



ICD's Progress Report

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Brief Information about ICD

The Year of Establishment	1999
Headquarters	Jeddah, Saudi Arabia
Member	The Islamic Development Bank Group
Mandate	Support the economic development of member countries through provision of finance to private sector projects in accordance with the principles of the Shari'a law.
Authorized Capital	US\$4 Billion
Paid-up Capital	US\$1.6 Billion
Cumulative Approved Projects Since Inception	US\$7.6 Billion
Cumulative Disbursements Since Inception	US\$4.2 Billion
Cumulative Approvals by Sector	Finance Sector (SME Financing) = 53% Industry and Mining = 18% Funds=7% Energy Sector = 6% Other Sectors = 16%
Total Number of Member Countries Served Since Inception	50
Number of Projects	524

1. The Islamic Corporation for the Development of the Private Sector (ICD), a member of Islamic Development Bank (IsDB) Group, currently has an authorized capital of \$4 billion and its shareholders feature 55 OIC member states and 5 public financial institutions. The mandate of the ICD is to support the economic development of OIC member states through the provision of finance, advisory and technical assistance to private sector projects in accordance with the principles of Sharia.
2. Thanks to twenty-two years record of accomplishment of strong developmental and operational footprint, ICD keeps bringing innovative private sector solutions and serve as a bridge between private investment and sustainable development in its 55 member countries. As of end of first quarter of 2023, ICD's gross cumulative approvals stand at \$7.7 billion, and cumulative disbursements totals \$ 4.2 billion.
3. 2022 was a year marked by global economic recovery, but also continued to suffer from challenges created by the ongoing Russian- Ukrainian War, interest rate hikes and global supply chain disruptions. These challenges have continued to spillover in 2023, and the effects could be clearly noted on the slowdown of operations across global financial institutions & multilateral development banks. Against this challenging backdrop, ICD has achieved solid progress in fostering private sector development in its member countries.

4. Specifically, in order to address the private sector development related challenges facing its member countries, during the year of 2022, ICD has approved a total amount of \$565 million financing. In terms of product breakdown, 2022 approvals consisted of line of finance (LoF) (66% share) and term finance (34% share), underpinned by a re-aligned approach to focus ICD's business model on credit financing. In addition to the above, during 2022, in order to assist its member countries to mobilize resources for private sector development, ICD signed new sukuk mandates as well as advisory transactions.
5. Sectoral as well as regional ICD project distribution was also in line with ICD's 10-Year Strategy. In 2022, 67% of new project approvals were earmarked for the finance sector, followed by energy (24%) and industry & mining (9%). Regionally, Sub-Saharan Africa accounted for most of the approvals, while disbursements are the highest in Asia. ICD has identified job creation, inclusive growth, and promotion of Islamic Financing as major elements of its strategic plan. These strategic dimensions are also important to ICD's contribution to help its member countries for achieving the SDGs. In that sense it is important to highlight that ICD's approved projects in 2022 envision to create more than 15,000 new jobs.
6. On the partnership development front, ICD has been working very closely with other IsDB Group entities, namely ITFC and ICIEC, to foster greater intra-group partnerships and cooperation. This was achieved through regular Technical Coordination Committee (TCC) meetings and Entities' CEOs Meetings. The activities of the TCC were quarterly reviewed by the CEOs of the respective entities. Since its establishment, TCC enabled the entities to share more than 40 deals with a total value higher than \$3 Billion in 21 different member countries. Accordingly, 2022 was a successful year for TCC in terms of engagements, the shared deal pipeline and approvals.
7. During the year of 2022, ICD also witnessed strong financial and political support from its shareholders as evidence of recognition for its imperative role in private sector development. As part of the ICD 2nd General Capital Increase, which was approved by the General Assembly on June 11th, 2015, \$828 million was subscribed out of \$1 Billion capital available for subscription (equivalent to 83% subscription rate). On the payment front, ICD has received a total of more than \$685 million in capital payments from its shareholders since the beginning of the 2nd General Capital Increase.
8. In order to better serve its member countries, ICD has also prepared a Transition Plan for 2023, which is centered on three key pillars: 1) Core Mandate Realignment, 2) Enhancing Governance and 3) Organizational Excellence. During the first quarter of 2023, ICD achieved robust progress in the implementation of its Transition Plan. In particular, the approvals and disbursements for promoting the private sector in ICD member countries surpassed the achievements in the same period for 2022, and stood at \$105Mn and \$67Mn, respectively.
9. In the area of core mandate realignment, ICD has developed more than \$500Mn worth of pipeline of line of finance and term finance transactions in Sub-Saharan

Africa, Asia, MENA and Europe Regions. In the addition, the Corporation achieved good progress in the rehabilitation & restructuring of legacy portfolio. As for enhancing the governance, ICD has set up a Governance Enhancement Taskforce to prepare ICD's Governance Framework as well as identify and develop key policies. As far as organizational excellence is concerned, ICD has completed the high-level organizational refinement and launched new functions such as organizational performance and partnerships.

