



IsDB 
البنك الإسلامي للتنمية
Islamic Development Bank

PRIVATE SECTOR PROFILE 2023

ISLAMIC DEVELOPMENT BANK (IsDB)

Bettering Lives, Delivering Impact

Boosting Recovery, Tackling Poverty & Building Resilience, Driving Green Economic Growth



Who We Are

The Islamic Development Bank is a multilateral development bank (MDB), working to improve the lives of those we serve by promoting social and economic development in Member countries and Muslim communities worldwide, delivering impact at scale.

We provide the infrastructure to enable people to lead better lives and achieve their full potential.

Our Mission

To promote comprehensive human development, with a focus on the priority areas of alleviating poverty, improving health, promoting education, improving governance, and bringing prosperity to the people.

**We are
global leaders
in Islamic finance**

What we do

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

We build collaborative partnerships between communities and nations, across our 57 member nations. We bring together the public and private sectors as well as with civil societies and the development sector through Public Private **Partnerships** and other joint projects.

We are global leaders in Islamic finance, providing long term sustainable and ethical financing structures to underpin our project investments. In the last two decades, the IsDB has secured an AAA rating, and become the largest global issuer of Sukuk, through which we fund research and training to develop the future of Islamic banking and finance. We have successfully deepened and broadened our investor base and enhanced our profile in the international capital markets.

We foster innovative and sustainable solutions to the world's greatest development challenges, as we work towards UN Sustainable Development Goals.

We boost the **value chain** of developing economies by investing in training and skills, research and development, so they can generate and retain greater economic prosperity at home, instead of exporting that value abroad.



THE ISLAMIC CORPORATION FOR THE INSURANCE OF INVESTMENT & EXPORT CREDIT (ICIEC)

Boosting Food Security, Mitigating Climate Change, and Fueling Economic Growth Through Innovative Trade and Project Finance Insurance



ICIEC Development Footprint	Since Inception (in USD Bn)
Business facilitated	108.3
Export transactions facilitated	86.2
Investments transactions facilitated	22.1
Intra-OIC trade and investment	51
Sectors	
Agricultural	1.5
Energy	44.7
Infrastructure	6.9
Health	2.6
Green Projects	3.0

Who we are

ICIEC is a multilateral export credit and investment insurance entity based in Jeddah, Saudi Arabia and established in 1994. It is a member of the Islamic Development Bank Group and has 49 OIC member states as its shareholders. ICIEC has representative offices in Riyadh, Dubai, Istanbul, Dakar, Jakarta, Rabat, Cairo and Dhaka. ICIEC provides Shariah-compliant credit and political risk insurance and reinsurance solutions to increase the scope of trade transactions and facilitate the flow of foreign direct investments into its member states (MSs).

Our Vision

To be recognized as the preferred enabler of trade and investment for sustainable economic development in Member Countries.

Our Mission

To facilitate trade and investment between member countries and the world through Shariah-compliant risk mitigation tools.

Aa3 rated by Moody's with a Stable Outlook for 16 consecutive years.

ICIEC Trade and Investment Insurance and Reinsurance Solutions

Supplier Credit Insurance

Offered to exporters and contractors in member and non-member states, covering their receivables against the risk of nonpayment by their overseas customers. In the case of non-member state exporters, the covered goods must be imports of capital equipment or strategic goods into a member state. The reason for non-payment could be commercial, such as the buyer's insolvency, or political in relation to the buyer's country. The standard percentage of coverage, in this case, is 90% of the incurred loss, and an additional premium is required if pre-shipment risk coverage is added.

Reinsurance

ICIEC works with its reinsurance partners to create the necessary capacity to support larger business volumes. It focuses on significantly increasing the inward reinsurance businesses with export credit agencies (ECAs) in Member States while enhancing relationships with ECAs in other countries.

Insurance of Confirmed Letters of Credit

Offered to financial institutions covering their confirmation of Letter of Credit issued for imports of Goods and Services, thereby enhancing the creditworthiness of Banks in ICIEC Member States. The standard percentage of cover is 90% of the incurred loss for political and commercial risks.

Trade Finance Insurance

Protects financial institutions against the risk of nonpayment of trade receivables assigned to them by their import and export clients. The standard percentage of cover is 90% of the incurred loss arising from political and commercial risks.

Investment Insurance

Cover Foreign Direct Investments (FDI) against the political risk of the host member state, such as war, civil disturbance, expropriation, breach of contract, transfer and convertibility restrictions. The standard percentage of coverage is 90% of the equity.

