

THE PRIVATE SECTOR ARM OF THE ISLAMIC DEVELOPMENT BANK GROUP

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Bank Indonesia Conference**

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Section 1: Islamic Development Bank Group

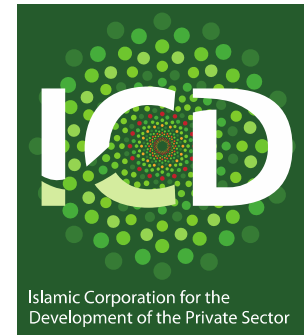
Section 2: Overview of ICD

Section 3: ICD Business Lines

Section 4: Case Studies

Section 1: Islamic Development Bank Group

Islamic Development Bank Group : An Overview



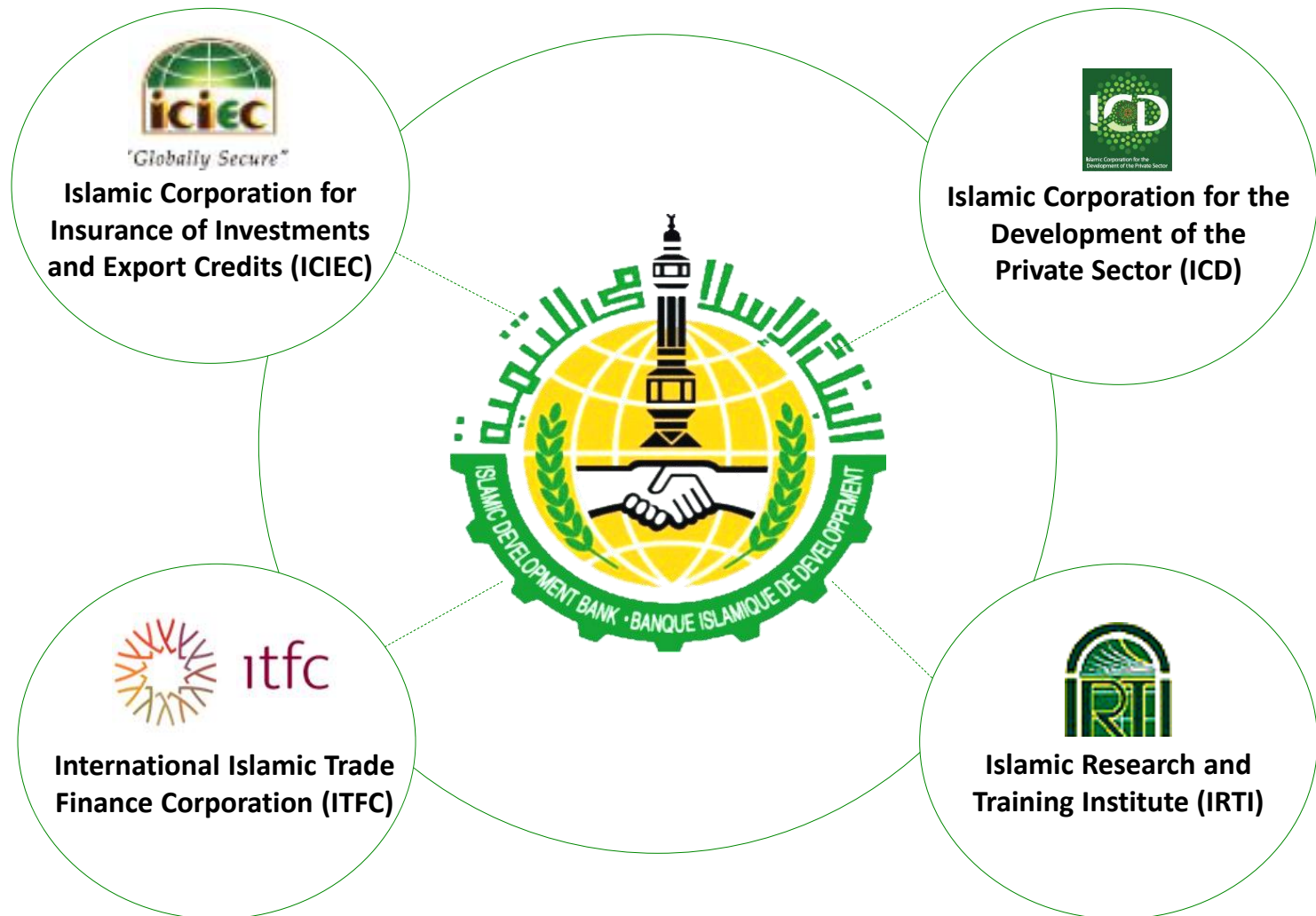
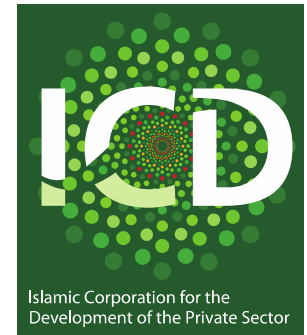
- IDB, headquartered in Jeddah, Saudi Arabia, is a USD 50bn+ bank with 56 member countries mainly located in Asia, Middle East & Africa
- IDB Group Strategic Objectives are:
 - Promotion of Islamic financial industry and institutions
 - Poverty alleviation
 - Promotion of trade cooperation among member countries
- IDB Group Priorities are:
 - Human Development
 - Agriculture Development and Food Security
 - Infrastructure Development
 - Intra-trade Between Member Countries
 - Private Sector Development
 - Research and Development in Islamic Economics, Banking and Finance

IDB Group Mission:

The Mission of IDB is to promote comprehensive human development, with a focus on the priority areas of alleviating poverty, improving health, promoting education, improving governance and prospering the people.



Islamic Development Bank Group : Structure



IDB Group Structure

- Established in 1975
- Provides financing mainly for public sector and PPP projects

**Islamic
Development
Bank (IDB)**

**Islamic Research
& Training
Institute (IRTI)**

- Established in 1981
- Research & Training arm of IDB

**IDB
Group**

**Islamic
Corporation
for Insurance
of Investment
& Export
Credit (ICIEC)**

- Established in 1994
- Provides export credit and investment insurance

**Islamic
Corporation for
the
Development of
the Private
Sector (ICD)**

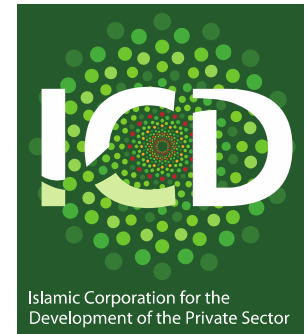
- Established in 1999
- ICD is mainly focused on private sector development in member countries

**International
Islamic Trade
Financing
Corporation
(ITFC)**

- Established in 2008
- Mainly focused on intra-trade development among member countries

