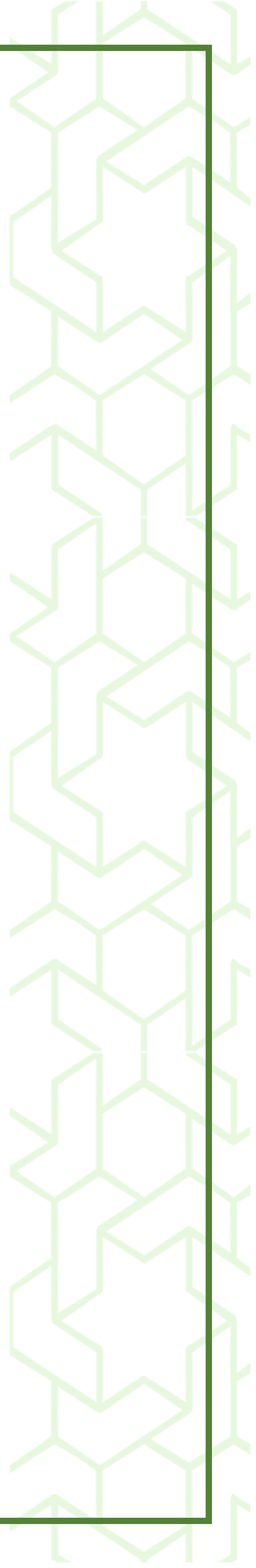




Frequently Asked Questions

July 2023



What is the Islamic Development Bank (IsDB) Group?

The Islamic Development Bank (IsDB) Group is a multilateral development Bank (MDB) dedicated to enhancing the social and economic development of its 57 member countries and Muslim communities in non-member countries. Its development financing reaches people across four continents, impacting the lives of 1 in 5 of the world's population.

Over the years, the Bank has evolved from a single entity established in 1974 into a group of six entities, each delivering diverse and value-added products and services to its members. The IsDB Group comprises the Islamic Development Bank (IsDB), the Islamic Development Bank Institute (formerly known as the Islamic Research & Training Institute, IRTI), the Islamic Corporation for the Development of the Private Sector (ICD), the Islamic Corporation for Insurance of Investment and Export Credit (ICIEC), the International Islamic Trade Finance Corporation (ITFC), and the Islamic Solidarity Fund for Development (ISFD). Although these entities have distinct objectives and operational modalities, they share a common vision and mission.

IsDB stands as a role model of South-South Cooperation, where relatively better-off countries support the social and economic development of less fortunate member countries (MCs). As one of the world's leading MDBs, IsDB has played a significant role in promoting Islamic Finance and has maintained an AAA rating for over a decade. With operating assets of more than US\$25 billion and subscribed capital of US\$70 billion, it holds a formidable position in the global financial landscape.

The Bank's headquarters are in Jeddah, Kingdom of Saudi Arabia, and it operates through a decentralized model with ten major regional hubs in Morocco, Kazakhstan, Senegal, Egypt, Turkey, Indonesia, Bangladesh, Nigeria, Uganda, and Suriname, along

with a Center of Excellence in Kuala Lumpur, Malaysia. Additionally, 17 Field representatives in various member countries help implement the Bank's development financing.

The core aim of the Islamic Development Bank Group is to contribute to the development efforts of member countries by providing sustainable infrastructure and promoting comprehensive human development, empowering people to lead better lives and reach their full potential. To achieve this, the IsDB Group offers a diverse range of developmental products and services to increase investment inflows in developing countries.

Dr. Muhammad Al Jasser, a Saudi national, leads the Bank. He previously served as the Minister of Economy and Planning and Governor and Board Chairman of the Saudi Arabian Monetary Agency (SAMA), the Saudi Central Bank. Elected as President of the Bank and appointed Chairman of IsDB Group in early July 2021, Dr. Al Jasser assumed his duties on 9 August 2021.

What are the different entities of the IsDB Group, and what are their respective purposes?

➤ Islamic Development Bank Institute

Established in 1975, the Islamic development Institute is the research and training arm of the IsDB. It aims at developing the Islamic Financial Services Industry (IFSI) to support the socio-economic development of the member countries. Its activities are training, research, advisory, and capacity building.

➤ The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC)

Launched in 1994, ICIEC aims at boosting trade and investment among the member countries of the Organization of Islamic Cooperation (OIC) and with non-member

countries. It offers Shari'ah-compliant export credit insurance & reinsurance and provides political risk insurance to encourage investment flows.

