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2016 Highlights

Disbursements: ICD’s Disbursements Reached USD 462.4 million for the period from October 14, 2015 to December 31 2016

Figure A.1 Disbursements by Product

- 53.4% Lines of Finance
- 1.1% Corporate Equity
- 1.7% Institutional Equity
- 43.4% Terms of Finance

Figure A.2 Disbursements by Sector

- 27.8% Industry & Mining
- 9.7% Energy
- 29% Europe & Central Asia
- 13% Middle East & North Africa
- 16% Sub-Saharan Africa
- 30% Asia
- 12% Regional & Global

Figure A.3 2016 Disbursements by Region

Disbursements: ICD’s Disbursements Reached USD 462.4 million for the period from October 14, 2015 to December 31, 2016.
Approvals: ICD Approved USD 824.4 Million for New Projects for the period from October 14, 2015 to December 31, 2016

Figure B.1 Approvals by Sector

- **Finance**: 56.1%
- **Energy**: 11.2%
- **Real Estate**: 5.1%
- **Industry & Mining**: 9.7%
- **Health & Other Social Services**: 4.0%
- **Funds**: 13.9%

Lines of finance made up the bulk of Islamic Corporation for the Development of the Private Sector (ICD) approvals, representing 48% of the total.

**Projects Highlights**

**Sukuk in Senegal**
A USD 208 million Sukuk was initiated in Senegal between ICD and Citibank. The Sukuk contributed to diversifying investors in the West Africa region.

**ICD Advisory Services in Burkina Faso**
ICD provided advisory services for the creation of the Islamic Windows for Coris International Bank in Burkina Faso. Coris' Islamic Window has raised USD 2.2 million in deposits.

**ICD Advisory Services in Cameroon**
For the Afriland First Bank in Cameroon, ICD provided advisory services for the creation of the Islamic Windows. During its first six months of operation, Afriland opened 403 accounts and provided financing to 24 small and medium enterprises (SMEs).
The 2016 ICD Development Effectiveness Survey was completed by clients of 77% of ICD’s active projects as of December 31, 2016. The aggregate development results obtained from this survey are shown below:

- **68,353** Number of jobs supported
- **3,886** Number of SMEs provided with access to Islamic finance
- **USD 135 m** Net inflow of foreign exchange
- **USD 275 m** New government revenues for member countries (MCs)
- **USD 5 m** Community development contributions
- **12,845** Number of micro-enterprises given access to Islamic finance
- **USD 368 m** Domestic goods purchased

### Highlights by Sector

- **422** Housing projects supported
- **272** Agribusiness projects supported
- **275** Education projects supported
<table>
<thead>
<tr>
<th>Abbreviations</th>
<th>Definition</th>
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<tbody>
<tr>
<td>AAOIFI</td>
<td>Accounting and Auditing Organization of Islamic Financial Institutions</td>
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<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>AfDB</td>
<td>African Development Bank</td>
</tr>
<tr>
<td>ADER</td>
<td>Annual Development Effectiveness Report</td>
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<td>AIG</td>
<td>American International Group</td>
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<tr>
<td>BCEAO</td>
<td>Banque Centrale des Etats de l'afrique de l'Ouest</td>
</tr>
<tr>
<td>BRIC</td>
<td>Brazil, Russia, India and China</td>
</tr>
<tr>
<td>BRVM</td>
<td>Bourse Régionale des Valeurs Mobilières de l'Union Economique et Monétaire de Ouest Africaine</td>
</tr>
<tr>
<td>BSIC</td>
<td>Banque Sahelo Saharienne Pour l'Investissement et le Commerce</td>
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<tr>
<td>CCA</td>
<td>Crédit Communautaire d'Afrique</td>
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<tr>
<td>CEMAC</td>
<td>Economic and Monetary Community of Central Africa</td>
</tr>
<tr>
<td>CESAG</td>
<td>Centre Africain d’Études Supérieures en Gestion (Senegal)</td>
</tr>
<tr>
<td>COO</td>
<td>Chief Operating Officer</td>
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<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<tr>
<td>DEG</td>
<td>Deutsche Investitions und Entwicklungsgesellschaft</td>
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<tr>
<td>DFI</td>
<td>Development Finance Institution</td>
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<tr>
<td>DIMS</td>
<td>Development Indicator Monitoring System</td>
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<td>ECA</td>
<td>Europe and Central Asia</td>
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<tr>
<td>FIDD</td>
<td>Financial Institution Development Department</td>
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<tr>
<td>FinFund</td>
<td>Finnish Fund for Industrial Cooperation</td>
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<tr>
<td>GCC</td>
<td>Gulf Cooperation Council</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>HIC</td>
<td>High Income Country</td>
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<td>IBES</td>
<td>Industry and Business Environment Support</td>
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<td>ICD</td>
<td>Islamic Corporation for the Development of the Private Sector</td>
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<tr>
<td>IaDB</td>
<td>Inter-American Development Bank</td>
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<tr>
<td>IDB</td>
<td>Islamic Development Bank</td>
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<tr>
<td>IDBG</td>
<td>Islamic Development Bank Group</td>
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<td>IFC</td>
<td>International Finance Corporation</td>
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<td>IFDI</td>
<td>ICD-Thomson Reuters Islamic Finance Development Indicator</td>
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<tr>
<td>IIF</td>
<td>Islamic Financial Institution</td>
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<tr>
<td>IFDI</td>
<td>Islamic Finance Development Indicator</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<tr>
<td>IRTI</td>
<td>IDB-Islamic Research and Training Institute</td>
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<td>ITFC</td>
<td>Islamic Trade Finance Corporation</td>
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<td>J-PAL</td>
<td>The Abdul Latif Jameel Poverty Action Lab</td>
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<tr>
<td>LIC</td>
<td>Lower Income Country</td>
</tr>
<tr>
<td>LMIC</td>
<td>Lower Middle Income Country</td>
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<tr>
<td>LOF</td>
<td>Line of Finance</td>
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<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
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<td>MC</td>
<td>Member Country</td>
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<td>MDG</td>
<td>Millennium Development Goal</td>
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<tr>
<td>MENA</td>
<td>Middle East and North Africa</td>
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<tr>
<td>MFI</td>
<td>Microfinance Institution</td>
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<td>MIC</td>
<td>Middle Income Country</td>
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<tr>
<td>MIT</td>
<td>Massachusetts Institute of Technology</td>
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<tr>
<td>MSME</td>
<td>Micro, Small and Medium Enterprises</td>
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<td>OPEC</td>
<td>Organization of the Petroleum Exporting Countries</td>
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<tr>
<td>QD</td>
<td>Quantitative Development</td>
</tr>
<tr>
<td>RCT</td>
<td>Randomized Control Trial</td>
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<tr>
<td>SDG</td>
<td>Sustainable Development Goal</td>
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<tr>
<td>SME</td>
<td>Small and Medium Enterprises</td>
</tr>
<tr>
<td>SSA</td>
<td>Sub-Saharan Africa</td>
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<tr>
<td>UMIC</td>
<td>Upper Middle Income Country</td>
</tr>
<tr>
<td>XPSR</td>
<td>Expanded Project Supervision Report</td>
</tr>
<tr>
<td>WAEMU</td>
<td>West African Economic and Monetary Union</td>
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</table>
I am pleased to present the 2016 Annual Development Effectiveness Report (ADER) of the Islamic Corporation for the Development of the Private Sector (ICD). The main purpose of this report is to communicate ICD’s development results to member countries (MCs) and other partners, and to outline ongoing efforts to improve development effectiveness.

"In the name of Allah, the Beneficent, the Merciful."
In 2016, we said farewell to H.E. Dr. Ahmad Mohamed Ali as the Chairman of our Board of Directors after 40 years of pioneering leadership at the Islamic Development Bank Group (IDBG). His contributions were invaluable to ICD’s success. Now, I would like to welcome H. E. Dr. Bandar M. H. Hajjar, new President of the IDBG and the Chairman of our Board. I wish him the greatest success in his endeavors.

As H.E. Dr. Bandar said, “We live in a rapidly changing world. Unless we are adequately responsive to the changes and adaptive to developments with efficiency and effectiveness, we will not be able to preserve [IDBG’s] achievements.”

We live in uncertain times. The economic prosperity of ICD’s MCs is increasingly threatened by international protectionist sentiments and fragile political and economic conditions in MCs. As many of our MCs are now middle-income economies, larger numbers of competitive international development institutions are increasingly active in them. ICD must become more agile, innovative and effective to remain relevant. The good news is that there is growing recognition among MCs that private sector development is essential for their growth. This recognition has surely boosted their support of ICD.

The development performance of our MCs varies by region. The Sub-Saharan African (SSA) economies still need basic development support. Asian countries are more advanced, but would benefit from financial support for private sectors and infrastructure development. Countries in the Middle East and North Africa are struggling with political instability, and declining oil prices that negatively affect their economies. ICD is tailoring programs to suit individual country needs.

This report also shows the development results ICD achieved in 2016. It is encouraging that participation in the Annual Development Effectiveness Survey has increased again this year. This survey suggests that ICD continues to be successful in supporting direct employment, including for women, and growth of small and medium enterprises (SMEs). The contribution to government revenues has increased, as has the number of projects supporting health, agribusiness and education. These sectors are particularly important in reducing poverty.

Promoting the growth of Islamic financing remains a major goal for ICD. The market for Islamic financing is potentially vast. To achieve success, significant investment in initial funding and skills development is needed. This year’s ADER contains a special report on our Islamic Financing Institutions Advisory Services which help to create and enhance Islamic financing mechanisms. All of this speaks of our commitment to promote Islamic financing in MCs and elsewhere.

