



# ADFIMI news Letter

ASSOCIATION of NATIONAL DEVELOPMENT FINANCE INSTITUTIONS

INMEMBER COUNTRIES OF THE ISLAMIC DEVELOPMENT BANK

July / December 2011 Issue 21-22

IDB Groups 36th Annual Meeting



- ADFIMI's 52nd Management Committee, Jeddah
- Training of Trainers, North Cyprus
- CEO Seminar on Job Creation, Jeddah
- Seminar on Lending Rationales, Maldives
- ADFIMI's 27th General Assembly, Jeddah
- Export Development Bank of Egypt Becomes a Member
- ADFIMI's 53rd Management Committee, Istanbul



**BABACAN  
CONFERRED ADFIMI  
HONOURARY MEMBERSHIP**

## THE MANAGEMENT COMMITTEE MEMBERS

### **Br. Mehmet Emin Ozcan**

ADFIMI CHAIRMAN

Vice Chairman, Board of Directors of  
Halkbank  
TURKEY

### **Br. Quazi Shairul Hassan**

ADFIMI Vice Chairman Managing  
Director & CEO, Saudi-Bangladesh  
Industrial & Agricultural Investment Co.  
Ltd.,  
BANGLADESH

### **Br. Chingiz Asadullayev**

Chairman of the Council  
AGBank OJSC  
AZERBAIJAN

### **Br. El-Sayed Mohamed El-Kosayer**

Chairman & Managing Director, Industrial  
Development and Workers Bank of Egypt  
EGYPT

### **Br. Ghorban Daniali**

CEO, Bank Industry and Mine  
IRAN

### **Br. Wan Fadzmi Wan Othman**

Managing Director, Agrobank  
(formerly Bank Pertanian)  
MALAYSIA

### **Br. Imran Malik**

President, First Credit Investment Bank  
PAKISTAN

### **Br. Usman Mohammad Ahmed Mubassher**

CEO, Agricultural Bank of Sudan,  
SUDAN

### **Br. Süleyman Kalkan**

CEO, Vakıfbank  
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Dear Members.

Assalamu Alaikum,

In this issue we put emphasis on the activities taken place during the 36th Annual Meeting of the IDB Group in Jeddah, KSA.

As you would recall the venue of the meeting was shifted from Sanaa, Yemen to Jeddah due to turmoil there. Despite short notice, the meetings were organised swiftly. Congratulation to our colleagues at the IDB.

Best regards.

Nuri Birtek

Secretary General

### **About ADFIMI**

ADFIMI, Association of National Development Finance Institutions in Member Countries of Islamic Development Bank. Established in 1986, ADFIMI is an international non-profit association serving around 50 members in 15 countries with headquarters in İstanbul. The main objective of ADFIMI is to establish networking and solidarity among its members and capacity building of its member institutions. In this context, ADFIMI organizes seminars / workshops / conferences for its members in various cities in its region (like İstanbul, Karachi, Kuala Lumpur, Amman, Cairo, Beirut, Sarajevo, Prishtina, Damascus, Khartoum, Girne, Islamabad, Kuwait City, Kampala, Dubai, Tunis). In its 25 years of existence, ADFIMI has trained over 2500 executives and directors from development finance institutions.

ADFIMI aspires to be “a forum for development”. In this context ADFIMI organized its first development forum in 2010 in İstanbul, Turkey.

Dear Member,

2011 was a turbulent year, causing so many look to the future with trepidation. Uncertain economic prospects, dwindling job opportunities, and rising inequality.

A legacy of high public and private debt is hurting economic prospects. The global financial system remains fragile.

IMF predicts growth in 2012 to slow even in the most vibrant parts of the world economy. Low-income countries will especially be vulnerable.

The reason why 2011 went so badly was perhaps due to a collective determination to reach a cooperative solution concerning Eurozone as well as US's debt crisis. Policymakers, should not have let an old wound fester, and in doing so made the situation worse.

Let's hope, 2012 to be a year of healing. Otherwise, the world could easily slide into a "1930s moment". A moment where trust and cooperation break down. A moment, ultimately, leading to a downward spiral that could engulf the entire world.

Europe is at the center of concerns because of the extensive trade and financial linkages that bind everyone else to it.

