



ADFIMI newsLetter

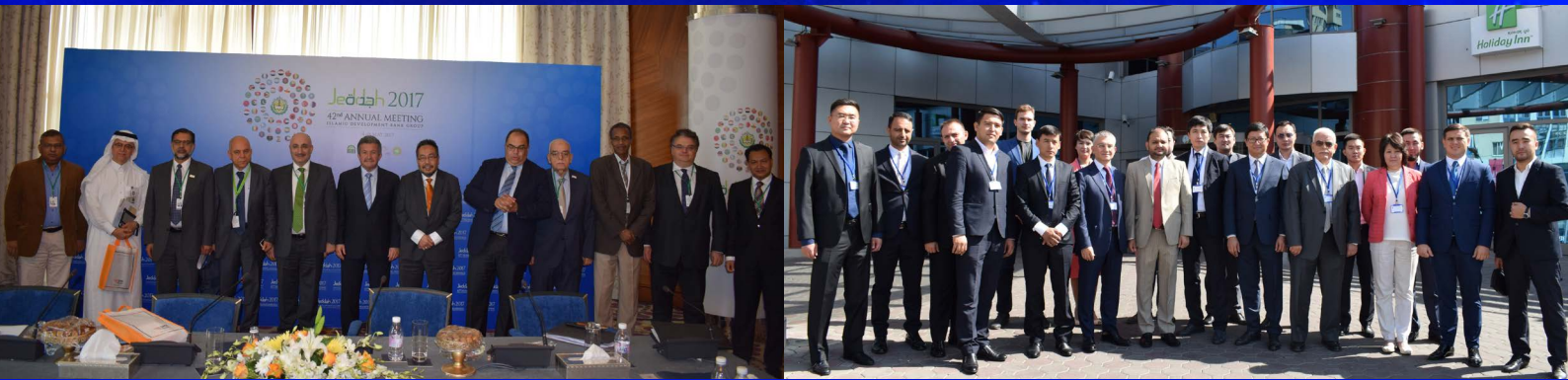
ASSOCIATION OF NATIONAL DEVELOPMENT FINANCE INSTITUTIONS IN MEMBER COUNTRIES OF THE ISLAMIC DEVELOPMENT BANK

2017- Issue 43



Jeddah 2017

42nd ANNUAL MEETING
ISLAMIC DEVELOPMENT BANK GROUP



- © IDB-WB-SDSN-WFS-ADFIMI Joint Panel on SDG Financing: Enhancing the Role of National and Regional Development Finance Institutions
- © Development Banks' Forum, IFS 2017, İstanbul
- © 42nd Annual Meeting of the IDB Group, Jeddah, Saudi Arabia
- © Extra Ordinary Meeting of the Management Committee
- © 64th Management Committee Meeting
- © Agricultural Sector: Role of Islamic Microfinance and Fintech, Kazakhstan
- © 33rd General Assembly Meeting, Jeddah

Mr. Metin Özdemir
ADFIMI CHAIRMAN
General Manager of Ziraat Participation Bank
Turkey

Mr. Dato' Razman Mohd. Noor
ADFIMI Vice Chairman
Acting Group Managing
Director of SME Bank
Malaysia

Mr. Quazi Shairul Hassan
Member,
Managing Director
Saudi-Bangladesh Industrial &
Agricultural Investment Co. Ltd.
Bangladesh

Dr. Morteza Shahidzadeh
Member
Chairman & Managing Director
Agriculture Bank of Iran (Bank Keshavarzi)
Iran

Mr. Musa A. Shihadeh
Member
CEO & General Manager
Jordan Islamic Bank
Jordan

Mr. Shaharuddin bin Zainuddin
Member
President/ CEO
Bank Pembangunan Malaysia Berhad
Malaysia

Dr. Abdel Hameed Jameel
Member
CEO of Omdurman National Bank
Sudan

Mr. Suat İnce
Member
CEO,
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Mr. Ercan İbrahimoglu
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Dear Members,

Assalamu'alaikum warahmatullahi wabarakatuh

In this Issue, ADFIMI's new chairman will be addressing the members for the first time. In his capacity as the CEO of Ziraat Participation Bank, Br. Metin Özdemir became the chairman when he was appointed as the CEO of Ziraat Participation on 12 June 2017. Ziraat Participation Bank was elected to the chair at the Extraordinary Meeting of the MC on 14 May 2017 in Jeddah. Below you will find his short resume.

