



ISLAMIC RESEARCH AND TRAINING INSTITUTE



Annual Report

1428H|2007-2008





ISLAMIC RESEARCH AND TRAINING INSTITUTE
A MEMBER OF THE ISLAMIC DEVELOPMENT BANK GROUP



Annual Report

1428H | 2007-2008

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LIST OF ABBREVIATIONS

AAOIFI	-	Accounting and Auditing Organization for Islamic Financial Institutions
ADBS	-	Awqaf Databank System
ASEU	-	Azerbaijan State Economic University
BED	-	Board of Executive Directors
BOG	-	Board of Governors
CIBAFI	-	Council for Islamic Banking and Financial Institutions
CIS	-	Commonwealth of Independent States
DEA	-	Data Envelopment Analysis
DIFC	-	Dubai International Financial Center
DL	-	Distance Learning
DLCs	-	Distance Learning Centers
DLP	-	Distance Learning Program
GDLN	-	Global Development & Learning Network
GKP	-	Global Knowledge Partnership
IBIS	-	Islamic Bank Information System
IDB	-	Islamic Development Bank
IDBDE	-	IDB Database on Experts
IDRC	-	International Development Research Center
ICCI	-	Islamic Chamber of Commerce & Industry
ICDT	-	Islamic Center for Development of Trade
ICT4D	-	Information and Communication Technologies for Development
IFSDF	-	Islamic Financial Sector Development Forum
IIFM	-	International Islamic Financial Market
IIFS	-	Institutions Offering Islamic Financial Services
IIU	-	International Islamic University
IFSB	-	Islamic Financial Services Board
IFSI	-	Islamic Financial Services Industry
IRTI	-	Islamic Research & Training Institute
ISESCO	-	Islamic Educational, Scientific and Cultural Organization
ITFC	-	International Islamic Trade Finance Corporation
IUT	-	Islamic University of Technology
KAPF	-	Kuwait Awqaf Public Foundation
KICT	-	Knowledge, Information & Communication Technology
MCs	-	Member Countries
MDeC	-	Multimedia Development Corporation
MoU	-	Memorandum of Understanding
MSCTC	-	Multimedia Super Corridor Technology Center
NIE	-	New Institutional Economics
OIC	-	Organization of the Islamic Conference
PMS	-	Publication Management System
ROA	-	Return on Assets
ROE	-	Return on Equity
SAMA	-	Saudi Arabian Monetary Agency
SESRTCIC-	-	Statistical, Economic and Social Research and Training Center for Islamic Countries
S&T	-	Science & Technology
UNDP	-	United Nations Development Program
UNED	-	Universidad Nacional de Educacion a Distancia
YP	-	Young Professionals

EXECUTIVE SUMMARY

Islamic Research and Training Institute (IRTI) of the Islamic Development Bank Group (IDB) undertook various activities to fulfill its mandate of increasing the knowledge base in Islamic Economics, Banking and Finance, and providing training facilities to stakeholders. 1428H was the third year of implementation of IRTI's 5-Year Strategic Plan. The highlights of its achievements during 1428H are given below.

Strategic Dialogue

In order to make its services policy relevant for member countries, IRTI established four Working Groups in 1426H, for Poverty Alleviation, Islamic Financial Sector Development, Capacity Building, and Information and Communication Technology for Development. The activities of these working groups started in 1427H and continued during 1428H.

the Working Group on Poverty Alleviation has been focusing on highlighting the potential of the institutions of Zakah and Awqaf in fighting poverty in member countries and in making these institutions part of poverty reduction strategies. The working group has initiated work on "implementing the concept of comprehensive human development based on Maqasid al-Shari'ah". The Working Group on Islamic Financial Sector Development (IFSD) has been promoting strategic and policy dialogue for the orderly development of the Islamic financial services industry in member countries. During 1428H the working group focused on Islamic Microfinance. A paper was developed on the framework and strategies for Islamic microfinance. A meeting of the working group was held in IDB on April 14, 2007. The meeting discussed the working paper, which was then discussed by the IFSD Forum held in Dakar as a side activity of the IDB Annual Meetings. The working group has also initiated work on human capital development for the industry. The Working Group on Capacity Building has been paying attention to training needs of IDB member countries. During 1428H, the Group invited some of the Centers of Excellence, reputable experts and scholars to participate in preparing the policy documents on Capacity Building issues, related to IDB Member Countries. Fourteen institutions and experts have shown their willingness to participate in the future Meetings of the Capacity Building Group. Also the Capacity Building Group has participated in the preparation of a Policy Paper on Human Resources Development for Zakah Institutions which will be distributed in the 33rd Annual Meeting of IDB's Board of Governors.

Knowledge Building in Islamic Economics and Finance

Five in-house research projects were completed in 1428H. These were "Legal Environment and the Non-profit Sector: Implications for Growth of Awqaf Institutions", "A Perspective on Globalization and Economic Justice", "Framework and Strategies for Development of Islamic Microfinance Services", "The Islamic Vision of Development in the Framework of the Maqasid Al-Shari'ah", and "Compendium on Financial Products Found in Fiqh Literature".

IRTI was involved in organizing a total of 16 conferences/seminars/forums during 1428H, 9 in the area of Islamic banking and finance, 4 in the area of Islamic economics (Zakah and Awqaf), one in the area of information and networks, one in the area of education in member countries and one about globalization and its implications for member countries. In the 20 events on Islamic economics and finance, a total of 147 papers and presentations were made (Islamic microfi-

IRTI was involved in organizing a total of 16 conferences/seminars/forums during 1428H, nine in the area of Islamic banking and finance, four in the area of Islamic economics (Zakah and Awqaf), one in the area of information and networks, one in the area of education in member countries and one about globalization and its implications for member countries. In the 20 events on Islamic economics and finance, a total of 125 papers and presentations were made (Islamic microfinance 40, capital markets and products 45, Zakah/Awqaf 25, others 15). In order to provide a quick view of the content of these events, abstracts of 70 selected papers are included in the Annual Report. In these subject-wise events 700, 500, 400, and 300 participants respectively participated. Two volumes each in Arabic and English of Islamic Economic Studies (IRTI Journal) and four proceedings from Research Seminars/Conferences were also approved for publication by the IRTI Academic Committee during 1428H. In addition, IRTI professionals presented 26 papers and lectures at different conferences, seminars and workshops.

IRTI also conducted the 5th and 6th Distance Learning Courses during 1428H and published a distance learning prospectus which illustrates the main objectives of the program, content of future courses, schedules and affiliated participant and partner institutions.

Facilitating the Application of Islamic Economics and Finance

IRTI undertook various activities to enable the use of knowledge of Islamic economics and finance in various fields. In this regard IRTI initiated and contributed to activities related to the Islamic financial architecture development. It cooperated with the Shari'ah Board of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). IRTI also cooperated with Islamic Financial Services Board (IFSB) on implementation of IFSB Standards and "Ten-Year Framework and Strategies" recommendations. In this regard, a Standing Committee has been established and two Task Forces one each on Human Capital Development and Islamic Microfinance Development have been established. IRTI and IFSB are working on the implementation of work plan on these two areas. In addition, IRTI and IIFM are working on the development of Islamic capital markets and products. In this regard, two joint conferences and one workshop were organized jointly by IIFM and IRTI during 1428H. IRTI and the Council for Islamic Banking and Financial Institutions (CIBAFI) have also established the Policy Dialogue Forum on Islamic Financial Sector Development. The second Forum was organized in Dakar, Senegal, on 10 Jumad Al-Awwal 1428H (May 27, 2007) addressing the issues of Islamic Microfinance Development. The two institutions are also working on organizing the next IFSD Forum on the theme of "Human Capital Development" of the Islamic financial services industry. IRTI also anchors the IDB (Technical Assistance) sub-account with the International Monetary Fund for member country policy support in developing the IFSI. In addition a total of 13 training courses were held on various topics related to Islamic economics and finance in different countries during 1428H.

Capacity Building

During 1428H, IRTI organized 38 training programs in 16 IDB member countries. These were attended by 927 international and local participants from IDB member countries and included: 23 regular courses, six fee-based courses, one Task Force Meeting on Human Resource Development for Islamic Financial Services Industry and eight workshops under the Task Force on Training for Preparing the Ummah for 21st Century. All these training programs were conducted in four languages, namely, Arabic, English, French and Russian [in CIS countries]. During 1428H, percentage-wise implementation of the training programs under four broad themes was 30% on Islamic Banking and Finance, 21% on Private Sector Development, 10% on Human Resource Management and 39% on Macro-Economic Policies.

Information and Knowledge Resources

As part of its mandate to collect, systemize, and disseminate information in various fields that serve member countries, IRTI has established various information systems. The first phase of the Islamic Bank Information System was completed by the end of 1427H. The Awqaf Databank project experienced key achievements in 1428H. All the technical preparations for the portal project were made ready and will be accessible to public in early 1429H. The Awqaf Databank shall be a gateway for more than 40,000 pages of literature, information and intellectual assets on Waqf. It has several specialized Awqaf references including the Grand Awqaf literature directory (Al-Kashaf) and Awqaf Maknaz.

During 1428H, the IDB Database on the Experts system was redeveloped by a local professional company where its web-based system was enhanced using the latest web development tools and technology and is currently under testing. On the other hand, necessary steps were taken to expand the current on-line IRTI Publication Management System to become a total solution for IRTI publication activities. The new system will have the capability of selling IRTI publication online. In another direction, IRTI published a Distance Learning Prospectus and distributed to a huge number of academic institutions around the globe to attract them to participate in its DL Program. During 1428, IRTI conducted the 5th and 6th Distance Learning Courses. To keep all IRTI clients and customers updated, IRTI worked hard during 1428 to launch the new IRTI Portal which is up-to-date, accurate and timely. All IRTI activities are registered online in its portal.

Prizes

The IDB Prize in Islamic Banking & Finance for 1428H is under implementation. The first meeting of the Screening Committee was held. Documents for short-listed candidates have been sent to referees for review. Two referee reports have been received and the meeting of the second Screening Committee shall be held in due course followed by the meeting of the Selection Committee which will finally select the winner of the Prize.

