Annual Report 2016

ISLAMIC DEVELOPMENT BANK

TOGETHER WE BUILD A BETTER FUTURE

PROVIDING RESOURCES
FIGHTING POVERTY
RESTORING DIGNITY

بسم الله الرحمن الرحيم

Corporate profile of the Islamic Development Bank

ESTABLISHMENT

The Islamic Development Bank (IDB) is an international financial institution established pursuant to Articles of Agreement done at the city of Jeddah, Kingdom of Saudi Arabia, on 21st Rajab 1394H corresponding to 12 August 1974. The Inaugural Meeting of the Board of Governors took place in Rajab 1395H (July 1975) and the IDB formally began operations on 15 Shawwal 1395H (20 October 1975).

VISION

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

MISSION

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

MEMBERSHIP

The IDB has 57 member countries across various regions. The prime conditions for membership are that the prospective country should be a member of the Organization of the Islamic Cooperation (OIC), that it pays the first instalment of its minimum subscription to the Capital Stock of IDB, and that it accepts any terms and conditions that may be decided upon by the Board of Governors.

CAPITAL

At its 38th Annual Meeting, the IDB's Board of Governors approved the 5th General Capital Increase whereby the Authorized Capital was increased to ID100 billion and the Subscribed Capital (available for subscription) was increased to ID50 billion. By the same Resolution, the Board of Governors agreed to the calling in of the callable (in cash) portion of the 4th General Capital Increase. As at the end of 2016, the subscribed capital of the IDB stood at ID50.1 billion.

ISLAMIC DEVELOPMENT BANK GROUP

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

HEAD OFFICE, REGIONAL AND COUNTRY OFFICES

Headquartered in Jeddah, the Kingdom of Saudi Arabia, the IDB has four regional offices in Rabat, Morocco; Kuala Lumpur, Malaysia; Almaty, Kazakhstan; and in Dakar, Senegal and Country Gateway offices in Turkey (Ankara and Istanbul), Indonesia, and Nigeria.

FINANCIAL YEAR

The IDB's financial year used to be the lunar Hijra Year (H). However, from 1 January 2016, the financial year changed to the Solar Hijra year which starts from the 11th of Capricorn, (corresponding to 1 January) and ends on the 10th Capricorn (corresponding to 31 December of every year).

ACCOUNTING UNIT

The accounting unit of the 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 also used as working languages.

ISLAMIC DEVELOPMENT BANK

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TOGETHER WE BUILD A BETTER FUTURE

"Building on the success and accumulated experiences so far, I intend to move forward with an adaptive approach to enable the IDB Group to ultimately go to the next level in terms of its effectiveness in achieving its mandate. I would like for the IDB Group to be more proactive, pioneering and agile."

H.E Dr. Bandar Hajjar
President, IDB Group and Chairman,
Board of Executive Directors

Contents

Note: This report is the first of two volumes that constitute the Annual Report of the Islamic Development Bank. The second report contains the audited financial statements and is published in a separate volume as the Financial Statements. Both volumes are available online at **www.isdb.org**.

All figures on entities are reported here as net approvals while their respective Annual Reports are in gross approvals.

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Abbreviations

3YWP	3-Year Rolling Work Plan
10YSF	IDB Group 10-Year Strategy Framework
AAOIFI	Accounting and Auditing Organization for Islamic Financial Institutions in IDB MCs
ACAP	Awqaf Capital
AIDA	Azerbaijan International Development Agency
APIF	Awqaf Properties Investment Fund
BADEA	Arab Bank for Economic Development in Africa
BED	Board of Executive Directors of IDB
BMGF	Bill & Melinda Gates Foundation
BoG	Board of Governors of IDB
CIBAFI	Council of Islamic Banks and Financial Institutions
E4C	Education for Competitiveness
GCC	Gulf Cooperation Council
GIAD	Group Internal Audit Department
GIO	Group Integrity Office
GOED	Group Operations Evaluation Department
GRMC	Group Risk Management Committee
ICD	Islamic Corporation for the Development of the Private Sector
ICIEC	Islamic Corporation for the Insurance of Investment and Export Credit
ID	Islamic Dinar (equivalent to one Special Drawing Right of IMF)
IDB	Islamic Development Bank
IDBG	Islamic Development Bank Group
IDB-STATCAP	IDB Statistical Capacity Building Initiative
IFC	International Finance Corporation
IFSB	Islamic Financial Services Board
IIRA	Islamic International Rating Agency
IRTI	Islamic Research and Training Institute
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
IWAH	International Waqf Advisory House
KAUST	King Abdullah University for Science and Technology
LDMCs	Least Developed Member Countries
LLF	Lives & Livelihoods Fund
MCPS	Member Country Partnership Strategy
MCs	Member Countries of the Islamic Development Bank
MDBs	Multilateral Development Banks
MENA	Middle East and North Africa
MoUs	Memorandum of Understandings
MIGA	Multilateral Investment Guarantee Agency
MTBS	Medium Term Business Strategy 2.0
MTN	Medium Term Note
OCR	Ordinary Capital Resources of IDB
OECD	Organisation for Economic Cooperation and Development
OIC	Organisation of the Islamic Cooperation
PCRs	Project Completion Reports
PDU	The President Delivery Unit
PPP	Public-Private Partnership
SAO	Special Assistance Operations
SMEs	Small and Medium Enterprises
SPCA	IDB Group Special Program for Central Asia
SPF	Strategic Partnership Framework
TCP	Technical Cooperation Program
TCPP	Trade Promotion and Cooperation Program
TVET	Technical Vocational Education and Training
UIF	Unit Investment Fund
UNCTAD	United Nations Conference on Trade and Development
UNFCCC	United Nations Convention on Climate Change Conference
VOLIP	Vocational Literacy Program for Poverty Reduction
WBG	World Bank Group
WWqF	World Waqf Foundation

SYMBOLS

..	Not Available
-	Not Computable
$	United States Dollar
ID	Islamic Dinar

Acknowledgements

This Annual Report 2016 was prepared by the Economic Research and Policy Department in the Chief Economist Complex of the Islamic Development Bank under the overall guidance of the Annual Report Coordination Committee and the Board of Executive Directors.

All Departments and Entities: The Annual Report Coordination Committee acknowledges the contributions and comments received from all the Departments and Entities in the IDB Group during the preparation of the Report.

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Printing Team: Khaled Nazer (Communication Office) and Muhammad Farooq (Administrative Services Department).

In the Name of Allah, the Beneficent, the Merciful

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 2016*.

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.

H.E Dr. Bandar M. H. Hajjar
President, Islamic Development Bank and
Chairman, Board of Executive Directors

* Due to change in the beginning and end of the financial year of the Bank, this year's Annual Report covers 14.5 months (14 October 2015 - 31 December 2016)

Message from the President

In the fourth quarter of 2016, and with a great sense of responsibility and humility, I have assumed my duties as President of this esteemed unique development organization. I took over from my predecessor Dr. Ahmad Mohamed Ali, whose exceptional and well renowned leadership over the years has brought the IDB Group to the league of the most recognized international development organizations, serving our 57 Member Countries. To him, and on behalf of all the staff, I express my profound gratitude and appreciation.

This past year (2016) has witnessed significant milestones for international development. It marked the first year of the implementation of the universally endorsed 2030 Agenda and the Sustainable Development Goals (SDGs). It has also witnessed the rapid ratification of the Paris climate change agreement, which is unprecedented in the history of international treaties. The positive cooperation and persistent support of the international community has been instrumental in achieving this success, despite the challenge of rising austerity measures and potential populist trends across the world that could potentially hinder progress.

In today's world, and despite the reduction in the number of poor globally, our member countries and other developing countries are still facing diverse and increasing challenges. To name a few, these challenges include the rise in inequality, weak inclusive growth, proliferation of conflicts and fragility, terrorism, youth unemployment, and unpredictable commodity prices. A serious paradigm shift towards innovative and collaborative approaches is required to deal with these enormous challenges. For instance, oil-dependent countries are dealing with the shocks of volatile oil prices by diversifying their sources of income away from one commodity, enhancing competitiveness, and building strong institutions to reduce leakages and promote transparency and accountability. Several of our member countries, including our host country, have embarked on ambitious national development plans. These transformational plans, employing creative and practical ways and means, have become essential to providing adaptive and effective solutions to the current developmental challenges.

As you will see in this year's report, IDB has increased its volume of delivery to the member countries and was able to achieve a solid financial performance. The IDB Group continued to promote the Islamic Finance industry and forge partnerships with governments, private sector, philanthropists and development organizations of all types. Of course, the IDB Group will continuously strive to ensure its financial stability, widen its partnerships and enhance its efforts for resource mobilization in order to be able to meet the expectations of the member countries and help them in achieving their development objectives.

Building on the success and accumulated experiences so far, I intend to move forward with an adaptive approach to enable the IDB Group to ultimately go to the next level in terms of its effectiveness in achieving its mandate. I would like for the IDB Group to be more proactive, pioneering and agile. I have formulated a new roadmap with the key objective of becoming more client-centric and better capable of delivering in the most effective and efficient manner.

The roadmap envisages this goal to be achieved by empowering the staff and enhancing the field presence (through decentralization), enhancing connectivity (through shifting to a networked organization and ensuring effective communication), supporting innovativeness (through developing new and inclusive funding and implementation mechanisms) and fostering a delivery-oriented culture (through focusing on development effectiveness and enhanced accountability). Actually, I have taken concrete steps to ensure building the bases and securing the needed capacities for such a transformation. I have designated several teams to work on new proposals for operations, finance and human resources as well as established a new communications office and a new dedicated unit for strategic initiatives. After due studies and consultations, the road map will be operationalized in this year (2017).

I assure all stakeholders and development partners that the IDB Group will continue to thrive and will always be able to adapt to the ever changing development needs of our member countries. With the support of our member countries and the involvement of all development actors and beneficiaries, I am confident of the success of the IDB Group for a long time to come.

H.E Dr. Bandar M. H. Hajjar
President, Islamic Development Bank and
Chairman, Board of Executive Directors

Board of the Executive Directors

H.E Dr. Bandar Hajjar
President, IDB Group
and Chairman,
Board of Executive Directors

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(Saudi Arabia)

Hon. Dr. Abdalnasr Abouzkeh
(Libya)

Hon. Dr. Hosein Ghazavi Khourasgani
(Iran)

Hon. Ali Hamdan Ahmed
(UAE)

Hon. Bader Ahmed Al Qayed
(Qatar)

Hon. Mohammed Gambo Shuaibu
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Hon. Zeinhom Zahran
(Egypt)

Hon. Wisam Jasem Al-Othman
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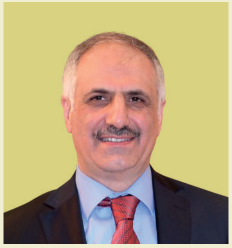

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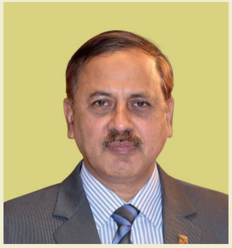

Hon. Kazi Shofiqul Azam
(Afghanistan, Pakistan, Bangladesh and Maldives)

Hon. Mohamed Zemmouri
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Hon. Dr. Mohamed Ahmed Hassan Al-Afandi
(Bahrain, Sudan, Oman and Yemen)

Hon. Mrs. Zourehatou Kassah -Traore
(Burkina Faso, Togo, Gambia, Senegal, Mali and Niger)

Hon. Dr. Hisham Alshaar
(Jordan, Syria, Iraq, Palestine and Lebanon)

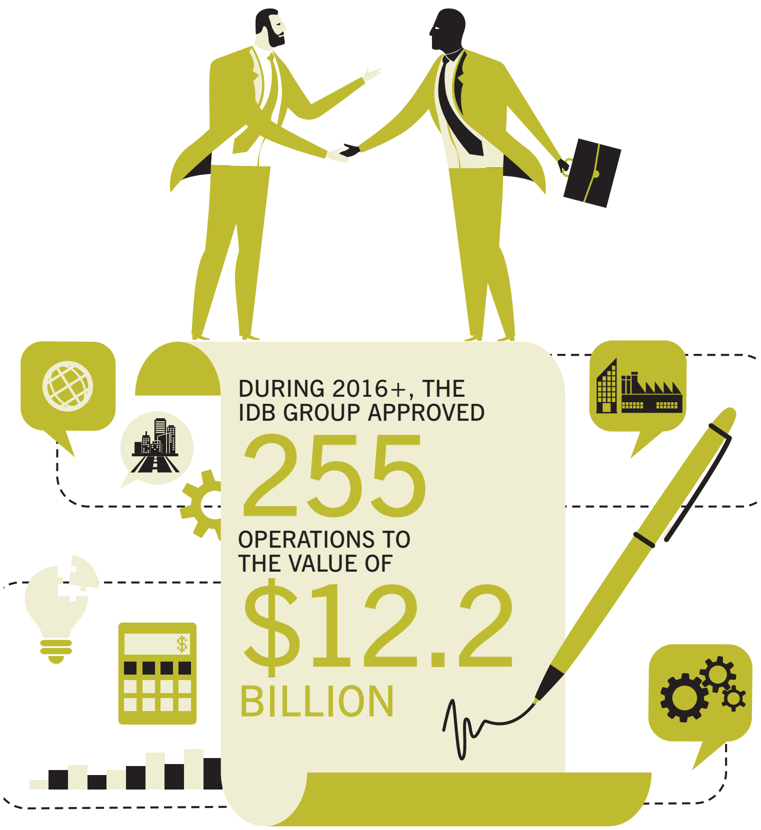
Hon. Dr. Zul Kifl Salami
(Benin, Guinea, Guinea-Bissau, Sierra Leone, Cameroon and Côte d'Ivoire)

Hon. Ulan Aiylchiev
(Azerbaijan, Albania, Uzbekistan, Turkmenistan, Tajikistan, Kazakhstan, and Kyrgyz Republic)

Hon. Abdirahman Sharif
(Uganda, Chad, Gabon, Djibouti, Comoros, Mozambique and Somalia)

Executive Summary: A Year in Review

The global development landscape in 2016 was marked by uncertainty and downside risks, but also recorded a few bright spots. The year saw the speedy ratification of the historic Paris climate agreement on greenhouse gases by a record number of countries, despite a number of downside risks to the global economy as well as to the economies of member countries.



[1] The figure covers 14.5 months (i.e. 14 October 2015 to 31 December 2016) due to change in the beginning and the end of the financial year of the Bank.
[2] Covers the period 14 October 2015 to 31 December 2015
[3] All percentage changes are based on US$ amount.
[4] This is based on the IDB classification of its 57 member countries into four regions namely Asia and Latin America; Sub-Saharan Africa; Europe and Central Asia; and Middle East and North Africa regions.

During 2016+[1], the IDB Group approved 255 operations to the value of ID8.8 billion ($12.2 billion). However, excluding the transition period[2], the Group approvals totaled ID7.6 billion ($10.5 billion) in 2016 compared to ID8.3 billion ($11.8 billion) approved a year earlier (1436H), representing a decrease of 10.7%[3] attributed to lower approvals by ITFC.

In terms of the Group members' share in the total approvals, the IDB's Ordinary Capital Resources (IDB-OCR) accounted for the largest share in 2016+ (hereafter refers to year 2016 plus the transition period) at 55.5% (ID4.8 billion or $6.8 billion), followed by ITFC's activities at 36.7% (ID3.2 billion or $4.5 billion), ICD at 6.7% (ID608.1 million or $819.4 million) with APIF and UIF accounting for 0.5% each respectively. Concerning growth in net approvals in 2016, UIF registered the highest at 70%, ICD at 27.2%, APIF at 15.5%, IDB-OCR at 14.5% with ITFC recording a decrease of 36.1%.

With regard to regional[4] distribution of approvals, the Sub-Saharan Africa, Europe and Central Asia, and Middle East and North Africa regions each received the largest share of IDB Group net approvals in 2016+ averaging 25% (ID2.2 billion or $3.1 billion), followed by Asia and Latin America at 22.7% (ID2 billion or $2.8 billion).

In country terms, the top five recipients of IDB Group financing in 2016+ were Turkey at 13.5% (ID1.2 billion or $1.7 billion), Indonesia at 8.2% (ID710.3 million or $995.3 million), Pakistan at 7.8% (ID683 million or $950.5 million), Egypt at 7.7% (ID671.2 million or $942.2 million), and Turkmenistan at 5.7% (ID501.7 million or $700 million).

The Group disbursements in 2016+ totaled ID5.7 billion ($7.7 billion) compared with ID4.9 billion ($6.8 billion) in 1436H. Repayments were ID2.6 billion ($3.5 billion) in 2016+ compared with ID2.0 billion ($2.8 billion) in 1436H. Cumulatively, IDB Group disbursements totaled ID55.7 billion ($79.5 billion) while repayments reached ID40.9 billion ($58.5 billion), resulting in net resource transfer of ID14.8 billion ($21.0 billion).

The major initiatives of the IDB Group in 2016+ were:

- **Resource mobilization:** Four series of Trust certificates (*Sukuk*) under the Bank's existing $25 billion Medium Term Note (MTN) program were issued, of which two series were via benchmark issuances for $2.75 billion, with the remaining series issued through private placements. The resource mobilization exercise, apart from the fund-raising agenda, was also aimed at promoting the Islamic financial industry in member countries as well as in the global arena. The IDB's Sukuk are listed on the London Stock Exchange and on member country securities exchanges including Bursa Malaysia (Exempt Regime) and Nasdaq Dubai.

  ICD also issued its debut five-year Sukuk for $300 million in April 2016. The primary market distribution of the Sukuk was 81% in the Middle East, 10% in Europe, and 9% in Asia. With this Sukuk, ICD has raised a total of $1.1 billion in long-term funds.

- **New Membership of IDB:** The Cooperative Republic of Guyana became the 57th member of the Bank in May 2016 after fulfilling all the terms and conditions of membership as prescribed by the Articles of Agreement establishing the Bank. With this membership, Guyana became the second country in Latin America after Suriname to join the IDB.

- **Deep Dive Initiative:** Under this initiative, significant progress was made in delivering a robust pipeline of projects during the first year of the implementation of the Strategic Partnership Framework (SPF) signed on 14 October 2015 by the IDB Group and the World Bank Group (WBG). The two institutions agreed to focus on key areas for the period 2016-2018. Seven projects, including private sector and PPP projects, were approved and are under implementation. ICIEC and MIGA have teamed up to provide aggregate guarantees for $300 million with ICIEC covering $50 million for two IPP (Independent Power Producers) projects in Nigeria and Bangladesh. Furthermore, joint work on fragility has led to the establishment of the MENA Concessional Financing Facility, which was launched in April 2016 in partnership with the UN.

- **Lives and Livelihoods Fund (LLF):** This is a $2.5 billion fund launched by IDB and its development cooperation partners on 29 September 2016. The major LLF donors are the Islamic Solidarity Fund for Development (ISFD) of the IDB, the Bill & Melinda Gates Foundation, the Qatar Fund for Development, the King Salman Humanitarian Aid and Relief Centre, and the Abu Dhabi Fund for Development. By the end of 2016, the Fund had raised about $400 million of the targeted $500 million in grant funding. The LLF has approved $363 million for projects in health and agriculture development in LDMCs in West Africa.

- **Special Program for Central Asia (SPCA):** This SPCA aims to support the cooperation efforts of the IDB Group's member countries in Central Asia in order to enhance their competitiveness, increase trade and promote economic growth. The program focuses on transport, energy, and agriculture with trade as the vehicle for achieving the goals. Private sector and capacity development as well as Islamic finance are the enablers for the program. Launched by the IDB Governors from the region in May 2016 in Jakarta, and endorsed by the OIC Council of Foreign Ministers (CFM) in Tashkent in October 2016, the program has an envelope of $6 billion to finance regional as well as national projects with regional dimensions spanning a five-year period (2017-2021). For 2017, twelve operations, amounting to $1.04 billion have been identified for processing. Of these, two are energy projects aimed at tapping into the gas and water resources of the region to generate energy while two transport projects will contribute to linking the region both within and with neighboring countries.

The achievements of the Bank in key economic sectors of member countries in 2016+ were:

- Infrastructure, which targeted the development of electricity generation and transmission, transportation as well as water and sanitation infrastructure, accounted for the largest share of IDB-OCR net approvals at 67.8%, followed by agriculture at 19.8%, health at 6.6%, education at 4.6%, and other sectors at 1.3%.
- Within infrastructure financing, the energy sector received the largest allocation at 45.7%, followed by transport sector (34.3%); water, sanitation & urban services sector (14.5%); industry and mining at 3.2%; and information and telecommunication sector (2.3%).
- Twelve energy sector projects were approved for $1.9 billion in 12 member countries (Bangladesh, Indonesia, Morocco, Turkmenistan, Jordan, Burkina Faso, Chad, Mali, Niger, Saudi Arabia, UAE, and Pakistan). Of this amount, $552 million was disbursed to facilitate the implementation of the projects.
- Nine transport sector projects were approved for $1.4 billion in 11 member countries. Of this total, 51% went to the rail sector, 38% to the roads sector and 11% to Urban Mass Transit projects with sub-Saharan African countries (mostly roads) receiving 49% of the financing, followed by Central Asia 43%, and MENA 8%.
- $485 million worth of urban development projects were approved to support universal access to improved water and sanitation, build climate change resilience, reduce the burden of water borne diseases, and strengthen the capacity of municipal services providers.
- In education, 22 projects were approved for $311 million, bringing the cumulative investment in member countries in the sector to $3.8 billion. The Bank is exploring triple-win initiative in the education sector with the Global Partnership for Education (GPE) as well as other innovative funding mechanisms including blend financing, co-financing and/or parallel financing of joint operations.
- Twenty-two health-related projects and three TA grants for $268 million were approved. The projects cover the construction of health facilities, procurement of medical equipment, training of healthcare providers, awareness raising as well as job opportunities.
- Five Public-private partnership projects amounting to $530 million were approved from IDB-OCR while $378 million was disbursed from the existing portfolio covering Health, Energy, Industry and Mining sectors.
- Agriculture sector approvals totaled $1.1 billion compared to $535.9 million in previous year. Total disbursement in agriculture sector was $226.6 million.
- 55 operations were approved under the Technical Cooperation Program for an amount of $1.4 million. Of these operations, four were for recruitment of experts, 14 for on-the-job training, and 37 for seminars/conferences/meetings.
- 12 operations under science and technology program were approved for $560,000
- 241 students from 32 Muslim communities in non-member countries and seven member countries benefited from the Scholarship Program for Muslim Communities in non-member countries, bringing the total beneficiaries from inception of the program in 1404H (1983) to 13,455 students.
- 50 students were granted the M.Sc. Scholarship Program in Science and Technology for the Least Developed Member Countries, bringing the cumulative number of beneficiaries since the inception of the program in 1419H (1998) to 660 students
- 50 candidates were granted scholarships under the Merit Scholarship Program for High Technology for Member Countries, bringing the cumulative number of beneficiaries to 1,151 since the inception of the program in 1413H (1992).
- Eight operations were approved under the NGO Program for $592,000 for Burkina Faso, Guinea, Guinea Bissau, Jordan, Kuwait, Morocco Saudi Arabia, and Tajikistan, as well as a regional project in Sub Saharan Africa benefiting Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Nigeria, Senegal, and Sierra Leone.
- 27 projects were co-financed with other development partners in 20 member countries, representing 52% of the IDB's total approvals for development projects ($5.8 billion).

Of the total cost of the projects, IDB contributed 29% while the other co-financiers provided 47%, including the Coordination Group, with the remainder coming from the beneficiary countries. The year 2016 witnessed a significant increase in the volume of IDB co-financing, which grew by 70% from $1.8 billion in 2015 to $3 billion in 2016.

- In promoting the development of Islamic economics, banking and finance, the following activities were undertaken:
  - IRTI produced 29 research papers focusing on various contemporary Islamic economics and finance issues; conducted 33 training courses on various aspects of Islamic Economics and Finance under the Member Country Assistance Training (MCAT) program, Online Learning Program (OLP), Fee-based Training, and other training categories; released 23 new publications covering different areas of Islamic Economics and Finance including one textbook and eight other books.
  - Under its Technical Support Program, the Bank financed 21 technical assistance projects are under implementation while 23 TA projects are in the pipeline
  - The Bank's Financial Product Development Center (FPDC) prepared six reports, developed a new Product Generator (an online tool that enables professionals to make the right choices for their Islamic financing projects), developed new Shari'ah-compliant financial products (Exchangeable Sukuk, Multi-level Protection Musharaka Sukuk) and provided more than five trainings and contributed to more than ten conferences/seminars.
  - Awarded the IDB Prize in Islamic Banking and Finance for 1437H to Professor M. Kabir Hassan, a Professor of Finance at the University of New Orleans in the United States.

The 14th edition of the IDB Prizes for Science & Technology was processed and the prize winners were the Kuwait Institute for Scientific Research (KSIR), Kuwait (Category 1), the Nanomagnetic Instruments, Turkey (Category 2) and the Bangladesh Institute of Nuclear Agriculture, Bangladesh (Category 3).

The 11th IDB Prize for Women's Contribution to Development was devoted to "Women's Role in Promoting Rights of Girl Child". Its individual category was shared by two laureates: Ms. Nafisa Al-Deek from Palestine and Ms. Vannie Kouamou Djounguep from Cameroon. The organizational category was also shared by two organizations: Abnaa El-Ghad "Banati" Foundation in Egypt and the Bahir Integrated Child and Family Support Organization in Ethiopia.

Four Reverse Linkage projects were approved for $887,000 and these are: (i) RL Project between Turkey and The Gambia on strengthening the capacity of the School of Medicine and Allied Health Sciences of the University of Gambia; (ii) RL Project between Morocco and Mali on developing capacity in solar energy for rural electrification (iii) RL Project between Morocco and Côte d'Ivoire in mapping soil fertility; and (iv) RL Project between Turkey and Pakistan on Earthquake Seismological Research.

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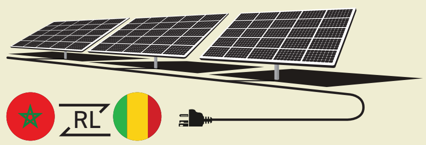
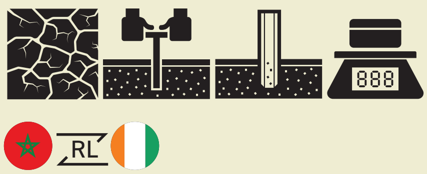
REVERSE LINKAGE PROJECTS APPROVED FOR

$887,000

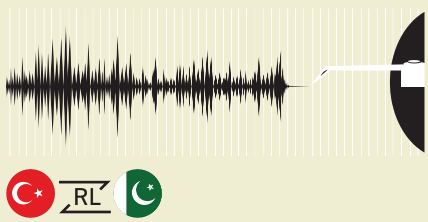
STRENGTHENING THE CAPACITY OF THE SCHOOL OF MEDICINE AND ALLIED HEALTH SCIENCES OF THE UNIVERSITY OF GAMBIA



DEVELOPING CAPACITY IN SOLAR ENERGY FOR RURAL ELECTRIFICATION



MAPPING SOIL FERTILITY



EARTHQUAKE SEISMOLOGICAL RESEARCH

The Board of Governors at their 41st Meeting on 17-19 May 2016 (10-12 Sha'ban 1437H) in Jakarta, Republic of Indonesia took the following key decisions:

- Having earlier adopted Resolution No. BG/1-437 by circulation, it warmly welcomed the Cooperative Republic of Guyana as the 57th member of IDB and thanked the government of Guyana for ratifying the IDB's Articles of Agreement.
- Acceded to the desire of Dr. Ahmad Mohamed Ali, the President of IDB to retire and expressed their appreciation to him for his sincere efforts and noble services rendered to the IDB since its inception and to the members of the IDB Group and through them to the Islamic Ummah.
- Elected Dr. Bander M.H. Hajjar as the new President of IDB in place of Dr. Ahmad Mohamed Ali for a term of five years starting 1 October 2016 (30 Dhul Hijjah 1437H).

The Board of Executive Directors held nine meetings (of which, one took place in conjunction with the Board of Governors' Annual Meeting) while its Standing Committees had 22 meetings. Sixty-nine projects were approved and 153 Resolutions on financing and policy matters were adopted. The most important policy matters processed by the Board of Executive Directors were: (i) IDB Three-Year Work Plan and Budget for 2017, (ii) Outline of the IDB President's Five-Year Program, (iii) Concept clearance of the Global Education Impact Fund (GEIF), (iv) IDB partnership with the World Economic Forum, (v) Update on implementation of the IDB Group Ten-Year Strategy, (vi) IDB's participation in ICD's Capital Increase, and (vii) Request of Cooperative Republic of Guyana for membership of IDB.

In the context of credit ratings, the top three international rating agencies – Standard & Poor's, Moody's and Fitch Ratings – have rated members of IDB Group (IDB, ICIEC and ICD). IDB has maintained "AAA" credit ratings since 2002 from Standard & Poor's, Moody's and Fitch Ratings while, ICIEC has been assigned an Aa3 rating by Moody's since June 2008, which is the highest rating assigned to major insurers of credit and political risk globally. For ICD, Moody's reaffirmed its rating of "Aa3" with a Stable outlook. Moreover, in 2016, ICD obtained an AA rating from Fitch and "A+" credit rating from S&P with "Stable" outlook, reflecting its adequate business profile and very strong financial profile.

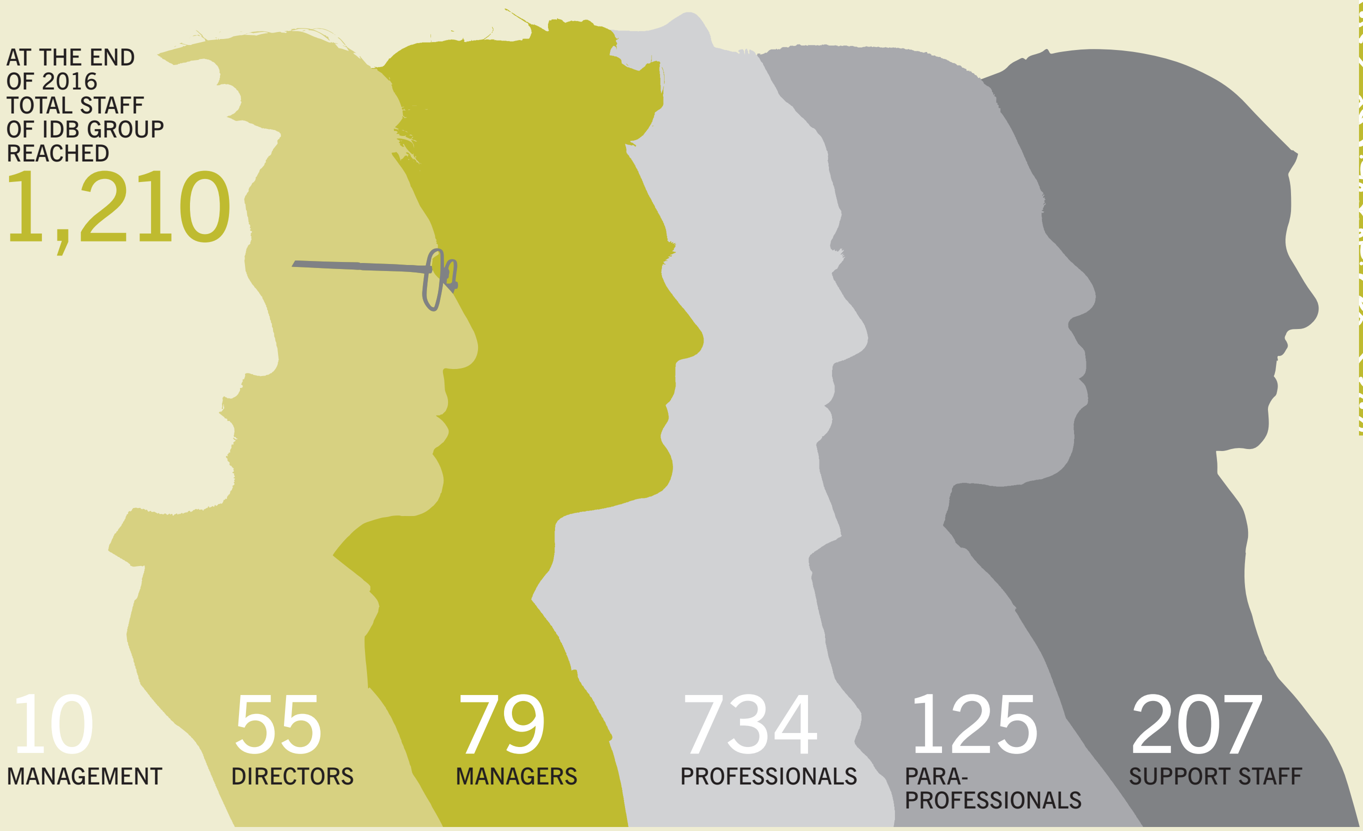
Eight new Member Country Partnership Strategies (MCPSs) were initiated; of which two were formulated (Kyrgyz and Indonesia) and six (Egypt, Iran, Nigeria, Senegal-Phase II, Cameroon and Yemen) are at various stages of preparation. The number of MCPSs which were launched since 2010 to enhance dialogue with key stakeholders in member countries and development partners reached 19; of which 14 have been completed while five are at various stages of implementation. During the year, MCPS Completion Reports (CR) for Senegal, Turkey, Indonesia, Kuwait and Uganda were prepared in partnership with the relevant government authorities and the IDB Group entities.

Twenty-five ordinary projects were post-evaluated comprising of 23 projects financed from the Ordinary Capital Resources, one project by ICD and one TA project by IRTI. Fifteen Project Completion Reports were reviewed and validated.

The Bank has successfully implemented an automated issue tracking management capability for internal audit-related activities, thereby allowing business units to submit status updates online and thus increasing the level of efficiency and accountability in the implementation of follow-up process throughout the IDB Group. In addition, it has continued to utilize an advanced risk assessment system to define auditable areas, match risks and objectives to the entities within the IDB Group, conduct risk scoring and build the Plan.

In the area of risk management, the Bank undertook several initiatives including improvement in risk reporting, revision of Exposure Management Framework and limit setting mechanism, finalization of Asset Liability Management (ALM) Framework, commencement of the deployment of an Enterprise Risk Management system and DataMart. It is also making continuous efforts to enhance risk culture, implement the Operational Risk Framework and strengthen internal controls.

Under its ambitious Group Business Enhancement and Systems Transformation Program (GBEST Program), several solutions have been delivered including solutions for Finance, Procurement and Human Capital Management, Funds Management, Cash



Management, Bank Communication Management, Employee and Manager Self Services, Budget Planning and Consolidation, Scholarship Management, Treasury and Investment, Operations Management, Operations Financing, Risk Management, Travel Management and Enterprise Content Management. Additional business solutions have been added to the original scope of the Program namely Enterprise Risk Management, Financial Planning and Projection, Syndicated Operations Financing in addition to the change in the Financial Calendar from Lunar Hijri to Solar Hijri.

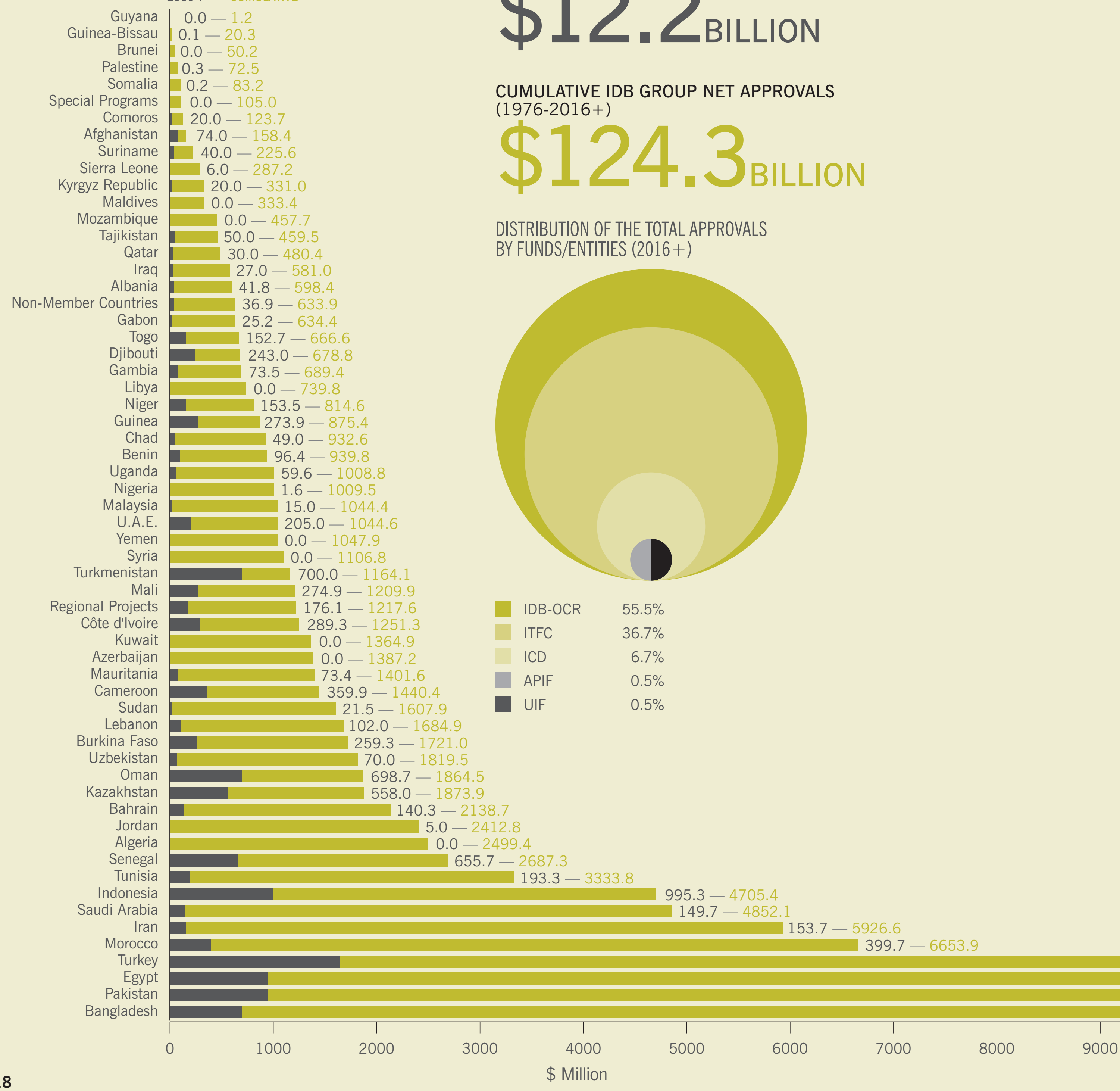
With respect to knowledge management and innovation, the Bank organized a number of activities including (i) IDB Group Knowledge & Innovation Fair and Forum, (ii) 1st IDB Scholarship Story Competition, (iii) “Know Your Risk” campaign, (iv) Annual Innovation Exhibition, (v) a workshop on Innovation & Entrepreneurship, (vi) 3rd IDB Group Innovation Competition, and (vii) Science, Technology, Engineering, Arts and Mathematics (STEAM) Innovation Challenge.

At the end of 2016, the total staff of the IDB Group reached 1,210 comprising 10 Management, 55 directors, 79 managers, 734 professionals, 125 para-professionals and 207 support staff. During the year, the Bank selected a new batch of 24 Young Professionals (YPs) to join its YP Program. There are ten YPs under rotation, out of which one YP joined the Program during the year under review.