Section 2: Overview of ICD

Overview: Mission and Vision

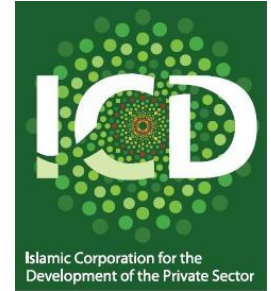


- The Islamic Corporation for the Development of the Private Sector (ICD), is the private sector arm of the Islamic Development Bank (IDB), a multilateral development finance institution
- IDB, headquartered in Jeddah, Saudi Arabia, is a USD 50bn+ bank with 56 member countries mainly located in Asia, Middle East and Africa
- ICD was established in 1999 with an authorized capital of USD 2bn and a membership of 52 countries.
- It is 50% owned by IDB, 20% by public financial institutions and 30% by the member countries
- **The Vision of ICD** is to be a major player in the development of promotion of the private as a vehicle for economic and social growth and prosperity in Islamic countries
- **The Mission of ICD** is to **complement the role played by IDB** through
 - Providing Islamic financial services and products
 - Promoting competition and entrepreneurship in member countries
 - Advising governments and businesses
 - Encouraging cross border investments

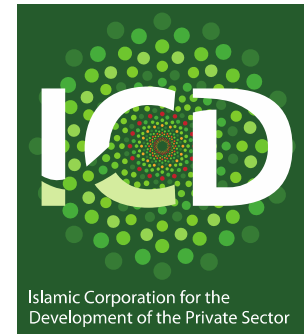


ICD's Vision and Mission

- **The Vision of ICD** is to be a major player in the development and promotion of the private sector as a vehicle for economic and social growth and prosperity in Islamic countries
- **The Mission of ICD** is to complement the role played by IDB through
 - Providing Islamic financial services and products
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 - Advising governments and businesses
 - Encouraging cross border investments



Overview: Mission and Vision



MENA	West Africa	CIS & Europe	Central & East Africa	East & South Asia	South America
<ol style="list-style-type: none"> 1. Algeria 2. Bahrain 3. Egypt 4. Iran 5. Iraq 6. Jordan 7. Kuwait 8. Lebanon 9. Libya 10. Mauritania 11. Morocco 12. Palestine 13. Qatar 14. Saudi Arabia 15. Syria 16. Tunisia 17. U.A.E 18. Yemen 	<ol style="list-style-type: none"> 1. Benin 2. Burkina Faso 3. Gambia 4. Guinea 5. Guinea Bissau 6. Ivory Coast 7. Mali 8. Niger 9. Nigeria 10. Senegal 11. Sierra Leone 	<ol style="list-style-type: none"> 1. Albania 2. Azerbaijan 3. Kazakhstan 4. Kyrgyzstan 5. Tajikistan 6. Turkmenistan 7. Uzbekistan 8. Turkey 	<ol style="list-style-type: none"> 1. Cameroon 2. Chad 3. Djibouti 4. Gabon 5. Sudan 6. Mozambique 7. Uganda 8. The Comoros 	<ol style="list-style-type: none"> 1. Bangladesh 2. Brunei 3. Indonesia 4. Malaysia 5. Maldives 6. Pakistan 	<ol style="list-style-type: none"> 1. Surinam

52 Member Countries



Overview: ICD Goals & Strategic Objectives



ICD strategic objective is to promote the private sector by: helping create jobs; providing Islamic financing capabilities in all member countries; and providing access to financing.

1440H (2019) Vision

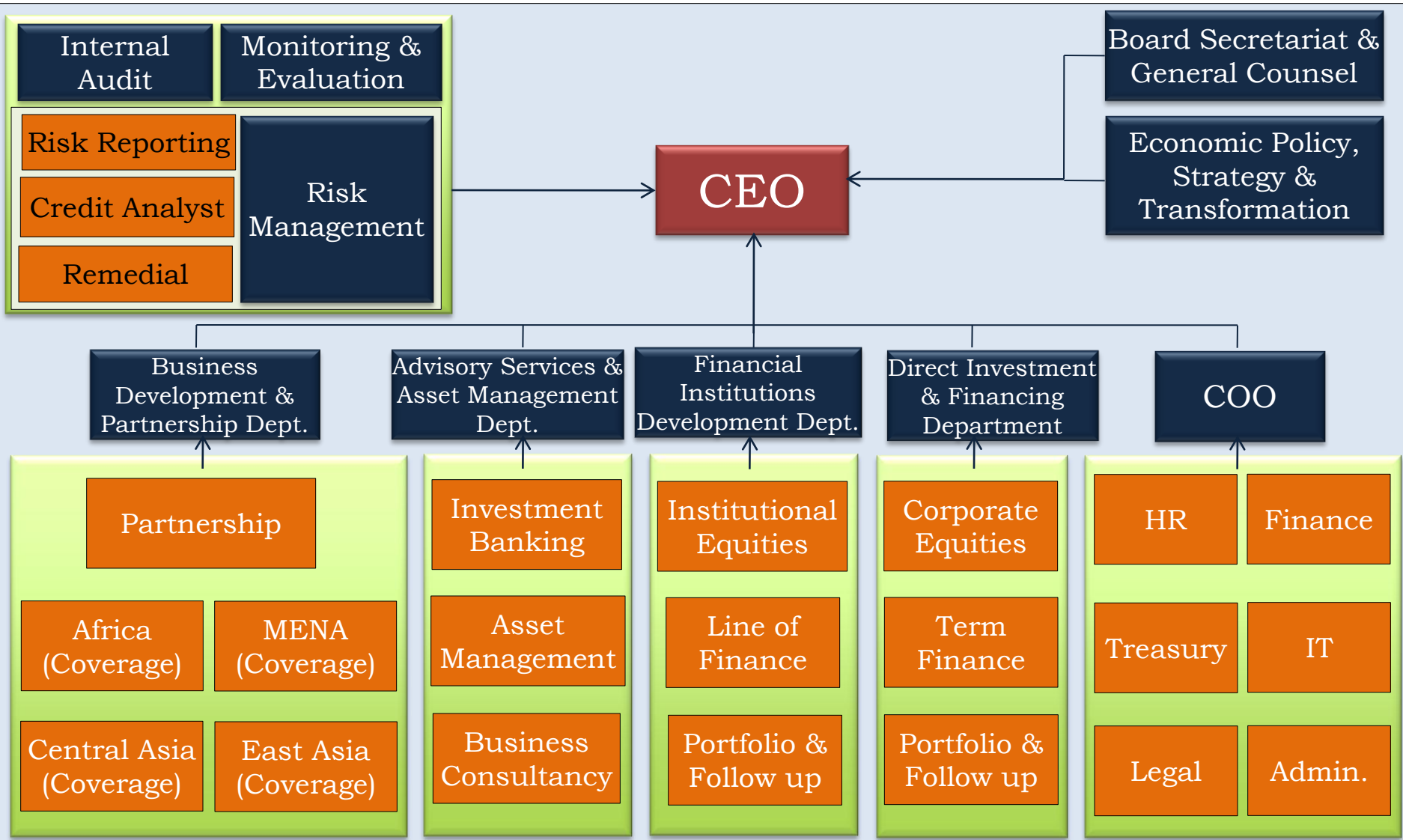
- 1 million jobs created
- 1 million low income families with access to finance
- 50 Islamic finance channels created / developed
- Enabling environment in 10 member countries
- 70% of resources from the market