IMF sees three imperatives for Europe—stronger growth, larger firewalls, and deeper integration. In euro area, measures should be taken to avoid growth to fall below target in 2012. Additional and timely monetary easing is important to reduce such risks.

Banks must be prevented from, contracting credit in the face of market pressure. Solutions should focus on raising capital levels—as the way to boost capital ratios.

In addition to Greece and Ireland, Italy and Spain, could potentially be forced into a solvency crisis by abnormal financing costs. This would have disastrous implications for systemic stability. Therefore must be avoided at all cost.

More risk sharing across borders in the banking system between sovereigns and banks is needed. Also European monetary union needs to be supported by financial integration in the form of unified supervision.

Although Europe is at the epicenter of the current crisis and thus key to the global outlook, other economies



like US have at least as important a role in getting to a better outcome.

Countries with current account surpluses, whether advanced or emerging, also have a role to play—primarily by shifting to domestic demand to support global growth. China can help itself and the global economy by continuing to shift growth away from exports and investment, toward consumption.

The great political challenges face policymakers. There are frustrations in the rest of the world as they watch their recovery being blown off course by trouble in Europe. Just as they were picking up the pieces after the 2008 crisis. They wait for a resolution to this crisis that never seems to come. Financial regulation should remain on the policy agenda. We simply cannot carry on with the financial sector that gave us the global financial crisis. We need a safer and more stable financial system, one that serves rather than destabilizes the real economy.

M. Emin Özcan  
Chairman



## Honorary Membership conferred upon HE Ali Babacan

Deputy Prime Minister of Turkey  
for his masterly conduct of Turkish Economy  
during, recent global economic crisis  
by the 27th general Assembly of ADFIMI.



### About Ali Babacan:

Holding a BSc in Industrial Engineering and an MBA from USA Babacan began his career in finance as an associate at QRM, Inc. in Chicago, Illinois, a company doing financial consulting to the top executives of major banks in the United States. On his return to Turkey he became the chairman of his family owned textile company between 1994 and 2002. At the same time he served as chief advisor to the mayor of Ankara.

He entered politics in 2001 as a co-founder and a Board member of the Justice and Development Party and was elected to parliament in 2002. He was immediately appointed as the Minister of Economy as the youngest member of the cabinet, then at the age of 35.

Babacan had the duty to steer a painful economic reform program, which was backed by multi-billion-dollar IMF loans; with its help Turkish economy achieved a remarkable recovery after two severe crises. He always

stayed away from the rough-and-tumble of the Turkish political arena and focused solely on the economic reform, acting rather as a technocrat without indulging into populism. He served in Erdoğan's subsequent cabinets in various capacities and presently is the Deputy Prime Minister responsible for the economy. During the years that he commanded the economy, Turkey's budget deficit of 12% in 2002 was reduced to 1,7% in 2011 and debt to GDP ratio was reduced from 74% to below 40% in the same period. Double digit inflation that was persistent for the past 34 years was reduced to single digit. Structural reforms including a robust banking system are also credited to him. Remarkable performance of Turkish economy, especially in 2011 registering a growth of 7% was hailed by international organizations.

Source: Wikipedia and Business Year

## 52ND MANAGEMENT COMMITTEE

JEDDAH, 27 JUNE 2011



The Management Committee (MC) has resolved to advice to the 27th GA on the selection of an audit firm to audit ADFIMI's 2011 accounts, to select Vakıfbank to fill the permanent seat of Turkey vacated by the Development Bank of Turkey. The MC examined the SG Report, Audit Report for 2010 accounts, financial tables, and decided to recommend the GA to approve them. MC also

decided to accept Export Development Bank of Egypt to Membership, and unanimously resolved to propose the 27th GA to confer ADFIMI Honourary membership to Br. Hossam Nasser for his services to ADFIMI and to HE Ali Babacan for his masterly governance of Turkish economy during the global crisis.

# IDB – ADFIMI CEO MEETING Job Creation: The Role of NDFIs

Jeddah, 28th June 2011

ADFIMI – IDB CEO Meeting was held during the 36th IDB Group Annual Meetings with the theme “Job Creation: Role of NDFIs”. Meeting was co-chaired by Mr. M. Emin Özcan, ADFIM Chairman and Dr. Ahmet Tıktık vice president, IDB.



