countries[2]	5	3.9	6.1	0.2	3	1.6	2.4	0.1	39	119.4	167.6	0.6
Regional	35	4.1	6.3	0.2	36	8.1	12.5	0.3	326	69.8	102.9	0.4
Non-Member Countries	0	0	0	0	2	3.4	5.1	0.1	11	4.0	6.0	0.0
Sub-total	**124**	**257.6**	**391.5**	**10.6**	**138**	**262.1**	**404.7**	**9.5**	**2,017**	**4,516.5**	**6,293.9**	**21.4**
Ordinary Financing												
African Member Countries	20	615.5	945.2	25.5	25	773.6	1,213.9	28.4	274	4,969.0	7,324.9	24.9
Asian Member Countries	27	1,409.6	2,192.8	59.2	30	1,281.1	2,009.9	47.1	432	9,224.0	13,651.5	46.5
Other Countries[2]	2	79.0	118.2	3.2	5	410.2	641.5	15.0	80	1,232.6	1,806.7	6.1
Regional	1	32.0	50.0	1.4	0	0	0	0	8	189.0	288.5	1.0
Non-Member Countries	4	2.9	4.6	0.1	0	0	0	0	6	12.2	17.4	0.1
Sub-total	**54**	**2,139.0**	**3,310.8**	**89.4**	**60**	**2,464.9**	**3,865.3**	**90.5**	**800**	**15,626.8**	**23,089.0**	**78.6**
GRAND TOTAL	**178**	**2,396.6**	**3,702.4**	**100**	**198**	**2,727.1**	**4,270.1**	**100**	**2,817**	**20,143.3**	**29,383.0**	**100.0**

[1] Cut-off date for the data was 29 Dhul-Hijjah 1432H (25 November 2011).
[2] These are Albania, Turkey and Suriname.
[3] The shares are calculated on the basis of $ million.
Source: Data Resources and Statistics Department, IDB

Table 1.4
IDB Group Disbursements and Repayments

(Amount in $ million)

	Disbursements			Repayments		
	1431H	1432H	1396-1432H	1431H	1432H	1396-1432H
OCR	1,875.3	2,145.2	28,547.2	837.4	709.8	19,822.1
ITFO	42.2	11.2	9,395.5	112.9	86.7	8,713.4
Sukuk	..	..	851.9	107.3	..	456.2
EFS	..	..	1,221.8	..	..	1,247.3
IBP	..	..	941.7	..	..	832.9
UIF	86.4	57.4	2,032.5	76.1	74.3	2,658.5
ICD	76.0	142.5	893.0	52.4	59.6	398.1
APIF	43.7	8.8	235.7	8.1	2.3	87.0
Special Assistance	16.6	18.5	594.7	..	..	..
ITFC	1,800.8	2,826.2	7,443.9	1,813.2	2,432.0	5,878.2
	3,941.0	**5,209.8**	**52,158.0**	**3,007.4**	**3,364.7**	**40,093.8**

Source: Data Resources and Statistics Department, IDB

To further bolster trade, the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), provided Shariah-compatible export credit and investment insurance of ID2.2 billion ($3.4 billion). In order to expand its activities and services, and meet the increasing demand from IDB member countries, the ICIEC Board of Governors increased the Authorized Capital of the Corporation from ID150 million to ID400 million during the year 1432H.

At the institutional level, the IDB also plays an effective and dynamic role in promoting and strengthening cooperation among the OIC affiliated and subsidiary organs (such as SESRIC, COMCEC, ICDT and ICCI).

Public Private Partnerships (PPPs) play a critical role in the economic development of member countries and provide an important source of project funding. In 1432H, the Bank approved ID342.2 million ($526.4 million) for PPP projects. Given that the private sector is an integral element of the development agenda, the Islamic Corporation for the Development of the Private Sector (ICD) continued to play a key role in private sector development by approving 22 projects totaling ID234.4 million ($364.8 million) in 1432H.

In 1432H, 21 operations in 16 countries were co-financed with other institutions at a total cost of $7.9 billion, with the IDB accounting for about $1.5 billion (19%), while other financiers contributed $4.5 billion (57%). Co-financed operations focused primarily on infrastructure which attracted a total amount of $1.4 billion (93%) of IDB co-financing. The IDB also concluded five new institutional MoUs and partnership agreements with development partners, including the European Bank for Reconstruction and Development (EBRD), the Asian Development Bank (ADB), the International Organisation of Supreme Audit Institutions (INTOSAI), the G8 Deauville Partnership and the World Bank.

Poverty Alleviation and Food Security

Social sector financing (in education and health) amounted to ID421.4 million ($659.1 million) in 1432H and focused on supporting member countries to attain their respective MDG targets. The education sector accounted for 52% of the total approvals in the social sectors. Strategically, the Bank is targeting vocational and technical education and training, and tertiary education to enhance the productivity of the labour force and reduce unemployment in member countries. This is in line with the quest to develop knowledge economies through investments in science and technology at the tertiary, vocational and technical education levels.

With regard to the health sector, the Bank approved 21 operations amounting to ID202.2 million ($319.1 million). Through the Quick-win Malaria Program, over 4 million inhabitants of Cameroon, mostly children and pregnant women, are protected from malaria. Under the Alliance to Fight Avoidable Blindness, approximately 30,000 patients were examined and 6,540 sight-restoring cataract operations were performed. The Alliance also enhanced the skills of more than 20 eye care professionals and provided additional medical equipment.

Unemployment was another major socio-economic challenge that faced the Bank's member countries. In addressing this challenge, the IDB launched the "Education for Employment" (e4e) initiative in partnership with the IFC. The Bank also continued to scale up the Vocational Literacy Program for Poverty Reduction (VOLIP), which was launched under the Islamic Solidarity Fund for Development (ISFD) with the aim of reducing poverty, particularly among women and youth in rural areas, through the provision of functional literacy skills and access to microfinance.

In the fight against poverty, the ISFD utilized all its commitment capacity in 1432H, with loan approvals amounting to $46 million for 7 projects at a total cost of $182.3 million. The ISFD is also partnering with several institutions and financiers to develop and collaborate in projects that enhance human development, especially in the areas of health, education, food security and microfinance for the poor.

Under the Special Program for the Development of Africa (SPDA), an additional 88 operations amounting to $1.1 billion were approved in 1432H.

In 1432H, investment and development in agriculture remained focused on poverty alleviation and rural development with strong commitment on increasing productivity, strengthening market linkages, value addition, developing necessary infrastructure and enhanced environmental protection. IDB approvals for the agriculture sector reached ID422.1 million ($658.4 million) of which ID87.3 million ($135.8 million) was under the Jeddah Declaration.

Capacity development has always been accorded special attention by IDB. In this regard, 95 operations amounting to $3.6 million were approved for 35 member countries and 26 regional organizations in 1432H. IDB's Scholarship Programs which aim to build science-based human capital in member countries as well as Muslim communities in non-member countries benefitted 739 students under the three programs in 1432H.

In terms of science and technology financing activities, 24 operations amounting to $1.8 million were approved, together with 11 knowledge sharing activities.

Infrastructure Development

In 1432H, the IDB approved ID1.7 billion ($2.6 billion) infrastructure financing for the development of electricity generation and transmission; transportation; water and sanitation infrastructure; ICT; housing and small and medium enterprises to catalyze economic growth in member countries. Energy was the dominant sector accounting for 47% of the IDB's infrastructure financing followed by Transportation (30%), and Urban Planning and Services (16%).

In line with its Vision 1440H, the IDB's focus was improving access to reliable and affordable energy as well as bridging the digital divide in member countries. In 1432H, the IDB approved a total of 15 energy sector operations for an amount of ID782.5 million ($1,238.3 million).

The IDB continued to support its member countries by accelerating the development of efficient, cost effective and sustainable transportation links. In 1432H, ID505.1 million ($791.1 million) was approved for projects in the transport sector.

Population migration from rural to urban areas is posing increased developmental challenges for securing suitable and affordable urban infrastructure in an efficient and timely manner. To foster urban development, the Bank approved a total of ID267.5 million ($421.3 million). The IDB also financed a social housing project in Mali that will enable approximately 1,500 households (about 10,000 people) to own modern affordable houses, by the end of 2014 with all the basic amenities (e.g. potable water, electricity and sanitation).

Islamic Finance

The IDB plays a significant role in the development of the Islamic financial services industry by providing services, including the development of the requisite legal, regulatory, supervisory and Shariah enabling environment and the establishment of Islamic financial institutions through equity investments.

As part of its endeavour to develop capacity and promote Islamic finance, the Bank provided Technical Assistance (TA) to Mauritania, Maldives, Tajikistan, Turkey and Djibouti. The IDB also cooperated with the IMF to create awareness and build capacity in Da Afghanistan Bank (Central Bank of Afghanistan), to enable it to launch sovereign Sukuk. In addition, the IDB focused on the provision of microfinance to entrepreneurs and the utilization of Zakat, Sadaqa and Awqaf for the ultra-poor.

In order to further support the Islamic Financial Services Industry, the Bank undertakes equity investments. In 1432H, seven investments were made in Islamic Financial Institutions (IFIs) amounting to $32.5 million. At the end of 1432H, the Bank had equity investments in 32 IFIs in 21 countries with total investment amounting to approximately ID250 million ($389 million).

Under the Awqaf Properties Investment Fund (APIF), six projects were approved for a combined value of $179 million in Bahrain, Bangladesh, Libya, Mauritius, South Africa and Turkey. The projects consisted of commercial and residential development as well as two shopping complexes. The revenues from these projects would be used for social purposes including healthcare, primary, secondary and tertiary education and vocational training.

IDB also issued a £60 million Sukuk (on a private placement basis). This was followed by a public issuance of $750 million, which was concluded in May 2011, bringing the total amount of Sukuk issued and currently outstanding to approximately $2.9 billion.

Also in 1432H, the Islamic Research and Training Institute (IRTI) continued its knowledge building activities, with a focus on inclusive Islamic financial services and sustainable and comprehensive human development in its research, advisory, training and information activities. In addition, IRTI promoted awareness of the role of Islamic finance in furthering financial stability and poverty alleviation.

INDEPENDENT EVALUATION ACTIVITIES

The independent evaluation activities in the IDB Group covers all entities. The scope of evaluation has been widened to include thematic, program and process evaluations, in addition to project, country assistance and sector evaluations.

In 1432H, 51 projects/operations were evaluated for the IDB Group. In addition, 3 project completion report evaluation notes were prepared and 9 higher level evaluations were either completed or initiated during the year.

The IDB Group embarked on revising its evaluation tool box, including the preparation of the evaluation charter, guidelines and ratings scale during the year. The IDB Group also participated, in partnership with AfDB, UAE Office for the Coordination of Foreign Aid and OECD-DAC in the Round Table on Evaluation Systems and Evaluation Quality Standards in UAE to produce the Arabic language version of the OECD-DAC Quality Standards for Development Evaluation, with the aim of supporting Arab donors.

The evaluations conducted in 1432H showed that the IDB Group's interventions were relevant to the national priorities of member countries and IDB's strategic agenda. The outputs, outcomes and impacts of the post-evaluated projects contributed to enhancing food security, providing access to basic utilities such as potable water, sanitation and electricity, improving access to health services and education, improving transport infrastructure, promoting Islamic finance, developing institutional capacity and creating employment opportunities (Box 1.1). However, issues related to sustainability were recurrent mainly due to the lack of adequate budgetary provisions by the operating public agencies for maintenance of projects. A number of valuable lessons have been drawn from the evaluations conducted during the year. These lessons have been disseminated within the IDB Group and will help improve future interventions. The majority of lessons were related to the early stages of project cycle. Sustainability of the project outcomes is also another important area that requires attention.

FINANCIAL RESULTS[2]

Despite the effects of the global financial crisis and the associated adverse socio-economic conditions, the IDB's financial performance remained robust. Overall approvals to member countries from OCR increased from ID2.4 billion ($3.7 billion) in 1431H to ID2.7 billion ($4.3 billion) in 1432H. Net income declined by 64% from ID169.6 million in 1431H to ID109.0 million in 1432H. However, excluding certain one-off items and Swap Gains/(Loss), IDB income only decreased by 9.7%.

RISK MANAGEMENT

The Bank has put in place a comprehensive risk management framework to address all types of credit, market and operational risks. Given the nature of the Bank's activities, country risks and liquidity risks are given special attention and comprehensive frameworks have been developed with appropriate exposure and concentration limits for various counterparties, and liquidity thresholds. The IDB regularly carries out internal reviews of its risk management guidelines based on best practices and market developments; and has engaged an external consultant to review and enhance its key credit risk management guidelines. A key focus area of the IDB's risk management function is portfolio monitoring which is reflected in the regular assessment of the creditworthiness and repayment abilities of its member countries and other counterparties.

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

[2] See Financial Statements published separately

Box 1.1
Country Assistance Evaluation

Bangladesh

The IDB Group has provided broad-based assistance to the Government of Bangladesh in terms of development projects, technical assistance, and special assistance in several sectors including agriculture and rural transport; social sectors; rural electrification, trade financing, Islamic financing and private sector development, among others.

The integrated rural development projects enhanced food security, generated employment and increased incomes and improved access to markets and social service centers. Intervention in the social sectors helped in the construction and rehabilitation of 900 primary schools and Madrasahs benefitting hundreds of thousands of children. The rural electrification projects connected 350 villages to the national grid, benefitting around 50,000 people in 9 districts, created new job opportunities and enhanced the income generation activities by enabling irrigation, and small scale industries. Trade financing activities supported the import of strategic goods and commodities such as petroleum products. The Bank also pioneered the promotion of Islamic banking and finance in Bangladesh through its catalytic role in establishing Islami Bank Bangladesh Limited (IBBL). The success of IBBL facilitated the establishment of 7 full-fledged Islamic banks and 21 Islamic windows in conventional banks. Through the ICD's project portfolio of $5.3 million and ICIEC's operations portfolio of $308.5 million, private sector development was also supported.

Overall, the IDB Group's interventions contributed to the enhancement of the physical and social infrastructures of the country, including schools, universities, health centers, rural roads, water supply and sanitation, and complemented the government efforts for institutional development.

Morocco

Although the IDB has been involved in several sectors in Morocco, since 2000, the IDB Group invested heavily in the infrastructure sectors focusing on energy, water and sanitation, and transportation. Assistance to the education, health and agriculture sectors were predominantly in the form of TA grants. In the transport sector, the Bank facilitated the construction of 135km of highways, 32km of rural roads, 45km of railway and 85 wagons for cement, thus reducing traffic congestion and transport and transit time in the Tangier-Med Port by 7 to 9 days. In the electricity sector, IDB's interventions enabled the connection of 1,026,000 new beneficiaries in 171,085 rural households (3,461 villages – 10% of the nation rural electrification coverage) to the electricity grid. Regarding water and sanitation, the Bank's interventions resulted in 2 million people in 6 urban cities and 800,000 people in rural villages being supplied with potable water. Six other cities were equipped with sanitation facilities. The construction of dams to increase water storage capacity has enhanced the livelihood of approximately 20,000 farmers through diversification of crops, leading to an increased harvest yield (15 - 20%). In terms of the private sector, IDB interventions were in the sugar and cement industries, creating around 4,500 direct and 20,000 indirect jobs. The ITFC financed 100 trade operations (approximately $2 billion), mainly for the imports of energy products. The IDB also facilitated the training of 12,000 literacy trainers and that of 845,000 people in the literacy program (79% are women) through 800 NGOs.

Overall, the IDB Group funded projects had a significant impact on the lives of Moroccan people as well as on the performance of the country's economy and its development outcomes. For instance, the Bank's interventions facilitated the following: (i) improving rural electrification from 22% in 1996 to 96.8% in 2010; (ii) increasing access to potable water from 40% in 1995 to 93% in 2010; (iii) decreasing the illiteracy rate from 43% in 2004 to 38% in 2010; and (iv) improving Morocco UNCTAD connectivity index rank from 82nd in 2007 to 18th in 2010.

as laid down in the relevant instruments of the European Union.

ACHIEVING INSTITUTIONAL EFFECTIVENESS

The IDB strives "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 the Vision 1440H, the IDB Group Management initiated its Reform program in 2007. The reform aims to transform the Bank into a knowledge-based development institution that is both effective and efficient from a skills mix, leadership and organizational structure perspective (Box 1.2).

The Reform program was divided into two phases. Phase-I included a new strategy, planning and budgeting framework for the IDB Group; governance and organizational structure; and staff renewal modules. Phase-II included operation policies; human resources; knowledge management; and business processes and IT. A

Box 1.2
Enhancing IDB Group's Field Presence Program: Achievements in 1432H

The Islamic Development Bank (IDB) Group is transforming itself into a world class 'client centric' institution in accordance with its Vision 1440H and the Five Year Program of the IDB Group President. Two key pillars of this Program call for the empowerment of the Group Regional Offices and the enhancement of IDB field representation. In 1432H, the IDB Group made significant strides towards strengthening these two pillars.

Empowerment of IDB Group Regional Offices: The IDB Group's regional presence was strengthened in 1432H through delegation of responsibilities to Regional Offices, fast track recruitment and upgrading of IT infrastructure. As a result of this, the Regional Office of Dakar (RDA) successfully implemented a one-year crash program to accelerate the implementation of at least 110 operations in its 11 constituency countries by end-2011. This has positively impacted on the IDB portfolio in West Africa. In this regard, the average implementation delay for IDB operations in the region has significantly decreased (despite the growing size of portfolio) with 55 operations completed in 1432H compared to an average of 20 completed operations from 1428H-1430H. This successful intervention by RDA in West African member countries has improved client relations and allowed the IDB Group to focus on country partnership strategies and improving the quality-at-entry of new operations.

Establishment of IDB Group Gateway Offices: A strategic framework to enhance IDB Group's country presence was approved by the B.E.D in November, 2011. As per this strategic framework, IDB Group's country presence will be a 'joint venture' between all relevant Group Members in order to ensure: (i) effective 'branding' of IDB Group services in member countries; (ii) Group synergy during development and business interventions and; (iii) economies of scale and cost sharing from field presence. Based on this strategic framework, the B.E.D approved the establishment of Pilot IDB Group Gateway Offices in Egypt, Turkey, Indonesia, Bangladesh and Nigeria to evaluate the development and business impact of IDB Group's country presence before further expansion.

change management process has accompanied both phases. Phase-I of the IDB Group Reform has been successfully completed. In 1432H, the following reform-related activities were undertaken:

- The Presidency 5-Year Program with clearly defined Key Performance Indicators (KPIs) was adopted. This Program is cascaded into all departments' work programs and determines resource allocation;
- A fine tuning of the organization structure that was implemented in 2009. This has resulted in the creation of a new complex under a new Vice President (Cooperation and Capacity Development);
- A new Staff Performance Management System was introduced and implemented. A new technical career track to facilitate professional progression within the organization was also designed.
- A new salary and benefits structure was approved and is being implemented.
- All existing processes within the Bank have been assessed, and will be revised where applicable in order to ensure efficient and effective delivery to key stakeholders.

The IDB Group also successfully completed the first phase of its SAP implementation program (BEST Program) which included Finance, Budget Controlling, Human Resources and Procurement modules and went live, as planned, in Muharram 1432H (December 2010). In recognition of this success, IDB won the SAP Quality Awards Golden Prize for the year 2011 in the Middle East and North Africa region. The solutions were stabilized since they went live and have been in use since Muharram 1432H. The next phase of the program is planned to start in the first quarter of 2012 and will cover the core operations of the IDB, Treasury Management, Risk Management, Funds Management, Travel Management, Strategy and Planning Management.

Staff Development

In order to deliver on its mandate, the IDB Group considers its human resources as a core asset. In this respect, the total strength of IDB Group staff is 1,111 of which 964 are from member countries and 147 from non-member countries. At the IDB level, 710 out of the 819 staff are from member countries.

The diversity of staff enables the Bank to have a more intimate understanding of the various

IDB Board of Executive Directors at IDB Headquarters, Jeddah, Saudi Arabia

regions that it serves. The development and training of staff is imperative to ensure that they keep abreast of the latest developments in their fields of expertise and are able to more effectively serve member countries. In this regard, learning programs were developed to enhance staff skills based on the needs assessment against the IDB competency framework. These learning programs include technical and financial training and several certification programs. Overall, 740 learning opportunities were provided to Bank staff in 1432H.

In order to attract, train and provide opportunities for new graduates, the Young Professionals (YP) Program was established in 1402H (1982). In 1432H, over 1000 applications were received for the YP Program from all over the world, with 15 candidates employed by the IDB.

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

The Board of Governors

The 36th Annual Meeting of the Board of Governors (B.O.G) was the main component of the Annual Meeting of the IDB Group that was held in Jeddah, Kingdom of Saudi Arabia, on 27-28 Rajab 1432H (29-30 June 2011). Although the 36th Annual Meeting was initially scheduled for Yemen, due to unforeseen circumstances, the venue was changed to Jeddah with the agreement of the Yemeni authorities. The decision to have the 36th Annual Meeting in Jeddah was formally taken by the B.E.D in April 2011, with the understanding that Yemen could host the 38th Annual Meeting that was earlier scheduled for Jeddah.

The 36th Annual Meeting of the B.O.G was held under the patronage of the Custodian of the Two Holy Mosques, King Abdullah Ibn Abdulaziz and was inaugurated by H.E. Dr. Ibrahim Bin Abdulaziz Al-Assaf, the Minister of Finance of Saudi Arabia and IDB Governor. The meeting addressed several matters including the appraisal of annual accounts, allocation of part of income to technical assistance grants and to the scholarship program, and the election of Executive Directors.

Several other side events such as seminars and exhibitions were organized by the IDB Group during the B.O.G Annual Meeting. A number of these seminars either directly or indirectly addressed the issue of unemployment and job creation. During the Annual Meeting, IDB prizes in Islamic Banking, Science and Technology and Contribution of Women in Development were awarded. The Annual Meeting of the IDB Group was also an occasion for some institutions in the Islamic World to hold their Boards/General Assemblies (Federation of Consultants from

Islamic Countries, Federation of Contractors from Islamic Countries, Association of the National Development Financing Institutions, General Assembly for Islamic Banks and Financial Institutions).

The Board of Executive Directors

In 1432H, the B.E.D held seven meetings (one of them on the occasion of the B.O.G meeting), in addition to eighteen meetings of B.E.D Standing Committees which are: the Administrative Committee, Audit Committee, Finance Committee, and Operations Committee. It must be noted that 1432H was the first year when there was a full-fledged Administrative Committee created by a decision taken in 1431H. All these meetings were held in IDB Headquarters in Jeddah.

The areas of focus of B.E.D and its Committees included the review of the IDB reform process, especially, IT and human resources. The B.E.D considered the financing of 98 projects (63% of them under ordinary capital resources and the remaining under Waqf resources). Overall, the B.E.D adopted 170 resolutions on financing, policy and other matters.

In addition to the B.E.D (which is also the Board of Directors of ICIEC and ISFD) and its Standing Committees, the Executive Directors also participated in several other Special Committees (such as the Executive Committee of the Unit Investment Fund, General Committees for IDB Scholarship Programs for Muslim Communities in non-member countries and IDB Merit Scholarship Program, etc.). Some of the Executive Directors also represented IDB in the Boards of the IDB Group Entities (ITFC and ICD).

New Board of Executive Directors

The 12th term of the B.E.D ended on 15 Dhul Qa'dah 1432H (13 October 2011). The Board that was selected for the 13th term was significantly different due to various reasons:

- During the 35th meeting of the B.O.G (held in Baku-Azerbaijan on 11-12 Rajab 1431H (23-24 June 2010), the decision was taken that Nigeria would be entitled to appoint one Executive Director (after the first payment of the increase of its subscription to the IDB capital stock), thus bringing the number of appointed Executive Directors to nine. It was also decided that the number of elected Executive Directors (i.e. Executive Directors representing groups of countries) which was, at that time, seven and was due to increase to eight[3] was raised to nine with the commencement of the 13th term.
- Nigeria finalized the payment of its first installment in June 2011 and appointed an Executive Director who attended its first B.E.D meeting on 30 Sha'ban 1432H (31 July 2011).
- The composition of the Groups was revised due to the increase in the number of the elected Executive Directors from seven to nine.

This recomposition of the Groups was the outcome of a lengthy process of consultation (at the B.E.D level; among the Governors, etc.). It was resolved that the nine groups would be composed of three groups of African countries, three groups of Arab countries and three groups of Asian countries. Apart from the composition of the groups, the actual process of selection of the representative of each group was also part of the consultations. Executive Directors from the following countries representing the nine groups were selected: Bangladesh, Burkina Faso, Côte d'Ivoire, Kazakhstan, Malaysia, Mozambique, Oman, Palestine and Tunisia. It is worth mentioning that four of these countries (Mozambique, Côte d'Ivoire, Palestine and Kazakhstan) are in the B.E.D for the first time. The nine appointed Executive Directors are from Egypt, Iran, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, Turkey, and United Arab Emirates.

The first meeting of the B.E.D of the 13th term was held on 24-25 Dhul Hijjah 1432H (20-21 November 2011).

[3]The increase in the number of Executive Directors from seven to eight was decided at the 34th Annual Meeting when the Board of Governors approved the increase of Qatar's share in the IDB capital and its right to appoint an Executive Director.

PROSPECT FOR ECONOMIC RECOVERY

A year ago, the world economy showed signs of recovery from the financial and economic crisis of 2008-2009. The recovery was threatened in 2011 by several factors such as the impact of Japan's earthquake which disrupted supply chains, the turmoil in the Middle East and North Africa which resulted in higher oil prices, the debt overhang in the Euro-zone and credit downgrade of the United States by Standard & Poor's. These factors caused uncertainty and volatility in financial markets, high food prices and exacerbated unemployment especially among the youth, and has the potential of reversing the gains made in achieving international development goals.

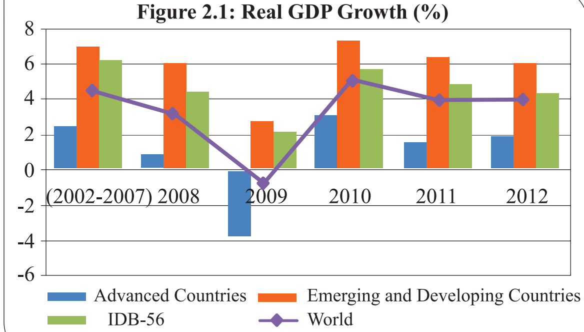
This chapter reviews the global economy, analyses the performance of member countries' economies, and reviews short-term prospects and development challenges facing member countries.

GLOBAL ECONOMIC OUTLOOK AND PROSPECTS[4]

Uncertain Economic Recovery: The global economic recovery was weaker and more uncertain in 2011 than in 2010, due largely to the Euro-zone crisis and the low growth in advanced economies, which weighed down and dampened global growth prospects. Despite the effort of European leaders in several summits to find credible solutions, the European economy has failed to show signs of recovery. Global growth slowed from 5.3% in 2010 to around 4% in 2011 with advanced economies registering significant decrease in growth from 3.1% in 2010 to 1.6% in 2011 (Figure 2.1). The growth outlook for 2012 remains fragile and unpredictable.

Against this uncertain backdrop, the current account deficit for advanced economies, most notably the United States, widened from 0.2% in 2010 to 0.3% of GDP in 2011, while that of emerging and developing economies recorded surplus from 2% of GDP in 2010 to 2.4% of GDP in 2011, driven by MENA, Countries in Transition (CIT) and Asia regions.

Figure 2.1: Real GDP Growth (%)



Source: IMF, World Economic Outlook, October 2011

Amidst the fragile economic recovery, world trade has stagnated since mid-2011. According to WTO, growth in world trade slowed to 5.8% in 2011, from 12.8% in 2010.

The U.S. economy, characterized by jobless growth, lost steam in 2011. As a result, it slowed down from a growth of 3% in 2010 to 1.5% in 2011. According to the Federal Reserve, the US economy is expected to grow between 2.2% and 2.7% in 2012.

In the Euro-zone, the epicenter of the current crisis, growth is expected to stagnate at 1.6% in 2011 compared with 1.8% in 2010. In order to address the evolving sovereign debt and banking crisis in the Euro-zone, European leaders agreed to leverage the European Financial Stability Facility and accelerate the deployment of the European Stability Mechanism. The new "fiscal compact" agreed upon, will strengthen fiscal discipline and introduce more automatic sanctions and stricter surveillance.

Japan's economy, which was expected to shrink significantly from 4% in 2010 to a projected rate of 0.5% in 2011, showed signs of recovery with

[4] The data used in this section draws extensively on the IMF World Economic Outlook 2011.

growth of 1.1% as at October 2011. The Japanese economy is expected to expand by 2.3% in 2012 with high levels of investment in reconstruction.

Emerging and developing economies have shown signs of growth deceleration as the crisis in advanced economies weighs on external demand, export, and capital outflows. The real GDP growth of emerging and developing economies during 2011 is estimated at about 6.2% down from about 7.3% during 2010. This is mainly due to capacity constraints, policy tightening, and slowing foreign demand. However, emerging economies in Asia, propelled by China and India, are expected to continue posting strong growth of about 8%; even though, high inflation, driven by high food prices, feeds into the economy and may affect consumption. Nonetheless, the growth rate is projected to stay at around 5.4% in 2012 for this group of countries, due to their ability to respond to a weaker foreign demand with less policy tightening.

Sluggish Job Recovery: The global unemployment rate in the first quarter of 2011 was 9.6% and is expected to remain high throughout the year. The International Labor Organization (ILO), in its November 2011 report, warned of a "double-dip" in employment and subsequent aggravation of social unrest. Globally, more than half of the countries with reliable statistics have experienced negative job creation in the third quarter of 2011 and only seven countries experienced more than 1% job growth. The employment slowdown is evident in nearly two-thirds of advanced economies and half of the emerging and developing economies for which recent data are available. Over the next two years, approximately 80 million new jobs will be required to restore the pre-crisis employment rates (27 million in advanced economies and the remainder in emerging and developing countries).[5] Additionally, poor job prospects continue to take their toll on youth employment as more than 20% were unemployed as of the first quarter of 2011.[6]

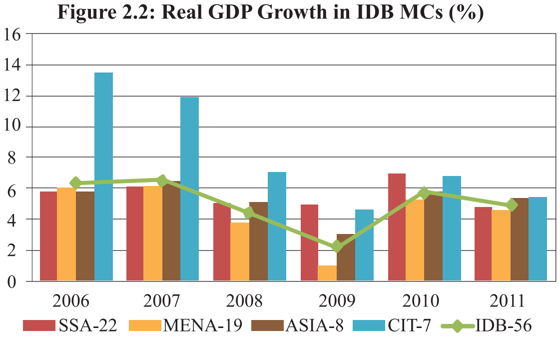
Among the developed economies, the United States is facing a protracted job recovery. Unemployment, at around 9% in November 2011, is expected to remain high throughout 2012, mainly due to lackluster growth.

MACROECONOMIC PERFORMANCE OF IDB MEMBER COUNTRIES

Moderated Growth Amid Concerns Over Global Economic Recovery: In 2011, IDB member countries registered an average growth of 4.9% compared with 5.7% in 2010 (Table 2.1). This decline in growth was due to the slowdown of the global economy and the impact of Euro-zone crisis (Box 2.1).

Sub-Saharan African (SSA) member countries recorded a significant drop in economic growth, down from 7% in 2010 to 4.8% in 2011. The oil-exporting countries in the SSA region accounted for the decline, while the non-oil exporting countries' growth has not been affected. In fact, non-oil-exporting member countries grew faster in 2011 at 4.6% than in 2010 at 3.2%. The growth rate of Member Countries-in-Transition (CIT) was estimated at 5.5% in 2011, compared to 6.8% in 2010 (Figure 2.2).

Figure 2.2: Real GDP Growth in IDB MCs (%)



Source: IMF, World Economic Outlook, October 2011

The growth rate in MENA countries in 2011 was 4.7%, down from 5.3% in 2010, as a result of social unrest in the region and the resultant decline in domestic investment, FDI and tourism. This was compounded by the global economic slowdown. In Asia, although growth is decelerating, it remained robust in 2011 at 5.4% compared to 5.8% in 2010.

In terms of economic groupings, the figures for LDMCs showed that their economies were adversely affected by the fiscal and financial instability in advanced economies. LDMCs grew at 4.3% in 2011 compared to 6.4% in the year

[5] ILO World of Work Report 2011, "Making Markets Work for Jobs"
[6] ibid

Table 2.1 Macroeconomic Performance Indicators of Member Countries						
	Average (2002-2007)	2008	2009	2010	Estimate 2011	Projected 2012
Real GDP Growth (Annual % change)						
IDB Member Countries	6.3	4.5	2.2	5.7	4.9	4.4
LDMCs	6.1	5.3	5.2	6.4	4.3	5.2
Non-LDMCs	6.3	4.4	1.9	5.7	5.0	4.3
Inflation (Annual % change)						
IDB Member Countries	8.4	12.0	7.0	7.1	8.7	7.5
LDMCs	6.8	11.8	5.4	8.1	11.1	9.4
Non-LDMCs	8.6	12.0	7.1	7.1	8.5	7.4
Broad Money (Annual % change)						
IDB Member Countries	16.5	20.0	4.7	16.4	9.3	9.4
LDMCs	16.7	17.8	14.5	15.7	13.2	10.0
Non-LDMCs	16.5	20.1	4.4	16.4	9.1	9.4
Gross National Saving (% of GDP)						
IDB Member Countries	28.8	32.3	27.7	29.2	30.1	29.7
LDMCs	18.1	17.8	16.2	17.0	15.6	10.0
Non-LDMCs	29.8	33.6	28.8	30.4	31.5	31.1
Gross Fixed Capital Formation (% of GDP)						
IDB Member Countries	22.0	23.8	24.3	23.6	23.4	24.1
LDMCs	22.2	22.5	22.1	22.3	22.2	22.8
Non-LDMCs	22.0	23.9	24.5	23.8	23.5	24.2
Net Direct Investment (% of GDP)						
IDB Member Countries	3.1	3.8	3.3	2.6	2.5	2.5
LDMCs	3.5	3.6	3.3	3.2	3.0	2.9
Non-LDMCs	3.1	3.8	3.3	2.6	2.5	2.4
Current Account Balance (% of GDP)						
IDB Member Countries	6.1	8.5	2.3	4.0	5.6	4.4
LDMCs	-4.5	-5.1	-5.6	-4.4	-5.4	-5.5
Non-LDMCs	6.8	9.3	2.8	4.5	6.3	5.1
Trade Balance (% of GDP)						
IDB Member Countries	15.3	16.5	11.4	13.2	14.7	13.5
LDMCs	-2.9	-3.8	-5.3	-3.2	-3.7	-3.8
Non-LDMCs	16.5	17.7	12.6	14.3	15.9	14.6
Total External Debt at year-end (% of GDP)						
IDB Member Countries	37.6	30.7	35.2	32.0	29.5	29.4
LDMCs	55.4	35.7	36.3	33.1	32.6	33.1
Non-LDMCs	36.3	30.4	35.1	31.9	29.3	29.2
Debt Servicing (% of GDP)						
IDB Member Countries	9.8	8.6	10.0	8.2	7.9	7.9
LDMCs	3.0	1.6	1.6	1.7	1.9	1.5
Non-LDMCs	10.3	9.1	10.7	8.7	8.3	8.4

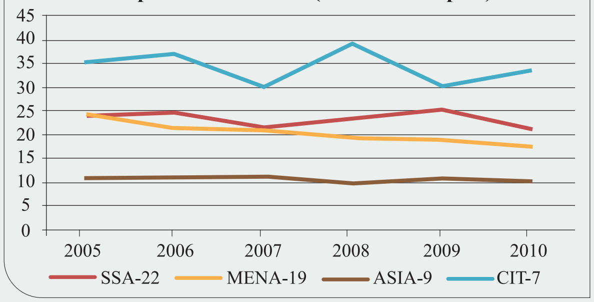
Source: IMF, World Economic Outlook, online database, October 2011

Box 2.1
IDB Member Countries' Potential Exposures to the Euro-zone Crisis

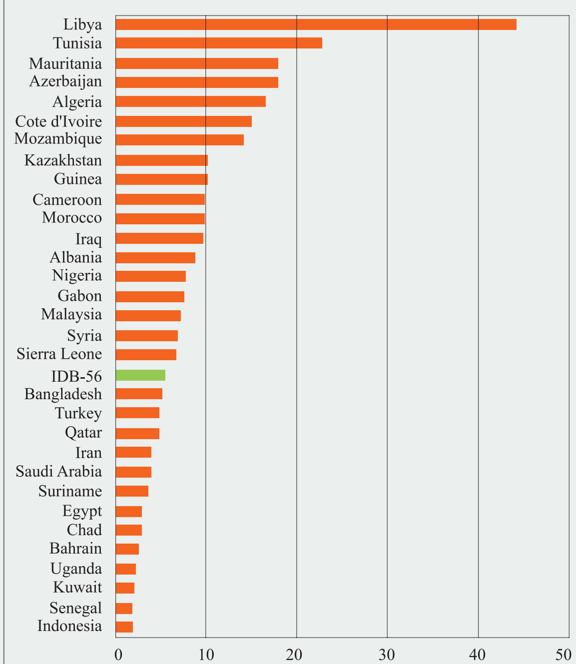
The impact of the Euro-zone crisis on member countries varies from country to country depending on their degree of exposure to European markets.

In terms of trade, CIT region is the largest trading partner with the Euro-zone. In 2010, 32% of the CIT's exports went to the Euro-zone. The SSA region also has high trade exposure to the Euro-zone, with exports share to the Euro-zone ranging between 20% to 25% over the period 2005-2010. At the country level, exports to the Euro-zone in 2010 represented over 50% of total export earnings in five countries: Albania (74%), Libya (72%), Tunisia (67%), Mozambique (61%), and Morocco (54%). However, in terms of ratio of exports to GDP, Libya, Tunisia, Mauritania, Azerbaijan, Algeria, Côte d'Ivoire, and Mozambique are the major exporters to the Euro-zone. The impact of European debt crisis on exports and tourism revenues may also lead to deteriorating current account balances, which could impair the growth prospects of some of these countries.

IDB's Regional Groupings
Exports to Euro-zone (% of Total Export)



IDB Member Countries with Major Export to Euro-Zone (2010, % of GDP)



IDB-56 Refers to the 56 Member Countries of IDB

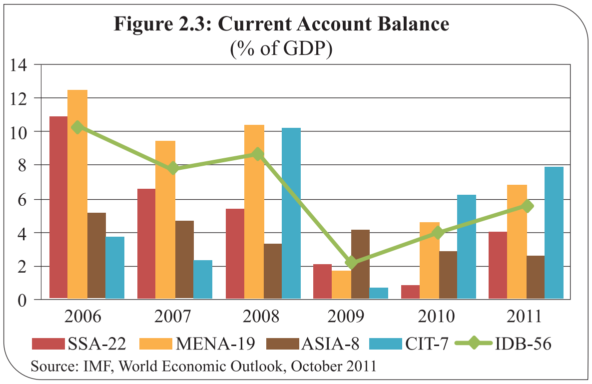
On the financial front, the Euro-zone crisis might affect member countries mainly through the decline of aid and FDI. If the European debt crisis continues to deepen, European governments would be increasingly forced to curb spending, which might lead to a decline in aid to poor member countries, especially in the SSA region. It might also lead to declines in FDI in IDB member countries that have historically received high levels of FDI from the Euro-zone economies.

In addition, "financial contagion" may spill-over through financial intermediaries and stock markets by limiting bank liquidity, increasing difficulties for member countries in securing lines of credit on international markets, shifting in investor market sentiment and changing investor perception of risks (Overseas Development Institute, October 2011). In addition, the depreciation of the Euro against the dollar may benefit those countries with currencies pegged to the Euro by making their exports more competitive, while countries with currencies pegged to the dollar may suffer from an appreciation of the dollar against the euro.

2010. Non-LDMCs recorded an estimated 5% growth rate in 2011 compared to 5.7% in 2010.

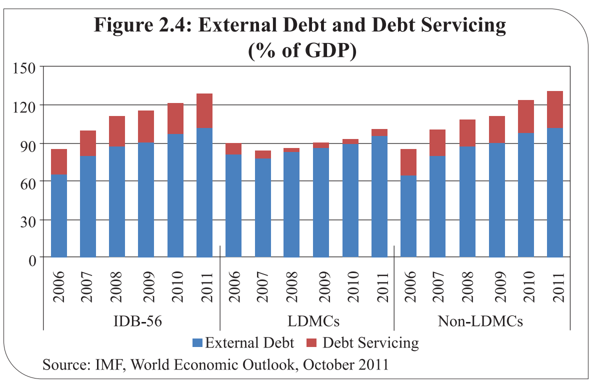
Improved Current Account Balance: The current account balance for IDB member countries registered significant improvement for the second consecutive year, increasing from 4% of GDP in 2010 to 5.6% of GDP in 2011 (Figure 2.3). The trade balance (in goods and services) reached 14.7% of GDP in 2011 compared to 13.2% in 2010. LDMCs trade balance widened from a deficit of 3.2% of GDP in 2010 to 3.7% in 2011.

In terms of regional groupings, Asia is the only group which experienced deterioration in the current account balance, down from 2.9% of GDP in 2010 to 2.6% in 2011. This was due to lower remittances to south Asian member countries and higher commodity prices. The SSA, MENA, and CIT regions all witnessed improvement in current



account balance, with SSA member countries improving the most (from 0.9% of GDP in 2010 to 4% of GDP in 2011), followed by MENA (from 4.6% of GDP in 2010 to 6.8% of GDP in 2011), and CIT (from 6.3% of GDP in 2010 to 7.9% of GDP in 2011).