In our routine coverage, you will find information on 42nd IDB Group Meeting, ADFIMI's 64th MCM, 33rd GA and other events that were held since our last issue.

Best regards.

Nuri Birttek
Secretary General

Metin Özdemir

Metin Özdemir graduated from Faculty of Management from Istanbul University in 1990. He started his career at Kuveyt-Türk Finans Kurumu A.Ş. in 1992. He continued his career as manager in retail sector from 1996 onwards and has been a member of Greater Istanbul Municipality Parliament between 2004 and 2014. He was appointed as the member of Board of Directors of Ziraat Bank in April 2012, where he was also a member of the Wage Determination Committee and alternate member of Credit Committee.

Özdemir was appointed as the General Manager of Ziraat Participation Bank on 12 June 2017, where he has been a member of the Board of Directors and Audit and Wage Committee since 18 February 2016.

Dear Colleagues

It gives me great joy and excitement to address you as the new Chairman of ADFIMI. I would like to thank Management Committee Members for electing Ziraat Katılım Bank to the chair. I am confident that with their support, we can further improve ADFIMI's work.

At the same time, let me pay tribute to our former chairman Mr. M.Emin Özcan for his services to ADFIMI during his tenure. We will built on his work to continue serving our members.

With members from three different continents, ADFIMI commemorates its 30th Anniversary this year. We need to emphasize the issue of solidarity among NDFIs in order to further contribute to the development of our region. This will mean identifying and dealing with current issues of common interest to NDFI's in our region like the achievement of the Sustainable Development Goals. The role of Islamic Finance in solving common problems of development finance cannot be over emphasized for our region.

We are inspired by the IDB's new programme to be implemented in the coming five years especially in IDB becoming "Development and Developers" bank, announced by the President,



H.E. Dr. Bandar Hajar. In that context ADFIMI would like to be part of "comprehensive solutions" where financing will be a component like capacity building, legislation and trade promotion. ADFIMI would also like to contribute to the dissemination of the modes of financing infrastructure programmes in the sectors like energy, transport and water supply.

As the ultimate purpose of development is to make people happy, ADFIMI invites all NDFIs in its region to join hands and to share their knowledge and experience, their wisdom in finding solutions to their common problems related to development finance with a view to making our countries happier places to live in.

Metin Özdemir

ADFIMI CHAIRMAN

CEO of Ziraat Participation Bank

THE 64TH ADFIMI MANAGEMENT COMMITTEE MEETING

Jeddah, Saudi Arabia on 14 May 2017
at 08:30 - 10:30

The MC convened with six members present and one member providing proxy.

The MC accepted Tropical Bank of Uganda to Ordinary Membership and African Solidarity Fund of Niger to Associate Membership.

MC recommended the 33rd GA;

- a) On rotation of member members; Industrial Development Bank of Turkey and Development Bank of North Cyprus to be elected to MC membership while Islamic Bank of Jordan to continue for a second three-year term, and Omdurman National Bank's membership to continue till the 34th GA,
- b) Select Aday Certified Public accountants to Audit 2017 accounts.
- c) Approve of the external and internal auditors reports, of financial tables as they appeared in the working documents.



IDB-WB-SDSN-WSF-ADFIMI Joint Panel on “SIDB-WB-SDSN-WSF-ADFIMI Joint Panel on SDG Financing: Enhancing the Role of National and Regional Development Finance Institutions”

Amwaj Room, Hilton Hotel Jeddah, KSA, 16 May 2017

In pursuance of the implementation of post-2015 development agenda “Sustainable Development Goals (SDGs)” adopted by the world leaders in a UN Summit in September 2015, Islamic Development Bank (IDB), ADFIMI, The World Bank, SDG Center for Africa (SDGCA) and the World SME Forum (WSF) agreed to organise a joint panel.