10. Developing Manufacturing Sector

In 2022, ICD's work helped to build up manufacturing sector and enable its growth and innovation in its member countries. During the year, ICD extended a EUR 22.50 million facility using an Ijarah structure to Abul Khair Strips Processing Limited (AKSPL), a subsidiary of Abul Khair Group in Bangladesh. Abul Khair Group is one of the largest conglomerates in Bangladesh, having a strong foothold in the steel, cement, ceramics and fast-moving consumer goods (FMCG) market segments. The Group is currently the market leader in steel and cement products in Bangladesh. AKSPL, the beneficiary of ICD financing, produces intermediate products required for roofing and fencing in rural and industrial areas. ICD's financing enabled AKSPL to expand its capacity from 305,000 metric tons (MT) to 505,000 MT and add new products to its portfolio by procuring equipment from Italy's Danieli, one of the most renowned steel equipment manufacturers in the world. The project has had a very strong development impact in terms of employment creation, technology transfer and improving local capacities. The total number of jobs generated from this new project is estimated to be 800. The project was implemented by in-house engineers within the Abul Khair Group with the help of the equipment supplier. With the addition of the new production lines, the company was able to enhance the quality of its existing products and increase product offerings to clients worldwide.

11. Sustaining Access to Energy

As part of its mandate to improve access to energy and electricity in its member countries, ICD also financed major projects in 2022. Stone City Energy B.V. (the "Investor" or the "Founding Sponsor") was established in 2019 to help Uzbekistan increase energy efficiency and electrical output as well as to strengthen the country's energy security. This is expected to be achieved by the development of a 1,560 MW Combined Cycle Gas Turbine (CCGT) power plant (the "Project") to be located in the Surkhandarya region of Uzbekistan. Following a series of negotiations, SCE-Quvvat LLC (the "Project Company") was established in March 2021 and the Power Purchase Agreement (PPA) and the Investment Agreement (IA) were executed between the Company and the relevant Uzbek government entities and ministries in April 2021. Since then, Stone City Energy B.V., the founding sponsor of the Company has brought international energy market players in as partners to develop the project. Given the country's strong GDP growth trajectory as well as its aging fleet of thermal power plants, investment in modern CCGT projects is one of Uzbekistan's key strategies. The replacement of existing old gas fired power plants with new and efficient CCGT plants during the first half of this decade will be a significant step and is in line with Uzbekistan's goal of achieving a carbon-

neutral electricity sector by 2050. In addition to its main objective of power production, the project will also fulfil a strategic role for the stability of Uzbekistan's power grid.

12. Scaling up SMEs:

Small and medium-sized enterprises (SMEs) and entrepreneurs are fundamental to economic growth, competitiveness, and job creation. By nature innovative and opportunity-seeking, their viability will be critical to any post-crisis recovery. To this end, SMEs must be supported with a sharpened focus on building sustainability and resilience to enable them to make a greater contribution to a post-pandemic economic revival. With the coronavirus shifting into an endemic phase, there has been a strong rebound in demand in both domestic and overseas markets. Despite this, SMEs are still currently facing several headwinds underpinned by the ongoing conflict in Ukraine, recurring lockdowns in China and rising inflation. This includes problems such as labour shortages, rising costs of raw materials, supply disruptions, difficulty in obtaining loans and, as of late, higher borrowing costs. A lack of appropriate forms of finance has long been a hurdle for SMEs and prevented them from reaching their full potential, with varying degrees of severity of financing constraints across member countries. Informal SMEs in particular may be unserved or underserved by financial institutions. Capital gaps also exist for innovative and growth-oriented firms, as well as for medium-sized enterprises that seek to invest and expand, and for SMEs seeking to undertake green investments. In 2022, ICD provided more than \$300Mn lines of finance to partner financial institutions in its regions of operations in order to support SMEs.

13. Providing Onward Home Financing to Consumers

In line with the National Transformational Plan (Vision 2030), the Saudi government aims to double the contribution of real estate to the country's GDP to 10% and increase home ownership by Saudi nationals to 70% by 2030. To achieve this, various measures have been initiated, such as incentivizing developers and building affordable housing projects. The Saudi government's focus on the real estate sector, as part of the diversification process of the economy, is anticipated to boost the residential market over the coming years. Consequently, ICD extended USD 30.00 million Commodity Murabaha to Bidaya Home Finance (BHF) for the financing of its home mortgage portfolio and the refinancing of its existing debt. The developmental impact of the project is significant and includes i) assisting Saudi Arabia in addressing its growing demand for housing, and b) provide financing for BHF to enhance its portfolio and encourage home ownership in Saudi Arabia. The project will contribute to at least four Sustainable Development Goals (SDGs): SDG8 (Decent Work and Economic Growth), SDG9 (Industry, Innovation, and Infrastructure), SDG11 (Sustainable Cities and Communities), and SDG17 (Partnership for the Goals)

14. Overall, ICD has achieved solid progress in all its strategic targets for promoting the private sector in its member countries including operational growth through core mandate realignment, enhancing the governance framework, and promoting the organizational excellence.