Following speakers dealt with the subject from their own perspectives :

- Mr. Duncan Campbell, Director for Policy Planning in Employment, International Labour Organization(ILO), Geneva
- Dr. M. İbrahim Turhan, Vice Governor, Central Bank of Turkey
- Datuk Mohd Radzif Mohd Yunus, CEO, SME Bank, Malaysia
- Mr. Tawfeeq Al Qattan, Senior Vice President & Head of Non-Financial Services, Entrepreneurial Development Division, Bahrain Development Bank
- Mr. Mohammad Abdul Mannan, M.D & CEO, Islami Bank of Bangladesh Limited

Lively discussions ensued the presentations.





# ADFIMI - TRNC Development Bank Joint Seminar

Lefkoşa, North Cyprus, 04-08 July 2011



The seminar was inaugurated by the CEO of TRNC Development Bank, Mr. Ahmet Ataner and The Secretary General Nuri Birtek. In the five-day seminar, there were 19 participants from five countries (Turkey, Sudan, Pakistan, North Cyprus, and Malaysia). The resource person was Mr. Nicholas Bruck, the president of International Development Enterprise Associates (IDEA), and World Association of Trainers in Development (WATD).



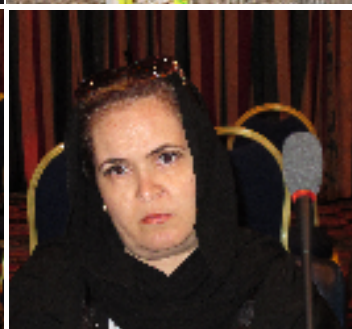
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# 27th General Assembly



ADFIMI's 27th General Assembly (GA) convened in Jeddah Hotel in the Kingdom of Saudi Arabia on 27th June 2011. The meeting was chaired by Br. Mehmet Emin Özcan. GA approved report of the Secretary General, the financial tables, the continuation of the membership of Industrial Development and Workers Bank of Egypt, and Azerigazbank of Azerbaijan for a second three - year term. GA also selected Vakıfbank, Turkey as the new MC member for the permanent seat of

Turkey. GA has acknowledged the resolution of the MC to accept the Export Development Bank of Egypt to membership and selected Kadioğlu YMM to audit ADFIMI's 2011 accounts. GA has also unanimously approved the conferment of ADFIMI Honourary Membership to Br. Hossam Nasser for his services to ADFIMI and to HE Ali Babacan for his masterly conduct of the Turkish economy during the global financial crisis.





# 36th IDB GENERAL ASSEMBLY

Jeddah, 29th June 2011



Dr. Ahmad Mohamed Ali, welcomed the participants and thanked the Custodian of the Two Holy Mosques for his patronage and sponsoring of the meeting and for the excellent arrangements made.

Dr. Ali further thanked the IDB member countries for their support for the Bank which has eventually helped the institution to maintain its distinguished AAA rating by all international rating agencies and to sustain the growth of its project financing operations at a very considerable rate before, during and after the global financial crisis.

He underlined the importance of the decisions of the Annual Meeting expressing hope that they will greatly promote the ongoing cooperation amongst the IDB member countries to the best interests and wishes of the Islamic Ummah.

The President went on to explain the role IDB can play concerning the issue of the Arab youth and the competitive opportunities that lay ahead of them.

The viability of Islamic Banking was also brought up by the President underlining how member countries can contribute to utilizing their economic resources, geo-political position, beliefs and culture so as to attain the

status they deserve and respond to global demands.

He added that the global financial crisis has been the best answer to the doubts of the skeptics whose model led to financial, monetary, economic and social chaos. "The financial crisis has shown one of the wonders of the revelation by showing the harm of engaging in fictitious transactions for quick material gains, the dangers of giving loans without securing adequate guarantees, and the repercussion of the failure to safeguard the people's financial rights".

Turning to IDB's efforts for furthering the campaign against poverty, Dr. Ali elaborating on the latest status of operations of the Islamic Solidarity Fund for Development (ISFD), called upon all member countries who pledged or made contributions to respond to the Islamic Summit Chairman's appeal for reviewing their contributions.

Dr. Ali concluded his remarks by elaborating on a five-pronged roadmap for his next four years as IDB President, mainly focused on spearheading "balanced and responsible development, creative regional cooperation, investment in knowledge, consolidation of Islamic Banking and economic empowerment of productive families".





