



REGULATIONS OF THE ISLAMIC SOLIDARITY FUND FOR DEVELOPMENT

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REGULATIONS OF THE ISLAMIC SOLIDARITY FUND FOR DEVELOPMENT

ARTICLE-1 AUTHORITY FOR THE REGULATIONS

These Regulations are adopted pursuant to Articles 10 and 29(1) of the Articles of Agreement establishing the Islamic Development Bank and Resolutions of the Board of Governors of the Islamic Development Bank Nos. BG/7-427 and BG/12-427 and in response to the directive of the Third Extra-Ordinary Session of the Organization of Islamic Conference Summit held in Makkah Al-Mukarrama on 5-6 Dhual Qa'dah, 1426H (7-8 December, 2005G). The Regulations shall come into force on the date specified in Article 20 of these Regulations.

ARTICLE-2 DEFINITIONS

In these Regulations, unless the context otherwise requires, the following terms shall have the meaning assigned to each of them:

- "Articles of Agreement" : Articles of Agreement establishing the Bank.
- "Bank" : The Islamic Development Bank
- "Board of Executive Directors": The Board of Executive Directors of the Bank.
- "Board of Governors" : The Board of Governors of the Bank.
- "Board of Directors" : The Board of Directors of the Fund.
- "Chairman" : The Chairman of the Board of Directors.
- "Fund" : The Islamic Solidarity Fund for Development established pursuant to these Regulations.
- "Participant" : The Bank, the member country, or an institution of a member country of the Bank participating in the Fund.
- "Principal Amount" : The target amount which shall be US\$ 10.0 billion or any increase thereof to be contributed by the Bank and member countries and institutions of member countries of the Bank in accordance with Article 6 hereof.

ARTICLE-3 **CONSTITUTION OF THE FUND**

There shall be established hereby a special fund within the Bank called “the Islamic Solidarity Fund for Development” .

ARTICLE-4 **PURPOSE**

The purpose of the Fund is to finance different productive and service projects and programmes that help in reducing poverty in member countries of the Organization of Islamic Conference in accordance with these Regulations.

ARTICLE-5 **THE PRINCIPAL AMOUNT**

- 5.01 The target Principal Amount of the Fund shall be US\$10.0 (ten) billion.
- 5.02 The Principal Amount shall consist of contributions by the Bank, member countries of the Bank and institutions of member countries of the Bank.
- 5.03 Any amount of the Principal Amount paid to the Fund shall be maintained as Waqf in accordance with the Islamic Shariah rules governing Islamic Waqfs. The Waqf shall be conditional on the continuation of the Fund.
- 5.04 The income from the Waqf shall be used for providing financing for projects and programmes aimed at reducing poverty in the member countries of the Organization of the Islamic Conference as indicated in Article 14 hereof.
- 5.05 Utilization of the income of the Waqf shall be in accordance with the rules, guidelines and procedures as may be laid down by the Board of Directors.
- 5.06 The Board of Governors may increase the Principal Amount at any time upon such terms and conditions, as it may deem appropriate.

ARTICLE-6 **PARTICIPATION**

- 6.01 Contributions to the Fund announced before the adoption of these Regulations by the Board of Governors shall be as indicated in Annex (A) hereto.
- 6.02 Any member country of the Bank or any institution of a member country of the Bank, other than those named in Annex-A hereto, may participate in the Fund upon such terms as may be decided by a vote of the majority of the total number of Governors representing a majority of the votes of the Governors. The Board of Governors may delegate its powers pursuant to this Article to the Board of Directors.

