



ICD's Progress Report

Submitted to
40th FOLLOW-UP COMMITTEE MEETING OF COMCEC

May 2024

Ankara

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\$8.3 Billion |
| Cumulative Disbursements Since Inception | US\$4.6 Billion |
| Cumulative Approvals by Sector | Finance Sector (SME Financing) = 52% Industry and Mining = 18% Funds=6% Energy Sector = 7% Other Sectors = 16% |
| Total Number of Member Countries Served Since Inception | 51 |
| Number of Projects | 534 |

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 56 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-five years record of accomplishment of strong developmental and operational footprint, ICD continues delivering innovative private sector solutions and serve as a bridge between private investment and sustainable development in its 56 member countries. As of end of first quarter of 2024, ICD's gross cumulative approvals stand at \$8.3 billion, and cumulative disbursements totals \$ 4.6 billion.
3. Global growth is projected to remain subdued in 2024, given tight monetary policy and more restrictive credit, and downside risks abound from escalating regional conflicts. Despite the uncertain outlook, there are bright spots: Inflation is expected to continue declining, and stronger global growth is expected in 2025 if monetary policy loosens in advanced economies.

4. In order to address the private sector development related challenges facing its member countries in 2023, ICD has approved a total amount of \$532 million financing. In terms of product breakdown, 2023 approvals consisted of line of finance (LoF) (76% share), term finance (23% share), and equity (1%), underpinned by a realigned approach to focus ICD's business model on credit financing. In addition to the above, during 2023, 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 2023, Sectorally, (76%) 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%), transportation (5%) and energy (5%). In terms of regional distribution, (35%) of project approvals were allocated to Europe and Central Asia, followed by Asia (25%), Middle East and North Africa (MENA) (20%), sub-Saharan Africa (SSA) (19%), with one regional project based in Asia (1%). On disbursements, 2023 saw a significant increase in efficiency. With a total distribution of USD 439 million (compared to USD 310.53 million in 2022), the finance sector made up the bulk of the disbursements (86%), while the remaining (13%) went to the industry and mining sector. Overall, the disbursement-to-approval ratio stood at 83%, a remarkable leap from 2022's 55%.
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. In 2023, TCC enabled the entities to approve deals with a total value of \$394 million, organized 31 joint events, and developed 7 country programs under the Arab Africa Trade Bridges (AATB) program. Accordingly, 2023 was a successful year for TCC in terms of engagements, the shared deal pipeline and approvals.
7. During the year of 2023, 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 \$686 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 prepared its 2024 Operations Plan designed around three strategic pillars: Sustainability, focusing on business and financial robustness; Efficiency, enhancing governance and operational delivery; and Inclusiveness, to maximize stakeholder value.

9. During the first quarter of 2024, ICD achieved robust progress in the implementation of its Operations Plan. In particular, the approvals and disbursements for promoting the private sector in ICD member countries stood at \$65Mn and \$112Mn, respectively.
10. In the area of core mandate realignment, ICD has developed more than \$600Mn worth of pipeline of line of finance and term finance transactions in Sub-Saharan Africa, Asia, MENA and Europe Regions. In addition, the Corporation achieved good progress in the rehabilitation & restructuring of legacy portfolio. As for enhancing the governance, ICD has achieved good progress in enhancing its key policies.
11. In terms of development outcomes, ICD's interventions in 2023 have led to substantial social and economic benefits. Through its financing interventions, the organization has supported the creation and sustainability of approximately 89,000 jobs and has extended significant financial assistance to over 2,480 SMEs, summing up to USD 190 million. These efforts are strategically aligned with the SDGs, particularly those related to economic growth, industry innovation, and infrastructure development. ICD's focus extends beyond financial inputs to include the enhancement of capacities and frameworks that support sustainable and inclusive economic expansion.
12. In 2023, ICD endeavored to pursue its developmental goals as prescribed by its Islamic Finance development mandate. In total, 751,340 clients gained access to Islamic finance due to ICD interventions. Additionally, there were 93,092 new Islamic finance clients, out of which 30,402 were women. For small and medium-sized enterprises (SMEs), 2,480 were supported through ICD financing, and out of these, 610 were led or managed by women. Employment-wise, the interventions helped sustain 89,226 jobs and specifically sustained 24,403 jobs for women. Moreover, the efforts led to the creation of 14,700 new jobs.
13. Looking ahead, ICD continues to face the challenge of scaling up its contributions to meet the ambitious targets of the SDGs amid fluctuating global economic conditions and ongoing geopolitical tensions. The organization is committed to strengthening its role as a facilitator of sustainable development through strategic partnerships, innovative financial products, and a concerted focus on sectors and regions that are pivotal for holistic development. The overarching goal remains to not only bridge financial gaps but also to foster a conducive environment for sustainable development across its member countries.
14. The following section highlights three notable success stories that demonstrate the transformative impact of ICD's investments in the private sector. These case studies illustrate how strategic financial support can drive economic growth, create jobs, and foster sustainable development in member countries. Each story showcases a

different sector—manufacturing, energy, and industrial development—emphasizing the diverse ways in which ICD's interventions contribute to closing the Sustainable Development Goals (SDGs) gap and promoting prosperity. From enhancing industrial production in Bangladesh to increasing energy capacity and supporting community development, these success stories provide compelling evidence of ICD's commitment to enabling enterprise and building a better future.

