



**ISLAMIC DEVELOPMENT BANK**

**TOGETHER WE BUILD A BETTER FUTURE**

**DIGEST**  
AN ESSENTIAL  
GUIDE TO THE  
**2017 ANNUAL REPORT**



# 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 2017, the subscribed capital of the IDB stood at ID50.2 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 eleven regional hubs<sup>1</sup> in Abuja, Nigeria; Almaty, Kazakhstan; Ankara, Turkey; Cairo, Egypt; Dakar, Senegal; Dhaka, Bangladesh; Dubai, United Arab Emirates; Jakarta, Indonesia; Kampala, Uganda; Paramaribo, Suriname; and Rabat, Morocco.

## FINANCIAL YEAR

The IDB's financial year used to be the lunar Hijra Year (H). However, starting from 1 January 2016, the financial year was changed to Solar Hijra year starting from 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.

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<sup>1</sup> These new hubs were created as part of the reorganization of the Bank and took effect from 1 January 2018.

# Message from the President

The year 2017 saw a new era at the Islamic Development Bank as progress was made on the implementation of my new roadmap "President's Five-Year Program" (P5P). This Program is informed by the need to reposition the Bank in order to address the rapidly changing global development landscape which continued to manifest itself in the form of rising socio-economic challenges, burgeoning innovative sources of development finance, increasing geopolitical tensions, persistent social disorders, ambitious new global agenda such as the Sustainable Development Goals (SDGs) and the Paris Climate Agreement, among others.



We need to keep our development model in step with these challenges in order to remain relevant, efficient, agile, and competitive. This would require a shift in our business model from an approval culture to one that focuses on achieving development effectiveness, and rethinking the sources of development finance by embracing crowdfunding, leveraging more private capital, engaging more with civil society and philanthropic foundations, strengthening partnerships with development partners to mobilize additional resources and sharing best practices on what has worked in development activities.

I am delighted that we have achieved several milestones in 2017. To mention a few – a new organizational structure was put in place and a new management team was appointed through a rigorous exercise. The new structure is designed to decentralize decision-making and increase Bank's presence in member countries. As we move ahead, I seek the support and cooperation of member countries to facilitate the smooth take-off of the new 11 regional hubs.

During the year, I have had the opportunity to travel far and wide to various member countries with the sole purpose of gathering first-hand information on how our development solutions are advancing and achieving their intended impacts on our beneficiaries. These visits also allowed me to consult with stakeholders – government, the private sector, philanthropists, civil society, and academics – to identify areas of cooperation where we can strengthen partnerships, share knowledge to avoid duplication of effort and improve services for maximum impact. In this endeavor, I was able to see things through a different lens. In particular, I was able to spot niche areas where the Bank can do more with fewer resources to assist its member countries and to respond faster to both legacy and emerging challenges.

In today's world, the power of science, technology, and innovation (STI) is increasingly playing an important

role in helping countries to leapfrog development and achieve sustainable growth. Accordingly, we at the Bank have renewed efforts in this sector by establishing a dedicated STI Fund with a capital of \$500 million. The Bank has committed \$100 million as seed contribution to the Fund and is working with partners and donors for the remaining amount. The rules for accessing the fund have been finalized and are ready to be shared with member countries and partners. I welcome contributions to the Fund from all stakeholders and partners.

Our commitment to global agenda including SDGs and the Paris climate agreement is without limit. In addition to appointing a Special Envoy for SDGs, the Bank has established a new Climate Change Division to mainstream Nationally Determined Contributions (NDCs) into development assistance activities of the Bank Group, and also to ensure timely implementation of our climate change policy and associated strategies. To enhance knowledge development and dissemination, the IDB Group led the efforts and partnered with several development stakeholders including the World Bank and the United Nations. The partnership resulted in the production of important publications including the Global Report on Islamic Finance; Mobilizing Islamic Finance for Infrastructure Public-Private Partnerships; and I for Impact Investing. Such publications are important contributions to useful knowledge not only for member countries but also for the global Islamic finance industry.

In terms of our development assistance activities, we continue to help member countries meet their most pressing needs. Our net approvals at IDB Group level in 2017 amounted to \$9.8 billion, this is almost at a par with last year's figure. As no single institution can adequately address all the needs of its member countries alone, I recognize the extremely important role of building partnerships to achieve our common development objectives and to explore alternative solutions to development challenges. The IDB Group will, therefore, further strengthen its joint actions for results with our traditional and new partners to unleash the potential of natural, human, and financial capital for inclusive, sustainable and responsive economic transformation and human progress in member countries.

A handwritten signature in black ink, enclosed in a simple, hand-drawn oval border. The signature is in Arabic script.

**H.E. Dr. Bandar M. H. Hajjar**

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



## 2017 Annual Report is composed of three Chapters



This chapter presents the IDB Group's operational performance, major initiatives, and the achievements of Group members as well as the Special Funds managed by the Bank.



This chapter presents the achievements of the Bank related to financing from its ordinary capital resources, the progress of its capacity-building programs, and the activities related to strengthening partnership and co-operation as well as contribution to the Islamic financial services industry. It also covers the Bank's activities related to women's empowerment, prizes, and solidarity program.