Credit Enhancement Solutions

Protects lenders against the risk of non-honouring of financial obligations by member states and State-Owned Enterprises of eligible projects financed by the lenders. These solutions also provide coverage for and improve the ratings for capital market transactions such as Sukuk. The standard percentage of cover is 95% of the financing facility or 99% for Sukuk.

ICIEC Commitments to SDGs

SDG 3: ICIEC has insured upwards of USD 2.6 billion in trade and investment in the health sector since its inception.

SDG 2: ICIEC has supported over USD 1.5 billion in trade and investment in the agricultural sector since its inception.

SDG 7: ICIEC has supported USD 44.7 billion in trade and investment related to energy since its inception.

SDG 8: ICIEC has insured over USD 16.1 billion for imports, exports, outward and inward investment in the least-developed Member States and USD 3.2 billion in labor-intensive industries since its inception.

SDG 9: ICIEC has supported USD 6.9 billion in trade and investment related to infrastructure since its inception.

SDG 13: ICIEC has supported USD 3 billion in investment related to climate change mitigation since its inception.

SDG 17: ICIEC has established more than 168 partnerships with national ECAs, reinsurers, banks and other multilateral institutions.



ICIEC Climate Change Offerings

- ICIEC champions strategic investments in renewable energy, facilitating the procurement of technology for use in key national infrastructure ventures such as the installation of solar energy setups and wind power stations. Additionally, the organization extends political risk insurance for projects in the renewable sector, addressing risks throughout both the initial and final stages of project development.
- Throughout its 30-year history, ICIEC has allocated a substantial **US\$2.35 billion** towards the clean energy sector. Committed to enhancing its operations in green and sustainable finance, ICIEC has put forward a proposal for a **Climate Action Finance Trust Fund**, which aims to provide discounted insurance rates for projects geared towards Climate Action.
- The corporation has also become a member of the **InsuResilience Global Partnership** to further support its Member States in climate disaster risk management and to provide solutions for Climate Action. An additional step includes the adoption of "Aware for Projects," an online tool for assessing climate risks, and the establishment of a **Climate Change Policy along with ESG Framework** to cement its dedication to Climate Action and Green Finance.
- Furthermore, the **ICIEC Green Sukuk Insurance Policy** has been designed to more effectively draw in funds for environmentally friendly projects.
- ICIEC signed several key partnerships to provide a framework for joint action in promoting climate action, green projects, extending training and capacity-building opportunities, and organizing joint seminars and workshops. Recently, ICIEC has established Memorandums of Understanding with GGGI, BOAD, GE Vernova, and Atradius.
- Moreover, ICIEC has entered into a Collaborative Partnership Agreement with The International Renewable Energy Agency (IRENA) within the framework of the **Energy Transition Accelerator Financing Platform (ETAF)**, which represents a collaborative approach to climate finance.

ICIEC Food Security Offerings

- Over nearly 30 years, ICIEC has contributed **USD 1.5 billion** to the agriculture sector, focusing on least developed countries to support **SDG 2 (Zero Hunger)**.
- ICIEC plays a pivotal role in founding the **Arab Africa Guarantee Fund (AAGF)**, to enhance trade and investment between Arab and African nations, featuring three sub-funds: Green, Food Security, and Health.
- As part of the **IsDB Group's Food Security Response Program (FSRP)**, ICIEC allocated **USD 500 million** in insurance capacity over 3.5 years for Credit and Political Risk Insurance to support crucial commodity imports and foreign investments in food production and storage.

- From July 2022 to December 2023, ICIEC exceeded its **USD 500 million** goal, approving over **USD 788 million** for global food security projects across Sub-Saharan Africa, MENA, and Asia.
- ICIEC fosters partnerships with financial institutions, multilaterals, and industry bodies to tackle food security challenges, including strategic collaborations with the **Islamic Organization for Food Security (IOFS)** and the **Islamic Chamber of Commerce and Industry (ICCIA)**.
- Engaged with private firms like **Al-Rajhi International Investment Company (RAII)** and the **International Islamic Food Processing Association (IFPA)** to boost investments in the food and agricultural sectors, and intra-OIC trade and finance.
- Planning to partner with the **Islamic Solidarity Fund (ISFD)** to replicate the "ICIEC-ISFD COVID Emergency Response Initiative" (ICERI) under the **Strategic Preparedness and Response Program (SPRP)**, aimed at mitigating COVID-19 impacts in Member States.