ICD Goals

- 1 – 2 channels (financial institution investments) per country by 1440
- 3,000 enterprises per channels (SME through to corporations in key sector)
- 10,000 retail users per channel (micro enterprises and lower income families)
- 1 direct investment per country by 1440 (in sectors outside financial services)

Section 3: ICD Business Lines

ICD Organization Structure



Overview: ICD Main Business Lines

Business Development & Partnerships



- The objective is to develop Islamic Financing Channels by promoting and developing financial institutions
- The focus is to develop the market by establishing and investing in the following type of institutions through control and non-control positions:
 - **Islamic Banks**
 - **Ijara Companies**
 - **Takaful Companies**
 - **Mortgage Companies**
- ICD also provides Lines of Financing to institutions to provide SME's access to finance

1. FIDD (Channels)



- The objective is to fund private sector businesses in order to provide capital to expand and grow companies in the real economy
- **Equity Financing:**
 - **Musharaka (Equity)**
 - **Quasi Equity-(D becomes E)**
 - **Equity Funds**
- **Term / Project Financing:**
 - **Ijara (Leasing)**
 - **Mudaraba (Profit Sharing)**
 - **Istisna'a (Manufacturing)**
 - **Murabaha (Cost Plus)**
 - **Purchase and Lease Back**
 - **Diminishing Musharaka**

2. Direct Investments-DIFD



- The objective is to provide investment banking services to governments, portfolio companies and other companies through:
- ICD provides Technical Assistance to countries and projects through its network of consultants, focusing on:
 - Restructuring
 - Islamic Finance
 - Special Economic Zones
- ICD focuses on structuring, raising and managing private equity funds in partnership with investment teams

3. Advisory & Asset Management

ICD Financing Operations

1. Institutional Equity

Equity investment in the **financial** sector

2. Lines of Finance

Debt investment in the **financial** sector. This is provided for SME financing.

1-2 = Financial Institutions Development Department (FIDD)

1. Channels and Lines of Financing

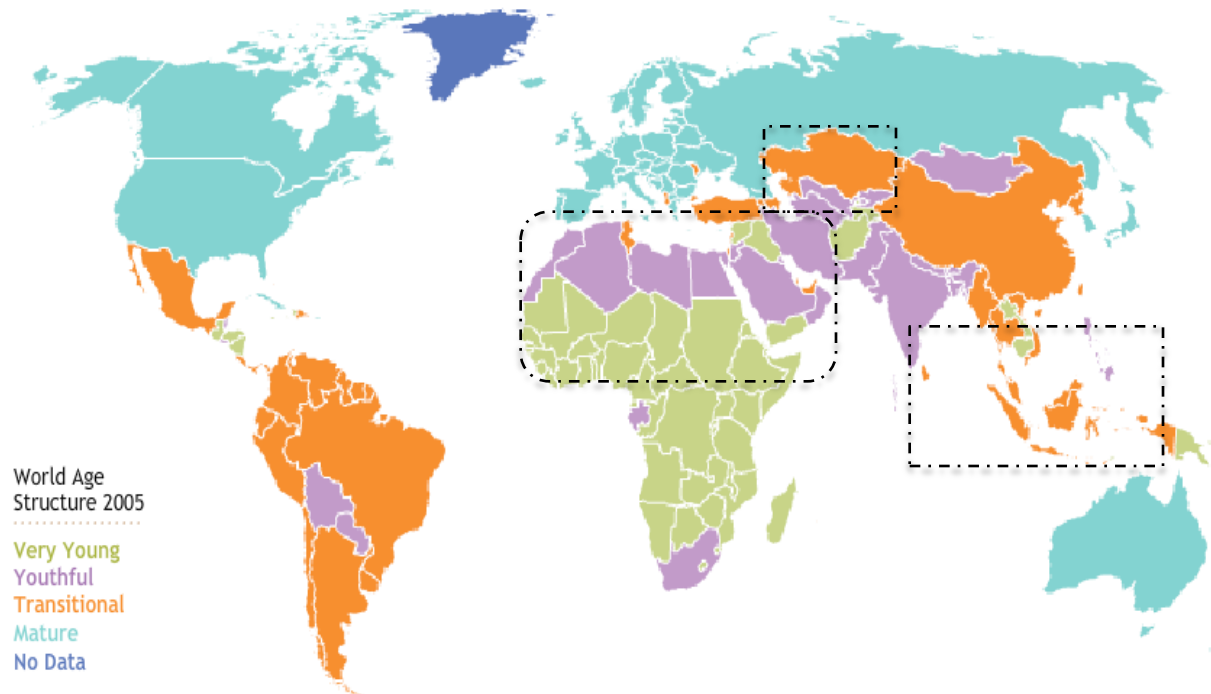
The objective is to Develop Small and Medium sized Enterprises (SMEs) in member countries in partnership with local Financial Institutions (FIs)



IMPORTANCE OF SME SECTOR TO ECONOMIC DEVELOPMENT

TREND ACROSS ICD MEMBER COUNTRIES

Recent unrest in key member countries is led by a young & growing population (the “youth bulge”) that is reacting to economic deprivation