This chapter summarizes the key activities of the IDB Board of Governors and the Board of Executive Directors and also presents the progress on the initiatives and functions associated with improving the institutional effectiveness of the Bank. It covers the President's Advisory Panel, the Member Country Partnership Strategy and the Bank Group's credit ratings, evaluation, risk management, internal audit and integrity functions. The chapter also reports the update on knowledge management and innovation activities, Development Effectiveness Review, Group Business Enhancements and System Transformation Program (GBEST), and human resources achievements.

# IDB Group in Numbers

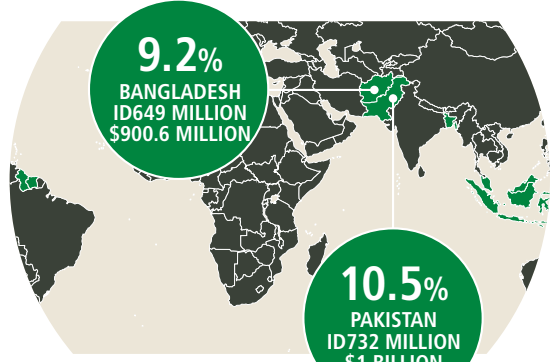


The IDB Group continued to provide development assistance to its member countries

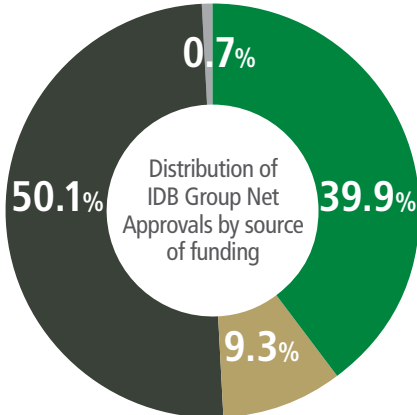


**REGIONAL DISTRIBUTION OF THE IDB GROUP NET APPROVALS**

**25.9%**  
**ASIA AND LATIN AMERICA**  
**ID 1.8 BILLION | \$2.5 BILLION**



The top-five recipients of IDB Group financing in 2017



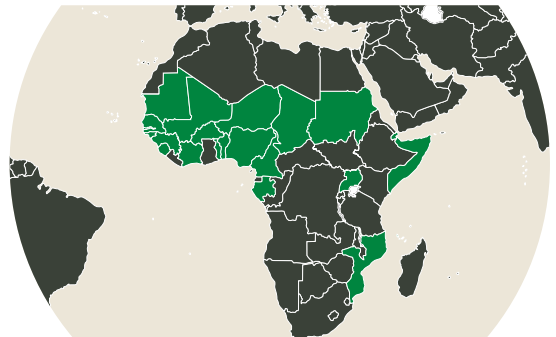
- IDB-OCR \$3,907.5 million
- ICD \$906.8 million
- ITFC \$4,900.4 million
- Others<sup>1</sup> \$67.6 million



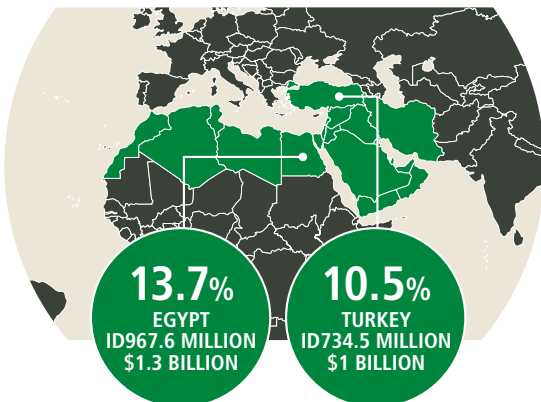
\$3.5 Billion

<sup>1</sup> Comprised of APIF, EFS, IBP, ITFO, SAO, and UIF.

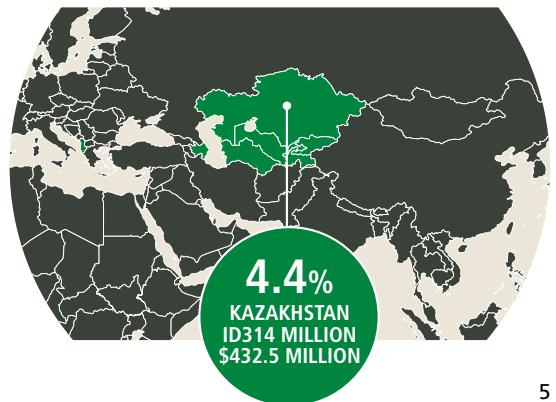
**24.8%**  
**SUB-SAHARAN AFRICA**  
**ID 1.7 BILLION | \$2.4 BILLION**