In 2016, ICD’s Monitoring and Evaluation (M&E) Division provided each of ICD’s business unit with a customized monitoring and evaluation toolkit. These toolkits will help them better define, monitor and report on the development outcomes of their programs. A major change in our accounting framework in 2016 was the conversion of our financial year from a lunar Hijri year to a solar Hijri year in order to be consistent with the practice adopted by the IDB. As a result, we experienced a longer financial year covering 15 months from October 14, 2015 (1 Muharram 1437) to December 31, 2016. Therefore, this ADER is prepared based on our operational and financial achievements during the 15 months ending on December 31, 2016.

ICD’s successes in 2016 would have been impossible without the support and guidance of the Chairman of the Board and Board members and the hard work of the ICD staff. Most importantly, I want to thank our partners in MCs for their dedication to development.

I pray to Allah the Almighty to guide us in our efforts to overcome the challenges ahead and to help us achieve the welfare and prosperity of the Muslim community, Amin.

Khaled Mohammed Al-Aboodi
CEO & General Manager of Islamic Corporation for the Development of the Private Sector (ICD)
Executive Summary

This 2016 Annual Development Effectiveness Report (ADER) is the third consecutive annual report prepared by Islamic Corporation for the Development of the Private Sector (ICD). The purpose of the ADER is to report on achievements, development results, and ongoing efforts to improve development effectiveness.

The year 2016 was a particularly trying one for many of ICD’s member countries (MCs), given continuing low oil prices and political fragility. Nevertheless, ICD has moved forward on its development agenda, resulting in impressive gains for its MCs.

This ADER contains a special report on ICD’s Islamic Financial Institutions (IFI) Advisory Service. IFI advises MC financial institutions about how to provide Islamic financing. The Islamic Development Bank (IDB) and the ICD have been pioneers in this field. Given the potential for expansion, IFI represents a strongly emerging line of business.

Strategic Context

Globalization has integrated economic processes and promoted prosperity in most of ICD’s MCs. However, increasing protectionist sentiments in the West are threatening this process. Declining oil prices, along with instability in many MCs, compound the situation. Nevertheless, past growth has made the developing world more middle income in nature. This calls for different development partnerships than those used before in low income countries. Additionally, there has been an increase in the number of emerging donors and philanthropies with competing development philosophies. International development institutions now often compete with each other in providing development assistance.

In this new climate, IDB is enhancing operational aspects such as proactivity, agility and expanding partnerships to remain competitive. Most importantly, IDB continues to reinforce the positive image of Islam as a development-enhancing force.

IDB’s long-term strategy is promoting progress and prosperity in MCs. In line with this objective, ICD’s focus is on increasing its efficiency and competitiveness by expanding its delivery channels, targeting the MCs’ development priorities, expanding its operational scope and leveraging new partnerships.
Development Effectiveness Framework

The 2015 ADER (the second Annual Development Effectiveness Report) described ICD’s development effectiveness framework and suggested how it should be implemented. In 2016, the advances made include:

- Changes to the way ICD’s development achievements are measured and reported
- Preparation of monitoring and evaluation toolkits for ICD’s business units
- Exploration of a collaboration with the Abdul Latif Jameel Poverty Action Lab (J-PAL), based in the Massachusetts Institute of Technology (MIT)
- Updates to ICD development effectiveness framework

Islamic Financial Institutions Advisory Services

While, the market potential for Sharia-compliant financing is vast, availability and access to Islamic finance are obstacles to its growth. Promoting the growth of Islamic Financing is an objective shared by IDB and ICD as well as other IDB entities.

ICD uses its IFI Advisory Services to offer knowledge to MC financial institutions about creating independent subsidiary/windows providing Islamic financing, converting conventional financial institutions into Islamic entities, and creating new Islamic banks/vehicles focused on the local markets—especially small and medium enterprises. In addition, ICD assists in establishing new Islamic financial institutions and transforming conventional banks into Islamic banks or establishing Islamic banking windows within them.

As of December 2016, there were fifteen IFI advisory services projects. Fifteen other projects were in the pipeline. Two development impact case studies from Burkina Faso and Cameroon are presented in this report and show how IFI Advisory Services contributed to deepening financial inclusion.

Expanding the Islamic financial market is an exciting prospect. Assessments conducted by the Monitoring and Evaluation (M&E) Division indicate that setting clear expectations, holding national Islamic finance workshops, building a roster of Islamic finance experts and promoting domestic ownership will best support ICD’s efforts to expand Islamic financial market.

The Way Forward

The uncertain international environment, fragility of many MCs as well as the competitive international development assistance environment will compel ICD to further enhance its effectiveness and efficiency. In particular, ICD must move beyond its current advisory role and proactively find and manage blended financing opportunities. ICD will need to create new and systematic measurable indicators to connect the IDBG and ICD strategies. In addition, ICD’s efforts should have clear linkages to the SDGs. Finally, ICD should ensure continuing improvement of its monitoring and evaluation systems and more robust assessments of ICD contributions to IDBG’s development goals.
Section 1

Introduction: The Strategic Context

This document is the Islamic Corporation for the Development of the Private Sector’s (ICD’s) 2016 Annual Development Effectiveness Report (ADER). The chapters are outlined as follows:

> **Chapter 1** provides the strategic context.
> **Chapter 2** reports on the progress in building ICD’s development effectiveness framework.
> **Chapter 3** discusses ICD’s operational context and its portfolio of programs.
> **Chapter 4** provides ICD’s 2016 results
> **Chapter 5** presents a special report on the Islamic Financial Institutions Advisory Services
> **Chapter 6** suggests a way forward for ICD.

This chapter describes how the Islamic Development Bank (IDB) helps member countries (MCs) achieve sustainable development goals (SDGs) through the expansion of its partner base, enhanced proactivity and agility. A major objective for the IDB is to demonstrate that Islam is a development-enhancing force. ICD as the private sector arm of IDB is aligned with this strategy. More specifically, ICD is increasing efficiency and competitiveness using the following methods:

> Expanding its delivery channels
> Targeting development priorities in MCs
> Expanding its operational scope
> Leveraging partnerships
“We live in a rapidly changing world. Unless we are adequately responsive to the changes and adaptive to developments with efficiency and effectiveness, we will not be able to preserve [the Islamic Development Bank Group’s] achievements.”

— His Excellency Dr. Bandar bin Mohammed Hamza Hajjar, President of the Islamic Development Bank Group at the Special Staff Gathering, October 2017

In the quote above, the Islamic Development Bank Group (IDBG) President refers to today’s uncertain global economic growth, which is affected by growing protectionist sentiments. Constraints on people’s mobility could have the same effect. The drop in oil prices has reduced the revenues of oil-exporting countries that are IDB and ICD’s primary contributors. At the same time, it has also provided “energy dividends” for the oil-importing countries that are IDB and ICD’s major clients. This changing environment could stall globalization and global prosperity.

The global development industry is undergoing radical transformation. There are now more Middle Income Countries (MICs) in the developing world (104 in 2015 compared to 94 in 2010) than Low Income Countries (LICs) (31 compared to 40). Approximately 73 percent of the poor live in MICs, mostly in urban areas.

New donors have also emerged, including Brazil, Russia, India and China (BRIC) and certain Arab countries. These donors have different aid philosophies than their counterparts in traditional donor countries from North America and Europe. The private sectors in developed and developing countries are participating more actively in development activities. The civil society organizations and philanthropies in developing countries are also becoming larger, mature, better organized and more active. Within this context, traditional Western donors and established institutions such as IDBG risk becoming irrelevant unless they innovate and respond to new development needs.

The good news is that the international community has agreed to universal SDG goals. These SDGs reflect the evolution of the developing world and reflect a consensus opinion from the developed and developing worlds.

For analytical purposes, the SDGs may be divided into these four broad subgroups:

- Completing the Millennium Development Goals (MDGs)
- Continuing economic growth
- Promoting inclusive growth
- Supporting sustainable development

These subgroups explicitly address climate change mitigation and adaptation efforts. One challenge related to the SDGs will be forming innovative global coalitions to achieve them. Another will be to assess and report on the results of the 17 international goals, 169 targets, and 244 indicators.
1.3 Islamic Development Bank Group Strategy

As an international financial institution, IDB is facing internal and external challenges. The international banking climate is changing. It is becoming more difficult to mobilize capital and resources by traditional means and methods. MICs have greater access to alternative financing, especially from the private sector. This has made IDB disbursement more difficult and subject to greater competition.

In the words of IDBG's new President, “We must transform the competitors into partners while maintaining our pioneering status, particularly in the area of Islamic banking. This reading of the reality and outlook requires IDBG to pursue innovative solutions and IDB to revisit its ability to revitalize itself and the tools and instruments it uses to be able to respond to the developments efficiently.”

According to the new IDBG President's roadmap, IDB will focus on these four main points:

IDB should be the first to forecast trends and provide holistic development solutions. Development solutions should eliminate problems rather than address symptoms.

IDB should be swift and agile in responding to the demands of MCs. Urgent and pressing needs should be addressed first. IDB should be flexible, mobilizing financial and human resources in a timely manner.

IDB must expand and diversify its partnership base and stakeholder involvement. IDB stakeholders are residents of MCs and of Muslim communities in non-MCs. Stakeholders in MCs are governments, entities in the private sector, philanthropic organizations, individuals and potential beneficiaries. IDB stakeholders should actively participate in all programs and projects, including design, delivery and assessment.

IDB should be a pioneer, introducing initiatives that present Islam as an economic and social system that solves global development problems.

Four Main Focus Points

- Proactiveness
- Responsiveness
- Innovation
- Growth
ICD Strategy

To foster the progress of ICD’s MCs, the central tenets of ICD’s strategy is to promote efficiency, competitiveness and innovation.