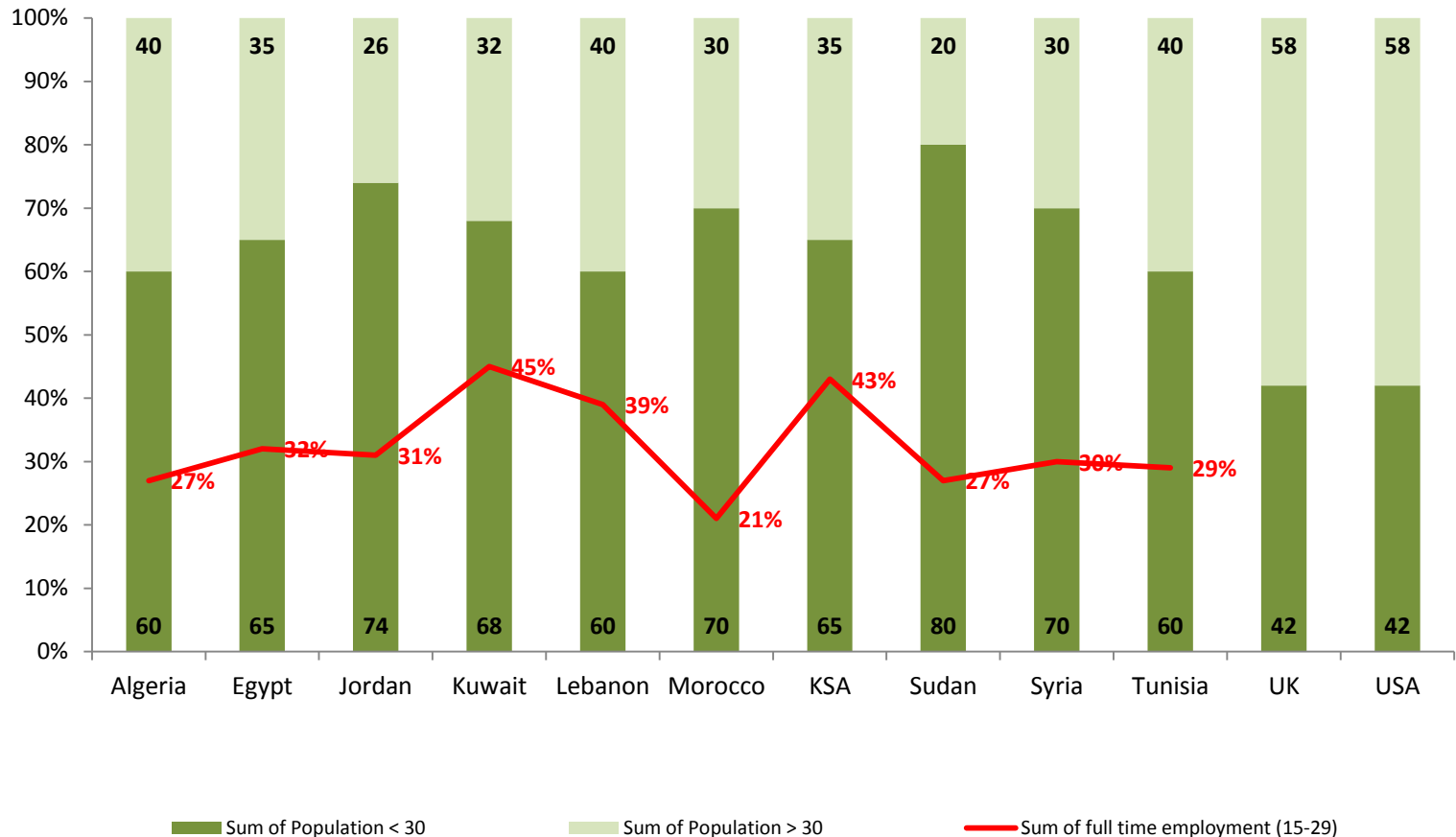


- 60% percent within member countries are under 30 years
- “Youth bulge” is forming with large segment between 15 & 29, with a median age of 24

YOUTH BULGE

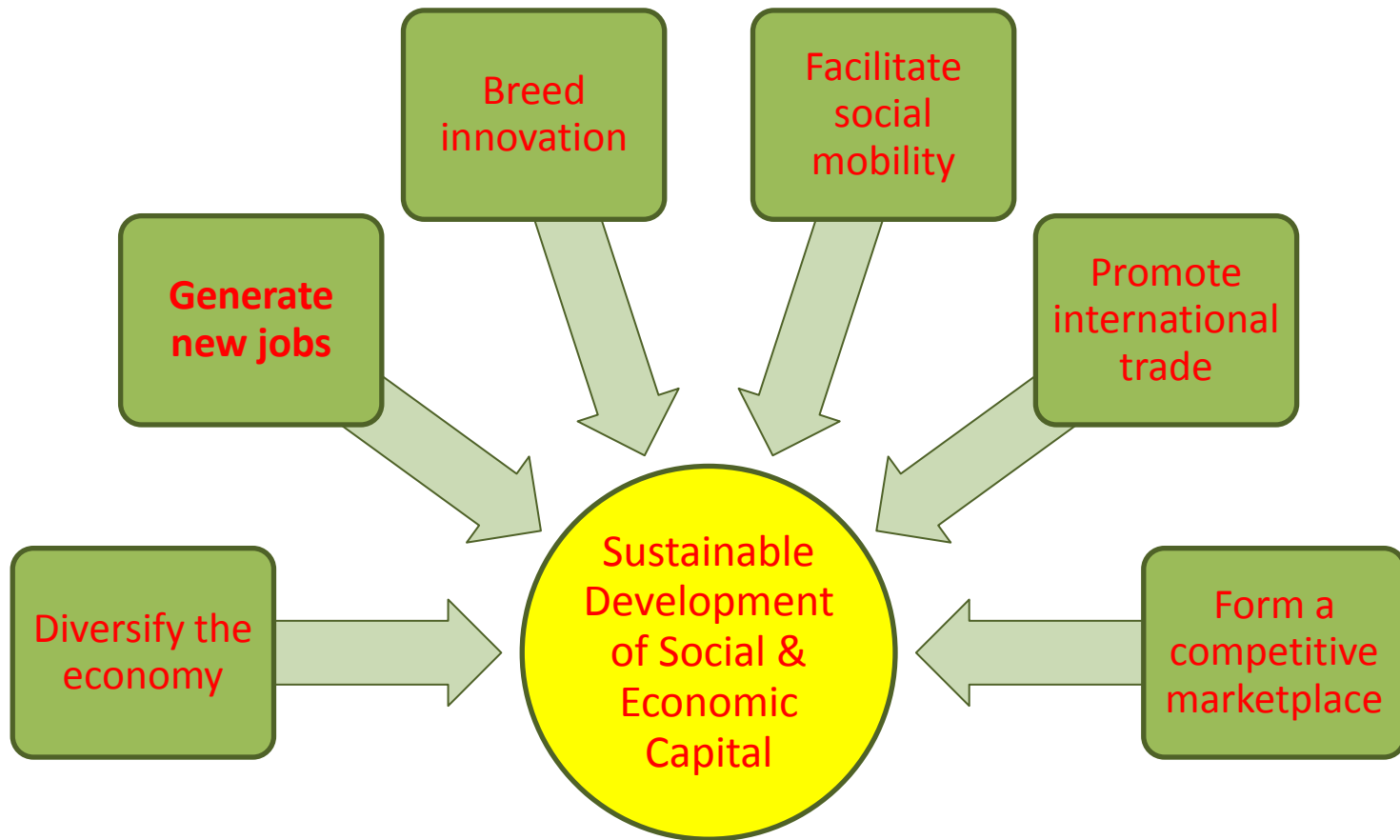
Unemployment is rampant amongst the youth.

As an example, in Middle East and North Africa region, 80-100 million new jobs must be generated by 2020 to keep employment at current levels



SME SECTOR - OPPORTUNITIES

SMEs are recognized as a key source of growth, dynamism, innovation and flexibility.
Hence they are what some economists call the “Backbone” of an economy.



CHALLENGES TO THE SME SECTOR

While SMEs are the most viable contributor to development, significant obstacles exist for the SME sector within member countries

Access to Markets

- Underdeveloped domestic markets (lack of domestic demand), and insufficient access to international markets

Education & Training

- Shortage of professional skills and entrepreneurial approach. High ratio of government employment has limited private sector skills

Policy

- Lack of policies for SME formation and growth (e.g., long registration & licensing times)

Common Challenges in SME Sector Development

Support Services

- Basic services (e.g., licensing, lease premises) can take months to secure, burdening newly-formed enterprises

Social

- Entrepreneurship is not a prestigious track amongst the educated
- Comfortable government jobs, when available, are preferred over the hustle of entrepreneurship

Capital

- Limited availability of equity (e.g. seed capital & growth capital)
- Limited bank financing & onerous requirements (e.g., personal guarantees)

SME SECTOR NEEDS

Governments need to remove hurdles to SME development, while promoting policies and development programs to build sustainable competencies



- *Establishing programs for financing, training and education*
- *Promoting & advising on public policy to encourage SME growth*



- *Removing obstacles to SME establishment & growth – bureaucracy & red tape*
- *Challenging cultural & social stereotypes to entrepreneurship*

The 'Line' Concept

- SMEs have been recognized worldwide as an important engine for growth, creation of employment and reduction of poverty.
- ICD supports SME development in its member countries by providing Lines of Financing to local Financial Institutions (**FIs**) for onward Shariah compliant investment into SME sector.