**22.5%**  
**MIDDLE EAST AND NORTH AFRICA**  
**ID 1.6 BILLION | \$2.2 BILLION**

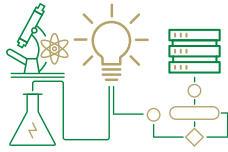


**23.4%**  
**EUROPE AND CENTRAL ASIA**  
**ID 1.6 BILLION | \$2.3 BILLION**

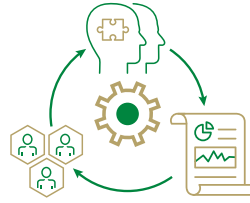


# Major Initiatives

# P5P



IDB Science, Technology & Innovation Fund



Resource mobilization



Lives and Livelihoods Fund

**BE PROACTIVE**  
**BE AT THE FRONTIER**  
**BE FAST AND ADAPTIVE**  
 President's Five-Year Program (P5P)

## KEY ACHIEVEMENTS UNDER P5P IMPLEMENTATION

MCs Expectation and P5P Tracks		Achievements
To be Proactive	Awareness 	<ul style="list-style-type: none"> <li>Launched IDB new branding strategy</li> <li>Launched Information Disclosure Policy</li> <li>Delivered IDB Global PPP Conference</li> <li>Delivered IDB Global Sukuk Conference</li> </ul>
	Linkages 	<ul style="list-style-type: none"> <li>Launched the Integrated Strategic Programming Framework (ISPF) to enable Proactive Needs Assessment of MCs</li> <li>Launched IDB Developers Platform</li> <li>Launched OIC STI Online Platform</li> <li>Launched IDB Blindness Prevention Crowdfunding Platform</li> </ul>
To be at the Frontier	Competence 	<ul style="list-style-type: none"> <li>Launched IDB Global Practices Crowdsourcing Platform</li> <li>Launched the new organizational structure of IDB</li> <li>Completed workforce migration to the new organization</li> </ul>
	Funding 	<ul style="list-style-type: none"> <li>Completed financial sustainability study for OCR</li> <li>Completed financial sustainability study for Waqf fund</li> <li>Implemented OCR Derisking Plan to maintain AAA rating</li> <li>Completed development of IDB new financial model and transition action plan</li> <li>Launched three resource mobilization instruments</li> </ul>
To be Fast and Adaptive	Delivery 	<ul style="list-style-type: none"> <li>Launched seven regional hubs physically</li> <li>Launched four regional hubs virtually</li> <li>Empowered all regional hubs through revamped IDB Delegation of Authority framework</li> </ul>
	Reinforcement 	<ul style="list-style-type: none"> <li>Launched the Integrated Control Framework (ICF) to reinforce decentralization functionally (i.e., through delegation of authority) and functionally (i.e., through empowerment of regional hubs)</li> <li>Launched A new Board Committees to enhance transparency and widen oversight and checks-and-balance measures enforced by the Board of Executive Directors</li> <li>Launched new revamped Management Committees and Delegation of Authority framework to enforce single-point accountability and enhance internal efficiency</li> </ul>

## LIVES AND LIVELIHOODS FUND



**Lives and Livelihoods Fund**

**TOTAL FUND VALUE \$2.5 billion**

**LAUNCHED IN 2016 BY THE BANK IN COLLABORATION WITH OTHER DONORS**

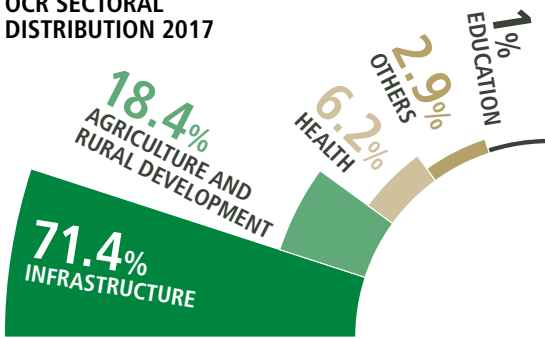
**OVER THE PERIOD 2016-2017, MORE THAN**

**THE FUND RAISED \$400 million BY THE END OF 2017**

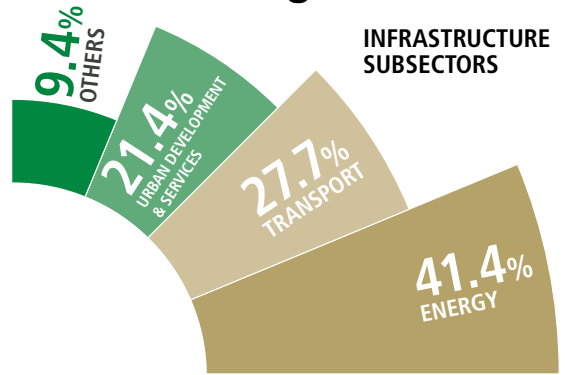
**\$600 million WAS APPROVED FOR 14 PROJECTS IN HEALTH, AGRICULTURE DEVELOPMENT, AND BASIC INFRASTRUCTURE**

