ISLAMIC DEVELOPMENT BANK

TOGETHER WE BUILD A BETTER FUTURE

Partnership for Sustainable Development

ANNUAL REPORT 2017

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 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[1] 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.

[1] These new hubs were created as part of the reorganization of the Bank and took effect from 1 January 2018.

ISLAMIC DEVELOPMENT BANK

Annual Report 2017

Together we build
a better future

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

10YSF IDB Group 10-Year Strategy Framework
AAOIFI Accounting and Auditing Organization for Islamic Financial Institutions in IDB MCs
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 -OCR: Ordinary Capital Resources of IDB
IDB-STATCAP IDB Statistical Capacity Building Initiative
IFSB Islamic Financial Services Board
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
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
MTN Medium Term Note
OECD Organisation for Economic Cooperation and Development
OIC Organisation of the Islamic Cooperation
PCRs Project Completion Reports
PPP Public-Private Partnership
SAO Special Assistance Operations
SMEs Small and Medium Enterprises
SPCA IDB Group Special Program for Central Asia
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

Symbols

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

Acknowledgements

This Annual Report 2017 was prepared by the Economic Research and Policy Department under the supervision of Dr. Mansur Muhtar, Vice President (Sector Operations) and Acting Group Chief Economist. The Board of Executive Directors provided the overall guidance. Several departments and entities in the IDB Group provided the inputs for preparing the Report.

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Printing Team: Khaled Nazer (Communications Department) 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 honor 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 2017.

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

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.

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

Board of the Executive Directors[2]

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

Hon. Dr. Hamad Bin Suleiman Al Bazai
(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
(Nigeria)

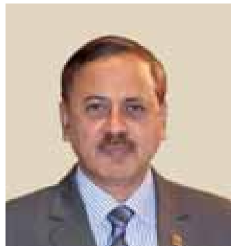
Hon. Zeinhom Zahran
(Egypt)

Hon. Wisam Jasem Al-Othman
(Kuwait)

[2] These are the members of the IDB Board of Executive Directors for the 14th Session

Hon. Osman Celik
(Turkey)

Hon. Isa Rachmatarwata
(Indonesia, Brunei Darussalam, Suriname, Malaysia and Guyana)



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

Hon. Mohamed Zemmouri
(Tunisia, Algeria, Morocco, and Mauritania)

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 year 2017 was good for global economic recovery with growth being synchronized across the advanced, emerging and developing economies, partly due to the surge in commodity prices, a trade rebound and the normalization of monetary policy in some advanced and emerging economies. These conducive global conditions, along with structural reforms, helped improve the economic performance of member countries.

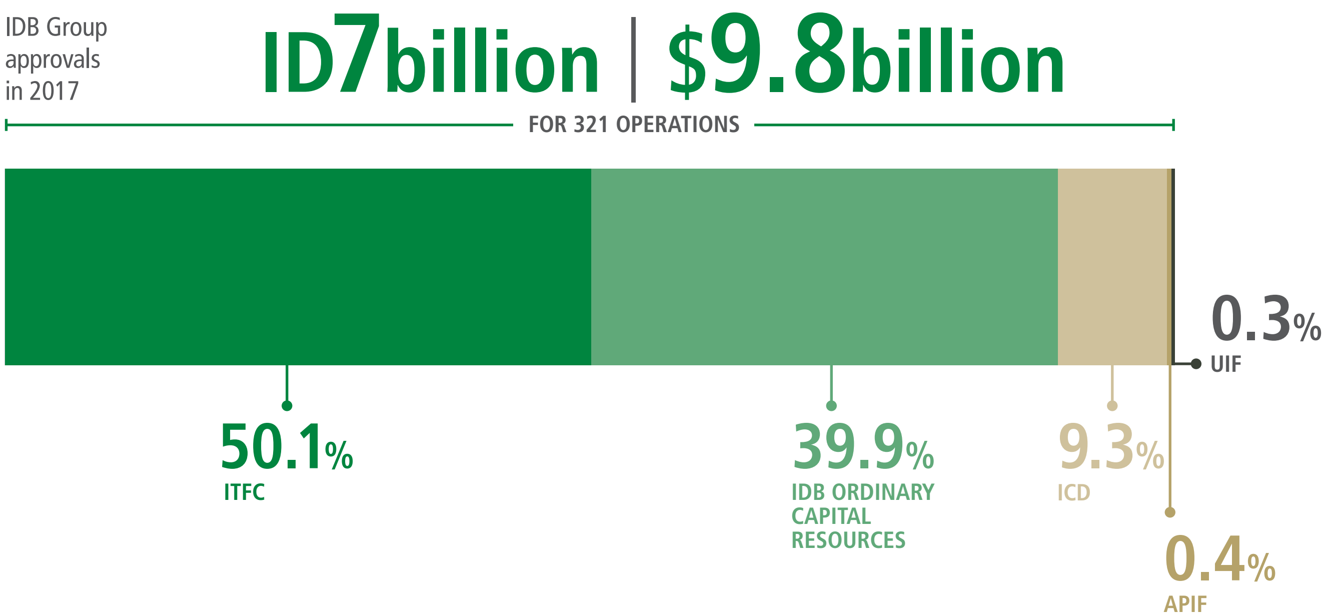
In support of member countries' economic development, the IDB Group, in 2017, approved a sum of ID7 billion ($9.8 billion) for 321 operations in various economic sectors, representing a decrease of 0.4% over 2016 approval level, which was mainly due to lower approvals from the IDB Ordinary Capital Resources.

The breakdown of these approvals by source of funding shows that ITFC's activities accounted for the largest share at 50.1% (ID3.5 billion or $4.9 billion) in 2017, followed by IDB's Ordinary Capital Resources (IDB-OCR) at 39.9% (ID2.8 billion or $3.9 billion), ICD at 9.3% (ID636.8 million or $906.8 million) while APIF and UIF accounted for 0.4% and 0.3% respectively. Growth in net approvals indicates that ITFC registered the highest at 30.9% and followed by ICD at 18.9% while UIF recorded negative growth of -51.8%, IDB-OCR (-25.0%), and APIF (-1.0%).

The regional distribution of the net approvals reveals that the Asian and Latin America member countries received the largest share at 25.9% (ID1.8 billion or $2.5 billion), followed by Sub-Saharan Africa member countries at 24.8% (ID1.7 billion or $2.4 billion), the Europe and Central Asia member countries at 23.4% (ID1.6 billion or $2.3 billion), and the Middle East and North Africa member countries at 22.5% (ID1.6 billion or $2.2 billion).

The top five recipients of IDB Group financing in 2017 were Egypt at 13.7% (ID967.6 million or $1.3 billion), Turkey at 10.5% (ID734.5 million or $1 billion), Pakistan at 10.5% (ID732million or $1 billion), Bangladesh at 9.2% (ID649 million or $900.6 million), and Kazakhstan at 4.4% (ID314million or $432.5 million).

In terms of resource flows, the IDB Group in 2017 disbursed a total amount of ID4.2 billion ($6 billion) compared with ID5.8 billion ($7.8 billion) in 2016+[3]. The repayments during the year under review were ID3 billion ($4.3 billion) compared with ID2.6 billion ($3.6 billion) in 2016+. Since its inception up to the end of 2017, the IDB Group's disbursements reached ID60 billion ($85.7 billion) while the repayments amounted to ID43.9 billion ($62.8 billion), resulting in a net resource transfer of ID16.1 billion ($22.9 billion).



The major initiatives of the IDB Group in 2017 were:

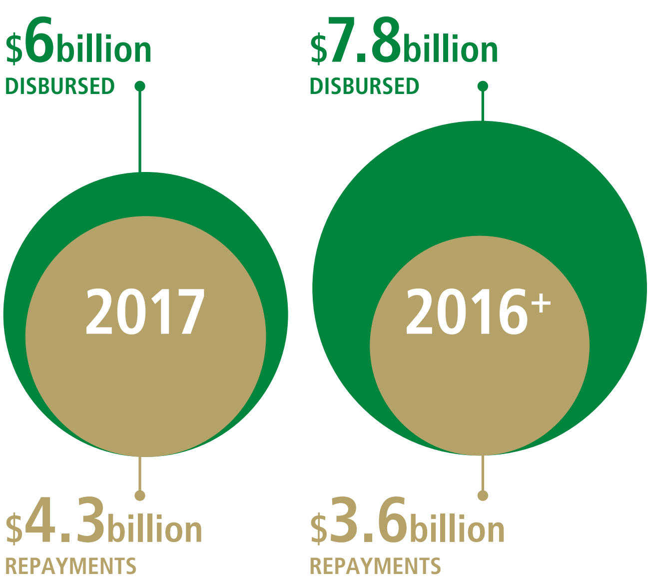
President's Five-Year Program (P5P): In a bid to accelerate the implementation of the IDB Group Ten-Year Strategy (10YS), the IDB President launched his Five-Year Program (P5P) which was endorsed by the Board of Governors at their meeting held on 16-18 May 2017 in Jeddah, Saudi Arabia. The Program defines a new target operating model that responds to three expectations expressed by member countries which are that IDB needs to be *proactive*; to be at the *frontier* and be fast and adaptive. In order to implement the P5P, the IDB President launched a 2017 *Transition Action Plan (TAP)*, which encompasses all of the commitments aligned to six tracks of the new operating model of the Bank – awareness, linkages, competence, funding, delivery, and reinforcement. In 2017, significant progress was made in the implementation of the P5P as shown in the table.

Key achievements under P5P implementation

MCs Expectation and P5P Tracks		Achievements
To be Proactive	Awareness	• Launched IDB new branding strategy • Launched Information Disclosure Policy • Delivered IDB Global PPP Conference • Delivered IDB Global Sukuk Conference
	Linkages	• Launched the Integrated Strategic Programming Framework (ISPF) to enable Proactive Needs Assessment of MCs • Launched IDB Developers Platform • Launched OIC STI Online Platform • Launched IDB Blindness Prevention Crowdfunding Platform
To be at the Frontier	Competence	• Launched IDB Global Practices Crowdsourcing Platform • Launched the new organizational structure of IDB • Completed workforce migration to the new organization
	Funding	• Completed financial sustainability study for OCR • Completed financial sustainability study for Waqf fund • Implemented OCR Derisking Plan to maintain AAA rating • Completed development of IDB new financial model and transition action plan • Launched three resource mobilization instruments
To be Fast and Adaptive	Delivery	• Launched seven regional hubs physically • Launched four regional hubs virtually • Empowered all regional hubs through revamped IDB Delegation of Authority framework
	Reinforcement	• 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) • Launched new Board Committees to enhance transparency and widen oversight and checks-and-balance measures enforced by the Board of Executive Directors • Launched new revamped Management Committees and Delegation of Authority framework to enforce single-point accountability and enhance internal efficiency

[3] Refers to the period 14 October 2015 - 31 December 2016 (14.5 months)

IDB Group resource flows 2017 compared to 2016+



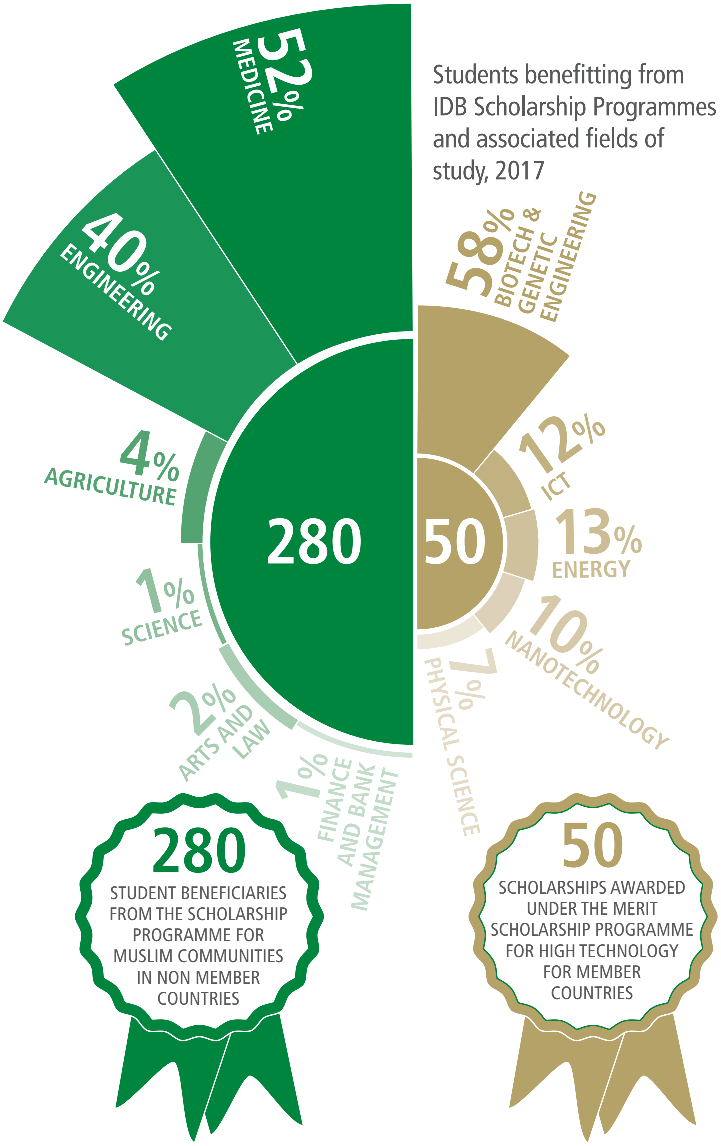
IDB Science, Technology & Innovation Fund: As part of its renewed efforts to leverage science, technology, and innovation (STI) to promote sustainable development in member countries, the Bank has established a $500 million STI Fund in 2017. The Fund provides support for developing innovative technology-based solutions to the various development challenges facing member countries and to help generate public good by facilitating the commercialization of technology developed through sustained partnerships between researchers and entrepreneurs in both member and non-member countries in order to achieve socio-economic impacts. The Bank will, initially, contribute $100 million to the Fund while member countries, donors, institutions, corporate organizations, and individuals are being invited to contribute the remaining amount.

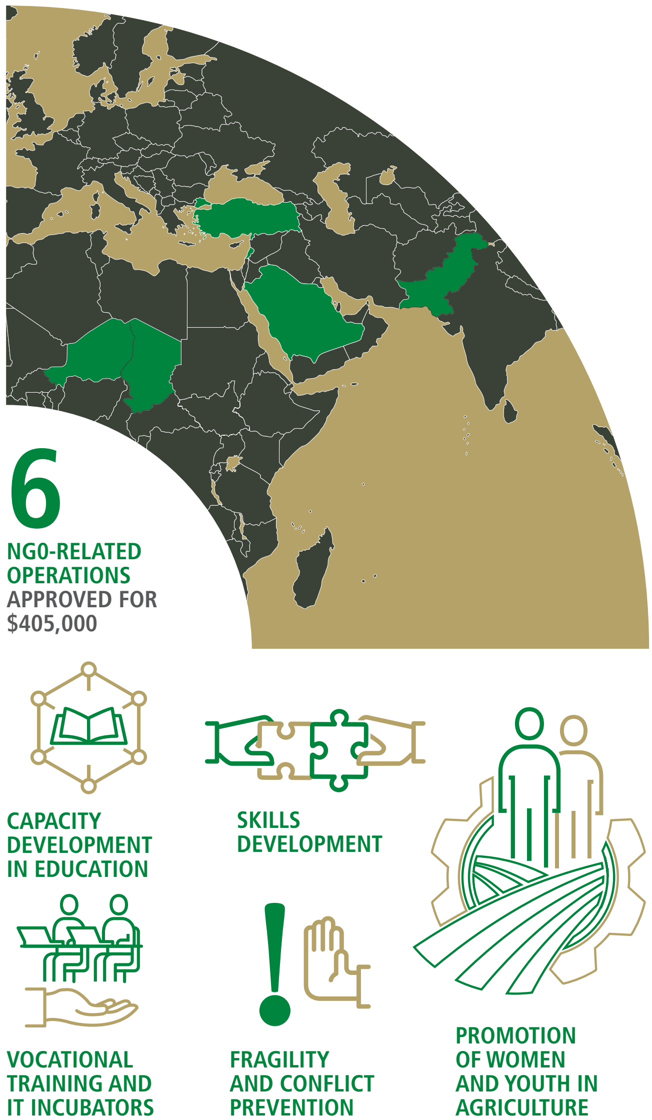
Resource mobilization: As part of its strategy to mobilize resources and diversify its funding sources, the Bank in 2017 issued four series of Trust certificates (Sukuk) under its existing $25 billion Medium Term Note (MTN) program, of which two series were via benchmark issuances totaling $2.5 billion, while the remaining issuances were through private placement. These issuances witnessed the participation of new high-quality investors, which manifested the acceptance of IDB credit in the global fixed income landscape. The resource mobilization exercise was also aimed to promote the Islamic financial industry in member countries.

Lives and Livelihoods Fund: This $2.5 billion Lives and Livelihoods Fund (LLF) was launched in 2016 by the Bank in collaboration with other donors – the IDB Islamic Solidarity Fund for Development (ISFD), 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 2017, the Fund had raised $400 million out of its targeted $500 million in grant funding and efforts are being made to attract new donors. With its five-year time horizon, the Fund targets the least developed member countries (LDMCs), where the majority of the poor live. Over the period 2016-2017, more than $600 million was approved for 14 projects in health, agriculture development, and basic infrastructure, mainly for LDMCs in West Africa.

The achievements of the Bank in key economic sectors of member countries in 2017 were:

- The sector that received the largest share of IDB-OCR net approvals was infrastructure, accounting for 71.4%, followed by agriculture and rural development at 18.4%, health at 6.2%, education at 1%, and other sectors at 2.9%.
- In terms of infrastructure sub-sectors, energy sector received the largest allocation of 41.4%; followed by transport sector (27.7%); urban development and services sector (21.4%) and others (9.4%).
- A total of 14 energy sector operations were approved for an amount of $1.2 billion for Bangladesh, Burkina Faso, Mali, and Niger.
- Seven transport-related operations were approved totaling $774.5 million; of which, 82% was in the road sub-sector while the remaining 18% was for the maritime/port subsector
- $596.5 million worth of urban development projects were approved for Côte D'Ivoire, Oman, Senegal, and Suriname. The projects covered integrated urban development, urban economic development, environmental protection, disaster risk mitigation, and housing.
- Six education sector operations were approved for an amount of ID28.6 million ($39.9 million).
- Twelve health-related operations were approved for a total amount of $240.9 million, as part of the strategy of the Bank to address maternal, neonatal, and infant mortality as well as reproductive health.
- A total of 46 agricultural-related operations were approved for a total of $720 million.
- A total of 54 operations were approved under the Technical Cooperation Program totaling $1.4 million. Of this, three were for the recruitment of experts, 14 for on-the-job training, and 37 for seminars/conferences/meetings.
- Eleven science and technology operations were approved for $340,000.





- A total of 280 students from 33 Muslim communities in non-member countries and 6 member countries benefitted from the Scholarship Program for Muslim Communities in non-member countries, bringing the total beneficiaries since 1404H (1983) to 13,852 students. Besides, the IDB Education Trusts established in beneficiary countries have awarded a total of 2,523 scholarships from the loan refund collected from the graduates.
- Fifty scholarships were awarded under the Merit Scholarship Programme for High Technology for Member Countries, bringing the cumulative number of beneficiaries since the inception of the program in 1413H (1992) to 1,201 scholars. Some 188 scholars were placed in leading universities worldwide under the MoUs signed with them. Savings from the MoUs amounted to $6.3 million.
- Six NGO-related operations were approved for $405,000 for Chad, Niger, Lebanon, Pakistan, Saudi Arabia, and Turkey. These operations focused on capacity development in education, skills development, promotion of women and youth in agriculture, vocational training and IT incubators as well as fragility and conflict prevention.

- In supporting the promotion and development of Islamic economics, banking, and finance, the following activities were undertaken:

  - A total of 24 research papers were prepared by IRTI focusing on various contemporary Islamic economics and finance issues: eight articles published in indexed journals, nine working papers, and seven policy papers.

  - IRTI conducted 44 training courses 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.

  - Ten research grants were approved under IRTI Research Grant Program, which was launched in 1430H (2009) and aimed at incentivizing researchers to conduct research in Islamic Economics, Banking, and Finance.

  - Supported eight technical assistance projects for creating an enabling environment for Islamic Finance in five countries (Comoros, Djibouti, Mozambique, Suriname, and the Russian Federation) and with three institutions (CIBAFI, UNDP-IICPSD, and IFSB).

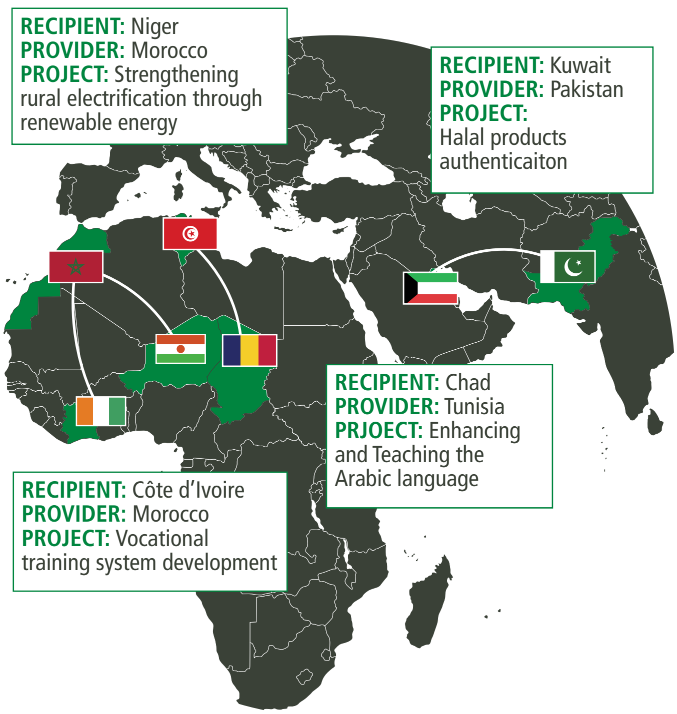
  - The Bank's Financial Product Development Center (FPDC) renewed its agreement with Mohamed V University, Rabat, for the Islamic Financial Engineering Lab for the years 2017-2019 and is constructing a cash flow model of a unique institutional framework for governments to issue sovereign Sukuk using various Islamic modes of financing to finance development.

Three institutions were awarded the 15th edition of the IDB Prizes for Science & Technology: Universitas Indonesia (Category 1), Faculty of Chemical and Energy Engineering, Universiti, Teknologi, Malaysia (Category 2) and the Faculty of Medicine, University of Gezira, Sudan (Category 3).

The 12th IDB Prize for Women's Contribution to Development was devoted to "Women's Contribution to the Prevention and Control of Cancer". Under the individual category, Mrs. Hamida Kettab, an Algerian, was awarded $50,000 for dedicating most of her professional life to raising awareness, promoting and facilitating early detection of cancer. The organizational category went to the Dunya Center, based in the West Bank, and awarded $100,000 for being the first non-profit organization to address cancer among Palestinian women.

Four new Reverse Linkage projects were approved for $61 million and these are: (i) RL Project between Chad and Tunisia for enhancing the teaching of the Arabic language; (ii) RL Project between Kuwait and Pakistan in the field of halal products authentication; (iii) RL Project between Côte d'Ivoire and Morocco to support vocational training system development; and (iv) RL Project between Niger and Morocco for strengthening rural electrification through renewable energy.

The Board of Governors at its 42nd meeting held during 16-18 May 2017 in Jeddah, Saudi Arabia, expressed its appreciation to the IDB President for his new initiative and gave full support to the President's Five Year Program (P5P).



4 NEW REVERSE LINKAGE PROJECTS APPROVED FOR **$61million**

The Board of Executive Directors held seven meetings (of which, one took place in conjunction with the Board of Governors' Annual Meeting) and decided to reduce the meetings to five, starting from 1 January 2018. During the year, it approved 57 projects and adopted 125 resolutions on financing, policy and administrative matters.

The IDB Group members – IDB, ICIEC, ICD, and ITFC – were rated by international rating agencies as follows:

- IDB maintains the highest credit ratings of 'AAA' by Standard & Poor's, Moody's and Fitch Rating with a "Stable" outlook since 2002.
- ICIEC maintains a rating of Aa3 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.
- ICD has maintained a rating of 'Aa3' by Moody's with a "Stable" outlook. Its 'AA' rating by Fitch was reaffirmed in 2017 (with a negative outlook) while its S&P's "A+" credit rating has been reaffirmed with a "Stable" outlook.
- ITFC was assigned a first-time long-term issuer credit rating of A1 by Moody's Investors Service with a short-term issuer rating of P-1. These ratings take into account ITFC's planned moderate leveraging of the balance sheet, strong liquidity and medium assessment of capital adequacy and member support.

Fifteen Member Country Partnership Strategies (MCPSs) were under preparation, of which two were second generation MCPSs – Turkey and Senegal – while the remaining MCPSs, which are at different stages of preparation, are for Afghanistan, Cameroon, Djibouti, Egypt, Gabon, Kyrgyz Republic, Iran, Nigeria, Sudan, Saudi Arabia, Tunisia, Uzbekistan, and Yemen. The overall achievement rate of MCSPs in terms of approvals at the IDB Group level represented 74% of indicative financing envelop, of which 67% of the approvals were by the IDB, 81% by ITFC and 58% by ICD. Furthermore, ICIEC's import/export credit and political risk insurance business amounted to $1.95 billion while several capacity developments and training programs were undertaken by IRTI in MCs during the MCPS period.

Twenty-four projects were post-evaluated comprising of 20 projects financed from Ordinary Capital Resources (OCR), two projects by ICD, one each by ICIEC and ITFC respectively. Twenty-five Project Completion Reports (PCRs) were reviewed and validated, a cluster of Special Assistance projects in Tanzania was evaluated along with the Islamic Finance Laboratory (Mohammadia School of Engineering in Morocco) and the Fael Khair Program in Bangladesh.

Under the guidance of its Audit Committee, the Global Institute of Internal Auditors (IIA) was commissioned to conduct an independent External Quality Assessment of its internal audit activities and practices. The IIA's report concluded that the Group Internal Audit Department "generally conforms" to the IIA Standards, Definition of Internal Auditing, and the IIA Code of Ethics.

In the area of risk management, the Bank undertook several initiatives including embarking on an Enterprise Risk Management and DataMart project under a broad roadmap to enhance the risk management and governance processes. Continuous efforts are being made to enhance risk culture, implement Operational Risk Framework and strengthen internal controls.

Several solutions have been delivered under the Bank's ambitious Group Business Enhancement and Systems Transformation Program (GBEST Program) including those 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 the Information Technology Disaster Recovery Site.

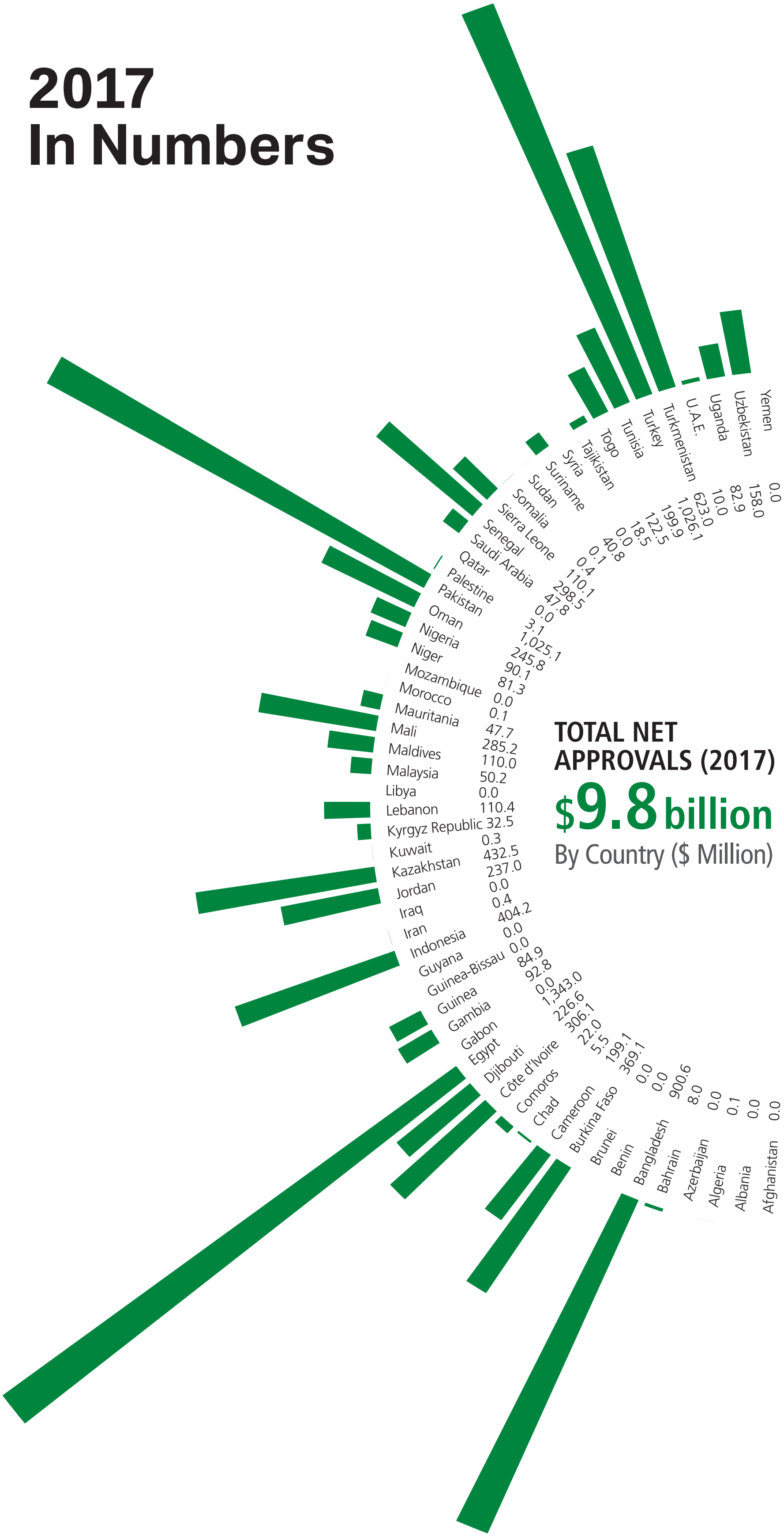
By the end of 2017, the total staff of IDB Group reached 1,214 comprising 9 Management, 51 directors, 72 managers, 771 professionals, 142 para-professionals and 169 support staff. During the year, the Bank recruited 23 Young Professionals from 11 nationalities with a variety of specialization and skill sets.

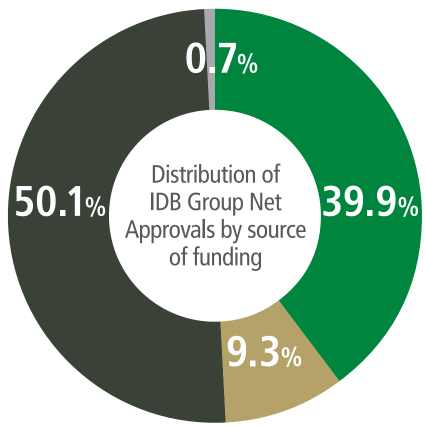
2017
In Numbers

TOTAL NET APPROVALS (2017)

$9.8 billion

By Country ($ Million)





IDB-OCR	$3,907.5 million
ICD	$906.8 million
ITFC	$4,900.4 million
Others[1]	$67.6 million

[1] Comprised of APIF, EFS, IBP, ITFO, SAO, and UIF.