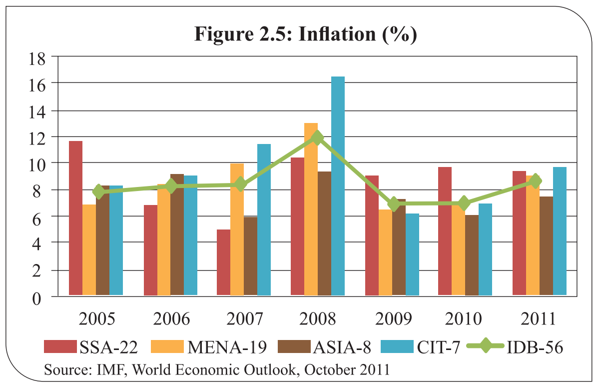
Contraction in External Debt and Debt Servicing: The total external debt of member countries (as a group) continued its downward trend, decreasing from 32% in 2010 to 29.5% of GDP in 2011. The total external debt for LDMCs stood at 32.6% of GDP in 2011 compared to 33.1% in 2010, while that of non-LDMCs decreased from 31.9% to 29.3% of GDP for the same period (Figure 2.4). Since most of the LDMCs benefit from the Heavily Indebted Poor Countries (HIPC) Initiative, this can partly explain the declining trend of indebtedness for this group.



Debt servicing also dropped marginally for IDB member countries as a group from 8.2% of GDP in 2010 to 7.9% of GDP in 2011. The decrease was driven by non-LDMCs debt servicing which declined from 8.7% of GDP in 2010 to 8.3% of GDP in 2011, thus making up for the marginal increase in debt servicing for LDMCs from 1.7% of GDP in 2010 to 1.9% of GDP in 2011.

On regional groupings, CIT member countries faced the highest external indebtedness at about 50% in 2010 and 2011. Conversely, the total external debt for other regions trended downward slowly; from 22.7% in 2010 to 21.5% of GDP in 2011 for SSA, from 33.2% in 2010 to 30.1% of GDP in 2011 for MENA, and from 28.2% in 2010 to 25.9% of GDP in 2011 for Asia.

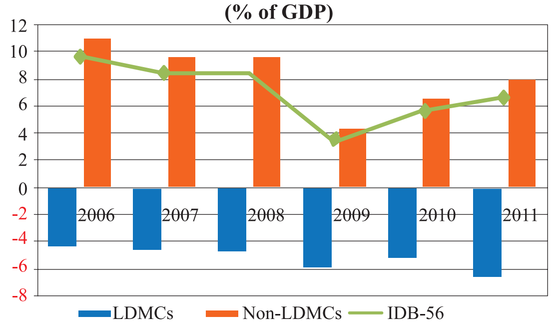
Elevated Inflationary Trend: Inflationary pressure remained high at 8.7% in 2011 for IDB member countries compared to 7.1% in 2010 (Figure 2.5). This is partly attributable to expansionary monetary policies and rising commodity prices in the first half of 2011. For the non-oil-exporting member countries, inflation stagnated at 7% for 2010 and 2011, but increased from 7.3% in 2010 to 10% in 2011 for oil-exporting member countries.



Inflation rose in all regions (CIT, MENA, and Asia) except in SSA region where it declined. The highest inflation growth rate was recorded in the CIT region, where it rose to 9.7% in 2011 from 7% in 2010, followed by MENA countries where it increased from 7.2% in 2010 to 9.1% in 2011 and Asia, with an average of 7.5% in 2011, up from 6.2% in 2010.

Widening Resource Gap: National saving as a percentage of GDP for IDB member countries averaged 29.2% in 2010 compared to 30.1% in 2011. Gross fixed capital formation decreased marginally from 23.6% of GDP in 2010 to 23% of GDP in 2011, indicating a widening resource gap for IDB member countries (Figure 2.6).

Figure 2.6: Saving-Investment Gap (% of GDP)



Source: IMF, World Economic Outlook, October 2011

For non-LDMCs, the saving rate in 2011 outpaced investment rate significantly at 31.5% of GDP compared to 23.5% of GDP in 2010. Conversely, the saving rate for LDMCs was much lower than the investment rate at 15.6% of GDP in 2011 compared to 22.2% of GDP in 2010. FDI for LDMCs decreased from 3.2% of GDP in 2010 to 3% of GDP in 2011, and is expected to drop to 2.9% of GDP in 2012 (Table 2.1).

PROGRESS IN ACHIEVING SOCIAL DEVELOPMENT

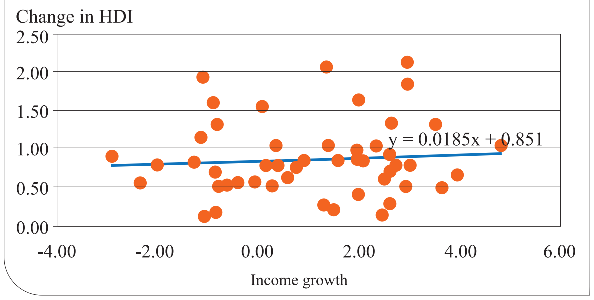
Human Development: According to the 2011 Human Development Report, IDB member countries are making uneven progress on human development as evidenced in the Human Development Index (HDI)[7]. Of the top-10 countries with improvement in HDI ranking over 1970-2010, 6 are IDB member countries with Oman improving the most.

Most countries in the MENA occupy the "very high" and 'high" human development categories, mainly due to the income dimension of HDI. CIT member countries, endowed with oil-reserves, are also ranked high in human development. The HDI ranking for Asia is mixed. South-Asian member countries are ranked low in human development classifications, while East-Asian member countries are in the medium to high human development category. The SSA region has the lowest HDI among all the regions. In 2011, within the SSA region, only Gabon was among the medium human development category while the remaining member countries belonged to the low human development category. However, several African countries have registered substantial improvement in human development. For instance, Benin and Burkina Faso are among the top-25 countries with the fastest progress in human development.[8]

[7]HDI is a summary measure of human development in a country, using the average achievements in three basic dimensions of human development: a long and healthy life, access to knowledge and a decent standard of living.

As shown in Figure 2.7, there is a weak relationship between income growth and HDI improvements among IDB member countries. This implies that member countries with higher growth and incomes did not necessarily experience faster improvements in human development.

Figure 2.7: Relationship between Growth and the HDI for IDB MCs, 1980-2010



In many countries, people now live longer due to better health care services. For instance, in the MENA region, life expectancy, on average, has increased by more than 11 years since 1980, and in Sub-Saharan Africa, life expectancy is more than 7 years longer than in 1980. Maternal, infant and adult mortality rates have fallen and better nutrition, especially in oil-rich countries has also contributed to better health over time (Table 2.2).

Table 2.2
Growth of Income and Non-income Components of HDI, 1980-2010

	Life expectancy (year)	Mean years of schooling	Expected years of schooling	GDP per capita (%)
Asia	10.8	2.6	3.3	2.9
MENA	11.7	4.1	3.6	1.2
CIT	4.4	2.7	0.9	2.8
SSA	7.5	2.4	2.5	0.9

Education, one of the components of the HDI has witnessed substantial progress due to improvement in the quantity of schooling and in equality of access for girls and boys, which to a large extent, reflects greater government involvement. IDB member countries now have much higher levels of education than before, with MENA ahead of the

[8]Human Development Report, 20th Anniversary Edition, "The Real Wealth of Nations: Pathways to Human Development", 2010.

other regions. Between 1980 and 2010 period, the mean years of schooling increased by more than 4 years while the expected years of schooling rose by more than 3 years. For the SSA region, both of these indicators improved by more than 2.4 years.

Standard of living, the third dimension of HDI, measured by GDP per capita, has registered improvements with huge regional variations and divergence among the countries. The per capita income for Asian member countries grew by more than 2.9% per year, from 1980 to 2010. However, in SSA, it only grew by less than one percent (0.9%) while in CIT and MENA it grew by almost 2.8% and 1.2% respectively.

Millennium Development Goals (MDGs): Achieving the lofty goals and targets of IDB Vision 1440H and the MDGs is critical for member countries in their quest to improve the living standards and quality of life of their people. An IDB study has shown that member countries are lagging behind on various MDG indicators, and that the recent crises have adversely affected their progress towards achieving the MDG targets[9].

Poverty in IDB member countries remains the single most important socio-economic challenge. According to IDB's study, about 300 million people in IDB member countries lived on $1.25 a day, 60% of which were in Sub-Saharan Africa. To halve poverty by 2015, member countries as a group would need to grow at an average of 4.8% per annum, with an average investment rate of 23.6% of GDP per year.

With less than four years remaining to the 2015 target date of achieving the MDGs, member countries as a group are off-track on significant number of MDG indicators. Overall, IDB member countries as a group are off-track on 29 indicators (18 of which they are regressing). The indicators on which member countries as a group are off-track are poverty, income distribution, job creation, hunger and nutrition, gender parity in education, mortality (infant and maternal), skilled health personnel, clean water and sanitation, and global warming. The MDGs most likely to be achieved by member countries as a group are those concerning access to information technology, tuberculosis control and birth-related health.

MAJOR DEVELOPMENT CHALLENGES FACING MEMBER COUNTRIES

In this section, we present three major development challenges facing member countries. These are food insecurity, energy security and unemployment.

Food Insecurity and Famine in the Horn of Africa

Agricultural commodity markets have been experiencing high volatility over the last five years, and despite the recent easing in food prices, the expectation is that these prices will remain highly volatile in the foreseeable future. This situation has serious implications for poor and hungry people in developing countries, in general, and IDB member countries, in particular, which have little capacity to adjust to price spikes. According to 2011 FAO data[10], 35 IDB member countries are among the world's Low-Income Food-Deficit Countries, reflecting the importance of food security for IDB member countries, and the need for IDB to maintain its support to tackle this critical challenge.

In addition to the recent rise in food prices, the outbreak of famine in the horn of Africa was caused by successive seasons of very low rainfall which compounded the vulnerability of people and communities in the region. This is clearly evident in drought-affected areas of Somalia where approximately half of its people depend on livestock for their survival. The total number of food insecure people in need of humanitarian assistance in the sub-region is currently estimated at about 15.3 million people (including 6 million in Sudan and 2.4 million in Somalia).

To enhance food security, there is a need to increase long-term investment towards building resilience, boosting productivity[11], and encouraging more regional food trade among member countries. In addition, investments in agriculture beyond

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

[10] Available at: http://www.fao.org/countryprofiles/lifdc.asp

[11] "Briefing on the Horn of Africa Drought: Climate Change and Future Impacts on Food Security", Oxfam, August 2011.

infrastructure and commercialization of farming are required. In this regard, attention should be given to improving irrigation and developing drought-resistant crop varieties.

Ensuring food security is vital to alleviating poverty, a major developmental goal under MDGs and IDB 1440H Vision. IDB has responded to food insecurity by tackling the fundamental causes through several short-term and long-term measures. First, in response to the urgent need of famine-stricken families in Somalia, the IDB provided emergency assistance in excess of $2.2 million to help the most affected families in seven provinces in Somalia.

On a longer-term perspective, the IDB's $1.5 billion Jeddah Declaration Initiative launched in 2008 aims at addressing immediate and longer term food challenges in member countries, with particular focus on LDMCs, and helping to re-vitalize the agricultural sector to increase overall productivity and rural incomes. In this regard, the IDB Group has approved $845.4 million under the Jeddah Declaration Initiative.

IDB is also cooperating with other international institutions to support the agriculture sector in member countries. For example, in order to increase productivity, yields, processing capacities and access to markets, the IDB entered into a $1 billion agreement with FAO to fund agricultural development in poor common countries over 2010-2012, and a $1.5 billion co-financing agreement with the International Fund for Agricultural Development (IFAD) to jointly finance priority projects in common member countries within the same period.

Energy Security as a Catalyst for Development

Energy is widely recognized as a catalyst for development and is directly linked to the challenges of poverty alleviation, climate change, and food security. Burgeoning energy demand in some IDB member countries due to relatively rapid economic growth is a cause for concern on energy security. This necessitates new investments in energy production and infrastructure development in order to ensure adequate and stable supply of energy. Energy demand, supply, and prices are not mutually exclusive and they affect energy exporting and importing countries differently. High oil prices are inflationary and adversely affect the finances of many oil-importing countries. In the long run, some of the energy importing member countries may consider using alternative sources of energy, potentially jeopardizing food security since energy alternatives would then be competing with staple foods.

Several IDB member countries are becoming more reliant on energy imports (11 member countries are net energy importers out of the 37 for which data is available)[12]. Over time, some countries changed from net exporters to net importers as their economies expanded and populations grew. Others reversed from net importers to net exporters, especially countries in the SSA region. In the case of net importers, the amount of energy that these countries require in order to grow their economies and meet the needs of the growing population has been increasing over time. However, this is only one facet of energy security. Affordability and efficiency are other dimensions that also need to be addressed among IDB member countries.

In order to improve energy security, there is a need to develop clean energy alternatives, improve energy logistics and promote diversification by using renewable energy sources. In addition, intra-regional cooperation could bring about greater energy security for countries that are not energy producers and improve access to energy and energy services for poor countries.

The IDB Group has accorded high priority to the development of energy sector, as stated in the Bank Group's Infrastructure Strategic Plan. In addition, the enhancement of energy security is one of the pillars of IDB Vision 1440H. Therefore, supporting energy infrastructure development in member countries is one of the highest priorities for the Bank and accounts for over $7.2 billion of the Bank's OCR approval (25% of all approvals since inception), targeted mainly at power generation, electrification, water supply and sanitation, and expanding transport networks (Table 1.2).

[12]"Energy Balances of Non-OECD Countries", International Energy Agency, 2011.

Additionally, trade finance for the energy sector amounted to ID4.3 billion ($6.6 billion) over the period 1429H-1432H. In line with its catalytic role in promoting economic and social development of member countries, IDB also seeks to foster regional partnership and create synergies for the development of energy infrastructure in member countries.

Addressing Unemployment in the Post-Crisis World

Unemployment is a development challenge that is threatening the world economic recovery. According to the ILO (November 2011), 9.6% of the labor force were unemployed globally, as of the first quarter of 2011, while the youth unemployment rate remained above 20%.

In IDB member countries, the unemployment rate is expected to remain high, especially in SSA and MENA regions. Youth unemployment in these two regions is even more alarming, reflecting a large untapped pool of human capital resources. There is no easy solution to the problem of unemployment. The creation of jobs requires new investment, the pre-requisites of which include political and economic stability, existence of proper legal and regulatory framework, appropriate policy environment, existence of basic infrastructure, and adequate economic incentives.

The IDB is aware of the seriousness of the issue and, in partnership with IFC undertook a study on "Education for Employment in the Arab World" (e4e). The study explores the potential for private sector involvement in education with a view to addressing job market needs. The e4e Report was launched during the IMF/World Bank Spring Meetings in April 2011 where the IDB and IFC announced that they will work with partners to mobilise between $1.5 and $2 billion to be invested in e4e programs in the Arab World over the next five years. IDB has allocated $50 million for e4e out of the $250 million Youth Employment Support program approved by the IDB Board of Executive Directors in March 2011.

In addition, the IDB organized an Expert Group Meeting on "Addressing Unemployment in Member Countries in the Post-Crisis World" to brainstorm and find practical solutions to the problems identified (Box 2.2).

Box 2.2
Addressing Unemployment in IDB Member Countries in the Post-Crisis World

The IDB Annual Symposium on "Addressing Unemployment in IDB Member Countries in the Post-Crisis World", held in conjunction with the 36th Annual Board of Governors' Meeting reached the following conclusions:

1. The crisis in labour markets is hampering efforts towards achieving sustainable poverty reduction and attaining the MDG targets in member countries. Rapid population growth, youth bulge, skills mismatch, outdated education system, and inadequate vocational education are major impediments to job creation in member countries. These trap poor workers in low-skilled, low-productive and low-wage jobs.
2. IDB member countries need to change their growth strategies and place education for employment (e4e) at the center of their economic recovery agenda, which may require focusing on:
    - enhancing capability and employability of the labour force through undertaking major reforms in education, creating enabling environment to relax constraints to labour markets, and providing soft skills to meet the emerging challenges,
    - Increasing investments in infrastructure,
    - Supporting small and medium-size enterprises and microfinance, promoting the agriculture sector and rural development,
    - Enhancing social safety net programs to protect the most vulnerable, and
    - Improving information transparency on employment statistics and opportunities.
3. Ensuring the full participation of all stakeholders in job creation through public-private-partnership to implement education for employment agenda.

The IDB is tackling the problem of unemployment in member countries through multiple approaches such as scaling up its OCR approvals from 15% to 30% growth per annum for 1430H-1432H, increasing the allocation for project financing by an additional $2.5 billion and targeting infrastructure sector development such as energy, transportation, industry and mining. Longer-term solutions include the *Vocational Literacy Program* (VOLIP) with focus on vocational training to increase productivity, job prospects and income, and *Higher Education Program* to improve and enhance higher education, vocational, and technical institutions in the member countries.

Cover Photo: IDB Special Assistance Operation for the provision of water in Somalia

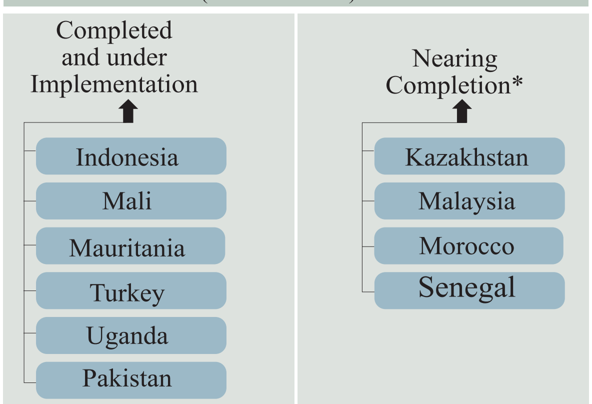
BUILDING PARTNERSHIPS AND STRENGTHENING COOPERATION

IMPLEMENTING THE MEMBER COUNTRY PARTNERSHIP STRATEGY

In 1431H, the IDB Group launched the Member Country Partnership Strategy (MCPS), to strengthen dialogue with member countries. Through the MCPS, the IDB Group provides support to member countries in key strategic areas that directly contribute to their medium- to long-term development plans. The IDB Group targets special niches which fall within its mandate where it can have an impact.

Figure 3.1 outlines the status of the MCPS initiative as at the end of 1432H. Five MCPSs (Turkey, Indonesia, Uganda, Mauritania and Mali) were completed in the first year of the MCPS exercise and are currently being implemented. One MCPS was completed in 1432H for Pakistan, while four others reached the final stages of completion. The MCPS for some post-conflict and fragile states as well as a Regional Partnership Strategy for GCC countries are still at various stages of preparation.

Figure 3.1: Status of MCPS Initiative
(as at end 1432H)



* Preparation for some post-conflict and fragile states and a Regional Partnership Strategy for GCC countries were initiated during the 4th quarter of 1432H.

The Pakistan MCPS focuses on three main pillars, namely: (i) infrastructure development, (ii) agriculture and rural development, and (iii) human development; with private sector development and Islamic finance as cross-cutting areas (Figure 3.2). The MCPSs for Kazakhstan and Senegal are being finalised. Following technical discussions with the Government of Morocco in October 2011 (Dhul-Qa'dah 1432H), the Bank identified the following areas of engagement for inclusion in the MCPS, namely: enhancing competitiveness; integrated rural development and reverse linkages, with private sector development as a cross-cutting issue. Consultations were also held with the Government of Malaysia and within the IDB Group and it was agreed that the pillars of the MCPS for Malaysia should include reverse linkages and capacity development, private sector development, public private partnerships (PPP), knowledge sharing and Islamic banking and training. The MCPSs for Malaysia and Morocco are expected to be completed by the first quarter of 1433H. During the same year, programming missions will be undertaken to five member countries beginning with Pakistan and subsequently Kazakhstan, Senegal, Malaysia and Morocco.

With regard to implementation, programming missions were mounted to Turkey, Indonesia, Mali, Mauritania and Uganda, incorporating the MCPS initiative into the IDB Group's regular operations. Projects processed and approved for these countries in 1432H and included in the respective three-year work programs (1432H-1434H) were all MCPS-based. The IDB Group will monitor all the MCPS based flagship projects and programs to ascertain the extent to which they are fulfilling their primary objectives. The outcome of this exercise will form the basis for a comprehensive mid-term MCPS review planned for Turkey in 1433H and Indonesia, Uganda, Mauritania and Mali in 1434H. Table 3.1 presents the status of implementation of completed MCPS at the IDB Group level.

As a south-south MDB, the IDB has been promoting cooperation and integration among its member

Figure 3.2: IDB Group Partnership Strategy for Pakistan

Pakistan PRSP-II (9 Pillars)

1. Macroeconomic stability and real sector growth; 2. Protecting the poor and the vulnerable; 3. Increasing productivity and value addition in agriculture; 4. Integrated energy development programme; 5. Making industry internationally competitive; 6. Human development for the 21st Century; 7. Removing infrastructure bottlenecks through public private partnerships; 8. Capital and finance for development; and 9. Governance for a just and fair system.

New Growth Framework

1. Develop the software of economic growth; 2. Increase competitiveness, everywhere; 3. Redefine government's role in markets; 4. Promote investment on the basis of innovation and entrepreneurship; 5. Exploit the huge potential of a large domestic market; 6. Make cities and regional clusters the locomotives of growth; 7. Improve governance and better public service delivery; and 8. Enhance connectivity.

IDB Group Team Consultations with Key Stakeholders in Islamabad, Karachi, and Lahore for Designing Partnership Strategy for Pakistan

Cross-Cutting Area-1: Private Sector Development Through Investment and Trade

Cross-Cutting Area-2: Islamic Finance, Resource Mobilization, and Reverse Linkages

Pillar-1 Infrastructure Development
- Energy
- Transport

Pillar-2 Agriculture and Rural Development
- Food Security
- Agricultural Infrastructure
- Water Resources
- Value-Chain Development in Horticulture

Pillar-3 Human Development
- Education
- Health

IDB Group Thematic Strategies (6 Key Thrusts)

1. Comprehensive Human Development and Poverty Reduction; 2. Infrastructure Development/Prospering the People; 3. Economic Cooperation and Regional Integration; 4. Islamic Financial Sector Development; 5. Private Sector Development; and 6. Capacity Development.

IDB 1440H (2020) Vision (9 Strategic Thrusts)

1. Reform IDB; 2. Alleviate Poverty; 3. Promote Health; 4. Universalise Education; 5. Prosper the People; 6. Empower the Sisters of Islam; 7. Expand the Islamic Financial Industry; 8. Facilitate Integration of IDB Member Country Economies among Themselves and with the World; 9. and Improve the Image of the Muslim World.

Table 3.1
Implementation Status of Completed MCPS (end-1432H)

Country	Indicative Time Frame	IDB Group		Status by IDB Group Entity ($ million)							
				IDB		ICD		ITFC		ICIEC	
		Total Envelope	Achieved	MCPS Plan	Achieved	MCPS Plan	Achieved	MCPS Plan	Achieved	MCPS Plan	Achieved
Turkey	2011-2013	2,500	636	1,600	411	-	10	600	115	300	100
Indonesia	2011-2014	3,300	678	2,200	223	110	60	990	182	-	213
Mali	2011-2014	500	151	200	70	100	21	200	60	-	-
Uganda	2011-2015	300	15	165	15	85	-	45	-	5	-
Mauritania	2011-2015	700	306	400	151	50	-	200	141	50	14

H.E. Agus Dermawan Wintarto Martowardojo, Finance Minister of Indonesia (and Governor of IDB); H.E. Dr. Armida S Alisjahbana, State Minister of National Development Planning/Head of the National Development Planning Agency (Bappenas) and Dr. Ahmad Mohamed Ali, President of the IDB Group along with other Government Officials on the occasion of the IDB Group Day for the "Launching of Member Country Partnership Strategy for Indonesia", Jakarta, 11 May 2011

countries through a variety of programmes such as the Technical Cooperation Program (TCP), the Trade Cooperation and Promotion Program (TCPP), and the Investment Promotion Technical Assistance Program (ITAP).

Based on the experience gained from the implementation of the MCPS, the Bank will replicate and scale-up successful projects and best practices through the concept of Reverse Linkages (RLs). The ultimate objective is to maximise the level of cooperation between member countries. Previously, RLs were carried out on an ad hoc and fragmented basis, but under the MCPS, they are captured in a more consistent and comprehensive manner and mainstreamed into the IDB Group regular operations, where they can be measured and assessed. The RLs are identified in the early stages of the MCPS preparation through policy dialogue with the key stakeholders and programmed in the IDB Group three-year business plan as one of the core areas of engagement.

ENHANCING ECONOMIC COOPERATION AND REGIONAL INTEGRATION

The promotion of economic cooperation among its member countries is one of the Bank's main objectives since its establishment. This is emphasized in the IDB Vision 1440H, which requires the Bank to "facilitate integration of member countries' economies among themselves and with the rest of the world". Economic cooperation is a prerequisite for regional integration. Therefore, the IDB has shown its commitment to act as a catalyst for promoting economic cooperation among its member countries through the financing of regional projects. Recent examples of such projects include the Senegal River Development, Niger Valley Development, Trans-Saharan Road, Trans-African Road, Silk Road, Arab Grid Interconnection and the Inter-Connection of Power Systems among the Economic Cooperation Organization (ECO) member countries[13]. The IDB also promotes economic integration by implementing its WTO-related Technical Assistance and Capacity Building Program in a way that reflects the specificities, divergent needs and priorities of the different OIC regions.

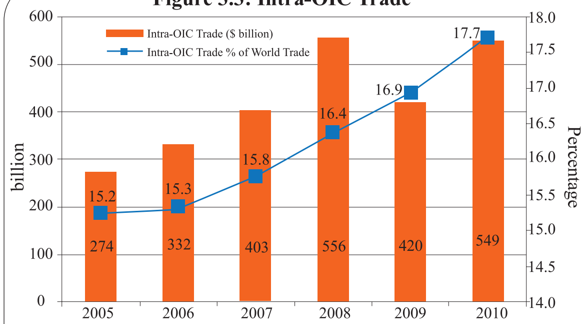
Promoting Intra-Trade among the OIC Member Countries

Growth of intra-OIC trade: Overall, intra-OIC trade (intra-OIC exports + intra-OIC imports) in 2010 amounted to $549 billion. Although this is significantly higher than the 2009 level of $420 billion, it is still lower than the $556 billion achieved in 2008.

[13]The member countries of ECO are Afghanistan, Azerbaijan, Iran, Kazakhstan, Kyrgyz Republic, Pakistan, Tajikistan, Turkey and Uzbekistan.

Intra-OIC exports increased by 31% from $202 billion in 2009 to $264 billion in 2010, mainly due to higher energy and food products in the world market (these products are the basic exports of several OIC countries). Similarly, intra-OIC imports grew from $218 billion in 2009 to $285 billion in 2010. The share of intra-OIC trade increased from 16.9% in 2009 to 17.7% in 2010 (Figure 3.3). The key drivers of intra-OIC trade are the United Arab Emirates, Turkey, Saudi Arabia, Iran, and Indonesia.

Figure 3.3: Intra-OIC Trade



Source: IMF, Directorate of Trade Statistics, Online Database Accessed on 25 November 2011

Trade Financing and Promotion

Promotion of intra-OIC trade is one of the key objectives of the IDB Group. The IDB Group remains committed to facilitating the achievement of the target of 20% intra-OIC trade by the year 2015, as stated in Makkah Declaration of 2005. The ITFC – the trade-financing arm of the IDB Group started operations in January 2008, with an Authorized Capital of $3 billion and Subscribed Capital of $750 million and took over all the trade finance and trade cooperation programs of the IDB Group.

Its principal objective is to promote and enhance the trade of member countries and to supplement the efforts of the IDB through trade financing and other activities that facilitate intra-OIC trade and trade with the rest of the world. The ITFC delivers these objectives through two complementary approaches namely Trade Finance Operations, and Trade Cooperation and Promotion Program (TCPP).

During 1432H, in line with its diversification strategy, the ITFC attracted new clients and succeeded in penetrating new countries. Both trade approvals and utilization reached record levels, with trade financing amounting to ID1.9 billion ($3 billion). This is an increase of 19% compared with ID1.7 billion ($2.6 billion) recorded in 1431H. Cumulatively, ITFC's trade finance approvals from 1429H to the end of 1432H amounted to ID6.2 billion ($9.6 billion). Cumulative trade financing since inception of the IDB total approximately ID28.5 billion ($40 billion).

The ITFC does not extend direct facilities to SMEs due to the significantly higher transaction costs. Rather, Lines of Trade Financing and 2-Step Murabaha Financing (2SMF) are provided to local banks, which have more access to information on SMEs and better skills to handle smaller clients. Under this mechanism, the ITFC syndicates funds to local banks, which then provide them to SMEs. In 1432H, ITFC funding for SMEs under this arrangement amounted to ID68.4 million ($106.4 million).

Furthermore, in October 2011, the IDB Group organized a workshop at its headquarters in Jeddah, Kingdom of Saudi Arabia, to discuss the challenges and obstacles facing the achievement of the intra-OIC trade target of 20% by the year 2015. The workshop emphasised the need for collaborative effort to boost intra-trade by increasing trade finance and export credit, building the capacity of member countries in trade facilitation and promotion, and encouraging the development of strategic commodities. The workshop also stressed the need to expeditiously implement the Trade Preferential System (TPS/OIC), which is expected to reduce customs tariffs among OIC member countries and boost intra-OIC trade.

The IDB Group established the Group Trade-Related Issues Committee (GTRC) in 2010, to mainstream trade as one of its development policy instruments and help member countries to effectively enhance their intra-OIC trade related activities so as to meaningfully integrate their trading systems into the multilateral trading system (Box 3.1).

Box 3.1
IDB Group Trade
Related Issues Committee (GTRC)

The GTRC evolved into a platform where representatives from entities and departments within the IDB Group share their experiences and work towards creating the required cohesion on trade related issues under one umbrella towards achieving a number of objectives: (i) study the overall role to be played by the IDB Group in enhancing intra-OIC-trade; (ii) monitor the implementation of the Executive Programme of the Road-map for Achieving intra-OIC trade targets within the domain of the OIC; (iii) prepare reports on developmental topics which have trade related components; (iv) study ways and means of increasing cooperation with international organizations in trade matters; (v) coordinate "Aid for Trade" initiatives within the IDB Group; and (vi) coordinate the COMCEC initiatives within the IDB Group.

In 1432H, the GTRC conducted the following activities:

- Seminar for African Member Countries of the IDB on Aid for Trade, held in July 2011 in Casablanca, Morocco
- OIC Ambassadors Consultative Meeting held in July 2011 in Geneva, Switzerland
- Transport and Trade Workshop/Expert Group Meeting organized jointly with SESRIC and Ministry of Transport of Turkey in June 2011 in Izmir, Turkey
- Workshop on Transport and Trade Facilitation and Trade Competitiveness held in October 2011 in Istanbul, Turkey
- Workshop on OIC Capacity Building and Awareness for Trade Facilitation organized jointly with Customs Authority of Turkey and TOBB in November 2011 in Istanbul, Turkey
- Workshop on Capacity Building in Trade and Competitiveness among OIC Countries organized in collaboration with the World Bank in October 2011 in Istanbul, Turkey

Promoting Investment among Member Countries

In view of the key role of export credit insurance in the development of trade, the ICIEC, continued to provide Shariah-compatible export credit and investment insurance to encourage exports from OIC member states and the flow of foreign direct investment from the rest of the world to member countries. In 1432H, the ICIEC made new insurance commitments of ID2.2 billion ($3.4 billion), bringing the cumulative approvals since its inception in 1995 to ID9.6 billion ($14.6 billion). Total business insured over the same period amounted to ID7.4 billion ($11.3 billion).

During the year under review, the ICIEC Board of Governors increased the Authorized Capital of the Corporation from ID150 million to ID400 million so as to expand its activities and services, and enable it meet the increasing demands of OIC member countries.

ITAP

The IDB Group Investment Promotion Technical Assistance Program (ITAP), which is managed by ICIEC, was launched in 2005. The main objectives of ITAP are to assist member countries improve their investment climate, identify and promote investment opportunities to encourage FDI.

In the year 1432H, ITAP organized several capacity building programs for a total of 126 staff of investment promotion agencies from IDB member countries. These programs were conducted in Malaysia (in collaboration with Malaysian Investment Development Agency), Morocco (in collaboration with UNCTAD), Bahrain (in collaboration with UNIDO) and Turkey (in collaboration with the Ministry of Economy and TOBB). In addition to its on-going projects in Sudan, Syria and Uganda, ITAP signed a co-financing agreement with BADEA in June 2011, providing technical assistance to support the Sierra Leone Investment & Export Promotion Agency (SLIEPA) to attract investment from Arab countries.

Strengthening Regional Cooperation Among OIC Member Countries

Cooperation with OIC General Secretariat and its Institutions: The IDB has been at the forefront of implementing the agenda for the socio-economic development of OIC member countries approved by various Islamic Summits and Ministerial Conferences, such as the Council of Foreign Ministers (CFM) and other OIC fora. For instance, the IDB has invested significant resources in the implementation of the "Development and Socio-Economic" agenda of the OIC Ten-Year Programme of Action, which was adopted by the Third Extraordinary Session of the Islamic Summit Conference held in Makkah Al Mukarramah, Kingdom of Saudi Arabia, on 5-6 Dhul Qa'dah 1426H (7-8 December 2005). In this regard, interventions were focused mainly on promoting the activities of the Islamic Solidarity Fund for Development (ISFD), expanding the scope of intra-OIC trade, combating diseases and epidemics, increasing IDB capital resources, supporting development and poverty alleviation in Africa, and enhancing the role of the private sector.

The IDB has always played an effective and dynamic role in promoting and strengthening cooperation among the OIC affiliated and subsidiary organs, such as SESRIC, COMCEC, ICDT and ICCI. It creates opportunities to enable them exchange views on matters of common interest. The Bank provides such support by way of financing/technical assistance for their projects, programmes and studies, playing an active role in task forces, working groups and executive committees, and participating in various events. In 1432H, the IDB financed several OIC-related activities organized by the OIC General Secretariat, COMSTECH, COMCEC, ISESCO, SESRIC, ICDT, ICCI, OIC-CERT, OICC, and IAS, etc.

In 1432H, the IDB also participated in the 38th Session of the CFM, which was held in Astana, Republic of Kazakhstan, from 28-30 June 2011. One of the most important resolutions adopted at the CFM Session was the OIC Plan of Action for Cooperation with Central Asia. The Resolution urged member states and OIC institutions to actively contribute to the implementation of the Action Plan, which advocated special consideration and action in identified areas such as Agro-Industrial Development; Transport Sector Development; Trade Promotion; Poverty Alleviation; Research, Education, Science and Technology; Cultural Tourism; and Health Sector Cooperation.

Cooperation with the COMCEC

The Standing Committee for Economic and Commercial Cooperation of the Organization of Islamic Cooperation (COMCEC) is an important platform for promoting commercial cooperation and economic integration between OIC member countries. In addition to financing COMCEC projects, the IDB also launched other initiatives and programmes that align with resolutions adopted at different COMCEC sessions. The IDB co-financed many OIC related events under the framework of COMCEC.

WTO-related Technical Assistance and Capacity Building Program

Pursuant to COMCEC Resolutions and the OIC Ten-Year Programme of Action, the IDB launched a Technical Assistance and Capacity Building Program, with a view to building the human and institutional capacity of OIC member countries on WTO related matters. Emphasis was laid mainly on creating awareness among member countries about WTO Agreements and building their capacity to implement these Agreements. Following the guidance provided by the IDB Ministerial Consultative Meeting held in Geneva in December 2009, the IDB focused its technical and capacity building activities, in 1432H, on four themes, namely Regional Integration, Trade Facilitation, Enhancing Trade Negotiations Skills, and Accessions. Based on the themes, it organized 10 events, including seminars, workshops and special courses, for the benefit of OIC member countries.

STRENGTHENING PRIVATE SECTOR DEVELOPMENT

Public Private Partnerships (PPP)

The year 1432H was particularly challenging, given the current global crisis and the political unrest in some member countries in the MENA region. However, despite the challenges posed by the business environment, the IDB financed several PPP projects which, when completed, will play a critical role in the economic development of its member countries (Box 3.2).

Overall, 1432H was a successful year for IDB's PPP activities, both in terms of new investments approved and the nature of such investments. The Bank approved ID342.2 million ($526 million)

Box 3.2
Kuala Lumpur Selangor Expressway

The Kuala Lumpur Selangor Expressway that was funded by the IDB and Bank Pembangunan Malaysia Berhad (State-Owned Development Bank of Malaysia) using a PPP mechanism achieved technical completion during 1432H. The project links the north western part of Kuala Lumpur with Selangor. It has improved efficiencies in the economy by reducing travel time from 1 hour to 18 minutes and has also enhanced safety for commuters.

for PPP projects within the year, representing an increase of about 68% compared to ID203.9 million ($316.9 million) approved in the previous year. Disbursements, during the year, amounted to ID151 million ($235 million). The following major PPP infrastructure projects were approved during the year:

- The Office Chérifien des Phosphates (OCP) Jorf Lasfar Port Expansion Project in Morocco (ID98.1 million) aims to accelerate phosphate mining and substantially increase value addition, mainly by attracting FDI.
- The Fars Gas Power Plant Company in Iran (ID60.6 million) will provide much needed electricity generation capacity for sustained economic growth of the country, meet projected electricity peak demand/supply shortfalls, catalyze the financing of infrastructure projects by local commercial banks and promote private sector participation in electricity generation.
- The Khauzak-Shady and Kandym ("KSK") Gas Fields Project in Uzbekistan (ID63 million) fits into the overall strategy of the Government of Uzbekistan and the IDB infrastructure strategy, i.e. to enhance efficient natural resource management by promoting private sector development, technology transfer and capacity development in international best operating practice. Other financiers for this project include the ADB, Multilateral Investment Guarantee Agency (MIGA) of the World Bank and a group of commercial banks including the Korean Development Bank, BNP Paribas, UniCredit and Credit Agricole CIB.
- The Patrind Hydropower Project in Pakistan (ID37.5 million) will strengthen Pakistan's energy security by utilizing indigenous and sustainable resources. Other long-term financiers include the Asian Development Bank, International Finance Corporation (IFC) and Korean Export Import Bank (KEXIM).

In addition to project financing, the IDB has made significant efforts to position itself as a catalyst and strategic partner for promoting infrastructure development in its member countries. In 1430H, the IDB, in partnership with the ADB, launched the Infrastructure Fund (IIF) to cater for infrastructure development in 12 common member countries of the IDB and the ADB. Similarly, in 1432H, the IDB collaborated with the World Bank (including IBRD and IFC) to establish the Arab Finance Facility for Infrastructure to attract private investments in infrastructure development to non-GCC Arab League countries (Box 3.3). This initiative fits well into the IDB's infrastructure strategy and the World Bank sponsored Arab World Initiative (AWI). The initiative has been approved in principle and IDB's indicative contribution is up to $150 million for the Shariah-compliant component. The final approval is expected in 1433H.

Promoting and Financing Private Sector

The Bank's Lines of Financing (LOF) are directed essentially towards the development of the Small and Medium Enterprise (SME) sector in IDB member countries by providing access to foreign currency financing and longer financing tenures.

The modes of financing used for LOF include Leasing, Installment Sale and Istisna'a, targeting several vital sectors such as manufacturing, agribusiness, transportation and energy. In addition to enhancing the SME sector, LOF facilities also

Box 3.3
Arab Financing Facility for Infrastructure (AFFI), MENA Region

To bridge the infrastructure investment gap in the MENA region, the World Bank Group (IBRD and IFC), and the IDB jointly launched in April 2011 the AFFI which is designed to support in-country and cross-border infrastructure projects, particularly PPPs.

The AFFI has been structured in the form of an integrated facility to foster infrastructure development and regional dialogue in MENA countries and create holistic approaches for the financing and implementation of infrastructure and regional integration.

The facility will offer a platform for dialogue and coordination of regional infrastructure issues, for sharing PPP experiences and lessons learnt and for addressing PPP infrastructure bottlenecks (e.g. regulation, project preparation, etc). Moreover, the AFFI platform will enable governments to showcase strategic infrastructure priorities, programs and projects for consideration by international financiers and operators, and therefore, catalyze private sector investment in the MENA.

The AFFI would consist of the following four components:

- An Arab Infrastructure Investment Vehicle (AIIV), aimed at providing both conventional and Shariah-based private sector financing to infrastructure projects in the region in which IDB and IFC will both invest;
- A policy and discussion forum (the MENA Policy Forum) to serve as a coordination and information-sharing mechanism for key stakeholders in the region;
- A technical assistance window (the Technical Assistance Facility) which will initially be funded by the IBRD, IDB and IFC, to offer assistance and funding and address barriers to financing;
- A Public Window to be financed with a $200 million World Bank loan (which may subsequently be increased) to support governments in funding infrastructure and PPPs, including, where appropriate, the public component of the PPPs in which the AIIV invests.

help to promote Islamic financing in IDB member countries. It is also worth noting that the IDB Group is the only Multilateral Development Bank (MDB) that is providing such facility for Islamic financial institutions in member countries.