Selection of Financial Institutions (1)



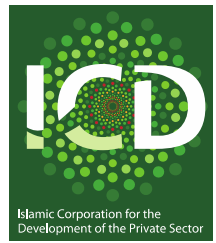
- **Assessment is based primarily on:-**
 - Country's economy & FI's operating environment
 - Effectiveness of local regulations
 - Financial performance
 - Risk profile and risk management
 - Ownership & corporate governance
 - Management quality
 - Size – Shape – Strategy
 - Importance in local financial sector (Market position)
 - Experience in financing SMEs
 - Experience of managing other 'Lines'
 - Desire to introduce Islamic Banking products

Selection of Financial Institutions (2)



- **Absorption Capacity & Pricing derived from ICD's Risk Rating Model:**
 - Based on latest Basel guidelines.
 - Assesses:-
 - Financial performance (profitability, growth, liquidity & efficiency ratios).
 - Capital Structure & Adequacy (BIS Ratio).
 - Asset quality.
 - Strength of Provisions.
 - Sustainable funding / Funding strategy.
 - Management Role and Quality.
 - FI's Role in Domestic Financial System.
 - Scores/Ranks FI for exposure limits

Financial Institution's Role











- **As defined primarily in the Line of Finance Agreement:-**
 - Identify and appraise SME clients & projects.
 - Prepare all legal documentation (Murabaha/Sale Agreement).
 - Guarantee full repayment by SME client to ICD.
 - Request ICD to pay to suppliers (via FI or directly).
 - Follow-up project implementation, monitoring and reporting.
 - Ensure on time collection of instalments from SME clients.

ICD: Provision of Lines of Finance

- ICD provide Lines of Financing to institutions in order to meet common business and social objectives.
- In particular we promote small and medium enterprise (SME) sector

Lines of Finance

<p>Global Line of Financing Bangladesh</p> <p>USD 50.0 M <i>Financial Sector</i></p> <p><i>Bangladesh</i></p> <p>2011</p>	<p>Global Line of Financing Azerbaijan</p> <p>USD 40.0 M <i>Financial Sector</i></p> <p><i>Azerbaijan</i></p> <p>2010</p>	<p>Global Line of Financing Tajikistan</p> <p>USD 10.0 M <i>Financial Sector</i></p> <p><i>Tajikistan</i></p> <p>2010</p>	<p>Global Line of Financing Uzbekistan</p> <p>USD 50.0 M <i>Financial Sector</i></p> <p><i>Uzbekistan</i></p> <p>2009</p>	<p>Global Line of Financing East-Asia</p> <p>USD 42.0 M <i>Financial Sector</i></p> <p><i>East Asia</i></p> <p>2008</p>
<p>PT Mandala Multi Finance</p> <p>USD 8.0 M <i>Financial Sector</i></p> <p><i>Indonesia</i></p> <p>2008</p>	<p> بنك سابا الإسلامي SABA ISLAMIC BANK</p> <p>USD 3.5 M <i>Financial Sector</i></p> <p><i>Yemen</i></p> <p>2007</p>	<p> БАНК ИПАК ЮЛИ</p> <p>USD 2.0 M <i>Financial Sector</i></p> <p><i>Uzbekistan</i></p> <p>2006</p>	<p> UzbekLeasing International AO</p> <p>USD 1.0 M <i>Financial Sector</i></p> <p><i>Uzbekistan</i></p> <p>2006</p>	<p>Global Line of Financing Kyrgyz</p> <p>USD 4.0 M <i>Financial Sector</i></p> <p><i>Kyrgyz</i></p> <p>2006</p>
<p> البنك الموريتانية للتمويل MAURITANIE LEASING</p> <p>USD 2.0 M <i>Financial Sector</i></p> <p><i>Mauritania</i></p> <p>2005</p>	<p> بنك التجارة والصناعة BANQUE POUR LE COMMERCE ET L'INDUSTRIE</p> <p>USD 3.0 M <i>Financial Sector</i></p> <p><i>Mauritania</i></p> <p>2003</p>	<p> THE INTERNATIONAL BANK OF AZERBAIJAN</p> <p>USD 4.5 M <i>Financial Sector</i></p> <p><i>Azerbaijan</i></p> <p>2003</p>	<p> Rabitabank</p> <p>USD 800,000 <i>Financial Sector</i></p> <p><i>Azerbaijan</i></p> <p>2003</p>	<p></p> <p>USD 1.7 M <i>Financial Sector</i></p> <p><i>Azerbaijan</i></p> <p>2003</p>

ICD's existing leasing companies

Sl.No.	Company name	Location	Established in
1	Ansar Leasing	Azerbaijan	2009
2	Taiba Leasing	Uzbekistan	2010
3	Euroasian Leasing	Tartarstan	2012
4	ASR Leasing	Tajikistan	2013
5	Kazakhstan Ijara Company	Kazakhstan	2013*
6	Albania Leasing Company	Albania	2013*
* under formation			

ICD's Pipeline Ijara projects (at various stages)

Sl.No.	Location
1	Morocco
2	Palestine
3	Cameroon
4	Senegal
5	Saudi Arabia
6	Egypt
7	Algeria
8	Kyrgyzstan
9	Nigeria

ICD: Developing and Enhance Islamic Financial Institutions



ICD extends its own reach by setting up, Investing, Financing and providing expert Advice to other Islamic Financial Institutions in its Member Countries.

Focus on Islamic Financial Institutions

- ICD also invests in other Islamic Financial Institutions in order to promote the development of Islamic Finance as a viable alternative to conventional finance
- As with banks, investing in these financial institutions will have a multiplier effect and increase the total assets in Islamic products in member countries
- Currently, there is a lack of such Institutions in the Islamic countries and Sharia'a compliant FIs are needed to finance private sector
- The objective is to go beyond basic banking and develop non-banking FIs (e.g. Ijara, takaful) and continue to provide the market with access to innovative Islamic products

 <p>USD 4.9 M Equity Raising Sole Placement Agent in KSA 2010</p>	<p>Taiba Leasing</p> <p>USD 5.0 M Equity Financial Sector Uzbekistan 2009</p>	<p>Azerbaijan Leasing Co.</p> <p>USD 6.2 M Equity Financial Sector Azerbaijan 2009</p>
 <p>USD 0.75 M Equity Financial Sector Saudi Arabia 2008</p>	<p>Arab Leasing & Investment Company</p> <p>USD 6.0 M Equity Financial Sector Sudan 2008</p>	<p>Sukuk Exchange Center</p> <p>USD 10.0 M Equity Financial Sector Bahrain 2006</p>
 <p>USD 1.1 M Equity Financial Sector UAE 2005</p>	<p>Asean Retakaful</p> <p>USD 3.0 M Equity Financial Sector Malaysia 2005</p>	





ICD: To Develop and Enhance technical abilities of Islamic Banks



ICD extends its own reach by setting up, investing, financing and providing expert advice to other Islamic Banks in its Member Countries.