In order to promote trade among member countries, the IDB Group has established a Waqf Fund to support the "IDB Prize for Trade Promotion" to be awarded annually. During 1428H, IRTI along with the Economic Policy and Statistics Department of IDB prepared the proposal and guidelines for the IDB Prize for Trade Promotion. The Board of Executive Directors (BED) approved the special Waqf Fund for an amount of USD 1 million, with the income generated thereof to be allocated for this Prize. The IDB Prize for Trade Promotion is being implemented from 1428H. The meeting of the Screening Committee was held. Arrangements for holding the Selection Committee meeting are under process which

will finally select the winner of the Prize.

Institutional Development

During 1428H, IRTI continued to participate in the Vision 1440H Quick Wins initiatives. IRTI contributed to the Islamic Financial Services Industry Development Quick-win Program as a co-leader. IRTI also contributed to the other Vision 1440H Quick Wins. IRTI has also participated in the Vision 1440H Reform Program. In addition, IRTI has contributed to various programs and activities of the IDB Group. Among others, IRTI professionals participated in committees/teams related to establishment of International Islamic Trade Finance Corporation (ITFC), the IDB Oral History Program, Young Professionals Implementation Committee, and various Science and Technology Committees.

Efforts in strengthening IRTI as a member of the IDB Group continued during 1428H and the Board of Executive Directors approved the amended Statute of IRTI. The amended Statute has enhanced the position of the IRTI Director to that of Director General and has been submitted to IRTI Board of Trustees. The Vision 1440H envisions IRTI to achieve full consultancy status in effectively providing policy advice to member countries in implementation of the strategic thrusts. Keeping in view these determinant factors, IRTI continued consultations with the consultants on the future institutional development of IRTI.

IRTI initiated activities and continued to make significant contributions to the development of the Islamic financial architecture and infrastructure in collaboration with various stakeholders, specially the Islamic finance specialized institutions.

In order to strengthen Islamic economics and finance education in universities, IRTI has facilitated networking between universities by implementing the Distance Learning Courses (DLCs) on Islamic Economics and Islamic Finance. Necessary steps are envisioned to convert the DLCs into Islamic Economics and Finance Learning Network (IEFLN), and the Islamic Banks Information System into Islamic Economics and Finance Research Network (IEFRN).

CHAPTER

Introduction



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CHAPTER 1

INTRODUCTION

1. IRTI: ITS MANDATE AND STRATEGIC OBJECTIVES

The Islamic Research and Training Institute (IRTI) was established in 1401H (1981). The purpose of the Institute is to undertake research for enabling the economic, financial and banking activities in Muslim countries to conform to Shari'ah and to extend training facilities to personnel engaged in economic development activities in IDB member countries. The Institute is located within the headquarters of IDB in Jeddah, Saudi Arabia.

IRTI organizes and coordinates basic and applied research with a view to developing models and methods for the application of Shari'ah in the fields of economics, finance and banking; to provide for the training and development of professionals in Islamic economics and banking to meet the needs of research and Shari'ah-observing agencies; It also trains personnel engaged in development activities in the Bank's member countries; It works to establish an information center to collect, systematize and disseminate information in fields related to its activities; and to undertake any other activities which may advance its purpose.

The President of the IDB is also the President of the Institute. The IDB's Board of Executive Directors (BED) acts as its supreme policy-making body. The Institute is headed by a Director General responsible for its overall management who is selected by the IDB President. The Institute consists of four technical divisions (two Research Divisions for Islamic Economics and Islamic Banking & Finance, a Training Division and an Information Center) and three supportive units: Special Assignments, Administrative Services, and Publication.

IRTI works within the framework of the IDB Group Strategic Framework. This framework states that "The IDB Group will continue to provide necessary assistance and guidance for completing the infrastructure of the Islamic banking and financial industry. Within the Group, IRTI would play a leadership role in creating a network of institutions contributing to various aspects of the industry." Nevertheless, IRTI also makes a concerted attempt in contributing to the other two strategic objectives of the IDB Group, namely, poverty alleviation and economic cooperation among member countries. In responding to the expectations of member countries, the IDB Group adopted the Vision 1440H during 1427H. The Vision emphasizes the IDB Group to take the role of a facilitator along with its current functions. This new role puts more weight on knowledge creation and application, and adds to the responsibilities of IRTI.

1.2 IRTI STRATEGIC PLAN

During 1425H (2004), the Institute adopted its first 5-Year Strategic Plan. During the same year the implementation of the Plan

was initiated. In this manner, the year 1428H (2007), covered in the present report, was the third year of implementation of the IRTI Strategic Plan.

In the light of the statutory functions of IRTI, the role of IRTI as identified in the IDB Group Strategic Framework document, IRTI review report, situation analysis conducted by IRTI, and feedback provided by the Honorable Board members, the Institute has identified the following strategic objectives:

- Providing financial and socioeconomic statistics about member countries;
- Promoting strategic dialogue among member countries on key issues of common interest;
- Facilitating the practical application of Islamic economics, banking and finance;
- Developing Islamic economics, banking and finance as scientific disciplines, and
- Business and endowment development for strengthening the financial position of the Institute.

In order to achieve the above mentioned strategic objectives, IRTI plans to introduce the following initiatives.

i. Building synergies within the IDB Group through

- IRTI responding to such business needs of the IDB Group, which require input from IRTI based on the areas of its core competence;
- IRTI utilizing accumulated experience of the IDB Group entities for developing packages for effective knowledge transfer;
- IRTI in partnership with the relevant IDB Group entities, organizing events to contribute towards the Strategic Objectives of the IDB Group.

ii. Networking through Working Groups

The following Working Groups comprising Centers of Excellence in member countries will be established:

- Working Group on Poverty Alleviation;
- Working Group on Islamic Financial Sector Development
- Working Group on Capacity Building
- Working Group on ICT4D

i. Research

- Sustainable development and poverty alleviation

- Risk management, regulation and supervision of Islamic financial institutions
- Products and markets development for Islamic finance
- Text books and surveys in Islamic economics and finance.

ii. Training

- Building and enhancing technical capacities of member countries in macroeconomic management,
- Islamic banking and finance and managing Islamic economic institutions
- Traditional training as well as utilization of Distance Learning Network
- Improving quality, efficiency, impact and cost-effectiveness of training programs
- Income generation
- Training packages and cases
- Building partnership with the private sector

iii. Information Systems and services

- Building and maintaining the IRTI Islamic financial institutions information system,
- Building the IRTI Website benchmarked with the international research and training Institutes,
- Utilization of the Internet for marketing the Institute's services, particularly, IRTI publications,
- Building a database on Awqaf, and
- Facilitating the digitization of IRTI documents, as well as
- Building a database on Experts.

iv. Programs and Partnerships

- IRTI will revitalize the following professional programs, which are already under implementation:
- Research Seminars and Conferences
- Training Courses
- Various types of Publications
- I DB Prize in Islamic Economics, Banking and Finance
- IRTI Scholarship for PhD in Islamic Economics, Banking and Finance
- IRTI Distinguished Scholars' Lecture Series
- IRTI Visiting Scholars' Program
- IRTI Encouragement and Promotion Program, and
- IRTI Partnership Program for Capacity Building in Islamic Financial Industry.

1.3. OVERVIEW OF CURRENT ISSUES AND IRTI'S FOCUS

During 1428H the research activities of IRTI concentrated on the development of the concept of Comprehensive Human Development in the light of Maqasid Al-Shari'ah, and enhancing the role of finance in promoting human development through financial inclusion and development of Islamic financial products and markets. In addition, the role of Zakah and Awqaf in promoting financial

inclusion remained a subject of focus. The key issues of public policy interest in the above themes are in the following:

1.3.1 Comprehensive Human Development

Concentrating primarily on economic development cannot, within the framework of Islamic teachings, lead to comprehensive human development which is necessary for realizing overall human well-being. It is also imperative to take into account all the other ingredients of human well-being. While Islam considers a rise in income and wealth through economic development to be necessary, its vision of comprehensive human well-being also requires the satisfaction of non-material as well as spiritual needs. If these needs are not satisfied, there will ultimately be a lapse in well-being followed by a decline in development. The satisfaction of all these (material as well as non-material and spiritual) needs has been addressed in Islamic literature under the generic term of Maqasid Al-Shari'ah (objectives of the Shari'ah).

One of the most important Maqasid is justice which demands the treatment of all individuals with dignity and respect and the equitable sharing of the fruits of development. Equally important is spiritual and moral uplift which serves as a springboard for the realization of not only justice but also the fulfillment of material and spiritual needs. Some of the other equally important and generally recognized Maqasid al-Shari'ah are security of life, property and honor, fulfillment of all contracts and socio-economic obligations, individual freedom, moral as well as material education, marriage and proper upbringing of children, family and social solidarity, and minimization of crime, tension and anomie. It may not be possible to ensure mental peace and happiness and to sustain long-term development and well-being of a society without making a serious effort to realize these Maqasid. There is therefore, also a need to operationalize and measure the achievement of these objectives in IDB member countries and in the operations of the IDB.

1.3.2 Financial Inclusion: Concepts, Challenges and Potential Initiatives

Exclusion of the poor from the financial system is a major factor contributing to their inability to participate in the development process. Given the high and rising levels of poverty in Muslim countries, enhancing financial inclusion has increasingly gained importance in recent years. There is a growing realization that Islamic economics and finance must play a crucial role in reducing poverty levels in Muslim societies. At a strategy level, this requires development of Islamic microfinance - a successful marriage between Islamic finance and microfinance that not only retains the accumulated wisdom of the microfinance best practices, but also gives due consideration to religious and cultural sensitivities of Muslim clients.

Microfinance institutions have distinct characteristics that make them specialized components of the formal financial system. The main point of departure of microfinance from mainstream finance systems is its alternative approach to collateral that comes from the concept of joint liability. This basic methodology of microfinance is indeed encouraged in the Shari'ah drawing inspiration from the concept of Islamic solidarity.

While mainstream Islamic financial institutions (IFIs) are not expected to show much interest in collateral-free microfinance, a case is made in favour of including microfinance in their portfolio of activities in fulfillment of their corporate social responsibility (CSR). The notion of CSR demands that IFIs should not ignore their social role while performing their basic function of financial intermediation.

A mandatory requirement for mainstream IFIs as well as Islamic microfinance institutions (IsMFIs) is that all their transactions must conform to the Shari'ah and be free from riba, excessive gharar and other prohibitions. Over the last couple of decades mainstream IFIs have expended considerable effort in developing products and services that meet the needs of their clients relating to savings, financing, investment, remittance, risk management etc., in a Shari'ah-compliant manner. While most of these products could be used by IsMFIs as well, there are some microfinance-specific issues that deserve special mention.

