



# Islamic Development Bank Group



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IDB



# Islamic Development Bank: Introduction

## Snapshot

- Established in 1975; headquartered in Jeddah, Kingdom of Saudi Arabia
- Regional Offices in Kazakhstan, Malaysia, Morocco and Senegal
- AAA Rating by Moody's, Fitch, and S&P. Zero-Risk Rating by the European Commission
- All financial transactions in compliance with Islamic law (Shari'ah)

## Mission Statement

"We are committed to alleviating poverty; promoting human development, science & technology, Islamic banking & finance; and enhancing cooperation amongst member countries, in collaboration with our development partners"

## Priority Areas

- Human Development
- Agricultural Development & Food Security
- Infrastructure Development
- Private Sector Development
- Intra-Trade among Member Countries
- R&D in Islamic Banking & Finance

As of 17 December 2009

Total Assets: US\$13.1 bn\*

Authorised Capital: US\$46.0 bn\*

Paid up capital of US\$5.5 bn\*

Rated Aaa/AAA/AAA

1,014 employees

### 56 Member Countries

#### 27 in Africa:

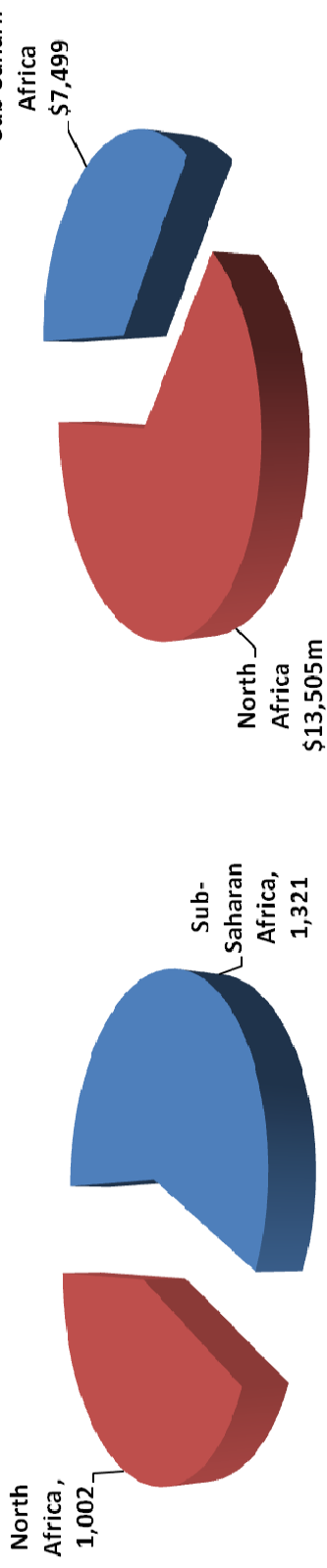
- 12 in Western SSA
- 10 in Central & Eastern SSA
- 5 in North Africa
- 58% of population
- 56% of area

\* US\$ figures are approximate only.  
Original amounts in Islamic Dinar (ID)

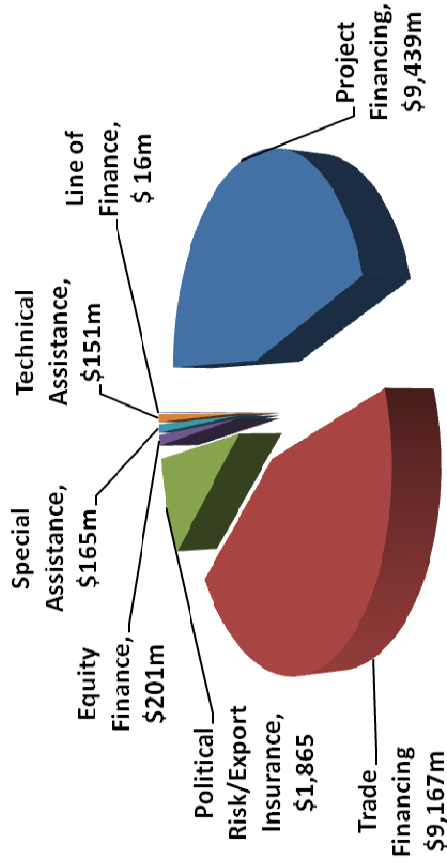
# IDB Group's Total Financing into Africa

- IDB's first project was financed in Africa : US\$ 7 million loan for Song-Loulou Hydro Electric Power in Cameroon (October 1976).