BILL & MELINDA GATES foundation

QATAR FUND FOR DEVELOPMENT
صنـدوق قطــر للتنميــة

مركز الملك سلمان للإغاثة والأعمال الإنسانية
KING SALMAN HUMANITARIAN AID & RELIEF CENTRE

صنـدوق أبوظبي للتنمية
ABU DHABI FUND FOR DEVELOPMENT

ISLAMIC DEVELOPMENT BANK

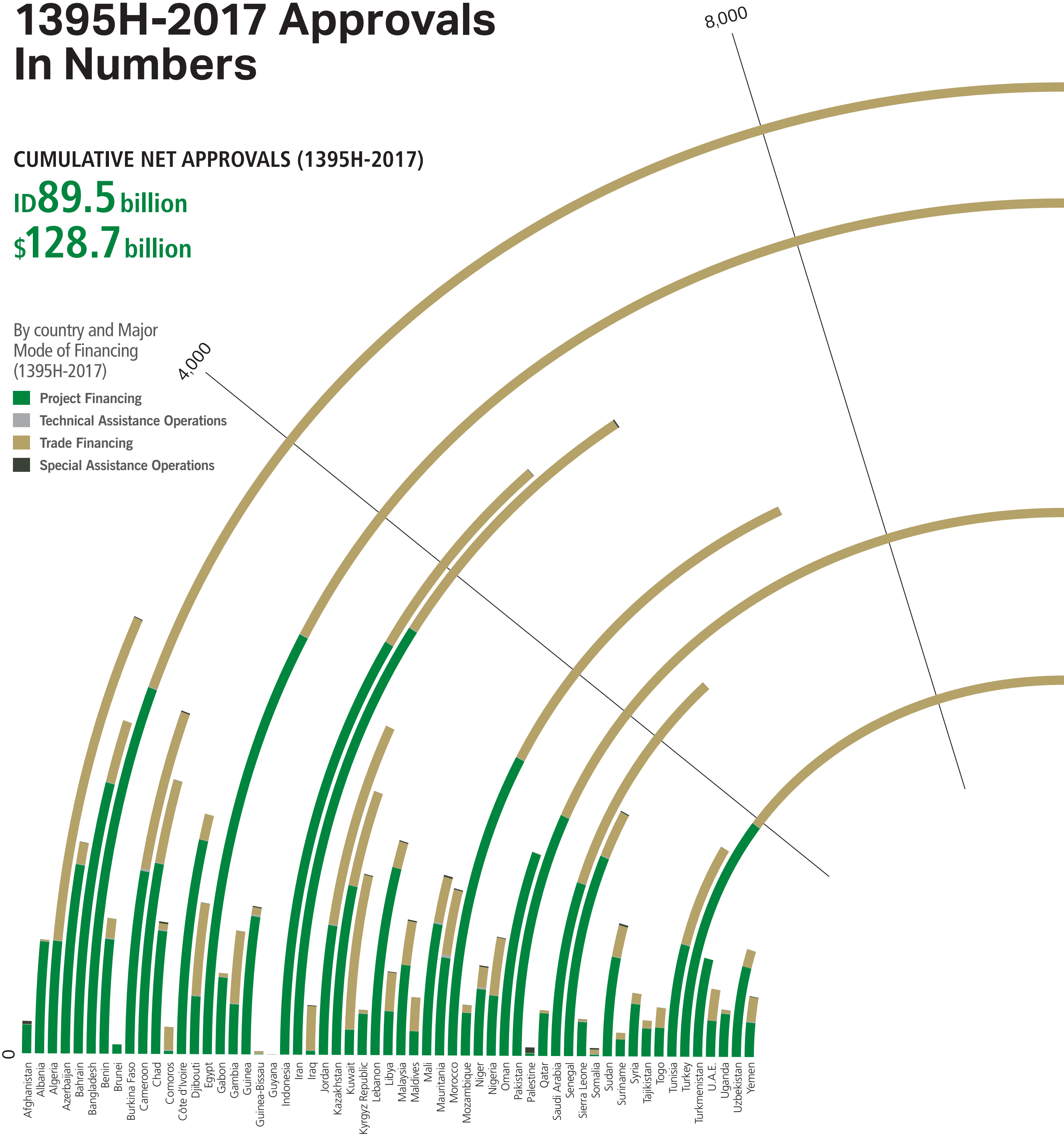
Lives and Livelihoods Fund

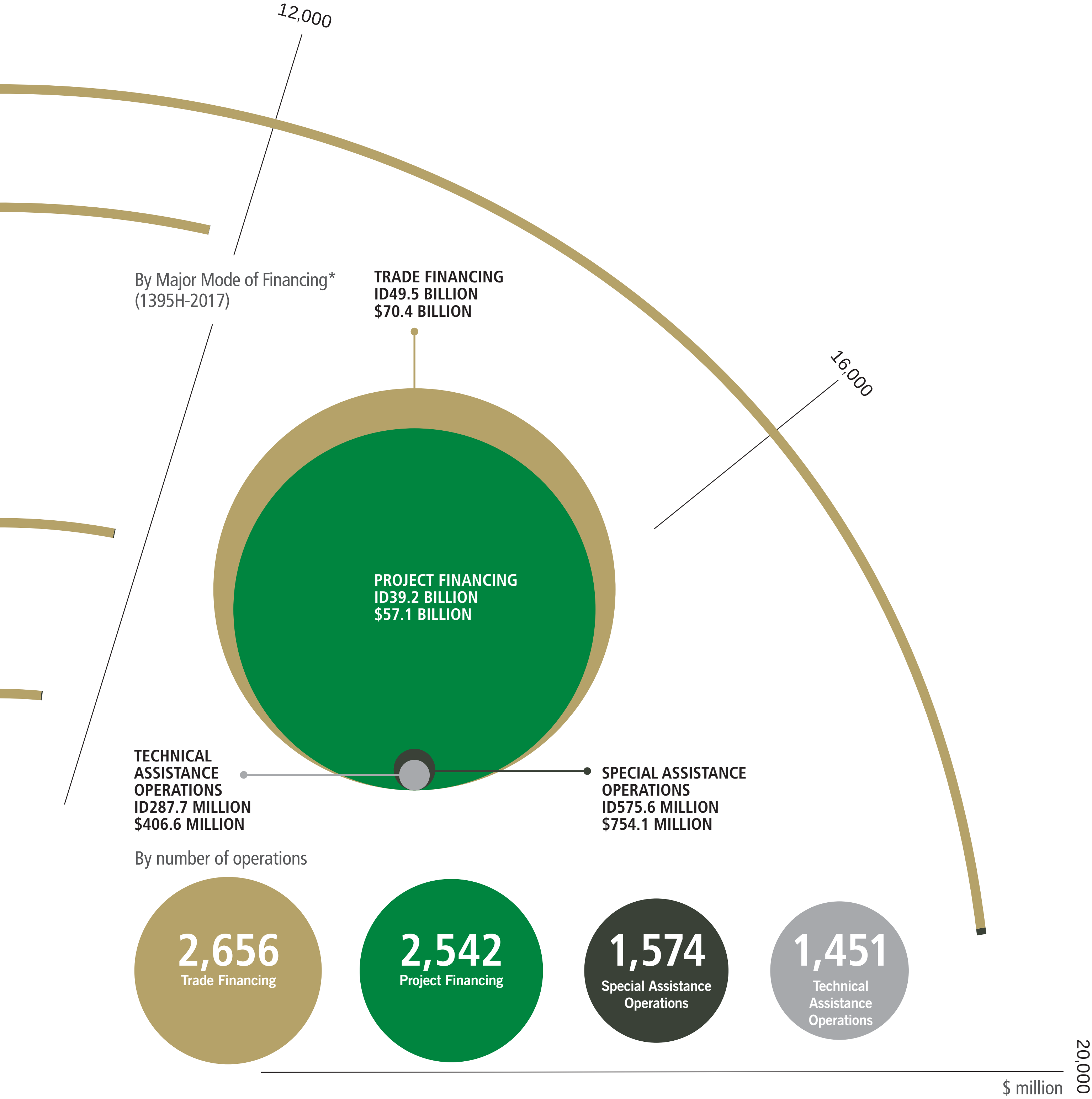
1395H-2017 Approvals In Numbers

CUMULATIVE NET APPROVALS (1395H-2017)

ID89.5 billion
$128.7 billion

By country and Major Mode of Financing (1395H-2017)




12,000
16,000
20,000
$ million
By Major Mode of Financing* (1395H-2017)
TRADE FINANCING
ID49.5 BILLION
$70.4 BILLION
PROJECT FINANCING
ID39.2 BILLION
$57.1 BILLION
TECHNICAL ASSISTANCE OPERATIONS
ID287.7 MILLION
$406.6 MILLION
SPECIAL ASSISTANCE OPERATIONS
ID575.6 MILLION
$754.1 MILLION
By number of operations
2,656
Trade Financing
2,542
Project Financing
1,574
Special Assistance Operations
1,451
Technical Assistance Operations

1

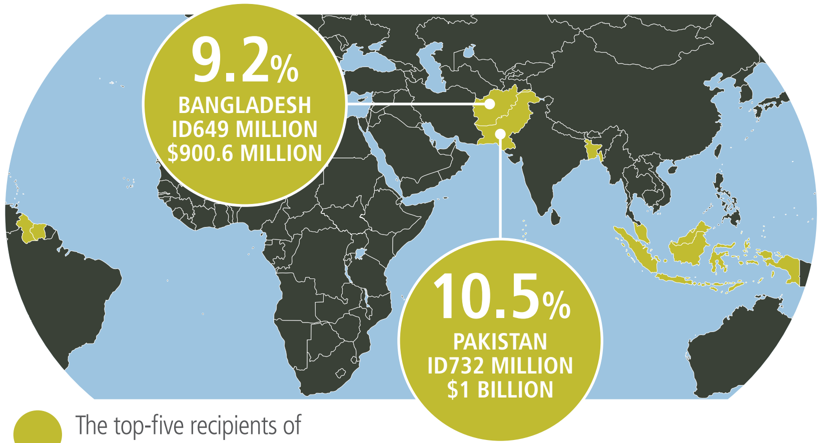
IDB Group in focus

Introduction

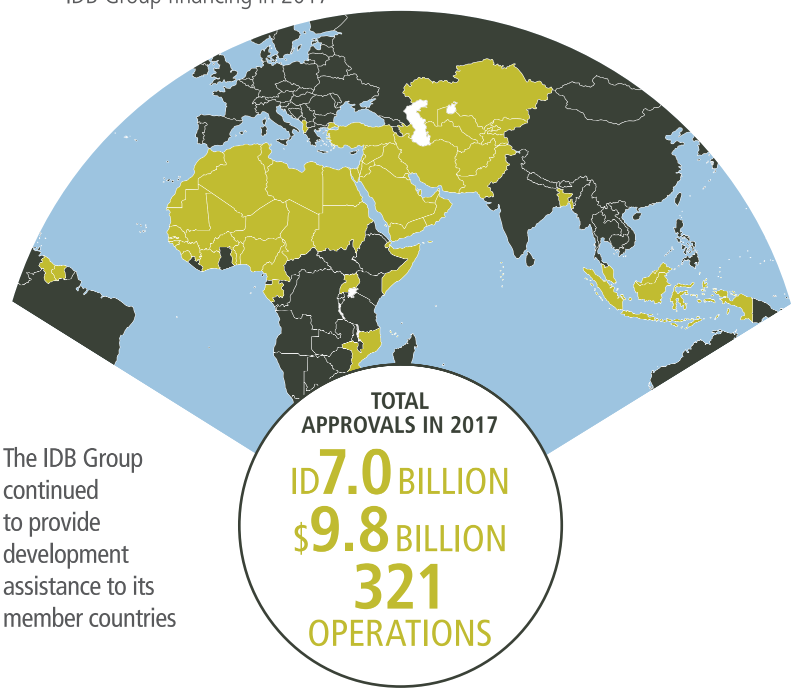
The IDB Group – comprising of IDB, IRTI, ICIEC, ICD, and ITFC – delivers a range of development assistance activities to foster the socio-economic development of member countries and Muslim communities in non-member countries. The assistance takes various forms and are delivered through multiple channels, programs, and funds. 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.

REGIONAL DISTRIBUTION OF THE IDB GROUP NET APPROVALS

25.9%
ASIA AND LATIN AMERICA
ID1.8 BILLION | $2.5 BILLION



The top-five recipients of IDB Group financing in 2017



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

1.1 Summary of IDB Group Operational Results

After a near decade-long global financial crisis – characterized by uncertainty, weak growth, and fragility – there are now strong signs of global economic recovery entering a new phase of synchronized growth; helped in part by rebound in global trade, uptick in commodity prices (especially oil, mainly boosted by supply constraints), and normalization of monetary policy in some advanced and emerging countries.

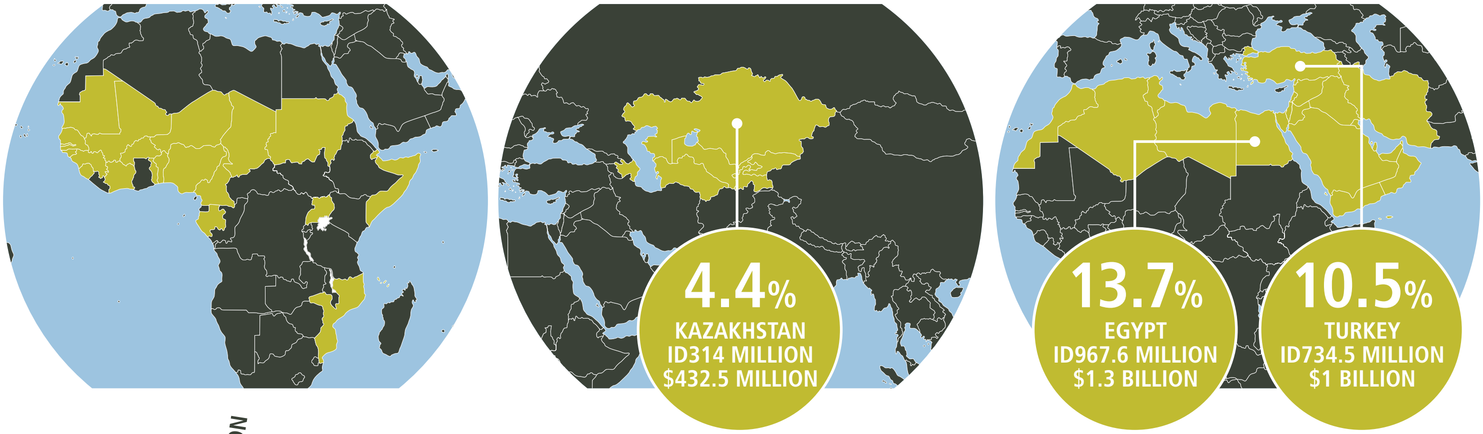
Global growth picked up at 3.7% in 2017[4] – better than last year's growth of 3.2% and that of the post-crisis average growth of 3.3% (2008-2016) but below a pre-crisis ten-year average growth of 4.2% (1998-2007). The outlook is reasonably bright as global output growth is forecast to be higher at 3.9% in both 2018 and 2019.

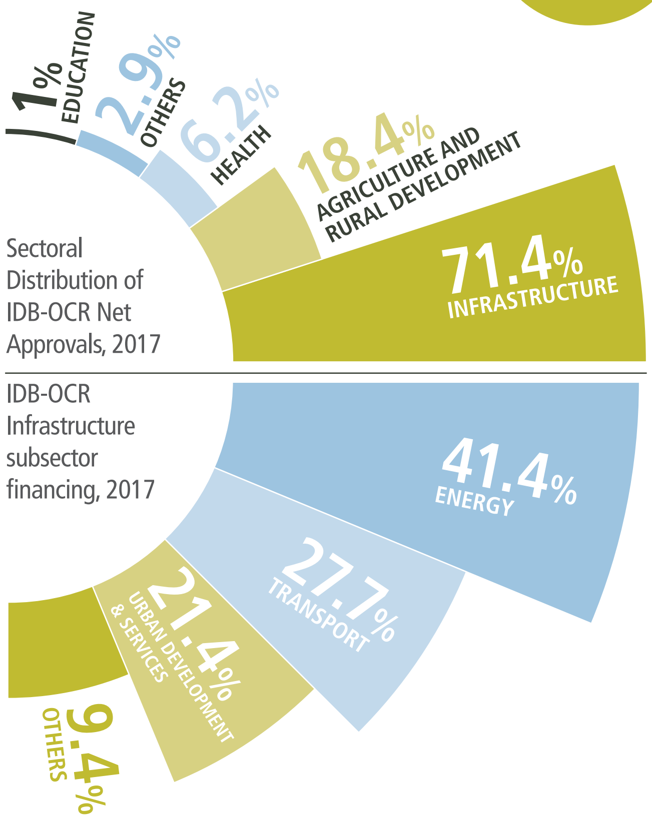
Despite this healthy economic upswing, there remains downside risks including a potential policy mistake in a major advanced country; rising debt; uncertainty around Brexit; persistent geopolitical tensions (wars, conflicts, and

24.8%
SUB-SAHARAN AFRICA
ID1.7 BILLION | $2.4 BILLION

23.4%
EUROPE AND CENTRAL ASIA
ID1.6 BILLION | $2.3 BILLION

22.5%
MIDDLE EAST AND NORTH AFRICA
ID1.6 BILLION | $2.2 BILLION



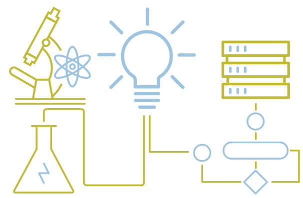


GROUP MAJOR INITIATIVES

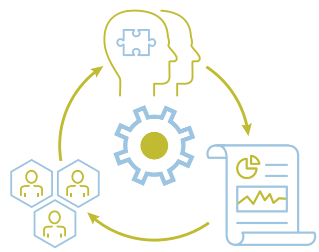
P5P

BE **PROACTIVE**
BE AT THE **FRONTIER**
BE **FAST AND ADAPTIVE**

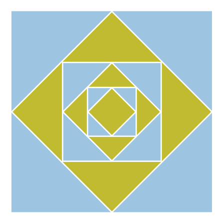
President's Five-Year Program (P5P)



IDB Science, Technology & Innovation Fund



Resource mobilization



Lives and Livelihoods Fund

social disorder in some hotspot countries); rising wave of nationalism and populism with disruptive impact on international cooperation and global governance system; increased protectionism and terrorism; slowing central banks' balance-sheet expansion in major advanced economies; growing threat of climate change and global warming; escalating migrant and refugee crisis; worsening situation of youth unemployment; widening income inequality; and advances in artificial intelligence, robotics, and automation, which are fueling fears of unknowns and in particular job losses among old workers and future workforce.

The economic growth of member countries averaged 3.6% in 2017 compared with 4.3% in 2016. This decline was primarily due to slow growth in MENA region at 2.2% in 2017 versus 5.1% in 2016. However, a slightly higher growth of 3.9% is

[4] IMF's World Economic Outlook Update, January 2018

forecasted for member countries in 2018 on the back of improving commodity prices and continuous implementation of economic reforms including diversification of the economies of several member countries. The top-5 fastest growing member economies in 2017 were Libya (31.2%), Côte D'Ivoire (7.3%), Bangladesh (7%), Djibouti (7%), and Senegal (7%) (with exception of Libya which is a fuel-dependent economy, all the rest are both non-commodity intensive economies and least developed member countries). The only member countries whose economies contracted in 2017 were Azerbaijan (-1.04%), Brunei (-1.3%), Iraq (-0.5%), Kuwait (-2.1%), Oman (-0.02%), Suriname (-1.2%) and Yemen (-2.0%).

Regionally, Sub-Saharan member countries grew fastest in 2017 with an average growth of 2.5% compared to a low of 0.7% in 2016 which was largely due to Nigeria and Chad bottoming out of economic recession. In Europe & Central Asia, member countries experienced expansion with growth averaging 4.6% in 2017 versus 3% in 2016, while in Asia and Latin American member countries, modest upturn was achieved with growth averaging 5.4% in 2017 as against 5.0% in 2016. The Middle East and North African member countries registered a slow growth averaging 2.2% in 2017 compared with 5.1% in 2016; this was mainly due to slump in commodity prices.[5]

In support of its member countries' efforts to fight poverty, promote shared prosperity, and implement global agenda and other national, regional and international initiatives, the IDB Group continued to provide development assistance to its member countries by approving a total of ID7.0 billion ($9.8 billion) for 321 operations in 2017, representing a decline of 0.4%[6] over 2016 (Fig. 1.1).

The breakdown of these approvals by source of funding shows that ITFC's activities accounted for the largest share at 50.1% (ID3.5 billion or $4.9 billion) in 2017, followed by IDB's Ordinary Capital Resources (IDB-OCR) at 39.9% (ID2.8 billion or $3.9 billion), ICD at 9.3% (ID636.8 million or $906.8 million) while APIF and UIF accounted for 0.4% and 0.3% respectively (Figure 1.2). From the perspective of growth in net approvals, ITFC registered the highest at 30.9% and followed by ICD at 18.9% while UIF recorded negative growth of -51.8%, IDB-OCR (-25.0%), and APIF (-1.0%) (Figure 1.3).

Regarding regional[7] distribution of the IDB Group net approvals, Asia and Latin America member countries at 25.9% (ID1.8 billion or $2.5 billion), followed by Sub-Saharan Africa member countries received the largest share at 24.8% (ID1.7 billion or

Fig 1.1 IDB Group Net Approvals

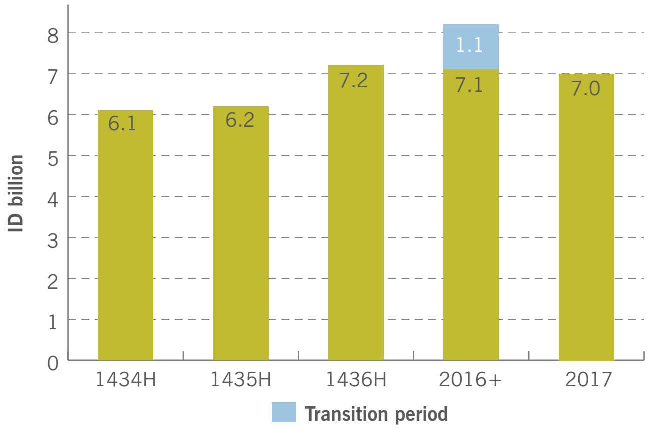


Fig 1.2 Trends in Share of Entities in IDB Group Net Approvals

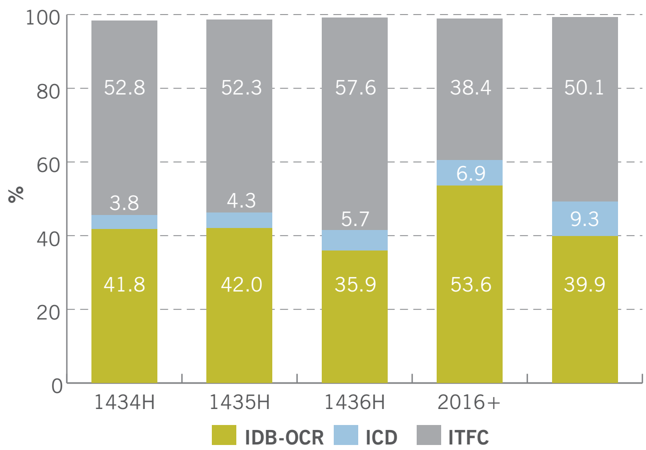
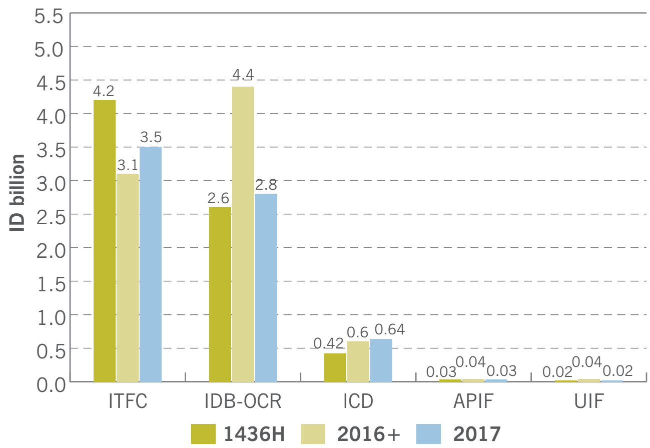


Fig 1.3 Net Approvals by Entities & Funds



5 Figures for member countries are computed by IDB staff based on IMF World Economic Outlook Database, accessed in October 2017.
6 All percentage changes are based on US$ amount.
7 This is based on 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.
8 Refers to the period 14 October 2015 – 31 December 2016 (14.5 months)

$2.4 billion), the Europe and Central Asia member countries at 23.4% (ID1.6 billion or $2.3 billion), and the Middle East and North Africa member countries at 22.5% (ID1.6 billion or $2.2 billion).

The top-five recipients of IDB Group financing in 2017 were Egypt at 13.7% (ID967.6 million or $1.3 billion), Turkey at 10.5% (ID734.5 million or $1 billion), Pakistan at 10.5% (ID732.0 million or $1 billion), Bangladesh at 9.2% (ID649 million or $900.6 million), and Kazakhstan at 4.4% (ID314 million or $432.5 million).

Since inception up to the end of 2017, the net approvals of IDB Group totaled ID89.5 billion ($128.7 billion) for 8,223 projects and operations. This amount excludes ICIEC's insurance commitments of ID24.9 billion ($36.6 billion) and business insurance operations of ID30.2 billion ($43.8 billion).

In terms of resource flows to member countries, the IDB Group in 2017 disbursed a total amount of ID4.2 billion ($6.0 billion) compared with ID5.8 billion ($7.8 billion) in 2016+[8]. The repayments during the year under review were ID3.0 billion ($4.3 billion) compared with ID2.6 billion ($3.6 billion) in 2016+. Since its inception and up to the end of 2017, the IDB Group's disbursements reached ID60 billion ($85.7 billion) while the repayments amounted to ID43.9 billion ($62.8 billion), resulting in a net resource transfer of ID16.1 billion ($22.9 billion).

1.2 Group Major Initiatives

The IDB Group is a dynamic institution that always launches and implements new initiatives to achieve effective development impacts. During 2017, the IDB Group implemented the President's Five-Year Program (P5P), established an STI Fund and made progress on Resource Mobilization and Lives and Livelihood Fund. A brief progress report on these initiatives is presented below.

President's Five-Year Program (P5P): In a bid to accelerate the implementation of the IDB Group Ten-Year Strategy (10YS), the IDB President launched a Five-Year Program (P5P) which was endorsed by the Board of Governors at their meeting held during 16-18 May 2017 in Jeddah, Saudi Arabia. The Program defines a new target operating model that responds to three expectations expressed by member countries to the IDB, namely: (i) To be *proactive* – IDB aims to be a Bank that empowers member countries to foresee the future and make global market forces work for their development; (ii) To be at the *frontier* – IDB aims to leverage a network of developers that can mobilize financial and human resources to meet the diverse current and future needs of member countries; and (iii) To be *fast and adaptive* – IDB aims to be decentralized geographically (i.e., through new regional hubs in member countries) and functionally through delegation of authoritys.

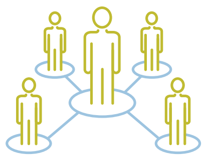
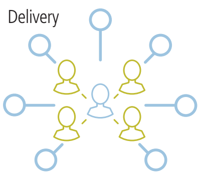
Box 1.1 Strategic Shifts in the Operating Model of IDB

A key prerequisite to drive the Bank towards a new target operating model is the implementation of an integrated approach for strategic change management that aims to anchor six strategic shifts in the operating model, namely:

- **Awareness:** Shift towards a strategic communication model that positions IDB as a leader – in terms of shaping and steering conversations with the member countries in a more proactive and effective manner.
- **Linkages:** Shift towards a new development model that calibrates and strengthens the natural linkages among market players within member countries' economies thus enabling global market share growth as a natural consequence of their improved competitive position.
- **Competence:** Shift towards a new model that enables capacity building in strategic knowledge and technology areas within the strategic competitive sectors of member countries (MCs) and in line with the 10 Year Strategy Pillars.
- **Funding:** Shift towards a new self-sustainable business model that allows IDB to grow through off-balance sheet resources while maintaining AAA rating, thus minimizing the need for capital increase.
- **Delivery:** Shift towards a lean organization through business process simplification, quality enhancement, and leveraging of cloud-based technologies and platforms and investing in building delivery capacity in member countries.
- **Reinforcement:** Shift towards an integrated control and governance framework internally (by supporting decentralization functionally and geographically) and externally (by supporting the enabling environment in the competitive sectors in MCs) through alignment of incentives to achieve sustainable development impact.

In order to implement the P5P, the IDB President which had committed to the Board of Governors to deliver a number of changes to the operating model of the Bank, launched the *2017 Transition Action Plan (TAP)*, which encompasses all of the commitments aligned to the six tracks of the new operating model of the Bank (Box. 1.1). The summary of the progress of activities under the P5P is presented in Table 1.1.

Table 1.1 Key achievements under P5P implementation

MCs Expectation and P5P Tracks		Achievements
To be Proactive	Awareness 	• Launched IDB new branding strategy • Launched Information Disclosure Policy • Delivered IDB Global PPP Conference • Delivered IDB Global Sukuk Conference
	Linkages 	• Launched the Integrated Strategic Programming Framework (ISPF) to enable Proactive Needs Assessment of MCs • Launched IDB Developers Platform • Launched OIC STI Online Platform • Launched IDB Blindness Prevention Crowdfunding Platform
To be at the Frontier	Competence 	• Launched IDB Global Practices Crowdsourcing Platform • Launched the new organizational structure of IDB • Completed workforce migration to the new organization
	Funding 	• Completed financial sustainability study for OCR • Completed financial sustainability study for Waqf fund • Implemented OCR Derisking Plan to maintain AAA rating • Completed development of IDB new financial model and transition action plan • Launched three resource mobilization instruments
To be Fast and Adaptive	Delivery 	• Launched seven regional hubs physically • Launched four regional hubs virtually • Empowered all regional hubs through revamped IDB Delegation of Authority framework
	Reinforcement 	• 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) • Launched A new Board Committees to enhance transparency and widen oversight and checks-and-balance measures enforced by the Board of Executive Directors • Launched new revamped Management Committees and Delegation of Authority framework to enforce single-point accountability and enhance internal efficiency

IDB Science, Technology & Innovation Fund: As part of its renewed efforts to leverage science, technology and innovation (STI) to promote sustainable development in member countries, the Bank has established a $500 million STI Fund in 2017. The Fund provides support for developing innovative technology-based solutions to the various development challenges facing member countries and helps generate public good by facilitating the commercialization of technology developed through sustained partnerships between researchers and entrepreneurs in both member and non-member countries with a view to achieving socio-economic impacts. The Bank will, initially, contribute $100 million to the Fund while member countries, donors, institutions, corporate organizations and individuals are being invited to contribute the remaining amount.

Some of the major activities of the Bank in STI in 2017 were: (i) the establishment of IDB STI Online Platform (OLP) to support technology transfers among member countries (via matchmaking), and serving as a repository for information aggregation, contents search, online interaction, consulting, online education/training, contents delivery, and linkages with external related websites. An agreement has been signed with a world-renowned firm in Finland to design and launch the Online Platform based on the best practices in this field; (ii) the development of an IDB STI Policy Framework in collaboration with UNESCO based on GO-SPIN methodology; and (iii) the design of Fellowships and Grants Program in partnership with The World Academy of Sciences (TWAS) in Trieste, Italy for young researchers in IDB-LDCs and other science-lagging member countries. These researchers will be sent to partner universities or research centers in Brazil, India, Malaysia, Pakistan, South Africa, Mexico, Thailand or other countries to have an invaluable research experience with high-level scientists in the South.

Resource mobilization: With a view to making more financial resources available to member countries and supplement its own limited resources, the IDB has intensified its resource mobilization effort with diversified strategy.

The Bank, in 2017, issued four series of Trust certificates (*Sukuk*) under its existing $25 billion Medium Term Note (MTN) program, of which two series were via benchmark issuances totaling $2.50 billion, while the remaining issuances were through a private placement. The public issuance was a $1.25 billion deal in April 2017 (Series 31 maturing in April 2022), followed by another benchmark issuance of $1.25 billion in September 2017 (series 32 maturing in September 2022). These issuances witnessed the participation of new high-quality investors, which manifested the acceptance of IDB credit in the global fixed income landscape.

In the private placement space, which is more dedicated to specific investors demand in term of currency and tenor, the

IDB issued two trust certificates totaling €450 million seven-year Sukuk, both maturing in February 2024.

The resource mobilization exercise was also aimed to promote the Islamic financial industry in member countries. The IDB's Sukuk, apart from being listed on the London Stock Exchange, is also listed on the member country securities exchange including Bursa Malaysia (Exempt Regime), and Nasdaq Dubai, where a bell ring ceremony took place for the issuance of Series 32 in October 2017.

Lives and Livelihoods Fund: The Bank launched a $2.5 billion Lives and Livelihoods Fund (LLF) in 2016 in collaboration with other donors which include the IDB Islamic Solidarity Fund for Development (ISFD), 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 2017, the Fund had raised $400 million out of its targeted $500 million in grant funding and efforts are being made to attract new donors.

With its five-year time horizon, the Fund targets the least developed member countries (LDMCs), where the majority of the poor live. Over the period 2016-2017, more than $600 million were approved for 14 projects in health, agriculture development, and basic infrastructure mainly for LDMCs in West Africa.

The LLF provides member countries with an opportunity to undertake essential projects and benefit from the important social and economic returns they deliver in the longer term. It also helps advance the SDGs by directly addressing ten of the goals and many of the projects financed from the Fund will have a multiplier effect on other goals. The Fund has started to disburse funds for Malaria Eradication in Senegal.

▲The IDB Science, Technology Innovation Fund (STI), promotes sustainable development in member countries

$400 million

GRANT FUNDING HAS BEEN RAISED BY THE LIVES AND LIVELIHOODS FUND

1.3 IDB Group Achievements

Fostering socio-economic development: The largest fund used by the Bank to support development projects in member countries is the Bank's ordinary capital resources (IDB-OCR). In 2017, a total of ID2.8 billion ($3.9 billion) was approved from IDB-OCR, compared with ID3.7 billion ($5.2 billion) in 2016, representing a decline of 25.2%. Importantly, infrastructure financing from the IDB-OCR accounted for the largest share of 71.4% (Fig 1.4).

Supporting private sector development: On the back of an improved economic and financial situation in member countries, the private arm of the Bank – the Islamic Corporation for the Development of the Private Sector (ICD) – made remarkable progress in implementing its ambitious business plan and corporate strategy by approving $906.8 million worth of operations (less cancelations) in 2017– which is the highest in the Corporation's history, representing a growth of 19% over last year's approval level (Fig. 1.5). The ICD's disbursements in 2017 stood at $292.3 million. A sectoral breakdown showed that 65.2% of the ICD's approvals in 2017 went to the financial sector, followed by Industry and mining (16%), energy (12%), health (6.5%) and real estate (0.3%).

In terms of establishing new channels of operations in member countries, the ICD approved $583 million in Line of Financing (LOF) projects while it disbursed $139.8 million for the financial institutions in 2017. For the real sector, it approved $315.5 million with $147.4 million disbursed. Majority of the approvals for new projects were allocated to high-impact sectors such as industrial and infrastructure (including energy and healthcare).

By the end of the year under review, the total assets of ICD under management reached $790 million while its advisory services undertook 14 advisory mandates. These advisory solutions were delivered through well established and customized advisory programs.

With respect to regional distribution, 47% of ICD's approvals favored Europe & Central Asia, followed by Middle East & North Africa (18%), Asia (13%), Regional Projects (11%), and Sub-Saharan Africa (11%).

IDB Group Business Forum (THIQAH): This Forum is a platform for promoting dialogue, cooperation and inclusive partnership with 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 2017, the Forum organized, co-organized and promoted 11 international and regional events as well as established 28 conference websites & multimedia libraries for IDB Group. Moreover, THIQAH conducted more than 90

Fig 1.4 Sectoral Distribution of IDB-OCR Net Approvals, 2017

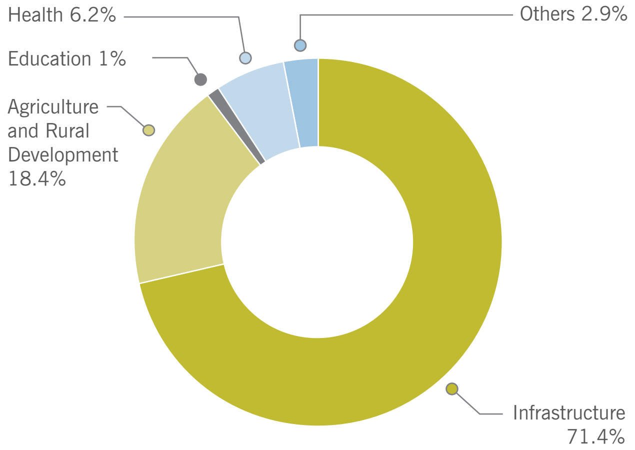
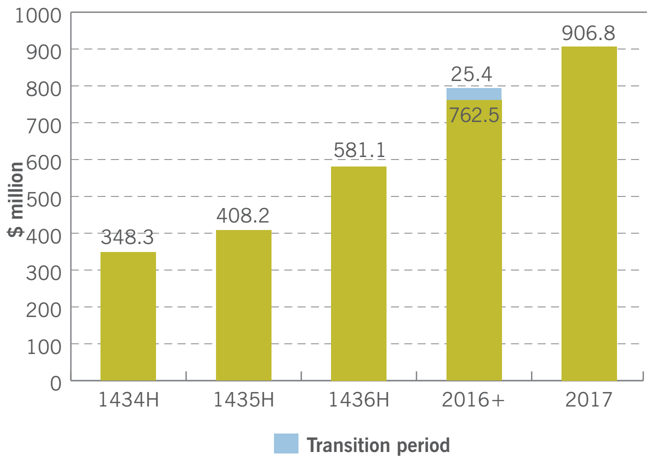


Fig 1.5 Trends in ICD Net Approvals



ICD APPROVED

$906.8 million

WORTH OF OPERATIONS IN 2017 – THE HIGHEST IN THE CORPORATION'S HISTORY

Fig1.6 Trends in ITFC Net Approvals

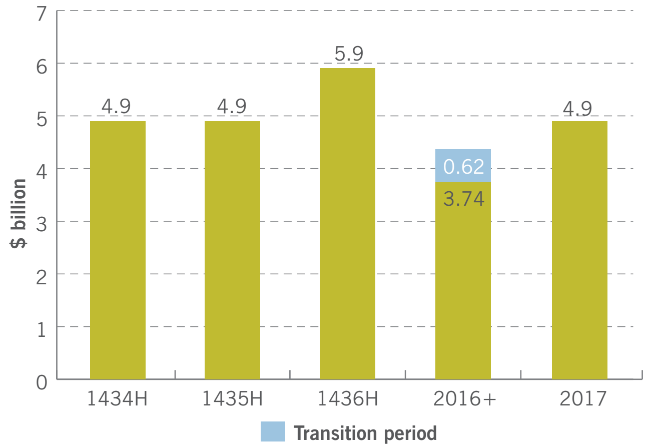
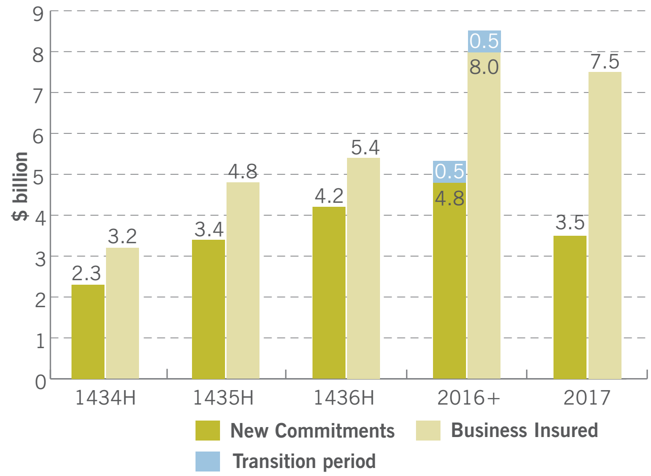


Fig 1.7 Trends in ICIEC's Business Insured and New Commitments (1434H -2017)



business meetings (B2B) and events at its Office where it received more than 1500 visitors in 2017. In addition of managing, maintaining and updating more than 20 related websites, servers and systems on behalf of IDB Group and other IFIs/partners, THIQAH developed and designed the private sector profiles for IDB Group while it continued the search across member countries to identify appealing investment and trade opportunities. To this end, THIQAH is continuously making efforts to update and enhance its global mailing list and integrated database with high-level worldwide contacts.