- The Islamic Corporation for the Development of the Private Sector (ICD):

Starting operations in 1999, the ICD's mission is: to promote private sector development in member countries; facilitate access to Islamic capital markets; mobilize additional financial resources for the private sector, promote entrepreneurship and encourage cross-country investments.

- The International Islamic Trade Finance Corporation (ITFC):

Formed in 2008, the ITFC's goals are to advance trade across the Islamic World; encourage intra-trade across the member countries of the Organization of Islamic Cooperation (OIC) and also with non-member countries; help businesses to better access trade finance; and provide them with the necessary trade-related capacity building.

- The Islamic Solidarity Fund for Development (ISFD)

The ISFD was established in 2015 with a target endowment of US\$10 billion. It is a dedicated facility to fight poverty in the member countries.

What is the mission of IsDB?

The Islamic Development Bank is working to improve lives by promoting social and economic development in its 57 member countries and among Muslim communities worldwide - in full coordination with their respective governments - delivering impact at scale.

IsDB fosters collaboration among its member nations in a uniquely non-political environment, as it focuses on the betterment of humanity.

The Bank plays a pivotal role in promoting cooperation between member countries, sharing knowledge and services among themselves and provide innovative solutions to meet the challenges of sustainable development.

The Bank supports its member countries to enable them to grow their economies and societies. Also, to better prepare them to embrace the challenges and opportunities of our modern world.

IsDB believes that all people have the right to live in dignity and prosperity, and that nurturing human capital and promoting real economic growth is the best route out of poverty. In this regard, it equips people to drive their own economic and social progress at scale, putting sustainable infrastructure in place to enable them to fulfill their potential and promote comprehensive human development.

IsDB mission is 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

The Bank aims at building collaborative partnerships between communities and nations, across the public and private sectors, as well as fostering innovative and sustainable solutions to the world's greatest development challenges, as it supports efforts of member countries towards the achievements of UN Sustainable Development Goals (SDGs) and other key global development agenda such as Paris Agreement.

What are the unique features of the IsDB – How does it distinguish itself from other MDBs?

The Bank stands out as the only Multilateral Development Bank (MDB) where a donor-recipient relationship is absent, as all member countries contribute to its resources and can equally benefit from its financing. Furthermore, it holds a prominent global leadership role in promoting Islamic finance. As a recognized member of the MDB family, IsDB channels finance, expertise, and knowledge while forging partnerships to advance sustainable development.

Moreover, IsDB is a unique MDB with its membership entirely composed of countries from the 'Global South,' spanning multiple continents. This characteristic instills a strong focus on south-south cooperation, enabling the identification of meaningful development solutions and addressing specific development needs and priorities of the Muslim world.

What are the key strategic objectives of IsDB?

In the medium-term (2023-2025), the IsDB is guided by three key Strategic Priorities as part of our realigned strategy: (i) boosting recovery, (ii) tackling poverty and building resilience, and (iii) driving green economic growth.

To maximize the impact of its efforts, the Bank is also selective and focused on its comparative advantages and operational expertise. The Bank's focus is on two key pillars: a) green, resilient and sustainable infrastructure; and b) inclusive human capital development.

What are the focus areas of the Bank in the next few years?

Under the 1st Pillar of Green, Resilient and Sustainable Infrastructure, the Bank's interventions in the next 3 years will focus on 6 sectors covering: (i) Clean and Renewable Energy; (ii) Sustainable Multi-model Transport; (iii) Agriculture and Rural Development; (iv) Information and Communication Technology & Digitization; (v) Social Infrastructure; and (vi) Urban Development, Water and Sanitation.

Under the Second Pillar, it will promote inclusive human capital development focusing on 5 complementary sectors and thematic areas, namely: (i) Universal Healthcare / services; (ii) Resilient and Quality Education; (iii) Nutrition and Food Security; (iv) Social Protection; and (v) MSMEs and Job Creation.

The four crosscutting enabling areas that support the two pillars of the Strategy are Islamic Finance, Climate Change, Women and Youth, and Capacity Development.

Are these efforts adapted to changing needs and circumstances of member countries?

The support of the Bank remains adaptive to the diverse needs of its member countries, helping them to overcome current and systemic challenges and use technologies to effectively deliver development financing and knowledge services.

Furthermore, IsDB continuously expands development partnerships and mobilizes additional financing and knowledge and also scale-up its own financing with the materialization of 6th General Capital Increase to create large impact.

In addition, beside development financing it also provides value added knowledge services to MCs.

What is the IsDB Board of Governors?