- 6.03 The Board of Directors shall determine the manner and the period during which the contribution of the Bank to the Fund shall be paid.
- 6.04 Contributions shall be paid to such account or accounts as may be designated by the Board of Directors. Payment of contributions, except the contribution of the Bank, shall be made within a period not exceeding three years in the manner specified by the Board of Directors.
- 6.05 If the Board of Governors decides to increase the Principal Amount, each Participant shall have a reasonable opportunity to subscribe to a proportion of the increase of the Principal Amount equivalent to the proportion of the contribution which it has heretofore made bears to the total contributions to the Principal Amount immediately prior to such increase. No member of the Bank or Participant shall be obliged to subscribe to any part of an increase of the Principal Amount.
- 6.06 The Board of Directors may, at the request of a Participant, increase the contribution of such Participant to the Principal Amount on such terms and conditions as the Board of Directors may determine.
- 6.07 Participants shall not receive any distribution from the income of the Fund.

ARTICLE-7 **RESOURCES**

The resources of the Fund available for utilization in its activities shall consist of:

- (i) income from the Waqf;
- (ii) funds derived from operations or otherwise accruing to the Fund;
- (iii) other resources received by the Fund.

ARTICLE-8 **OTHER RESOURCES**

- 8.01 Subject to Article 8.02 hereof, the Fund may enter into arrangements to receive other resources including grants or loans from member countries or institutions of member countries of the Bank and from any public or private entity or entities or individuals as the Board of Directors may determine.
- 8.02 The arrangements referred to in Article 8.01 shall be on terms and conditions which are consistent with the Fund's purpose, operations and policies and shall not impose an undue administrative or financial burden on the Fund or the Bank.

ARTICLE-9

ADMINISTRATION OF THE FUND

- 9.01 Subject to the powers of the Board of Governors, the Fund shall be administered by a Board of Directors.
- 9.02 The Board of Executive Directors shall be the Board of Directors of the Fund. The President of the Bank or, in his absence, the Acting President, shall be ex officio Chairman of the Board of Directors.
- 9.03 Subject to the provisions of Article 11 hereof, the Board of Directors shall manage and administer the business and affairs of the Fund; and to this end, it shall develop and administer the Fund resources in such a manner as will preserve the Principal Amount and ensure continued and uninterrupted income to be used for the purpose of the Fund as stipulated in Article 4 of these Regulations.
- 9.04 Without prejudice to the generality of Article 9.03 hereof, the Board of Directors shall:
- (i) take decisions regarding individual loans, grants and other forms of financing to be provided by the Fund under these Regulations;
 - (ii) adopt such rules, regulations or other measures as may be required for the operations of the Fund and to ensure that proper and adequate audited accounts and records are kept in relation to the operations of the Fund;
 - (iii) ensure that the Fund is managed in the most efficient and economical manner;
 - (iv) submit to the Board of Governors, for approval at each annual meeting of the Bank, the accounts for each financial year in a form which distinguishes, to the extent necessary, between the accounts of the operations of the Fund and of such operations as are financed from the resources of the Bank.
- 9.05 The procedure of the Board of Directors shall be as follows:
- (a) The Board of Directors shall operate at the headquarters of the Bank unless the Chairman, in consultation with the Board of Directors, otherwise decides, and shall meet as and when the business of the Fund requires, provided that it shall meet at least four times every year.
 - (b) Rules of Procedures of the Board of Executive Directors and Guidelines for the Meetings of the Board of Executive Directors shall apply to the meetings of the Board of Directors to the extent they are not inconsistent with the provisions of these Regulations.

ARTICLE-10 REPRESENTATION OF PARTICIPANT INSTITUTIONS

Participant institutions shall be invited to attend the meetings of the Board of Governor as observers. Those Participant institutions whose paid contribution is US \$20,000,000/- (US Dollars Twenty Million) or more, individually or collectively, may participate in the decision making in the Board of Governors.