2,323 Operations Financed



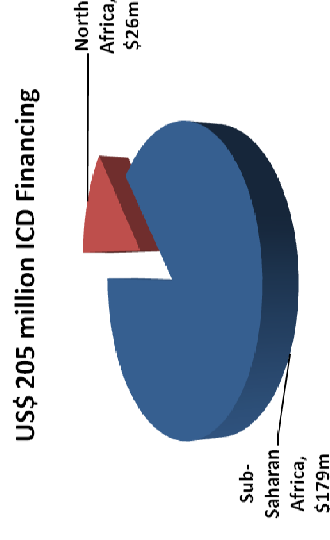
US\$ 21,004 million Total Financing



# African Interventions by ICD, ICIEC & ITFC

## 1. Islamic Corporation for development of Private Sector (ICD) - 2000

- **Instruments:** equity investments, term finance, and line of finance.
- **Highlight:** Actively involved in formation of a holding company for managing four Islamic Banks in West Africa (Senegal, Niger, Mauritania, and Guinea).



## 2. Islamic Corporation for the Insurance of Investments and Export Credit (ICIEC) - 1994

- **Instruments:** Political Risk Insurance (PRI)/ Export Credit Insurance.
- **Highlight:** PRI for Doraleh Container Terminal covering investment of up-to US\$ 50 million.