The Board of Governors is the highest authority of the Bank. Each member country of the Bank is represented on the Board with a Governor and an Alternate Governor. In most cases, one or both of them are of ministerial status. The Board meets once a year to consider and approve the financial statements for the past fiscal year, appoint external auditors, and lay down the future policies of the Bank.

What is the Board of Executive Directors?

The Board of Executive Directors (BED) is the body responsible for the direction of the general operations and policies of the Bank.

The BED is currently composed of eighteen members - nine Executive Directors appointed by their countries, which are the main shareholders, while nine others are elected by the Governors of other countries. The term of office for members of the BED is a renewable period of three years.

How does IsDB leverage its financing?

At the Islamic Development Bank, we provide people with the tools they need to forge a sustainable future for themselves, their communities, and their countries, by putting in place the infrastructure to enable them to reach their full potential.

We build collaborative partnerships amongst communities and nations across our 57 member nations. We involve the public and private sectors as well as civil societies and the development sector through public-private partnerships and other joint projects, such as the Lives & Livelihoods Fund (LLF) of the IsDBG, Gates Foundation and Arab and other donors.

A global leader in Islamic finance, we provide sustainable and ethical financing structures to support our investment projects. Over the past two decades, IsDB has achieved an AAA rating, making it the world's leading Sukuk issuer, enabling it to fund research and training to prepare for the future of Islamic banking and financial activities. We have succeeded in deepening and broadening our investor base and improving our visibility in international financial markets.

We prioritize innovative and sustainable solutions to the world's most challenging development issues, while actively working towards achieving the targets of the United Nations Sustainable Development Goals for our member countries.

What are the areas of development intervention pursued by IsDB?

At IsDB, we take immense pride in our efforts to support the development of our 57 member countries. Through our financing, we reach and positively impact the lives of people, striving to maximize the developmental outcomes. We channel our efforts towards sectors and thematic areas where we possess competency and comparative advantage. The allocation of our financing and the focus of our work revolve around the following areas

- **Infrastructure**

A green, resilient, inclusive, and sustainable infrastructure network plays a crucial role in ensuring the continued economic growth of developing countries. By investing in urban and rural infrastructure, agricultural development, as well as the energy and transport requirements that these areas demand, we can continue to enable our projects to maintain and enhance their impact under a sustainable model.

- **Education**

Education is the key to unlocking the potential of current and future generations, and that's why we are committed to funding skills and education training, particularly for women and youth in rural areas. This empowers them with access to the labor market and significantly improves their life prospects. Through the IsDB Scholarship Programs, we strive to promote excellence in science among our member countries and within Muslim communities in non-member countries. Additionally, the Bank takes pride in supporting the human development of the Muslim Community, having provided higher education support to over 13,000 deserving students.

- **Health**

As a cornerstone for human development, the health sector is a priority area for IsDB. We focus on the prevention and control of both communicable and non-communicable diseases, improving access to and the quality of healthcare services, and reducing financial barriers to access available resources.

- **Humanitarian Relief**

We believe we have a crucial role to play in providing Humanitarian Relief across the world. Our member countries include 27 of the world's poorest nations, which are especially vulnerable to natural disasters and the impact of climate change. By investing in these countries and funding projects, we aim to improve the quality of life for people living there.

- **Women & Youth**

To combat poverty and foster development, it is essential to tap into and unleash the potential of everyone, particularly the youth. At our core, we are dedicated to supporting women and youth worldwide. We achieve this by focusing on critical aspects such as access to finance, education, school enrollment, and health programs, including maternal health. These are areas that have historically posed barriers to achieving greater female emancipation.

- **Climate Change**

The Bank actively promotes and bolsters the green economy through various means. With a steadfast commitment to sustainability, the Bank has implemented a 5-Year Climate Action Plan spanning from 2020 to 2025, setting an ambitious climate finance target of 35% of total commitments by 2025. Encouragingly, as of 2022, 33% of the Bank's total approvals were already directed towards climate action, including both adaptation and mitigation activities. Furthermore, the Bank has collaborated extensively with other MDBs on Paris Alignment efforts and now aims to achieve full Paris Alignment itself by the end of 2023.

How is IsDB committed to the United Nations' Sustainable Development Goals (SDGs)?

In September 2015, 193 countries including IsDB member countries, signed up to a new agenda for comprehensive and sustainable human development, spearheaded by the United Nations.

The 2030 Agenda aspires to achieve 17 high-level Sustainable Development Goals (SDGs) and 169 specific targets, encompassing the social, economic, and environmental dimensions of development. These aspirations for human dignity, and 'to leave no one behind, are fully in line with the principles and objectives of development from an Islamic perspective (Maqasid Al-Sharia).