The model that has popularized collateral-free microfinance and has been replicated in many countries in a wide variety of settings is the Grameen Bank model. A number of variants of the model exist; but the key feature of the model is group-based and graduated financing that substitutes collateral as a tool to mitigate default and delinquency risk. This also constitutes the central feature of most Islamic microfinance projects. While the models used are similar, there are significant points of difference between Islamic and conventional microfinance. In addition to ensuring Shari'ah compliance in their products and services, Islamic microfinance projects charge a relatively lower financing rate as compared to Grameen and its conventional replicators. A second model - the Village Bank model involves an implementing agency that establishes individual village banks with about thirty to fifty members and provides "external" capital for onward financing to individual members. As a village bank accumulates sufficient capital internally, it graduates to become an autonomous and self-sustaining institution. This model has been very successfully implemented in a Shari'ah-compliant manner in a number of projects. The third type of microfinance model is a Credit Union (CU). A CU is based on the concept of mutuality. It is in the nature of non-profit financial cooperative owned and controlled by its members.

Conventional microfinance over the years has witnessed a paradigm shift - from the traditional donor-based approach to a for-profits approach in building inclusive financial systems. The underlying assumption is that the demand for these services is simply too great to be filled by government and donor funds on a sustained basis. The excess demand will, need to be met by commercial capital available at a "fair" market price. The focus therefore, has sharply shifted from charity to profits.

Conventional microfinance is not for the poorest of the poor. There is a sizeable substratum within the rural poor whose lives are unlikely to be touched, let alone improved by financial services. They are not "bankable" in their own or their neighbour's eyes, even when the bank is exclusively for poor people. Yet they desperately need some sort of assistance. An Islamic microfinance system, on the other hand, identifies being the poorest of the poor as the primary criterion of eligibility for receiving Zakah. It is geared towards eliminating abject poverty through its institutions based on Zakah and Sadaqah. The primary issue with Zakah and Sadaqah-dependent institutions is the issue of sustainability as they are essentially rooted in voluntarism. Funds mobilized through charity could fluctuate from time to time and may not lend themselves to careful planning and implementation. The issue of sustainability is addressed in the institution of Awqaf through the creation of permanent and income-generating physical assets. Awqaf has historically been the major vehicle for creating community assets. On the flip side, the restrictions on development and use of assets under Waqf for pre-specified purposes introduce rigidity into the system.

To sum up, Islamic microfinance is fast developing as a key area in Islamic economics and finance. However, there are still unresolved issues both at theoretical and practical levels that need urgent attention of the community of researchers and professionals. IRTI has devoted considerable amount of resources in the recent past to develop systematic dialogue with professionals and also to encourage serious research in the area aimed at developing the Islamic microfinance industry that can play a significant role in reducing poverty via enhanced financial inclusion.

1.3.3 Islamic Capital Markets Development: Challenges and Initiatives

Islamic capital markets constitute another segment of Islamic financial system needing further development. These markets are an integral part of Islamic financial system for efficient mobilization of resources and their optimal allocation. These markets complement the investment role of the Islamic banking sector. They are more relevant in Islamic economy because prohibition of interest entails a greater reliance on equity and asset-based finance. For the investors to know the fair value of their investments, smooth out the risks through diversification and be able to liquidate their positions in real assets, such markets are indispensable. However, the institutional arrangements of the Islamic financial system may be different with respect to these markets as compared to their conventional counterparts. This realization is found to a lesser extent among some stakeholders than the realization of the same in case of Islamic and conventional banking sectors.

How the Islamic capital markets will develop and what direction they will take depends on a number of factors but most importantly on the realization of the similarities as well as the differences in the objectives and the means of Islamic system and it also depends on the introduction of new financial products, their characteristics, diversity and the use; the regulation and support provided to the functioning of these markets; socio-economic conditions of the societies and most importantly, the political will for change towards an Islamic system without which no real change can occur.

Focusing on countries where the capital markets are vibrant and Islamic capital markets are also functioning or to the least, the countries where Islamic capital market products are offered we find there are three kinds of challenges or issues.

¹Issues in Products: Although new products are constantly coming to the market their ability to widen the available risk-return choices are very limited. Venture capital financing products are starkly missing. Moreover, many of the newly introduced products do not follow the AAOIFI standards. They are also not necessarily contributing to the healthy growth of capital markets in the direction of fairness and equity where Shari'ah would ideally like to see it. For example, in the area of fixed income securities like sukuk, be it ijarah sukuk or the other types of sukuk, reforms are needed to tie their earnings to rents or returns associated with the real sector rather than benchmarking with the LIBOR or other similar rates that depict price of money rather than the price of its use. Hedging products based on a nexus of promises are another example which violates the spirit and purpose of Islamic products.

Issues in Regulation: While need for separate regulations is recognized in the area of Islamic banking by many countries and much research and development efforts are underway in this direction such recognition is not wide spread in the case of capital market regulations. As a consequence, in many countries the Islamic capital market products are regulated using same set of regulations that exist for conventional capital markets. While it is true that many of the objectives of these regulations are common to both markets, Islamic capital market regulation not only needs different procedures and infrastructure institutions but also requires an extended objective. The IOSCO objectives of securities market regulation stipulate (i) investor protection, (ii) transparency and disclosure, and (iii) avoidance of systemic risk. Note that these objectives are equally applicable to equity, bond, and derivative securities. Much of the second two categories involve Shari'ah non-compliant securities and trade. It often represents trade in pure financial assets with no or little association with real economic activity. This shows that these objectives of regulation are incomplete for Islamic capital market. A fourth important and explicit objective has to be added. This is, (iv) keeping a constant link of financial asset with real economic activity. Ensuring of in tandem growth of the real and financial sectors is an independent objective not covered by the IOSCO stated three objectives of securities regulation. It goes beyond saying that Shari'ah rules in the form of key prohibitions of riba and gharar are always the added dimension to these objectives.

Issues in Practices: On the side of actual trading practices in vogue among the stock traders and the methods followed in issu-

See for example, IOSCO (2006), a survey done among the capital market regulators found that majority of them think that current rules and regulations governing the capital market are sufficient for introduction of Islamic products and smooth functioning of their markets.

ance of IPOs a number of problems remain as challenge. Some of these issues are common to both conventional and Islamic capital markets but some are unique to the Islamic market.

Situations arising from conflict of interest such as dealings of brokers and investment agents in own account as well as the accounts of their clients; transactions with related parties; situations pertaining to inadequate disclosure or misleading information; fraud; collusion and market manipulation are some of the issues in practice that are not unique to Islamic capital markets. They exist in various markets to varying degrees and can be reduced through moral uplift, improved corporate governance, and better regulation and its enforcement.

There are however some issues in practices that pose problems unique to Islamic capital markets. One such issue, for example, is traders' temporary borrowing of money for use in stock market trade. Such borrowing, at present, is available only on interest. Some alternate institutions are needed to ensure minimization of situations of 'unforeseen' liquidity needs and also some mechanisms to address the problem if such need arises.

A related matter is that of margin-trading. Conventional financial markets allow, albeit regulated, trading of stocks by making only a margin payment and settling the trade later on a netting basis. This increases market liquidity by increasing the trading capacity of the traders but also increases price volatility and herd behaviour among the traders. This also is akin to trading without proper possession which is not allowed in Shari'ah. Reforms and abolition of such practices are a challenge.

Yet another issue relevant to practice as well as products is that of benchmarking with LIBOR in pricing of tradable securities. Such tying of the fate of one asset with that of the other not only creates economic inefficiency by non-equilibrium prices but also opens up door to participation in Shari'ah non-compliant activities, albeit indirectly. Further, it keeps alive and re-enforces the interest-based system mentality among the investors and entrepreneurs. For a systemic change towards Islamic finance and development of Islamic capital markets it is necessary to evolve a system more tied with the dynamics of real sector than the one which only tries to mimic the conventional financial sector.

Finally, the area of Islamic capital markets is vast and interesting with many open issues inviting the attention of researchers, policymakers, and the main players of the market: investors and fund seekers. IRTI has contributed to addressing these issues and will continue to develop this area in accordance with its strategic objectives and its vision for the Islamic finance industry.

1.3.4 Capacity Building

Capacity Building as a concept is a dedication to the strengthening of institutions and individuals through education, training and the deployment of resources. Given this definition, IRTI as a training arm of the IDB Group, contributes to developing secure, stable and sustainable structures, systems and organizations in IDB Member Countries. IRTI aims at serving Member Countries in this field in such a way that Capacity Building becomes responsive to the expressed needs of Member Countries.

1.3.5 Information Challenges

IRTI desires to be a knowledge base and information dissemination institution as part of IDB Group's reform and vision 1440H. On this front IRTI has taken three initiatives. The first is the distance learning program as a joint collaborative effort between IRTI and

other universities/institutions. It was started two years ago to extend knowledge and training in Islamic economics and finance. The challenge is to expand the program to cover a spectrum of courses in Islamic Economics and Islamic Banking & Finance to more institutions in member countries and non-member countries.

The second initiative is to streamline IRTI's role in making IDB a Knowledge Bank. This is a big challenge as it requires structured planning, collaboration and tremendous effort for its creation, implementation and dissemination. For this initiative, IRTI has to create the right knowledge context which would cover the daily activities, common practices and the strategic objectives of the IDB Group.

Lastly, creating a global image of IRTI as knowledge institution by promoting and marketing IRTI products and services. This covers the following areas: promoting strategic dialogue among member countries on key issues of common interest; facilitating practical application of Islamic Economics, Banking and Finance; developing Islamic Economics, Banking and Finance as scientific disciplines; and strengthening financial position of IRTI for its global activities.

CHAPTER 2

STRATEGIC DIALOGUE

INTRODUCTION

In order to make the activities relevant for member countries' policies, IRTI introduced an initiative on strategic dialogue in its 5-year strategic plan. In this regard, four Working Groups were established as follows :

Working Group on Poverty Alleviation

Working Group on Islamic Financial Sector Development

Working Group on Capacity Building

Working Group on Information and Communication Technology for Development (ICT4D)

The purpose of these Working Groups is to establish networking between key institutions and individuals so that the activities of the Institute can be made of practical relevance for the member countries and to facilitate dialogue and sharing of experiences and knowledge. The Working Groups were initiated during 1426H with different levels of activities.