# Sectoral Allocation of IDB-OCR Financing in 2017

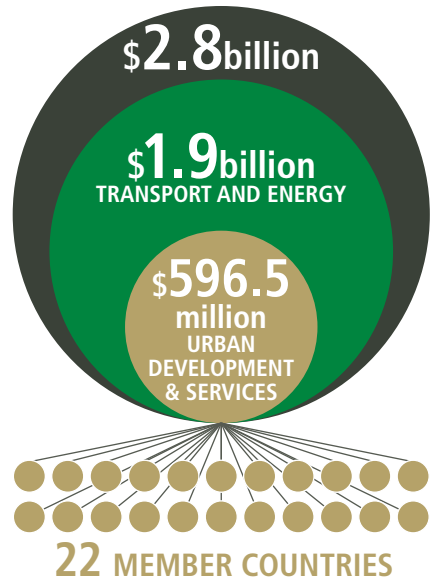
OCR SECTORAL DISTRIBUTION 2017



INFRASTRUCTURE SUBSECTORS

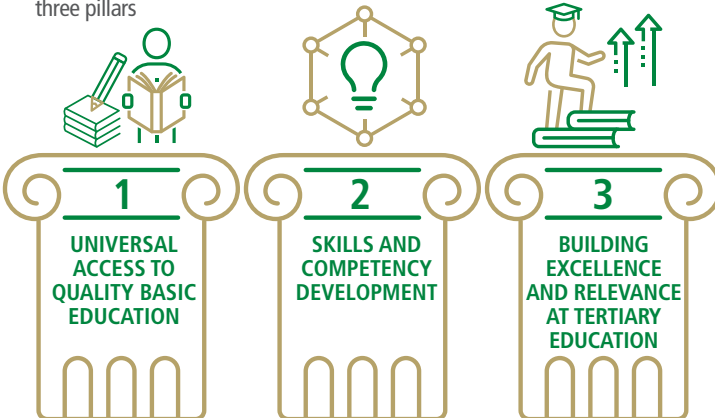


INFRASTRUCTURE



## EDUCATION

The Bank drafted its education sector policy which is anchored on three pillars

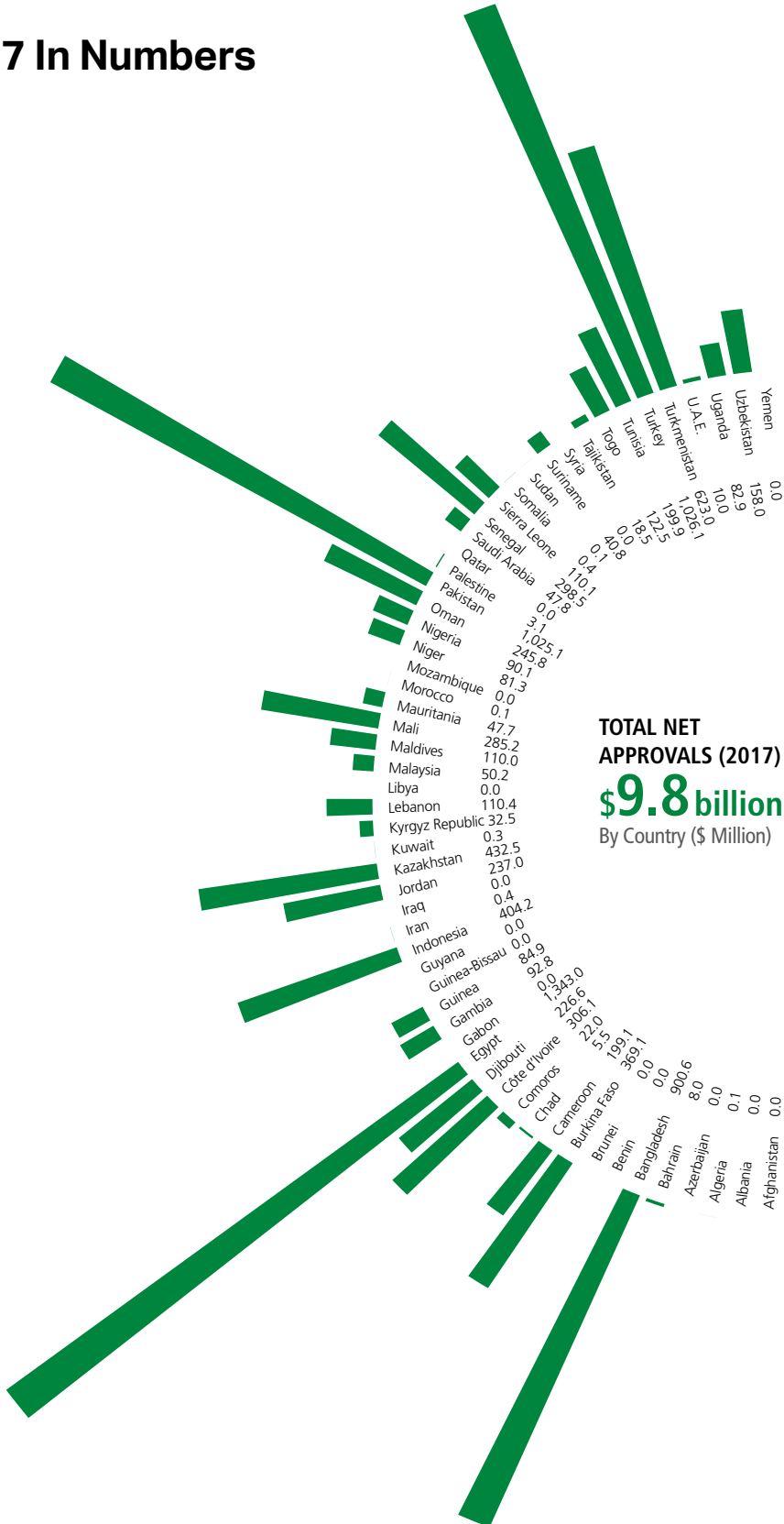


## AGRICULTURE AND FOOD SECURITY

Investment in Agriculture related activities



# 2017 In Numbers



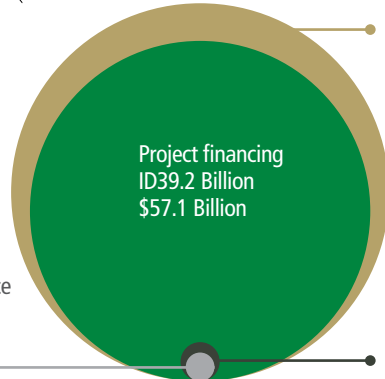


# 1395H-2017 Approvals In Numbers

CUMULATIVE NET APPROVALS

**ID89.5 billion**  
**\$128.7 billion**

BY MAJOR MODE OF FINANCING\*



20,000  
\$ million

BY COUNTRY AND MAJOR MODE OF FINANCING (1395H-2017)