ICIEC Flagship Initiatives and Programs



The OIC Business Intelligence Center:

The OIC Business Intelligence Center (OBIC) is an initiative of the ICIEC that aims to provide accessible and affordable information and credit data on businesses across the Organization of Islamic Cooperation (OIC). Its four strategic pillars are country-level credit reporting ecosystem development, cross-OIC credit data infrastructure, capacity building and development, and operational excellence with a sustainable business model.

AMAN UNION:

The AMAN UNION is a professional forum assembling Commercial & Non-commercial Risks Insurers & Reinsurers from Member States of the Organization of the Islamic Cooperation (OIC) and the Arab Investment & Export Credit Guarantee Corporation (DHAMAN). It was established in 2009 following a bilateral agreement between ICIEC and DHAMAN to join efforts for creating a union for commercial and non-commercial risks Insurers and Reinsurers.

Arab Africa Guarantee Fund (AAGF):

AAGF was approved by the 3rd Board of Governors Meeting of the Arab Africa Trade Bridges Program. It provides financial resources and risk mitigation capacity to support trade and investment in Arab and African countries. The fund comprises three sub-funds, including an Arab Africa Green Facility, an Arab Africa Food Security Facility, and an Arab Africa Health Facility.

Arab-Africa Trade Bridges Programme:

ICIEC is a founding member of the Arab-Africa Trade Bridges Programme (AATB), an international program designed to increase trade and investment flows between the Arab and African regions. Since its inception, ICIEC has closed **USD 900 million** worth of transactions through the program and aims to continue partnering with AATB Member Institutions to grow the program for the benefit of its member states.

The Africa Co-Guarantee Platform:

Six partners have pledged to de-risk investment across Africa by providing direct transaction support, developing new and hybrid products, and building capacity in the use of risk mitigation instruments. The partners are the African Development Bank, the Islamic Corporation for the Insurance of Investment and Export Credit Insurance (ICIEC), African Trade Insurance Agency (ATI), African Union Development Agency (AUDA-NEPAD), GuarantCo (part of PIDG, the Private Infrastructure Development Group), and Afreximbank.

ICIEC Role in Facilitating Intra-OIC Trade and Investments

- ICIEC plays a crucial role in promoting intra-OIC trade and investment through the provision of its insurance cover, Documentary Credit Insurance Policy, Credit Insurance Products, Bank Master Policy, and other solutions to bridge market failures that impede intra-OIC trade and investments. These instruments promote export sector development, Shariah Compliant financial sector development, and support member state and human development.
- Over three decades, ICIEC has insured **USD 108.3 billion** in trade and investment across the globe for its 49 Member States, including **USD 86.2 billion** in export credits and **USD 22.1 billion** in investment insurance. We have been a champion of intra-OIC business, supporting **USD 51 billion** in trade and investment within OIC countries.
- ICIEC's insurance helps Member States import strategic goods, export products for foreign currency revenue, and strengthen strategic sectors through infrastructure development. It also helps reach the 25% intra-OIC trade target set by COMCEC and enhances regional economic integration and resilience. ICIEC is continuing to expand operations in Member States and has instituted initiatives to support least developed Member States.
- The Corporation is continuing to expand its operations in OIC Member States to strengthen intra-OIC trade and has instituted several initiatives to support the least developed Member States to participate more effectively in trade.



ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR (ICD)

WITH A ROBUST TRACK RECORD SPANNING TWO AND A HALF DECADES, ICD CONTINUES TO INTRODUCE INNOVATIVE PRIVATE SECTOR SOLUTIONS WHILE FACILITATING A CRUCIAL LINK BETWEEN PRIVATE INVESTMENTS AND SUSTAINABLE DEVELOPMENT ACROSS ITS 55 MEMBER COUNTRIES.



ICD's Business Performance in 2023

As the private sector arm of the IsDB Group, ICD's commitment to fostering private sector growth and tackling global issues such as energy access and infrastructure reflects in its actions. In 2023, ICD's project approvals amounted to USD 531.66 million, achieved through extending financial support to partner institutions and investing in initiatives. This year's approvals were categorized into line of finance

(LOF) (76.06% share), term finance (22.66% share), and equity (1.28%), aligning with ICD's strategic shift toward credit financing. With this, cumulative project approvals have now reached USD 6.92 billion since inception.