Among other important events on the sidelines were

- The appropriation of over US\$ 716 Million for Financing New Development Projects in the Muslim World by the Board of Executive Directors of IDB.
- The 26th symposium on tackling the issue of unemployment in IDB member countries in the aftermath of the global financial crisis. During the event, the participants underlined the need and significance of making comprehensive decisions to promote educational systems in IDB member countries in line with market demands. The symposium further underscored increasing the level of infrastructure investment for supporting Small and Medium Enterprises together with professional training programs in member countries.
- A meeting of the Special Program for the Development of Africa tackled the current economic situation in the African continent and defined the role of the IDB.
- The 4th Annual Meeting of the Board of Governors of the Islamic Solidarity Fund for Development (ISFD) which deals with poverty reduction and creating jobs in IDB member countries;
- The 6th General Assembly of the International Islamic Trade Finance Corporation (ITFC).
- The 18th Annual Meeting of the Board of Governors of the Islamic Corporation for Insurance of Investments and Export Credit (ICIEC) which accepted the Republic of Comoros as its 40th member country.
- The Islamic Corporation for the Development of the Private Sector (ICD) held its 11th General Assembly which approved the Corporation's intervention in new sectors such as agriculture .
- The meeting of the supreme council for the Al Aqsa and Al Quds funds of the Islamic Development Bank urged the contributing countries to upgrade their contributions.



## ADFIMI confers Honourary Membership on Br Hossam Nasser for his valuable contributions to ADFIMI's work



**Br. Hossam Nasser** has thirty four years of experience in commercial, corporate, investment, and correspondent banking; project finance, branch management and trade finance. He holds a Master degree in finance from Ain Shams University in Cairo.

His past career includes the posts of Vice-Chairman and Managing Director of Industrial Development and Workers Bank of Egypt, Board Member at Egyptian Arab Land Bank (2002-2003), General Representative of the Union of Arab & French Banks (1997-2002), General Manager of Corporate Banking Group at the Arab African International Bank (1994-1997), Area Manager at the Arab Bank PLC in Cairo (1992-1994), Director of Finance at the Investment & Securities Group in Cairo (1990-1992), Executive Manager at the National Bank of Kuwait (1986-1990), Senior Manager at the Chase National Bank of Egypt (1977-1986).

He has been a member of Management Committee of ADFIMI for over three years.

# 53rd Management Committee Meeting

Istanbul, 20 October 2011



The meeting was chaired by Br. M.Emin Özcan with five members present and proxies of two members availed. The committee has finalized the training programme for 2012 and selected two subjects to be proposed to IDB for the upcoming CEO Seminar in Khartoum in April 2012.

The Committee also decided to recommend to the 28th General Assembly, to approve some amendments in the Constitution as stipulated by the local authorities and to extend the term of office of Secretary General for 3 years.

ADFIMI visited  
Maldives Monetary Authority  
and Maldives Islamic Bank.



Maldives Monetary Authority HQ



Maldives Islamic Bank



An overview of

# Lending Rationales

Maldives, 19-24 September 2011

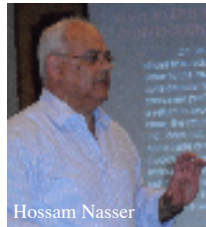


The seminar was inaugurated by Dr. Fazed Najeeb, Governor of Maldives Monetary Authority. Br. Hossam Nasser, Vice Chairman & Managing Director of Industrial Development and Workers Bank of Egypt & ADFIMI Management Committee member was the resource person for the subject matter seminar.

There were 17 participants from 7 institutions. Islamic Bank of Maldives was the hosting institution which generously hosted a gala dinner and a tour of Capital Male and an island. The visit also included Maldives Islamic Bank HQ. Maldives Islamic Bank is the first Islamic Bank of the Maldives and flourished rapidly under the CEO Br Harun Harith, a Malaysian. ADFIMI is grateful for his generous hospitality.