- Project Financing
- Technical Assistance Operations
- Trade Financing
- Special Assistance Operations

BY NUMBER OF OPERATIONS

**2,656**  
TRADE FINANCING

**2,542**  
PROJECT FINANCING

**1,574**  
SPECIAL ASSISTANCE OPERATIONS

**1,451**  
TECHNICAL ASSISTANCE OPERATIONS

12,000

8,000

16,000

4,000

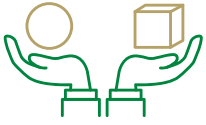
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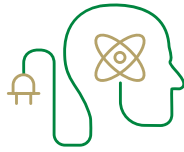
- YEMEN
- UZBEKISTAN
- UGANDA
- U.A.E.
- TURKMENISTAN
- TURKEY
- TUNISIA
- TOGO
- TAJKISTAN
- SYRIA
- SURINAME
- SUDAN
- SOMALIA
- SIERRA LEONE
- SENEGAL
- SAUDI ARABIA
- QATAR
- PALESTINE
- PAKISTAN
- OMAN
- NIGERIA
- NIGER
- MOZAMBIQUE
- MOROCCO
- MALURITANIA
- MALI
- MALDIVES
- MALAYSIA
- LIBYA
- LEBANON
- KYRGYZ REPUBLIC
- KUWAIT
- KAZAKHSTAN
- JORDAN
- IRAQ
- IRAN
- INDONESIA
- GUYANA
- GUINEA-BISSAU
- GUINEA
- GAMBIA
- GABON
- EGYPT
- DJIBOUTI
- CÔTE D'IVOIRE
- COMOROS
- CHAD
- CAMEROON
- BURKINA FASO
- BRUNEI
- BENIN
- BANGLADESH
- BAHRAIN
- AZERBAIJAN
- ALGERIA
- ALBANIA
- AFGHANISTAN