Boosting Trade Financing: The International Islamic Trade Finance Corporation (ITFC), which began operations in 2008, promotes intra-OIC trade financing and supports trade development activities in member countries. Simply put, ITFC finances imports and exports of goods and act as a conduit in facilitating trade development in member countries.

The main financing instrument of ITFC is Murabaha, but it also uses other modes including Structured Trade Finance (STF), Islamic Discounting and L/C opening/confirmation. Its financing activities cover energy (crude oil and refined petroleum products), fertilizers, plastics, textiles, agricultural inputs, food items, sugar, coffee, etc.

ITFC's net approvals grew by 10% to reach $4.9 billion in 2017 from $4.4 billion in 2016+ (Fig. 1.6) The reason for this growth in approvals was due to modest improvement in global oil prices which helped in raising demand for higher financing from member countries. Working with external partners, ITFC was able to mobilize more than $3 billion that was used to finance 23 syndicated operations in favor of 12 member countries. This level of mobilized funds represented about 61% of the total trade financing provided by ITFC to its clients in 2017. More details about ITFC's activities are available at www.itfc-idb.org/en.

Fostering Credit and Country Risk Insurance: The Islamic Corporation for the Insurance of Investments and Export Credit (ICIEC) enlarges the scope of trade transactions of member states and encourages the flow of investments, using credit enhancement and political risk insurance instruments. It provides risk mitigation services, in accordance with the principles of *Shar'iah*, to exporters from, and those investing in its 44 member countries which are part of the Organization of the Islamic Cooperation.

In addition to co-insuring/re-insuring infrastructure projects with multilateral institutions and Export Credit Agencies, ICIEC also works closely with the global reinsurance market by transferring a part of its exposure to private market and multilateral participants. This enables ICIEC to increase its capacity to support critical development projects in its member countries and is in line with the IDB Group's objective of crowding in private sector investment in development-focused projects.

Since its inception, ICIEC has insured $36.3 billion of Export Credit Insurance and $7.5 billion of Foreign Investment Insurance. Cumulatively, the business insured has reached $43.8 billion. During the same period, new commitments (approvals) reached $36.6 billion. In 2017, ICIEC's business insurance operations decreased by 6.3% to $7.5 billion from $8.0 billion in 2016 while its new commitments decreased by 27%, from $4.8 billion in 2016 to $3.5 billion in 2017 (Fig. 1.7).

The top six beneficiary member countries of ICIEC services since the inception of its business are Saudi Arabia (24.3%), U.A.E (13.6%), Turkey (8.8%), Bahrain (8.5%), Egypt (6.6%) and Pakistan (5.8%). More details about ICIEC's activities are available at www.iciec.com.

Enhancing Islamic Economics and Finance: Since its inception, the IDB Group has been promoting the development of Islamic economics, banking, and finance using various channels including its entities, funds, and programs. The Islamic Research and Training Institute (IRTI) is one of the entities that are 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 2017, IRTI completed the following activities:

- Twenty-four research papers prepared focusing on various contemporary Islamic economics and finance issues: eight articles published in indexed journals, nine working papers, and seven policy papers.
- Forty-four 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.
- Ten research grants were approved under IRTI Research Grant Program, which was launched in 1430H (2009) and aimed at incentivizing researchers to conduct research in Islamic Economics, Banking, and Finance.
- The 12th IDB Global Forum on Islamic Finance organized on the theme "Empowering Youth Entrepreneurship and Access to Finance".
- Thirty new publications released covering different areas of Islamic Economics and Finance, including the launch of "I for Impact: Blending Islamic Finance and Impact Investing for the Global Goals" (produced jointly with United Nations Development Program (UNDP)); IRTI Islamic Social Finance Report 2017 (which is the third in a series launched to explore the state and potential of Islamic social finance); and two textbooks – Takaful Insurance: Theoretical & Practical Framework, and Principles & Practices of Islamic Banking – which are expected to be part of Islamic Economics

The IDB Group promotes the development of Islamic economics and financial product development

The ICIEC has increased its capacity to support critical development projects in its member countries

and Finance instructional materials in tertiary education institutions

- Supplied hundreds of publications on a complimentary basis for the opening of new IRTI Corner Libraries located in institutions in Pakistan, Brunei, and the Maldives.
- Participated in five reputable international book fairs and book exhibitions to showcase its research publications and promote its activities around the world.
- Supported six technical assistance projects in six countries (Afghanistan, Russian Federation, Kyrgyzstan, Djibouti, Suriname, Comoros).
- No award was made for the IDB Prize in Islamic Economics for the year 1438H.

Other activities undertaken by IRTI in 2017 (see details in Section 2.6) were:

- Strengthened partnerships with key stakeholders within the Islamic financial services industry. Specifically, worked with:
  - World Bank and IMF in conducting the Islamic Finance aspect of Financial Sector Assessment Program (FSAP) for Djibouti and Pakistan;
  - Islamic Financial Services Board (IFSB) in the creation of the regulatory standards for the Islamic Finance industry;
  - IDB in the creation of Islamic Economics and Finance component of the Member-Country Partnership Strategy (MCPS) for various countries.
- Qatar Foundation and Thomson Reuters in the launching of the Qatar Islamic Finance Country Report.
- Hosted two IRTI Visiting Scholars, namely Dr. Muhammad Khaleequzzaman, International Islamic University, Islamabad, Pakistan; and Dr. Necmettin Guney, Necmettin Erbakan Universitesi, Konya, Turkey.
- One Textbook Grant was awarded to Dr. Gapur Oziev to prepare a textbook entitled *"The Concept of Waqf and Contemporary Realities"*.
- Financial Product Development Center (FPDC) pursued wide-ranging initiatives including:
  - renewed its agreement with Mohamed V University, Rabat, for the Islamic Financial Engineering Lab for the years 2017-2019
  - Constructing cash flow model of a unique institutional framework for governments to issue Sovereign Sukuk using various Islamic modes of financing to finance development.
  - Analyzing the financial aspects of a Musharakah Sukuk structure, Multi-level Protection Musharakah Sukuk.
  - Developing an efficient system to meet the needs for liquidity management for Islamic banks.
  - Developing financial technology (FinTech) framework that aims to use Blockchain concept to develop an innovative social cryptocurrency for financial inclusion and poverty alleviation in IDB Member Countries.

Expanding Opportunities for the Poor: The Islamic Solidarity Fund for Development (ISFD) is a Special Fund within the IDB Group dedicated to reducing poverty in its member countries through improving and enhancing the income of the poor and promoting the development of human capital. The ISFD gives priority to meeting 'basic needs' including financing employment opportunities, providing market outlets especially for the rural poor, improving basic rural and pre-urban infrastructures such as the supply of drinking water and electric power, and expanding education and health facilities.

The Fund has a principal target capital of $10 billion. As at the end of 2017, capital commitments stood at $2.71 billion contributed by 49 member countries ($1.71 billion) and the IDB ($1 billion). This represented 27.1% of the approved target capital with paid-in capital at $2.58 billion.

New commitments amounting to $24.1 million were made by four countries in 2017, namely: Sudan ($21.1 million); Togo ($1 million), Brunei Darussalam ($1 million), and Maldives ($1 million). The ISFD has started to receive positive responses from member countries to base their voluntary capital contributions on the basis of the criteria set by the BOG, which take into account the country's real GDP, total exports value, and foreign exchange reserves. Implementation of these criteria by member countries is expected to play a significant role in addressing the current low levels of capital contributions by member countries.

The ISFD aims to obtain complementary resources through Specialized Trust Funds for poverty alleviation, Waqf Land development in member countries, and co-financing with partners, social investors, and the private sector. The Government of Benin is the first country to have allocated a plot of land to ISFD under the Waqf Program. Similarly, plots of land in prime areas in capital cities have been allocated to ISFD by Burkina Faso and Comoros, while expressions of interest to offer Waqf land for the Fund have been made by many other member countries.

In 2017, the ISFD approved $91.72 million and co-financed projects to the tune of $480.4 million. Twenty-two countries have benefited from these operations. Disbursements in 2017 had amounted to $46.95 million, compared with $18 million in 2016. In line with the IDB Policy for Poverty Reduction, more than 80% of these approvals have been allocated to LDMCs.

In terms of cumulative approvals, since the commencement of its financing operations in 2007, the ISFD approved $664.8 million for 106 operations in 33 member countries. Of this amount, 75% have been allocated to LDMCs, of which $640.7 million – (96.4%) were provided on la loan basis while the remaining amount of $24.1 million was given as grants.

Awqaf Properties Investment Fund (APIF): Awqaf organizations, by mandate, are Islamic charitable entities that carry out a vast array of economic, social and cultural activities. To address the development needs of the Awqaf sector, the Bank established the Awqaf Properties Investment Fund (APIF) in 2001 and acts as Mudarib for the Fund. The objective of the APIF is to develop idle Waqf lands and renovate existing Waqf buildings, thereby transforming them into income generating assets. Recently, APIF has also 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 current capital of the Fund is $76.4 million funded by 14 participants, which are mainly *Awqaf* organizations and Islamic banks including IDB. In addition, the Bank has provided a Line of Financing of $100 million to APIF to support its activities. Since its inception, APIF has approved 55 projects (total value of $1.06 billion) spread in 29 member countries and non-member countries. These approvals comprised of 39 projects having a total value of $788 million for member countries and 16 projects having a total value of $274 million for non-member countries. In terms of modes of financing, 32 projects were approved by way of leasing, 17 projects under *Istisna'a*, two projects through equity participation, three projects by way of *Murabaha* and a Line of Financing to a local bank in Bosnia and Herzegovina. IDB's participation in the financing of these projects amounts to $497 million.

In 2017, APIF approved seven projects for an amount of $39.2 million. These projects have a total value of $90 million and comprised of construction of residential and commercial/ office *waqf* buildings in Congo, Djibouti, Saudi Arabia, Fiji, Bosnia and Herzegovina, Bangladesh and Lebanon.

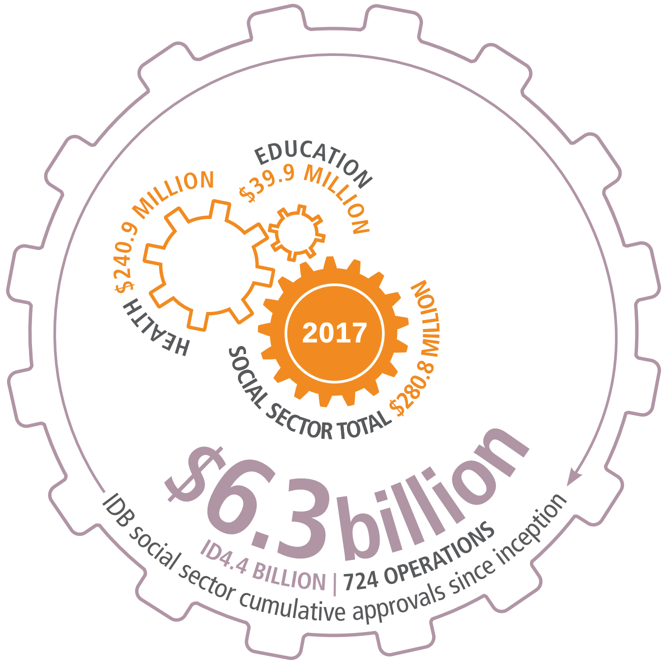
The ISFD gives priority to meeting 'basic needs' including providing market outlets for the rural poor and supplying drinking water

$2.71billion

CAPITAL COMMITMENTS HAVE BEEN MADE TO THE ISLAMIC SOLIDARITY FUND FOR DEVELOPMENT (ISFD)

2

Fostering Inclusive and Sustainable Development

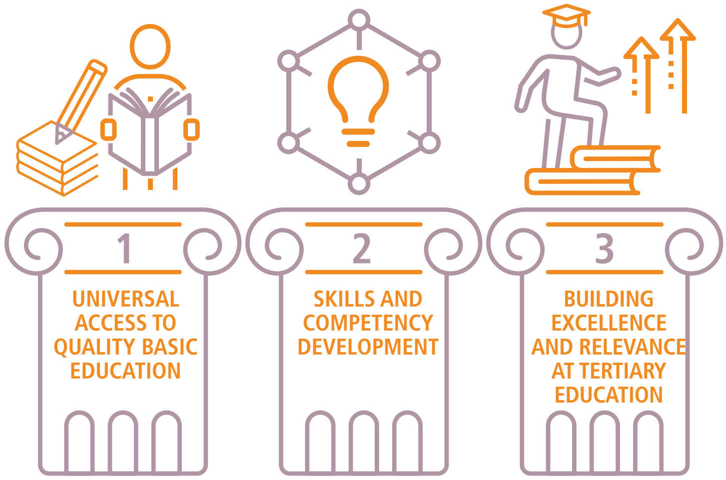


Introduction

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. The chapter also covers the Bank's activities related to women's empowerment, prizes, and solidarity program.

EDUCATION

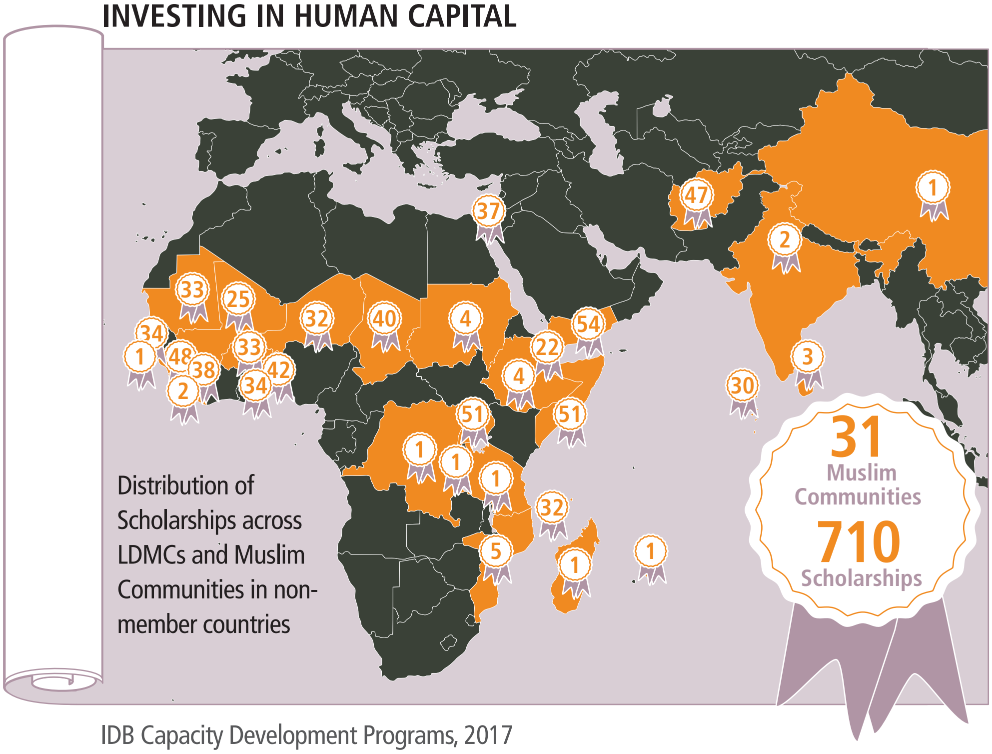
The Bank drafted its education sector policy which is anchored on three pillars



2.1 Improving Quality of Life

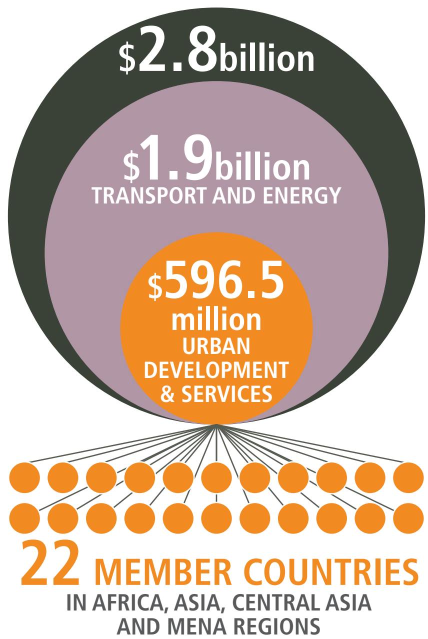
The Bank continues to play an increasing role in financing social sector (particularly health and education) in member countries in line with its vision of comprehensive human development and alignment with the global development agenda – SDGs. In 2017, the Bank approved 49 social sector-related operations totaling ID203.4 million ($280.8 million), comprising of $240.9 approved for the health sector and $39.9 million for education sector; bringing the cumulative approvals in the sector since inception to ID4.4 billion ($6.3 billion) for 724 operations.

INVESTING IN HUMAN CAPITAL



INFRASTRUCTURE

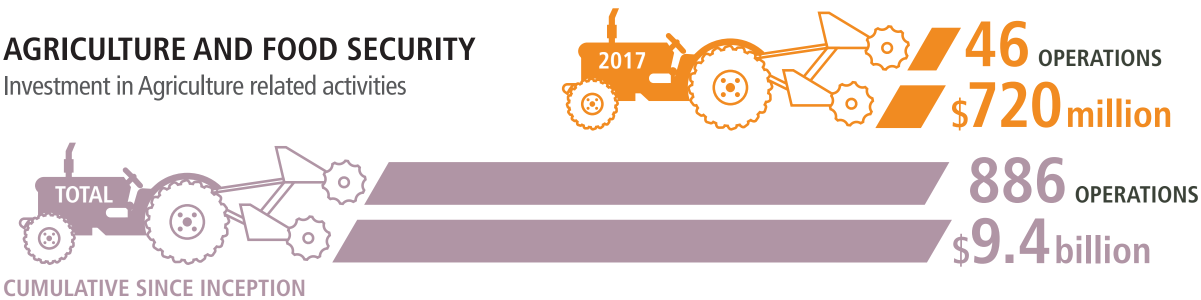
$2.8 billion in infrastructure-related projects and operations approved by IDB in 2017



IDB Capacity Development Programs, 2017

AGRICULTURE AND FOOD SECURITY

Investment in Agriculture related activities



EDUCATION

During the year, the Bank drafted its education sector policy which is anchored on three pillars: (i) Universalization of access to quality basic education including early childhood and adult literacy, and secondary education; (ii) Skills and competency development; (iii) Building excellence and relevance at tertiary education; and an enabled use of Information and Communication Technologies (ICT). Consequently, project designs during the year were anchored on the draft policy framework.

Six education sector operations were approved for an amount of ID28.6 million ($39.9 million) during the budget year of 2017. Of these operations, one was in the TVET while two were in the higher education sub-sectors. In maintaining a balance between approvals and a healthy portfolio, ID100.7 million ($143.4 million) was disbursed in education sector exceeding the target of ID98 million ($139.6 million) set for the year. Effective support to project implementation was critical to this endeavor of meeting its target with an 80% achievement rate on Project Implementation Assessment Support Reports (PIASR) undertaken during the period under review.

In the area of skills and competency development (policy pillar (ii)), one education-related operation in Côte d'Ivoire was approved for $30 million comprising of a blend financing of a loan and an *Istisna'a* for $15 million each. The project entitled "Support to Vocational Training System Development Project" financed under Reverse Linkage is aimed at increasing access to and improving quality of vocational training for youths. This project is the first of its kind in the education sector intervention and it engages the Office of the Professional Training and the Promotion of Labor (OFPPT) in Morocco under the Reverse Linkage program to ensure capacity development and knowledge transfer in vocational training to Côte D'Ivoire. The project will increase access to relevant quality training programs for 4,245 Ivorian youths including 774 annual graduates starting from 2024, of which 50% are targeted to be females.

Under pillar (iii) of the education policy "building excellence and relevance at tertiary education", three projects were approved during the year for Indonesia, Oman, and Togo for a total amount of $326.2 million. Through a leasing instrument, the Bank approved Oman's Quality and Competitiveness Improvement of the University of Nizwa project for $78 million to enhance the production of the qualified workforce with relevant market skills. The project will benefit 7,500 students in addition to 30 lecturers being upgraded to a Ph.D. level. In Togo, the Bank approved $10 million concessional loans for "Support for Higher Education in Science and Engineering" project whose aim is to improve access to quality and relevant higher education in science and engineering. The project, which is expected to benefit 15,000 students by 2024, will cover upgrading of teaching infrastructure, curricula development, staff development, and strengthening higher education management system.

Concerning the Education for Competitiveness (E4C), which is a joint initiative by the IDB and the World Bank to build national human capital that strengthens the long-term global competitiveness of member countries through the enhancement of their education and skills development system, the year 2017 saw the successful completion of the E4C Framework and the first stream of the deliverables particularly the analytical and advisory services. Based on the joint financing arrangements of the E4C activities, the IDB, through an Externally Financed Output Agreement with the World Bank, has reimbursed ID200,000 ($288,382) as its commitment to the 2016/2017 Work Plan. Moving forward, the initiative entered the delivery phase, which requires the development of a communications strategy to ensure an effective outreach and a robust resource mobilization strategy.

The IDB also continued to pursue its collaboration with the Global Partnership for Education (GPE) and participated in a series of consultations as GPE prepared a framework for its Multiplier Fund which is a new source of grant funding. The facility requires beneficiary countries to demonstrate a multiplier effect by mobilizing at least $3 in new and additional external financing for every $1 allocated from the Multiplier Fund. Thus, the IDB has expressed its willingness to raise the matching funds to support its member countries access their allocation from the Multiplier facility. The arrangement holds the promise of leveraging much-needed funding for the education sector through blend financing.

BY 2024

15,000

STUDENTS IN TOGO ARE EXPECTED TO BENEFIT FROM $10 MILLION CONCESSIONAL LOANS FOR "SUPPORT FOR HIGHER EDUCATION IN SCIENCE AND ENGINEERING"

THE EMERGENCY HEALTH PROJECT IS EXPECTED TO PROVIDE HEALTH SERVICES FOR

2.3 million

UNINSURED JORDANIANS AND SYRIAN REFUGEES

HEALTH

The Bank continued to provide support for improved health facilities in member countries by intensifying its efforts in addressing maternal, neonatal, and infant mortality as well as reproductive health. Accordingly, it approved 12 health-related operations for a total amount of $240.9 million in 2017 compared to 17 projects for $243.3 million in 2016. Three of these projects were financed from the Lives and Livelihood Fund (LLF) including the "support of elimination of mother-to-child transmission "eMTCT" of HIV/AIDS" project in Cameroun; "reduction of maternal, neonatal and infant mortality in Niger and the "support to the National Program for Reproductive Health Project" in Mauritania.

During the year under review, the Bank also approved $103 million for two joint IDB-World Bank Concessional Financing Facility (CFF) projects for Emergency Health in Jordan[9] for $79 million and Lebanon[10] for $24.1 million. Both projects aimed at providing health services for uninsured nationals (besides the Syrian refugees) in the short term and creating a more efficient health system to increase fiscal space in the medium to long-term. In addition, in support of strengthening health system, the Bank approved $14 million for the establishment of International Center for Natural Product Research project in Bangladesh.

The Emergency Health project is expected to provide health services for uninsured Jordanians and Syrian refugees in Jordan through the Global Concessional Financing Facility (GCFF)[11] which is a partnership arrangement sponsored by the World Bank, the United Nations, and the Bank to mobilize the international community to address the financing needs of middle-income countries hosting large numbers of refugees. Some 2.3 million inhabitants will benefit from the project by covering their costs of health care at the Ministry of Health (MOH) facilities. The medical services will be provided by public hospitals and health centers owned and managed directly by the MOH. The project shall finance specifically the related expenditures of MOH to deliver primary and secondary health care services to the targeted group. It will primarily impact the wellbeing of children and women by (i) maintaining the wasting rate in children under five years at its 2015 level of 2%, (ii) Stunting in under-5 children's group reduced from 8% (in 2015) to 6%; Under-5 child mortality rate reduced from 21 (2015) to 15 per 1000 live births; maternal mortality ratio reduced from 19.1 (2015) to 18 deaths per 100,000 live births and (iii) the tuberculosis (TB) incidence rate per 100,000 reduced from 4.42 (2015) to 3.9.

The Bank's support for the establishment of the Centre for Natural Product Research (CNPR) in Bangladesh is aimed to contribute to the plan of government to improve the health status of the population of Bangladesh through promoting and strengthening the evidence-based practice of Alternative Medical Care (AMC). It will also strengthen the safety, efficacy, and quality of the traditional medicine practice and product through institutional and human resource capacity building activities. The project results will include: (i) A national research center constructed & equipped by 2021, (ii) 45 laboratory professionals/researchers trained, (iii) Good Clinical Practice (GCP), Good Manufacturing Practice (GMP) and other related guideline and manuals developed and disseminated over 450 persons trained/reoriented on GMP/GCP and other manuals developed, and (iv) Online database on medicinal products and practices developed.

[9] World Bank financing includes $35.0 million Loan and $30.0 million CCF grant.
[10] World Bank financing includes $95.8 million Loan and $30.10 million CCF grant.
[11] The GCFF is currently supported by Canada, Denmark, the European Commission, Germany, Japan, Netherlands, Norway, Sweden, the United Kingdom, and United States.

"Infrastructure investment is an engine of economic growth because it has the potential of addressing many development challenges facing member countries"

2.2 Financing Infrastructure

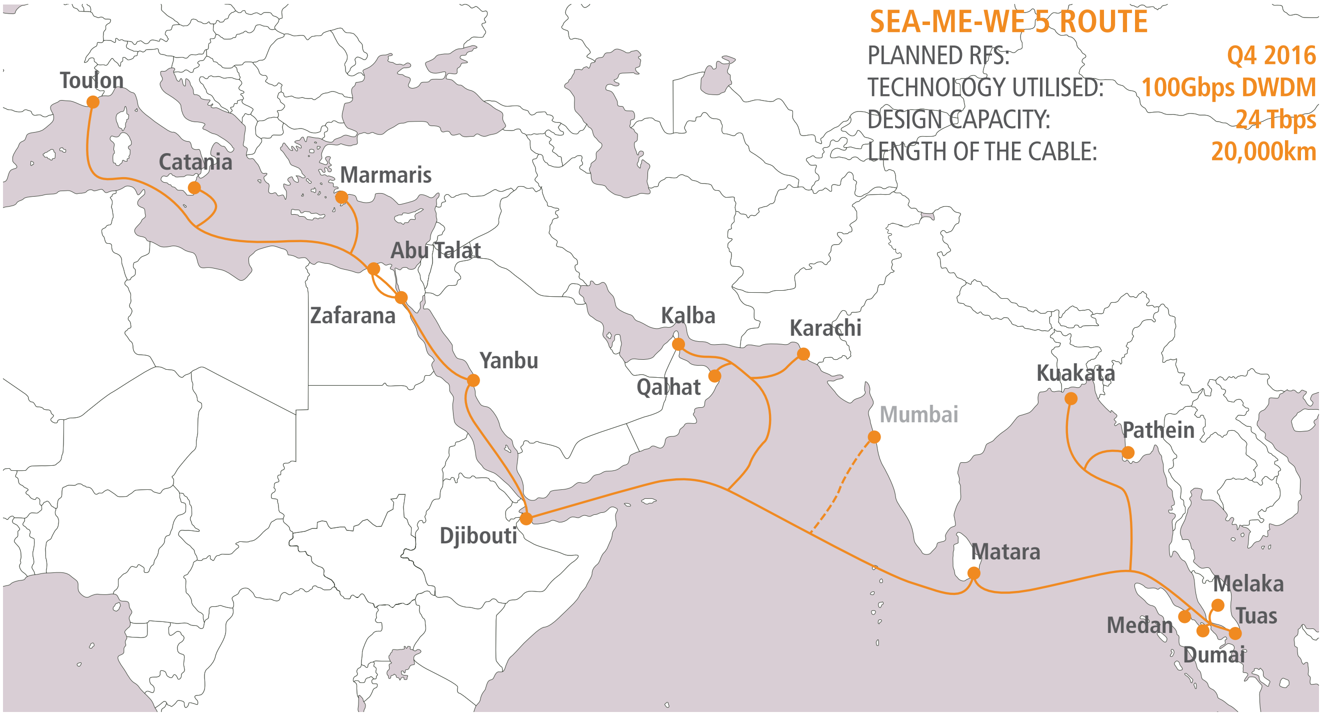
Infrastructure investment is an engine of economic growth because it has the potential of addressing many development challenges facing member countries. To this end, the Bank has continued to make infrastructure financing a key cornerstone of its strategy for supporting the socio-economic development of its member countries. As at the end of 2017, the Bank's active portfolio in infrastructure comprised of 195 projects (256 operations) totaling ID13.4 billion ($19.8 billion). In 2017, the Bank approved some $2.8 billion worth of infrastructure-related projects and operations, representing 71.4% of the total OCR approvals. Of this amount, $1.9 billion was approved for the development of transport and energy infrastructure, while $596.5 million was for supporting urban development and services. Overall, 22 member countries in Africa, Asia, Central Asia and MENA regions benefited from the Bank's infrastructure financing in 2017.

ENERGY

Improving access to reliable and affordable energy continues to be a priority area for the Bank with a focus on the need to develop indigenous renewable energy resources and promote energy efficiency enhancement initiatives. In 2017, the Bank approved 14 energy sector operations for an amount of $1.2 billion for Bangladesh, Burkina Faso, Mali, and Niger.

In Niger, the Bank approved $30 million to increase the electricity access rate in remote rural areas of the country by 20% by 2021 through connecting 17,500 households for a targeted population of 122,500 and providing 1,500 connections to public facilities (schools and hospital) as well as small businesses. The project, which is being implemented under the Bank's Reverse Linkage program with the assistance of ONEE (the national utility of Morocco that has been identified as the Reverse Linkage Partner), is financed by IDB ($30 million), the RL Partner ($0.49 million) and the Government of Niger ($1.54 million).

In Mauritania, the Bank's continuous support to the development of the power generation system in the country, which started with the development of 36 MW Power Plant in Warf, has allowed the country to meet the growing demand for electricity and reaching an electrification rate of 73% in urban areas (from 50% in 2010). Through the Bank's assistance, a 120MW Power Plant at Nouakchott has been completed with an additional 60MW being financed by IDB for the same plant to increase its generation capacity. The completion of the expansion of the power transmission system around Nouakchott by 2018, will allow the country to export the excess of the generated power to Senegal through the OMVS power transmission system (Organization for the Development of the Senegal River) in line with the IDB's priority to enhance cooperation amongst its member countries.



In 2017, the Bank facilitated the completion of the Regional Submarine Telecommunications Project in Bangladesh and Djibouti. The regional initiative built on the success of the earlier Submarine Cable Telecommunications project financed by the IDB in Bangladesh, in 2005, that allowed the country to connect to South East Asia–Middle East–Western Europe (SEA-ME-WE)-4 submarine cable system, significantly enhancing the socio-economic development of the country by providing efficient and reliable Information & Communication Technology Services. The new submarine cable will enable the two countries to meet the increasing demand for international voice and data communication with an additional capacity of 1300 Gbps (from 200 Gbps in 2014).

The Bank also approved $200 million to finance Renewable Energy (RE) and Energy Efficiency Enhancement (EEE) projects in Turkey. Earlier the Bank had approved $540 million to support the Government of Turkey to achieve energy supply security by increasing the share of domestic RE in the overall energy mix to 30% by 2023 from the present 23%, reduce the energy intensity of the country towards a more energy efficient economy, and minimize electricity network losses to save energy. IDB's financing will help Turkey to achieve its Nationally Determined Contribution (NDC) to reduce greenhouse gases emissions by 21% as compared with a Business-As-Usual scenario, as submitted to UNFCCC in order to tackle climate change. It will also help Turkey to achieve sustainable development goals such as Affordable & Clean Energy (SDG-7), Industry, Innovation, and Infrastructure (SDG-9), and Climate Action (SDG-13).

THE BANK APPROVED

$200 million

TO FINANCE RENEWABLE ENERGY AND ENERGY EFFICIENCY ENHANCEMENT PROJECTS IN TURKEY

TRANSPORTATION

The Bank continues to focus on the transport sector to promote the integration of member countries at national and regional levels. This is essential for efficient mobility of people, goods, and materials which are vital for sustainable socio-economic development. In 2017, the Bank approved seven transport-related operations totaling $774.5 million; of which, 82% was in the road sub-sector while the remaining 18% was for the maritime/port subsector. Railway constitutes the most important subsector in the Bank's transport portfolio with significant progress achieved in the implementation of rail projects approved in prior years. The geographic distribution of new railway interventions shows that 36% of the approvals went to Sub-Saharan African member countries, 25% to Europe and Central Asia, 21% to Asian member countries and 18% to the Middle East and North Africa.

The Bank is actively participating in a number of transport sector initiatives such as the Sustainable Mobility-for-All, the Global Mobility Report (issued by the Sum4ALL consortium, which presents for the first time a comprehensive review of the transformation in progress in the sector and the challenges ahead to shape the transport agenda for a sustainable Mobility), the MDB Working Group for Sustainable Transport, and the MDB Working Group on Road Safety for a sustainable mobility. The Bank also continues to include road safety as an integral part of its financing support for the development of transportation corridors in member countries to ensure economic, environmental, social, and operational sustainability of its transport investments.

The two IDB-financed transport signature projects in 2017 were (i) the reconstruction of Atyrau - Astrakhan Road Project, Kazakhstan and (ii) the expansion and development of the Port of Tripoli, Lebanon.

The Atyrau-Astrakhan road project is aligned with the objectives of Kazakhstan's development program "Nurly Zhol", which envisages substantial improvement of transport infrastructure by 2020 to accelerate the economic growth of the country. It is also an integral part of the IDB's Special Program for Central Asia (SPCA). The proposed 277 km road is part of the international road corridor joining Poland-Ukraine-Astrakhan-Atyrau-Aktau-Turkmenistan, Uzbekistan, and Afghanistan in south and Astrakhan-Atyrau-Aktobe to the Russian Federation in the North. The project connects Kazakhstan with Caucasus (Azerbaijan, Georgia), Turkey, Iran, and Iraq. The road is also connected with West Europe-West China International transit corridor, which provides access to China and South East Asia and connects them with Europe. The IDB financing for the project is $328.5 million.

The expansion and development of the port of Tripoli project are needed by Lebanon to cope with the expected increase in both imports and exports in the region (especially with the surge of refugees to the country). The Bank approved $86 million for the project which will provide the port with the much-needed infrastructure, equipment, and IT systems that will enable it to cope with increasing traffic demand in an efficient manner. Upon completion, the port expansion will result in a major increase in port revenues; provide professional and competitive container services to serve the local market, transit, and trans-shipment; and increase port capacity from 45,000 TEU in 2017 to 270,000 TEU.

UPON COMPLETION OF THE PORT EXPANSION IN LEBANON, THE PROJECT WILL INCREASE PORT CAPACITY FROM

45,000 TEU

IN 2017 TO

270,000 TEU

THE BANK APPROVED 7 TRANSPORT-RELATED OPERATIONS TOTALING

$774.5 million

Box 2.1 Linguere Matam Road Project in Senegal

This project was approved by the Bank in June 2010 and it is aimed at improving the transfer of goods and services between the rural areas and the economic centers of the country thereby ensuring national integration and contributing to alleviation of poverty through the construction of a 226 km paved road linking the cities of Linguere and Matam in the northwestern part of Senegal. The actual cost of the project was Euro 83.45 million. IDB disbursed an amount of Euro 19.93 million.