ICD will continue activity in its MCs. As reported in the 2015 ADER, ICD will also continue allocating extra resources to MCs in Africa and Asia. This addresses the greater development needs in these areas and achieves a more regionally balanced portfolio.

Also consistent with the IDBG roadmap and recent changes in development, ICD will act as a development catalyst. ICD will bring together development partners from the public and private sectors and include entities such as philanthropies. In this sense, ICD will serve not only as a financier but also as a facilitator of development efforts.

ICD has four strategic goals:

1. Expanding Channels
   ICD will utilize its competitive advantage in Islamic finance by developing new and existing Islamic financial channels such as Islamic banks, ijarah companies, Takaful and investment companies. ICD will also extend lines of finance to existing financial institution partners.

2. Expanding Operational Scope
   ICD is working with governments, investment promotion agencies, regulators and other stakeholders to improve the enabling environment for private sector development in MCs. The Industry and Business Environment Support (IBES) Program, Funds for Small and Medium Enterprises (SMEs), the Sukuk and Capital Markets Program, the Islamic Financial Institutions (IFI) Advisory Services and other schemes will be extended in new MCs.

3. Targeting Development Priorities
   Certain MCs have strong corporate sectors but less developed Islamic finance sectors. In these countries, ICD will continue investing in high-impact, high-priority areas (e.g., agribusiness, manufacturing, infrastructure, health and education).

4. Leveraging Partnerships
   ICD will build on its partnership with the IDBG and with other financial institutions to access new funding sources and expertise in MCs.
ICD will continue to provide asset management services. These services connect other funding sources such as sovereign wealth funds, financial institutions, pension funds, insurance companies, endowments and high-net individuals with investment opportunities in emerging and developing MC markets.

ICD hopes to achieve the following development results:

- Doubling its financial investment over the next decade and creating at least 20 funds to mobilize resources in high-impact sectors
- Ensuring that each dollar of financing provided by ICD will leverage at least three dollars in additional financing
- Strengthening SMEs in MCs to support the creation of nearly half a million jobs in the next 10 years
- Establishing and supporting Islamic financial channels in each MC
- Creating environments to enable private sector development in at least 10 countries

1.5 Creating and Leveraging New Partnerships

ICD is actively seeking out and creating new development partnerships. These partnerships will enhance the enabling environment for private sector development and leverage additional funding. By doing so, ICD will increase better promote development opportunities for its MCs.

ICD will extend the IBES Program, SMEs Funds, Sukuk and Capital Markets Program, and IFI Development Programs to new MCs. In support of this, ICD will enhance private sector investment along with governments, investment promotion agencies, regulators and other stakeholders.

ICD will lead by leveraging funds to create new funding sources. It will also mobilize investments in MCs, building on existing partnerships with IDB and other external institutions. To connect parties across emerging and developing markets and promote the Islamic financing industry, ICD will extend asset management solution offerings to:

- Sovereign wealth funds;
- Financial institutions;
- Pension funds;
- Insurance companies;
- Endowments; and
- High-net individuals.

For example, a memorandum of understanding has been signed with Saturna Sdn. Bhd. (Saturna), a wholly owned subsidiary of US-based Saturna Capital Corporation, to cooperate in offering sustainable Islamic finance vehicles to investors. These activities will complement ICD’s substantial syndication and resource mobilization efforts.
Section 2
ICD Development Effectiveness

2.1 Overview

ICD’s development effectiveness framework has evolved tremendously over recent years. The 2015 ADER described the principles of ICD’s development effectiveness framework. In 2016, ICD enacted many of these principles. Additionally, ICD’s Monitoring and Evaluation (M&E) Division modified certain operational aspects of measuring and reporting development achievements.

Operationalization included continuing the Annual Development Effectiveness Survey. This reporting emphasized:

> Development results with an increase in the response rate;
> The continuation of preparing expanded project supervision reports (XPSRs);
> Preparation of monitoring and evaluation toolkits for ICD’s business units;
> Exploration of a collaboration with the Abdul Latif Jameel Poverty Action Lab (J-PAL), based in the Massachusetts Institute of Technology (MIT) Economics Department; and
> Updating the ICD development effectiveness framework.
The ultimate goal of the M&E Division is analyzing past efforts to guide future investment decisions. The M&E Division also provides technical expertise, advice, coordination and quality at entry on all aspects related to measuring, evaluating and reporting ICD's development results. In addition, it acts as a disseminator of the M&E Division's findings and as a contributor to knowledge management and learning at ICD. The M&E Division published the first ADER in 2015 (reporting on ICD’s 2014 accomplishments).

The M&E Division was established in 2010. It was the first performance management system instituted at ICD. The M&E Division’s mandate is to measure ICD’s development effectiveness and the accountability of interventions in MCs.

In 2016, the M&E Division:

> Produced the second ADER for year 2015;
> Prepared seven Expanded Project Supervision Reports (XPSRs), used by ICD Business Units and for preparation of the next ADER;
> Undertook two real-time evaluations for IFI Islamic windows support in Cameroon and Burkina Faso;
> Initiated the design of the first randomized control trial (RCT) on the development effectiveness of Islamic finance in collaboration with J-PAL/MIT; and
> Developed a comprehensive monitoring and evaluation toolkit with customized Theories of Change for each ICD’s program.
To measure the achievement of ICD’s development targets, the M&E Division and the business units built a development effectiveness framework, also reflecting ICD’s Theory of Change (Figure 2.3). It traces results over time, defined as outputs, outcomes and long-term impacts using a set of resources as inputs. It outlines ICD’s current projects, expected changes and how results are aligned to IDBG strategy and the SDGs. Note the figure is an aggregate representation and would be customized for the business unit and project levels.

**ICD Interventions**
- FIDD: Building Islamic Finance Channels (Equity, LoF, Ijara)
- DIFD: Selective Direct Investment (Equity, Term Finance, Corporate Finance)
- AMD: Income & Capital Markets, Small & Medium Enterprise (SME) and Private Equity
- ASD: Advisory Services to Government and Private Sector actors

**Islamic Finance Products**
- Value Chain Development
- Business Environment Enhancement

**Financial Performance**
- ICD Clients’ Profitability
- ICD’s Profitability

**Economic Performance**
- Job creation
- Government Revenues
- Local Suppliers Benefits
- Export diversification
- Access to Islamic Finance
- Financial Inclusion

**Private Sector Development**
- Innovation
- Access to Market
- Productivity
- New Business
- New Products

**Social and Environmental Impact**
- End Poverty
- Sustainable Agriculture
- Healthy Lives
- Quality Education
- Energy for all
- Resilient Infrastructure
- Inclusive Growth and productive employment
- Sustainable Environment
- Housing for all

**Outputs**
- Inputs
- Outcomes
- Impacts
The framework identifies the inputs for ICD Business Lines.

Direct Investment
Corporate and infrastructure financing for innovation, job creation and access to clean energy, affordable housing, quality education and health care.

Financial Channels
Financing for individuals and SMEs for private sector development, creation of new jobs, access to affordable housing, and agribusiness development.

Asset Management
Supporting private sector development by mobilization and leveraging of third party resources to generate multiplier effects.

Advisory Services
Supporting the private sector through IFIs, Sukuk issuance and industry and business environment support to accelerate economic and social development.
2.4 Measurement System Improvements

2.4.1 The Development Indicator Monitoring System Toolkit

ICD has significantly improved its Development Indicator Monitoring System (DIMS) Toolkit. The DIMS Toolkit was developed in collaboration with the ICD Development Effectiveness Task Force and all business units.

The engagement of IBES program and FIDD Equity Division helped testing and improving the tools and processes developed in the Toolkit. The Toolkit has benefited also from the experience of other international development institutions, including: the International Finance Corporation (IFC), the Inter-American Development Bank (IaDB), the Asian Development Bank (ADB), the African Development Bank (AfDB), the Deutsche Investitions und Entwicklungsgesellschaft (DEG) and the Finnish Fund for Industrial Cooperation (FinFund). Additionally, the IDB Group Operations Evaluation Department reviewed the Toolkit.

The DIMS Toolkit helps the business units integrate development impacts into their business processes. It includes:

- Key steps needed to define the development impact;
- An illustrative development impact section in a project proposal;
- The development impact rating methodology used prior to the Investment Committee approval; and
- Models for estimating expected job creation and numbers of people reached.

Eight separate DIMS template packages have been developed for each ICD business unit program. Each package contains relevant tools and step-by-step instructions.
2.4.2 Potential Research Collaboration Partnership with Abdu Latif Jameel Poverty Action Lab, Massachusetts Institute of Technology

Several studies have been conducted on the development of the Islamic finance industry. Yet there is still a lack of rigorous evidence about Islamic financing as compared to conventional financing.

To address this question, ICD and the Abdu Latif Jameel Poverty Action Lab (J-PAL) are considering an impact evaluation to measure the effectiveness of Islamic finance using the Randomized Control Trial (RCT). RCT is generally considered the gold standard of impact evaluation because of its accurate and unbiased findings and results. J-PAL was established in 2003 as a research center at the Economics Department at the Massachusetts Institute of Technology (MIT). J-PAL has a network of 130 professors from over forty universities. J-PAL affiliates have completed over 800 randomized evaluations in more than 75 countries. These affiliates have tested and improved the effectiveness of programs and policies aimed at reducing poverty.

For this particular study, ICD and J-PAL are considering three research topics for the study.

**Topic 1**

**Understanding Demand for Islamic Financial Products**

How robust is that demand, how price-sensitive are consumers, and what method would be best for acquainting potential clients with the new products.