# IDB Capacity Development Programs, 2017



**TECHNICAL COOPERATION PROGRAM**



**SCIENCE & TECHNOLOGY PROGRAM**



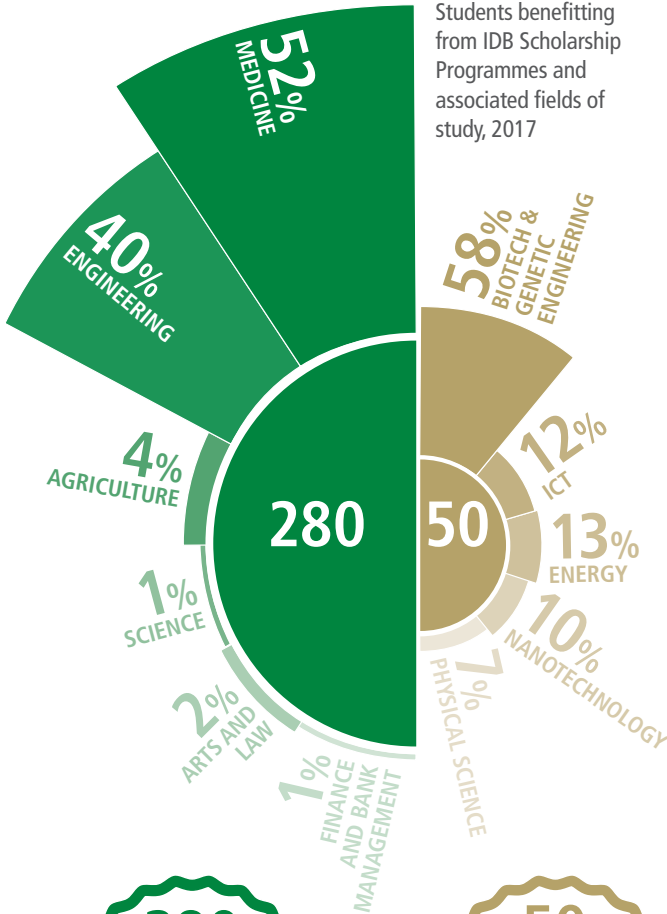
**SCHOLARSHIPS PROGRAM**



**NGO PROGRAM**



**WOMEN IN DEVELOPMENT PROGRAM**



# 13,852

## STUDENTS

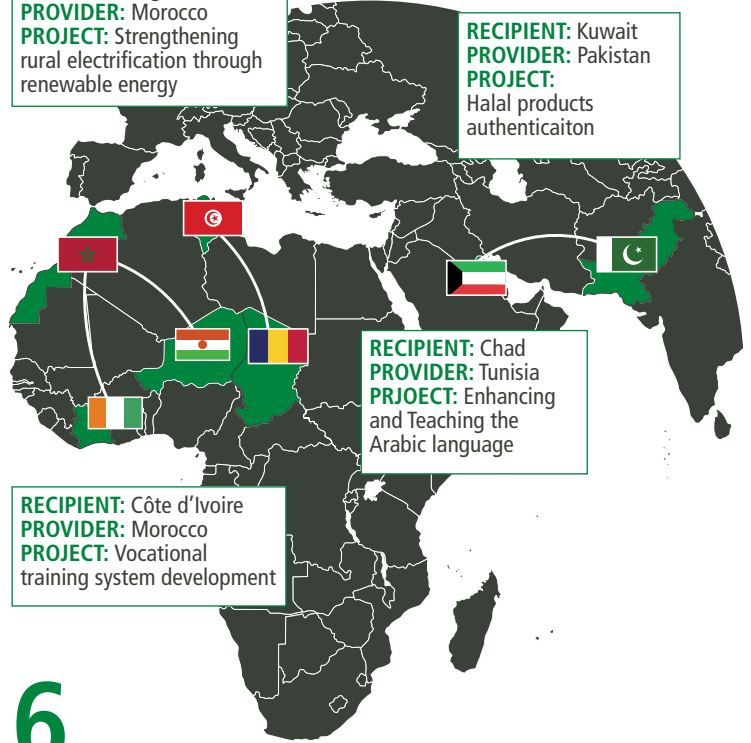
HAVE BENEFITTED FROM THE SPMC SCHEME SINCE 1404H (1983)



# 4 NEW REVERSE LINKAGE PROJECTS APPROVED FOR \$61million

**RECIPIENT:** Niger  
**PROVIDER:** Morocco  
**PROJECT:** Strengthening rural electrification through renewable energy

**RECIPIENT:** Kuwait  
**PROVIDER:** Pakistan  
**PROJECT:** Halal products authentication



**RECIPIENT:** Chad  
**PROVIDER:** Tunisia  
**PROJECT:** Enhancing and Teaching the Arabic language

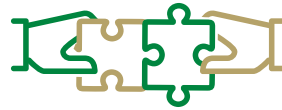
**RECIPIENT:** Côte d'Ivoire  
**PROVIDER:** Morocco  
**PROJECT:** Vocational training system development

# 6

NGO-RELATED OPERATIONS APPROVED FOR \$405,000



CAPACITY DEVELOPMENT IN EDUCATION



SKILLS DEVELOPMENT



VOCATIONAL TRAINING AND IT INCUBATORS



FRAGILITY AND CONFLICT PREVENTION



PROMOTION OF WOMEN AND YOUTH IN AGRICULTURE

## 2017 Prize Winners of IDB Prizes for Science & Technology

**IDB Prizes for Science and Technology:** Established in 2002, the IDB Prizes for Science & Technology (S&T) promotes excellence in research and development and scientific education. On annual basis, the prizes are awarded in 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 the least developed member country. The amount of each prize is \$100,000.

The prize winners of the 15th edition were announced in 2017 as follows:

### Category 1: Universitas Indonesia

Established in 1849, Universitas Indonesia is among the oldest tertiary institution in Indonesia and ranked among the top universities of the world. Over the years, its scholarly work has had great scientific technological, socio-economic, and environmental impact in Indonesia.

In the last 5 years, the university contributed to the development of human resources in Indonesia and the region by awarding record number of graduate and postgraduate degrees. In the same period, it has also published a large number of books and scientific articles with high impact factor.

Furthermore, the University has registered a large number of patents and inventions, of which many have been either commercialized or industrialized. For example, the university helped increase the value of local resources through its research by developing techniques for manufacturing palm oil derivatives and fuel additives, which has in return benefited Indonesian companies.

### Category 2: Faculty of Chemical and Energy Engineering, Universiti, Teknologi, Malaysia

Faculty of Chemical and Energy Engineering of Universiti Teknologi Malaysia (FCEE) is a recognized center for research and development and education in the areas of biotechnology and natural products, membrane technology, process systems, hydrogen economy and energy in general.

In terms of scientific knowledge production, the staff of FCEE managed to produce in one year alone 432 scientific publications in world-renowned (Indexed) journals.

Among the numerous achievements of FCEE, pioneering research work has led to the development of advanced membranes. These membranes, with enhanced performance through the incorporation of nano filters in a polymer host matrix, serve as a potential material for membrane-based separation, such as gas separation in the oil and gas industry, water and wastewater treatments as well as seawater desalination.

FCEE has 78 patents, with 32 products commercialized. The university has contributed to the expansion of the scientific community in Malaysia by awarding 132 Ph.D degrees and 808 MSc degree over the past 5 years.

### Category 3: Faculty of Medicine, University of Gezira, Sudan

Established in 1975 as part of the University of Gezira, the Faculty of Medicine set a unique and innovative system of medical education and training by incorporating and integrating problem-based learning and community oriented learning. The faculty and the students are strongly connected to the community by addressing their major health problems. This is a distinguishing mark of the learning and practicing behavior at the University.