CHAPTER 2

Strategic Dialogue



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CHAPTER 2

STRATEGIC DIALOGUE

2.1. INTRODUCTION

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2. Working Group on Islamic Financial Sector Development
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2.2. WORKING GROUP ON POVERTY ALLEVIATION

The Working Group on Poverty Alleviation aimed at integrating Zakah and Awqaf in poverty alleviation policies of member countries. Two previous meetings of the Working Group have agreed on the following key guidelines have been agreed upon :

- Developing suitable models of collecting and disbursing Zakah that would be appropriate and with the existing legal systems as well as social, political and economic realities in contemporary Muslim countries.
- Studying legal and infrastructural requirements that would be conducive for the promotion and development of Awqaf institutions.
- Developing models for supervising and monitoring the operations and performance of the institutions of Zakah and Awqaf.
- Designing a system for collecting statistics on activities (including those relating to mobilization and disbursement of resources) of the institutions of Zakah and Awqaf.

In the light of the above guidelines, the Working Group has initiated activities to operationalize the concept of "comprehensive human development". A working paper on the subject is in the process of preparation keeping in view the vision 1440H and Maqasid al- Shari'ah. IRTI has already prepared a background paper on Islamic Vision of Development in the light of Maqasid al-Shari'ah. The Working Group will further develop this paper in making it useful to set out republic policies in member countries.

2.3 WORKING GROUP ON ISLAMIC FINANCIAL SECTOR DEVELOPMENT

The demand for Islamic financial services is growing in several jurisdictions worldwide and these services are becoming systemically significant in several jurisdictions. The Working Group on Islamic Financial Sector Development has been established to promote strategic and policy dialogue for the orderly and sound development of the industry. This initiative is expected to contribute to efforts in developing inclusive financial sectors and enhancing access to financial services. The Working Group so far has contributed to the preparation of two documents, one on the overall strategy to be followed in developing the industry and another on Islamic Microfinance Development. The Group has met three times so far and has adopted the following guidelines:

- i. Facilitate orderly development of the industry with a view to enhance financial inclusion, access to financial services, soundness of institutions and markets and financial stability;
- ii. Share country and institutional experiences in this regard;
- iii. Promote consultation to identify national policy alternatives to develop appropriate Islamic financial infrastructure and encourage and facilitate the implementation of the various best practice standards developed for the industry;
- iv. Pool technical, human and financial resources to concentrate on the provision of facilities that are most important for the development of the industry.

During 1428H the working group focused on Islamic microfinance. A framework and strategies paper on Islamic microfinance was developed. It was then discussed at a meeting of the working group on 14 April 2007 at IDB Headquarters. Which attended by 16 institutions working in microfinance and financial sector development. In the light of the discussions a policy document was issued targeting at macro, meso, and micro-level policies and initiatives for further discussion and adaptation in the Islamic Financial Sector Development Forum (For further details see section 2.3)

2.4. WORKING GROUP ON CAPACITY BUILDING

During 2004, the IDB Group adopted its Strategic Framework and prepared Strategic Plans to achieve the Group Strategic Objectives. In the light of its approved Strategic Plan for 2005-2010, IRTI will focus, inter alia, on establishing a strategic dialogue, with the aim of bringing together the experiences of centers of excellence and outstanding individuals in key areas of importance to the IDB Group with an objective to discuss, analyze and recommend practical solutions in commonly felt needs. In this context, IRTI, besides other Working Groups, established a Working Group on Capacity Building.

Given the IDB Group Strategic Objectives of alleviating poverty, promoting cooperation among member countries and Strengthening the Islamic financial services industry, the Working Group on Capacity Building has made a comprehensive survey in order to assess the training needs of IDB Member Countries. On this basis, the Group will discuss and analyze issues that fall in four main areas:

- i. analyzing ways and means of assessing the training needs of IDB member countries;
- ii. analyzing appropriate and best ways and means of satisfying the training needs of IDB Member Countries;
- iii. analyzing most efficient way of implementing training activities in IDB Member Countries; and
- iv. analyzing the most efficient way of evaluating the impact of IRTI-implemented training programs.

After analyzing these four questions, the Working Group will make recommendations on each of these items.

During 1428H, the Group sent letters to some of the Centers of Excellences, reputable experts and scholars who could participate in preparing the policy documents on Capacity Building issues, related to IDB Member Countries. 14 institutions and experts have shown their willingness to participate in the future Meetings of the Capacity Building Group. Moreover, the Capacity Building Group participated in the First Meeting of Task Force for Development of Human Resources for Islamic Financial Services Industry. It also participated in preparing of a Policy Paper on Human Resources Development for Zakah Institutions. This is an Occasional Paper which has been approved by IRTI Academic Committee and will be distributed in the 33rd Annual Meeting of IDB's Board of Governors. More information on this Occasional Paper and its findings are elaborated in Box-1

BOX-1 : THE OCCASIONAL PAPER ON CAPACITY-BUILDING OF ZAKAH INSTITUTIONS

The institutional set-up has been for long time the main concern of planners and strategists of Zakah institutions. One of the imperative mechanisms that would assist in developing this institutional set-up is capacity building of those who work for these institutions taking into consideration two important factors: rapid development in tech-



niques and approaches of corporate management and past experiences of Zakah institutions.

However, to enable Zakah institutions to effectively contribute to poverty alleviation in IDB member Countries, there are serious issues that need considerations like: (i) administrative reforms, (ii) new fiqhi opinions and, (iii) legislative and regulatory aspects. These are the areas that this Occasional Paper has investigated and examined thoroughly.

Main objectives of the Paper were to: (i) identify and analyze needs of Zakah Institutions with respect to capacity-building, (ii) propose the appropriate and feasible mechanisms that would enhance and improve capacity building in these institutions, and, (iii) suggest the most relevant training packages for the benefits of workers in Zakah Institutions.

The Study concludes that: (i) the capacity building of Zakah Institutions is a two-dimensional issue, that: they need capacity building in terms of human capital development and institutional structures.

With regard to human capital development, Zakah Institutions need upgrading the professional expertise in the areas of fatawa (Shari'ah rulings), planning, economics, financial studies and auditing. Concerning institutional capacity building, the Zakah Institutions would need expertise in various specialties such as information technology and multimedia, marketing, publicity and media sciences and corporate governance. Keeping in view of this, the Occasional Paper recommends a comprehensive capacity-building program for Zakah Institutions focusing on these two dimensions: human capital development and institutional structures.

2.5. WORKING GROUP ON INFORMATION AND COMMUNICATION TECHNOLOGY FOR DEVELOPMENT (ICT4D)

As IRTI is a member of the IDB Group and in order to fulfill its role to IDB and its member countries in the light of the Vision 1440H, it plays a proactive role in establishing the Information and Communication Technologies for Development (ICT4D) Working Group. The purpose of creating a working group on ICT for Development (ICT4D) is to identify the main issues confronting MCs and business leaders in the development of information infrastructures and info-structures at national level.

The World Summit on the Information Society Plan of Action calls for the development of gender-specific indicators on ICT use and needs, as well as the identification of measurable performance indicators to assess the impact

of funded ICT projects on the lives of women and girls. During 1428, jointly with other members in the group, IRTI conducted an international study on gender issues in the knowledge society in Islamic Countries. This study called for the removal of the gender barriers to ICT education and training and promote equal training, employment and income-generating opportunities in ICT-related fields for women and girls. Also IRTI worked with members of the working group to organize the 2nd and 3rd Group meetings during 1429H.

2.6 ISLAMIC FINANCIAL INDUSTRY DEVELOPMENT FRAMEWORK DOCUMENTS

As mentioned above one of the major initiatives introduced by the IRTI Strategic Plan is the promotion of Policy Dialogue. In this regard, in order to facilitate the work of the Working Group and Forum, the Institute in collaboration with the relevant partner institutions has initiated the preparation of framework documents covering different challenges of the Islamic financial services industry and the initiatives to redress those challenges. During 1426H-1427H, the Institute anchored the preparation of the "Ten-Year Framework for the Development of the Islamic Financial Services Industry," a joint initiative of the Islamic Financial Services Board and the Islamic Development Bank Group. To further implement key recommendations of this initiative, during 1428H, the Institute conceptualized work on the preparation of a document "Framework and Strategies for Development of Islamic Microfinance Services." This document was prepared during 1428H and discussed in the Islamic Financial Industry Development (IFSD) Working Group meeting held in Jeddah, Saudi Arabia, on April 14, 2007 and at IFSD Forum 2007 held in Dakar, Senegal, on May 27, 2007. Key points of the paper are summarized in Box-2.

BOX 2: KEY POINTS HIGHLIGHTED IN THE PAPER ON "FRAMEWORK AND STRATEGIES FOR DEVELOPMENT OF ISLAMIC MICROFINANCE SERVICES"

Access of the public to financial services enables it to participate in the development process and benefit from it. Islamic finance makes financial services relevant for a large segment of the world population. However, despite progress in different segments of the Islamic financial services industry, Islamic microfinance institutions have an extremely limited presence and outreach. In order to enhance the reach and richness of Islamic microfinance it is imperative to examine the major challenges confronting this sector in a holistic manner and find strategic solutions to redress them in partnership with various stakeholders.

An effective strategy for development of microfinance would require concerted efforts by all stakeholders - the poor, the cooperatives and non-profit organizations, the Islamic financial institutions, the Awqaf and Zakah Funds, the multilateral development institutions, apex bodies, networks and associations as well as government agencies, such as, the Ministries of Finance, and cooperation, the Monetary Authority and the Capital Market Authority.

- As far as the poor are concerned, they should perceive formal savings, credit and financial services as safer and more attrac-

tive, develop entrepreneurial abilities and acquire relevant education and skills and consider charity as temporary support only.

