




## CONTACT US

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# DIGEST

AN ESSENTIAL GUIDE TO THE  
**2019** ANNUAL REPORT

# CORPORATE PROFILE

## THE ISLAMIC DEVELOPMENT BANK

### ESTABLISHMENT

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

### VISION

The Islamic Development Bank strives to become a worldclass development bank, inspired by Islamic principles, that helps to significantly transform the landscape of comprehensive human development in the Muslim world and to 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 bringing prosperity to the people.

### MEMBERSHIP

The IsDB 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 Islamic Cooperation (OIC), that it pays the first instalment of its minimum subscription to the Capital Stock of the IsDB, and that it accepts any terms and conditions that may be decided upon by the Board of Governors.

### CAPITAL

At its 38<sup>th</sup> Annual Meeting, the IsDB'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 2019, the subscribed capital of the IsDB stood at ID50.6 billion.

### ISLAMIC DEVELOPMENT BANK GROUP

The IsDB Group comprises five entities. The Islamic Development Bank (IsDB), 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 QUARTER AND REGIONAL HUBS

The IsDB is headquartered in Jeddah, the Kingdom of Saudi Arabia, and has eleven Regional Hubs 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 IsDB's financial year used to be the lunar Hijra Year (H). However, on 1<sup>st</sup> January 2016, the financial year was changed to the Solar Hijra year starting from 11<sup>th</sup> of Capricorn, (corresponding to 1<sup>st</sup> January) and ending on 10<sup>th</sup> Capricorn (corresponding to 31<sup>st</sup> December of every year).

### ACCOUNTING UNIT

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

### LANGUAGE

The official language of the IsDB is Arabic, but English and French are also used as working languages.

# MESSAGE FROM THE PRESIDENT



The world is changing at an unprecedented pace, with economic growth being driven by technology and innovation. The scale and magnitude of the changes required a paradigm shift in the way we support our member countries strengthen their capacities, and help them confront these challenges in their quest for long-term sustainable inclusive growth, within the context of the Sustainable Development Goals (SDGs).

It is against this backdrop that we embarked on a transformational journey three years ago, based on the understanding that the road ahead would be fraught with challenges. However, without this shift, we would be unable to help our member countries tackle these challenges.

Shaping new frontiers and pushing the boundaries of what countries can achieve is no easy feat, yet we have stayed the course. The Islamic Development Bank's (IsDB) new business model focuses on "making markets work for development," leveraging Science, Technology and Innovation to help member countries build competitive value chains whilst simultaneously addressing their socio-economic development needs. In this regard, we are focusing on high impact GVC based interventions that create jobs and foster economic growth commencing with our Member Country Partnership Strategies in Gabon, Maldives, Turkey and Morocco. At the heart of delivering on our new business model is the need for innovative Islamic finance, forging new partnerships and mobilizing financing from non-conventional sources, whilst maintaining our AAA credit rating.

2019 was a particularly challenging year, and 2020 looks set to follow that trend. Our member countries grappled with sluggish global economic growth in 2019 driven by a synchronized slowdown, rising trade tensions, adverse impacts of climate change, increasing inequalities and heightened fragility, conflict and violence.

The COVID-19 outbreak toward the end of 2019 has the potential to push us over the edge of an economic precipice in 2020. The magnitude of its impact globally necessitates concerted efforts at all levels. We are deeply concerned about the loss of lives, the socio-economic disruptions and the strain on health systems in our member countries. In this regard, we remain fully committed to supporting our member countries in their short- medium- and long-term endeavors to tackle this unanticipated pandemic.

With precarious growth and risks to the downside, we need to protect the hard-earned development gains and increase support for our member countries in these difficult times. Our member countries will need to adopt forward-looking resilience policies to spur productivity and foster inclusive sustainable development.

In 2019 we witnessed the actualization of the paradigm shift in delivering on our promises and responding to the development needs of our member countries. Among the notable successes are the several STI-related initiatives, the focus on building resilience, empowerment of women, our debut issuance of Green Sukuk worth EUR 1 billion for Green Financing, and the commitment of 35% of resources to climate finance. Efficiency and effectiveness at the institutional level was enhanced through the newly established policy infrastructure encompassing 18 new sector, thematic and fiduciary policies to guide the Bank's interventions. Among the key policies developed are the Science, Technology and Innovation, Climate Change, Reverse Linkage and Women's Empowerment. Our collective efforts are encapsulated in the theme "Shaping New Frontiers for Sustainable Development."

With Saudi Arabia at the helm of the G20 in 2020, we are uniquely poised to help shape the global development landscape and inject new ideas and innovative solutions to address the ever-increasing challenges at hand.

