



**REPORT ON THE ACTIVITIES OF THE
ISLAMIC SOLIDARITY FUND FOR DEVELOPMENT (ISFD)
As of 20 April 2019**

BACKGROUND

I. STATUS OF RESOURCE MOBILIZATION

1. 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).
2. Although 10 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.
3. ISFD **capital commitments** currently stand at **US\$2.7 billion** contributed by 49 member countries (US\$1.7 billion) and the IDB (US\$1.0 billion). This represents 27.06% of the approved target capital of US\$10 billion (Annex-1).
4. **New commitments:** So far, no new commitments have been made in 2019.
5. Currently, **paid-in capital stands at US\$2.584 billion**. No new payment has been received by the ISFD since the last COMCEC Meeting in November 2018.
6. Of the committed contributions, the remaining amount to be paid is **US\$143.85 million**. The ISFD is continuing its consultations to encourage member countries to pay their commitments and make fresh commitments in accordance with the ISFD BOG resolution (ISFD/BG/3-432). This criteria call on member countries to determine the level of their voluntary contributions to the Fund based on a specific criterion that takes into account the country’s real GDP, total exports value and foreign exchange reserves.
7. The Fund is also calling on member countries to consider allocating suitable Waqf land in favour of the ISFD which the ISFD can develop to generate revenues that can enhance its resources in accordance with the ISFD BOG resolution (ISFD/BG/3-433), and requesting

them to inform the ISFD of the procedures that the Fund should follow to obtain financial resources from non-governmental entities in the country.

4. The Fund is also reviewing its investment policy with a view to ensure higher returns and a stable source of income consistent with the resource needs of the IDB poverty reduction programs, as well as the long-term preservation and appreciation of the real value of the invested capital amounts.

II. ISFD OPERATIONS

5. The total approvals of the ISFD in 2018 amounted to US\$229.2 million, compared to US\$175.6 million in the year before. As for cumulative approvals of the Fund (2008-2018), these have amounted to 127 operations (loans & grants) for 34 member countries, to which the ISFD has contributed US\$1.185 billion. Out of the total approved projects, about 80% have been allocated to the Least Developed Member Countries (LDMCs).
6. The main sectors of operations (i) Agriculture (including Rural Development), which accounted for around 45 percent of the ISFD financing, and (ii) Education (including vocational training), which accounted for around 24 percent of the ISFD financing.
7. The ISFD has supported the “Enrolment and Retention of Out-of-School Children Program”. The overall goal of the program is to promote inclusive and equitable quality education and lifelong learning for all. The key result of the program is to enroll and retained in school 2.4 million out-of-school children and establish 8,800 new schools. The total cost of the program is estimated at US\$375.3 million of which the ISFD will contribute US\$100.0 million over two years (2018 and 2019).
8. Second Generation of the Alliance to Fight Avoidable Blindness: ISFD BOD has approved a contributions of US\$5.0 million in 5 years for this program, although the targeted resources to be mobilized in 5 years was US\$25.0 million for 100,000 eye operations, however, the actual commitments made had amounted to US\$250.0 million for 1.5 million eye operations and 10 million cases of eye examinations and medical glasses for school children. The Alliance official announcement was signed by all partners in a side meeting during the Annual Meeting of the IDBG in Tunisia, on 4 April 2018. A Declaration by the majority of the Alliance members to support the program was also signed at the margins of the 44th Annual Meeting of the IDB Board of Governors on 5 April 2019 in Marrakesh, in Morocco.

Resource Mobilization for Awqaf Development:

9. Since the adoption of resolution No. ISFD/BG/3-433) in 2012, the ISFD has spared no efforts in encouraging member countries to allocate Waqf assets to the Fund. As at 31 January 2018, the number of countries that have allocated plots of land to the ISFD within the framework of the Waqf program stood at 4: Benin, Burkina Faso, Comoros and Cote D'Ivoire.

Benin

10. The land allocated to ISFD in Benin has been valued at US\$5.7 million (valuation done in 2014). The Groundbreaking Ceremony was held in Cotonou on 8 February 2016. ISFD is now in the process of hiring a project manager, and the Government of Benin has agreed in principle to provide tax and customs duty concessions to the ISFD for the implementation of the project. Construction is expected to start in September 2018 and finish by September 2021.

