



المؤسسة الإسلامية لتنمية القطاع الخاص
ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR
SOCIETE ISLAMIQUE POUR LE DEVELOPPEMENT DU SECTEUR PRIVE

An Affiliate of the Islamic Development Bank • مؤسسة تابعة للبنك الإسلامي للتنمية • Filiale de la Banque Islamique de Développement

INFORMATION BRIEF

1. Introduction

The Islamic Corporation for the Development of the Private Sector (“ICD”) is a multilateral organization, part of the Islamic Development Bank (“IDB”) Group. ICD was established in November 1999 to promote economic development of its member countries in accordance with the principles of the Sharia through private sector development. ICD encourages the establishment, expansion and modernization of private enterprises through financing private sector enterprises or projects. Projects are selected on the basis of their contribution to economic development considering factors such as creation of employment opportunities and contribution to exports. ICD also provides advice to governments and private sector groups on policies to encourage the establishment, expansion and modernization of private enterprises, development of capital markets, best management practices and enhance the role of market economy. ICD operations complement the activities of the IDB.

1.1 Capital

ICD has an authorized capital of USD 2 billion, and subscribed capital of USD 750 million. The capital of ICD is allocated as follows: 50% for IDB, 30% for member countries and 20% for public financial institutions of member countries.

1.2 Shareholding

Currently, the shareholders of ICD are IDB, 45 Islamic countries (extending from Senegal in the West to Indonesia in the East) and 5 public financial institutions.

1.3 Management

ICD’s Board of Directors, which has 10 members, is the policy making body of the organization. It is chaired by the President of IDB, and also includes the Chief Executive Officer and 8 members representing various ownership groups. An Executive Committee consisting of 5-6 board members is the investment decision making body. ICD also has an Advisory Board and Sharia Committee.

The CEO manages the day to day operations of ICD. The CEO of ICD is Khaled Al Aboodi.

2. Activities

ICD started its operations in year 2000, and has financed projects in the telecommunications, agribusiness, general manufacturing, pharmaceuticals and private health care. ICD has also extended lines of financing to banks and financial institutions. ICD operates on a commercial basis. It invests exclusively for-profit projects, shares risks with its partners, and charges competitive market rates for its products and services.

2.1 Products & Services

ICD finances private sector projects (i.e. majority shareholding by private entities or individuals of member countries) through a number of Sharia compliant financing modes.

The products and services offered by ICD are as follow:

i. Direct Financing such as:

- Term finance – Leasing, Murabaha, Installment sale, Istisn'a, Salam;
- Equity – Musharaka and Diminishing Musharaka;
- Lines of Finance;
- Mudaharaba

ii. Advisory services;

iii. Development of Islamic finance and capital markets

ICD can play a role in mobilizing resources for financing a project through co-financing or syndication. In addition, ICD can also finance projects directly or indirectly through lines of financing extended to banks or leasing companies. Lines are used to finance projects that cannot be directly financed due to their relative small size i.e. small and medium enterprises.

2.2 Highlights of investment guidelines

The terms and conditions of financing are determined according to market conditions and country and project specific risks.

(i) Company Eligibility

- Promising private sector projects introduced by experienced entrepreneurs or promoters;
- Public sector enterprises under privatization;
- Majority voting stock in the hands of private investors from member countries;
- An appreciable contribution to the local economy or intra-regional trade.

(ii) Finance Amount

The volume of ICD financing for a project is in the range of USD 5 to 15 million with a minimum financing amount of USD 2 million. The maximum amount of ICD financing (from its own resources) for a specific project is 50% of the total project investment cost if the project is an expansion of an existing company or project and 40% of the project investment cost if it is a new or greenfield project. All financing is in US Dollars.

(iii) Tenure

Repayment periods are in the range of 5 to 7 years. This tenure is inclusive of grace periods ranging from 1 to 2 years. Short term corporate finance is also provided for tenures of up to 1 to 2 years.

(iv) Collateral

Collateral for ICD finance includes pledge of a variety of assets, bank, corporate or personal guarantees, and assignment of identified receivables to an escrow account. The value of the collateral pledged should usually exceed the value of ICD financing by 50%.

2.3 Areas of Focus

Projects that represent cross-border investments and have a strong export potential, which involve substantial jobs creation and transfers of new technologies are given priority. Furthermore, consideration is given to the developmental impact of the project on the country or the region in addition to its financial and technical merits.

Priority sectors for ICD finance are as follows:

- Modern Manufacturing;
- ICT;
- Telecommunication;
- Power;
- Health;
- Education;
- Financial Sector;
- Advisory Services

3. Contact Details

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