Harith Harun



Hossam Nasser



Dr. Najeeb

## ADFIMI welcomes Export Development Bank of Egypt (EDBE) to membership



Established in 1983 to develop Egyptian exports and support the establishment of the agricultural, industrial, trading and services export sectors, EDBE quickly became the main financing arm for the development of Egyptian exports. It gained confidence of exporters, owners of SMEs, and individuals, as well as the trust of local and international financial institutions. EDBE plays a pivotal role in supporting Egyptian exporters and facilitating the introduction of Egyptian products into

global markets. Its primary means to this end include debt and equity finance to export oriented and import substitution projects, among other banking and financial services rendered to current and potential customers. EDBE founded the Export Credit Guarantee Company of Egypt which covers both commercial and non-commercial risks, especially "Factoring". Its management nourishes the principle of "*commitment begets trust*" at the heart of the bank's culture.



## NEWS from IDB

- With the recent approvals in place, the IDB has accomplished its set financing operation target of US\$ 4.1 billion for the fiscal year, 2011. Major approvals for financing new development projects included US\$ 200 million South Helwan Power Plant Project in Egypt, US\$ 200 million Ashungahj Power Station Efficiency Improvement Project in Bangladesh, US\$ 219 million for a medical project in Turkey, US\$ 200 million for a water supply and sanitation program in Azerbaijan Republic, US\$ 150 million for contributing to a dam construction project in Sudan, US\$138 million for a power plant in Morocco, US\$ 116 million for a road and transport project connecting Chad to Niger, US\$ 105 million for a power generation and distribution program for the city of Nouakchott in Mauritania.
- IDB Group President, reaffirmed his pledge to fight poverty and generate jobs for the youth in his statement to the 84th meeting of the Development Committee at the annual meeting of the World Bank Group in Washington DC. He called on the G20 nations to develop a long-term strategy to help countries explore better ways for responding to citizens' aspirations and desires for economic and social reforms.
- IDB signed an MOU with International Organization of Supreme Audit Institutions (INTOSAI) and the donor community. IDB Group is the sixteenth development partner organization to join the MoU, which represents a global effort to encourage donor countries to engage in financial management of public funds.
- Standard & Poor's Assigned IDB on 29 September 2011, for the 10th consecutive year its Highest Rating of 'AAA' long-term and 'A-1+' short-term credit ratings with a Stable Outlook.
- Fitch Ratings, one of the leading rating agencies in the world, has reaffirmed the Islamic Development Bank's "AAA" Long-term Issuer Default Rating and "F1+" Short-term foreign currency issuer rating with a "Stable" outlook.
- IDB signed a Technical Assistance agreement on developing legal, regulatory, and supervisory frameworks required for Islamic banking in Tadjikistan.
- IDB Group President Underlined Importance of Islamic Finance in Dealing with Global Economic Crises in an address to a conference on "Islamic Finance in the 21st Century" in Madrid, Spain. Dr. Ali emphasized the need for devising mechanisms to limit excessive lending and financing for speculation adopted by the conventional banks. He called for the need to reform the internal structure of the global financial system in curbing extreme lending tendency adding that risk sharing is an important element in this framework. "The Islamic financing principles have contributed to the protection of Islamic Banks from risks other banks have been grappling with during the global financial crisis".

## APPOINTMENTS

- Br. Ihsan-ul-Haq Khan has been appointed as the President & CEO of SME Bank Pakistan
- Br. Ghorban Daniali has been appointed as the CEO of Bank of Industry and Mine, Iran
- Br.Maged Fahmy has been appointed as the Chairman of Export Development Bank of Egypt
- Br. El-Sayed Mohamed El-Kosayer has been appointed as the Chairman & Managing Director of the Industrial Development & Workers Bank of Egypt

## UPCOMING EVENTS

ADFIMI – UDBL Joint Seminar on "Application of Modes of Islamic Finance in Development Banking", Kampala, 16 - 18 January 2012.

ADFIMI Special Seminar on "Avoiding Financial Fraud: Cyber-Security best practices", Istanbul, Turkey, 02 – 03 February 2012

ADFIMI-SME BANK Malaysia joint International Development Forum 2011, Kuala Lumpur Convention Centre, February - March 2012.

37th Annual IDB Group Meetings, Khartoum, Sudan, 31 March - 4 April 2012

54th ADFIMI Management Committee Meeting, Khartoum, Sudan, 31 March 2012.(Tent.)

28th ADFIMI General Assembly, Khartoum, Sudan, 01 April 2012.(Tent)

ADFIMI – IDB Joint CEO Seminar, Khartoum, Sudan, 02 April 2012.(Tent)