

Dear Members

Assalamu Alaikum

Hope you all had a blessed Eid ul Adha.

In this issue we report on the work of Management Committee during its meeting held in Istanbul in October. The main task of the Committee has been the identification of members for the ADFIMI Advisory Council. In the first year there will be five non resident members working on voluntary basis. Its first meeting will be held approximately two months prior to the next MCM.

In this issue we also report on our special seminar on 'Sukuk Structures and Issuance' held in Istanbul in November. This has been our experiment with a seminar whose subject was not included in the Three Year Programme.

Microfinance was discussed at the 23rd Session of COMCEC in Istanbul with Prof Muhammed Yunus as a keynote speaker and a short account of his presentation is given as well.

As usual, we report on IDB activities.

I look forward to your contributions in the future issues.

**Nuri Birtek**

Secretary General

- » 45<sup>th</sup> Management Committee Selects Members of ADFIMI Advisory Council
- » Introducing ADFIMI Advisory Council Members
- » ADFIMI Special Seminar on Sukuk Structures
- » Appointments
- » COMCEC Discusses Microfinance
- » IDB Financing

## SYSTEMIC RISKS



**Mehmet Emin Özcan**  
ADFIMI Chairman

Tremendous increases in cross-border trade in financial services and portfolio capital flows facilitated by the deregulation and liberalization of domestic financial markets have created opportunities for increased profits. However, this has introduced higher risk levels in financial transactions which in turn brought about potential impacts on systemic stability.

Innovative financial instruments adopted by banks and financial institutions to diversify their earnings and to hedge against credit and market risks increased international banking activity and resulted in the boom of multifunctional universal banks. This meant more efficient allocation of resources and deeper liquidity in financial markets. These developments, however, has also made financial institutions more independent and exposed to systemic risk. Systemic risk can occur due to bank or fund failures and volatility in international portfolio capital flows.

While there is no one generally accepted definition of systemic risk, it can arise from problem with payment settlement systems or some type of financial failure that includes a macroeconomic crisis.

According to some studies, systemic risk is inherent in the world's entire banking system: For instance in response to one significant bank failure entire banking system may collapse. Secondly, there are safety and solvency risks that arise from imprudent lending. There are also, inherent in the system, risks to depositors through the lack of adequate bank insurance.

While the 97 Asian Crisis and its aftermath is still fresh on our memories, recent Subprime Crisis that caused volatility in the markets for some time, has been a cause for concern and we begin to ponder about systemic risks that could potentially threaten the world financial system once again.

What are the systemic risks in 2008, ten years after the Asian Crisis? What regulations at the national and international level have been introduced to reduce such risks? What would be the scenario for IDB member countries? To what extent would they be exposed to these risks? What has been done and still needs to be done to reduce its impact on the IDB member countries? Can we avoid or reduce its toll? What measures should DFIs take to secure their assets on an individual institutional base?

The Management Committee in its 45<sup>th</sup> Meeting held in İstanbul in October 2007 has decided to tackle these questions at the 18<sup>th</sup> CEO meeting to take place in Jeddah at the end of May 2008. I would like to invite you all to this seminar to hear your valuable points of view on the subject..

Best regards,

**Br. Mehmet Emin Özcan**  
Member of the Executive Board  
T. C. Ziraat Bankasi A.Ş. Ankara TURKEY

## ADFIMI has a New Member

Sudanese Islamic Bank (SIB) has joined ADFIMI as its 52nd member. With assets totalling USD 177 million and employing 220 staff (as of end of 2005), SIB provides financing to different sectors especially to industry and agriculture. With its 41 branches SIB provided 37% of its total financing portfolio of 85,9 million USD to local trading activities while 21% was consumed by the industry and 5% by the agriculture sector.

SIB distributes its investments according to the following modes of finance: murabaha, salam, musharaka, mudaraba, securities, capital participation. SIB cooperates with IDB and the total amount of IDB financing has exceeded USD 1 million.

## APPOINTMENTS



### Dato' Tajuddin Atan

With effect December 1st 2007, Dato' Tajuddin Atan has been appointed as President/Group Managing Director of Bank Pembangunan Malaysia Berhad. He will also represent Bank Pembangunan in the ADFIMI Management Committee.