Osman Arslan

Ahmed Hariri



Dr. Zamir Iqbal



Aniket Shah

The panel was jointly Chaired by Mr. Osman Arslan, Chairman of ADFIMI and Mr. Ahmed Hariri, Regional Manager, Arab Asian Countries, Country Programs Department at Islamic Development Bank. After their opening remarks Dr. Zamir Iqbal conducted the panel in his capacity as the moderator.



Datuk Mohd. Radzif Mohd. Yunus



Moderator

- ⊙ Dr. Zamir Iqbal, Head, Islamic Finance Development Center, The World Bank Group in Istanbul.

Keynote Speaker

- ⊙ Dr. Mahmoud Moheildin, Senior Vice President, UN Relations & Partnerships The World Bank Group.

Panel Members

- ⊙ Dr. Tunc Uyanik
CEO – The World SME Forum
- ⊙ Datuk Mohd. Radzif Mohd. Yunus
Managing Director, SME Development Bank, Malaysia.
- ⊙ Mr. Aniket Shah, Program Leader Financing for Sustainable Development, SDG Center, Africa.

Mr. Osman Arslan, Chairman, ADFIMI warmly welcomed the participants and in his opening remarks gave a brief overview of ADFIMI and its activities. He stated that ADFIMI endeavours to strengthen and enhance solidarity among development finance institutions and develop expertise and skills in development banking and investments as well as promote and support the SME sector.

Mr. Ahmed Hariri then welcomed Keynote Speaker, the Panel Members, and others, on behalf of the Islamic Development Bank. IDB, he stated, was glad to Co-chair this important seminar. IDB had designated an envoy to focus on SDGs.

Thereafter Dr. Zamir IQBAL moderated the panel discussion starting with keynote speaker Dr. Mahmoud Moheildin.

Dr. Mahmoud Moheildin, Senior Vice President of The World Bank in his Keynote Address presented a brief overview on the Sustainable Development Goals that comprised 17 goals which were adopted by the world leaders in September 2015 at an historic UN Summit. He stated that successful accomplishment of the SDGs required the active participation of Governments, MDBs and other financial institutions; the private sector and the civil society. A large part of the private sector and the SMEs, whose participation were required, were not fully aware of the SDGs. There was, thus a missing element with regard to the active participation of the private sector in accomplishing the SDGs.

In this context, he invited attention to the challenges and opportunities in ensuring smooth implementation of the SDGs and presented 6 Mega-trends that dominated the global scenario.

These 6 Mega-trends posed a huge challenge to governments and offered the private sector a unique opportunity to benefit from them by getting involved in tackling them. He referred to the earlier Millenium Development Goals in this regard.

He called on Governments; the Civil Society and the private sector to get actively involved, so as to enable the successful accomplishment of the SDGs.

With regard to the role of World Bank in SDGs, in view of the huge investments required, which were beyond its means, the World Bank, was using Cascade Approach. The WB would not fund any project that could be undertaken



Dr. Mahmoud Moheildin - Dr. Tunc Uyanik

by the private sector and has adopted the following approach:

- (1) If a project was commercially viable, WB will not fund governments for it.
- (2) If a project was not fully viable i.e. needs some market reforms, WB will assist governments to fix the problem so that it can be taken up, and
- (3) If the project was still not viable and required some sort of a push, WB would be willing to provide guarantees and bear the initial losses to make the project viable.

The WB will therefore, only undertake projects that did not fall in the above categories but this should still fall under one of the SDGs.

Mr. Moheildin also discussed the role Islamic Financing could play with regard to the SDGs and presented an Equity-Linked Financing Project that WB has undertaken in participation with BNP Paribas. Shari'ah-based financing could also be very successful instrument in accomplishing SDGs. He also cited a Report on Islamic Banking, jointly done with IDB focussing on the success of Malaysia in Islamic Finance. The WB was in under joint financing operations with IDB involving approx. \$ 6.3 billion of funding while another \$ 3.7 billion was in the pipeline.

Datuk Mohd. Radzif Mohd. Yunus, Vice Chairman ADFIMI and Group Managing Director, SME Development Bank, Malaysia in his presentation emphasised the crucial role SMEs play in the economy and businesses of a country. Malaysia's SME Master Plan focused on enhancing their role in achieving SDGs as much as possible.