Currently, the IDB is managing 13 Lines of Financing amounting to $400 million with various National Development Finance Institutions (NDFIs) and Commercial Banks in member countries. In 1432H, the IDB approved two new Lines of Financing amounting to $100 million, i.e. $25 million to Bank Syariah Mandiri, Indonesia and $75 million to Turkiye Finans Katilim Bankasi, Turkey.

Islamic Corporation for the Development of the Private Sector (ICD)

The ICD plays an important role towards attaining the broader goal of developing the private sector in member countries. Its gross approvals since inception amounted to $2.2 billion with an overall disbursement of $893 million. In all, sixteen sectors from 36 countries benefitted from the financing activities of the ICD and added further value to the economic and social development of the beneficiary member countries through job creation, technology transfer and cross-border investment.

In 1432H, ICD approved 22 new projects totaling $364.8 million, with the financial sector taking the highest allocation of $192.3 million. The second largest sector that benefitted from ICD financing was industry with $69 million, followed by real estate ($40 million) and power generation ($25.5 million). Total disbursements, within the year, amounted to $142.5 million.

LOF and Equity accounted for 73.5% ($268.3 million) of the total approvals, while long- and short-term financing made up the rest i.e. term finance ($81.5 million) and corporate finance ($15 million).

With regard to the breakdown of approvals by country, the largest approvals were extended to Bangladesh and Iran, each with an approval of $50 million of LOF. Indonesia received the next largest ICD approvals of $45 million for two projects in the industrial and trade sectors. In 1432H, significant approvals were made for countries such as Uzbekistan, Gabon and Saudi Arabia amounting to $30 million, $21.5 million and $29.9 million, respectively.

EXPANDING CO-FINANCING

Development financing is becoming increasingly complex, with stakeholders facing ever increasing challenges which cannot be effectively tackled by a single institution. It has, therefore, become critical to strengthen and expand partnerships, especially amongst the donor community, to collectively address these daunting challenges. This principle of collective and coordinated action was articulated in the 8th Millennium Development Goal (MDG8), which calls for a global partnership for development with special focus on least developed, land-locked countries and small islands. To achieve MDG8, the IDB Group has placed partnerships at the core of its long-term strategy, which requires the IDB Group to play a catalytic and facilitating role and pursue stronger engagement with the international donor community and civil society.

As a result, greater emphasis has been laid in recent years, on building new partnerships as well as enhancing existing ones with long-term partners, especially the donor community. In addition to pooling resources and skills, partnerships provide an ideal platform for improving aid effectiveness and knowledge-sharing. Conscious of this, the IDB is one of the signatories to the *Paris Declaration on Aid Effectiveness*, which aims to translate MDG8 and the *Monterrey Consensus* into specific time-bound targets for both the donor community and recipient countries. Similarly, the IDB is a member of the Common Performance Assessment System (COMPAS), which aims to provide a unified performance assessment platform for multilateral development banks (IDB, 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) through a set of commonly agreed performance indicators. The IDB is partnering with the OECD-DAC to improve aid effectiveness through greater data and information sharing, capacity building and greater focus on development impact (management for development results). The Bank is also developing and implementing strategic partnerships with UN and non-UN specialised agencies with diagnostic and implementation capability, to assist in the design and delivery of well-targeted IDB assistance, especially in the framework of multi-year special programmes such as the Special Programme for the Development of Africa (SPDA) and the Jeddah Declaration Initiative on agriculture and food security.

In 1432H, the IDB concluded five new institutional MoUs and partnership agreements with development partners including the G8 Deauville Partnership (Box 3.4), the European Bank for Reconstruction and Development (Box 3.5), the ADB, the International Organisation of Supreme Audit Institutions (INTOSAI), and the World Bank.

Box 3.4
IDB Joins G8 Deauville Partnership

Following the 2011 political events in several Arab countries, the G8 requested the IDB, World Bank, African Development Bank, European Bank for Reconstruction and Development and European Investment Bank to articulate a collective response to address the new challenges facing these countries. The MDB Action Plan was subsequently submitted and endorsed by the G8 Summit held in May 2011 in Deauville, France. The G8 also initiated a long-term partnership (which became known as the Deauville Partnership) to support changes in the Arab World through (i) a political pillar to support the democratic transition and (ii) an economic pillar to support home-grown strategies for sustainable and inclusive growth. In September 2011, the G8 Chair (France) hosted a meeting of Finance Ministers of the Deauville Partnership, which includes the G8, Egypt, Jordan, Kuwait, Morocco, Qatar, Saudi Arabia, Tunisia and Turkey (Libya also attended as an observer). The meeting, which formally launched the economic pillar of the Deauville Partnership, was also attended by the heads of IDB, AfDB, Arab Fund, Arab Monetary Fund, EBRD, EIB, IMF, OFID and the World Bank. These International Financial Institutions (IFIs) agreed to provide up to $38 billion of assistance, and additional IMF funding of $35 billion could be made available to partnership countries (Egypt, Jordan, Morocco and Tunisia) during 2011-2013.

Co-financing with Development Partners

In the year 1432H, 21 operations in 16 member countries were co-financed with other institutions. The total cost of these projects stood at around $7.9 billion, with the IDB accounting for about $1.5 billion (19%) of that amount, while the other financiers contributed $4.5 billion (57%) of the total cost. Multilateral co-financiers contributed more than half of this amount and national development funds accounted for the balance. In

Box 3.5
MoU between IDB Group and EBRD

The IDB Group and EBRD signed an institutional MoU at the meeting of G8 Deauville Partnership Finance Ministers. The MoU paves the way for joint work in Egypt, Jordan, Morocco and Tunisia under the framework of the Deauville Partnership commitments. EBRD's extensive experience and IDB's long-term partnership with the concerned countries provide tremendous potential for creating synergies between the two institutions who are fully committed to supporting private sector-led growth and developing job opportunities. In the framework of the new MoU, the partners will seek to identify co-financing opportunities and exchange information through visits and staff exchange. EBRD expects financing for the new South and Eastern Mediterranean member countries to reach up to €2.5 billion annually, the bulk of which will be targeting the sub-sovereign sector.

financing volume terms, co-financed operations represented 36% of the total amount approved by the IDB in 1432H.

The bulk of the co-financed operations were in the area of infrastructure (infrastructure projects usually lend themselves more easily to co-financing arrangements given their size and scope which require the pooling of donor resources to spread risk) which attracted a total amount of $1.4 billion of IDB financing, representing 93% of the total co-financing. Energy attracted $720 million (48%), transport $408 million (27%) and water $283 million (19%) of total co-financing.

Geographically, 48% ($713 million) of co-financing targeted member countries in Africa (including North Africa), 29% ($435 million) targeted member countries in Asia, and the remaining 23% ($344 million) targeted member countries in Europe (Turkey and Albania). A closer analysis reveals that the bulk of co-financing was directed at infrastructure projects mainly in middle income countries.

Table 3.2 shows that, over the period 1426H-1432H, about a third (36%) of Bank's cumulative financing was on co-financing basis. During that period, the IDB provided an average of 18% of the total cost of co-financed projects, while co-financiers provided an additional 52%, of which the Coordination Group contributed 15%.

Co-financing with the Coordination Group

The IDB has leveraged its membership of the Coordination Group to develop good working relationships with the Group and its bilateral and multilateral members. In 1432H, the IDB hosted the 68th Meeting of the Coordination Group[14] at the IDB headquarters in Jeddah. The World Bank also attended the meeting to explore partnership opportunities within the framework of the Arab World Initiative which was launched in 2007. Following extensive discussion, the Coordination Group and the World Bank agreed to collaborate in several areas of mutual interest. Out of the 21 co-financed operations in 1432H, 8 were co-financed with members of the Coordination Group, which, collectively, accounted for about $1.4 billion (18%) of the total cost of co-financed projects, while IDB contributed a total of $1.5 billion (19%) of the total cost of co-financed projects.

IDB and Abu Dhabi Fund for Development: Cumulatively, the IDB and Abu Dhabi Fund co-financed a total of 31 projects valued at about $14.5 billion in 19 countries in Africa, the Middle East, North Africa and, more recently, Central Asia. The infrastructure sector attracted the highest share of co-financing, with IDB providing approximately $1.8 billion, while Abu Dhabi Fund contributed $1.2 billion. It may be noted that about 75% of co-financing volume was registered in the last five-years. Recently, the focus has shifted to the energy and transport sectors in Central Asia and MENA, comprising four power generation projects in Azerbaijan, Egypt, Pakistan and Syria; a hydropower scheme in Sudan (Upper Atbara Dam Complex Project); a power transmission project in Bahrain; three road projects in Albania (Tirana-Albasan Road); Kyrgyz Republic (Bishkek-Toru Gart Road); and Tajikistan (Kulyab-Kalaikhum Road); the Taoussa Dam project in Mali and a major

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

Table 3.2
Trends in Co-financing (1426H-1432H)

Year	OCR Approvals* ($million)	Co-financing ($million)	(% OCR)	No. of Operations	No. of MCs	Co-financiers ($million)	of which Coordination Group ($million)	Total Project Costs ($million)
1432H	4,270	1,518	(36%)	21	16	4,468	1,421	7,863
1431H	3,702	1,495	(40 %)	26	17	5,806	862	7,302
1430H	3,359	1,213	(37%)	23	16	2,766	1,479	7,133
1429H	2,498	856	(34%)	21	18	2,151	540	5,218
1428H	2,087	1,014	(49%)	31	20	2,818	786	6,925
1427H	1,652	368	(22%)	8	7	793	437	1,802
1426H	1,464	368	(25%)	15	12	745	311	1,688
Cumulative	**19,032**	**6,832**		**145**		**19,547**	**5,836**	**37,931**

Source: IDB Annual Reports 1426H, 1427H, 1428H, 1429H, 1430H and 1431H.
* OCR Approvals shown here are as reported at year-end in related IDB Annual Report.

hydraulics infrastructure investment along the Niger River.

IDB and Arab Fund for Economic and Social Development: Over the past 35 years, IDB and the Arab Fund for Economic and Social Development financed 79 operations valued at about $23 billion in Arab member countries. Most of the projects were in the energy and transport sectors, with the IDB providing around $2.9 billion and Arab Fund $4.8 billion. In 1432H, the two institutions co-financed two power projects in Egypt (Box 3.6 - South Helwan Power Plant) and Mauritania (Power Generation, Transmission and Distribution Program), valued at $615 million equally shared between the two institutions. Both institutions are also co-financing Sudan's Upper Atbara Dam Complex Project, with IDB providing $150 million and Arab Fund $280 million.

IDB and Arab Bank for Economic Development in Africa (BADEA): Cumulatively, co-financing between IDB and BADEA covered 57 operations valued at about $4.7 billion in common African member countries. The focus was mainly on transport, agriculture and rural development, with the IDB and BADEA providing around $834 million and $608 million, respectively. In 1432H, the IDB and BADEA co-financed three operations, including the Kabala Urban Water Supply Project in Sierra Leone, the Massakory-Ngouri Road Project in Chad and Sustainable Villages Project in the same country.

Box 3.6
Development through Partnership:
South Helwan Power Plant Project, Egypt

Power consumption in Egypt is expected to increase by 6.1% annually during the period 2012-2017. To meet the fast-growing demand for power services, Egypt is planning to add 12,410 MW in power generation capacity through nine new power plants worth around $15 billion from 2012 to 2017. This will bring the country's installed power generation capacity to 41,000 MW. One of the nine new power plants is the South Helwan Power Project, which will contribute around 16% of the targeted increase in installed power generation capacity by 2017. Located in the city of Helwan on the east bank of the Nile River some 115 km south of Cairo, this new power plant will have a generation capacity of 1950 MW. The project is scheduled for completion in 2016 and is estimated to cost around $2.1 billion. The IDB is providing a leasing facility of $200 million to finance the power transformers, switchgear, water treatment plant and pumping equipment. Further financing for this project is being provided by the African Development Bank ($520 million), World Bank ($455 million), Kuwait Fund ($217 million), and Arab Fund ($200 million).

IDB and Kuwait Fund: As at the end of the year 1432H, combined co-financing between the IDB and Kuwait Fund reached about $5.3 billion. This covered 87 operations valued at approximately $23 billion in IDB member countries in Africa, Asia and MENA predominantly in the transport, energy and water sectors. In 1432H, the two institutions co-financed 2 major operations, namely, the South Helwan Power Plant Project in Egypt (IDB and Kuwait Fund provided $200 million and $217

Upper Atbara Dam Complex, Sudan

million, respectively) and the Upper Atbara Dam Complex Project in Sudan (IDB contributed $150 million and Kuwait Fund $87 million).

IDB and OPEC Fund for International Development (OFID): Total co-financing between IDB and OFID reached around $3.5 billion, with IDB contributing $2.5 billion and OFID $1 billion. This co-financing covered 103 operations in the energy, transport, agriculture and rural development and health sectors valued at around $15.5 billion mainly in LDMCs. More than half of co-financing volume was recorded in the last five years. In 1432H, the Upper Atbara Dam Complex Project in Sudan was financed with a consortium of other donors (IDB contributed $150 million and OFID $30 million).

IDB and Saudi Fund for Development: Cumulatively, the IDB and the Saudi Fund co-financed 84 operations in infrastructure, agriculture and rural development, health and education valued at around $18.8 billion in IDB member countries. The IDB provided about $2.1 billion and the Saudi Fund contributed $2.3 billion. In 1432H, the two partners co-financed Sudan's Upper Atbara Dam Complex Project, with the IDB providing $150 million and Saudi Fund $80 million.

Strengthening Cooperation with Multilateral Development Banks

IDB and the World Bank: The IDB forged a close working relationship with the World Bank shortly after starting its operations in 1976. This cooperation was given new impetus, in 2002, with the signing of a new institutional MoU, which sets out the overall framework for cooperation between the two institutions. Similar cooperation agreements have also been concluded between MIGA and its IDB counterparts, namely, ICIEC, and between IFC and ICD. Cumulatively, co-financing targeted around 70 operations worth $32 billion in 26 common member countries in Africa, MENA and Asia. The two institutions contributed more than $5.5 billion of assistance, with the IDB accounting for about one fifth of that amount.

Recent joint transactions include rural electrification and social protection in Yemen; education in Iraq; health and urban development in Djibouti; the Western Europe-Western China International Transit Corridor in Kazakhstan; and the Durres-Morina Road Project in Albania. Similarly, the IDB and IFC have recently worked on a number of new initiatives such as the IDB-IFC-World Bank AFFI and the e4e Report. IDB is also cooperating with the World Bank Group in the areas of corporate governance and institutional integrity, with a view to joining the MDB cross-debarment agreement announced in spring 2010, and in the area of Islamic finance through a joint working group on Islamic finance.

IDB and the Asian Development Bank: Cumulatively, the two institutions have co-financed 26 operations in 9 common member countries. These operations supported a total investment in excess of $10 billion with the IDB and the Asian Development Bank contributing $1 billion and $2.6 billion, respectively. The focus of these joint transactions in the past few years was on infrastructure services, especially the energy sector. This led the two institutions to establish a joint Islamic Infrastructure Fund in 1430H. The Fund offers *Shariah*-compliant instruments and invests mainly in equity and equity-related instruments. The Fund aims to mobilise up to $500 million, including the $150 million and $100 million already invested by IDB and ADB, respectively. It is being externally managed by a specialised fund management firm. This new co-financing vehicle is another strong manifestation of the IDB-ADB strategic partnership, as articulated in the new framework co-financing agreement over the three-year period 2012-2014 (Box 3.7).

Box 3.7
IDB and ADB Sign a New Partnership Agreement

In November 2011, the IDB and ADB signed a new Framework Co-financing Agreement (FCA) worth $6 billion over the three-year period 2012-2014. Under this new partnership, the IDB Group is to provide $2.5 billion and ADB $3.5 billion to common member countries. In addition to infrastructure, the co-financing will target other sectors such as agriculture, rural development, education, private sector development and insurance. The following common member countries are expected to be beneficiaries of the co-financed project: Afghanistan, Azerbaijan, Bangladesh, Brunei Darussalam, Indonesia, Kazakhstan, Kyrgyz Republic, Malaysia, Maldives, Pakistan, Tajikistan, Turkmenistan and Uzbekistan. This new FCA is a continuation of the previous FCA which earmarked $4 billion of co-financing for the period 2009-2011. Under the previous FCA, the IDB provided $1.2 billion of financing, while ADB provided $2.2 billion of financing to 8 infrastructure projects in 6 countries (Azerbaijan, Bangladesh, Indonesia, Kazakhstan, Pakistan and Uzbekistan). In addition to co-financing, the IDB and ADB are also cooperating closely in the area of operational policy, including development effectiveness, safeguards and procurement, organisational efficiency, institutional integrity and several other areas of mutual interest.

IDB and the African Development Bank: The two institutions have contributed to 51 projects valued at more than $20 billion in 15 common member countries, with IDB and the African Development Bank providing $1.3 billion and $3.2 billion, respectively. Historically, co-financing was directed mainly at the infrastructure sector (especially water, energy and transport), but has become more diversified in recent years. In 1432H, 4 projects were co-financed by IDB and the African Development Bank. These included an irrigation project in Senegal, a sugarcane production concern in Mali and 2 power projects in Egypt where IDB provided $260 million and the African Development Bank $1.1 billion.

IDB and the European Investment Bank: The European Investment Bank may be considered as one of IDB's foremost co-financing partners, given that it co-financed IDB's very first operation, namely, the Song-Loulou Hydropower Scheme in Cameroon. Since then, the cooperation has increased steadily, especially over the last five years. Together, the IDB and the European Investment Bank have supported 24 projects worth $19 billion in 12 member countries in Africa and Asia, and provided $1.7 billion and $3 billion, respectively.

IDB and the High Level Fora on Aid Effectiveness: The IDB has been regular participant in the High Level Fora on Aid Effectiveness. In this regard, the Bank has embarked on several initiatives and programs aimed at enhancing its operational performance (Box 3.8).

Box 3.8
IDB's Participation in Busan, High Level Forum on Aid Effectiveness (HLF-4)

Since the adoption of the Paris Declaration on Aid Effectiveness in 2005, IDB embarked on several initiatives and programs to enhance its operational performance, with the development effectiveness agenda taking centre-stage of the entire process. Among others, it has been benchmarking its performance with international development financing institutions including sister MDBs; pursued the Managing for Development Results initiative to ensure harmonized approaches for measuring results; and is an active member of the MDBs' Working Groups on MfDR and harmonization of procurement, and financial management systems. Since 2007, the Bank is participating in the annual Common Performance Assessment System (COMPAS) initiative. The COMPAS tracks MDBs' internal capacities to manage for development results. The IDB also engages with the OECD-DAC and participates in the Working Party Meetings on Aid Effectiveness (WP-EFF), regularly reporting its development assistance data.

The IDB is a regular participant to the High-Level Fora on Aid Effectiveness since the first forum in Rome in 2003. The Fourth High-Level Forum (HLF-4) on Aid Effectiveness wherein the IDB participated was held in Busan, South Korea from 29 November to 1 December 2011. The IDB coordinated its preparation with its development partners including sister MDBs and the Coordination Group. A joint brochure was published highlighting the performance on aid effectiveness, transparency and accountability matters. Similarly, the IDB along with other members of the Coordination Group published and delivered a "Statement of Resolve" during the plenary session of the HLF-4. The Statement of Resolve expressed the Group's deep commitment to the principles of the Paris Declaration and highlights its pioneering role in the field of Harmonization and South-South cooperation.

Cover Photo: A patient being examined under the Alliance to Fight Avoidable Blindness

ALLEVIATING POVERTY AND ENSURING SUSTAINABLE FOOD SECURITY

The IDB Group remains firmly committed to its mission of promoting comprehensive human development by supporting member countries in raising the standard of living and the productive capacities of their people. It helps to ensure sustainable food security and a quicker recovery from the current global food crises by aligning its interventions in the agriculture and rural development sector with the needs of member countries and Muslim communities in non-member countries (Box 4.1). The Bank's effort to support poverty alleviation in member countries is channeled through the Islamic Solidarity Fund for Development, Special Program for the Development of Africa as well as other programs for capacity development in the education and health sectors.

Box 4.1
Support to Muslim Communities in Non-Member Countries (CNC)

Muslim communities in many non-member countries face enormous challenges in terms of access to basic social services and economic opportunities. The IDB assists CNC to be effective partners in the development of their communities through improving the quality of education and health facilities, empowerment through capacity building initiatives (e.g. training, microfinance, seminars and educational materials including educational laboratories), providing relief assistance to both member/non-member countries in situations of natural and man-made disasters. In addition, it offers opportunities for the academically meritorious and financially needy young Muslim students to pursue higher education, and facilitates the cross-fertilization of experiences and knowledge sharing, and enhances co-financing initiatives with donors in non-member countries.

In 1432H, the IDB undertook several activities in non-member countries including providing relief assistance; supporting education and health services; launching capacity building initiatives through micro-financing, and training; and the provision of scholarships.

During the year, 42 operations were undertaken in 6 member countries and 36 non-member countries amounting to $13 million. Of these, 3 operations were for relief assistance; 2 in member countries and 1 in a non-member country for a total of $1.9 million. The majority of the operations were for the provision of access to basic services (32 for education and 3 for health sectors, and 1 operation for micro finance).

PROMOTING HUMAN DEVELOPMENT

Investments in the social sector through education and health, are pivotal in the Bank's efforts, cutting across a wide spectrum of operations and amounting to ID421.4 million ($659.1 million). The cumulative approvals from Ordinary Capital Resources (OCR) for 732 operations in both social sectors amounted to ID 2.8 billion ($4.1 billion) as at the end of the period under review.

Investing in Education

The IDB supports member countries in their efforts to develop human capital through a responsive and effective education system. Its commitment to education has increased and covers all education sub-sectors, namely, primary/basic education, higher education (including literacy and vocational education) and training with emphasis on increasing access, improving quality, efficiency and relevance. With the adoption of its Thematic Strategy for Poverty Reduction and Comprehensive Human Development in 1430H, the Bank strengthened its resolve by concentrating its interventions on the following key areas: (i) basic education particularly bilingual education and madrasah education; (ii) science and mathematics education; (iii) science and technology, (iv) vocational training and technical education; and (v) the formal education and functional literacy through vocational literacy programs (VOLIP).

At the end of 1432H, cumulative approvals for interventions in the education sector stood at ID1.7 billion ($2.5 billion) for 455 operations. The break-down by sector (education and health) revealed that education accounted for the higher share with 60% of the total approvals.

During the year under review, 38 education operations were approved for an amount of ID219.2 million ($340 million), almost triple the 1431H level of ID80.2 million ($121.7 million). The IDB has strategically targeted interventions in the vocational and technical education as well as training and tertiary education, since 1431H, to enhance the productivity of the labor force in member countries and reduce unemployment. This strategy comes from the acknowledgement that member countries can only benefit from the global knowledge economy through investments in science and technology at the tertiary, vocation and technical education levels.

In 1432H, amongst the largest education operations approved were the School Development Program in Istanbul, Turkey for an amount of $110 million and the Quality Improvement of Samarang State University in Indonesia for $36 million.

The objective of the schools development program in Istanbul is to support the Government's strategy to develop the vocational education sector. The project will improve access as well as the quality and relevance of vocational schools in Istanbul through the reconstruction and upgrading of facilities and equipment and the development of the curriculum to provide skills. About 37,000 students will benefit from this project and gain high quality vocational education skills to ensure employability and job opportunities.

Through the Quality Improvement of Samarang State University, the Bank seeks to support the Government of Indonesia's Strategy for Higher Education. It will, specifically, improve access as well as the quality and relevance of university education through expansion, acquisition of equipment and curriculum and skills development programs. Thirty five thousand (35,000) students are expected to benefit from the project.

Box 4.2 highlights an IDB intervention in Senegal that has potential to be replicated in other member countries.

Box 4.2
Dara Schools Project, Senegal: A Country Level Innovation with Regional Potential

Qur'anic schools (Dara) in Senegal, have until recently, remained informal with little (if any) support from the government. Recent studies show that the majority of street children and beggars in Senegal are from the Dara Schools. In Senegal, many communities and families still do not identify with the formal education system and prefer to send their children to the Dara. The Government of Senegal has recently adopted an approach that aims at mainstreaming the Dara in the National Education System.

In 1432H, IDB approved the Dara schools support project which aims to help address the "right to quality education" in the Dara. The project is aligned to the "Education for All" strategy of the Government of Senegal and IDB Vision 1440H. The project has five key components: (i) Access to decent learning conditions and additional content, (ii) improved quality of teaching and learning in modern Dara, (iii) support to the piloting of Dara modernization system, (iv) support mechanism to enhance the sustainability of the modern Dara to be set up by the Dara WAQF Support Facility (DWSF); and (v) Support to the Project Management Unit. The project cost is estimated at $20.9 million.

It is anticipated that, by the end of the 8 years of education (typical time spent in the Dara), the learners would acquire the same elementary school competencies as their peers in the formal system, in addition to Qur'anic memorization and moral education. The learners, having memorized the Qur'an and/or acquired the basic competencies for elementary school will be oriented into academic or professional courses of study. Vocational schooling will also be an alternative for learners that are over 16 years old. The modern Dara opens avenues for children in the formal educational system, without excluding religious and moral education that is valued in the country.

Vocational Literacy Program for Poverty Reduction (VOLIP): The VOLIP was launched with the aim of reducing poverty, particularly among women and youth in rural areas, through the provision of functional literacy skills and access to microfinance.

Since its launching, four countries have benefitted from the VOLIP for a total amount of ID21.7 million ($31.6 million). The VOLIP will improve living conditions and reduce the vulnerability of the poor by equipping them with relevant functional literacy competencies, notional skills and by providing access to microfinance services.

Through the VOLIP twenty four thousand (24,000) out-of-school children will be given a second chance to attend school and complete basic non-formal education; thirteen thousand (13,000) teenagers and young adults will acquire vocational skills that will enable them to access the labor market or setup their own microenterprises; and twenty four thousand (24,000) women workers will be provided with various educational courses (literacy proficiency, vocational training, business skills development, etc.) and microfinance to pursue income generating activities.

Investing in Health

As a cornerstone for human development, the health sector is one of the focus areas of the Bank. In line with its Thematic Strategy for Poverty Reduction and Comprehensive Human Development, the Bank's support in this sector focuses on three key thematic areas: (i) *prevention and control* of both communicable and non-communicable diseases; (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.

At the end of 1432H, the Bank's cumulative financing for the health sector stood at ID1.1 billion ($1.6 billion) for 277 operations. The Bank's investment in the sector has increased almost tenfold over the last 21 years.

During the year under review, the Bank approved 21 operations in the health sector in 6 member countries[14], amounting to ID202.2 million ($319.1 million). Financing the health sector was mainly in the form of *Istisna'a* (for civil works) which accounted for over 90%. Box 4.3 shows details of the largest ever health project approved by the IDB.

The approved operations covered a wide spectrum of the health sector including support for diseases control (fight against HIV/AIDS), the development of secondary and tertiary services and prevention of avoidable blindness. Support was also extended to cover the training of health personnel, provision of modern medical equipment and supplies, and the development of healthcare facilities, among others.

Box 4.3
Reducing the Impact of Earthquakes on Health Service Provision in Turkey

In response to the Istanbul Seismic Risk Mitigation and Emergency Preparedness program, the IDB approved the "Reconstruction and Upgrading of Okmeydani Training Hospital Project" for an amount of ID144 million (€158.93 million) under Istisna'a financing, making it the highest ever single project approval for the health sector.

The objective of the project is to support the Government of Turkey's strategies for the development of the health sector and to contribute to the reduction of potential risks of earthquake damages to basic services through the reconstruction of seismic resistant public buildings. Specifically, the project aims to make, by 2016, the Okmeydani Training Hospital seismic resistant and capable of providing quality healthcare services to the catchment population with particular emphasis on oncology and emergency disciplines.

The new 860-bed facility will be built over a total area of 210,000 square meters and will have 14 floors. State-of-the-art medical equipment will be provided under the project which will increase the hospital's capacity to provide clinical services to an additional 70,000 inpatients and 2.5 million outpatients per year. It will also introduce additional diagnostic and therapeutic services to address the causes of morbidity and mortality in the immediate community.

Additionally, activities aimed at the prevention and treatment of Obstetric Fistula continued in 1432H. More than 6000 women (including numerous traditional birth attendants in remote villages) in Gambia were sensitized on the causes and ways of preventing Obstetric Fistula. Thirty women suffering from Obstetric Fistula were successfully treated and assisted in their reintegration process to their communities in partnership with BAFROW, a non-governmental organization in Gambia.

Quick-win Malaria Program: Under the Quick-win Malaria initiative, the IDB, in 1432H, approved $8.4 million for implementing a project on Sterile Insect Technique (SIT) for malaria vector control in Sudan. In addition to the primary objective of eliminating malaria from the project area, the SIT project will make it possible to save over $3.2 million that was spent annually for vector control and malaria prevention and treatment in Sudan.

[14]Cameroon, Comoros, Lebanon, Maldives, Mauritania and Turkey.

Under the Quick-win Malaria Program more than 4 million inhabitants of Cameroon, mostly children and pregnant women, are protected from malaria by the IDB financed project on the use of Indoor Residual Spraying (IRS) approved in 1432H. In addition to introducing IRS to 22 malaria endemic districts, the project strengthens the capacity of the National Malaria Prevention and Control Program through training and transfer of technical and managerial skills in planning, implementation, monitoring and evaluation of malaria related projects and programs and through resource allocation/mobilization.

Alliance to Fight Avoidable Blindness: The IDB and its partners, the Arab Bank for Economic Development in Africa (BADEA), the Egyptian Fund for Technical Cooperation with Africa, Nadi Al Bassar and the Arab Medical Union in collaboration with the ministries of health of eight African member countries (Benin, Burkina Faso, Cameroon, Chad, Djibouti, Guinea, Mali and Niger) worked to improve the access to, as well as the efficiency and quality of cataract treatment. The OPEC Fund for International Development (OFID) joined the Alliance with a contribution of $1 million to the IDB Program to fight blindness.

In 1432H, the Alliance funded 6,540 sight-restoring cataract operations and the examination of approximately 30,000 patients, changing the lives of thousands of children, women and men of all ages. For the first time, the IDB conducted a cataract campaign in Sierra Leone in cooperation with the Turkish non-governmental organization - the Foundation for the Humanitarian Relief. Preparations are underway to extend the campaign to Gabon, Uganda and Côte d'Ivoire. In addition, the Alliance enhanced the skills of more than 20 eye care professionals and provided additional medical equipment.

Partnership for Health: Improving the health systems of member countries is a challenging and resource intensive task that cannot be fully achieved by a single donor. Hence, forging partnerships, strengthening collaboration and initiating coordination with other institutions are among the strategic priorities of the IDB for leveraging additional resources for sustainable development in member countries. The IDB, in 1432H, processed a proposal for the Mulago National Referral Hospital in Uganda, supplementing the efforts of the African Development Bank. The IDB project is to establish a specialized Maternal and Neonatal (M&N) Healthcare unit with 320-beds by 2016. This project will address the problem of over-crowding and long waiting time for M&N services and facilitate major Obstetrical/Gynecological surgeries. The IDB is leveraging UNAIDS, WHO, UNICEF and other specialized agencies in supporting the efforts for prevention of mother-to-child transmission (PMTCT) of HIV/AIDS. In this regard, the Bank approved a TA grant of US$ 0.4 million for the Government of Cameroon in the Bertoua district.

Gender Mainstreaming

Since inception, the Bank has incorporated gender issues into its activities as a strategy for promoting gender equality. This is achieved through the financing of operations that directly or indirectly benefit women. These operations cover various projects including those aimed at providing women access to finance for gainful productive activities that will improve their living conditions; education programs that can help correct the gender disparities in school enrollment; as well as health programs that contribute to improving women's health and their ability to provide necessary basic healthcare to their children.

In the context of addressing gender disparities, the Bank in 1432H supported an operation aimed at establishing a women observatory in Lebanon with the purpose of enhancing gender equality and improving the conditions of women by raising public awareness on gender issues through dissemination of information and effective communication.

In 1432H, the sixth Prize for Women's Contribution to Development was awarded. This annual award aims to recognize, encourage, inspire and reward women's participation in the socioeconomic development process. In 1432H, the prize was based on contribution to science (Box 4.4).

Box 4.4
1432H Prize Winners for Women in Development

Madame Seydou Boubacar from Niger was recognized for developing a new technology for producing cowpea flour cooking and a non-flatulent cowpea flour for easier digestion. Her contribution to improving the processing of cowpea flour has earned her several awards. She has also trained women in her community on this processing technique which has enabled them to produce and sell a variety of foodstuff.

Dr. Zoubida Charrouf from Morocco was recognized for improving the extraction of argan oil while at the same time contributing to the enhancement of the living standards of many women in her country. She helped preserve an indigenous precious resource of south-west Morocco. Her efforts led to the creation of a network of over 170 women's cooperatives cultivating argan tree and extracting its oil in a way which is environmentally safe and economically beneficial.

Yayasan Kimia Universitas Syiah Kuala (Chemistry Foundation of Syiah Kuala University) received the award in the organizational category. The Foundation, established by three women, plays an important role in helping the communities in Aceh. It helped local fisherman apply low-cost scientific technology to produce fish products, soya bean, and water purification. Through these activities, the Foundation contributes to increasing the income of local farmers particularly women by improving their productivity.

FOSTERING AGRICULTURE AND FOOD SECURITY

The sudden rise in food prices in 2008 brought an estimated 100 million people below the poverty line. Higher food prices are hampering the efforts of development institutions around the world to alleviate poverty. The IDB remains committed to its thematic strategy of reducing poverty and ensuring food security, as emphasized in IDB Vision 1440H (Box 4.5). The IDB interventions in member countries focused on the areas of food security, water and irrigation infrastructure, microfinance and community driven development. This is despite the challenges in the implementation and deployment of resources in areas that are not accessible, conflict ridden, or areas with governance issues. Additional emphasis was laid on the climate resistant food production technology research and development as well as advisory service through ICBA.

Box 4.5
G20 Partnering to Respond to Food Insecurity

In 2011, food security remained high on the global agenda due to soaring prices. The IDB actively participated in the debates shaping responses to global food insecurity. One important initiative was the G20 Action Plan on Food Price Volatility and Agriculture. As a member of the G20 Agriculture and Food Security working group, the IDB played a significant role in the preparation of the action plan which was adopted by the G20 Ministers meeting of agriculture at their meeting in Paris, France. The action plan was endorsed during the G20 Heads of States meeting held on 03-04 November 2011 under the auspices of the French President in Cannes, France.

The G20 Cannes Summit declared that *"We have decided to act on the five objectives of this Action Plan: (i) improving agricultural production and productivity, (ii) increasing market information and transparency, (iii) reducing the effects of price volatility for the most vulnerable, (iv) strengthening international policy coordination and (v) improving the functioning of agricultural commodity"*.

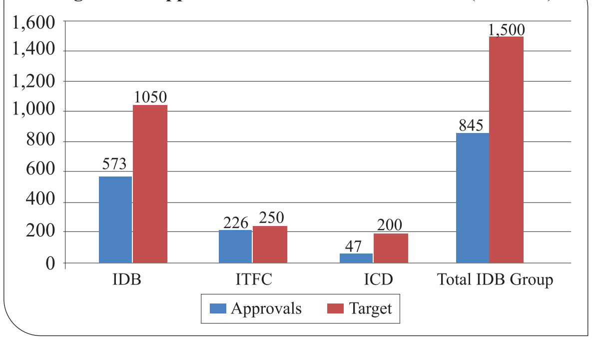
Investing in Agriculture Sector

Agricultural investment and development activities were geared towards poverty alleviation and rural development with strong emphasis on increasing productivity, strengthening market linkages, value addition, developing necessary infrastructure and enhanced environmental protection during the year 1432H. In order to support initiatives such as the Jeddah Declaration, the IDB, in 1432H approved ID422.1 million ($658.4 million) for the agriculture sector, including concessional financing of ID66.1 million ($102.7 million) to help support investments in LDMCs and other areas of priority among the member countries. Total investment in agriculture sector grew by 85% in 1432H.

Jeddah Declaration for Food Security: The world is facing a challenging global food crisis that started in 2008. The IDB adopted the Jeddah Declaration in May 2008 to address the food crisis in member countries and approved a financing package of $1.5 billion over a period of five years to reduce the impact of food security crisis on the agricultural productivity of its member countries.

The objective of the Jeddah Declaration is to address the problems of low agricultural productivity, rising rates of unemployment, and increasing persistent poverty and malnutrition in IDB member countries. In May 2011, the Jeddah Declaration completed its third year of implementation. By the end of 1432H, a group-wide cumulative total amount of $845.4 million was approved to support rural development projects in member countries. This represents 56.4% of the total approved amount (Figure 4.1).

Figure 4.1: Approvals under Jeddah Declaration ($ million)



Under the Jeddah Declaration, at the end of 1432H the total amount disbursed was $149 million. The low level of disbursement is attributable to many factors including: (i) the inability to finalise and sign agreement on 21% of the loans approved in 1431H and 1432H; (ii) the lack of effectiveness of about 8% of the loans signed for operational reasons; and (iii) the delay in disbursement on 32% of the effective operations for various reasons. Concerted efforts are underway to expedite its implementation.

Multipurpose Water Resources and Irrigation Development

Water, an essential element for human survival, livelihood and food security has consistently remained a priority sector in the IDB investment portfolio and a key component of IDB's intervention in the agriculture sector.

In this regard, the IDB invested in the Dam Complex of upper Atbara Project, Sudan, a multipurpose dam project, in collaboration with other international donors including the Government of Algeria, Arab Fund for Economic and Social Development, Government of China, Kuwait Fund for Arab Economic Development, Saudi Fund for Development, OPEC Fund for International Development and Abu Dhabi Fund for Development (Box 4.6).

Box 4.6
Dam Complex of Upper Atbara Project, Sudan

The main objective of the project is to bring prosperity to the people of the eastern region of Sudan by increasing the irrigated land area by 180,000ha and electric power generation by 320MW. The project will address poverty reduction, food security, energy needs of the area, and the creation of employment opportunities.

The project is of importance for Sudan in terms of improving living conditions in the project area, water resources management, agriculture, employment generation and environmental protection.

The project costs amount $1.5 billion covers the construction of two dams i.e. Rumela Dam, Burdana Dam, a hydro power generation plant of 320MW at Rumela Dam, 220KVA transmission line and provision of consultancy and construction supervision, land acquisition and re-settlement.

Within the framework of the co-financing arrangement; the IDB approved ID96.6 million ($150 million) for the construction of the Rumela Dam (part of the complex) out of an estimated total project cost of $1.5 billion. The project is expected to have a considerable impact on the cross-cutting areas of food security, poverty reduction, water management and energy sectors.

Microfinance and SME Development under the Youth Employment Support (YES) Program

During the period under review, IDB focused its attention on the implementation of activities and interventions aimed at enhancing microfinance and developing Small and Medium Enterprises (SMEs). One such development initiative is the Youth Employment Support (YES) programme which is a new addition to the Islamic Microfinance Toolbox for promoting Microfinance and SMEs in favor of youth employment in the MENA region. The YES programme is aimed at creating employment opportunities for youth in the Arab world. The Youth Employment Facility (YEF) will not be limited to creating employment opportunities for youth but also empower financial institutions, employers and education/vocational training institution in the MENA region to significantly reduce youth unemployment. An

Linking farms to markets through ICDD, Indonesia

amount of $250 million was approved for various initiatives under the YES program. In 1432H, the IDB processed two YES program initiatives for Tunisia and Egypt for a cumulative amount of ID64.4 million ($100 million).

International Center for Biosaline Agriculture (ICBA)

A revised and extended agreement between IDB and the UAE government regarding ICBA's financial support was signed last year. In recognition of its work in Integrated Water Resource System Program, Marginal Quality Water Program, and Capacity Building and Knowledge-Sharing, ICBA was conferred the UAE Khalifa Date Palm Award in March 2011 for date palm research.

ICBA's programs have provided the framework for advancing research and development and playing a strong policy and governance role in IDB member countries. ICBA managed the formulation of various policy documents, including the National Strategy to combat salinity in Oman and initiated a similar proposal for the UAE. Throughout the MENA region, the MENA-LDAS (Land Data Assimilation System) is assisting decisions affecting water and food security.

MENA is the geographic target of a new project on crop/livestock diversification and sustainable management of marginal lands through the scaling-up and dissemination of high-yielding forage production packages that are better adapted to saline and marginal environmental conditions. Building on the successful outcomes of the farmers' livelihood improvement project in the region, the project will target Syria, Jordan, Tunisia, Oman and Egypt. Gaza and the West Bank, United Arab Emirates and Yemen will be involved in specific activities relevant to their needs.

A four year project on Crop diversification and sustainable management of marginal land resources also commenced in 2011 in four Central Asian countries (Turkmenistan, Tajikistan, Kazakhstan and Uzbekistan).

Activities of the KSA Project for the Utilization of Hajj Meat during 1432H: The Government of Saudi Arabia's dedicated efforts to assist the pilgrims in performing the Hajj ritual in a smooth, organized and orderly manner continued in the year 1432H. The IDB has been entrusted by the Government of Saudi Arabia with the management of the "Saudi Arabian Project for the Utilization of Hajj Meat" since 1403H (1983). In 1432H beneficiaries of the Hajj Meat included the poor and needy in Saudi Arabia and 27 member and non-member countries.