To realize this potential, we will remain proactive, agile and at the forefront of development. Anticipating and responding to existing and emerging challenges in innovative ways will always define our developmental role and the manner in which we support our member countries.

We will not rest on our laurels. We will continue the transformation journey to enhance IsDB's efficiency and effectiveness as part of our relentless pursuit of a better future for both our member countries and Muslim communities in non-member countries.

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

# THE 2019 ANNUAL REPORT

IS COMPRISED OF THREE CHAPTERS

## 1 OVERVIEW OF ISDB GROUP DEVELOPMENT ACTIVITIES

This chapter presents a synopsis of the development activities of the IsDB Group in cumulative terms and separately for the main IsDB Ordinary Capital Resources (OCR) financing as well as for each of the entities.



## 2 FOSTERING DEVELOPMENT IN MEMBER COUNTRIES

This chapter presents the activities of the IsDB in 2019 to foster sustainable development in member countries. These are achievements during the year and are mainly about approvals for implementation of development projects, in addition to other accomplishments.



## 3 ENHANCING INSTITUTIONAL AND DEVELOPMENT EFFECTIVENESS

This chapter presents IsDB's activities in the area of institutional and development effectiveness focusing on Board of Governors, Board of Executive Directors, Audit, Risk Management, Evaluation, Compliance, Development Results and Human Resources Management, among others.

## ISDB GROUP IN BRIEF

### FINANCIAL HEALTH

THE ISDB HAS MAINTAINED THE HIGHEST CREDIT RATINGS OF

# 'AAA'

BY ALL THE THREE LEADING INTERNATIONAL RATING AGENCIES

THE BASEL COMMITTEE ON BANKING SUPERVISION AND EUROPEAN COMMISSION HAVE DESIGNATED THE ISDB AS A 'ZERO-RISK WEIGHTED' MULTILATERAL DEVELOPMENT BANK

THE ICIEC HAS MAINTAINED A RATING OF

# 'Aa3'

WITH A 'STABLE' OUTLOOK FROM MOODY'S

THE ICD HAS MAINTAINED A RATING OF

# 'AA-'

BY FITCH WITH A 'STABLE' OUTLOOK. HOWEVER, ITS S&P RATING WAS LOWERED TO 'A' WITH A 'NEGATIVE' OUTLOOK. ITS RATING BY MOODY'S WAS LOWERED TO 'A2' WITH A 'STABLE' OUTLOOK.

THE ITFC HAS MAINTAINED A RATING OF

# 'A1'

BY MOODY'S WITH A 'STABLE' OUTLOOK.




FLAGSHIP VOCATIONAL LITERACY PROGRAM FOR POVERTY REDUCTION (VOLIP), SENEGAL

SEE PAGE 74 OF THE ANNUAL REPORT

# DEVELOPMENT IMPACT OF RECENTLY COMPLETED PROJECTS

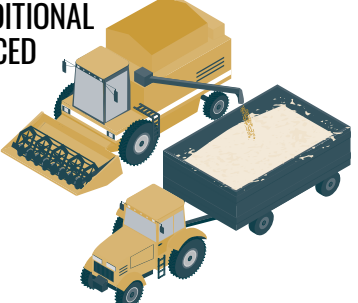
THE ISDB GROUP SUSTAINED ITS FINANCING OF DEVELOPMENT PROJECTS AND PROGRAMS IN SUPPORT OF MEMBER COUNTRIES TO ACHIEVE SOCIAL AND ECONOMIC DEVELOPMENT IN ACCORDANCE WITH THE SUSTAINABLE DEVELOPMENT GOALS (SDGs).



**SDG-1**  
NEARLY  
**11,000**  
HOUSES AND SHELTERS WERE BUILT



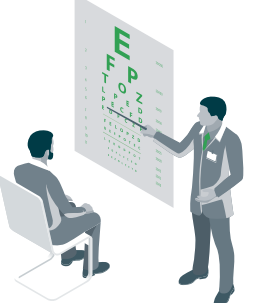
**SDG-2**  
**60,000**  
HECTARES OF LAND WERE IRRIGATED



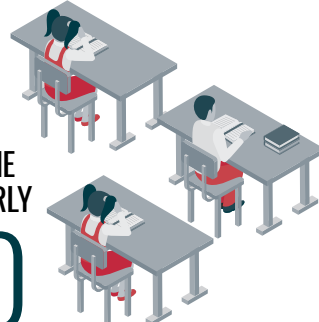
**1.4 MILLION**  
TONNES OF ADDITIONAL CROPS PRODUCED



