

DIGEST

IsDB 
البنك الإسلامي للتنمية
Islamic Development Bank



AN ESSENTIAL
GUIDE TO THE
2021 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 world-class 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 Organisation 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 45th Annual Meeting, the IsDB's Board of Governors approved (via circulation) the 6th General Capital Increase of ID5.5 billion. As at the end of 2021, 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 Development Bank Institute (IsDBI), 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).

HEADQUARTER AND REGIONAL HUBS

The IsDB is headquartered in Jeddah, the Kingdom of Saudi Arabia, and has 10 Regional Hubs in Abuja, Nigeria; Almaty, Kazakhstan; Ankara, Turkey; Cairo, Egypt; Dakar, Senegal; Dhaka, Bangladesh; Jakarta, Indonesia; Kampala, Uganda; Paramaribo, Suriname; and Rabat, Morocco with a Centre of Excellence in Kuala Lumpur, Malaysia.

FINANCIAL YEAR

The IsDB's financial year used to be the lunar Hijra Year (H). However, on 1 January 2016, the financial year was changed to the Solar Hijra year starting from 11th of Capricorn (corresponding to 1 January) and ending on 10th Capricorn (corresponding to 31 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

Economic recovery prospects in 2021 were disrupted by the emergence of new COVID variants and rising inflation around the world. Today, the pace of recovery remains uneven. Indeed, the COVID-19 pandemic has exposed and amplified challenges related to inequalities, macroeconomic vulnerabilities, debt sustainability and inadequate health systems. The vaccine divide remains particularly challenging.

Our member countries have been very exposed to the impacts of the pandemic and many are not adequately equipped to face its challenges. Over 51 million people in our member countries have been pushed into extreme poverty. About three out of four IsDB member countries are dependent on commodity exports, and more than one-third are in fragile and conflict-affected situations. To tackle these and other development challenges, we need to look beyond mere recovery and ensure that we build resilience and help chart a long-term sustainable growth path for our member countries.

Business-as-usual is not an option if we wish to create lasting change. We must be nimble and responsive, constantly looking for ways to improve our institution to ensure that we stay relevant to our member countries. Consultations with stakeholders from member countries during the 2021 Annual Meetings were fruitful. They identified a common, overarching need to focus on three priority areas: Boosting COVID-19 Recovery, Tackling Poverty & Building Resilience, and Driving Green Economic Growth. These priorities have framed our work to update and reinvigorate the Bank's 10-Year Strategy (2015-2025) to align it with the aspirations of our member countries. High priority has been assigned to developing sustainable infrastructure and human capital as foundational pillars for a sustainable future.

Our focus in 2021 was largely on financing post-COVID-19 recovery, with annual IsDB Group approvals of ID6.3 billion (US\$8.8 billion) for the year. This surpassed the pre-pandemic Group approval level of ID5.7 billion (US\$7.9 billion) in 2019, and the ID4.8 billion (US\$6.9 billion) approved in 2020. With most member countries facing a slow recovery in 2021, the IsDB Group continued with its Strategic Preparedness and Response Programme (SPRP), comprising the three tracks of Respond, Restore and Restart (the 3Rs). The SPRP operations are estimated to have benefited 59 million people through vaccinations, facilitating food security, creating jobs, supporting health workers, reinforcing education, and financing businesses.

IsDB has also created a Sustainable Finance Framework (SFF) focusing on green and sustainable finance that enables it to issue Green and Sustainability Sukuk to mobilise resources from the global capital markets. The Bank has



so far mobilised over US\$5 billion through its Green and Sustainability Sukuk, of which US\$2.5 billion was raised in 2021. This reflects a deep commitment to implementing the 2030 Agenda for Sustainable Development and to nurturing strong partnerships to achieve those goals.