Dr. Tunc Uyanik, Chief Executive Officer of the World SME Forum (WSF) shared his thoughts on B20 and G20

Development Banks' Forum İstanbul Finance Summit (IFS) 2017

ADFIMI was invited by IFS Advisory Board to manage a "Development Banks' Forum" at this year's event. Uganda Development Bank, Industrial Development Bank of Turkey were among the presenters. ADFIMI Chairman Mr. Metin Özdemir moderated the session entitled "Development Banks' Forum".

The panel discussed the:

- Status of financing of the development, with special reference to developing countries;
- How could development banks benefit from capital markets, in order to utilize long term credit supply? State of play of capital markets in developing countries, and;
- How Fintech developments reflect in development finance? What are the future expectations?



and how the WSF came into play promoting SMEs and linking with SDGs. The Turkish G20 formally announced SMEs as one of the focal points of its Presidency. The WSF was designed to be an enduring platform contributing to the G20's overall mission for sustainable global economic growth.

In his concluding remarks, he stated that there was an overall consensus in accomplishing the SDGs. The reversal approach was one of the practical ways in the implementation of SDGs

Mr. Aniket Shah, Program Leader of the Financing for Sustainable Development Initiative at the SDG Center for Africa provided a video presentation on the role of SDGs and their implementation in various economies as he was unable to be present due to a visa issuance issue. He thanked the organizers for this event and in particular, thanked ADFIMI. He added that this was a very important association that is doing remarkable work and trying to

bring together the NDFIs to play a much larger role in economic and sustainable development.

Thereafter, he shed light on the key aspects of SDGs financing that all countries needed to focus to achieve. He explained how the SDG Center in Rwanda was helping fulfill this agenda with the involvement of the NDFIs.

The presentations were followed by Questions-and-Answers Session. The Moderator Dr. Zamir Iqbal, in summing up thanked and appreciated all the panelists for sharing their valuable thoughts and wisdom which would be beneficial for all including NDFIs. He also thanked the audience for their attentive listening and active participation in the Seminar.

In his concluding remarks, the Chairman Mr. Osman Arslan thanked all the distinguished speakers and expressed his hope that the wealthy experiences presented at the seminar would be beneficial for all and the member countries will make efforts to adopt these experiences for achieving their respective SDGs.

The 33rd ADFIMI GENERAL ASSEMBLY

Jeddah, Saudi Arabia on 14 May 2017 at
15:00 - 17:00

The GA convened with quorum achieved with Mr. M.Emin Özcan in the Chair.

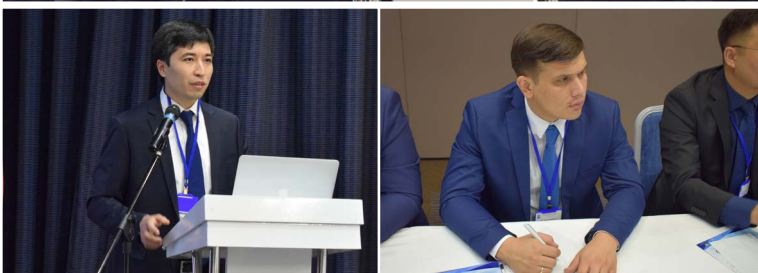
The MC acknowledged the acceptance of Tropical Bank of Uganda to Ordinary Membership and of African Solidarity Fund of Niger to Associate Membership.

On rotation of member members GA unanimously decided. Industrial Development Bank of Turkey, Development Bank of North Cyprus to be elected to MC membership while Islamic Bank of Jordan to continue for a second three-year term. GA also unanimously decided Omdurman National Bank's membership to continue till 34th GA, selected Aday Certified Public accountants to Audit 2017 accounts and approved of the external and internal auditors reports, as well as financial tables as they appeared in the working documents.

GA also conferred Honorary Membership of ADFIMI on Mr. Mehmet Emin Özcan, outgoing Chairman of ADFIMI. GA also authorised the MC to sign documents on its behalf.



ADFIMI Regional Seminar on “Islamic Financing Opportunities for Agricultural Sector: Role of Islamic Microfinance and Fintech” Almaty, Kazakhstan on 18-19 September 2017



Background

Islamic Micro and Agricultural Finance is an emerging industry around the globe and a recognized tool of financial inclusion and social development. Its importance becomes more when we link it with the financial technology. So there is an immediate need to educate, train and conduct market study and awareness campaigns on this subject. This event was to provide edification and training to Microfinance Institutions (MFIs) with an additional opportunity for their educational uplift under Islamic financial system.