**Topic 2**

**The Impact of Islamic Financing**

How Islamic Financing products are used when they become available, how that use may differ from conventional products, and what could be the impact on a firm’s outcomes.

**Topic 3**

**Impact of Islamic Savings**

The strategies that keep clients engaged in saving and investing.

For the first phase of the collaboration, only one of these topics will be chosen. The findings of the study would be useful for ICD, IDB Group, users of Islamic Finance and the financial world in general.
Section 3

ICD in Action

3.1 Overview

This chapter reports on ICD’s uncertain operating climate in 2016 and its financial performance. ICD’s financial portfolio was balanced among the regions. Lines of Finance (LOF) continued to be ICD’s preferred financing mechanism. The financial sector received the most funding approvals, followed by energy and industry and mining, reflecting ICD’s experience and comparative advantage in these areas.
# Operating Context

Thirteen ICD MCs were identified as LICs based on their 2015 Gross National Income (GNI) per capita (Figure 3.2). All LICs are in SSA.

**Figure 3.2 Member Country Classifications by Gross National Income per capita (current USD)**.

<table>
<thead>
<tr>
<th>Classification</th>
<th>Africa</th>
<th>Asia</th>
<th>The Americas</th>
<th>Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Income Countries (LICs): 13</td>
<td>Benin, Burkina Faso, Chad, Comoros, Gambia, Guinea, Guinea-Bissau, Mali, Mozambique, Niger, Senegal, Sierra Leone, Uganda</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower Middle Income Countries (LMICs): 15</td>
<td>Cameroon, Cote d’Ivoire, Djibouti, Egypt, Mauritania, Morocco, Nigeria, Sudan</td>
<td>Bangladesh, Indonesia, Kyrgyzstan, Pakistan, Tajikistan, Uzbekistan, Yemen</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Upper Middle Income Countries (UMICs): 16</td>
<td>Algeria, Gabon, Libya, Tunisia</td>
<td>Azerbaijan, Iran, Iraq, Jordan, Kazakhstan, Lebanon, Maldives, Malaysia, Turkey, Turkmenistan</td>
<td>Suriname</td>
<td>Albania</td>
</tr>
<tr>
<td>High Income Countries (HICs): 6</td>
<td></td>
<td>Bahrain, Brunei, Kuwait, Qatar, Saudi Arabia, UAE</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

There is an acute development differential between MC regions. Countries in Asia, the Americas and Europe continue to enjoy growing standards of living despite increasing political fragility. Countries in SSA require significant help to improve the lives of their people. Therefore, development partnerships in SSA must be formed differently than in other regions.

Nevertheless, in all regions, the private sector will be a key factor in driving economic growth. For example, to reduce poverty in SSA, more SMEs and employment opportunities are needed. In other MICs, development depends on inclusive and sustainable growth and steady increases in skilled employment. ICD’s efforts at promoting private sector development will be necessary for IDBG to realize its goals. The achievement of SDGs related to economic growth particularly need the support of external agents like ICD.

As ADER 2014 and 2015 showed, new jobs are an economic and political necessity. Many MCs have relatively young populations and high rates of youth unemployment. When countries become MICs, investments in health and education infrastructure must be increased to distribute the growth dividend equally among all citizens.

Low oil prices continue to be a challenge for many MCs. Since June 2014, oil prices have dropped by 73%. Prices fell to a 12-year low of USD 30 per barrel in January 2016. In the World Bank’s July 2016 commodity forecast, it was estimated that the average spot price for crude oil would fall in 2016 to USD 43 per barrel. In 2015, it was USD 51 per barrel. However, Goldman Sachs raised its 2017 Quarter 2 price forecast to USD 57.5 per barrel. This was in response to output cuts announced by the Organization of the Petroleum Exporting Countries (OPEC). These cuts could push average prices to USD 55 per barrel in the second half of 2017. Yet even these more optimistic prices would not generate significant increases in revenue for oil exporting countries.

The drop in oil prices has had differential impacts on ICD’s MCs. Overall, the oil exporting countries experienced a drastic reduction in earnings and the oil-importing nations enjoyed reduced oil import payments. The IMF has estimated that lower oil prices reduced government revenues in Arab oil exporting nations by USD 340 billion in 2015. A large reduction was evident in the Gulf Cooperation Council (GCC) states, where oil receipts typically account for 80 percent of the government revenues. As a result, according to an Economist report (February 2017) government expenditures have slowed in GCC states. The World Economic Forum also indicates that unemployment has risen in these states.

In summary, 2016 witnessed volatile and fragile market conditions, weakening global trade and some geopolitical instability. These conditions slowed economic growth in most ICD MCs. In addition, ongoing low prices for oil and other major commodities caused a decline in revenues and falling export earnings in MCs. On the other hand, oil-importing countries may partner with ICD to increase development.
Regional Development

In 2016, ICD worked mainly in four regions: the Middle East and North Africa (MENA), SSA, Asia, and Europe and Central Asia (ECA).

3.3.1 Middle East and North Africa

Many MCs in MENA are in political transition. Parts of the region are marked by prolonged, intensifying conflicts with great human costs. While these countries are suffering from political challenges and instability, others are experiencing a growing influx of refugees. This challenging situation has deterred private sector activities. Basic needs, such as health and education services, remain unfulfilled. In many countries, humanitarian assistance is the primary need. These situations, and the associated investment risks, have blocked ICD’s contributions to development of many MCs.

IDBG and ICD must prepare strategic plans for the post-conflict rehabilitation of these countries, but they cannot do it alone. They could potentially act as facilitators, helping assemble financial and development packages with a wide range of stakeholders including other multilateral and bilateral institutions and members of the private sector.

The drop in oil prices and associated loss of state revenues have also impacted development activities. Oil prices are expected to continue declining at least until 2020. This long-term loss in revenue is prompting leaders in these regions to consider reforms. These long-overdue measures include reducing relatively high subsidies on food, energy and water and re-examining large future expenditures on infrastructure.
3.3.2 Sub-Saharan Africa

Most MCs in SSA are low-income economies. Some remain politically fragile. However, as reported in the 2015 ADER, a number have shown encouraging economic signs. These countries have shown an average annual gross domestic product (GDP) growth of about six percent. Some countries also saw improvements in the enabling environment for private sector development.

Most of MCs continue to experience high unemployment rates, illiteracy and disease. It is estimated that about 66 percent of the region's population lives below the poverty line. In terms of development, basic human needs such as health and education remain priorities. Creating employment opportunities through sustainable SMEs is another potent instrument for alleviating poverty.

To address these challenges, IDBG must help improve both economic and social welfare, diversify economic bases, enhance competitiveness, and build individual and institutional capacity to promote economic growth. ICD can promote private sector development to generate meaningful employment, particularly for youth.

3.3.3 Asia

In South and Southeast Asia, MCs continue to benefit from lower energy prices and relative political stability. The private sector in most Asian countries is developing quickly and becoming internationally competitive. The critical need is in Asia is access to finance and networking opportunities. These will be necessary to expand their markets as they evolve from the production of labor-intensive products to sophisticated capital and knowledge-intensive products and services. As people now have disposable income, this region provides opportunities for promoting Islamic financing windows. Despite this, private sector and infrastructure development continue to be major development needs.

3.3.4 Europe and Central Asia

The political and strategic balance in ECA became tenuous last year as Russia positioned itself to become the region's leader. This threat could slow the efforts of the region's MCs to reconfigure economic structures and integrate into the global market system. Like Asia, this region offers attractive possibilities for Islamic financing.
3.4 Portfolio and Investment Analysis

During the fifteen months up to 31 December 2016, ICD approved 38 investment and financing projects totalling USD 824.4 million. These projects are contributing to the enhancement of the economies of ICD’s member countries. Increased revenue of the governments, supporting the purchase of local goods and services, promoting the growth of SMEs, and creation of new jobs are some of the quantitative indicators that demonstrate the economic and social development in member countries as a result of ICD’s efforts.

Approvals by Product

Similar to previous years, LOF were the majority of ICD approvals, representing about half of the total, 48% or USD 399 million (Figure 3.4). Term finance received the second largest number of approvals, accounting for 29% or USD 240 million. Also, in addition to funds and institutional equity worth USD 115 million and USD 63 million respectively, ICD also approved USD 7 million for acquiring corporate equity in MCs.

ICD disbursed USD 462.4 million, which represents a 60% increase over the previous year. Similar to approvals, LOF received the largest disbursement with 53.4% followed by term finance with 43.4%. The remaining 3.2% were divided among funds, institutional equity, and corporate equity (Figure 3.4.1).
3.4.2 Approvals by Sector

The distribution of ICD’s approvals favored the financial sector, which received USD 462.2 million or 56.1% (Figure 3.4.2). The funds and energy sectors received the second and third largest allocations with USD 115 million or 13.9% and USD 92.3 million or 11.2%, respectively. Approvals in the industry and mining sector accounted for USD 80.2 million.

3.4.3 Disbursements by Sector

The highest disbursements went to the financial sector at 57.2% of the total (Figure 3.4.3). This is in line with the approvals described above. The second largest disbursements went to the industry and mining sector at 27.8%. It is interesting to note that this sector only accounted for 9.7% of approvals in 2016.
3.4.4 Approvals by Region

Allocation of ICD’s investments were based on the geographical needs and its strategic priorities. Although the allocations were not equal, the differences were not extreme (only 5% between the highest and lowest allocations). MENA region’s allocation was almost USD 193 million followed by SSA region with USD 170 million. The global/regional allocations, Europe, and Asia almost 56% of the total allocations with USD 160 million, USD 151.5 million, and USD 150 million respectively.