We are grateful for the confidence shown in the Bank by our shareholders, who approved the 6th General Capital Increase and have confirmed their subscription to it. Payments will commence in January 2023. This support is extremely crucial to further bolster the Bank's efforts as we move from "pandemic" to "endemic" and look beyond recovery to focus on building resilience and charting a long-term sustainable growth path for our member countries on their quest to achieving the Sustainable Development Goals. The support and commitment of our member countries has contributed to all four rating agencies (Standard & Poor's Global, Moody's Investors Service, Fitch Ratings, and the Malaysian Rating Corporation) affirming the IsDB's "AAA" rating with a "stable" outlook in 2021.

Our achievements have been made possible by the commitment and dedication of the IsDB staff at all levels. The Work-from-Home policy to safeguard the safety and security of our staff was maintained in 2021.

We will continue to rely on the critical, creative, and diverse thinking of our staff to deliver on our mandate. Our member countries have placed their trust in our institution, and the Islamic Development Bank remains committed to helping them navigate a path through the current crises and beyond, providing the support and assistance needed to build resilience and achieve a sustainable and inclusive recovery.

Dr. Muhammad Al-Jasser
President, Islamic Development Bank
Chairman, Board of Executive Directors

1

ISDB GROUP ACTIVITIES



This chapter summarises IsDB's recent economic performance, operational highlights, and key initiatives and accomplishments in 2021.

2

BOOSTING POST- COVID-19 RECOVERY

In 2021, IsDB continued to allocate resources towards mitigating the impact of COVID-19 and putting member countries on a pathway to recovery.



3

NURTURING INCLUSIVE GROWTH AND DEVELOPMENT

This chapter highlights IsDB's positive impacts in health, education, infrastructure and economic empowerment, in line with the 2030 Agenda.



4

STRENGTHENING INSTITUTIONAL EFFECTIVENESS

This chapter demonstrates how IsDB's development impact is underpinned by robust governance and institutional mechanisms.



EXECUTIVE SUMMARY: A YEAR-IN-REVIEW



The support of the IsDB Group (IsDBG) has been critical in ensuring that member countries remain on a trajectory of recovery and long-term growth.

The anticipated recovery from COVID-19 in 2021 was disrupted by the arrival of new variants and high inflation. Several countries reimposed mobility restrictions, while escalating energy prices and supply disruptions have produced high and broad-based inflation. The repercussions of the pandemic have stifled growth, with the aggregated output of IsDB member countries contracting by 1.7 percent in 2020.

The support of the IsDB Group (IsDBG) has been critical in ensuring that member countries remain on a trajectory of recovery and long-term growth. With this in mind, IsDBG's net approvals in 2021 totalled ID6.3 billion (US\$8.8 billion). This support falls under three broad areas: Combating the Pandemic and Poverty; Building Green, Resilient, Inclusive, and Sustainable Economies; and Improving Institutional Effectiveness.

HIGHLIGHTS OF OUR WORK IN THESE THREE AREAS ARE SET OUT HERE.

COMBATING THE PANDEMIC AND POVERTY

- In 2021 the Board of Executive Directors (BED) approved the extension of the Strategic Preparedness and Response Programme (SPRP), including the IsDBG Vaccine Access Facility (IVAC). Through the extension, the IsDBG has increased its financing commitment from US\$2.27 billion in April 2020 to US\$4.43 billion, of which US\$770 million would be the volume of business insured by ICIEC. The total amount of financing approved by the IsDBG increased to US\$3.36 billion compared to US\$3.1 billion in 2020.
- The IVAC programme covers vaccine deployment, vaccine procurement, and vaccine manufacturing support. The Bank has approved three projects under IVAC. These projects are in Guinea, Kyrgyzstan, and Pakistan, for a total of approximately US\$100 million.
- The SPRP operations are estimated to have benefited 59 million people through vaccination, food security, jobs, health workers, education, and support to businesses. Concessional loans and grants amounting to US\$61.3 million were approved in 2021 for poverty reduction projects by the IsDB poverty alleviation arm, Islamic Solidarity Fund for Development (ISFD).
- To guarantee smooth transactions for COVID-19 responses in the face of supply chain disruptions, IsDBG, through its insurance arm, Islamic Corporation for Insurance of Investment and Export Credit (ICIEC), launched the COVID Guarantee Facility (CGF)

to support the import of medical equipment, essential foods, and energy commodities. Over US\$770 million in insurance capacity has been allocated under CGF to date.

