



ISLAMIC DEVELOPMENT BANK GROUP

**PROGRESS REPORT ON THE
ISLAMIC SOLIDARITY FUND FOR DEVELOPMENT (ISFD)**

**33rd Session of the COMCEC
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ISLAMIC SOLIDARITY FUND FOR DEVELOPMENT (ISFD)
AS OF 30 SEPTEMBER 2017

I. BACKGROUND

1. The ISFD was established as a Special Fund within the IDB following a decision of the Extraordinary Islamic Summit Conference held in Makkah, Saudi Arabia, in December 2005. It was officially launched during the 32nd Annual Meeting of the IDB Board of Governors (BOG), in May, 2007 in Dakar, Senegal.
2. The Fund has been established in the form of a Waqf¹ (i.e. Trust), with a principal target capital of US\$10.0 billion. All IDB member countries have been called on to announce their financial contributions to the Fund and extend technical and moral support to its activities.
3. The Fund is dedicated to reducing poverty in the OIC member countries by promoting pro-poor growth, emphasizing human development, especially improvements in health care and education, and providing financial support to enhance the productive capacity and sustainable means of income for the poor. The financing of the Fund is provided on concessional terms, primarily for the 28 least developed member countries of the IDB (LDMCs).

II. STATUS OF RESOURCE MOBILIZATION

4. The Fund has been established on the basis of voluntary contributions from member countries “*to illustrate Islamic solidarity and brotherhood*” among them. Accordingly, major contributions are expected to come from the group classified as “*high income member countries*” at a level which would offset the potentially small contributions that are expected from the least developed member countries (LDMCs).
5. Although ten years have passed since the commencement of the ISFD operations, the Fund is still constrained by the low level of mobilized resources, compared to its approved target capital of US\$10.0 billion.
6. As of 30 September 2017, the level of pledged capital contributions to the ISFD stands at US\$2.7 billion, committed by 49 member countries (US\$1.7 billion) and the IDB (US\$1.0 billion). This represents 27.0% of the approved target capital of US\$10.0 billion.
7. New commitments amounting to US\$24.1 million were made by 4 countries in 2017, namely: Sudan (US\$21.1 million); Togo (US\$1.0 million), Brunei Darussalam (US\$1.0 million), and Maldives (US\$1.0 million).

¹ The concept of *Waqf* (Islamic Endowment/Trust) implies that only the income which will be made from the investments of the Fund’s resources will be available to finance its operations.

8. The total amount of received contributions thus far is US\$2.58 billion, of which US\$1.0 billion was paid by the IDB and US\$1.58 billion by member countries.
9. The net income of the Fund for 2016 was US\$83.04 million, compared to US\$62.07 million profit achieved in 2015. Projected net income for 2017 is US\$91.0 million.
10. In a bid to address the low level of commitments to the ISFD Capital by member countries, the ISFD's Board of Governors adopted Resolution ISFD/BOG/3-432 in its fourth meeting that took place in Jeddah in June 2011. The Board adopted a way of determining the appropriate level of a member country's voluntary contribution to the ISFD based on an average weighted criterion of three indicators:
 - The value of a country's Gross Domestic Product(GDP) in real terms
 - The value of a country's exports of goods and services -
 - The value of a country's foreign exchange reserves
11. This Resolution is in line with the view expressed in various meetings of the OIC organs that the lack of guidelines designed to help each member country determine the appropriate contribution to the ISFD is one of the main reasons for the low level of announced commitments. So far, three countries have reacted positively to this resolution, namely Sudan, Comoros, and Gambia.
12. Furthermore, the ISFD Board of Governors, in its 5th meeting held in Khartoum on 3-4 April 2012, adopted a Resolution (No. ISFD/BG/3-433) calling on all member countries to take all measures to support the efforts of the ISFD in resource mobilization such as allocating a suitable Waqf in favour of the ISFD which the ISFD can develop to generate revenues that can enhance its resources. The allocated Waqf shall be considered an addition to the financial contribution of the donating member country to the capital of the ISFD. At least 50% of the income generated from the investments of the Waqf will be used by the ISFD to finance its projects in the concerned member country, and the remaining amount will be used to finance other activities of the Fund.
13. Obviously, the implementation of these important resolutions will enable the ISFD to enhance its resources. In the case of the *Waqf* donations, it will also directly benefit the donating member countries from the income which will be generated from the development and renting of the allocated *Waqfs*. In Benin, the ground-breaking ceremony has already been held in February 2016 for the first ISFD Waqf under this resolution in a member country. Similarly, Burkina Faso, and Comoros have made concrete offers of land allocations as Waqf for the ISFD. Also, several other member countries have reacted to this Resolution to donate plots of land in prime areas where modern towers could be built and rented to generate income for the Fund.
14. Furthermore, the 4th Extraordinary Islamic Summit held in Makkah on 14-15 August 2012 as well as the 12th OIC Summit which was held in Cairo, Egypt on 2-7 February 2013, and the OIC summit held in Istanbul, Turkey, on 10-15 April, 2016, have all stressed the role of the ISFD in fighting poverty and called on the IDB to mobilize further support for the Fund. Hence, a strategic focus of the Fund over the next three years will be to exert greatest effort to realize the unpaid commitments and an increase in the existing commitments from member countries. At the same time, the ISFD will continue to explore possible opportunities for securing complementary resources for its operations through mechanisms such as Trust Funds, allocation of Waqf assets, partnerships and co-financing for its projects, and donations from philanthropists and the private sector.