In 1432H, the project set a new milestone of utilizing over one million heads of livestock during the Hajj season and thus reaching a cumulative total of 16 million heads of livestock since 1983. The project services are now available online to facilitate ease of access.

IMPLEMENTING POVERTY REDUCTION INITIATIVES

Assistance to Least Developed Member Countries

During 1432H, total financing to LDMCs amounted to approximately ID1.9 billion ($2.9 billion), representing 39.6% of total financing

(Table 4.1). Out of this ID0.8 billion ($1.3 billion) was from OCR. LDMCs benefitted the most from loan financing where 82.8% were approved for them. In addition, they account for the majority of financing under Special Assistance Operations (77.7%), TA (74.2%) and trade financing (50.5%).

Table 4.1 Net Approvals for LDMCs, 1432H and 1396H-1432H[1]

(Amount in ID/$ million)

	1432H				1396H-1432H			
	No.	ID	$	LDMC's Share[2]	No.	ID	$	LDMC's Share
IDB OCR								
Loan	30	198.0	306.4	82.8	652	3,007.7	4,230.4	71.4
Equity	1	0.5	0.7	1.2	36	73.4	97.8	16.0
Leasing	4	313.4	502.5	46.6	40	794.1	1,200.5	16.3
Installment Sale	2	12.7	19.3	17.9	23	142.5	203.7	5.9
Combined Line of Financing	0	0.0	0.0	0.0	5	20.3	29.8	4.0
Profit Sharing/Musharaka	0	0.0	0.0	0.0	1	2.8	3.6	2.0
Istisna'a	11	322.1	500.4	20.6	45	1,027.2	1,579.7	15.1
TA	36	8.2	12.7	74.2	527	133.6	183.2	69.7
Sub-Total	**84**	**854.8**	**1,342.0**	**31.6**	**1,329**	**5,201.6**	**7,528.8**	**26.0**
Trade Financing (IDB Group)	20	1,009.0	1,581.9	50.6	431	7,927.2	11,438.2	28.9
Special Assistance Operation	4	1.7	2.7	77.7	280	211.5	259.8	68.2
Grand Total	**108**	**1,865.5**	**2,926.5**	**39.6**	**2,040**	**13,340.2**	**19,226.8**	**27.9**

[1]Cut-off date for the data was 29 Dhul-Hijjah 1432H (25 November 2011)

[2]These shares are calculated on the basis of $ million.

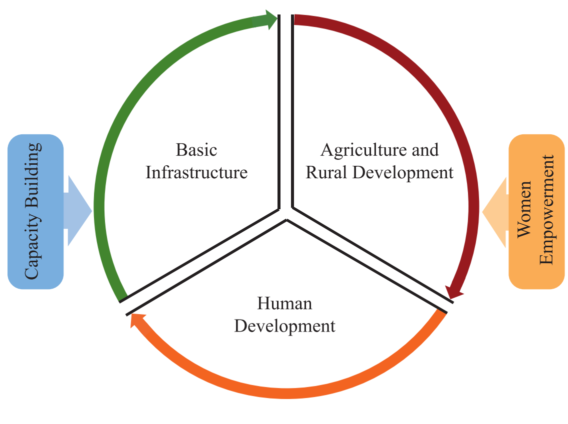
Overall, financing to LDMCs since inception of the IDB amounted to ID13.3 billion ($19.2 billion), representing 27.9% of all IDB financing.

Strengthening the Role of the Islamic Solidarity Fund for Development (ISFD)[15]

ISFD was officially launched during the 32nd Meeting of the IDB B.O.G 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* (Trust) with a target principal amount of $10 billion. All IDB member countries were requested to contribute to the capital of the Fund and extend technical and moral support to its operations.

The ISFD is dedicated to reducing poverty in member countries by promoting pro-poor growth, emphasizing human development, especially improvements in healthcare and education, and providing financial support to enhance the productive capacity and sustainable means of income (Figure 4.2). This includes the creation of employment opportunities and market outlets, especially for the rural poor and improving basic rural and peri-urban infrastructure. These objectives are directly linked to the achievement of MDGs, which are currently at the center of the

Figure 4.2: Priority Areas of ISFD Interventions



national development plans of member countries and aligned with the IDB Vision 1440H.

Resource Mobilization: The ISFD received $102 million as capital contributions in 1432H. By the end of 1432H, the cumulative amount of funds received stood at $1,633 million out of a total pledged amount of $2,639 million, with $400 million provided by IDB and the remaining

[15]Refer to the ISFD Annual Report, 1432H (2011) for more detailed information.

An informal open-air school in Salamat, Chad

$1,233 million coming from member countries. In terms of new commitments, Indonesia committed $10 million and Azerbaijan added the sum of $100,000 in addition to its original commitment of $324,000. Of the 43 countries that pledged contributions to the Fund, 24 had paid-up fully by the end of 1432H.

Project Financing for Poverty Reduction: In 1432H, ISFD utilized all its commitment capacity with loan approvals amounting to $46 million, for 7 projects with a total cost of $182.3 million for seven countries. Financing by the Fund is provided on concessional terms, primarily for the 25 LDMCs of IDB.

Flagship Programmes: ISFD, in close collaboration with Agriculture and Rural Development Department and the Human Development Department, launched the Sustainable Villages Programme (SVP) in 1432H, in line with its first Five-Year Strategy (2008-2012) that calls for multi-year, multi-sector thematic programmes. The SVP aims at helping achieve the MDGs by 2015 through inclusive, integrated and innovative development interventions. The SVP has a financing envelope of $120 million and the programme will be implemented in six Sub-Saharan African countries over a period of three years. The programme has been launched in Chad and Sudan, with the process of selection underway for the four remaining countries (Box 4.7).

Partnership and Networking: A number of partnerships have been forged by ISFD to develop projects that enhance human development, especially in the areas of health, education, food security, water and sanitation, and creating livelihood opportunities through microfinance for the poor. Partnerships and networking form one of the key enablers of the ISFD strategy, aimed at leveraging resources in order to scale up projects and programs. The key strategic partnership forged in 1432H was with the Earth Institute (EI) of Columbia University in New York, USA and the Millennium Development Goals Center (MDG Center) in Nairobi, Kenya. Under this strategic partnership, the EI and MDGC will provide technical support during the implementation of the SVP in Chad and Sudan. Other initiatives to be undertaken under this partnership include the Drylands Initiative and scaling up of the Millennium Villages Project.

ISFD has also established working relationships with BADEA, Qatar Red Crescent Society (QRCS), the World Congress of Muslim Philanthropists (WCMP), and the World Assembly of Muslim Youth (WAMY).

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

Despite global economic uncertainties, Africa continues to grow at a reasonable pace. Nonetheless, development challenges are still abound, most of which constitute binding constraints to economic growth in many countries. The infrastructure deficit both in energy and transport is difficult to resolve in a number of countries and load-shedding is becoming rampant in capital cities which, until recently, had no history of energy shortages. Therefore, the thrust of the SPDA programme remains the provision of support to help relax the constraints to economic development.

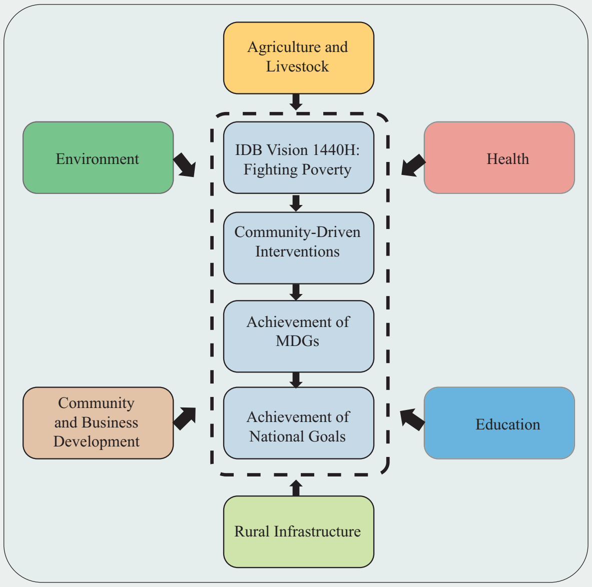
The SPDA builds on the momentum gained at the start of its implementation. As shown in Table 4.2, a total of 88 operations amounting to $1.1 billion were approved under SPDA in 1432H. This brings to 364 the total number of operations that have been funded through SPDA since it started its implementation in 1429H. Of these, the total number of OCR operations stood at 274, other IDB Group financing at 31, while the total number of trade operations was 46. So far, $3.98 billion of the $4 billion target was approved comprising $2.8 billion from OCR; $298 million from other

Box 4.7
Sustainable Villages Programme (SVP)

The primary objective of the SVP is to reduce extreme poverty in targeted countries and communities with the help of low-cost, sustainable and community-driven interventions that are tailored to their specific needs, and designed to help achieve the MDGs.

The SVP's conceptual framework seeks to combine the traditional top-down centrally planned implementation with the bottom-up community driven approach and focus on the two key pillars of building the capacities of the communities and building the capacities, of the local government and their selected institutions, so as to create a direct institutional link between the State and the Community. The core principles of the programme include :

- Ensuring ownership of the MDGs, and working in close partnership with Governments, village communities, civil society, and other donors.
- Promoting innovative, integrated, and inclusive development interventions coupled with community development, capacity building and knowledge sharing.
- Promoting PPPs in the transformation process, including partnerships with NGOs, philanthropists, academic institutions and research centres, charity organizations and individuals



Given the multi-sector, programmatic approach adopted by the SVP, it is a true multi-stakeholder platform that fosters and facilitates technical partnerships, co-financing opportunities, as well as, in-kind contributions from a host of international and national players seeking to collaborate in implementing SVP projects in areas of mutual interest.

Each project under the SVP, which is operationalized jointly by ISFD and the sector departments (Agriculture & Rural Development and Human Development), will typically have a cluster of villages containing between 45,000 to 60,000 inhabitants in deprived regions of the selected countries. Projects are envisioned to be implemented over a period of three to four years and have a tentative total cost of $20 million per project. The SVP being implemented with technical support and partnership from the Earth Institute of Columbia University, USA and the MDG Centre, Nairobi, Kenya, has received positive feedback from the development community and several development institutions have shown interest in co-financing.

For the SVP in Chad, BADEA will contribute $8.2 million, and the Government of Chad will provide $2 million. In Sudan, The QRCS is partnering in the project with $1 million, The Microfinance Unit of the Bank of Sudan is providing $2 million, and the Government of Sudan will contribute $2 million.

Several other development institutions, donors, NGOs, and civil society organizations have made commitments to extend technical and in-kind support during the implementation of the SVPs. The IDB Group Trade Related Committee (Box 3.1) is providing a Technical Assistance Grant of $40,000 for each SVP to support studies on building trade and market linkages.

IDB Group financing and $849.2 million on trade operations.

Infrastructure operations under the SPDA had the highest approvals in 1432H as was the case in 1431H, with agriculture witnessing the highest increase from 1431H. Infrastructure approvals amounted to 62%, followed by Human Development, and Agriculture and Rural Development at 15% each. This means that in 1432H, Agriculture and Rural Development had the highest increase of 11% from the previous year.

SUPPORTING CAPACITY DEVELOPMENT

Capacity development, more specifically in its narrower concept of institution building and capacity building, has always been accorded special attention by IDB. This is reflected by the establishment of several organizational units and programs by the Bank to provide assistance including the Technical Assistance for Capacity Building, the Technical Cooperation Program (TCP), the IDB Scholarship Programs, the Science and Technology Program and the IDB Statistical Capacity Building Initiative.

Table 4.2
Gross Approvals for SPDA (1429H-end 1432H)[1]

(Amount in ID/$ million)

	1430H			1431H			1432H			Total		
	No.	ID	$	No.	ID	$	No.	ID	$	No.	ID	$
(i) OCR Project Financing	**65**	**371.8**	**577.6**	**73**	**514.8**	**788.0**	**72**	**591.9**	**921.2**	**274**	**1,821.1**	**2,824.2**
Concessional Financing (Loan & TA)	51	150.6	233.0	56	187.1	284.3	53.0	161.3	248.2	216	632.5	974.2
Ordinary Financing	14	221.2	344.6	17	327.7	503.6	19	430.6	672.9	58	1,188.6	1,850.0
(ii) Other IDB Group Project Financing	**9**	**57.2**	**89.8**	**9**	**51.9**	**79.8**	**1**	**13.8**	**21.5**	**31**	**192.2**	**298.1**
IBP	-	-	-	-	-	-	-	-	-	-	-	-
UIF	1	3.2	5.0	-	-	-	-	-	-	1	3.2	5.0
APIF	4	48.1	75.5	4	22.9	35.3	-	-	-	10	91.4	142.3
ICD	4	5.9	9.3	4	27.3	42.0	1	13.8	21.5	19	95.9	148.2
Treasury Operations	-	-	-	1	1.7	2.5	-	-	-	1	1.7	2.5
(iii) Trade Financing	**9**	**89.6**	**139.5**	**10**	**138.7**	**212.2**	**11**	**114.7**	**179.9**	**46**	**540.6**	**849.2**
ITFO	-	-	-	-	-	-	-	-	-	-	-	-
IBP	-	-	-	-	-	-	-	-	-	-	-	-
UIF	1	6.4	10.0	-	-	-	1	2.7	4.0	4	13.9	21.5
ICD	1	6.4	10.0	-	-	-	-	-	-	1	6.4	10.0
Treasury Operations	-	-	-	-	-	-	-	-	-	-	-	-
ITFC	7	76.9	119.5	10	138.7	212.2	10	112.0	175.9	41	520.3	817.7
(iv) Waqf Fund financing	**3**	**0.7**	**1.1**	**3**	**0.5**	**0.8**	**4**	**1.7**	**2.7**	**13**	**3.5**	**5.3**
SAO	3	0.7	1.1	3	0.5	0.8	4	1.7	2.7	13	3.5	5.3
TOTAL (i)-(iv)	**86**	**519.3**	**808.0**	**95**	**705.9**	**1,080.8**	**88**	**722.1**	**1,123.7**	**364**	**2,557.4**	**3,976.7**

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 29 Dhul-Hijjah 1432H (25 November 2011).
Source: Data Resources and Statistics Department, IDB.

Technical Cooperation Program. The TCP is one of the main arms of the IDB for human resource development in member countries. It is a South-South Program focusing on transfer and exchange of skills, knowledge and know-how amongst member countries. Built around a tripartite scheme, this program involves a technical donor, a beneficiary and IDB as a facilitator. The TCP finances the recruitment of experts, the provision of on-the-job training and the organization of seminars.

Since its inception in 1403H, 2,005 operations amounting to $45.8 million have been approved under the Program. These operations range from recruiting experts, provision of on-the-job training to the conducting of seminars. To date, the outreach of the TCP has benefitted approximately 15,000 individuals in IDB member countries including various experts and specialists, who shared their knowledge and experiences in various disciplines.

In 1432H, 95 operations amounting to $3.6 million were approved for 35 member countries and 26 regional organizations. These activities included:

- Twenty-four (24) operations ($0.8 million) to recruit experts from member countries to provide technical services in various sectors such as agriculture, education and health for the benefit of member countries. One crucial operation funded in 1432H was the recruitment of an expert for Comoros to facilitate the reform of the public finance management and to assist the country in the achievement of the completion point of the Heavily Indebted Poor Country (HIPC) Initiative.
- Twenty-eight (28) training courses ($0.8 million) which included the development of regional courses over and above study visits and on-the-job training. Partnerships were also strengthened with Centers of Excellence in member countries for knowledge sharing and to broaden the range of specialized training courses. An example would be the annual joint IDB and Bank Negara Malaysia's course on the fundamentals of Islamic finance. 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.

- Forty-three (43) seminars and conferences ($2 million) which benefitted more than 1,000 persons, provided an avenue to share best practices in key sectors, enabling member countries to address some of the emerging challenges facing them. The two international conferences organized by the Tunisian NGO, Nadi Al Basar and by the Prevention of Blindness Union (PBU) on Ophthalmology served as a pivotal platform for Sub-Saharan African Countries to learn from the experiences and expertise of other countries in their effort to prevent avoidable blindness.

IDB Scholarship Programs

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

- **Scholarship Program for Muslim Communities in Non-Member Countries**: Under this category, meritorious Muslim students in non-member countries with limited financial means are granted scholarships to pursue their first degree-level education. Approved disciplines under this program are medicine, engineering, dentistry, pharmacy, nursing, veterinary sciences, agriculture and computer science. In 1432H, 589 students from 34 Muslim communities in non-member countries received scholarships. Cumulatively, by the end of 1432H, 11,771 students benefitted from the program.

- **The M.Sc. Program in Science and Technology for Selected Member Countries**: This program aims at developing the intermediate level of science-based human capital in the selected member countries, and allows students to qualify for the IDB Merit Scholarship Program for High Technology. In 1431H, a Memorandum of Understanding (MoU) was signed with Bilkent University, Turkey to provide places to IDB students at 78% discount on tuition fees. The annual enrollment of students increased from 20 to 50 since 1429H. In 1432H, 50 scholarships were granted and the cumulative number of beneficiaries since the inception of the programme reached 404 students. Under the IDB-STATCAP initiative, 12 scholarships were awarded in the fields of statistics, demography and other related fields.

- **Merit Scholarship Program for High Technology for Member Countries**: This program provides a grant to scholars, who intend to undertake doctoral or post-doctoral research in designated universities. The program aims at developing scientific human capital and strengthening the capacity of research institutions in member countries. Under this program, the IDB signed MoUs with several universities including Universities of Cambridge, Oxford, Nottingham and Birmingham in UK and ParisTech Group in France. By end 1432H, a total of 54 scholars benefitted from the MoUs. In 1432H, 100 scholars were awarded scholarships. As at the end of 1432H, 760 scholarships had been awarded under this program, of which 20 scholarships were to Muslim communities in non-member countries.

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

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

The IDB, "Excellent Leadership Award" was initiated in 1430H for graduates of all three scholarship programs. Under this, high achieving graduates – both professionally and in community service – are invited to attend a 3-day Management Development Program at IDB headquarters.

In addition, the Bank organized Community Development Workshops to strengthen the capacity of partner NGOs. In 1432H, the IDB organized 4 workshops for over 200 leaders.

Science and Technology Program

The importance of Science and Technology (S&T) in the development process and its positive impact on priority sectors and areas, such as agriculture, food security, education and health is widely recognized. Under its S&T financing activities, the IDB pays 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 partnership in scientific research among member countries. It promotes and encourages the acquisition and dissemination of knowledge through activities such as short-term assignment of experts, exchange of scientists, networking amongst associations of scientists and organization of on-the-job training and conferences.

From 1425H up to 1432H, 181 operations or sub-programs amounting to $9.5 million were approved under the S&T capacity building program. More specifically, in 1432H, 24 operations amounting to $1.8 million were approved.

In the context of assisting member countries set up effective policies for Science, Technology and Innovation (STI), the Bank in 1432H, supported the training program on STI Policy and Foresight organized by the COMSTECH. The Bank also continued its support and participation in "The Atlas of Islamic World Science and Innovation" project which is managed by the Statistical, Economic, and Social Research Training Center for Islamic Countries (SESRIC) in coordination with the British Royal Society. This project aims at studying and sharing the experience of 15 Islamic Countries in implementing long-term plans for promoting science and technology.

In order to support capacity building within member countries, the Bank, in 1432H, focused on using ICT to enhance the education of students with disabilities. The Bank approved two Technical Assistance Grants for supporting e-education for hearing and visually impaired students in Egypt and the program to remedy the language disorders of students with special needs in Oman. The IDB also supported a project for "Establishing Inclusive Environment for Children with Disabilities in the Arab Countries".

Support was also provided for several other activities in 1432H to promote technology commercialization in member countries. These included a project on "Establishing Virtual Technology Incubator for the Arab Countries" and two workshops (held in UAE and Indonesia) aimed at building the capacities of Member Countries on establishing and managing technical and industrial incubators. The IDB also signed an MoU with the Isfahan Science and Technology Town (a former winner of IDB Prize for Science and Technology) for building capacity.

In 1432H, eleven knowledge sharing activities (i.e. training workshops, conferences, seminars, etc.) were organized in 14 member countries. For example, the IDB approved financial support for a project on "capacity building of OIC-affiliated universities on academic performance measurement". This project will use the knowledge and expertise of the International Islamic University, Malaysia to enhance the academic performance of three OIC-affiliated universities in Bangladesh, Niger and Uganda.

The ninth round of the IDB Prize for Science & Technology was awarded in 1432H. The prize was established as a special program to promote excellence in research and development (R&D), and in scientific education. The amount of each prize is $100,000. Prizes are awarded on an annual basis for achievements in three categories, namely, (i) outstanding science & technology contribution to social and economic development; (ii) excellence in a given scientific speciality; and (iii) best performing R&D center in a least developed member country. In 1432H, the prize winners were:

Category-I for outstanding science & technology contribution to social and economic development: The Malaysian Agricultural Research and Development Institute (MARDI).

Category-II for excellence in a given scientific speciality: The National Institute of Genetic Engineering and Biotechnology (NIGEB), Islamic Republic of Iran.

Category-III for best performing R&D center in a least developed member country: Faculty of Agriculture, Bangabandhu Sheikh Mujibur Rahman Agricultural University (BSMRAU), Bangladesh.

IDB Statistical Capacity Building Initiative

The IDB statistical capacity building initiative (IDB-STATCAP), which was launched in 1428H, aimed to assist member countries with weak National Statistical Systems (NSSs) to develop their capacity to produce and disseminate quality data in a timely manner. Since its inception, the IDB-STATCAP has financed statistical activities at national, regional and international levels. It has also provided students from member countries with scholarships, helped to strengthen NSSs, and supported the organisation of major international conferences and meetings. It has contributed to fostering partnership and collaboration between the IDB and other development partners in the area of statistics.

IDB-STATCAP funds are sourced from IDB's own resources and the United Kingdom's Department for International Development (DFID). The latter signed an MoU with IDB in November 2009 wherein it agreed to provide £2 million over 3 years to support IDB-STATCAP activities in Yemen, Iraq and Palestine as well as for regional statistical activities in MENA.

With IDB's own resources, the IDB-STATCAP financed the First Session of the OIC Statistical Commission (OIC-StatCom), which was co-organised with the Ankara-based SESRIC in April 2011 in Istanbul, Turkey. IDB-STATCAP also helped finance the organisation of two other statistical events: a *Seminar on Statistical Methods for Missing Data,* organised in April 2001 in Amman, Jordan; and the *Fifth Forum on Statistical Capacity Building for Arab Countries* on "Statistics, Media and Policy Making", organised in July 2011 in Amman, Jordan. Three students from Burkina Faso, Comoros and Mali also benefitted from IDB-STATCAP scholarships, which offered them the opportunity to obtain Master's degrees in the areas of statistics and econometrics.

Under the DFID fund, IDB-STATCAP, in 1432H, financed an agricultural census in Palestine and two training workshops for MENA countries titled (i) *In-depth Demographic Analysis* and (ii) *Population Projection Techniques* both organised by the Arab Institute for Research and Training in Statistics (AIRTS). It is also planning to finance a WHO project on *Data Reconciliation and Harmonisation* in MENA countries. Of the $4.3 million amount required for the Palestinian agricultural census, the DFID fund contributed $1.6 million. The census project is expected to provide accurate data that will help in devising appropriate policies geared towards improving the living conditions of farmers and agricultural workers, and to maintain food security and sustainable development in the agricultural sector. For the two training workshops organised by the AIRTS, DFID fund contributed $67,886 while $201,000 was earmarked for the WHO's project *Data Reconciliation and Harmonisation* in MENA countries. The project will facilitate data reconciliation and harmonisation for better monitoring of access to sanitation and to potable water in the MENA region. The IDB and DFID are actively involved in identifying key statistical capacity projects for Yemen and Iraq.

The IDB STATCAP is gaining momentum and is expected to have a greater impact in member countries in the coming years.

STRENGTHENING INFRASTRUCTURE DEVELOPMENT

In recognition of the importance of infrastructure particularly energy, transportation, water, sanitation and urban services, and ICT for sustainable long-term economic growth, the IDB has channeled more than ID14 billion ($20 billion) to finance this sector, since its inception in 1396H. At the end of 1432H, the Bank's infrastructure portfolio comprised 219 active projects for a total approved amount of ID8.5 billion ($13 billion), of which ID3 billion or 35% of the total was disbursed.

In 1432H, the IDB approved ID1.7 billion ($2.6 billion) to finance the development of electricity generation and transmission, transportation, water and sanitation, information and communication technology (ICT) and housing infrastructure. Part of this amount was also channeled through NDFIs/DFIs for on-lending to SMEs, to catalyze economic growth and help alleviate poverty in member countries. During the year under review, the IDB, for the first time, disbursed over ID1 billion for infrastructure-related projects, representing an increase of about 32% over the ID818 million disbursed in the previous year. This demonstrates the IDB's commitment to the development of infrastructure in its member countries, to help create an enabling environment for economic growth.

Istisna'a remained the main mode for financing infrastructure projects in member countries (46.9% of total infrastructure approvals in 1432H). Leasing accounted for 41% of operations while the extension of financing facilities to local development banks constituted 3.8% (Box 5.1). The remaining 8.3% was made up of soft loans (5.6%) to LDMCs in the form of Installment Sale (1.6%), and Equity and TA Grant (1.1%).

With regard to sectoral distribution, the energy sector, in 1432H, received the highest allocation with 47% of the Bank's infrastructure financing budget, followed by Transportation (30%), Urban Development and Services (16%) and ICT (2%).

Box 5.1
New Mudaraba Infrastructure Investment Facility

In 1432H, the Bank adopted a new mode of financing for the development of infrastructure projects through local NDFIs/DFIs. The proposed new Mudaraba Infrastructure Investment Facility was approved by the Shariah Board in April, 2011. Currently, the first Mudaraba Investment Agreement is being drafted for the Renewable Energy Financing Facility Project approved for the Industrial Development Bank of Turkey. The new financing instrument will expedite the implementation of future financing facilities by eliminating the need for the IDB to enter into individual agreements with the project companies. Under the new structure, the IDB will invest in a portfolio of projects being financed by the Financial Intermediary based on its strength and experience in the concerned sub-sector.

Five percent was set aside for on-lending through local NDFIs/DFIs to SMEs for the creation of new job opportunities. A total of twenty four member countries benefitted from the Bank's infrastructure financing in 1432H (Figure 5.1).

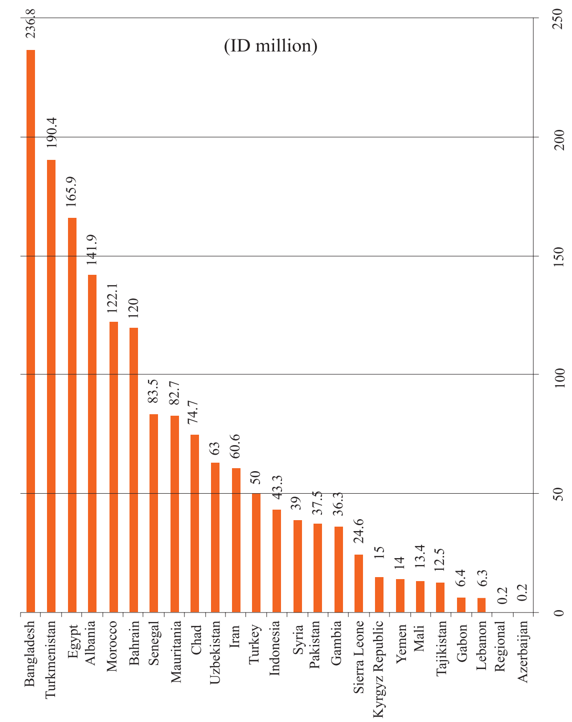
REINFORCING ENERGY SECURITY

In line with its Vision 1440H, the IDB maintains its focus on improving access to reliable and affordable energy, bridging the digital divide in member countries. Following an increase in environmental impact awareness, attention is also being focused on the need to develop indigenous renewable energy resources and promote energy efficiency enhancement initiatives.

In 1432H, the IDB approved a total of fifteen energy sector operations for a cumulative amount of ID782.5 million ($1,238.3 million). Of that amount, ID161.1 million ($248.4 million) or 20% of total energy investments was allocated for three PPP operations[16]. The remaining operations (including two additional financing for previously approved projects) amounting to ID621.4 million ($989.9 million) were financed under Sovereign

[16] See page 26 for more details

Figure 5.1: Infrastructure Approvals by Country in 1432H



Guarantee in Bangladesh (Box 5.2), Egypt, Gambia, Kyrgyz Republic, Mauritania, Morocco, Senegal and Syria. A total of ID554 million ($860 million) was disbursed in 1432H to facilitate the implementation of public sector energy projects in various member countries.

A total of ID251.7 million (40.5%) was approved for Bangladesh and Kyrgyz Republic, while ID369.7 million (59.5%) was approved for Egypt, Gambia, Mauritania, Morocco, Senegal and Syria. With regard to the mode of financing, a total of ID518.3 million ($829 million) was extended through Leasing (84% of total public sector energy project approvals), followed by Istisna'a (10%), Installment Sale (3%) and Loan (3%).

Developing Power Generation Facilities

In 1432H, the IDB prioritized the development of highly efficient power plants in member countries to help address energy shortages. A total of ID540.5 million ($860.3 million) was approved to facilitate the installation of 4,415 MW generation capacity in Bangladesh (675 MW), Egypt (2,600 MW), The Gambia (20 MW), Morocco (300 MW), Senegal (70 MW) and Syria (750 MW).

Box 5.2
450 MW Ashuganj Power Plant, Bangladesh

The procurement of a 450 MW Ashuganj Power plant will be jointly financed by the IDB and the ADB. The ADB-IDB pilot joint-procurement initiative was hailed by the G20 Development Working Group and High Level Panel (Box 5.6) as a benchmark for replication by other MDBs, especially the aspect on donor coordination to ensure the timely completion of the project. An MoU formalizing the implementation details was signed during the ADB-IDB Annual Retreat held in Manila in November 2011. The Bank also financed a 225 MW Bhola Combined Cycle Power Plant for ID115.8 million ($180 million) in Bangladesh in 1432H. Both power plants are an essential part of the Government of Bangladesh's strategy to close the existing electricity supply gap, by utilizing indigenous gas resources for power generation in an efficient and environmentally friendly manner.

Promoting Energy Security and Reliability

Strengthening of transmission and distribution networks is essential to ensure the provision of reliable power supply to consumers and reduce the technical losses that can result from an overly stressed power transmission infrastructure. The IDB provided ID15 million ($23.1 million) to improve the reliability and quality of electricity supply to the two largest cities of Kyrgyz Republic, Bishkek and Osh, by upgrading the existing substations (220 kV and 110 kV) and constructing a new 220 kV transmission line. The increased capacity and system reliability achieved through the proposed project will help the country develop a modern, efficient and reliable power system. The IDB also provided ID65 million ($105 million) to support the power generation, transmission and distribution programme in Nouakchott, Mauritania. On completion, the project will reduce the energy losses in the transmission grid, thus increasing the reliability of the power

IDB Road Project in Mali

supply, essential for the growth of commercial and industrial sectors in the country.

DEVELOPING TRANSPORTATION LINKS

The IDB supported its member countries by accelerating the development of efficient, safe and sustainable transportation links. The efforts to upgrade and widen financing support to cover high impact projects such as the construction of vital transport corridors, will result in increased access to local and foreign markets and reliable life support systems for poor communities. It will also help in stimulating economic growth in the member countries.

By and large, the IDB, within the year under review, concentrated its transport interventions on those sub-sectors that are aligned with its long-term agenda and will achieve the overarching goal of poverty reduction. To this end, the IDB approved ID505.1 million ($791.1 million) for new projects and studies (Box 5.3) in the transportation sector, with total disbursements for active portfolio of ID343.8 million ($543.1 million).

Facilitating Regional Trade Corridors

To enhance trade and logistics, the IDB approved a total of ID12.5 million ($18.7 million) for the construction of Shagon-Zigar Road (Phase–III) in Tajikistan, to link Tajikistan with the strategic Karakorum highway (China) and the seaport of Karachi (Pakistan). The project is also part of an international road transport corridor linking CIS member countries to China, Russia, and Europe.

Box 5.3
Regional Transportation Studies (1432H)

Development of Transport Corridors in OIC Member Countries: The study aims to identify specific transport corridors which will be adopted and developed by OIC countries with the assistance of international financial institutions. The study provides an estimate of the infrastructure investment needs and identifies physical and non-physical barriers to regional transport and trade. The outcome and recommendations of the Study were presented during the Senior Officials Meeting (SOM) of the 27th Session of COMCEC held in Istanbul on 17 October 2011. The Chairman of the SOM reported the outcome and final recommendations to the COMCEC Transport Ministers meeting on 19 October 2011.

Improving Safety and Efficiency of Road Transport in the League of Arab States (LAS): The IDB also extended grant financing to provide support for consultancy services, national workshops, regional conferences, publications, and hiring of experts to help Arab countries implement key UN transport conventions, provide professional training for fleet managers, and train drivers on international standards. The envisioned improvements in services will facilitate trade and road transport in the LAS region through accession and implementation of key UN Transport Conventions and in particular the TIR Convention. The TA will also provide professional training for Fleet Managers and Drivers according to the international standards, in cooperation with the IRU Academy.

Feasibility Study for Ujar-Zardab-Agjabadi Road, Azerbaijan: The Ujar-Zardab-Agjabedi road links Baku to Georgia and is part of the TRACECA Transport Corridor. The road will also connect the south and south-west regions of the country with Nakhchivan Autonomous Republic. A feasibility study is being undertaken for the reconstruction of the Ujar-Zardab-Agjabedi link (76 km) in the central part of the country, which has been considered in the state program on "Social-economic Development of the Regions of the Republic of Azerbaijan for 2009-2013". Once completed, the road will contribute to the economic development of Aran region.

The IDB also approved ID141.9 million ($222.7 million) for the development of Tirana-Elbasan Road in Albania. The project is part of the Government's efforts to develop the country's national transport corridors and link them with Macedonia and Greece so as to increase trade, transit traffic and tourism in Albania. From a broader strategic perspective, the project will enhance the role of Albania as a major transport corridor in the Balkan region. The total length of the 4-lane dual road is 28km, including a

Box 5.4
Bereket-Etrek-Turkmenistan-Iran
Border Railway Project

Turkmenistan and other Central Asian countries are focusing on the development of transport infrastructure to accelerate economic growth in the region. The objective is to reduce transportation costs by connecting the major transport infrastructures with each other and with other international links. The Kazakhstan-Turkmenistan-Iran railway line is an important link of the North-South International Transport Corridor (NSITC). The total length of this link is 936km. The Governments of Kazakhstan, Turkmenistan and Iran have agreed to jointly construct this line with 130km being in Kazakhstan, 724km in Turkmenistan, and 82km in Iran. The IDB is participating in the construction of part of the 724km line in Turkmenistan.

The project will serve as a major transit route for freight transportation between the three countries and also connect the central and northern Asian countries of Russia and Kazakhstan with the Gulf region and beyond. The link will provide a shorter route for Turkmenistan's exports and imports and will increase the access of rural communities along the new railway line, to modern, safe and efficient transportation services. The IDB contribution to the project is $371.2 million, to cover the construction of the portion located in Southwest Turkmenistan (257km) starting from Bereket in Turkmenistan to Gurgan in Iran. The remaining part of the project (Bereket-Dowlet Serheti-Kazakhstan border, (467km) is already under construction with government funding. The project is expected to be completed in 2012.

2.3km long tunnel section. The second tranche of ID113.4 million ($181.3 million) for the Berket-Etrek-Turkmenistan-Iran Border Railway Project was also approved during 1432H (Box 5.4).

The Bank also approved ID74.7 million (€84.5 million) for the Massakory-N'Gouri-Bol Road Project in Chad, so as to enhance the accessibility of the north-western agricultural lake province to other parts of the country and create a trade link (Trans-Sahara Highway) between Chad and Niger. The project will upgrade the 185 km Massakory-N'Gouri-Bol road to a modern paved road. As Chad is landlocked, a good road transportation network is critical to the development of the country. The project will, therefore, enhance the accessibility of poor rural population, within the development corridor, to better commercial, social and economic activities.

IDB financed 400kV sub-station in Fars Province to facilitate the expansion of the transmission network in southern Iran.

Bridging the Digital Divide

The IDB, in partnership with the African Development Bank, is playing a key role in helping to realize the goals of the ECOWAN program (Box 5.5). In 1432H, the Bank approved a total of ID35.1 million ($51.9 million) for the development of the national component (national backbone and regional links) of the regional program in the The Gambia ID18.5 million ($27.3 million) and Sierra Leone ID16.6 million ($24.5 million). The potential benefits of the project in each country would be to promote national competitiveness, enhance public and private sector efficiency, and stimulate job creation through ICT-led SMEs and services. The IDB is committed to facilitating regional interconnectivity and economic integration, in line with the IDB Vision 1440H. In the next phase, the IDB intends to expand the ECOWAN program to the remaining member countries especially Nigeria, Niger, Mali, Burkina Faso and Benin.

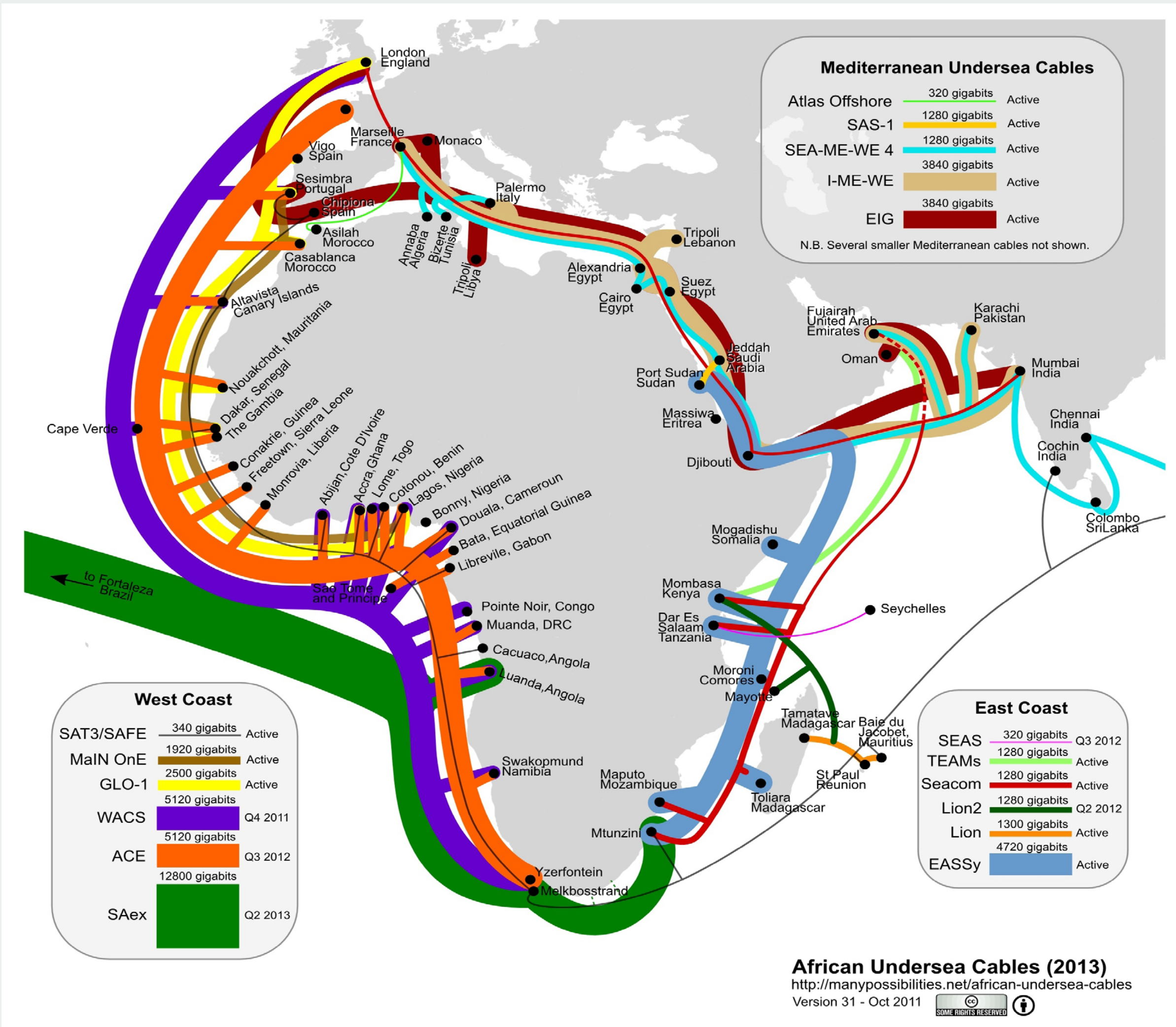
FOSTERING URBAN DEVELOPMENT

Population migration from rural to urban areas is posing increased developmental challenges especially in terms of the strain on urban infrastructure, namely, water supply, sanitation, solid waste management and housing. It has been projected that for the next 20 years, over 95 percent of population growth in developing countries will take place in the urban areas. This demographic transformation raises significant developmental challenges for securing suitable and affordable

Box 5.5
Promoting Regional Integration - Regional ICT (Fibre Optic) Backbone Connectivity

Africa's mobile market is the fastest growing in the world with an average annual growth rate of 20% from 2006 – 2011. By the end of 2011, the continent was home to some 649 million subscribers (65% penetration rate, second only to Asia) and is projected to grow by 13.2% to about 735 million subscribers in 2012. Despite the impressive growth in the mobile market, the region's absolute figures confirm that significant gaps and challenges remain in broadband infrastructure development - only five African countries have broadband penetration higher than 1%.