ARTICLE-11 VOTING

- 11.01 Each Participant country shall have 1000 (One Thousand) basic votes plus 100(One Hundred) votes for each US \$1,000,000/- (US Dollars One Million) it has contributed and paid to the Fund. Each Participant institution shall have 100 (One Hundred) votes for each US \$1,000,000/- (US Dollars One Million) it has contributed and paid to the Fund.
- 11.02 Decisions in the Board of Governors in relation to any matter relating to the Fund shall be made by consensus. In the rare cases where voting is needed, each Governor or representative of a Participant institution shall be entitled to cast the votes of the Participant he represents. In addition, each Governor shall be entitled to cast such a proportionate share of the votes of the Bank in the Fund as shall be equal to the proportion represented by the number of shares in the Bank of the member country he represents in relation to the total capital of the Bank.
- 11.03 Except as otherwise expressly provided in these Regulations, all matters before the Board of Governors relating to the Fund required to be decided by voting, shall be decided by a majority of the voting power of the Governors attending the meeting.
- 11.04 Decisions in the Board of Directors shall be made by consensus. In the rare cases where voting is needed, each member of the Board of Directors shall be entitled to cast the votes of the Participant or Participants he represents. In addition, each member of the Board of Directors shall be entitled to cast such a proportionate share of the votes of the Bank in the Fund as shall be equal to the proportion represented by the number of shares in the Bank of the member country or countries he represents in relation to the total capital of the Bank.
- 11.05 Except as otherwise expressly provided in these Regulations, all matters before the Board of Directors required to be decided by voting, shall be decided by a majority of the voting power of the members of the Board of Directors attending the meeting.

ARTICLE-12 **THE ADVISORY BOARD**

- 12.01 The Chairman may, with the consultation of the Board of Directors, appoint an Advisory Board for the Fund consisting of international renowned personalities of different nationalities who are experts in the fields of the Fund's activities.
- 12.02 The Advisory Board shall meet on the invitation of the Chairman and shall exchange views on and deal with matters referred to them by the Board of Directors or the Chairman. The Chairman shall submit to the Board of Directors a brief report about the deliberations and recommendations of each meeting of the Advisory Board.
- 12.03 The Chairman shall, in consultation with Board of Directors, determine the remuneration and expenses to be paid to the members of the Advisory Board for attending meetings or carrying out tasks entrusted to them by the Board of Directors or the Chairman.

ARTICLE-13 **BUDGET AND EXPENSES OF ADMINISTERING THE FUND**

- 13.01 The Chairman shall submit to the Board of Directors for approval, before the end of each Financial Year, estimates for the administrative budget, for the following Financial Year, of the programmes and activities to be financed from the resources of the Fund.
- 13.02 Expenses related to the Fund shall be charged against the income of the Fund. The same income shall also be charged with the consideration for the use of the facilities and services of the Bank.
- 13.03 The Ordinary Capital Resources of the Bank shall under no circumstances be charged with, or used to discharge losses or liabilities arising out of the operations, programmes or other activities for which the resources of the Fund were originally used or committed.

ARTICLE-14 **OPERATING PRINCIPLES**

- 14.01 Poverty reduction considerations shall be reflected in all activities of the Fund by targeting interventions in, inter-alia, social and human development, basic infrastructure, capacity building, agricultural and rural development, and other activities deemed pro-poor with a view to:
- (a) providing income and employment;
 - (b) generating opportunities for the poor;

- (c) enhancing the role of women in socio-economic development;
 - (d) providing the poor and the vulnerable with social safety nets and other enablers of poverty reduction.
- 14.02 Without prejudice to the generality of Article 14.01 hereof, in pursuing its objective, the Fund shall undertake operations aimed at:
- (a) Infrastructure development, particularly rural infrastructure.
 - (b) Human development, including education (particularly for girls); health sector development (fighting malaria, tuberculosis and other diseases) and water and sanitation.
 - (c) Agriculture and rural development.
 - (d) Programs which have the potential for enhancing women's ability to participate and benefit from the economic growth process (such as microfinance, agricultural inputs, extension services etc.).
 - (e) Equitable distribution of benefits of economic growth, and meeting the basic needs of the poorest segments of the population.
- 14.03 Subject to Article 14.04 hereof, each financing extended out of the resources of the Fund shall be approved by the Board of Directors, or to the extent authorized by the Board of Directors, by the Chairman.
- 14.04 The Chairman shall invest the Principal Amount, and resources of the Fund as may not be immediately required for financing its operations, programmes and other activities. In doing so, the Chairman shall be guided by the generally accepted sound investment principles giving paramount importance to the need to preserve the Principal Amount.
- 14.05 All dealings and activities of the Fund shall be in conformity with Islamic Shariah.