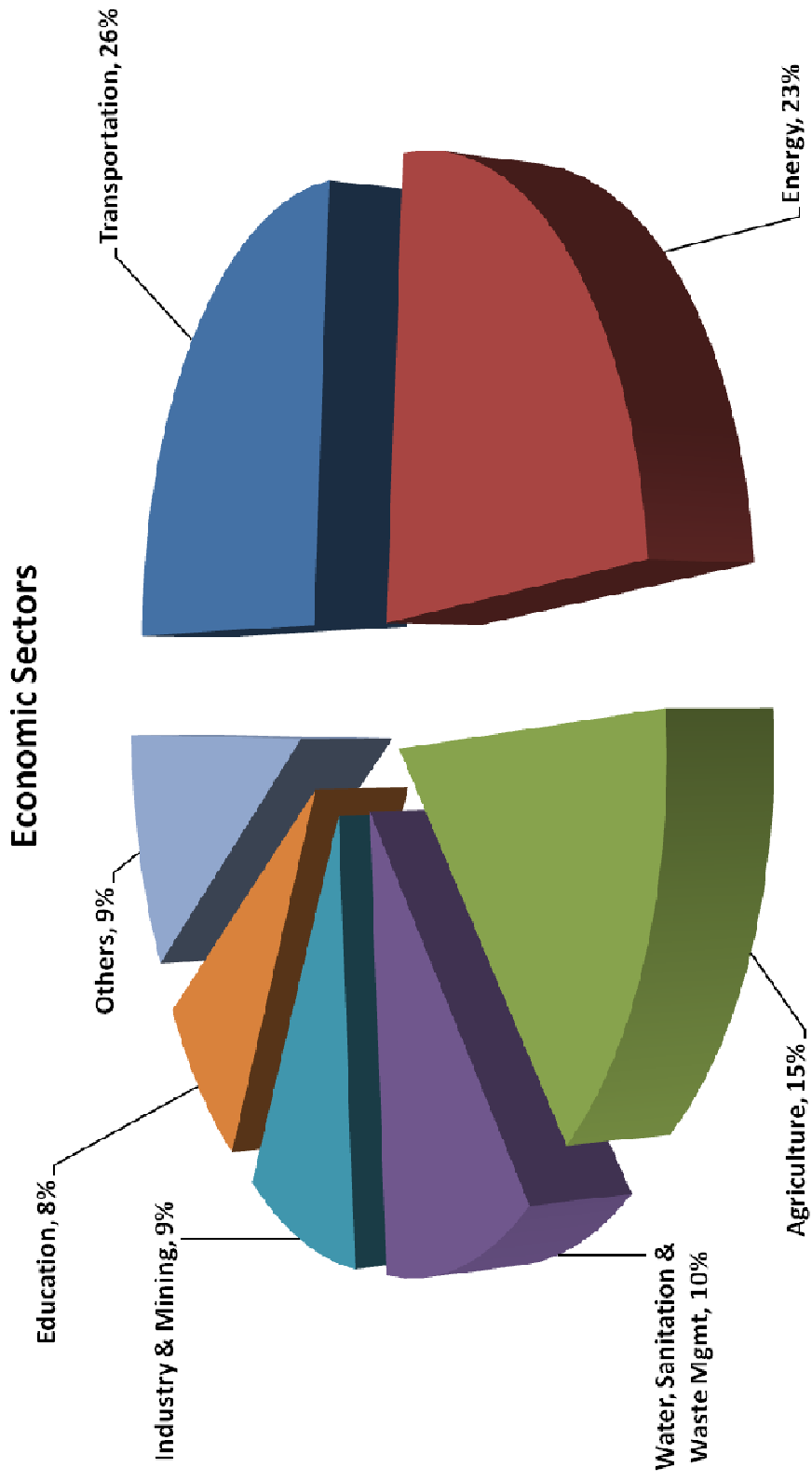


## 3. International Islamic Trade Finance Corporation (ITFC) - 2008

- **Instruments:** Ordinary and Structured trade finance.
- **Highlight:** Awarded the prestigious Euromoney 'Deal of the Year' Award 2008 for its trade financing activities in Cote d' Ivoire.



# IDB Group's Total Financing into Africa



## IDB's Development Programs for Africa

- **Ouagadougou Declaration (OD) – US\$ 2 billion – 5-year Program**
  - IDB disbursed pledged US\$ 2.38 billion.
  - Programs under the OD:
    - Education
      - Bilingual Education Program
      - Vocational & Literacy Program (VOLIP)
    - Health
      - Roll Back Malaria Quickwin Program
      - River Blindness Control
    - Technical Assistance
      - Capacity Building Program for OIC Countries (CBP4OICC).
  - Key infrastructure projects financed under OD:
    - Mali: Sevare-Gao road, Gao Bridge, Taoussa Hydroelectric Dam
    - Niger: Agades-Zinder road, Kandaji Hydroelectric Dam
    - Chad: Facha Power Plant in Chad
    - Regional: Atlantique Telecom in Benin, Gabon and Niger

# IDB's Development Programs for Africa

- **Special Program for the Development of Africa (SPDA)**
  - Assist in scaling-up interventions in Africa
  - Key focus on
    - LDMCs
    - Agriculture
    - Infrastructure
    - Education
    - Health
  - Related Programs
    - **Program for Infrastructure in Africa (PIDA)** (€ 7.8 million)
      - Support regional infrastructure integration initiatives
    - **Islamic Solidarity Fund for Development (ISFD)** (US\$ 10 billion)
      - Endowment fund to reduce poverty
      - US\$ 2.6 billion contributed so far. IDB's commitment is US\$ 1 billion
    - **Jeddah Declaration for Food Security (JDFS)** (US\$ 1.5 billion)
      - Strengthen food supply by assisting small farmers in acquiring agricultural inputs, support security stocks etc.



# IDB's Strategic Partners in Africa

- World Bank
- African Development Bank
- ECOWAS Bank for Investment and Development (EBID)
- West African Bank for Development (BOAD)
- Food & Agriculture Organization (FAO)
- International Fund for Agricultural Development (IFAD)
- The Coordination Group - an association of:
  - **Three bilateral funds**
    - Abu Dhabi Fund for Development
    - Kuwait Fund for Arab Economic Development
    - Saudi Fund for Development
  - **One monetary agency**
    - Arab Monetary Fund
  - **Five multilateral development institutions**
    - Islamic Development Bank
    - OPEC Fund for International Development
    - Arab Bank for Economic Development in Africa
    - Arab Fund for Economic and Social Development
    - Arab Gulf program for United Nations Development Organizations