- Telehealth technologies were deployed to provide over 85,000 consultations for more than 175,000 COVID-19 patients with 24/7 counselling and monitoring in member countries, including conflict areas.

BUILDING GREEN, RESILIENT, INCLUSIVE, AND SUSTAINABLE ECONOMIES

- The Bank created a Sustainable Finance Framework (SFF) as a way of entering the Green and Sustainability-linked capital markets space. Under the umbrella of the SFF, the Bank has already issued both Green and Sustainability Sukuk to mobilise more than US\$5 billion for climate-related and social development projects, especially in the health sector. In March 2021, the Bank issued its second Sustainability Sukuk, which was also its largest Sukuk issuance ever, raising US\$2.5 billion.
- The Islamic Corporation for the Development of the Private Sector (ICD) approved US\$243.60 million to support private sector development. The International Trade and Finance Corporation (ITFC) approved US\$6.4 billion to support economic resilience amid the COVID-19 pandemic, resulting in the creation of 55,000 jobs and the provision of electricity access to 11 million people. ICIEC insured businesses to the value of US\$9.8 billion covering export, import, and investments among member countries, and between member countries and the rest of the world.
- Through the Strengthening the Economic Resilience of Vulnerable Enterprises (SERVE) Programme, the IsDB Group has approved US\$91.40 million since 2020. In addition, the IsDB has mobilised more than US\$520 million for its Economic Empowerment interventions targeted at member countries. This included a US\$100 million Economic Empowerment Fund for Uzbekistan launched during the 2021 Annual Meetings in Tashkent.
- In 2021, the Bank continued the implementation of its Climate Action Plan (2020-2025) which sets out modalities for achieving IsDB's climate finance target of 35 percent by 2025. About 40 projects across different sectors and regional hubs were screened against physical climate risks to harness opportunities and mitigate the impact of climate change.
- To address the issue of the 'digital divide', the IsDB and the Central Asia Regional Economic Cooperation (CAREC) Institute conducted a study identifying key priority areas and digital economy interventions. Meanwhile, the Bank also worked with the member states of the West African Monetary and Economic Union (UEMOA) to formulate a regional programme on developing the digital economy in member states.

- The IsDB and Global Partnership for Sustainable Development Data helped the governments of Senegal and Togo collect timely data through NASA satellite technology and Amazon Web Services analytics, allowing them to monitor and track environmental data for agriculture and water management.

IMPROVING INSTITUTIONAL EFFECTIVENESS

- Member countries have been immensely supportive of the Bank, with the 6th General Capital Increase of ID5.5 billion being approved in December 2020. This support is extremely crucial to further bolster the Bank's efforts in responding to the COVID-19 pandemic and enabling the Bank to empower member countries on their journey towards achieving the Sustainable Development Goals (SDGs).
- The 6th General Capital Increase (GCI) has sent a strong message to the major rating agencies that the Bank stands on the solid support of its shareholders. All four rating agencies (Standard & Poor's Global, Moody's Investors Service, Fitch Ratings, and the Malaysian Rating Corporation) have affirmed the IsDB's "AAA" rating with a "stable" outlook in 2021.
- The IsDB Governors held a roundtable to reach a common vision on addressing the critical development challenges posed by the COVID-19 pandemic and potential short, medium, and long-term solutions and recovery opportunities. Specifically, the roundtable addressed three main themes: boosting COVID-19 recovery, tackling poverty and building resilience, and driving green economic growth.
- The Talent Vision, Strategy, and Model project was completed in 2021 and included six frameworks and guidelines on attraction, assessment, development, career management, succession planning, and monitoring. The Bank successfully implemented the Leadership Development Programme (LDP) for a group of directors and managers as part of its mandate to build leadership capacity in IsDB.
- The safety and security of staff has been a top priority for the Bank, especially during the pandemic. The Business Continuity Management (BCM) undertakings have been very effective in ensuring the safety of IsDB staff both at Headquarters and around the world. PCR tests and vaccines were made available to staff, and the Employee Return to Office (RTO) process has been carefully and gradually implemented. The Facility Management & Service Delivery Centre (FMSDC) has ensured a seamless, healthy, and comfortable return to work.