The Bank continued to make good progress on 42 initiatives generated by the IDB Group Enhancing Work Environment (EWE) program and this will continue over the course of 2017. By mid-year of 2016, 61% of the overall program progress was achieved and this was communicated to the staff at a town hall. A quarterly progress and status report was prepared and sent to the IDB Management. ■

2016+ In Numbers

IDB GROUP NET APPROVALS



TOTAL IDB GROUP NET APPROVALS (2016+)

$12.2 BILLION

CUMULATIVE IDB GROUP NET APPROVALS (1976-2016+)

$124.3 BILLION

DISTRIBUTION OF THE TOTAL APPROVALS BY FUNDS/ENTITIES (2016+)

IDB-OCR	55.5%
ITFC	36.7%
ICD	6.7%
APIF	0.5%
UIF	0.5%

THE PRESENT MEMBERSHIP OF THE BANK CONSISTS OF

57

COUNTRIES WHICH FALL WITHIN FOUR IDB REGIONAL GROUPINGS

REGIONAL LEVEL ALLOCATION IN 2016+

SUB-SAHARAN AFRICA
$3.089 BILLION
25.3%

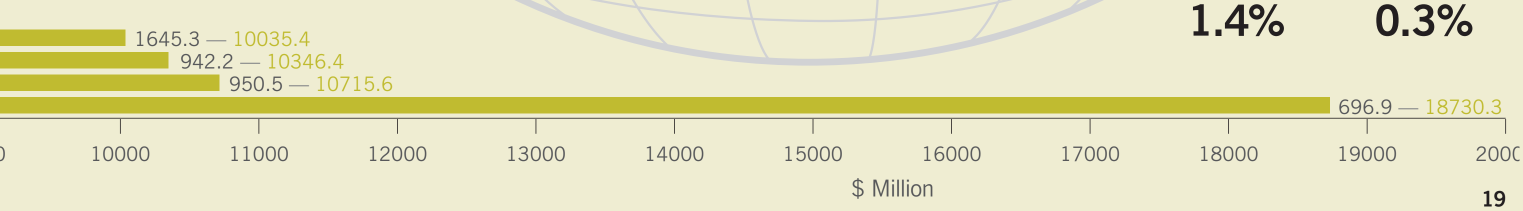
EUROPE AND CENTRAL ASIA
$3.085 BILLION
25.3%

MIDDLE EAST AND NORTH AFRICA
$3.047 BILLION
25.0%

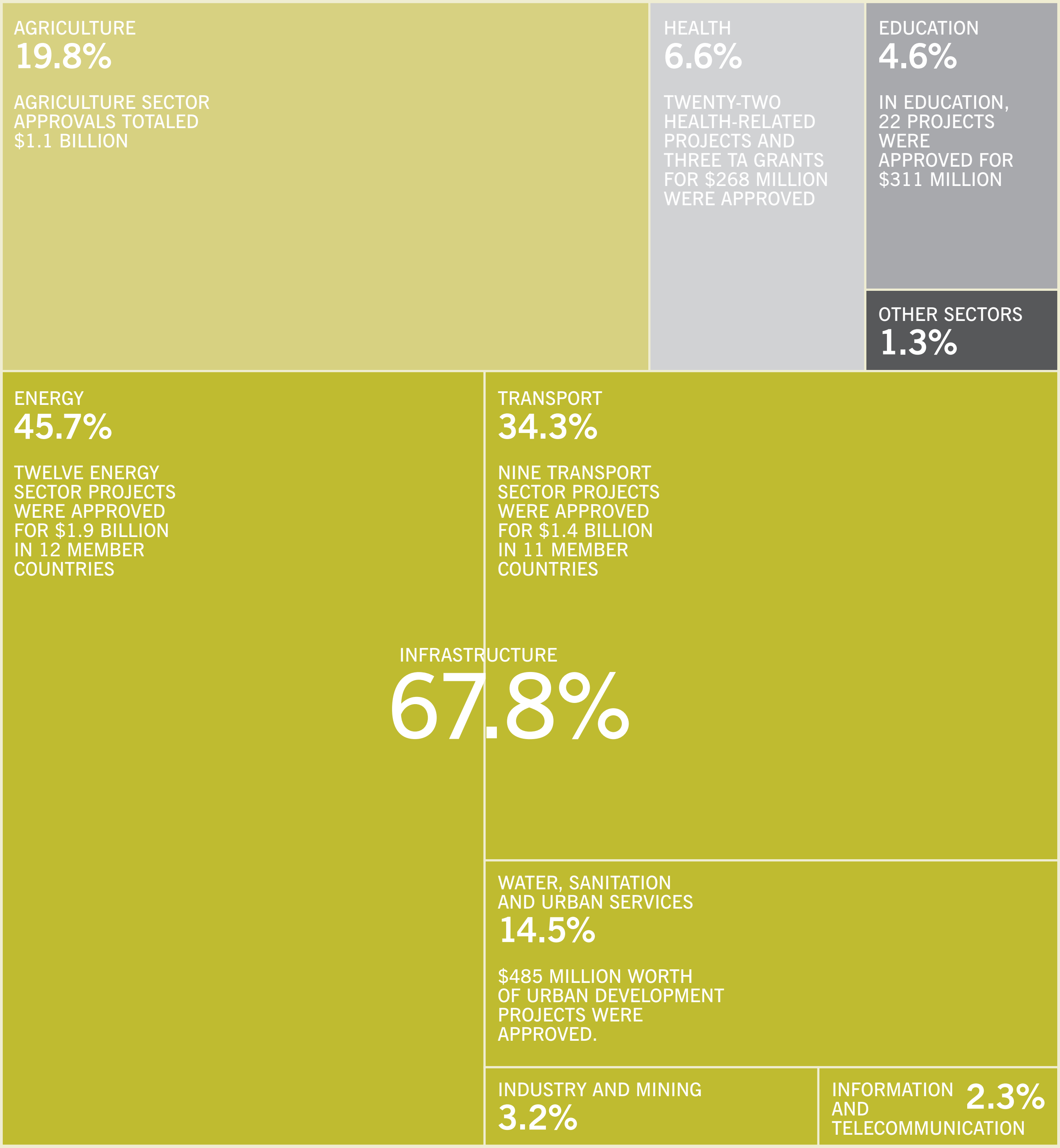
ASIA AND LATIN AMERICA
$2.772 BILLION
22.7%

REGIONAL PROJECTS
$0.176 BILLION
1.4%

NON-MEMBER COUNTRIES
$0.037 BILLION
0.3%



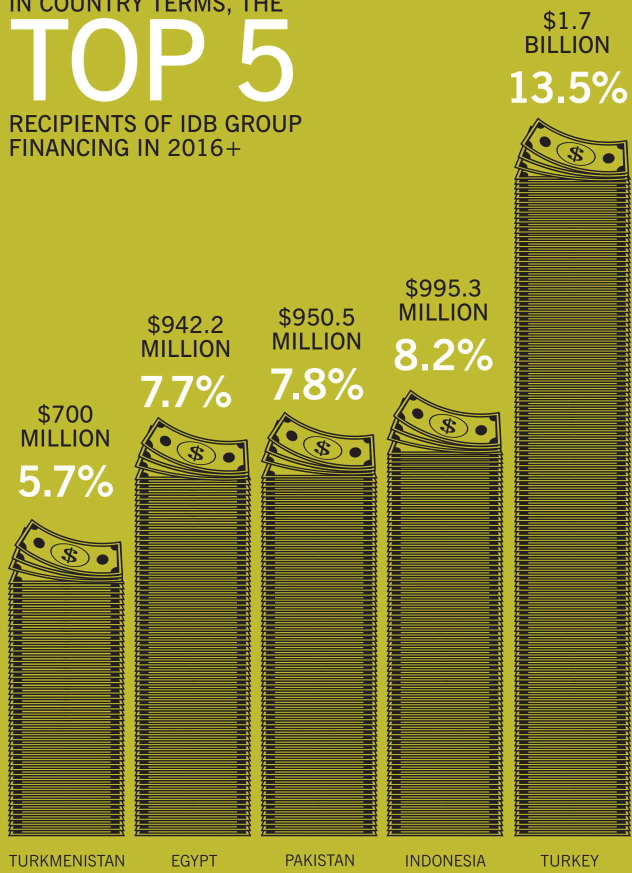
> *Infrastructure continued to be the primary focus of the Bank's developmental financing. This renewed focus on infrastructure was in response to the significant demand from member countries to address infrastructure deficits by building new assets and enhance resilience of existing infrastructure.*



1 IDB Group in focus

The five members of the IDB Group – IDB, IRTI, ICIEC, ICD and ITFC – provide a variety of development assistance supports that are critical to fostering the socio-economic development of member countries and Muslim communities in non-member countries. This chapter highlights the IDB Group's operational performance, major initiatives, and the achievements of Group members as well as the Special Funds managed by the Bank.

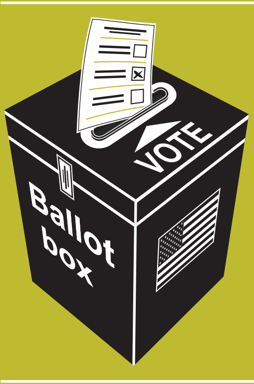
IN COUNTRY TERMS, THE
TOP 5
RECIPIENTS OF IDB GROUP FINANCING IN 2016+



2016

WAS A DIFFICULT YEAR FOR A NUMBER OF OIL-EXPORTING MEMBER COUNTRIES.

THEY INTRODUCED A SERIES OF AUSTERITY MEASURES TO WEATHER THE UNFAVORABLE SLUMP IN THE OIL PRICES.



"Downside risks included growing signs of populist trends (as exemplified by the twin surprises of Brexit and the outcome of the US election)."

THE COOPERATIVE REPUBLIC OF GUYANA BECAME THE

57TH

MEMBER OF THE ISLAMIC DEVELOPMENT BANK IN MAY 2016

During the 41st Annual Meeting in Jakarta (Indonesia), a flag procession ceremony was held to mark the accession of Cooperative Republic of Guyana to the membership of the Bank.

1.1 Summary of IDB Group Operational Results

The global development landscape in 2016 was characterized by uncertainty and downside risks, although there were a few bright spots such as the speedy ratification of the historic Paris climate agreement by a record number of countries, normalization of U.S monetary policy, a gradual uptick in commodity prices (especially oil, due to OPEC and non-OPEC agreeing to cut production), and containment of the spread of zika disease.

The downside risks included growing signs of populist trends (as exemplified by the twin surprises of Brexit and the outcome of the US election); a global trade slowdown; divergent and near-exhaustion of monetary policy tools in major advanced economies; an increase in transnational terrorism; a shifting geopolitical order, particularly the rise of intra- and inter country conflicts and social disorder; forced displacement and the attendant refugee crisis; worsening youth unemployment; a slowdown in emerging and developing economies, particularly China; widening income inequality; insecurity; a heightened threat of cybersecurity, and advances in technology that are fueling fears of job losses to automation.

Some of these risks are a potential threat to globalization and are a source of concern for global economic recovery, a process that has been too slow for too long with growth averaging 3.2% in recent years (2014-1016). As the economies of member countries are not decoupled from the global economy, the impacts of these risks are evident in the slow growth recorded in the economic activity of member countries, which averaged 3.4% in 2016 compared to 3.3% in 2015 and 3.9% in 2014.

Indeed, 2016 was a difficult year for a number of oil-exporting member countries. They introduced a series of austerity measures to weather the unfavorable slump in the oil prices. In particular, growth in sub-Saharan member countries declined considerably at 0.8% in 2016 compared with 3.5% the year before (largely due to economic recession in Nigeria and negative growth in Chad) while Europe and Central Asian member countries also registered slow growth averaging 2.5% in 2016 against 3.7% in 2015 (mainly due to Azerbaijan and Kazakhstan both recording negative growth in 2016). In the Middle East

[5] IDB staff computation based on IMF World Economic Outlook Database, accessed in October 2016.
[6] Due to change in the beginning and end of the financial year of the Bank, the figure covers 14.5 months (i.e. 14 October 2015 to 31 December 2016).
[7] All percentage changes are based on US$ amount.
[8] This is based on the new IDB classification of its 57 member countries into four regions namely Asia and Latin America; Sub-Saharan Africa; Europe and Central Asia; and Middle East and North Africa regions.

and North African member countries, growth has improved by 1.1 percentage points from 2.1% in 2015 to 3.2% in 2016 and similarly in Asia and Latin American member countries (4.9% in 2016 as against 4.8% in 2015).[5]

In fulfilling its mandate of fostering socio-economic development of its member countries and scaling up financing to help minimize the impact of external shocks on their economies, the IDB Group in 2016[6] approved ID8.8 billion ($12.2 billion) for 255 operations. Due to the change in the financial year of the Bank to a Solar Hijri Calendar, effective from 2016, and for the convenience of comparative analysis of the performance of the Bank in recent years with the previous years, the approvals during the transition period (14 October 2015 to 31 December 2015) and the full year of 2016 are shown in all charts. As is evident in Fig. 1.1, the approvals in 2016 (excluding the transition period) totaled ID7.6 billion ($10.5 billion) compared with ID8.3 billion ($11.8 billion) a year earlier (1436H), representing a decrease of 10.7%[7].

The approvals from the IDB's Ordinary Capital Resources (IDB-OCR) accounted for the largest share of the Group's net approvals in 2016+ (hereafter refers to 2016 plus the transition period) at 55.5% (ID4.8 billion or $6.8 billion), followed by ITFC's activities at 36.7% (ID 3.2 billion or $4.5 billion), ICD at 6.7% (ID608.1 million or $819.4 million) with APIF and UIF accounting for 0.5% each respectively (Figure 1.2). With respect to growth in net approvals in 2016, UIF registered the highest at 70%, ICD at 27.2%, APIF at 15.5%, IDB-OCR at 14.5%, with ITFC recording a 36.1% decrease (Figure 1.3) (Box 1.1).

In terms of regional[8] breakdown, the Sub-Saharan Africa, Europe, Central Asia, and Middle East and North Africa regions each received the largest share of IDB Group net approvals in 2016+ averaged 25% (ID2.2 billion or $3.1 billion), followed by Asia and Latin America at 22.7% (ID2 billion or $2.8 billion).

BOX 1.1 ITFC'S ACTIVITIES IN 2016+

During the year under review, trade activity at global level stagnated due to a number of factors including uncertainty and risks associated with global economy.

Amidst this uncertainty, trade finance was affected due to the challenging market environment, mainly the drop in oil prices.

Despite some improvement in the later part of 2016, oil prices remained relatively low as compared to the high prices experienced prior to 2015. In addition, some member countries from Sub-Saharan Africa and the Central Asia regions including Nigeria, Mozambique and Kazakhstan were strongly affected by lower commodity prices and shortage of foreign currency, which hindered trade activity.

FIG 1.1 IDB GROUP NET APPROVALS (1433H-2016+)

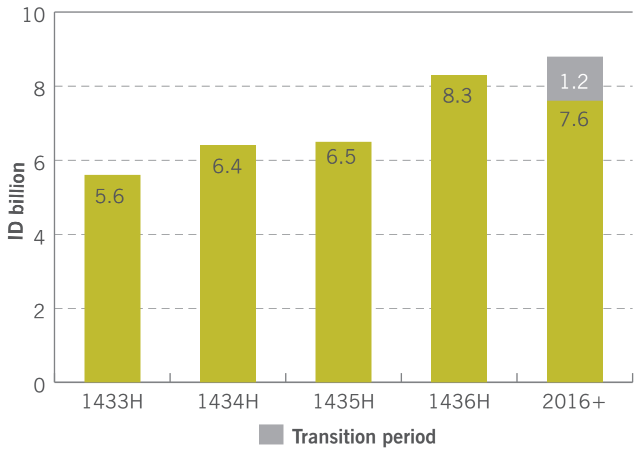


FIG 1.2 DISTRIBUTION OF IDB GROUP'S NET APPROVALS

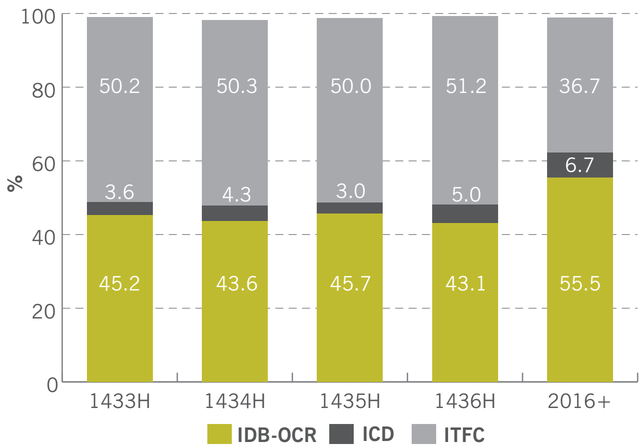
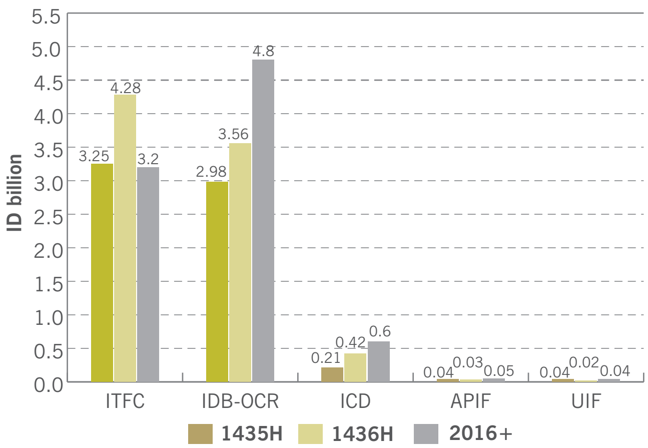


FIG 1.3 NET APPROVALS BY ENTITIES & FUNDS

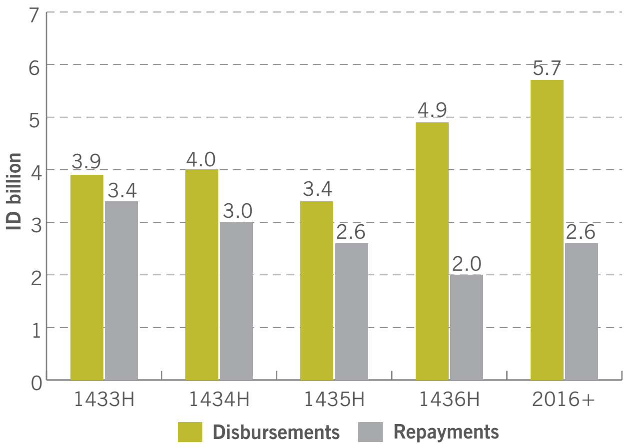


In country terms, the top five recipients of IDB Group financing in 2016+ were Turkey at 13.5% (ID1.2 billion or $1.7 billion), Indonesia at 8.2% (ID710.3 million or $995.3 million), Pakistan at 7.8% (ID683 million or $950.5 million), Egypt at 7.7% (ID671.2 million or $942.2 million) and Turkmenistan at 5.7% (ID501.7 million or $700 million).

Cumulatively, the IDB Group net approvals since inception have totaled 8,195 projects and operations for ID86.3 billion ($124.3 billion). This amount excludes ICIEC's insurance commitments of ID22.4 billion ($33.1 billion) and business insurance operations of ID24.9 billion ($36.2 billion).

The IDB Group in 2016+ disbursed a total amount of ID5.7 billion ($7.7 billion) compared with ID4.9 billion ($6.8 billion) a year earlier (1436H). The repayments during the year under review were ID2.6 billion ($3.5 billion) compared with ID2.0 billion ($2.8 billion) in 1436H. Since its inception up to the end of 2016, the IDB Group's disbursements reached ID55.7 billion ($79.5 billion) while the repayments amounted to ID40.9 billion ($58.5 billion), resulting in a net resource transfer of ID14.8 billion ($21.0 billion). (Figure 1.4).

FIG 1.4 TRENDS IN IDB GROUP DISBURSEMNETS AND REPAYMENTS



1.2 Group Major Initiatives

The IDB Group in 2016 launched and implemented major initiatives including Resource Mobilization, Deep Dive, the Lives and Livelihood Fund, and Special Program for Central Asia. A brief overview of these initiatives along with their progress is presented below.

Resource mobilization: In tandem with its strategy to make more financial resources available to its member countries and supplement its own limited resources, the IDB has intensified its resource mobilization and diversification efforts. In 2016, the IDB issued four series of Trust certificates *(Sukuk)* under its existing $25 billion Medium Term Note (MTN) program; of which two series were issued via benchmark issuances totaling $2.75 billion, while the remaining issuance was issued through private placement.

The public issuance totaled $1.5 billion deal in March 2016 (Series 26 maturing in March 2021), followed by another benchmark issuance of $1.25 billion in December 2016 (series 28 maturing in December 2021). These issuances witnessed participation of new high-quality investors, which manifested the acceptance of IDB credit in the global fixed income space.

In the private placement space, which is more dedicated for specific investors demand in terms of currency and

2016

THE IDB ISSUED FOUR SERIES OF TRUST CERTIFICATES (SUKUK) UNDER ITS EXISTING $25 BILLION MEDIUM TERM NOTE (MTN) PROGRAM

tenure, the IDB issued a €300 million seven-year *Sukuk* maturing in March 2023. This series was issued directly to a group of private investors in Europe and North Africa. The Bank also issued US$ 100 million five-year sukuk maturing in September 2021. In addition, the Bank issued a MYR350 million trust certificate in June 2016 with a tenure of eight years on a stand-alone basis for local projects in Malaysia.

The resource mobilization exercise, apart from the fund-raising agenda, was also aimed to promote the Islamic financial industry in member countries as well as in the global arena. The IDB's Sukuk, apart from being listed on the London Stock Exchange, is also listed on member country securities exchanges including Bursa Malaysia (Exempt Regime), and Nasdaq Dubai.

The ICD also issued its debut five-year Sukuk for $300 million in April 2016. The primary market distribution of the Sukuk was 81% in the Middle East, 10% in Europe, and 9% in Asia. With this Sukuk, ICD has raised a total of $1.1 billion in long-term funds.

New Membership of IDB: The Cooperative Republic of Guyana became the 57th member of the Islamic Development Bank in May 2016 after fulfilling all the terms and conditions of membership as prescribed by the Articles of Agreement establishing the Bank which are that the prospective country must join the Organization of the Islamic Cooperation, pay the first instalment of its minimum subscription to the Capital Stock of IDB, and accept any terms and conditions that may be decided upon by the Board of Governors.

During the 41st Annual Meeting in Jakarta (Indonesia), a flag procession ceremony was held to mark the accession of Cooperative Republic of Guyana to the membership of the Bank. This ceremony was preceded by the IDB Bank Secretary's reading out of the Resolution No. BG/1-437 that had been adopted earlier by the Board of Governors (by circulation), enabling the Cooperative Republic of Guyana to become a member of the Bank. The Board of Governors warmly welcomed the Cooperative Republic of Guyana and thanked its government for ratifying the IDB's Articles of Agreement. With this membership, Guyana has become the second country in Latin America after Suriname to join the IDB.

Deep Dive Initiative: On 14 October 2015, the IDB Group and the World Bank Group (WBG) signed a Strategic Partnership Framework (SPF) to strengthen cooperation between the two institutions towards the achievement of common development objectives in mutual member countries (MCs). The two institutions agreed to focus on key areas for the period 2016-2018 (Fig. 1.5).

"The Strategic Partnership Framework (SPF) prioritizes key thematic areas including education and agriculture."

The SPF was the outcome of an intensive institutional and technical-level dialogue dubbed as the ‘Deep Dive’, which identified specific thematic areas and joint projects and initiatives aligned with the strategies and priorities of both institutions. The thematic areas prioritized include agriculture, education, energy, water, trade facilitation and transport, private sector development, fragility, Islamic finance and innovative financing mechanisms (Fig. 1.6).

Overall collaboration has taken the form of financial and technical cooperation, joint workshops and learning events, sharing of information and studies, staff exchange, and joint missions. The partnership has contributed to discussions on the alignment of policies in support of key objectives and has increased emphasis on building resilience in fragile and conflict-affected situations, especially in the Arab and Sahel regions.

The SPF has resulted in achieving significant progress in delivering a robust pipeline of projects during the first year of implementation. Operational deliverables include guarantees from ICIEC and MIGA and private sector investments supported by ICD and IFC. Excluding guarantees, around 25%, or $2.3 billion, of the pipeline identified during the initial consultations was delivered. Of the volume of co-financing delivered, the IDB Group contributed 39% and the WBG provided 61%.

In total, seven projects, including private sector and PPP projects, were approved and are currently under implementation. The sectors covered are energy, water, agriculture, urban development and health. ICIEC and MIGA have teamed up to provide aggregate guarantees for $300 million with ICIEC covering $50 million for two IPP (Independent Power Producers) projects in Nigeria and Bangladesh. Furthermore, joint work on fragility has led to the establishment of the MENA Concessional Financing Facility, which was launched in April 2016 in partnership with the UN. The IDBG and the WBG launched in October 2016 the first joint Global Report on Islamic Finance 2016--”Islamic Finance: A Catalyst for Shared Prosperity”.

Lives and Livelihoods Fund: On 29 September 2016, the IDB and its development cooperation partners launched a $2.5 billion “Lives and Livelihoods Fund” (LLF), which is the largest development initiative of its kind based in the Middle East serving many member countries. The major LLF donors are the Islamic Solidarity Fund for Development (ISFD) of the IDB, the Bill & Melinda Gates Foundation, the Qatar Fund for Development, the King Salman Humanitarian Aid and Relief Centre, and the Abu Dhabi Fund for Development. By the end of 2016, the Fund had raised about $400 million of the targeted $500 million in grant funding.

FIG 1.5 KEY SPF FOCUSED AREAS

The LLF model with a horizon of five years provides a unique access to finance by pooling together grant resources from regional and international donors, along with IDB market-based ordinary project financing to offer highly concessional funding that target sub-sectors and project areas that could not be reached before. Its primary targets are the Least Developed Member Countries (LDMC’s), where the majority of the poor live. They are countries in urgent need of financial assistance, but are constrained in their access to borrowing due to limited production capacities and/or restricted financial conditions.

The IDB acts as the Trustee of the Fund and has established a Management Unit to coordinate the activities of the Fund. Development projects are processed in accordance with the IDB project cycle after their approval by the Impact Committee of the LLF (the Board of the Fund). Projects approved so far for the first batch of funding were primarily in a number of LDMCs in West Africa with a total approved amount of $363 million for projects in health and Agriculture development. These funds will be used to protect communities from the risk of malaria and eradication of diseases such as HIV/AIDS and mother-to-child protection, increase access to water and primary healthcare, and empower poor farmers and pastoralists to grow more food through the development of the necessary basic infrastructure and integrated pastoralism.

FIG 1.6 REGIONAL PRIORITIES OF SPF BY SECTORS

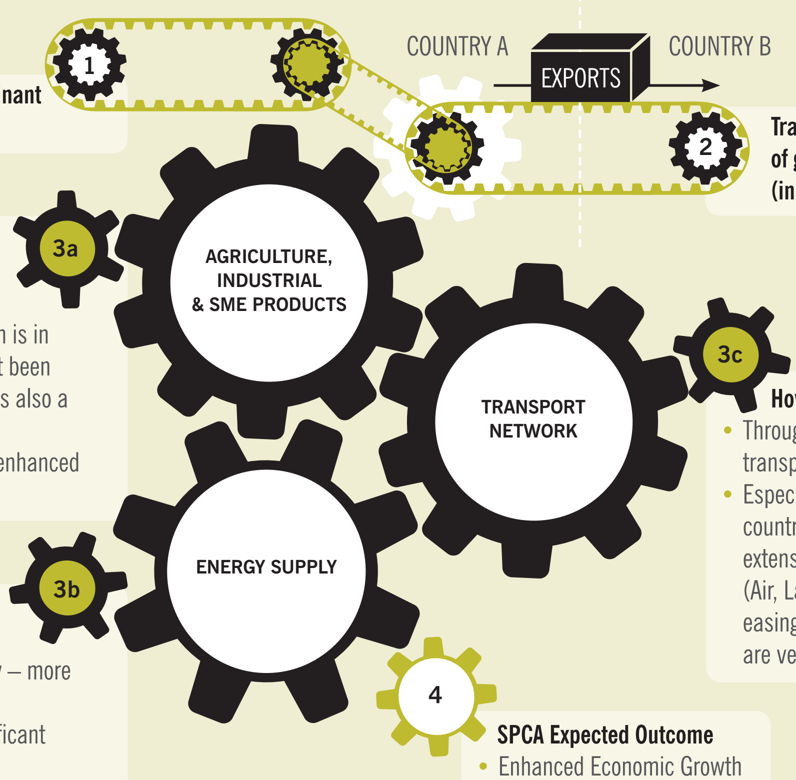
Sector/Region	Africa	East Asia	Europe Central Asia	Arab Region	South Asia
Agriculture					
Education					
Energy					
Fragility					
Islamic Finance					
Innovative Financing					
Trade and Transport					
Water					
Private Sector					

> *"The Lives and Livelihoods Fund (LLF) primary targets are the Least Developed Member Countries (LDMC's), where the majority of the poor live."*

Special Program for Central Asia: The Special Program for Central Asia aims to support the cooperation efforts of the IDB Group's member countries in Central Asia (Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan) to enhance competitiveness, increase trade and promote economic growth. The program focuses on transport, energy, and agriculture with trade as the vehicle for achieving the goals. Private sector and capacity development as well as Islamic finance are the enablers for the program.

The program supports increased intra-regional and international trade, increased agricultural and industrial production, increased value addition, enhanced regional energy security, and a more efficient regional transport

BOX 1.2 THE SPCA LOGIC



Trade is a significant determinant of sustainable development

Trade is the movement of goods across borders (in this case)

What do you trade and why?

- Agriculture, SME and Industrial products.
- Because 40% of population is in Agriculture, Growth has not been inclusive enough, and SMEs also a source of employment.
- Together, they ensure that enhanced growth is inclusive.

How is trade possible?

- Trade is possible if goods are produced more cheaply – more efficiently, ($UC_A < UC_B$)
- Energy efficiency is a significant challenge in the Region.
- Increased energy efficiency will increase supply and then help UC.

How do you move goods?

- Through an extensive transport network.
- Especially for landlocked countries, an efficient and extensive transport network (Air, Land, Sea) as well as easing of non-tariff barriers are very important.

SPCA Expected Outcome

- Enhanced Economic Growth
- Increased Competitiveness
- Increased Trade

Trade, which is a determinant of sustainable development, is the main thrust of the SPCA program. To facilitate trade, the program supports increased agriculture, industrial and SME production in order to achieve excess production and create the enabling environment for trade. Agriculture and SME goods are chosen because a significant proportion of the population in Central Asia region are economically active in their production. By increasing incomes in these two areas, the resulting economic growth can be more inclusive.

Producing excess is not enough to create the environment for trade. To enable across borders trade, the exports have to be produced more cheaply at the origin country (A) than in the destination country (B). In other words, the unit cost of production in country A has to be lower than the unit cost of production in country B. As in all parts of the world, one of the significant costs of production is that of energy and the Central Asia region is no exception. Energy loss, resulting from aging infrastructure makes production costly and reduces competitiveness. By supporting efficiency improvements and exchanges in the energy sector, SPCA would contribute to increasing energy supply and reducing cost of production. Hopefully, this will result in reduced tariffs and a lower unit cost of production, which will also benefit agriculture and SME producers. In a similar vein, SPCA will also support the transmission infrastructure needed to move and trade energy across borders. These interventions will result in a competitive region.

SPCA

WILL SUPPORT THE TRANSMISSION INFRASTRUCTURE NEEDED TO MOVE AND TRADE ENERGY ACROSS BORDERS

Once commodities are produced competitively, they have to be moved across the borders, or else excess supply could hurt domestic producers. To address this concern, the Program will support the development of an extensive transport network to facilitate the easy movement of goods over the region. Hence, SPCA will support increased production, enhanced competitiveness, increased trade and through these, enhanced economic growth.

network. It will complement the ongoing regional cooperation efforts of the development partners, with particular focus on productive sectors of the economy. The Program was inspired by the IDB Ten-Year Strategy and the Organization of Islamic Cooperation (OIC) Program of Action for Cooperation in Central Asia (PACCA). It was launched by the IDB Governors from the region in May 2016 in Jakarta, and the OIC Council of Foreign Ministers (CFM) endorsed it in Tashkent in October 2016.

FIG 1.7 SECTORAL DISTRIBUTION OF IDB-OCR NET APPROVALS 2016+

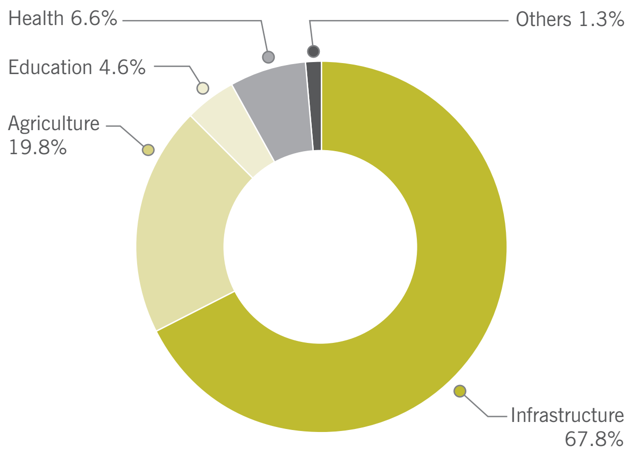
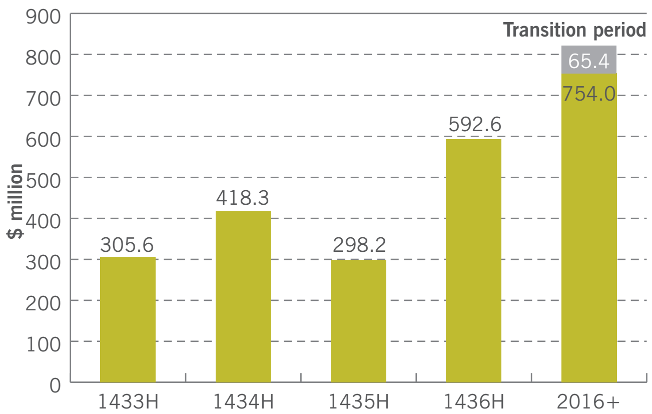


FIG 1.8 TRENDS IN ICD NET APPROVALS (1433H-2016+)



> *"In creating new channels of operations in member countries, ICD approved $462.2 million for Line of Financing (LOF) and institutional equity projects."*

The program has an envelope of $6 billion to finance regional as well as national projects with regional dimensions spanning a five-year period (2017-2021). For 2017, 12 operations, amounting to $1.04 billion have been identified for processing. Of these, two are energy projects aimed at tapping into the gas and water resources of the region to generate energy while two transport projects will contribute to linking the region both within and with neighboring countries. Two agriculture projects will support increased fruit production and trading as well as the development of complementary infrastructure in an economic zone in Tajikistan and halal meat standardization and certification in the Kyrgyz Republic. One project will upgrade internet connectivity in Turkmenistan. A capacity-building project on value chains is the trade operation. The Bank Group is looking forward to the successful implementation of the program (Box 1.2).

1.3 IDB Group Achievements

Fostering socio-economic development: The bulk of funds used in financing socio-economic development projects in member countries comes from the ordinary capital resources of the IDB (IDB-OCR). In 2016+, the net approvals from IDB-OCR totaled ID4.8 billion ($6.8 billion). However, excluding the transition period, the IDB-OCR's approvals in 2016 were ID4.2 billion ($5.8 billion) compared with ID3.6 billion ($5.1 billion) in 1436H, representing a growth of 14.5%. Fig 1.7 shows that infrastructure financing accounted for the largest share of 67.8%. In the past five years, the OCR approvals averaged ID3.2 billion ($4.8 billion) per year.

Promoting private sector development: Despite a difficult global environment in 2016, the Islamic Corporation for the Development of the Private Sector (ICD) made remarkable progress in implementing its ambitious annual business plan by approving $819.4 million worth of operations. This amount brings the cumulative approvals since inception of ICD to $4 billion (Fig. 1.8). The Corporation disbursed $462 million with a disbursement/approval ratio of 56%.

In creating new channels of operations in member countries, ICD approved $462.2 million for Line of Financing (LOF) and institutional equity projects, which was very close to the annual target. ICD's disbursements for financial institutions totaled $254.6 million in 2016. On the real sector side, $247.3 million of financing was approved with $205.8 million disbursed. The majority of approvals were in high impact sectors such as energy, industrial and infrastructure.

Asset management continued to be an important tool for ICD to deliver its development mandate with approvals of $115 million in 2016, bringing the total assets under management to $866 million. Both the sectoral and regional distribution of ICD's approvals were consistent with its strategic priorities. ICD approved about $462 million of investment, or nearly 56% in the financial sector (excluding funds). Similarly, most of ICD's new projects approvals in corporate sector were concentrated in high-impact sectors such as industry and mining, energy, and infrastructure.

In terms of regional distribution, 23.4% of ICD's approvals in 2016 went to Middle East and North Africa, 20.6% to Sub-Saharan Africa followed by the regional projects (19.4%), Central Asia and Europe (18.3%), and Asia (18.3%).

Group Business Forum (Thiqah): This Forum is a unique and innovative platform for promoting dialogue, cooperation and inclusive partnership among business leaders committed to partnering in promising investment opportunities in member countries. It helps maximize cross-border investment among member countries, with the support of IDB Group's financial products and services (www.idbgbf.org).

In 2016, the Forum organized, promoted and coordinated the participation of IDB Group in 33 international and regional conferences and forums, including the African Presidential CEO Investment Summit, Business Forum in Morocco, Saudi Arabia Institutional Investor Forum, China OIC Forum, Dubai Annual Investment Meeting, International Conference of Entrepreneurs, Euromoney Conference, Sarajevo Business Forum, Seminar on Transformation of Islamic Finance Industry in Indonesia, IDB Group Private Sector Forum, 15th Exhibition for the Members of Organisation of Islamic Cooperation (OIC), Manafe Forum, IDB Group Pavilion at COP22, Africa Investment Forum and Fair, and Azerbaijan International Investment Conference.

In addition, the Forum supported the Bank in revamping and updating its website with better features and performance in compliance with international standards and global best practices. It has established 32 conference websites and multimedia libraries for IDB Group, and conducted 46 business meetings and events at its office.

Strengthening Trade Financing: The International Islamic Trade Finance Corporation (ITFC), which commenced operations in 1429H (2008), promotes intra-OIC trade through financing imports and exports and acts as a conduit in facilitating trade development for member countries. It provides financing to both the public and private sectors, using mainly Murabaha instrument. It also uses other modes of trade solutions including Structured Trade Finance (STF), Islamic Discounting and L/C opening/confirmation.

The ITFC's financing activities cover energy (crude oil and refined petroleum products), fertilizers, plastics, textiles, agricultural inputs, food items, sugar, coffee, etc. In addition to its direct operations with clients in member countries (including LDMCs), Lines of Financing under Two-Step Murabaha are extended to local banks to help create access to finance for SMEs & the private sector in member countries.