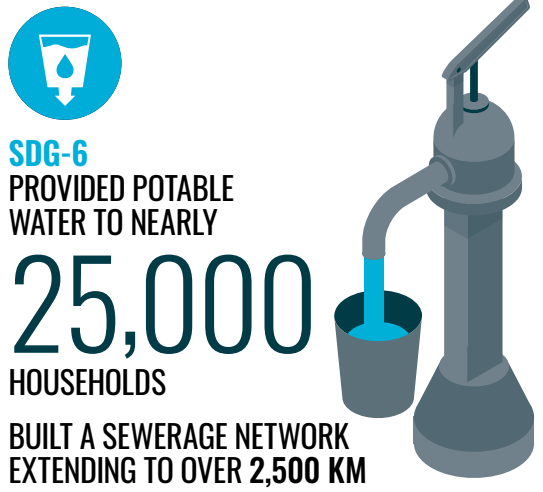
**SDG-3**  
BUILT OR REHABILITATED NEARLY  
**4,000**  
HOSPITALS AND HEALTH FACILITIES



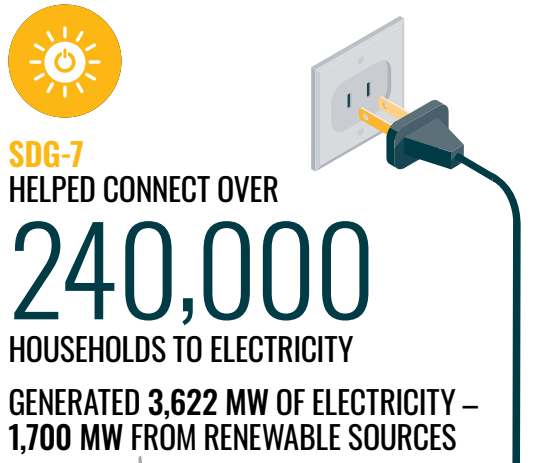
BENEFITTED OVER  
**1.2 MILLION**  
PATIENTS




**SDG-4**  
ISDB FINANCED THE BUILDING OF NEARLY  
**1,000**  
EDUCATIONAL INSTITUTIONS  
NEARLY 2.4 MILLION STUDENTS RECEIVED EDUCATION AT VARIOUS LEVELS




**SDG-6**  
PROVIDED POTABLE WATER TO NEARLY  
**25,000**  
HOUSEHOLDS  
BUILT A SEWERAGE NETWORK EXTENDING TO OVER 2,500 KM



**SDG-7**  
HELPED CONNECT OVER  
**240,000**  
HOUSEHOLDS TO ELECTRICITY  
GENERATED 3,622 MW OF ELECTRICITY – 1,700 MW FROM RENEWABLE SOURCES



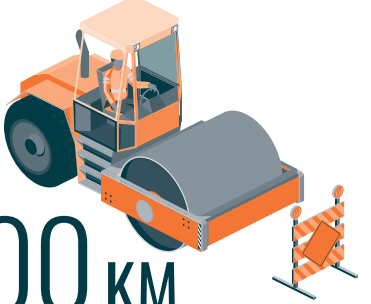
THESE PROJECTS TOGETHER HAVE RESULTED IN A REDUCTION OF CO<sub>2</sub> EMISSIONS PER YEAR OF 204,000 TONNES



THUS CONTRIBUTING IN ACHIEVING **SDG-13** AND **SDG-15**



**SDG-8**  
NEARLY  
**40,000**  
PEOPLE WERE EMPLOYED  
50,000 PEOPLE PROVIDED WITH VOCATIONAL AND FORMAL TRAINING  
A TOTAL OF 145,000 PEOPLE WERE PROVIDED WITH ISLAMIC MICROFINANCE SOLUTIONS.



**SDG-9**  
PAVED NEARLY  
**11,000 KM**  
OF ROADS – INCLUDING 276 KM OF HIGHWAYS LAID  
**326 KM**  
OF RAILWAY TRACKS  
EXPANDED AIRPORTS AND SEA PORTS INCREASING ANNUAL CAPACITY TO  
**3 MILLION**  
PASSENGERS & 18 MILLION TONNES OF GOODS

# 2019 IN NUMBERS

TOTAL NET APPROVALS (2019)

ID **5.6** BN  
US\$ **7.8** BN

**11.4** %

INCREASE OVER THE

US\$ **7** BN  
APPROVAL IN 2018

TOP-5 RECIPIENTS OF ISDB GROUP  
FINANCING IN 2019

PAKISTAN

US\$ **1.36** BN

BANGLADESH

US\$ **1.01** BN

EGYPT

US\$ **0.88** BN

BURKINA FASO

US\$ **0.41** BN

MALDIVES

US\$ **0.40** BN

SCATEC 50 MW SIX  
SOLAR POWER PROJECTS  
IPP IN ASWAN, EGYPT,  
US\$446 MILLION

SEE PAGE 61 OF THE ANNUAL REPORT



TOTAL NET APPROVALS BY  
COUNTRY IN 2019 (\$ MILLION)