Overall, the project has achieved the planned outputs. In fact, the project allowed construction of a two-lane road, having a width of 7.2 m and total length of 226 km as planned at appraisal. In terms of outcomes, the project contributed to enhancing the traveling condition within its zone of influence through improved quality of road services. The following outcomes were achieved upon project completion: (i) substantial increase in traffic: Annual Average Daily Traffic (AADT) increased from 164 vehicles before project construction to 712 vehicles at the end of 2016; (445 cars and 267 Trucks) i.e. more than 334%, (ii) 75 km per hour speed increase on average, (iii) time saving for the journey; only for the IDB 55 km section the travel time decreased from 3 hours to only 40 minutes.

The project has extensive positive socio-economic impacts mainly in terms of improving the living conditions of a large proportion of the population in the region through better access to various services, creation of direct permanent jobs and opening up of the northern and eastern regions of the country. The socio-economic impacts mainly included: i) Creation/Development by the State and society of several new administrations / services and business along the road (training centers, police offices, schools, petrol stations, small shops, grocery stores, etc.), which are generating substantial additional revenues to the population, ii) Development and intensification of trade with the countries of the sub-region, iii) Improvement of school enrolment rates among the targeted population due to time saving for the children to reach schools and better availability of transport means, iv) reducing the rural exodus to cities, v) Facilitating access to various services to the local population (education, health, and other services), vi) Reduction of the vulnerability of the most deprived populations, vii) Increase in the turnover of the companies involved.

URBAN DEVELOPMENT

It is well acknowledged that developing economies including member countries are rapidly urbanizing. This creates pressure on their infrastructure facilities such as access to safe water and sanitation services, sustainable housing and shelter, and their efforts to build resilience to climate change and disasters, all of which remain priority areas for the Bank.

During the year under review, the Bank approved $596.5 million for seven urban development projects in Côte D'Ivoire, Oman, Senegal, and Suriname. The projects covered integrated urban development, urban economic development, environmental protection, disaster risk mitigation, and housing.

In Senegal, the Bank approved $145 million for the Promovilles initiative which is aimed to modernize and improve access to key urban services in the secondary cities of the country. The project takes an integrated urban development approach enabling the provision of minimum access to basic infrastructure in lagging regions of the country such as secondary and tertiary urban roads, community centers, storm-water drainage channels, street lighting, among others. About 2.2 million people in the target municipalities of Greater Dakar Area: Guédiawaye, Rufisque, Dakar and Pikine, and the hinterland cities of Matam, Mbour, Tambacounda, and Touba will benefit from the improved urban infrastructure and municipal service. In addition, over 100,000 people will be protected from the risk of recurrent flooding.

In Suriname, the deficit of affordable and sustainable shelter is a rapidly escalating social issue in the country. To respond to this challenge, the Bank approved $35 million for access to affordable housing in the country. The project channels subsidized housing finance with individual savings and private sector mortgage financing, for construction and renovation of houses. By 2023, the project will facilitate construction and rehabilitation of 4,000 housing units, improve sanitation access for 2,000 households, and install 700 solar power units in the hinterlands of Suriname. About 16,000 people all across the country – equivalent to 3% of the total population – will gain access to affordable housing through the project.

Dakar, Senegal

100,000

PEOPLE WILL BE PROTECTED FROM THE RISK OF RECURRENT FLOODING IN THE GREATER DAKAR AREA IN SENEGAL

Furthermore, the Bank completed five projects in Albania, Iran, Lebanon, Sierra Leone, and Uzbekistan in 2017. These projects, which covered water, waste water, and integrated urban development sectors, achieved a transformative effect on the urban landscape in the beneficiary member countries. In addition, the Bank-financed Mashhad sewage project in Iran was completed during the year. Mashhad is the second largest city in Iran with a population of 2.7 million, in addition to about 20 million annual visitors for religious tourism. The Bank and Iran jointly helped in increasing the access to sewerage services from 25% in 2007 to 48% in 2016 in this city. More specifically, through its €52.83 million financing facility, the Bank contributed to building two wastewater treatment plants – WWTPs (Al Teymoor and Khin Arab), with a cumulative capacity of 163,000 m3/d. As a result, an additional 900,000 people gained access to tertiary treatment wastewater facilities, and about 60 million cubics of treated effluent could annually be used for irrigation purposes.

In Iran 900,000 people will benefit from the completion of the Mashhad project

PUBLIC-PRIVATE PARTNERSHIP

The Bank's Public-Private Partnership (PPP) portfolio continues to target both sovereign and non-sovereign infrastructure projects. In 2017, the Bank's non-sovereign business covered investment in the largest bio-safety lab in Turkey totaling €75 million through co-financing with other international and local lenders. The IDB also successfully financed six solar power projects under the FIT program in Egypt, which will add 300 MW to the national grid, making them the first IDB's non-sovereign intervention in solar power generation after successfully added hydro and wind projects to its non-sovereign portfolio in the past.

Co-financing and resource mobilization remained a key driver for IDB's non-sovereign operations, where the Bank has established an A-B Finance program to allow private sector banks to participate with IDB in infrastructure investment. This program, being first within the Islamic Finance environment, will provide much-needed capital relief under Basle-III, country risk coverage and above all, access to markets that Islamic banks and other Islamic financial institutions would have shied away because of lack of structured support that IDB can now bring to the transactions. IDB stands committed to resource this very important area and ensures that going forward, most interventions within PPP leverage off this product to mobilize resources for its member countries.

Realizing the importance of the non-sovereign PPP interventions in its member countries, the Bank organized its first PPP Forum in Riyadh during the year, which was well received by international partners and gave a huge boost to IDB's visibility within the governmental agencies in the country focused on developing the Saudi Vision 2030. The success of the Forum has paved the way for similar PPP events in other member countries, with the next one slated for Morocco in March 2018.

In 2017, in terms of project completion, the 147 MW run-of-river project in Pakistan, which IDB co-financed with other MDBs, achieved commercial operation. An important milestone for IDB's PPP portfolio in the year was the formal opening of the new three million passenger capacity airport in Dakar, Senegal. In this project, IDB was instrumental in arranging almost a third of the required financing by way of participation with OFID and the Saudi Fund for Development.

2.3 Enhancing Agriculture and Food Security

Agriculture continues to be the backbone of the economies of member countries as it is a means to address food security and persistent unemployment especially among the youth. The Bank has, over the years, increased its investment in agricultural-related activities with its approvals in 2017 totaling $720 million for 46 operations. Cumulatively, from inception, agriculture operations reached $9.4 billion for 866 operations.

The launch of the Lives and Livelihood Fund (LLF) by the Bank in 2015 has provided additional resources to finance agriculture projects. The sector has so far taken the largest share of the fund's approvals receiving $296.33 million for agriculture and rural development projects in member countries. Of the 16 approved projects financed under the LLF during 2016-2017, five projects were in agriculture sector corresponding to 49% of the funds and 42% of the total grant resources. It is noteworthy that all these projects were for IDB member countries in Africa (Cameroon, Nigeria, Morocco, Uganda, Burkina Faso, Senegal, and Mali). A pipeline of projects has been developed for 2018 for eligible IDB member countries.

The Bank has continued to strengthen the implementation of existing agriculture projects, paying particular attention to those with low disbursements and scope for greater regional integration. An example is the Drylands Projects covering three countries in the East Africa region (Djibouti, Somalia, and Uganda) where implementation is now gaining pace. The same applies to regional project on 'Building Resiliency to Frequent Droughts' that covers seven countries (Burkina Faso, Chad, Mali, Mauritania, Niger, Senegal, and the Gambia).

In terms of major initiatives to enhance the impacts and resiliency of agricultural projects to climate change and market failures, the Bank has adopted a value chain approach that is designed to promote regional integration. A case in point is the development of a Regional Sahel Sustainable Pastoralism Development Program, funded under the framework of the Lives and Livelihood Fund (LLF) for Burkina Faso, Mali, and Senegal where livestock supports over 80% of the population, and climate-change-related frequent droughts is a major threat. The Bank has also enhanced financing towards increasing irrigation coverage and water harvesting, particularly in Africa, with a view to building resiliency of communities to climate change.

Partnership Activities: In 2017, the IDB strengthened its partnership with a number of development partners, research organizations and academic institutions including the International Fund for Agriculture Development (IFAD), the Food and Agricultural Organization (FAO), the King Abdullah University of Science and Technology (KAUST), International Centre for Bio-Saline Agriculture (ICBA), Global Forum for Innovation in Agriculture (GFIA) and the Swiss Development Corporation. These partnerships will help to mobilize additional resources for the development of agriculture projects in member countries.

During the year under review, the Agriculture and Rural Development Department (AGRD) organized an Agric-Week during 19-23 March 2017 at the Bank's headquarters in Jeddah, Saudi Arabia, under the theme "Inclusive Economic Growth through Productive and Resilient Agriculture". Participants numbering 170 from 19 member countries included distinguished experts representing MDBs, academic institutions, international agricultural research institutions, and civil society, and others.

Project implementation for delivery of development results: In an effort to strengthen the quality and readiness of projects to achieve development results, the Bank launched a number of initiatives ranging from enhancing implementation monitoring and support, updating and modernizing operational policies and procedures, revising procurement guidelines, to building capacity both internally and externally for project implementation. More specifically, the Bank, in 2017, completed the revision exercise of its two procurement guidelines namely "Guidelines for Procurement of Good and Works" and "Guidelines for the Use of Consultants" under Islamic development financing. In the area of familiarizing the Executing Agencies and Project Management Units (PMUs) about IDB's Procurement Guidelines, three Country Procurement Workshops (CPW) and six Project Startup Workshops (PSW) were organized by the Project Procurement Division for them.

"The Bank has continued to strengthen the implementation of existing agriculture projects, paying particular attention to those with low disbursements and scope for greater regional integration"

2.4 Investing in Human Capital

The Bank invests in human capital through a number of programs which are aimed to assist in the transfer of technology and expertise, develop critical skills required in key sectors, disseminate knowledge and best practices, empower women, address youth empowerment, and support the activities of non-governmental organizations. To this end, the Bank's capacity development programs are Technical Cooperation Program, Science & Technology Program, Scholarships Program, NGO Program, and Women in Development Program. The achievements of these programs in 2017 are presented in this section.

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

In 2017, 54 TCP operations were approved for an amount of $1.4 million. Of these, three were for the recruitment of experts, 14 for on-the-job training, and 37 for seminars/conferences/ meetings.

Science and Technology Program (S&T): This 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 organizations of on-the-job training as well as conferences.

In 2017, 11 S&T operations were approved for an amount of $340,000. Since its inception, over $12 million of operations have been approved under the S&T Capacity Development Program.

Scholarship Programs: The Bank has established four scholarship programs, namely: (i) Scholarship Programme for Muslim Communities in Non-Member Countries (SPMC), (ii) M.Sc. Scholarship Programme in Science and Technology for the Least Developed Member Countries (M.Sc.), (iii) Merit Scholarship Programme for High Technology for Member Countries (MSP), and (iv) ISFD Scholarship Scheme for the LDMCs for Bachelors and Technical Diploma. In addition, it has a special Community Development Programme (CDP) which provides students and graduates with extra-curricular activities called "Guidance and Counselling Activities" and "Post Study

Fig 2.0a SPMC Scholarships by Fields of Study

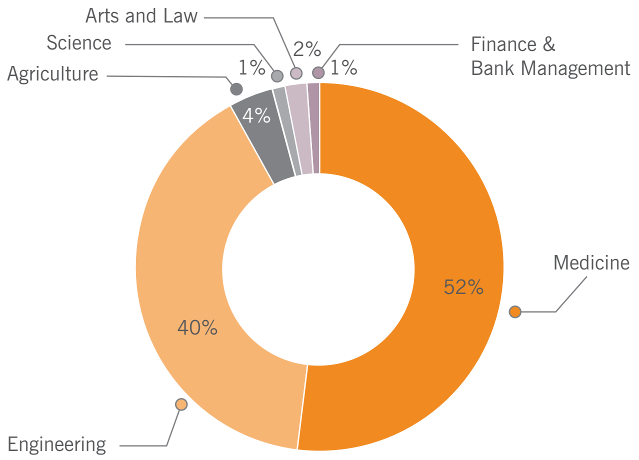


Fig 2.0b M.Sc. Scholarships by country:

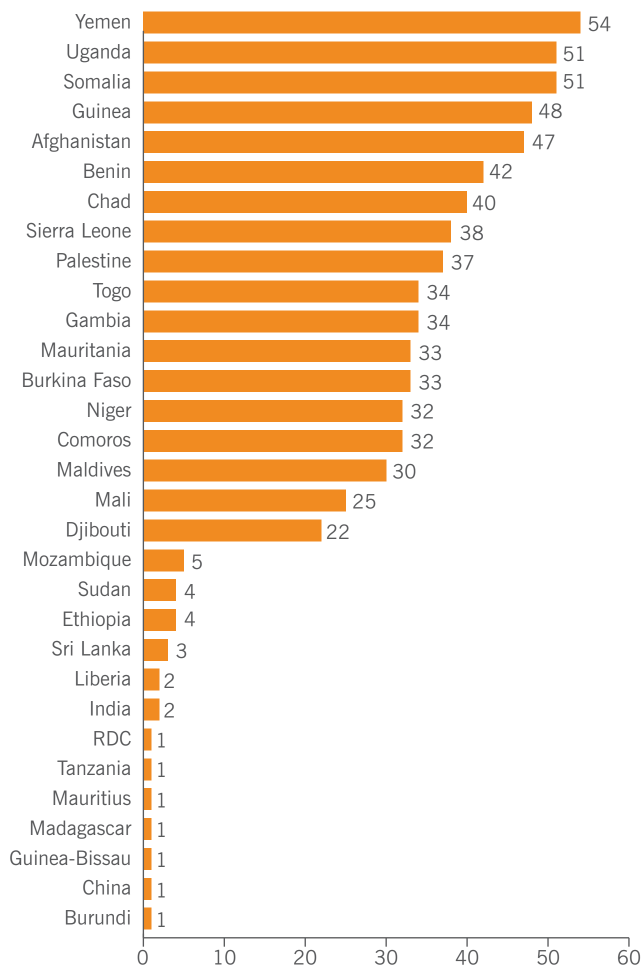
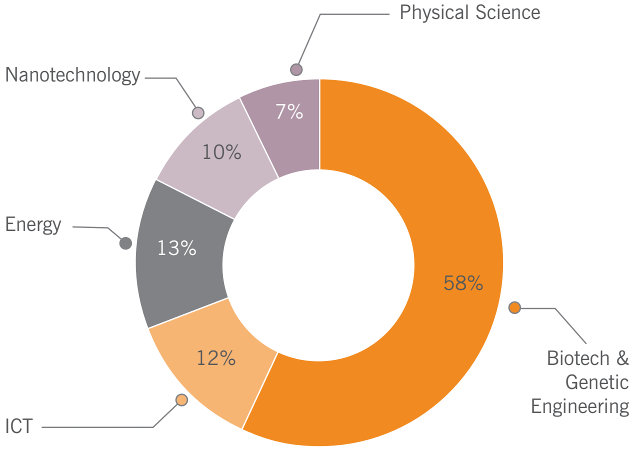


Fig 2.0c MSP by major fields of study



13,852
STUDENTS
HAVE BENEFITTED FROM THE SPMC SCHEME SINCE 1404H (1983)

Activities" respectively. All these Scholarship Programmes have helped to create a pool of over 9,000 well trained professionals from member countries and Muslim communities in non-member countries who are ready to contribute to the socio-economic development of their countries.

Under the SPMC – which helps the beneficiaries to pursue first degree-level education in medicine, engineering, dentistry, pharmacy, nursing, veterinary sciences, agriculture and computer science – 280 students from 33 Muslim communities in non-member countries and five member countries were granted scholarships under the programme in 2017, bringing the total beneficiaries since 1404H (1983) to 13,852 students (Fig 2.0a).

For the M.Sc. programme, which aims to develop the intermediate level of science-based human capital in selected member countries, the Bank granted 50 scholarships in 2017, bringing the cumulative number of beneficiaries since the inception of the programme in 1419H (1998) to 710 students. Under this programme, 14 scholarships in the fields of statistics, demography and other related fields have been awarded under the IDB Statistical Capacity (STATCAP) Initiatives for LDMCs. Another initiative within this programme is provision of 5 (five) scholarships annually for Muslim communities in non-member countries (Fig 2.0b).

The MSP, which was launched in 1413H (1992), provides a grant to scholars from member countries to undertake doctoral and post-doctoral research at designated universities. Its objective is to enhance the human resources of member countries and their institutions in advanced science and technology sectors that they are lacking but crucial for their development. To combine academic rigors with cost savings, the Bank initiated a campaign of cooperating with top universities culminating in signing with them Memoranda of Understanding (MoUs) to place IDB scholars on cost-sharing basis. Such cooperation resulted in saving $6.3 million as well as in boosting the image of IDB and raising the visibility of its scholarship programmes globally. The partnership programme includes the Universities of Cambridge, Nottingham, Birmingham, Queen Mary, Imperial College London, University College London and Queen Mary University of London in the UK, Copenhagen University, Denmark, Princeton University in USA, King Abdullah University for Science and Technology (KAUST) in Saudi Arabia and McGill University in Canada. The Bank expresses its thanks to all these universities for their support and contribution to building future leaders for our member countries (Fig 2.0c).

The ISFD Scholarship Scheme for the LDMCs for Bachelor's and Technical Diploma is a new program that was approved during 58th meeting of the ISFD Board of Directors at its meeting held in May 2017. The Board approved $10 million for use over the next ten years. The Scheme will provide

750 scholarships in ten years and will be launched from the academic year 2018-2019.

Under the Community Development Programme, the IDB provides students and graduates with extra-curricular activities called “Guidance and Counselling Activities”, such as, Educational Development Seminars, Excellent Performance Awards and distribution of books and “Post Study Activities”, such as Community Service Projects and Excellent Leadership Awards respectively. These activities aim to train the students and graduates to become Committed Muslims and Competent Professionals (CMCP).

The IDB Science Development Network (IDB-ASDN) for graduates is being redesigned and merged into IDB portal to play a vital role in promoting the development of knowledge-based economy in member countries as well as in Muslim Communities in non-member countries. This platform is an outreach facility that brings together graduates of IDB Scholarships through a network that supports interaction, professional development and exchange of ideas on implementing new projects leading to economic growth in member countries.

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: Universitas Indonesia (Category 1), Faculty of Chemical and Energy Engineering, Universiti, Teknologi, Malaysia (Category 2) and Faculty of Medicine, University of Gezira, Sudan (Category 3). Details of the prize winners are given in Box 2.2.

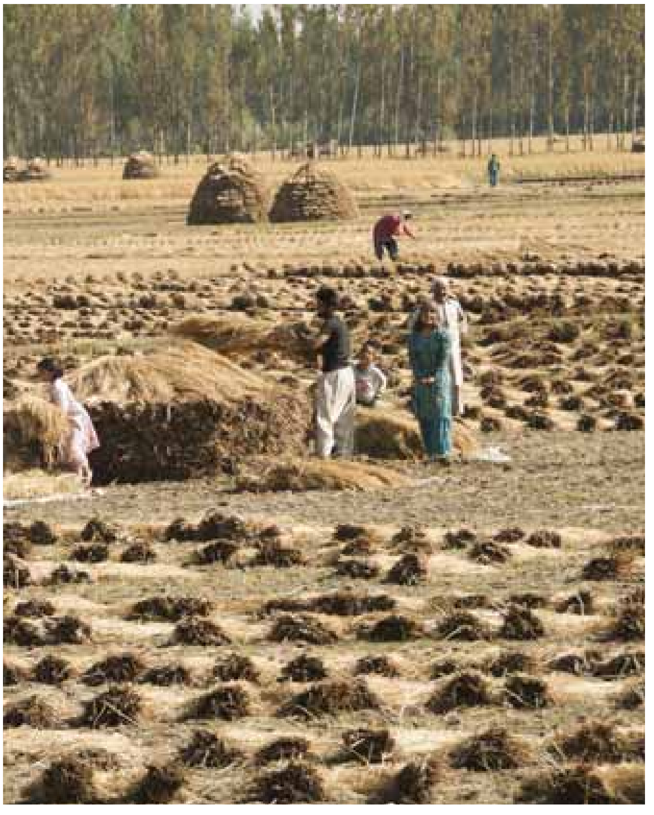
NGO Program: This program is aimed at helping the Bank engage with NGOs, who are essential partners in development. The program targets poverty reduction, education, health, and skills development for income generation. Since 2003, the NGO Program has approved 258 projects totaling $13,745 million in the form of grants, comprising of direct support to grassroots communities and capacity development to improve the efficiency of local NGOs. The scope of the interventions covers capacity and skills development, awareness raising activities, and the provision of related equipment.

In 2017, the Bank approved six NGO-related operations for an amount of $405,000 for Chad, Niger, Lebanon, Pakistan, Saudi Arabia and Turkey (Table 2.1). These operations focused on capacity development in education, skills development, promotion of women and youth in agriculture, vocational training and IT incubators as well as fragility and conflict prevention. These interventions align with the Sustainable Development Goals (SDGs), namely SDG 1 (No Poverty), SDG 4 (Quality Education), SDG5 (Gender Equality), SDG8 (Decent Work and Economic Growth), and SDG 16 (Peace, Justice and Strong Institutions).

Table 2.1 Distribution of NGO-related projects by sector in 2017

Sector	Amount in $	%
Education	133,000	33
Women and Youth Employment	210,000	52
Fragility and Conflict Prevention	62,000	15
Total Approval	405,000	100

The NGO Program also collaborated with the Islamic Solidarity Fund for Development (ISFD) to support initiatives such as Obstetric Fistula. Since the beginning of the Obstetric Fistula initiative, the Bank, in partnership with the ISFD, has funded a total of 15 operations in 12 countries totaling $1.9 million (Box 2.3).



Box 2.2: 2017 Prize Winners of IDB Prizes for Science & Technology

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.

Box 2.3: Coalition to Stop Obstetric Fistula Program

In 2017, the 58th Board of Directors of the ISFD approved the launch of a new initiative themed "Coalition to Stop Obstetric Fistula" which is a community-based Program to Eradicate Obstetric Fistula.

Countries selected for the Program are those with high prevalence of Obstetric Fistula (OF), limited resources and accessibility to existing support from external partners among other criteria. Afghanistan, Pakistan, Sierra Leone, Somalia and The Gambia are the first batch of beneficiaries. The Program is expected to attract $40 million in grant resources with ISFD making initial pledge of $5 million. The selected countries have also endorsed the Program and pledged their support and participation. The Program will be officially launched in 2018.

The Program Framework is based on four main processes, as follows:

1. Prevention:

- Creating a political and social environment that promotes improving the well-being and status of women and girls.
- Integrating fistula within national maternal and child health or other reproductive health strategies.
- Developing capacities of health care workers.
- Improving access to quality emergency obstetric care services.

2. Treatment:

- Developing the capacity of national healthcare workers and increasing the capacity of national healthcare facilities in providing fistula surgery.
- Formulating strategies for managing palliative care for women whose fistula is deemed incurable.
- Providing fistula repair surgeries.

3. Rehabilitation

- Providing adjunct care before, during and after medical treatment.
- Arranging for physical therapy.
- Offering psychosocial counseling and support
- Providing literacy, numeracy, and skills-based training.
- Participating in qualitative research on rehabilitation and reintegration.

4. Reintegration

- Providing women with income generation support (job placement, seed capital, micro-loans etc.).
- Conducting follow-up visits to facilitate and monitor the social engagement and economic activities.

Program targets are to:

- Increase awareness and utilization of health services within **5,000 communities**;
- Develop the capacity of **3,000 health care professionals** in maternal health and/or OF services;
- Surgically repair **20,000 women** suffering from OF and
- Improve the capacity of **130 Healthcare facilities** to provide essential and emergency obstetric care services.

IDB Prize for Women's Contribution to Development: In order to recognize and reward the contributions of women to development, the Bank launched the IDB Prize for Women's Contribution to Development in 2006. Annually, the theme of the prize is selected in consultation with the IDB's Women Advisory Panel and is normally awarded under two categories: individual category and organizational category. In this regard, in 2017, the 12th edition of the Prize was devoted to "Women's Contribution to the Prevention and Control of Cancer".

In 2017, under the individual category, Mrs. Hamida Kettab, an Algerian, was awarded $50,000 for dedicating most of her professional life to raising awareness, promoting and facilitating early detection of cancer. She was the initiator of the "Caravan of Hope" which has crisscrossed the country and reached underprivileged women in remote areas. Her work was instrumental in overcoming the stigma associated with the disease. She also collaborated with local community associations and developed the "National Alliance Against Cancer". She initiated the establishment of the independent fund for cancer patients. Her work extended to parliamentarians and Ministers of Health in an effort to advocate for policy change.

Under the organizational category, Dunya Center was awarded $100,000 for being the first non-profit organization to address cancer among Palestinian women. The Center provides screening, early detection, rehabilitations, survivorship services and information. The organization also extends its services to families of affected women, in spite of challenging circumstances in the West Bank. Dunya Center provides advanced technologies to address cancer and free-of-charge services to the needy women. The Center has collaborated with several academic institutions to promote cancer-related research. It also organized several activities to develop human capacities directed toward cancer care and partnered with government to influence the policy-making agenda.

Alliance to Fight Avoidable Blindness (AFAB): The Bank launched the AFAB initiative in 2009 to reduce the prevalence of cataract-related blindness and improve access to and quality of eye health care in member countries. The first phase of the initiative was successfully implemented with impressive results. Based on the lessons learned from the first phase and taking into consideration the increase in demand from member countries, the Bank, with the Alliance stakeholders and particularly the Prevention of Blindness Union (PBU), formulated the second phase of the initiative whose aim is to broaden the outreach to other preventable eye diseases and focus more on capacity development while continuing to reduce the prevalence of blindness due to cataract.

A total of 12 countries have been identified to benefit from the 2nd phase of the program, of which six were part of the first phase – Burkina Faso, Chad, Djibouti, Guinea, Mali, Niger – while the six new beneficiary countries are Comoros, Côte d'Ivoire, Guinea-Bissau, Mauritania, Mozambique, and Togo. The Program, which will cost $30 million, will set specific packages of intervention for each country, which will be based on a thorough needs assessments and priority eye diseases interventions. IDB through ISFD is contributing $5 million grant over the next five years while an additional $10 million has already been mobilized from the AFAB main partners including PBU, BADEA, IHH, AIDA, and others.

In 2017, the Bank in collaboration with ISFD undertook the development of the communication materials related to the 2nd generation of the AFAB. It also initiated a needs assessment of the beneficiary countries beginning with Burkina Faso, Chad, and Niger, in order to set specific packages of intervention for the countries benefiting from the AFAB.

2.5 Promoting Economic Cooperation and Integration

Since its inception, the Bank has been promoting economic cooperation and integration among member countries. In fulfilling this mandate, the Bank has established several programs, schemes, and partnership arrangements with development partners and regional organizations to strengthen economic cooperation and integration. This section highlights the achievements of the Bank on these initiatives in 2017.

Reverse Linkage: Since its establishment, the Bank has been fostering cooperation and knowledge sharing among its member countries through numerous schemes. One such scheme is the Reverse Linkage (RL) which has the overarching objective of capacity development through the transfer of knowledge, expertise, technology, and resources.

In 2017, the Bank approved four new RL projects for $61 million. These include the following: (i) RL Project between Chad and Tunisia for enhancing the teaching of Arabic Language; (ii) RL Project between Kuwait and Pakistan in the field of halal products authentication; (iii) RL Project between Cote d'Ivoire and Morocco to support vocational training system development; and (iv) RL Project between Niger and Morocco for strengthening rural electrification through renewable energy.

Particularly, the IDB worked on mainstreaming RL in its ordinary operations in order to pave the way for more projects to include cooperation and capacity development elements for the purpose of leveraging more resources from partners and enhancing sustainability. The mainstreamed RL projects that were approved focused on two priority sectors of the Bank, namely education and energy.

Strengthening Partnerships through Reverse Linkage: During the year, the Bank forged new partnerships with institutions in member countries with a view to enhancing solidarity-based cooperation. In this context, the Moroccan Office of Vocational Training and Labor Promotion (OFPPT), with the facilitation of IDB, established "The African Alliance for Vocational Training" which is a platform to enhance the capacity of African countries in vocational training based on Moroccan experience. The Alliance, which was launched during a Ministerial Conference held on 19 April 2017 in Morocco, is to exchange best practices in the field of vocational training; share experiences and know-how acquired by the different partners, and develop and promote vocational training projects. This initiative is of great importance because it will foster cooperation among member countries in the field of youth employment. It will also provide an opportunity for the Bank to support education-based projects with OFPPT as a provider of expertise through the RL modality.

IN 2017, THE BANK APPROVED

$61 million

FOR FOUR NEW REVERSE LINKAGE PROJECTS

"The Bank approved a new RL project between Niger and Morocco for strengthening rural electrification through renewable energy"

Abidjan, the economic capital of Côte d'Ivoire

Investment Promotion Technical Assistance Program: Since its establishment in 2005, the IDB Group Investment Promotion Technical Assistance Program (ITAP) is designed to build the capacity of investment promotion agencies (IPAs) of member countries and assist them in improving their investment climate as well as in identifying and promoting promising investment opportunities.

During 2017, ITAP undertook one capacity building program for member countries' Investment Promotion Agencies (IPAs) in Morocco during 23-26 January 2017 under the theme "Reforming International Investment Agreements: An Action Plan". The program, which was attended by 60 participants representing 38 IDB member countries, was organized in partnership with the United Nations Conference on Trade Development (UNCTAD), the Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC); the Islamic Centre for Development of Trade and (ICDT) and the Investment Development Agency of Morocco (AMDI).

Going forward, ITAP has prepared a rolling three-year plan, a concept note for establishing a Trust Fund for the purpose of resource mobilization and also several concept notes for anticipated projects and programs.

STRENGTHENING REGIONAL COOPERATION AND INTEGRATION (RCI)

As part of its efforts to support regional cooperation and integration, the Bank, in 2017, undertook a number of activities in this direction as highlighted below.

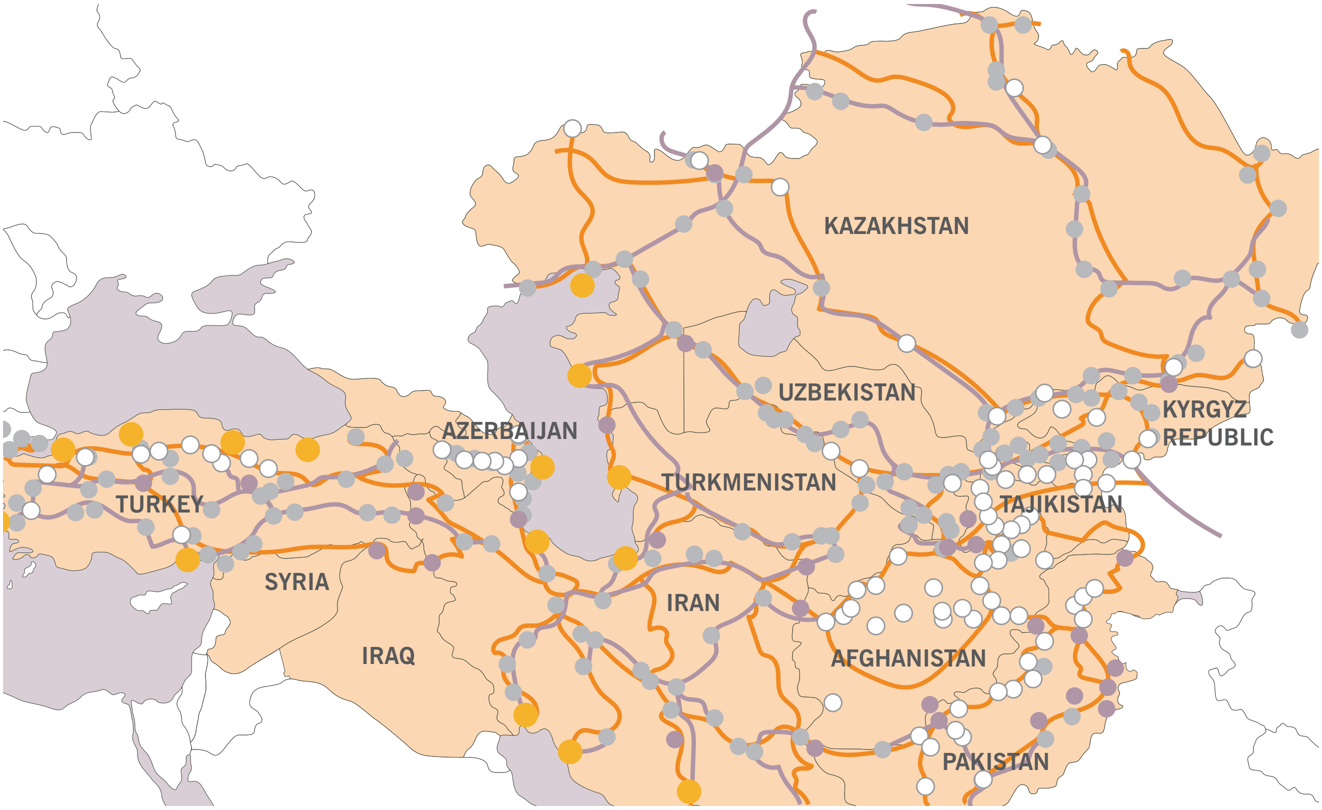
Development of Regional Cooperation and Integration (RCI) strategy: In 2017, the Bank drafted its RCI strategy with the aim of consolidating its technical and financial resources for supporting RCI in member countries. The strategy provides guidance on programming, planning, implementing, supporting, and resourcing for regional activities. It also responds to the recommendations of the OIC-2025 Programme of Action to achieve 25% intra-OIC trade and an 11% share of OIC in global FDI, as well as to the operational targets of IDB Group Ten-Year Strategy: $54 billion of intra-OIC trade to be financed, $28 billion of intra-OIC trade & investment to be insured, $2.5 billion financing facility to be established for supporting RCI, and $7 billion of project financing for RCI.

AS PART OF IDB GROUP TEN-YEAR STRATEGY

$7 billion

HAS BEEN COMMITTED TOWARDS PROJECT FINANCING FOR REGIONAL COOPERATION AND INTEGRATION (RCI) PROJECTS

Consultative Forum for Regional Cooperation Organizations (RCOs) in the OIC Region: The Bank has established institutional relations with almost all RCOs with a common membership of its member countries through signing memoranda of understanding and implementation of joint projects and activities. The Bank also institutionalized the organization of annual consultative meetings with the RCOs in the OIC region to exchange views on ongoing and future cooperation. In 2017, the 2nd IDB Consultative Forum with Regional Cooperation Organizations in the OIC region was organized during the 42nd Annual Meeting of IDB Group in Jeddah. It was attended by regional and international organizations from Africa, Asia, and Arab regions. The Forum reviewed the actions taken by the IDB and the relevant RCOs for implementation of the recommendations of the 1st Meeting of the Forum (17 May 2016, Jakarta) and came up with new recommendations for enhancing economic cooperation and integration in member countries. It was agreed to establish a platform for mapping regional cooperation initiatives and requested IDB to facilitate the establishment of a regional digital platform (website) for sharing information, knowledge and best practices in different sub-regions. This platform will function as an observatory of regional cooperation and integration initiatives in the IDB member countries. The Secretariat of the Economic Cooperation Organization (ECO), the UN Economic and Social Commission for West Asia (UNESCWA) and the New Partnership for Africa's Development (NEPAD) offered to host the next sub-regional consultative Forums of the RCOs in Asia, the Arab region, and Africa.