3.4.5 2016 Disbursements by Region

Disbursements by region in 2016 were not as balanced as approvals. Asia and Europe received approximately 30 percent each (Figure 3.4.5). The remaining disbursements went to the SSA region at 16% and the MENA region at 13%, with regional disbursements amounting to 12%.
Section 4

Results

4.1 Overview

ICD’s development results as reported in this chapter are based on the third Annual Development Effectiveness Survey, conducted in 2017. These results were achieved by 77% of ICD’s clients in active projects between January 1 and December 31, 2016. It is worth noting that there has been a continual increase in the response rate each year. The survey and the M&E Division’s reports from the past year show that ICD is helping MCs create jobs and grow SMEs. Survey Result Highlights
The Annual Development Effectiveness Survey’s purpose was to gather information on contributions to private sector development in MCs during 2016. The survey questionnaire was designed to obtain information on the development achievements of ICD’s clients. As illustrated in Figure 4.1, in 2016 ICD contributed significantly to job creation as well as the growth of enterprises ranging from micro to medium-sized. Evidence suggests these enterprises contribute most to poverty reduction. Compared to 2015 results, there was also an increase in net government revenues and purchase of domestic goods.

Figure 4.1 2016 Snapshot of the Islamic Corporation for the Development of the Private Sector Results

- Jobs supported: 68,353
- SMEs Provided Access to Islamic Finance: 3,886
- Number of Micro-Enterprises Provided Access to Islamic Finance: 12,845
- Net Inflow of Foreign Exchange: USD 135 m
- Contribution to Community Development: USD 5 m
- New Government Revenues for Member Countries: USD 275 m
- Domestic Goods Purchased: USD 368 m
- Housing Projects Supported: 422
- Agribusiness Projects Supported: 272
- Education Projects Supported: 272
4.2 Contribution to Private Sector Development

This section reports on the disaggregated results from the 2016 Annual Development Effectiveness Survey at the output and outcome levels.

4.2.1 Equity Finance

ICD equity finance is key to promoting Islamic financing practices. It also promotes SME growth as a “funder of funds.” It maximizes development potential by creating new jobs and transferring knowledge and technologies.

Seven ICD partners reported results on the institutional equity financing. Four partners were in SSA and the others in the Middle East, Europe and Asia. Development outcomes linked to equity finance are slightly lower than those from 2015.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Number financed as of December 31, 2016</th>
<th>Amount financed as of December 31, 2016 (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SME Financing</td>
<td>2,345</td>
<td>71,832,887</td>
</tr>
<tr>
<td>Micro/Individual Financing</td>
<td>12,207</td>
<td>32,480,573</td>
</tr>
<tr>
<td>Housing Financing (Projects)</td>
<td>343</td>
<td>33,633,710</td>
</tr>
<tr>
<td>Agribusiness Financing (Projects)</td>
<td>230</td>
<td>1,940,659</td>
</tr>
<tr>
<td>Education Financing (Projects)</td>
<td>269</td>
<td>3,040,099</td>
</tr>
<tr>
<td>Health Financing (Projects)</td>
<td>52</td>
<td>1,032,168</td>
</tr>
<tr>
<td>Micro/Individual Financing for Women (Projects)</td>
<td>22</td>
<td>N/A</td>
</tr>
<tr>
<td>SME Financing for Women (Projects)</td>
<td>773</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Figure 4.2.1.1 Equity Financing Results
Ten partners reported on the results of ijara financing provided by ICD. Compared to last year, ijara development outcomes were more successful in terms of new businesses created and overall direct employment.

### Figure 4.2.1.2 Equity Financing Development Outcomes

<table>
<thead>
<tr>
<th>Outcomes indicators</th>
<th>Results as of December 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Businesses Created</td>
<td>423</td>
</tr>
<tr>
<td>Payment to Governments</td>
<td>USD 3.094 million</td>
</tr>
<tr>
<td>Direct Employment Overall</td>
<td>553</td>
</tr>
<tr>
<td>Direct Employment for Women</td>
<td>271</td>
</tr>
<tr>
<td>Contribution to Community Development</td>
<td>USD 0.167 million</td>
</tr>
</tbody>
</table>

### Figure 4.2.1.3 Ijara Financing Results

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Number financed as of December 31, 2016</th>
<th>Amount FINANCED (USD) as of December 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>SME Financing</td>
<td>477</td>
<td>73,814,365</td>
</tr>
<tr>
<td>Micro/Individual Financing</td>
<td>637</td>
<td>4,975,860</td>
</tr>
<tr>
<td>Housing Financing (Projects)</td>
<td>47</td>
<td>10,161,609</td>
</tr>
<tr>
<td>Agribusiness Financing (Projects)</td>
<td>18</td>
<td>4,442,424</td>
</tr>
<tr>
<td>Education Financing (Projects)</td>
<td>6</td>
<td>8,308,908</td>
</tr>
<tr>
<td>Health Financing (Projects)</td>
<td>70</td>
<td>6,961,443</td>
</tr>
<tr>
<td>Micro/Individual Financing for Women (Projects)</td>
<td>20</td>
<td>1,587,727</td>
</tr>
<tr>
<td>SME Financing for Women (Projects)</td>
<td>50</td>
<td>940,115</td>
</tr>
</tbody>
</table>
4.2.2 Direct Investment

Fifteen partners reported on results linked to ICD direct investments. These respondents came from all regions in which ICD works. Development outcomes continued to improve in 2016, showing growth in most areas. These improvements were particularly noticeable in terms of payments to governments and employment for women.
Project supported by ICD - Abul Khair Steel Melting Limited - Chittagong Bangladesh
4.2.3 Asset Management

Asset management activities connect clients with investment opportunities across emerging markets. Over the years, ICD has assembled a diverse portfolio of Sharia-compliant funds. This portfolio includes Income and Capital Market Funds, SMEs Funds and Private Equity Funds.

Five ICD funds reported results linked to asset management.

The results show that ICD clients’ access increased resources as a result of ICD interventions compared to 2015 results (Figure 4.2.3). Employment of women increased, although the increase was marginal.

![Figure 4.2.3 Development Outcomes from Asset Management](image)

<table>
<thead>
<tr>
<th>Outcomes indicators</th>
<th>Results as of December 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Resources Made Available to Portfolio</td>
<td>USD 545.2 million</td>
</tr>
<tr>
<td>ICD Share in the Resources Mobilized</td>
<td>USD 270.6 million</td>
</tr>
<tr>
<td>Companies Assisted</td>
<td>69</td>
</tr>
<tr>
<td>Total Direct Employment</td>
<td>1,720</td>
</tr>
<tr>
<td>Total Women Direct Employment</td>
<td>181</td>
</tr>
</tbody>
</table>

4.2.4 Lines of Finance

In 2016, ICD approvals and disbursements were dominated by LOF, being approximately half of all approvals and disbursements. LOF are particularly relevant for economies with limited access to Islamic and/or affordable financing. LOF development outcomes show projects enhanced by ICD financing and the increased value of local goods and services.
### Lines of Finance Results

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Number financed as of December 31, 2016</th>
<th>Amount financed as of December 31, 2016 (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SME Financing</td>
<td>148</td>
<td>118,726,324</td>
</tr>
<tr>
<td>Micro/Individual Financing (projects)</td>
<td>1</td>
<td>196,137</td>
</tr>
<tr>
<td>Housing Financing (projects)</td>
<td>32</td>
<td>30,212,771</td>
</tr>
<tr>
<td>Agri-business Financing (projects)</td>
<td>24</td>
<td>30,938,804</td>
</tr>
<tr>
<td>Health Financing (projects)</td>
<td>4</td>
<td>3,207,646</td>
</tr>
</tbody>
</table>

### Lines of Finance Development Outcomes

<table>
<thead>
<tr>
<th>Outcomes indicators</th>
<th>Results as of December 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-Projects Occurring due to ICD Financing</td>
<td>147</td>
</tr>
<tr>
<td>Direct Employment at Sub-Project Level</td>
<td>11,127</td>
</tr>
<tr>
<td>Contribution to Government Revenues</td>
<td>USD 30.1 million</td>
</tr>
<tr>
<td>Good and Services Purchased Locally</td>
<td>USD 222.5 million</td>
</tr>
</tbody>
</table>

### Improving Organizational Efficiency

ICD signed an agreement with the Centre Africain d’études supérieures en gestion (CESAG) in Dakar, Senegal to develop an academic program in Islamic finance. This agreement also involves the University of Paris-Dauphine. The intent is to ultimately establish the Centre of Excellence on Islamic Finance in West and Central Africa.
Case Study 1: ICD Advisory Services – Sukuk in Senegal

Context

African countries are increasingly utilizing the Sukuk market to fund infrastructure projects. There is a rising demand for Islamic Sukuk among investors in the Middle East and Southeast Asia. The Sukuk issued for Senegal was important because the country needed to diversify its financing. The Senegal Sukuk was the first of its kind used by an African government. This transaction was challenging due to many factors: Senegal having no Sukuk regulation or trust law, the investors’ unfamiliarity with the amortized Sukuk structure, the country’s credit risk and the difficulty of creating enough demand for a CFA-denominated Sukuk.

ICD and Citibank worked together as Joint Lead Manager & Brokers to close a CFA 100 Billion (USD 208 Million) Sukuk Al-Ijara transaction for the Ministry of Finance of Senegal. The Central Bank of West African States (BCEAO) approved the structure. The four year instrument, which has an annual 6.25% profit margin, targeted banks and institutional investors in the eight West African Economic and Monetary Union (WAEMU) members. It was also open to international investors.