Recent investments in broadband (fibre optic) infrastructure have resulted in increasing availability and partial competition in the international connectivity segment with the landing and operation of several submarine cables systems. However, the emerging critical infrastructure gap in the continent and its sub-regions is the dearth of regional and national backbones to bring in-country the available internet broadband capacity at the landing stations.



The Economic Community of West Africa States (ECOWAS) aims to leverage ICT towards promoting national and regional socio-economic growth, integration, intra-trade, and cooperation, whilst fulfilling regional aspirations to join the global knowledge based society. To address the sub-region's infrastructure challenge, a Regional Program "ECOWAS Regional Backbone Infrastructure and e-Governance (ECOWAN) Program" was adopted by all member states in Accra (July 2010). The ECOWAN program involves the development of a regional backbone infrastructure (approximately 8000km missing links of Terrestrial fiber optic cable network, and WIMAX last mile solution) with nodes in all 15 ECOWAS member states – linking capital city to capital city. The program also involves the implementation of a Regional e-Governance platform with regional flagship applications (Regional Payment System, Customs, Immigration, Security etc).

Box 5.6

IDB Contribution to the G20 MDB Infrastructure Action Plan (1432H)

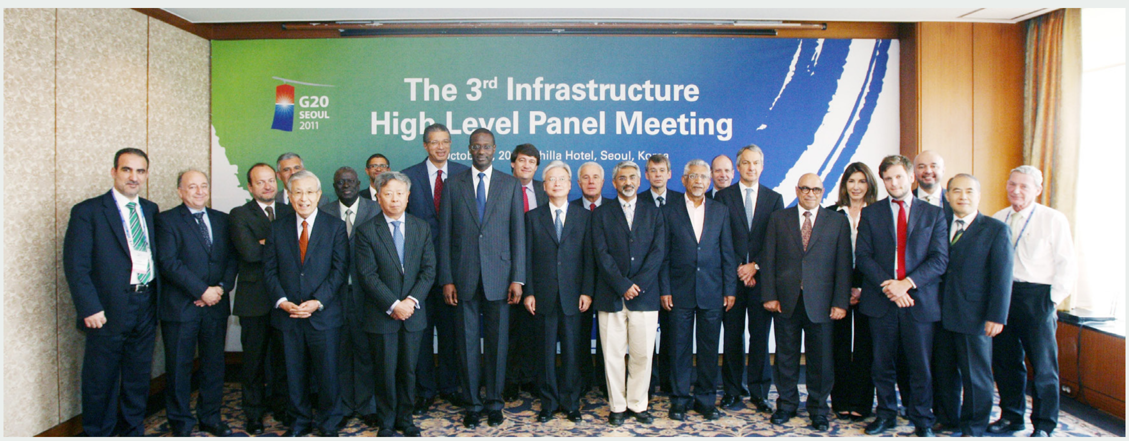
In 1432H, the IDB actively participated in the G20 Development Working Group (DWG) and High Level Panel (HLP) meetings. The Multilateral Development Banks (including Islamic Development Bank, African Development Bank, Asian Development Bank, European Investment Bank, Inter-American Development Bank, and World Bank) used the opportunity to jointly reiterate the important role that G20 can play in facilitating the development of infrastructure in Low Income Countries (LICs) by:

- Helping LICs improve spending efficiency by promoting transparency, quality and exchange of information;
- Unlocking the project pipeline through streamlining and increasing the scale of project preparation facilities, encouraging simplification and greater harmonization of procurement procedures (using IDB-AsDB pilot joint-procurement initiative as a benchmark for other MDBs to replicate), and financing transformative projects in order to promote regional integration.

The MDB Infrastructure Action Plan was presented to the G20 Summit held in Cannes, France (3-4 November 2011), which called for:

- Improving project preparation funds effectiveness;
- Developing catalytic regional projects;
- Expanding Technical Assistance through expanded PPP practitioners' network;
- Increasing incentives for MDB Staff to engage in PPP transactions and regional projects;
- Piloting an Africa Infrastructure Marketplace for sharing information on projects and environment, with due consideration of business confidentiality, in order to concretely link project sponsors and financiers;
- Improving procurement practices to facilitate collaboration with private sector and amongst MDBs;
- Launching a Global Infrastructure Benchmarking Initiative by the MDBs, on the basis of the Africa Infrastructure Country Diagnostic (AICD);
- Scaling up the Construction Sector Transparency (CoST) Initiative.

The G20 Communiqué while supporting the MDB Infrastructure Action Plan stated that *"Recognizing that the lack of infrastructure dramatically hampers the growth potential in many developing countries, particularly in Africa, we support recommendations of the High Level Panel (HLP) and the MDBs and highlight eleven exemplary infrastructure projects and call on the MDBs, working with countries involved, to pursue the implementation of such projects that meet the HLP criteria." The G20 communiqué also specifically called on the "MDBs to harmonize their procurement rules and practices and we support the move towards mutual recognition of procedures and eligibility rules*".



urban infrastructure in an efficient and timely manner. In this context, to foster pro-poor urban development, the IDB approved ten operations for a total amount of ID267.5 million ($421.3 million) in 1432H.

Urban Water Supply and Sanitation

In this fiscal year, the IDB approved six water supply and sanitation related operations for a total of ID236.5 million ($373.6 million).

The IDB financed Khan Khwar hydropower plant is part of the Bank's 2,000 MW intervention to increase the generation capacity needed to support Pakistan's growth trajectory.

Approximately 57% of this financing went to MENA, 33% to the CIS region, while the remaining 10% was approved for two projects in SSA, namely, the Nouakchott Water Distribution Network Upgrading Project in Mauritania and the Kabala Water Supply Project in Sierra Leone.

Solid Waste Management

The Bank approved ID18.5 million ($28.4 million) for the development of Municipal Solid Waste Management Project in Senegal. The total cost of the project is $35 million. The project will support Government's efforts to establish an effective and sustainable municipal solid waste management system through the construction of three municipal solid waste landfills and transfer stations, and 90 controlled waste collection points. When completed, it will meet the disposal needs in the targeted cities of Dakar, Kaolack, Tivaouane and Touba, which are home to over 4.5 million inhabitants, in the western and central parts of Senegal. The project is expected to create about a thousand new employment opportunities within four years of completion and have strong environmental impacts.

Social Housing

Given the ever increasing demand and opportunities for investment in the housing sector, the IDB has initiated measures not only to tap the opportunities for future interventions but also improve the awareness of the opportunities and challenges that exist in the sector in selected member countries (Box 5.7). As a pilot, the IDB has approved a financing of ID12.5 million (€14.7 million) for the development of Basic Urban Infrastructure for a Social Housing Project in Mali. The project will enable approximately 1,500 low income households (about 10,000 people) to own modern affordable houses with all the basic amenities (e.g. potable water, electricity and sanitation), by the end of 2014. During the three years of construction, the project is expected to create 12,500 direct and indirect jobs. The total cost of the project is estimated at €45.70 million.

Box 5.7
International Housing Summit

In addition to project financing, IDB participated in an international conference on social housing development for Saudi Arabia that took place in Riyadh during October 2011. This conference was an initial effort towards formulation of the action plan to implement the mega housing program as visualized and announced by the Saudi Government which plans to spend more than $67 billion on the housing sector in the next 10 years. This will make home ownership more accessible for low and middle income classes. In this regard, over 500,000 units are planned to be constructed, out of which 50,000 units are expected to be completed by 2015.

Cover Photo: IDB infrastructure project in Mali

ADVANCING ISLAMIC FINANCE

The total assets of Islamic commercial banks ranged between $900 billion and $1 trillion in 1432H[17], and are expected to exceed $1 trillion in 1433H. The GCC region recorded the highest ratio of Islamic to total banking assets, as Islamic assets accounted for more than a quarter of the total banking assets in the region.

In light of the current multiple crises, one of the noticeable trends in the Islamic Financial Services Industry (IFSI) has been the emphasis on consolidation and introspection. This is due partially to pressures from the Central Banks to scale up the level of risk management practices and the need to find solutions to weaknesses in Islamic finance such as liquidity management and Sukuk holders' ownership rights.

The IFSI has now come of age but still requires greater innovation in product diversification, better harmonization as well as effective and efficient operational policies and practices to sustain its growth and momentum. This becomes all the more important as Islamic banks are now emerging as beneficial sources of funding for the financial sector in many member and non-member countries.

DEVELOPMENTS IN ISLAMIC FINANCE DURING 1432H

Islamic Banking

The year 1432H was characterized by legal, regulatory and supervisory reforms in global banking and financial markets as well as the IFSI. The primary focus was on stability, not only for individual Islamic Financial Institutions (IFIs) but also for the IFSI as a whole. Emphasis was placed on how the IFSI could contribute to enhancing the stability of the global financial system by leveraging on the lessons learnt during the financial crisis and from best practices in Islamic finance. Some of the best practices include the linkages of Islamic finance with the real sector, the principle of risk sharing and the equitable nature of its transactions, which demonstrate that the financial principles entrenched in the Shariah, may be able to provide direction for conventional financial markets.

IFIs of all sizes should be encouraged to operate and fill in market niches. However, there is a growing need for large IFIs to maximize economies of scale. This explains why, in addition to stability, the IFSI, in 1432H, also paid special attention to growth. Against the background of the Euro-zone debt crisis and the political developments in some Arab countries, the IFSI's major players, especially those in the GCC, South Asia and the Far East, opted to grow naturally and by way of Mergers and Acquisitions (M&A). Although M&A are still not currently widespread, the trend is expected to grow as regulators continue to increase the minimum capital requirements; and clients across the various geographical and legal jurisdictions increase their demand for the full range of Islamic financial services.

Many countries are joining the Islamic finance stream, having observed the benefits that have accrued to the nations that are already implementing the system. For example, Oman has taken measures to establish the IFSI starting with an Islamic bank and a Takaful company. Many conventional institutions within the country are also planning to start offering Islamic financial services to their clients. Nigeria promulgated the "*Guidelines for the Regulation and Supervision of Institutions offering Non-Interest Financial Services in Nigeria*" and the first Islamic bank "Jaiz Bank" will soon launch its operations. The Islamic Bank of Maldives opened its doors for business along with the Amana Bank in Sri Lanka (the island's first Islamic bank).

[17] Ernst & Young, World Islamic Banking Competitiveness Report 2011-12 and The Banker Magazine, October 2011

Sukuk Market[18]

In 1432H, the Sukuk market maintained its robust growth. A total of 359 Sukuk valued at $67.2 billion were issued during the year as against 291 issuances valued at $36.8 billion in the previous year. Malaysia topped the list of issuers with 267 issuances, with strong prospects for growth in Indonesia which issued 22 Sukuk valued at $2.8 billion during the year.

It is worth mentioning that despite the increase in the overall volume of Sukuk issuance, not many international Sukuk were issued within the year, mainly due to the Euro-zone crisis and political developments in MENA. However, following the excess demand for international Sukuk, all dollar denominated Sukuk issues were generally oversubscribed.

In terms of Sukuk structures, Ijara was the most popular structure in international issuances (64% within the period 2008-2010) while preference for Murabaha was high in the domestic market (46% within the period 2008-2010). One of the key challenges that faced the Islamic capital market was the need for a shorter maturity paper and the resulting trend towards the issuance of short-term Sukuk (maturity of 1 year or less).

There is also a growing need to review Sukuk structures in the context of asset ownership rights to bridge the gap between Islamic finance principles and the economic realities of the products. Accordingly, it is important to create further awareness, especially among the investor class, about the risks and payoffs under default scenarios. It is also critical to improve the solvency laws and strengthen relevant legal protections such as ownership and title transfer rights (Box 6.1).

Box 6.1

Shariah Compliant "Greenfield" Project Sukuk*

IDB is one of the investors in the first ever Shariah compliant 'greenfield' project Musharaka Sukuk of SR3.749 billion (approximately $1 billion) issued by Arabian Aramco Total Services Company (AATSC) in October 2010.

The Sukuk transaction was part of the wider approximately $14 billion multi-source financing for the 400,000 barrel per day oil refinery to be constructed in Jubail Industrial City, Saudi Arabia.

The 14 year domestic Sukuk was over-subscribed by 3.5 times. The pricing has been set at 6 months SAIBOR (Saudi Arabian Interbank Offered Rate) + 95 basis points per annum.

Source: Zawya Sukuk Monitor, 'SATORP's debut Sukuk oversubscribed 3.5 times', Arab News, 9 October 2011.

Takaful Sector[19]

The global *Takaful* sector has grown significantly in recent years, as global gross *Takaful* contributions increased from $5.3 billion in 2008 to $7 billion in 2009 representing a growth rate of about 31%.

In terms of geographic distribution, the Levant region recorded the highest growth in Takaful contribution in 2009 (40%), followed by South East Asia (29%), and Africa (26%). Contribution from the GCC region declined by 31% as most markets within the region experienced a slowdown, with the notable exception of Saudi Arabia, which posted significant growth due to the mandatory medical insurance scheme introduced in early 2009.

With regard to Takaful business lines, family and medical insurance accounted for about 55% of contributions in GCC and 70% in South East Asia, followed by motor insurance, property and accident insurance as well as marine and aviation insurance.

The key challenges for the Takaful sector included the need to increase competitiveness, diversify the lines of business and ensure cultural and religious acceptability. To become more competitive, Takaful operators in key markets need to increase their underwriting capacity and experience; and improve their broker relationships. Currently, the market is concentrated on limited business lines (mainly family and medical insurance) and needs to diversify into other lines and products. To ensure cultural and religion acceptability, market players need to create awareness of Shariah compliant Takaful solutions and explain the advantages, risks and implications of Takaful products. This will broaden the prospect of product acceptability and increase both individual and corporate demand. There is also the need to further develop the

[18]Zawya Sukuk Monitor (data as of 18 October 2011) and Sukuk Report (2011) by IIFM.
[19]Ernst and Young – The World Takaful Report 2011

regulatory framework and build human resource capacity.

Islamic Funds[20]

The Islamic funds' Assets under Management (AuM) grew 7.6% from $54 billion in 2009 to $58 billion in 2010. However, due to the global economic situation, it may become increasingly difficult to maintain this growth in the near future. In 2010, 46 Islamic funds were liquidated whereas 23 new Islamic funds were launched compared to 29 funds liquidated and 27 funds launched in 2009. In terms of investor base, Islamic funds continue to be highly concentrated (67% of total funds launched were institutional funds) on few institutional investors (with notable exception of Malaysia) which demonstrates the need to further develop the Islamic funds market.

One of the key challenges facing Islamic funds is to achieve economies of scale to ensure long-term sustainability. Presently, only 30% of the fund managers have AuM above the estimated break-even AuM of $100 million. Moreover, the top 10 fund managers still control about 80% of the market share. In addition to the 30% reduction in management fees which took effect from 2007, the top three concerns of the market, as expressed by Fund managers include the adverse global economic scenario; investors' risk aversion due to the financial crisis; and the aftermath of the political developments in some MENA countries.

Key Activities of Islamic Infrastructure Institutions

Islamic infrastructure institutions have gained prominence in recent years, as they provided stability to the IFSI by setting standards to guide its operations. However, to have an impact, these standards must be adopted by member countries and Islamic financial institutions.

The key activities of major Islamic infrastructure institutions during the year is as follows:

Islamic Financial Services Board (IFSB): The IFSB is an international standard-setting organisation that promotes and enhances the soundness and stability of the Islamic financial services industry. It issues global prudential standards and guiding principles for the IFSI, which, broadly defined, includes the banking, capital markets and insurance sectors. The IFSB also conducts research, coordinates industry-related initiatives and organises roundtables, seminars and conferences for regulators and IFSI stakeholders. Since its inception, the IFSB has issued a total of seventeen Standards, Guiding Principles and Technical Notes for the Islamic financial services industry.

During the year under review, the IFSB issued two Guidance Notes, namely, the Capital Adequacy Standard: The Determination of Alpha in the Capital Adequacy Ratio for Institutions (other than Insurance Institutions) offering only Islamic Financial Services and the Recognition of Ratings by External Credit Assessment Institutions (ECAIs) on *Takaful* and *Re-Takaful* Undertakings. Two exposure drafts for public consultation were also issued, one on Liquidity Risk Management and the other on Stress Testing. Furthermore, the Revised Compilation Guide on Prudential and Structural Islamic Financial Indicators was approved for issuance by the IFSB Council.

In addition to the above, 8 workshops on facilitating the implementation of IFSB standards were organized in 6 countries, while 16 seminars and round-table discussions were organized in 13 countries.

Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI): The AAOIFI is an international autonomous not-for-profit body that prepares accounting, auditing, governance, ethics and Shariah standards for Islamic financial institutions and the IFSI. It also organizes professional qualification programs (notably Certified Islamic Professional Accountant (CIPA) programs, the Shariah Adviser and Auditor Certified Shariah Adviser and Auditor (CSAA), and the corporate compliance program) so as to develop the human resource base of the IFSI and its governance structures.

In 1432H, AAOIFI continued the development and revision program of the following standards:

[20]Ernst and Young – Islamic Funds and Investments Report 2011

- New Shariah standards on Rahn (pledge); investment accounts and profit distribution; reinsurance; disposal of rights; bankruptcy; and liquidity management.
- New accounting standards on investments in Sukuk, shares and financial instruments; Conceptual framework for financial reporting by Islamic financial institutions (to replace 2 existing standards on objectives and concepts of financial reporting).

Awareness creation activities during the year, consisted of the Annual Shariah Conference and the World Bank Annual Conference on Islamic Banking and Finance. In addition, AAOIFI organized a series of workshops and round-table discussions on specific issues relating to its standards. It also conducted training sessions for its CSAA and CIPA programs.

General Council of Islamic Banks and Financial Institutions (CIBAFI): The CIBAFI was established to support and protect the Islamic financial services industry. It supports the IFSI through its training arm, the International Islamic Finance Training Center, by organizing awareness and training courses, holding conferences, seminars and forums and providing necessary information. As much as possible, protection related activities of the CIBAFI seek to mitigate professional deficiencies and discourage deviations from IFSI standards.

During the year, the CIBAFI organized five seminars in conjunction with other banking leaders from France, Tunisia, Egypt, Saudi Arabia and Libya. Two special seminars were also organized; one in conjunction with the IDB Group during its Annual Meeting and the second one was for the Maghreb countries. CIBAFI's management also participated in many seminars and conferences as facilitators.

In 1432H, the CIBAFI intensified its activities by providing training in the areas of Capital Market, Takaful, Trade Finance, Governance and Compliance, Shariah Auditing, Accounting and Risk Management.

The CIBAFI's Center for Information and Consultancy Services continued its data collection and dissemination services. In order to strengthen the consultancy part of its services, it forged alliances with consultants specialized in Islamic finance. During the year under review, the Center provided consultancy services on legal and legislative framework for Islamic banks in Djibouti; and the Islamic legal aspects of a new product for the management of liquidity among banks.

International Islamic Centre for Reconciliation and Arbitration (IICRA): The IICRA is an entity for the settlement of financial and commercial disputes between financial or commercial institutions that opt to settle their disputes in line with the Islamic Shariah. Disputes which arise between corporate entities, or an institution and its clients are settled through the reconciliation or arbitration processes.

Three cases were submitted for settlement in 1432H. The IICRA provided consultancy services to international law firms in the field of arbitration and conciliation. Training courses were also organized in cooperation with the IRTI titled "Commercial Arbitration from an Islamic Perspective".

The "Third International Annual Meeting of the Legal Experts Serving in the Islamic Financial Industry" as well as "The First Annual Meeting for Arbitrators and Experts" were organized in Dubai during the year. Two MoUs to strengthen cooperation and enhance IICRA's visibility and effectiveness were also signed during the year. The first MoU was signed with the GCC Commercial Arbitration Centre, and the second with the International Center for Building Human Resources (Sudan).

International Islamic Financial Market (IIFM): The IIFM is the global standardisation body for the Islamic Capital and Money Market segment of the IFSI. Its primary area of responsibility is the standardization of Islamic financial products, documentation and related processes. The main objective of the IIFM is to encourage self-regulation and, thereby, foster the development and promotion of the Islamic Capital and Money Market segment. IIFM (in partnership with its member institutions) initiatives included issuances and trading guidelines; best practice procedures; standardisation of financial contracts so as to promote product innovation, market recommendations and infrastructure development. In particular, the IIFM promotes the emergence and mainstreaming of Islamic financial markets into global financial markets. The IIFM, therefore, acts as a body that develops and maintains market uniformity, assists in the benchmarking of standards and ensures transparency and robustness of Islamic financial markets.

During 1432H, IIFM undertook the following activities:

- The standardization of hedging products under the TMA which are essential to mitigate banks' exposure risks: Cross Currency Swap, Foreign Exchange Forwards, Profit Rate Swap, the development of relevant templates such as a model of Murabaha Agreement, a model of Profit Rate Swap undertakings (fixed & floating) and a model of Musawama Agreement; etc.
- As recommended in the "Paper on I'aadat Al Shira'a (IS) and Collateralization Possibilities" which was presented in July 2010, the IIFM is now carrying out further consultation with certain custodian/clearing banks and jurisdictions on Collateralization and on Three Party I'aadat Al Shira'a.
- The IIFM initiated the process to develop an Interbank Unrestricted (on-balance sheet) Master Wakalah Agreement. Several Islamic Capital and Money Market briefings, seminars and workshops were organized during the year.

International Islamic Rating Agency (IIRA): The Islamic International Rating Agency (IIRA) offers independent credit and fiduciary ratings of Islamic financial institutions, sovereigns and sukuk issuances; with special focus on development of capital markets in Islamic countries. The fundamental principal differentiating IIRA's rating methodology from other rating agencies is that the financial institution is a Mudarib where investors' funds are held in trust.

The IIRA is sponsored by multilateral development institutions, leading banks and other financial institutions as well as rating agencies. It has received formal recognition from the Central Bank of Bahrain and is also on the list of approved rating agencies of Islamic Development Bank.

The year 1432H marked the beginning of a new chapter for IIRA, which included the restructuring of the organization, with changes in the Board and Management. During the year, IIRA executed a formal technical collaboration agreement with its two rating agency shareholders, i.e. Malaysian Rating Corporation Berhad and JCR-VIS Credit Rating Company Limited, Pakistan. This agreement has culminated in the development of rating methodologies that are distinctive in their approach to Islamic institutions and transactions. The first in this series is the 'Fiduciary rating methodology' that caters specifically to Islamic banks.

The IIRA also offers training workshops aimed at enhancing the capacity of professionals in financial markets.

PROMOTING ISLAMIC FINANCE

The Role of IDB

The IDB plays a critical role as the premier institution for the development of the Islamic financial services industry. In this context, the Bank provides a series of services including the development of an enabling environment consisting of the requisite legal, regulatory, supervisory and Shariah framework for Islamic finance, supporting the establishment of Islamic financial institutions through equity investments and ensuring the success of those institutions. The IDB carries out its interventions mainly through the provision of capacity building, technical assistance activities, equity investments and financing of Awqaf projects.

The targets of these interventions were Central Banks, Ministries of Finance, Taxation authorities, Capital Market Development authorities and the private sector, with which partnerships were forged in order to develop the institutions operating in this sector. The beneficiaries of the interventions included all types of Islamic banks, Takaful and Re-Takaful companies, Islamic microfinance institutions as well as Zakat and Awqaf institutions.

The details of these developmental undertakings by the Bank are as follows:

Advisory Services: During the year 1432H, five new Technical Assistance (TA) projects in Mauritania, Maldives, Tajikistan, Turkey and Djibouti were undertaken to provide advisory services for capacity building. The provision of TAs started with assistance for the Central Bank of Mauritania to develop a regulatory and supervisory framework for Islamic banking in the country. It was followed by the provision of advisory services to the Maldives Monetary Authority for development of the requisite enabling environment for Islamic banking and the Capital Market Development Authority of Maldives to enable it launch Sukuk.

In addition, the Government of Tajikistan through its Central Bank was provided with advisory services to enable them develop the legal, regulatory and supervisory framework for Islamic finance and, ultimately, to launch Islamic Capital market instruments. Assistance was also provided to the Turkish Treasury for the creation of awareness about Interest-Free finance and the launching of Sukuk. The TA also provided training to government staff involved with the IFSI in Turkey. The Government of Djibouti is also receiving Technical Assistance to develop capacity for Takaful and Sukuk.

To broaden the scope of its deliverables and outreach, the IDB also coordinates with other multilateral partners to provide assistance to member countries in the field of Islamic finance. In this regard, the Bank through the IDB TA sub-account leveraged the assistance of IMF to create awareness and provide capacity building to Da Afghanistan Bank (Central Bank of Afghanistan), to enable it launch sovereign Sukuk.

The IDB Microfinance Development Program (MDP) - Integrating Poverty Alleviation into Financial Sector Development: The objectives of IDB-MDP were three-fold; i) Provide access to Islamic finance for the poor; ii) Poverty reduction;

Signing ceremony for providing Technical Assistance to Tajikistan for development of the Islamic Financial Services Industry

and iii) Development of the Islamic financial services industry. Most microfinance programs are commercial in nature and tend to target micro entrepreneurs who have a certain amount of assets, thus leaving the ultra-poor and destitute on their own. The proposed model for the MDP involves maintaining normal commercial microfinance for regular micro-entrepreneurs and creating programs that will provide grants to the ultra-poor through Zakat, Sadaqa and Awqaf funding.

In order to achieve these objectives, a two pronged strategy was adopted – build new institutions or alternatively, strengthen the existing institutions. In this context, four countries i.e. Sudan, Bangladesh, Indonesia and Senegal were selected for the pilot projects. For the next phase of the program, the Bank intends to partner with multilateral and bilateral institutions such as World Bank, CGAP, DFID and other institutions experienced in the field of Islamic microfinance.

Equity Investments: In order to further support the IFSI, the IDB undertakes equity investments with a special focus on the Islamic financial services industry. At the end of 1432H, the IDB had equity investments in 32 IFIs in 21 countries, amounting to approximately ID250 million.

During the year, the Bank made seven additional investments in IFIs amounting to ID32.5 million, five of which were to strengthen IFIs within the existing portfolio. The beneficiary countries were Albania, Bahrain, The Gambia, Niger and Saudi Arabia. Of the two new investments in 1432H, one was a strategic investment in the

International Islamic Liquidity Management Corporation, Malaysia, set up primarily to issue Shariah-compliant financial instruments, develop more efficient and effective liquidity management solutions for IFIs and facilitate greater investment flows through Shariah-compliant instruments across borders. The other addition to the portfolio was an investment in the first Islamic bank of Nigeria – Jaiz Bank.

The Bank is also looking towards establishing IFIs in other member countries and regions.

Awqaf – the Charitable Trust Sector: The potential for social sector investment had been dormant for a long time as the Awqaf sector remained largely untapped. The Awqaf Properties Investment Fund (APIF) is a step in the direction of reviving this important poverty reduction tool. The APIF is mandated to develop green-field projects, renovate already constructed Waqf properties and transform them into revenue generating assets.

In 1432H, six projects, amounting to $179 million, were approved in Bahrain, Bangladesh, Libya, Mauritius, South Africa, and Turkey. The projects consisted of commercial and residential development as well as two shopping complexes. The revenues from these projects would be used for social purposes including healthcare, education and vocational training to the disadvantaged in society. Since inception, the APIF has financed 47 projects in 22 countries with a cumulative approved amount of $1 billion.

IDB Sukuk Program: In line with IDB's strategy to be a regular issuer of Sukuk in global capital markets and be more transparent to its Sukuk investors, the IDB established a Medium Term Note (MTN) Program with a $1 billion limit in 2005, which was listed in Luxembourg. Under the program, IDB issued $500 million Sukuk in the same year. The Sukuk was fully repaid in June, 2010.

The MTN Program limit was subsequently increased to $3.5 billion by September, 2010, and it is currently listed on the official list of the Financial Services Authority (FSA) and admitted to trading on the Regulated Market of the London Stock Exchange and Bursa Malaysia under the exempt regime. Under this updated Program, the IDB made a public issuance of $500 million within the same year.

During 1432H, the IDB issued a £60 million Sukuk on a private placement basis. It was followed with a public issuance of $750 million, which was concluded in May 2011. Therefore, the total amount of Sukuk issued and currently outstanding under the existing $3.5 billion MTN Program is approximately $2.9 billion, leaving a balance of $0.6 billion to be utilized for future issuances.

Research and Development in Islamic Finance[21]

In carrying out its research, advisory, training and information activities for 1432H, the Islamic Research and Training Institute (IRTI) focused mainly on inclusive Islamic financial services and sustainable and comprehensive human development. In addition, it organized programs to create awareness on the role of Islamic finance in promoting financial stability and alleviating poverty. Overall, IRTI continued to pursue tasks related to the development of knowledge, capacity building and human capital development during the year. The objective was to prepare skilled human resources which can adopt and implement economic and financial principles from an Islamic perspective in IDB member and non-member countries.

IRTI's main activities during the year 1432H revolved around the following:

- **New initiatives**: A monthly lecture, a fortnightly research seminar and a weekly talk were initiated during 1432H.

- **Conferences, Seminars and Workshops**: IRTI organized 42 events (compare to 34 in 1431H) and participated in ten other events. It also organized the 6th IDB Global Forum on Islamic Finance on "Managing Liquidity and Enhancing the Size of Islamic Financial Institutions" in conjunction with the 36th Annual Meeting of IDB Board of Governors (Box 6.2).

[21]For further details please consult the IRTI Annual Report for 1432H.

Box 6.2
6th IDB Global Forum on Islamic Finance: "Managing Liquidity and Enhancing the Size of Islamic Financial Institutions"

The 6th IDB Global Forum on Islamic Finance was held on 27 June 2011 in conjunction with IDB Annual Meeting in Jeddah. The topics discussed were:

- Liquidity Management: Addressing the Present Challenges through Regulations and Creation of Appropriate Infrastructure
- Impact of Size of Islamic Banks on their Competitiveness

The discussions during the Forum highlighted a declining trend of liquidity in Islamic banking sector over the past few years and offered the reasons for this trend. The impact of the size of Islamic banks on their ability to absorb risks, improve competitiveness and contribute to economic development was also emphasized. Major recommendations of the Forum were:

- Accelerate the development of Liquidity Management guidelines by Islamic Financial Services Board (IFSB).
- Encourage countries and jurisdictions to apply AAOIFI and IFSB standards.
- Structure short-term and medium-term Sukuk to cover the dearth of short-term liquidity management instruments.
- Engage Islamic banks in dialogue to change the current business model from the commonly adopted two tier Murabaha to a more profit and loss sharing based financing.
- All types of banking institutions large, medium and small are needed in an economy to fill the various niches.

- **Training Programs**: 39 training programs were conducted during 1432H (compared to 24 in 1431H). These included 26 for Member Countries Assistance Training, six for Awareness Program for IDB Staff, four training program in collaboration with OIC affiliates, two for Global Islamic Leadership Program, one for training the trainers. In addition, two distance learning programs and one public-private training program were conducted. Overall 3,500 participants from Africa, Asia and Europe benefitted from the training.
- **Data on Islamic Banks**: The Islamic Banks Information System collected and published data for 125 banks in 1432H as against 36 in 1431H. The IRTI portal was updated to reflect the new status of IRTI, and data collection for Awqaf Database System along with the management of IRTI customer relationships were undertaken during the year.
- **Publication of Books**: IRTI published six books in Arabic, three in English, one in French, five issues of the IRTI Journals, three reports, three brochures, two catalogues and one newsletter.
- **Other Activities**: IRTI also awarded nine scholarships for students doing MA and PhD studies in different parts of the world. In addition, three Research grants to non-student researchers were awarded along with textbooks grants for university professors to produce university textbooks. In 1432H, the IDB Prize in Islamic Economics was given to the Islamic Foundation, UK (Box 6.3).

Box 6.3
IDB Prize for the Year 1432H

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

The IDB Prize in Islamic Economics for the year 1432H went to The Islamic Foundation, UK for its pioneering efforts in rendering important services to Islamic economics, its contributions to the establishment of Islamic economics as an independent field of inquiry through innovative research, teaching, training and publications and its sustained interest, intellectual support and continued commitment to the promotion of Islamic economics and the significant impact of its publications in Islamic economics and frequent citation of such publications.

The Prize was awarded to Dr. Muhammad Manazir Ahsan, Director General of the Islamic Foundation, UK.

Annex 1

PRICEWATERHOUSECOOPERS
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ISLAMIC DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

FINANCIAL STATEMENTS
29 Dhul Hijjah 1432H (25 November 2011)

with

INDEPENDENT JOINT AUDITORS' REPORT

Note: Detailed Financial Statements are Published Separately

PRICEWATERHOUSECOOPERS
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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 29 Dhul Hijjah 1432H (25 November 2011) 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 35 which form an integral part of the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions 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 29 Dhul Hijjah 1432H (25 November 2011), 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 note 2(a) which states that the Bank has followed other accounting standards for matters not addressed by the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions and that the accompanying financial statements represent the separate financial statements of the Bank.

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 Oboud Baeshan
Certified Public Accountant
Registration No. 382

كي بي إم جي الفوزان والسدحان
محاسبون ومراجعون قانونيون
C.R. 46
KPMG
س.ت.م رقم ٤٦
Certified Public Accountants
KPMG Al Fozan & Al Sadhan

14 Rabi Al Thani 1433H
7 March 2012
Jeddah

ISLAMIC DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF FINANCIAL POSITION
As of 29 Dhul Hijjah 1432H (25 November 2011)
(In Thousands of Islamic Dinars)

	Note	1432H	1431H (Restated)
ASSETS			
Cash and cash equivalents	4	**953,974**	487,008
Commodity placements through banks, net	5	**655,784**	889,440
Investments in Sukuk	6	**266,631**	198,455
Murabaha financing, net	7	**232,197**	327,421
Accrued income and other assets	8	**448,219**	309,670
Istisna'a assets, net	9	**2,077,134**	1,633,091
Installment financing receivables, net	10	**1,001,507**	869,033
Qard, net	11	**1,621,784**	1,467,140
Ijarah Muntahia Bittamleek, net	12	**1,788,082**	1,498,065
Investments in equity capital, net	14	**649,835**	803,976
Investments in subsidiaries and trust funds	15	**413,699**	391,206
Investments in associates	16	**51,475**	51,587
Other investments, net	17	**130,858**	79,836
Fixed assets, net	18	**59,978**	61,657
TOTAL ASSETS		**10,351,157**	9,067,585
LIABILITIES AND MEMBERS' EQUITY			
LIABILITIES			
Sukuk liability	19	**1,901,370**	1,374,591
Commodity purchase liabilities	20	**1,359,902**	1,015,951
Accruals and other liabilities	21	**460,199**	248,156
Total liabilities		**3,721,471**	2,638,698
MEMBERS' EQUITY			
Paid-up capital	23	**4,373,804**	4,031,071
General reserve	24	**1,769,766**	1,702,308
Fair value reserve		**377,116**	525,886
Net income for the year		**109,000**	169,622
Total members' equity		**6,629,686**	6,428,887
TOTAL LIABILITIES AND MEMBERS' EQUITY		**10,351,157**	9,067,585
Restricted Investment Accounts	28	**45,519**	43,326

The accompanying notes from 1 to 35 form an integral part of these financial statements.

ISLAMIC DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF INCOME
For the Year Ended 29 Dhul Hijjah 1432H (25 November 2011)
(In Thousands of Islamic Dinars)

	Notes	**1432H**	1431H (Restated)
Income from:			
Commodity placements through banks		**12,131**	10,720
Investments in Sukuk		**13,677**	14,370
Murabaha financing		**6,103**	10,889
Istisna'a assets		**72,061**	51,688
Installment financing		**39,868**	38,822
Qard service fees		**8,260**	13,070
Ijarah Muntahia Bittamleek		**183,654**	164,549
Investments in equity capital		**27,396**	33,561
Other income		**12,676**	19,239
		375,826	356,908
Depreciation of assets under Ijarah Muntahia Bittamleek	12	**(118,304)**	(91,639)
		257,522	265,269
Foreign exchange gain (loss), net		**1,276**	(8,445)
(Loss) / gain from Murabaha-based Profit Rate Swaps		**(1,187)**	33,300
Financing costs		**(48,314)**	(33,029)
Profit from operations		**209,297**	257,095
Administrative expenses:			
Staff costs		**(66,078)**	(55,995)
Depreciation on fixed assets	18	**(5,923)**	(1,951)
Other, net		**(18,133)**	(16,300)
Profit before provision for impairment of financial assets		**119,163**	182,849
Provision for impairment of financial assets	13	**(10,163)**	(13,227)
Net income for the year		**109,000**	169,622

The accompanying notes from 1 to 35 form an integral part of these financial statements.

ISLAMIC DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF CASH FLOWS
For the Year Ended 29 Dhul Hijjah 1432H (25 November 2011)
(In Thousands of Islamic Dinars)

	1432H	1431H (Restated)
CASH FLOWS FROM OPERATIONS		
Net income for the year	**109,000**	169,622
Adjustments to reconcile net income for the year to net cash from operating activities:		
Depreciation	**124,227**	93,590
Provision for impairment of financial assets	**10,163**	13,227
Investment fair value gains	**(5,136)**	(7,267)
Amortization of deferred grant income	**(600)**	(600)
Foreign exchange gain	**(325)**	(12,930)
Changes in operating assets and liabilities:		
Commodity placements through banks	**233,656**	(444,188)
Murabaha financing	**86,977**	248,005
Accrued income and other assets	**(138,549)**	4,099
Istisna'a assets	**(444,390)**	(306,483)
Installment financing receivables	**(132,694)**	(126,816)
Ijarah Muntahia Bittamleek	**(407,531)**	(232,750)
Qard	**(139,812)**	(143,213)
Accruals and other liabilities	**193,505**	(44,554)
Net cash utilized in operating activities	**(511,509)**	(790,258)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in Sukuk	**(80,486)**	(38,268)
Proceeds from disposal/redemption of investments in Sukuk	**16,342**	83,807
Investments in equity capital	**(19,046)**	(62,503)
Proceeds from disposal of investment in equity capital	**18,014**	3,089
Additions to other investments	**(63,260)**	(12,302)
Proceeds from disposal of other investments	**14,143**	7,553
Investment in subsidiaries and trust funds	**(22,493)**	(15,902)
Purchase of fixed assets	**(5,062)**	(6,436)
Net cash utilized in investing activities	**(141,848)**	(40,962)

(Continued) ....

The accompanying notes from 1 to 35 form an integral part of these financial statements.

ISLAMIC DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF CASH FLOWS (Continued)
For the Year Ended 29 Dhul Hijjah 1432H (25 November 2011)
(In Thousands of Islamic Dinars)

	Note	1432H	1431H (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase in paid-up capital		**342,733**	391,204
Technical assistance and scholarship program grants		**(10,029)**	(7,960)
Contribution to the principal of Islamic Solidarity Fund for Development (ISFD)		**(63,861)**	(65,120)
Payment of Islamic Corporation for the Development of the Private Sector (ICD) capital on behalf of member countries		**(8,794)**	(17,961)
Proceeds from issuance of Sukuk		**526,779**	685,708
Redemption of Sukuk		**-**	(332,827)
Commodity purchase liabilities		**343,951**	(529,834)
Net cash generated from financing activities		**1,130,779**	123,210
Increase/(decrease) in cash and cash equivalents		**477,422**	(708,010)
Impairment provision – Cash and cash equivalents		**(10,456)**	-
Cash and cash equivalents at the beginning of year		**487,008**	1,195,018
Cash and cash equivalents at the end of year	4	**953,974**	487,008

The accompanying notes from 1 to 35 form an integral part of these financial statements.

ISLAMIC DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF CHANGES IN MEMBERS' EQUITY
For the Year Ended 29 Dhul Hijjah 1432H (25 November 2011)
(In Thousands of Islamic Dinars)

	Note	Paid-up Capital	General reserve	Fair value reserve	Net income for the year	Total
Balance at 1 Muharram 1430H						
(previously reported)		3,639,867	1,677,938	424,965	124,763	5,867,533
Prior year adjustments	30	-	-	-	2,623	2,623
Balance at 1 Muharram 1430H						
(restated)		3,639,867	1,677,938	424,965	127,386	5,870,156
Increase in paid-up capital	23	391,204	-	-	-	391,204
Net unrealized gains from equity and other investments	14,17	-	-	100,921	-	100,921
Increase in the actuarial losses relating to retirement and medical plans	22	-	(11,975)	-	-	(11,975)
Payment of ICD share capital on behalf of member countries		-	(17,961)	-	-	(17,961)
Contribution to the principal amount of ISFD		-	(65,120)	-	-	(65,120)
Net income for the year ended 30 Dhul Hijjah 1431H		-	-	-	169,622	169,622
Transfer to general reserve	24	-	127,386	-	(127,386)	-
Allocation for grants	24	-	(7,960)	-	-	(7,960)
Balance at 30 Dhul Hijjah 1431H		4,031,071	1,702,308	525,886	169,622	6,428,887
Increase in paid-up capital	23	342,733				342,733
Net unrealized losses from investments in equity	14			(148,770)		(148,770)
Increase in the actuarial losses relating to retirement and medical plans	22		(19,480)			(19,480)
Payment of ICD share capital on behalf of member countries			(8,794)			(8,794)
Contribution to the principal amount of ISFD	26		(63,861)			(63,861)
Net income for the year ended 29 Dhul Hijjah 1432H					109,000	109,000
Transfer to general reserve	24		169,622		(169,622)	-
Allocation for grants	24		(10,029)			(10,029)
Balance at 29 Dhul Hijjah 1432H		4,373,804	1,769,766	377,116	109,000	6,629,686

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
(IDB – WAQF FUND)

FINANCIAL STATEMENTS
29 Dhul Hijjah 1432H (25 November 2011)

with

INDEPENDENT JOINT AUDITORS' REPORT

Note: Detailed Financial Statements are Published Separately

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

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 the Islamic Development Bank - Special Account Resources Waqf Fund (the Fund) as of 29 Dhul Hijjah 1432H (25 November 2011) 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 33 which form an integral part of the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Financial Accounting Standards issued by the Accounting and Auditing 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 29 Dhul Hijjah 1432H (25 November 2011), 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 note 2(a) which states that the Fund has followed other accounting standards for matters not addressed by the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions and that the accompanying financial statements represent the separate financial statements of the Fund.