GEOGRAPHIC INFORMATION SYSTEM

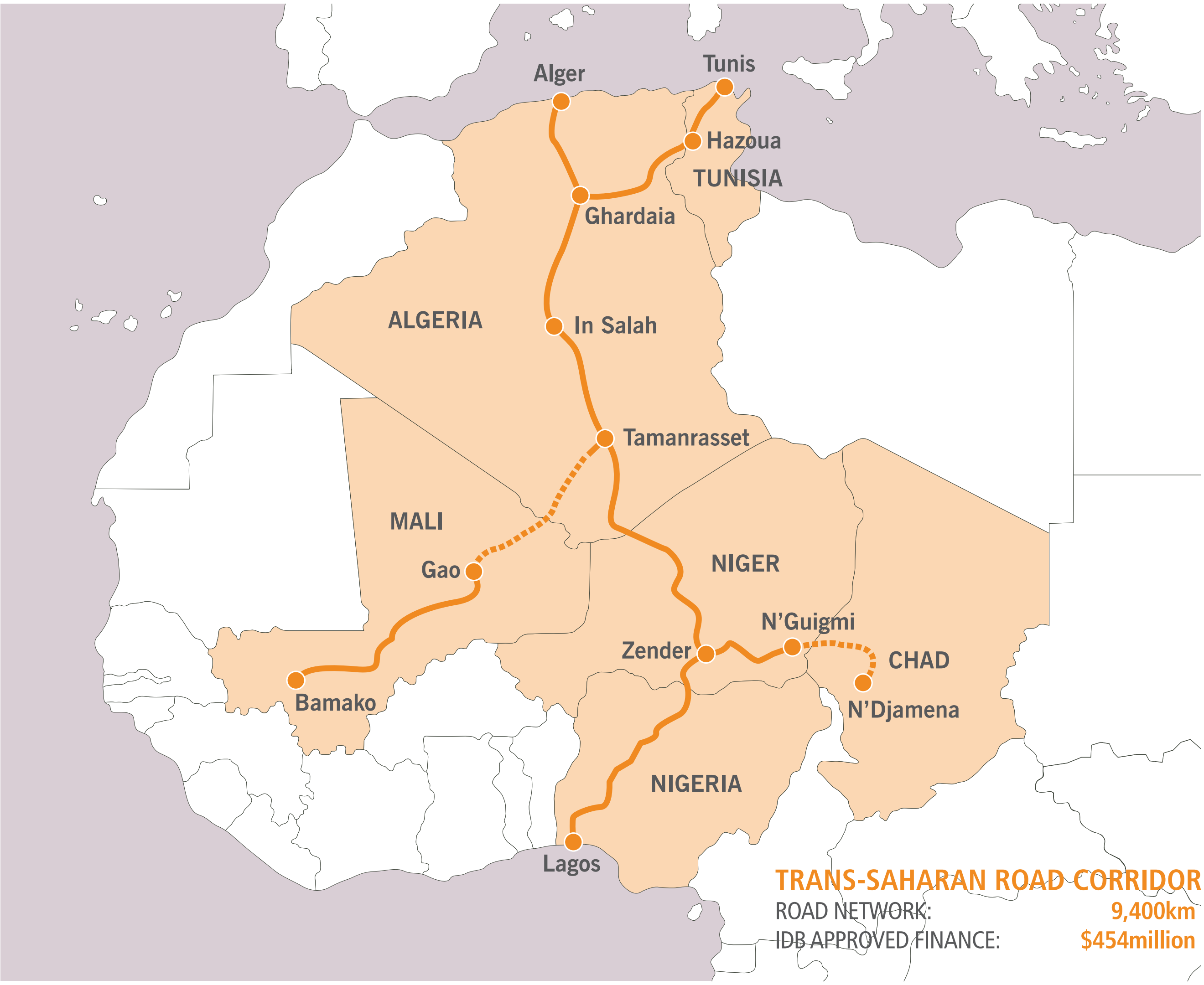
LAUNCHED:	22.02.2017
PHASE 1 INITIATIVE:	11 Countries
REGION:	Eurasia
PLANNED EXPANSION:	2018

IDB's Geographic Information System (GIS) of Regional Infrastructure Networks: In 2017, IDB in partnership with the UN Economic Commission for Europe (UNECE) initiated the creation of the IDB's Geographical Information System (GIS) of Regional Infrastructure Networks. The first phase of the initiative covers 11 countries in the Eurasia region. The kick-off meeting of the GIS project was held on 22 February 2017 in Geneva. In 2018, the application will be expanded to the remaining member countries of the Bank.

The GIS application will provide IDB and the partner institutions with a modern and strong instrument for analysis, dissemination, and visualization of data/information on transport infrastructure, international transit operations and trade flows in the region. The GIS database will also serve as a multi-country planning tool for regional connectivity and reduction of cost and time of the trade. It will also help in storing data and displaying of potential investment opportunities and financial gaps in infrastructure sector at national and regional levels and will facilitate resource mobilization for filling those gaps. The initiative will also facilitate preparation of a regional level investment plan consisting of realistic short, medium and long-term interventions. This will include an extensive inventory of specific road, rail, inland waterway, ports, terminals and other infrastructure projects for the participating countries, together with their estimated budget and implementation plan. The joint project with UNECE will also study and recommend possible mechanisms for mobilization of additional (mainly external and private sector) resources for implementation of the selected projects and capacity development activities.

$454 million

APPROVED FOR COMPLETION OF THE MISSING LINKS ALONG THE TRANS-SAHARAN ROAD CORRIDOR IN AFRICA



Enhancing regional connectivity through the development of inter-country corridors: The IDB has given priority to connecting landlocked member countries to international ports and maritime routes. It has already approved more than $454 million for completion of the missing links along the Trans-Saharan Road Corridor in Africa and $371 million for the Kazakhstan-Turkmenistan-Iran railway corridor connecting landlocked member courtiers of Central Asia with other member countries in the Middle East. In August 2017, the IDB and ECO Secretariat signed a technical cooperation agreement to streamline collective efforts of the enroute countries to commercialize the route and enhance its competitiveness in terms of transit transport. This initiative is expected to come up with a draft inter-governmental agreement among member countries to commercialize the corridor through the establishment of a regional corridor management mechanism and implementation of corridor commercialization plan.

For the Trans-Saharan Road Corridor (TSR), which is a regional initiative connecting Maghreb (Algeria and Tunisia) with Sub-Saharan Africa (Chad, Mali, Niger, and Nigeria) through a road network spanning over 9,400 km, the construction works have been finalized in Tunisia and Nigeria. However, the completion of some of the TSR segments is still pending. This is the case of a segment linking Algeria to Mali, Mali to Niger as well as segments in Chad and Niger. It is expected that the Algiers-Lagos axis of the road will be fully operational in 2018. In this context, a technical cooperation project has been prepared by the UNCTAD and IDB for a regional study on "Commercialization of the Trans-Saharan Road Corridor through the development of a regional corridor management mechanism".

> **"The IDB Group greatly encourages collaborative work and joint activities with OIC institutions for greater impact and outreach"**

WTO/Trade-related Technical Assistance to OIC Member Countries: IDB provides specific WTO-related technical assistance to member countries. Based on the feedback and requests of member countries, the assistance in 2017 focused on three main themes: Accession to the WTO; regional integration; and preparations for the 11th WTO Ministerial Conference. The major activities organized by the IDB in collaboration with the relevant international, national and OIC institutions – such as WTO, UNCTAD, ITC, ICDT, regional economic organizations and others during the year – were as follows:

- Workshop on Promotion of Trade and Transport Corridors to Enhance Regional Integration among IDB's African Member Countries, 20-22 February 2017, Dakar, Republic of Senegal.
- Seminar on "Trade in Services: Potential gains and Challenges to promote Regional Economic Integration in the Middle East and North Africa region", 22-24 March 2017, Casablanca, Kingdom of Morocco.
- Seminar on "WTO Trade Facilitation Agreement and the Prospects of Activating the OIC Single Window", 16-18 April 2017, Dubai, United Arab Emirates
- National seminar on "Accession of Azerbaijan to WTO", 27-28 April 2017, Baku, Republic of Azerbaijan
- Preparatory seminar for the 11th WTO Ministerial Conference: "An African Concertation", from 17 to 19 July 2017, Casablanca, Kingdom of Morocco
- Preparatory seminar for the 11th WTO Ministerial Conference: "An African Concertation", from 24 to 216 July 2017, Istanbul, Republic of Turkey
- Regional Seminar on Implications of the Economic Partnership Agreements(EPAs) on Regional Integration of IDB African MCs 11-13 October 2017, Abidjan, Cote d'Ivoire.
- Seminar on the preparation of the 11th WTO Ministerial: An Arab perspective, Dubai, UAE, 30 Oct-1 Nov 2017.
- IDB Ministerial Consultative Meeting on the eve of the 11th WTO Conference, 9 December 2017.

Cooperation with the OIC Institutions: As a specialized institution of the Organization of the Islamic Cooperation (OIC), IDB Group maintains very strong relations with OIC institutions and its various standing committees. The IDB Group greatly encourages collaborative work and joint activities with OIC institutions for greater impact and outreach. In this regard, the Bank continued to implement the OIC resolutions and recommendations in the economic, science and technology and humanitarian domains emanating from the various OIC Conferences, such as the OIC Council of Foreign Ministers, the COMCEC, and the COMSTECH. It also contributed financially and technically, where appropriate, to organizing various activities proposed and initiated by the OIC institutions. In 2017, the IDB Group participated in the following OIC-related events: (i) 33rd Session of the COMCEC held during 20-23 November 2017 in Istanbul, Turkey; (ii) 3rd Annual Coordination of OIC Institutions, 3-4 December 2017 at IDB Headquarters, Jeddah; (iii) 44th Session of the OIC Council of Foreign Ministers, 10-11 July 2017 Abidjan, Cote d'Ivoire; and (iv) 1st OIC Summit on Science and Technology, 10-11 September 2017, Astana, Kazakhstan.

WORKING WITH DEVELOPMENT PARTNERS: SUPPORTING COLLECTIVE ACTION

The importance of strengthening partnership work among donors cannot be overstated. Working in partnership means institutions can deal with the multifaceted development challenges facing developing countries so much better, rather than trying to tackle them alone. 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 re-focusing its engagement with the global development community, with a view to achieving better results and development outcomes in our member countries.

In doing so, IDB signed a new results-oriented, time-bound co-financing and cooperation MoUs with the African Development Bank (AfDB), the Asian Development Bank (ADB), the Inter-American Development Bank (IaDB) and the French Development Agency (AFD) in 2017. These cooperation arrangements target $8 billion of combined co-financing over five years. New cooperation MoUs were also signed with the D-8 and the World Academy of Sciences to support the activities of the newly launched STI Fund.

Table 2.2 Major Institutional Cooperation MoUs & Agreements signed in 2009-2017

Year	MoUs	Selected 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)
2017	6	AfDB, ADB, IaDB, AFD, D-8, The World Academy of Sciences

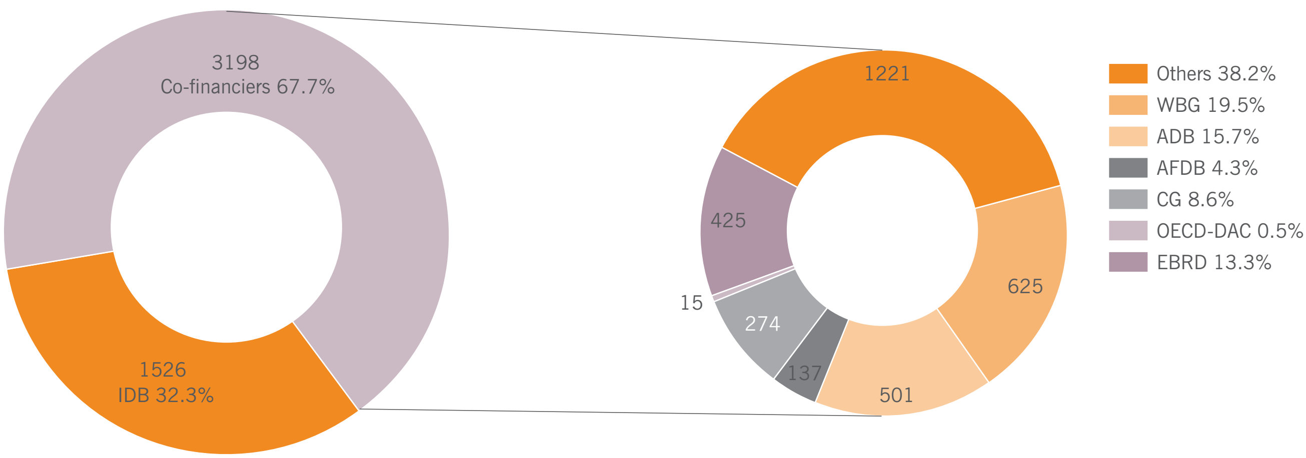
Co-Financing in 2017: The volume of IDB co-financing registered a sharp decline from $3 billion in 2016 to $1.5 billion in 2017. However, the volume of IDB co-financing expressed as a percentage of total annual approvals, which stands at 39% in 2017, is consistent with historical trends. The decline in co-financing is partly attributed to the year-on-year decline in the volume of annual approvals, which dropped by 32% in 2017 compared with 2016. Co-financing targeted 15 projects in 12 member countries and supported total investments of around $5.4 billion, including $3.2 billion contributed by other co-financiers, as shown in Fig. 2.1.

More than half ($1.8 billion or 55%) of the amount of co-financing contributed by other partners originated from Multilateral Development Banks (MDBs). The World Bank Group (WBG) accounted for more than a third of MDBs' co-financing amount.

Co-financing with the members of the Coordination Group[12], which targeted 6 projects, accounted for 9% of the total amount provided by other co-financiers, while OECD-DAC members accounted for less than 1% of the co-financiers' total contribution. While the co-financing contribution of Coordination Group members is similar to the one registered in 2016, it remains below historical trends. This may be partly explained by the decline in donor activity in some countries witnessed in recent years due to transition, fragility, conflict and violence.

"Working in partnership means institutions can deal with the multifaceted development challenges facing developing countries so much better, rather than trying to tackle them alone"

Fig 2.1 Co-Financing in 2017 ($M)



[12] 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).

Co-financing shifts away from infrastructure sector: IDB co-financing becomes more diversified in 2017 and shifts away from the infrastructure sector, whose share declined from more than 80% in 2016 to 53% in 2017. The agriculture and rural development sector attracted around a third (32%) of IDB co-financing with the remaining 15% going to the human development sector, including two health resilience projects (co-financed with the World Bank and the Global Concessional Financial Facility) targeting Syrian refugee-hosting countries, namely, Jordan and Lebanon. As in 2016, around 80% of IDB co-financing in 2017 targeted sovereign transactions.

Co-Financing Mainly Targets Asia and Sub-Saharan Africa: Member countries in Asia and Sub-Saharan Africa attracted 43% ($655 million) and 32% ($491 million), respectively, of the Bank's co-financing volume in 2017, with the remaining 25% ($380 million) going to Arab member countries (Fig 2.3).

This new geographical pattern may be attributed to the market-driven shift away from the Arab region observed in recent years, combined with the expansion of ordinary financing programs in Sub-Saharan Africa. In terms of the number of projects, there were four projects co-financed in member countries in Asia and five projects in Sub-Saharan Africa, with a further six projects in the Arab region.

Table 2.3 Evolution of Co-financing (2005-2017)

Year	OCR Approvals $m*	Co-financing $m (% OCR)	No. Ops	No. MCs	Co-financiers $m	of which CG $m	Projects' Cost $m
2017	3,941	1,526 (39%)	15	12	3,198	274	5,370
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
Total	48,459	17,704 (37%)	310	N/A	37,347	9,756	86,635

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

* OCR Approvals as stated at year-end in corresponding IDB Annual Report.

Fig 2.2 Sectoral distribution of IDB co-financing in 2017 (%)

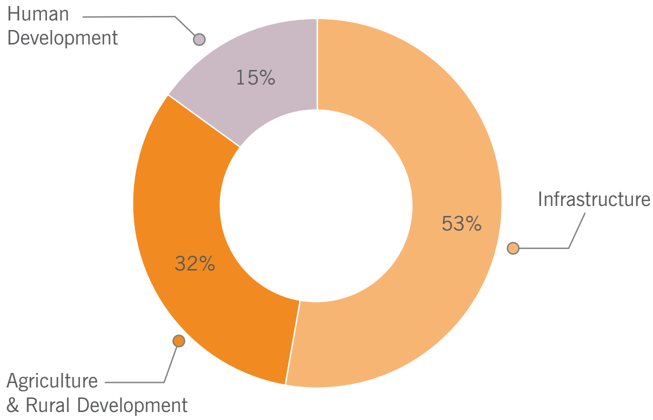
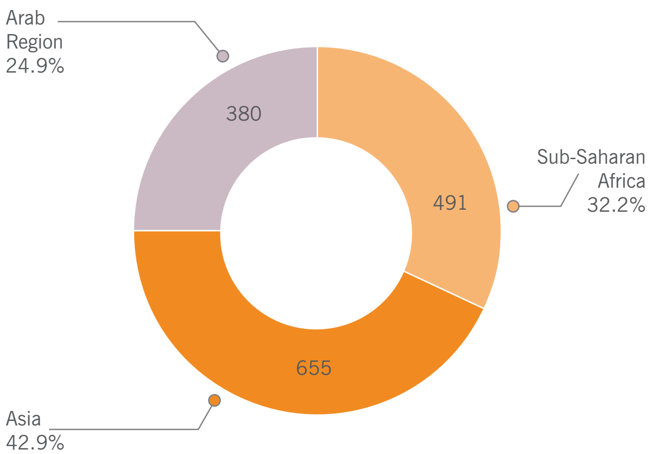


Fig 2.3 Geographical distribution of IDB co-financing in 2017 ($ millions)



> **"The Coordination Group is a pertinent example of south-south cooperation and an effective inter-agency aid coordination mechanism of like-minded partners"**

Cooperation with the Coordination Group: IDB collaborates very closely with fellow members of the Coordination Group. The Coordination Group is a pertinent example of south-south cooperation and an effective inter-agency aid coordination mechanism of like-minded partners. Coordination Group members share a similar vision of development cooperation stemming from their shared values and principles, which firmly put recipient countries in the driving seat, in line with the letter and spirit of the Paris Declaration on Aid Effectiveness.

Coordination Group members are essentially demand-driven, project-based institutions. The Coordination Group meets biannually at the level of heads of operations to identify new partnership opportunities and to coordinate joint actions, with a view to enhancing the focus and impact of collective assistance to mutual client countries. This is mainly achieved through coordinated country-level programming and implementation, and the harmonization of policies and procedures, in order to improve efficiency, reduce transactional costs and the administrative burden on clients. The Coordination Group collaborates 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. In 2017, the Coordination Group and the World Bank Group signed a new MoU to scale up cooperation and co-financing.

Out of the 15 projects co-financed with development partners in 2017, six projects in Sub-Saharan Africa, Central Asia and North Africa were co-financed with members of the Coordination Group, which collectively provided $274 million in co-financing (Table 2.3), including $150 million from the Arab Fund for Economic and Social Development, $60 million from the Kuwait Fund for Arab Economic Development, $47 million from the Arab Bank for Economic Development in Africa and $17 million from the OPEC Fund for International Development. IDB, for its part, contributed $776 million to those six projects co-financed with members of the Coordination Group. As shown in Fig 2.4, co-financing from Coordination Group members focused mainly on infrastructure (67%) and, to a lesser degree, on agriculture and rural development (27%) and human development (6%t).

Fig 2.4 Sectoral distribution of co-financing with the Coordination Group in 2017 (%)

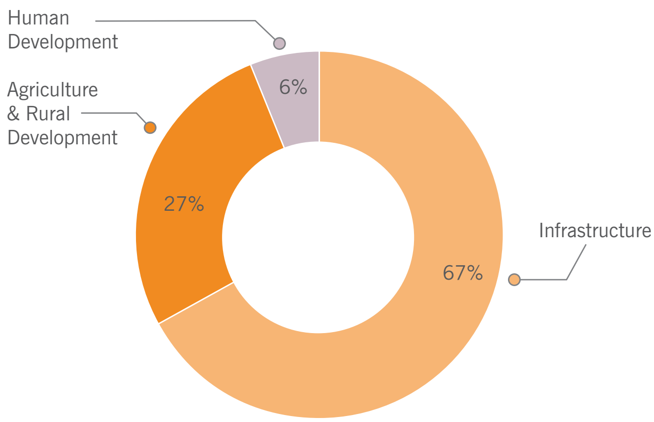
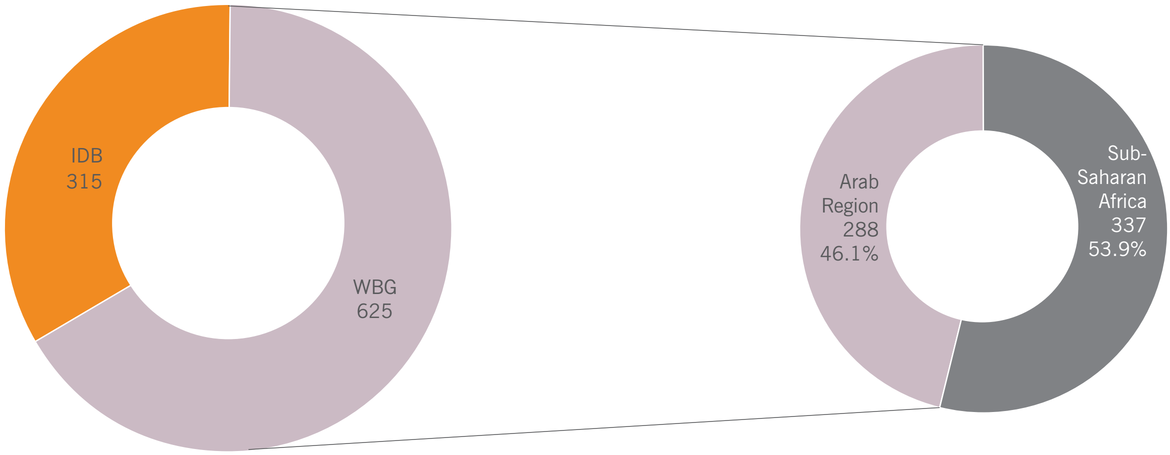


Fig 2.5 Geographical Distribution of co-financing with the World Bank Group in 2017 ($m)



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 95 projects worth around $31.6 billion in common member countries in Sub-Saharan Africa, Asia and the Arab region, in which IDB and the World Bank Group contributed $3.9 billion and $8.8 billion, respectively.

Following the signing of the IDBG-WBG Strategic Partnership Framework (SPF) in October 2015, the two institutions have significantly scaled-up cooperation and ramped-up co-financing work in 2016 and 2017. As a result, aggregate co-financing between the two partners under SPF totaled $3.2 billion, with the IDB Group contributing around $1.2 billion, or 38 %, and the WB Group $2 billion, or 62%.

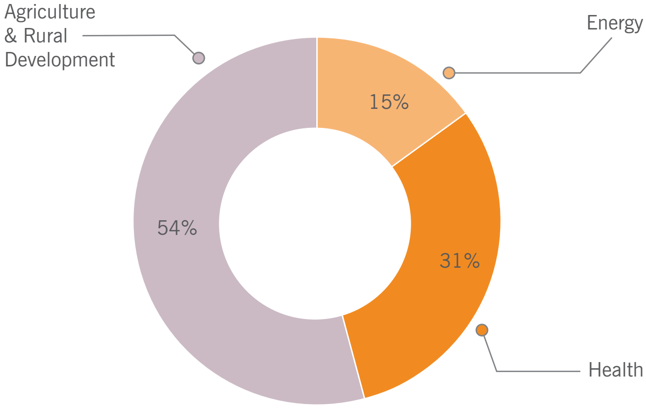
In 2017, IDBG-WBG co-financing reached $940 million, including $315 million from the IDB. Co-financed projects were located in the Arab region (46%) and Africa (54%). As shown in Fig 2.6, WBG co-financing focused on agriculture and rural development (54%) and, to a lesser degree, healthcare (31%) and clean energy (15%).

IN 2017, IDBG-WBG CO-FINANCING REACHED

$940 million

INCLUDING $315 MILLION FROM THE IDB

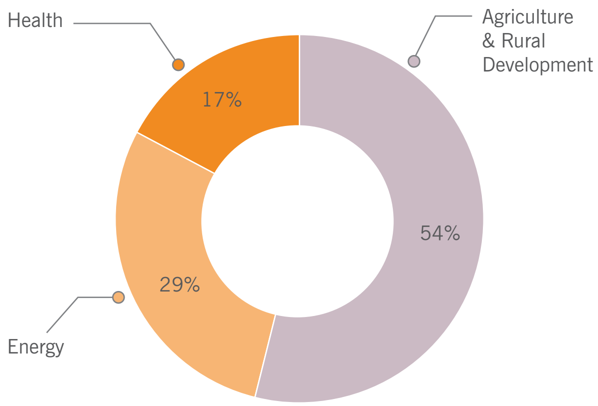
Fig 2.6 Sectoral distribution of co-financing with the World Bank Group in 2017 (%)



Cooperation with Regional Multilateral Development Banks: Multilateral Development Banks remain the Bank's main co-financiers. This was again clearly demonstrated in 2017, as MDBs (including the WBG) contributed more than half of the volume of co-financing (53%, or $1.7 billion out of $3.2 billion). Regional Development Banks together accounted for $1.1 billion, or 34%, of the total amount contributed by co-financiers in 2017.

Around 47% of co-financing from regional MDBs originated from the Asian Development Bank (ADB) with $501 million, followed by the European Bank for Reconstruction and Development (EBRD) with $425 million, or 40%, and the African Development Bank with $137 million, or 13%. Co-financing with regional MDBs focused mainly on agriculture and rural development (54%), clean energy (29%) and healthcare (17%), as shown in Fig 2.7.

Fig 2.7 Sectoral distribution of co-financing with regional MDBS in 2017 (%)



2.6 Boosting Islamic Finance Development

The Bank has, over the years, contributed significantly to nurturing and creating an enabling environment for the sustainability of Islamic financial industry by establishing and supporting Islamic financial institutions, and organizing and participating in various awareness activities.

The Bank does these activities through working with strategic partners such as governments, private sector institutions and multilateral development banks and donor institutions. The key activities of the Bank for Islamic finance activities during the year are presented in this section:

Technical Support Program (TSP): One of the core mandates of the IDB in relation to the development of Islamic Finance sector is the provision of technical assistance (TA) for creating an enabling environment for Islamic Finance. The TAs facilitate the development of legislation, regulations, Shari'ah governance mechanism, and supervisory framework for various Islamic finance industry segments such as Islamic banks, Islamic capital market, and Takaful. In addition, the TAs are also given to recipient countries for formulating and implementing a high-level strategy for development of Islamic Finance sector. The activities of the TSP in 2017 are given in Table 2.4.

IDB Financial Inclusion Program (FIP): The IDB Microfinance Development Program (MDP) – which dealt with the development of Islamic microfinance – has been transformed into IDB Financial Inclusion Program (FIP). This new program reflects the IDB's desire to have one intervention strategy in the Islamic finance sector in which the IDB would act as a catalyst to develop the industry. The new strategy includes investment in Islamic financial institutions (Islamic banks and microfinance institutions), provision of technical assistance for developing the enabling environment and for products development. To achieve these objectives, the Bank would work on enhancing partnerships with governments, regulators, standard making bodies, international development institutions and various public and private sectors institutions.

During the year, through the FIP program, the IDB undertook a number of activities including (i) conducting a study to establish a new Islamic bank in coordination with the Government of Kyrgyzstan; (ii) participation in the capital of a new Islamic microfinance institution in Senegal; (iii) prepared feasibility study for a new Islamic microfinance institution in Gambia in partnership with a local Islamic bank; (iv) completed market studies for Afghanistan, the Gambia, Guinea (Conakry) and the Maldives; (v) provided additional investments for strengthening the capital of two Islamic banks – Amana Bank (Sri Lanka) and Zitouna Bank (Tunisia).

Cooperation, Alliances and Partnerships: During the year under review, IRTI continued to foster cooperation with other MDBs, the United Nations, Islamic Infrastructure Institutions and other institutions in the Islamic financial industry. The cooperation with the World Bank and UNDP resulted in conducting joint events and publishing reports on topics of mutual interest for the development of Islamic finance. IRTI also continued to partner with the General Council for Islamic Banks and Financial Institutions (CIBAFI) to create a new Islamic Financial Industry Information (IFII) cluster of databases, which aims to provide comprehensive data and information covering all sectors of the global Islamic financial industry. The first module of the system, covering Islamic banking information, is expected to be launched during the year 2018.

Table 2.4 Activities of Technical Support Program in 2017

#	Recipient	Scope	Amount ($'000)
1	Afghanistan III	Development of legal and regulatory Framework for Islamic Takaful	230
2	Russia (Russian Islamic University)	Capacity Building in Islamic Finance	120
3	Kyrgyzstan	Development of Regulatory and Supervisory and Sharia Framework for Islamic Banking	270
4	Djibouti	Preparing Strategy on Islamic Finance	200
5	Suriname	Improvement in the Regulatory Environment for Islamic Banking and Finance	265
6	Comoros	Enabling Environment for Islamic Banking	200
Total Approved			**1,285**

IDB Prize in Islamic Economics/Islamic Banking & Finance: This award was established in 1408H (1988) to recognize seminal contributions in the fields of Islamic Economics, Banking and Finance. Each award comes with a cash reward of ID30,000 (approximately $45,000). To date, there have been a total of 37 recipients, comprising 33 scholars and four institutions from different parts of the world. The IDB Prize in Islamic Economics for the year 1438H (2017) was withheld.

Islamic Finance Awareness Enhancement: In 2017, IRTI organized/co-organized many significant international conferences, workshops, and seminars, aimed to facilitate strategic discourse on key issues facing the Islamic financial services industry globally. The 12th IDB Global Forum on Islamic Finance was organized under the theme "Empowering Youth Entrepreneurship and Access to Finance" during the 42nd Annual Meeting of the IDB Group. The objective was to discuss the empowering of youth entrepreneurship through providing access to Islamic finance, and the emergence of alternative finance (e.g. crowdfunding) for youth to pursue innovation-driven opportunities.

Some of the key discussion points and outcomes are: (i) Boosting entrepreneurship is a key strategy to reducing unemployment and its associated social ills, (ii) Capital is the biggest obstacle to starting businesses, particularly for young entrepreneurs; (iii) Small-to-medium enterprises (SMEs) have great potential of creating jobs for the youth, (iv) Financial inclusion is a viable way to mobilize unbanked funds to support youth ventures. With 2 billion unbanked people in the world, harnessing the funds outside the formal banking system would rake in billions of dollars to power businesses and in turn create jobs; and (v) Digital investing is a viable opportunity for young people in IDB member countries.

The forum also featured the launching of IRTI/UNDP report titled, "I for Impact: Blending Islamic Finance and Impact Investing for the Global Goals". The report spells out the potentials of Islamic finance in impact investment for the achievement of the Sustainable Development Goals (SDGs). In addition, there was a presentation during the forum on key findings and recommendations of the IRTI/World Bank Global Report on Islamic Finance 2016 themed "Islamic Finance: A Catalyst for Shared Prosperity?" The report outlines the potentials of Islamic finance in curbing income inequality and ending poverty worldwide.

Financial Product Development Center (FPDC): In 2017, the FPDC continued to develop and promote new Shari'ah-compliant financial instruments for the IDB Group, member countries, and the Islamic financial industry. In the critical area of developing human capital for innovation in Islamic financial products, the Center successfully renewed its agreement with Mohamed V University, Rabat, for the Islamic Financial Engineering Lab for the years 2017-2019. The Center, in addition, delivered two pieces of training programs and contributed to five conferences/seminars while regularly assisting in raising awareness on various topics including risk management, sovereign Sukuk.

Vice President of IDB, Sayed Aqa (4th from left), and Acting DG of IRTI, Dr. Mohamed Jouini (4th from right), with Shaikh Abdulaziz AlHamrani, Group CEO of AlHamrani Group, and other officials after signing the agreement.

IRTI signed an agreement with Ateon & SettleMint to build a blockchain-based product that can potentially be used to support the development and financial inclusion in IDB member countries. From an islamic perspective, money should be transparent, stable, and trustworthy. Blockchain technologies are able, in principle, to serve these objectives in a robust and cost-effective manner.

For new products, the Center built upon its innovative efforts of 2016 and continued to explore and develop 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) constructing cash flow model of a unique institutional framework for governments to issue Sovereign Sukuk using various Islamic modes of financing to finance development. FPDC also organized a workshop on the Sukuk structure in Casablanca, Morocco, with constructive participation from government officials and finance and risk experts; (ii) analyzing the financial aspects of a *Musharakah Sukuk* structure, Multi-level Protection *Musharakah Sukuk*. MLP Sukuk 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) developing an efficient system to meet the needs for liquidity management for Islamic banks; and (iv) developing financial technology (FinTech) framework using the Blockchain concept for financial inclusion and poverty alleviation in IDB member countries.

"The Financial Product Development Center has renewed its agreement with Mohamed V University, Rabat, for the Islamic Financial Engineering Lab for the years 2017-2019"

Islamic Financial Engineering (IFE) Laboratory: This Lab is a joint initiative of the Financial Product Development Center (FPDC) at the IDB 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 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 member countries and the Islamic financial industry. The students develop their own simulations to 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 prepared by IFE Lab students have been published in reputed journals or presented at international conferences. Upon completing three years of operations in early 2017, the IFE Lab underwent a rigorous evaluation by IDB Group Operations Evaluation Department (GOED). The evaluation found that the IFE Lab is 'building new capacities' and 'raising awareness' in Islamic finance among practitioners in financial institutions, governments and researchers. It also deemed the IFE Lab as 'highly relevant' to both the host country – Morocco – and the IDB. Based on the evaluation findings, the IDB's support to the IFE Lab was renewed for another three years with a mandate to maintain the highest quality research and continue to provide international exposure for the Ph.D. students.

Officials at the signing of the agreement to renew the IFE Lab initiative in Rabat, Morocco.

2.7 Supporting Solidarity and Resilience Agenda

The Special Assistance program of the Bank is aimed at assisting the Muslim Communities in non-member countries to cater to basic social services especially access to quality education and health facilities. The program empowers their people to benefit from training, micro-finance, seminars, and educational materials. It also provides relief assistance to both member and non-member countries in situations of natural and man-made disasters, offering scholarship opportunities for academically meritorious and financially needy young Muslim students to pursue higher education.

Special Assistance: The Bank continued to extend relief assistance to member and non-member countries; provide support for education and health services in non-member countries, and build capacity through provision of micro-financing, and training.

During the year, the Bank approved 22 operations (comprising 11 education operations, three health sectors, and eight operations for Vocational Training) in 16 non-member countries totaling $4.2 million for the provision of access to basic services.

In addition, nine relief assistance operations amounting to $5.57 million were approved for health, water sector to support Internally Displaced Persons (IDPs), refugees, and people affected by natural and man-made disasters in both non-member countries and member countries especially Yemen, Iraq, Somalia, Philippines, Bosnia, Fiji, Sudan and Eretria.

Trust Funds (Bringing Inclusive Social Development): The Al-Aqsa Fund, established in 1421H, has received a new contribution of $500 million from the Arab member countries during the Arab Summit held in the Dead Sea, Jordan in March 2017. The money will complement other existing funds – Al Aqsa Fund, Al Quds Fund, and GCC Fund – which provide an immediate response to the needs of occupied Palestinian people.

MORE THAN

20

PAPERS PREPARED BY IFE LAB STUDENTS HAVE BEEN PUBLISHED IN REPUTED JOURNALS OR PRESENTED AT INTERNATIONAL CONFERENCES

The number of trust funds managed by the Bank has increased with the establishment of Arab Funds and Fael Khair, which allow the Bank to extend financial assistance for development projects, emergency response, recovery, and capacity-building in concerned member countries. Since their inception, the accumulated trust funds' approvals reached $2.8 billion. Of this amount, $2 billion was disbursed as a grant to Palestine to support key sectors including health, education, water and sanitation, agriculture, housing, municipal capacity, capacity building and economic empowerment.