ITFC has recorded robust growth in its operations over the past nine years, with its approvals reaching $4.5 billion in 2016, up from $2.5 billion in 2008 (1429H) (Fig. 1.9). On the other hand, disbursements amounted to $4.8 billion in 2016, representing remarkable achievement when compared with the 2008 (1429H) figure of $1.2 billion. The sizable approvals of $4.5 billion in 2016 meant that ITFC needed to mobilize resources from external partners in order to fund this level of trade financing commitments. As such, working with the existing and new partners, ITFC was able to mobilize $2.4 billion in 22 syndicated operations in 2016 in favor of 15 member countries. This level of mobilized funds represented about 53% of the total trade financing provided by ITFC to its clients in 2016. More details about ITFC's activities are available at **www.itfc-idb.org/en**.

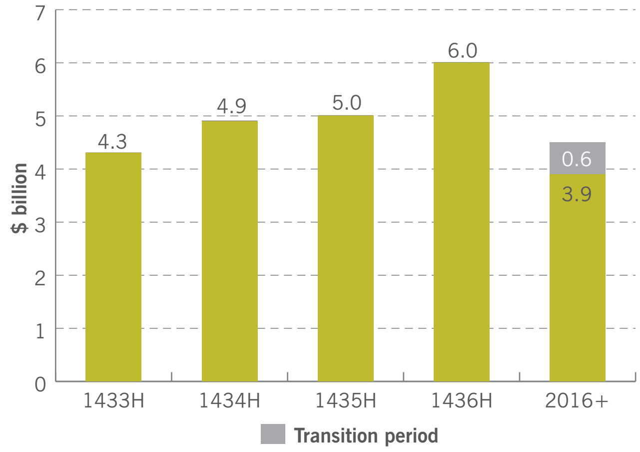
Bolstering Credit and Country Risk Insurance: The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) provides risk mitigation solutions for exporters from its member countries, and investors investing in its member countries. It also provides non-payment risk insurance solutions to exporters from non-member countries, for their sales of essential commodities and capital equipment to obligors in ICIEC member countries.

Since its inception, ICIEC has supported $30 billion of Export Credit Insurance and $5.8 billion of Foreign Investment Insurance.

Its business insurance operations increased by 37.2% to $8.6 billion in 2016 from $5.4 billion a year earlier (1436H). Similarly, new commitments increased by 14% to $4.8 billion in 2016 from $4.2 billion in 1436H (Fig. 1.10). Cumulatively, since inception, insurance approvals issued reached $33.1 billion and business insured amounted to $36.2 billion. The overall claims ratio (claims paid over premium earned) – the main indicator of credit insurance operations performance – stood at 27.9%, which is still lower than the industry ratio.

The top six beneficiary countries of ICIEC services since the inception up to 2016 were Saudi Arabia (26.2%), UAE (12.7%), Bahrain (9.4%), Turkey (6.5%), Egypt (6.3%) and Pakistan (6.2%). More details about ICIEC's activities are available at **www.iciec.com**.

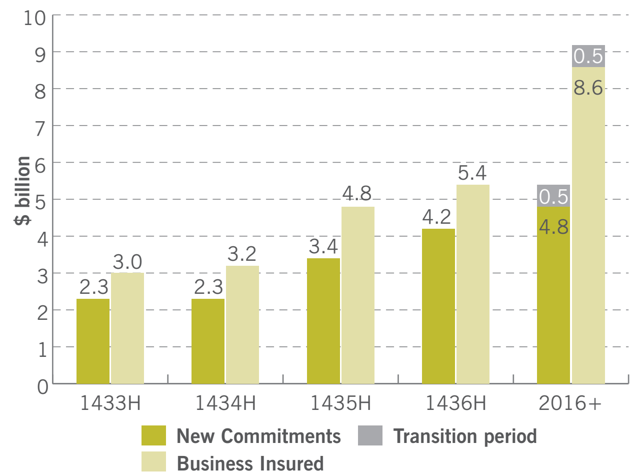
FIG 1.9 TRENDS IN ITFC NET APPROVALS (1433H-2016+)



IN 2016 ITFC APPROVALS REACHED

$4.5 BILLION

FIG 1.10 TRENDS IN ICIEC'S BUSINESS INSURED AND NEW COMMITMENTS (1433H-2016+)



ICIEC BUSINESS INSURANCE OPERATIONS SAW AN INCREASE IN 2016 OF

37.2%

Advancing Islamic Economics and Finance: The IDB Group promotes the development of Islamic economics, banking and finance through various channels including its entities, funds, and programs. The Islamic Research and Training Institute (IRTI) is one of the entities that is responsible for the development of a dynamic and sustainable Islamic financial services industry (IFSI). It undertakes Islamic finance research, capacity development, advisory services, technical assistance, information, and Islamic financial products development. More details of the activities of IRTI are available at **www.irti.org**.

In 2016, IRTI completed the following activities:

- Twenty-nine research papers focusing on various contemporary Islamic economics and finance issues: 11 In-House Research Papers, 17 Working Papers, and one Policy Paper.
- 33 training courses conducted on various aspects of Islamic Economics and Finance under the Member Country Capacity Development (CCD) program, Online Learning Program (OLP), Fee-based Training, and other training categories.
- 11th IDB Global Forum on Islamic Finance organized on the theme "Role of Islamic Finance in Achieving the Sustainable Development Goals (SDGs)"
- 30 new publications released covering different areas of Islamic Economics and Finance, including three textbooks and six other books; the first Global Report on Islamic Finance (in collaboration with World Bank); three Islamic Finance Country Reports (in collaboration with Thomson Reuters and other partners); and four issues of the Islamic Economic Studies journal.
- Five new Corner Libraries – located in institutions in Turkey, Somalia, Pakistan, Indonesia, and Saudi Arabia – provided with IRTI publications
- Ten knowledge-sharing forums and Webinars organized plus two IDB Prize Laureate Lectures, one Eminent Speakers Series, and one Shari'ah Lecture Series
- Won the Global Islamic Finance Award (GIFA) for "Best Islamic Finance Infrastructure Development Institution"
- Five research grants each valued at $10,000 awarded to researchers and also offered two Textbook Grants to produce textbooks that could serve as comprehensive curriculum materials
- Participated in four reputable international book fairs and book exhibitions as well as organized a Book Launch to formally release the book titled *Fatawa Al-Musharaka*t, published in Arabic.
- Islamic Banking Information System (IBIS) updated and published data from 105 financial statements of Islamic banks.

Other activities undertaken by IRTI in 2016 (see details in Section 2.6) were:

- Provided advisory services to (i) state-owned Bangladesh House Building Finance Corporation (BHBFC), (ii) Ethiopia's Islamic Microfinance Needs Assessment, Financial Product Development, and Internal Systems Development, (iii) delivered a five-day Islamic Finance Technical Assistance Program for selected staff from the Central Banks of the Southern African region, and (iv) financed feasibility study for the reclaim of 26 Awqaf properties in Kosovo.
- Under the Technical Support Program, 21 technical assistance projects are under implementation while 23 TA projects are in the pipeline.
- Financial Product Development Center (FPDC) pursued a wide-ranging initiatives including:
  - prepared reports on (i) the Process of Innovation, (ii) Islamic Financial Engineering Laboratory, (iii) Salam in Telecom Services, (iv) Sukuk – Challenges and Prospects for New Designs, (v) Financial Development through Partnership and (vi) IsDB Modes of Finance (French),
  - developed the Product Generator, an online tool that enables professionals to make the right choices for their Islamic financing projects,
  - developing new Shari'ah-compliant financial products (Exchangeable Sukuk, Multi-level Protection Musharaka Sukuk, and Sovereign Finance Corporation)
  - provided more than five (5) trainings, contributed to more than ten conferences/seminars and assisted in more than five (5) official missions,
  - hosted visiting professors from the University of Amsterdam (The Netherlands), University of Technology of Belfort-Montbéliard (France) at the Islamic Financial Engineering (IFE) Lab.
- Awarded the 1437H IDB Prize in Islamic Banking and Finance to Professor M. Kabir Hassan, a Professor of Finance at the University of New Orleans in the United States.

30

NEW PUBLICATIONS RELEASED COVERING DIFFERENT AREAS OF ISLAMIC ECONOMICS AND FINANCE

Building Opportunities for the Poor: The Islamic Solidarity Fund for Development (ISFD) was established based on the decision of the Extraordinary Islamic Summit Conference held in Makkah, Saudi Arabia, in December 2005. It is a $10 billion Special Fund in the form of a Waqf[9] dedicated to reducing poverty in the OIC member countries, particularly the LDMCs. The Fund provides concessionary loans and grants to promote pro-poor growth and human development especially improvements in health care and education.

The contribution to the ISFD has reached $2.7 billion, of which 47 member countries have pledged $1.7 billion with IDB providing the remaining $1 billion. Five member countries made new commitments in 2016 totaling $3.35 million. These were Comoros ($650,000), Guinea ($200,000), Gambia ($1.2 million), Togo ($1 million), and Turkmenistan ($300,000). The actual amount received so far stood at $2.5 billion, of which $900 million was paid in by the IDB and $1.6 billion by member countries.

[9] The concept of Waqf (Trust/ Endowment) implies that only the income generated from the investments of the Fund's resources will be available to finance its operations.

$10 BILLION

SET ASIDE FOR THE ISLAMIC SOLIDARITY FUND FOR DEVELOPMENT (ISFD) WHICH PROVIDES CONCESSIONARY LOANS AND GRANTS TO PROMOTE PRO-POOR GROWTH AND HUMAN DEVELOPMENT

Over the years, the ISFD's Board of Governors passed resolutions to address the low level of commitments to the ISFD's capital by member countries. In its latest resolution, the Board called on member countries to allocate a suitable Waqf (such as a plot of land in a prime area) in favor of the ISFD, which the Fund can develop to generate revenues that can enhance its resources. The Government of Benin is the first country to have allocated a plot of land to ISFD under the Waqf Program. The valuation of the land has been completed and the land has been valued at $5.7 million. The IDB took part in the ground-breaking ceremony of ISFD Benin WAQF on 9 February 2016.

During 2016, the ISFD approved loans of $99.1 million for 13 projects in 11 member countries. Grant operations totaled $24.1 million for Lives and Livelihoods Fund ($20 million), Drylands Initiative ($1 million), Syrian

Refugees ($3 million), and Fighting Obstetric Fistula in Bangladesh ($0.1 million).

The cumulative approvals by ISFD from inception up to the end-2016 reached $664.8 million for 106 operations in 33 member countries. Of these approvals, 73% benefited the LDMCs. The net income of the Fund in 2016 stood at $77.5 million, generated from the returns on investments and retained earnings, as well as fees on the Fund's loans.

"The cumulative approvals by ISFD from inception up to the end-2016 reached $664.8 million for 106 operations in 33 member countries."

Awqaf Properties Investment Fund (APIF): This Fund was established by IDB in 2001 to address the development needs of the Awqaf sector. The Bank acts as the Mudarib for the Fund whose objective is to develop idle Waqf lands and renovate existing Waqf buildings, thereby transforming them into income generating assets. In recent years, APIF has started financing the purchase of existing buildings in order to convert them into new waqf properties. The income generated from APIF projects is used by the Waqf and by charitable organizations to finance and support their activities in the social and charitable fields in favor of the poor, as well as in the religious and cultural fields.

The capital of the Fund has reached $76.4 million, which was provided by 14 participants who are mainly Awqaf organizations and Islamic banks including IDB. The Fund received a Line of Financing of $100 million from IDB to support its activities. Since its inception, APIF has approved 57 projects for $1.2 billion in 32 member countries and non-member countries. These approvals comprised 41 projects totaling $873 million for member countries and 16 projects for $292 million for non-member countries. In terms of modes of financing, 39 projects were approved by way of leasing, 13 projects via Istisna'a, two projects through equity participation, and three projects by Murabaha. IDB's participation in the financing of these projects totaled $520 million.

FIG 1.11 WAQF COMMERCIAL AND RESIDENTIAL BUILDING IN KAMPALA IN FAVOR OF ISLAMIC UNIVERSITY IN UGANDA

In 2016, six projects were approved for an amount of $93 million. These projects comprised the construction of residential or commercial/office buildings in Uganda (Fig 1.11), Albania, Benin, Kosovo and UAE, as well as the purchase of an existing office building in Saudi Arabia. In addition, two TAs were approved during the year to support the development of the Waqf sector in Bahrain and Senegal.

World Waqf Foundation (WWqF): This Foundation's main mandate is to activate the role of Waqf (endowment) as a socio-economic institution that contributes to the cultural, social and economic development of the Muslim countries and communities. In order to fulfill this mandate, WWqF has developed a new business model that focuses on several initiatives namely knowledge, investment, and Awqaf Funds Management.

With respect to knowledge initiatives, the WWqF and IRTI are currently working together to activate the role of the International Waqf Advisory House (IWAH) with the aim of raising awareness and reviving Waqf culture, bringing together Awqaf Institutions and promoting their activities, organizing international conferences, and piloting major research projects (Awqaf Databank, Awqaf Legislation, Model Law, etc.).

In the area of investment, the WWqF and Islamic Financial Services Department of the IDB (IFSD) are establishing

APIF APPROVED TECHNICAL ASSISTANCE TO SUPPORT THE DEVELOPMENT OF THE WAQF SECTOR IN BAHRAIN

an Awqaf-based Investment Firm named “Awqaf Capital (ACAP)”. The Firm, which specializes in Cash Waqf Asset Management, will provide high quality and sharia compliant investment services to meet the needs of individual philanthropists, public and private philanthropic institutions.

In terms of introducing an additional initiative, the WWqF conducted initial phases of the full feasibility study on mainstreaming “Waqf for Development (W4D)” approach. The W4D is aimed at injecting Waqf Principle – not the returns – into the bottom of the pyramid (i.e. investing Waqf assets into socially responsible projects/doing business with the poor). It is an alternative asset class in which impact, economic empowerment and social returns are sought beyond solely the monetary returns. The final phase of the study – which relates to the implementation of the initiative, was assigned to the Islamic Solidarity Fund for Development (ISFD).

Meanwhile, in the area of Awqaf Funds Management, the WWqF is currently managing “India Educational Waqf Fund” with capital of $25 million. The WWqF intends to establish other specialized Awqaf Funds during 2017. ■

2 Fostering inclusive and sustainable development

The Bank provides loans and grants to foster socio-economic development of its member countries. This chapter analyses the activities of the Bank related to its ordinary capital resources, its capacity-building programs, co-financing, partnership, co-operation arrangements and contribution to Islamic financial services industry. The chapter also covers activities related to women's empowerment, IDB prizes, and solidarity program.

> *"The IDB continued to support its member countries to cope with the challenge of urbanization by investing in critical infrastructure development and urban services projects."*

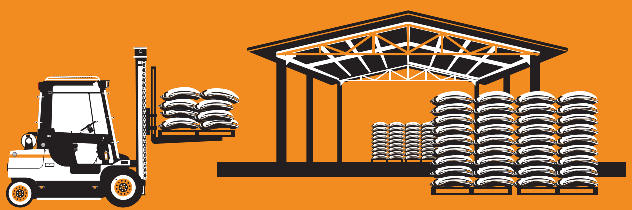
THE IDB HAS 43 ACTIVE PROJECTS TOTALING $3.1BILLION WHICH ARE SUPPORTING INTEGRATED URBAN DEVELOPMENT, DISASTER RISK MITIGATION, HOUSING, MUNICIPAL SERVICES IMPROVEMENT, SOLID WASTE, AND WATER AND WASTEWATER MANAGEMENT.

IN 2016, 22 OPERATIONS WERE APPROVED FOR THE EDUCATION SECTOR FOR

$311.4 MILLION

IN 2016, THE BANK APPROVED 22 HEALTH-RELATED PROJECTS AND THREE TA GRANTS FOR A TOTAL AMOUNT OF

$268 MILLION



IN 2016, THE IDB APPROVED

$1.1 BILLION

FOR THE AGRICULTURE SECTOR COMPARED WITH $535.9 MILLION IN THE PREVIOUS YEAR.

IN 2016, THE BANK APPROVED 12 ENERGY SECTOR PROJECTS FOR

$1.9 BILLION

IN 12 MEMBER COUNTRIES

2.1 Improving Quality of Life

The Bank, since its inception, has accorded priority to improving the quality of life of the citizens in its member countries through providing resources to finance social sector activities (particularly health and education projects and operation). In 2016, it approved 44 social sector-related operations for ID414 million ($579 million) with cumulative approvals since the Bank's inception totaling ID4.7 billion ($6.7 billion) for 934 operations.

EDUCATION

The Bank's intervention in the education sector has been guided by its Ten-Year Strategic objective of promoting inclusive social development and providing social infrastructure in member countries. In 2016, 22 operations were approved for the education sector for $311.4 million, bringing the cumulative investment in member countries in the sector to $3.8 billion. The IDB exceeded its education sector approval target of $299 million in 2016. It disbursed ID93.3 million representing 93% of the target.

The investment mainly targeted higher education as well as vocational and technical education, reflecting the Bank's drive to improve and modernize infrastructure in these critical areas so that graduates are adequately equipped with the necessary and relevant skills and competencies demanded in the labor market. The IDB has also invested in basic education through its flagship Bilingual Education programme.

During the year under review, six member countries (Chad, Niger, Pakistan, Somalia, Senegal and Uganda) received $134.9 million to support their education sector; representing 43.3% of the total approvals. In addition, $176.5 million was approved for a project involving four Indonesian higher education institutions. Three operations were also approved for bilingual education program, VOLIP and Education for Competitiveness (E4C) programme. Tertiary education dominated the education sub-sector financing, accounting for 57% of the 2016 approvals while basic and secondary education, and technical and vocational education accounted for 22% and 21% of the total approvals respectively.

The four higher education institutions project approved for Indonesia is aimed to improve national competitiveness through innovation in higher education. The project will improve quality, relevance, and competitiveness of higher education through upgrading and equipping of facilities, curricula and staff development, strengthening research capacity, and incentivizing commercialization of innovation of existing Institutions. The intake capacities of these four institutions will increase by 147,000 students, and 570 teaching staff will benefit from further training to strengthen research capacity.

The IDB flagship programs related to human capital development made significant progress in 2016. The first Vocational Literacy Program for Poverty Reduction (VOLIP) operation in Senegal was successfully completed (Box 2.1). A second VOLIP operation for the same country aimed at consolidating on the gains achieved was approved in 2016 for Euro 20.93 million. The approval will directly benefit more than 6,000 out-of-school children by providing them with a second chance to pursue education; develop vocational skills of 2,000 young adults and provide them with access to microfinance. It will also provide literacy training to 5,000 women workers and grant them access to microfinance to improve their productivity.

On the Education for Competitiveness (E4C) program, a framework paper was prepared and endorsed by the Arab Ministers of Education. The program supports quality enhancement of educational systems in the Arab World as well as promoting economic competitiveness through human capital development. A work plan for the framework for the period 2016-2017 was developed and resources was granted for its implementation. The IDB and the World Bank are jointly financing the plan which will target five core intervention areas of the first phase: expanding Early Childhood Development, strengthening Early Grade Literacy and Numeracy, promoting Information for Accounting, enhancing Career Guidance and Opportunities, and boosting 21st century skills and values. The focus of the first phase will be on fostering regional cooperation to reach consensus on key educational targets, promoting exchange of good practices and experiences,
and building a pipeline of projects and activities for the medium term.

The Bank is exploring the triple-win initiative in the education sector with the Global Partnership for Education (GPE) as well as other innovative funding mechanisms including blend financing, co-financing and or parallel financing of joint operations. Its partnership with the World Bank on the E4C has progressed, following the approval and launch of its concept and the allocation of funding for the implementation of its first phase through the 2016-2017 Work Plan.

HEALTH

The Bank approved 22 health-related projects and three TA grants for a total amount of $268 million in 2016. The projects covered the construction of health facilities, procurement of medical equipment, training of healthcare providers, and awareness-raising as well as job opportunities.

BOX 2.1 LESSONS FROM THE VOCATIONAL LITERACY PROGRAM FOR POVERTY REDUCTION (VOLIP) IN SENEGAL

Objective: To reduce poverty amongst women and youths by equipping them with relevant functional literacy skills & competencies and access to microfinance.

Financing: ID11.75 million of which 99.7% was disbursed.

Performance: (i) creation of a conducive learning environment that took children off the streets and created employment opportunities for the trained youths and women; (ii) the time spent to ensure that capable operators were selected and that the training was thorough and comprehensive paid dividends in both the outputs and initial outcomes; (iii) The long term sustainability factors namely social infrastructure and the institutionalization of Islamic financing are part of the pillars of Emergent Senegal Plan.

Lessons Learnt: (i) Community Based education is locally adaptable and can enhance access; (ii) Functional literacy provision is enhanced by access to microfinancing; (iii) Participatory approaches engender ownership and are critical success factors for community driven development; (iv) Strengthening partnerships and building synergies is essential to efficiency and effectiveness of impact; (v) Spending time to ensure thorough preparation is critical for pilot operations as it ensures effective sensitization.

THE MALARIA PRE-ELIMINATION PROJECT IN SENEGAL RECEIVED IDB'S FINANCING FOR

$32 MILLION

IN THE AREA OF DISEASES PREVENTION AND CONTROL, THE IDB PROVIDED SUPPORT TOTALING

$44.9 MILLION

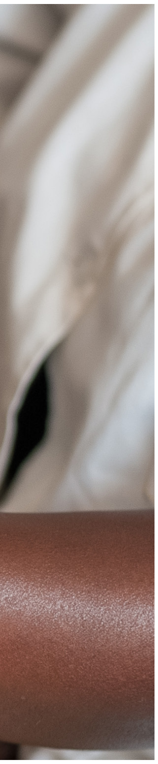
FOR THREE PROJECTS IN MAURITANIA, EGYPT AND SENEGAL

In 2016, the Bank provided support for the National Blood Transfusion Program in Cameroon to the tune of $28.6 million. The project will strengthen the institutional framework for effective blood transfusion system, build voluntary blood donor recruitment systems, and establish operational blood transfusion centers. It is expected that the project will benefit 23 million inhabitants of Cameroon by reducing the risks associated with unsafe blood and blood transfusion products, thereby contributing to lowering the rates of morbidity and mortality across different groups of patients in need of blood transfusion services.

The Bank also financed the "Post-Ebola Health Sector Support" project in Guinea for $51.2 million. This project aimed to contribute to the health system by strengthening and reducing mortality and morbidity related to communicable and non-communicable diseases, including epidemics. It also supports the upgrading and developing of healthcare services to meet the immediate needs as well as address the challenges related to epidemics and other major public health problems. The project will benefit the entire population of Guinea, of which 51.62% will be women and their children. The benefits will include the procurement of medical equipment, provision of an initial stock of drugs and consumables, training of health personnel, and social mobilization.

In Suriname, the IDB approved $10 million (ID7.2 million) to top up the initially-approved $60 million for the finance

> *"The Bank supports the upgrading and developing of healthcare services to meet the immediate needs as well as address the challenges related to epidemics and other major public health problems."*



of the Health Systems Strengthening project. The project will contribute to the realization of the targets of the National Health Sector Plan and will improve access to and the quality of facility-based healthcare services by establishing a modern tertiary hospital and Primary Health Care (PHC) facilities by the end of 2018. The project entails the construction and equipping of a new 300-bed hospital; constructing and equipping of five Primary Healthcare Centers (PHCs); training of 80 health personnel and managers; and establishing a health information management system and linking the hospital and PHCs with Wide Area Network (WAN).

In the area of Diseases Prevention and Control, the IDB provided support totaling $44.9 million for three projects in Mauritania, Egypt and Senegal; and three TA grants for Jordan, the West African Health Organization (WAHO) and Sudan. The support included an additional financing to the "Development of the National Cardiology Center" Project in Mauritania ($2.5 million) and the "Avian Flu Control" project in Egypt ($10 million) as well as a TA for "Strengthening the Breast Cancer Protection Program" in Sudan for $160,000.

The Bank has approved $60 million for the "Development of National Fund for Social Security (NFSS) General Hospitals" project in Djibouti as a prototype for the "Alternative Health Financing. The project is to deal with the growing burden of communicable and non-communicable diseases affecting social wellbeing and economic productivity in the country. It will increase access to, and improve the quality of, specialized healthcare services through the establishment of a 220-bed general hospital. The project will benefit about 480,000 inhabitants, including 180,000 NFSS affiliates and 50,000 needy households (300,000 peoples).

The Malaria Pre-Elimination project in Senegal received IDB's financing for $32 million. The project will contribute to achieving the National Malaria Control Program objective, which aims at reducing the mortality and morbidity related to malaria. It is designed to accelerate the achievement of the epidemiological threshold of pre-elimination of malaria (less than one case per 1000) in the central region of Senegal. The project covers the acquisition and distribution of 2 million Long Lasting Insecticide-Treated Nets (LLIN), Indoor Residual Spraying (IRS), 1.56 million Rapid Diagnostic Tests (RDT), Laboratory equipment and 32,164 anti-malarial Drugs; training of 4,320 health personnel; communication for Behavior Change; Case Management and Monitoring & Evaluation. The project will benefit 4 million population located in five regions (Thiès, Fatick, Diourbel, Matam and Louga).

2.2 Investing in Infrastructure

Infrastructure continued to be the primary focus of the Bank's developmental financing. Since its inception, the IDB has approved ID25.6 billion ($37.5 billion) for infrastructure operations in its member countries, of which the active portfolio reached 247 operations for ID13.2 billion ($19.2 billion). In 2016, the Bank approved ID2.9 billion ($4.1 billion, representing 67.8% of the total OCR approvals) for the development of electricity generation and transmission, transportation as well as water and sanitation infrastructure. This renewed focus on infrastructure was in response to the significant demand from member countries to address infrastructure deficits by building new assets and enhance resilience of existing infrastructure. The energy sector received the largest allocation at 45.7%, followed by transport sector (34.3%); water, sanitation & urban services sector (14.5%); industry and mining at 3.2%; and information and telecommunication sector (2.3%).

ENERGY

In 2016, the Bank approved 12 energy sector projects for $1.9 billion in 12 member countries (Bangladesh, Indonesia, Morocco, Turkmenistan, Jordan, Burkina Faso, Chad, Mali, Niger, Saudi Arabia, UAE, and Pakistan). Of this amount, $552 million was disbursed to facilitate the implementation of the projects.

In order to support the Bangladeshi government to achieve its Electricity for All aim, the IDB in the past five years approved $985 million for seven energy sector projects (including one on the construction of an independent power plant (IPP) under PPP) in Bangladesh. The first of these projects was the 225MW High Efficiency Combined Cycle Power Plant Project in Bhola district, which was successfully completed in September 2015 and is now providing more than 1,300 GWh units of electricity to the national grid. The project created 3,500 direct new jobs. As a result of this achievement, the Bank approved, in

The 225MW High Efficiency Combined Cycle Power Plant Project in Bhola district, Bangladesh.

2016, a financing of $220 million for the development of a new high efficiency 400 MW Combined Cycle Power Plant in Ashuganj. This project is being co-financed with the Asian Development Bank (ADB) under a $3 billion Framework Co-financing Agreement between IDB and ADB.

The Indonesian MCPS prioritized the development of infrastructure in the country. In this context, the IDB approved $330 million for the Power Grid Enhancement Project in Indonesia to facilitate and accelerate the development of the country's infrastructure. The project will support the transmission of an additional 10,135MVA, thereby contributing to the government's overall goal of strengthening its power transmission grid capacity to supply 332TWh (by 2020) from 228TWh (in 2015) and increasing the electrification rate in the country to 97% from the current 84.3%. The project design benefited from the experience of other development partners including the ADB and the World Bank, which recently indicated their inclination towards the Result Based Lending (RBL) modality.

In terms of supporting regional integration, the Bank approved $700 million in 2016 to support the development of the Turkmenistan-Afghanistan-Pakistan-India (TAPI) Gas Pipeline. The project finances the section of the pipeline within Turkmenistan territory and is fully aligned with Turkmenistan's aspirations to diversify natural gas export destinations. In addition, it will generate an annual revenue stream as well as a secured energy supply for power generation necessary to alleviate chronic electricity supply shortages.

To promote renewable energy in member countries, the IDB approved $5 million for the construction of a 14MW Solar Photo-Voltaic (PV) Power Plant for King Hussein Cancer Center (KHCC) in Jordan. The project will contribute to reducing KHCC's energy bills by an anticipated $7 million on an annual basis. The savings will be utilized and redirected towards costly and high-impact activities such as research & development, acquiring state-of-the-art medical equipment, and treating financially-deprived cancer patients.

TRANSPORTATION

The IDB continues to focus on regional transport networks that facilitate the integration of its member countries in Africa and Central Asia with the regional and/or global economy. Since inception, transport sector-related approvals have accounted for 30% of the IDB's cumulative operations portfolio. In 2016, IDB approved 9 operations in the transport sector in 11 member countries for $1.53 billion. Of which, 51% went to the rail sector, 38 % to the roads sector and 11% to Urban Mass Transit projects with sub-Saharan African countries (mostly roads) receiving 49% of the financing, Central Asia 43%, and MENA 8%.

In 2016, the IDB continued to finance the road, rail, port and airport sectors to meet the needs of its member countries for sustainable transport. It actively participated in the MDB Working Group for Sustainable Transport and contributed to the Group's 4th Progress Report (2015-2016), as well as the MDB Working Group on Road Safety. It also continued to include road safety audits as an integral part of its roads projects financing and undertook self-assessment of its transport financing to ensure economic, environmental, social, and operational sustainability of its transport investments.

In Senegal, the Bank approved Euro 300 million for the "Regional Express Train" that links the capital city Dakar to the newly-built airport via the city of Diamniadio. The project will cut the travel time significantly from 1.5 to 0.5 hours, reduce air pollution and improve safety. It will also provide alternate transportation from road to rail as well as economic and social benefits for the Dakar region and beyond.

"To promote renewable energy in member countries, the IDB approved $5 million for the construction of a 14MW Solar Photo-Voltaic (PV) Power Plant for King Hussein Cancer Center (KHCC) in Jordan."

Concept of the Regional Express Train, Senegal

In Morocco, the IDB approved $101.5 million for Casablanca High Speed Rail line project to meet the increasing demand for railway services on the Tangier-Kenitra-Rabat-Casablanca corridor. The project will cut the travel time between Tangier and Casablanca by more than half from five to two hours, reduce air pollution and contribute to national integration. New stations will be built that will not only provide efficient and comfortable access for passengers to the trains, but also will provide high-quality economic and social services. The construction and operation of the railway line will create thousands of temporary and permanent jobs for Morocco.

In Turkey, the IDB approved $150 million for the first Urban Transport Program in the country. The money will finance safe and efficient urban transport projects in three Turkish cities. The program is aimed to meet the growing urban transport needs in Turkey and achieve its transport sector strategy through promoting the use of sustainable urban public transport. Using this programmatic approach enables IDB to move from single repetitive project financing to a more comprehensive, impactful and efficient financing in the sector, in line with its Ten-Year Strategy.

URBAN DEVELOPMENT

The urban population of IDB member countries is expected to grow by more than 1 billion over the next 30 years. Supporting the living standards of these city dwellers through sustainable means will be a big challenge for many of the affected member countries in terms of providing water, sanitation, transportation and housing.

The IDB continued to support its member countries to cope with the challenge of urbanization by investing in critical infrastructure development and urban services projects. As of the end of 2016, the IDB has 43 active projects totaling $3.1 billion which are supporting integrated urban development, disaster risk mitigation, housing, municipal services improvement, solid waste, and water and wastewater management. IDB's financing of urban development projects is improving the living standards of more 6 million people.

In 2016, IDB approved $485 million to support universal access to improved water and sanitation, build climate change resilience, reduce the burden of water borne diseases, and strengthen the capacity of municipal services providers. Specifically, the projects will: (i) build water treatment plant of 50,000 m3/day capacity; (ii) establish 130 km of water transmission lines, 320 km of water distribution and 30 km of storm-water drainage networks; (iii) build 443,000 m3 of additional water storage capacity; (iv) install 7,200 water connections and 10,0000 sewerage connections for low-income households; and (v) provide solid waste containers. Overall, more than 2.1 million people in urban areas are expected to benefit from these projects.

The IDB's renewed commitment to support the provision of decent and affordable shelter in member countries is underscored by the completion of two integrated social housing projects in Mali. In support of the housing policy of the Malian government, IDB projects are able to offer affordable housing facilities for about 2,000 households, along with electricity and sewerage services, adequate drainage, and road infrastructure. The implementation of another IDB investment in the sector, the Sustainable Housing for Low Income Urban Communities Project in

Africa's first high-speed trains are delivered in Morocco

Bangladesh, also started in 2016. The project will develop 1,100 housing units along with social infrastructure such as schools, health clinics, community centers and livelihood support services for the population at the bottom of the pyramid.

PUBLIC-PRIVATE PARTNERSHIP

The Bank's Public-Private Partnership (PPP) portfolio continued to target non-sovereign infrastructure projects that promote economic development, job creation, regional integration, and the transfer of skills and expertise to promote sustainable growth in its member countries. By the end of 2016, total non-sovereign lending operations reached $2.7 billion mainly on utilities including power generation, materials and financial sectors which had the highest shares in the portfolio with the following percentages 34%, 25% and 17%, respectively. Project approvals from IDB-OCR amounted to $530 million in 2016 while $378 million was disbursed from the existing portfolio.

In terms of industry groups and sectorial distribution, 42% of approvals were for renewable energy (utilities), 26% for thermal power (utilities), 20% for metals (materials) and 12% for healthcare projects. Non-sovereign projects approved in 2016 are expected to generate more than 2,000 direct or indirect jobs. After completion, the power projects approved for financing will increase the installed capacity of member countries by 3899 MW. In addition, IDB's support for the health sector in Turkey will provide an additional 558 beds and contribute to increased service quality.

Co-financing and resource mobilization activities gained momentum in 2016 as well. IDB assumed the critical role of mandated lead arranger for the first time in Turkey to arrange the entire financing for a new hospital project where the majority of the financing has been mobilized under a Shari'ah-compliant structure. In Mali, IDB plays an important catalyst role through its funding, along with other developmental institutions, in channeling long-term capital into the infrastructure needs of the country.

During 2016, three non-sovereign projects financed under the PPP scheme achieved physical completion and were put into operations. Of these, two projects are in the power sector and one is an Islamic participation bank. The power projects in Pakistan and Bangladesh, both gas-fired combined cycle plants, have added a combined 745 MW of generation capacity and have started contributing to alleviate the pressure on energy demand in these member countries.

2.3 Boosting Agriculture and Food Security

The agriculture sector is highly important in several member countries, being the main source of food security and livelihoods. As a result, the IDB has consistently put the sector at the forefront and has been engaged in various initiatives to improve the agriculture sector, and in more innovative ways. It recently conducted a drive to boost collaboration with other donors and partners. This has resulted in an increase in production, more capacity and resilience building, a boost to women's empowerment, and an overall increase in economic activities in member countries.

The Bank has increased its investments in key transformational and impactful projects/programs such as the Smallholder Agricultural Productivity Enhancement Program (SAPEP) which targets small entrepreneurs in the agriculture sector in participating countries, the Building Resilience to Recurring Food Insecurity program in the Sahel, and the Dryland Integrated Development Program, which addresses the challenges posed by climate change to the rural populations of West and East Africa.

In 2016, the IDB approved $1.1 billion for the agriculture sector compared with $535.9 million in the previous year. As of the end of 2016, the cumulative agriculture sector portfolio stood at $6.5 billion, with 305 active operations. In terms of regional focus, North Africa member countries were the largest beneficiaries, followed by Asian member countries, with West Africa in third position in terms of amount of financing. Total disbursement in agriculture sector was $226.6 million in 2016 for active projects in the agriculture sector portfolio.

Water Resources and Irrigation Development: The IDB is committed to mitigating climate change and the environmental impacts on water resources and agriculture in order to reduce poverty and improve people's livelihoods. The approvals of the Bank in water resources management totaled $517 million in 2016 and have so far targeted food security, reducing climate change impacts, and protecting the environment. In 2016, the IDB approved Euro 92.3 million for the Gharesso-Zaringol Irrigation and Drainage Network Project in Iran. This project provided infrastructure for flood prevention, irrigation, water supply, introducing state-of-the-art technology, thereby increasing agricultural income, reducing poverty, and increasing participatory water management. The Bank also approved a climate change mitigation related project, the "Flood Protection Dam Project" in Oman, for $348.72 million in 2016 to improve and secure the urban developing areas of Muscat against flooding and improve the groundwater recharge.

Promoting Best Practices of the Integrated Community Driven Development Program: The concept of Integrated Community Driven Development (ICDD) empowers communities to exercise control over the planning, decisions and resources of the development intervention. In 2009, the IDB supported the National Community Empowerment Program (NCEP) in Indonesia, covering 4,866 urban wards in 111 districts across 14 provinces. The success of the program led to a further investment of $329 million in 2016 under the fourth phase that has been renamed as the National Slum Upgrading Program.. The IDB-funded ICDD program expanded the scope beyond infrastructure to include economic and social activities. These measures were in addition to the many unique features of the NCEP program implemented in Indonesia.

Building resilience of smallholder agriculture to climate change: The Bank's investments in programs that help smallholder agriculture to adapt to climate change and climate variability are yielding progress, especially those funded in the past two to three years. Specifically, farmers and pastoralists in seven member countries of the West Africa Sahel region are able to build resilience to crops and livestock production that were severely affected by the 2011 droughts, which were some of the worst in recent history. The seven countries (Burkina Faso, Chad, Mali, Mauritania, Niger, Senegal and Gambia) that are funded by IDB are able to withstand this type of disaster, through the Jeddah Declaration program funding of $351 million. This investment is, indeed, having some early impact.

In Burkina Faso, for instance, farmers in the Kaye region, who received starter seeds of drought-tolerant cowpea varieties that are also high-yielding and nutritious, have used them to increase production on their farms and they generated some marketable surpluses in 2016. Similarly, drought resilience-building projects in three countries in the East Africa region (Djibouti, Somalia, and Uganda) are also generating early impacts. In Uganda, for example, the school feeding program is benefiting (thanks to the IDB-funded Dryland Project) from food grown by the school and farmers from the area. This is allowing children from the rural Karamoja community (below) who had little chance of going to school beforehand to do so. This integrated project is also improving health and productivity of livestock, an important livelihood resource of this pastoral community in northern Uganda. Additionally, the project is establishing an Islamic micro-financing facility that is now allowing livestock producers to access vaccines and other agrovet products for their livestock.

Partnership Activities: In 2016, the IDB strengthened its partnership collaboration with a number of development partners, research organizations and academic institutions to complement the efforts of common interest and leverage co-financing. The institutions include the International Fund for Agriculture Development (IFAD), the Food and Agricultural Organization (FAO), the King Abdullah University of Science and Technology (KAUST), and the International Centre for Bio-Saline Agriculture (ICBA). It signed a new Memorandum of Understanding (MoU) with UNDP in May 2016. These partnerships will help to mobilize co-financing for development projects in IDB member countries. In addition, sharing of knowledge and lessons learnt will help in adopting good practices for results delivery.

Agriculture, in terms of value chains, crops, livestock and microfinance, is one of the core areas identified by the Lives and Livelihood Fund (LLF). Under this Fund, the Bank has developed a pipeline of projects for the period 2016-2017. The first batch of the projects totaling $363 million was cleared by the Impact Committee on 29 September 2016 and approved by the IDB Board of Executive Directors in December 2016.