### Sr. Martini Osman

Bank Pertanian Malaysia Berhad has appointed Sr. Martini Osman as acting General manager effective Nov. 15, 2007. She has a Masters in Public Administration ( Human Resource) from the University of Pittsburgh, Pennsylvania, USA and a Bachelor of Social Science (Urban Studies) from University Science of Malaysia - (USM). She has vast experience in credit

delivery, human resource and has served as a Senior Manager at the Regional and Branch offices of the bank.

**Dr. Mohammad Taulebee** has been appointed as the Chairman of Bank Keshavarzi, Iran in December 2007.

**Br. Mohameden Sidya** became the Director of Operations Planning and Services Department (OPSD) of IDB while the former director Br. Muhammed Ennifar has now become Senior Adviser to the Vice President (Operations).

**Br. Murat Çetinkaya**, former Deputy General Manager of Halkbank-Turkey, was appointed as Deputy General Manager of Kuveyt Turk Participation Bank, Turkey effective 1 January 2008.





## ADFIMI Management Committee held its 45<sup>th</sup> Meeting in İstanbul

on 26 October 2007 with Brother M.Emin Özcan in the Chair. The Meeting was attended by seven members. The Committee selected five members and two alternate members from amongst 32 applications for the newly established Advisory Council. The MC preferred applications from non ADFIMI sources in order to utilize the views of outsiders. A fair geographical distribution was also respected. The following were selected unanimously.

	NAME	TITLE	NATIONALITY	GEOGRAPHICAL REGION
<b>MEMBERS</b>	Dr. Ahmad Abisourour	Director, Board of Commissioners at Bank Muamalat, Jakarta - Indonesia	Morocco	North Africa and Mediterranean
	Dr. Ghiath Shabsigh	Chief, Middle East and Central Asia Division, Monetary&Capital Markets Dept, IMF	Syria	Middle East
	Br. Humayun Murad	CEO, ORIX Leasing Pakistan Ltd.	Pakistan	South and East Asia
	Dr.Murat Yülek	General Manager, PGlobal Advisory Services	Turkey	Eurasia
	Br. Farook uz Zaman	Consultant, Operations Planning & Services Department, Islamic Development Bank	Bangladesh	Sub-Saharan Africa
<b>ALTERNATE MEMBERS</b>	Tan Sri Datuk Seri Dr. Zainul Ariff Hj. Hussain	Chairman, Bank Pembangunan Malaysia Berhad	Malaysia	
	Dr. Mabid Al Jarhi	Financial Expert, & Head of Training Emirates Islamic Bank, Dubai, UAE	Egypt	



## Halkbank's IPO

As a leading member of the team that achieved the privatization of Halkbank, and representing Halkbank during the Meeting Mr. Murat Çetinkaya, Deputy General Manager of Halkbank gave a detailed presentation of the IPO of Halkbank.

In terms of assets (with a market share of 7,1% ) Halkbank was the 7th largest bank in Turkey. With 554 domestic branches it had a nationwide presence possessing 6.2 million clients. With a high profitability and low cost base, its net income of TRY 535m, was up 82 % y-o-y and cost/income ratio was 35.3%. It had a high capitalisation and low risk profile with a capital adequacy ratio of

20.3% and was rated BB-/Positive by Fitch at sovereign ceiling.

Its strategic objectives of further strengthening the SME franchise, increasing the market share in retail banking and maintaining growth while preserving profitability and efficiency.

As of 10 May 2007, 24.98 % of the shares of the Bank have been sold through a very successful Public Offering and the shares have been listed in Istanbul Stock Exchange.

Offering price has been initially determined between TRY 6.40 and 8.00 band and finally has been issued with the highest level of price TRY 8..This had been the largest ever public offering in Istanbul Stock Exchange and the most extensive local investor base in an IPO in Turkey. In the following 5 months, Halkbank stock increased by 40% and reached TRY 11.20 and increased its market capitalization by more than 4 billion USD after the IPO.

## ADFIMI ADVISORY COUNCIL MEMBERS



### Dr. Murat Yülek

Dr. Yülek is the Managing Director of PGlobal Global Advisory Services, a boutique financial advisory firm based in Ankara, Turkey. He has project finance and economic policy experience in about 15 countries and on projects of different size gained during his tenure at Inter-

national Monetary Fund, the Islamic Development Bank and the Turkish Prime Ministry.