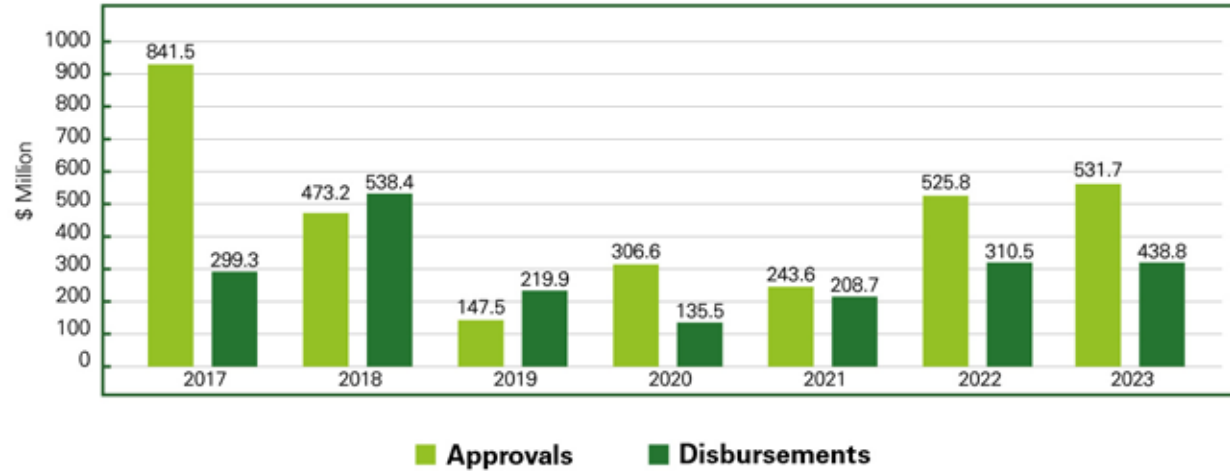
Project Approvals by Product: 2023



Sectorally, 77.34% of new project approvals were earmarked for the finance sector, followed by non-financial sector investments focusing on high-impact sectors such as industry and mining (13.24%), transportation (4.72%) and energy (4.70%). In terms of regional distribution, 34.86% of project approvals were allocated to Europe and Central Asia, followed by Asia (24.53%), Middle East and North Africa (MENA) (20.71%), sub-Saharan Africa (SSA) (18.96%), with one regional project based in Asia (0.94%).

On disbursements, 2023 saw a significant increase in efficiency. With a total distribution of USD 438.78 million (compared to USD 310.53 million in 2022), the finance sector made up the bulk of the disbursements (86.18%), while the remaining 13.82% went to the industry and mining sector. Overall, the disbursement-to-approval ratio stood at 82.53%, a remarkable leap from 2022's 54.88%.

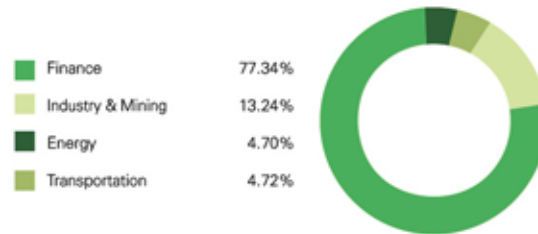
Trends in ICD Project Approvals and Disbursements



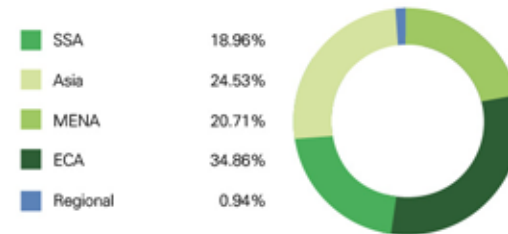
Sectoral Allocation of Disbursements: 2023



Sectoral Allocation of Project Approvals: 2023



Project Approvals by Region: 2023



INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION (ITFC)

ADVANCING TRADE AND IMPROVING LIVES



ITFC – THE LEADING TRADE SOLUTIONS PROVIDER IN OIC MEMBER COUNTRIES

The International Islamic Trade Finance Corporation (ITFC) is a member of the Islamic Development Bank (IsDB) Group. It was established with the primary objective of advancing trade among OIC Member Countries, which would ultimately contribute to the overarching goal of improving socioeconomic conditions of the people across the world. Commencing operations in January 2008, ITFC has provided US\$75 billion to OIC Member Countries. With a mission to become a catalyst for trade development for OIC Member Countries and beyond, the Corporation helps entities in Member Countries gain better access to trade finance and provides them with the necessary trade-related capacity building tools, which would enable them to successfully compete in the global market.

VISION

ITFC is the leading provider of trade solutions for OIC Member Countries' needs

MISSION

ITFC is a catalyst for trade development among OIC Member Countries and beyond

ITFC Support to the Private Sector in Member Countries and Beyond

The private sector plays a critical role in economic growth, job creation, and poverty alleviation. The importance of SMEs in this regard is even more pronounced in OIC Member Countries as SMEs are estimated to account for more than 90% of jobs created and contribute on average 50% to national GDP. Despite their significant contribution to job creation and economic growth, SMEs and the private sector often face a major hurdle in accessing finance, hindering their ability to expand their businesses.