Focus of Islamic Banks

- The objective is to develop Islamic Financing Channels by promoting and developing financial institutions.
- These institutions act as financial channels for ICD and provide a multiplier effect on the investment dollars
- The focus is to develop the market by establishing and investing in the following type of institutions through control and non-control positions:
 - Islamic Banks
 - Ijara Companies
 - Takaful Companies
 - Mortgage Companies

 <p>Burj Bank Sharikat Main Bankat <i>Formerly Dawood Islamic Bank</i></p> <p>USD 28.21 M</p> <p>Equity Financial Sector Pakistan 2005, 2006, 2007, 2011</p>	<p>Tamweel Africa Holding</p> <p>USD 35.3 M</p> <p>Equity Financial Sector Senegal 2010</p>	 <p>بنك سابا الإسلامي SABA ISLAMIC BANK</p> <p>USD 13.1 M</p> <p>Equity Financial Sector Yemen 2006, 2008, 2010</p>
<p>Islamic Bank of Niger</p> <p>USD 2.2 M</p> <p>Equity Financial Sector Niger 2008, 09</p>	<p>Islamic Bank of Mauritania</p> <p>USD 26.3 M</p> <p>Equity Financial Sector Mauritania 2008, 09</p>	<p>Islamic Bank of Guinea</p> <p>USD 2.6 M</p> <p>Equity Financial Sector Guinea 2008, 2009</p>
<p>Islamic Bank of Senegal</p> <p>USD 3.0 M</p> <p>Equity Financial Sector Senegal 2008</p>	 <p>BYBLOS BANK AFRICA</p> <p>USD 3.4 M</p> <p>Equity Financial Sector Sudan 2003, 2005, 2008</p>	 <p>Maldives Islamic Bank</p> <p>USD 11.7 M</p> <p>Equity Financial Sector Maldives 2010</p>

2. Direct Investments

ICD Financing Operations

1. Corporate Equity

Equity investments in the **non-financial** sector (telecoms etc)

2. Corporate Finance

Short term corporate debt finance in the **non-financial** sector using Islamic modes of finance (Murabaha, Ijara ,Istisna'a, etc)

3. Term Finance

Long term corporate debt finance for the **non-financial** sector using Islamic modes of finance (Murabaha, Ijara ,Istisna'a etc)

1-3 = Direct Investment and Financing Department (DIFD)

Overview: ICD Main Business Lines

Business Development & Partnerships



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3. Advisory & Asset Management

ICD: Provision of Term Financing- Long Term debt

ICD extends Term Finance to clients for capital investments aiming at Expansion of existing enterprise, establishment of a new enterprise and project implementation.

Scope of Services

- ICD provides term financing for Greenfield and Brownfield projects in healthcare, infrastructure, ICT and industrial sectors
- ICD can act as an underwriter, lead arranger or participant in such term financing projects
- The average size of such financing is between US\$ 10 -20 million with a tenure of 4-7 years
- Minimum size of US\$ 5m
- Term finance can be provided through:
 - Non-recourse borrowing (project finance)
 - With-recourse borrowing

Sectors

Other Sectors



Horizon Fisheries Project
USD 20.0 M
Food & Fisheries
Maldives
2009

TAB Rig Company
USD 43.0 M
Oil & Gas
Libya
2008

Royal Atlantic Residence
USD 13.0 M
Real Estate
Gambia
2007

Healthcare & Pharmaceutical



AL SEEF HOSPITAL
USD 6.0 M
Healthcare
Kuwait
2007



USD 13.0 M
Healthcare
Saudi Arabia
2006

Middle East Healthcare Company
USD 10.0 M
Healthcare
Saudi Arabia
2000

Industrial & Manufacturing

Yemeni Saudi Cement Company (Batais)
USD 27.5 M
Industrial & Manufacturing
Yemen
2008



USD 25.0 M
Industrial & Manufacturing
Pakistan
2005

Queenex Paper Products Company
USD 26.9 M
Industrial & Manufacturing
UAE
2004

Telecom



USD 10.0 M
Telecommunication
Syria
2002



USD 10.0 M
Telecommunication
Yemen
2002



USD 12.0 M
Telecommunication
Sudan
2001, 2004

ICD: To Undertake Direct Equity Investment



Apart from investments in financial institutions, ICD supports the development of member countries by investing in Companies seeking Capital expansion.

Scope of Services

- Selective Greenfield and Operating Companies investments that have a strong equity story with a potential of major development benefits
- Equity investment can be through capital increases or buyouts
- Types of equity investments:
 - Plain Equity
 - Quasi-equity
 - Hybrids (convertible)
- ICD added value through active participation in the companies' boards to support business effectiveness and corporate governance

Sectors

Other Sectors	Healthcare & Pharmaceutical	Industrial & Manufacturing	Telecom & Technology
 USD 69.0 M Equity Raising & Underwriting Real Estate Saudi Arabia 2008	 USD 25.5 M Healthcare Saudi Arabia 2010	 USD 10.0 M Equity Cement Sudan 2005, 2010	 USD 10.0 M Equity Telecommunication Indonesia 2008
Al-Laali Real Estate Development USD 25.0 M Equity Real Estate Mauritania 2008	 USD 5.3 M Equity Healthcare Saudi Arabia 2005, 2008	AGCM Industries USD 6.0 M Equity Industrial Algeria 2007	 USD 4.8 M Equity Technology Egypt 2004, 2005
 USD 60 M Equity Raising & Underwriting Yemen 2005	Gabas Global Biotechnology Company USD 10.0 M Equity Pharmaceutical Saudi Arabia 2007	Glass Containers Company (GCC) USD 4.8 M Equity Industrial Sector Egypt 2002	 USD 2.5 M Equity Telecommunication Sector Yemen 2002
	 USD 10.7 M Equity Pharmaceutical Jordan 2005	 USD 4.02 M Equity Industrial Manufacturing Regional (Jordan) 2001	 USD 12.5 M Equity Technology Regional (UAE) 2000

3. Advisory and Asset Management

Overview: ICD Main Business Lines

Business Development & Partnerships

- Client relationship management
- ICD's focal point for new opportunities
- Syndication activities and managing relationships with FI partners

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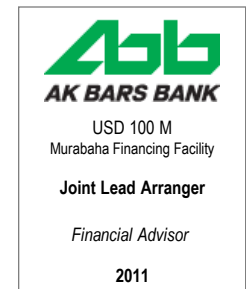
3. Advisory & Asset Management

ICD: Advisory Services

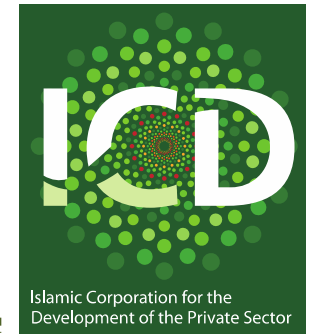
ICD has put together a team of highly experienced investment bankers to support Advisory transactions.