Previously, Murat had been the CEO of a financial institution,

has advised various companies and worked as a consultant at the World Bank on financial policy issues.

He has taught at Georgetown and Bilkent Universities, and the Banking Institute of Ziraat Bank, a large Turkish commercial bank. Murat has authored a number of books and articles in economics and finance and regularly writes a column at *Dunya*, a well known economics daily in Turkey.

Murat has bachelors degree in engineering from Bogazici University, masters degrees in management from Yale and Boston Universities, and masters and Ph.D. degrees in economics, from Bilkent University. He has been a teaching and research assistant at Yale and Bilkent Universities.



### Ghiath Shabsigh

Ghiath Shabsigh presently works for IMF as Chief, Middle East and Central Asia Division, Capital Markets Department.

Assignments covered transition, oil, emerging market, low income, and post conflict countries

(Mostly in Africa, Middle East, Central Asia, and FSU countries).

He holds a Ph.D. degree in Monetary Economics and International Finance, from the University of Wisconsin, 1992, an MA. In Development Economics, also from the University of Wisconsin, 1986 and a B.Sc. Economics and Business, from the University of Damascus, 1983. He further has various Professional qualifications and certification in banking (management, financial management, bank operations and technology, anti-money laundering) and securities (securities market operations, structured finance) by the American Bankers Association, Bank Administration Institute, British Bankers Association, the US Federal Reserve, and the International Capital Markets Association

He had extensive training (courses and seminars) in financial instruments and markets, international finance, and monetary operations as well as leadership and management training, at the IMF, the WB and Cornell University.

His specialization includes developing and evaluating country economic programs, macroeconomic frameworks, policy actions' implementation and coordination, capacity and institutional building, Financial sector surveillance, technical assistance and capacity building, in areas related to financial markets, central banking, banking reform, and nonbank financial institutions.

He is the lead expert on Islamic Banking at the IMF. He had helped, inter alia, develop government securities instruments and markets, central banking facilities and operations, inter-bank markets, and commodity market. He is also a member of the taskforce that established the IFSB, and currently member of the international taskforce on Islamic money market. Earlier he has taught at Wisconsin and Marquette Universities in macroeconomic, money and banking, and international finance.

#### ABOUT ADFIMI

ADFIMI, established in 1987 with its headquarters in İstanbul, presently serves 52 members in 16 countries. ADFIMI's activities essentially aim at the capacity building of its member institutions some of which come from the least developed countries. In this context, ADFIMI organizes seminars / workshops / conferences for its members in various parts of its region. In the past, training programmes were held in a variety of cities (eg. İstanbul, Kuala Lumpur, Hammamet, Tehran, Cairo, Beirut, Damascus) in different countries. For additional information, please visit ADFIMI's web site at [www.adfimi.org](http://www.adfimi.org)

## Dr. Ahmad Abisourour

Besides being an Advisor at ADFIMI Dr Abisourour is Chairman/CEO at Harmadaya International Pte. Ltd.-Singapore, Director-Board of Commissioners at Bank Muamalat, Jakarta-Indonesia. Previously he served as Senior Bank Advisor, Corporate Strategy & International Business Development at Boubyan Bank, Kuwait and Senior Financial Markets Specialist & Director- Islamic banking at Islamic Development Bank, Jeddah- KSA. His numerous previous assignments were in Bahrain, Sarajevo, UAE, IMF and Morocco.

Dr. Abisourour has obtained his PHD on Econometrics & Business Administration from the University of Connecticut in 1978. He was a Fulbright Scholar with high honors. His PHD thesis was on 'An Econometric Model of the Moroccan Economy (43 equation model)'. He is fluent in Arabic, English and French with working

knowledge of Spanish.

Having more than 30 years of international institutional experience Dr Abisourour has acquired competency range spanning a variety of specialized fields including Islamic banking & finance, corporate strategies, investment & deal origination, investment portfolio management, Islamic treasury, exchange & trade relations, macroeconomic policies & country financial programming.