S&T

THE SCIENCE AND TECHNOLOGY PROGRAM PROMOTES AND ENCOURAGES THE ACQUISITION AND DISSEMINATION OF KNOWLEDGE

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S&T OPERATIONS WERE APPROVED FOR $12 MILLION BETWEEN 1425H AND 2016

2.4 Promoting Human Capital

Capacity development is a cross-cutting theme in the IDB Group Ten-Year Strategy Framework. It is also a critical infrastructure imperative for achieving global goals (SDGs) and the Paris Climate Agreement, which many member countries signed up to and ratified. To help member countries meet capacity development challenges, the Bank has established a number of capacity development programs, which are related to human development namely: (i) Technical Cooperation Program, (ii) Science & Technology Program, (iii) Scholarships Program, (iv) NGO Program, and (v) Women in Development Program. The progress and achievements of these programs in 2016 are summarised in this section.

Technical Cooperation Program (TCP): This Program focuses on the transfer and exchange of skills, knowledge and know-how among member countries. It is a tripartite scheme involving a technical donor, a beneficiary and IDB as a facilitator. TCP organizes seminars, on-the-job training courses and recruits experts to assist member countries for capacity building purposes, and to augment their skills and enrich the experience of technical and professional staff.

During 2016, 55 TCP operations were approved and implemented for a cumulative amount of $1.4 million. Of this, four were for the recruitment of experts, 14 for on-the-job training, and 37 were for seminars/conferences/meetings. The IDB, also under the TCP, approved five new Reverse Linkage projects, with a grant contribution of US$ 1.16 million. This was in addition to the 55 TCP operations.

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

Between 1425H and 2016, 244 S&T operations were approved for $12 million. In 2016, 12 operations amounting to $560,000 have been approved under the S&T program.

Scholarship Programs: The IDB has three types of IDB Scholarship Programs, which are designed to build science-based human capital in member countries as well as in Muslim communities in non-member countries. These are: (i) Scholarship Program for Muslim Communities in non-Member Countries (SPMC), (ii) M.Sc. Scholarship Program in Science and Technology for the Least Developed Member

Countries (MSc) and (iii) Merit Scholarship Program for High Technology for Member Countries (MSP).

For the SPMC, meritorious students from Muslim communities in non-member countries with limited financial means are granted scholarships in the form of loans 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 2016, 241 students from 32 Muslim communities in non-member countries and seven member countries benefited from this scholarship program bringing the total beneficiaries from inception of the program in 1404H (1983) to 13,455 students.

The MSc aims to develop the intermediate level of science-based human capital in selected member countries and to enable students to qualify for the IDB Merit Scholarship Program for High Technology (MSP). The annual enrolment of students for this scholarship program has increased since 1429H from 20 to 50. In 2016, 50 scholarships were granted, bringing the cumulative number of beneficiaries since the inception of the program in 1419H (1998) to 660 students. Under the IDB-STATCAP initiative, 15 scholarships were awarded in the fields of statistics, demography and other related fields.

The MSP provides an outright grant to scholars from member countries who intend to undertake doctoral or post-doctoral research in designated universities. In 2016, 50 scholarships were granted, bringing the cumulative number of beneficiaries to 1151 since the inception of the program in 1413H (1992). Of these, 23 scholarships were to Muslim communities in non-member countries, representing about 5% of the total quota for the program between 1428H and 1433H. Under this program, the IDB signed MoUs with several universities including the universities of Cambridge, Nottingham, Birmingham, Queen Mary University of London and University College London in the UK, ParisTech Group in France, Copenhagen University in Denmark, and King Abdullah University for Science and Technology (KAUST) in Saudi Arabia. Since signing the MoUs, 176 scholars have benefited from this program in these universities.

The number of graduates under the three programs has exceeded 9,000 from Muslim communities in non-member countries and member countries. Ninety percent of graduates from non-member countries are in gainful employment. Seventy percent of the M.Sc. graduates are engaged in employment in their countries, filling the intermediate level human resources needs in the science and technology sectors. Ninety percent of MSP graduates have returned to their respective countries to join their home institutions.

The IDB also provides students with extra-curricular activities during their course of study under a special program called “Guidance and Counseling Activities”. These are later followed through with “Post-Study Activities” including 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, the activities have been extended to a number of graduates from other IDB scholarship programs. In addition to these activities, IDB has initiated in 1430H an “Excellent Leadership Award” for high achieving graduates – both professionally and in community service – of all the three scholarship programs. Furthermore, the Bank has been organizing Community Development Workshops to strengthen the capacity of partner NGOs.

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SCHOLARSHIPS WERE GRANTED IN 2016 BY THE IDB MERIT SCHOLARSHIP PROGRAM FOR HIGH TECHNOLOGY (MSP)

$100,000

IS AWARDED FOR EACH OF THE THREE SCIENCE & TECHNOLOGY (S&T) CATEGORY PRIZES

IDB Prizes for Science and Technology: The IDB Prizes for Science & Technology (S&T) were established in 1422H to promote excellence in research and development and scientific education. Three prizes are awarded on an annual basis to reward achievements in the following three categories: (i) outstanding science & technology contribution to social and economic development; (ii) excellence in a given scientific specialty; and (iii) best performing S&T center in a least developed member country. The amount of each prize is $100,000.

In 2016, the 14th edition of the IDB Prizes for Science & Technology was processed and the prize winners were Kuwait Institute for Scientific Research (KSIR), Kuwait (Category 1), Nanomagnetic Instruments, Turkey (Category 2) and the Bangladesh Institute of Nuclear Agriculture, Bangladesh (Category 3). Details of the prize winners are given in Box 2.2 (right).

BOX 2.2: 2016 PRIZE WINNERS OF IDB PRIZES FOR SCIENCE & TECHNOLOGY

Category 1: Kuwait Institute for Scientific Research, Kuwait
The Kuwait Institute for Scientific Research (KSIR) was selected for its scientific and technological contributions and accomplishment, which had a positive impact on the socio-economic development of Kuwait and other IDB Member Countries.

KISR was established in 1967 in a region endowed with oil resources but with scarce water resources. Its research and scientific achievements are centered on enhanced oil exploration, innovative desalination, wastewater treatment, and zero liquid discharge. KISR developed technologies in these fields that are now being used within its region and around the world. KISR has had a long-standing tradition of fostering young talent and promoting innovative scientific research.

Category 2: Nanomagnetic Instruments, Turkey
Nanomagnetic Instruments was selected for its high quality of research, and its commercial application in applied nanomagnetics.

Nanomagnetic Instruments was established in 1999 as a pioneering Turkish company working in the development of sensing, measurements, characterization and manipulation of nanosystems. It innovates, develops, manufactures and sells nanosystems to large and reputable institutions and universities globally.

Category 3: Bangladesh Institute of Nuclear Agriculture, Bangladesh
The Bangladesh Institute of Nuclear Agriculture was selected under Category 3 of the prize, which rewards noted scientific research institutions in IDB Least Developed Member Countries (LDMCs)

The Bangladesh Institute of Nuclear Agriculture was established in 1961 to develop friendly nuclear technologies to enhance the performance of the agriculture sector, one of the major economic sectors in Bangladesh. It has a team of 170 scientists and researchers. Its research efforts in the biotechnology and crop management is well acknowledged in the country, with a research output that includes approximately 297 scientific research papers. Its reputation is affirmed by several national and international awards.

It has successfully commercialized some of its technologies, with nearly 40 products on the market and has close collaboration with many scientific institutions globally.

“The Bangladesh Institute of Nuclear Agriculture has a team of 170 scientists and researchers”

Desalination, a key research area for KSIR

NGO Program: Established in 1997, this program helps the Bank to partner with NGOs in order to create complementarities between the government, private sector, civil society and donors and to rely on their comparative advantage through their flexibility and ability to introduce innovative practices. The program focuses its intervention on areas such as poverty alleviation, education and health to increase the prosperity of the people and improve governance

Since its inception, the NGO program has approved 252 projects for $13.4 million. This was in the form of grants, consisting of direct support to grassroots communities and capacity development to improve the efficiency of local NGOs and to serve the population better in all member countries. The scope of interventions covers training events, information, education and communication activities, and the provision of related equipment.

TABLE 2.1 DISTRIBUTION OF APPROVED PROJECTS PER SECTOR UNDER THE NGO PROGRAM (2016)

Sector or Sub-Sector	$	%
Agriculture	135,000	23
Education	81,000	14
Health	55,000	9
Women Socio-Economic Empowerment	100,000	17
Youth Employment	221,000	37
Total	**592,000**	**100**

In 2016, the Bank approved eight operations totalling $592,000 for Burkina Faso, Guinea, Guinea Bissau, Jordan, Kuwait, Morocco Saudi Arabia and Tajikistan, as well as a regional project in Sub Saharan Africa benefiting Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Nigeria, Senegal, and Sierra Leone. The operations focused on capacity development in agriculture, education, health, skills development in charity and voluntary work and the promotion of youth employment opportunities. In line with the Bank's Ten-Year Strategic Framework particularly the inclusiveness goal, the NGO program contributed to addressing the needs of the poor and the marginalized groups namely rural communities, women and youth (Table 2.1).

Given the increasing demand from NGOs for support, the Bank is collaborating with various funds and organizations to mobilize additional resources for its NGO program. It has collaborated with the ISFD to support initiatives such as Obstetric Fistula to finance 14 operations for $1.9 million. In 2016, the IDB expanded its fistula work into Bangladesh where 150 women received surgical repair treatment. In addition, over 200 healthcare professionals have been trained in clinical management and repair related to fistula treatment. So far, the NGO program has funded the establishment of two fistula centers including: The Reintegration Center for Fistula patients in the Malali Maternity Hospital in Kabul, Afghanistan; and the Fistula Treatment Center within the District Health Hospital in Gilbit-Bilistan, Pakistan.

IDB Prize for Women's Contribution to Development: This prize was launched in 2006 to highlight the vital role that women play in the development process. Its aim is to recognize and reward contributions made by women, whether as individuals or within organizations, in various socio-economic development sectors. Every year, the theme for the prize is decided upon in consultation with the IDB's Women Advisory Panel to promote the role of women in all socio-economic activities and highlight important development challenges facing them. The areas that are considered for this award include: Promoting Women's Access to Education, Promoting Women's Role in Health Services, Promoting the Development of Young Women, Promoting Women in Science, Women's Contribution to Food Security, as well as others.

The 11th edition of the Prize was devoted to "Women's Role in Promoting Rights of Girl Child". Four laureates were selected to receive the award in 2016. The individual category, with a cash award of $50,000, was shared by two laureates: Ms. Nafisa Al-Deek from Palestine for her pioneering role in promoting the rights of girls in spite of the scarcity of resources and opportunities due to the difficult situation in the state of Palestine, and Ms. Vannie Kouamou Djounguep from Cameroon, in appreciation of her innovative and creative strategies to provide girls in her society with a better life.

The organizational category, with a cash award of $100,000, was shared by two organizations. The Abnaa El-Ghad "Banati" Foundation in Egypt received an award of $70,000 for its outstanding work towards a better future for homeless girls by providing them with an appropriate environment. The organization also provides legal support and various capacity development activities to strengthen the girls' self-esteem and instil a spirit of accomplishment in them. The second winner, the Bahir Integrated Child and Family Support Organization in Ethiopia, received an award of $30,000 for its role in addressing problems faced by orphans and children, especially girls in remote areas.

"The IDB Prize for Women's Contribution to Development was launched in 2006 to highlight the vital role that women play in the development process."

The foundation also sensitizes the local communities over a number of issues related to children and girls, such as violence, female circumcision, and child marriage.

Alliance to Fight Avoidable Blindness (AFAB): In 2009, the Bank launched this initiative to reduce the prevalence of cataract-related blindness, and to improve access to and quality of eye health care in member countries, especially in Benin, Burkina Faso, Cameroon, Chad, Djibouti, Guinea, Mali and Niger. Following seven years of implementation, AFAB has completed its first phase with these results: (i) 244,197 patients received free eye care consultations (97% of the initial target), (ii) 49,486 men, women and children were operated free of charge and more than 177 medical staff benefitted from training (268% of the initial target), (iii) more than $6 million grant resources were raised for this program from partners such as BADEA, the Egyptian Agency of Partnership for Development, and the Azerbaijan International Development Agency, among others.

The Bank, in partnership with the Alliance stakeholders and the Prevention of Blindness Union (PBU) has formulated the second generation of AFAB. To this end, the Bank organized two stakeholders' financial and technical meetings respectively in January 2016 in Rabat and in

May 2016 in Baku. Key takeaways from the meetings were: (ii) The geographical scope will cover six countries from the first generation (Burkina Faso, Chad, Djibouti, Guinea, Mali, Niger) and six new countries (Comoros, Côte d'Ivoire, Guinea-Bissau, Mauritania, Mozambique, Togo); (ii) More partners endorsed the new program including ISFD and the AFAB's main partners; (iii) the total cost of the second generation program is $30 million but $10 million has been mobilized from AFAB's main partners (PBU, BADEA, IHH, AIDA, etc.); and (iv) the new program will be officially launched in 2017.

2.5 Strengthening Economic Cooperation and Integration

One of the over-arching objectives of the Bank since its inception is the promotion of economic cooperation and the integration of member countries. In pursuance of this objective, the Bank has over the years established several programs, schemes, and partnership arrangements with development partners and regional organizations to strengthen economic cooperation and integration. This section presents the progress and achievements of these initiatives in 2016.

Reverse Linkage (RL): The complementary role played by South-South Cooperation in achieving development goals cannot be overemphasized. The Bank, since its establishment, has been fostering cooperation and knowledge sharing among its member countries through numerous schemes including the Reverse Linkage (RL) modality under the Technical Cooperation Program. The role of the IDB in RL interventions is to serve as an enabler and connector by matching the needs and capacities of its member countries, and supporting them in their aspiration to help as well as mutually benefit from one another.

In 2016, the IDB approved $1.16 million in grants for five Reverse Linkage projects including: (i) RL Project between Turkey and The Gambia on strengthening the capacity of the School of Medicine and Allied Health Sciences of the University of Gambia; (ii) RL Project between Morocco and Mali on developing capacity in solar energy for rural electrification (iii) RL Project between Morocco and Côte d'Ivoire in mapping soil fertility (Box 2.3); (iv) RL Project between Turkey and Pakistan on earthquake seismological research (Box 2.4); and, (v) RL Project between Tunisia and Chad for enhancing teaching in Arabic language.

Strengthening Partnerships with the Reverse Linkage Modality: In 2016, the IDB strengthened partnership with Morocco to promote renewable energy and in particular for rural electrification. The IDB has signed a Memorandum of

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA (BADEA) WILL CONTRIBUTE

$350,000

TO SUPPORT A REVERSE LINKAGE PROJECT FOR DEVELOPING CAPACITY IN SOIL MAPPING IN CÔTE D'IVOIRE.

BOX 2.3 DEVELOPING CAPACITY IN SOIL MAPPING IN CÔTE D'IVOIRE

The overall goal of the project between Morocco and Côte d'Ivoire is to contribute to the efforts of the Ivoirian government to improve food security. The project was designed with the aim to improve crop production and productivity in targeted areas. To achieve this objective, the partners agreed to develop and roll out adapted techniques for mapping soil fertility, deploy a comprehensive system for crop fertilization; and build awareness and disseminate new expertise to improve crop production and productivity.

The project was designed using the RL modality with the following prominent features:

- National Institute of Agricultural Research, Morocco (INRA) is the provider of expertise and know-how in the field of mapping soil fertility, fertilization and knowledge dissemination activities;
- Ministry of Agriculture and Rural Development, Côte d'Ivoire (MINADER), is the main recipient of the expertise and coordinator of the project;
- Islamic development Bank (IDB) plays the role of a facilitator and catalyst by being engaged in the implementation and providing financial support;
- Moroccan Agency for International cooperation (AMCI) is the donor on behalf of the Moroccan government as provider country;
- Arab Bank for Economic Development in Africa (BADEA), as a development partner of the IDBG, will also contribute with an amount of $350,000 to support the project.

The total cost of this project (excluding in-kind contributions of the providers and recipient of expertise) is estimated at $1.35 million. The IDBG will contribute a total amount of $285,000 while leveraging the rest of the funds from its development partners.

Understanding with Morocco to promote the transfer of Moroccan expertise in the energy sector to sub-Saharan African member countries, as well as other sectors. In this context, IDB is piloting an experience in rural electrification in Mali where the Bank facilitated the collaboration between the Office National de l'Electricité et de l'Eau (ONEE) – the main electricity public operator in Morocco – and the Malian Rural Electrification Agency (AMADER) to jointly assess and design an innovative solar energy project in the rural areas of Mali.

The cost of the rural electrification project in Mali is $17 million with the Bank providing a $15 million loan, while the ONEE contribution is $460,000. A similar project is being piloted in Chad through the development of a rural electrification project with an amount of $22.9 million. This project will capitalize on the experience of ONEE to build the capacity of the local operator SNE (the National Electricity Company of Chad) through reverse linkage. This successful experience will gradually be replicated in other sub-Saharan African member countries in the same sector (renewable energy in rural areas).

By capitalizing on the ONEE experience, the IDB during the COP22 meeting in Marrakech in November 2016 signed a Framework Agreement to establish an IDB-ONEE Facility for Capacity Development & Preparation of Projects in renewable rural energy under the Reverse Linkage Modality.

BOX 2.4 BUILDING RESILIENCE IN PAKISTAN AGAINST EARTHQUAKES WITH EXPERTISE FROM TURKEY

Pakistan is considered as one of the most disaster prone countries in Asia. Nearly two-thirds of the country is prone to earthquakes. To deal with such situation, the Government of Pakistan needs assistance in building the local capacity in earthquake seismological research.

On the other hand, Turkey, which also faces frequent and devastating earthquakes, has a very advanced and internationally recognized level of preparedness to deal with these risks.

Accordingly, the overall goal of the RL project is to contribute to the efforts of the Government of Pakistan in improving preparedness and management of disasters, particularly earthquake. This will be achieved through enhancing the capacity of the Seismic Division under Pakistan Metrological Department (PMD) in collecting, analyzing and reporting the data on active faults, seismic activities and site classification.

The total cost of the project is estimated at $1 million and it will be implemented through the Reverse Linkage mechanism with the following prominent features:

- The TÜBİTAK Marmara Research Center (MRC) in Turkey, will be the provider of expertise and know-how in the field of earthquake seismological research. It will also provide funding to the project amounting to $78,400.
- The PMD will be the main recipient of this project. The Government of Pakistan – through the Economic Affairs Division and PMD – will financially contribute to the project with total amount of $223,000 in addition to its in-kind contribution;
- The IDB will undertake an enabling role and facilitate the collaboration between all the stakeholders in order to have a smooth project implementation. It will also provide funding to the project. The IDB's contribution will be $270,600 in the form of a grant.
- Turkey, through TIKA, will be the primary donor of the project. The Statistical, Economic, and Social Research and Training Center of Islamic Countries (SESRIC) and Economic Cooperation Organization Science Foundation (ECOSF) will also contribute to the project. The total amount contributed by these donors to the project will be $440,000.

"Turkey, which faces frequent and devastating earthquakes, has a very advanced and internationally recognized level of preparedness to deal with these risks."

Investment Promotion Technical Assistance Program (ITAP): Since its establishment in 2005, ITAP has been managed by ICIEC on behalf of the IDB Group. Its key objectives are to build the capacity of investment promotion agencies (IPAs) of member countries and assist member countries in improving their investment climate as well as in identifying and promoting promising investment opportunities. To serve its objectives, ITAP has established a network of partners including specialized international organizations and relevant investment-focused entities from member countries.

In 2016, ITAP has completed the country program with the Gambia Investment and Export Promotion Agency (GIEPA) and it is reviving the technical assistance project for the Sierra Leone Investment and Export Promotion Agency (SLIEPA), which was earlier postponed due to the outbreak of Ebola epidemic.

In addition, ITAP organized and participated in a number of projects and initiatives in member countries in collaboration with key internal and external partners and stakeholders such as (i) organized the 1st Investment Promotion Agencies Forum for the Member States of the Organization of Islamic Cooperation (OIC) (jointly with the Secretariat of OIC and the Islamic Center for the Development of Trade (ICDT)), (ii) Sharing Turkey's experience in reforming investment climate (co-organized with the Ministry of Economy of Turkey, the Investment Support and Promotion Agency of Turkey (ISPAT) and Ahiler Regional Development Agency), (iii) Implementing technical Assistance Program for Azerbaijan and expected to be completed in second half of 2017, and (iv) Strengthened partnership with the World Association of Investment Promotion Agency (WAIPA) by signing an MOU with WAIPA to introduce a framework for cooperation in the field investment promotion.

IDB's Technical Assistance Program on Regional and Global Trade Integration: In close collaboration with relevant OIC, regional and international trade capacity building institutions, IDB continued its Technical Assistance Program (formerly WTO-Program) on contributing to the efforts of member countries to integrate among themselves and with the world.

In 2016, the program focused on helping member countries in their efforts to accede to WTO, facilitate intra-OIC trade and better understand the policy implications of regional and free trade agreements for regional integration. The modes of delivery include seminars/workshops, training and provision of technical and policy advice.

The major activities of the program in 2016 were as follows:

- Workshop on "Post-Nairobi WTO Agenda and its Implications for Arab countries", February 2016, Amman, Jordan
- Workshop on "Post-Nairobi WTO Agenda and its Implications for African countries members of OIC", 7-9 March 2016, Dakar, Senegal
- Workshop on "the Use the TPS-OIC mechanism to enhance intra-OIC trade through opening OIC markets to OIC products", 28-30 March 2016, Casablanca, Morocco.
- Seminar on Regional Transport Connectivity, 16 May 2016, Jakarta
- IDB Forum with Regional Cooperation Organizations in OIC Region: 17 May 2016, Jakarta
- Regional Seminar on "the WTO Trade Facilitation Agreement and the Prospects of Activating the OIC Single Window", 30-1 June 2016, Casablanca, Morocco.
- Technical Support to Sudan on Accession to WTO, 28 May-2 June 2016
- Workshop on the assessing regional trade integration processes in Africa, 26-28 September 2016, Abidjan, Côte d'Ivoire
- Workshop on "the Use the TPS-OIC mechanism to enhance intra-OIC trade through opening OIC markets to OIC products", October 2016 in Tunis, Tunisia

Strengthening cooperation and collaboration with the OIC Institutions: Being a specialized institution of the Organization of the Islamic Cooperation (OIC), the IDB Group attaches high importance to its relations and cooperation with the members of the OIC family. The IDB Group, therefore, maintains very strong relations with OIC institutions and the OIC standing committees, namely, the Standing Committee for Economic and Commercial Cooperation (COMCEC), the Standing Committee for Scientific and Commercial Cooperation (COMSTECH) and the OIC Standing Committee for Information and Cultural Affairs (COMIAC).

The Bank contributed financially or technically to organizing activities proposed and initiated by the OIC institutions. Some of the major OIC-related meetings in which the IDB participated and made meaningful contributions were:

- 43rd Session of the OIC Council of Foreign Ministers, 18-19 October 2016, Tashkent Uzbekistan
- 32nd Meeting of the Follow-up Committee of the COMCEC, 21-24 November 2016, Istanbul, Turkey
- 6th Ministerial Conference on Women's Role in the Development of OIC Member States, 1-3 November 2016, Istanbul, Turkey
- 15th General Assembly of the COMSTECH, 31 May-1 June 2016, Islamabad, Pakistan

The successful completion of the implementation tenure of the OIC Ten-Year Program of Action (2005-2015) and the development of the Successor OIC Ten-Year Program of Action presented another opportunity for the IDB Group to strengthen its intellectual engagement with the OIC. The IDB Group is privileged to have been involved in the development of this program. Such a program will help converge the development agendas, priorities and complementarities of the two institutions and create maximum development impact for the OIC member countries.

Co-financing with Development Partners: The importance of strengthening partnership work, especially among donors, to collectively address the multiple development challenges facing developing countries cannot be overstated. This principle of collective action was well articulated in SDG17 (Partnership for the Goals), which seeks to revitalize the global partnership for sustainable development. To achieve SDG17, the IDB is scaling up its partnership work and is pursuing a stronger engagement with the global development community, as epitomized by its formal joining of the expanded MDB Group forum in April 2016, along with the Asia Infrastructure Investment Bank (AIIB) and the New Development Bank (NDB).

The scaling up of partnership work with development partners continued unabated throughout 2016 in both

43rd

SESSION OF THE OIC COUNCIL OF FOREIGN MINISTERS MET ON 18-19 OCTOBER 2016 IN TASHKENT UZBEKISTAN

SDG17

THE PRINCIPLE OF COLLECTIVE ACTION WAS WELL ARTICULATED IN SDG17 (PARTNERSHIP FOR THE GOALS), WHICH SEEKS TO REVITALIZE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT.

operational and corporate areas. IDB signed 16 new cooperation agreements and MoUs with a number of development partners. These included the Bill & Melinda Gates Foundation (BMGF), Qatar Development Fund (QDF), King Salman Humanitarian Aid & Relief Centre (KSRelief), Abu Dhabi Fund for Development (ADFD), ECOWAS, Borsa Istanbul, Japan Bank for International Cooperation (JBIC), Russia, UNDP, UNEP, IAEA, Arabic Language International Council (ALIC) and the World Bank (Concessional Financing Facility--CFF). The process resulted in more than 85 new cooperation agreements and MoUs signed since 2009, when the partnership function was formally established in the Bank. Table 2.2 lists major cooperation agreements and MoUs signed since 2009.

TABLE 2.2 MAJOR INSTITUTIONAL COOPERATION MOUS & AGREEMENT SIGNED IN 2009-2016

Year	MoUs	Institutions
2009	9	World Bank Group, ETDB, UNESCAP, ITU, AFC, UK DFID, TOBB & University of Cambridge
2010	7	AfDB, IFAD, OIC, ALO & UN AIDS
2011	18	ADB, EBRD, EaDB, IFC, UNDP, UNESCO, UNECE, CIBAFI, WAMY, ATO, University of Oxford, Columbia University & ParisTech
2012	8	AFD, EIB, UK DFID, KDB, (BMGF, HDC & World Bank (Islamic Finance)
2013	7	GIZ, IFPRI, IFDC, KEXIM, UN, WCO & World Bank (AidFlows)
2014	6	World Bank Group (E4C), ADB, Africare, OFID, UEMOA & GIF
2015	15	OIC, World Bank Group (SPF), BMGF, UK DFID (AWEF), USAID, AMF UNIDO, IFSB, IRENA, AFC, FGCCC, QIB, NEPAD & Imperial College
2016	16	BMGF, QDF, KSRelief, ADFD, ECOWAS, JBIC, Borsa Istanbul, Russia (3 MoUs), UNDP, UNEP, UNECE, IAEA, ALIC & World Bank (CFF)

The year 2016 witnessed a significant increase in the volume of IDB co-financing, which grew by 70% from $1.8 billion in 2015 to $3 billion in 2016. In addition, the total amount of co-financing achieved in 2016 represents 52% of the total amount of IDB approvals ($5.8 billion) reported in 2016. Co-financing targeted 27 projects in 20 member countries and supported total investment of $10.5 billion, including $4.9 billion contributed by other co-financiers, as shown in Fig 2.1. Around half ($2.5 billion or 52%) of the amount of co-financing contributed by other co-financiers originated from Multilateral Development Banks (MDBs), and the World Bank Group (WBG) accounted for more than half of the MDBs' co-financing amount.

The members of the Coordination Group[10], which targeted seven projects, accounted for 6% of the total amount provided by other financiers, while OECD-DAC members (France, Japan, Canada and EU) accounted for 5% of the co-financiers' total contribution. The sharp decline in the co-financing contribution of the Contribution Group may be partly explained by IDB's growing shift away from the Arab region witnessed in recent years. This operational shift was the result of declining effective demand from Arab members countries combined with growing demand for Ordinary Financing from member countries in Asia and sub-Saharan Africa.

More than 80% of the co-financing volume provided by the Bank in 2016 targeted the infrastructure sector, with the lion's share going to the energy and transport sectors, which attracted $1.1 billion (37%) and $1 billion (34%), respectively. Urban and water services and the health sector attracted $375 million (12%) and $331 million, respectively, with the remaining $172 million (6%) targeting the agriculture sector (Fig 2.2). The strong focus on infrastructure is consistent with historical patterns and can be explained by the fact that (large) infrastructure projects typically lend themselves more easily to co-

TABLE 2.3 EVOLUTION OF CO-FINANCING (2005-2016)

Year	OCR Approvals[11] $m*	Co-financing $m (% OCR)	No. Ops	No. MCs	Co-financiers $m	of which CG $m	Projects' Cost $m
2016	5,805	3,035 (52%)	27	20	4,895	283	10,464
2015	4,909	1,783 (36%)	24	18	5,333	558	13,725
2014	5,098	1,832 (35%)	16	14	4,208	971	7,823
2013	4,164	1,410 (34%)	17	15	1,733	337	4,290
2012	4,168	1,286 (31%)	31	20	2,474	1,180	5,733
2011	4,270	1,518 (36%)	21	16	4,468	1.421	7,863
2010	3,702	1,495 (40%)	26	17	5,806	862	7,302
2009	3,359	1,213 (37%)	23	16	2,766	1,479	7,133
2008	2,498	856 (34%)	21	18	2,151	540	5,218
2007	2,087	1,014 (49%)	31	20	2,818	786	6,925
2006	1,652	368 (22%)	8	7	793	437	1,802
2005	1,464	368 (25%)	15	12	745	311	1,688
2004	1,342	453 (34%)	35	15	759	317	1,299
Cum	**44,518**	**16,178 (36%)**	**295**	**N/A**	**34,149**	**9,482**	**81,265**

Source: IDB Annual Reports (Gregorian year was used as a proxy for corresponding Hijra year).

[11] OCR Approvals as stated at year-end in corresponding IDB Annual Report

[10] 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 (ADFD), the Arab Fund for Economic and Social Development (AFESD), 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 (KFAED), the OPEC Fund for International Development (OFID), Qatar Development Fund (QDF) and the Saudi Fund for Development (SFD).

FIG 2.1 CO-FINANCING IN 2016 ($M)

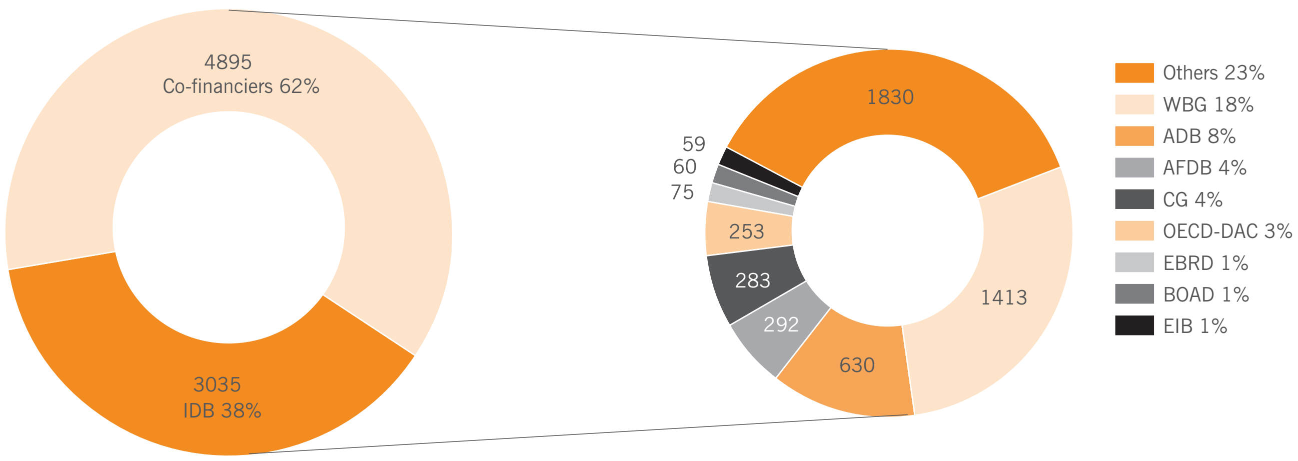


FIG 2.2 SECTORAL DISTRIBUTION OF IDB CO-FINANCING IN 2016 ($M)

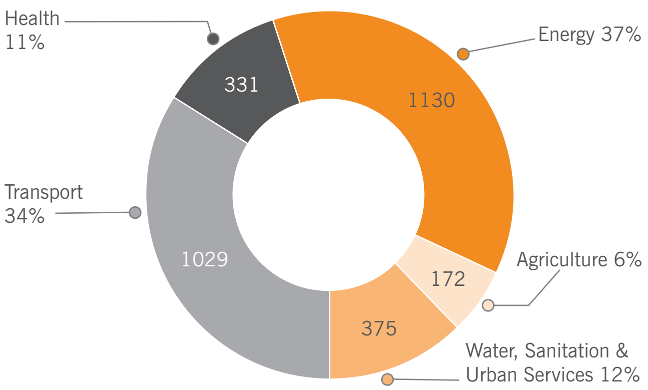
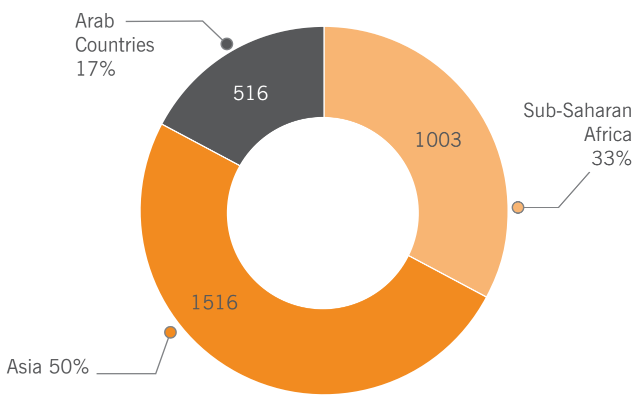


FIG 2.3 GEOGRAPHICAL DISTRIBUTION OF IDB CO-FINANCING IN 2016 ($M)



financing arrangements due to their significant size and scope, which often dictate the pooling of donor funding to meet financing requirements and to spread risk amongst financiers. Moreover, some 23% of the co-financing volume targeted the non-sovereign sector through eight PPP operations.

Member countries in Asia and sub-Saharan Africa attracted 50% ($1.5 billion) and 33% ($1 billion), respectively, of the Bank's co-financing volume in 2016, with the remaining 17% ($0.5 billion) going to Arab member countries (Fig 2.3).

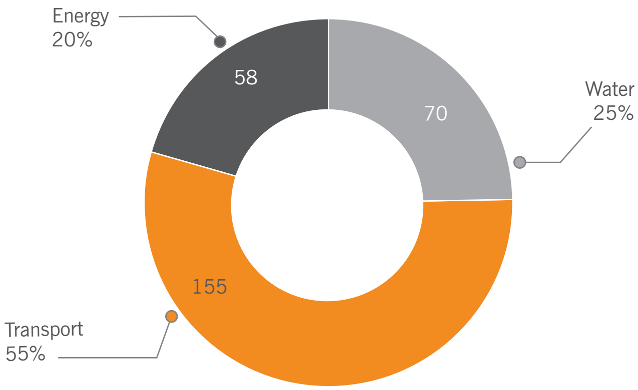
This geographical pattern confirms the marked operational shift away from the Arab region observed in recent years. In terms of the number of projects, there were 11 projects co-financed in member countries in Asia and ten projects in sub-Saharan Africa with a further six projects in the Arab region.

Cooperation with the Coordination Group. As a member of the Coordination Group, IDB collaborates very closely with it. The Coordination Group remains an exemplary model of South-South cooperation and inter-agency aid coordination of like-minded partners. The members of the Coordination Group share a similar approach to development cooperation, which stems from their shared values and principles. Most of the members of the Coordination Group are project-based institutions with a fairly similar modus operandi, firmly rooted in recipient country ownership. The Coordination Group meets bi-annually at the level of heads of operations to identify partnership opportunities and coordinate joint action in order to enhance the focus and impact of collective assistance to developing countries. This is mainly achieved through coordinated country-level programming and implementation, and the harmonization of policies and procedures, with a view to improving efficiency and reducing transactional costs. The Coordination Group cooperates closely with multilateral and bilateral funding agencies such as MDBs and OECD-DAC members, and is presently actively engaged with the Global Partnership for Effective Development Cooperation.

Out of the 27 projects co-financed with development partners in 2016, seven projects in sub-Saharan Africa and Asia were co-financed with members of the Coordination Group, which collectively provided $283 million of co-financing (Table 2.3), including $84 million from the Saudi Fund for Development, $83 million from the OPEC Fund for International Development, $70 million from the Kuwait Fund for Arab Economic Development, $26 million from the Arab Bank for Economic Development in Africa, and $20 million from the Abu Dhabi Fund for Development. IDB, for its part, contributed $509 million in those 7 projects co-financed with Coordination Group members. As shown in Fig 2.4, co-financing from the Coordination Group focused entirely on the infrastructure sector [transport (55%), water (25%) and energy (20%)].

Cooperation with the World Bank Group. Cooperation between IDB and the World Bank Group (WBG) began in earnest when IDB started its operations in 1976. Cumulatively, co-financing targeted some 90 projects worth $30.5 billion in common member countries in Sub-Saharan Africa, Asia and the Arab region, in which IDB and the World Bank Group contributed $3.6 billion and $8.2 billion, respectively (Fig. 2.5).

FIG 2.4 SECTORAL DISTRIBUTION OF CO-FINANCING WITH THE COORDINATION GROUP IN 2016 ($M)



REGIONAL MDBS PROVIDED
23%
($1.1 BILLION) OF THE TOTAL AMOUNT CONTRIBUTED BY CO-FINANCIERS IN 2016.