Scope of Services

- ICD provides a wide variety of advisory services to governments, public entities and private entities of member countries in order to help create the right environment to facilitate private sector investment and also to assist companies in achieving their potential.
- Range of Services for Government
 - Privatization
 - Public Private Partnership (PPP) Project Finance Advisory
 - Government Sukuk Capital Raising
 - Development of Islamic Capital Markets
 - Development of Business Environment for SME
- Range of Services for Private Sector
 - Strategic Advisory / Restructuring Advisory
 - Access to Growth Capital
 - Project Finance Advisory
 - Development of Islamic Financial Institutions



ICD: To Provide Asset Management Expertise-Funds



ICD establishes and develops specific Financial Instruments (Funds) to support the growth of targeted sectors in its member countries.

Scope of Services

- ICD supplements its own balance sheet by sponsoring / creating **private equity funds** as well as other special purpose vehicles in order to provide the IDB Group and other investors with access to projects that provide commercial returns as well as meet the developmental needs of member countries
- ICD acts as a fund manager and/or general partner with other fund managers to sponsor and create special purpose vehicles along with third party investors including but not limited to IDB and ICD; other Multilateral Agencies; Sovereign Wealth Funds; Government Funding Vehicles and High Net Worth Individuals
- Types of Funds
 - Energy Funds
 - Infrastructure Funds (Project Finance and Equity)
 - Food and Agriculture Funds
 - Real Estate Funds (Middle Income and Affordable Housing)
 - SME Funds

Existing Initiatives

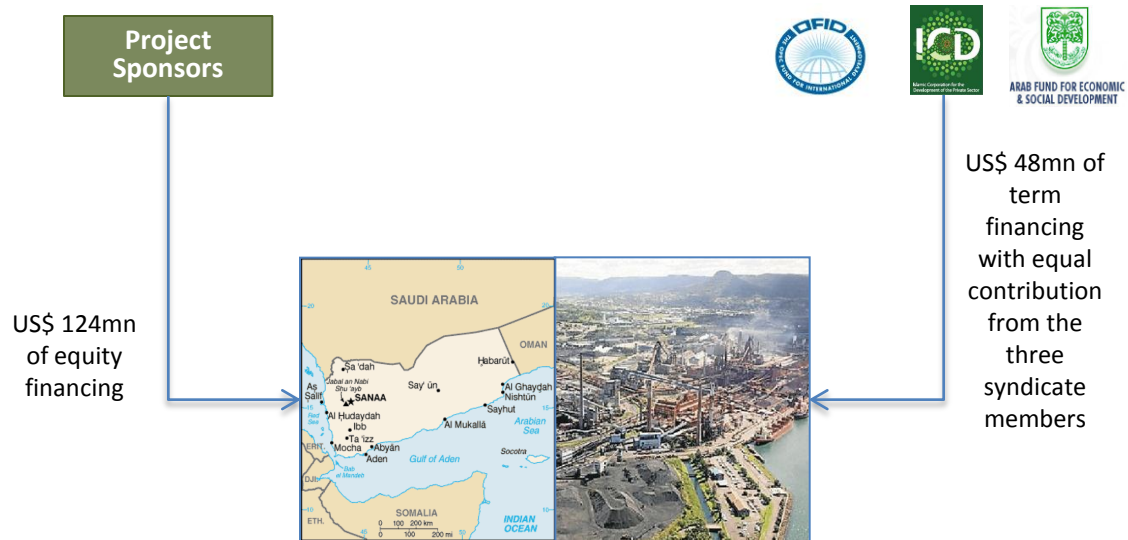
UIF (Unit Investment Fund) USD 250 M <i>Investments in Member Countries</i> <i>Regional</i> 1995	Renewable Energy Fund USD 250 M <i>Energy Sector</i> <i>Renewable Energy Investments In Member Countries</i> 2012	SME Fund Saudi Arabia SAR 1,000 M <i>All Sector</i> <i>SME Investments In Member Countries</i> 2012
ICD Food & Agriculture Fund USD 600 M <i>Real Estate Sector</i> <i>Agri-related Investments In Member Countries</i>	SME Fund Tunisia TND 50 M <i>All Sector</i> <i>SME Investments In Member Countries</i> 2012	



Section 4: Case Studies

Case Study: Enhancing Development via Arranging / Financing

- ICD acted as a lead arranger and financier for the construction of a **steel mill plant in Mukalla, Yemen**
- The total project cost was a US\$ 172mn out of which the ICD led consortium contributed US\$ 48mn in term financing
- ICD was able to bring in two development funds to participate in the syndication, with all three parties contributing US\$ 16mn each:
 - OPEC Fund for International Development
 - Arab Fund for Economic and Social Development



The result of construction of the steel mill in Mukalla, Yemen resulted in much needed capacity for steel to be used in Yemen and the creation of 700 new jobs

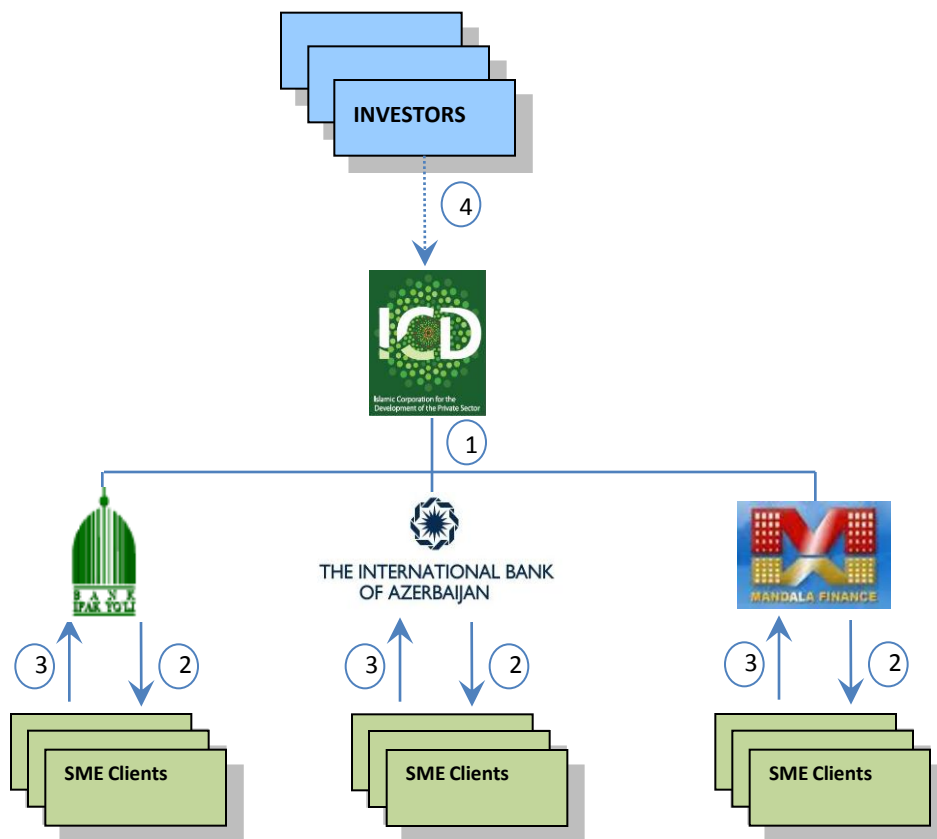
Case Study: Promoting Infrastructure Development via Financing