He is specialised on International investment origination, Cross border commodity trade, Oil exploration & production, Telecom projects origination, Mega real estate projects development, Government negotiations, Islamic banking advisory (macro, micro), Corporate strategy & market positioning, Corporate restructuring & business architecture design, Establishment of corporate



## Tan Sri Dato' Sri Dr. Haji Zainul Ariff bin Haji Hussain\*

Y. Bhg. Tan Sri Dato' Sri Dr. Haji Zainul Ariff bin Haji Hussain holds a Ph.D. in Public Policy from University of Southern California, United States of America, Masters in Business Administration from Ohio University, United

States of America, Bachelor of Arts (Honours) degree from University of Malaya, Diploma in Public Administration from University of Malaya and a Certificate in management Services (Excellent Grade) from the Royal Institute of Public Administration, United Kingdom. He has served 35 years in the Malaysian civil service in various positions including as Secretary in the Department of Higher Education of the Ministry of Education, Director-General of the Social Economic Research Unit in Prime Minister's Department, Deputy Secretary-General of the Prime Minister's Department and Secretary-General of the Ministry of National Unity and Social Development. He retired from the civil service as Director-General of the Implementation Coordination Unit in Prime Minister's Department. He was the past Council Member of Universiti Malaya/Universiti Kebangsaan Malaysia/Universiti Sains Malaysia/Universiti Utara Malaysia/Universiti Islam Antarabangsa and Institut Teknologi MARA (now known as Universiti Teknologi MARA) and was formerly a, Board member of Yayasan Pelajaran MARA, Council Member of Kolej Tuanku Abdul Rahman, Board member of Yayasan Pembangunan Ekonomi Islam Malaysia, Board member of Maybank Group Welfare Fund, Board and Audit Committee member of Petroliaam Nasional Berhad and Board member of the Institute of Strategic and International Studies (ISIS) Malaysia. He is presently a member of the Working Committee of the Malaysian Equine Council and a member of the Board of Trustees of the Malaysian Humanitarian Foundation. Y. Bhg. Tan Sri Dato' Sri Dr. Haji Zainul Ariff bin Haji Hussain was appointed as a Chairman, Board of Director, Universiti Putra Malaysia on 23 June 2004. His directorships in other public companies are in Gamuda, Malaysian Industri-Government Group for High Technology (MIGHT) and Malaysia International Shipping Corporation Berhad.

(\*) Br.Zainul Ariff, retired from Bank Pembangunan in December 2007, has replaced Br Humayun Murad as AAC member who asked to be excused due to his business commitments.

## Farook uz Zaman

Br. Farook uz Zaman, is currently Consultant for Poverty Reduction Support Unit, Policy for micro and SMEs and operationalizing the IDB's US\$ 10 Billion Islamic Solidarity Fund for Development. He holds M.B.A. and B.Sc Chemical Engineering degrees. He spent 24 years with the Islamic Development Bank at various positions and was Advisor (Operations) to Vice President (Operations) before he retired. His previous career includes Commonwealth Secretariat Advisor on secondment to the Tanzania Investment bank, Dar es Salaam under Commonwealth Fund for Technical Cooperation (CFTC) and Swedish International Development Agency (SIDA) arrangements and Chemical Engineer, Pakistan Industrial Credit and Investment Corporation (PICIC) at Dacca and Karachi. He also worked as Senior Chemical Engineer and Manager, Engineering Department, Bangladesh Industrial Credit Corporation (BSRS), Bangladesh and was a Member of the Working Group of International Financial Institutions on SMEs under the aegis of World Bank.

Harmonization of Financial Management and Audit business processes among the multi-lateral development banker (World Bank Group, African Development Bank, Asian Development Bank and IDB). He had International working relations with WB, AfDB, AsDB, EBRD, OPEIC Fund for International Development (OFID) and Arab Coordination Group (Abu Dhabi Fund for Development, Arab Fund for Economic & Social Development, Kuwait Fund, BADEA and the UN system. He was Focal point in IDB for SMEs and NDFIs as well as for the development of ADFIMI since 1974 and preparing the agenda, documents, invite and speakers for the regular annual meeting of IDB with NDFIs and ADFIMI held on the occasion of the Annual Meetings of IDB.



## 23<sup>rd</sup> COMCEC Discusses Microfinance in Istanbul



President Abdullah Gül

The Twenty-third Session of the Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Conference (COMCEC) was held in Istanbul, from 14 to 17 November 2007. 44 member states, 3 observer states and various OIC and international organizations, including ADFIMI have attended the meeting.