ITFC supports SMEs and the private sector by delivering integrated trade solutions programs through partnerships with beneficiary entities, local banks and financial institutions (FIs). The Integrated Trade Solutions are composed of Trade Finance and Trade Development components. The financial component consists of extending funded and unfunded trade financing solutions for the benefit of SMEs and the private sector clients. Funded transactions are supported primarily through ITFC's Line of Financing and Murabaha Financing schemes. In contrast, unfunded transactions are supported through LC Confirmation facilities. As per the Trade Development component, it consists of extending a Trade Related Technical Assistance (TRTA) to build the capacities of the beneficiary entities or enhance their market access opportunities.

In 2023, ITFC added eight new banks to its list of partner institutions in Member Countries, bringing the total number of ITFC partner banks to 39 as of the end of 2023. Total financing approved for SMEs and the private sector in 2023 was US\$ 905million, a 20% increase from the prior year.

Apart from FIs, ITFC also extended trade financing facilities directly to corporate clients whose businesses contribute to job creation, poverty alleviation and economic growth for the countries where these companies are domiciled. Furthermore, through its Integrated Trade Solutions offering, ITFC has also been promoting shariah-compliant trade financing in Member Countries and has organized training programs for commercial banks and central banks in various Member Countries in 2023.

Since inception in 2008, the cumulative approvals in favor of private sector and SME clients stands at US\$ 18.5 billion, representing 25.0% of the trade finance portfolio. ITFC aims to continue expanding its interventions in the private sector as it plays a vital role in creating access to trade finance for SMEs, which serve as the backbone of the economies in OIC Member Countries.

The chart below illustrates ITFC approvals for SMEs and private sector clients since inception in 2008.

ITFC Private Sector Approvals (US\$ million)



ITFC SMEs Development Programs

On the Trade Development side, ITFC designs and implements various programs and initiatives to create opportunities for businesses and supports them to build their capacities and reach new markets. One of these initiatives is the ITFC SMEs Development Program, namely: the KSA SMEs Export Empowerment Program and the West Africa SMEs Program.

The KSA SMEs Export Empowerment Program, launched in collaboration with Saudi Exim Bank and Monsha'at, focuses on enhancing the global competitiveness of Saudi SMEs. By offering services in export finance, capacity building, market access, and advisory services, the program aims to equip Saudi SMEs with the necessary tools and resources to thrive in international markets.

With workshops, market access activities, and targeted support, these initiatives contribute to the sustainable growth and development of SMEs in their respective regions.

The West Africa SMEs Program aims to bridge the trade finance gap for SMEs in the region, offering increased access to finance for both banks and SMEs. Through capacity-building programs and partnerships with local institutions like Coris Bank and Bridge Bank in Côte d'Ivoire, the program supports SMEs by providing training, assessment tools, and financial assistance, ultimately boosting their competitiveness.



Women led SMEs Empowerment Initiatives

She Trades Egypt

SheTrades Egypt was launched in 2020 within the framework of the Aid for Trade Initiative of the Arab States (AFTIAS) program and with the support of the Islamic Development Bank (IsDB) in partnership with the International Trade Center (ITC). The project aims to integrate Egyptian women-owned SMEs in the handicrafts sector into domestic and global value chains, enabling them to access new markets. The beneficiaries are now equipped with the required skills in design, quality, packaging, marketing, access to finance and pricing to meet buyer requirements. Based on this success of the first phase, ITFC and IsDB are partnering again to launch the second phase of this initiative in 2024.



SheTrades Morocco

SheTrades Morocco has helped businesswomen boost their export capacity in the processed foods sector by producing value-added products in line with market requirements and linking them with targeted buyers through networking and business linkage events. The Moroccan women-owned small and medium-sized enterprises (MSMEs) learnt to design and implement new marketing strategies to effectively position their products in local, regional and international markets. They also participated in one of the largest food products trade shows in the world, the Salon International de l'Alimentation (SIAL).



SheTrades businesswomen strike deals at SIAL, Montreal, 20-22 April 2022

ISLAMIC DEVELOPMENT BANK GROUP BUSINESS FORUM - THIQAH



Promoting cross-border investment and trade



OVERVIEW

The Islamic Development Bank Group Business Forum (THIQAH) was established as a unique and innovative platform for effective dialogue, cooperation, and partnerships for IsDB Group and business leaders committed to joining in promising investment and trade opportunities. Through THIQAH, the IsDB Group seeks to reinforce the effectiveness and success of the partnerships that have been forged between the Group and business leaders and establishments in our Member Countries.