- ICD partnered with African Development Bank to fund the construction of a US\$ 30mn bulk **terminal port in Djibouti** with ICD and ADB providing the necessary term financing for the project
- The terminal was built to handle approximately 1.0 million tons of fertilizer and grain a year and covers a 42,000 square meter in Port Autonome International, and is managed by SDTV out of Djibouti
- The facility is designed store and process (unloading / bagging / loading) of cereals and fertilizers for export to Ethiopia and sub-regional markets



The result of the project was to lower the landed cost of food and agriculture input products in Djibouti and Ethiopia by reducing turn-around time and expediting delivery of goods

Promoting SME Development via Sharia'a-compliant Line of Finance



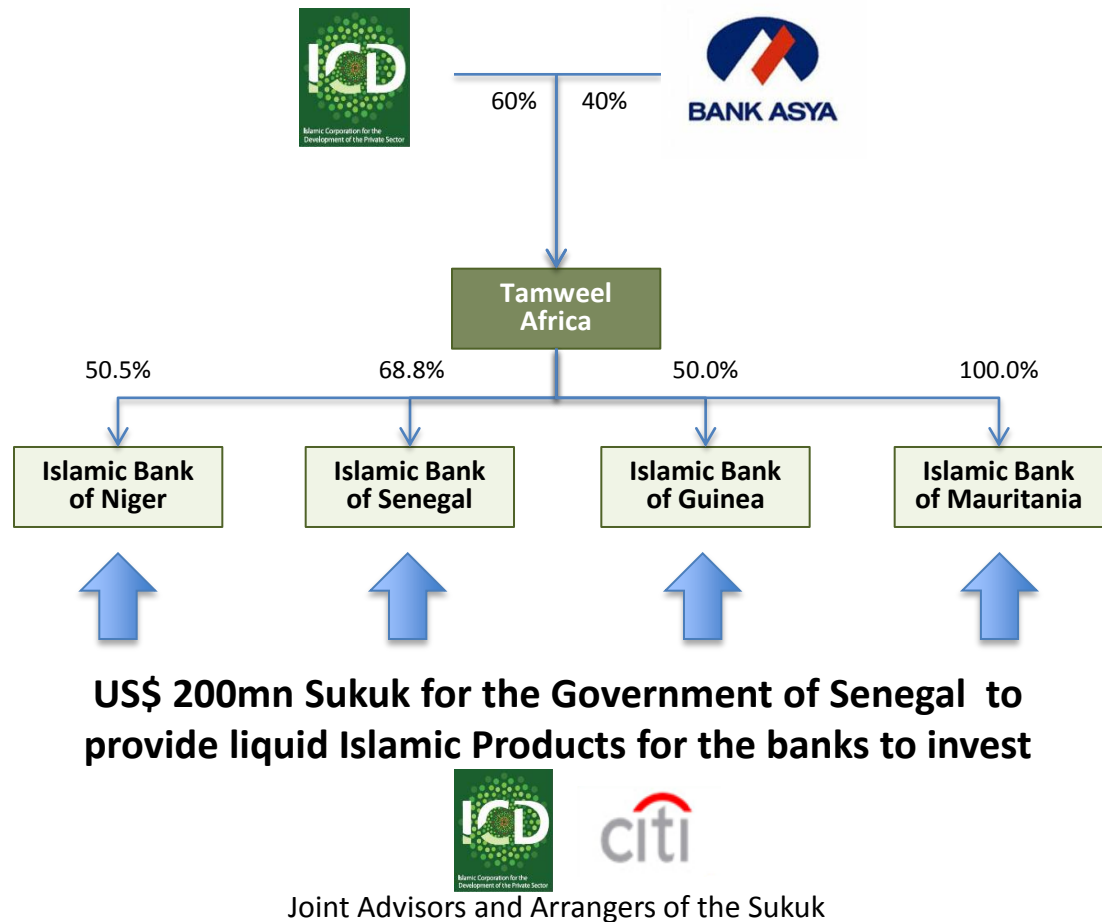
- 1 ICD's disburses line of financing against guarantees from the financial institutions
- 2 Financial institutions disburse medium term financing to SMEs for expansion, working capital, etc.
- 3 SMEs pays their medium term financing and the financial institutions will repay ICD for the line of financing
- 4 Other investors may participate in the line of financing by appointing ICD as the Investment Agent.

The result of this program was that ICD helped:

- Expand SME lending in the CIS and South East Asia regions.
- Provided financing to 54 SMEs in five member countries (**Azerbaijan, Kyrgyz Republic, Tajikistan, Uzbekistan** and Mauritania) and over 5,000 motorcycles were financed by PT Mandala Multifinance for the use of small family businesses in Indonesia.

Case Study: Developing Islamic Finance via Investing / Arranging


- In order to develop the Islamic Financing market in Western Africa, ICD embarked on investing in and/ or establishing Islamic banks in the region
- ICD partnered with Bank Asya in Turkey to create a holding company, Tamweel Africa that would not only invest and manage stakes in Islamic Banks but also provide the necessary synergies and scale to grow an Islamic Banking platform
- ICD invested US\$ 33mn for a 60% stake in Tamweel Africa, which further invested in three banks in Niger, Senegal, Mauritania and Guinea
- ICD is also advising the Government of Senegal on a US\$ 200mn Sukuk issue, thus providing the banks with liquid Islamic products for investing



Overview: ICD Main Business Lines

Business Development & Partnerships


- Client relationship management
- ICD's focal point for new opportunities
- Syndication activities and managing relationships with FI partners

- 
- The objective is to develop Islamic Financing Channels by promoting and developing financial institutions
 - The focus is to develop the market by establishing and investing in the following type of institutions through control and non-control positions:
 - Islamic Banks
 - Ijara Companies
 - Takaful Companies
 - Mortgage Companies
 - ICD also provides Lines of Financing to institutions to provide SME's access to finance

Channels

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- The objective is to fund private sector businesses in order to provide capital to expand and grow companies
 - **Equity Financing:**
 - Musharaka (Equity)
 - Quasi Equity
 - Equity Funds
 - **Term / Project Financing:**
 - Ijara (Leasing)
 - Mudaraba (Profit Sharing)
 - Istisna'a (Manufacturing)
 - Murabaha (Cost Plus)
 - Purchase and Lease Back
 - Diminishing Musharaka

Direct Investments

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- The objective is to provide investment banking services to governments, portfolio companies and other companies through:
 - ICD provides Technical Assistance to countries and projects through its network of consultants, focusing on:
 - Restructuring
 - Islamic Finance
 - Special Economic Zones
 - ICD focuses on structuring, raising and managing private equity funds in partnership with investment teams

Advisory & Asset Mgmt