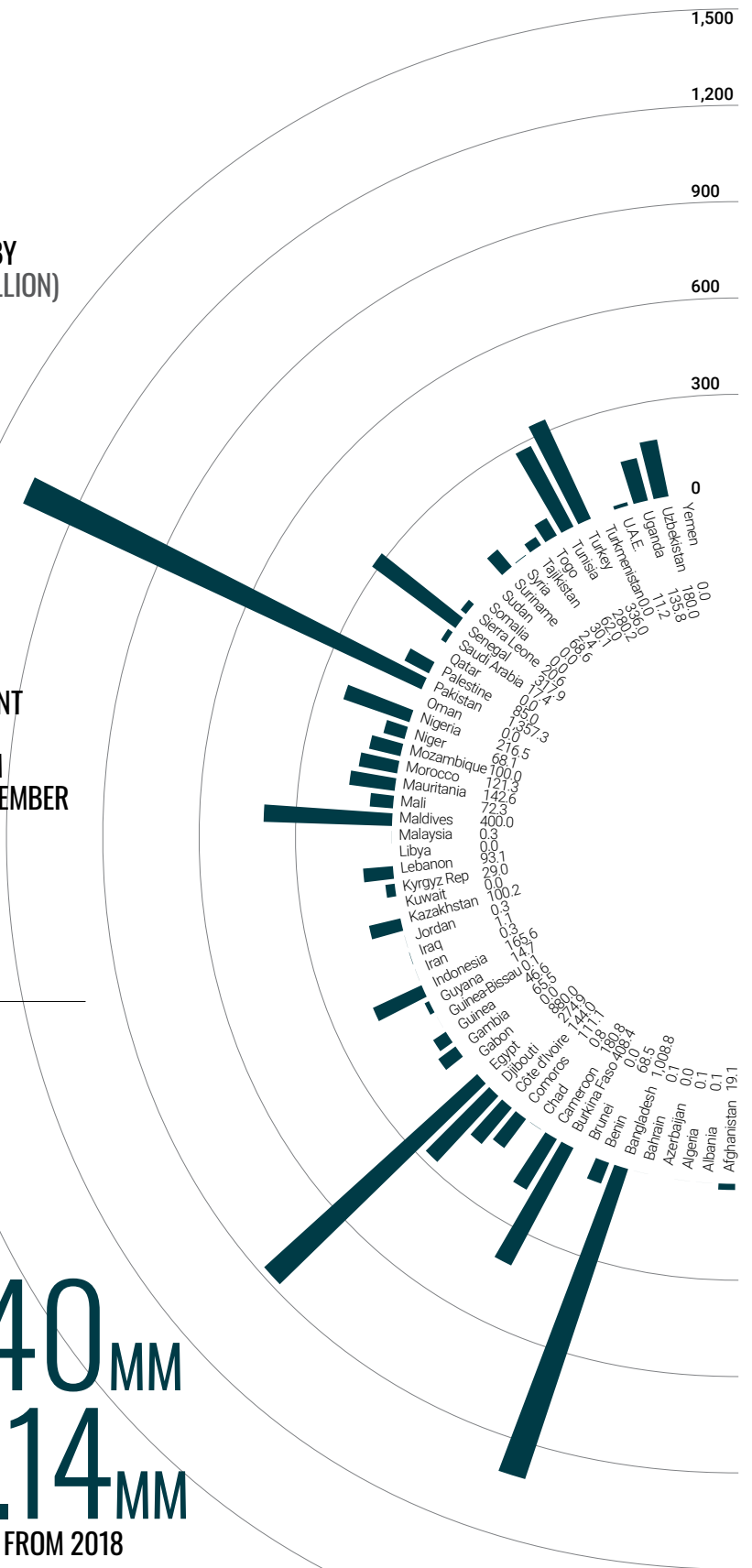
NUMBER OF DEVELOPMENT  
OPERATIONS IN MEMBER  
COUNTRIES AND MUSLIM  
COMMUNITIES IN NON-MEMBER  
COUNTRIES (2019)

**310**

NET INCOME (2019)