- The cooperatives and non-profit organizations should act as catalysts of change involving community assets; combine social and economic agenda with synergized effect; recognize sustainability as the core factor in development and develop linkages with banks and capital markets.
- The Islamic financial institutions should develop linkages with non-profit organizations for reaching out to the poor, recognize microfinance as an additional segment with its distinct risk-return and other features and engage in direct and indirect finance, facilitate participation of microfinance providers in capital markets, initiate and participate in dialogue with policy makers and regulators.
- The Awqaf and Zakah Funds should institutionalize voluntary giving in order to guarantee sustainability of assets and their income generating abilities, preserve and develop assets under Waqf to add to productive capacity and create capabilities for wealth creation and distribute Zakah Funds to the destitute and the poorest of poor who are not bankable.
- The multilateral development agencies, apex bodies, networks and associations should enhance mutual cooperation and coordination in matters of common interest and initiate and participate in dialogue with policy makers and regulators.
- Finally, the government agencies, such as, Ministries of Finance, and Cooperation, the Monetary Authority and the Capital Market Authority should formulate supportive policy and promote regulatory environment and create supportive infrastructure.

2.7. ISLAMIC FINANCIAL SECTOR DEVELOPMENT FORUM

The demand for Islamic financial services is growing in several jurisdictions worldwide. As a result, the industry has become significant systemically. The IFSD Forums initiated by IRTI and Council of Islamic Banks and Financial Institutions (CIBAFI) in 2006 aim at providing a platform for strategic policy dialogue for sharing country and institutional experiences with regard to developing the various segments of the Islamic financial services industry identifying key challenges of the industry's different segments in an integrated manner and promoting cooperation, knowledge sharing and partnership in alleviating the challenges thus facilitating the industry's orderly development, competitiveness and stability. The first IFSD Forum was organized in Kuwait in Jumad Awwal 1427H (May 28, 2006) as a side activity of the IDB Annual Meetings and discussed the Ten-Year Framework and Strategies for the industry.

The second IFSD Forum was held in Dakar during 1428H (on May 17, 2007). Its theme was Islamic Microfinance Development. A working paper on the "Framework and Strategies for Development of Islamic Microfinance Services" was presented by IRTI. The Forum was attended by over 300 participants. In addition to the above working paper, 18 practical case studies of microfinance were presented.

CHAPTER 3

KNOWLEDGE BUILDING IN ISLAMIC

ECONOMICS, BANKING AND FINANCE

3.1 INTRODUCTION

One of IRTI's main objectives is to increase and disseminate the body of knowledge on Islamic economics, banking and finance. The goal is achieved by undertaking various activities. Other than doing in-house research on various topics of interest, IRTI plays a facilitating role and uses various means to create knowledge in Islamic economics and finance. The activities undertaken by IRTI to promote to Islamic economics, banking and finance during 1428H are discussed in this chapter.

3.2 RESEARCH

IRTI research is undertaken by an in-house team as well as by external scholars in the form of papers presented to conferences and Islamic Economic Studies (IES). The research work concentrated in five thematic areas, namely, (a) Financial Engineering, Product Development and Capital Markets (b) Sustainable Development especially based on Maqasid al-Shari'ah, and its Implications for Public Policy, Poverty Alleviation and Empowerment (c) Financial Stability covering the areas of Risk Management,





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Financial Architecture and Infrastructure Development for the Industry (d) Frontiers of Islamic Economics and Finance and (e) Policy Dialogues.

3.2.1. In-house Research

Five research projects were undertaken and implemented by researchers in IRTI in the year 1428H. Brief summaries of these research papers are given below:

i. **"Legal Environment and Non-profit Sector: Implications for Growth of Awqaf Institutions"**

There is a general feeling that many Awqaf institutions have stagnated and are not performing the desired functions of enhancing social welfare and poverty alleviation. This has happened when other similar nonprofit organizations involved in producing social goods and services like trusts, foundations, endowments, etc. have grown in number and size. The objective of the paper is to explore the causes of disparity in the growth of Awqaf institutions and other contemporary nonprofits organizations, with the focus on the legal environment. The overall legal regime and specific laws influence the types and operations of organizations by defining, protecting, and enforcing property rights and determining the transaction costs. This paper examines the legal environment under which Islamic nonprofit organizations (NPOs) operate in Gambia and Bangladesh. After discussing laws related to NPOs in both countries, various features of organizational architecture of a sample of Islamic NPOs are presented.

The paper identifies two aspects of Waqf law that are essential for the growth of the sector. First relates to efficiency. In jurisdictions that have Waqf laws but legal asymmetry exists, one would expect organizations to use legal arbitrage. When legal and regulatory regimes increase the transaction costs of Waqf relative to other NPOs, people will opt for establishing Waqf-type institutions using other conventional organizational formats instead of the Waqf format to lower legal/regulatory/tax costs. The second issue related to Waqf law relates to flexibility. While traditionally Waqf is more suitable to the grant-making activities, many contemporary NPOs are operational. Operational NPOs require certain organizational architecture to enable them to produce social goods and services. It is important to understand the nature of operational NPOs and explore how Waqf law can accommodate the use of Waqf in these organizations. The paper provides some broad principles of an efficient and flexible Waqf Law that can facilitate the growth of the sector.

ii. **A Perspective on Globalization and Economic Justice**

This paper sheds new light on the issue of globalization and economic justice. Drawing on numerous facts and figures, it shows that globalization in the past has been accompanied with many benefits for the world economy in general and developing countries in particular, though these benefits have not been equally distributed among all regions and countries of the world. In terms of growth, the benefits of globalization have been concentrated in Asian region and within that region - mainly in China and India. Nevertheless, income among the most globalizing economies has had more equitable distribution than among the least globalizing economies. The paper also indicates that performance of the most globalizing IDB member countries in terms of socio-economic indicators such as human development, poverty reduction, economic freedom, easiness of doing business, and good governance, have been much better than least globalizing IDB member countries. A fair view on globalization is also presented in this paper. According to this view, ongoing globalization is like a non-zero unfair game with

different sets of initial conditions for developing and developed countries. However, staying in this game is preferred to the dominated strategy of staying-out. For IDB member countries to maximize their payoffs from globalization, it is necessary to sustain competitiveness which in turn depends on the role and presence of private sector.

iii. Framework and Strategies for Development of Islamic Microfinance Services

Poverty alleviation and development of Islamic Financial Services Industry (IFSI) are two key strategic objectives of the Islamic Development Bank Group in addition to enhancing economic cooperation among the member countries. These are also enshrined in the IDB Vision 1440H and the OIC 10-Year Work Plan. Despite progress in all significant segments, the IFSI has not addressed the challenge of poverty alleviation by making financial services of Microfinance accessible to the poor. The paper aims to entitled "Framework and Strategies for Development of Islamic Microfinance Service" spells out the challenges and address them.

Its Section One highlights the importance of microfinance as a tool to fight poverty. It presents the best practices models of microfinance and the consensus principles of the microfinance industry. It goes on to argue that diverse approaches are needed to minimize exclusion and that the cultural and religious sensitivities of Muslim societies must be given due consideration in any attempt to build inclusive financial systems in order to bring a very large segment of the world's poor population into the fold of formal financial systems.

The Section Two undertakes an analysis of the levels of poverty in the Islamic world. It also juxtaposes measures of financial access to highlight the extent of exclusion in the Islamic world. Section Three presents the Islamic approach to poverty alleviation through microfinance and underscores the need for a dual approach: a Zakah and Awqaf-based charity program for the destitute, disabled and "unbankable" persons and a microfinance program of wealth creation.

The next three sections examine Islamic microfinance at three levels - micro level (microfinance institutions, contracts/products and resources), meso level (financial infrastructures) and macro level (policy and regulatory framework). The first part in each of these sections deals with the landscape followed by major challenges in the second part. Part three offers strategic solutions to the challenges.

Section seven examines the role of donor institutions, such as IDB, in the development of Islamic microfinance. Section eight contains some major commendations and sums up the document. It is envisaged that institutions like IDB can play a major role in micro-, meso- as well as macro-level initiatives. A number of initiatives have been identified that would help create and strengthen the Islamic microfinance industry.

iv. The Islamic Vision of Development in the Framework of Maqasid al-Shari'ah

The paper addresses the above subject and its theme is summarized here. The ultimate goal of Islamic teachings is great blessing for mankind. For this purpose alone, the Prophet (Pbuh) was sent to mankind (Al-Qura'n, 21:107). The only way to realize this goal is to promote the falah, the real well-being of the people on earth irrespective of their race, color, age, sex or nationality. Falah has been very important in Islamic worldview. Of course, it is true that falah is a common goal for all societies without exception. But there is a considerable difference of opinion in the vision as to the constituents of this falah and

the strategies to achieve them and sustain them. Such a difference would not result if the pristine vision of all religions had continued to dominate the worldviews of their respective societies. However, this pristine religious worldview has drastically been distorted over the ages. Moreover, the Enlightenment Movement of 17th and 18th centuries has its share in shaping the secular and materialistic worldview of almost all societies in varying degrees. Consequently, rise in income and wealth has become a primary measure of development.

Religious scholars, moral philosophers and a number of modern academics have questioned measuring real human well-being with rise in income and wealth. They emphasize that only material welfare cannot be sole content of it rather spiritual and non-material aspects must also be integrated into the real human well-being. Moreover, empirical research also refutes measuring well-being with only material ingredients. The main reason is that happiness is positively associated with higher income only up to the level where all basic biological needs get fulfilled and beyond which it remains more or less unchanged unless some other indispensable needs are satisfied to increase well-being. These other needs, which may be spiritual and non-material in character may not be associated with the rise in income. Economists do not discuss these needs because they are not quantifiable. One of these needs is mental peace and happiness, which may not necessarily be achieved by rise in income and wealth. It is justice and human brotherhood that can ensure this mental peace. Sustained well-being also requires security of life, property and honor, individual freedom, education, marriage, and proper raising of children, family, and social solidarity and minimization of crime, tension and anomie. All these are prerequisites for sustained development. Islam definitely considers a rise in income and wealth a necessary component to satisfy basic human needs but it is not the only measure to realize the comprehensive well-being of mankind. If all these needs are not attended to, then there will be a lapse in well-being, leading ultimately to a decline of the society and its civilization.

v. Compendium on Financial Products Found in Fiqh Literature

This was a 3-year project which has been completed during 1428H. The objective of the research is to provide a comprehensive reference of subjects dealing with Islamic financial products that have been discussed in the Fiqh literature. The project is expected to be of high relevance for financial engineers of the Islamic financial institutions as well as for Shari'ah-compliance officers. The research has been released by the IRTI Academic Committee in two Volumes in Arabic language. The project covers 14 classical Fiqh books comprising of 71 volumes and provides selection of 1,357 citations directly relating to financial products. In the next stage the document will be translated into English language.