The beneficiaries of the Fael Khair trust fund have received unwavering support from the IDB for community needs. For Syrian refugees in Syria and the neighboring countries, the Bank, with international bodies, has exerted extensive efforts in rebuilding the education and health conditions while two schools have started operations in southern Turkey with 69 other schools inside Syrian and Turkey under restoration. Mobile clinics were mobilized to support refugees in dire need of health assistance.

In Somalia, 72 artesian wells were built and within their vicinity, six schools are under construction while one has already been completed. In Niger, the construction works for the first-ever Girl Campus, Islamic University in the country has started since October 2017. The Fael Khair trust fund continued extending its noble support, sponsoring eight brilliant Acehnese students, who had graduated from the existing Tsunami Orphan Kafala Program and continuing their studies in prominent universities throughout Indonesia. The Bank is gradually completing the deployment of 75 mobile clinics in Afghanistan, Bangladesh, India, Kyrgyzstan, Pakistan, Uzbekistan, and Yemen.

Climate Change Vulnerability: Climate change continued to remain a major development challenge of our time and an existential threat to human survival and ecosystems. Despite global efforts to address its impacts which culminated in world leaders ratifying, in record time, the 2015 Paris Climate Agreement, it is interesting to observe the rising number of extreme events in recent years with attendant consequences. In fact, the number of climate-related extreme events has nearly doubled from 412 in 1990 to 797 in 2016 while the estimated financial losses associated with extreme events have also doubled from $65.6 billion in 1990 to $129.4 billion in 2016[13].

[13] The Lancet Countdown on Health and Climate Change (Oct. 2017): http://www.thelancet.com/pdfs/journals/lancet/PIIS0140-6736(17)32464-9.pdf

SDGs

MEMBER COUNTRIES ARE MAKING CONCERTED EFFORTS TO ALIGN SUSTAINABLE DEVELOPMENT GOALS (SDGs) WITH THEIR NATIONAL DEVELOPMENT PLANS AND STRATEGIC INITIATIVES.

Because of the impact of extreme events on development assistance activities in member countries that could lead to vicious development instead of sustainable development, the Bank has intensified efforts in supporting and participating in global, regional and national initiatives designed to address the menace of climate change. Accordingly, it has established a new Climate Adaptation Division to coordinate and implement all climate-related initiatives and mainstream Nationally Determined Contributions (NDCs) of member countries into project financing. The Bank also participated in COP23 held in Bonn, Germany during the period 6-17 November 2017 where it organized side events on various themes including Financing Renewable Energy in IDB Member Countries; and Trade, Transport, and Climate Action. Similarly, the Bank has prepared its climate change policy and is working towards finalizing its Environmental and Social Safeguards Policy.

During the One Planet Summit held in Paris, France, on 11 December 2017, which was attended by more than 60 heads of state, the Bank participated in the summit as well as in the international financial institutions meeting, where it announced that it will increase financing for projects related to environmental protection, in a bid to support sustainable development in member countries. It also announced its membership of the Climate Mainstreaming in Financial Institutions initiative.

Supporting Sustainable Development Goals (SDGs): 2017 marked the second year of the implementation of the 2030 Agenda for sustainable development, which aims to improve human dignity and well-being through an inclusive and sustainable process with the objective of leaving no-one-behind.

The primary stakeholders of SDGs – member countries – are making concerted efforts to align SDGs with their national development plans and strategic initiatives. In support of these efforts, the IDB Group has also undertaken an assessment of the alignment of its Ten-Year Strategy with the SDGs. It is working to have a long-term strategic approach for supporting the implementation of SDGs in member countries. The Bank's engagement with member countries is being enhanced using available instruments including the member country partnership strategy (MCPS). All future MCPSs are to be SDGs-focused while agreed priorities will be realized through focused interventions in member countries.

In terms of specific SDGs events, the Bank, in 2017, organized a high-level Seminar entitled "Supporting the efforts of IDB member countries in implementing SDGs" on the margins of the 42nd IDB Annual Meeting held in Jeddah where Ministers and representatives of multilateral development banks gave their perspective on opportunities and challenges in realizing SDGs at country level. During the year under review, the UN Deputy Secretary-General, Ms. Amina Mohammed, paid a visit

H.E. Ms. Amina Mohammed, (UN Deputy Secretary – General) with H.E. Dr. Bandar M.H. Hajjar (President of IDB) at IDB Headquarters

to IDB to discuss collaboration between the two institutions in supporting the implementation of SDGs. The IDB has since designated a Special Envoy on SDGs to voice the Bank's position in international fora.

An SDGs Community of Practice (CoP) was established at the Group level to discuss the SDGs update and how to mainstream the various goals and targets in the day-to-day activities of the Bank. Under the CoP, various activities were organized during the year focusing on four aspects namely, Awareness, Alignment, Advocacy and Adaptation of SDGs within the operational activities of the IDB Group.

The Saudi Project for the Utilization of Hajj Meat: The Bank manages this project for the Government of Saudi Arabia, although it 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 in 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 for Gelatin and Organic Material Production was established with Chinese contractors to produce 600 ton of halal gelatin (extracted from skin & bones) and one billion hard gelatin capsules as the primary packaging material for pharmaceutical company's 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.

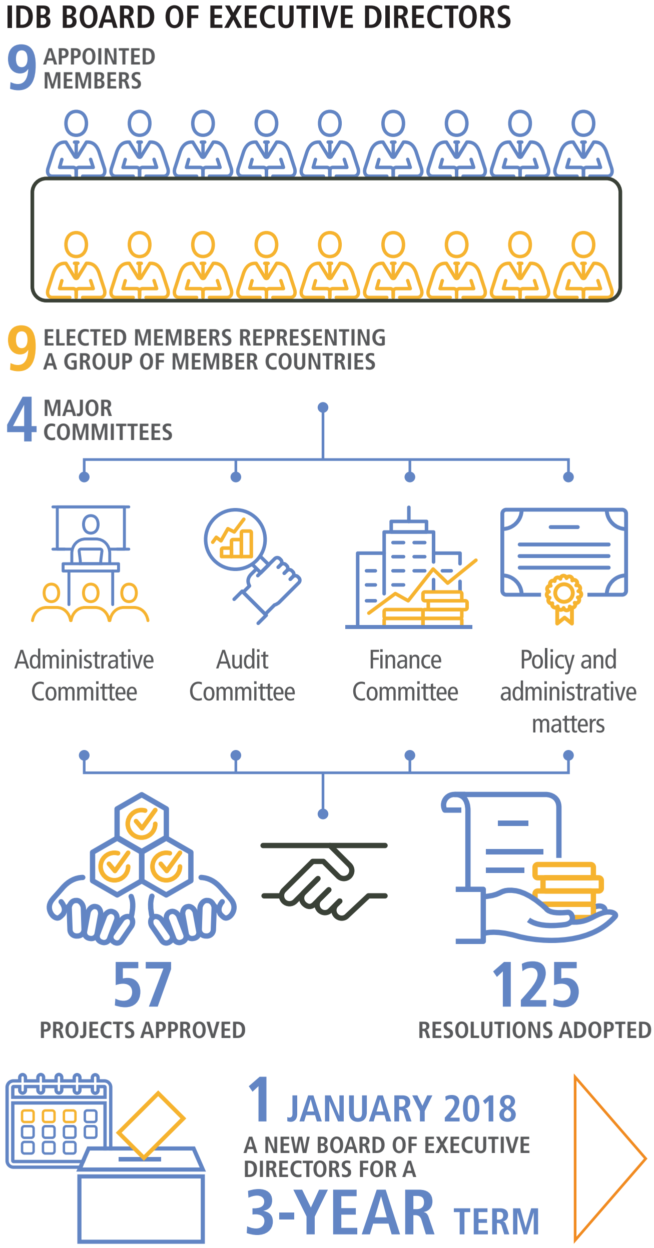
The capsules factory is ready for operation with three successful trials conducted. The company is preparing the necessary documents to get the final approval for civil defense as well as for the operation from the Saudi Food and Drug Authority. To date, all the gelatin factory equipment had been installed 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, know-how to finalize the criteria and standard for operation.

Hajj Meat Distribution: In 2017, the number of carcasses was 927,842 sheep and 447 cows. Out of the figure, 671,980 sheep as well as cows and camels were distributed among the poor and needy people in the Haram area in Makkah Al-Mukarrama and charities inside the Kingdom. The remaining 255,500 sheep were distributed outside the Kingdom of Saudi Arabia.

671,980

SHEEP CARCASSES AS WELL AS COWS AND CAMELS WERE DISTRIBUTED AMONG THE POOR AND NEEDY PEOPLE IN THE HARAM AREA IN MAKKAH AL-MUKARRAMA AND CHARITIES INSIDE THE KINGDOM.

3 Strengthening Institutional Effectiveness

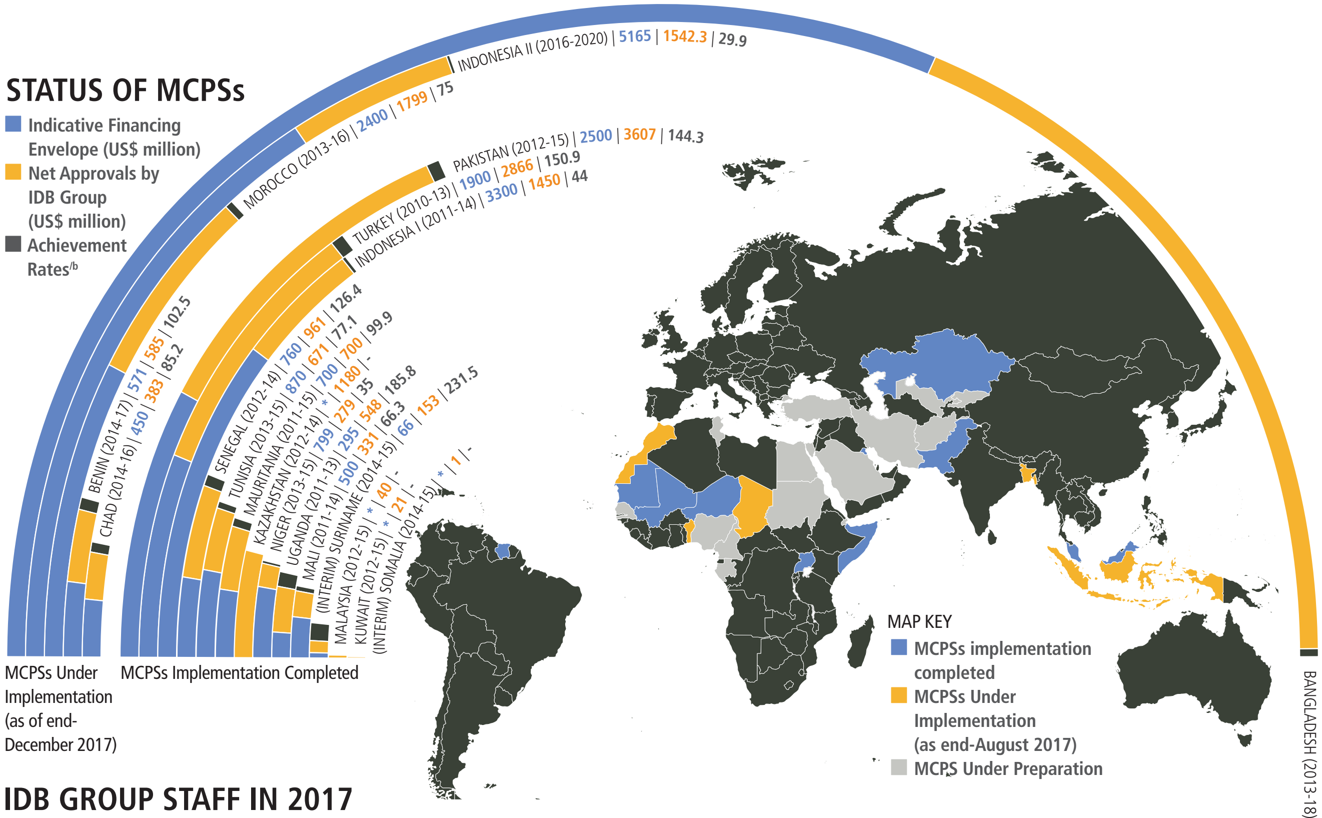


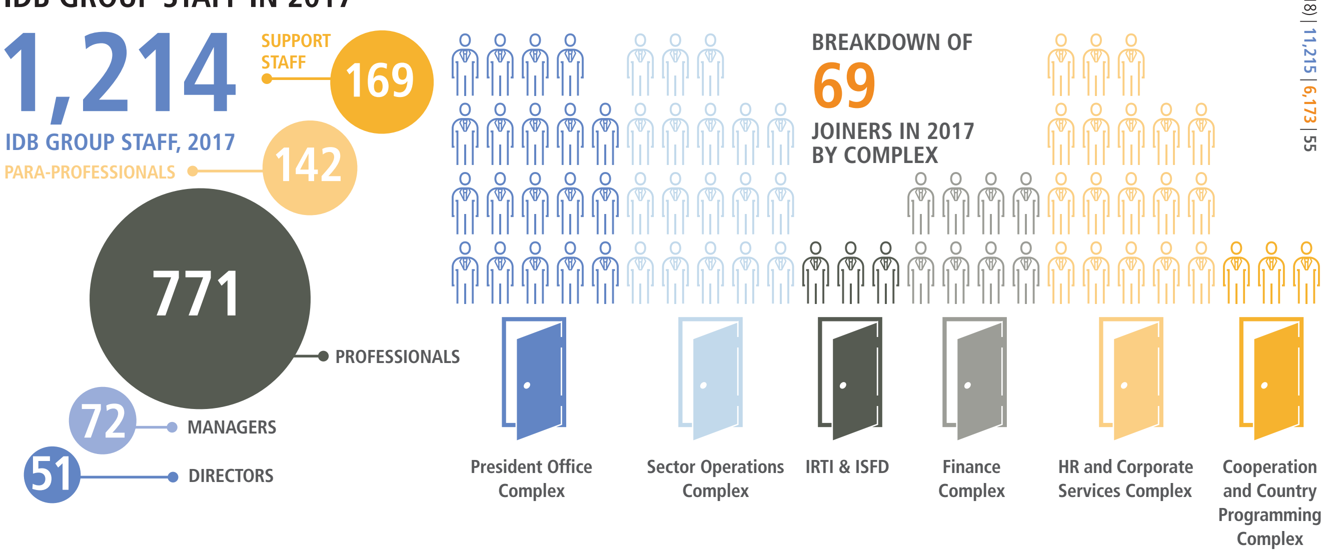
Introduction

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.

3.1 Board of Governors

The 42nd Annual Meeting of the IDB Board of Governors was held in the period 16-18 May 2017 in Jeddah, Saudi Arabia, under the overarching theme of "Youth Economic Empowerment". In conjunction with the meeting, the Bank organized a number of side events on various aspects of youth empowerment which offered an opportunity for the delegates to actively engage in sharing ideas, knowledge, experiences and best practices. Moreover, a high-level "Governors' Forum", designed as a platform for the governors to discuss topical issues, was organized on the theme "Harnessing experiences towards achieving the SDGs". In





addition, an “Exhibition on Innovation”, where innovative solutions are showcased, was organized with the participation of 34 countries.

At the annual meeting, Board of Governors discussed the report on the “Update on implementation of the IDB Group Ten-Year Strategy” and directed the Board of Executive Directors to transform the IDB Group Strategic Framework into a detailed strategy with implementation plans, concrete mechanisms, and specific timelines. The Governors expressed their appreciation to the IDB President for his new initiative and gave full support to the President’s Five-Year Program (P5P).

P5P

THE GOVERNORS GAVE FULL SUPPORT TO THE PRESIDENT'S FIVE-YEAR PROGRAM (P5P)

3.2 Board of Executive Directors

The Board of Executive Directors is composed of 18 members: nine are appointed – representing the nine major shareholders – while the remaining nine are elected – with each elected member representing a group of member countries. The Board of Executive Directors usually holds seven meetings a year, but the decision was taken to reduce the meetings to five starting from 1 January 2018.

The Board of Executive Directors has four major committees – Administrative Committee, Audit Committee, Finance Committee, and Operations Committee. During the year under the review, the Executive Directors approved 57 projects and adopted 125 resolutions on financing, policy and administrative matters. The year also saw the end of the 14th term of the Board and the beginning of the 15th term.

3.3 President's Advisory Panel

The President's Advisory Panel, consisting of eminent personalities, was established in 2015 to provide an independent perspective and advice to the IDB President on various themes relevant to the IDB Group strategic direction. The panel members, who serve for a three-year term, meet once a year.

Since its inauguration in 2015, the Panel has so far discussed three themes namely (i) IDB Group 10-Year Strategic Framework and member countries' challenges and opportunities, (ii) Digital Development for Resilience, and (iii) Future of Development. Importantly, at its last meeting in 2017, which took place during the 42nd meeting of the Board of Governors in Jeddah, the Advisory Panel shared their views and thoughts on the IDB President's Five-Year Program (P5P), welcomed the initiative of turning IDB into a "developer institution", recommended to IDB to harness the technology revolution and channel its benefits towards development efforts both internally and in member countries, and stressed the need to strike a balance between the 'competing' elements in the implementation of the P5P.

3.4 Risk Management

The primary function of the Group Risk Management Department (GRMD) is to assess, monitor, and manage various risks to which the IDB is exposed such as credit risk, market risk, funding and liquidity risk, and operational risk. The GRMD also develops strategies to enhance financial risk governance and minimize overall risk exposure of the Bank. It works closely with ICIEC, ICD, and ITFC, each with its own risk management functions.

The activities of GRMD have grown substantially over recent years in terms of continuous enhancements to the risk management infrastructure and systems, development of policies and guidelines, as well as the availability of human resources. This development has enabled the 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.

The Bank attaches great importance to strengthening its internal risk management capacity in addition to fiduciary controls and safeguards. In 2017, the Bank made significant progress on several initiatives including finalizing the required activities for commencing implementation of an Enterprise Risk Management 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 its Operational Risk Framework and strengthen internal controls.

3.5 Audit Activities

The Group Internal Audit Department (GIAD) is an independent body that provides objective oversight function to improve IDB Group operations by evaluating the effectiveness of IDB Group governance, risk management, and control processes. It advises management on developing control solutions and monitors the implementation of management's corrective actions.

The GIAD uses a risk-based approach to develop its Annual Audit Plan that is aligned with the IDB Group's strategic priorities and its most significant risks. The Plan focuses on areas of highest risk covering the core business activities of the IDB Group such as treasury, operations, finance, administration, sovereign and non-sovereign credit assessments, export credit and investment insurance, trade finance as well as IT systems.

In response to specific requests from the IDB Management and the Audit Committee, the GIAD undertakes ad-hoc assignments encompassing consulting, advising, investigating, facilitating, process designing, and training which are restricted to the primary domain of GIAD's competencies and expertise.

In 2017, under the guidance of the Audit Committee, the GIAD commissioned the Global Institute of Internal Auditors (IIA) to undertake an independent External Quality Assessment of its internal audit activities and practices. The IIA's report, issued during the fourth quarter of 2017, concluded that GIAD "generally conforms" to the IIA Standards, Definition of Internal Auditing, and the IIA Code of Ethics. This means that the structure, policies, procedures and operating practices of GIAD comply with the requirements of the Standards and Code of Ethics in all material respects. This represents a significant milestone achieved by GIAD and reflects positively on the governance of IDB as a whole.

In its global outreach efforts, GIAD participated in the annual meetings of (i) the Multilateral Financial Institutions Chief Audit Executive Group (MFI-CAEG) (April 2017) and (ii) the group of Representatives of Internal Audit Services of the United Nations organizations, MFIs and other associated intergovernmental organizations (RIAS) (August 2017). These meetings helped GIAD staff to exchange knowledge and experience and to keep abreast with best practices.

"The Board of Executive Directors approved 57 projects and adopted 125 resolutions on financing, policy and administrative matters"

Box 3.1 Supporting Productivity Transformation in the Non-Oil Sector of the Kingdom of Saudi Arabia

IDB Group commenced internal preparations for the launching of the consultative dialogue with the selected line Ministries of the Government of Saudi Arabia in the 3rd quarter of 2016. The impetus for launching the consultative dialogue stemmed from the adoption of the Saudi Arabia's Vision 2030 and the National Transformation Program – 2020 (NTP-2020) by the Government in June 2016. This Vision expresses long-term social and economic aspirations in order to achieve diversification goals based on the country's unique strengths and capabilities. As part of the internal preparations, the Core Team for the IDB Group MCPS for the KSA critically reviewed diagnostic studies on the Saudi economy in order to assess major binding constraints that affect enhancement of economic growth goals, productivity related challenges, and diversification strategies. The IDB Group adopted the MCPS theme for the KSA "Supporting Productivity Transformation in the Non-Oil Sector" which aimed to achieve appropriate alignment and selectivity with the Key Performance Indicators (KPIs) of the selected line Ministries under the NTP-2020.

After extensive consultations with the Government authorities, the President, IDB Group and the Technical Team formally engaged in consultation process in December 2016 and January 2017 with the following line Ministries and Organizations: (i) Energy, Industry & Mineral Resources, (ii) Health, (iii) Environment, Water and Agriculture, (iv) Housing, (v) Labor & Social Development, (vi) Education, (vii) King Abdullah City for Atomic & Renewable Energy, and (viii) Public Investment Fund.

As a result of consultations with the line Ministries, Memorandum of Understanding (MoU) was signed during 2017 that identified potential areas of support in the realization of the KPIs under the NTP-2020. The MoUs with the line Ministries are structured around two major deliverables: (a) rapid delivery of knowledge and establishing appropriate networks during 2017, and (b) preparation of Program Anchors for various line Ministries mainly in the areas of advisory work and PPP-based financing for implementation during 2018-2020. A mechanism has also been set up to monitor the implementation progress of the MoUs with the Saudi counterparts.

> **"Saudi Arabia's Vision 2030 expresses long-term social and economic aspirations in order to achieve diversification goals"**

3.6 Integrity Function

The Group Integrity & Compliance Office (GICO) combats fraudulent and corrupt practices that may arise in IDB-funded projects as well as handles all matters related to staff misconduct and dealing with compliance issues. This function plays a fundamental role in promoting best corporate governance practices, which are critical for achieving the IDB Group's primary objectives of contributing to the socio-economic development in member countries.

In 2017, GICO focused on providing guidance on integrity and ethics standards, and practices and promoting a zero tolerance towards Fraudulent and Corrupt practices. It has also put a special emphasis on increasing awareness of staff in the field of integrity and ethics by providing training that focused on sanctionable practices and ethical misconduct. In 2017, within this context, GICO launched an online integrity and ethics awareness course. This course was aimed at improving the understanding of the IDB's staff code of conduct and raising their awareness about the importance of integrity and ethical behavior in the institution. The course was mandatory for all current staff members and was included in the induction program for all new staff members.

The Office conducted various investigations relating to allegations of Fraudulent and Corrupt practices and staff related misconducts. These investigations have positively contributed to promote further awareness of zero tolerance to corruption and to ensure that funds provided by the IDB Group are used only for their intended purposes.

3.7 Credit Rating

The IDB has sound financial health and enjoys strong shareholders' support. This has resulted in maintaining the highest credit ratings of 'AAA' by all the three leading international rating agencies (Standard & Poor's, Moody's and Fitch Ratings) with a "Stable" outlook since 2002. The IDB also has the highest stand-alone credit rating among the multilateral lending institutions and both the Basel Committee on Banking Supervision and European Commission have also designated IDB as a 'Zero-Risk Weighted' Multilateral Development Bank.

ICIEC maintains a rating of Aa3 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 business model, as the only multilateral export credit and investment insurance corporation in the world that provides Shari'ah compatible insurance and reinsurance.

The ICD has also maintained a rating of 'Aa3' by Moody's with a "Stable" outlook. Its 'AA' rating by Fitch was reaffirmed in 2017 (with a negative outlook), while its S&P's "A+" credit rating has been reaffirmed with "Stable" outlook.

The ITFC was assigned a first-time long-term issuer credit rating of A1 by Moody's Investors Service with a short-term issuer rating of P-1. These ratings take into account ITFC's planned moderate leveraging of the balance sheet, strong liquidity and medium assessment of capital adequacy and member support.

3.8 Member Country Partnership Strategy

The Member Country Partnership Strategy (MCPS) was launched in 2010 as an instrument for engaging with and formulating the IDB Group's Medium-Term Development Assistance Strategy for member countries. It is also a process for enhancing a dialogue with key stakeholders in member countries and other development partners.

By December 2017, the IDB Group had prepared 19 MCPSs; of which 14 MCPSs were completed while five MCPSs are at various stages of implementation (Table 3.1). The MCPSs for Kazakhstan, Malaysia, Somalia and Kuwait (all without financing envelopes) have also achieved satisfactory implementation in both financing and non-financing activities.

As at the end of 2017, the overall achievement rate of MCSPs in terms of approvals at the IDB Group level represented 74% of indicative financing envelop, of which 67% of the approvals were by the IDB, 81% by ITFC and 58% by ICD. Furthermore, ICIEC's import/export credit and political risk insurance business amounted to $1.95 billion while several capacity developments and training programs were undertaken by IRTI in MCs during the MCPS period.

In 2017, a total of 15 MCPSs were under preparation, of which two were second generation MCPSs – Turkey and Senegal – while the remaining MCPSs, which are at different stages of preparation, are for Afghanistan, Cameroon, Djibouti, Egypt, Gabon, Kyrgyz Republic, Iran, Nigeria, Sudan, Saudi Arabia, Tunisia, Uzbekistan, and Yemen. The MCPS for Saudi Arabia under preparation is illustrated in Box 3.1.

The IDB Group also undertook MCPS Completion Reports (CR) for Senegal, Tunisia, Mali, and Kazakhstan, which were carried out in partnership with the relevant Government authorities and the IDB Group entities. Box 3.2 presents the completion report for Tunisia MCPS.

3.9 Operations Evaluation

The Group Operations Evaluation Department (GOED) reports directly to the IDB Board of Executive Directors and provides an objective and independent assessment of the development effectiveness of the IDB Group's interventions.

The GOED, in 2017, post-evaluated 24 projects, comprising of 20 projects in 19 countries financed from Ordinary Capital Resources (OCR), and covering several sectors: Energy (four projects), Transport (four projects), Health (three projects), Education (three projects), Agriculture (two projects), Finance (two projects), Water and Sanitation (one project), and Industry and Mining (one project).

In addition, the GOED evaluated projects financed by the entities in IDB Group – two for ICD, one for ICIEC, and one for ITFC – making the total number of evaluated projects to be 24. Also, the GOED conducted an evaluation of a cluster of Special Assistance projects in Tanzania; reviewed and validated 25 Project Completion Reports (PCRs) and undertook a special evaluation of the Islamic Finance Laboratory (Mohammadia School of Engineering in Morocco) and the Fael Khair Program in Bangladesh.

Moreover, the GOED initiated and finalized MCPS implementation reviews for Tunisia, Niger and Kazakhstan, and initiated the MCPS implementation review for Morocco; completed three Sector Evaluation Synthesis Reports in Health & Other Social Services, Water & Sanitation and Transportation, which were launched in 2016; and initiated two evaluations for the Microfinance Support Program of ISFD and the Investment Promotion Technical Assistance Program of ICIEC.

Furthermore, the GOED published five (5) articles on various evaluation products in addition to twenty- three (23) Knowledge Series (K-Series) highlighting the main findings and lessons learned from independent evaluations. Externally, the Department contributed to the Evaluation Cooperation Group (ECG) Working Group on evaluation recommendations, management responses and feedback loops

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PROJECTS WERE POST-EVALUATED IN 2017

Box 3.2 Tunisia MCPS (2013-2015)

The Tunisia MCPS for the period 2013-2015 was articulated and executed amidst stringent economic and social conditions. The first country strategy that the IDB Group undertook with Tunisia was a success insofar as the wish of the IDB Group to support Tunisia at a time of adversity was met – to increase the levels of approvals and to assist Tunisia in meeting the challenges of the post-revolution period.

During the MCPS period, total approvals reached $1,078.5 million (92% of the planned commitments) These have varied among IDB Group entities. IDB approvals amounted to $305.4 million (67.8% of the target commitment) while ICD approved equity participation of $24.5 million which fell short of the MCPS commitments (representing 20.4%). ICIEC and ITFC approvals were respectively $297 million and $291.5 million nearly reached the target commitments of $300 million each (representing 99% and 97%.).

The IDB Group continues to assist Tunisia in meeting the challenges of the post-revolution period

As for disbursements, the total disbursed amount was $303.4 million represents 38.9% of total approvals (excluding ICIEC insurance operations). These disbursements were mainly for ICD equity and ITFC trade financing operations, representing only 34.9% of the pledged amount (ICIEC insurance operations excluded) while the IDB disbursement rate stood at only 0.41% of the approvals.

Following the completion of the first Tunisia MCPS (2013 – 2015) and in anticipation of articulating a new strategy for the period 2018 -2020, the GOED carried out a thorough evaluation of the implementation status, the main outputs, and gaps in the elaboration and implementation of the first country strategy (2013 – 2015). The report pointed out that the Bank contributed to reducing regional disparity and in the creation of jobs through the private sector financed operations under the MCPS (2013 – 2015). However, due to the difficult climate, the strategy was less effective in delivering on regional disparities and in the creation of jobs as intended through the public financed operation. The report concluded with recommendations chief amongst which is the need for the new strategy to be more flexible and adopt a more integrated and participatory approach at all levels.

Table 3.1 Status of MCPSS[/a]

		Indicative Financing Envelope (US$ million)	Net Approvals by IDB Group (US$ million)	Achievement Rates[/b]
MCPSs Implementation Completed				
1	Turkey (2010-13)	1,900	2,866	150.9
2	Uganda (2011-13)	295	548	185.8
3	Indonesia I (2011-14)	3,300	1,450	44.0
4	Mauritania (2011-15)	700	700	99.9
5	Mali (2011-14)	500	331	66.3
6	Pakistan (2012-15)	2,500	3,607	144.3
7	Senegal (2012-14)	760	961	126.4
8	Tunisia (2013-15)	870	671	77.1
9	Niger (2013-15)	799	279	35.0
10	(Interim) Suriname (2014-15)	66	153	231.5
11	Malaysia (2012-15)	*	40	-
12	Kazakhstan (2012-14)	*	1,180	-
13	Kuwait (2012-15)	*	21	-
14	(Interim) Somalia (2014-15)	*	1[/c]	-
	Total MCPS Completed	**11,690**	**12,809**	**109.6**
MCPSs Under Implementation (as of end-December 2017)				
15	Bangladesh (2013-18)	11,215	6173.1	55.0
16	Morocco (2013-16)	2,400	1,799	75.0
17	Chad (2014-16)	450	383	85.2
18	Benin (2014-17)	571	585	102.5
19	Indonesia II (2016-2020)	5,165	1542.3	29.9
	Total MCPS Under Implementation/d	**19,801**	**10,372.3**	**69.5**
15 MCPS Under Preparation: Turkey and Senegal Repeaters; while 13 MCPSs initiated for Afghanistan, Cameroon, Djibouti, Egypt, Gabon, Kyrgyz Republic, Iran, Nigeria, Sudan, Saudi Arabia, Tunisia, Uzbekistan, and Yemen.				
IDB Group and Entity-wise MCPS Achievement Rates				
	IDB Group	31,490	23,181	73.6
	IDB	14,591	9,826.3	67.3
	ITFC	15,335	12,453	81.2
	ICD	1,544	902	58.4
ICIEC's import/export credit and political risk insurance business amounted to $1.95 billion while several capacity developments and training programs were undertaken by IRTI in MCs during the MCPS period.				

* Denotes no indicative financing envelope in the MCPS Programs.

a/ Country order is based on launching year.

b/ Achievement rate is defined as net approvals as % of the indicative financing.

c/ This amount includes the amount allocated for the study comprising all GCC countries.

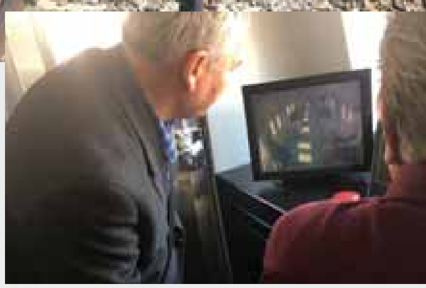
d/ ***Note that one year is added to the MCPS implementation period for consistency check***

Box 3.3 Evaluation of Railway Tracks Project in Turkey

Approved by the Bank in December 2008, the project aimed at increasing competitiveness of railway transportation in terms of speed, safety and comfort through upgrading rail tracks totaling 888 km covering seven railway sections. The actual total cost of the project was $378.2 million. IDB contribution was $134.1 million.

Overall, the project achieved the planned outputs at appraisal. Through the project, it was possible to install 1,415km of railway tracks against 888 km planned at appraisal i.e. 59% above the initial targeted output.

In terms of outcomes, the project contributed to enhancing the competitiveness of rail transport and improved quality of railway services. The following outcomes were recorded after the project implementation: (i) a substantial increase in railway traffic: the passengers number increased from 3.78 million in 2013 to 4.83 million in 2015; (ii) a 20 km per hour speed increase, on average; (iii) the decrease of delays (from 24,700 hours in 2012 to 13,368 hours in 2016 for passengers); (iv) a significant decrease in total accidents (from 58 in 2012 to 18 in 2014) and (v) a reduction of the average age of Turkish State Railways tracks, from 21.4 years in 2008 (i.e. before the project) to 17.6 years in 2014.



3.10 Development Effectiveness Review

Following the adoption of the IDB Group Ten-Year Strategy (10YS), various measures were put in place including the publication of the Annual Development Effectiveness Review (ADER) and Managing for Development Results (MfDR) report. These measures were designed to help the Bank Group to manage effectively development results arising from its interventions in member countries and non-member countries. The ADER contains an evidence-based assessment of the effectiveness of IDB Group's interventions to member countries and Muslim communities in non-member countries.

Organized around the 10YS Framework (Strategic Objectives; Strategic Pillars; Guiding Principles), the ADER presents progress on group level indicators based on 10YS Map (i.e. Goals; Results; Performance). The composite indicators in the 10YS map are complemented by various underlying indicators that IDB Group complexes and entities deploy to track the implementation of the 10YS.

The ADER shows that IDB Group is broadly on track to deliver the desired results at the member country level. However, at the level of performance, additional effort is required to improve the effectiveness and efficiency of the IDB Group.

3.11 Knowledge Management and Innovation

The Bank attaches great importance to knowledge management in its efforts to transform itself into a knowledge-based institution. In fulfilling this aspiration, the Bank, in 2017, through its Knowledge Management and Innovation Department (KMID) organized various activities under its flagship programs such as Communities of Practice (COPs) – under which ten knowledge sharing events (Workshop, Experts Knowledge Talk on priority issues and sectors) were held; "Know Your Risk" campaign (in collaboration with GRMD, STI Department and IDB Group Special Envoy on SDGs); IDB Group Innovation Day (held in February 2017 to showcase and award the winners of the 2016 Innovation Competitions); Science, Technology, Engineering, Arts and Mathematics (STEAM) Innovation Challenge (a two-day event with King Abdullah University of Science and Technology (KAUST)); and the Scholarship Program Story Telling Competition (in collaboration with the Special Assistance Department).

The three winning ideas under STEAM Innovation Challenge were: (i) Air Pollution D-Particles –using big data solution to address air pollution; (ii) Transkid - providing fare-free transport for kids from families with financial difficulties to get to school in collaboration with taxi service providers, like Careem; and (iii) BRS Eco-Friendly Packaging - providing services in collecting, using, expired Dairy products in packaging.