FIG 2.5 GEOGRAPHICAL DISTRIBUTION OF CO-FINANCING WITH THE WORLD BANK GROUP IN 2016 ($M)

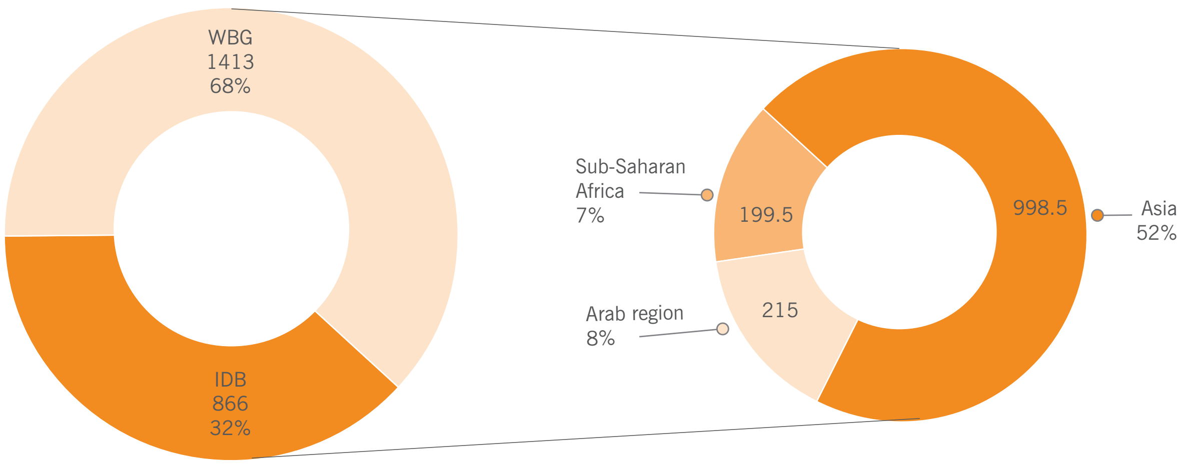
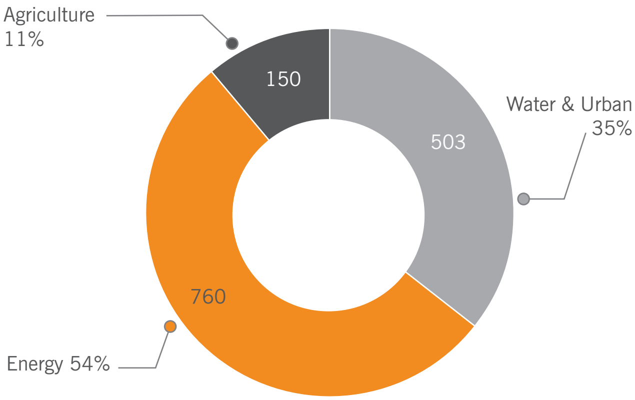


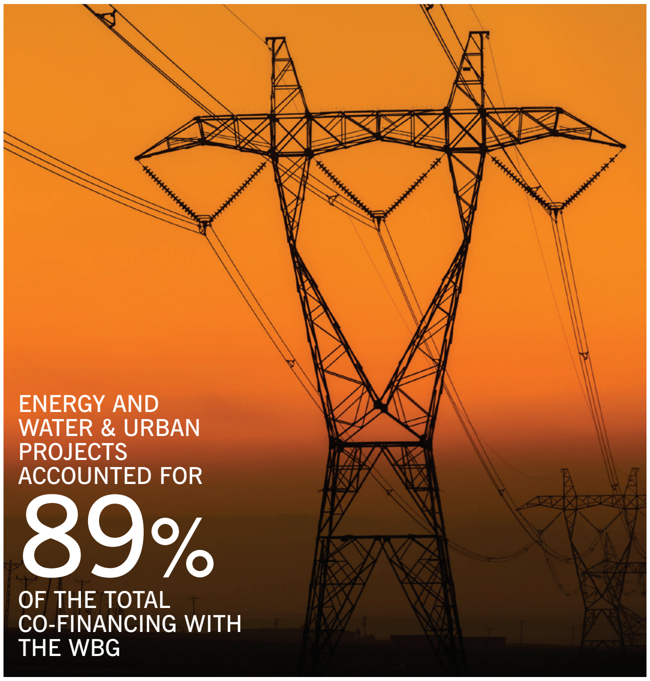
FIG 2.6 SECTORAL DISTRIBUTION OF CO-FINANCING WITH THE WORLD BANK GROUP IN 2016 ($M)



Following the signing of the IDBG-WBG Strategic Partnership Framework in October 2015, the two institutions have significantly scaled-up cooperation and ramped-up co-financing work in 2016. As a result, co-financing between the two partners reached $2.3 billion, with the IDB Group contributing around $0.9 billion, or 39%, and the World Bank Group $1.4 billion, or 61%. Co-financing targeted 7 projects mainly in Asia (71%) and, to a lesser degree, in the Arab region (15%) and Sub-Saharan Africa (14%). As shown in Fig 2.6, projects in the energy and water & urban services sectors attracted the lion's share with no less than 89% of the total co-financing from the WBG, while the remaining 11% targeted the agriculture sector.

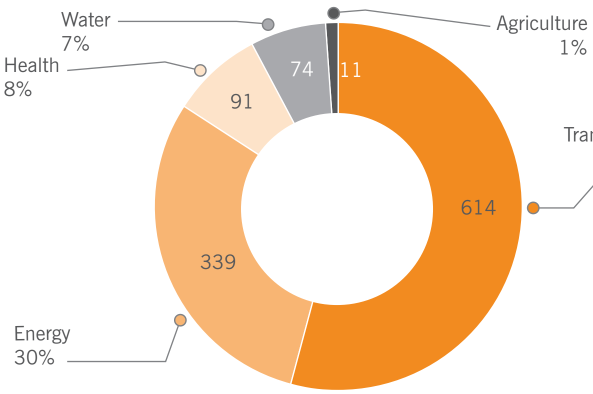
Cooperation with Regional Multilateral Development Banks. The year 2016 witnessed a flurry of co-financing activities with regional MDBs, which collectively provided $1.1 billion or 23% of the total amount contributed by co-financiers in 2016.

More than half the amount of co-financing from regional MDBs emanated from the Asian Development Bank (ADB) with $630 million, followed by the African Development Bank (AfDB) with $292 million. The remaining balance was more or less equally split between the European Bank for Reconstruction & Development (EBRD), the European Investment Bank (EIB) and the West African Development Bank (BOAD). Co-financing with regional MDBs was strongly focused on infrastructure projects, which attracted 91% of the total co-financing volume provided by regional MDBs, with the remaining amount targeting health and agriculture projects, as shown in Fig 2.7.



Cooperation with OECD-DAC Members. Co-financing with bilateral funding agencies (OECD-DAC members) totalled $823 million in 2016, with bilateral donors contributing $253 million and IDB $570 million. OECD-DAC co-financiers include the French Development Agency (AFD), the Japan International Cooperation Agency (JICA), Canada and the European Union (EU) (Fig. 2.8). The Bank and AFD have further strengthened operational cooperation by co-financing a major railway transport project in Senegal (Dakar Regional Express Train) and a water supply project in Kabala in Mali. The Bank has teamed up with JICA, Canada and the Bill & Melinda Gates Foundation to support Pakistan's polio eradication program. The Bank is also co-

FIG 2.7 SECTORAL DISTRIBUTION OF CO-FINANCING WITH REGIONAL MDBs IN 2016 ($M)



financing a major transport and coastal protection project in Togo with the EU and other donors.

Institutional Cooperation MoUs and Agreements. The Bank signed in 2016, 16 new partnership agreements and MoUs with several bilateral and multilateral partners, including UN agencies. These included arrangements to facilitate future cooperation as well as co-financing/blending arrangements with the Bill & Melinda Gates Foundation, Qatar Development Fund, King Salman Humanitarian Aid & Relief Centre, Abu Dhabi Fund for Development (ADFD), Japan Bank for International Cooperation (JBIC) and the World Bank. The Bank also signed a number of new MoUs to strengthen cooperation with several UN agencies, including UNDP (Box 2.5), UNEP, IAEA and UNECE. It also concluded three cooperation MoUs with Russian financial institutions, including Russia's central bank, and cooperation arrangements with the Beirut-based Arabic Language International Council, the Economic Community of West African States (ECOWAS) and Borsa Istanbul, Istanbul's stock exchange.

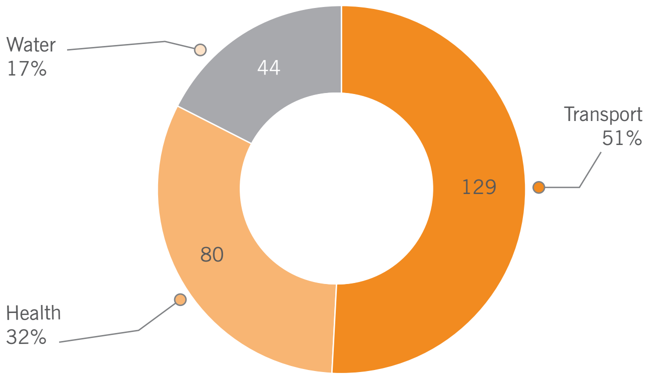
BOX 2.5 IDBG & UNDP INK COOPERATION MOU

The IDBG and UNDP signed a new cooperation MoU on 18 May 2016 at the 41st Annual Meeting of the IDB Board of Governors in Jakarta, Indonesia. The MoU aims to strengthen the collaboration between the two institutions, to support the effective implementation and achievement of the Sustainable Development Goals (SDGs). The IDBG and UNDP aim to collaborate on shared priority areas such as crisis response and recovery, peace building, poverty reduction, youth employment, innovation, disaster risk reduction, climate change, sustainable energy, capacity development, and knowledge sharing.

The new MoU also seeks to expand IDBG-UNDP cooperation beyond the Arab region to include Africa and Asia. The IDBG-UNDP partnership focuses on scaling up ongoing initiatives, and exploring new opportunities to collaborate for the effective realization of the Sustainable Development Goals (SDGs).

The areas for collaboration included: (i) Project development and implementation around shared priority areas and comparative advantages, such as crisis response and recovery, poverty reduction, youth employment, disaster risk reduction, and climate change; (ii) Development of private sector partnerships, to promote inclusive markets, business models for inclusive development and increased entrepreneurship; including advancing the *Global Islamic Impact Investing Platform* for blending Islamic financing and private sector resources in achieving the SDGs; and (iii) Strategy Development/SDG alignment, working together to align key IDBG Member Country Partnership Strategies to the SDGs; contributions to each other's strategies and programs; and the application of social and environmental standards.

FIG 2.8 SECTORAL DISTRIBUTION OF CO-FINANCING WITH THE OECD-DAC MEMBERS IN 2016 ($M)



2.6 Supporting Islamic Finance Development

The Bank has contributed in many ways to the development of the Islamic financial sector through helping to set up a requisite enabling environment for Islamic finance, establishing and supporting Islamic financial institutions, nurturing an Islamic microfinance sector and enhancing awareness about Islamic finance through organizing and participating in awareness creation events.

Working with various strategic partners such as governments, private sector institutions and multilateral development banks and donor institutions, the Bank has made significant contributions to the industry. It has also intensified its efforts in developing the Awqaf sector for charitable purposes. The key activities undertaken by the Bank for Islamic finance activities during the year are presented in this section:

Technical Support Program: The Bank provides technical assistance to both member and non-member countries for creating an enabling environment in support of the development of Islamic finance sector. Such assistance facilitates the development of legislation, regulations, Sharia governance mechanism, and supervisory framework for various Islamic finance industry segments including Islamic banks, Islamic Capital Market and Takaful. In addition, assistance is also granted to recipient countries for formulating and implementing a high-level strategy for Islamic finance sector development.

Effective from September 2016, as a result of the realignment of IDB basic and secondary organizational structures, this mandate has been transferred from the

Islamic Financial Services Department (IFSD) to IRTI to complement IRTI's mandate of supporting Islamic financial services industry. IRTI is handling 21 technical assistance projects that are under implementation, and 23 TA projects are in the pipeline. In addition, 11 programs were conducted under an Awareness Creation Program during the year.

Islamic Financial Architecture Development: IDB has played a crucial role in establishing the Islamic Infrastructure Institutions (IIIs), such as the Islamic Financial Services Board (IFSB), the Accounting & Auditing Organization for Islamic Financial Institutions (AAOIFI), International Islamic Rating Agency (IIRA), the General Council for Islamic Banks and Financial Institutions (CIBAFI), the International Islamic Financial Market (IIFM), etc. The IRTI continues to work closely with the IIIs by contributing to and participating in various boards, committees and working groups of these institutions and pays their annual membership fees. IDB has also participated in the equity capital of IIRA. During 2016, two activities have been conducted for IFSB and CIBAFI. Table 2.4 presents the TA approvals for supporting IIIs in 2016.

TABLE 2.4 TA APPROVALS AND ONGOING TAs FOR ISLAMIC INFRASTRUCTURE INSTITUTIONS 2016

No.	Institution/ Executing Agency	Objective
1.	AAOIFI	To support AAOIFI the transformation of AAOIFI through a restructuring process including a new strategic roadmap
2.	CIBAFI	Assisting CIBAFI in implementing its strategy
3.	IFSB	i) To formulate a new IFSB Standard, titled 'Guiding Principles on Disclosure Requirements for Islamic Capital Markets Products (ii) To facilitate implementation of IFSB Standards in the IFSB member countries
4.	IICRA	TA for restructuring IICRA
5.	IIRA	Assist IIRA in undertaking sovereign rating of 10 IDB MCs

Over the years, the Bank has approved several TAs to member countries and IIIs in various regions. Fig. 2.9 shows the distribution of the TAs by regions.

IRTI IS HANDLING

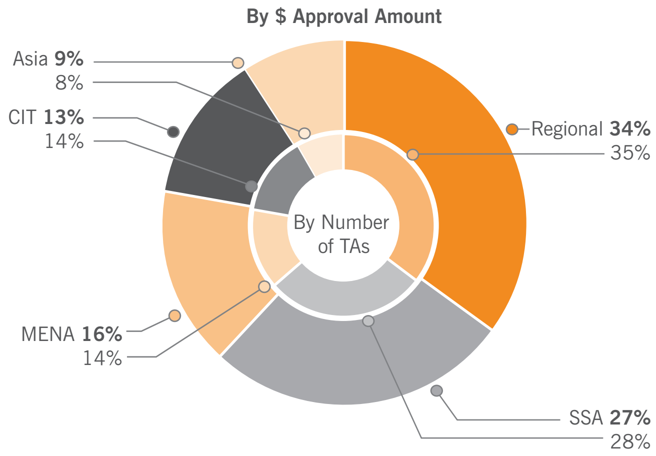
21

TECHNICAL ASSISTANCE PROJECTS THAT ARE UNDER IMPLEMENTATION

23

TA PROJECTS ARE IN THE PIPELINE

FIG 2.9 GEOGRAPHIC DIVERSITY OF PROJECTS[12]



IDB Microfinance Development Program (IDB-MDP): The objective of this Program is to provide an avenue for the underprivileged, especially the poor, to access Islamic finance facilities. It is limited to increasing the outreach of Islamic microfinance and reducing poverty through the creation of Islamic microfinance institutions. The MDP utilized several modes of intervention, both financial and technical, designed to address the wide-ranging microfinance needs in member countries, thus avoiding the one-size-fits-all approach.

The outreach of the MDP is envisaged to be expanded in year 2017 and beyond, to achieve the goals of the Bank in terms of financial inclusion. In this context, the MDP has been transformed into the Financial Inclusion Program (FIP). As part of the FIP intervention, IDB will continue to act as a catalyst investor for the establishment and strengthening of Islamic financial institutions, including but not limited to, Islamic banks, Islamic microfinance institutions, Takaful companies, and Islamic investment banks.

The FIP will take over the MDP projects already launched in 12 countries, which are Bangladesh, Indonesia, Sudan, Senegal, Egypt, Tunisia, Tajikistan, Pakistan, Afghanistan, Guinea Conakry, Gambia and Maldives and will also work on their evolvement. More projects will be added every year in member as well as in non-member countries.

During 2016, IDB participated in Zeitouna Tamkeen, a microfinance institution based in Tunisia and progress was made towards establishment of microfinance institutions in other countries. IDB also approved participation in a new Islamic bank in Morocco and in capital increases of Islamic banks in Tunisia and Niger.

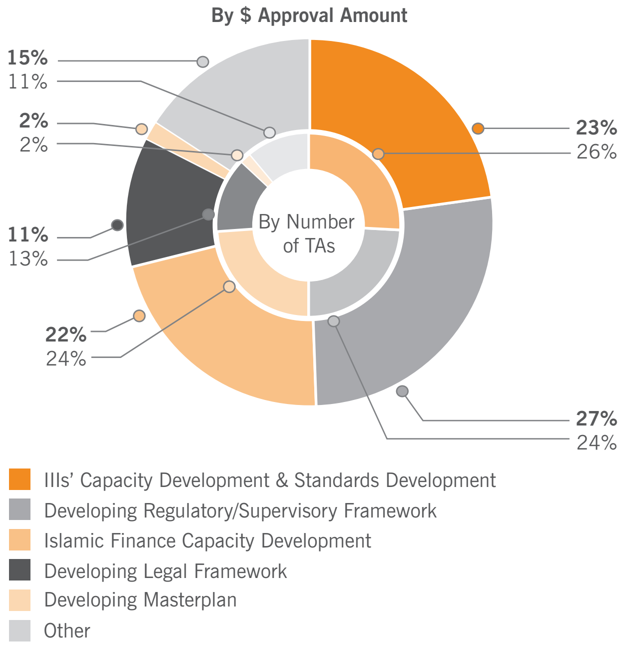
[12] Guyana and Suriname are placed in Asia and Albania among CIT group for analysis purpose

Cooperation, Alliances and Partnerships: IDB has placed great importance on building strategic alliances with the International Financial Institutions (IFIs), the Multilateral Development Banks (MDBs), and the UN institutions engaged in fostering socio-economic development with the view to achieving greater development impact for its member countries through collaborative work. The number of MoUs and partnership agreements and co-financing has continued to register an upward trend. In 2016, three MoUs were signed by IDB with (i) The United Nations Development Program (UNDP) to provide a general framework for facilitating collaboration and cooperation between the Parties in the areas of common interest under the 2030 Agenda for Sustainable Development, (ii). The United Nations Environment Programme (UNEP) on environmental conservation in support of sustainable development and the fight against climate change, and (iii) the OIC and the International Atomic Energy Agency in the area of cancer control in the OIC countries.

IDB Prize in Islamic Economics and Islamic Banking & Finance: The annual IDB international awards were instituted in 1408H (1988) to recognize outstanding efforts in the fields of Islamic Economics, Banking and Finance. It is a cash award of 30,000 Islamic Dinars (about $45,000). To date, there have been a total of 37 recipients, comprising 33 scholars (economists, bankers and jurists) and four institutions (research centers and financial institutions) from different parts of the world. In 2016, the IDB Prize in Islamic Economics was awarded to Professor M. Kabir Hassan, a Professor of Finance at the University of New Orleans in the United States. The prize selection committee stated that his selection was in recognition of, among others, the quality of his intellectual contribution and the impact of his research in the field of Islamic Banking and Finance; the services he rendered to various multilateral development banks; and his role in introducing a law for Islamic banks to operate with a clear legal code in his home country of Bangladesh.

Islamic Finance Awareness Enhancement: Under this initiative, the Bank contributes to spurring the development of the Islamic financial services industry by either organizing and/or participating in seminars and forums at international events. In 2016, the Bank organized three side events during the 41st IDB Annual Meetings held in Jakarta, Indonesia: 11th IDB Global Forum on *"Islamic Finance: Role of Islamic Financing in Achieving Sustainable Development Goals", "Annual Islamic Finance Conference Forum on Sukuk for Infrastructure Development" and "Microfinance Seminar in Bogor, Indonesia".*

FIG 2.10 TOTAL TA APPROVALS (SINCE INCEPTION) – 47 TAs



It also participated in a side event on *Islamic Finance and Impact Investing for the SDGs* at UN General Assembly in New York City, U.S in September 2016. IDB and UNDP jointly launched the Islamic Finance and Impact Investing Platform to facilitate world governments in meeting the United Nations Sustainable Development Goals (SDGs) through Shari'ah compliant financial instruments and impact investments.

The IDB also sponsored various Islamic finance awareness events globally such as the second edition of the 'Africa Islamic Finance Forum' organized in Côte d'Ivoire and 'A Seminar on Sukuk' organized by the Central Bank of West African States (BCEAO) in Dakar, Senegal.

Since its inception, the Bank has assisted in many important factors that lead to better infrastructure and capacity building of the Islamic financial services industry as shown in Fig. 2.10.

Financial Product Development Center (FPDC): The mandate of the FPDC is to develop and promote new Shari'ah-compliant financial instruments for the IDB Group as well as the Islamic financial industry. In 2016, the Center pursued wide-ranging initiatives focusing on 3Ps (process, people, and products) as explained below:

Process: As part of the process of developing financial products, the FPDC has created a standard template to facilitate new products development and published the briefings and reports to assist in the understanding of prevalent practices and charting the way forward for the Islamic financial industry namely: *Process of Innovation* (a quick guide on the process of which is being translated into Arabic); *IDB Modes of Finance (French)*; *Financial Development through Partnership* (explains how to finance development through non-debt instruments); *Islamic Financial Engineering Laboratory* (a brief overview of the Laboratory); *Salam in Telecom Services* (studies and outlines the guidelines for *Salam* as an alternative for cash financing, specifically in convertible calling minutes); *Sukuk – Challenges and Prospects for New Designs* (presents reviews of current structures, trends and challenges of the global Sukuk market).

Product Generator: The Product Generator is an online tool that enables professionals to make the right choices for their Islamic financing projects. The Product Generator captures the essential principles of Islamic financial instruments and matches them (at the back-end) with the answers provided by the user to specific queries in order to show the most suitable financial products. The Beta version of the Product Generator was launched and showcased at the Knowledge & Innovation Fair & Forum (KIFF) 2016, organized by IDB. Further improvements are being incorporated with inputs from various stakeholders in IDB Group.

People: In its pursuit of developing human capital for innovation in Islamic financial products, the Center organized more than five trainings, contributed to more than ten conferences/seminars and assisted in more than five official missions. Topics varied from Islamic economics, risk management in Islamic finance, product innovations, etc.

IFE

THE ISLAMIC FINANCIAL ENGINEERING (IFE) LAB IS A JOINT INITIATIVE OF THE FINANCIAL PRODUCT DEVELOPMENT CENTER (FPDC) AND THE MOHAMMADIA SCHOOL OF ENGINEERING AT THE MUHAMMAD V UNIVERSITY IN RABAT, MOROCCO

"The mandate of the Financial Product Development Center (FPDC) is to develop and promote new Shari'ah-compliant financial instruments."

The Islamic Financial Engineering (IFE) Lab is a joint initiative of the Financial Product Development Center (FPDC) and the Mohammadia School of Engineering at the Muhammad V University in Rabat, Morocco.

Products: In 2016, the Center made significant strides in developing new Shari'ah-compliant financial products that cater to the needs of IDB Group as well as the Islamic financial industry at large. These included: (i) *Exchangeable Sukuk*: a new Sukuk structure to mobilize financial resources that does not require prior assets from the IDB's balance sheet and provides real asset-backed securities to investors while at the same time maintaining the AAA-rating of IDB; (ii) *Multi-level Protection Musharaka Sukuk*: a Musharakah Sukuk hybrid structure that blends the best of both debt and equity and provides a sustainable and efficient mechanism for regular Sukuk issuance for corporates and Islamic financial institutions; (iii) *Sovereign Finance Corporation*: a unique institutional framework for governments to issue Sovereign Sukuk on regular and sustainable basis; (iv) *Results-based financing*: a set of alternative financial arrangements to finance development projects conditioned on pre-specified outcomes; and (v) *Humanitarian Sukuk structures*: This concept was presented and discussed at the World Humanitarian Summit in Turkey in May 2016.

Islamic Financial Engineering Laboratory: The Islamic Financial Engineering (IFE) Lab is a joint initiative of the Financial Product Development Center (FPDC) and the Mohammadia School of Engineering at the Muhammad V University in Rabat, Morocco. The IFE Lab is a three-year Ph.D. program that aims to prepare students to develop the state-of-the-art Agent-Based Simulation (ABS) programs and conduct research to create, evaluate and test new

Islamic financial instruments and systems, and how they could assist the economic development of IDB member countries and the Islamic financial industry. The IFE Lab, therefore, is of unique significance for the OIC Member Countries.

The IFE Lab is housed in the Mohammadia School of Engineering (LERMA) in Muhammad V University, Rabat, Morocco. The primary faculty is from LERMA. Numerous visits by external professors and subject-matter experts from various international institutions offer the PhD scholars global exposure.

In 2016, the IFE Lab hosted visiting professors from the University of Amsterdam (The Netherlands), and the University of Technology of Belfort-Montbéliard (France), among others. PhD scholars at the IFE Lab use a computer laboratory with a state-of-the-art server to actively develop their own Agent-Based Simulation (ABS) programs for their theses. These simulations improve the understanding and analysis of various aspects of Islamic finance such as microfinance, cooperatives, Takaful, and other areas of the field.

More than 20 papers by IFE Lab students have been either published in peer-reviewed journals or presented in international conferences. With support from the SABIC Chair of Imam University in Riyadh, Saudi Arabia, an international 'Award for Best Application of Agent-Based Simulation (ABS) in Islamic Finance' was announced in February 2015. Submissions were screened and evaluated by a panel of external referees and the best three projects were announced in January 2016.

The Award Ceremony was held in Rabat in February 2016, with cash awards ($8,000, $6,000, and $4,000) being handed out to the three winners, respectively. A half-day Workshop on 'Complexity, Modeling and Islamic Finance' was held alongside the Ceremony, with regional and international speakers presenting cutting-edge research in this area.

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PAPERS BY IFE LAB STUDENTS HAVE BEEN EITHER PUBLISHED IN PEER-REVIEWED JOURNALS OR PRESENTED IN INTERNATIONAL CONFERENCES

SPECIAL ASSISTANCE

THE BANK CONTINUED TO PROVIDE RELIEF ASSISTANCE TO MEMBER COUNTRIES AND NON-MEMBER COUNTRIES; SUPPORT EDUCATION AND HEALTH SERVICES IN NON-MEMBER COUNTRIES; AND LAUNCH CAPACITY BUILDING INITIATIVES THROUGH MICROFINANCE AND TRAINING.

2.7 Advancing Solidarity and Resilience Agenda

The Bank has a Special Assistance program that assists Muslim Communities in non-member countries to obtain quality education and good health facilities. It also empowers them to benefit from training, micro-finance, seminars and educational materials. The program also provides relief assistance to both member and non-member countries in situations of natural and man-made disasters, offering opportunities for academically meritorious and financially needy young Muslim students to pursue higher education.

Special Assistance: The Bank continued to provide relief assistance to member countries and non-member countries; support education and health services in non-member countries; and launch capacity building initiatives through microfinance and training.

In 2016, the IDB approved 22 operations in 18 non-member countries for $4.2 million. The majority of the operations were for the provision of access to basic services: 16 for education, two for health sectors, and four operations for Vocational Training. In addition, four operations were for relief assistance in one non-member country and three member countries.

In addition, the Bank provided relief assistance to people affected by natural and man-made disasters in Bosnia ($0.2 million); Iraq ($2 million); Yemen ($0.5 million) and Sudan ($0.4 million).

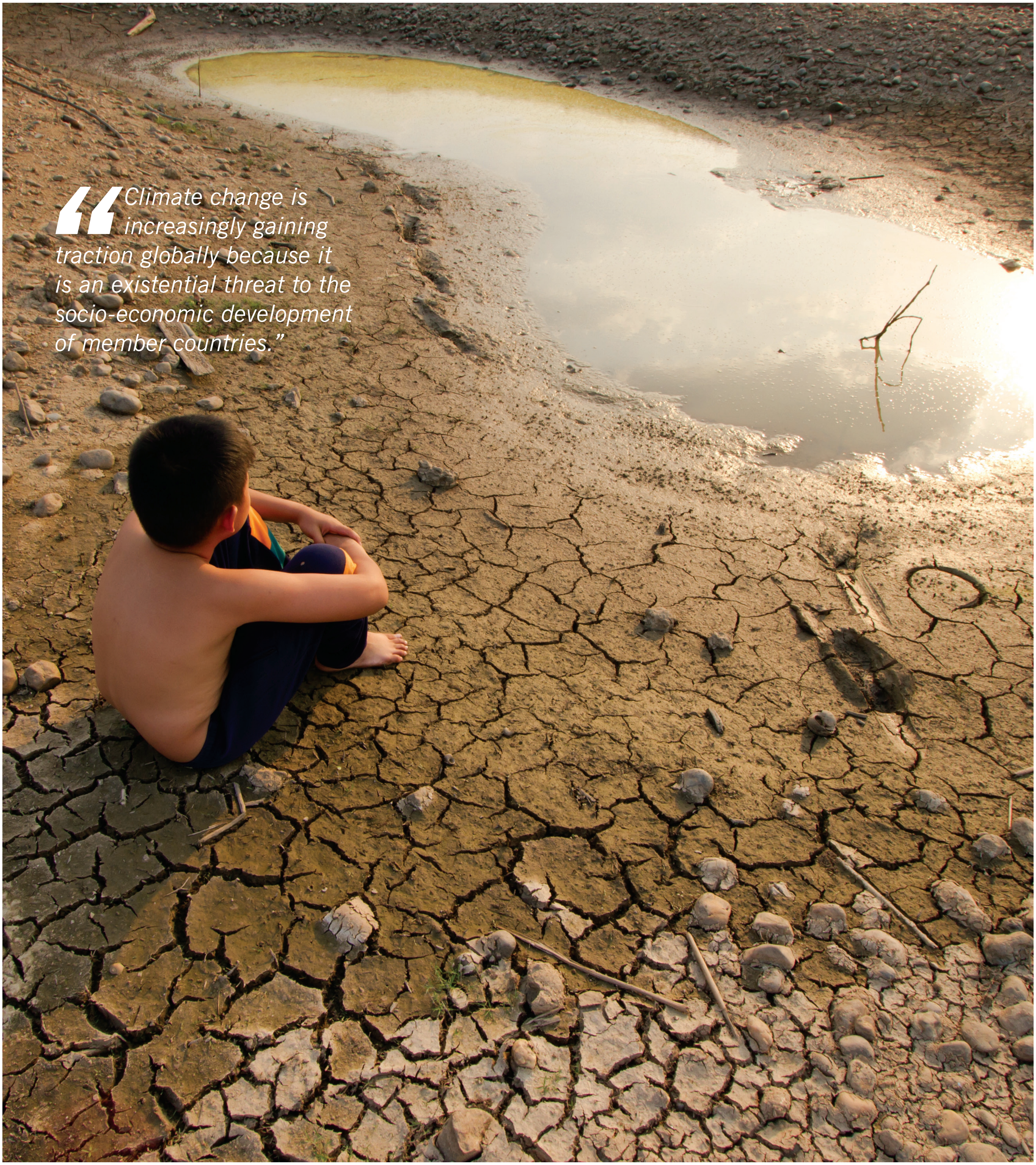
Trust Funds (Bringing Inclusive Social Development): Up till 1421H, the Bank had only two trust funds (Al-Aqsa Fund and Al Quds Fund), which were established pursuant to the Arab Summit decision held in Cairo, Egypt, in Rajab 1421H (October 2000) to provide immediate response to the needs of occupied Palestinian people. With the IDB's increased intervention in Palestine and other fragile states in its member countries, the number of trust funds has increased in recent years with the establishment of GCC Fund in 1427H, and the joining of other Arab funds thereafter.

Over the years, trust funds have substantially expanded in providing financial assistance for development projects, emergency response and recovery, in addition to capacity building. Apart from Palestine, new beneficiaries of the IDB's trust funds were Somalia, Niger, Comoros, Indonesia (Aceh orphans) where 600 orphans graduated by 2016 out of 5,310 orphans. Other beneficiaries are the neediest Muslim communities in Asia, and Syrian refugees in which 10 million books of the Syrian curriculum were printed and distributed as well as three hospitals built.

Of the total trust funds, Palestine received about $2 billion allocated to vital sectors including health, education, water and sanitation, agriculture, housing, municipal capacity, and economic empowerment. 23,592 households have been empowered under the economic empowerment of the Palestinian productive families Program (DEEP), under which 384 schools and 76 hospitals have been constructed and rehabilitated.

In 2016, a special Program (called Fael Khair Program) was established in the Bank with trust funds totaling $696 million to implement eight different projects in many sectors including health, education, and water supply. These projects are aimed at improving the living standards of the under privileged communities in several Muslim countries in Asia and Africa. One of these Fael Khair projects is aimed at establishing 75 mobile clinics in Afghanistan, Bangladesh, India, Kyrgyz, Pakistan, Tajikistan and Yemen where six mobile clinics were set up in 2016.

During 2016, the Fael Khair Program led an emergency response to fight the Ebola epidemic in four African countries: Mali, Sierra Leone, Guinea and Liberia, and to prevent its spread abroad. The total assistance given for Ebola epidemic reached $35 million. The project focused on the education sector in particular, and managed to have


"Climate change is increasingly gaining traction globally because it is an existential threat to the socio-economic development of member countries."

schools safely re-opened after they had been closed for fear of the epidemic reaching them.

In Somalia, 47 artesian wells out of 72 were successfully drilled, under the Deep Wells Drilling Project in Somalia. These deep wells provide important developmental support to residents in the surrounding areas and help in their wellbeing, especially with the successive drought waves that occur from time to time.

Climate Change Vulnerability: Climate change is increasingly gaining traction globally because it is an existential threat to the socio-economic development of member countries. Many member countries are vulnerable to climate change impact and variability. It is estimated that climate change is pushing 26 million people into poverty annually[13]. This development can undo the progress made over the years in achieving global goals. During 2016, the Bank Group was actively involved in the activities of the 22nd Session of the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) held in Marrakech, Morocco, on 7-18 November 2016 where it hosted an IDB Group Pavilion. It organized 19 side events at the Group Pavilion, which were co-organized by 15 international institutions including IDB Group members (ITFC, ICD and ICIEC). Representatives from eight member countries (Morocco, Mali, Benin, Egypt, Saudi Arabia, Iraq, Malaysia, and Turkey) participated in the side events as organizers, speakers or/and showcased their climate change solutions at the booths in the Pavilion. Seven special publications highlighting the activities of the Group in climate change financing were prepared and circulated at the Pavilion along with a video presentation.

The Saudi Arabian Project for the Utilization of Hajj Meat: This project is managed by the Bank for the Government of Saudi Arabia and lies outside its normal operations. The project serves the pilgrims during the annual pilgrimage by helping them to perform the ritual (nusuk) and related services on their behalf. The Bank also oversees the utilization of the Hajj meat, which involves distributing the meat to the needy and the poor in member countries and Muslim communities in non-member countries.

Gelatin Project: Most gelatin on the market, whether for pharmaceutical or food usage, is porcine in origin. Therefore, there is a need to produce halal gelatin for the Muslim population. To this end, the United Company of Gelatin and Organic Material Production was established with a Chinese contractor to produce 600 ton of Halal gelatin (extracted from skin & bones) and one billion hard gelatin capsules as the primary packaging material for pharmaceutical companies products of different sizes (0,1,2,3). The Saudi Project for Utilization of Hajj Meat has recently owned (100%) total shares of the Company.

The capsules factory is ready for operation with three successful trials conducted. The company is preparing the necessary documents to get the final approval for civil defense as well as for the operation from the Saudi Food and Drug Authority. To date, all the gelatin factory equipment had been installed and five skin trial productions had been undertaken, of which one had achieved the standard specification and registered as a sample for the next trials. Currently, additional trials are in progress to get more improvement, knowledge, knowhow to finalize the criteria and standard for operation.

Hajj Meat Distribution: In 2016, the number of carcasses was 712,842 sheep and 327 cows compared with 835,282 sheep and 327 cows and camels in 2015. Out of the figure for 2015, 423,532 sheep were distributed among the poor and needy people in the Haram area in Makkah Al- Mukarrama and charities inside the Kingdom, as well as cows and camels. The remaining 411,750 sheep were distributed outside the Kingdom of Saudi Arabia. The plan for the distribution of meat from 2016 Hajj season will follow the previous year's pattern. ■

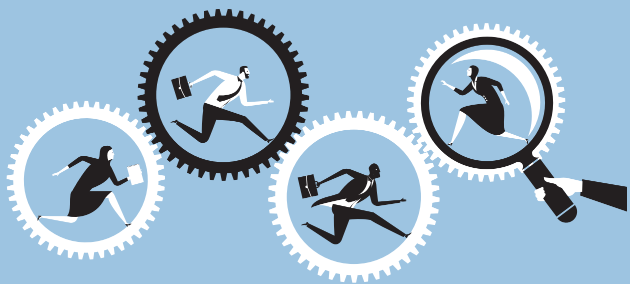
600

TON OF HALAL GELATIN AND ONE BILLION HALAL GELATIN CAPSULES TO BE PRODUCED BY THE UNITED COMPANY OF GELATIN AND ORGANIC MATERIAL PRODUCTION, ESTABLISHED FOR IDB'S GELATIN PROJECT

[13] World Bank (2016) "Unbreakable: Building the Resilience of the Poor in the Face of Natural Disasters"

3 Strengthening Institutional Effectiveness

This chapter highlights the key activities of the IDB Board of Governors and the Board of Executive Directors. It also presents the progress of the President's Advisory Panel and Delivery Unit, Member Country Partnership Strategy, Bank Group's credit ratings, evaluation, risk management, internal audit and integrity functions. The chapter also provides an update on the IDB Group Ten-Year Strategy, Group Business Enhancements and System Transformation Program (GBEST), knowledge management and innovation activities, and changes and improvements made in human resources to hire and retain staff as well as to improve the work environment.



TO SUPPORT THE IDB GROUP WITH FRESH TALENT FROM REPUTABLE ACADEMIC INSTITUTIONS,

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YOUNG PROFESSIONALS (YPS)

WERE SELECTED TO JOIN THE YOUNG PROFESSIONAL PROGRAM (YPP) IN 2017 THROUGH A RIGOROUS SELECTION PROCESS. THEY REPRESENT DIVERSE GEOGRAPHIES AND **18 NATIONALITIES**, **TEN FIELDS OF SPECIALIZATIONS** AND DIFFERENT SKILLS AND EDUCATION SYSTEMS.

THE IDB GROUP ASPIRES TO BECOME A WORLD-CLASS AND A KNOWLEDGE-BASED INSTITUTION BY

2020

AS ARTICULATED IN ITS VISION 1440H (2020). TO ACTUALIZE THIS VISION, THE BANK GROUP ESTABLISHED A KNOWLEDGE MANAGEMENT AND INNOVATION DEPARTMENT (KMID)

"The knowledge management activities in 2016 included the first IDB Scholarship Story Competition in collaboration with the Special Assistance Department where stories from the graduates of the IDB Scholarship Program were invited to write stories on how the Program has made a positive difference and impact in their communities as well as changed their lives."

All IDB Scholarship Competition winner stories are available to read online

3.1 Board of Governors

The 41st Annual Meeting of the IDB Board of Governors was held on 17-19 May 2016 (10-12 Sha'ban 1437H) in Jakarta, Republic of Indonesia, under the theme "Enhancing growth and poverty alleviation through infrastructure development and financial inclusion". The opening ceremony, which took place on 17 May 2016 (10 Sha'ban 1437H), was opened by H.E. Muhammad Jusuf Kalla, Vice President of Indonesia, on behalf of the President of the Republic of Indonesia.

During the Annual Meeting, a flag procession ceremony was held for the Cooperative Republic of Guyana, which became the 57th member of the Islamic Development Bank after fulfilling the terms and conditions of membership as per Resolution No. BG/1-437 adopted by the Board of Governors (by circulation). The Board of Governors warmly welcomed the Cooperative Republic of Guyana and thanked its government for ratifying the IDB's Articles of Agreement.

The Board of Governors also acceded to the desire of Dr. Ahmad Mohamed Ali, the President of IDB to retire and expressed their appreciation to him for his sincere efforts and noble services rendered to the IDB since its inception and to the members of the IDB Group and through them to the Islamic Ummah.

The Board of Governors elected Dr. Bander M.H. Hajjar as the new President of IDB in place of Dr. Ahmad Mohamed Ali for a term of five years starting 1 October 2016 (30 Dhul Hijjah 1437H).

3.2 Board of Executive Directors

During the period under review, the Board of Executive Directors held nine meetings (one of which took place in conjunction with the Board of Governors' Annual Meeting) while its Standing Committees had 22 meetings.

The Board of Executive Directors approved 69 projects and adopted 153 Resolutions on financing and policy matters. The most important policy matters processed by the Board of Executive Directors were: (i) IDB Three-Year Work Plan and Budget for 2017, (ii) Outline of the IDB President's Five-Year Program, (iii) Concept clearance of the Global Education Impact Fund (GEIF), (iv) IDB partnership with the World Economic Forum, (v) Update on implementation of the IDB Group Ten-Year Strategy, (vi) IDB's participation in ICD's Capital Increase, and (vii) Request of Cooperative Republic of Guyana for membership of IDB.

3.3 President's Advisory Panel and Delivery Unit

President's Advisory Panel (PAP): This Panel, composed of 13 eminent personalities, was established in 2015 to provide independent and objective perspectives on IDBG strategies and operations. It serves as a sounding board on the proposed IDB Group development program; helping to identify new and innovative partnership opportunities in development; and initiating discussions on the next big issues or opportunities for IDBG to consider.