VISION

THIQAH's vision is to position itself as the leading business platform of the IsDB Group serving the private sector in member countries and maximizing the achievements of successful investment projects. Through facilitation and catalyst roles, THIQAH will be leveraging IsDB Group's resources to offer necessary services and confidence to investors in member countries.

MISSION

THIQAH's mission is to establish strategic partnerships with the leaders of the private sector in order to capitalize on their expertise and know-how on one hand, and to synergize with IsDB Group entities on the other. The primary focus will be on maximizing cross-border investments among IsDB Group member countries to be supported by IsDB Group's financial products and services.

Services and Facilities Available at THIQAH office

- Meeting rooms for events and B2B meetings.
- Events webcasting system.
- Temporary executive offices.
- Secretarial support services.
- Professional photography and videography services.
- Catering services arrangement.




Member Countries Pillar

- Promote cross-border investment and trade among member countries through organization of business conferences and investment/trade forums
- Connecting business communities in Member Countries and facilitating B2B & B2G bilateral business meetings and networking
- Building partnerships with other regional/international organizations to attract Foreign Direct Investment (FDI)



IsDB Group Pillar

- Supporting and promoting IsDB Group products services to business community in member countries
- Promoting the IsDB Group Private Sector joint solutions and cross selling initiatives in Member Countries
- Upscaling the IsDB Group Private Sector Forum/Pavilion

IsDB Group Programs Promoted by THIQAH

SDGs



IsDB Investments Department

INV

Managing the investment funds of IsDB to provide additional yield enhancement to IsDB's income



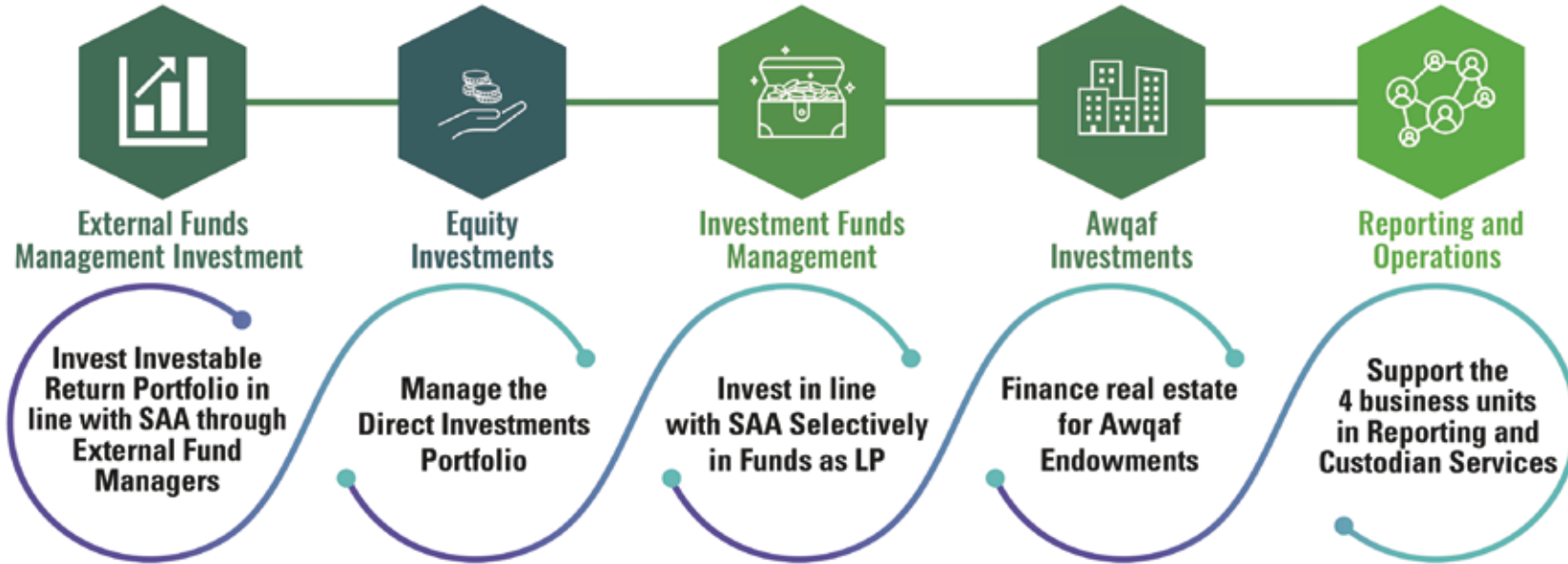
How it works, and what it achieves?