3.2.2 Selected Papers Submitted to IRTI Conferences During 1428H

1. "Legal Framework to Induce Paradigm Shift in Islamic Alternatives to Poverty Alleviation": This paper demonstrates how legal framework can induce the paradigm shift in Islamic attempt to eradicate poverty through redistribution of wealth to fulfill the basic need of the poor toward financial intermediaries by creating a microfinance system combined with traditional Islamic wealth redistribution system.
2. "An Islamic Alternative to Poverty Alleviation" : The "Parshi" (Neighbour hood) Model: The paper analyzes inadequacies of the market mechanism as well as the current interventions both at governmental and non-governmental levels it as tools of poverty alleviation and points out the need for introducing a continuous basic minimum initial asset/capital transfer mechanism like Zakah.

3. "Incorporating Zakah, Awqaf and Islamic Micro financing into a Single Model:" An Islamic Alternative to Poverty Alleviation": The paper analyzes three separate models of Zakah, Awqaf and Micro financing were managed separately and finds out problems relating to such separate models. Later, the paper looks into developing a single model and discusses how such a perspective model could work from organizational, operational and financial management,
4. "The Challenge in Poverty Alleviation: Role of Islamic Microfinance and Social Capital": The paper attempts to understand the growth of Islamic microfinance and how Islamic microfinance sector and social capital can contribute to face the challenge in poverty alleviation. A non-random survey with the sample of Islamic microfinance group members suggest increased environmental awareness, economic upliftment of the members and potential for local common resource management through Islamic microfinance.
5. "The Effects of Competition on the Outreach Level of Pawnshop Industry in Malaysia:" Pawnshops play important role in the Malaysian market. Whether competition is good or bad in the pawnshop industry is analyzed empirically by using the sample of 135 pawnshops in Malaysia and a model of outreach level tested. The results show that the higher degree of competition would encourage pawnshops to supply a higher loan. However, a bigger number of competitors would not produce a higher loan supply. Therefore, the market share of each pawnshop should be increased, but not the number of pawnshop in each state. It implies that each pawnshop should be asked to increase their capital in order to expand their loans.
6. "Mobilizing Zakah Funds through Micro Credit Programs to Expedite Poverty Alleviation in Muslim Societies: A Special Reference to the Malaysian Structure of Zakah Funds and Microfinance Institutions:" The paper proposes a model that highlights the use of Zakah funds under asnaf fakir, miskin, and fi-sabilillah to support MFIs' operating costs. The exploratory research, involving fourteen Amanah Ikhtiar Malaysia (AIM) Kelantan Region senior personnel and two Muslim scholars, was carried out to verify the feasibility of the proposed model. The overall response highly positive with general concern for reaffirming of structure governing the interactive link between Zakah institutions and MFIs.
7. "Applications of Awqaf and Islamic Microfinance in a Post-Soviet Secular State: A Hypothetical Model of Awqaf-Based Credit Unions": The paper uncovers revival of the institution of Awqaf, its development and role in poverty reduction through introduction of the "community capitalism" model. It proposes a hypothetical model of Awqaf-based credit unions, their development opportunities and possible contribution to reducing poverty in Azerbaijan.
8. "Debt, Zakah and Optimal Taxation in Islamic Economy:" The paper develops a theoretical model of the role of Zakah in income distribution in the Islamic economy. The model also sets the functional form of the optimal tax rate that the government must set in order to achieve Pareto optimality. The model shows that an Islamic economy can converge to Pareto optimality by its nature without government debt in the financial market and in providing the optimal tax rate for that economy.
9. "Impact of Rural Development Scheme on Poverty Alleviation: A Case Study:" The aim of this paper is to assess the extent to which this objective has been achieved by Rural Development Scheme (RDS) of Islami Bank Bangladesh Limited (IBBL). Identification of the contributory factors of RDS in poverty alleviation paves the way for diversification of RDS activities and development plan.

10. "Zakah-Based Poverty Eradication in Bangladesh: The Millennium Development Goal is Exceedable:" The paper calls for integrating Zakah in Poverty Reduction Strategy Programs (PRSPs) especially of Bangladesh.
11. "The Evaluation of Qard Hasan as a Microfinance Approach in Poverty Alleviation Programs" (Case Study of Iran. I.R.) : By compiling data of 28 provinces of Iran during 1996-2003, the effects of providing interest-free loans (Qard al-hasan) on per-capita income as a proxy variable for poverty elimination indicator was analyzed and evaluated in the paper.
12. "Islamic Alternative to Poverty Alleviation Zakah, Awqaf and Microfinance: Bangladesh Perspective:" The paper attempts to discuss the Islamic institutions of Zakah, Waqf and Qard Hasan as mechanism to alleviate poverty directly as well as using them as sources of microfinance.
13. "Zakah, Macroeconomic Policies, and Poverty Alleviation: Lessons from Simulations on Bangladesh:" The paper studied the role of Zakah and macroeconomic policies aimed at growth of income and providing opportunities to the poor in eliminating poverty. Simulation of various macro-regimes and Zakah schemes for Bangladesh indicate that while macroeconomic policies play an important role in reducing poverty, poverty cannot be eliminated without using Zakah in an effective way.
14. "Role of Zakah and Awqaf in Reducing Poverty: A Case for Zakah-Awqaf-based Institutional Setting of Micro finance:" After analyzing the relevant historical literature the paper presents an Islamic microfinance scheme where the integral part is Zakah and Awqaf. The scheme will be implemented by a specialized institution.
15. "The Impact of Qard Hasan at Higher Education of Muslim Students: A Sample Case Study:" The paper argues that for enlightening Muslims with higher education Islamic Economics can play pivotal role with its philanthropic sectoral elements like Qard Hasan, Awqaf, Hadiyyah, Wasiyyah, etc. The concentration is on Qard Hasan, as it is uniquely classified as a benevolent and voluntary loan by the Holy Qur'an and Sunnah for the Muslim Ummah. The study aims to explore the pervasiveness and effectiveness of Qard Hasan to provide Muslim students with higher education to a greater extent.
16. "A Matrix of Zakah-Entrepreneurship-Technology for Marginal Poor:" Few Case Studies on Bangladesh Economy:" results of this empirical study indicate that for sustainable development business capital, indigenous technology and human capital capacity building are simultaneously important.
17. "Problems in Resource Utilization by Islamic Micro Financial Institutions in India: Based on the primary as well as secondary data, this paper attempts to identify the problems of resource utilization of selected Muslim Micro Financial institutions of North India.
18. "Sustainability of BMT Financing for Developing Micro-enterprises:" The paper analyzes the sustainability of Islamic micro-financing as used by Baitul Mal Wat Tamwil (BMT) Indonesia.

19. "Possibility of "Waqf in Money:" A New Productive Instrument in Islamic Economics:" The paper argues that cash Waqf needs to be developed as a modern form of Waqf in addition to the traditional Waqf in immovable capital.
20. "Zakah Investment and its Role in Poverty Alleviation in Contemporary Muslim Countries:" The paper highlights that issue of Zakah investment is an important one within the context of poverty alleviation. It needs careful investigation on bases of Shari'ah to find its permissibility and on economic grounds to determine its importance.
21. "The Effectiveness of Waqf Fund Raising Through Mutual Fund in Indonesia:" This paper evaluates the constraints that hinder effective Waqf collection. These include unfamiliarity among Muslims to the concept of Waqf as compared to the concept of Zakah and misperception among the people that Waqf cannot be combined with fixed income mutual fund. The paper suggests cash Waqf and its prudential management.
22. "Waqf Accounting and Possible use of SORP 2005 to Develop Waqf Accounting Standards:" The paper argues that the theoretical framework of Waqf accounting is not well-established and there is a gap in this area. The paper calls for benefiting from UK charity accounting guidelines.
23. "Developing Awqaf Properties and Islamic Financial Engineering: A Conceptual and Empirical Analysis:" In this paper illustrates a new financial mechanism, using Islamic financial engineering methodology and epistemology, to demonstrate conceptually that such mechanism is more suitable and more efficient and can contribute to the development of Awqaf properties.
24. "Legal Framework to Promote the Use of Awqaf for the Provisions of Public Goods in Financial Sector" : The paper proposes a legal framework which can induce the provision of Public Goods through microfinance with the assistance of the concept of awqaf. Successful provision of Public Goods will automatically integrate the Awqaf into mainstream financial sector, in particular the Islamic financial sector.
25. "In Supporting Waqf Performance through Sukuk Al-Intifa'a: A Proposed Generic Model:" For the last few decades, we have witnessed increasing importance in the role of Waqf. This type of ongoing charity has been helping many people in need around the Muslim world. However, continuously depending solely on the property received from waqifs (donators of Waqf) can create sustainability problem in Waqf contribution. Waqf institution should create profitable projects in which it could finance the essentials sectors. This paper attempts to provide a model that depicts the significant role of Sukuk Al-intifa'a in empowering Waqf performance and sustainability.
26. "The Collection of Waqf Through Insurance Companies: A Critical Analysis of the Malaysian Experience:" The paper shows that some insurance companies in Malaysia claim to successfully convince young and middle class people to contribute to Waqf. This paper represents a critical study on how this scheme is managed.
27. "Cash Waqf and Opportunity for Islamic Microfinance Institutions: Case Study in Indonesia:" The paper argues that cash Waqf

can be utilized as one of IMFIs source of fund as an experience in Indonesia shows IMFIs also can become an investment alternative for cash Waqf institutions.