# Key Infra Projects in Africa financed by IDB

Sr. No.	Project Name	Country	Description	Total Cost (US\$ Mil.)	IDB Participation (US\$ Mil.)
1.	OMVS Electricity Supply	Mali Senegal Mauritania	200 MW electricity generation and supply to Mali, Senegal, and Mauritania.	1,206	21
2.	Tunisian Indian Fertilizer *	Tunisia	360,000 tons per annum phosphoric acid production facility.	290	150
3.	Heightening Roseires Dam	Sudan	Heightening of dam to intensify irrigation of 1.7 million hectares.	477	80
4.	Taza-Oujda Segment	Morocco	197 km Taza-Oujda highway segment within Fes-Oujda Highway.	764	157
5.	Atlantique Telecom GSM*	Benin Gabon Niger	Consolidation of 900 MHz GSM digital mobile telephony networks acquired by Atlantique Telecom in addition to sale and leaseback of existing facility	109	57
* PPP Projects					
6.	Doraleh	Djibouti	New container terminal with a total quay line of 1.05	397	65

# Pipeline Infra Projects in Africa to be financed by IDB

Sr. No.	Project Name	Country	Description
1.	OMVG	Senegal Gambia Guinea Guinea Bissau	a) 128MW hydroelectric plant in Senegal and 240MW hydroelectric plant in Gambia. b) Regional transmission line, with 15 sub stations, covering Senegal, Gambia, Guinea, and Guinea Bissau
2.	AIBD	Senegal	New international airport in Dakar with handling capacity of 3 million passengers per annum.
3.	Limba Refinery Modernization	Cameroon	Capacity expansion of the existing crude oil refining capacity
4.	Libya- Niger-Chad Road	Libya	1,000 km long trans-national highway.
5.	Linguere-Matam Road	Senegal	200 km long highway
6.	Libreville International Airport	Gabon	Advisory services to the Government of Gabon for the development of a new international airport.
7.	Mayumba Deep Water Port	Gabon	Advisory services to the Government of Gabon for the development of a deep water port.

# Challenges

- **Country development plans do not take into consideration regional perspective**
  - ⇒ MDBs to assist countries in integrating the regional dimension into their development plans
- **Weak regulatory Institutional framework impedes private sector interventions**
  - ⇒ Sound structures capable of developing large scale PPP project
- **High cost barrier for implementing infrastructure projects**
  - ⇒ Create critical mass, through regional projects, for contractors, suppliers, manufacturers, etc.
- **Trans-boundaries use/sharing issues**
  - ⇒ Tackle in participatory manner and use international good practice (Energy Charter Protocol)
- **Alignment of procurement modes between co-financiers**
  - ⇒ Better assessment of local/ regional capacities and encouragement of south-south collaboration
- **Weak financial standing of public utility Co. with regards to PPA/minimum revenue guarantee**
- **Infrastructure maintenance issue, financial management, poor governance, institutional weakness (PMU and budget)**

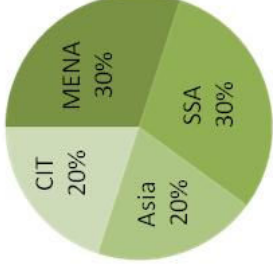
# IDB Group: Future Strategic Direction

## ➔ Sectoral Focus in Infrastructure



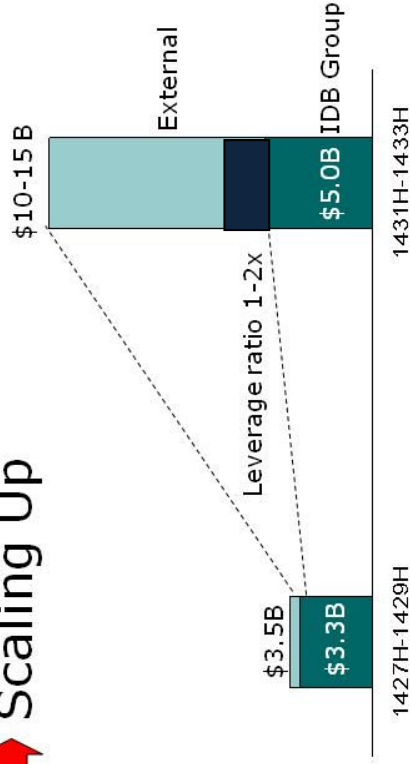
- Four Core Sectors
- 80% Financing Allocation

## Where



## Re-balancing Regional Allocation

## ➔ Scaling Up



### Enablers

- Mobilize Private Sector and PPP Financing
- Introduce New Financing Instruments (Guarantees and Syndication)
- Sponsorship and Promotion of Infrastructure Funds
- Internal and External Collaboration