Concerning the Scholarship Program Story Telling Competition, which was aimed at encouraging the IDB scholarship awardees to write personal stories on “how the scholarship has changed their lives”, a record number of awardees from various program countries (South Africa and India to Ethiopia and Myanmar as well as other member countries) participated in the competition. The stories submitted epitomized the spirit of ‘giving’ as several successful graduates have dedicated themselves to serve the poor and needy. The Top Ten stories from this competition will be published as knowledge product. Quotable quotes from the Top Five winners are presented in Table 3.2.

In building capacity for IDB Group staff on innovation and creativity and in creating awareness on the usage of Design Thinking for a new operational project design, the KMID organized a seminar on “Innovation & Change” followed by a two-day workshop on “Growing Innovation Skills and Culture in IDB”. The seminar, which took place on 17-18 October 2017, was attended by more than 80 staff while 25 staff participated in the workshop. In this context, an Innovation Strategy is being prepared with a toolkit for project officers to allow IDB Group overcome some of the challenges of being a mature international organization, improve its responsiveness to the rapidly changing needs and opportunities, and build staff capacity to implement innovative ideas effectively at all levels.

The fifth IDB Group Innovation Exhibition was organized by KMID during the 42nd Annual Meeting of the Islamic Development Bank Group. in Jeddah, 14-18 May 2017. The Exhibition, which brought together innovators from 27 member countries, also showcased the development interventions of the Bank Group over the past 43 years in various areas including infrastructure, human development, agriculture to capacity building, Islamic Finance, Private Sector Development, Insurance, Trade Finance etc. More than 700 people visited the exhibition including governors, local community and delegates from other countries.

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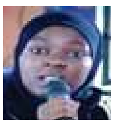
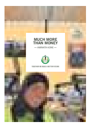
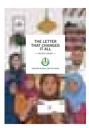
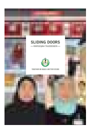
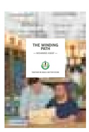
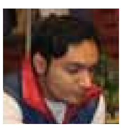
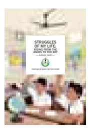
MEMBER COUNTRIES WERE REPRESENTED AT THE FIFTH IDB GROUP INNOVATION EXHIBITION

Table 3.2 Winners of the IDB Scholarship Program Story Telling Competition (2016-2017)

	**First prize winner:** Sister Aminata Kone. Aminata is a qualified dental surgeon and president of the Young African Leaders of Cote d’Ivoire (YALCI). Married with six children, Aminata is also a journalist for Al Bayane, a nationwide Islamic radio station in **Côte d’Ivoire.** Story Title: ***‘Much more than money’*** 	*“There is no doubt the scholarship has profoundly changed my financial situation. It has contributed to my personal as well as my family’s well-being. There was, in fact, one scholarship receiver, but several beneficiaries.”*
	**Second prize winner:** Sister Sajida Hajee. Sajida is a dentist from **South Africa**. She runs two practices in Johannesburg and is married with two children. Story Title: ***“The Letter that changed it all”*** 	*“The scholarship lit up the way for a young town girl who had faith that she could run through to the finish line, despite the odds”*
	**Third prize winner:** Sister Rafeeqah Tajooden. Rafeeqah is a qualified occupational therapist with a Master’s Degree in Occupational Therapy. Story Title: ***“Sliding Doors”*** 	*“The IDB scholarship validated my belief in myself and my capabilities. I was able to pursue my dream of becoming an occupational therapist and being able to support my family. I learned that, in helping others, there is no better feeling”*
	**Fourth prize winner:** Br. Mohamed Aseef. Br. Mohamed is a surgeon living and working in **Sri Lanka** and receiving the IDB scholarship enabled him to study and qualify while also supporting his three siblings. Story Title: ***“The Winding Path”*** 	*“It makes me smile to remember how things changed after I started receiving the IDB scholarship. It gave me so much confidence and dignity. It reminded me of the kindness of strangers in the course of my life and my ability to return this kindness.”*
	**Fifth prize winner:** Br. Kashif Razi. Br. Kashif is a cancer specialist working at the Aligarh Muslim University in Uttar Pradesh, **India**. Involved in numerous community, social and healthcare initiatives, his aim is to create a healthcare institution for the underprivileged. Story Title: ***“Struggles of My Life: Rising from the Ashes to the Sky”*** 	*“Whatever I am today is because of the blessings of my parents, my hard work and financial support from IDB. As a small town boy who was always looking for help, now Alhamdulillah I am providing help to hundreds of people.”*

3.12 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). Its purpose is to transform 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. It is also designed to empower users to be transformed from task-dispatchers into efficient and effective knowledge workers.

Phase 4

OF THE GBEST PROGRAM IS DUE TO GO LIVE BETWEEN 2018-2019

The Program is implemented in phases: Phase 1 went live on 7 December 2010, and covered solutions related to Finance, Procurement and Human Capital Management. Phase 2 also went live over the years 2013-2014 and covered solutions for Funds Management, Cash Management, Bank Communication Management, Employee and Manager Self Services, Budget Planning and Consolidation, Scholarship Management, Treasury, and Investment. Similarly, Phase 3 went live on consecutive periods during the years 2015 and 2017 and covered solutions related to Operations Management, Operations Financing, Risk Management, Travel Management, Enterprise Content Management and the change of Financial Calendar from Lunar Hijri to Solar Hijri.

However, during 2015-2016, Phase 4 was introduced to accommodate additional business solutions needed to be added to the original scope of the Program. Phase 4 is expected to go live during the periods 2017-2019 and will cover business solutions related to Enterprise Risk Management, Financial Planning and Projection, Syndicated Operations Financing and the Information Technology Disaster Recovery Site.

23 Young Professionals were recruited from 11 nationalities with a variety of specialization and skill sets.

3.13 Human Resources Management

Human Resources Transformation: The success of the implementation of the President's Five-Year Program (P5P) depends crucially on having in place the right human capital and resources to manage its various phases. To fulfill this objective, the IDB management established a Task Force to facilitate an Independent Workforce Alignment and HR Function Review undertaken by an external consultant. The consultant was hired based on an agreed upon Terms of Reference and the outcome of this exercise will help the Bank to produce effective competencies to achieve its business objectives.

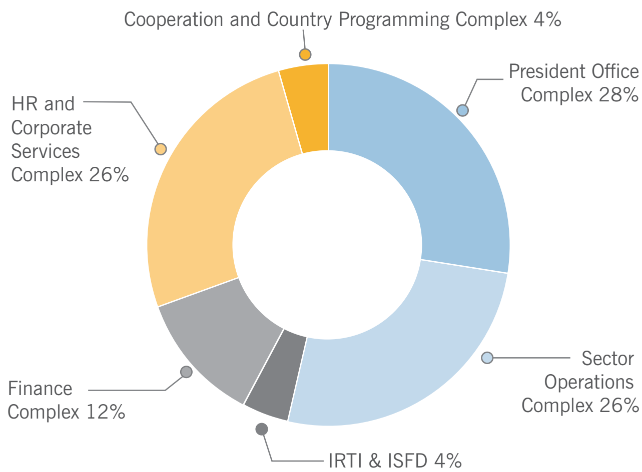
Recruitment and Selection: In 2017, the Bank continued its efforts to fill the vacant positions in the IDB Headquarters as well as in Regional Offices and Country Gateway Offices. The target for the year was to fill at least 70 positions. The Bank issued 76 job offers during the year under review. Out of which, 69 vacancies were filled by 43 external candidates and 26 internal candidates (Fig. 3.1). The geographical distribution policy of the Bank in terms of recruitment was followed with recruited staff drawn from various member countries and non-member countries.

By the end of 2017, the total staff of IDB Group reached 1,214 comprising nine Management, 51 directors, 72 managers, 771 professionals, 142 para-professionals and 169 support staff.

Leadership & Staff Development: The key achievements of the Bank in the leadership and staff development domain during 2017 included the following activities:

- Enhancement of Talent Management System was fully implemented for Staff Performance Management System (SPMS) and Learning Management System (LMS)
- 21 In-house training courses offered to 395 staff. The training constitutes (i) 512 Training hours, (ii) 17 participants as average enrolment per course, and (iii) 22% overall increase in participation from last year's (70 participants)
- 192 hours of Arabic and French language training offered to IDB staff
- 23 Young Professionals were recruited from 11 nationalities with a variety of specialization and skill sets.
- A pilot exercise on 2-5-7 career management approach was conducted and recommendations submitted to the Management.

Fig 3.1 Breakdown of 69 Joiners in 2017 by Complex



Annexes 1-5b

ANNEX 1:
SHARI’AH AUDIT REPORT

بسم الله الرحمن الرحيم

THE ISLAMIC DEVELOPMENT BANK GROUP SHARI’AH BOARD
SHARI’AH AUDIT REPORT FOR 1438H/1439H

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 1438/9H 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, International Islamic Trade Finance Corporation, Islamic Solidarity Fund for Development, Awqaf Properties Investment Fund and all Trust Funds(IDB Group), for the year ending on 31 December 2017G (13 Rabi-II 1439H). 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.

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[1] Members of the Islamic Development Bank Group Shari’ah Board 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 Board 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 IDB Group Shari'ah Board

Dr. Hussien Hamid Hassan
Chairman of the Shari'ah Board

Aboubacar Salihou KANTE
IDB Group Internal Shari'ah Auditor

ANNEX 2:
ISLAMIC DEVELOPMENT BANK ORDINARY CAPITAL RESOURCES
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

INDEPENDENT AUDITOR'S 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 2017, and the income statement, statement of changes in members' equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a 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 2017, and its financial performance and its cash flows for the year then ended 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 Board 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 as prevailing in the local jurisdiction, 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 auditor's 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these 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 2017, the gross value 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 6,509 million (31 December 2016: ID 5,830 million), against which an impairment of ID 82 million (31 December 2016: ID 76 million) has been recognised to the year end 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 accounting 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. This includes determination of a significant or prolonged decline in the fair value. The amount of impairment is measured as the difference between the carrying amount of the instrument and its expected recoverable amount. Accordingly, the Bank's 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 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 have 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 of 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 2017, the Bank's gross project assets and murabaha financing amounted to ID 12,726 million (31 December 2016: ID 11,746 million) and ID 333 million (31 December 2016: ID 260 million), respectively, against which an impairment of ID 236 million (31 December 2016: ID 187 million) and ID 28 million (31 December 2016: ID 39 million), respectively, has been recognised to the year end 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. 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. 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 balances and the level of judgment involved in the calculation of impairment allowances for project assets and murabaha financing, this has been considered as a key audit matter.	Our audit procedures in response to the significant risk associated with the impairment on Bank's project assets and murabaha financing included 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 year. 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 historical 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 calculations 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.

KEY AUDIT MATTER	WHY CONSIDERED MOST SIGNIFICANT	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impairment of project assets and Murabaha financing (continued)		Moreover, for a sample of exposures 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 statements disclosures with respect to impairment on project assets and murabaha financing.

Other information included in the Bank's 2017 Annual Report

Other information consists of the information included in the Bank's 2017 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Bank's 2017 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 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 when it becomes available 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.

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 Board 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
Registration No. 356

1 Rajab 1439H
18 March 2018

Jeddah

17/407/OO

ANNEX 2:
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

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

	Notes	31 December 2017	31 December 2016
Cash and cash equivalents	4	597,950	997,942
Commodity placements	5	2,954,265	1,690,206
Sukuk investments	6	1,695,598	1,818,946
Murabaha financing	7	305,400	220,745
Treasury assets		**5,553,213**	**4,727,839**
Istisna'a assets	9	5,725,322	4,990,233
Restricted mudaraba	10	788,536	733,079
Instalment sale	11	1,549,131	1,474,980
Ijarah assets	12	2,586,611	2,500,220
Loans	13	1,840,836	1,859,915
Project assets		**12,490,436**	**11,558,427**
Equity investments	15	578,392	756,621
Investment in associates	16	772,466	808,661
Other investments		59,164	44,413
Investment assets		**1,410,022**	**1,609,695**
Property and equipment		59,116	62,675
Other assets	17	163,172	188,175
Total Assets		**19,675,959**	**18,146,811**
Liabilities			
Sukuk issued	18	9,687,329	9,008,706
Commodity purchase liabilities	19	770,387	500,788
Wakala deposits	20	380,566	–
Other liabilities	21	322,832	307,687
Total Liabilities		**11,161,114**	**9,817,181**
Members' Equity			
Paid-up capital	23	5,378,558	5,143,432
Reserves	24	2,939,310	2,879,068
Net income for the year / period		196,977	307,130
Total Members' Equity		**8,514,845**	**8,329,630**
Total Liabilities and Members' Equity		**19,675,959**	**18,146,811**
Restricted Investment Accounts	29	**80,334**	**81,319**

Notes 1 to 35 form an integral part of these financial statements.

ANNEX 2:
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017
(All amounts in thousands of Islamic Dinars unless otherwise stated)

	Notes	For the year ended 31 Dec 2017	For the period from 14 Oct 2015 to 31 Dec 2016
Income from:			
Commodity placements		43,018	27,813
Sukuk investments	6	58,157	73,913
Murabaha financing		8,960	9,166
Treasury assets		**110,135**	**110,892**
Istisna'a assets		234,349	253,423
Restricted Mudaraba		22,876	18,457
Instalment Sale		53,847	71,851
Ijarah assets		242,059	309,464
Depreciation of assets under Ijarah	12	(176,604)	(247,377)
Loans		11,353	12,872
Project assets		**387,880**	**418,690**
Equity investments		80,066	141,674
(Loss) / income from investment in associates	16	(37,976)	8,790
(Loss) / income from other investments		(1,067)	2,415
Investment assets		**41,023**	**152,879**
Other income		8,073	7,239
Foreign exchange gains		799	2,249
Gain / (Losses) from swaps valuation	21	27,574	(3,809)
Other income		**36,446**	**5,679**
Total income		**575,484**	**688,140**
Financing costs	18,19	(169,615)	(160,402)
Impairment charge	14	(54,020)	(61,943)
Net income before operating expenses		**351,849**	**465,795**
Administrative expenses	25	(146,734)	(150,167)
Depreciation / Amortization		(8,138)	(8,498)
Total operating expenses		**(154,872)**	**(158,665)**
Net income for the year / period		**196,977**	**307,130**

Notes 1 to 35 form an integral part of these financial statements.

ANNEX 2:
STATEMENT OF CHANGES IN MEMBERS' EQUITY AS AT 31 DECEMBER 2017

(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 members' equity
Balance at 13 October 2015		**4,939,998**	**2,421,130**	**434,142**	**(87,382)**	**(16,051)**	**2,751,839**	**157,660**	**7,849,497**
Increase in paid-up capital	23	203,434	-	-	-	-	**-**	-	**203,434**
Net changes in fair value of investments		-	-	58,264	-	-	**58,264**	-	**58,264**
Net transfer of defined benefit obligation to IsDB affiliates	22	-	-	-	29,148	-	**29,148**	-	**29,148**
Actuarial losses relating to retirement pension and medical plans	22	-	-	-	(23,564)	-	**(23,564)**	-	**(23,564)**
Contribution to the principal amount of Islamic Solidarity Fund for Development (ISFD)	26	-	(106,632)	-	-	-	**(106,632)**	-	**(106,632)**
Hedge accounting reserve	21	-	-	-	-	1,131	**1,131**	-	**1,131**
Share in Investments in associate reserve movement	16	-	-	-	-	26,575	**26,575**	-	**26,575**
Net income for the period - 14 October 2015 to 31 December 2016		-	-	-	-	-	**-**	307,130	**307,130**
Transfer to general reserve	24	-	157,660	-	-	-	**157,660**	(157,660)	**-**
Allocation for grants	24	-	(15,353)	-	-	-	**(15,353)**	-	**(15,353)**
Balance at 31 December 2016		**5,143,432**	**2,456,805**	**492,406**	**(81,798)**	**11,655**	**2,879,068**	**307,130**	**8,329,630**
Increase in paid-up capital	23	235,126	-	-	-	-	**-**	-	**235,126**
Net changes in fair value of investments		-	-	(157,715)	-	-	**(157,715)**	-	**(157,715)**
Actuarial gains relating to retirement pension and medical plans	22	-	-	-	23,489	-	**23,489**	-	**23,489**
Contribution to the principal amount of Islamic Solidarity Fund for Development (ISFD)	26	-	(36,244)	-	-	-	**(36,244)**	-	**(36,244)**
Hedge accounting reserve	21	-	-	-	-	(2,829)	**(2,829)**	-	**(2,829)**
Share in Investments in associate reserve movement	16	-	-	-	-	(46,065)	**(46,065)**	-	**(46,065)**
Net income for year ended 31 December 2017		-	-	-	-	-	**-**	196,977	**196,977**
Transfer to general reserve	24	-	307,130	-	-	-	**307,130**	(307,130)	**-**
Allocation for grants	24	-	(27,524)	-	-	-	**(27,524)**	-	**(27,524)**
Balance at 31 December 2017		**5,378,558**	**2,700,167**	**334,691**	**(58,309)**	**(37,239)**	**2,939,310**	**196,977**	**8,514,845**

Notes 1 to 35 form an integral part of these financial statements.

ANNEX 2:
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017
(All amounts in thousands of Islamic Dinars unless otherwise stated)

	Notes	For the year ended 31 Dec 2017	For the period from 14 Oct 2015 to 31 Dec 2016
Cash flows from operations			
Net income for the year / period		**196,977**	**307,130**
Adjustments for non-cash items:			
Depreciation / amortization		8,138	8,498
(Loss) / income from investment in associates	16	37,976	(8,790)
Provision for impairment of financial assets	14	54,020	61,943
Unrealised fair value losses on sukuk	6	1,478	3,676
Amortization of other income		(567)	(709)
Foreign exchange gains		(799)	(2,249)
Gains on disposal of investment in equity capital		(47,460)	(90,025)
Changes in accrued income		(131,032)	(129,067)
Changes in accrued expenses		25,168	8,296
Operating income before changes in operating assets and liabilities		**143,899**	**158,703**
Changes in operating assets and liabilities:			
Istisna'a assets		(728,096)	(697,625)
Restricted mudaraba		(99,218)	(172,662)
Instalment sale		(56,400)	(67,728)
Ijarah assets		(183,585)	66,576
Loans		69,420	(32,590)
Other assets		35,410	755
Other liabilities		35,394	42,396
Net cash used in operating activities		**(783,176)**	**(702,175)**
Cash flows from investing activities			
Commodity placements		(1,164,034)	21,614
Acquisition of sukuk investments	6	(214,985)	(394,630)
Proceeds from disposal/redemption of sukuk investments	6	236,723	435,268
Murabaha financing		(94,827)	62,364
Acquisition of equity investments	15	(4,700)	(2,666)
Proceeds from disposal of equity and other investments		12,281	106,569
Acquisition of other investments		(10,292)	(5,464)
Investment in associates, net	16	(49,903)	(41,272)
Dividend from associates	16	2,056	1,131
Additions to property and equipment		(4,579)	(6,918)
Net cash (used in)/ from investment activities		**(1,292,260)**	**175,996**
Cash flows from financing activities			
Increase in paid-up capital		235,126	203,434
Allocation for grants	24	(27,524)	(15,353)
Contribution to the principal amount of ISFD	26	(36,244)	(106,632)
Proceeds from issuance of sukuk		2,148,038	2,259,303
Redemption of sukuk		(1,095,266)	(872,625)
Commodity purchase		72,167	(178,625)
Wakala deposits received		382,438	–
Net cash from financing activities		**1,678,735**	**1,289,502**
Net change in cash and cash equivalents		(396,701)	763,323
Exchange difference on cash and cash equivalents		(3,291)	(1,105)
Cash and cash equivalents at the beginning of the year / period		997,942	235,724
Cash and cash equivalents at the end of the year/ period	**4**	**597,950**	**997,942**

Notes 1 to 35 form an integral part of these financial statements.

ANNEX 3:
ISLAMIC DEVELOPMENT BANK SPECIAL ACCOUNT RESOURCES WAQF FUND

INDEPENDENT AUDITOR'S 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 2017 and the related statements of activities and changes in net assets and cash flows for the year then ended. 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 2017, and of the results of its operations and its cash flows for the year then ended in accordance with the Shari'ah Rules and Principles as determined by the Shari'ah Board of the Islamic Development Bank and the financial accounting standards, issued by AAOIFI.

For Ernst & Young

Ahmed I. Reda
Certified Public Accountant
License No. 356

25 February 2018
9 Jumada'll 1439H

Jeddah

17/399/OO

ANNEX 3:
ISLAMIC DEVELOPMENT BANK - SPECIAL ACCOUNT RESOURCES WAQF FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

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

	Notes	31 December 2017	31 December 2016
Assets			
Treasury assets			
Cash and cash equivalents	4	47,162	391,509
Commodity placements	5	367,099	210,201
Syndicated Murabaha	6	13,778	9,240
Investments in Sukuk	7	91,983	124,904
Investments assets			
Equity capital	8	21,968	20,082
Associates	9	114,743	130,274
Funds	10	69,896	65,584
Syndicated Ijarah	11	13,266	13,710
Loans	12	148,729	156,247
Other assets			
Other assets		12,866	15,318
Fixed assets		21,011	22,200
Total assets		**922,501**	**1,159,269**
Liabilities			
Commodity purchase liabilities	13	146,124	347,314
Accruals and other liabilities	14	41,923	68,510
Total liabilities		**188,047**	**415,824**
Net assets		**734,454**	**743,445**
Represented by:			
Waqf Fund principal amount		772,239	771,775
Special assistance		(193,835)	(183,760)
Special account for Least Developed Member Countries (LDMC)		156,050	155,430
Total Funds		**734,454**	**743,445**

The accompanying notes from 1 to 27 form an integral part of these financial statements.

ANNEX 3:
ISLAMIC DEVELOPMENT BANK - SPECIAL ACCOUNT RESOURCES WAQF FUND
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

		1 January 2017 to 31 December 2017				
	Notes	Waqf Fund principal amount	Special assistance	Special account for LDMC	Total	14 October 2015 to 31 December 2016
Statement of activities						
Income/(loss) from						
Treasury assets						
Commodity placements		-	-	-	17,535	4,335
Syndicated Murabaha		-	-	-	268	493
Investments in Sukuk	7	-	-	-	4,810	4,416
Investment assets						
Equity capital		-	-	-	78	370
Associates	9	-	-	-	3,062	(5,726)
Funds		-	-	-	1,814	2,027
Syndicated Ijarah		-	-	-	443	378
Other		-	-	-	4,084	2,149
					32,094	**8,442**
Financing costs	13	-	-	-	(13,609)	(231)
Foreign exchange gains		-	-	-	2,617	662
Income before impairment charge					**21,102**	**8,873**
Impairment charge					(1,102)	(14,058)
Attributable net income/ (loss)					**20,000**	**(5,185)**
Allocation of attributable net income		3,000	13,000	4,000		
Donations to Special Assistance		-	1,560	-	**1,560**	1,771
Islamic Technical Financial Assistance Grant from IsDB-OCR		-	605	-	**605**	1,050
Share of income transferred from IsDB-OCR		30	131	40	**201**	115
Contributions from IsDB-OCR for technical assistance grants and scholarship program	17	-	21,408	-	**21,408**	11,941
Income before grants and program expenses		**3,030**	**36,704**	**4,040**	**43,774**	**9,692**
Grants for causes	16	-	(17,019)	-	(17,019)	(27,890)
Program expenses	16	-	(18,643)	-	(18,642)	(21,434)
Net surplus/ (deficit) for the year/ period		**3,030**	**1,042**	**4,040**	**8,113**	**(39,632)**
Statement of changes in net assets						
Net assets/ (liabilities) at 1 January		771,775	(183,760)	155,430	743,445	792,221
Net surplus/ (deficit) for the year / period		3,030	1,042	4,041	8,113	(39,632)
Pension surplus/ (deficit)		318	1,379	424	2,121	(9,778)
Fair value and other reserves		(2,884)	(12,496)	(3,845)	(19,225)	634
Net assets/(liabilities) at 31 December 2017		**772,239**	**(193,835)**	**156,050**	**734,454**	**743,445**

The accompanying notes from 1 to 27 form an integral part of these financial statements.

ANNEX 3:
ISLAMIC DEVELOPMENT BANK - SPECIAL ACCOUNT RESOURCES WAQF FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017
(All amounts expressed in thousands of Islamic Dinars unless otherwise stated)

	Note	1 January 2017 to 31 December 2017	14 October 2015 to 31 December 2016
Cash flows from operations			
Net surplus/(deficit) for the year/period		**8,113**	(39,632)
Adjustments to reconcile net deficit to net cash used in operating activities			
Depreciation		1,193	1,488
Provision for impairment		1,295	14,058
Share of loss/(income) in associates, net	9	(3,062)	5,726
Realised (gain)/loss on sale of other funds		-	(708)
Realised gain on sale of Sukuk		-	(4)
Investment fair value loss	7	2,771	2,538
Foreign exchange (loss)/gain		(478)	(5,179)
Change in operating assets and liabilities			
Syndicated Murabaha		(5,416)	(7,110)
Syndicated Ijarah		(351)	(1,121)
Loans		7,524	8,029
Other assets		2,405	(1,349)
Changes in accrued income		3,546	(4,915)
Accruals and other liabilities		(27,233)	41,404
Net cash from operations		**(9,693)**	**13,225**
Cash flows from investing activities			
Commodity placements		(354,139)	72,920
Acquisition of investments in Sukuk	7	-	(29,773)
Redemption of investments in Sukuk	7	27,614	41,574
Additions to investments in equity capital	8	(2,441)	(3,450)
Acquisition of investments in associates	9	-	(13,264)
Additions to investments in funds	10	(7,250)	(10,194)
Disposal of investments in funds	10	-	7,440
Dividends from associates	9	1,566	796
Additions to fixed assets		(4)	(54)
Net cash (utilized in) / from investing activities		**(344,347)**	**65,995**
Cash flows from financing activitities			
Commodity purchase liabilities		-	266,738
Cash from financing activities		-	**266,738**
Net change in cash and cash equivalents		(344,347)	345,958
Cash and cash equivalents at 1 January 2017		391,509	45,551
Cash and cash equivalents at 31 December 2017	4	**47,162**	**391,509**

The accompanying notes from 1 to 27 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 OF 31 DECEMBER 2017

			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	1,321.6	0.1	814.2
2	Libya	477,166	856.7	3,915.0	4,771.7	9.43	444.3	74.0	338.4
3	Iran	417,463	749.5	3,425.2	4,174.6	8.25	463.8	0.0	285.7
4	Nigeria	387,452	695.6	3,178.9	3,874.5	7.66	209.8	0.4	485.4
5	United Arab Emirates	379,949	682.1	3,117.4	3,799.5	7.51	417.8	0.0	264.2
6	Qatar	363,236	653.0	2,979.3	3,632.4	7.18	384.5	0.0	268.6
7	Egypt	357,965	641.9	2,937.7	3,579.7	7.07	375.6		266.3
8	Kuwait	350,000	880.9	2,619.1	3,500.0	6.92	560.7	0.0	320.2
9	Turkey	326,384	585.3	2,678.6	3,263.8	6.45	342.5		242.8
10	Algeria	128,559	230.5	1,055.1	1,285.6	2.54	134.3	0.6	95.6
11	Pakistan	128,559	230.5	1,055.1	1,285.6	2.54	134.7	0.1	95.7
12	Indonesia	113,795	204.2	933.8	1,138.0	2.25	132.2	0.0	71.9
13	Malaysia	82,308	147.6	675.5	823.1	1.63	86.4		61.2
14	Bangladesh	50,996	91.4	418.5	510.0	1.01	54.6	0.0	36.9
15	Yemen	25,862	46.2	212.4	258.6	0.51	24.8	2.2	19.2
16	Morocco	25,669	46.0	210.7	256.7	0.51	26.9		19.1
17	Sudan	23,295	41.8	191.1	233.0	0.46	13.9	12.0	15.9
18	Jordan	21,976	39.5	180.3	219.8	0.43	24.4		15.0
19	Senegal	14,781	26.5	121.3	147.8	0.29	9.4	7.0	10.1
20	Oman	14,255	25.6	117.0	142.6	0.28	15.0	0.0	10.6
21	Iraq	13,505	24.2	110.8	135.1	0.27	14.2	0.0	10.0
22	Brunei	12,836	23.0	105.3	128.4	0.25	13.7	0.0	9.3
23	Cameroon	12,836	23.0	105.3	128.4	0.25	12.0	1.4	9.5
24	Burkina Faso	9,017	23.0	67.2	90.2	0.18	13.5	0.0	9.5
25	Niger	9,017	23.0	67.2	90.2	0.18	7.3	6.2	9.5
26	Bahrain	7,245	13.0	59.5	72.5	0.14	7.0	0.6	5.4
27	Uganda	6,895	12.4	56.5	69.0	0.14	11.1	1.4	0.0
28	Gabon	5,458	27.4	27.2	54.6	0.11	12.7	3.3	11.4
29	Kazakhstan	5,400	9.8	44.2	54.0	0.11	5.7	0.0	4.0
30	Azerbaijan	5,092	9.1	41.8	50.9	0.10	5.4	0.0	3.7
31	Mali	5,092	9.1	41.8	50.9	0.10	5.3	0.0	3.8
32	Guinea	4,585	23.0	22.8	45.9	0.09	9.1	4.4	9.5
33	Tunisia	3,640	18.3	18.1	36.4	0.07	10.6	0.1	7.6
34	Lebanon	3,577	9.1	26.6	35.8	0.07	5.3	0.0	3.8
35	Mauritania	3,577	9.1	26.6	35.8	0.07	4.9	0.4	3.8
36	Kyrgyz Republic	2,584	4.6	21.2	25.8	0.05	2.7	0.0	1.9
37	Mozambique	2,584	4.6	21.2	25.8	0.05	2.7	0.0	1.9
38	Maldives	2,584	4.6	21.2	25.8	0.05	2.8	0.0	1.9
39	Gambia	2,584	4.6	21.2	25.8	0.05	2.6	0.2	1.9
40	Benin	2,080	10.5	10.4	20.8	0.04	5.8	0.6	4.0
41	Palestine	1,955	9.9	9.7	19.6	0.04	5.7	4.1	0.0
42	Syria	1,849	9.3	9.2	18.5	0.04	5.0	0.4	3.9
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	2.6	0.1	1.9
45	Sierra Leone	1,816	4.6	13.5	18.2	0.04	2.1	0.6	1.9
46	Uzbekistan	1,344	3.7	9.7	13.4	0.03	2.8	0.0	0.9
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	0.8	0.1
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	2.7		1.9
52	Albania	923	4.6	4.6	9.2	0.02	2.5	0.2	1.9
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	0.3		2.2
	Net Shortfall		0.005	-0.005			(0.011)	0.006	0.014
	Sub-Total	**5,018,788**	**9,371.9**	**40,816.0**	**50,187.88**	**99.16**	**5,378.6**	**124.9**	**3,868.4**
	Uncommitted	42,618	0.0	426.2	426.18	0.84	*	*	*
	Grand Total	**5,061,406**	**9,371.9**	**41,242.2**	**50,614.06**	**100.00**	**5,378.6**	**124.9**	**3,868.4**

ANNEX 5B:
STATEMENT OF IDB VOTING POWER AS AT 31 DECEMBER 2017

S/N	Country	Voting Power	
		No. of Votes	% Voting
1	Saudi Arabia	1,108,755	23.85
2	Libya	436,426	9.39
3	Iran	389,394	8.38
4	United Arab Emirates	354,021	7.62
5	Nigeria	339,372	7.30
6	Qatar	336,878	7.25
7	Egypt	331,833	7.14
8	Kuwait	318,482	6.85
9	Turkey	302,601	6.51
10	Pakistan	119,480	2.57
11	Algeria	119,435	2.57
12	Indonesia	107,103	2.30
13	Malaysia	76,684	1.65
14	Bangladesh	47,807	1.03
15	Morocco	24,259	0.52
16	Yemen	24,219	0.52
17	Sudan	20,999	0.45
18	Jordan	20,975	0.45
19	Oman	13,695	0.29
20	Senegal	13,564	0.29
21	Iraq	13,000	0.28
22	Brunei	12,408	0.27
23	Cameroon	12,237	0.26
24	Burkina Faso	8,564	0.18
25	Niger	7,942	0.17
26	Uganda	7,259	0.16
27	Bahrain	7,146	0.15
28	Kazakhstan	5,498	0.12
29	Azerbaijan	5,224	0.11
30	Mali	5,213	0.11
31	Gabon	4,492	0.10
32	Lebanon	3,698	0.08
33	Guinea	3,690	0.08
34	Mauritania	3,656	0.08
35	Tunisia	3,369	0.07
36	Maldives	2,898	0.06
37	Kyrghyz	2,892	0.06
38	Mozambique	2,889	0.06
39	Gambia	2,876	0.06
40	Tajikistan	2,123	0.05
41	Benin	2,120	0.05
42	Togo	2,117	0.05
43	Sierra Leone	2,066	0.04
44	Palestine	2,042	0.04
45	Syria	1,921	0.04
46	Uzbekistan	1,750	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	1,231	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	526	0.01
	Sub-Total	**4,647,955.35**	**100.00**
	Uncommitted	*	*
	Grand Total	**4,647,955.353**	**100.00**

Annexes 6a-9b

ANNEX 6A:
APPROVALS BY ENTITIES AND MODES OF FINANCING (1395H-2017)[1] (ISLAMIC DINAR - ID MILLION)

	1434H	1435H	1436H	Transition Period	2016	2017	Grand Total
A. IDB-OCR							
Loan	235.6	226.6	168.8	18.6	279.8	176.7	5,590.8
Equity	38.1	60.3	70.1	1.5	15.6	0.6	525.0
Leasing	463.0	706.4	383.6	22.6	747.1	602.9	7,833.4
Instalment Sale	84.1	282.7	31.3	33.7	614.0	796.6	4,666.4
Combined Lines of Financing	0.0	0.0	0.0	0.0	0.0	0.0	308.6
Profit Sharing (Musharaka)	0.0	0.0	0.0	0.0	0.0	0.0	135.3
Istisna'a	1,437.7	1,311.3	1,441.3	544.8	2,066.0	1,209.2	15,802.0
Mudaraba	299.0	0.0	464.6	0.0	0.0	0.0	794.6
Technical Assistance	9.8	11.4	6.6	1.5	14.4	3.7	287.7
Sub-Total	**2,567.4**	**2,598.9**	**2,566.2**	**622.6**	**3,736.9**	**2,789.7**	**35,943.8**
B. ICD							
Equity	115.2	51.8	105.7	3.6	133.9	5.6	932.0
Leasing	13.0	24.2	20.2	5.9	41.4	76.2	457.3
Instalment Sale	0.0	0.0	0.0	0.0	0.0	0.0	84.2
Istisna'a	0.0	0.0	0.0	0.0	18.4	20.6	44.1
Trade (Murabaha)	98.1	205.5	289.9	8.8	373.5	534.3	1,793.1
Sub-Total	**226.2**	**281.4**	**415.9**	**18.3**	**567.2**	**636.8**	**3,310.7**
C. ITFC							
Murabaha	**3,220.1**	**3,209.9**	**4,180.6**	**444.7**	**2,685.3**	**3,537.2**	**25,908.9**
D. Others							
UIF	65.1	53.6	19.6	7.1	35.3	16.1	1,680.8
APIF	28.7	32.9	31.5	10.8	29.4	27.5	277.3
Special Assistance Operations	4.7	4.5	5.1	1.2	3.1	3.1	575.6
Pre-ITFC trade (EFS, IBP, ITFO)	0.0	0.0	0.0	0.0	0.0	0.0	21,809.3
Sub-Total	**98.6**	**91.0**	**56.2**	**19.1**	**67.9**	**46.7**	**24,343.0**
Grand Total	**6,112.3**	**6,181.2**	**7,218.8**	**1,104.8**	**7,057.2**	**7,010.4**	**89,506.4**