28. "Towards Developing Waqf Institutions for Sustainable Community Development in Tanzania:" Relevance of the Waqf Legislation and Current Practices: The paper analyzes Waqf Commissioners Ordinance in Tanzania and suggests the need to enhance the legal framework for sustainable Waqf sector in the country.
29. "Aspects of the Transformation of the Islamic Endowment System of Morocco, Algeria and Egypt during the 20th Century:" The aim of this paper is to shed light on the development of the Islamic endowment system of Morocco, Algeria and Egypt during the 20th century. The paper concentrates on the interactions between state and Islamic endowment system.
30. "The Contribution of Awqaf to Poverty Alleviation: The Iranian Experience in the Post Revolutionary Era:" The paper undertakes a detailed study of different aspects of the subjects and calls for appropriate policy induced reforms.
31. "Poverty Alleviation Through Awqaf: A Human Rights Based Approach to Establish Social Justice:" The paper proposes that the institution of Awqaf, combined with the use of modern financial instruments, is an ideal vehicle for mobilization of community resources to provide sustainable incomes to grassroots civil society institutions for the empowerment of poor and previously disenfranchised communities.
32. "The Role of Waqf in Poverty Alleviation - A Zimbabwean Case:" The paper strives to examine the implications of the socio-economic challenges amongst the Zimbabwean Citizens particularly Muslims, their response, the negative and positive impact it has created, and finally it presents some suggestions to confront these challenges in light of Shari'ah and legal perspectives on Waqf.
33. "The Waqf Commissioners Act (CAP. 109): Regulatory Perspectives and Impediments to the Growth of the Waqf Institution in Kenya:" The paper examines the Waqf Kenyan Commissioners Act and It explores how the various revisions of the Act served to regulate the administration of Waqf in Kenya and makes proposals for improvement.
34. "Financing Waqf Projects: A Study of Past and Modern Structures Employed and the Relevant Shari'ah Aspects:" The paper after analyzing the subject suggests a number of suitable mechanisms for financing Awqaf properties in modern times.
35. "The Effectiveness of the Administration of Waqf Land in Malaysia:" The paper was intended to provides an overview on the management of Waqf land in Malaysia and its effectiveness .
36. "Lifting Barriers in Financing the Small and Poor Entrepreneurs: Lesson from Group-Based Lending Scheme and Ibn Khaldun's Social Solidarity" : This paper argues that group-based lending approach is not a subject alien to Islam, as it is deeply inscribed in Ibn Khaldun's concept of 'Asabiyyah or social solidarity. By adopting group-based lending approach, bank may offer various

- financial products and services without compromising on the issue of institutional viability and sustainability.
37. "A Standard of Corporate Social Responsibility for Islamic Financial Institutions: A Preliminary Study:" This study proposes a structured definition of the social purpose of IFIs derived from, among other things, Islamic principles of social equity and redistributive justice. This study subsequently attempts to provide an efficient pragmatic framework by which Islamic Financial Institutions can address their social responsibilities.
 38. "Financing Micro and Medium Sized Enterprises through Decreasing Partnership (Mushārahakah Mutanāqisah): Refining Shari'ah and Banking Aspects for Enhanced Applicability": The paper argues that the reality of the underlying contracts should be effectively highlighted through pricing the units and ijarah rentals realistically, rather than as an apportionment of the profit element calculated and seeks to highlight many other conditions that are often violated in practice but that must be fulfilled in order to ensure full Shari'ah compliance.
 39. "Islamic Microfinance Practice with a Particular Reference to Financing Entrepreneurs through Equity Participation Contracts in Sudanese Banks:" The paper evaluates the performance of Islamic entrepreneurship projects financed through the banking system in Sudan. Also it investigates the SMEs to identify the obstacles and factors influencing decision-making. The initial results indicate that the need of long term SMEs finance involves a major dilemma facing Sudanese Islamic banks.
 40. "Agency Problems in Mudarabah Financing the Case of Shari'ah (Rural) Banks, Indonesia": This study is concerned with agency problems that arise in Mudarabah financing in Indonesian Rural Shari'ah Banks. The study is focused first on project attributes, especially those that might be considered in dealing with Mudarabah financing; and second the Mudarib's attributes financed by the banks under consideration.
 41. "Application of Islamic Banking Instrument (Bay'Salam) for Agriculture Financing in Pakistan:" The paper explores the possible application of Bay' Salam contract in the agriculture sector of Pakistan. in the light of survey conducted in the four districts in Punjab. A specifically designed questionnaire was used to gather farmers concerns related to crops inputs, output and credit requirements.
 42. "Qard Hasan Financing and Institutions": In this article the characteristics of Qard Hasan loans of Islamic Republic of Iran are presented. The paper concludes that Qard Hasan mode of finance and Qard Hasan organizations can play a viable and unique role in the Islamic financial systems.
 43. "Murabahah Mode of Financing for Micro and Medium Sized Enterprises: A Case Study of Baitul Mal Wattamwil (BMT), Yogyakarta, Indonesia:" This study evaluates the practice of Murabahah mode of financing as an Islamic instrument and contract for micro and medium sized enterprises in the operations of Baitul Mal Wat Tamwil (BMT), Yogyakarta, Indonesia.
 44. "A Comparative Study of the Relative Efficiency of Conventional and Islamic Pawnshop:" The aim of this study is to measure and evaluate the productive efficiency of pawnshops related to the ability of pawnshops in providing and distributing funds to the society (marketability efficiency). The methodology used to perform efficiency analysis of conventional and Islamic pawnshops is Data Envelopment Analysis (DEA). The result of independent statistical tests shows that the efficiency of conventional pawnshops is not different from the efficiency of Islamic pawnshops (ar-rahn).
 45. "Village Funds: The Experience of Rural Community Development at Jabal Al Hoss, Syria:" This paper is based on a case study of Jabal al-Hoss project in Syria that uses an innovative model of Islamic microfinance based on what is known as Sanadiq or

village funds. The model used is based on community partnership, participation and risk sharing.

46. "The Role of RDs in the Development of Women Entrepreneurship under Islamic Micro Finance: A Case Study of Bangladesh": The paper surveys the Islami Bank Bangladesh Limited (IBBL) micro finance services through Rural Development Scheme (RDS), a Shari'ah based model of poverty alleviating on program, mainly for the poor woman of the rural area of Bangladesh.
47. "Islamic Micro and Medium Sized Enterprises (MMEs) Finance: The Case Study of Australia:" This paper explains the key role of Islamic Financial Services Providers in Australia in fulfilling the microfinance needs of Muslim community. It also evaluates the Islamic microfinance techniques used by the Islamic Financial Services Providers of Australia.
48. "The Role of Zakah Organization in Empowering the Peasantry: A Case Study of the Rumah Zakah Yogyakarta, Indonesia:" This paper reports an exploratory and descriptive study on a Zakah organization in Indonesia (i.e., the Rumah Zakah Yogyakarta) that has an empowerment program for peasants. The result of this study shows that the Rumah Zakah had contributed to solving the peasantry's problems (i.e., low level of income and urbanization).
49. "The Need to Educate Muslims on Islamic Financial Principles and Practices: A Step towards Fertilizing MMEs in the Islamic World" : This paper addresses two closely connected issues relating to the challenges and consequences in educating Islamic financial principles and practices to Muslim masses that depend heavily on revenues of Micro and Medium Sized Enterprises (MMEs) for their living.
50. "Building Capacity of Micro and Medium Enterprises through Spirituality Training:" This study seeks to investigate the relationship between spirituality of a businessman and the success of his/her business. It examines the correlation between spirituality and success of entrepreneurs through a survey of women (Muslim)-managed micro enterprises in Malaysia.
51. "The Accountability of Islamic Microfinance Institutions: Evidence from Indonesia:" This paper aims to investigate and provide information on the accountability of BMTs in Indonesia. Statistical estimation reveals that only 7-20% of BMTs are audited by independent auditors. The paper explores the reasons for most BMT managers not opting for a process of auditing and transparent reporting practices.
52. "The Role of Indonesian Government in Enhancing Islamic Financing for Small and Medium Enterprises (SMEs):" This paper analyzes and discusses the Indonesian government's intervention strategies and efforts to support SME financing on the basis of Islamic finance.
53. "Creating a Dynamic Islamic Capital Market: The Essential Role of Innovation:" The paper argues that greater innovation in genuine Islamic products is needed to continue the excitement generated by Islamic finance into the future.
54. "Sukuk Market: Innovations and Challenges:" The paper discusses some of the issues of capital guarantee, contractual structures, pricing, and asset substitution in case of Ijarah Sukuk, Musharakah Sukuk, and their various forms and rating of Sukuk, harmonization of Shari'ah rules, and problems involved in defining the governing law for Sukuk issuance.
55. "Key Shari'ah Rulings on Sukuk Issuance in the Malaysian Islamic Capital Market:" As the regulator of the Malaysian Islamic capital market, the Securities Commission (SC) with guidance from the Shari'ah Advisory Council (SAC), has outlined the

Shari'ah rulings for the issuance of sukuk. This paper elaborates on key Shari'ah rulings and their justifications.

56. "An Inquiry into The Usage of Real Assets in Islamic Transactions and Their Benchmarking: The Implications for Islamic Capital Markets": The paper explores the linking-up of returns to underlying real assets and value addition. It uses the experiences of Pakistan International Sukuk and various other sukuk main discussion focuses on the return on 'capital' as a factor of production and how it is violated in sukuk.
57. "Enhancing the Role of Sukuk on Agriculture Sector Financing in Indonesia: Proposed Models:" This paper attempts to develop financing schemes based on sukuk that can be used for agricultural development. The paper proposes salam sukuk models and sukuk based on mudarabah bil Istisna' model that can be used to finance both small-scale and large-scale agriculture.
58. "Derivatives in Islamic Finance:" Based on the current use of accepted risk transfer mechanisms in Islamic structured finance, the paper explores the validity of derivatives from an Islamic legal point of view and summarizes the key objections of Shari'ah scholars that challenge the permissibility of derivatives under the Islamic law. The paper offers suggestions for Shari'ah compliance of derivatives.
59. "Intangible Asset: A New Asset Class to Structure Islamic Finance Products:" Most of the existing Islamic financial products in the capital market are asset-based and structured using tangible assets. The paper argues that going forward, it is possible to consider an intangible asset as mal in Islamic jurisprudence.
60. "Shari'ah Alternatives to Non-Shari'ah Elements in Modern Commodity Futures Trading:" This paper is an attempt to advocate creation of Islamic commodity futures that are based on al-salam sale concept and yet tradable.
61. "Rate of Return Risk Management in Islamic Finance: Challenges and Proposition:" The paper discusses Shari'ah and technical aspects of managing the rate of return risk and makes suggestions for future research.
62. "Shari'ah's Drive Against Derivatives:" The paper argues that there is an urgent need to analyze the working and effect of derivatives within the Shari'ah parameters and offers some insights into such an evaluation.
63. "Investment In Stocks: A Critical Review of Dow Jones Shari'ah Screening Norms:" The paper reviews the norms set by Dow Jones Islamic Market Index and presents a critical and analytical assessment of the criteria. Empirical data of the five hundred companies included in the BSE500 index of the Bombay Stock Exchange is used to assess the impact of the norms.
64. "Managing Risk of Islamic Equity Investments: Initiatives and Strategies:" The main objective of the paper is to probe the characteristics of Equity Investment Risk within the PLS investments in order to devise strategies and working policies to manage anticipated risk and consequently minimise its negative implications.
65. "Practice and Prospect of Islamic Real Estate Investment Trusts (I-REITS) in Malaysian Islamic Capital Market:" This paper provides insights into the practice and prospect of Islamic REITs in Malaysia. The application and mechanics of Islamic REITs are examined in the light of Islamic REITs Guidelines issued by Malaysian Securities Commission.