The Investment Department's role is to manage the IsDB's investment arm to generate returns, while adhering to defined risk levels, boosting the Bank's income capacity and provide thought leadership for IsDB's investment management.

The department's key functions are:

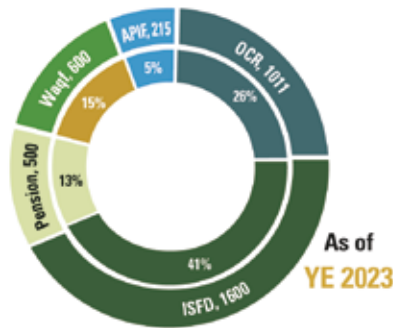
- Oversee fund investments via External Fund Managers, in line with Board-approved investment and related policies to achieve targeted risk-adjusted returns.
- Act as a focal point for external fund management.
- Manage the Bank's direct equity and investment funds portfolios.
- Provide technical expertise in fund structuring for the Bank's non-capital market resource mobilization efforts
- Serve as a resource center for Bank's investment management and Awqaf (endowment)-sector projects and investments.

The Department oversees the following five functions:



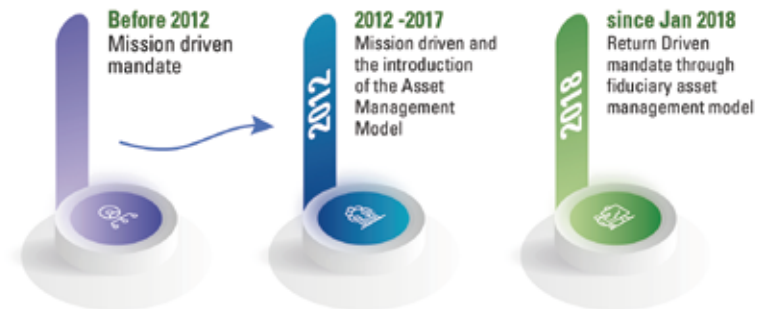
Investments Department: Assets Under Management

USD 3,926 million across different sources of Funds, asset classes and mode of financing



Shift Towards a New Asset Management Model

External Fund Managers



PUBLIC PRIVATE PARTNERSHIP (PPP)

IsDB THROUGH ITS SPECIALIZED PPP DIVISION SUPPORTS NON-SOVEREIGN FINANCING INTERVENTIONS IN ITS MEMBER COUNTRIES, INCLUDING PUBLIC PRIVATE PARTNERSHIP (PPP)

PPP



Operations Performance Review 2023

Public Private Partnership (PPP) Division

The PPP Division is the center of expertise at the Bank for financing of non-sovereign operations in the member countries. Moreover, it is responsible for the monitoring of approved projects during implementation and operations till the full repayment of the financed facilities.

Investments

The PPP Division's investment team boasts an extensive network of sponsors, commercial banks, and financial advisors, all actively engaged in identifying new project financing opportunities. These opportunities are carefully selected to align with the Bank's strategy and risk tolerance, specifically focusing on operational impacts, development goals, credit ratings and portfolio management.

Rigorous due diligence is conducted for PPP projects, encompassing financial, technical, and legal evaluations to ensure both initial quality and long-term sustainability. In the year 2023, the PPP Division successfully secured approvals from the Board of Executive Directors (BED) to finance the following projects:

Ras Laffan Petrochemicals Project in Qatar

The Project is a large-scale ethane cracker with a capacity of 2,080 thousand metric tons per year and high-density polyethylene (HDPE) production plants producing 1,680 thousand metric tons per year of polyethylene. The Project is located on a site within Ras Laffan Industrial City (RLIC) in Qatar and is developed jointly by QatarEnergy and Chevron Phillips Chemicals Company. The Project's objective is to utilize Qatar's natural resources with efficiency, create value through sophisticated technological processes and contribute to the maximization of value addition per quantity of oil & gas.

The Project is in line with Qatar's National Vision 2030 - Economic Development Pillar, which is based on the utilization of Qatar's resource-wealth and responsible exploitation of oil and gas. Conversion of these natural assets into financial wealth requires attracting the best technologies, national investments and foreign funds into the world-class infrastructure and technology processes, which the Project achieves. The Project is supported by more than 20 financial institutions from around the world, with IsDB being one of the Mandated Lead Arrangers under Islamic Financing Facility with an amount of USD 160 million.