ARTICLE-15 **SEPARATION OF RESOURCES**

- 15.01 The resources of the Fund shall at all times be held, utilized, committed, invested or in any other way disposed of completely independent of the resources of the Bank itself, or of any other resources entrusted to the Bank for administration.
- 15.02 The Fund shall have separate accounts and records of the Principal Amount, resources and operations of the Fund in such manner as to permit the identification of the assets, liabilities, income, costs and expenses pertaining to the Fund.

- 15.03 The accounts of the Fund shall be kept in any currency, currencies or unit of account that the Board of Directors may deem appropriate.

ARTICLE-16 **SUSPENSION OR TERMINATION OF THE OPERATIONS OF THE FUND**

- 16.01 If a Participant fails to fulfill any of its obligations to the Fund, the Board of Governors may, by a vote of two-third majority of the total number of Governors, representing not less than three-fourths of the total voting power of the Governors, suspend such Participant from exercising its rights in the Fund for such a period as the Board of Governors deems reasonable. The Board of Governors may allow the Participant to resume exercising its rights in the Fund by a resolution to be passed with the same majority as stated above and in accordance with such conditions as the Board of Governors may determine.
- 16.02 If a Participant, which is a member of the Bank, is suspended under Article 44 of the Articles of Agreement, or if a Participant is suspended under Article 16.01 hereof, the Participant shall not be entitled to exercise any rights as a Participant, until the suspension is lifted.
- 16.03 Without prejudice to Article 16.05 hereof, a temporary suspension of operations of the Bank under Article 46 of the Articles of Agreement shall be deemed an automatic temporary suspension of the operations of the Fund. In this case operations of the Fund in respect of new commitments shall be temporarily suspended pending an opportunity for further consideration and action by the Board of Governors.
- 16.04 If the Board of Governors resolves to terminate the operations of the Bank pursuant to Article 47 of the Articles of Agreement, such termination shall, unless the Board of Governors otherwise decides, be considered as automatic termination of the operations of the Fund.
- 16.05 The Fund's operations may be suspended by a vote of the Board of Governors of two-thirds of the total number of Governors representing not less than threefourths of the total voting power of the Governors for such a period as may be considered appropriate. Subject to Article 16.06 hereof, suspension may be lifted by a decision of the Board of Governors upon such terms and conditions as the Board of Governors may determine by a vote of the majority of the members of the Board of Governors.
- 16.06 The Fund's operations may be terminated by a vote of the Board of Governors of two-thirds of the total number of Governors representing not less than threefourths of the total voting power of the Governors. After

termination of operations of the Fund all activities of the Fund shall forthwith cease, except those incidental to the orderly realization, conservation and preservation of its assets and settlement of its obligations. Until final settlement of such obligations, the Fund shall remain in existence and all mutual rights and obligations of the Fund and the Participants under these Regulations shall continue unimpaired.