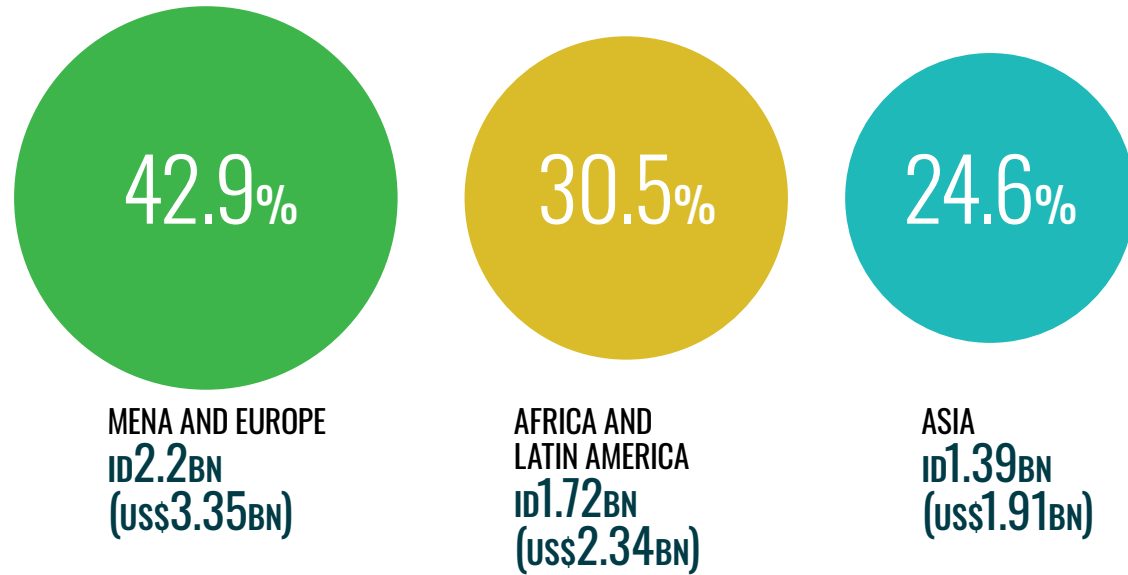
ID **140.40** MM  
US\$ **194.14** MM

A 67 PERCENT INCREASE FROM 2018

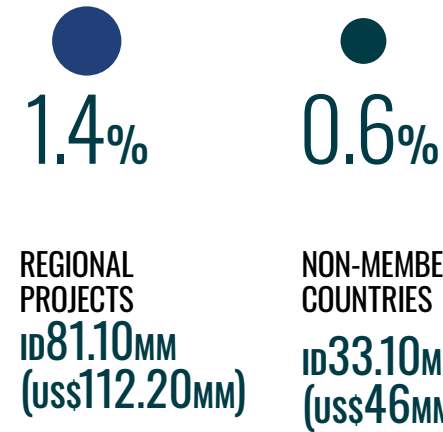


# 2019 IN NUMBERS

## REGIONAL DISTRIBUTION OF ISDB GROUP NET APPROVALS IN 2019

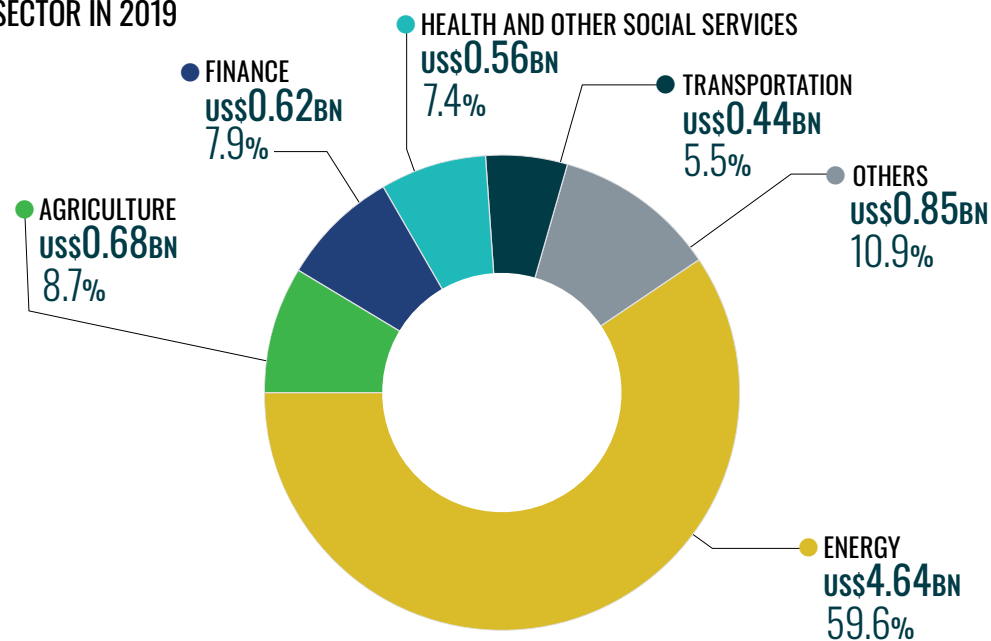


ISDB-OCR APPROVALS WAS  
**US\$1.63BN**  
A 28.6 PERCENT INCREASE FROM THE  
US\$1.27 BILLION APPROVED IN 2018

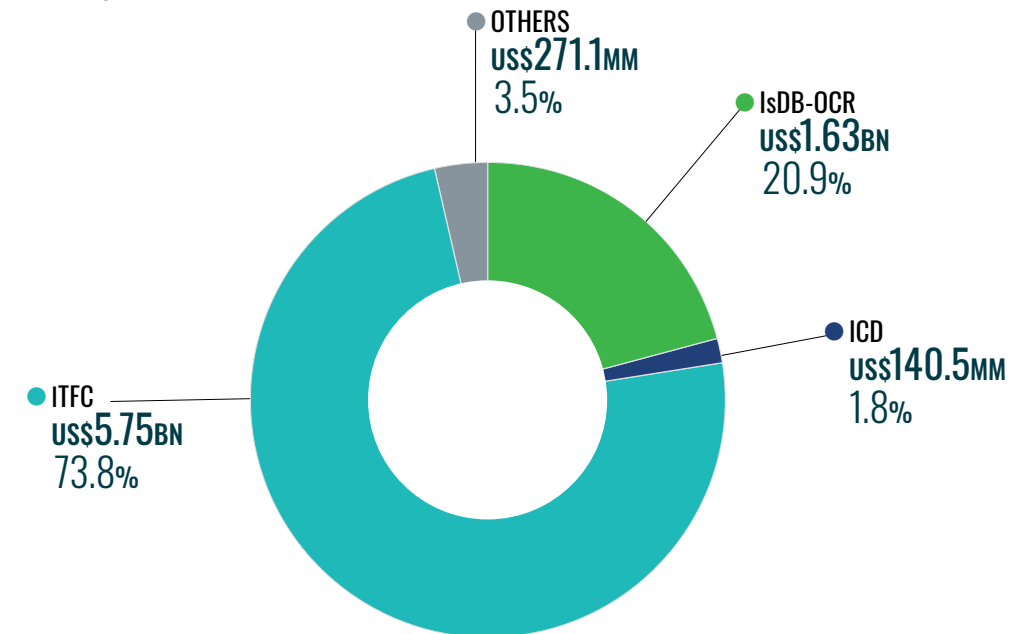


“The significant increase in IsDB-OCR approvals reflects additional commitment to deliver projects for supporting sustainable development in member countries.”