Line of Financing to PT SMI in Indonesia

Under the proposed Facility, which is approved by IsDB in May 2023, IsDB will provide to SMI a USD 100 million line of financing, dedicated to the financing of infrastructure projects in Indonesia. The Facility will be used to finance various economic and social infrastructure projects in the country, including PPP projects, across various sectors. SMI will extend the Facility to different Project Companies and Sponsors (as the end-beneficiaries) for financing capital expenditure requirements of the infrastructure projects, thereby acting as the executing agency in charge of carrying out the Facility's sub-transactions via Shariah compliant financing modalities.

The proposed Facility is expected to mobilize private sector investment in infrastructure development. It will help to close the

funding gap for infrastructure, improve the quality and standards of infrastructure projects, and reduce the number of competing needs for financing. Furthermore, the collaboration with IsDB through the Facility is expected to broaden SMI's Shariah compliant business portfolio while also increasing SMI's capacity in Islamic finance and lead to knowledge sharing.

As we look towards the future, the investment team of the PPP Division is engaged in preparing a robust pipeline of new projects, planned to unfold over the coming years. This forward-thinking approach ensures our sustained commitment to identifying and cultivating opportunities that align with the Bank's strategic objectives and risk appetite.

As of December 2023, the PPP active projects portfolio (under repayment) has reached **USD 1.3 billion** which will gradually increase with the implementation of approved projects.

Portfolio Management

In comparison to sovereign projects, the PPP Division continues to monitor the operations of completed projects till the final repayment of the financing facilities (up to 20 years). As of December 2023, the PPP active projects portfolio (under repayment) has reached USD 1.3 billion which will gradually increase with the implementation of approved projects. The portfolio resilience and ability to withstand the long-term consequences of the pandemic stands as a testimony to the quality of the projects design and selection of world class sponsors who the Bank chooses for its non-sovereign financing. The active portfolio is distributed among 6 main sectors. The highest concentration is in the Energy & Utilities sectors which are prioritized by IsDB member countries given their strategic importance to economic development and high capital investment cost. The portfolio also has a high concentration in the financial sector implemented through Lines of Finance (LoF) in member countries.

PPP Portfolio Concentration and Credit Ratings

In terms of regional distribution, the GCC/Middle East region has the highest concentration of the portfolio. The region enjoys higher rated member countries with more established regulations and legal frameworks that attracts private sector developers. The PPP portfolio rating is critical to the financial sustainability of the portfolio as an integrated component of the Bank's AAA rating. Moreover,

the current portfolio rating influences the future risk appetite of the Bank when participating in future financing opportunities.

Project Implementation Assessment and Support Reports (PIASR)

The PPP Division regularly generates Project Implementation Assessment and Support Reports (PIASR) for all ongoing operations to ensure the effective advancement of projects. In 2023, the Division produced a PIASR report for the Almaty Ring Road Project (BAKAD), which reached the Commercial Operating Date in June-2023. The project has a target to build and operate a 66km Ring Road aimed at easing traffic congestion in the city center and providing a swift route for the international corridors around the city. The total cost of the project is USD 742 million, with IsDB contributing USD 100 million in financing. The project is co-financed by development partners such as EBRD and EADB.

Project Completion Report (PCR)

Once a project is finalized and commercial operations commence, a Project Completion Report (PCR) is compiled to document the conclusive phase of implementation. The Division completed PCR reports for the 2nd Line of Financing Facility for Turk Eximbank in Turkey for the amount of USD 100 million, rated as "Highly Successful". In addition, the Division produced a PCR for USD 10 million Line of Financing Facility for Uganda Development Bank, which is rated as "Successful".

Early Warning System (EWS) Reports

Since the PPP Division continues to monitor the operations of completed projects till the final repayment of the financing facilities, semi-annual Early Warning System (EWS) Reports are generated to serve as a monitoring tool for identifying early warning signals resulting from covenants compliance or concerns over project financial status. In 2023, the Division generated 54 EWS reports to monitor the health of the existing portfolio. The Division disbursed an amount of USD 22.99 million in 2023.

LIBOR Transition after Cessation of LIBOR Publication from 1st July 2023

The Portfolio management team of the PPP Division also worked on LIBOR transition to Term SOFR for all projects exposed to market sensitivity. These projects are subject to re-fixing of rates at each installment interval. In aggregate there are 23 projects which have been affected by LIBOR transition. The transition negotiations are coordinated with the Sharia'a and Legal teams to ensure the adherence to the IsDB pricing policy in this regard. The portfolio team has implemented LIBOR transition for 13 projects while the remaining projects are still in process of transition and will use Synthetic LIBOR till the transition is completed.



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