Development Outcomes:

The Sukuk of Senegal received strong investor demand. It also had the following effects:

- It encouraged African sovereigns and banks to offer Islamic financial products.
- It diversified the investors’ base in the region. West Africa had 74% of the subscriptions, 24% came from the Middle East, 1% from Central Africa, 1% from Europe and 0.1% from North Africa. Out of 540 investors, ICD was the largest investor in the Senegal Sukuk with a 13% share.
- The local financial market became more liquid. In fact, the Sukuk issued by Cote d’Ivoire and Senegal were listed on the WAEMU stock exchange, la Bourse Régionale des Valeurs Mobilières de l’UEMOA (BRVM) in 2016.
- Additional jobs were created during the construction and operating phases of the projects, financed with the Sukuk’s proceed.

Source: Member Country Partnership Strategy, Senegal Implementation Review, August 2016, GOED
Section 5

A Special Report on Islamic Financial Institutions Advisory Services

5.1 Overview

Promoting the growth of Islamic financing is a major objective of IDB and ICD. For this promotion, ICD uses IFI Advisory Services.

ICD’s IFI Advisory Services provides recommendations to MC financial institutions for creating independent subsidiaries and windows for Islamic financing. It helps create new Islamic banks and vehicles focused on local markets, especially SMEs. ICD also assists in transforming conventional banks into Islamic banks. IFI Advisory Services is offered in all regions.

The two development impact case studies shown at the end of this chapter suggest that IFI Advisory Services has helped deepen financial inclusion. Assessments conducted by the M&E Division advise IFI Advisory Services on how to enhance business. This includes setting clear expectations, holding national Islamic finance workshops, building a roster of experts and building domestic ownership.
The ICD-Thomson Reuters report concluded that despite the growth in assets, due to falling oil prices the global average IFDI value declined to 8.8 in 2016 from 9.9 in 2015. QD was the weakest indicator in 2016, as many countries' financial systems did not generate Islamic financial products and services. Additionally, QD values dropped for countries that had an Islamic finance presence, such as the Gulf Coast countries. Lack of transparency in Islamic financial institutions is another issue.

Nevertheless, the IFDI asserts that total Islamic finance assets should reach USD 3.5 trillion by 2021 as a result of continued growth in global Islamic finance sectors. However, this would require the ICD MCs to encourage Islamic financial products and educate their citizens about them.
ICD Advisory Services: An Overview

ICD's Advisory Services Department offers the following services:

- **Fundraising/Advisory**
  Assisting Islamic financial institutions in raising capital, restructuring and merging with other institutions. Supporting existing Islamic institutions in enhancing their operational processes, boosting their financial resources and diversifying their products.

- **Regulation**
  Advising governments in developing and implementing new regulation and supervision systems for Islamic financial institutions. Assisting these governments in enhancing and developing their existing Islamic financial system.

- **Capacity Building**
  Identifying knowledge gaps and provides theoretical training and development programs and practical training in worldwide financial subsidiaries. Offering knowledge transfer & tools.

- **Infrastructure and Privatization Advisory**
  Advising on the development and financing of small and medium scale infrastructure projects for private sector and public private partnerships. Clients include independent power project teams, utilities, telecommunication companies and industries.

- **Sukuk & Capital Markets Advisory**
  Helping MCs develop Islamic Capital Markets and Islamic Yield Curves. Advising member governments on issuing short- and long-term Sukuk to provide the liquid instruments to invest surplus capital. Adding to the flow of Sukuk issuance in MCs, thus helping develop debt capital markets and diversifying funding options. Assisting the private sector in structuring and distributing tradable Islamic instruments.

- **IBES Advisory**
  Supporting MCs in developing enabling environment for business, improving firms’ competitiveness, enhancing value chains, and promoting industrialization in productive sectors.

- **Islamic Financial Institutions Advisory Services**
  ICD assists with the establishment of new Islamic Financial Institutions, transforming conventional banks into Islamic banks, and establishing Islamic banking windows.
Compliance with Sharia rules and principles is a fundamental part of establishing Islamic banks and banking windows. The standards for converting banks to Islamic entities are based on the Accounting and Auditing Organization of Islamic Financial Institutions (AAOIFI) Sharia Standard Number 6, issued in 2010. The AAOIFI is recognized as the authority on setting standards for the Islamic Finance industry. Standard Number 6, entitled “Converting from Conventional Banks to Islamic Banks,” explains the required procedures, mechanisms and treatments for the bank conversions.

ICD has established its own detailed set of Sharia guidelines. The ICD Sharia Committee approved them in 2016. They integrate the AAOIFI standards with other considerations and provide counsel to the IFI in fulfilling its mandate.
The ICD Sharia guidelines emphasize these six aspects:

A. Organizational Restructuring
New entities will have new organizational structures, whether they are new banks or Islamic banking windows. The ICD guidelines stipulate that the Board of Directors and management are responsible for the governance of the new institution according to Sharia principles, avoiding the riba in particular. The General Assembly will appoint a Sharia Board, supported by an internal Sharia function. The General Assembly will also endorse the annual Sharia report. The new organizational structures will be reflected in each company’s amended Articles of Association.

B. Financial Restructuring
New Sharia-compliant products will be introduced to replace interest-based products. All financial transactions will be based on obtaining and implementing clear Sharia opinions. These transactions include:

> Dealing with receivables and liabilities received or paid before the conversion,
> The recorded return-based interest,
> What to do with the contractual relations of the converting bank with other conventional banks based on interest as a lender or a borrower,
> How to restructure these transactions to make them Sharia compliant,
> How to address the issue of prohibited assets in the bank’s possession before its conversion, and
> How to deal with the existing deposits or credit based on interest.
Finding the right solutions requires constant Sharia guidance and monitoring.

C. Establishing the Sharia Legal Primacy
Existing conventional financial products often must be replaced by Sharia-compliant legal documents and policies. The new institution’s Sharia Board must approve the new products. The Sharia requirement will be explicitly mentioned in each institution’s Articles of Association, stating that the institution will abide by Sharia principles in all activities. For example, all shares of the newly converted bank would be ordinary shares in terms of liquidity and dividend, given that the issuance of preferred shares is not permissible in Islamic finance.

D. Unifying Sharia Principles and Regulatory Frameworks
Islamic banking principles and transactions are based on the actual possession of goods and assets. The new entity must have a clear understanding of the commercial banking law and the company law in the jurisdiction where it will be operating. Issues such as double taxation or legality of ownership of goods by financial institutions must be addressed. This is necessary because it is not possible to implement a Murabahah, Istisna, Musharakah or an ijara without taking possession. Moreover, double taxation on these banking products means putting the industry in a disadvantageous position.

E. Building Staff Capacity
The staff must understand Sharia requirements and Islamic finance. To adapt existing staff to the new business environment and products, the converting institution may launch specialized training initiatives. These initiatives may clarify how Islamic banking differs from conventional products, concepts, controls, procedures and risks. The Human Resources department of the new institution must address the ethical and behavioral aspects, including dress code. Ethical behaviors will be based on the core Sharia-compliant ethics such as honesty, transparency and graciousness.

F. Conforming Accounting Practices with Sharia Law
New accounting policies must be developed to comply with Sharia laws. For example, new policies must specify:

> How to account for Zakat and how it is distributed to the beneficiaries; and
> That delayed payment penalties and other non-Sharia compliant incomes not recognized as return or profit are to be kept in a special account for distribution to charity.
Although full conversion into Islamic banking is the ideal, it may not always be the case. Certain financial institutions in MCs are opting to have only an Islamic banking window governed by same Sharia principles applicable to fully converted banks. These principles include a Sharia supervisory board, an internal Sharia function, a commitment to Islamic finance concepts and principles and compliance with the accounting standards of the AAOIFI. However, there are some Sharia requirements specific to an Islamic banking window. These include complete segregation of funds and accounts between the Islamic window and the conventional parts of a bank.

5.5 Islamic Financial Institutions Advisory Services: Operating Principles

ICD assists with the establishment of new IFIs, transforming conventional banks into Islamic banks, and establishing Islamic banking windows.

An Islamic banking window is a separate channel within a conventional bank that operates under strict guidance by an independent Sharia advisory board. Muslim scholars of great repute, credibility and social recognition sit on these Boards. An Islamic banking window may offer products and services through conventional branches or dedicated Islamic branches. Islamic banking windows allow conventional banks to offer Islamic services directly from their existing network, bypassing the cost and overhead associated with setting up separate operations. In addition, the marketing reach and network of a conventional bank is typically much stronger than a newly created Islamic bank. Conventional banks are able to gauge demand for Islamic banking windows before heavily investing in establishing a separate banking entity.

An alternative to Islamic banking windows is a fully-fledged Islamic bank. Some argue this is a better option, given a number of perceived weaknesses of the Islamic banking windows, including weak Sharia complaint products and the fungibility of funds between conventional and Islamic windows.

In either case, the ICD IFI Team supplies dedicated, multidisciplinary and experienced staff and consultants. These individuals apply a nine pillars approach. These pillars support the full range of banking activities and include the following:

- Sharia and Product Development
- Human Resources
- Information Technology
- Legal Support
- Accounting
- Treasury Functions
- Risk Management Frameworks
- Marketing and Communications
- Project Management

The dedicated ICD IFI team works with the MC organizations and institutions over a six-month to 12-month period.
ICD is acknowledged worldwide for its expertise in advising banks about the creation, transformation and opening of Islamic finance windows. The IFI Advisory Services are offered in all areas where ICD is active (i.e., Africa, Asia, the Americas and Europe). As of September 2016, there were fifteen IFI projects implemented by ICD (Figure 5.6). In addition, fifteen other projects are in development.

