



ICD's Progress Report

Submitted to
40th SESSION OF THE COMCEC

November, 2-5 2024

Istanbul

Section 1: 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\$8.8 Billion
Cumulative Disbursements Since Inception	US\$4.9 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	52
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 date, ICD's gross cumulative approvals stand at \$8.8 billion, and cumulative disbursements totals \$ 4.9 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.

Section 2: ICD`s 2024 Activities to Promote the Private Sector:

4. In order to address the private sector development related challenges facing its member countries, during the first eight months of 2024, ICD has approved a total amount of \$440 million financing. In terms of product breakdown, 2024 approvals consisted of line of finance (LoF) (51% share) and direct finance (49% share), underpinned by a re-aligned approach to focus ICD's business model on credit financing.
5. Sectoral as well as regional ICD project distribution was also in line with ICD's 10-Year Strategy. In 2024, on sectorial basis, (51%) of new project approvals were earmarked for the finance sector, followed by non-financial sector investments focusing on high-impact sectors such as transportation (24%), manufacturing (11%), healthcare (10%), and energy (3%). In terms of regional distribution, 33% of project approvals were allocated to Sub-Saharan Africa, followed by Europe and Central Asia (28%), Asia (26%) and Middle East and North Africa (MENA) (13%). On disbursements, 2024 saw a significant increase in efficiency. With a total distribution of USD 414 million during the first eight months of 2024, the finance sector made up the bulk of the disbursements (69%), while the remaining (31%) went to the corporate and project finance products. Overall, the disbursement-to-approval ratio stood at 94%, a remarkable leap from 2023's 83%.
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 2024, TCC enabled the entities to approve deals with a total value of more than \$200 million, organized 7 knowledge sharing and workshop events, and developed a country program in Uzbekistan. Accordingly, 2024 continues to be a successful year for TCC in terms of engagements, the shared deal pipeline and approvals.
7. During the year of 2024, 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 \$688 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. In the area of core mandate realignment, ICD has developed more than \$300Mn worth of pipeline of line of finance and direct finance transactions to be approved by year-end 2024 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.
10. In particular, ICD have made significant strides in revising its policies in 2023 and continue the strong momentum in the first 8 months of 2024, with 5 approved Policies and another 5 that are planned to be approved in the remainder of 2024. These include updates to credit policies, and Risk Appetite Framework. These policy updates are part of ICD's continuous efforts to enhance its Governance framework and develop a sound decision-making process.
11. During the first 8 months of 2024, ICD has also continued its efforts to bolster organizational excellence with dedicated initiatives focusing on empowering its staff members with training/ skill development programs and engagement enhancement initiatives. The Corporation has also implemented tailored programs to foster a client focused & winning culture along with recalibration of human capacity (having the right staff in the right place).
12. In terms of development outcomes, ICD's approved interventions in 2024 have the potential to lead to substantial social and economic benefits. It is estimated through its financing interventions, ICD and through its partner networks will support the creation and sustainability of more than 9,700 jobs and will extend financing to over 202 SMEs, summing up to roughly USD 295 million.
13. 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.
14. Moreover, ICD continued to maintain strong credit ratings across all major agencies, with an average rating of 'A', reflecting its robust financial health and strategic resilience. The Corporation has recently completed the annual rating review exercise with Fitch and Moody's and both re-affirmed ICD's strong rating with a stable outlook. ICD's consistent ratings affirm the soundness of its financial strategies and unwavering commitment to risk management and sustainable growth.
15. 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, competitive 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.

Section 3: ICD Success Stories on 3 Thematic Areas in 2024

16. 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, sustain jobs, and foster sustainable development in member countries. Each story showcases a different sector emphasizing the diverse ways in which ICD's interventions contribute to closing the Sustainable Development Goals (SDGs) gap and promoting prosperity. These success stories provide compelling evidence of ICD's commitment to enabling enterprise and building a better future.

a. Good Health and Well-being: Success Story 1 - Kokshetau PPP Hospital

17. ICD is playing a pivotal role in financing the Kokshetau PPP Hospital Project in Kazakhstan. This intervention of EUR 45 million aligns with multiple Sustainable Development Goals (SDGs), particularly SDG 3 (Good Health and Well-Being), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation, and Infrastructure), and SDG 17 (Partnerships for the Goals).

18. By supporting the development of a 630-bed multispecialty hospital, the ICD's financing will contribute to the modernization of Kazakhstan's healthcare infrastructure, improve access to quality healthcare services, and foster regional economic growth by creating jobs and facilitating foreign direct investment. The project also aims to enhance medical education and scientific activities, ensuring long-term developmental impacts through improved healthcare delivery.

b. Transportation and Jobs: Success Story 2 - Red Sea Gateway Terminal (RSGT)

19. The ICD intervention in the RSGT Bangladesh project involves a financial commitment of USD 30 million, which is part of the overall financing aimed at equipping, operating, and maintaining the Patenga Container Terminal (PCT), a new container facility in Chittagong, Bangladesh, developed to expand port capacity under a 22-year public-private partnership.

20. This investment aligns with the Sustainable Development Goals (SDGs), particularly SDG 8 (Decent Work and Economic Growth) by generating 450 jobs during construction and 650 jobs during operations, and SDG 9 (Industry, Innovation, and Infrastructure) through the establishment of modern port infrastructure. Moreover, the project supports SDG 17 (Partnerships for the Goals) by fostering international cooperation, including mobilizing funds from global and local development financial institutions. The overall developmental impact includes improving trade efficiency, economic growth, and regional connectivity in Bangladesh Industry and Innovation.

c. No Poverty and Job Creation. Success Story 3: Babylife

21. The ICD intervention in this project involves providing financing through Babylife (Jordan) to fund the new wastepaper and carton recycling facility in the amount of \$25 million. This intervention aligns with several Sustainable Development Goals (SDGs), including SDG 8 (Decent Work and Economic Growth) by sustaining over 400 jobs, SDG 9 (Industry, Innovation, and Infrastructure) through the establishment of the recycling facility, and SDG 17 (Partnerships for the Goals) by involving multiple stakeholders. The project also contributes to environmental sustainability, directly addressing SDG 1 (No Poverty) by fostering economic development in Jordan.

22. 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.

Section 4: Proposed Resolutions:

1- The Committee **commends** ICD for its efforts in promoting private sector development and aiding the economic progress of OIC member states by offering financial support and advisory services to the private sector.

2- The Committee **takes note with appreciation of** the efforts of ICD, which efficiently works towards financing private sector projects including SME projects within its member countries. Since its inception in 1999, the cumulative gross approvals amount to \$8.8 billion, with cumulative disbursements totaling \$4.9 billion.

3- The Committee **welcomes and appreciates** the dedicated cooperation efforts of ICD to develop more than 7 joint transactions worth more than \$200Million where ICD partnered with IsDB Group entities ITFC and ICIEC during 2024 to capture synergies across Islamic Development Bank Group Entities.

4- The Committee **took note contribution of ICD** to address the private sector development including Lines of Finance, Direct Finance, and Equity projects in OIC member countries through its \$750 million and \$598 million approval and disbursement allocation, respectively, and takes note with appreciation of its outstanding accomplishments during 2024.

5- The Committee **commends** ICD's efforts in addressing food security challenge facing OIC member countries including allocation of dedicated \$270 million with a focus on basic food products and agriculture yield enhancement tools.

6- 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.

7- The Committee **encourages** ICD to continue its growth momentum for its financing activities during 2025 and following years in order to address the ever increasing challenges facing the private sector of OIC member countries including access to finance and access to affordable infrastructure.