## NET ISDB GROUP APPROVALS BY SECTOR IN 2019



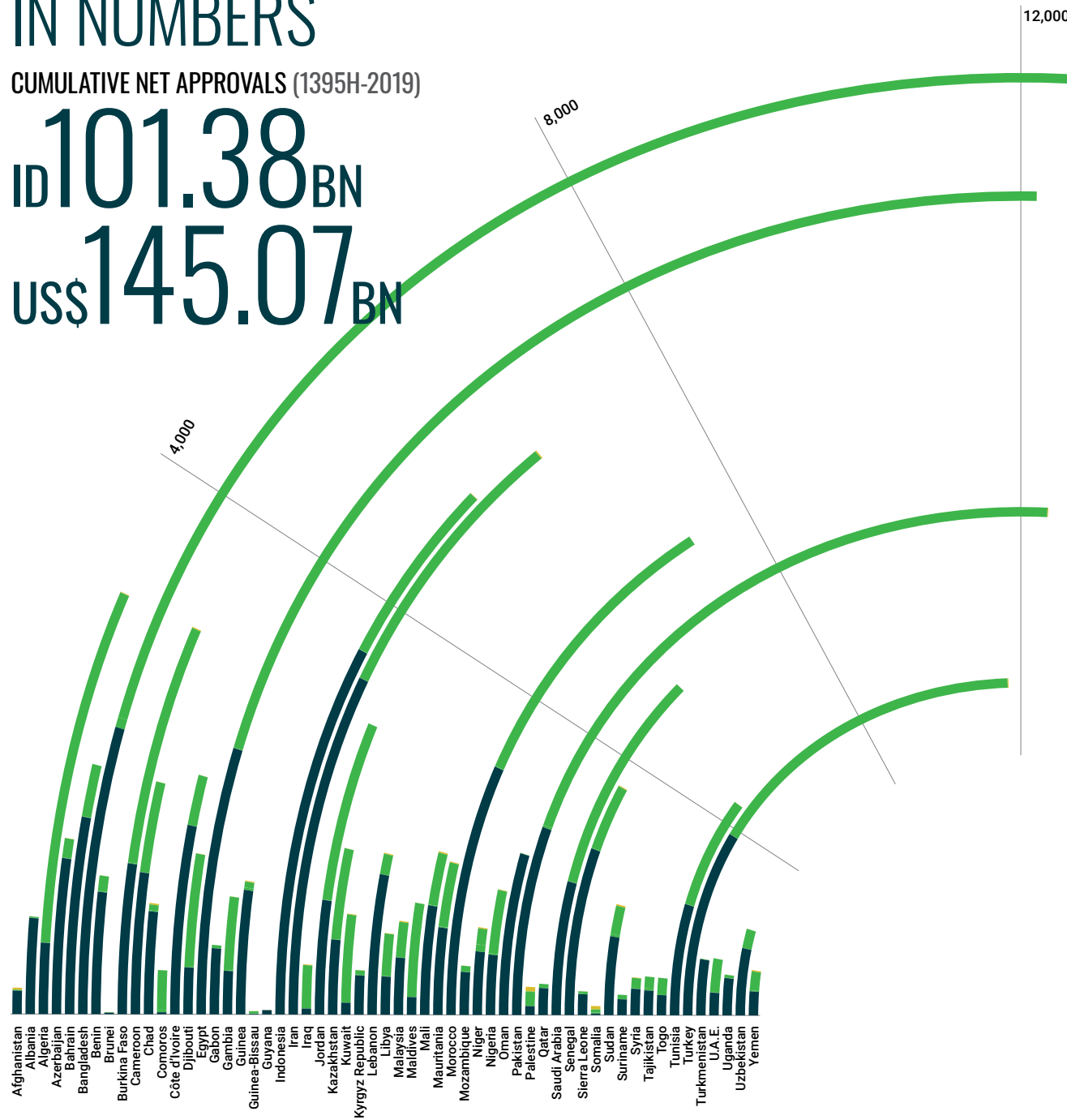
## 2019 BREAKDOWN BY ENTITY



# 1395H-2019 APPROVALS IN NUMBERS

CUMULATIVE NET APPROVALS (1395H-2019)

**ID 101.38 BN**  
**US\$ 145.07 BN**



TOTAL IsDB GROUP NET APPROVALS GREW OVER

**10%**

IN 2019 AS THE INSTITUTION EMBARKED ON THE IMPLEMENTATION OF ITS STRATEGY AND NEW BUSINESS MODEL