In his inaugural statement, H.E. Abdullah GÜL, Chairman of COMCEC and newly elected President of TURKEY, expressed his pleasure for being with the representatives of the Member States of the OIC for the first time as the President of the COMCEC. He commended the increase in intra-OIC trade and called all Member States to continue their endeavours to put TPS-OIC into force by 1 January 2009, as scheduled. With reference to the poverty alleviation, President Abdullah GÜL expressed his satisfaction with the newly established Poverty Alleviation Fund within the IDB. He also drew the attention of the participants to the problems of African Peoples in economy, health and society and called on the Member States to help Palestine people more, and similarly shared his wishes for overcoming the political crisis in Lebanon.



Dr. Ekmeleddin Ihsanoglu

Dr. Ekmeleddin IHSANOGLU, Secretary General of OIC also underlined the developments in intra-OIC trade and appealed to the Member States to promptly sign the Preferential Tariff Scheme for TPS-OIC (PRETAS). The Secretary General also expressed his pleasure that the Second Round of Trade Negotiating Committee was concluded with the adoption of a new TPS-OIC Rules of Origin Agreement. Dr. IHSANOGLU drew the attention of the house to the efforts to alleviate poverty as a fundamental condition for trade development. Within this framework, he applauded the Poverty Alleviation Fund and appealed to the Member States to contribute

to it and also stated the importance of cooperation among OIC Member States for the development and diversification of their agricultural and industrial products.

Dr. Ahmed Mohammed ALI, the President of the Islamic Development Bank, also addressed the Opening Session giving a summary of developments on the recent activities of the IDB Group. Cumulative approvals by the Group for projects, technical assistance and trade operations since its establishment had exceeded US\$ 50 billion to finance more than 5500 operations. With regard to financing intra-trade among OIC member countries, the volume of trade financing by IDB programs and windows had increased to US \$ 2.8 billion over the past year 1427H/2006, while the target in 1428/2007 was in excess of US\$ 3 billion. The Bank has approved financing to the tune of US\$ 26.73 billion for trade. Until now, 37 countries have joined the membership of ITFC. Its subscribed capital was recently increased to US \$ 750 million.



Dr. Ahmed Mohammed ALI

The Islamic Corporation for the Insurance of Investment and Export Credit's (ICIEC) operations have been growing steadily during 1427 H, culminating in insurance commitments to the tune of US\$ 736 million. New insurance commitments have increased by 70% to reach US\$ 808 million. The volume of insured business grew by 83% to reach US\$ 618 million. Thus, total insurance commitments rose to US\$ 2.4 million.

Concerning the Islamic Corporation for the Development of the Private Sector (ICD) its business grew rapidly to reach 4.7 million financing 68 projects.

In order to enhance its role of providing financial support and technical assistance to member countries IDB's capital had been increased from



Dr. Ahmet Tıkık



Dr. Savaş Alpay

ID 15 billion to ID 30 billion and its subscribed capital from ID 8.1 billion to ID 15 billion.

He said that the European Parliament had lately passed a resolution adding the Bank to its list of fourteen zero-risk multilateral development banks in accordance with EU criteria. The IDB was also accorded excellent credit AAA rating by the Standards & Poor's Agency (for the long term) and +1-A rating (for the short term), for the six years in a row. The Moody's Agency confirmed the AAA rating (for the long term), and 1st Rate (in the short term) for the second year. The two agencies agreed that the future outlook of the Bank is "stable".



Shaikh Abdullah KAMEL

In addition, the IDB Group was accorded observer status by the United Nation's General Assembly, which indicates international appreciation of the Group's distinctive contribution to development and the welfare of humanity.

Shaikh Saleh Bin Abdullah KAMEL, the President of the Islamic Chamber of Commerce and Industry (ICCI), also made a statement, in which he mentioned the activities of the ICCI and gave information on the establishment of International Zakat Organization.

There was an Exchange of Views Session Chaired by HE Nazim Ekren, Deputy Prime Minister of Turkey, on "Micro-Credit Financing and Poverty Alleviation in Member States". Director General of SESRTCIC, Dr. Savaş ALPAY made a presentation on the outcomes and recommendations of the Workshop on Micro-Credit Financing and Poverty Alleviation in Member States, which was held from 9 to 11 July 2007 in Istanbul, Turkey.