2021 AT A GLANCE

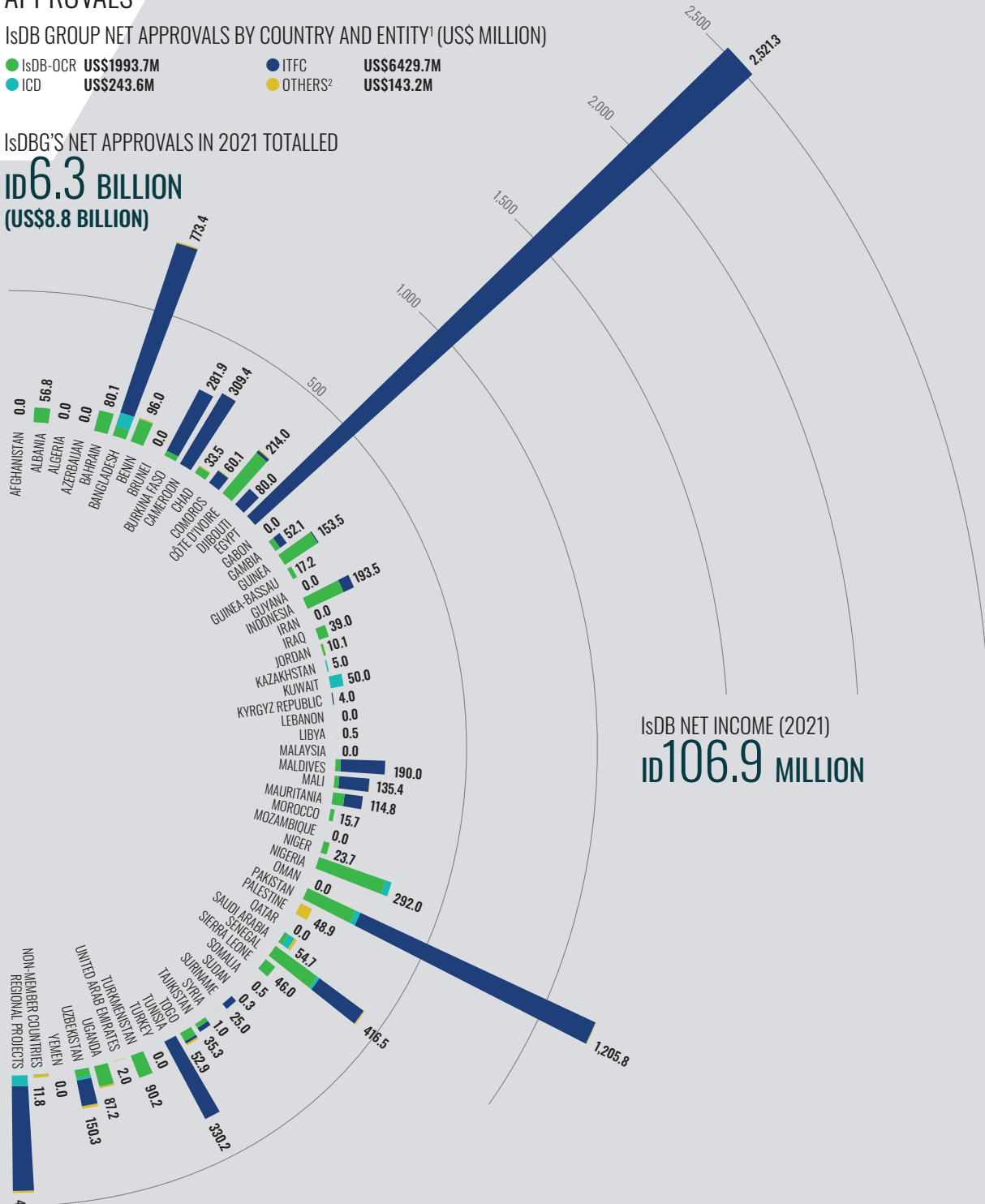
APPROVALS

ISDB GROUP NET APPROVALS BY COUNTRY AND ENTITY¹ (US\$ MILLION)