The SDGs aim to improve the quality of people's lives in a number of ways such as eradicating poverty and hunger; promoting health and education; reducing inequality and gender disparities; building sustainable infrastructure and making cities more sustainable; countering and reversing climate change; protecting oceans, forests, and biodiversity. The SDGs support peace and justice and promote economic growth that is inclusive, equitable, and sustainable.

IsDB Group is fully committed to the SDGs. It recognizes that development objectives vary from one country to another. Its work is therefore initiated and motivated by understanding the real needs of its member countries, and it adapts its interventions accordingly. The IsDB Group supports the implementation of this transformative agenda according to the needs and priorities of its member countries, through a collaborative approach, and in partnership with bilateral and multilateral development financing institutions, the private sector, and civil society.

What are the Specialized Initiatives that IsDB Group has undertaken?

Islamic Solidarity Fund for Development (ISFD)

It was established within the IsDB with a view to (a) reduce poverty, (b) build the productive capacities of member countries, (c) reduce illiteracy, and (d) eradicate diseases and epidemics, particularly Malaria, Tuberculosis (TB) and HIV/Aids.

Awqaf Properties Investment Fund (APIF)

Awqaf Properties Investment Fund (APIF) participates in the financing of waqf/endowment income-generating commercial and residential real estate properties to enhance the financial sustainability of its beneficiaries and support their social and charitable activities.

Lives and Livelihoods Fund (LLF)

IsDB and its global development cooperation partners have jointly launched the Lives and Livelihoods Fund (LLF) with the shared vision of uplifting the poorest populations in IsDB member countries out of poverty. The LLF represents the largest development initiative of its kind in the Middle East and extends its services to 33 IsDB member countries.

Economic Empowerment Fund for the Palestinian People (EEFPP)

The IsDB Economic Empowerment approach enables disadvantaged populations to actively participate in their countries' economic cycle and realistically aspire to a decent living. Recognizing the multifaceted nature of poverty and the various obstacles that hinder the full realization of the poor's potential, IsDB emphasizes the need for a paradigm shift from "Financial Inclusion" to "Economic Empowerment." As a result, IsDB's Economic Empowerment interventions not only provide the poor with appropriate access to the necessary inputs/means for achieving financial inclusion but also ensure their comprehensive economic inclusion.

The EEFPP (Economic Empowerment of Palestinian Families Program) aims to empower over 300,000 Palestinian families in the coming decade, with the goal of

enhancing the income and livelihoods of the Palestinian people. IsDB works with development partners such as the United Nations High Commission for Refugees (UNHCR) in its empowerment programs.

Where does IsDB get its resources?

IsDB's funds come from its member countries' contributions, borrowings on international markets and return on investment including repayments.

What is Green Sukuk and how does it promote sustainable, social and economic growth in member countries?

The Bank plays a critical role in financing and catalyzing additional resources to maximize the socio-economic development prospects of member countries. The IsDB Group provides a vast range of developmental products and services to increase the investment inflows in developing countries. We attempt this on the basis of a newly Realigned Strategy of the Bank that emphasizes strong and resilient recovery alongside sustainable and green economic growth. The Bank is looking to scale-up its development financing and use more innovative green, social, and sustainable financing mechanisms that will enable mobilization of resources from capital markets on competitive rates using its AAA credit rating and using Islamic instruments i.e., SUKUK.

In addition, as part of its efforts to support green economic growth in member countries, the Islamic Development Bank launched a financing instrument known as Green Sukuk, with the aim of enhancing the sustainability of environmental and climate-friendly projects to ensure the achievement of more sustainable results in line with the objectives of the Paris Agreement.

Green Sukuk product involves a specific resource mobilization mechanism with the aim of encouraging the development of green projects,

minimizing the negative impact of other development projects on the climate, and a combination of both.

To date, the Bank has successfully issued a green Sukuk worth EUR 1 billion (in 2019), in addition to issuing a Sustainability Sukuk (financing a mix of green and social projects) worth US\$2.5 billion (in 2021), which is the largest in its class.

How does the Bank support non-member countries?

The Bank aims to contribute to the social and economic development of Muslim communities in non-member countries, by helping communities to be productive citizens contributing to comprehensive and sustainable development efforts in their countries. The Bank discharges its efforts in non-member countries via its Community Outreach Program formerly known as the Special Assistance Program that has played a key role in promoting the social and economic development communities since 1981. Besides, the Scholarship program of the Bank also extends support during emergencies covering activities such as Relief and rehabilitation of communities affected by natural disasters in member and non-member countries.