The seminar was meant to expose the attendees to this fast-growing and exciting intersection between technology and finance while emphasizing on the role of Islamic Microfinance. It introduced the participants to the concept of Islamic Microfinance and Microtakaful which essentially dealt with the developmental needs of the unbankable members of the society. The seminar addressed these needs comparatively from the conventional and Islamic perspectives and enriched by discussions on Fintech and Islamic Microfinance issues related to contemporary business practices and cases.

The opening remarks of the seminar were made by Mr. Narmukhan Sarybaev, CEO and Chairman of Agrarian Credit Corporation (ACC) and Mr. Murat Iskakov, Managing Director of Fund for Financial Support of Agriculture (FFSA) Kazakhstan. They were followed by Mr. Nuri Birtok, Secretary General who thanked Islamic Development Bank for its sponsorship; ACC and FFSA for supporting the seminar; Mr. Muhammad Zubair and the participants for their attendance.

After welcoming remarks, Mr. Turgut Boz, Deputy CEO of Turkish Economy Bank (TEB) took to the stage after his introduction to the audience, for the keynote address. Mr. Boz was invited to deliver a speech by ACC upon concurrence with ADFIMI and the seminar director.

He discussed how Turkish Economy Bank financed agricultural projects and described activities carried out by TEB to help in the development of agricultural sector of Turkey.

A ceremony of the signing of Memorandum of Agreement took place after his keynote address, between TEB and ACC, for the technical cooperation between the two institutions in Agriculture Finance.

The ceremony was followed by Session 1 in which Mr. Ashat Nurmashiev, Director, Sadaka Project Kazakhstan, took the floor and made his presentation on the Islamic Microfinance practices of Sadaka Fund in Kazakhstan.

A group photo was taken after Session 1. Mr. Muhammad Zubair, Seminar Manager, delayed due to issuance of his visa, joined the seminar after the coffee break and conducted the seminar as scheduled.

A small quiz consisting of the 27 questions was conducted by the seminar manager in the closing session, which was followed by a certificate distribution ceremony. Mr. Nuri Birtek, Secretary General made the closing remarks on behalf of ADFIMI and thanked all the contributors who made this seminar a success.

There were 25 participants present.



ADFIMI MANAGEMENT COMMITTEE EXTRA ORDINARY MEETING Jeddah, Saudi Arabia on 14 May 2017

An Extra Ordinary Meeting of the MC was convened immediately after the 33rd GA with the newly elected members.

The MC has unanimously elected Ziraat Participation Bank as the new chairman after a proposal by Mr. Musa Shihadeh, CEO of Jordan Islamic Bank to that effect was seconded by other members. Mr. Osman Arslan, CEO of Ziraat Participation Bank, thanked the MC members for the confidence shown in Ziraat Participation Bank and requested continued support of the members in ADFIMI's work.



42nd Annual Meeting of the IDB Group

Jeddah, Saudi Arabia, 14-18 May 2017

The meeting was inaugurated by Saudi Finance Minister H.E. Mohamed Abdullah Al-Jada who indicated continued support of Saudi Government to IDB.

He welcomed a programme proposed by the President of IDB H.E. Dr. Bandar Hajjar for the IDB to achieve a leadership role and transform it into a knowledge and efficiency bank.

In his speech President of the IDB Group H.E. Dr. Bandar Hajjar, touched on the challenges facing the Islamic world including rising unemployment among young people, increasing demand for infrastructure finance.

Explaining the IDB's programme for the next five years, Dr. Hajjar said that the Bank would focus on its objectives, implementation mechanisms, performance indicators and project timelines. He added that Bank will be transformed from a Development Bank to "Development and Developers" Bank.

Dr. Hajjar stated that, due to this program, IDB will adopt comprehensive rather than partial solutions. Based on this approach, financing will be a component like capacity building, development of legislation, investment stimulation and trade promotion.

Financing of infrastructure programs in the areas such as energy, water supply, universities, seaports and airports will also be included in the comprehensive programs of the Bank, he concluded.