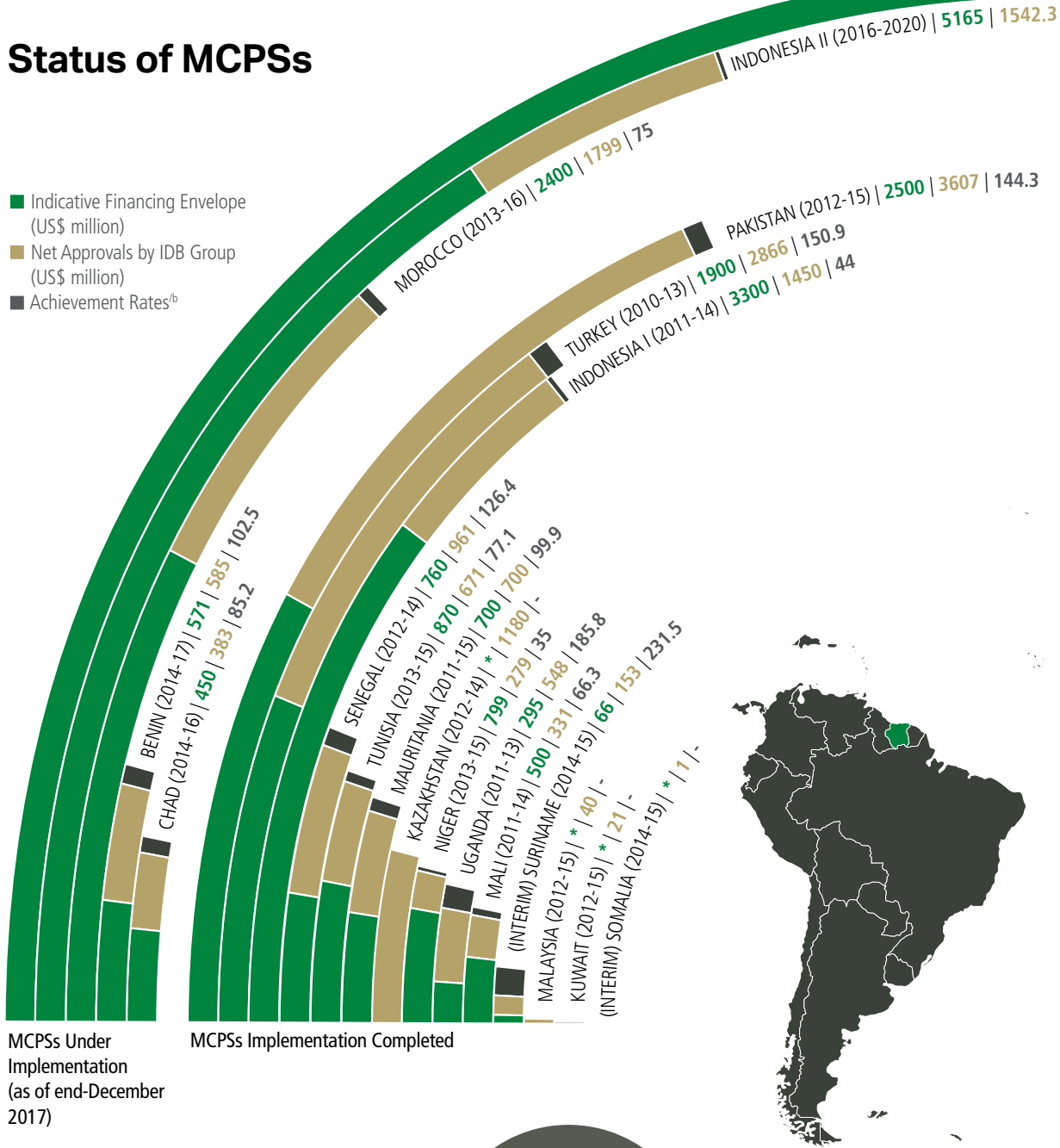
The Faculty has strived hard to effectively organize field training courses in the network of several specialized hospitals, many rural hospitals, and numerous health centers. It is duly accredited to train specialists with an emphasis on primary care, radiology, urology and pediatric surgery. In addition, FMUG has pioneered a program to upgrade the training of mid-career family physicians to give them enhanced skills as primary care physicians.

The Faculty program of education and training has become a model followed by more than 20 colleges in Sudan as well as in East African Universities. In addition to Sudanese students, the Faculty is attracting students from the Middle East and East African Countries.



# Status of MCPs

- Indicative Financing Envelope (US\$ million)
- Net Approvals by IDB Group (US\$ million)
- Achievement Rates<sup>b</sup>



MCPs Under Implementation (as of end-December 2017)