PricewaterhouseCoopers	**KPMG Al Fozan & Al Sadhan**
Sami E. Farah	Ebrahim O. Baeshen
Certified Public Accountant	Certified Public Accountant
Registration No. 168	Registration No. 382

14 Rabi Al Thani 1433H
7 March 2012
Jeddah

ISLAMIC DEVELOPMENT BANK
SPECIAL ACCOUNT RESOURCES WAQF FUND
STATEMENT OF FINANCIAL POSITION
As of 29 Dhul Hijjah 1432H (25 November 2011)
(In Thousands of Islamic Dinars)

	Notes	**1432H**	1431H (Restated)
ASSETS			
Cash and cash equivalents	4	**59,304**	160,045
Commodity placements through banks, net	5	**415,055**	633,496
Investment in Murabaha	6	**221**	2,198
Receivable from related parties	7	**103,243**	22,705
Investment in units	8	**78,410**	78,410
Investment in subsidiaries	9	**60,516**	60,516
Investments in Sukuk	10	**87,831**	85,192
Investment in equity, net	11	**19,324**	6,393
Investment in associates	12	**9,523**	7,006
Instalment financing receivables, net	13	**1,780**	2,907
Investment in Ijarah	14	**18,539**	15,004
Istisna'a assets, net	15	**756**	1,159
Qard, net	16	**156,720**	165,356
Accrued income and other assets		**8,524**	8,180
Other investments	17	**202,552**	158,899
Fixed assets, net	19	**23,987**	18,246
TOTAL ASSETS		**1,246,285**	1,425,712
LIABILITIES			
Commodity purchase liabilities	20	**361,296**	542,690
Accruals and other liabilities	21	**29,079**	7,484
Specific deposit from IDB – Unit Investment Fund	8	**9,505**	9,505
TOTAL LIABILITIES		**399,880**	559,679
NET ASSETS		**846,405**	866,033
REPRESENTED BY:			
Waqf Fund principal amount	32	**761,179**	758,343
Special assistance	32	**(56,077)**	(29,831)
Special account for Least Developed Member Countries	32	**141,303**	137,521
		846,405	866,033

The accompanying notes from 1 through 33 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 29 Dhul Hijjah 1432H (25 November 2011)
(All amounts in Thousands of Islamic Dinars unless otherwise stated)

	Notes	1432H				1431H (Restated)
		Waqf Fund Principal Amount	Special Assistance	Special Account for LDMC	Total	Total
Income from:						
Commodity placements through banks		-	-	-	7,937	6,003
Investment in Murabaha		-	-	-	267	387
Investment in units		-	-	-	2,628	3,639
Investment in Sukuk		-	-	-	4,885	5,432
Instalment financing receivable		-	-	-	303	334
Investment in Ijarah		-	-	-	154	87
Istisna'a assets		-	-	-	75	124
Other investments		-	-	-	4,067	18,442
Dividend income		-	-	-	477	-
Other Income - Restated		-	-	-	500	-
					21,293	34,448
Foreign currency exchange gains		-	-	-	1,737	2,482
Financing costs		-	-	-	(4,943)	(4,158)
					18,087	32,772
Provision for impairment of assets	18	-	-	-	(250)	345
Attributable net income		-	-	-	17,837	33,117
Allocation of attributable net income	23	2,601	11,769	3,467	-	-
Share of income transferred from IDB-OCR	24	7	31	10	48	179
Contributions from IDB-OCR for technical assistance grants and scholarship program	25	-	10,028	-	10,028	7,960
Income before grants and program expenses		2,608	21,828	3,477	27,913	41,256
Grants for causes	22	-	(37,719)	-	(37,719)	(29,076)
Program expenses	22	-	(11,204)	-	(11,204)	(16,962)
		2,608	(27,095)	3,477	(21,010)	(4,782)
Capital losses		-	(141)	-	(141)	(320)
Change in net assets / (liabilities)		**2,608**	**(27,236)**	**3,477**	**(21,151)**	**(5,102)**
Fair value reserve		228	990	305	1,523	2,135
Net assets at the beginning of the year, as previously reported		757,856	(31,941)	136,873	862,788	870,285
Prior year adjustments	31	487	2,110	648	3,245	(1,285)
Net assets at the beginning of the year, as restated		758,343	(29,831)	137,521	866,033	869,000
Net assets / (liabilities) at end of the year	**32**	**761,179**	**(56,077)**	**141,303**	**846,405**	**866,033**

The attached notes from 1 through 33 form an integral part of these financial statements.

ISLAMIC DEVELOPMENT BANK
SPECIAL ACCOUNT RESOURCES WAQF FUND
STATEMENT OF CASH FLOWS

For the Year Ended 29 Dhul Hijjah 1432H (25 November 2011)
(All amounts in Thousands of Islamic Dinars unless otherwise stated)

	Note	1432H	1431H (Restated)
CASH FLOWS FROM OPERATIONS:			
Attributable net income		**17,837**	33,117
Adjustments to reconcile attributable net income to net cash provided by (used in) operating activities:			
Depreciation		**886**	810
Provision for impairment		**250**	2,872
Foreign exchange loss		**619**	-
Change in operating assets and liabilities:			
Investment in Murabaha		**10,605**	3,736
Instalment financing receivable		**1,127**	1,027
Istisna'a assets		**403**	369
Qard		**8,636**	(12,359)
Accrued income and other assets		**(344)**	22,323
Accruals and other liabilities		**21,595**	524
Special Assistance Program Expenses		**(11,204)**	(16,962)
Grant for Causes		**(37,719)**	(29,076)
Net cash provided operations		**12,691**	6,381
CASH FLOWS FROM INVESTING ACTIVITIES:			
Commodity placements through banks		**218,441**	(527,923)
Investment in units		**-**	(1,379)
Investment in equity		**(12,492)**	(1,346)
Investment in Associates		**(2,517)**	-
Investment in Ijara		**6,053**	(11,419)
Investments in Sukuk		**(22,299)**	31,404
Redemption of Sukuk		**18**	-
Other investments		**(42,153)**	7,135
Specific deposit from IDB - Unit Investment Fund		**-**	192
Additions to fixed assets		**(6,627)**	(21)
Net cash provided by / (used in) investing activities		**138,424**	(503,357)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Changes in receivable from IDBG Entities		**(80,538)**	18,420
Commodity purchase liabilities		**(181,394)**	187,485
Income transferred from IDB-OCR		**48**	179
Contribution from IDB		**10,028**	7,960
Net cash used in financing activities		**(251,856)**	214,044
Net decrease in cash and cash equivalents		**(100,741)**	(282,932)
Cash and cash equivalents at beginning of the year		**160,045**	442,977
Cash and cash equivalents at end of the year	4	**59,304**	160,045

The attached notes from 1 through 33 form an integral part of these financial statements.

Annex 3
Voting Power of IDB Board of Executive Directors
(As of 29 Dhul Hijjah 1432H (25 November 2011)

	Executive Directors	Countries Represented	Votes	%	Total
1	Dr. Hamad Bin Suleiman Al Bazai (Saudi Arabia)	Saudi Arabia	325,116	24.09	325,116
2	Bader Abdullah Abuaziza (Libya)	Libya	123,177	9.13	123,177
3	Dr. Asghar Abolhasani Hastiani (Iran)	Iran	108,464	8.04	108,464
4	Abdulwahab Saleh Al Muzaini (Kuwait)	Kuwait	99,088	7.34	99,088
5	Zeinhom Zahran (Egypt)	Egypt	98,775	7.32	98,775
6	Ali Hamdan Ahmed (United Arab Emirates)	U.A.E	96,302	7.13	96,302
7	Ismail Omar Al Dafa (Qatar)	Qatar	90,952	6.74	90,952
8	Ibrahim Halil Çanakci (Turkey)	Turkey	90,105	6.68	90,105
9	Mohammed Gambo Shuaibu (Nigeria)	Nigeria	75,687	5.61	75,687
10	Dr.Wan Abdulaziz Wan Abdullah (Malaysia)	Malaysia	23,097	1.71	
		Brunei Darussalam	4,024	0.30	
		Indonesia	32,383	2.40	
		Suriname	1,209	0.09	60,714
11	Musharraf Hossain Bhuiyan (Bangladesh)	Bangladesh	14,328	1.06	
		Afghanistan	1,320	0.10	
		Maldives	1,209	0.09	
		Pakistan	33,654	2.49	50,511
12	Adel Ben Ali (Tunisia)	Tunisia	2,448	0.18	47,038
		Algeria	35,734	2.65	
		Mauritania	1,308	0.10	
		Morocco	7,548	0.56	
13	Mohamed Jawad Bin Hassan Suleman (Oman)	Oman	4,413	0.33	
		Bahrain	2,489	0.18	
		Sudan	5,992	0.44	
		Yemen	7,413	0.55	20,306
14	Mohamed Ahmed Abu Awad (Palestine)	Palestine	1,981	0.15	
		Iraq	4,207	0.31	
		Jordan	6,561	0.49	
		Lebanon	1,477	0.11	
		Syria	1,921	0.14	16,147
15	Sékou Ba (Burkina Faso)	Burkina Fasso	2,964	0.22	
		Gambia	1,209	0.09	
		Mali	1,864	0.14	
		Niger	2,449	0.18	
		Senegal	3,985	0.30	
		Togo	996	0.07	13,468
16	António Fernando Laice (Mozambique)	Mozambique	1,212	0.09	
		Chad	1,272	0.09	
		Comoros	857	0.06	
		Djibouti	996	0.07	
		Gabon	4,492	0.33	
		Somalia	996	0.07	
		Uganda	2,672	0.20	12,497
17	Diomande Kanvaly (Côte d'Ivoire)	Côte d'Ivoire	858	0.06	
		Benin	1,982	0.15	
		Cameroon	3,827	0.28	
		Guinea	3,639	0.27	
		Guinea-Bissau	996	0.07	
		Sierra Leone	996	0.07	12,299
18	Yerlan Alimzhanuly Baidaulet (Kazakhstan)	Kazakhstan	1,983	0.15	
		Albania	1,209	0.09	
		Azerbaijan	1,898	0.14	
		Kyrgyz	1,209	0.09	
		Tajikistan	996	0.07	
		Turkmenistan	996	0.07	
		Uzbekistan	838	0.06	9,129
	TOTAL		**1,349,774**	**100**	**1,349,774**

Annex 4
Comparative Statement Showing OCR
Actual Expenditure for 1431H and 1432H and Approved Budget for 1433H*

(ID thousand)

No.	Description	Actual Expenditure		Approved Budget
		1431H (2009-2010)	1432H (2010-2011)	1433H (2011-2012)
1.	**Annual Meeting and BED Expenses**	**2,659**	**2,435**	**3,185**
	a . Annual Meeting Expenses	1,259	1,285	1,076
	b . Board of Executive Directors Expenses	1,400	1,150	2,109
2.	**Personnel Cost**	**52,395**	**59,632**	**62,138**
	a . Salaries and Benefits	49,499	57,426	55,284
	b . Other Personnel Cost	944	1,058	1,194
	c . Young Professional Program	860	1,148	2,976
	d. New Staff Recruited	1,092	0	2,684
3.	**General Administrative Expenses**	**8,856**	**13,015**	**15,919**
	a. Business Travel	2,856	3,505	4,468
	b. Other General Administrative Expenses	6,000	9,510	11,451
4.	**Contingencies**	**0**	**0**	**200**
5.	**Regional Offices**	**1,948**	**3,124**	**3,257**
6.	**Capital Investment**	**1,642**	**1,801**	**1,857**
7.	**Specifically Approved Programs**	**1,850**	**1,303**	**2,530**
	Total	**69,350**	**81,310**	**89,086**
	Budget for Reform Initiatives			
8.	**Reform Related Items:**	**3,392**	**819**	**6,765**

* For the comparison purposes Actual Expenditure for 1431H & 1432H and1433H Approved Budget include Administrative Budget of ID 1.575 million for Trust Funds (Ex. Al-Quds & Al-Aqsa Funds). And, 1433H Personnel Cost for vacant positions is budgeted at ID 4.735 million under Reform related initiatives hence, total personnel cost for the year 1433H is budgeted at (ID 55.284 + ID4.735) ID 60.019 million.

Annex 5 (Part 1)
Islamic Development Bank – Ordinary Capital Resources
Statement of Subscriptions to Capital Stock and Voting Power as at 29 Dhul Hijja 1432H (November 25, 2011)

(Amount in ID million)

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%	3.268	0	1.732	1,320	0.10%
2	Albania	923	2.500	6.730	9.230	0.05%	2.499	0.001	0	1,209	0.09%
3	Algeria	45,922	124.260	334.960	459.220	2.55%	123.664	0.596	(0.000)	35,734	2.65%
4	Azerbaijan	1,819	4.920	13.270	18.190	0.10%	4.921	0.000	(0.001)	1,898	0.14%
5	Bahrain	2,588	7.000	18.880	25.880	0.14%	7.000	0	0.000	2,489	0.18%
6	Bangladesh	18,216	49.290	132.870	182.160	1.01%	47.574	0.001	1.715	14,328	1.06%
7	Benin	2,080	6.040	14.760	20.800	0.12%	4.484	1.052	0.504	1,982	0.15%
8	Brunei	4,585	12.410	33.440	45.850	0.25%	12.410	0.000	(0.000)	4,024	0.30%
9	Burkina Faso	2,463	12.410	12.220	24.630	0.14%	12.424	0.000	(0.014)	2,964	0.22%
10	Cameroon	4,585	12.410	33.440	45.850	0.25%	10.443	1.967	0.000	3,827	0.28%
11	Chad	977	4.920	4.850	9.770	0.05%	2.873	2.047	0.000	1,272	0.09%
12	Comoros	465	2.500	2.150	4.650	0.03%	0.560	1.940	0.000	857	0.06%
13	Côte d'Ivoire	465	2.500	2.150	4.650	0.03%	2.508	0	(0.008)	858	0.06%
14	Djibouti	496	2.500	2.460	4.960	0.03%	1.625	0.875	0.000	996	0.07%
15	Egypt	127,867	346.000	932.670	1278.670	7.10%	346.000	0.000	(0.000)	98,775	7.32%
16	Gabon	5,458	14.770	39.810	54.580	0.30%	12.742	2.028	0.000	4,492	0.33%
17	Gambia	923	2.500	6.730	9.230	0.05%	2.500	0	0.000	1,209	0.09%
18	Guinea	4,585	12.410	33.440	45.850	0.25%	8.564	3.846	0.000	3,639	0.27%
19	Guinea-Bissau	496	2.500	2.460	4.960	0.03%	2.212	0.288	0.000	996	0.07%
20	Indonesia	40,648	124.260	282.220	406.480	2.26%	116.524	7.736	(0.000)	32,383	2.40%
21	Iran	149,120	432.900	1058.300	1491.200	8.28%	337.918	57.696	37.286	108,464	8.04%
22	Iraq	4,824	13.050	35.190	48.240	0.27%	13.051	0	(0.001)	4,207	0.31%
23	Jordan	7,850	22.790	55.710	78.500	0.44%	21.568	0.003	1.219	6,561	0.49%
24	Kazakhstan	1,929	5.290	14.000	19.290	0.11%	5.290	0	0.000	1,983	0.15%
25	Kuwait	98,588	496.640	489.240	985.880	5.48%	496.640	0.000	0.000	99,088	7.34%
26	Kyrgyz Republic	923	2.500	6.730	9.230	0.05%	2.500	0	0.000	1,209	0.09%
27	Lebanon	977	4.920	4.850	9.770	0.05%	4.920	0	0.000	1,477	0.11%
28	Libya	170,446	494.810	1209.650	1704.460	9.47%	378.978	35.728	80.104	123,177	9.13%
29	Malaysia	29,401	79.560	214.450	294.010	1.63%	79.560	0.000	0.000	23,097	1.71%
30	Maldives	923	2.500	6.730	9.230	0.05%	2.501	0	(0.001)	1,209	0.09%
31	Mali	1,819	4.920	13.270	18.190	0.10%	4.581	0.339	(0.000)	1,864	0.14%
32	Mauritania	977	4.920	4.850	9.770	0.05%	3.230	1.690	0.000	1,308	0.10%
33	Morocco	9,169	24.810	66.880	91.690	0.51%	24.816	0	(0.006)	7,548	0.56%
34	Mozambique	923	2.500	6.730	9.230	0.05%	2.526	0	(0.026)	1,212	0.09%
35	Niger	2,463	12.410	12.220	24.630	0.14%	7.273	5.137	0.000	2,449	0.18%
36	Nigeria	138,400	401.770	982.230	1384.000	7.69%	63.469	0.492	337.809	75,687	5.61%
37	Oman	5,092	13.780	37.140	50.920	0.28%	13.780	0	0.000	4,413	0.33%
38	Pakistan	45,922	124.260	334.960	459.220	2.55%	102.849	21.411	0.000	33,654	2.49%
39	Palestine	1,955	9.850	9.700	19.550	0.11%	5.106	4.744	0.000	1,981	0.15%
40	Qatar	129,750	354.610	942.890	1297.500	7.21%	260.063	0	94.547	90,952	6.74%
41	Saudi Arabia	424,960	1,233.660	3015.940	4249.600	23.61%	1,132.410	0.000	101.250	325,116	24.09%
42	Senegal	5,280	15.330	37.470	52.800	0.29%	8.592	5.430	1.308	3,985	0.30%
43	Sierra Leone	496	2.500	2.460	4.960	0.03%	1.878	0.559	0.063	996	0.07%
44	Somalia	496	2.500	2.460	4.960	0.03%	2.501	0	(0.001)	996	0.07%
45	Sudan	8,321	24.160	59.050	83.210	0.46%	13.538	8.615	2.007	5,992	0.44%
46	Suriname	923	2.500	6.730	9.230	0.05%	2.501	0	(0.001)	1,209	0.09%
47	Syria	1,849	5.000	13.490	18.490	0.10%	5.002	0	(0.002)	1,921	0.14%
48	Tajikistan	496	2.500	2.460	4.960	0.03%	2.644	0	(0.144)	996	0.07%
49	Togo	496	2.500	2.460	4.960	0.03%	2.636	0	(0.136)	996	0.07%
50	Tunisia	1,955	9.850	9.700	19.550	0.11%	9.779	0.071	(0.000)	2,448	0.18%
51	Turkey	116,586	315.470	850.390	1165.860	6.48%	315.470	0	0.000	90,105	6.68%
52	Turkmenistan	496	2.500	2.460	4.960	0.03%	2.500	0	0.000	996	0.07%
53	U.A.E.	135,720	393.990	963.210	1357.200	7.54%	282.951	0.079	110.960	96,302	7.13%
54	Uganda	2,463	12.410	12.220	24.630	0.14%	9.495	2.915	0.000	2,672	0.20%
55	Uzbekistan	480	2.650	2.150	4.800	0.03%	2.299	0	0.351	838	0.06%
56	Yemen	9,238	24.810	67.570	92.380	0.51%	22.936	1.874	0.000	7,413	0.55%
Shortfall/(Overpayment), Net		0	0	0	0	0	0	(0.387)	0.388	0	0
Sub-Total		1,778,260	5,312.22	12,470.38	17,782.60	98.79%	4,372.546	168.773	770.902	1,349,774	100.00%
Uncommitted		21,740	28.50	188.91	217.40	1.21%	0	0	0	0	0
Grand Total		**1,800,000**	**5,340.720**	**12,659.290**	**18,000.000**	**100%**	**4,372.546**	**168.773**	**770.902**	**1,349,774**	**100%**

Annex 5 (Part 2) Islamic Development Bank - Ordinary Capital Resources Statement of IDB Share Capital Subscription As at 29 Dhul Hijja 1432H (November 25, 2011)						
Authorized Capital : ID 30 Billion.			(Amount in ID million)			
No.	**Country**	**No. of Shares**	**Called-up**	**Callable**	**Amount**	**% of Total**
1	Afghanistan	993	5.000	4.930	9.930	0.06
2	Albania	923	2.500	6.730	9.230	0.05
3	Algeria	45,922	124.260	334.960	459.220	2.55
4	Azerbaijan	1,819	4.920	13.270	18.190	0.10
5	Bahrain	2,588	7.000	18.880	25.880	0.14
6	Bangladesh	18,216	49.290	132.870	182.160	1.01
7	Benin	2,080	6.040	14.760	20.800	0.12
8	Brunei	4,585	12.410	33.440	45.850	0.25
9	Burkina Faso	2,463	12.410	12.220	24.630	0.14
10	Cameroon	4,585	12.410	33.440	45.850	0.25
11	Chad	977	4.920	4.850	9.770	0.05
12	Comoros	465	2.500	2.150	4.650	0.03
13	Côte d'Ivoire	465	2.500	2.150	4.650	0.03
14	Djibouti	496	2.500	2.460	4.960	0.03
15	Egypt	127,867	346.000	932.670	1278.670	7.10
16	Gabon	5,458	14.770	39.810	54.580	0.30
17	Gambia	923	2.500	6.730	9.230	0.05
18	Guinea	4,585	12.410	33.440	45.850	0.25
19	Guinea-Bissau	496	2.500	2.460	4.960	0.03
20	Indonesia	40,648	124.260	282.220	406.480	2.26
21	Iran	149,120	432.900	1058.300	1491.200	8.28
22	Iraq	4,824	13.050	35.190	48.240	0.27
23	Jordan	7,850	22.790	55.710	78.500	0.44
24	Kazakhstan	1,929	5.290	14.000	19.290	0.11
25	Kuwait	98,588	496.640	489.240	985.880	5.48
26	Kyrgyz Republic	923	2.500	6.730	9.230	0.05
27	Lebanon	977	4.920	4.850	9.770	0.05
28	Libya	170,446	494.810	1209.650	1704.460	9.47
29	Malaysia	29,401	79.560	214.450	294.010	1.63
30	Maldives	923	2.500	6.730	9.230	0.05
31	Mali	1,819	4.920	13.270	18.190	0.10
32	Mauritania	977	4.920	4.850	9.770	0.05
33	Morocco	9,169	24.810	66.880	91.690	0.51
34	Mozambique	923	2.500	6.730	9.230	0.05
35	Niger	2,463	12.410	12.220	24.630	0.14
36	Nigeria	138,400	401.770	982.230	1384.000	7.69
37	Oman	5,092	13.780	37.140	50.920	0.28
38	Pakistan	45,922	124.260	334.960	459.220	2.55
39	Palestine	1,955	9.850	9.700	19.550	0.11
40	Qatar	129,750	354.610	942.890	1297.500	7.21
41	Saudi Arabia	424,960	1233.660	3015.940	4249.600	23.61
42	Senegal	5,280	15.330	37.470	52.800	0.29
43	Sierra Leone	496	2.500	2.460	4.960	0.03
44	Somalia	496	2.500	2.460	4.960	0.03
45	Sudan	8,321	24.160	59.050	83.210	0.46
46	Suriname	923	2.500	6.730	9.230	0.05
47	Syria	1,849	5.000	13.490	18.490	0.10
48	Tajikistan	496	2.500	2.460	4.960	0.03
49	Togo	496	2.500	2.460	4.960	0.03
50	Tunisia	1,955	9.850	9.700	19.550	0.11
51	Turkey	116,586	315.470	850.390	1165.860	6.48
52	Turkmenistan	496	2.500	2.460	4.960	0.03
53	U.A.E.	135,720	393.990	963.210	1357.200	7.54
54	Uganda	2,463	12.410	12.220	24.630	0.14
55	Uzbekistan	480	2.650	2.150	4.800	0.03
56	Yemen	9,238	24.810	67.570	92.380	0.51
	Shortfall / (Overpayment), Net	0	0	0	0	0
Sub-Total		**1,778,260**	**5,312.22**	**12,470.38**	**17,782.60**	**98.79**
Uncommitted		21,740	28.50	188.91	217.40	1.21
Grand Total		**1,800,000**	**5,340.72**	**12,659.29**	**18,000.00**	**100.00**

Annex 6
Meetings of Board of Executive Directors During 1432H

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
05 Safar 1432H (09 January, 2011)	273	8*	6	-	10	-	3	11**	38	18
24-25 Rabi' Awwal 1432H (27-28 February 2011)	274	9	6	3	12	2	3	11	46	22
27-28 Jumad Awwal 1432H (01-02 May 2011)	275	16	7	8	16	1	3	10	61	38
24 Rajab 1432H (26 June 2011)	276	13	7	2	11	-	3	7	43	26
30 Sha'ban 1432H (31 July 2011)	277	10	5	5	8	-	3	9	40	21
20 Shawwal 1432H (18 September 2011)	278	8	3	6	8	1	3	8	37	19
24-25 Dhul Hijja 1432H (20-21 November 2011)	279	6	6	4	12	2	3	6	39	26
Total	7 meetings	70	40	28	77	6	21	62	304	170

* Projects + TAs.
** This column also includes TA Projects approved by the IDB President.
Note: Out of 304 items considered by the Board, Resolutions were adopted on 170 items while 62 items were approved by the President. The remaining 77 items which were considered by the Board on which no Resolution was required, pertain to Reports of B.E.D. Committees (excluding Report of the Audit Committee, Annual Budgets and Plans for 1433H, items under Executive Session and Any Other Business), standing items such as Adoption of the Agenda, Adoption of the Minutes, Brief Oral Report of the President, IDB, and other items for information.

Annex 7 Selected Basic Indicators for 2011									
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	32.4	3.2	48.7	7.1	17.9	575	30.0	..
2	Albania	3.2	0.5	76.9	2.5	13.3	4,131	25.0	..
3	Algeria	36.7	1.5	73.1	2.9	183.4	5,001	264.4	..
4	Azerbaijan	9.1	0.8	70.7	0.2	68.5	7,510	93.2	0.8
5	Bahrain	1.1	2.0	75.1	1.5	26.4	23,410	30.9	0.4
6	Bangladesh	166.7	1.4	68.9	6.3	115.0	690	282.9	81.9
7	Benin	9.9	2.8	56.1	3.8	7.5	756	14.8	507.0
8	Brunei	0.4	2.4	78.0	2.8	15.6	36,521	21.1	1.3
9	Burkina Faso	15.0	2.3	55.4	4.9	10.1	670	21.9	507.0
10	Cameroon	20.9	2.5	51.6	3.8	25.8	1,234	47.2	507.0
11	Chad	10.5	2.5	49.6	2.5	9.6	920	19.7	507.0
12	Comoros	0.7	2.1	61.1	2.2	0.6	853	0.8	380.2
13	Côte d’Ivoire	22.7	3.0	55.4	-5.8	23.8	1,049	35.7	507.0
14	Djibouti	0.8	2.5	57.9	4.8	1.3	1,500	2.2	177.7
15	Egypt	79.4	2.0	73.2	1.2	231.9	2,922	516.2	..
16	Gabon	1.5	1.5	62.7	5.6	16.7	10,982	24.3	507.0
17	Gambia	1.8	3.5	58.5	5.5	1.1	620	3.8	..
18	Guinea	10.6	2.5	54.1	4.0	4.6	438	11.5	..
19	Guinea-Bissau	1.7	2.2	48.1	4.8	1.0	586	1.9	507.0
20	Indonesia	240.5	1.2	69.4	6.4	834.3	3,469	1,122.6	9,068.0
21	Iran	75.9	1.5	73.0	2.5	475.1	6,260	930.2	11,165.0
22	Iraq	32.8	2.5	69.0	9.6	108.6	3,306	127.3	1,170.0
23	Jordan	6.3	2.3	73.4	2.5	28.4	4,542	36.9	0.7
24	Kazakhstan	16.2	1.2	67.0	6.5	180.1	10,951	214.8	148.4
25	Kuwait	3.7	2.8	74.6	5.7	171.1	46,461	150.0	0.3
26	Kyrgyz Republic	5.5	1.0	67.7	7.0	5.4	970	13.2	46.5
27	Lebanon	4.0	1.3	72.6	1.5	41.5	10,474	61.7	1,507.5
28	Libya	6.4	1.2	74.8	..	..	..	..	..
29	Malaysia	28.7	1.7	74.2	5.2	247.6	8,617	447.6	3.2
30	Maldives	0.3	1.6	76.8	6.5	2.1	6,499	2.7	15.4
31	Mali	13.8	3.0	51.4	5.3	11.0	796	18.3	507.0
32	Mauritania	3.3	2.4	58.6	5.1	4.0	1,227	7.2	288.5
33	Morocco	32.2	1.1	72.2	4.6	101.8	3,162	163.2	..
34	Mozambique	22.0	2.0	50.2	7.2	12.1	551	23.9	..
35	Niger	15.1	3.1	54.7	5.5	6.5	428	12.0	507.0
36	Nigeria	160.3	2.7	51.9	6.9	247.1	1,541	415.1	..
37	Oman	3.1	3.4	73.0	4.4	66.8	21,681	81.0	0.4
38	Pakistan	175.3	2.1	65.4	2.6	204.1	1,164	489.4	90.0
39	Palestine*	4.2	3.0	72.8	..	..	..	..	..
40	Qatar	1.8	4.0	78.4	18.7	173.2	97,967	181.9	3.6
41	Saudi Arabia	28.2	2.2	73.9	6.5	560.3	19,890	677.7	3.8
42	Senegal	13.4	2.4	59.3	4.0	14.7	1,096	25.5	507.0
43	Sierra Leone	6.0	2.6	47.8	5.1	2.1	347	5.1	..
44	Somalia	9.6	2.5	51.2	..	..	..	..	..
45	Sudan	32.7	..	61.5	-0.2	63.3	1,939	97.4	2.7
46	Suriname	0.5	1.1	70.6	5.0	3.9	7,281	5.1	3.3
47	Syria	21.2	1.0	75.9	-2.0	64.7	3,050	107.8	..
48	Tajikistan	7.8	2.1	67.5	6.0	6.8	862	16.0	4.8
49	Togo	7.1	2.5	57.1	3.8	3.6	511	6.4	507.0
50	Tunisia	10.7	1.1	74.5	0.0	48.9	4,593	101.8	1.5
51	Turkey	72.2	1.1	74.0	6.6	763.1	10,576	1,054.6	1.9
52	Turkmenistan	5.5	1.6	65.0	9.9	24.1	4,362	41.5	..
53	U.A.E.	5.4	3.0	76.5	3.3	358.1	66,625	261.2	3.7
54	Uganda	35.2	3.6	54.1	6.4	16.0	453	46.0	2,491.0
55	Uzbekistan	28.6	1.2	68.3	7.1	43.7	1,529	94.2	..
56	Yemen	25.1	3.0	65.5	-2.5	36.7	1,460	63.3	213.8
	All MCs	**1,585.8**	**1.4**	**65.3**	**4.9**	**5,704.8**	**3,646**	**8,550.5**	**..**

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

Sources: Columns 3,4,6,7,8 and 9: IMF, World Economic Outlook online database, October 2011.
Column 5: UNDP, Human Development Report, 2011.
Column 10: IMF, International Financial Statistics online database, accessed on 29 January 2012.

Annex 8 Inflation (%)									
No.	**Country**	**1990**	**2000**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
1	Afghanistan	..	..	5.1	13.0	26.8	-12.2	7.7	8.4
2	Albania	-0.2	0.0	2.4	2.9	3.4	2.2	3.6	3.9
3	Algeria	9.3	0.3	2.3	3.6	4.9	5.7	3.9	3.9
4	Azerbaijan	..	1.8	8.4	16.6	20.8	1.5	5.7	9.3
5	Bahrain	-0.9	-0.7	2.0	3.3	3.5	2.8	2.0	1.0
6	Bangladesh	10.5	2.5	6.8	9.1	8.9	5.4	8.1	10.1
7	Benin	1.1	4.2	3.8	1.3	8.0	2.2	2.1	2.8
8	Brunei	2.1	1.2	0.2	1.0	2.1	1.0	0.4	1.8
9	Burkina Faso	-0.8	-0.1	2.4	-0.2	10.7	2.6	-0.6	1.9
10	Cameroon	1.5	0.8	4.9	1.1	5.3	3.0	1.3	2.6
11	Chad	0.5	3.8	8.1	-7.4	8.3	10.1	-2.1	2.0
12	Comoros	-7.4	5.9	3.4	4.5	4.8	4.8	2.7	5.8
13	Côte d'Ivoire	-0.7	-0.4	2.5	1.9	6.3	1.0	1.4	3.0
14	Djibouti	..	2.0	3.5	5.0	12.0	1.7	4.0	7.1
15	Egypt	21.2	2.8	4.2	11.0	11.7	16.2	11.7	11.1
16	Gabon	15.4	0.5	-1.4	5.0	5.3	1.9	1.4	2.3
17	Gambia	12.2	0.9	2.1	5.4	4.5	4.6	5.0	5.9
18	Guinea	25.7	6.8	34.7	22.9	18.4	4.7	15.5	20.6
19	Guinea-Bissau	33.0	8.6	0.7	4.6	10.4	-1.6	1.1	4.6
20	Indonesia	7.8	3.8	13.1	6.0	9.8	4.8	5.1	5.7
21	Iran	9.0	12.8	11.9	18.4	25.4	10.8	12.4	22.5
22	Iraq	..	..	53.2	30.8	2.7	-2.2	2.4	5.0
23	Jordan	16.2	0.7	6.3	4.7	13.9	-0.7	5.0	5.4
24	Kazakhstan	..	13.3	8.6	10.8	17.2	7.4	7.4	8.9
25	Kuwait	15.8	1.6	3.1	5.5	10.6	4.0	4.1	6.2
26	Kyrgyz Republic	..	18.7	5.6	10.2	24.5	6.8	7.8	19.1
27	Lebanon	68.9	-0.4	5.6	4.1	10.8	1.2	4.5	5.9
28	Libya	0.7	-2.9	1.4	6.2	10.4	2.8	2.5	..
29	Malaysia	3.0	1.6	3.6	2.0	5.4	0.6	1.7	3.2
30	Maldives	15.5	-1.2	3.5	7.4	12.3	4.0	4.7	12.1
31	Mali	1.6	-0.7	1.5	1.5	9.1	2.2	1.3	2.8
32	Mauritania	4.9	3.3	6.2	7.3	7.3	2.2	6.3	6.2
33	Morocco	6.0	1.9	3.3	2.0	3.9	1.0	1.0	1.5
34	Mozambique	43.7	12.7	13.2	8.2	10.3	3.3	12.7	10.8
35	Niger	-2.0	2.9	0.1	0.1	10.5	1.1	0.9	4.0
36	Nigeria	7.9	6.9	8.2	5.4	11.6	12.5	13.7	10.6
37	Oman	10.0	-1.2	3.4	5.9	12.6	3.5	3.3	3.8
38	Pakistan	9.1	3.6	7.9	7.8	12.0	20.8	11.7	13.9
39	Palestine*	..	..	..	..	..	..	..	..
40	Qatar	3.0	1.7	11.8	13.8	15.0	-4.9	-2.4	2.3
41	Saudi Arabia	2.1	-1.1	2.3	4.1	9.9	5.1	5.4	5.4
42	Senegal	0.3	0.7	2.1	5.9	5.8	-1.7	1.2	3.6
43	Sierra Leone	110.9	-0.9	9.5	11.7	14.8	9.2	17.8	18.0
44	Somalia	..	..	..	..	..	..	..	..
45	Sudan	-0.9	8.0	7.2	8.0	14.3	11.3	13.0	20.0
46	Suriname	21.8	58.6	11.3	6.4	14.6	-0.1	6.9	17.9
47	Syria	11.1	-3.9	10.4	4.7	15.2	2.8	4.4	6.0
48	Tajikistan	..	32.9	10.0	13.2	20.4	6.5	6.5	13.6
49	Togo	1.1	1.9	2.2	0.9	8.7	1.9	3.2	4.0
50	Tunisia	6.5	2.9	4.2	3.4	4.9	3.5	4.4	3.5
51	Turkey	60.3	55.0	9.6	8.8	10.4	6.3	8.6	6.0
52	Turkmenistan	..	8.0	8.2	6.3	14.5	-2.7	4.5	6.1
53	U.A.E.	0.6	1.3	9.3	11.1	12.3	1.6	0.9	2.5
54	Uganda	45.4	5.8	6.6	6.8	7.3	14.2	9.4	6.5
55	Uzbekistan	..	25.0	14.2	12.3	12.7	14.1	9.4	13.1
56	Yemen	..	12.2	10.8	7.9	19.0	3.7	11.2	19.0
	All MCs	**15.8**	**10.9**	**8.4**	**8.5**	**12.0**	**7.0**	**7.1**	**8.7**

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

Source: IMF, World Economic Outlook online database, October 2011.

Annex 9
Balance of Payments Indicators

No.	Country	Current Account Balance ($ billion)			Overall Balance ($ billion)			Gross Reserves in Months of Imports		
		2009	2010	2011	2008	2009	2010	2008	2009	2010
1	Afghanistan	-0.3	0.4	-0.2	..	..	..	..	..	..
2	Albania	-1.6	-1.4	-1.5	0.3	0.0	0.2	5.7	6.1	6.4
3	Algeria	0.4	12.5	25.2	36.6	3.5	..	43.8	44.7	47.7
4	Azerbaijan	10.2	15.0	15.5	2.5	-1.0	1.4	11.7	10.1	11.7
5	Bahrain	0.6	1.1	3.3	-0.3	-0.1	1.3	..	..	..
6	Bangladesh	3.1	2.4	0.1	1.0	4.3	1.0	3.0	4.9	4.6
7	Benin	-0.6	-0.5	-0.6	-0.1	-0.4	..	7.0	7.0	6.9
8	Brunei	4.3	5.6	7.6	0.0	0.2	..	3.6	5.6	..
9	Burkina Faso	-0.4	-0.3	-0.2	-0.6	-0.4	..	5.5	7.9	10.1
10	Cameroon	-0.8	-0.6	-1.0	0.3	0.2	0.007	7.6	9.4	9.5
11	Chad	-0.7	-2.7	-1.8	..	..	..	7.7	3.1	..
12	Comoros	0.0	0.0	-0.1	..	..	..	7.8	10.2	9.4
13	Côte d'Ivoire	1.7	1.1	0.2	0.2	1.0	..	3.6	5.7	6.2
14	Djibouti	-0.1	-0.1	-0.1	-0.009	0.0	-0.003	4.1	6.7	7.2
15	Egypt	-4.4	-4.3	-4.4	0.9	-1.6	-0.2	8.3	7.9	7.7
16	Gabon	0.7	1.4	2.5	..	..	..	9.1	9.6	12.7
17	Gambia	-0.1	-0.2	-0.2	0.0	0.0	-0.1	4.5	9.3	8.8
18	Guinea	-0.5	-0.6	-0.9	0.0	0.2	0.0	..	..	..
19	Guinea-Bissau	-0.1	-0.1	-0.1	-0.1	-0.1	..	6.5	8.7	..
20	Indonesia	13.6	5.6	1.5	-1.9	12.5	30.3	5.4	6.8	8.5
21	Iran	10.9	24.4	36.9	..	..	..	21.5	17.2	14.4
22	Iraq	-8.9	-2.6	-0.9	18.5	..	..	16.2	13.4	13.7
23	Jordan	-0.8	-1.3	-1.9	1.2	3.1	0.7	6.6	9.5	10.4
24	Kazakhstan	-4.4	4.3	10.7	2.2	2.5	4.7	6.5	9.5	12.7
25	Kuwait	25.9	36.9	57.2	0.6	3.8	0.6	9.2	11.5	11.4
26	Kyrgyz Republic	0.0	-0.3	-0.4	0.1	0.1	0.0	3.9	5.7	6.0
27	Lebanon	-3.4	-4.3	-6.1	7.3	8.9	3.1	14.9	20.3	20.8
28	Libya	9.4	10.3	..	12.9	5.2	4.2	54.3	52.0	48.6
29	Malaysia	31.8	27.4	28.0	-3.5	3.9	0.0	7.6	7.9	7.6
30	Maldives	-0.4	-0.6	-0.5	-0.1	0.0	0.0	2.5	3.2	4.0
31	Mali	-0.5	-0.7	-0.7	-0.1	0.4	..	4.5	7.4	7.8
32	Mauritania	-0.3	-0.3	-0.3	..	..	..	1.3	1.7	1.8
33	Morocco	-4.9	-3.9	-5.3	-5.7	-4.4	-3.0	7.1	8.0	7.7
34	Mozambique	-1.2	-1.0	-1.4	0.1	0.2	0.1	4.9	6.9	7.3
35	Niger	-1.3	-1.2	-1.7	0.1	-0.2	..	4.3	3.3	3.8
36	Nigeria	21.9	16.9	33.4	1.7	-10.5	-9.7	16.7	14.4	10.3
37	Oman	-0.6	5.1	9.7	1.8	1.1	1.5	6.8	7.8	7.9
38	Pakistan	-9.3	-3.9	0.4	-9.0	1.7	0.7	2.4	4.0	4.6
39	Palestine*	..	..	..	0.5	0.0	..	..	..	..
40	Qatar	10.0	32.2	56.5	..	..	..	4.4	9.4	16.7
41	Saudi Arabia	21.0	66.8	115.3	137.0	-32.6	35.3	50.4	49.4	51.6
42	Senegal	-0.9	-0.8	-1.1	-0.6	-0.2	..	3.4	5.4	5.5
43	Sierra Leone	-0.2	-0.5	-1.0	-0.2	-0.1	-0.3	5.0	7.5	5.5
44	Somalia	..	..	..	..	..	..	..	..	..
45	Sudan	-7.3	-4.4	-4.6	0.1	-0.5	-0.1	1.8	1.3	..
46	Suriname	0.0	0.0	0.0	0.1	0.2	0.0	4.4	5.9	5.5
47	Syria	-1.9	-2.3	-4.0	0.0	0.3	2.1	12.2	12.2	12.4
48	Tajikistan	-0.3	0.1	-0.2	-0.1	0.1	0.1	..	..	..
49	Togo	-0.2	-0.2	-0.3	-0.3	0.1	..	4.6	5.6	5.6
50	Tunisia	-1.2	-2.1	-2.8	1.7	1.6	-0.2	4.8	6.4	5.1
51	Turkey	-14.3	-48.4	-78.3	-2.8	0.9	15.0	4.9	5.2	5.2
52	Turkmenistan	-3.0	-2.3	-0.7	..	..	..	28.7	32.5	38.7
53	U.A.E.	8.2	21.2	36.9	..	..	..	2.1	2.5	2.8
54	Uganda	-1.2	-1.5	-0.6	-0.1	0.3	-0.3	6.3	8.1	7.6
55	Uzbekistan	0.7	2.6	3.5	..	..	..	13.3	12.4	15.0
56	Yemen	-2.6	-1.4	-1.9	0.4	-1.3	-1.5	9.9	8.8	7.2
	All MCs	**95.5**	**198.6**	**318.5**	**202.8**	**2.8**	**--**	**12.2**	**12.6**	**12.7**

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

Sources: Columns 3,4 and 5: IMF, World Economic Outlook online database, October 2011.
Columns 6,7 and 8: IMF, International Financial Statistics online database, accessed on 04 January 2012.
Columns 9,10 and 11: IDB staff computation based on UNCTAD online database, accessed on 19 December 2011.