IDB Continues with triple A Ratings

Fitch Affirmed the Bank's 'AAA' Rating with Stable Outlook on 13 June 2017

Moody's Affirmed the Bank's 'Aaa' Rating with Stable Outlook on 21 August 2017

Standart&Poor's Affirmed the Bank's 'AAA/A-1+' Rating with Stable Outlook on 23 August 2017

IDB President H.E. Bandar Hajjar said that : “The ratings and the stable outlook reflects the strong stand alone credit profile of IsDB; in particular its strong capitalisation, sound funding profile, very strong liquidity levels, strong relationship with shareholders, important policy role in promoting economic development across Muslim countries and communities.” He added that the highest ‘AAA’ ratings by three agencies were attributable not only to the Bank’s financial standing but also to the continuous support of the IDB Member Countries, as well as to the guidance of both the Board of Governors and the Board of Executive Directors and pursuit of prudential financial and risk management policies by the Management in conformity with best banking practices.



ICIEC Receives Global Islamic Export Credit and Political Risk Insurance Award 2017

at the 7th Global Islamic Finance Awards Ceremony (GIFA Ceremony) held at Kazakhstan on September 06, 2017. The ceremony was attended by HE. Nursultan Nazarbayev, President of Kazakhstan.

Commenting on the award, its CEO, Mr Oussama Abdel Rahman Kaissi said “We are committed to facilitate trade and promote investment between ICIEC’s member countries and the rest of the world by providing Shariah compliant risk mitigation insurance solutions”.

ICIEC’s the cumulated Business Insured volume has reached USD 18,15 billion within the period of 2014-2016, including Investment Insurance of USD 3,12 billion and Credit Insurance short and Medium term amounted to USD 15 billion.

Upcoming Events

1. ADFIMI Session on “Development Bank Forum” during Istanbul Finance Summit to be held in Hilton Bomonti Hotel, Istanbul, Turkey on 27-28 September 2018
2. ADFIM-ADFIAP-ADFIMI Joint International CEO Forum on “Sustaining Economic Growth with Social Consciences – Modalities of the New Era” to be held at Intercontinental Hotel Kuala Lumpur, Malaysia on 25-26 October 2017
3. ADFIMI-IRTI Joint Regional Seminar on “Risk Management in Islamic Banking” to be held in Tunis, Tunisia on 14-15 November 2017
4. ADFIMI-CIBFM Joint Conference on “Utilizing Capital Markets for Financing Development” to be held in Bandar Seri Begawan, Brunei Darussalam on 26-27 February 2018
5. ADFIMI – Global Green Growth Institute Joint Seminar in Abu Dhabi, UAE in January 2018
6. ADFIMI – African Solidarity Fund Joint Regional Workshop on “Islamic Finance and Energy Projects” in Niamey, Niger in March 2018

ADFIMI Congratulates:

- ☉ Mr. Mehmet Emin Özcan for being appointed as the CEO and Executive Member of the Board of Vakıfbank, Turkey.
- ☉ Mr. Osman Arslan for being appointed as the CEO and Executive Member of the Board of Halkbank, Turkey.
- ☉ Dr.Zamir Iqbal for being appointed as the Vice President of Islamic Development Bank.
- ☉ Dato’ Razman Mohd Noor for being appointed as the Acting Group Managing Director of SME Development Bank Malaysia.
- ☉ Mr. Mehmet Karakılıç for being appointed as the General Manager of İşLeasing.
- ☉ Mr. Elhadi Saleh for being appointed as the General Manager of El Nilein Industrial Development Bank.
- ☉ Mr. Shaharuddin bin Zainuddin for being appointed as the President/ CEO of Bank Pembangunan Malaysia Berhad.
- ☉ Puan Masaat binti Awadz for being appointed as the CEO of Agrobank Malaysia.
- ☉ Dr. Mutasim Yousif Elbadri Noor for being appointed as the General Manager of External Debt Department of Central Bank of Sudan.



Mehmet Emin Özcan



Osman Arslan



Dr. Zamir Iqbal



Dato’ Razman Mohd Noor



Mehmet Karakılıç



Shaharuddin Zainuddin