Substantial interest was generated when Nobel Laurate Dr. Muhammed Yunus described his microfinance experience at the Grameen Bank. He said that the poor people were the product of the wrongs in the system. They were like bonsai trees planted in a flower pot, hence while resembling the original plant they could not flourish as much. Whereas if they had enough space and depth they would become just another tall bonsai tree. When he set to help the poor people that borrowed money from the loan sharks he realized that the conventional banks were designed to lend the rich and not the poor. He therefore established the Grameen Bank - which means the village bank - by turning the rules of the conventional banks upside down; hence poorer the client higher their priority in lending. There was no collateral, lending was totally based on trust. Conventional banks preferred men whereas 97 % of Grameen Bank's clients were women. They now had 7,5 million borrowers countrywide, 27,000 staff at 2500 branches. In the course of the years they have developed new lending schemes. For instance they were now financing 18,000 students coming from the poor families attending universities. Every individual was a born entrepreneur but may not always be aware of his/her talents. For instance they have turned 10,000 of 100,000 beggars in Bangladesh to street vendors. In Bangladesh 80% of the poor had access to microfinance as a result of which poverty had reduced by 1% every year in the 90s. The reduction rate was doubled to 2% per annum between 2001-2005. They were on track to achieve the First Millennium



Dr. Nazim Ekren

Dr. Muhammed Yunus

Development Goal of reducing the number of poor people by half by 2015. He was confident that reduction rate would increase to 3% per annum in the coming years and by 2030 there would be no poor people left in Bangladesh. [www.comcec.org](http://www.comcec.org)

## Special Seminar on Islamic Capital Markets; Sukuk Structures and Issuance

A special ADFIMI Seminar entitled “Islamic Capital Markets; Sukuk Structures and Issuance” was held in Istanbul from 12-13 November 2007 at the Point Hotel. There were 14 participants from five countries. The seminar was delivered by Br. Harun Kapetanovic of Bosnia and Herzegovina who works for Dubai Islamic Bank.



Hüseyin Aydın

## Halkbank Receives IPO Award in Sweden

The EAST Capital award for Best IPO was presented by Aivaras Abromavicius to Halkbank “for having skillfully executed the largest IPO ever in Turkey and for continuing to show strong growth.” CEO Hüseyin Aydın happily accepted the award on behalf of Turkey’s 7th largest bank. He proudly commented that Halkbank’s IPO was the largest in Turkish history and that post IPO performance has been very strong – “this award is further confirmation of Halkbank’s success and faith in the Turkish market”.

Founded in 1997, East Capital is a leading independent asset manager specialising in Eastern European financial markets, with around EUR 5.7bn in assets under management, both in public and private equity. Founded in 1997 it is headquartered in Stockholm and has over 450,000 direct and indirect private investors throughout the world.





Upcoming Events

- ADFIMI Ordinary Seminar on 'Internal Audit Issues and Challenges' Antalya, 28-30 January 2008
- ADFIMI Ordinary Seminar on Budgeting and Financial Control, Hammamet, Tunisia, 11 - 13 February 2008.
- The First Meeting of ADFIMI Advisory Committee, Girne, TRNC, 17-18 March 2008
- ADFIMI Ordinary Seminar on "Entrepreneurship Development", 19-21 March 2008, Kyrenia, Turkish Republic of Northern Cyprus
- ADFIMI Ordinary Seminar on Implementation of Basel II, April 2008
- ADFIMI General Assembly Jeddah, 31 May 2008
- ADFIMI Management Committee Meeting, Jeddah 30 May 2008
- ADFIMI 18th CEO Seminar, Jeddah, 31 May 2008
- 33rd Meeting of IDB Group Jeddah, 31 May - 4 June 2008



● **Islamic Development Bank Eyes New Clean Energy Fund, 12 December 2007**

IDB, announced plans to set-up a new Clean Energy Fund to further expand sustainable energy development services in its 56 member countries in the Middle East, Africa, Asia, Europe and Latin America. Addressing the United Nations Climate Change Conference held in Bali, Indonesia, President, Dr Ahmed Mohamed Ali, signalled IDB's intention to establish a Clean Energy Fund to capitalise on Kyoto Protocol's Clean Development Mechanism (CDM) and to stimulate private sector participation in clean energy projects.