Burkina Faso

11. A plot of land has been offered as waqf to the ISFD in a prime area by Burkina Faso in Ouagadougou. The ISFD is now working on the valuation of the land before a thorough feasibility study is undertaken.

Comoros

12. The Government of Comoros allocated a plot of land to the ISFD on the Corniche de Moroni that measures over 5 hectares. The ISFD is now working on the valuation of the land before a thorough feasibility study is undertaken.
13. Expressions of interest to offer Waqf land for the ISFD have been made by Azerbaijan, Bahrain, Cote d'Ivoire, Sierra Leone, Cameroon, Maldives, Togo and Sudan.

Resource Mobilization for ISFD Investment-Based Programs

14. Establishment of Economic Empowerment Funds & Programs: These are Funds and programs that will be constituted from the ISFD capital, income, or on investment basis. The program aims to mobilize resources to establish funds and economic empowerment institutions in member countries to enable the integration of the low-income groups into the productive economy and enhance sustainable development. In 2017, studies and consultations had been carried out between the ISFD and other stakeholders. It is expected

that total value of the EE funds and programs under consideration will exceed US\$4.0 billion. ISFD contribution in any fund or program will range from 10-25%.

15. **IHSAN Waqf Investment Funds (IWIF) with Banks:** The ISFD seeks to establish these Waqf Funds to mobilize resources from philanthropists in member countries. ISFD contributions to these funds will not exceed 20% of each Fund's capital, i.e. the contribution of the philanthropists will be 80% or more. The income of the entire invested amount will be allocated for ISFD programs for poverty alleviation. IWIF funds that are currently under establishment are as follows:
16. **IWIF for Al Quds:** The Fund has also developed innovative resource mobilization products, such as "Cash Waqf Sukuk" and "Ihsan Waqf Investment Fund (IWIF)". The ISFD is currently using IWIF to create a US\$100.0 million special fund for Al Quds. It is working on developing this initiative with Al Taawun Foundation, Jordan Commercial Bank and other partners to supplement this amount. The ISFD signed an MOU with the partners in Al Quds Fund on 5 April 2018 so that it can move ahead with the establishment of the Waqf, whose income will be allocated to the people of Al Quds to improve their standard of living.
17. **IWIF with Investcorp in Bahrain:** (Target is US\$150.0 million: ISFD contribution is US\$30.0 million, and US\$120.0 million to be mobilized by Investco). A Letter of Intent from Investco has been received by the ISFD.
18. **Cash Waqf Sukuk:** The ISFD is developing a new resource mobilization product with Malaysian organizations. Cash Waqf Sukuk will be issued under the regulation of Negara Bank. According to this program, the ISFD will issue Cash Waqf Sukuk of up to US\$1.0 billion, with the first issuance of US\$100.0 – 200.0 million (a full RRP has been prepared for consideration/approval by the 60th ISFD BOD).
19. **Micro-Takaful Fund:** The ISFD aims to launch a Micro Takaful Fund in collaboration with ICIEC to provide guarantees for banks and financial institutions to provide loans for member countries and microfinance institutions which the need financial resources to expand their microfinance and Economic Empowerment Programs. Moreover, this fund will enhance the borrowing capabilities of the LDMCs to get more resources for fighting poverty. ISFD contribution is suggested to be US\$50.0 million in 5 years. Another US\$50.0 million is expected to be contributed by other partners. This amount will enable ICIEC to guarantee US\$250.0 million via reinsurance policy.

III. WAY FORWARD

20. 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, tapping non-conventional sources, such as philanthropists, in-kind donations, donations of Waqf lands in member countries, etc.
- Engaging with the private sector under Corporate Social Responsibility (CSR) initiatives, as well as approaching high net-worth individuals and institutions within member countries to solicit contributions to the Fund.
- 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.
- Robust 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 Contributions