MCPs Implementation Completed



## IDB Group staff in 2017

**1,214**  
IDB GROUP STAFF, 2017

**51**

DIRECTORS

**72**

MANAGERS

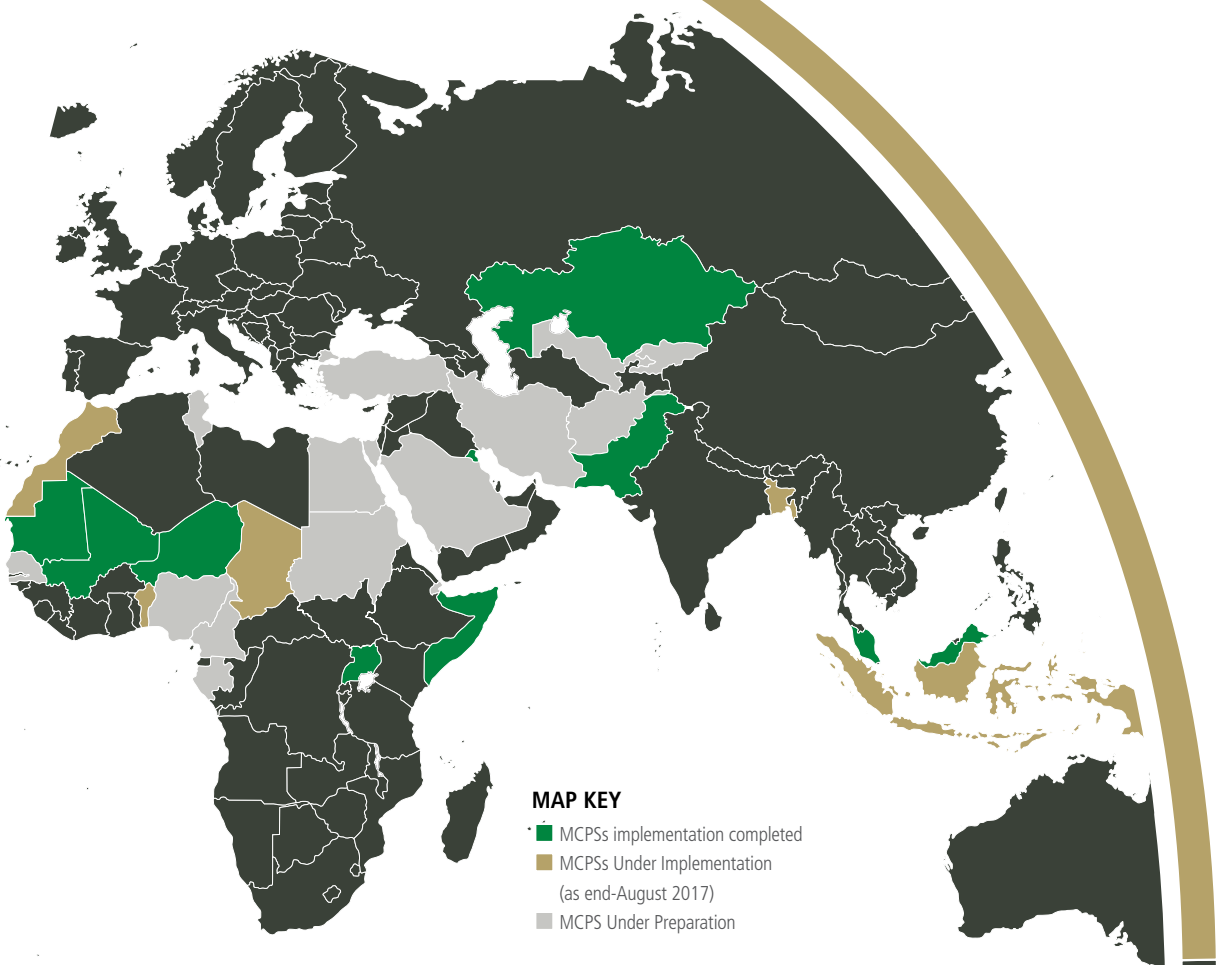
**771**  
PROFESSIONALS

**142**

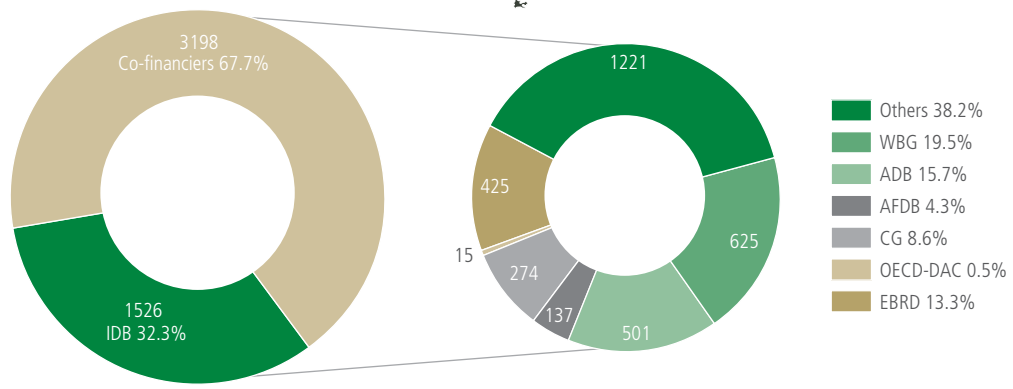
PARA-PROFESSIONALS

**169**

SUPPORT STAFF



### Co-Financing in 2017 (\$m)





PROVIDING RESOURCES



FIGHTING POVERTY



RESTORING DIGNITY



## Islamic Development Bank

8111 King Khaled St  
Al Nuzlah Yamania  
Unit 1 Jeddah 22332-2444  
Kingdom of Saudi Arabia

☎ (+966-12) 6361400

📞 (+966-12) 6366871

✉ [idbarchives@isdb.org](mailto:idbarchives@isdb.org)

🌐 [www.isdb.org](http://www.isdb.org)