# PPP Financing

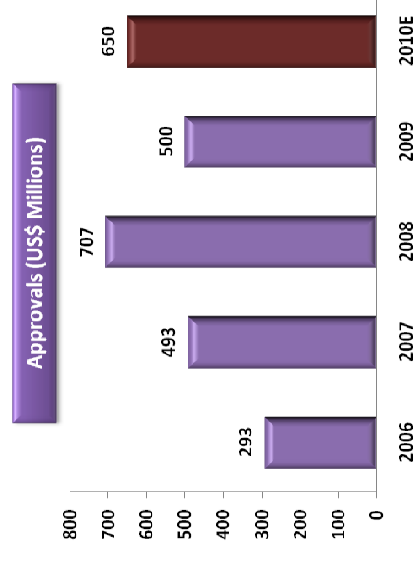
- IDB embarked PPP financing in 2006
- IDB aims at scaling up its PPP operations in SSA

## Why PPP?

- Most MCs in Africa are LDMC's (18 MCs out of 27 MCs)
- Governments can only borrow on concessional Terms due to HIPC
- IDB has limited concessional funds
- PPP financing can supplement concessional financing, particularly in regional projects

## PPP Potential Advantages

- Improve public sector capacity in terms of developing integrated efficient solutions for the society
- Introduce creativeness and innovation to infrastructure projects
- Introduce both time and cost savings in project implementation
- Create equitable risk sharing between the public sector and the private sector
- Bring in large and highly experienced bidders to the projects
- Create transfer of skills, experience, and technology to the public sector





# Conclusion

- Development of Africa's Infrastructure is high on IDB's Agenda
- IDB initiated/participated in various Special Programs
- IDB is reallocating resources for SSA
- Strengthen IDB's partnerships in supporting investment flows into Africa
  - ⇒ Networks integration (road, railway, power, gas, etc.)
  - ⇒ Thematic studies: boarder crossing facilitation, and Infrastructure Maintenance
- Mobilize private sector and PPP financing
- Provide support to policy reforms and institutional changes as well as capacity building advocate and create PPP receptive and adequate environment.



**THANK YOU**

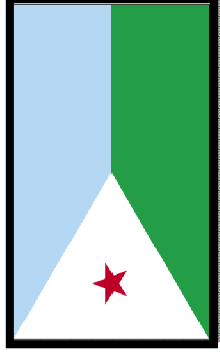


# PPP Projects in Africa: Approved Projects

## Djibouti: Doraleh Container Terminal

- Project Description:

- Construction of a new container terminal with a total quay line of 1.05 km long.



- Sponsors: Port Autonome International de Djibouti (PAID)  
Dubai Ports World (DPW)



- Total Amount:

US\$ 397 Million

- IDB Participation:

US\$ 67 Million (US\$15 M sell down to OFID)

- Tenure:

10 years

- Lenders:

IDB, SC, West LB



# PPP Projects in Africa: Approved Projects

## Mauritania: SNIM



- Project Description:
  - A maintenance and development programme involving the following:
    - Expansion of Iron Ore Mining capacity in the Guelb region (Guelb II);
    - Maintenance and modernization of railways;
    - Building a new Iron Ore Terminal.

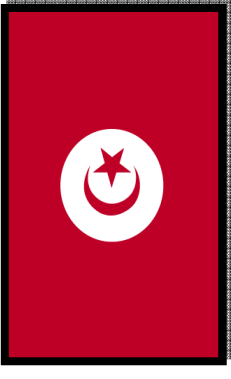


- Sponsor: SNIM
- Total Amount: US\$ 840 Million
- IDB Participation: US\$ 108 Million
- Tenure: 15 years
- Lenders: EIB, AfDB, FDA, IDB, KfW, BNP Paribas, BHF, Fortis

# PPP Projects in Africa: Approved Projects

## Tunisia: TIFERT

- Project Description:
  - The construction of a new phosphoric acid production facility with a capacity of 360.000 tons per annum (tpa).



- Sponsors: Groupe Chimique Tunisien  
Coromandel Fertilisers Limited  
Gujarat State Fertilisers & Chemicals Ltd.



- Total Amount: US\$ 290 Million
- IDB Participation: US\$ 150 Million (US\$ 30 M sell down to OFID)
- Tenure: 15 years
- Lenders: EIB, IDB