- 16.07 If the Fund's operations are terminated in accordance with Article 16.04 or Article 16.06 hereof and subject to the foregoing and to any special arrangements for the disposition of resources agreed upon in connection with the provision of such resources to the Fund, the Bank shall distribute assets of the Fund to Participants pro rata in proportion to amounts paid in contribution to the Principal Amount. Any distribution pursuant to the foregoing provision of this paragraph shall be subject, in the case of any Participant, to prior settlement of all outstanding claims by the Fund or the Bank against such Participant. Such distribution shall be made at such times, in such currencies, and in cash or other assets, as the Board of Governors shall deem fair and equitable on the basis of net asset value. Distribution to the several Participants need not be uniform in respect of the type of assets distributed or of the currencies in which they are expressed.
- 16.08 No distribution shall be made in accordance with Article 16.07 hereof except in the case where operations of the Fund are terminated in accordance with Article 16.04 or Article 16.06 hereof and no distribution shall be made to Participants on account of their contributions until all liabilities to creditors shall have been discharged or provided for and until the Board of Governors shall have decided to make such distribution.
- 16.09 Any Participant receiving assets of the Fund distributed pursuant to this Article shall enjoy the same rights with respect to such assets as the Fund enjoyed prior to their distribution.
- 16.10 A Participant who withdraws from the Bank under Article 43 of the Articles of Agreement or whose membership ceases under Article 44 of the Articles of Agreement, shall not be entitled to any payment or refundment of its contribution in the Fund except in the case of termination of the operations of the Fund in accordance with Article 16.04 or Article 16.06 hereof.

ARTICLE-17 **FINANCIAL YEAR AND AUDIT**

- 17.01 The Financial Year of the Fund shall be the financial year of the Bank.
- 17.02 The accounts of the Fund shall be audited at least once a year by independent external auditors of international repute selected by the Board of Governors. On the basis of the audit, the Board of Directors shall submit to the Board of Governors for approval the Financial Statement of the Fund.

ARTICLE-18 **REPORTS**

The Board of Directors shall submit to the Board of Governors an annual report showing the operations, programmes and other activities financed from the resources of the Fund. The report shall also contain the audited statement of accounts of the Fund.

ARTICLE-19 **AMENDMENT**

Subject to Article 11 hereof, these Regulations may be amended by a vote of a majority of two-thirds of the total number of Governors representing not less than three-fourths of the total voting power of the Governors. Such amendment shall be effective from the date specified by the Board of Governors.

ARTICLE-20 **ENTRY INTO FORCE**

These Regulations shall enter into force on 13 Jumada'l, 1428H (30 May 2007G). The Board of Directors shall determine the date of commencement of operations of the Fund.

ANNEX-A**LIST OF PARTICIPANTS AND
THEIR CONTRIBUTIONS TO THE FUND**

S.NO.	COUNTRY	Contribution (US\$ million)
1	Islamic Development Bank	1,000.00
2	Afghanistan	
3	Albania	
4	Algeria	50.00
5	Azerbaijan	
6	Bahrain	
7	Bangladesh	
8	Benin	2.30
9	Brunei	2.00
10	Burkina Faso	2.20
11	Cameroon	2.00
12	Chad	2.00
13	Comoros	
14	Cote d'Ivoire	3.00
15	Djibouti	
16	Egypt	
17	Gabon	2.00
18	Gambia	
19	Guinea	2.00
20	Guinea-Bissau	
21	Indonesia	
22	Iran	100.00
23	Iraq	1.00
24	Jordan	3.00
25	Kazakhstan	
26	Kuwait	300.00
27	Kyrgyz Republic	
28	Lebanon	

29	Libya	
30	Malaysia	20.00
31	Maldives	
32	Mali	4.00
33	Mauritania	5.00
34	Morocco	5.00
35	Mozambique	
36	Niger	2.00
37	Nigeria	2.00
38	Oman	
39	Pakistan	10.00
40	Palestine	
41	Qatar	50.00
42	Saudi Arabia	1,000.00
43	Senegal	10.00
44	Sierra-Leone	
45	Somalia	
46	Sudan	15.00
47	Suriname	0.50
48	Syria	2.00
49	Tajikistan	
50	Togo	1.00
51	Tunisia	
52	Turkey	
53	Turkmenistan	
54	United Arab Emirates	
55	Uganda	
56	Uzbekistan	
57	Yemen Republic	3.00
TOTAL:		2,601.00