No.	Country	Merchandise Exports (f.o.b.) Value ($ billion)	Merchandise Exports Annual Growth Rate (%)	Merchandise Exports Ten-Year Growth (%)	Merchandise Imports (c.i.f.) Value ($ billion)	Merchandise Imports Annual Growth Rate (%)	Merchandise Imports Ten-Year Growth (%)	Trade Balance ($ billion)	Terms of Trade (2000=100)	
		2010	2010	2001-2010	2010	2010	2001-2010	2010	2005	2010
1	Afghanistan	0.5	10.0	22.5	8.2	23.3	32.6	-7.7	108	106
2	Albania	1.4	43.5	18.7	4.3	-0.6	16.4	-2.9	94	100
3	Algeria	57.1	26.3	15.8	40.5	-0.6	18.1	16.6	164	182
4	Azerbaijan	21.4	45.3	35.3	6.6	7.8	19.6	14.8	136	157
5	Bahrain	29.6	28.2	17.0	11.5	25.9	15.0	18.1	114	114
6	Bangladesh	14.7	2.0	13.6	27.8	27.4	15.1	-13.1	80	57
7	Benin	0.5	25.6	5.2	7.2	19.4	38.6	-6.7	90	99
8	Brunei	8.3	28.1	11.8	3.1	22.6	9.8	5.1	165	187
9	Burkina Faso	0.6	36.5	14.0	2.0	15.6	17.0	-1.4	86	109
10	Cameroon	4.5	19.3	12.6	4.5	14.2	12.5	0.0	124	135
11	Chad	2.7	26.4	59.6	1.2	17.0	14.9	1.5	154	181
12	Comoros	0.0	6.3	-1.5	0.2	15.6	10.9	-0.2	53	71
13	Côte d'Ivoire	11.0	6.7	11.6	8.4	20.1	14.2	2.6	130	157
14	Djibouti	0.5	24.8	8.6	2.6	13.0	18.8	-2.2	85	81
15	Egypt	26.6	10.4	25.9	52.8	18.3	21.3	-26.2	124	139
16	Gabon	7.0	47.6	8.9	2.7	13.3	10.3	4.3	156	186
17	Gambia	0.1	11.3	10.8	0.9	4.2	10.2	-0.8	97	83
18	Guinea	2.2	72.3	16.6	4.1	11.9	27.8	-1.9	145	152
19	Guinea-Bissau	0.2	20.1	10.9	0.3	-15.5	14.0	-0.1	90	64
20	Indonesia	157.8	35.4	12.8	135.7	39.9	19.6	22.1	107	127
21	Iran	99.1	33.5	20.3	66.4	33.5	15.5	32.7	141	156
22	Iraq	46.7	28.9	23.7	28.0	18.5	22.1	18.7	155	186
23	Jordan	5.9	17.8	11.4	15.4	8.2	16.1	-9.5	88	85
24	Kazakhstan	47.6	29.9	22.4	29.9	-8.3	24.9	17.7	149	193
25	Kuwait	60.9	28.5	19.8	22.8	19.4	13.5	38.1	164	191
26	Kyrgyz Republic	1.1	14.7	12.3	7.2	-11.6	39.4	-6.1	104	105
27	Lebanon	3.9	19.1	18.6	19.8	14.6	14.6	-15.8	94	96
28	Libya	44.6	27.2	21.0	22.0	3.7	20.8	22.7	151	167
29	Malaysia	198.9	26.4	9.7	164.9	33.1	9.4	34.1	102	101
30	Maldives	0.1	25.3	6.7	1.2	18.5	15.9	-1.1	96	114
31	Mali	0.3	86.8	3.8	3.6	17.5	12.2	-3.3	94	156
32	Mauritania	2.1	22.9	19.9	2.6	20.6	15.1	-0.4	122	140
33	Morocco	16.6	23.4	10.4	35.1	8.5	15.8	-18.5	99	128
34	Mozambique	2.2	4.5	16.3	3.6	-5.3	15.6	-1.3	106	108
35	Niger	0.2	-59.9	9.1	1.6	1.1	21.6	-1.4	125	144
36	Nigeria	77.8	47.7	19.5	47.7	10.3	24.3	30.0	157	187
37	Oman	32.5	36.0	14.7	21.5	20.7	18.3	10.9	156	194
38	Pakistan	21.5	22.7	10.0	43.8	38.3	19.6	-22.3	75	62
39	Palestine*	..	..	..	..	..	..	..	..	..
40	Qatar	67.2	45.1	24.6	20.7	-9.2	28.0	46.4	160	190
41	Saudi Arabia	231.5	34.2	17.3	103.7	11.8	17.2	127.8	178	224
42	Senegal	1.9	3.4	10.2	4.4	-3.6	12.9	-2.4	97	102
43	Sierra Leone	0.3	41.8	16.5	1.0	25.5	8.4	-0.7	73	71
44	Somalia	0.5	19.7	22.5	1.3	23.2	16.8	-0.7	104	108
45	Sudan	8.8	25.8	23.1	9.7	14.7	22.5	-0.9	152	199
46	Suriname	0.8	48.4	17.3	0.5	0.2	11.7	0.2	128	178
47	Syria	15.5	36.6	9.6	26.4	17.2	17.2	-10.9	119	136
48	Tajikistan	1.2	18.3	7.9	2.7	6.0	19.8	-1.5	87	86
49	Togo	0.6	-13.7	12.0	1.0	0.3	12.5	-0.3	21	31
50	Tunisia	15.3	9.2	11.8	23.6	23.2	11.8	-8.3	93	90
51	Turkey	114.0	11.5	16.9	185.5	31.7	18.3	-71.6	97	92
52	Turkmenistan	3.4	7.3	6.6	5.6	-13.5	13.2	-2.2	157	210
53	U.A.E.	170.2	40.5	20.0	171.5	12.8	25.5	-1.2	139	160
54	Uganda	1.8	16.6	18.9	3.3	17.7	16.9	-1.6	96	116
55	Uzbekistan	5.8	20.2	17.2	8.5	1.1	20.3	-2.7	113	150
56	Yemen	8.1	65.8	10.8	10.5	8.7	19.7	-2.4	139	151
	All MCs	**1,655.7**	**30.2**	**16.3**	**1,441.7**	**19.6**	**17.7**	**213.9**	**112**	**124**

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

Sources: Columns 3 and 6: IMF, Direction of Trade Statistics online database, accesed on 25 November 2011.
Columns 4,5,7,8 and 9: IDB staff computation based on IMF, Direction of Trade Statistics online database, accesed on 25 November 2011.
Column 10: World Bank, Global Development Finance online database, accessed on 15 December 2011.
World Bank, World Development Indicators online database, accessed on 15 December 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		
		2010	2010	2010	2010	2010	2010	2010	2010
1	Afghanistan	2.3	534.2	15.2	0.01	2.1	0.1	1.9	85.5
2	Albania	4.7	305.5	40.5	0.5	30.0	4.0	5.5	36.8
3	Algeria	5.3	9.2	3.4	0.7	1.2	0.4	0.2	33.3
4	Azerbaijan	7.0	26.3	14.4	0.4	1.5	0.8	0.4	26.9
5	Bahrain	..	..	..	..	..	..	..	..
6	Bangladesh	25.0	130.1	22.8	1.0	5.3	0.9	1.2	80.0
7	Benin	1.2	101.8	18.4	0.0	3.5	0.6	1.1	92.2
8	Brunei	..	..	..	..	..	..	..	..
9	Burkina Faso	2.1	159.4	23.3	0.1	3.9	0.6	1.4	92.4
10	Cameroon	3.0	74.1	13.5	0.2	5.2	0.9	1.3	70.5
11	Chad	1.7	50.2	25.7	0.1	2.1	1.1	0.5	93.4
12	Comoros	0.5	2,696.6	90.1	0.004	23.7	0.8	6.3	96.7
13	Côte d'Ivoire	11.4	110.8	52.6	0.4	3.7	1.8	1.2	47.4
14	Djibouti	0.8	790.9	..	0.0	35.7	..	8.7	94.0
15	Egypt	34.8	131.8	16.2	3.0	11.2	1.4	3.3	59.3
16	Gabon	2.3	24.9	20.3	0.4	4.7	3.9	1.5	21.0
17	Gambia	0.5	3,134.5	63.3	0.0	130.4	2.6	47.4	81.7
18	Guinea	2.9	233.8	69.1	0.1	7.0	2.1	2.0	87.6
19	Guinea-Bissau	1.1	875.7	124.8	0.0	13.8	2.0	2.6	85.7
20	Indonesia	179.1	113.5	26.1	29.3	18.6	4.3	3.4	25.6
21	Iran	12.6	12.5	..	2.0	2.0	..	0.4	6.9
22	Iraq	..	..	..	..	..	..	..	..
23	Jordan	7.8	111.3	28.1	0.7	9.3	2.3	2.3	48.9
24	Kazakhstan	118.7	200.5	90.0	47.8	80.7	36.2	8.4	1.0
25	Kuwait	..	..	..	..	..	..	..	..
26	Kyrgyz Republic	4.0	226.4	93.2	0.6	31.6	13.0	4.2	61.2
27	Lebanon	24.3	483.8	62.2	4.3	84.8	10.9	32.0	5.8
28	Libya	..	..	..	..	..	..	..	..
29	Malaysia	81.5	41.0	35.5	13.3	6.7	5.8	1.0	4.3
30	Maldives	1.2	614.6	67.6	0.2	101.8	11.2	12.1	29.4
31	Mali	2.3	99.0	26.1	0.1	2.6	0.7	0.9	94.4
32	Mauritania	2.5	121.1	67.0	0.1	5.4	3.0	1.6	77.8
33	Morocco	25.4	144.5	28.7	3.3	18.8	3.7	5.0	34.2
34	Mozambique	4.1	128.9	43.8	0.1	2.8	1.0	1.6	67.0
35	Niger	1.1	121.2	20.5	0.0	2.9	0.5	1.0	85.4
36	Nigeria	7.9	9.6	4.5	0.3	0.4	0.2	0.1	54.8
37	Oman	..	..	..	..	..	..	..	..
38	Pakistan	56.8	265.2	30.9	4.3	20.3	2.4	5.0	59.1
39	Palestine*	..	..	..	..	..	..	..	..
40	Qatar	..	..	..	..	..	..	..	..
41	Saudi Arabia	..	..	..	..	..	..	..	..
42	Senegal	3.7	170.1	28.5	0.3	14.0	2.3	3.5	73.9
43	Sierra Leone	0.8	230.4	40.8	0.0	3.3	0.6	1.2	57.2
44	Somalia	2.9	..	..	0.0	..	..	..	55.1
45	Sudan	21.8	190.9	39.1	0.5	4.3	0.9	0.8	37.0
46	Suriname	..	..	..	..	..	..	..	..
47	Syria	4.7	35.0	8.3	0.6	4.7	1.1	1.0	74.1
48	Tajikistan	3.0	247.2	53.1	0.7	57.2	12.3	4.6	60.5
49	Togo	1.7	216.0	61.1	0.0	4.4	1.2	1.1	77.3
50	Tunisia	21.6	131.4	51.4	2.3	14.3	5.6	4.4	22.0
51	Turkey	293.9	257.8	40.4	58.7	51.5	8.1	10.1	3.3
52	Turkmenistan	0.4	6.5	2.3	0.2	2.4	0.9	0.2	77.2
53	U.A.E.	..	..	..	..	..	..	..	..
54	Uganda	3.0	185.7	17.9	0.1	4.0	0.4	1.5	85.7
55	Uzbekistan	7.4	62.4	19.0	0.6	5.0	1.5	1.0	29.9
56	Yemen	6.3	72.7	..	0.3	3.0	..	0.9	93.6
	All MCs	**1,007.1**	**56.9**	**30.6**	**177.4**	**10.0**	**5.4**	**1.8**	**22.3**

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

Sources: World Bank, Global Development Finance online database, accessed on 15 December 2011.
World Bank, World Development Indicators online database, accessed on 15 December 2011.

No.	Country	Total Receipt[1] ($ billion)				Total ODA Commitments ($ billion)			
		2000	2008	2009	2010	2000	2008	2009	2010
1	Afghanistan	0.16	4.94	6.31	6.43	0.12	6.31	6.72	7.56
2	Albania	0.23	0.84	0.79	0.84	0.34	0.55	0.30	0.49
3	Algeria	-0.40	0.34	3.03	0.63	0.26	0.26	0.30	0.29
4	Azerbaijan	0.67	2.29	1.02	0.77	0.17	0.28	0.58	0.20
5	Bahrain	1.49	..	..	..	0.12	..	..	..
6	Bangladesh	1.24	2.84	2.08	1.44	1.27	4.04	2.60	2.76
7	Benin	0.23	0.65	0.65	0.70	0.33	0.67	0.75	0.68
8	Brunei	..	..	..	..	..	..	..	..
9	Burkina Faso	0.19	1.04	1.08	1.10	0.45	1.30	1.74	0.96
10	Cameroon	0.22	0.59	0.76	0.22	0.44	1.25	1.10	0.79
11	Chad	-0.22	0.44	0.58	0.48	0.34	0.49	0.64	0.56
12	Comoros	-0.002	0.04	0.04	0.07	0.02	0.04	0.09	0.08
13	Côte d'Ivoire	0.72	0.24	-0.22	0.69	0.39	0.74	2.65	0.85
14	Djibouti	0.09	0.17	0.33	0.11	0.09	0.13	0.15	0.18
15	Egypt	3.27	17.32	7.27	6.31	1.68	1.98	1.25	2.53
16	Gabon	0.08	-0.36	-0.28	0.51	0.08	0.12	0.11	0.21
17	Gambia	0.05	0.10	0.15	0.12	0.05	0.07	0.13	0.20
18	Guinea	0.33	0.23	0.19	0.21	0.18	0.42	0.21	0.15
19	Guinea-Bissau	0.08	0.12	0.13	0.15	0.09	0.13	0.13	0.15
20	Indonesia	2.36	3.33	5.42	6.17	2.03	3.67	3.40	2.91
21	Iran	0.02	-1.42	-1.13	-1.49	0.15	0.14	0.10	0.13
22	Iraq	0.11	4.94	2.95	2.54	0.08	12.78	3.07	2.34
23	Jordan	0.57	0.50	1.37	1.58	0.57	1.12	1.20	1.16
24	Kazakhstan	0.75	3.43	2.45	1.00	0.30	0.18	0.19	0.31
25	Kuwait	..	..	..	..	..	..	..	..
26	Kyrgyz Republic	0.22	0.42	0.33	0.43	0.26	0.38	0.37	0.54
27	Lebanon	0.05	1.11	0.52	0.85	0.16	1.19	0.52	0.49
28	Libya	..	1.99	1.20	-0.43	..	0.08	0.02	0.05
29	Malaysia	-0.31	1.09	5.59	6.91	1.19	0.13	0.11	0.10
30	Maldives	0.01	0.07	0.06	0.12	0.03	0.08	0.10	0.10
31	Mali	0.31	0.94	0.97	1.11	0.54	1.29	1.51	1.07
32	Mauritania	0.22	0.45	0.41	0.39	0.27	0.37	0.15	0.38
33	Morocco	0.62	3.45	2.11	3.30	0.69	2.87	1.74	2.14
34	Mozambique	1.18	1.89	2.04	2.86	1.18	2.89	2.23	2.31
35	Niger	0.18	0.58	0.47	0.69	0.33	0.87	0.46	0.62
36	Nigeria	-1.99	2.55	4.00	1.60	0.37	1.96	3.08	1.46
37	Oman	0.20	0.24	0.08	1.11	0.15	0.02	0.19	0.02
38	Pakistan	0.17	3.21	3.25	3.39	1.19	2.70	5.43	5.10
39	Palestine*	0.55	2.47	2.85	2.53	0.68	2.60	3.07	2.49
40	Qatar	..	..	..	..	..	..	..	..
41	Saudi Arabia	-0.98	..	..	..	0.02	..	..	..
42	Senegal	0.48	1.36	1.40	0.94	0.71	1.27	1.31	1.51
43	Sierra Leone	0.19	0.39	0.46	0.46	0.29	0.41	0.39	0.53
44	Somalia	0.10	0.77	0.67	0.48	0.08	0.86	0.60	0.40
45	Sudan	0.32	2.59	2.39	2.15	0.28	3.14	2.58	2.21
46	Suriname	0.02	0.12	0.19	0.13	0.02	0.09	0.23	0.04
47	Syria	0.21	0.27	0.50	0.27	0.12	0.42	0.70	0.50
48	Tajikistan	0.12	0.31	0.43	0.45	0.18	0.40	0.40	0.47
49	Togo	0.06	0.31	0.55	0.28	0.05	0.50	0.62	0.54
50	Tunisia	0.66	1.61	0.82	0.31	0.58	1.07	0.85	0.72
51	Turkey	8.72	13.99	4.07	9.97	0.69	1.65	1.35	1.77
52	Turkmenistan	0.29	-0.08	-0.07	0.66	0.02	0.04	0.02	0.05
53	U.A.E.	..	..	..	..	..	..	..	..
54	Uganda	0.83	1.88	1.99	1.85	0.94	2.24	2.45	2.12
55	Uzbekistan	0.45	0.10	0.30	0.30	0.09	0.21	0.40	0.78
56	Yemen	0.34	1.39	1.11	-0.45	0.44	0.95	1.62	0.94
	All MCs	**25.44**	**88.09**	**73.65**	**73.23**	**21.11**	**67.35**	**59.91**	**54.92**

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

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

Source: OECD, Development Assistance Committee (DAC) Statistics online database, accessed on 27 December 2011.

Annex 13
Social Development Indicators of IDB Member Countries

No.	Country	Human Development Index (2011)			Basic Capabilities Index**			Total Expenditure on Health (% of GDP) (2009)	Public Expenditure on Education (% of GDP) (Latest available year)
		HDI Rank	Index	Status	BCI (2000)	BCI (2011)	BCI Status (2011)		
1	Afghanistan	172	0.4	Low	44.7	..	..	7.4	..
2	Albania	70	0.7	High	96.4	96.0	Medium	6.9	3.1
3	Algeria	96	0.7	Medium	90.7	92.2	Medium	4.1	4.3
4	Azerbaijan	91	0.7	High	90.2	93.1	Medium	5.8	3.3
5	Bahrain	42	0.8	Very High	96.0	97.1	Medium	4.5	2.9
6	Bangladesh	146	0.5	Low	60.9	69.6	Critical	3.4	2.4
7	Benin	167	0.4	Low	70.4	75.6	Very Low	4.2	4.5
8	Brunei	33	0.8	Very High	99.1	97.9	Medium	2.9	2.0
9	Burkina Faso	181	0.3	Low	52.8	62.4	Critical	6.4	4.6
10	Cameroon	150	0.5	Low	65.0	72.6	Very Low	5.6	3.5
11	Chad	183	0.3	Low	47.2	47.9	Critical	7.0	2.4
12	Comoros	163	0.4	Low	73.7	77.5	Very Low	3.4	7.6
13	Côte d'Ivoire	170	0.4	Low	69.1	68.0	Critical	5.2	4.6
14	Djibouti	165	0.4	Low	68.8	74.9	Very Low	7.0	8.4
15	Egypt	113	0.6	Medium	85.5	89.7	Low	5.0	3.8
16	Gabon	106	0.7	Medium	85.6	86.0	Low	3.5	3.8
17	Gambia	168	0.4	Low	67.2	70.2	Critical	6.0	5.0
18	Guinea	178	0.3	Low	56.6	64.2	Critical	5.7	2.4
19	Guinea-Bissau	176	0.4	Low	51.9	56.0	Critical	6.1	5.2
20	Indonesia	124	0.6	Medium	86.5	88.4	Low	2.4	2.8
21	Iran	88	0.7	High	90.9	94.2	Medium	5.5	4.7
22	Iraq	132	0.6	Medium	81.8	86.8	Low	3.9	..
23	Jordan	95	0.7	Medium	96.0	95.6	Medium	9.3	4.9
24	Kazakhstan	68	0.7	High	94.3	96.3	Medium	4.5	3.1
25	Kuwait	63	0.8	High	92.9	96.7	Medium	3.3	3.8
26	Kyrgyz Republic	126	0.6	Medium	90.4	94.1	Medium	6.8	6.2
27	Lebanon	71	0.7	High	..	95.9	Medium	8.1	1.8
28	Libya	64	0.8	High	..	97.3	Medium	3.9	2.7
29	Malaysia	61	0.8	High	96.0	97.7	Medium	4.8	4.1
30	Maldives	109	0.7	Medium	90.1	96.6	Medium	8.0	11.5
31	Mali	175	0.4	Low	52.8	61.4	Critical	5.6	4.5
32	Mauritania	159	0.5	Low	66.2	69.2	Critical	2.5	2.8
33	Morocco	130	0.6	Medium	81.6	82.2	Low	5.5	5.6
34	Mozambique	184	0.3	Low	52.4	67.9	Critical	6.2	5.0
35	Niger	186	0.3	Low	43.2	56.9	Critical	6.1	3.8
36	Nigeria	156	0.5	Low	61.5	63.8	Critical	5.8	..
37	Oman	89	0.7	High	93.4	95.2	Medium	3.0	4.4
38	Pakistan	145	0.5	Low	58.3	67.5	Critical	2.6	2.4
39	Palestine*	114	0.6	Medium	..	..	..	..	..
40	Qatar	37	0.8	Very High	98.3	97.1	Medium	2.5	2.4
41	Saudi Arabia	56	0.8	High	..	94.8	Medium	5.0	5.6
42	Senegal	155	0.5	Low	67.2	70.2	Critical	5.7	5.6
43	Sierra Leone	180	0.3	Low	50.8	57.7	Critical	13.6	4.3
44	Somalia	..	..	..	56.9	56.7	Critical	..	..
45	Sudan	169	0.4	Low	68.9	69.3	Critical	7.3	..
46	Suriname	104	0.7	Medium	86.3	91.4	Medium	7.2	..
47	Syria	119	0.6	Medium	92.7	94.8	Medium	2.9	4.9
48	Tajikistan	127	0.6	Medium	85.2	92.0	Medium	5.3	3.5
49	Togo	162	0.4	Low	69.2	76.9	Very Low	5.5	4.5
50	Tunisia	94	0.7	High	93.9	94.2	Medium	6.2	6.9
51	Turkey	92	0.7	High	89.1	94.2	Medium	6.7	2.9
52	Turkmenistan	102	0.7	Medium	90.7	93.9	Medium	2.3	..
53	U.A.E.	30	0.8	Very High	92.1	96.9	Medium	2.8	1.2
54	Uganda	161	0.4	Low	61.5	69.1	Critical	8.2	3.2
55	Uzbekistan	115	0.6	Medium	93.8	95.2	Medium	5.2	..
56	Yemen	154	0.5	Low	69.8	71.5	Very Low	5.6	5.2
	All MCs		**0.5**		**74.5**	**79.1**	**Very Low**	**4.6**	**3.6**

*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, 2011.
Columns 6,7 and 8: Social Watch, Basic Capabilities Index.
Column 9: WHOSIS online database, accessed on 21 December 2011.
Column 10: UNESCO Institute of Statistics online Database, accessed on 29 January 2012.

Annex 14
Global Hunger Index

No.	Country	2001	2011	Status of Hunger (2011)
1	Afghanistan	..	..	..
2	Albania	8.2	<5	Low Hunger
3	Algeria	5.9	<5	Low Hunger
4	Azerbaijan	7.8	<5	Low Hunger
5	Bahrain	..	..	..
6	Bangladesh	27.6	24.5	Alarming Hunger
7	Benin	16.9	14.7	Serious Hunger
8	Brunei	..	..	..
9	Burkina Faso	21.7	17.2	Serious Hunger
10	Cameroon	19.4	17.7	Serious Hunger
11	Chad	31.0	30.6	Extremely Alarming Hunger
12	Comoros	30.1	26.2	Alarming Hunger
13	Côte d'Ivoire	16.4	18.0	Serious Hunger
14	Djibouti	25.3	22.5	Alarming Hunger
15	Egypt	<5	<5	Low Hunger
16	Gabon	7.3	5.2	Moderate Hunger
17	Gambia	16.4	15.0	Serious Hunger
18	Guinea	22.4	17.3	Serious Hunger
19	Guinea-Bissau	22.8	19.5	Serious Hunger
20	Indonesia	14.3	12.2	Serious Hunger
21	Iran	5.0	<5	Low Hunger
22	Iraq	..	..	..
23	Jordan	<5	<5	Low Hunger
24	Kazakhstan	5.3	<5	Low Hunger
25	Kuwait	<5	<5	Low Hunger
26	Kyrgyz Republic	8.7	5.5	Moderate Hunger
27	Lebanon	<5	<5	Low Hunger
28	Libya	<5	<5	Low Hunger
29	Malaysia	6.6	<5	Low Hunger
30	Maldives	..	..	..
31	Mali	23.2	19.7	Serious Hunger
32	Mauritania	16.9	12.7	Serious Hunger
33	Morocco	6.1	5.9	Moderate Hunger
34	Mozambique	28.4	22.7	Alarming Hunger
35	Niger	30.8	23.0	Alarming Hunger
36	Nigeria	18.2	15.5	Serious Hunger
37	Oman	..	..	..
38	Pakistan	21.9	20.7	Alarming Hunger
39	Palestine*	..	..	..
40	Qatar	..	..	..
41	Saudi Arabia	<5	<5	Low Hunger
42	Senegal	19.3	13.6	Serious Hunger
43	Sierra-Leone	30.7	25.2	Alarming Hunger
44	Somalia	..	..	..
45	Sudan	25.9	21.5	Alarming Hunger
46	Suriname	10.0	8.0	Moderate Hunger
47	Syria	5.4	<5	Low Hunger
48	Tajikistan	24.5	17.0	Serious Hunger
49	Togo	23.6	20.1	Alarming Hunger
50	Tunisia	<5	<5	Low Hunger
51	Turkey	<5	<5	Low Hunger
52	Turkmenistan	8.8	6.2	Moderate Hunger
53	U.A.E.	..	..	..
54	Uganda	17.7	16.7	Serious Hunger
55	Uzbekistan	10.7	6.3	Moderate Hunger
56	Yemen	27.9	25.4	Alarming Hunger

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

Source: IFPRI, "2011 Global Hunger Index: Taming Price Spikes and Excessive Food Price Volatility", October 2011.

Annex 15: List of Approved Projects and Operations, 1432H

(Amount in $ million)

S. No	Country	Project Name	Mode of Financing	Total Project Cost	IDB Financing	Approval Date (DD/MM/YY	Project Description
1	Afghanistan	National Program for Food Security	Grant (TA)	0.3	0.28	04/05/2009	The T.A operation aims at supporting the National Program of Afghanistan for foster food security.
2	Albania	United Bank of Albania (Additional Financing-I)	Equity	100.0	10.00	09/04/2011	The aim is to purchase the estimated 40% equity of the Government of Albania in the Bank.
3	Albania	Tirana – Elbasa Road Project	Istisna'a	407.0	222.7	26/01/2011	The project aims at providing efficient and uninterrupted roadway between Tirana and Albasan. The Project is envisaged to contribute to regional growth and improve traffic flow, reduce travel time and cost.
4	Azerbaijan	Upgrading & Reconstruction of Ujar-Zardab-Agjabadi Road (Feasibility Study)	T.A	0.32	0.30	25/05/2011	The feasibility study aims to prepare the detailed design of 76km road to be upgraded from Category-III to Category-II.
5	Azerbaijan	Integrated Rural Development Project	Istisna'a	99.38	66.39	8/5/2010	The project aims at reducing rural poverty in Agdash, Yevlakh, Sheki and Oghuz Areas through increased food security and enhanced income-generating opportunities.
6	Azerbaijan	Flood Protection; Modernization & Expansion of Irrigated Areas	Istisna'a	78.33	64.83	5/1/2011	The project aims at increasing agricultural production by protecting farm land from soil erosion, and reducing frequent flood damage through land reclamation. It also aims at modernizing and improving irrigation systems and efficient use of available water resources.
7	Bahrain	Capital Increase - Bahrain Islamic Bank	Equity	225	18.85	01/05/2011	The operation aims at increasing the equity of the IDB in Bahrain Islamic Bank, to enable the Bank to increase the volume of operations and Islamic finance.
8	Bahrain	Vocational Training Program for Women	Grant (TA)	0.23	0.11	15/01/2011	The TA aims at enhancing entrepreneurship skills of women to enable them to launch and manage their own businesses.
9	Bahrain	Expansion of Water Transmission Network	Istisna'a	273.00	191.00	26/06/2011	The project aims at meeting the growing water demand for domestic, commercial and industrial users through rational and efficient use of desalinated water and improving its supply and distribution in Al-Areen, Al-Salam and Hamad Towns. It includes the construction of 29 km of transmission pipeline and 19 groundwater storage tanks.
10	Bangladesh	Primary Education Development Project	Loan	22.28	18	26/06/2011	The project aims at improving the quality of primary education, enhancing enrolment and providing an environment conducive to learning. Under the project, schools will be built in cyclone and flood-prone rural areas that will also serve as Cyclone Shelters in times of disaster.

S. No	Country	Project Name	Mode of Financing	Total Project Cost	IDB Financing	Approval Date (DD/MM/YY	Project Description
11	Bangladesh	Establishment of 225MW Combined Cycle Power Plant at Bhola	Leasing	224.90	180	26/06/2011	The project aims at meeting the growing energy demand and help achieve energy security through the construction of a 225MW combined cycle power plant. The plant will utilize indigenous gas instead of expensive imported fuel.
12	Bangladesh	Ashuganj Power Station Efficiency & Improvement	Leasing	600	200	31/07/2011	The project aims at achieving energy efficiency in a sustainable and environment-friendly manner by replacing the inefficient steam and gas turbines with a higher capacity combined cycle power plant (450MW). It includes 3 renewable energy pilot projects: • A 5MW Solar Photo-Voltaic based grid-connected power plant • An off-grid 7.5MW hybrid (wind-solar) plant and • Retrofitting 1000km of street-lights in six cities based on Solar Photo-Voltaic LED-based technology.
13	Burkina Faso	Urban Dairy Development Project	Istisna'a & Loan	27.3	10.08	26/06/2011	The project aims at contributing to food security through enhanced dairy production and improving the quality of life of the population. The project will introduce high-performance breeds and artificial insemination techniques. It will also help increase awareness on the benefits of milk consumption and support milk-based nutrition programs.
14	Cameroon	Integrated Development of Cotton & Production of Food Crops	Installment Sale	19.50	16.17	30/07/2011	The project aims at making optimum utilization of the region's agricultural potential by helping increase cotton production through (i) improvement in the quality of cotton seeds; (ii) prevention of resistance to parasitism and rational management of the use of insecticides and (iii) optimization of variety selection program by installing a ginning laboratory.
15	Cameroon	Prevention of HIV Transmission	Grant (TA)	0.62	0.40	18/09/2011	The TA aims at reducing the spread of HIV and mitigate the transmission of the virus from expectant HIV positive mothers to their new born babies. The TA will introduce innovative approaches to fighting HIV.
16	Chad	Construction of Massakory –N'gouri – Bol Road	Istisna'a	257.39	120.00	18/09/2011	The project is part of the Trans-Saharan road network that will link Chad with Niger and further into West Africa. It will help enhance commercial, economic and social activities of the population by enabling easy access to markets and trade. The project is financed by a consortium of a regional financing institutions including BADEA, KFAED and SFD.

S. No	Country	Project Name	Mode of Financing	Total Project Cost	IDB Financing	Approval Date (DD/MM/YY	Project Description
17	Chad	Sustainable Villages Project (SVP)	Grant (TA) & Loan ISFD	22.11	11.87	20/11/2011	The project aims at reducing extreme poverty through low-cost & high impact multi-sectoral development interventions tailored to the community's specific needs.
18	Comoros	Improving Health Sector (Phase-III)	T.A.	0.50	0.44	01/05/2011	The TA aims at enhancing access to quality health services especially in the fields of Cardiology and Neurology.
19	Comoros	Capacity Building in Budget Resilience & Absorptive Capacity	T.A	0.60	0.60	01/05/2011	The TA aims at strengthening government's budget resilience through a comprehensive civil service reform to improve efficiency, transparency and accountability of public finances. It will develop the absorption capacity for borrowing and strengthen internal controls for effective financial management capacity of the Ministry of Finance. Line Ministries will also be strengthened for mobilization of resources.
20	Egypt	Supporting E-Learning for Hearing and Visually Impaired Students	T.A.	0.41	0.30	19/02/2011	The TA aims at improving the living conditions and social inclusion of hearing and visually impaired people in Egypt. The TA will help physically challenged students by improving their living conditions by enabling them access to primary education and building their I.T. skills. It will also help train teachers and NGOs involved in caring for physically challenged students.
21	Egypt	South Helwan Power Plant Project	Leasing	2,118.00	200.00	31/07/2011	The project aims at meeting the growing demand for power by increasing the power generation capacity of the Helwan Power Plant by installing a 1950MW Steam Power Plant in Helwan, South of Cairo. Other MDBs and Regional Institutions including WB, AfDB, KFAED & AFESD are also involved in financing the project.
22	Egypt	Al-Azhar Center for Teaching Arabic to Non-Native Speakers	Grant (TA)	3.55	0.30	30/03/2011	The project supports the launching of Al-Azhar University's Center for Teaching Arabic to Non-Native Speakers with the long term objective to make it a Center of Excellence in teaching Arabic.
23	Egypt	Youth Employment Support (YES) Program	Profit Sharing & Grant (TA)	52.88	50.34	23/11/2011	The project aims at improving the lives of the unemployed and youth by providing access to finance and helping them set up SMEs. This will lead to job creation, poverty reduction, and economic growth.
24	Gabon	Construction of the Franceville-Leconi-Kabala Road (Supplementary Financing)	Istisna'a	51.1	9.57	16/02/2011	The project aims at providing additional financing for construction of the road linking Franceville to Kabala through Leconi. The development of the road will improve trade between rural areas and economic centers in Gabon.

S. No	Country	Project Name	Mode of Financing	Total Project Cost	IDB Financing	Approval Date (DD/MM/YY	Project Description
25	Gambia	Establishment of 20MW Brikama-II Power Project	Leasing and Loan	28.44	25.22	26/06/2011	The project aims at helping alleviate acute electricity shortage through additional generation capacity of a 20MW Power Station.
26	Gambia	Regional Backbone Infrastructure and E-Governance (The "ECOWAN") Program in the Gambia	Istisna'a & Loan	34.36	27.32	01/05/2011	The project aims at improving communication, ICT connectivity and deepens regional integration. It is part of the program to have a Regional Integrated Communication Systems. The integrated backbone network will help in reducing communication cost. Under the project, the communication network of the Gambia will be integrated with other members of ECOWAS.
27	Gambia	Westfield-Sukuta Road	Loan	10.71	1.54	25/07/2011	The project aims at reconstructing and upgrading the existing Westfield-Sukuta road (7.5 km) to reduce traffic congestion and to enhance pedestrian and traffic safety.
28	Guinea	Malaria Prevention and Control	Grant (TA)	15.64	0.3	08/04/2009	The project is under the "Quick Win" program which aims at supporting the Guinea government›s efforts in Malaria prevention and control. The project is part of the pilot program on Roll Back Malaria within the IDB Vision 1440H.
29	Indonesia	Development Quality Improvement of Semarang State University	Installment Sale	45.3	6.91	10/03/2010	The project aims at supporting the higher education strategy of the government of Indonesia. It will help in improving the access, quality and relevance of the higher education provided by Semarang State University.
30	Indonesia	Reconstruction and Upgrading of State University of Padang	Istisna'a & Loan	36.41	29.35	09/01/2011	The project aims at improving access to relevant and quality education delivered by the State University of Padang. The project will finance the reconstruction/upgrading of 7 new buildings, supply of laboratory equipment, curriculum development and training.
31	Indonesia	Development Improvement of State Institute for Islamic studies	Istisna'a and Installment Sale	42.00	35.00	09/01/2011	The project aims at supporting the strategy of the Government of Indonesia for promoting Islamic Higher Education. It will improve the access, quality and relevance of the State Institute for Islamic Studies.
32	Indonesia	Regional Roads Development Project	Istisna'a	304.85	65.00	01/05/2011	The project aims at fostering sustained economic growth and reducing poverty by providing increased and efficient access to road transport through widening existing roads and building new sections. It will also promote regional cooperation by linking North Kalimantan to Brunei and Malaysia through this regional transport corridor.

S. No	Country	Project Name	Mode of Financing	Total Project Cost	IDB Financing	Approval Date (DD/MM/YY	Project Description
33	Indonesia	Promoting Islamic Banking - Line of Financing to Bank Mandiri to support SMEs	Istisna'a, Installment Sale, Leasing	25.00	25.00	26/06/2011	Provides line of financing support for SMEs in sectors including agriculture, energy, transportation and telecommunication.
34	Indonesia	Quality Improvement of Vocational Training Centers (VTC's)	Installment Sale Loan	40.95	32.50	01/05/2011	The project aims at enhancing the skills of the graduates of VTCs through skills development, acquisition of equipment and strengthening of linkages between the industry and VTCs. The project will help graduates develop market oriented skills to have better access to gainful employment.
35	Iran	Rural Areas Wastewater	Istisna'a	264	177.97	10/3/2010	The objective of the project is to improve the quality of life of people living in 124 villages by financing the construction of the wastewater collection network and treatment facilities in these villages.
36	Iran	Fars Gas Power Plant Company	Leasing	487.42	93.37	11/27/2010	The project aims at providing much needed electricity for the growing business needs. The project will make use of available local gas resources and generate economic activities for the local community.
37	Iran	Rural Areas Wastewater for North-West South-East Regions	Istisna'a	134.00	84.13	09/01/2011	The objective of the project is to improve the quality of life in 62 villages expanding sanitation services, improving health, hygiene and environment conditions.
38	Kuwait	Design Of National Groundwater Monitoring Network	Grant (TA)	0.62	0.26	12/11/2010	The objective of the TA is to contribute to the proper management of ground-water resources in the state of Kuwait. It will help in designing of a permanent monitoring system in order to assess quantity and quality of water and addressing environmental issues.
39	Kyrgyz Rep.	Improvement of Electricity Supply	Loan	25.68	23.08	01/05/2011	The project aims at improving reliability and quality of electricity supply to the two main cities of Bishkek & Osh by upgrading existing sub-stations. The project will ensure the sustainable and uninterrupted supply of electricity to these towns.
40	Lebanon	Establishment of 3 Schools in Priority Areas	Loan	6.73	5.00	26/06/2011	The project aims at enhancing access to quality education and improving the learning environment for children living in displaced areas along the border by providing appropriate infrastructure including classrooms, labs and workshops.