On 12 March 2016 (3rd Jumada II 1437H), the 2nd PAP meeting was held at IDB Headquarters under the theme "Digital Development for Resilience". The Panel deliberated at length on the challenges and opportunities of digital development and its utilization for fragility-effected communities. The Panel suggested that IDBG needs to focus on changing the world with bold goals, while being mindful of mandate and role, and rethink fragility, resilience and development (Box 3.1).

President's Delivery Unit (PDU): President's Delivery Unit (PDU): This Unit was established in December 2014 to monitor progress and promote accountability and transparent reporting on the President's priority initiatives. It reports to the President and its core team consists of the PDU Head, a senior monitoring and evaluation specialist and a data analyst. The Unit is supported by a network of 11 focal points within each Complex and Entity of the Group. It uses online monitoring tools with interactive dashboards to track the progress of the initiatives.

The PDU contributed to enhancing the performance and results management practice at IDB Group by putting in place modern tools for monitoring, and through establishing frameworks for proper planning, and regular reporting to top management on implementation performance. Since its creation, the PDU has produced seven quarterly update reports outlining the progress made on strategic initiatives, highlighting implementation challenges, and advising the management and the relevant stakeholders on the actions to be taken to ensure delivery. This has helped to objectively pinpoint implementation bottlenecks and bring it to management attention for swifter decision-making.

The PDU has strengthened partnership with other MDBs and governments. More exactly, it has studied the experiences of the World Bank and the African Development Bank in managing delivery, undertaken a familiarity visit to the delivery unit of the Government of Brunei, and reviewed the experiences of some member countries, particularly Malaysia and Saudi Arabia.

In December 2016, the PDU organized an International Seminar on Delivery at IDB Headquarters with the participation of three member countries (Malaysia, Saudi Arabia, and Senegal) and three major MDBs (World Bank, African Development Bank and Asian Development Bank).

BOX 3.1 PAP KEY RECOMMENDATIONS FOR IDB GROUP

1. Assist in building institutional capacity for communities (in member countries and affected communities) to live in peace and prosperity with effective access to justice;
2. Assist in building and expanding a "Community Information Network" (from existing national identity database/system), as a digital platform, to facilitate public service delivery and market matching/access;
3. Assist in regaining ground on the potentially "lost generation" among the displaced communities, with education, economic and social empowerment programs;
4. Promote and mainstream Social Business as an option for productive living, especially for and among displaced communities, using pro-poor technology/innovations for global market access;
5. Support program and seed platform for employment matching for skills and professional and support the operation and scaling-up of SME targeting the displaced communities; and
6. Pursue Innovative Islamic Financing structure to mobilize resources from the market, community and advanced economies to finance displaced communities' programs and ventures.

The IDB Group is considering the above action items with a view to implementing them.

3.4 Member Country Partnership Strategy (MCPS)

Launched in 2010, the MCPS plays an important role in the formulation of the Group's Medium-Term Development Assistance Strategy as well as in enhancing dialogue with key stakeholders in member countries and development partners.

As of December 2016, the IDB Group had prepared 19 MCPSs; of which 14 have been completed while five are at various stages of implementation. All the MCPSs have recorded impressive achievements in terms of both financing and non-financing activities (Table 3.1). Besides project financing, MCPSs also targeted numerous non-financing activities, especially under the "Reverse Linkage" initiative.

In 2016, the IDB Group initiated eight new MCPSs: two were formulated (Kyrgyz and Indonesia) while six others (Egypt, Iran, Nigeria, Senegal-Phase II, Cameroon and Yemen) are at various stages of preparation.

For Indonesia, the IDB Group launched a second generation MCPS (2016-2020) for the country, which is aligned with the Indonesian government's Third Medium-Term Development Plan (RPJMN 2015-2019) and the Strategic Thrusts of the IDB 1440H Vision and IDB Group 10-Year Strategy (2015-2025).

The IDB Group in 2016 initiated Country Economic Work for Turkey and Kyrgyz as well as completing one for Iran, which was undertaken in close consultation with the Ministry of Economic Affairs and Finance (MEAF). Ten background documents for Iran MCPS have been compiled into a book entitled "Diagnosing Iranian Economy", which will be launched in 2017.

In 2016, the IDB Group also undertook MCPS Completion Reports (CR) for Senegal, Turkey, Indonesia, Kuwait and Uganda (Box 3.2), which were prepared in partnership with the relevant government authorities and the IDB Group entities.

MCPS ACHIEVEMENT RATES (AS OF END-DECEMBER 2016)[1]

	MCPS Under Implementation	Indicative Financing Envelope ($ million)	Net Approvals by IDB Group ($ million)	Achievement Rates[2]
	MCPSs Implementation Completed			
1	Turkey (2010-13)	2000	2438	121.9
2	Uganda (2011-13)	500	901	180.24
3	Indonesia (2011-14)	2500	2771	57
4	Mauritania (2011-15)	650	685	105.4
5	Mali (2011-14)	500	486	97.2
6	Pakistan (2012-14)	2500	3436	137.5
7	Senegal (2012-14)	760	944	124.2
8	Tunisia (2013-15)	870	671.1	77.1
9	Niger (2013-15)	600	289.2	48.2
10	(Interim) Suriname (2014-15)	*	136.6	207
11	Malaysia (2012-15)	*	40.1	-
12	Kazakhstan (2012-14)	*	1193	-
13	Kuwait (2012-15)	*	22.2	-
14	(Interim) Somalia (2014-15)	*	5.3	-
	MCPSs Under Implementation			
15	Bangladesh (2013-16)	11215	5402.5	48.2
16	Morocco (2013-16)	2200	1690	76.8
17	Chad (2014-16)	450	363	80.7
18	Benin (2014-17)	570	578.8	101.5
19	Indonesia II (2016-2020)	5200	836.5	16

* Denotes no indicative financing envelope in the MCPS Programs
[1] Country order is based on launching year
[2] Implementation rate is defined as net approvals as % of indicative financing

3.5 Credit Rating

With sound financial health and strong shareholders' support, the IDB has maintained the highest credit ratings of 'AAA' by all three leading international rating agencies (Standard & Poor's, Moody's and Fitch Ratings) with a "Stable" outlook since 2002 and has the highest stand-alone credit rating among the Multilateral Lending Institutions. Both the Basel Committee on Banking Supervision and Commission of the European Communities also designated IDB as a 'Zero-Risk Weighted' Multilateral Development Bank.

ICIEC maintains the Aa3 rating since 2008 with a "Stable" outlook from Moody's, which is among the highest ratings assigned to major insurers of credit and political risk globally. This reflects both the stand-alone asset quality and capital adequacy of ICIEC as well as potential support from its shareholders. It also reflects ICIEC's legal structure and

BOX 3.2 UGANDA MCPS COMPLETION REPORT, 2011-2013

The MCPS Completion Report (MCPS CR) is an IDB internal exercise with the objective of reviewing the overall implementation progress of the MCPS. The specific objectives of the MCPS CR exercise are to: (i) assess the implementation and the extent of alignment of approved operations with MCPS pillars, (ii) identify key implementation issues and mitigation mechanism and, (iii) draw lessons for future MCPS either for Uganda or for any member country.

As of December 2016, the implementation of the MCPS was satisfactory with almost all the financing coming from the IDB, the Islamic Solidarity Fund for Development (ISFD) and ITAP in order of quantum of financing. Total approvals amounted to $856.96 million, representing an over-achievement of the revised financing envelope ($500 million) by 171%. The Islamic Corporation for the Development of the Private Sector (ICD) has approved a global line of financing amounting to $40 million but is yet to identify banks in Uganda for the utilization of the line. The other private sector entities of the IDB Group, namely ITFC and ICIEC, were not able to undertake any financing due mainly to the suitability of their financing, eligibility requirements and lack of local presence.

Besides the level of approvals, the IDB's re-engagement with Uganda through the MCPS has recorded significant non-financial (non-monetary) benefits as well. Of paramount importance is the excellent rapport that has been established between the IDB and the Government of Uganda, not only with the IDB Governor's Office (Ministry of Finance, Planning & Economic Development) but also with all the key line Ministries and institutions in the country.

BOX 3.3 EVALUATION OF ITFC'S TRADE FINANCE

Country Case Study Findings

Bangladesh: Between 2008 and 2015, the ITFC's total approvals for Bangladesh reached $10.54 billion. Bangladesh imports about 95% of its petroleum needs, and on average, ITFC finances 36% of the imported petroleum. At an overall level, ITFC financing could be said to be sustaining 1.4 million jobs yearly from oil-supported outputs. Yet, there is high unmet demand and an opportunity for further diversification of ITFC's financing to reach other sectors such as the garment industry in Bangladesh.

Indonesia: The ITFC trade financing approvals for Indonesia since its inception up to 2015 totaled $861 million, making it the fifth largest recipient of ITFC financing. The main commodities covered by ITFC financing are raw sugar, soybeans, coffee and cotton. ITFC financing was utilized in strategic areas, for instance the financing led to: (i) the import of about 1 million tons of raw sugar in 2011-14; (ii) an increase in coffee exports by 0.23% per annum and cotton imports by 0.56% per annum. The introduction of innovative products such as the Structured Trade Finance and promotion of Shari'ah compatible financing was much valued by the clients in Indonesia.

Morocco: Morocco has received a total of $2 billion from ITFC since its inception up to 2015. Thus far, ITFC has financed an estimated 17.5 million barrels of crude oil, representing 2.35% of the total crude oil imported by Morocco and could be said to be sustaining 2,300 direct jobs and contributing to sustained employment in various economic sectors. ITFC has also had a significant demonstration effect in terms of introducing innovative Structured Trade Finance (STF) and the promotion of Islamic banking.

Coffee beans ready for export

Turkey: The overall ITFC trade financing approvals for Turkey have overtaken $1.6 billion. In addition, ITFC has also approved $1.1 billion in lines of financing for the country. The main commodities covered by ITFC financing, particularly through SMEs are food, agriculture and energy industries, etc. The beneficiary companies and sectors in Turkey are diverse and the ITFC financing volume is growing rapidly. In general, the ITFC financing was found to have contributed positively to increasing revenues and trade volumes. The share of ITFC is 2.6% of trade financing, contributing to sustaining about 270,000 jobs. By leveraging on ITFC networks and contacts, clients were able to expand their business opportunities in new international markets (Africa, CIS and MENA regions). There remains a high demand and opportunities in financing exports in the country.

business model, as the only multilateral export credit and investment insurance corporation in the world that provides Shari'ah compatible insurance and reinsurance.

ICD maintained its 'Aa3' rating by Moody's with a "Stable" outlook, highlighting its strong capital base and low leverage, strong liquidity position and high level of shareholder resources as key strengths. Furthermore, ICD's 'AA' rating by Fitch has been reaffirmed, while the corporation obtained "A+" credit rating from S&P with "Stable" outlook. reflecting its adequate business profile and very strong financial profile.

3.6 Operations Evaluation

The Group Operations Evaluation (GOE) Department provides objective and independent assessment of the development effectiveness of the IDB Group's activities. Its primary function focuses on post-evaluation of operations and projects financed by the IDB Group members.

In 2016, the GOED post-evaluated 25 projects comprising 23 projects financed from the ordinary capital resources (OCR), one project by ICD and one Technical Assistance project by IRTI. It also undertook the review and validation of 15 Project Completion Reports (PCRs).

For higher-level evaluations, the GOED completed Country Assistance Evaluation of Lebanon and member country partnership strategy implementation review (MCPS IR) for Turkey and Senegal as well as initiating the MCPS IR for Uganda. It completed a thematic evaluation of ITFC's trade finance operations in four selected countries (Bangladesh, Indonesia, Turkey and Morocco) (Box 3.3). It also launched two program evaluations (Microfinance Program of ISFD and ICIEC's ITAP) and 2 synthesis of evaluations in three sectors (health, transport, and water & sanitation). Concerning capacity building, the GOED in 2016 conducted a workshop for IDB Group professionals on formulation of lessons learned from self and independent evaluations.

3.7 Audit Activities

The Group Internal Audit Department (GIAD) provides an independent oversight function for IDB Group. It adds value, improves the operations of IDB Group through bringing a systematic, disciplined approach to assessing, and improving the effectiveness of risk management, control and governance processes. Its activities comply with the audit charter and manual, code of ethics and the internationally recognized professional framework and standards set by the Institute of Internal Auditors (IIA). It also raises awareness of risks and their mitigating controls as well as providing advice to the management in developing effective control solutions.

The GIAD's Annual Audit Plan employs a risk-based approach that is aligned with IDB Group's strategic priorities, its most significant risks and Management's views. The Plan focuses on areas of highest risk covering the core business activities of the IDB Group including treasury, operations, finance, administration, sovereign and non-sovereign credit assessments, export credit and investment insurance, trade finance and IT systems. Selected audit engagements are undertaken during the year as well as other ad hoc assignments in response to specific requests by the Management and the Audit Committee, which encompass consulting, advising, investigating, facilitating, process designing and training. These assignments are primarily in the domain of GIAD's competencies and expertise.

In 2016, GIAD has successfully implemented an automated issue tracking management capability, which allows business units to submit status updates online; thus increasing the level of efficiency and accountability in the implementation of the follow-up process throughout the IDB Group. In addition, GIAD has continued to utilize an advanced risk assessment system to define auditable areas, match risks and objectives to the entities within the IDB Group, conduct risk scoring and build the Plan.

As part of its building partnership and collaboration internationally, GIAD participated in the Annual Meeting of the Group of Representatives of Internal Audit Services of the United Nations Organizations, Multilateral Financial Institutions and Associated Internal Organizations (RIAS), which was held in New York in September 2016, where valuable experiences and best practices in internal auditing were shared among the participants.

3.8 Risk Management

The Group Risk Management Department (GRMD) assesses, monitors, and manages various risks to which the IDB is exposed such as credit risk, market risk, funding and liquidity risk, and operational risk. It also recommends strategies to enhance financial risk governance and minimize overall risk exposure of the Bank. It works closely with ICIEC, ICD, and ITFC, which have their own risk management function.

The GRMD's contribution to the Bank has grown substantially in recent years in terms of continuous enhancements to the risk management infrastructure and systems, polices and guidelines, as well as human resources. This development has enabled GRMD to help the Bank in maintaining its low risk profile and the 'AAA' rating from all the three international rating agencies.

In managing risks, due consideration is given to the risk-bearing capacity and prudential rules anchored to the respective Group members' capital adequacy and exposure management framework. Risk oversight is performed at different levels with the Board of Executive Directors and its Audit Committee approving the risk strategy, policies and guidelines. The IDB Management, supported by the Group Risk Management Committee (GRMC) and Asset and Liability Management Committee (ALCO), ensures the execution of the activities in accordance with an approved risk governance framework.

Given its strong operational growth, the Bank has given priority to strengthening its internal risk management capacity in addition to fiduciary controls and safeguards. To this end, the GRMD undertook several initiatives in 2016 including improvement in risk reporting, revision of the Exposure Management Framework and limit setting mechanism, finalization of the Asset Liability Management (ALM) Framework, and commencement of the deployment of an Enterprise Risk Management system and DataMart project.

The Bank is embarking on an Enterprise Risk Management System and DataMart project under a broad roadmap to enhance the risk management and governance processes. It is also making continuous efforts to enhance risk culture, implement the Operational Risk Framework and strengthen internal controls.

3.9 Integrity Function

The Group Integrity & Compliance Office (GIC) (formerly called the Group Integrity Office) combats fraudulent and corrupt practices that may arise in IDB-funded projects as well as handling all matters related to compliance. The name change is aimed at further promoting enhanced corporate governance practices, which are fundamental prerequisites for achieving the IDB Group's primary objectives in contributing to the reduction of poverty and supporting sound development in member countries.

© UNPhoto | Emmanuel Hungcracker

In 2016, the GIC has investigated numerous cases of internal (staff related misconduct) and external (project financed by IDB Group) integrity-related issues. It has taken necessary measures to reiterate a zero tolerance to Fraudulent and Corrupt practices as well as related staff misconduct. The Bank Group has recently adopted the IDB Group Financial Disclosure, which establishes a common framework and parallel mechanisms for enhancing transparency in the IDB Group and promoting public confidence in its staff integrity, and members of the Group. The overall aim of this Disclosure is to identify and manage existing or potential conflicts between the professional responsibilities of IDBG staff members and their private interests and activities. During the year, the GIC embarked on establishing a state-of-the-art interactive Integrity and Ethics training that covers essential integrity and ethics skills, techniques and knowledge in the work related environment.

In line with international efforts in combatting Fraudulent and Corrupt practices, the GIC organized annual interactive awareness raising sessions on 9 December 2016 to commemorate the annual International Anti-Corruption Day. This year's theme was Integrity is everyone's responsibility and the importance of deterring Fraud & Corruption and related staff misconduct in the IDB Group. The GIC anticipates further significant work in the coming year to continue supporting the Bank's effort in maintaining a zero tolerance policy towards Fraudulent and Corrupt Practices and related staff misconduct.

UNITED AGAINST CORRUPTION

3.10 Group Ten-Year Strategy Framework

The Ten-Year Strategy (10YS) of IDB Group, which contains the strategic pillars with guiding principles, sets out a vision for economic and social development of member countries and Muslim communities in non-member countries. The key performance indicators and associated targets for the 10YS are depicted in a Strategy Map (Fig. 3.1a & 3.1b).

The Board of Executive Directors in 2016 continued to oversee the 10YS by dedicating one agenda item of all its meetings to 10YS implementation update. The 10YS implementation is undertaken through a series of rolling three-year business (operational) plans. Its progress is assessed through an Annual Development Effectiveness Review (ADER) whose maiden edition was prepared and made available to the Board of Governors and other key

FIG 3.1A

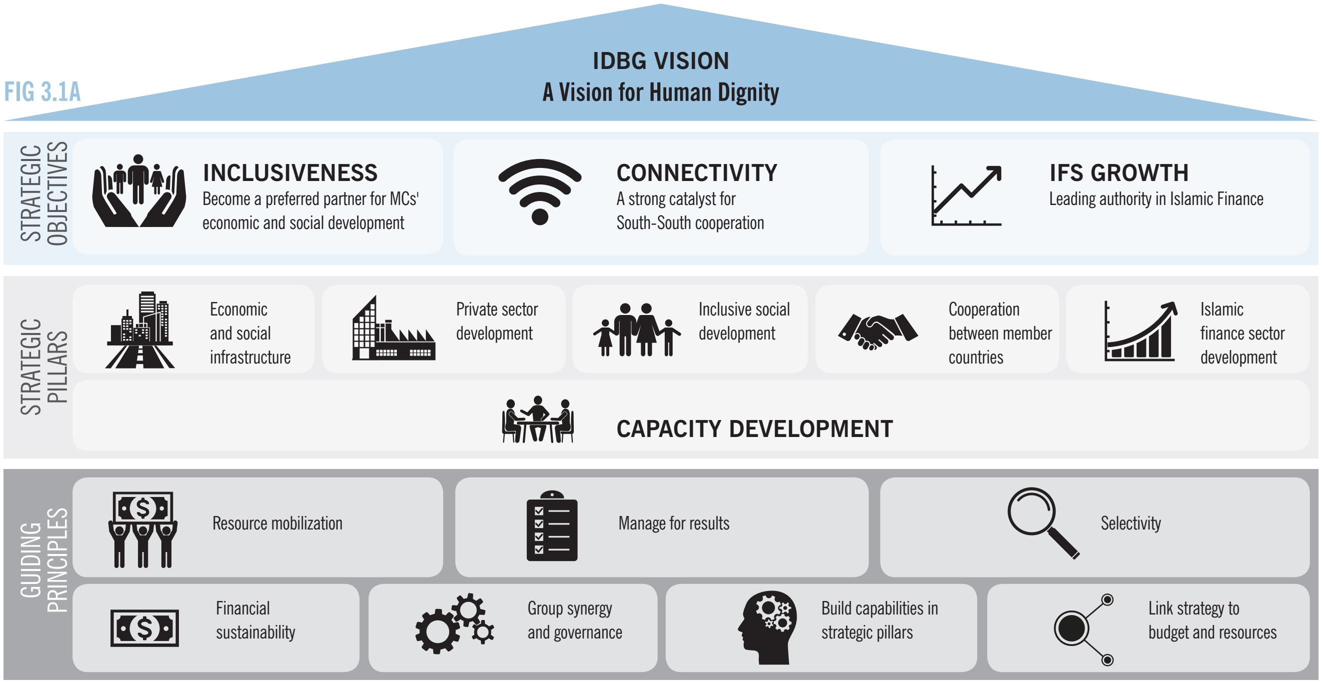


FIG 3.1B

GOALS

Inclusiveness	1435 H	2025
Population living in/near poverty	48%	18%
Population living in severe poverty	19%	3%

Connectivity	1435 H	2025
Intra-OIC Trade	19.3%	25%
Share of OIC in Global FDI	9.4%	11%

Global Islamic Finance Sector Growth	1435 H	2025
Share of Islamic Finance clients (as % of world population with formal accounts)	-	25%
Share of Islamic Finance Institutions' assets (as % of world financial assets)	1%	3%

RESULTS

Comprehensive Human Development	1435 H (mil)	2025 (mil)
People provided access to infrastructure	27	290
People reached with basic social services	3	44
Jobs created	0.05	1
People to attend training/learning events	0.1	1.6

Cooperation among MCs	1435 H ($ B)	2025 ($ B)
Intra-OIC trade to be financed	-	54
Intra-OIC trade & investment to be insured	-	28
Financing Facility to Support RCI	-	2.5
Project Financing for RCI	-	7

Islamic Finance Sector Development	1435 H (countries)	2025 (countries)
Countries to have appropriate eco-system for Islamic Finance	-	20
Countries to have integrated their IFIs with international system	-	4
Countries to have 100% of their population able to access IFS	-	2

PERFORMANCE

Operational Efficiency	1435 H	2025
Increase in results per $1 million invested	-	10%
Reduction in expenses per $1 million disbursed	-	10%
Reduction in time from Concept to 1st disbursement	-	30%

Results-Based Management	1435 H	2025
Budgeted Initiatives linked to Strategy Map targets	-	80%
Satisfactory rating of MCPS at completion	-	70%
Client satisfaction (Client Perception Survey)	-	70%
Satisfactory rating of IDBG operations (GOED Rating)	-	70%
Budgeted initiatives shared lessons learned at closure	-	70%

Resource Mobilization	1435 H	2025
Resources mobilized through co-financing	1.7:1	3:1
Resources mobilized through IDBG managed funds	-	10:1

People Management	1435 H	2025
Professionals (as % of total workforce)	63%	70%
Client facing professionals (as % of total professionals)	48%	60%
Staff in field offices (as % of total workforce)	4.7%	25%
Staff Engagement (Staff Survey)	-	75%
Managerial Effectiveness (Staff Survey)	-	70%
Staff Inclusion (Staff Survey)	-	70%

Financial Performance	1435 H	2025
Average annual approvals growth	-	1%
Disbursement ration	16%	25%
Expense-to-Net Income Ratio	75%	65%
Return to Equity	1.9%	3%
Average annual growth of net income	-	5%

Group Synergy	1435 H	2025
BED resolution related to strategic areas	-	70%
Joint engagement (Staff Survey)	-	30%
Quality of corporate Services (User Surveys)	-	60%
Shared expenses (as % of total expenses)	-	30%

FIG 3.2

Performance Area	Key Achievements 2016	Rating	Challenges
Operational Efficiency	Enhanced procurement process SAP Operational and Finance Modules Operational 2 new CGOs		Level of disbursements Concept to 1st disbursement
Results Based Management	8 MCPS initiated MCPS viewed positively by clients MfDR being institutionalized in IDBG Core Sector indicators		Mainstreaming value added and knowledge activities in Operations Launching credible client satisfaction surveys More intensive country diagnostics Quality & alignment of data (MCS, IDB)
Resource Mobilization	Resources mobilized through co-financing 1.8:1 Sukuk issuance of $1.45 Billion $400m LLF Deep Dive initiated with World Bank		Off Balance Sheet resource mobilisation Concessional Resources ISFD
People Management	66% Professionals (as % of total work force) 55.4% Client facing professionals (as of total work force) 7% Staff in field offices (as of total work force)		Definition of client facing Reallocation of staffing Filling of key positions
Financial Performance	$4.1B approval 15% Disbursement ratio 2.1 % Return on Equity Equity portfolio performance 7.8% ID20M gain from partial exit		CUC Implementation of 10YFS
Group Synergy	MCPS as engagement tool CGOs functioning as group representatives		HR harmonization Operational overlap

stakeholders during the 41st Annual Meeting in Jakarta, Indonesia. The ADER is aimed at enabling the IDB Group to highlight its achievements, understand its challenges and demonstrate by way of a "feedback loop" its deployment of resources to meet those challenges. Simply put, the ADER helps tell the "IDB Group story" by showing how the Group manages for development results.

To better deliver on the strategy, the key initiatives undertaken in 2016 included the organizational recalibration exercise, which resulted in a separation of programming and implementation of projects, and the establishment of a dedicated division for resource mobilization. The indicative performance of IDB Group in 2016 is presented above (Fig. 3.2).

Overall, there was good progress in achieving the strategy. However, some challenges remain to fully realize the potential of the IDB Group and in exceeding the targets set out in the strategy. Some of the challenges are highlighted above. Specific initiatives are currently under consideration to address some of the key challenges.

BOX 3.2 EXPEDITING PROJECT IMPLEMENTATION FOR DELIVERY OF DEVELOPMENT RESULTS

The Bank has been experiencing relatively slow implementation of projects due to issues related to lack of project readiness, capacity of the executing agencies in member countries and other internal and external constraints including policies, procedures and business processes. These have contributed to relatively low disbursements for projects.

With a view to expediting project implementation and disbursements and enhancing overall business efficiency, the Bank has launched a number of initiatives during 2016, including strengthening quality and readiness of projects, enhancing implementation monitoring and support, updating and modernizing its operational policies and procedures, revising procurement guidelines, building capacity both internally and externally for project implementation, moving towards greater decentralization and delegation of operations, enhancing responsiveness to the clients and sharing knowledge and information. Furthermore, the Bank is enhancing its focus on delivery of results on the ground and overall development effectiveness of its projects by improving monitoring, assessment and reporting of results.

3.11 Group Information Management and Technology Solutions

The IDB Group is implementing an ambitious SAP and MISYS-based Group Business Enhancement and Systems Transformation Program (GBEST Program) which is aimed at transforming the business of the Group, especially, its client-facing from a set of disparate, silo and manual-based tasks into an integrated and efficient set of automated end-to-end business processes built and run on robust, reliable and secure technology infrastructure. This is aimed at empowering users to be transformed from task-dispatchers into efficient and effective knowledge workers.

This multi-year program has been divided into three phases: Phase 1, which went live on 7 December 2010, covered the solutions for Finance, Procurement and Human Capital Management. Phase 2, which went live on consecutive periods during the years 2013 and 2014, covered the solutions of Funds Management, Cash Management, Bank Communication Management, Employee and Manager Self Services, Budget Planning and Consolidation, Scholarship Management, Treasury and Investment. Phase 3, which went live on consecutive periods during the years 2015 and 2016, covered solutions related to Operations Management, Operations Financing, Risk Management, Travel Management and Enterprise Content Management.

During 2015 and 2016, a Phase 4 was added to the Program because additional business solutions were added to the original scope of the Program. Phase 4, which is planned to go live on consecutive periods during 2017, 2018 and 2019, covers business solutions related to Enterprise Risk Management, Financial Planning and Projection, Syndicated Operations Financing in addition to the change in the Financial Calendar from Lunar Hijri to Solar Hijri.

3.12 Knowledge Management and Innovation

The IDB Group aspires to become a world-class and a knowledge-based institution by 2020 as articulated in its Vision 1440H (2020). To actualize this vision, the Bank Group established a Knowledge Management and Innovation Department (KMID) which developed a knowledge management strategy that was approved by the IDB Board of Executive Directors in 1436H with a view to position the Group as 'best practice institution, referee, and knowledge broker of choice in the niche of Islamic socio-economic development and banking knowledge' for both member countries (MCs) and Muslim communities.

As part of the implementation of the strategy, the KMID in 2016 undertook a number of initiatives and activities. The knowledge management activities in 2016 included the organization of (i) IDB Group Knowledge & Innovation Fair and Forum on 15-16 February 2016 at IDB Headquarters (32 booths were set up and 14 seminars on various knowledge clusters were held), (ii) 12 Communities-of-Practice (COP)-related Knowledge Sharing events comprising workshops, experts knowledge talk on priority issues and sectors, and Knowledge Café Talk (in particular, the CoP Infrastructure, CoP Development Effectiveness and CoP Human Development held successful knowledge events), (iii) first IDB Scholarship Story Competition in collaboration with the Special Assistance Department where stories from the graduates of the IDB Scholarship Program were invited to write stories on how the Program has made a positive difference and impact in their communities as well as changed their lives, (iv) "Know Your Risk" campaign was launched in partnership with the Group Risk Management, and (v) book review by the IDB Group Library where staff analyzed and shared the findings of books that are of interest to them.

In addition, the KMID provided advisory services to Qatar Development Bank by sharing IDB Group experience and lessons learned in knowledge management. It has established a Knowledge Integration Team (KIT) to streamline knowledge and innovation activities into the daily business activities of the sector departments. For instance, the Agriculture & Rural Development (AGR) Department is chosen as a pilot case and KIT is geared towards transforming AGR into an efficient and effective knowledge-based department.

In the area of innovation, the KMID organized: (i) the third IDB Group Innovation Competition to encourage innovation and creativity among the Bank Group staff (over 60 projects and ideas were submitted and the winners were given cash prizes), (ii) Science, Technology, Engineering, Arts and Mathematics (STEAM) Innovation Challenge – an intensive weekend ideation event organized in April 2016 in collaboration with KAUST – requires students to work in mixed, interdisciplinary teams in various Saudi universities (the three challenges that students worked on were Water, Food Security and Urban Development), (iii) online certification program in Innovation and Entrepreneurship for Development (in partnership with Bogazici University in Turkey), which focuses on developing, managing and sustaining an enabling environment of innovation and entrepreneurship. The certification program consists of ten courses and submission of a business plan by the students.

The best ten business plans will receive recognition certificates from the IDB. The IDB contributed 75% to the program fee while the students provided the remaining 25%.

Other major innovation-focused activities by KMID held in conjunction with the 41st Annual Meeting in Jakarta in 2016 were: (i) Annual Innovation Exhibition (15-19 May 2016) which showcased 45 innovative solutions from 27 IDB member countries under the theme "Education, Health and Youth Employment" and (ii) a workshop on Innovation & Entrepreneurship (15 May 2016) which aimed to build capacities among the local youth. The exhibition was officially launched by the former IDB President, Dr. Ahmad Ali and the Finance Minister of Indonesia, Dr. Bambang Brodjonegoro. Dr. Ali remarked that innovation is an alchemy for the transformation of ideas into products, processes and services that can help countries fulfill their development needs.

3.13 Human Resources Management

IDB People Strategy: This strategy, which seeks to position IDB as an 'Employer of People with Choices' through seven directional paths, was approved by the IDB Board of Executive Directors in December 2015. The Human Resources Management Department's 3-Year Work Program (2016-2018) is aligned with the People Strategy to achieve key People Management Metrics that are anchored onto the IDB Group's strategy map. Some of the targets for People Management indicators have been achieved (such as vacancy ratio, professionals as percentage of total workforce, staff in the field offices as share of total workforce, and client-facing staff as a proportion of the total workforce). These targets will be revised in the 2017-2019 Work Plan

Recruitment and Selection: In 2016, the Bank continued its efforts to fill vacant positions in the IDB Headquarters as well as in Regional Offices and Country Gateway Offices. The target was to fill at least 80 positions. Since 14 October 2015 (1st Muharram 1437H), the Bank issued 102 job offers for 142 vacancies, of which 87 were actually filled by 68 external candidates and 19 internal staff (Fig. 3.3). The recruitment followed strictly the geographical distribution policy of the Bank. Recruited staff came from various member countries and non-member countries. At the end of 2016, the total staff of IDB Group reached 1,210 comprising 10 Management, 55 directors, 79 managers, 734 professionals, 125 para-professionals and 207 support staff.

Right Talent and Skills Mix
to enable IDBG achieve 10 Years Strategy

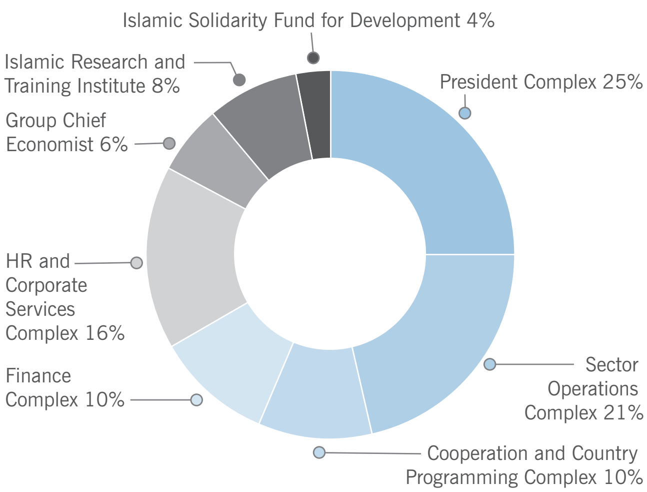
MERIT BASED CULTURE

Theme 1: Anchor the new people vision	1. To hire capable and faithful talent to serve the Ummah
Theme 2: Implement the new Employment Model	2. Consider the following three options: • Stay on course • Portfolio career • Hub and spoke (to support decentralization strategy)
Theme 3: Initiate a Comprehensive Workforce Planning	3. Reallocate human resources from non strategic areas to strategic areas to maximize the impact of current resources 4. Resetting the workforce 5. Identity medium and long term workforce demand and supply in terms of manpower and right skill mix 6. Exploring resourcing and offshoring
Theme 4: Improve Productivity & Efficiency	7. Improve productivity & efficiency through optimal human resources utilization, utilization of technology, building capacity of staff and leaders, balancing growth with internal efficiency
Theme 5: Transform HR Role	8. Transform the current HR. role from transactional and administrative role to a strategic partner to the Business and build the IDB's corporate values
Theme 6: Leverage HR Policies, Processes & Systems	9. Leverage HR. policies & programs: Recruitment. Career Tracks, Talent Management, Succession Planning; Recognition and Reward, Training, Performance Management, YP Program
Theme 7: Achieve Group HR Synergy	10. Ensure Group Governance and leadership of people strategy and achieving IDB Group policies alignment and harmonization

Knowledge-Based Organisation

EFFECTIVE LEADERSHIP AND MANAGEMENT SUPPORT

FIG 3.3 BREAKDOWN OF 87 JOINERS IN 2016 BY COMPLEX



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YOUNG PROFESSIONALS (YPS) WERE SELECTED TO JOIN THE YOUNG PROFESSIONAL PROGRAM (YPP) IN 2017 THROUGH A RIGOROUS SELECTION PROCESS. THEY REPRESENT DIVERSE GEORGRAPHIES AND

18

NATIONALITIES, 10 FIELDS OF SPECIALIZATIONS AND DIFFERENT SKILLS AND EDUCATION SYSTEMS

Leadership & Staff Development: As part of its efforts to support the IDB with high-impact leadership and talents needed to foster its strategic objectives, the HRMD undertook in 2016 the following major programs and activities:

- Management Development Program for six Directors and 18 Managers in partnership with a leading European business school, who also provided them with the follow-up coaching for development.
- Review and enhancement of the IDB Competency Model to make it simpler and consistent for effective staff assessment, development and evaluation. Accordingly, a behavioral type of competencies was integrated into the Core, Leadership and Technical Competencies was to avoid duplication. Furthermore, the expert proficiency level was added to the Core and Leadership Competencies.
- Competency Mapping frameworks were developed to standardize competency models for all the roles in the Bank.
- Enhancement of Talent Management System for Performance Management to cover:
  – YPs and staff under probation performance;
  – Sharing of enhanced reports and dashboards for the Management, Directors, and Division Managers to help in effectively monitoring the performance related activities in their areas;

  – Configuration of 360 review as part of performance review for Management, Directors, and Division Managers
  – Migrating all performance data from the old SPMS system to a new one.
- Conducted a series of workshops for Management, Directors, Division Managers, and senior staff in IDB on Behavioral Interviewing Skills.
- Publication of monthly HR Newsletter to promote open communication on issues related to areas of staff interest. This publication is being termed as a culture change tool that transparently presents strategic and operational updates to staff and solicit their feedback.
- Five Talent Management policies were approved or undergoing the approval process.

Furthermore, to support the IDB Group with fresh talent from reputable academic institutions, 24 Young Professionals (YPs) were selected to join the Young Professional Program (YPP) in 2017 through a rigorous selection process. They represent diverse geographies and 18 nationalities, ten fields of specializations and different skills and education systems. The YPs will go through training and rotational assignments over 27 months as part of the Foundation Stage of the Program before being confirmed in the IDB Group. In the same year 2016, 13 YPs were confirmed and five YPs graduated from the Program with promotion to the senior professional career stage. Currently, there are ten YPs under rotation, out of which one joined the Program in 2016.

3.14 Enhancing Work Environment

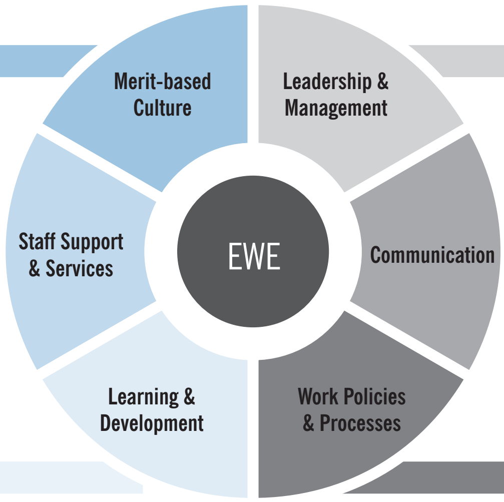
The Enabling Work Environment (EWE) of the IDB Group is aimed at enhancing the work environment and human capital/talent management needed to address key operational challenges. The EWE which is designed through surveys, workshop and online consultations, not only provides insight into operational issues and challenges affecting the staff and the work environment, but also promotes bottom-up solutions. These issues and the solutions are clustered into six areas as depicted below.

Good progress continued to be made on 42 initiatives generated by the EWE program and this will continue over the course of 2017. By mid-2016, 61% of the overall program progress was achieved and communicated to the staff at a town hall. A quarterly progress and status report is prepared and sent to the IDB Management. ■

DIAGNOSIS THERE ARE SIX CLUSTERS OF IDBG WORK ENVIRONMENT ISSUES

1 MERIT-BASED CULTURE
- Faireness and respect
- Drive for results/performance
- Confidenece in our capabilities
- Teamwork and positioning

2 LEADERSHIP & MANAGEMENT
- Direction setting and decision making
- Empowerment of staff/accountability
- Feedback and coaching
- Succession planning



6 STAFF SUPPORT & SERVICES
- Compensation and benefits
- Appeal grievance/mechanism
- Host country arrangements
- Physical work environment

3 COMMUNICATION
- Top-down, bottom-up, latteral
- Communication tools
- Branding/Communication stategy
- Transparency mindset

5 LEARNING & DEVELOPMENT
- Learning supported by the institution
- Internal/external growth
- Career development
- Management/leadership development

4 WORK POLICIES & PROCESSES
- Group structure and synergy
- Delegation of authority
- Efficiency of work processes
- Implementation of policies

Annexes

Annexes 1-5

ANNEX 1
SHARI'AH AUDIT REPORT

بسم الله الرحمن الرحيم

THE ISLAMIC DEVELOPMENT BANK GROUP SHARI'A COMMITTEE

Shari'ah Audit Report for 1437H/1438H

Praise be to Allah and may Allah's prayer and peace be upon our Prophet, Muhammad, and on his household and companions

Chairman of the Board of Governors,

Members of the Board of Governors,

Assalamu alaikum warahmatullahi wabarakatuhu

Following your request to provide you with a Shari'ah report on the IDB Group's 1437/8H activities, we have audited the existing principles as well as the contracts pertaining to the transactions undertaken by the Islamic Development Bank's Ordinary Capital Resources, Islamic Corporation for the Insurance of Investment and Export Credit, Islamic Corporation for the Development of the Private Sector, International Islamic Trade Finance Corporation, Islamic Solidarity Fund for Development, Awqaf Properties Investment Fund (IDB Group) and all Trust Funds, for the year ending on 31 December 2016G (02 Rabi-II 1438H). We have also conducted the audit required to give an opinion on whether the IDB Group has complied with the rules and principles of the Shari'ah as well as the Fatwas, decisions, rulings and specific guidelines issued by us[1].