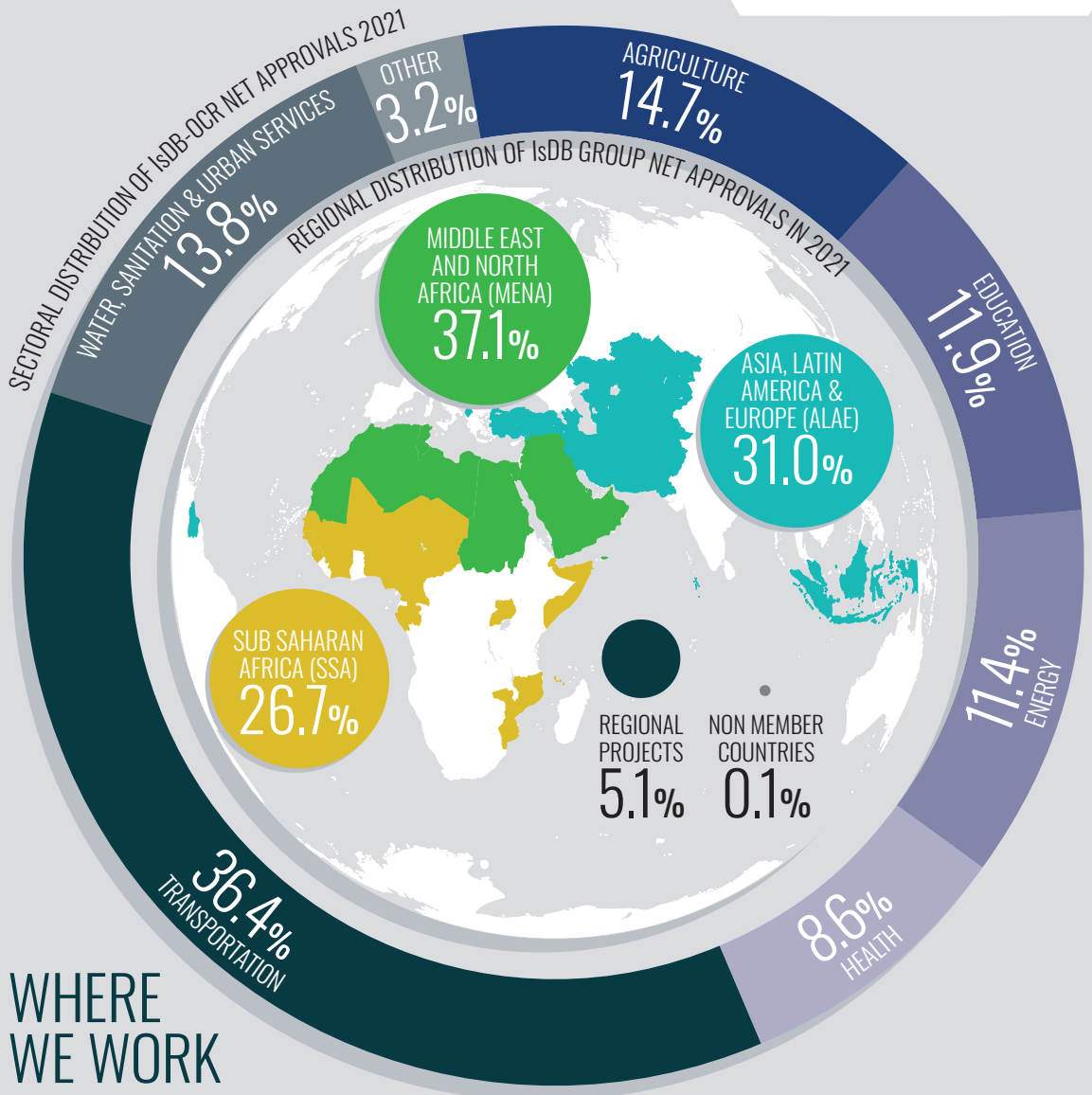
- ISDB-OCR US\$1993.7M
- ITFC US\$6429.7M
- ICD US\$243.6M
- OTHERS² US\$143.2M