a. Decent Work and Economic Growth. Success Story 1: Rangpur Metal Industries Limited (RMIL)

Rangpur Metal Industries Limited (RMIL), a major subsidiary of the PRAN-RFL Group, has made significant strides in Bangladesh's industrial sector. Located in Habiganj Industrial Park, RMIL's operations encompass the production of electrical and data cables, bicycles, metal and wooden furniture, kitchen sinks, and gas stoves. Since its inception in 2014, RMIL has grown to become a market leader. With the assistance of the ICD, RMIL received several facilities totaling USD 50 million, including the latest facility of USD 20 million. This financial support has enabled RMIL to sustain 5,443 jobs, including 712 female positions, and create 2,474 new jobs, with 12 positions allocated to women. Additionally, RMIL contributed USD 8,966,050 in government revenues and made USD 32,236,206 in local purchases.

The impact of RMIL extends beyond its immediate economic contributions. The company started its export business in 2015, producing high-quality bicycles that comply with global standards and are popular internationally due to their quality, quick delivery, and competitive pricing. RMIL's products are supplied to well-known global partners such as Sports Direct, Toys R Us, Argos, S'COOL Bike, Decathlon, and Tandem Group Cycle. The continued expansion of RMIL's production capacity not only boosts local employment but also helps tackle poverty and uplift marginalized communities. The company's commitment to social responsibility is evident in its efforts to build schools and medical clinics, train individuals, and empower community members to participate in the economic cycle.

b. Affordable Energy. Success Story 2: Ace Alliance Power Limited (AAPL)

Ace Alliance Power Limited (AAPL) is a notable success story in Bangladesh's energy sector. This 149-megawatt power plant, a venture of Summit Power Limited (SPL) and Summit Corporation Limited (SCL), is situated approximately 40 kilometers north of Dhaka. The ICD provided AAPL with a USD 25 million term finance facility. This project has been rated "Successful" due to its significant contributions to the local economy and energy capacity. AAPL added 149 MW of energy capacity, generating roughly 809,133,000 kilowatt-hours. The project sustained 93 jobs, with 64 permanent positions paying annual salaries above BDT 36,000. Additionally, AAPL purchased USD 3,234,758 worth of goods and services locally and contributed USD 27,753 to community development through Corporate Social Responsibility (CSR) initiatives.

The rationale for ICD's involvement in AAPL centered around its alignment with the country's development initiatives and ICD's strategic goals. AAPL has helped create

local employment opportunities, prioritizing the hiring and training of local residents. By addressing Bangladesh's power shortage, AAPL plays a crucial role in supporting the country's economic growth and poverty reduction efforts. This project not only increases energy capacity but also exemplifies how strategic investments in infrastructure can lead to broader socio-economic benefits, including improved employment rates and community development.

c. Industry and Innovation. Success Story 3: Abul Khair Strip Processing Limited (AKSPL)

Abul Khair Strip Processing Limited (AKSPL), part of the Abul Khair Group, is the largest multi-diversified steel manufacturing company in Bangladesh. Established in 1993, AKSPL has become a leader in the construction steel industry, providing comprehensive solutions in structural steel. ICD supported AKSPL with a term finance facility of EUR 22.5 million. The project was rated "Successful" due to its positive development outcomes. AKSPL sustained 1,476 jobs, including 117 female positions, and created 246 new jobs, with 54 allocated to women. The company made local purchases worth USD 38,700,000 and contributed USD 1,000,000 to community development through CSR initiatives.

AKSPL's success is also attributed to its integration of resource and environmental considerations, which have led to reduced energy and resource consumption. The company emphasizes continuous improvement and innovation, holding ISO 9001:2008 certification. AKSPL's increased production capacity aims to meet local demand for Corrugated Iron (CI) sheets and cater to the South Asian export market. By reducing import costs for raw materials and increasing production efficiency, AKSPL supports the local economy while promoting sustainable industrial practices. This project demonstrates how strategic investments in industrial capacity can lead to significant economic and environmental benefits.

15. 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.

Proposed Recommendations by ICD to be captured in the Report.

- **Taking into consideration** to the crucial role of private sector financing in mobilizing private investments and ensuring sustainable economic growth of the Member States, the Committee invited the Member States to better utilize the facilities of the ICD through the solid projects aimed at creating competition, entrepreneurship, and employment opportunities.
- The Committee **took note** that as of end of first quarter of 2024, ICD's gross cumulative approvals stand at \$8.3 billion, and cumulative disbursements totals \$ 4.6 billion.

- The Committee **took note with appreciation** the dedicated cooperation efforts of ICD to develop more than 7 joint transactions worth over \$150Million where ICD partnered with ITFC and ICIEC during last year to capture synergies across Islamic Development Bank Group Entities.
- The Committee **took note** contribution of ICD to address the private sector development including Lines of Finance, Term Finance, and Equity projects in OIC member countries through its \$750 million approval allocation, and takes note with appreciation of its outstanding accomplishments in Q1 2024.