The responsibility of ensuring that the IDB Group operate in accordance with the rules and principles of the Shari'ah lies with the management of the IDB Group. Our responsibility is to merely give our opinion based on our audit of the IDB Group's operations and to prepare a report thereon.

We have carried out our audit, which involved examining the IDB Group's documentation and standard procedures for all types of operations.

We planned and carried our audit so as to obtain every fact and explanation that we deemed necessary to provide us with enough proof to reasonably confirm that the IDB Group has not contravened the rules and principles of the Shari'ah.

[1] Members of the Islamic Development Bank Group Shari'ah Committee are: His Eminence Dr. Hussein Hamed Hassan Chairman, His Eminence Dr. Abdulsattar Abu Ghuddah Deputy Chairman, His Excellency Sheikh Abdullah S. M. Al Meneea, His Eminence Shaik Muhammad Taqi Usmani, His Eminence Dr. Mohamed Raougui, His Eminence Dr. Muhammad Syafii Antonio, His Eminence Ayatu Allah Shaik Mohammad Ali Taskhiri.

IN OUR OPINION

1. The IDB Group has followed the procedures required to comply with the contracts that the Committee prepared and audited.
2. The dividends paid and the losses incurred on the investment accounts are in conformity with the basis that we adopted in line with the rules and principles of the Shari'ah.
3. All gains made from transactions or methods forbidden under the rules and principles of the Shari'ah have been avoided by spending them on charity.
4. The IDB Group does not pay *Zakat* because the sources of its assets are either from public or *Waqf* funds or from institutions that have not delegated the IDB Group any authority to pay *Zakat* on their behalf. The payment of *Zakat* is the sole responsibility of the owners.

We pray that Allah the Almighty enable the IDB Group to follow the right path in the interest of the *Ummah*.

Wassalamu alaikum warahmatullahi wabarakatuhu

The Shari'ah Committee

Dr. Hussien Hamid Hassan
Chairman of the Committee

IDB Group

Aboubacar Salihou KANTE
IDB Group Internal
Shari'ah Auditor

ANNEX 2

ISLAMIC DEVELOPMENT BANK – ORDINARY CAPITAL RESOURCES
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR THE PERIOD FROM 14 OCTOBER 2015 TO 31 DECEMBER 2016

Independent auditors' report

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

Report on the Audit of the Financial Statements

OPINION

We have audited the financial statements of Islamic Development Bank – Ordinary Capital Resources (the "Bank"), which comprise the statement of financial position as at 31 December 2016, and the statement of income, statement of changes in members' equity and statement of cash flows for the period from 14 October 2015 to 31 December 2016, and the notes from 1 to 33 to the financial statements, including summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2016, and its financial performance and its cash flows for the period from 14 October 2015 to 31 December 2016 in accordance with Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and the Shari'ah rules and principles as determined by the Shari'ah Committee of the Bank.

BASIS FOR OPINION

We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions issued by AAOIFI and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the international Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Saudi Arabia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these key audit matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

KEY AUDIT MATTER	WHY CONSIDERED MOST SIGNIFICANT	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impairment of treasury and investment assets (excluding murabaha financing and investments carried at fair value through income statement (FVIS))	As at 31 December 2016, the gross values of treasury and investment assets (excluding murabaha financing and investments carried at fair value through income statement (FVIS)) (collectly referred to as "investments"), amounted to ID 5,830 million (13 October 2015: ID 4,730 million), against which an impairment of ID 76 million (13 October 2015: ID 70 million) has been recognised to date. Please refer to notes 4, 5, 6, 14, 15 and 16 for details of these investments and corresponding impairment charge, and note 3 for details of the accounitng policy adopted by the Bank for the identification and recognition of related impairment. As at the statement of financial position date, the Bank's exposure to impairment in non-FVIS investments is represented by debt and equity instruments, classified at amortised cost, cost and fair-value through equity categories. These instruments are respectively susceptible to credit and market risks. The estimation of impairment losses on Bank's debt instruments requires the Bank to exercise judgment in defining and monitoring objective evidence of impairment, represented by: • the establishment of impairment triggers (including credit rating downgrades, financial or repayment difficulties) • identification of the occurrence of trigger events, • estimation of incurred losses at the reporting date using internal methodologies and relevant assumptions (including expected timing of cashflows and other default factors) With respect to equity instruments, the financial accounting standards require the recognition of an impairment loss if there is objective evidence that an impairment loss has been incurred, the amount of impairment is measured as the difference between the carrying amount of the instrument and its expected recoverable amount. Accordingly, the Bank management exercises judgment in determining the impairment triggering event. Due to the significance of amount involved and the exercise of significant judgment by management in the process for determination of impairment losses on both debt and equity instruments; we have determined it to be a key audit matter.	Our audit procedures in response to the significant risk associated with the impairment on Bank's investments included: • an assessment of consistency in application of Bank's methodology for impairment assessment and computation • testing relevant internal controls over determination of appropriate impairment triggers, occurrence of impairment events and estimating the amount of impairment losses • an assessment of relevance, reasonableness and comprehensiveness of assumptions corresponding to specific instruments • an analysis of the investment portfolio for instances of any previously unidentified impairment triggers. Furthermore, for a selected sample of investments, we recalculated the impairment loss estimated by the Bank using its loss computation methodologies, including sensitivity of the impairment loss to any significant assumptions used. We also assessed the adequacy and appropriateness of financial statements disclosures with respect to impairment in investments.

KEY AUDIT MATTER	WHY CONSIDERED MOST SIGNIFICANT	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impairment of Project assets and Murabaha financing	As at 31 December 2016, the Bank's gross project assets and murabaha financing amounted to ID 11,746 million (13 October 2015: ID 10,547 million) and ID 260 million (13 October 2015: ID 312 million), respectively, against which an impairment of ID 187 million (13 October 2015: ID 133 million) and ID 39 million (13 October 2015: ID 40 million), respectively, has been recognised to date. Please refer to notes 7, 8 and 14 for details of project assets and murabaha financing and corresponding impairment charge, and note 3 for details of the accounting policy adopted by the Bank for the identification and recognition of related credit losses. Impairment allowance is a highly subjective area due to significant level of judgment applied by the management in the determination of impairment allowances. Due to materiality of Project assets and murabaha financing balance and level of judgment involved in the calculation of impairment allowances for Project assets and murabaha financing, this is considered as a key audit matter. Judgment is applied to determine appropriate parameters and assumptions used to calculate impairment allowances. The Bank uses historical experience, evaluating the characteristics including forward looking prospects of the sovereign and non-sovereign exposures, valuation of collaterals and the expected future cash flows.	Our audit procedures in response to the significant risk associated with the impairment on Bank's project assets and murabaha financing covered assessing the appropriateness of the corresponding impairment allowances. Based on our understanding of the process and key controls, we focused on the identification of loss events and the governance controls over the impairment process, including the continuous re-assessment by management. We have performed walkthroughs and testing of relevant key controls to determine whether they were designed, implemented and operated effectively throughout the period. Where impairment allowances were individually calculated, we assessed the criteria for determining whether an impairment event had occurred and therefore whether there was a requirement to calculate an impairment allowance. We tested a sample of project assets and murabaha financing to determine whether management had identified and appropriately accounted for all impairment events and to assess whether impairment had been identified on a timely manner. We tested a sample of project assets and murabaha financing which has not been identified by management as potentially impaired and formed our own judgment as to whether that was appropriate. For impaired project assets and murabaha financing, we obtained an understanding of the basis of measuring impairment allowances and considered whether the management's key judgments and expectation were appropriate given the borrowers' circumstances, including the assessment of future prospects and the assessment of whether historic experience is appropriate when assessing the likelihood of incurred losses. We also re-performed the impairment allowance calculation. In addition, we tested key inputs to the impairment allowance calculation including the expected future cash flows, and performed tests to determine whether valuations were up to date and appropriate for the purpose. Where impairment allowance was calculated on a collective basis, we tested, on a sample basis, the completeness and accuracy of the inputs to the impairment calculation model used by management, including underlying information, the financial assessment of the borrower and other various inputs, by agreeing details to the Bank's source systems as well as recomputing the impairment allowance calculation. Moreover, for a sample of exposures to member countries we checked the appropriateness of assumptions used in the impairment calculation model to determine the probability of default, against the respective countries' long-term market outlook, as assessed by independent rating agencies. Furthermore, we assessed the adequacy of financial statement disclosure with respect to impairment on project assets and murabaha financing.

KEY AUDIT MATTER	WHY CONSIDERED MOST SIGNIFICANT	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Risk of error in measurement of revenue	During the period ended 31 December 2016, the Bank's income from project assets and treasury assets amounted to ID 529 million (period ended 13 October 2015: ID 386 million). Please refer to note 3 for details of the accounting policy adopted by the Bank for the revenue recognition The Bank's revenue is primarily generated from project assets and treasury assets. Due to the high volume of transactions in the project assets and treasury assets, the Bank is dependent on the use of technology for accurate and timely processing. The measurement of income in accordance with the requirements of AAOIFI standards requires the consideration of all relevant elements of effective yield. Hence, due to high number of recurring transactions and the inherent consistency of IT systems, any errors in effective commission rate computations may materially affect the Bank's reported results. Accordingly, because of the significance of the aforementioned factors with regards to the Bank's measurement and recognition of revenue, we have considered it to be a key audit matter.	Our audit procedures in response to the risk of error in measurement of revenue included the following: • assessment of management's controls over initial recognition of project assets and treasury assets, including identification of elements of effective yield basis and linkage of this process with the corresponding IT system • For a selected sample of transactions, we recalculated the revenue for the period to ensure system integrity and application of Bank's established policies. • assessed and tested the design and operating effectiveness of the controls over the continued integrity of the IT systems that are relevant to financial reporting, including the revenue reporting. We examined the framework of governance over the Bank's IT organisation and the controls over program development and changes, access to programs and data and IT operations, including compensating controls where required. Where necessary we also carried out direct tests of certain aspects of the security of the Bank's IT systems including access management and segregation of duties.

OTHER MATTER

The financial statements of the Bank for the period ended 13 October 2015, were audited by another joint auditors who expressed an unmodified opinion on those statements on 9 March 2016.

OTHER INFORMATION INCLUDED IN THE BANK'S 2016 ANNUAL REPORT

Other information consists of the information included in the Bank's 2016 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Financial Accounting Standards issued by AAOIFI and to operate in accordance with Islamic Shari'ah Rules and principles as determined by the Shari'ah Committee of the Bank and for such internal control as management determines is necessary to enable the preparation of financial statements that are free form material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Auditing Standards for Islamic Financial Institutions issued by AAOIFI and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Auditing Standards for Islamic Financial Institutions issued by AAOIFI and ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For Ernst & Young

Ahmed I. Reda
Certified Public Accountant
Registeration No. 356
23 Rajab 1438H
20 April 2017
Jeddah
16/276/00

ERNST & YOUNG

ANNEX 2

ISLAMIC DEVELOPMENT BANK – ORDINARY CAPITAL RESOURCES
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016
(All amounts in thousands of Islamic Dinars unless otherwise stated)

	Notes	31 December 2016	13 October 2015
Cash and cash equivalents	4	997,942	235,724
Commodity placements	5	1,690,206	1,699,794
Sukuk investments	6	1,818,946	1,764,101
Murabaha financing	7	220,745	272,138
Treasury assets		**4,727,839**	**3,971,757**
Istisna'a assets	9	4,990,233	4,125,553
Restricted mudaraba	10	733,079	527,763
Instalment sale	11	1,474,980	1,399,026
Ijarah assets	12	2,500,220	2,515,584
Loans	13	1,859,915	1,845,397
Project assets		**11,558,427**	**10,413,323**
Equity investments	15	774,936	739,769
Investment in associates	16	790,346	714,840
Other investments		44,413	32,703
Investment assets		**1,609,695**	**1,487,312**
Property and equipment		62,675	64,255
Other assets	17	188,175	160,796
Total Assets		**18,146,811**	**16,097,443**
Liabilities			
Sukuk issued	18	9,008,706	7,317,434
Commodity purchase liabilities	19	500,788	676,159
Other liabilities	20	307,687	254,353
Total Liabilities		**9,817,181**	**8,247,946**
Members' Equity			
Paid-up capital	22	5,143,432	4,939,998
Reserves	23	2,879,068	2,751,839
Net income for the period		307,130	157,660
Total Members' Equity		**8,329,630**	**7,849,497**
Total Liabilities and Members' Equity		**18,146,811**	**16,097,443**
Restricted Investment Accounts	28	**81,319**	**73,888**

The notes from 1 to 33, which can be found in the Financial Statements 2016, form an integral part of these financial statements.

ANNEX 2

ISLAMIC DEVELOPMENT BANK – ORDINARY CAPITAL RESOURCES
INCOME STATEMENT
FOR THE PERIOD FROM 14 OCTOBER 2015 TO 31 DECEMBER 2016
(All amounts in thousands of Islamic Dinars unless otherwise stated)

	Notes	For the period from 14 Oct 2015 to 31 Dec 2016	For the period from 25 Oct 2014 to 13 Oct 2015
Income from:			
Commodity placements		27,813	17,959
Sukuk investments	6	73,913	48,228
Murabaha financing		9,166	9,887
Treasury assets		**110,892**	**76,074**
Istisna'a		253,423	149,209
Restricted Mudaraba		18,457	12,807
Instalment Sale		71,851	64,767
Ijarah		309,464	236,301
Depreciation of assets under Ijarah	12	(247,377)	(173,972)
Loans		12,872	20,847
Project assets		**418,690**	**309,959**
Equity investments		141,674	42,203
Investment in associates	16	8,790	16,095
Other investments		2,415	3,815
Investment assets		**152,879**	**62,113**
Other income		7,239	13,505
Foreign exchange gains/ (losses)		2,249	(32,292)
Losses from swaps valuation	20	(3,809)	(27,600)
Others		**5,679**	**(46,387)**
Total income		**688,140**	**401,759**
Financing costs	18,19	(160,402)	(110,705)
Impairment charge	14	(61,943)	(18,867)
Net income before operating expenses		**465,795**	**272,187**
Administrative expenses	24	(150,167)	(109,293)
Depreciation		(8,498)	(5,234)
Total operating expenses		**(158,665)**	**(114,527)**
Net income for the year		**307,130**	**157,660**

The notes from 1 to 33, which can be found in the Financial Statements 2016, form an integral part of these financial statements.

ANNEX 2

ISLAMIC DEVELOPMENT BANK – ORDINARY CAPITAL RESOURCES STATEMENT OF CHANGES IN MEMBERS' EQUITY FOR THE PERIOD FROM 14 OCTOBER 2015 TO 31 DECEMBER 2016

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

			Reserves						
	Notes	Paid-up capital	General reserve	Fair value reserve	Pension and medical obligation	Other reserves	Total Reserves	Net income	Total
Balance at 25 October 2014		**4,853,867**	**2,337,191**	**477,946**	**(92,916)**	**(20,066)**	**2,702,155**	**165,049**	**7,721,071**
Increase in paid-up capital	22	86,131	-	-	-	-	**-**	-	**86,131**
Fair value losses from investments	15	-	-	(48,463)	-	-	**(48,463)**	-	**(48,463)**
Decrease in actuarial losses relating to retirement pension and medical plans	21	-	-	-	5,534	-	**5,534**	-	**5,534**
Contribution to the principal amount of Islamic Solidarity Fund for Development (ISFD)	25	-	(69,835)	-	-	-	**(69,835)**	-	**(69,835)**
Share in Investments in associate reserve movement	16	-	-	-	-	8,674	**8,674**	-	**8,674**
Net income for period 25 October 2014 to 13 October 2015		-	-	-	-	-	**-**	157,660	**157,660**
Transfer to general reserve		-	165,049	-	-	-	**165,049**	(165,049)	**-**
Allocation for grants	23	-	(11,275)	-	-	-	**(11,275)**	-	**(11,275)**
Balance at 13 October 2015		**4,939,998**	**2,421,130**	**429,483**	**(87,382)**	**(11,392)**	**2,751,839**	**157,660**	**7,849,497**
Increase in paid-up capital	22	203,434	-	-	-	-	**-**	-	**203,434**
Fair value gains from investments	15	-	-	58,264	-	-	**58,264**	-	**58,264**
Transfer of defined benefit obligation to IsDB affiliates	21	-	-	-	29,148	-	**29,148**	-	**29,148**
Increase in actuarial losses relating to retirement pension and medical plans	21	-	-	-	(23,564)	-	**(23,564)**	-	**(23,564)**
Contribution to the principal amount of Islamic Solidarity Fund for Development (ISFD)	25	-	(106,632)	-	-	-	**(106,632)**	-	**(106,632)**
Hedge accounting reserve	20	-	-	-	-	1,131	**1,131**	-	**1,131**
Share in Investments in associate reserve movement	16	-	-	-	-	26,575	**26,575**	-	**26,575**
Net income for period 14 October 2015 to 31 December 2016		-	-	-	-	-	**-**	307,130	**307,130**
Transfer to general reserve	23	-	157,660	-	-	-	**157,660**	(157,660)	**-**
Allocation for grants	23	-	(15,353)	-	-	-	**(15,353)**	-	**(15,353)**
Balance at 31 December 2016		**5,143,432**	**2,456,805**	**487,747**	**(81,798)**	**16,314**	**2,879,068**	**307,130**	**8,329,630**

The notes from 1 to 33, which can be found in the Financial Statements 2016, form an integral part of these financial statements.

ANNEX 2

ISLAMIC DEVELOPMENT BANK – ORDINARY CAPITAL RESOURCES
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 14 OCTOBER 2015 TO 31 DECEMBER 2016
(All amounts in thousands of Islamic Dinars unless otherwise stated)

	Notes	For the period from 14 Oct 2015 to 31 Dec 2016	For the period from 25 Oct 2014 to 13 Oct 2015
Cash flows from operations			
Net income for the period		**307,130**	**157,660**
Adjustments for non-cash items			
Depreciation of property and equipment		8,498	5,234
Income from investment in associates	16	(8,790)	(16,095)
Provision for impairment of financial assets	14	61,943	18,867
Unrealised fair value losses on sukuk	6	3,676	1,421
Amortization of other income		(709)	(567)
Foreign exchange (gains) / losses		(2,249)	32,292
Gains on disposal of equity investment		(90,025)	(20)
Changes in accrued income		(129,067)	8,000
Changes in accrued expenses		8,296	(16,768)
Operating income before changes in operating assets and liabilities		**158,703**	**190,024**
Changes in operating assets and liabilities			
Istisna'a assets		(697,625)	(406,194)
Restricted mudaraba		(172,662)	(292,536)
Instalment sale		(67,728)	(144,030)
Ijarah assets		66,576	(207,157)
Loans		(32,590)	(44,541)
Other assets		755	(25,811)
Other liabilities		42,396	54,629
Net cash used in operating activities		**(702,175)**	**(875,616)**
Cash flows from investing activities			
Commodity placements		21,614	90,798
Acquisition of sukuk investments	6	(394,630)	(765,732)
Proceeds from disposal/redemption of sukuk investments	6	435,268	125,453
Murabaha financing		62,364	6,984
Acquisition of equity investments	15	(2,666)	(12,450)
Proceeds from disposal of equity investments		106,569	870
Acquisition of other investments		(5,464)	347
Investment in associates	16	(41,272)	-
Dividend from associates	16	1,131	1,047
Additions to property and equipment		(6,918)	(16,550)
Net cash from / (used in) investing activities		**175,996**	**(569,233)**
Cash flows from financing activities			
Increase in paid-up capital		203,434	86,131
Technical assistance and scholarship grants	23	(15,353)	(11,275)
Contribution to the principal amount of ISFD	25	(106,632)	(69,835)
Proceeds from issuance of sukuk		2,259,303	1,127,280
Redemption of sukuk		(872,625)	(170,338)
Commodity purchase liabilities		(178,625)	(327,447)
Net cash from financing activities		**1,289,502**	**634,516**
Net change in cash and cash equivalents		763,323	(810,333)
Exchange difference on cash and cash equivalents		(1,105)	2,398
Cash and cash equivalents at the beginning of the period		235,724	1,043,659
Cash and cash equivalents at the end of the period	4	**997,942**	**235,724**

The notes from 1 to 33, which can be found in the Financial Statements 2016, form an integral part of these financial statements.

ANNEX 3

SPECIAL ACCOUNT RESOURCES WAQF FUND (WAQF FUND)
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR THE PERIOD FROM 14 OCTOBER 2015 TO 31 DECEMBER 2016

Independent auditors' report

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

Report on the financial statements

We have audited the accompanying statement of financial position of Islamic Development Bank – Special Account Resources Waqf Fund (the "Fund") as of 31 December 2016 and the related statements of activities and changes in net assets and cash flows for the period from 14 October 2015 to 31 December 2016. These financial statements and the Fund's undertaking to operate in accordance with Shari'ah are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

OPINION

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as of 31 December 2016, and of the results of its operations and its cash flows for the period from 14 October 2015 to 31 December 2016 in accordance with the Shari'ah Rules and Principles as determined by the Shari'ah Committee of the Fund and the accounting standards of AAOIFI.

OTHER MATTER

The financial statements of the Fund for the period ended 13 October 2015, were audited by another auditor who expressed an unmodified opinion on those statements on 9 March 2016.

For Ernst & Young

Ahmed I. Reda
Certified Public Accountant
License No. 356
12 April 2017
15 Rajab 1438H
Jeddah
16/268/00

ANNEX 3

ISLAMIC DEVELOPMENT BANK – SPECIAL ACCOUNT RESOURCES WAQF FUND (WAQF FUND)
STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2016
(All amounts in thousands of Islamic Dinars unless otherwise stated)

	Notes	31 December 2016	13 October 2015
Assets			
Treasury assets			
Cash and cash equivalents	4	**391,509**	45,551
Commodity placements	5	**210,201**	278,112
Syndicated Murabaha	6	**9,240**	5,589
Investments in Sukuk	7	**124,904**	135,356
Investments assets			
Equity capital	8	**20,082**	29,300
Associates	9	**130,274**	126,050
Funds	10	**65,584**	55,698
Syndicated Ijarah	11	**13,710**	12,589
Loans	**12**	**156,247**	**164,276**
Other assets			
Other assets		**15,318**	13,969
Fixed assets		**22,200**	23,634
Total assets		**1,159,269**	**890,124**
Liabilities			
Commodity purchase liabilities	13	**347,314**	80,576
Accruals and other liabilities	14	**68,510**	17,327
Total liabilities		**415,824**	**97,903**
Net assets		**743,445**	**792,221**
Represented by:			
Waqf Fund principal amount		**771,775**	773,908
Special assistance		**(183,760)**	(139,961)
Special account for Least Developed Member Countries (LDMC)		**155,430**	158,274
Total Funds		**743,445**	**792,221**

The notes from 1 to 33, which can be found in the Financial Statements 2016, form an integral part of these financial statements.

ANNEX 3

ISLAMIC DEVELOPMENT BANK – SPECIAL ACCOUNT RESOURCES WAQF FUND (WAQF FUND)
STATEMENT OF ACTIVITIES AND STATEMENT OF CHANGES IN NET ASSETS
14 OCTOBER 2015 TO 31 DECEMBER 2016
(All amounts in thousands of Islamic Dinars unless otherwise stated)

		14 Oct 2015 to 31 Dec 2016				
	Notes	Waqf Fund principal amount	Special assistance	Special account for LDMC	Total	25 Oct 2014 to 13 Oct 2015
Income/(loss) from						
Treasury assets						
Commodity placements					**4,335**	2,439
Syndicated Murabaha					**493**	19
Investments in Sukuk	7				**4,416**	3,626
Investment assets						
Equity capital					**370**	-
Associates	9				**(5,726)**	7,012
Funds					**2,027**	(1,585)
Syndicated Ijarah					**378**	308
Other					**2,149**	3,630
					8,442	15,449
Financing costs	13				**(231)**	(4)
Foreign exchange gain/(loss)					**662**	(1,683)
Income before impairment charge					**8,873**	**13,762**
Impairment charge					**(14,058)**	(2,695)
Attributable net (loss)/income					**(5,185)**	**11,067**
Allocation of attributable net loss		(778)	(3,370)	(1,037)		
Donations to Special Assistance			1,771		**1,771**	1,841
Islamic Technical Financial Assistance Grant from IsDB-OCR		-	1,050	-	**1,050**	129
Share of income transferred from IsDB-OCR		17	75	23	**115**	99
Contributions from IsDB-OCR for technical assistance grants and scholarship program	17	-	11,941	-	**11,941**	8,429
Income/(loss) before grants and program expenses		**(761)**	**11,467**	**(1,014)**	**9,692**	**21,565**
Grants for causes	16	-	(27,890)	-	**(27,890)**	(23,448)
Program expenses	16	-	(21,434)	-	**(21,434)**	(14,760)
Net deficit for the period		**(761)**	**(37,857)**	**(1,014)**	**(39,632)**	**(16,643)**

Statement of changes in net assets						
Net assets/(liabilities) at beginning of the period		**773,908**	**(139,961)**	**158,274**	**792,221**	**800,064**
Net deficit for the period		(761)	(37,857)	(1,014)	**(39,632)**	(16,643)
Pension deficit		(1,467)	(6,354)	(1,957)	**(9,778)**	-
Fair value reserves		95	412	127	**634**	8,800
Net assets/(liabilities) at end of the period		**771,775**	**(183,760)**	**155,430**	**743,445**	**792,221**

The notes from 1 to 26, which can be found in the Financial Statements 2016, form an integral part of these financial statements.

ANNEX 3

ISLAMIC DEVELOPMENT BANK – SPECIAL ACCOUNT RESOURCES WAQF FUND (WAQF FUND)
NOTES TO THE FINANCIAL STATEMENTS
14 OCTOBER 2015 TO 31 DECEMBER 2016
(All amounts in thousands of Islamic Dinars unless otherwise stated)

	Note	14 Oct 2015 to 31 Dec 2016	25 Oct 2014 to 13 Oct 2015
Cash flows from operations			
Net deficit for the period		**(39,632)**	(16,643)
Adjustments to reconcile net deficit to net cash used in operating activities			
Depreciation		**1,488**	1,197
Provision for impairment		**14,058**	2,695
Share of loss/(income) in associates, net	9	**5,726**	(7,012)
Realised (gain)/loss on sale of other funds		**(708)**	608
Realised gain on sale of Sukuk		**(4)**	-
Investment fair value loss	7	**2,538**	2,348
Foreign exchange gain		**(5,179)**	(165)
Change in operating assets and liabilities			
Syndicated Murabaha		**(7,110)**	(4,554)
Syndicated Ijarah		**(1,121)**	6,846
Loans		**8,029**	20,111
Other assets		**(1,349)**	21,735
Changes in accrued income		**(4,915)**	(1,179)
Accruals and other liabilities		**41,404**	4,292
Net cash from operations		**13,225**	**30,279**
Cash flows from investing activities			
Commodity placements		**72,920**	(42,647)
Acquisition of investments in Sukuk	7	**(29,773)**	(72,179)
Redemption of investments in Sukuk	7	**41,574**	69,776
Additions to investments in equity capital	8	**(3,450)**	-
Acquisition of investments in associates	9	**(13,264)**	-
Additions to investments in funds	10	**(10,194)**	(10,953)
Disposal of investments in funds	10	**7,440**	34,952
Dividends from associates	9	**796**	1,427
Additions to fixed assets		**(54)**	(50)
Net cash from/ (utilized in) investing activities		**65,995**	**(19,674)**
Cash flows from financing activity			
Commodity purchase liabilities		**266,738**	(4,665)
Cash from/ (utilized in) financing activity		**266,738**	**(4,665)**
Net change in cash and cash equivalents		**345,958**	**5,940**
Cash and cash equivalents at beginning of the period		**45,551**	39,611
Cash and cash equivalents at end of the period	4	**391,509**	**45,551**

The notes from 1 to 26, which can be found in the Financial Statements 2016, form an integral part of these financial statements.

ANNEX 4
IDB BOARD OF EXECUTIVE DIRECTORS AND THEIR CONSTITUENCIES

Director	Constituency
Hon. Hamad Bin Suleiman Al Bazai	Saudi Arabia
Hon. Abdalnasr Abouzkeh	Libya
Hon. Dr. Hosein Ghazavi Khourasgani	Iran
Hon. Mohammed Gambo Shuaibu	Nigeria
Hon. Ali Hamdan Ahmed	U.A.E.
Hon. Bader Ahmed Al Qayed	Qatar
Hon. Zeinhom Zahran	Egypt
Hon. Wisam Jasem Al-Othman	Kuwait
Hon. Osman Çelik	Turkey
Hon. Isa Rachmatarwata (Indonesia)	Indonesia, Malaysia, Brunei Darussalam, Suriname, and Guyana
Hon. Kazi Shofiqul Azam (Bangladesh)	Pakistan, Bangladesh, Afghanistan and Maldives
Hon. Mohamed Zemmouri (Algeria)	Algeria, Morocco, Mauritania and Tunisia
Hon. Dr. Mohamed Ahmed Hassan Al-Afandi (Yemen)	Yemen, Sudan, Oman and Bahrain
Hon. Mrs. Zourehatou Kassah –Traore (Togo)	Senegal, Burkina Faso, Mali, Niger, Gambia and Togo
Hon. Dr. Hisham Alshaar (Lebanon)	Jordan, Iraq, Palestine, Syria and Lebanon
Hon. Dr. Zul Kifl Salami (Benin)	Cameroon, Guinea, Sierra Leone, Benin, Côte d'Ivoire and Guinea-Bissau
Hon. Ulan Aiylchiev (Kyrgyz Republic)	Kazakhstan, Azerbaijan, Kyrgyz Republic, Tajikistan, Uzbekistan, Albania and Turkmenistan
Hon. Abdirahman Sharif (Somalia)	Gabon, Mozambique, Uganda, Comoros, Chad, Somalia and Djibouti

ANNEX 5A

STATEMENT OF IDB SHARE CAPITAL SUBSCRIPTION AS AT 31 DECEMBER 2016 (2/4/1438H)

(All amounts are in ID Million)

			Consolidated Position of Subscribed Share Capital						
			Amount in Million ID				Breakdown of Called-up Capital (ID)		
S/N	Country	No. of Shares	Called-up	Callable	Total	% of Total	Paid-up	Overdue	Not Yet Due
1	Saudi Arabia	1,189,680	2,135.9	9,761.0	11,896.8	23.50%	1,274.4	0.0	861.5
2	Libya	477,166	856.7	3,915.0	4,771.7	9.43%	444.3	51.6	360.8
3	Iran	417,463	749.5	3,425.2	4,174.6	8.25%	447.2	0.0	302.3
4	Nigeria	387,452	695.6	3,178.9	3,874.5	7.66%	159.2	107.1	429.3
5	United Arab Emirates	379,949	682.1	3,117.4	3,799.5	7.51%	399.0	0.4	282.8
6	Qatar	363,236	653.0	2,979.3	3,632.4	7.18%	361.2	0.0	291.8
7	Egypt	357,965	641.9	2,937.7	3,579.7	7.07%	360.8	0.0	281.1
8	Kuwait	350,000	880.9	2,619.1	3,500.0	6.92%	542.9	0.0	338.0
9	Turkey	326,384	585.3	2,678.6	3,263.8	6.45%	329.0	0.0	256.3
10	Pakistan	128,559	230.5	1,055.1	1,285.6	2.54%	129.6	0.0	100.9
11	Algeria	128,559	230.5	1,055.1	1,285.6	2.54%	128.8	0.8	101.0
12	Indonesia	113,795	204.2	933.8	1,138.0	2.25%	124.2	4.1	75.9
13	Malaysia	82,308	147.6	675.5	823.1	1.63%	83.0	0.0	64.6
14	Bangladesh	50,996	91.4	418.5	510.0	1.01%	52.5	0.0	39.0
15	Yemen	25,862	46.2	212.4	258.6	0.51%	24.8	1.1	20.3
16	Morocco	25,669	46.0	210.7	256.7	0.51%	25.9	0.0	20.2
17	Sudan	23,295	41.8	191.1	233.0	0.46%	13.9	11.1	16.9
18	Jordan	21,976	39.5	180.3	219.8	0.43%	23.6	0.0	15.9
19	Senegal	14,781	26.5	121.3	147.8	0.29%	9.4	6.5	10.7
20	Oman	14,255	25.6	117.0	142.6	0.28%	14.4	0.0	11.2
21	Iraq	13,505	24.2	110.8	135.1	0.27%	13.6	0.0	10.6
22	Brunei	12,836	23.0	105.3	128.4	0.25%	12.4	0.5	10.1
23	Cameroon	12,836	23.0	105.3	128.4	0.25%	12.0	0.9	10.1
24	Burkina Faso	9,017	23.0	67.2	90.2	0.18%	12.4	0.5	10.1
25	Niger	9,017	23.0	67.2	90.2	0.18%	7.3	5.7	10.1
26	Gabon	5,458	27.4	27.2	54.6	0.11%	12.7	2.7	12.0
27	Kazakhstan	5,400	9.8	44.2	54.0	0.11%	5.5	0.0	4.2
28	Mali	5,092	9.1	41.8	50.9	0.10%	5.3	0.0	3.8
29	Azerbaijan	5,092	9.1	41.8	50.9	0.10%	5.2	0.0	3.9
30	Guinea	4,585	23.0	22.8	45.9	0.09%	8.6	4.4	10.1
31	Tunisia	3,640	18.3	18.1	36.4	0.07%	10.2	0.1	8.0
32	Lebanon	3,577	9.1	26.6	35.8	0.07%	5.1	0.0	4.0
33	Mauritania	3,577	9.1	26.6	35.8	0.07%	4.9	0.2	4.0
34	Bahrain	2,588	13.0	12.9	25.9	0.05%	7.0	0.3	5.7
35	Mozambique	2,584	4.6	21.2	25.8	0.05%	2.6	0.0	2.0
36	Maldives	2,584	4.6	21.2	25.8	0.05%	2.6	0.0	2.0
37	Kyrgyz Republic	2,584	4.6	21.2	25.8	0.05%	2.6	0.0	2.0
38	Gambia	2,584	4.6	21.2	25.8	0.05%	2.6	0.1	2.0
39	Uganda	2,463	12.4	12.2	24.6	0.05%	11.1	1.4	0.0
40	Benin	2,080	10.5	10.4	20.8	0.04%	5.8	0.4	4.2
41	Palestine	1,955	9.9	9.7	19.6	0.04%	5.1	4.7	0.0
42	Syria	1,849	9.3	9.2	18.5	0.04%	5.0	0.2	4.1
43	Tajikistan	1,816	4.6	13.5	18.2	0.04%	2.7	0.0	1.9
44	Togo	1,816	4.6	13.5	18.2	0.04%	2.5	0.1	2.0
45	Sierra Leone	1,816	4.6	13.5	18.2	0.04%	2.1	0.5	2.0
46	Uzbekistan	1,344	3.7	9.7	13.4	0.03%	2.7	0.0	1.0
47	Cote D'Ivoire	1,302	3.6	9.5	13.0	0.03%	2.5	0.1	1.0
48	Comoros	1,302	3.6	9.5	13.0	0.03%	0.6	2.0	1.0
49	Afghanistan	993	5.0	4.9	9.9	0.02%	4.1	0.5	0.4
50	Chad	977	4.9	4.9	9.8	0.02%	4.7	0.3	0.0
51	Suriname	923	4.6	4.6	9.2	0.02%	2.5	0.1	2.0
52	Albania	923	4.6	4.6	9.2	0.02%	2.5	0.1	2.0
53	Somalia	496	2.5	2.5	5.0	0.01%	2.5	0.0	0.0
54	Turkmenistan	496	2.5	2.5	5.0	0.01%	2.5	0.0	0.0
55	Guinea-Bissau	496	2.5	2.5	5.0	0.01%	2.2	0.3	0.0
56	Djibouti	496	2.5	2.5	5.0	0.01%	1.6	0.9	0.0
57	Guyana	250	2.5	-	2.5	0.005%	0.1	0.0	2.4
	Net Shortfall	*	*	*	*	0.00%	0.1	0.0	(0.1)
	Sub-Total	**5,009,699**	**9,371.9**	**40,725.1**	**50,097.0**	**98.98%**	**5,143.4**	**209.5**	**4,019.0**
	Uncommitted	51,707	-	517.1	517.1	1.02%	*	*	*
	Grand Total	**5,061,406**	**9,371.9**	**41,242.2**	**50,614.1**	**100.00%**	**5,143.4**	**209.5**	**4,019.0**

ANNEX 5B

STATEMENT OF IDB VOTING POWER AS AT 31 DECEMBER 2016 (2/4/1438H)

		Voting Power	
S/N	**Country**	**No. of Votes**	**% Voting**
1	Saudi Arabia	1,104,033	23.92%
2	Libya	436,426	9.46%
3	Iran	387,734	8.40%
4	United Arab Emirates	352,134	7.63%
5	Qatar	334,554	7.25%
6	Nigeria	334,312	7.24%
7	Egypt	330,354	7.16%
8	Kuwait	316,701	6.86%
9	Turkey	301,251	6.53%
10	Pakistan	118,967	2.58%
11	Algeria	118,884	2.58%
12	Indonesia	106,299	2.30%
13	Malaysia	76,344	1.65%
14	Bangladesh	47,600	1.03%
15	Yemen	24,219	0.52%
16	Morocco	24,153	0.52%
17	Sudan	20,999	0.45%
18	Jordan	20,889	0.45%
19	Oman	13,636	0.30%
20	Senegal	13,564	0.29%
21	Iraq	12,944	0.28%
22	Brunei	12,275	0.27%
23	Cameroon	12,237	0.27%
24	Burkina Faso	8,457	0.18%
25	Niger	7,942	0.17%
26	Kazakhstan	5,475	0.12%
27	Mali	5,209	0.11%
28	Azerbaijan	5,203	0.11%
29	Gabon	4,492	0.10%
30	Lebanon	3,677	0.08%
31	Mauritania	3,656	0.08%
32	Guinea	3,639	0.08%
33	Tunisia	3,333	0.07%
34	Mozambique	2,884	0.06%
35	Maldives	2,882	0.06%
36	Kyrgyz Republic	2,882	0.06%
37	Gambia	2,876	0.06%
38	Uganda	2,827	0.06%
39	Bahrain	2,489	0.05%
40	Tajikistan	2,123	0.05%
41	Benin	2,120	0.05%
42	Togo	2,103	0.05%
43	Sierra Leone	2,066	0.04%
44	Palestine	1,981	0.04%
45	Syria	1,921	0.04%
46	Uzbekistan	1,744	0.04%
47	Cote D'Ivoire	1,695	0.04%
48	Comoros	1,501	0.03%
49	Chad	1,452	0.03%
50	Afghanistan	1,400	0.03%
51	Suriname	1,210	0.03%
52	Albania	1,210	0.03%
53	Somalia	996	0.02%
54	Turkmenistan	996	0.02%
55	Guinea-Bissau	967	0.02%
56	Djibouti	909	0.02%
57	Guyana	513	0.01%
	Net Shortfall	*	*
	Sub-Total	**4,615,340**	**100.00%**
	Uncommitted	*	*
	Grand Total	**4,615,340**	**100.00%**