## BY MAJOR MODE OF FINANCING (1395H-2019)

TRADE FINANCING

**ID 58.93 BN**  
**US\$ 83.44 BN**

PROJECT FINANCING

**ID 39.85 BN**  
**US\$ 57.88 BN**

TECHNICAL ASSISTANCE OPERATIONS

**ID 1.42 BN**  
**US\$ 2.08 BN**

SPECIAL ASSISTANCE OPERATIONS

**ID 1.18 BN**  
**US\$ 1.68 BN**

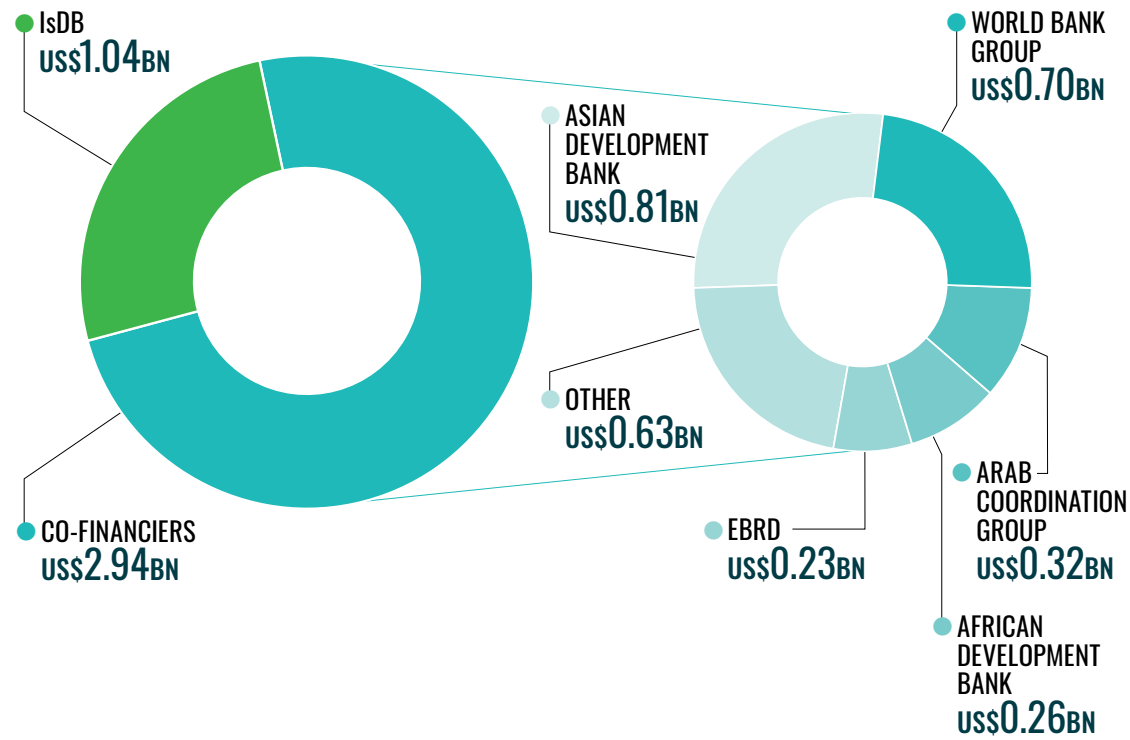
## BY NUMBER OF OPERATIONS (1395H-2019)