ISDBG'S NET APPROVALS IN 2021 TOTALLED

ID6.3 BILLION
(US\$8.8 BILLION)



1 Cut-off date for data reported in this graphic was 31 December 2021 (27 JUMADA-I 1443H).
2 Comprised of APIF, Economic Empowerment, EFS, IBP, ICD Funds, ISFD, ITFO, SAO, STI, Trust Funds and WAQF.



WHERE WE WORK

THE PRESENT MEMBERSHIP OF THE BANK CONSISTS OF

57 COUNTRIES

SUB SAHARAN AFRICA (SSA)

20 COUNTRIES

- Benin
- Burkina Faso
- Cameroon
- Chad
- Comoros
- Côte D'Ivoire
- Djibouti
- Gabon
- Gambia
- Guinea
- Guinea-Bissau
- Mali
- Mozambique
- Niger
- Nigeria
- Senegal
- Sierra Leone
- Somalia
- Togo
- Uganda

ASIA, LATIN AMERICA & EUROPE (ALAE)

18 COUNTRIES

- Afghanistan
- Albania
- Azerbaijan
- Bangladesh
- Brunei
- Guyana
- Indonesia
- Iran
- Kazakhstan
- Kyrgyz Republic
- Malaysia
- Maldives
- Pakistan
- Suriname
- Tajikistan
- Turkey
- Turkmenistan
- Uzbekistan

MIDDLE EAST AND NORTH AFRICA (MENA)

19 COUNTRIES

- Algeria
- Bahrain
- Egypt
- Iraq
- Jordan
- Kuwait
- Lebanon
- Libya
- Mauritania
- Morocco
- Oman
- Palestine
- Qatar
- Saudi Arabia
- Sudan
- Syria
- Tunisia
- United Arab Emirates
- Yemen

THREE BROAD AREAS OF SUPPORT

HIGHLIGHTS FROM
THESE THREE
BROAD AREAS

THE SUPPORT OF THE ISDB GROUP HAS BEEN CRITICAL IN ENSURING THAT MEMBER COUNTRIES REMAIN ON A TRAJECTORY OF RECOVERY AND LONG-TERM GROWTH. WITH THIS IN MIND, ISDBG'S NET APPROVALS IN 2021 TOTALLED

US\$8.8 BILLION
(IDG.3 BILLION)