Annexes 6a-9b

ANNEX 6A

APPROVALS BY ENTITIES AND MODES OF FINANCING (1396H-2016)[1] (ISLAMIC DINAR - ID MILLION)

	1433H	1434H	1435H	1436H	Transition Period[2]	2016	Grand Total
A. IDB OCR							
Loan	256.0	275.9	197.9	320.6	7.1	278.7	5,528.6
Equity	203.5	50.1	60.3	70.1	1.5	15.6	1,011.4
Leasing	407.6	518.3	849.4	423.6	20.7	816.4	7,906.8
Instalment Sale	616.5	118.9	273.1	221.6	64.5	560.0	4,303.0
Combined Lines of Financing	0.0	0.0	0.0	0.0	0.0	0.0	425.5
Profit Sharing/Musharaka	33.3	0.0	0.0	0.0	0.0	0.0	192.8
Istisna'a	1,002.3	1,541.5	1,591.4	2,106.7	584.3	2,454.2	16,127.2
Mudaraba	0.0	299.0	0.0	412.3	0.0	35.8	778.2
Technical Assistance	12.4	10.3	10.9	4.6	1.2	6.7	283.9
Sub-Total	**2,531.7**	**2,814.1**	**2,983.1**	**3,559.6**	**679.3**	**4,167.5**	**36,557.4**
B. ICD							
Equity	87.5	115.2	41.4	105.7	3.6	132.4	919.1
Leasing	52.1	13.0	24.0	27.4	5.9	38.9	385.7
Instalment Sale	0.0	0.0	0.0	0.0	0.0	0.0	84.2
Istisna'a	0.0	0.0	13.8	0.0	0.0	18.3	37.2
Murabaha	59.3	143.5	125.9	291.0	37.7	371.3	1,317.0
Sub-Total	**198.8**	**271.7**	**205.0**	**424.2**	**47.2**	**560.9**	**2,743.2**
C. ITFC							
Murabaha	**2,786.5**	**3,220.1**	**3,250.6**	**4,276.7**	**444.7**	**2,770.1**	**22,625.8**
D. Others							
UIF	23.6	65.1	44.1	19.6	7.1	33.5	1,653.5
APIF	27.8	46.5	37.1	31.0	10.8	37.6	297.4
Special Assistance Operations	5.3	4.7	4.5	5.1	1.2	3.1	573.9
Pre-ITFC trade (EFS, IBP, ITFO)	0.0	0.0	0.0	0.0	0.0	0.0	21,809.3
Sub-Total	56.7	116.4	85.6	55.7	19.1	74.3	24,334.1
Grand Total	**5,573.8**	**6,422.2**	**6,524.3**	**8,316.2**	**1,190.3**	**7,572.8**	**86,260.5**

Memo:
E. ICIEC Operation for the last five years and total since inception (ID million)

	1433H	1434H	1435H	1436H	Transition Period[2]	2016	Grand Total
New Commitments	1,504.3	1,463.0	2,305.2	2,973.9	355.4	3,591.1	22,442.7
Business Insured	1,974.7	2,093.4	3,257.5	3,858.5	396.8	5,964.1	24,904.9

OCR-IDB Resources and Finance (at year's end)

	1433H	1434H	1435H	1436H	2016+[2]		
Total Assets	11,446.7	13,429.4	15,075.3	16,097.4	18,146.8		
Gross Income (net of Ijarah depreciation)	320.6	364.2	380.2	401.8	688.2		
Net Income	130.2	170.4	165.0	157.7	307.2		
General Reserves	1,858.5	1,858.2	2,224.2	2,322.4	2,391.4		
Fair Value Reserves	433.8	416.2	477.9	429.5	487.7		
Subscribed Capital	17,782.6	17,803.8	49,865.7	49,918.4	50,097.0		
Approved Administrative budget*	98.38	105.10	107.5	107.5	114.0		
Actual Administrative budget*	88.94	96.98	103.2	109.4	115.8		

* Figures do not include transition period
[1] Cut-off date for data reported in this table was 31 December 2016 (02 Rabi-II 1438).
[2] Transition period (14 October - 31 December 2015).
Source: IDB Data Resources and Statistics Division, ERPD

The conversion rates for the various years are as follows:
1433H 1ID = $1.52623 1434H 1ID = $1.53175 1435H 1ID = $1.48509 1436H 1ID = $1.41162
Transition period 1ID = $1.39586 2016G 1ID = $1.34433 1976G-2016G 1ID = $1.44078 (approximation only)

ANNEX 6B

APPROVALS BY ENTITIES AND MODES OF FINANCING (1396H-2016)[1] ($ MILLION)

	1433H	1434H	1435H	1436H	Transition Period[2]	2016	Grand Total
A. IDB OCR							
Loan	393.9	419.4	302.0	465.5	10.0	389.8	7,782.7
Equity	313.7	76.0	90.0	97.3	2.2	21.5	1,464.8
Leasing	621.2	783.2	1,313.0	610.3	29.0	1,142.8	11,620.7
Instalment Sale	927.1	182.0	416.1	314.8	90.0	783.3	6,187.7
Combined Lines of Financing	0.0	0.0	0.0	0.0	0.0	0.0	603.0
Profit Sharing/Musharaka	50.0	0.0	0.0	0.0	0.0	0.0	282.6
Istisna'a	1,530.7	2,327.8	2,430.6	2,994.5	820.2	3,429.1	23,880.4
Mudaraba	0.0	440.0	0.0	600.0	0.0	50.0	1,140.0
Technical Assistance	19.0	15.6	16.6	6.8	1.7	9.6	401.7
Sub-Total	**3,855.5**	**4,244.0**	**4,568.3**	**5,089.2**	**953.1**	**5,826.1**	**53,363.6**
B. ICD							
Equity	134.5	177.3	60.4	150.9	5.0	178.0	1,364.9
Leasing	80.0	20.0	35.0	38.0	8.2	52.3	567.5
Instalment Sale	0.0	0.0	0.0	0.0	0.0	0.0	125.2
Istisna'a	0.0	0.0	20.0	0.0	0.0	24.6	52.2
Murabaha	91.1	221.0	182.9	403.7	52.2	499.1	1,893.5
Sub-Total	**305.6**	**418.3**	**298.2**	**592.6**	**65.4**	**754.0**	**4,003.4**
C. ITFC							
Murabaha	**4,286.4**	**4,891.0**	**4,996.9**	**6,039.4**	**616.4**	**3,861.6**	**33,803.1**
D. Others							
UIF	36.1	99.7	65.5	27.8	10.0	47.3	2,372.2
APIF	42.8	71.7	53.7	43.8	15.0	50.6	439.7
Special Assistance Operations	8.1	7.2	6.9	8.2	1.7	4.2	751.7
Pre-ITFC trade (EFS, IBP, ITFO)	0.0	0.0	0.0	0.0	0.0	0.0	29,549.0
Sub-Total	86.9	178.5	126.1	79.8	26.7	102.1	33,112.6
Grand Total	**8,534.3**	**9,731.9**	**9,989.5**	**11,801.0**	**1,661.6**	**10,543.9**	**124,282.7**

Memo:
E. ICIEC Operation for the last five years and total since inception ($ million)

	1433H	1434H	1435H	1436H	Transition Period[2]	2016	Grand Total
New Commitments	2,311.7	2,252.3	3,379.8	4,153.2	492.5	4,827.7	33,117.8
Business Insured	3,034.7	3,223.1	4,759.5	5,379.8	549.9	8,017.8	36,228.5

[1] Cut-off date for data reported in this table was 31 December 2016 (02 Rabi-II 1438).
[2] Transition period (14 October - 31 December 2015).
Source: IDB Data Resources and Statistics Division, ERPD

ANNEX 7A

IDB GROUP NET APPROVALS BY COUNTRY AND ENTITY (ID MILLION)

	2016+[1/3] Approvals by Entity					Share in Net
Country	OCR	ICD	ITFC	Others[2]	Total (2016+[3])	Approvals since Inception (%)
Afghanistan	53.2	0.0	0.0	0.0	53.2	0.1
Albania	25.2	1.6	0.0	3.3	30.1	0.5
Algeria	0.0	0.0	0.0	0.0	0.0	2.3
Azerbaijan	0.0	0.0	0.0	0.0	0.0	1.1
Bahrain	93.4	7.4	0.0	0.0	100.8	1.7
Bangladesh	179.8	30.2	292.2	0.0	502.3	14.7
Benin	55.1	9.8	0.0	4.5	69.3	0.8
Brunei	0.0	0.0	0.0	0.0	0.0	0.0
Burkina Faso	46.9	14.2	125.4	0.0	186.6	1.4
Cameroon	108.8	0.0	148.8	0.0	257.7	1.2
Chad	35.1	0.0	0.0	0.0	35.1	0.7
Comoros	0.0	0.0	14.3	0.0	14.3	0.1
Côte d'Ivoire	131.4	0.0	72.8	3.8	208.0	1.0
Djibouti	42.9	0.0	125.8	5.7	174.4	0.5
Egypt	7.2	22.5	634.5	7.1	671.2	8.2
Gabon	0.0	18.8	0.0	0.0	18.8	0.5
Gambia	0.2	5.9	46.6	0.0	52.7	0.5
Guinea	196.3	0.0	0.0	0.0	196.3	0.7
Guinea-Bissau	0.1	0.0	0.0	0.0	0.1	0.0
Guyana	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	595.7	10.8	103.8	0.0	710.3	3.8
Iran	73.8	37.2	0.0	0.0	111.0	4.7
Iraq	1.3	18.0	0.0	0.1	19.5	0.5
Jordan	3.9	0.0	0.0	0.0	3.9	2.1
Kazakhstan	372.6	0.0	25.1	0.0	397.7	1.5
Kuwait	0.0	0.0	0.0	0.0	0.0	1.1
Kyrgyz Republic	14.4	0.0	0.0	0.0	14.4	0.3
Lebanon	73.0	0.0	0.0	0.0	73.0	1.4
Libya	0.0	0.0	0.0	0.0	0.0	0.6
Malaysia	0.0	11.2	0.0	0.0	11.2	0.9
Maldives	0.0	0.0	0.0	0.0	0.0	0.3
Mali	108.8	29.2	59.4	0.0	197.5	1.0
Mauritania	1.7	8.7	41.3	1.4	53.2	1.1
Morocco	142.3	6.1	138.4	0.0	286.9	5.3
Mozambique	0.0	0.0	0.0	0.0	0.0	0.4
Niger	109.7	0.0	0.0	0.0	109.7	0.7
Nigeria	1.2	0.0	0.0	0.0	1.2	0.8
Oman	499.3	0.0	0.0	0.0	499.3	1.6
Pakistan	126.4	59.5	497.6	0.0	683.5	8.8
Palestine	0.2	0.0	0.0	0.0	0.2	0.1
Qatar	0.0	22.3	0.0	0.0	22.3	0.4
Saudi Arabia	75.4	22.0	0.0	10.6	108.0	3.8
Senegal	379.8	34.8	54.1	2.8	471.5	2.2
Sierra Leone	0.0	4.5	0.0	0.0	4.5	0.2
Somalia	0.0	0.0	0.0	0.1	0.1	0.1
Sudan	0.0	7.4	0.0	8.3	15.7	1.3
Suriname	7.2	0.0	21.8	0.0	29.0	0.2
Syria	0.0	0.0	0.0	0.0	0.0	0.9
Tajikistan	14.3	0.0	21.3	0.0	35.6	0.4
Togo	68.3	0.0	38.9	2.1	109.4	0.5
Tunisia	23.9	0.0	116.4	0.0	140.4	2.7
Turkey	509.2	55.2	618.3	0.0	1,182.7	8.3
Turkmenistan	501.7	0.0	0.0	0.0	501.7	0.9
U.A.E.	121.8	0.0	17.9	7.4	147.2	0.9
Uganda	32.0	0.0	0.0	10.8	42.8	0.8
Uzbekistan	0.0	52.1	0.0	0.0	52.1	1.4
Yemen	0.0	0.0	0.0	0.0	0.0	0.9
Non-Member Countries	8.8	0.0	0.0	18.2	27.0	0.5
Regional Projects	4.3	118.8	0.0	7.1	130.2	1.0
Special Programs	0.0	0.0	0.0	0.0	0.0	0.1
Net Approvals	**4,846.8**	**608.1**	**3,214.8**	**93.4**	**8,763.1**	**100**

[1] Cut-off date for data reported in this table was 31 December 2016 (02 Rabi-II 1438).
[2] Comprised of APIF, EFS, IBP, ITFO, SAO, and UIF.
[3] Cover the period (14 October 2015 - 31 December 2016).
Source: IDB Data Resources and Statistics Division, ERPD

ANNEX 7B

IDB GROUP NET APPROVALS BY COUNTRY AND ENTITY ($ MILLION)

Country	2016+[1/3] Approvals by Entity					Share in Net Approvals since Inception (%)
	OCR	ICD	ITFC	Others[2]	Total (2016+[3])	
Afghanistan	74.0	0.0	0.0	0.0	74.0	0.1
Albania	35.2	2.2	0.0	4.4	41.8	0.5
Algeria	0.0	0.0	0.0	0.0	0.0	2.0
Azerbaijan	0.0	0.0	0.0	0.0	0.0	1.1
Bahrain	130.3	10.0	0.0	0.0	140.3	1.7
Bangladesh	253.3	40.6	403.0	0.0	696.9	15.1
Benin	77.3	13.2	0.0	6.0	96.4	0.8
Brunei	0.0	0.0	0.0	0.0	0.0	0.0
Burkina Faso	65.6	19.1	174.6	0.0	259.3	1.4
Cameroon	151.9	0.0	208.0	0.0	359.9	1.2
Chad	49.0	0.0	0.0	0.0	49.0	0.8
Comoros	0.0	0.0	20.0	0.0	20.0	0.1
Côte d'Ivoire	183.9	0.0	100.0	5.3	289.3	1.0
Djibouti	60.0	0.0	175.0	8.0	243.0	0.5
Egypt	10.0	30.2	892.0	10.0	942.2	8.3
Gabon	0.0	25.2	0.0	0.0	25.2	0.5
Gambia	0.3	8.2	65.0	0.0	73.5	0.6
Guinea	273.9	0.0	0.0	0.0	273.9	0.7
Guinea-Bissau	0.1	0.0	0.0	0.0	0.1	0.0
Guyana	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	836.3	15.0	144.0	0.0	995.3	3.8
Iran	103.7	50.0	0.0	0.0	153.7	4.8
Iraq	1.8	25.0	0.0	0.2	27.0	0.5
Jordan	5.0	0.0	0.0	0.0	5.0	1.9
Kazakhstan	523.0	0.0	35.0	0.0	558.0	1.5
Kuwait	0.0	0.0	0.0	0.0	0.0	1.1
Kyrgyz Republic	20.0	0.0	0.0	0.0	20.0	0.3
Lebanon	102.0	0.0	0.0	0.0	102.0	1.4
Libya	0.0	0.0	0.0	0.0	0.0	0.6
Malaysia	0.0	15.0	0.0	0.0	15.0	0.8
Maldives	0.0	0.0	0.0	0.0	0.0	0.3
Mali	152.7	39.2	83.0	0.0	274.9	1.0
Mauritania	2.4	12.0	57.0	2.0	73.4	1.1
Morocco	198.4	8.2	193.0	0.0	399.7	5.4
Mozambique	0.0	0.0	0.0	0.0	0.0	0.4
Niger	153.5	0.0	0.0	0.0	153.5	0.7
Nigeria	1.6	0.0	0.0	0.0	1.6	0.8
Oman	698.7	0.0	0.0	0.0	698.7	1.5
Pakistan	176.5	80.0	694.0	0.0	950.5	8.6
Palestine	0.3	0.0	0.0	0.0	0.3	0.1
Qatar	0.0	30.0	0.0	0.0	30.0	0.4
Saudi Arabia	105.2	29.5	0.0	15.0	149.7	3.9
Senegal	529.9	46.8	75.0	4.0	655.7	2.2
Sierra Leone	0.0	6.0	0.0	0.0	6.0	0.2
Somalia	0.0	0.0	0.0	0.2	0.2	0.1
Sudan	0.0	10.0	0.0	11.5	21.5	1.3
Suriname	10.0	0.0	30.0	0.0	40.0	0.2
Syria	0.0	0.0	0.0	0.0	0.0	0.9
Tajikistan	20.0	0.0	30.0	0.0	50.0	0.4
Togo	95.3	0.0	54.4	3.0	152.7	0.5
Tunisia	33.3	0.0	160.0	0.0	193.3	2.7
Turkey	711.2	74.2	860.0	0.0	1,645.3	8.1
Turkmenistan	700.0	0.0	0.0	0.0	700.0	0.9
U.A.E.	170.0	0.0	25.0	10.0	205.0	0.8
Uganda	45.0	0.0	0.0	14.6	59.6	0.8
Uzbekistan	0.0	70.0	0.0	0.0	70.0	1.5
Yemen	0.0	0.0	0.0	0.0	0.0	0.8
Non-Member Countries	12.4	0.0	0.0	24.6	36.9	0.5
Regional Projects	6.3	159.8	0.0	10.0	176.1	1.0
Special Programs	0.0	0.0	0.0	0.0	0.0	0.1
Net Approvals	**6,779.2**	**819.4**	**4,478.0**	**128.8**	**12,205.4**	**100**

[1] Cut-off date for data reported in this table was 31 December 2016 (02 Rabi-II 1438).
[2] Comprised of APIF, EFS, IBP, ITFO, SAO, and UIF.
[3] Cover the period (14 October 2015 - 31 December 2016).
Source: IDB Data Resources and Statistics Division, ERPD

ANNEX 8

CUMULATIVE IDB GROUP OPERATIONS BY MAJOR MODE OF FINANCING[1] (1976-2016) (25 SHAWWAL 1396H - 02 RABI-II 1438H)

	Project Financing			Technical Assistance Opoerations			Trade Financing			Special Assistance Operations			Grand Total[2]		
Country	No.	ID m.	$ m.	No.	ID m.	$ m.	No.	ID m.	$ m.	No.	ID m.	$ m.	No.	ID m.	$ m.
Afghanistan	9	97.7	140.7	7	1.2	1.9	0	0.0	0.0	21	11.4	15.8	37	110.3	158.4
Albania	28	388.0	588.7	4	0.7	1.0	2	4.9	7.2	3	1.0	1.4	37	394.6	598.4
Algeria	42	453.1	602.1	11	3.0	4.0	188	1,490.0	1,887.7	7	4.5	5.6	248	1,950.6	2,499.4
Azerbaijan	36	809.7	1,229.6	14	2.5	3.6	16	101.9	152.0	4	1.5	2.0	70	915.5	1,387.2
Bahrain	71	1,203.1	1,767.5	11	1.8	2.7	22	260.4	368.5	0	0.0	0.0	104	1,465.3	2,138.7
Bangladesh	99	1,495.5	2,212.2	10	3.1	4.8	244	11,132.3	16,477.7	12	28.8	35.7	365	12,659.7	18,730.3
Benin	57	565.0	823.5	24	5.4	6.7	8	77.1	108.2	1	1.3	1.4	90	648.7	939.8
Brunei	5	39.1	49.9	2	0.2	0.3	0	0.0	0.0	0	0.0	0.0	7	39.3	50.2
Burkina Faso	86	643.7	935.9	41	11.1	14.5	17	521.2	761.7	9	8.3	8.8	153	1,184.4	1,721.0
Cameroon	62	716.9	1,019.1	15	3.3	4.2	8	293.4	415.3	3	1.3	1.7	88	1,014.8	1,440.4
Chad	61	594.6	883.5	35	5.0	6.9	2	22.5	31.3	10	9.9	10.8	108	632.0	932.6
Comoros	4	8.3	9.9	13	3.7	5.2	8	75.8	107.5	3	0.9	1.1	28	88.6	123.7
Côte d'Ivoire	40	682.1	1,004.5	6	1.2	1.8	6	185.4	243.7	5	1.0	1.2	57	869.7	1,251.3
Djibouti	38	220.3	327.3	20	3.1	4.2	13	243.6	345.0	10	1.7	2.3	81	468.7	678.8
Egypt	68	1,858.5	2,775.6	18	3.6	5.2	150	5,198.3	7,563.9	6	1.3	1.7	242	7,061.7	10,346.4
Gabon	21	414.6	607.0	4	1.7	2.2	1	18.8	25.2	0	0.0	0.0	26	435.0	634.4
Gambia	46	198.6	287.8	27	3.9	5.3	39	265.5	394.5	4	1.7	1.8	116	469.7	689.4
Guinea	73	576.6	807.3	39	8.6	11.5	6	37.9	48.8	6	6.1	7.8	124	629.2	875.4
Guinea-Bissau	2	1.7	1.9	10	1.7	2.2	2	11.6	15.0	3	1.1	1.3	17	16.0	20.3
Guyana	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	5	0.8	1.2	5	0.8	1.2
Indonesia	109	2,022.7	2,952.3	12	1.6	2.3	67	1,210.4	1,746.3	4	2.9	4.4	192	3,237.6	4,705.4
Iran	76	2,261.5	3,352.8	16	3.7	5.7	174	1,766.3	2,554.8	7	10.0	13.3	273	4,041.5	5,926.6
Iraq	5	170.9	246.4	8	1.6	2.4	36	283.0	326.3	15	4.4	6.0	64	459.8	581.0
Jordan	61	630.8	882.8	27	5.0	6.8	74	1,145.4	1,522.8	1	0.2	0.3	163	1,781.4	2,412.8
Kazakhstan	26	747.3	1,095.9	14	2.1	3.0	21	512.2	773.0	6	1.4	1.9	67	1,263.0	1,873.9
Kuwait	13	131.5	182.6	18	1.6	2.3	49	790.0	1,172.5	4	6.5	7.5	84	929.6	1,364.9
Kyrgyz Republic	34	205.9	304.3	16	2.9	4.4	2	13.4	20.0	7	1.7	2.4	59	223.8	331.0
Lebanon	64	1,013.2	1,452.6	6	0.7	1.0	11	157.9	221.5	21	7.0	9.8	102	1,178.8	1,684.9
Libya	19	315.2	430.0	7	3.0	4.2	10	230.0	299.8	5	3.6	5.8	41	551.8	739.8
Malaysia	37	520.0	719.8	8	1.0	1.4	44	223.1	311.7	5	8.8	11.5	94	753.0	1,044.4
Maldives	27	110.4	161.3	11	1.6	2.3	9	109.3	169.0	3	0.6	0.8	50	221.9	333.4
Mali	84	594.2	855.0	30	9.7	13.1	15	222.9	325.3	12	14.9	16.5	141	841.7	1,209.9
Mauritania	76	551.8	819.0	48	17.6	24.2	24	376.5	547.3	7	9.7	11.1	155	955.6	1,401.6
Morocco	73	1,834.2	2,700.6	26	4.6	6.5	127	2,743.2	3,945.3	4	1.2	1.5	230	4,583.2	6,653.9
Mozambique	26	269.2	382.7	11	1.8	2.8	5	48.3	70.0	5	1.8	2.2	47	321.0	457.7
Niger	67	424.9	608.8	45	11.4	15.4	22	135.3	178.4	18	10.2	12.2	152	581.8	814.6
Nigeria	16	300.4	452.0	7	1.4	2.0	20	359.6	548.0	29	5.6	7.5	72	666.9	1,009.5
Oman	39	1,336.0	1,858.9	10	2.3	3.1	1	1.4	2.0	2	0.4	0.5	52	1,340.1	1,864.5
Pakistan	91	1,906.3	2,830.9	17	2.0	2.9	252	5,686.2	7,870.0	11	8.5	11.7	371	7,603.0	10,715.6
Palestine	7	12.3	16.9	8	0.8	1.0	1	0.7	1.0	43	41.4	53.5	59	55.2	72.5
Qatar	19	295.9	448.8	1	0.1	0.1	2	23.3	31.5	0	0.0	0.0	22	319.3	480.4
Saudi Arabia	86	1,296.2	1,931.7	32	3.1	4.5	166	1,990.7	2,915.6	4	0.3	0.4	288	3,290.3	4,852.1
Senegal	105	1,517.9	2,196.7	41	9.7	12.8	30	328.8	463.6	7	12.9	14.2	183	1,869.3	2,687.3
Sierra Leone	33	170.8	250.1	29	5.7	7.5	4	18.1	26.0	4	2.8	3.6	70	197.4	287.2
Somalia	4	8.1	11.1	15	6.2	9.5	4	36.1	46.2	49	11.6	16.4	72	62.0	83.2
Sudan	100	808.9	1,185.7	28	4.3	6.2	31	277.3	392.4	21	19.5	23.7	180	1,110.0	1,607.9
Suriname	15	104.7	154.8	7	0.4	0.7	3	48.7	70.0	2	0.1	0.2	27	154.0	225.6
Syria	38	673.8	971.9	10	2.6	3.9	25	108.2	129.5	10	1.0	1.5	83	785.7	1,106.8
Tajikistan	41	246.4	360.5	15	3.0	4.4	7	62.3	93.0	9	1.1	1.5	72	312.7	459.5
Togo	32	351.9	497.3	6	1.5	2.2	8	115.9	165.4	2	1.4	1.7	48	470.7	666.6
Tunisia	68	1,226.6	1,778.2	13	4.7	7.0	162	1,107.4	1,544.4	4	3.3	4.2	247	2,342.0	3,333.8
Turkey	110	2,581.9	3,703.0	13	3.9	5.2	344	4,534.8	6,306.5	6	17.3	20.7	473	7,137.9	10,035.4
Turkmenistan	12	803.8	1,162.6	4	0.8	1.1	0	0.0	0.0	1	0.2	0.3	17	804.8	1,164.1
U.A.E.	31	406.0	580.4	10	0.8	1.0	29	327.0	463.2	0	0.0	0.0	70	733.7	1,044.6
Uganda	32	638.9	945.3	23	3.8	5.1	6	40.2	53.9	9	3.4	4.5	70	686.3	1,008.8
Uzbekistan	38	1,019.6	1,550.0	5	0.8	1.1	16	180.7	266.6	8	1.4	1.9	67	1,202.5	1,819.5
Yemen	67	419.7	604.8	33	7.5	9.9	41	353.5	422.6	10	8.4	10.6	151	789.1	1,047.9
Non-Member Countries	26	140.3	205.2	2	3.4	5.1	8	79.3	122.5	1,021	220.4	301.1	1,057	443.4	633.9
Regional Projects	22	613.4	914.2	427	80.7	119.6	3	87.2	120.9	70	45.3	62.9	522	826.6	1,217.6
Special Programs	4	62.5	85.0	0	0.0	0.0	1	14.8	20.0	0	0.0	0.0	5	77.3	105.0
Net Approvals	**2,681**	**39,712.8**	**57,917.3**	**1,370**	**283.9**	**401.7**	**2,586**	**45,689.8**	**65,211.9**	**1,558**	**573.6**	**751.3**	**8,195**	**86,260.2**	**124,282.3**
Gross Approvals	**3,110**	**44,212.0**	**64,272.5**	**1,466**	**311.9**	**441.5**	**3,158**	**50,133.2**	**71,505.0**	**1,604**	**581.4**	**762.1**	**9,338**	**95,238.6**	**136,981.1**

[1] Cut-off date for data reported in this table was 31 December 2016 (02 Rabi-II 1438).
[2] Figures are net of cancellation (unless otherwise specified) and include APIF, IBP, ICD and UIF.
[3] These are old equity and miscellaneous activities of IBP from 1410H up to 1420H.
Source: IDB Data Resources and Statistics Division, ERPD

ANNEX 9A
SECTORAL DISTRIBUTION OF OCR NET APPROVALS BY COUNTRY 2016+ ($ MILLION)

Country	Agriculture	Education	Energy	Health	Industry and Mining	Information & Communications	Transportation	Water, Sanitation & Urban Services	Others*	Total
Afghanistan	0.0	0.0	0.0	0.0	0.0	0.0	74.0	0.0	0.0	74.0
Albania	0.0	0.0	0.0	0.0	0.0	0.0	35.2	0.0	0.0	35.2
Algeria	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Azerbaijan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bahrain	0.0	0.0	0.0	0.0	130.0	0.0	0.0	0.0	0.3	130.3
Bangladesh	33.2	0.0	220.0	0.1	0.0	0.0	0.0	0.0	0.0	253.3
Benin	0.0	0.0	0.0	0.0	0.0	0.0	77.3	0.0	0.0	77.3
Brunei	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Burkina Faso	28.6	0.0	37.0	0.0	0.0	0.0	0.0	0.0	0.0	65.6
Cameroon	123.6	0.0	0.0	28.3	0.0	0.0	0.0	0.0	0.0	151.9
Chad	0.0	29.0	20.0	0.0	0.0	0.0	0.0	0.0	0.0	49.0
Comoros	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Côte d'Ivoire	0.0	0.0	0.0	0.0	0.0	0.0	93.9	90.1	0.0	183.9
Djibouti	0.0	0.0	0.0	60.0	0.0	0.0	0.0	0.0	0.0	60.0
Egypt	0.0	0.0	0.0	10.0	0.0	0.0	0.0	0.0	0.0	10.0
Gabon	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gambia	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
Guinea	0.0	0.0	0.0	57.4	0.0	0.0	216.5	0.0	0.0	273.9
Guinea-Bissau	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Guyana	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	329.8	176.5	330.0	0.0	0.0	0.0	0.0	0.0	0.0	836.3
Iran	0.0	0.0	0.0	0.0	0.0	0.0	0.0	103.6	0.0	103.7
Iraq	0.0	0.0	0.0	1.8	0.0	0.0	0.0	0.0	0.0	1.8
Jordan	0.0	0.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0	5.0
Kazakhstan	249.9	0.2	0.0	0.0	0.0	0.0	273.0	0.0	0.0	523.0
Kuwait	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Kyrgyz Republic	20.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.0
Lebanon	0.0	0.0	0.0	0.0	0.0	0.0	102.0	0.0	0.0	102.0
Libya	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Malaysia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Maldives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mali	0.0	0.0	15.0	0.0	0.0	92.4	0.0	45.3	0.0	152.7
Mauritania	0.0	0.0	0.0	2.4	0.0	0.0	0.0	0.0	0.0	2.4
Morocco	93.8	0.0	101.5	0.0	0.0	0.0	0.0	0.0	3.1	198.4
Mozambique	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Niger	0.0	39.5	83.8	0.0	0.0	0.0	30.2	0.0	0.0	153.5
Nigeria	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.6	1.6
Oman	348.7	0.0	0.0	0.0	0.0	0.0	0.0	350.0	0.0	698.7
Pakistan	0.0	0.6	75.0	100.1	0.5	0.0	0.0	0.3	0.0	176.5
Palestine	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.3
Qatar	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Saudi Arabia	0.0	0.0	105.0	0.2	0.0	0.0	0.0	0.0	0.0	105.2
Senegal	81.9	19.9	0.0	32.0	0.0	0.0	335.9	0.0	60.3	529.9
Sierra Leone	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Somalia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sudan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Suriname	0.0	0.0	0.0	10.0	0.0	0.0	0.0	0.0	0.0	10.0
Syria	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tajikistan	0.0	0.0	0.0	0.0	0.0	0.0	20.0	0.0	0.0	20.0
Togo	0.0	0.0	0.0	0.0	0.0	0.0	95.3	0.0	0.0	95.3
Tunisia	27.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.0	33.3
Turkey	0.0	0.0	0.0	142.3	0.0	0.0	568.9	0.0	0.0	711.2
Turkmenistan	0.0	0.0	700.0	0.0	0.0	0.0	0.0	0.0	0.0	700.0
U.A.E.	0.0	0.0	170.0	0.0	0.0	0.0	0.0	0.0	0.0	170.0
Uganda	0.0	45.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	45.0
Uzbekistan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Yemen	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

[1] Cut-off date for data reported in this table was 31 December 2016 (02 Rabi-II 1438).
* Others include Finance, Public Administration, Real Estate and Trade related activities
Source: IDB Data Resources and Statistics Division, ERPD

ANNEX 9B
SECTORAL DISTRIBUTION OF OCR NET APPROVALS BY COUNTRY 1396H-2016 ($ MILLION)

Country	Agriculture	Education	Energy	Health	Industry and Mining	Information & Communications	Transportation	Water, Sanitation & Urban Services	Others*	Total
Afghanistan	10.8	0.2	16.5	0.7	0.0	0.0	114.2	0.0	0.3	142.7
Albania	39.5	0.0	0.0	17.3	0.1	0.0	476.1	26.9	23.3	583.2
Algeria	52.0	0.1	146.5	0.4	71.1	0.0	33.1	147.1	5.7	455.8
Azerbaijan	115.0	0.0	497.2	19.3	0.4	0.0	270.8	265.2	1.5	1,169.4
Bahrain	1.3	0.4	535.5	0.0	154.7	0.0	144.7	461.0	294.6	1,592.1
Bangladesh	200.0	101.4	1,042.5	27.4	150.3	104.3	247.9	144.4	14.2	2,032.4
Benin	74.7	240.9	163.3	33.6	0.0	26.5	197.0	26.0	62.2	824.3
Brunei	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	6.2	6.5
Burkina Faso	261.2	77.3	54.3	29.0	32.7	0.0	397.4	96.7	2.0	950.4
Cameroon	267.1	62.7	51.8	96.6	10.6	0.0	479.0	54.4	1.0	1,023.3
Chad	139.6	103.5	60.5	32.5	0.0	0.0	539.3	7.9	7.2	890.5
Comoros	3.1	0.1	0.0	2.1	1.8	0.0	8.0	0.0	0.0	15.1
Côte d'Ivoire	100.5	102.2	0.0	16.8	0.0	0.0	588.0	181.5	12.0	1,001.0
Djibouti	15.1	26.8	19.3	85.6	0.4	16.5	79.9	9.3	1.1	254.0
Egypt	158.1	43.2	1,952.8	51.3	87.2	0.3	25.6	51.9	90.8	2,461.1
Gabon	0.0	18.3	0.0	127.2	0.0	60.0	342.6	61.0	0.0	609.2
Gambia	47.6	33.4	49.2	22.7	28.0	27.3	53.1	20.2	2.1	283.7
Guinea	88.2	52.9	212.5	118.5	13.2	0.0	264.2	46.3	9.1	805.0
Guinea-Bissau	0.9	0.0	0.0	0.3	0.4	0.0	1.9	0.0	0.7	4.1
Guyana	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	887.6	1,039.3	351.1	143.1	55.2	11.3	229.4	100.3	85.9	2,903.1
Iran	447.6	55.4	604.1	167.6	400.3	0.1	110.4	1,331.8	23.0	3,140.3
Iraq	0.0	0.5	0.0	25.8	5.5	0.0	217.0	0.0	0.0	248.7
Jordan	6.3	67.7	211.3	116.7	185.8	24.1	195.6	8.1	11.1	826.7
Kazakhstan	319.9	0.5	0.0	11.5	0.3	9.2	489.4	9.5	215.6	1,055.8
Kuwait	0.6	0.5	0.0	0.0	33.1	0.0	0.0	0.7	4.0	38.8
Kyrgyz Republic	43.7	0.0	111.4	6.2	8.0	0.0	111.8	0.0	10.6	291.8
Lebanon	0.0	241.7	27.0	142.2	0.0	12.5	333.9	579.7	0.3	1,337.3
Libya	22.3	0.0	101.9	0.0	112.5	22.0	58.3	0.3	51.3	368.5
Malaysia	6.5	198.2	0.0	79.9	8.7	0.0	175.4	0.0	65.6	534.4
Maldives	0.3	7.5	0.0	16.3	0.1	0.0	58.1	30.2	14.0	126.4
Mali	291.3	30.8	132.3	14.3	37.9	92.4	105.3	118.9	1.3	824.5
Mauritania	83.5	59.7	207.4	25.7	98.8	0.0	167.1	127.2	5.3	774.5
Morocco	241.6	14.6	1,068.7	0.1	44.2	16.2	858.2	431.2	10.7	2,685.3
Mozambique	64.1	40.1	237.4	13.0	0.0	0.0	30.7	0.0	0.1	385.5
Niger	151.9	96.3	126.5	20.8	7.8	8.3	154.6	21.9	9.3	597.6
Nigeria	62.5	115.6	0.0	43.4	0.0	0.0	0.0	146.0	58.5	426.0
Oman	358.2	23.9	252.5	10.5	8.6	0.0	597.4	590.1	5.7	1,847.0
Pakistan	86.9	99.4	1,226.3	327.1	186.4	0.2	488.5	85.2	7.8	2,507.7
Palestine	0.0	12.1	1.4	0.0	0.2	0.3	0.0	0.0	0.0	14.0
Qatar	0.0	0.1	0.0	0.0	29.3	0.0	0.0	292.5	20.0	341.9
Saudi Arabia	1.3	0.6	245.0	9.6	770.2	0.3	100.0	0.5	79.7	1,207.1
Senegal	214.4	84.3	392.2	104.1	25.4	0.1	871.0	368.5	73.1	2,133.2
Sierra Leone	112.6	15.1	10.8	24.2	13.0	24.5	39.5	17.4	0.5	257.6
Somalia	9.1	0.0	0.5	2.3	1.0	0.0	0.0	7.4	0.4	20.6
Sudan	425.3	76.5	151.6	60.3	85.5	0.0	60.3	141.2	48.2	1,048.9
Suriname	6.3	46.6	0.0	76.3	0.0	0.1	26.0	0.2	0.1	155.4
Syria	26.7	0.0	667.6	35.4	15.0	0.0	0.0	157.8	10.0	912.5
Tajikistan	52.4	47.5	122.7	18.4	0.0	0.0	91.6	11.3	12.5	356.4
Togo	20.5	51.4	57.3	18.0	0.0	0.0	308.1	43.9	0.3	499.5
Tunisia	184.3	88.3	964.5	30.2	180.7	0.0	9.0	226.6	43.8	1,727.4
Turkey	18.5	197.3	550.2	456.1	148.4	0.0	1,214.6	67.0	872.3	3,524.2
Turkmenistan	0.3	5.3	700.0	25.9	0.3	15.1	414.5	0.0	0.0	1,161.3
U.A.E.	0.0	0.2	170.0	0.0	155.7	0.0	60.0	48.3	10.5	444.7
Uganda	93.0	92.1	235.7	30.9	7.0	0.0	448.4	5.7	10.3	923.1
Uzbekistan	332.6	77.0	533.1	78.3	20.0	0.0	348.0	92.9	46.1	1,528.0
Yemen	128.6	72.0	80.1	17.6	0.9	0.3	84.4	52.9	19.4	456.1

[1] Cut-off date for data reported in this table was 31 December 2016 (02 Rabi-II 1438).
* Others include Finance, Public Administration, Real Estate and Trade related activities
Source: IDB Data Resources and Statistics Division, ERPD

OUR 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.

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