**10,482**

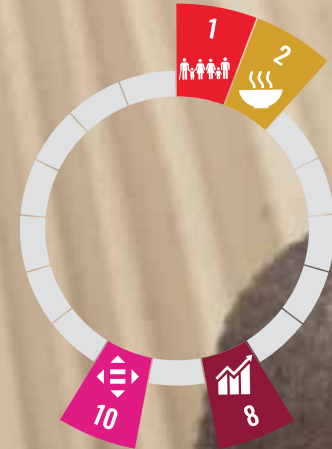
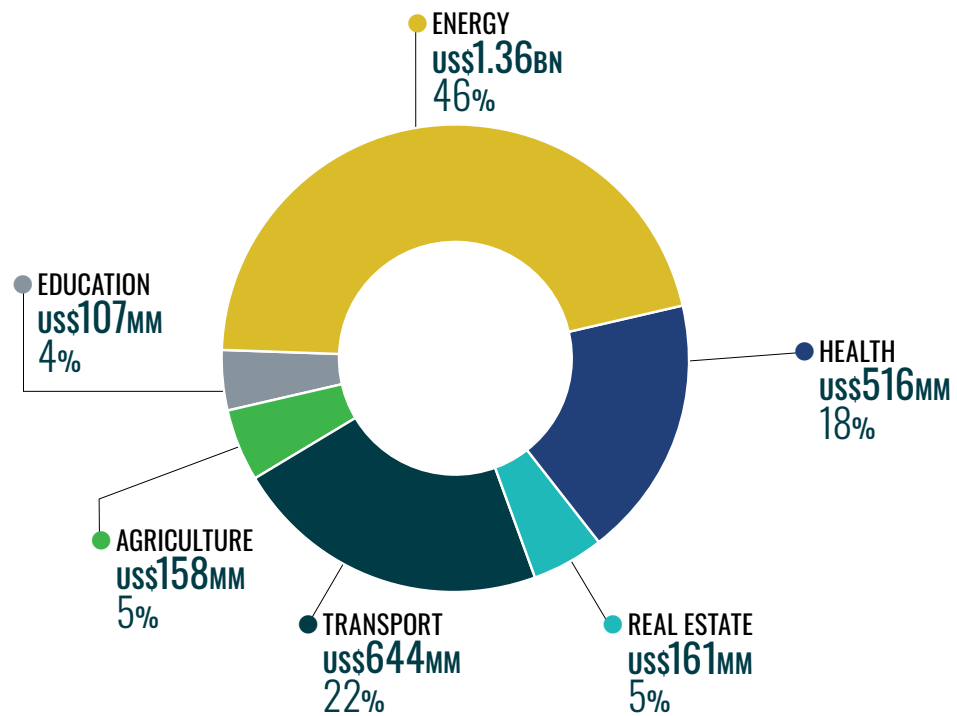


24,000  
\$ million

### MAJOR CO-FINANCIERS IN 2019



### SECTORAL DISTRIBUTION OF CO-FINANCING IN 2019



THE KEY EXPECTED OUTCOME OF THE AGRICULTURE TRANSFORMATION PROJECT, SOUTH AGROPOLE IS THE EMERGENCE OF A STRONG AGRO-INDUSTRIAL VALUE-ADDED PRODUCTION THAT INSPIRES SUSTAINABLE HIGH-LEVEL PRODUCTIVITY, ESPECIALLY IN MANGO AND CASHEW NUTS, LEADING TO AN ESTIMATED

# 10,000

DIRECT JOBS IN SENEGAL

SEE PAGE 50 OF THE ANNUAL REPORT