COMBATING THE PANDEMIC AND POVERTY

ISDB'S FINANCING COMMITMENT UNDER THE SPRP INCREASED FROM

US\$2.27 BILLION
IN 2020 TO

US\$4.43 BILLION
IN 2021

US\$100 MILLION
APPROVED FOR THE
VACCINE PROGRAMME

BUILDING GREEN, RESILIENT, INCLUSIVE, AND SUSTAINABLE ECONOMIES

US\$5 BILLION
MOBILISED THROUGH GREEN
AND SUSTAINABILITY SUKUK

US\$91 MILLION
APPROVED FOR ECONOMIC
RESILIENCE OF ENTERPRISES

IMPROVING INSTITUTIONAL EFFECTIVENESS

THE 6TH GENERAL CAPITAL INCREASE OF

US\$7.9 BILLION
APPROVED IN DECEMBER 2020

THE FOUR MAIN RATINGS AGENCIES AFFIRMED ISDB'S

"AAA"
RATING, WITH A
"STABLE"
OUTLOOK IN 2021



COMBATING COVID-19

2.7 MILLION

PEOPLE VACCINATED THROUGH

1,522

NEWLY ESTABLISHED VACCINATION CENTRES

49 MILLION

PEOPLE REACHED THROUGH
AWARENESS CAMPAIGNS

9.7 MILLION

HOUSEHOLDS SUPPORTED WITH
FOOD RATIONS

308,000 JOBS

CREATED FOR THE REVIVAL OF
PRIORITY VALUE CHAINS

31,696

HEALTH WORKERS

PROVIDED WITH CAPACITY-BUILDING SUPPORT

15,000

MICRO-ENTERPRISES

OR HOUSEHOLDS BENEFITING FROM
MICRO-FINANCE SERVICES

40,000 STUDENTS

BENEFITING FROM E-LEARNING
PROGRAMMES

18,304 SMEs

PROVIDED WITH FINANCIAL ASSISTANCE

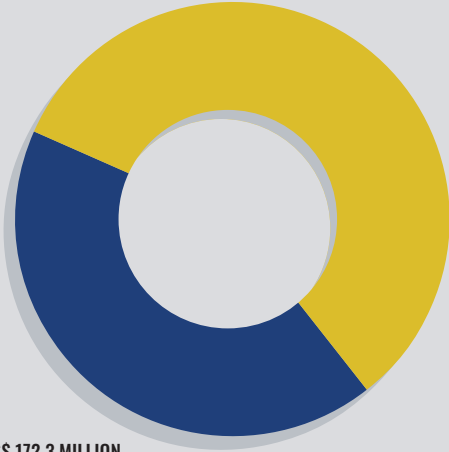
OVERALL
59 MILLION BENEFICIARIES

GREEN, RESILIENT, INCLUSIVE GROWTH

HUMAN CAPITAL DEVELOPMENT

IsDB-OCR TOTAL FINANCING OF **US\$409.6 MILLION** WAS APPROVED IN 2021 FOR EDUCATION AND HEALTH

● **US\$ 237.3 MILLION** FOR EDUCATION PROJECTS

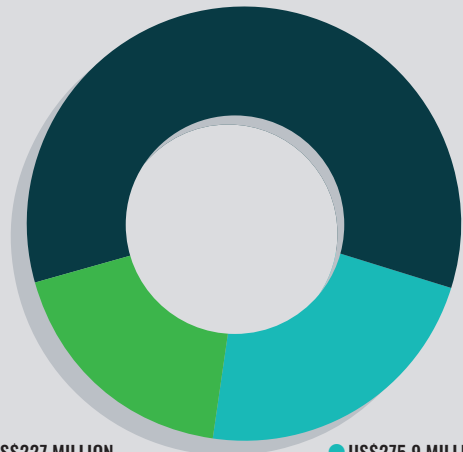


● **US\$ 172.3 MILLION** FOR UNIVERSAL HEALTHCARE

INFRASTRUCTURE

US\$1.23 BILLION WAS ALLOCATED IN 2021, COVERING ENERGY, TRANSPORT, AND WATER & SANITATION

● IN 2021, IsDB APPROVED A TOTAL OF **US\$724.9 MILLION** TO FINANCE TRANSPORT INFRASTRUCTURE

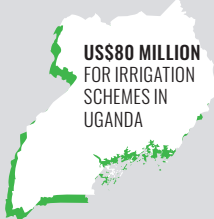


● **US\$227 MILLION** APPROVED FOR INCREASING THE SUPPLY OF AND ACCESS TO ENERGY AND ELECTRICITY

● **US\$275.9 MILLION** WAS APPROVED IN 2021 TO FINANCE WATER AND SANITATION PROJECTS

FOOD SECURITY

US\$292.2 MILLION WAS ALLOCATED IN 2021 FOR THE AGRICULTURE SECTOR. THIS INCLUDED:



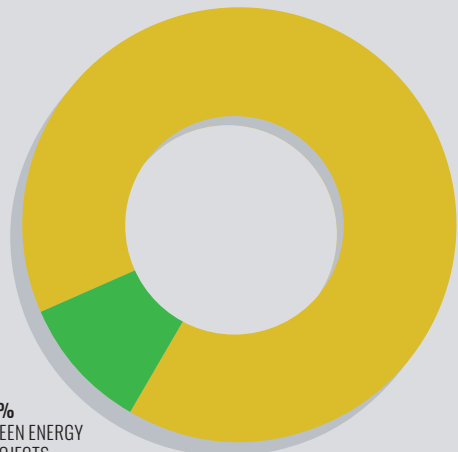
SUSTAINABLE FINANCE

IsDB HAS CREATED A SUSTAINABLE FINANCE FRAMEWORK (SFF) IN LINE WITH THE STANDARDS SET BY THE INTERNATIONAL CAPITAL MARKET ASSOCIATION (ICMA).

IN MARCH 2021, THE BANK ISSUED ITS SECOND SUSTAINABILITY SUKUK, WHICH WAS ALSO ITS LARGEST SUKUK ISSUANCE EVER. THIS SECOND SUSTAINABILITY SUKUK RAISED

US\$2.5 BILLION

● **90%** OF THE PROCEEDS DEPLOYED TOWARDS SOCIAL PROJECTS



● **10%** GREEN ENERGY PROJECTS

SCHOLARSHIPS

US\$7 MILLION WAS APPROVED IN 2021 FOR A VARIETY OF SCHOLARSHIPS. SCHOLARSHIPS WERE AWARDED TO 301 STUDENTS



WOMEN AND YOUTH

IN 2021, THE BANK APPROVED THE OPERATIONAL STRATEGY OF THE WOMEN EMPOWERMENT POLICY

WOMEN AND YOUTH EMPOWERMENT WAS MAINSTREAMED IN MORE THAN

35

OF THE BANK'S PROJECTS DURING THE YEAR

US\$11.25 MILLION
WAS MOBILISED FOR THE EMPOWERING WEST AFRICAN WOMEN SMALL AND MEDIUM ENTERPRISES IN RICE VALUE CHAINS (EWASME) PROGRAMME

IMPROVING INSTITUTIONAL EFFECTIVENESS

IN 2021, THE BANK INITIATED THE IMPLEMENTATION OF THE MODEL RISK MANAGEMENT AND GOVERNANCE FRAMEWORK TO PROACTIVELY MITIGATE THE BANK'S EXPOSURE TO MODEL RISKS

A NEW ADMINISTRATIVE TRIBUNAL HAS BEEN ESTABLISHED TO RESOLVE EMPLOYMENT-RELATED DISPUTES BETWEEN ISDBG STAFF AND THE ORGANISATION

20 MEMBER COUNTRY PARTNERSHIP STRATEGIES

(MCPSs) HAVE BEEN COMPLETED SINCE 2010, WITH SIX MORE EXPECTED TO LAUNCH IN 2022

10 PROJECTS

WERE EVALUATED IN MEMBER COUNTRIES DURING 2021, COVERING: **ENERGY, HEALTH, EDUCATION, TRANSPORT, WATER AND SANITATION, AGRICULTURE AND RURAL DEVELOPMENT, AND ICT**

PROGRESS TOWARDS THE SDGs

DURING 2021, IsDB CONTRIBUTED TO PROGRESS TOWARDS THESE KEY SDGs:
SDG1, SDG2, SDG3, SDG4, SDG6, SDG7 AND SDG9

SOME EXAMPLES OF OUR CONTRIBUTIONS TOWARDS THE TARGETS:



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