● **Fitch Upgraded IDB's Long Term IDR to "AAA" on 10 December 2007 and affirmed IDB's short-term IDR at 'F1+'.**

The Agency said that IDB benefits from the strong support of its 56 member countries in the form of uncalled subscribed capital that the bank is authorised to call in case of need to meet its financial obligations. IDB has traditionally recorded a very low level of non-performing assets, with impaired financed operations standing at only 1.2% of the bank's portfolio. IDB's credit risk exposure will be further diluted by the establishment of the ISFD which was formally approved by the Board of Governors in May 2007. The target capital of ISFD is USD10bn and up to now, 30 member countries (compared with 18 at end-November 2006) have agreed to participate in the fund for a total amount of USD1.6bn in addition to a commitment of USD1bn by the bank.

● **Financing of the Kandadji Dam Programme (Niger) and Taoussa Dam Programme (Mali), 2nd Donor Roundtable, 08 December 2007**

A total of 436 million USD for the Kandadji and Taoussa Dams to be built on the Niger river with a total cost of some 700 million USD was secured at the second donor roundtable. The roundtable was attended by Dr. Ahmed Mohamed Ali, President of the IDB Group and Dr. Amadou Boubacar Cisse, Vice-President for Operations, the Islamic Development Bank as well as by the Prime Ministers of Niger and Mali. The dam is a reflection of the shared vision for a sustainable development of the Niger Basin. Besides IDB, a number of other development finance institutions, including the World Bank will contribute to the financing of this project. The project is due to start by mid 2008.

● **IDB Board of Executive Directors Holds its 248th Meeting in Djibouti, Approves Finances for More Than US\$ 357 Million, 11 November 2007**

Development projects included Loan Financing for Urban Poverty Reduction Program, Loyada Road Project, Financing for the Water Dams Project in Djibouti as well as various projects in Malaysia, Kazakhstan, Chad, Cote d'Ivoire, Mauritania and Comoros. The Board also approved US\$ 25 million for the International Fund for Energy Project, US\$ 25 million for Communication, Information and Technology Fund, and US\$ 20 million for participation in the equity of FORAS Investment Company. There were grants from the Waqf Fund to the tune of 1,5 million USD for various schools and hostels in non-member countries.

● **The President approves Trade Financing and Technical Assistance IDB Group Reform, 23 October 2007**

The aspiration of the IDB Vision is that "by the year 1440H (2020), IDB shall enhance its current position as a world-class devel-

opment bank, inspired by Islamic principles, that has helped significantly transform the landscape of Comprehensive Human Development in its member countries.

The contemplated Reform process is to meet the expectations of IDB member countries, help the IDB Group face future challenges and speed up the implementation of the Extraordinary Makkah Summit's 10-year Plan of Action, said H.E. Dr. Ahmad Mohamed Ali, IDB President.

● **International Islamic Trade Finance Corporation to launch operations in January 2008**

The announcement was made at the fifth round of ITFC's board meeting, which took place in Dubai on December 1-2, 2007.

The Corporation's functional objectives for 1428H (2008) during which the ITFC is expected to fine-tune and begin the phased implementation of its trade financing and trade promotion activities in member countries thus helping them enhance their export capabilities and developmental objectives.

Total trade finance approvals recorded since the inception of IDB are in excess of US\$25 billion, and in the last five years, approvals have been consistently in excess of US\$2 billion per annum."

Establishment of the International Islamic Trade Finance Corporation (ITFC) was approved by the Bank's Board of Governors during its 29th Annual Meeting held in Putrajaya, Malaysia in 2005. The corporation enjoys the status of an international organization and has its headquarters in Jeddah, Kingdom of Saudi Arabia and its first branch will be in Dubai, UAE. The ITFC has an Authorized Capital of US\$3 billion and an initial Subscribed Capital of US\$750 million and will be a private-sector driven autonomous trade entity within the IDB Group. It was established with the aim of providing the necessary inputs to accelerate the growth of intra-trade among OIC countries from its current 14% to 20% by 2015.