As of 20 April 2019

| S.No | COUNTRY | COMMITMENTS (in US\$ 000's) | PAID AMOUNT (in US\$ 000's) | REMARKS |
|-------------------------------------|----------------|--------------------------------|--------------------------------|--------------------------|
| Committed and Fully Paid | | | | |
| 1 | Saudi Arabia | 1,000,000 | 1,000,000 | Fully Paid |
| 2 | Kuwait | 300,000 | 300,000 | Fully Paid |
| 3 | Algeria | 50,000 | 50,000 | Fully Paid |
| 4 | Qatar | 50,000 | 50,000 | Fully Paid |
| 5 | Malaysia | 20,000 | 20,000 | Fully Paid |
| 6 | Kazakhstan | 11,000 | 11,000 | Fully Paid |
| 7 | Egypt | 10,000 | 10,000 | Fully Paid |
| 8 | Pakistan | 10,000 | 10,000 | Fully Paid |
| 9 | Indonesia | 10,000 | 10,000 | Fully Paid |
| 10 | Morocco | 5,000 | 5,000 | Fully Paid |
| 11 | Oman | 5,000 | 5,000 | Fully Paid |
| 12 | Turkey | 5,000 | 5,000 | Fully Paid |
| 13 | Tunisia | 5,000 | 5,000 | Fully Paid |
| 14 | Gabon | 4,000 | 4,000 | Fully Paid |
| 15 | Jordan | 3,000 | 3,000 | Fully Paid |
| 16 | Yemen Republic | 3,000 | 3,000 | Fully Paid |
| 17 | Burkina Faso | 2,200 | 2,238 | Fully Paid |
| 18 | Bahrain | 2,000 | 2,000 | Fully Paid |
| 19 | Syria | 2,000 | 2,000 | Fully Paid |
| 20 | Cameroon | 2,000 | 2,000 | Fully Paid |
| 21 | Nigeria | 2,000 | 2,000 | Fully Paid |
| 22 | Guinea | 2,000 | 2,000 | Fully Paid |
| 23 | Lebanon | 1,000 | 1,000 | Fully Paid |
| 24 | Iraq | 1,000 | 1,000 | Fully Paid |
| 25 | Suriname | 500 | 500 | Fully Paid |
| 26 | Azerbaijan | 300 | 424 | Fully Paid |
| 27 | Uzbekistan | 300 | 300 | Fully Paid |
| 28 | Mozambique | 200 | 200 | Fully Paid |
| Committed but Partially Paid | | | | |
| 1 | Iran | 100,000 | 65,000 | 1st & 2nd Installment |
| 2 | Sudan | 36,100 | 944 | 1st Installment |

| | | | | |
|-------------------------------|---------------|--------|-------|-----------------|
| 3 | Bangladesh | 13,000 | 7,000 | 1st-7th Insts. |
| 4 | Benin | 12,250 | 940 | 1st Instalment |
| 5 | Brunei | 3,000 | 2,000 | 1st Installment |
| 6 | Togo | 2,000 | 1,000 | 1st Installment |
| 7 | Gambia | 1,220 | 12 | 1st Installment |
| 8 | Sierra Leone | 1,000 | 300 | 1st Installment |
| 9 | Palestine | 500 | 186 | 1st Installment |
| 10 | Turkmenistan | 300 | 100 | 1st Installment |
| Committed but Not Paid | | | | |
| 1 | Senegal | 10,000 | - | No payment |
| 2 | Cote d'Ivoire | 5,000 | - | No payment |
| 3 | Mauritania | 5,000 | - | No payment |
| 4 | Mali | 4,000 | - | No payment |
| 5 | Chad | 2,000 | - | No payment |
| 6 | Niger | 2,000 | - | No payment |
| 7 | Maldives | 1,000 | - | No payment |
| 8 | Comoros | 650 | - | No payment |
| 9 | Guinea-Bissau | 200 | - | No payment |
| 10 | Uganda | 100 | - | No payment |
| 11 | Albania | 10 | - | No payment |
| No Commitment | | | | |
| 1 | Afghanistan | | - | No commitment |
| 2 | Djibouti | | - | No commitment |

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|--------------------|--------------------------|------------------|------------------|---------------|
| 3 | Guyana | | - | No commitment |
| 4 | Kyrgyz Republic | | - | No commitment |
| 5 | Libya | | - | No commitment |
| 6 | Somalia | | - | No commitment |
| 7 | Tajikistan | | - | No commitment |
| 8 | UAE | | - | No commitment |
| | | | | |
| 1 | Islamic Development Bank | 1,000,000 | 1,000,000 | Fully Paid |
| Grand Total | | 2,705,830 | 2,585,221 | |

| ISFD Resources in-kind: | | (in US\$ 000's) |
|--------------------------------|-----------------|------------------------|
| 1 | Benin Waqf Land | 5,355 |
| 2 | Burkina Faso | To be determined |
| 3 | Comoros | To be determined |
| 4 | Cote d'Ivoire | To be determined |