S. No	Country	Project Name	Mode of Financing	Total Project Cost	IDB Financing	Approval Date (DD/MM/YY	Project Description
41	Lebanon	Reconstruction of Bir El-Heith – Qartaba Road	Istisna'a	10.74	10.00	31/07/2011	The project aims to improve access to road services in mountainous rural areas by widening and reconstructing the road. This will help improve economic conditions and promote tourism.
42	Lebanon	Support to Development of Secondary & Tertiary Health Care Services	Istisna'a	37.47	27.18	31/07/2011	The project aims at increasing public access to health services in targeted areas through the construction of new buildings in existing hospitals. A new teaching hospital will also be established under the project.
43	Maldives	Development of Quarantine Facilities at Hulhumale Island in Maldives	Loan	5.10	4.06	20/11/2011	The project aims at establishing a quarantine facility to reduce the exposure of the population to communicable diseases. It will also facilitate better health care for all visitors to the country.
44	Mali	Construction of Taoussa Dam	Loan	195.41	10.00	04/06/2009	The project aims at alleviating poverty in northern Mali by reinforcing food security and meeting energy needs. The dam will help the restoration of the ecosystem deteriorated by long and recurrent droughts, and overcome rainfall deficit and desertification.
45	Mali	Markala Sugar Project	Istisna'a	266.09	39.23	05/01/2011	The project aims at ensuring sugar self-sufficiency in Mali and providing economic opportunities for people living in the project area. This 2 tier PPP project consists of (i) Developing, planting and irrigating about 14000 hectares of sugar plantation and (ii) Installation of a sugar production plant with a capacity of 190,000 tons p.a. that will also help generate 30MW of electricity.
46	Mali	Rural Electrification	Loan	1.54	1.54	31/07/2011	The project aims at supporting the Rural Electrification program in Mali, through providing of electricity in rural areas of Mali.
47	Mali	Basic Urban Infrastructure for Social Housing	Istisna'a & Loan	66.27	19.40	26/06/2011	The project aims at reducing economic disparities by providing access to decent and affordable housing to low and middle income families.
48	Mauritania	Capacity Building of Teacher Training College for Science Education	Grant(TA)	0.34	0.31	12/02/2011	The TA aims at providing the quality of teaching and learning of science at the secondary school level by improving skills of teachers. Training will be provided to teachers at reputable institutions abroad. Local workshops and in-house training will also be organized for students under the project.

S. No	Country	Project Name	Mode of Financing	Total Project Cost	IDB Financing	Approval Date (DD/MM/YY	Project Description
49	Mauritania	Upgrading of Nouakchott Water Distribution Network	Loan and Istisna'a	29.77	27.44	26/02/2011	The project aims at providing clean and safe drinking water to the population at an affordable price. A new water distribution network will be established under the project which will help in avoiding repeated outbreaks of water-borne diseases.
50	Mauritania	Development of National Cardiology Center	Inst. Sale & Loan	19.43	17.75	26/02/2011	The project aims at constructing & equipping of a modern 80 bed Cardiology care center to offer quality care, reduce mortality and morbidity, and save on the costs of treatment abroad.
51	Mauritania	F.S. of Tignend-Mederdra-Rkiz- Boutilimit Road	Grant (TA)	0.50	0.31	26/02/2011	The feasibility study aims at exploring construction of a 190km road that will facilitate opening up of remote agriculture areas located on the west coast to markets. It will promote integration by linking 3 provinces with the State capital.
52	Mauritania	Power Generation Transmission & Distribution Program for Nouakchott - El-Mina Gas Turbine Power Plant Project	Leasing	235.95	105.00	20/11/2011	The project aims at meeting the growing electricity demand in Mauritania through the construction of a 120MW dual technical power plant in the suburbs of Nouakchott City. The project will also partially rehabilitate Arafat-1 Power Plant to meet the growing demand for electricity.
53	Morocco	Kenitra Power Plant	Inst. Sale	247.4	31.00	20/01/2011	The project aims at adding 300MW power to the existing grid to address the growing demand for electricity.
54	Morocco	Jorf Lasfar Power Plant - Upgrading of Coal Loading Terminal	Istisna'a	8300	150.00	08/08/2010	The project aims at facilitating the increased availability of coal for the JLEC Coal Power Plant by enlarging the coal terminal at Jorf Lasfar. The project will facilitate berthing of large Bulk Carriers and construction of a new Port Coal Quay that will help expedite unloading and increase storage capacity at the industrial port.
55	Morocco	Support to the National Rural Roads Program	Loan	15.44	11.06	20/11/2011	The project aims at enhancing the livelihoods of rural communities in the project areas through the provision of safe, cost effective, all-weather roads in the rural areas of the Chefchaouen province.
56	Mozambique	Rural Water Supply and Sanitation Project	Loan	13.10	11.92	01/05/2011	The project aims at enhancing potable water supply and sanitation infrastructure in rural areas. This will enhance access to these services on a sustainable basis for rural populations.

S. No	Country	Project Name	Mode of Financing	Total Project Cost	IDB Financing	Approval Date (DD/MM/YY	Project Description
57	Mozambique	Cotton Sector Revitalization Program (Consultancy Study)	T.A.	0.37	0.31	13/04/2011	The Study aims at strengthening R&D capacity in cotton production, supporting investments and facilitating the reform of cotton pricing and marketing including exports and rehabilitation of the textile industry.
58	Mozambique	Development of Inland Artisanal Fisheries and Aquaculture	Grant (TA)	0.47	0.32	19/07/2011	The TA aims at promoting the development and management of sustainable inland fisheries and aquaculture.
59	Nigeria	Integrated Rural Development Project	Istisna'a & Loan	37.23	32.64	26/02/2011	The project aims at improving livelihoods of rural households by helping develop agriculture, raise livestock and build 100km of feeder roads to enable access to markets.
60	Pakistan	Construction of Grain Steel Silos	Istisna'a	113.00	95.00	26/02/2011	The project aims to help the government optimize its grain procurement and storage capacity by enabling it to acquire mechanized grain silos to avoid deterioration in grain quality and reduce storage costs.
61	Pakistan	Star (Partind) Hydro Power Project	Leasing	436.00	60.00	18/09/2011	This PPP project aims at enhancing access to affordable and renewable energy through the construction of a 147MW hydro power plant. The project will harness the country's huge hydropower resources and reduce dependence on imported oil for power generation.
62	Saudi Arabia	SME Fund for Saudi Arabia	Equity	266.67	26.67	20/11/2011	The fund aims at enhancing access to financing for establishment of businesses for unemployed youth. It provides training for new entrepreneurs and identifies SMEs that offer strong potential for capital appreciation. The fund will target knowledge-based and value adding sectors of the economy.
63	Sierra Leone	Regional Backbone Infrastructure and E-Governance (The "ECOWAN") Program in the Sierra Leone	Istisna'a & Loan	29.38	24.53	01/05/2011	The project aims at improving communication, ICT connectivity and deepens regional integration. Part of the program is to have a Regional Integrated Communication Systems. The integrated backbone network will help in reducing communication costs. Under the project, the communication network of Sierra Leone will be integrated with other members of ECOWAS.
64	Sierra Leone	Kabala Water Supply Project	Loan	17.70	12.00	26/06/2011	The project aims at reducing water shortages and providing safe and sustainable potable water through the construction of a new water treatment plant and transmission lines.

S. No	Country	Project Name	Mode of Financing	Total Project Cost	IDB Financing	Approval Date (DD/MM/YY	Project Description
65	Senegal	Municipal Solid Waste Management Project	Inst. Sale & Loan	35.00	28.35	01/05/2011	The project aims at establishing an effective and sustainable system for solid waste management by constructing solid waste landfills and waste collection points and related equipment and services. Campaigns will also be launched to promote hygienic behavior under the project.
66	Senegal	Installation of 70 Mega Watt Power Plant	Istisna'a	112.00	97.38	26/06/2011	The project aims at reducing acute power shortages and frequent load-shedding by installing an additional power barge next to the existing power plant to generate an additional 70MW of power.
67	Senegal	Dara Schools Development	Loan & T.A.	21.10	18.30	31/07/2011	The project aims at contributing to the Government's policy of 'Education for All' by introducing the modern Dara Schools concept which combines formal education with Islamic knowledge. The project will improve teaching and learning quality through training, curriculum development, production and distribution of books and manuals. The project will also help establish a Waqf facility to ensure a permanent source of income for meeting some of the needs of the Dara Schools.
68	Senegal	Small scale Irrigation Support	Istisna'a	34.13	17.90	09/01/2011	The project aims at making the people of the Fatick, Kedougou, Kolda and Tambacounda regions less vulnerable to food crises through preservation and regeneration of the productive capital.
69	Sudan	Upper Atbara Dam Project	Istisna'a	1,505.35	150.00	31/07/2011	The project aims at providing irrigation for 210,000ha and water supply for 3 million people through construction of 2 dams and a reservoir. It will also generate 135MW of power.
70	Sudan	Sustainable Villages Project in West Darfur	Grant (TA) & Loan ISFD	20.00	14.96	20/11/2011	The project aims to help reduce poverty and improve the quality of life of people through low-cost sustainable and community led interventions to enhance household incomes, especially for women.
71	Syria	Dier Al-Zoor Power Plant Project (Additional Financing)	Leasing	1079.14	66.74	26/06/2011	The project aims at meeting the growing demand for electricity by installing a 750MW combined cycle power plant. The additional financing will cover increased cost for purchase of generators.
72	Tajikistan	TA for Development of Islamic Banking	Grant (TA)	0.17	0.16	29/09/2011	This TA provides capacity building assistance to Tajikistan Central Bank to set up legal, regulatory and supervisory framework for establishing Islamic finance institutions.

S. No	Country	Project Name	Mode of Financing	Total Project Cost	IDB Financing	Approval Date (DD/MM/YY	Project Description
73	Tajikistan	Shagon-zigar Road Project (Phase-III)	Loan	22.02	19.00	09/01/2011	The objective of the project is to provide year-round, reliable and direct land transport services between the western part of Tajikistan, including the capital Dushanbe, and the eastern region of Gorno-Badakhshan.
74	Togo	Access quality Improvement of Basic Education	Loan & Loan ISFD	16.87	15.22	09/01/2011	The project objective is to contribute to improving access to quality of basic education and reducing regional gender disparities. The institutional capacity of the Ministry of Primary, Secondary Education and Literacy will also be enhanced.
75	Tunisia	Youth Employment Support (YES) Program	Grant (TA) and Profit Sharing	75.00	50.32	03/11/2011	The project aims at improving the livelihoods and quality of life of unemployed youth by helping them access financial services and setup small businesses. It will also develop financing schemes and build capacity for launching new Islamic lending schemes.
76	Turkey	School Development Program in Istanbul. Development of Vocational Education	Istisna'a & Loan	164.22	110.12	26/02/2011	The project will contribute to improving access to quality vocational education. It will help in designing appropriate curricula to avoid the mismatch of skills taught in vocational programs and needs of job market. School building will be designed to withstand seismic stress and damage.
77	Turkey	Line of Financing 'Raising Employment through Private Sector Development	Installment Sale & Istisna'a, and Leasing	75.00	75.00	26/06/2011	The project aims at enabling SMEs have access to long-term financing so as to expand business and move up the value chain. The project will help sustain long-term growth of the country by promoting private sector development through SMEs.
78	Turkey	Reconstruction & Upgrading of Okmeydani Training Hospital	Istisna'a	320.00	226.00	18/09/2011	The project is part of the government's strategy for disaster management and emergency preparedness. It involves the demolition and reconstruction of Okmeydani and Goztepe hospitals using latest technology for seismic-resistance structures so as to mitigate risks from potential damages during earthquakes. The project will also improve overall quality of health-care services.
79	Turkmenistan	Water Supply Project	Istisna'a	221.68	121.17	01/05/2011	The project aims at increasing water supply services and providing sustainable access to high quality potable water from desalination plants and fresh water wells to reduce water transmission losses.
80	Turkmenistan	Bereket-Etrek-Turkmenistan-Iran Border Railway	Istisna'a	1414.61	181.3	12/23/2009 (Tranche-II 2011)	The objective of the project is to contribute to the socio-economic development of Turkmenistan and to enhance regional economic integration through better transport infrastructure.

S. No	Country	Project Name	Mode of Financing	Total Project Cost	IDB Financing	Approval Date (DD/MM/YY	Project Description
81	Uganda	National Education Support Project – Phase II (Technical Colleges)	Loan	15.66	14.11	01/05/2011	The project aims at expanding, strengthening and upgrading vocational education capacity in 3 technical colleges.
82	Uzbekistan	Gas Fields Development Project	Leasing	495.00	95.00	01/05/2011	This PPP project aims to support the government's efforts to develop the oil and gas sectors by helping develop and exploit proven gas reserves. The project will enhance production from the existing Khauzak-Shady fields and develop & exploit gas reserves in Kandym. This will result in enhancing gas production from 3 to 4 billion cubic meters (CuM) and develop and exploit the Kandym Group fields to raise annual production to 8 billion CuM by 2015.
83	Yemen	Sana'a Water Supply Enhancement	Loan	26.25	21.0	28/02/2011	The project aims at improving the water supply and sanitation network. It will extend the network and make available water to the residence of Sana'a on a sustainable basis by reducing transmission losses. It will also improve water recovery by recycling waste-water.
84	Yemen	Fisheries Development Project	Istisna'a & Loan	35.00	15.3	01/05/2011	The project aims at helping improve the economic condition of fishermen and providing sustainable means of livelihoods. The project will enhance fisheries resources, develop aquaculture and enable better access to foreign markets. It will also help in creating income generating activities through SMEs.
85	Regional Project	Arabic Language Learning for non-natives	Grant (TA)	0.70	0.50	18/09/2011	The project aims at making learning Arabic easy for non-native students at the primary education in selected bilingual schools through e-learning. This will bridge the gap between Quranic schools and modern schools.
86	Regional Project	Arab Financing Facility for Infrastructure Development	Grant (TA)	10.00	1.00	18/09/2011	The project, being implemented in cooperation with the World Bank, aims at enhancing private sector participation in Infrastructure development through awareness building, creating an enabling environment and offering advisory services for PPP project investments. It will help create an enabling environment for policy changes, pro-investment legislation and dismantling of restrictive regulations and practices.
87	Regional Project	Strategy to Improve Non-Oil Exports of the GCC countries	Grant (TA)	1.11	1.05	26/02/2011	The feasibility study is intended to help GCC countries devise a strategy to expand and promote their industrial sector so as to reduce their dependence on oil exports.

S. No	Country	Project Name	Mode of Financing	Total Project Cost	IDB Financing	Approval Date (DD/MM/YY	Project Description
88	Regional Project	Cotton Production – Integrated Pest Management Education & Implementation Program (Turkey & Syria)	T.A	0.55	0.45	01/05/2011	The program aims at transferring of knowledge and sharing of best practices in pest management for cotton production. The program will enable sustainable, profitable and environmentally sound production of cotton in Turkey and Syria. The program will also promote cooperation among governments, research institutions, farmers and NGOs. It will support development of national policies on pest control and plant protection.
89	Regional Project	Improving Efficiency and Safety of Road Transport in the League of Arab States	Grant (TA)	0.6	0.31	13/02/2011	The TA aims at providing professional training opportunities to drivers and transporters for improving road safety. It will enhance road transport efficiency and integrate transport systems among League of Arab States.

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

No.	Country	Year Started	Total up to 1432H (November 2011)					1432H (November 2011)		
			Quota	Utilized	Graduates	Non-completions	Active/ Current	Quota	Selected	Enrolled
Non-Member Countries										
1	Argentina	1997	32	3	0	0	3	3	-	-
2	Australia	2006	22	3	0	0	3	5	-	-
3	Bosnia-Herzegovina	1994	192	57	38	8	11	20	-	-
4	Brazil	2006	22	5	0	0	5	5	3	-
5	Bulgaria	1989	90	90	34	15	41	6	-	-
6	Burundi	2002	28	35	1	1	33	5	5	-
7	Cambodia	1992	56	76	21	3	52	5	3	1
8	Canada	1994	46	51	14	3	34	5	5	-
9	Central African Republic	1994	59	31	0	0	31	6	6	-
10	China	1992	864	666	68	2	596	160	43	-
11	Congo	1992	56	57	13	8	36	5	5	5
12	Croatia	2001	32	26	5	0	21	5	-	-
13	Democratic Republic of Congo (Zaire)	1987	163	97	19	17	61	14	-	-
14	Eritrea	1986	191	125	80	32	13	10	-	-
15	Ethiopia	1990	344	282	124	26	132	30	30	3
16	Fiji	1986	72	54	30	16	8	5	-	-
17	Ghana	1986	308	323	235	21	67	18	17	17
18	Greece	1995	23	2	2	0	0	0	-	-
19	Guyana	1994	47	34	11	8	15	5	5	-
20	India	1983	3360	3807	2564	96	1147	240	232	232
21	Kenya	1983	276	256	140	27	89	16	16	11
22	Kibris	1988	47	8	6	2	0	3	-	-
23	Kosovo	1995	42	79	15	6	58	5	-	-
24	Lesotho	1995	34	5	1	4	0	3	-	-
25	Liberia	1987	170	148	47	33	68	10	10	-
26	Macedonia	1991	58	117	69	9	39	5	6	6
27	Madagascar	1987	95	62	17	15	30	5	5	1
28	Malawi	1986	120	74	24	15	35	6	6	5
29	Mauritius	1986	80	69	39	8	22	5	5	3
30	Mongolia	1991	59	58	17	21	20	5	5	2
31	Myanmar	1985	259	248	87	60	101	15	19	12
32	Namibia	2009	-	4	0	0	4	-	-	-
33	Nepal	1987	132	154	99	8	47	8	6	5
34	New Zealand	1993	50	17	6	2	9	5	-	-
35	Papua New Guinea	2000	28	2	0	1	1	3	-	-
36	The Philippines	1986	647	734	464	119	151	40	40	-
37	Russian Federation	1993	183	98	32	18	48	16	12	12
38	Rwanda	1990	70	83	49	2	32	6	7	7
39	Singapore	1985	104	62	50	6	6	5	4	-
40	South Africa	1987	218	196	113	25	58	15	-	-
41	Sri Lanka	1983	273	304	254	7	43	12	13	-
42	Tanzania	1985	479	435	215	71	149	34	35	12
43	Thailand	1986	434	536	373	25	138	25	-	-
44	Trinidad-Tobago	1989	90	44	31	7	6	5	-	-
45	U.S. Virgin Isles	1995	38	2	2	0	0	3	-	-
46	Vanuatu	1999	30	8	2	1	5	3	1	-
47	Vietnam	1995	44	43	17	5	21	5	5	-
48	Zambia	2000	37	20	4	3	13	5	2	2
49	Zimbabwe	1993	51	23	17	1	5	5	-	-
	New Countries	-	-	-	-	-	-	15	-	-
Member Countries Included on Exceptional Basis										
50	Afghanistan	1986	454	451	364	51	36	-	-	-
51	Albania	1994	34	28	15	4	9	-	-	-
52	Azerbaijan	1994	21	2	2	0	0	-	-	-
53	Côte d'Ivoire	1987	97	50	24	7	19	5	5	-
54	Guinea-Bissau	2008	15	20	-	1	19	5	5	5
55	Kazakhstan	1992	72	52	13	38	1	-	-	-
56	Mozambique	1992	67	49	30	5	14	5	-	-
57	Nigeria	1987	885	902	644	65	193	-	-	-
58	Palestine	1984	237	196	143	6	47	15	3	-
59	Somalia	1996	190	196	64	16	116	20	20	2
60	Sudan	2008	15	15	-	-	15	5	-	-
61	Togo	1986	132	97	46	23	28	5	5	-
	TOTAL		**12374**	**11771**	**6794**	**973**	**4004**	**900**	**589**	**343**

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 1427H (2006-07)		1428H/2007-08		1429H/2008		1430H/2008-09		1431H/2009-10		1432H/2010-11		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	18	2	2	1	3	1	3	1	3	1	3	7	32
2	Albania	2	-	1	-	-	-	-	-	-	-	-	-	3	-
3	Algeria	15	-	-	-	-	-	4	-	1	-	-	-	20	-
4	Azerbaijan	1	-	-	-	-	-	-	-	1	-	2	-	4	-
5	Bahrain	4	-	1	-	-	-	-	-	-	-	-	-	5	-
6	Bangladesh	25	-	1	-	5	-	5	-	5	-	4	-	45	-
7	Benin	3	12	-	-	-	3	1	2	1	4	1	3	6	24
8	Brunei Darussalam	-	-	-	-	-	-	-	-	-	-	-	-	0	-
9	Burkina Faso	1	5	-	1	-	-	1	3	-	3	1	3	3	15
10	Cameroon	4	-	1	-	-	-	-	-	1	-	-	-	6	-
11	Chad	2	11	-	1	-	3	1	3	1	2	1	3	5	23
12	Comoros	-	4	-	1	1	4	1	3	1	3	3	3	6	18
13	Côte d'Ivoire	-	-	-	-	2	-	1	-	2	-	1	-	6	-
14	Djibouti	-	5	-	1	-	2	-	1	2	-	2	1	4	10
15	Egypt	25	-	3	-	5	-	5	-	5	-	4	-	47	-
16	Gabon	-	-	-	-	-	-	2	-	-	-	-	-	2	-
17	Gambia	3	7	-	2	-	4	-	1	-	-	2	3	5	17
18	Guinea	4	13	-	2	-	4	-	3	2	4	3	4	9	30
19	Guinea Bissau	-	-	-	-	-	1	-	-	-	-	-	-	0	1
20	Indonesia	30	-	4	-	5	-	5	-	5	-	4	-	53	-
21	Iran	20	-	4	-	4	-	5	-	5	-	4	-	42	-
22	Iraq	4	-	1	-	-	-	5	-	4	-	4	-	18	-
23	Jordan	11	-	1	-	3	-	5	-	5	-	3	-	28	-
24	Kazakhstan	2	-	-	-	-	-	-	-	-	-	1	-	3	-
25	Kuwait	4	-	-	-	1	-	-	-	-	-	1	-	6	-
26	Kyrgyz Republic	4	-	-	-	-	-	2	-	2	-	-	-	8	-
27	Lebanon	4	-	1	-	2	-	2	-	-	-	2	-	11	-
28	Libya	3	-	-	-	-	-	-	-	-	-	-	-	3	-
29	Malaysia	18	-	4	-	5	-	3	-	5	-	4	-	39	-
30	Maldives	1	10	1	1	1	1	-	3	1	-	1	1	5	16
31	Mali	3	7	-	1	-	1	-	1	-	1	-	3	3	14
32	Mauritania	2	9	-	1	-	3	-	2	1	2	2	1	5	18
33	Morocco	8	-	-	-	1	-	4	-	3	-	-	-	16	0
34	Mozambique	1	-	-	-	-	-	1	1	-	-	1	-	3	1
35	Niger	3	12	-	1	-	2	-	2	-	3	-	3	3	23
36	Nigeria	2	-	1	-	2	-	5	-	5	-	3	-	18	-
37	Oman	8	-	-	-	2	-	2	-	-	-	2	-	14	-
38	Pakistan	22	-	4	-	5	-	5	-	5	-	4	-	45	-
39	Palestine	14	3	2	1	4	4	3	4	5	4	4	3	32	19
40	Qatar	-	-	-	-	-	-	-	-	-	-	-	-	0	-
41	Saudi Arabia	6	-	-	-	-	-	-	-	-	-	-	-	6	-
42	Senegal	4	-	1	-	-	-	-	-	1	-	3	-	9	-
43	Sierra Leone	1	10	-	2	-	3	2	3	-	4	-	2	3	24
44	Somalia	2	16	-	2	1	3	-	3	-	5	-	5	3	34
45	Sudan	16	-	4	-	5	-	3	-	5	-	4	-	37	-
46	Suriname	-	-	-	-	-	-	-	-	-	-	-	-	0	-
47	Syria	13	-	2	-	3	-	3	-	4	-	3	-	28	-
48	Tajikistan	3	-	-	-	-	-	-	-	1	-	1	-	5	-
49	Togo	1	5	-	-	-	1	-	4	4	3	3	2	8	15
50	Tunisia	11	-	4	-	5	-	5	-	5	-	4	-	34	-
51	Turkey	18	-	1	-	4	-	4	-	1	-	4	-	32	-
52	Turkmenistan	-	-	-	-	-	-	-	-	-	-	-	-	0	-
53	United Arab Emirates	-	-	-	-	-	-	-	-	-	-	-	-	0	-
54	Uganda	6	16	1	1	1	4	-	4	-	5	2	3	10	33
55	Uzbekistan	2	-	2	-	-	-	1	-	4	-	3	-	12	-
56	Yemen	8	19	1	1	-	4	-	4	2	4	4	4	15	36
Students from Non-Member Countries Selected on Exceptional Basis		-	1	6	-	3	-	3	-	4	-	4	-	20	1
	Total	**345**	**183**	**54**	**21**	**71**	**50**	**90**	**50**	**100**	**50**	**100**	**50**	**760**	**404**

Annex 18
IDB Special Assistance Program

(Amount in ID/$ million)

Year	Member Countries			Muslim Communities in Non-Member Countries			Total		
	No.	ID	$	No.	ID	$	No.	ID	$
1399	1	0.7	0.9	0	0.0	0.0	1	0.7	0.9
1400	5	6.9	9.1	1	0.8	1.0	6	7.7	10.1
1401	3	2.0	2.2	5	3.3	4.0	8	5.3	6.2
1402	6	5.5	6.3	1	0.6	0.7	7	6.1	7.0
1403	3	3.2	3.7	3	3.1	3.4	6	6.3	7.0
1404	24	55.2	57.4	10	5.5	5.8	34	60.6	63.3
1405	10	21.2	25.0	21	9.6	10.7	31	30.8	35.7
1406	4	0.7	0.8	16	9.2	10.5	20	9.8	11.2
1407	10	6.7	8.3	7	2.6	3.2	17	9.3	11.5
1408	41	24.9	32.4	24	5.6	6.9	65	30.6	39.3
1409	11	24.1	28.2	23	6.3	8.0	34	30.3	36.3
1410	33	40.4	50.0	21	3.6	4.7	54	44.0	54.7
1411	34	23.8	30.1	25	4.4	5.7	59	28.2	35.8
1412	28	7.6	10.2	38	22.3	29.9	66	30.0	40.1
1413	16	11.6	15.8	18	2.6	3.6	34	14.1	19.4
1414	28	12.3	17.2	39	5.4	7.3	67	17.7	24.5
1415	9	1.1	1.5	27	4.1	5.9	36	5.2	7.4
1416	8	3.9	5.6	38	4.8	7.1	46	8.7	12.7
1417	10	9.1	12.9	27	3.7	5.3	37	12.8	18.1
1418	12	4.6	6.2	39	6.7	9.1	51	11.3	15.3
1419	25	3.5	4.8	41	6.7	9.2	66	10.2	14.0
1420	15	9.0	12.3	51	15.4	19.6	66	24.3	31.8
1421	14	8.0	10.9	25	4.4	5.8	39	12.4	16.7
1422	17	5.2	6.6	32	5.9	7.4	49	11.1	14.0
1423	13	5.8	7.9	27	4.3	5.7	40	10.1	13.5
1424	18	12.8	17.9	30	4.1	5.8	48	16.9	23.7
1425	26	7.2	10.6	39	6.3	9.4	65	13.5	20.0
1426	11	4.3	6.3	34	5.2	7.7	45	9.5	13.9
1427	17	7.3	10.6	30	5.3	7.8	47	12.6	18.4
1428	23	7.4	11.1	39	9.6	14.6	62	17.0	25.7
1429	11	4.9	7.5	44	8.3	13.0	55	13.2	20.5
1430	7	5.2	7.8	43	7.4	11.6	50	12.6	19.4
1431	11	1.7	2.4	44	11.5	17.5	55	13.2	19.9
1432	7	2.2	3.4	42	7.4	11.7	49	9.6	15.1
Total	**511**	**349.9**	**444.0**	**904**	**206.1**	**279.4**	**1415**	**556.0**	**723.4**

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

From -----------------> To	World					Industrial Countries					Developing Countries					IDB Member Countries				
	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
World																				
Merchandise Exports ($ billion)	11,987.4	13,879.5	16,020.6	12,352.5	14,893.9	8,460.8	9,529.5	10,686.2	8,100.3	9,531.5	3,388.6	4,190.3	5,134.0	4,044.9	5,143.7	925.6	1,132.1	1,427.0	1,145.7	1,374.0
Annual Percent Change	15.5	15.8	15.4	-22.9	20.6	13.1	12.6	12.1	-24.2	17.7	21.7	23.7	22.5	-21.2	27.2	17.1	22.3	26.1	-19.7	19.9
Merchandise Imports ($ billion)	12,327.7	14,301.1	16,506.7	12,691.5	15,314.3	7,679.8	8,809.5	9,808.6	7,627.9	8,825.4	4,496.9	5,314.2	6,521.7	4,909.9	6,261.9	1,328.9	1,517.1	2,000.0	1,361.4	1,776.2
Annual Percent Change	14.8	16.0	15.4	-23.1	20.7	11.9	14.7	11.3	-22.2	15.7	20.7	18.2	22.7	-24.7	27.5	23.3	14.2	31.8	-31.9	30.5
Industrial Countries																				
Merchandise Exports ($ billion)	7,980.8	9,119.0	10,112.7	7,925.1	9,179.5	5,762.8	6,455.9	6,993.6	5,396.6	6,096.2	2,163.4	2,590.7	3,046.5	2,470.7	3,023.2	531.4	623.9	752.0	612.6	699.4
Annual Percent Change	12.2	14.3	10.9	-21.6	15.8	10.2	12.0	8.3	-22.8	13.0	17.7	19.8	17.6	-18.9	22.4	12.4	17.4	20.5	-18.5	14.2
Merchandise Imports ($ billion)	8,765.9	9,888.1	11,047.6	8,386.1	9,853.4	5,602.8	6,296.5	6,821.2	5,245.7	5,902.7	3,125.8	3,539.6	4,183.4	3,106.7	3,894.2	885.7	960.7	1,250.1	794.6	1,010.8
Annual Percent Change	12.8	12.8	11.7	-24.1	17.5	10.6	12.4	8.3	-23.1	12.5	17.2	13.2	18.2	-25.7	25.3	18.2	8.5	30.1	-36.4	27.2
Developing Countries																				
Merchandise Exports ($ billion)	4,002.6	4,755.4	5,902.8	4,423.6	5,709.4	2,696.3	3,071.7	3,690.9	2,702.7	3,434.0	1,222.9	1,596.3	2,084.0	1,571.4	2,116.7	393.9	507.9	674.4	532.8	674.0
Annual Percent Change	22.7	18.8	24.1	-25.1	29.1	20.0	13.9	20.2	-26.8	27.1	29.6	30.5	30.6	-24.6	34.7	24.1	28.9	32.8	-21.0	26.5
Merchandise Imports ($ billion)	3,548.9	4,398.2	5,438.4	4,292.0	5,446.9	2,073.0	2,508.9	2,982.0	2,379.4	2,919.7	1,362.1	1,763.9	2,323.0	1,792.7	2,356.8	442.0	555.0	747.6	564.8	764.7
Annual Percent Change	19.8	23.9	23.7	-21.1	26.9	15.7	21.0	18.9	-20.2	22.7	29.3	29.5	31.7	-22.8	31.5	34.9	25.6	34.7	-24.5	35.4
IDB Member Countries																				
Merchandise Exports ($ billion)	1,223.7	1,397.2	1,892.3	1,271.6	1,655.7	770.5	832.9	1,113.9	699.5	896.3	397.4	499.2	694.6	509.0	683.3	160.5	193.9	267.3	201.7	263.9
Annual Percent Change	23.4	14.2	35.4	-32.8	30.2	18.4	8.1	33.7	-37.2	28.1	34.5	25.6	39.1	-26.7	34.2	20.8	20.8	37.9	-24.5	30.8
Merchandise Imports ($ billion)	940.1	1,158.5	1,500.9	1,205.4	1,441.7	504.5	604.3	751.6	616.0	702.4	420.6	535.1	727.0	574.0	719.3	171.6	209.0	288.5	218.3	285.0
Annual Percent Change	16.8	23.2	29.6	-19.7	19.6	11.5	19.8	24.4	-18.0	14.0	23.6	27.2	35.9	-21.0	25.3	21.5	21.8	38.0	-24.3	30.6
% Intra-Trade/ Total Trade																15.4	15.8	16.4	17.0	17.7

Source: IMF, Direction of Trade Statistics online database, accessed on 25 November 2011.

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		
		2010	2010	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010
1	Afghanistan	213.8	2,979.0	3,192.7	39.0	40.9	43.4	49.9	34.4	36.2	49.0	34.8	36.6
2	Albania	121.9	334.0	456.0	2.2	1.8	8.5	8.1	8.2	7.7	7.0	7.0	7.9
3	Algeria	4,815.7	4,005.1	8,820.7	7.2	8.1	8.4	8.4	13.8	9.9	7.6	10.8	9.0
4	Azerbaijan	2,638.5	1,326.9	3,965.4	6.5	12.1	12.4	18.7	19.3	20.1	8.1	14.2	14.2
5	Bahrain	3,267.6	3,854.0	7,121.6	12.6	10.3	11.0	37.1	32.4	33.4	19.7	16.6	17.3
6	Bangladesh	1,095.6	5,845.4	6,941.0	4.7	5.3	7.5	22.2	17.5	21.0	15.8	12.6	16.4
7	Benin	175.6	1,289.5	1,465.1	33.6	31.3	33.9	13.5	14.8	18.0	15.2	15.9	19.0
8	Brunei	663.5	578.2	1,241.6	22.5	10.1	8.0	22.1	22.7	18.5	22.4	13.7	10.9
9	Burkina Faso	184.4	778.4	962.8	20.9	21.4	29.9	24.6	35.5	38.0	23.9	32.6	36.1
10	Cameroon	567.0	1,107.8	1,674.9	8.7	11.4	12.6	23.9	21.7	24.7	15.3	16.6	18.6
11	Chad	8.3	292.4	300.7	0.3	0.2	0.3	30.2	24.4	24.5	6.5	8.1	7.8
12	Comoros	4.7	68.3	73.1	32.0	33.2	16.1	23.2	29.1	32.6	24.2	29.7	30.6
13	Côte d'Ivoire	2,819.3	2,746.8	5,566.1	25.1	24.0	25.6	37.3	29.7	32.7	30.5	26.3	28.7
14	Djibouti	438.3	1,042.7	1,481.0	92.1	89.1	94.7	37.1	35.6	39.5	44.8	43.0	47.7
15	Egypt	10,477.5	9,745.2	20,222.7	32.0	39.4	39.4	19.4	19.3	18.5	23.6	26.3	25.5
16	Gabon	780.9	316.0	1,096.8	3.3	7.6	11.2	9.5	10.7	11.7	4.9	8.6	11.3
17	Gambia	5.2	278.9	284.1	7.4	5.8	8.4	35.6	30.8	32.1	34.1	29.2	30.5
18	Guinea	59.7	446.2	506.0	4.9	5.6	2.7	9.8	9.2	10.8	8.2	8.3	8.0
19	Guinea-Bissau	57.7	78.6	136.3	31.5	26.3	31.7	33.4	21.1	28.6	32.8	22.8	29.8
20	Indonesia	18,418.9	20,358.4	38,777.3	11.8	12.2	11.7	17.5	15.6	15.0	14.6	13.7	13.2
21	Iran	12,771.6	29,231.9	42,003.5	11.8	10.0	12.9	33.9	34.8	44.0	19.0	19.9	25.4
22	Iraq	3,000.9	13,931.8	16,932.7	4.8	6.4	6.4	57.7	49.0	49.7	19.3	23.2	22.7
23	Jordan	3,313.1	6,339.9	9,653.0	46.3	56.0	55.8	38.2	37.0	41.2	40.4	42.0	45.2
24	Kazakhstan	4,344.3	2,124.3	6,468.6	8.7	7.8	9.1	5.4	5.3	7.1	7.2	6.6	8.3
25	Kuwait	8,590.9	5,150.7	13,741.5	13.0	13.8	14.1	23.1	20.6	22.6	15.5	15.8	16.4
26	Kyrgyz Republic	631.3	822.2	1,453.5	37.4	54.0	57.3	16.7	8.1	11.4	22.6	13.0	17.5
27	Lebanon	3,085.6	5,405.2	8,490.8	72.6	77.3	78.2	28.8	26.0	27.3	37.0	34.2	35.8
28	Libya	2,293.9	5,620.9	7,914.8	4.3	4.9	5.1	20.7	23.1	25.6	8.2	11.7	11.9
29	Malaysia	20,816.5	17,086.1	37,902.6	10.2	10.8	10.5	10.1	9.6	10.4	10.1	10.3	10.4
30	Maldives	5.9	380.9	386.9	1.8	0.8	4.2	31.8	29.9	31.0	28.2	27.0	28.2
31	Mali	60.3	1,081.7	1,141.9	19.3	26.4	20.4	32.1	24.5	30.3	31.2	24.6	29.5
32	Mauritania	262.1	409.4	671.5	10.4	12.2	12.2	14.2	14.2	16.0	12.3	13.3	14.3
33	Morocco	1,927.7	6,151.6	8,079.3	10.9	10.6	11.6	19.6	14.9	17.5	16.8	13.6	15.6
34	Mozambique	52.3	182.9	235.2	0.6	2.2	2.3	6.2	7.0	5.1	4.0	5.2	4.0
35	Niger	147.5	441.0	588.5	48.4	24.0	69.1	36.3	25.7	27.4	38.0	25.3	32.3
36	Nigeria	5,180.9	3,464.5	8,645.5	5.7	7.2	6.7	7.4	6.8	7.3	6.4	7.0	6.9
37	Oman	6,053.5	8,106.0	14,159.5	20.9	18.7	18.6	37.7	36.7	37.6	27.5	26.4	26.2
38	Pakistan	7,278.7	17,845.5	25,124.2	36.9	34.2	33.9	40.7	42.2	40.8	39.5	39.3	38.5
39	Palestine*	..	..	..	..	..	..	..	..	..	..	..	..
40	Qatar	2,287.7	4,888.0	7,175.6	2.5	3.5	3.4	22.8	19.9	23.6	9.3	8.9	8.2
41	Saudi Arabia	35,785.0	14,806.9	50,591.9	13.7	15.5	15.5	13.4	12.9	14.3	13.6	14.6	15.1
42	Senegal	1,023.5	895.4	1,919.0	48.7	45.5	52.5	25.2	20.5	20.5	31.3	27.8	30.4
43	Sierra Leone	37.5	235.0	272.5	3.4	10.6	12.3	19.6	22.8	23.3	15.7	20.3	20.7
44	Somalia	498.9	725.3	1,224.2	96.5	98.2	96.8	52.2	57.0	57.4	64.0	69.2	68.8
45	Sudan	658.6	3,304.5	3,963.1	10.5	15.6	7.4	33.0	31.9	34.0	20.7	24.5	21.3
46	Suriname	103.1	134.5	237.6	1.0	7.9	13.6	0.8	0.7	26.5	0.9	4.3	18.8
47	Syria	10,201.2	12,188.7	22,389.9	65.3	67.8	65.7	43.1	42.9	46.2	51.4	51.2	53.4
48	Tajikistan	548.5	784.3	1,332.8	41.2	34.8	45.9	31.9	31.5	29.5	34.7	32.5	34.6
49	Togo	386.9	158.6	545.5	69.7	48.1	60.6	16.3	14.3	16.1	38.6	28.8	33.6
50	Tunisia	2,407.8	3,108.9	5,516.7	14.7	16.4	15.8	15.8	12.6	13.2	15.3	14.2	14.2
51	Turkey	32,464.1	27,946.6	60,410.7	24.6	28.0	28.5	14.4	12.8	15.1	18.5	19.2	20.2
52	Turkmenistan	1,373.4	2,486.3	3,859.7	15.8	40.1	40.8	35.4	31.8	44.4	22.6	34.5	43.1
54	U.A.E.	45,642.6	25,830.5	71,473.2	21.3	25.2	26.8	16.4	13.5	15.1	18.8	18.7	20.9
53	Uganda	467.0	780.7	1,247.7	22.5	26.0	26.5	22.6	21.3	23.5	22.6	22.9	24.5
55	Uzbekistan	2,249.4	1,242.6	3,492.0	26.8	32.3	38.6	13.9	13.0	14.6	19.5	20.0	24.3
56	Yemen	1,099.6	4,196.3	5,295.9	11.6	17.2	13.6	41.5	36.7	40.0	27.6	30.2	28.5
	All MCs	**263,865.8**	**284,961.3**	**548,827.1**	**14.1**	**15.9**	**15.9**	**19.2**	**18.1**	**19.8**	**16.4**	**17.0**	**17.7**

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

Source: IMF, Direction of Trade Statistics online database, accessed on 25 November 2011.

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The Annual Report 1432H (2011) and complete Financial Statements are available in CD-Rom and can be downloaded from IDB website at www.isdb.org.

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BRIEF CORPORATE PROFILE OF IDB GROUP ENTITIES

ISLAMIC RESEARCH AND TRAINING INSTITUTE (IRTI)

IRTI was established in 1401H (1981) as the research and training arm of the IDB. As a member of the IDB Group, IRTI plays a key role in transforming the Group into a world-class knowledge-based organization. It shoulders the responsibility for leading the development and sustenance of a dynamic and comprehensive Islamic Financial Services Industry, which supports socio-economic development in member countries. With this objective, IRTI has been gradually strengthening its core business activities in knowledge services through research, policy dialogue and Shari'ah advisory services. www.irti.org

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

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

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

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

INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION (ITFC)

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