15. The Fund is also strengthening its investment policy with a view to ensuring a stable source of income consistent with the resource needs and the long-term preservation and appreciation of the real value of the invested principal amounts.

III. ISFD OPERATIONS

16. The total loans projection for loan approvals in 2017 is US\$165.0 million for 11 projects (2 of them are regional) in member countries, against actual approvals of US\$98.7 million in the previous year, for 14 projects in 11 member countries. The projected approvals include grants operations amounting to US\$29.0 million, of which US\$20.0 million has already been allocated for the Lives and Livelihood Fund.
17. In terms of cumulative approvals, since the commencement of the ISFD operations in 2008 and up to present (August 2017), US\$668.0 million have been provided for a total of 123 operations in 33 member countries, about 80% of which are LDMCs. The total cost of these projects is estimated at more than US\$3.0 billion, thus attaining a leverage ratio of 1:4.5; i.e. on the average, US\$4.5 of external funding has been mobilized for every one dollar provided by the ISFD.

WAY FORWARD

25. The ISFD intends to take a number of steps aimed at achieving and intensifying the efforts for resource mobilization and advocacy. These steps include:
 - Enhancing the efforts for resource mobilization through consultations with member countries to implement the relevant ISFD Board of Governors resolutions in this regard, tapping non-conventional sources, such as donation of Waqf lands in member countries, philanthropists, in-kind donations, etc.
 - Engaging with the private sector under the Fund's Corporate Social Responsibility (CSR) initiative.
 - Developing the Second ISFD Strategy.
 - Setting up specific poverty-related Trust Funds under the umbrella of the ISFD. These funds will be aimed to finance the provision of basic services to the poor, such as primary education, primary health care, microfinance, agriculture and rural development, energy for the poor, emergency relief and institutional capacity building.
 - Develop a Global Education Impact Fund.
 - Revision and effective implementation of the ISFD Investment Policy to increase the Fund's income.
 - Widening partnerships to enhance the financing leverage of the Fund.

ISFD STATEMENT OF CAPITAL CONTRIBUTION

As of 30 September , 2017

S.No	COUNTRY	COMMITMENTS (in USD)	PAID AMOUNT (in USD)	REMARKS
	Committed and Fully Paid			SUB-TOTAL (USD)
1	Saudi Arabia	1,000,000,000	1,000,000,000	
2	Kuwait	300,000,000	300,000,000	
3	Algeria	50,000,000	50,000,000	
4	Qatar	50,000,000	50,000,000	
5	Malaysia	20,000,000	20,000,000	
6	Kazakhstan	11,000,000	11,000,000	
7	Egypt	10,000,000	10,000,000	
8	Pakistan	10,000,000	10,000,000	
9	Indonesia	10,000,000	10,000,000	
10	Morocco	5,000,000	5,000,000	
11	Oman	5,000,000	5,000,000	
12	Turkey	5,000,000	5,000,000	
13	Tunisia	5,000,000	5,000,000	
14	Gabon	4,000,000	4,000,000	
15	Jordan	3,000,000	3,000,000	
16	Yemen Republic	3,000,000	3,000,000	
17	Burkina Faso	2,200,000	2,238,000	
18	Bahrain	2,000,000	2,000,000	
19	Syria	2,000,000	2,000,000	
20	Cameroun	2,000,000	2,000,000	
21	Nigeria	2,000,000	2,000,000	
22	Guinea	2,000,000	2,000,000	
23	Lebanon	1,000,000	1,000,000	
24	Iraq	1,000,000	1,000,000	
25	Suriname	500,000	500,000	
26	Azerbaijan	300,000	424,000	
27	Uzbekistan	300,000	300,000	
28	Mozambique	200,000	200,000	
	SUB-TOTAL			1,506,662,000
	Committed But Partially Paid			
1	Iran	100,000,000	65,000,000	
2	Sudan	36,100,000	944,000	
3	Bangladesh	13,000,000	5,000,000	
4	Benin	12,250,000	940,000	
5	Brunei	3,000,000	2,000,000	

6	Togo	2,000,000	1,000,000	
7	Gambia	1,220,000	12,000	
8	Sierra Leone	1,000,000	300,000	
9	Palestine	500,000	186,000	
10	Turkmenistan	300,000	100,000	
	SUB-TOTAL			169,370,000
	Committed But Not Paid			
1	Senegal	10,000,000	-	
2	Cote d'Ivoire	5,000,000	-	
3	Mauritania	5,000,000	-	
4	Mali	4,000,000	-	
5	Chad	2,000,000	-	
6	Niger	2,000,000	-	
7	Maldives	1,000,000	-	
8	Comoros	650,000	-	
9	Guinea-Bissau	200,000	-	
10	Uganda	100,000	-	
11	Albania	10,000	-	
	SUB-TOTAL			29,960,000
	No Commitment			
1	Afghanistan		-	
2	Djibouti		-	
3	Guyana		-	
4	Kyrgyz Republic		-	
5	Libya		-	
6	Somalia		-	
7	Tajikistan		-	
8	UAE		-	
1	Islamic Development Bank	1,000,000,000	1,000,000,000	1,000,000,000
	Grand Total (USD)	2,705,830,000	2,582,144,000	