**Figure 5.6 Islamic Financial Institutions Advisory Services Implemented Projects**

<table>
<thead>
<tr>
<th>Number</th>
<th>Country</th>
<th>Islamic Corporation for the Development of the Private Sector Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Azerbaijan</td>
<td>Islamic Banking Window for Azercredit</td>
</tr>
<tr>
<td>2</td>
<td>Burkina Faso</td>
<td>Islamic Banking Window for Coris Bank</td>
</tr>
<tr>
<td>3</td>
<td>Senegal</td>
<td>Islamic Banking Window for Locafrique</td>
</tr>
<tr>
<td>4</td>
<td>Cameroon</td>
<td>Islamic Banking Window for Afriland First Bank</td>
</tr>
<tr>
<td>5</td>
<td>Chad</td>
<td>Islamic Banking Window for Banque Commerciale du Chari</td>
</tr>
<tr>
<td>6</td>
<td>Djibouti</td>
<td>Islamic Banking Window for Banque pour le Commerce et l’Industrie – Mer Rouge</td>
</tr>
<tr>
<td>7</td>
<td>Tunisia</td>
<td>Islamic Banking Window for SMEs by Banque de Financement des Petites &amp; Moyennes Entreprises</td>
</tr>
<tr>
<td>8</td>
<td>Tunisia</td>
<td>Islamic SMEs Fund by Theemar</td>
</tr>
<tr>
<td>9</td>
<td>Yemen</td>
<td>Islamic Bank Subsidiary by National Bank of Yemen</td>
</tr>
<tr>
<td>10</td>
<td>Libya</td>
<td>Launch of 5 Islamic Banks to Finance SMEs</td>
</tr>
<tr>
<td>11</td>
<td>Tajikistan</td>
<td>Completed Transformation of Rushdi in an Islamic Bank</td>
</tr>
<tr>
<td>12</td>
<td>Tunisia</td>
<td>Transformation of Wifak Leasing</td>
</tr>
<tr>
<td>13</td>
<td>Suriname</td>
<td>Transformation of Trustbank into an Islamic Bank</td>
</tr>
<tr>
<td>14</td>
<td>Tunisia</td>
<td>Training provided to United Gulf Financial Services</td>
</tr>
<tr>
<td>15</td>
<td>Kazakhstan</td>
<td>Restructuring and Fundraising for Zaman Bank</td>
</tr>
</tbody>
</table>

ICD’s M&E team assessed the impact of two IFI projects in 2016. Their results are provided in the following Case Studies 2 and 3.
**Case Study 2: ICD Advisory Services for the Creation of the Islamic Window of Coris International Bank, Burkina Faso**

According to a report by the Central Bank of the West African States (BCEAO), about 41 microfinance institutions (MFIs) operate in the country. These MFIs serve approximately 800,000 customers.

**Company**

Coris Bank International was established in 2008. “Financière du Burkina,” a local financial institution, became Coris Bank, and it has now reached its 200,000th client. It has grown to become the second largest bank in Burkina Faso in terms of assets, exceeding the country’s foreign banks. Coris is the first bank in terms of profitability and capital. In 2016, IFC recognized Coris as the best French-speaking bank in Africa. The bank has 36 branches in all the regions of the country. Twelve are located in the capital city of Ouagadougou.

**ICD Project**

On July 15, 2015, Coris officially launched its Islamic Window (Baraka). In support of this, Coris received technical assistance from ICD throughout 2014 and part of 2015. Coris also received a USD 18.3 million LOF from ICD and USD 9 million from the Islamic Trade Finance Corporation (ITFC).

**Development Outcomes**

Islamic Windows by Coris contributed to financial inclusion and was related to the opening of two other windows in Burkina Faso (Banque Sahelo Saharienne Pour l’Investissement et le Commerce [BSIC] and Ecobank). During the first six months of operation, Coris opened 1,104 accounts. Clients who had never before opened a bank account opened seven percent of these. Coris also extended financing to 177 SMEs and raised USD 2.2 million in deposits.

**Context**

Burkina Faso is one of the poorest countries in the world. Landlocked, it has a high population density, few natural resources, and fragile soils. Political uncertainty has adversely affected economic real growth. Investor and consumer confidence is low, given persistent security risks. As in other SSA countries, micro, small and medium sized enterprises (MSMEs) represent the vast majority of firms in Burkina Faso’s private sector. Private sector-led growth is a major element of Burkina Faso’s poverty reduction strategy. Unfortunately, many characteristics of Burkina Faso’s business environment make private sector-led growth a challenge.

In 2010, the share of SME lending was 9% of the Burkina Faso’s banks’ portfolios. These loans, though, contributed to 37% of the banks’ net income. In 2012, the share of SMEs lending was 14%, while the contribution to net income was 29%. Loans to private sector firms in Burkina Faso have been declining due to the political crisis between October 2014 and November 2015.

Banks in Burkina Faso are generally adequately capitalized, but remain vulnerable due to their overexposure to the cotton sector. Access to finance remains a major issue in Burkina Faso. World Bank estimates suggest that approximately 26 percent of the Burkinabe population has access to financial services. Access to microfinance, however, is expanding.

Source: ICD (October 2016), ICD Advisory Services for the Creation of Islamic Windows for Afriland First Bank (Cameroon) and Coris International Bank (Burkina Faso). Real-time Evaluation.
Case Study 3: ICD Advisory Services for the Creation of Islamic Windows for Afriland First Bank, Cameroon

Context
Cameroon is described as a LMIC. It is richly endowed with natural resources. The country has a relatively skilled workforce, enabling it to serve landlocked countries in the subregion. The African Economic Outlook 2016 described Cameroon’s economy as the “engine” of the Central African Economic and Monetary Community (CEMAC). In 2015, the country proved to be resilient in an unfavorable global economy. According to studies, CEMAC member SMEs have little access to bank credit compared to other developing countries. Collateral requirements for firms to obtain loans in CEMAC are nearly 18 percent greater than in the rest of SSA. Similarly, bank intermediation costs are high in CEMAC MCs. The lack of credit registries is one contributing factor.

Although 90 percent of firms in CEMAN MCs have a bank account, only 20 percent on average access loans or lines of credit. This is well below the average 34.7% in emerging and developing economies. Typically, the value of the collateral significantly exceeds the value of the loan due to problems with liquidation of collateral.

Company
Afriland First Bank is the largest financial services group in Cameroon. The bank was founded in Yaoundé in 1987 under the name of “Caisse Commune d’Epargne et d’Investissement.” It started with an authorized capital of USD 0.5 million. Today, shareholders capital is USD 26 million. The bank is the largest in Cameroon in terms of total assets, with a market share of more than 25 percent. The Magazine “Jeune Afrique Economie” ranked Afriland among the 200 largest banks in Africa. The bank has over 40 branches distributed over all 10 regions of Cameroon. Subsequently, the bank opened seven foreign subsidiaries: in the Democratic Republic of the Congo, Equatorial Guinea, Guinea, Liberia, South Sudan, São Tomé and Príncipe, Congo and Zambia. The bank also has representative offices in Paris and Beijing.

ICD Project
Afriland obtained a USD 16,200,000 LOF from ICD in 2016 to assist SMEs and promote Islamic finance.

Development Outcomes
Islamic Windows by Afriland contributed to financial inclusion deepening. This was related to the opening of three other windows in Cameroon: Ecobank, Attijariwafa and Crédit Communautaire d’Afrique (CCA). During the first six months of operations, Afriland’s window opened 403 accounts, 63% came from competitor banks, and provided financing to 24 SMEs. Afriland received USD 16.2 million from an ICD LOF.

Source: ICD (October 2016), ICD Advisory Services for the Creation of Islamic Windows for Afriland First Bank (Cameroon) and Coris International Bank (Burkina Faso). Real-time Evaluation.
Case Studies 2 and 3 hold valuable lessons for increasing the IFI development project results:

1. **Islamic ethics are central in the relationship between the customer and the Islamic financial institution.** When customers and Islamic banks care about Islamic ethics, the benefit is mutual and the cost to the client for the Islamic products may be cheaper. The shared vision means that non-performing loan rates may be lower.

2. **Islamic finance may offer greater flexibility and better pricing in public tenders.** In a public tender, the Murabaha proposed by Coris to its customer was seen as more flexible than leasing offered by conventional peers. Under the Murabaha, the ownership could be transferred to the client and the client could modify the asset’s features. Burkina Faso’s conventional lease does not allow permit change before full payment.

3. **ICD can advocate for newly established banks and Islamic banking windows with authorities and potential clients.** Informing government authorities, development partners and local religious authorities about Islamic financing can facilitate new customer subscriptions and collection of resources. It may also promote the Sharia compliance of Windows.

4. **Building ownership among the various stakeholders leads to satisfying client needs.** Afriland needed to elaborate and explain its Islamic Banking Window products. In response, ICD developed a more effective approach.
The IFDI predicts total global Islamic finance assets will reach USD 3.5 trillion by 2021. Islamic banking will likely reach USD 2.8 trillion in assets by that time.

Islamic finance tools including Sukuk, Islamic funds and Islamic loans could provide much needed access to money. The ICD-Thomson Reuters Report and recent economic conditions in core Islamic financial markets support this. For example, Qatar issued USD 0.44 billion of sovereign Sukuk in August 2016, along with USD 0.82 billion worth of conventional bonds. Qatar’s Sukuk was in high demand. It received an additional USD 0.66 billion in bank bids as opposed to USD 13.73 million in bids for conventional bonds. Another example is Iran growing its Islamic finance assets by 15% in 2015. (However, Iran will need to strengthen its regulatory reform system in terms of supervision and liquidity and meet international regulations.) The Gulf Banks are establishing Islamic banking subsidies in Morocco, while French banks are preparing to launch Islamic window operations there.