Memo: **E. ICIEC Operations (ID million)**							
New Commitments	1,463.0	2,305.2	2,973.9	355.4	3,591.1	2,438.2	24,880.9
Business Insured	2,093.4	3,257.5	3,858.5	396.8	5,964.1	5,285.5	30,191.2

OCR-IDB Resources and Finance (at year's end)							
	1434H	**1435H**	**1436H**		**2016+**	**2017**	
Total Assets	13,429.4	15,075.3	16,097.4		18,146.8	19,676.0	
Gross Income (net of Ijarah depreciation)[3]	364.2	380.2	401.8		688.2	575.5	
Net Income	170.4	165.0	157.7		307.2	197.0	
General Reserves	1,858.2	2,224.2	2,421.1		2,456.8	2,700.2	
Fair Value Reserves	416.2	477.9	429.5		487.7	334.7	
Subscribed Capital	17,803.8	49,865.7	49,918.4		50,097.0	50,187.9	
Approved Administrative budget*	105.1	107.5	107.5		114.0	138.8	
Actual Administrative budget*	97.0	103.2	108.2		115.8	133.6	

* Actual administrative budget is different from actual administrative expenses given the latter includes certain non-budgeted costs such as pension cost accrual etc.
[1] Cut-off date for data reported in this table was 31 December 2017 (13 Rabi'-II 1439H).
[2] Gross income is adjusted for depreciation so that the reported figure could be easily reconciled with the audited financial statements.
Source: IDB Economic Research and Statistics Division, ERIL

The conversion rates for the various years are as follows:
1434H 1ID = $1.53175 1435H 1ID = $1.48509 1436H 1ID = $1.41162 Transition period 1ID = $1.39189
2016 1ID = $1.34433 2017 1ID = $1.42413 1395H-2017 1ID = $1.43792 (approximation only)

ANNEX 6B:
APPROVALS BY ENTITIES AND MODES OF FINANCING (1395H-2017)[1] ($ MILLION)

	1434H	1435H	1436H	Transition Period	2016	2017	Grand Total
A. IDB-OCR							
Loan	355.7	341.0	245.4	26.7	392.7	249.0	7,854.5
Equity	58.0	90.0	97.3	2.2	21.5	0.9	790.6
Leasing	698.2	1,093.0	553.8	31.5	1,046.4	839.9	11,530.7
Instalment Sale	125.9	427.1	44.8	47.0	857.6	1,120.4	6,713.8
Combined Lines of Financing	0.0	0.0	0.0	0.0	0.0	0.0	437.0
Profit Sharing (Musharaka)	0.0	0.0	0.0	0.0	0.0	0.0	201.4
Istisna'a	2,171.8	1,995.1	2,054.0	759.8	2,887.4	1,692.0	23,344.6
Mudaraba	440.0	0.0	670.7	0.0	0.0	0.0	1,160.7
Technical Assistance	14.9	17.4	10.0	2.2	20.3	5.2	406.6
Sub-Total	**3,864.6**	**3,963.7**	**3,676.0**	**869.3**	**5,225.9**	**3,907.5**	**52,439.9**
B. ICD							
Equity	177.3	75.4	150.9	5.0	180.0	8.0	1,382.9
Leasing	20.0	35.0	28.0	8.2	55.6	108.5	669.3
Instalment Sale	0.0	0.0	0.0	0.0	0.0	0.0	125.2
Istisna'a	0.0	0.0	0.0	0.0	24.7	29.4	61.7
Trade (Murabaha)	151.0	297.9	402.2	12.2	502.1	761.0	2,561.0
Sub-Total	**348.3**	**408.2**	**581.1**	**25.4**	**762.5**	**906.8**	**4,800.2**
C. ITFC							
Murabaha	**4,891.0**	**4,935.9**	**5,904.4**	**616.4**	**3,743.6**	**4,900.4**	**38,339.5**
D. Others							
UIF	99.7	79.4	27.8	10.0	49.8	24.0	2,412.5
APIF	44.3	47.7	44.5	15.0	39.6	39.2	407.5
Special Assistance Operations	7.2	6.9	8.2	1.7	4.2	4.4	754.1
Pre-ITFC trade (EFS, IBP, ITFO)	0.0	0.0	0.0	0.0	0.0	0.0	29,549.0
Sub-Total	**151.1**	**133.9**	**80.5**	**26.7**	**93.6**	**67.6**	**33,123.2**
Grand Total	**9,255.0**	**9,441.7**	**10,241.9**	**1,537.8**	**9,825.6**	**9,782.3**	**128,702.8**
Memo: **E. ICIEC Operations ($ million)**							
New Commitments	2,252.3	3,379.8	4,153.2	492.5	4,827.7	3,472.3	36,590.1
Business Insured	3,223.1	4,759.5	5,379.8	549.9	8,017.8	7,527.2	43,757.0

[1] Cut-off date for data reported in this table was 31 December 2017 (13 Rabi'-II 1439H).
Source: IDB Economic Research and Statistics Division, ERIL

ANNEX 7A:
IDB GROUP NET APPROVALS BY COUNTRY AND ENTITY (ID MILLION)

Country	2017[1] Approvals by Entity					Share in Net Approvals since Inception (%)
	IDB-OCR	ICD	ITFC	Others[2]	Total	
Afghanistan	0.0	0.0	0.0	0.0	0.0	0.1
Albania	0.0	0.0	0.0	0.0	0.0	0.4
Algeria	0.0	0.0	0.0	0.0	0.0	2.2
Azerbaijan	0.0	0.0	0.0	0.0	0.0	0.8
Bahrain	0.0	0.0	0.0	5.4	5.4	1.4
Bangladesh	130.3	31.6	482.9	4.2	649.0	14.6
Benin	0.0	0.0	0.0	0.0	0.0	0.6
Brunei	0.0	0.0	0.0	0.0	0.0	0.0
Burkina Faso	97.5	0.0	165.8	0.0	263.3	1.6
Cameroon	67.8	0.0	76.4	0.0	144.2	1.3
Chad	0.0	0.0	3.8	0.0	3.9	0.6
Comoros	0.0	0.0	19.1	0.0	19.1	0.1
Côte d'Ivoire	215.8	0.0	0.0	0.0	215.8	1.2
Djibouti	0.0	0.0	161.4	1.1	162.6	0.7
Egypt	57.5	62.1	847.9	0.0	967.6	8.9
Gabon	0.0	0.0	0.0	0.0	0.0	0.4
Gambia	17.9	3.5	45.3	0.0	66.7	0.6
Guinea	60.3	0.0	0.0	0.0	60.3	0.8
Guinea-Bissau	0.0	0.0	0.0	0.0	0.0	0.0
Guyana	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	184.1	0.0	110.7	0.0	294.8	3.9
Iran	0.3	0.0	0.0	0.0	0.3	4.5
Iraq	0.0	0.0	0.0	0.0	0.0	0.3
Jordan	78.0	21.1	70.5	0.0	169.6	2.1
Kazakhstan	241.0	73.0	0.0	0.0	314.0	1.5
Kuwait	0.2	0.0	0.0	0.0	0.2	1.0
Kyrgyz Republic	8.3	14.0	0.0	0.0	22.4	0.2
Lebanon	80.4	0.0	0.0	0.2	80.6	1.3
Libya	0.0	0.0	0.0	0.0	0.0	0.5
Malaysia	0.1	35.1	0.0	0.0	35.2	0.9
Maldives	0.0	0.0	78.6	0.0	78.6	0.3
Mali	145.5	7.0	55.5	0.0	207.9	1.2
Mauritania	1.9	0.0	31.9	0.0	33.8	1.1
Morocco	0.0	0.0	0.0	0.0	0.0	5.2
Mozambique	0.0	0.0	0.0	0.0	0.0	0.3
Niger	50.4	7.0	0.0	0.0	57.4	0.6
Nigeria	63.5	0.0	0.0	0.0	63.5	0.8
Oman	175.5	0.0	0.0	0.0	175.5	1.6
Pakistan	0.1	17.6	714.4	0.0	732.0	9.1
Palestine	0.1	2.1	0.0	0.0	2.2	0.1
Qatar	0.0	0.0	0.0	0.0	0.0	0.3
Saudi Arabia	0.1	19.4	0.0	13.8	33.3	3.7
Senegal	125.6	0.0	88.1	0.0	213.7	2.3
Sierra Leone	78.4	0.0	0.0	0.0	78.4	0.3
Somalia	0.0	0.0	0.0	0.3	0.3	0.1
Sudan	0.1	0.0	0.0	0.0	0.1	1.2
Suriname	28.3	1.4	0.0	0.0	29.7	0.2
Syria	0.0	0.0	0.0	0.0	0.0	0.6
Tajikistan	11.7	0.7	0.0	0.0	12.4	0.3
Togo	20.8	50.2	15.9	0.0	86.9	0.5
Tunisia	57.4	0.0	75.4	0.0	132.8	2.5
Turkey	199.0	182.1	348.0	5.4	734.5	8.5
Turkmenistan	447.1	0.0	0.0	0.0	447.1	1.1
U.A.E.	0.0	7.0	0.0	0.0	7.0	0.8
Uganda	59.6	0.0	0.0	0.0	59.6	0.5
Uzbekistan	82.9	31.6	0.0	0.0	114.5	1.3
Yemen	0.0	0.0	0.0	0.0	0.0	0.9
Non-Member Countries	0.6	0.0	32.4	16.4	49.5	0.5
Regional Projects	1.3	70.2	113.0	0.0	184.5	1.1
Special Programs	0.0	0.0	0.0	0.0	0.0	0.1
Net Approvals	**2,789.7**	**636.8**	**3,537.2**	**46.7**	**7,010.4**	**100**

[1] Cut-off date for data reported in this table was 31 December 2017 (13 Rabi'-II 1439H).
[2] Comprised of APIF, EFS, IBP, ITFO, SAO, and UIF.
Source: IDB Economic Research and Statistics Division, ERIL

ANNEX 7B:
IDB GROUP NET APPROVALS BY COUNTRY AND ENTITY ($ MILLION)

Country	2017[1] Approvals by Entity					Share in Net Approvals since Inception (%)
	IDB-OCR	ICD	ITFC	Others[2]	Total	
Afghanistan	0.0	0.0	0.0	0.0	0.0	0.1
Albania	0.0	0.0	0.0	0.0	0.0	0.4
Algeria	0.1	0.0	0.0	0.0	0.1	1.9
Azerbaijan	0.0	0.0	0.0	0.0	0.0	0.9
Bahrain	0.0	0.0	0.0	8.0	8.0	1.5
Bangladesh	184.6	45.0	665.0	6.0	900.6	15.0
Benin	0.0	0.0	0.0	0.0	0.0	0.6
Brunei	0.0	0.0	0.0	0.0	0.0	0.0
Burkina Faso	137.4	0.0	231.7	0.0	369.1	1.6
Cameroon	93.8	0.0	105.4	0.0	199.1	1.3
Chad	0.1	0.0	5.4	0.0	5.5	0.6
Comoros	0.0	0.0	22.0	0.0	22.0	0.1
Côte d'Ivoire	306.1	0.0	0.0	0.0	306.1	1.1
Djibouti	0.0	0.0	225.0	1.6	226.6	0.7
Egypt	80.0	88.5	1,174.5	0.0	1,343.0	9.0
Gabon	0.0	0.0	0.0	0.0	0.0	0.4
Gambia	25.3	5.0	62.5	0.0	92.8	0.6
Guinea	84.9	0.0	0.0	0.0	84.9	0.7
Guinea-Bissau	0.0	0.0	0.0	0.0	0.0	0.0
Guyana	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	250.2	0.0	154.0	0.0	404.2	3.9
Iran	0.4	0.0	0.0	0.0	0.4	4.6
Iraq	0.0	0.0	0.0	0.0	0.0	0.3
Jordan	107.0	30.0	100.0	0.0	237.0	2.0
Kazakhstan	328.5	104.0	0.0	0.0	432.5	1.6
Kuwait	0.3	0.0	0.0	0.0	0.3	1.1
Kyrgyz Republic	12.5	20.0	0.0	0.0	32.5	0.3
Lebanon	110.1	0.0	0.0	0.3	110.4	1.3
Libya	0.0	0.0	0.0	0.0	0.0	0.5
Malaysia	0.2	50.0	0.0	0.0	50.2	0.8
Maldives	0.0	0.0	110.0	0.0	110.0	0.4
Mali	201.7	9.9	73.6	0.0	285.2	1.2
Mauritania	2.7	0.0	45.0	0.0	47.7	1.1
Morocco	0.1	0.0	0.0	0.0	0.1	5.3
Mozambique	0.0	0.0	0.0	0.0	0.0	0.3
Niger	71.4	9.9	0.0	0.0	81.3	0.6
Nigeria	90.1	0.0	0.0	0.0	90.1	0.9
Oman	245.8	0.0	0.0	0.0	245.8	1.6
Pakistan	0.1	25.0	1,000.0	0.0	1,025.1	8.9
Palestine	0.1	3.0	0.0	0.0	3.1	0.1
Qatar	0.0	0.0	0.0	0.0	0.0	0.4
Saudi Arabia	0.1	27.7	0.0	20.0	47.8	3.8
Senegal	176.9	0.0	121.6	0.0	298.5	2.2
Sierra Leone	110.1	0.0	0.0	0.0	110.1	0.3
Somalia	0.0	0.0	0.0	0.4	0.4	0.1
Sudan	0.1	0.0	0.0	0.0	0.1	1.2
Suriname	38.8	2.0	0.0	0.0	40.8	0.2
Syria	0.0	0.0	0.0	0.0	0.0	0.6
Tajikistan	17.5	1.0	0.0	0.0	18.5	0.3
Togo	29.0	71.5	22.0	0.0	122.5	0.5
Tunisia	93.9	0.0	106.0	0.0	199.9	2.5
Turkey	285.7	259.4	473.0	8.0	1,026.1	8.4
Turkmenistan	623.0	0.0	0.0	0.0	623.0	1.1
U.A.E.	0.0	10.0	0.0	0.0	10.0	0.8
Uganda	82.9	0.0	0.0	0.0	82.9	0.6
Uzbekistan	113.0	45.0	0.0	0.0	158.0	1.4
Yemen	0.0	0.0	0.0	0.0	0.0	0.8
Non-Member Countries	0.9	0.0	45.0	23.4	69.3	0.5
Regional Projects	1.8	100.0	158.8	0.0	260.6	1.2
Special Programs	0.0	0.0	0.0	0.0	0.0	0.1
Net Approvals	**3,907.5**	**906.8**	**4,900.4**	**67.6**	**9,782.3**	**100**

[1] Cut-off date for data reported in this table was 31 December 2017 (13 Rabi'-II 1439H).
[2] Comprised of APIF, EFS, IBP, ITFO, SAO, and UIF.
Source: IDB Economic Research and Statistics Division, ERIL

ANNEX 8:
CUMULATIVE IDB GROUP OPERATIONS BY MAJOR MODE OF FINANCING[1] (1395H-2017)

Country	Project Financing			Technical Assistance Operations			Trade Financing			Special Assistance Operations			Grand Total[2]		
	No.	ID m.	$ m.	No.	ID m.	$ m.	No.	ID m.	$ m.	No.	ID m.	$ m.	No.	ID m.	$ m.
Afghanistan	7	97.7	140.7	8	1.2	2.0	0	0.0	0.0	21	11.4	15.8	36	110.3	158.5
Albania	24	372.6	565.7	6	0.9	1.3	2	4.9	7.2	3	1.0	1.4	35	379.4	575.6
Algeria	39	432.9	576.4	13	3.2	4.2	188	1,490.0	1,887.7	7	4.5	5.6	247	1,930.6	2,473.9
Azerbaijan	33	661.6	1,001.6	14	2.5	3.6	15	80.6	122.0	4	1.5	2.0	66	746.1	1,129.1
Bahrain	55	1,006.1	1,492.1	12	1.8	2.7	23	265.7	376.5	0	0.0	0.0	90	1,273.7	1,871.3
Bangladesh	90	1,434.4	2,112.5	12	3.4	5.2	255	11,613.4	17,137.7	12	28.8	35.7	369	13,079.9	19,291.0
Benin	53	423.6	619.9	24	5.6	6.9	8	77.1	108.2	1	1.3	1.4	86	507.5	736.3
Brunei	5	39.1	49.9	1	0.0	0.0	0	0.0	0.0	0	0.0	0.0	6	39.1	49.9
Burkina Faso	90	718.9	1,037.7	40	10.9	14.2	20	687.0	993.4	9	8.3	8.8	159	1,425.1	2,054.1
Cameroon	65	775.7	1,100.2	18	3.3	4.3	9	369.7	520.7	3	1.3	1.7	95	1,150.1	1,627.0
Chad	57	469.3	706.9	37	5.0	6.9	3	26.3	36.7	10	9.9	10.8	107	510.5	761.3
Comoros	6	13.5	17.2	14	3.9	5.5	10	94.9	129.5	3	0.9	1.1	33	113.2	153.3
Côte d'Ivoire	44	894.0	1,305.0	10	1.6	2.4	3	134.9	167.4	0	0.0	0.0	57	1,030.5	1,474.8
Djibouti	39	229.5	340.9	21	3.1	4.2	18	405.1	570.0	10	1.7	2.3	88	639.3	917.4
Egypt	78	1,921.9	2,867.9	20	3.6	5.2	152	6,063.6	8,763.4	6	1.3	1.7	256	7,990.4	11,638.3
Gabon	17	314.5	469.4	4	1.7	2.2	1	18.8	25.2	0	0.0	0.0	22	334.9	496.8
Gambia	47	213.1	308.0	29	4.0	5.5	43	314.3	462.0	4	1.7	1.8	123	533.1	777.4
Guinea	79	633.5	888.0	38	8.5	11.4	6	37.9	48.8	6	6.1	7.8	129	686.0	955.9
Guinea-Bissau	3	2.3	2.6	10	1.7	2.2	2	11.6	15.0	3	1.1	1.3	18	16.6	21.0
Guyana	0	0.0	0.0	2	0.0	0.0	0	0.0	0.0	5	0.8	1.2	7	0.8	1.2
Indonesia	103	2,168.5	3,149.7	15	1.7	2.5	74	1,299.8	1,870.3	4	2.9	4.4	196	3,473.0	5,026.9
Iran	75	2,260.8	3,351.8	20	3.9	6.0	173	1,733.7	2,504.8	7	10.0	13.3	275	4,008.5	5,875.9
Iraq	3	23.8	26.0	8	1.6	2.4	35	264.9	301.3	15	4.4	6.0	61	294.8	335.6
Jordan	50	650.3	921.7	29	5.2	7.1	75	1,215.9	1,622.8	1	0.2	0.3	155	1,871.6	2,551.9
Kazakhstan	26	870.0	1,246.5	15	2.0	2.8	22	508.6	769.5	5	1.3	1.9	68	1,381.8	2,020.7
Kuwait	12	129.1	179.4	20	1.9	2.7	49	790.0	1,172.5	4	6.5	7.5	85	927.4	1,362.0
Kyrgyz Republic	34	203.2	299.8	16	2.9	4.4	3	15.3	22.0	7	1.7	2.4	60	223.1	328.5
Lebanon	67	1,036.9	1,475.5	6	0.7	1.0	11	157.9	221.5	21	7.0	9.8	105	1,202.5	1,707.8
Libya	14	244.3	332.0	6	2.5	3.4	10	230.0	299.8	5	3.6	5.8	35	480.4	640.9
Malaysia	34	511.1	709.0	11	1.1	1.6	48	258.3	361.7	5	8.8	11.5	98	779.3	1,083.8
Maldives	31	129.1	187.6	10	1.5	2.1	10	181.2	269.0	3	0.6	0.8	54	312.4	459.5
Mali	90	768.9	1,096.8	31	9.7	13.2	18	285.3	408.8	12	14.9	16.5	151	1,078.9	1,535.4
Mauritania	77	553.3	820.6	53	17.2	23.7	23	405.8	588.8	7	9.7	11.1	160	986.1	1,444.2
Morocco	65	1,922.4	2,845.5	30	4.9	6.9	127	2,743.2	3,945.3	4	1.2	1.5	226	4,671.7	6,799.1
Mozambique	23	257.9	365.3	11	1.8	2.8	4	44.7	65.0	5	1.8	2.2	43	306.2	435.3
Niger	64	412.2	587.8	48	11.4	15.4	23	142.3	188.3	18	10.2	12.2	153	576.1	803.6
Nigeria	20	363.9	542.1	7	1.4	2.0	20	364.5	548.0	29	5.6	7.5	76	735.3	1,099.6
Oman	34	1,441.8	2,024.3	10	1.9	2.5	1	1.4	2.0	2	0.4	0.5	47	1,445.4	2,029.3
Pakistan	73	1,688.7	2,517.0	18	2.1	3.0	254	6,404.9	8,876.0	11	8.5	11.7	356	8,104.2	11,407.7
Palestine	10	16.3	22.6	9	0.9	1.2	1	2.1	3.0	43	41.4	53.5	63	60.7	80.4
Qatar	17	274.7	420.4	1	0.1	0.1	2	23.3	31.5	0	0.0	0.0	20	298.1	452.0
Saudi Arabia	82	1,266.4	1,886.1	33	3.2	4.5	170	2,019.0	2,956.3	4	0.3	0.4	289	3,288.9	4,847.3
Senegal	103	1,575.7	2,279.5	36	9.2	12.1	31	416.9	585.1	7	12.9	14.2	177	2,014.6	2,890.9
Sierra Leone	36	250.4	361.8	28	5.6	7.4	3	14.9	21.0	4	2.8	3.6	71	273.7	393.8
Somalia	3	12.9	15.7	14	5.9	9.1	4	36.1	46.2	51	11.9	16.8	72	66.8	87.8
Sudan	97	788.7	1,156.6	33	4.4	6.3	31	277.3	392.4	21	19.5	23.7	182	1,089.9	1,578.9
Suriname	17	133.0	193.6	8	0.5	0.7	4	53.8	77.0	2	0.1	0.2	31	187.4	271.5
Syria	29	433.8	631.3	9	2.4	3.7	25	108.2	129.5	10	1.0	1.5	73	545.5	765.9
Tajikistan	40	234.7	343.0	19	3.3	4.8	8	63.0	94.0	9	1.1	1.5	76	302.1	443.4
Togo	31	256.8	363.7	6	1.5	2.2	11	182.0	258.9	2	1.4	1.7	50	441.7	626.4
Tunisia	59	1,050.7	1,552.6	14	4.5	6.7	163	1,150.8	1,606.4	4	3.3	4.2	240	2,209.3	3,169.8
Turkey	80	2,628.9	3,783.1	15	4.0	5.2	349	5,000.8	6,947.5	6	17.3	20.7	450	7,651.0	10,756.6
Turkmenistan	14	1,011.5	1,450.6	4	0.8	1.1	0	0.0	0.0	1	0.2	0.3	19	1,012.5	1,452.0
U.A.E.	22	367.4	528.2	9	2.0	2.9	31	339.9	482.1	0	0.0	0.0	62	709.3	1,013.2
Uganda	32	442.3	655.9	22	3.7	5.0	6	40.2	53.9	9	3.4	4.5	69	489.5	719.2
Uzbekistan	36	988.3	1,488.5	5	0.8	1.1	21	212.7	311.6	8	1.4	1.9	70	1,203.1	1,803.0
Yemen	62	392.4	565.0	37	12.4	16.7	41	353.5	422.6	10	8.4	10.6	150	766.7	1,014.9
Non-Member Countries	24	132.4	194.0	1	3.3	5.0	7	90.0	134.3	1,036	222.2	303.5	1,068	447.9	636.8
Regional Projects	18	569.3	846.1	451	78.3	115.6	9	320.9	456.0	75	46.3	64.2	553	1,014.7	1,481.9
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	**2,542**	**39,179.4**	**57,104.1**	**1,451**	**287.7**	**406.6**	**2,656**	**49,463.8**	**70,438.0**	**1,574**	**575.6**	**754.1**	**8,223**	**89,506.4**	**128,702.8**
Gross Approvals	**3,269**	**47,488.7**	**68,849.5**	**1,590**	**325.0**	**459.8**	**3,247**	**54,208.1**	**77,166.0**	**1,627**	**584.5**	**766.5**	**9,733**	**102,606.2**	**147,241.8**

1 Cut-off date for data reported in this table was 31 December 2017 (13 Rabi'-II 1439H).
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 Economic Research and Statistics Division, ERIL

ANNEX 9A:
SECTORAL DISTRIBUTION OF OCR NET APPROVALS BY COUNTRY (2017)($ MILLION)

Country	Infrastructure				Agriculture and Rural Development			Human Development		Other	Total[1]
	Energy & Information & communications Technology	Public-Private Partnership	Transport	Urban Development and Services	Agriculture and Food Security	Integrated Rural Development	Water Resources and Environment	Education	Health		
Afghanistan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Albania	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Algeria	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	**0.1**
Azerbaijan	0.0	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	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Bangladesh	0.0	70.0	0.0	0.0	0.2	100.3	0.0	0.0	14.1	0.0	**184.6**
Benin	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Brunei	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Burkina Faso	104.8	0.0	0.0	0.0	32.5	0.0	0.0	0.0	0.0	0.0	**137.4**
Cameroon	0.0	0.0	0.0	0.0	53.7	0.0	0.0	0.0	40.0	0.1	**93.8**
Chad	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	**0.1**
Comoros	0.0	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	276.4	0.0	0.0	0.0	29.7	0.0	0.0	**306.1**
Djibouti	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Egypt	0.0	80.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**80.0**
Gabon	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Gambia	0.0	0.0	0.0	0.0	25.2	0.0	0.0	0.0	0.0	0.1	**25.3**
Guinea	0.0	0.0	0.0	0.0	69.3	0.0	15.6	0.0	0.0	0.0	**84.9**
Guinea-Bissau	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Guyana	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Indonesia	0.0	0.0	250.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	**250.2**
Iran	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.1	**0.4**
Iraq	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Jordan	0.0	28.0	0.0	0.0	0.0	0.0	0.0	0.0	79.0	0.0	**107.0**
Kazakhstan	0.0	0.0	328.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**328.5**
Kuwait	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	**0.3**
Kyrgyz Republic	12.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**12.5**
Lebanon	0.0	0.0	86.0	0.0	0.0	0.0	0.0	0.0	24.1	0.0	**110.1**
Libya	0.0	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	0.2	**0.2**
Maldives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Mali	169.0	0.0	0.0	0.0	32.7	0.0	0.0	0.0	0.0	0.0	**201.7**
Mauritania	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.6	0.1	**2.7**
Morocco	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	**0.1**
Mozambique	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Niger	30.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	41.2	0.1	**71.4**
Nigeria	0.0	0.0	0.0	0.0	90.1	0.0	0.0	0.0	0.0	0.0	**90.1**
Oman	0.0	0.0	0.0	135.1	0.0	0.3	0.0	0.0	0.0	110.4	**245.8**
Pakistan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	**0.1**
Palestine	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	**0.1**
Qatar	0.0	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	**0.1**
Senegal	0.0	0.0	0.0	146.1	30.8	0.0	0.0	0.0	0.0	0.0	**176.9**
Sierra Leone	0.0	0.0	110.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	**110.1**
Somalia	0.0	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	0.1	**0.1**
Suriname	0.0	0.0	0.0	38.8	0.0	0.0	0.0	0.0	0.0	0.0	**38.8**
Syria	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Tajikistan	17.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**17.5**
Togo	0.0	0.0	0.0	0.0	19.1	0.0	0.0	9.9	0.0	0.0	**29.0**
Tunisia	0.0	0.0	0.0	0.0	0.0	0.0	93.9	0.0	0.0	0.0	**93.9**
Turkey	200.0	85.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	**285.7**
Turkmenistan	623.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**623.0**
U.A.E.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Uganda	0.0	0.0	0.0	0.0	0.0	43.0	0.0	0.0	39.9	0.0	**82.9**
Uzbekistan	0.0	0.0	0.0	0.0	0.0	113.0	0.0	0.0	0.0	0.0	**113.0**
Yemen	0.0	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 2017 (13 Rabi'-II 1439H).
Source: IDB Economic Research and Statistics Division, ERIL

ANNEX 9B:
SECTORAL DISTRIBUTION OF OCR NET APPROVALS BY COUNTRY (1395H-2017)($ MILLION)

	Infrastructure				Agriculture and Rural Development			Human Development		Other	Total[1]
Country	Energy & Information & Communications Technology	Public-Private Partnership	Transport	Urban Development and Services	Agriculture and Food Security	Integrated Rural Development	Water Resources and Environment	Education	Health		
Afghanistan	16.5	0.0	114.2	0.0	0.8	0.0	10.0	0.2	0.7	0.3	**142.7**
Albania	0.0	0.4	439.6	43.3	0.0	54.1	5.5	0.0	17.3	0.3	**560.5**
Algeria	120.1	71.1	18.1	146.9	7.7	0.4	64.4	0.1	0.0	1.7	**430.3**
Azerbaijan	497.2	0.4	46.4	200.1	0.0	76.0	104.2	0.0	19.3	1.5	**944.9**
Bahrain	519.4	4.7	144.7	460.9	1.4	0.0	0.2	0.3	0.0	201.2	**1,332.7**
Bangladesh	1,052.9	134.6	128.5	99.5	71.6	266.9	33.5	92.1	41.4	16.0	**1,937.0**
Benin	189.8	0.0	196.9	5.1	40.3	37.0	41.5	76.1	33.5	0.6	**620.8**
Brunei	0.0	0.0	0.0	6.2	0.0	0.0	0.0	0.0	0.0	0.0	**6.2**
Burkina Faso	159.1	5.5	395.0	66.9	193.4	39.3	84.1	77.3	28.5	2.8	**1,051.9**
Cameroon	51.8	0.0	479.0	13.1	198.4	113.3	41.8	62.7	136.5	7.8	**1,104.5**
Chad	60.1	3.8	388.1	7.8	119.2	26.8	0.3	74.5	32.3	0.9	**713.8**
Comoros	3.6	1.8	8.0	0.0	2.1	4.0	1.0	0.1	2.1	0.1	**22.7**
Côte d'Ivoire	0.0	0.0	588.0	449.7	60.0	40.0	20.7	131.9	16.8	0.3	**1,307.4**
Djibouti	35.8	65.2	14.9	0.0	12.3	11.0	0.7	33.1	91.8	1.4	**266.1**
Egypt	1,937.8	167.2	25.6	50.9	0.0	70.4	159.1	34.1	44.0	11.1	**2,500.1**
Gabon	45.1	0.0	342.6	61.0	0.0	0.0	0.0	18.3	4.5	0.0	**471.6**
Gambia	76.4	0.0	53.1	0.9	83.0	18.0	15.9	33.1	22.4	1.4	**304.1**
Guinea	212.5	10.0	264.2	34.0	82.3	67.6	35.5	59.8	118.3	1.3	**885.5**
Guinea-Bissau	0.7	0.0	1.9	0.0	0.8	0.4	0.0	0.3	0.3	0.5	**4.8**
Guyana	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Indonesia	385.8	30.7	447.3	100.0	57.8	822.1	40.1	1,039.3	143.1	34.4	**3,100.7**
Iran	672.8	376.3	109.3	915.8	53.9	0.0	810.1	54.9	135.2	11.4	**3,139.6**
Iraq	0.0	5.5	0.0	0.0	0.0	0.0	0.0	0.2	20.5	2.1	**28.4**
Jordan	150.4	331.7	45.3	8.1	0.7	10.9	5.4	57.8	195.5	30.1	**835.8**
Kazakhstan	14.9	140.0	760.0	0.0	0.9	10.2	259.0	0.4	11.5	9.3	**1,206.2**
Kuwait	0.0	0.0	0.0	33.5	0.6	0.0	0.3	0.0	0.0	1.6	**35.9**
Kyrgyz Republic	98.9	8.0	111.8	0.0	1.1	19.0	33.3	0.0	5.0	2.2	**279.3**
Lebanon	39.5	0.0	419.9	172.9	0.0	0.0	319.3	241.5	166.3	0.6	**1,359.9**
Libya	116.9	71.4	58.3	0.0	0.0	0.0	22.5	0.0	0.0	0.5	**269.7**
Malaysia	0.0	167.0	8.4	0.0	6.5	0.0	0.0	198.2	79.9	63.7	**523.8**
Maldives	0.0	0.1	61.6	24.3	0.3	26.3	0.0	7.3	22.5	0.2	**142.5**
Mali	306.3	38.2	197.7	139.5	172.0	84.4	80.5	25.7	18.4	0.5	**1,063.2**
Mauritania	215.6	139.3	111.1	60.4	35.0	2.6	120.6	60.0	28.2	0.9	**773.6**
Morocco	1,242.1	239.7	635.0	125.5	173.9	25.4	359.6	20.8	0.4	8.0	**2,830.5**
Mozambique	237.4	0.0	30.7	0.0	4.0	9.1	33.6	40.1	13.0	0.1	**368.1**
Niger	155.8	7.8	82.8	9.7	78.2	2.8	75.1	101.1	61.2	2.4	**576.7**
Nigeria	0.0	50.0	0.0	146.0	120.1	32.4	0.0	115.6	43.2	8.8	**516.1**
Oman	187.6	0.0	596.8	542.7	0.0	0.3	534.2	23.6	10.5	116.2	**2,011.8**
Pakistan	604.2	404.9	395.5	4.9	0.4	312.4	19.4	98.7	327.0	1.4	**2,168.9**
Palestine	1.4	0.2	0.0	0.0	0.0	0.0	0.0	11.9	0.0	6.4	**19.8**
Qatar	0.0	264.3	0.0	49.2	0.0	0.0	0.0	0.0	0.0	0.0	**313.5**
Saudi Arabia	105.0	990.2	0.0	0.5	0.8	0.5	0.0	0.3	0.4	63.8	**1,161.5**
Senegal	383.2	245.2	645.7	467.9	171.4	53.7	73.7	84.5	101.7	8.1	**2,235.2**
Sierra Leone	35.3	0.2	149.5	16.4	90.6	34.4	4.4	15.1	22.6	0.7	**369.2**
Somalia	0.5	0.0	7.5	3.0	6.3	0.0	0.0	0.0	0.3	7.2	**24.8**
Sudan	151.6	0.0	60.3	83.0	122.0	58.6	412.8	76.0	43.6	11.2	**1,019.1**
Suriname	9.4	0.0	16.5	39.0	0.0	0.0	0.0	46.6	76.3	6.4	**194.3**
Syria	464.1	0.0	0.0	52.4	19.7	0.0	0.0	0.0	33.1	3.4	**572.7**
Tajikistan	105.5	0.0	91.6	11.3	1.4	11.3	51.0	47.5	18.4	1.3	**339.3**
Togo	57.3	0.0	152.1	9.0	19.8	19.8	34.9	54.6	18.0	0.3	**365.8**
Tunisia	764.5	150.0	9.0	124.7	77.1	100.5	130.4	91.1	30.2	23.9	**1,501.4**
Turkey	765.9	1,075.2	1,064.6	67.0	8.3	8.2	0.0	248.8	285.8	51.2	**3,574.9**
Turkmenistan	988.4	0.0	414.5	17.4	0.0	0.0	0.3	5.3	25.6	0.3	**1,451.7**
U.A.E.	0.0	270.4	60.1	43.2	0.0	0.0	2.0	0.0	0.0	30.3	**406.1**
Uganda	235.7	16.8	128.4	5.6	54.1	81.5	0.5	33.1	70.6	7.3	**633.6**
Uzbekistan	303.1	165.0	348.0	92.9	0.0	213.0	232.6	32.8	78.3	0.8	**1,466.5**
Yemen	62.3	0.9	56.1	52.9	49.0	106.2	0.0	88.1	5.3	2.4	**423.2**

[1] Cut-off date for data reported in this table was 31 December 2017 (13 Rabi'-II 1439H).
Source: IDB Economic Research and Statistics Division, ERIL

NOTES

NOTES

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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PROVIDING RESOURCES

FIGHTING POVERTY

RESTORING DIGNITY

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