Southeast Asia is also realizing the industry’s potential. Indonesia has introduced a five-year roadmap for the Islamic banking industry along with a new foreign ownership policy for Islamic banks. Foreign institutions including American International Group (AIG), Sun Life Financial and Al Baraka Banking Group have announced their interest in expanding into this market. In addition, Indonesia’s stock exchange announced it would collaborate with Bursa Malaysia to create the World Sharia Stock Markets Centre. India is considering the introduction of interest-free banking to increase financial inclusion. IDB announced its first Indian branch in April 2016.

Another region with a promising growth future is SSA, particularly in terms of infrastructure Sukuk. Togo became the latest African sovereign issuer in 2016. Kenya, Niger and Nigeria have similar plans to fund infrastructure. In East Africa, Uganda amended its laws in January 2016 to allow Islamic banking products and the establishment of full-fledged banks and Islamic banking windows.

IDBG and ICD have pioneered Islamic financing concepts and practices in many of their MCs. In particular, they can be regarded as the market leaders in framing the rules and regulations governing the provision of such financing through the work of their Sharia committees and their application by the programs such as IFI.
Assessments conducted by ICD’s M&E Division can assist the IFI in strengthening its presence and enhancing business. The recommendations of the M&E Division are:

**Hold National Islamic Finance Workshops**
This measure is to help Islamic banking windows gain support in countries that lack Islamic finance legislation. In collaboration with the IDB-Islamic Research and Training Institute (IRTI), the ICD should organize a national Islamic finance awareness workshop targeting the central bank, government authorities and the multilateral development partners.

**Set clear expectations**
At the onset, ICD must clarify the kind of support that it will offer to avoid unrealistic client expectations. This can be done by explicitly stating the scope of ICD’s intervention.

**Build a Roster of French-Speaking Experts**
In Francophone (French-speaking) countries, the ICD should build a roster of French-speaking experts in Islamic finance. This facilitates the hiring of qualified staff and members of the Sharia board committee.

**Build Ownership**
ICD should conduct field visits at all stages of the program and meet with potential clients, development partners and government authorities. This is to ensure that the specific country needs are well integrated into the design of the products and the prospective stakeholders are publicly supportive.

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Section 6
The Way Forward

6.1 Overview

ICD will continue to operate in a climate of international uncertainty. Many MCs will be fragile and require significant assistance. Weak oil prices will continue to impact ICD’s revenue.

ICD must become more effective and efficient. It must strengthen its ties with other international and national development partners and proactively seek out and lead blended financing opportunities.
6.2 Today’s Global Development

It is unlikely that the current period of uncertainty will resolve soon. Protectionist sentiments will likely increase with slow growth projections, particularly in the West, reducing potential export expansion.

Political fragility will continue, especially in the Middle East, Northern Africa and parts of Eastern Europe. These factors, along with lower oil prices, will affect ICD’s ability to foster the development of MCs. ICD must continuously improve operational effectiveness to more efficiently utilize resources.

Global development financing is also in a state of change. Numerous innovative financing mechanisms have emerged. The capacity for domestic resource mobilization in developing countries is also much greater than it was in the past. Foreign direct investment is increasing, as are personal remittances and large domestic and international philanthropic efforts. Many developing country governments and enterprises are issuing international bonds.

Some MICs and traditional and emerging donors are using development assistance in the form of innovative partnerships. They are linking aid resources from traditional donors to other types of development financing, whether from the private sector or from the emerging donors.

ICD, through the Asset Management Department and programs like the IFI Advisory Services, is working with other international development partners as fund managers or in an advisory role for creating Islamic financing windows and institutions. There is now potential for extending blended financing into the programming business units. ICD country programs could become facilitators in MCs. They could leverage their own financing with that of international and national development financing institutions and organizations to achieve common development goals. Partners could include government and non-government institutions, including the private sector. ICD is uniquely positioned for this role, given its convening power, credibility and ability to assume quasi-sovereign risk.

ICD actively works with various partners, consistent with the new IDB strategy of expanding and diversifying its partnership base. The goal is to include governments, the private sector and philanthropic organizations. As Section 1.3 states, in the words of the new IDBG President, “We must transform the competitors into partners while maintaining our pioneering status, particularly in the area of Islamic banking. This reading of the reality and outlook requires IDBG to pursue innovative solutions and IDB to revisit its ability to revitalize itself and the tools and instruments it uses to be able to respond to the developments efficiently.”
ICD made considerable strides in refining and enhancing its development effectiveness system. The formulation of the M&E Division’s Toolkit further integrated monitoring and evaluation mechanisms into ICD’s work.

Integrating IDBG’s ten-year strategy with ICD operations allows closer collaboration between different entities in Islamic Development Bank Group. It would be ideal if a Group-wide measurement and assessment system could be created. This would simplify the aggregation of results at both the ICD and Group levels. These systems should consider ICD’s and others’ contributions to the SDGs, including the development of environmental and social standards for the climate change agenda. Finally, more rigorous research work could be done to estimate the impact of Islamic financing, perhaps as economic modeling in collaboration with interested organizations.
Appendix I: Key Development Effectiveness Indicators in the ADER Survey Questionnaire

1. Financial Institution Development

LoF

- Total Assets of the Bank
- ICD LoF amount
- SMEs financed (# and $) under ICD LoF
- Number of direct employment of the sub-projects under ICD LoF (before and after ICD Intervention)
- Payment to Governments (before and after ICD Intervention)
- Sales of the sub-projects (before and after ICD Intervention)

Equity (Banking and Non-Banking)

- Total Assets of the Bank
- ICD Share
- Access to Finance for SMEs: Outstanding Portfolio (# and $)
- Access to Finance for Women
- New Businesses Created
- Payment to Governments
- Number of direct employment generated by the project (share of Women)

2. DIFD

Energy Projects

- Total Assets of the Client
- Amount of ICD Facility Energy delivered to offtaker (GWh)
- Goods and services purchased locally
- Payment to Governments (before and after ICD Financing)
- Number of direct employment generated by the project (share of Women) (before and after ICD Financing)
  - Operation and maintenance
  - Construction phase

Agribusiness Projects

- Total Assets of the Client
- Amount of ICD Facility
- Farmers reached
- Total sales (gross volume of sales)
- Export sales (gross volume of sales)
- Value of net inflows of foreign currency due to the operation of the project company
- Goods and services purchased locally
- Payment to Governments (before and after ICD Financing)
- Number of direct employment generated by the project (share of Women) (before and after ICD Financing)
  - Operation and maintenance
  - Construction phase
ICT Projects

- Total Assets of the Client
- Amount of ICD Facility
- Mobile subscriptions (number)
- Fixed data subscription (ASDL, Broadband, Fiber, etc.) (number)
- Fixed voice/telephone subscriptions (number)
- Value of net inflows of foreign currency due to the operation of the project company
- Goods and services purchased locally
- Payment to Governments (before and after ICD Financing)
- Number of direct employment generated by the project (share of Women) (before and after ICD Financing)
  - Operation and maintenance
  - Construction phase

Health Projects

- Total Assets of the Client
- Amount of ICD Facility
- Number of new residential dwellings constructed by the client
- Number of residential dwellings renovated by the client
- Goods and services purchased locally
- Payment to Governments (before and after ICD Financing)
- Number of direct employment generated by the project (share of Women) (before and after ICD Financing)
  - Operation and maintenance
  - Construction phase

Industries And Services Projects

- Total Assets of the Client
- Amount of ICD Facility
- Total sales (gross volume of sales)
- Value of net inflows of foreign currency due to the operation of the project company
- Export sales (gross volume of sales)
- Goods and services purchased locally
- Payment to Governments (before and after ICD Financing)
- Number of direct employment generated by the project (share of Women) (before and after ICD Financing)
  - Operation and maintenance
  - Construction phase

Education Projects

- Total Assets of the Client
- Amount of ICD Facility
- Students enrolled (number)
- Goods and services purchased locally
- Payment to Governments (before and after ICD Financing)
- Number of direct employment generated by the project (share of Women) (before and after ICD Financing)
  - Operation and maintenance
  - Construction phase

Health Projects

- Total Assets of the Client
- Amount of ICD Facility
- Number of Patient consultations provided by the client
- Goods and services purchased locally
- Payment to Governments (before and after ICD Financing)
- Number of direct employment generated by the project (share of Women) (before and after ICD Financing)
  - Operation and maintenance
  - Construction phase

Waste And Sanitation Projects

- Total Assets of the Client
- Amount of ICD Facility
- Waste disposed (tons)
- Households with new or improved sanitation (number)
- Wastewater treatment capacity added or improved (cubic meters per day)
- Wastewater treated (cubic meters)
- Goods and services purchased locally
- Payment to Governments (before and after ICD Financing)
- Number of direct employment generated by the project (share of Women) (before and after ICD Financing)
  - Operation and maintenance
  - Construction phase
Water Projects

- Total Assets of the Client
- Amount of ICD Facility
- Volume of potable water produced during the reporting period
- Goods and services purchased locally
- Payment to Governments (before and after ICD Financing)
- Number of direct employment generated by the project (share of Women) (before and after ICD Financing)
  - Operation and maintenance
  - Construction phase

Transportation Projects

- Total Assets of the Client
- Amount of ICD Facility
- Passenger Use (number)
- Goods and services purchased locally
- Payment to Governments (before and after ICD Financing)
- Number of direct employment generated by the project (share of Women) (before and after ICD Financing)
  - Operation and maintenance
  - Construction phase

Asset Management

3 At ICD Level

- Resources made available to portfolio companies ($ million)/by sector
  - ICD investment
  - Other investment
- Companies assisted (number of investees)/by sector

At Investees Level

- Investees Direct Employment - Operations and Maintenance (share of Women)
ICD Clients who completed the 2016 Annual Development Effectiveness Survey