66. "Examining The Malaysian Shari'ah Guidelines for Islamic REITs:" The paper examines the Islamic-REIT guidelines issued in November 2005 by the Shari'ah Advisory Council (SAC) of the Securities Commission in Malaysia, which outlined basic guidelines to facilitate the establishment of an Islamic real estate investment trust (Islamic REIT).
67. "Analysis of Risk Attitudes, Spirituality, and Shari'ah Consciousness of Current and Prospective Investors (An Empirical Survey in Malaysia):" This research tries to investigate three variables namely spirituality, risk profile, and Shari'ah consciousness which probably influence Muslim investors in investing their money in Islamic Capital Market. The result of this research can be one of the criteria used by Islamic fund managers in to determine marketing strategy in order to attract Muslim investor funds.
68. "Developing Capital Markets in Muslim Countries: Strategies and Policies for Securities Regulation and Corporate Governance:" This paper examines comparative scholarly perspectives on developing regulatory framework and corporate governance regime with specific reference to the Muslim countries and the Islamic financial services industry and spells out salient features of legal reform policies, governance and regulatory strategies that are likely to help these countries in not only nurturing Islamic finance internationally but also promoting their indigenous capital markets.
69. "Design and Use of Innovative Islamic Capital Market Products: Experience of Pakistan and Malaysia:" The paper focuses on the development of innovative ICM products in the two countries that ultimately ensure greater diversification of risk and resilience of Islamic financial system. The paper also highlights the implications of the new products in harnessing the potential of Islamic capital markets in the two countries.
70. "Comparing the Development of Islamic Financial/Bond Markets in Malaysia and Indonesia:" The paper compares the strategies, products and information for the Islamic capital markets development in Malaysia and Indonesia.

3.2.3. Mobilization of External Expertise

IRTI has various means of encouraging and generating research from outside the institute. This is done by mainly organizing conferences and seminars and inviting external scholars to contribute. During 1428H, a total of 125 research papers were submitted and presentations were made in various conferences and seminars organized by IRTI. Of these, a total of 40 papers were presented on Islamic Microfinance, 25 on Zakah and Awqaf, 45 on Capital Markets and 15 on miscellaneous subjects.

3.2.4. IRTI Lecture Series

As a part of its awareness and knowledge dissemination activity, IRTI organizes on different topics lectures for IDB staff members. Brief information on such lectures is given below:

IDB Prize Lecture

The winner of the IDB Prize is invited to deliver a lecture at the IDB headquarters each year. The lecture is given before an invited audience, which includes a large number of scholars, researchers, academicians, social workers and diplomats. Contacts

have been made with IDB Prize winners of 2006 in Islamic Economics and of 2007 in Islamic Banking & Finance, namely, HRH Prince Mohamed Al-Faisal Al-Saud and Prof. Abdus Salam al Abadi, to deliver IDB Prize lectures.

IRTI Shari'ah Lecture

Under this program, prominent Shari'ah scholars are invited to deliver lectures at the IDB/IRTI headquarters on major issues in Islamic economics, banking and finance. All IDB, IRTI professional staff and outside scholars available in Jeddah participate in these lectures. Contacts have been made with some prominent scholars to deliver Shari'ah lectures.

3.3 TEXTBOOK AND CURRICULUM DEVELOPMENT

One of the objectives of IRTI is the development of Islamic economics and Islamic finance as academic disciplines. During the last 30 years, substantial development has been made in the area of Islamic finance. However, in emerging as an academic discipline. Recently, IRTI organized a roundtable meeting of most prominent scholars. One of the key recommendations of the roundtable was to develop textbooks on Islamic economics. In this regard, the Institute undertook two initiatives. The first initiative was to reorganize the previous works of IRTI in the form of a handbook on Islamic economics. The first volume of the handbook has already been approved by the Academic Committee and it is in the process of publication. The second volume of the handbook has been prepared in a draft form. The other initiative was to develop an alliance of universities to develop textbooks on Islamic economics. In this regard, a meeting of key institutions was organized recently which decided to appoint the Islamic Unit of Kuwait University as an anchor in this activity. The Kuwait University organized a follow up meeting of the various institutions to discuss the working of this project and IRTI Research Advisor participated in this meeting.

3.4. PUBLICATIONS

3.4.1. Journals (Islamic Economic Studies and DII 4 Volumes)

The Islamic Economic Studies journal is published biannually outlining the research activities in Islamic Economics, Islamic Banking and Finance. During 1428H, Arabic and English versions were published. A brief outline of the papers published in these journals are given below.

Dirasat Iqtisadiyyah Islamiyyah, Vol. 13, No. 2

This volume has already been published, containing the following three papers in Arabic which were presented at the International Conference on "Ibn Khaldoun's Economic Contribution" held in Madrid, Spain, during November 3-5, 2006.

i. Contribution of Abdul Rahman Ibn Khaldun in Economic Thought

This paper reviews theories of Ibn Khaldun regarding human needs, income earning and spending, growth, and the role of

state in the economy. The paper analyzes the theories and methodology of Ibn Khaldun and compares his work with that of modern economic schools. It was instrumental in projecting Ibn Khaldun as a pioneer in economic analysis on several fronts, despite the fact that his work was largely overlooked by historians of economic thought.

ii. Economic Thoughts of Ibn Khaldun Compared with Modern Economic Theories

This paper compares the economic theories of Ibn Khaldun with that of modern economic thought. This includes the role of state, taxes, political economy, specialization, labor, industry, and growth. Ibn Khaldun was able to provide systematic treatment of these issues centuries before modern economic theorists.

iii. The Principle of "Too Many Taxes Kill Taxes"

This paper examines the contribution of Ibn Khaldun regarding the progression of taxes and how it affects tax revenues. It is pointed that the well-known "Laffer Curve" has been discovered and analyzed by Ibn Khaldun long before Laffer.

Dirasat Iqtisadiyyah Islamiyyah, Vol. 14, No. 1

This volume, containing the following three papers in Arabic, has already been published.

i. Maxims of "Legal Minority" and its Impact on Financial Contracts

The paper surveys and analyzes Islamic legal maxims of "minority" (التبعية) in Islamic jurisprudence as well as related concepts of dependency, predominancy, in various Fiqh schools, and provides ample examples related to economic transactions. The paper concludes by applying the maxims on trading units of funds containing currencies and debts.

ii. Settlement Mechanisms in Financial Markets

The paper describes the settlement mechanisms employed in financial markets. After an introduction to the subject from a fiqh prospective, the paper explains each step of trading process, starting from opening a new account and placing an order to the final settlement. The paper then describes in more details most applied settlement mechanisms and settlement risks involved. The paper examines the settlement mechanisms in four selected markets: New York Stock Exchange (NYSE), Saudi Stock Market (SSM), London Metal Exchange (LME) and Foreign Exchanges Market (FOREX). The paper concludes by exploring the future of settlement mechanisms and their implications on permissible Islamic transactions in the financial markets.

Islamic Economic Studies, Vol. 14, No. 1 & 2

This volume has been cleared by the Academic Committee and it is in the process of publication.

It contains the following studies;

i. Pre-Requisites for Effective Integration of Zakah into Mainstream Islamic Financial

System in Malaysia

As factors of effectiveness of Zakah institutions, this paper discusses the importance of an objective and fair measure of Zakah on business wealth, b) standardizing Zakah accounting practices and c) developing a performance measure system. The reference context is Malaysia. However, the discussion has of general relevance in formulating policies to integrate Zakah in Macro-economic systems effectively.

ii The Efficiency of Islamic Banking Industry: A Non-Parametric Analysis with Non-Discretionary input Variable

This paper investigates the performance of Malaysian Islamic banking sector during the period of 2001-2005. Several efficiency estimates of individual banks are evaluated using non-parametric Data Envelopment Analysis (DEA). Two different approaches have been employed to differentiate how efficiency scores vary with changes in inputs and outputs. To examine the impact of risk factor on Islamic bank efficiency, we have incorporated problem loans as a non-discretionary input variable in our analysis. The findings suggest that during the period of study, scale inefficiency dominates pure technical inefficiency in the Malaysian Islamic banking sector. We found that foreign banks have exhibited higher technical efficiency compared to their domestic peers. The inclusion of risk factors has mixed impact on Malaysian Islamic banks' efficiency. The results seem to suggest that while potential economies of scale may be overestimated when risk factors are excluded, pure technical efficiency estimates on the other hand, tend to be much more sensitive to the exclusion of risk factors. The empirical results from the Spearman and Pearson tests reinforce these findings.

iii. Financial Distress and Bank Failure: Lessons from Closure of Ihlas Finans in Turkey

Islamic banks are expected to be more stable. In practice, however, some Islamic banks have shown signs of financial distress and few were forced to close their operations. What are the causes of financial distress for Islamic banks? To what extent these are unique or similar to those identified with conventional banks? What lessons can be learned by the stakeholders of Islamic banking from the episodes of financial distress? These and other related questions are important academic and policy concerns for Islamic banking. The banking and financial crisis of 2000-2001 in Turkey provides a natural experiment to gauge the stability of Islamic banks and to analyze the channels and factors that can contribute to the financial distress during a crisis. This paper utilizes this natural experiment by studying the factors that lead to the closure of one Islamic finance house in Turkey during which more than twenty conventional banks collapsed. The study draws some lessons for Islamic banks, their regulators, and other stakeholders in such institutions.

Islamic Economic Studies, Vol. 15, No. 1

This volume has been prepared and presented to the Academic Committee for approval. It includes the following studies:

i. The Theory of Firm, Management and Stakeholders: An Islamic Perspective

It explores the impact of the behaviour of a firm and its management towards its stakeholders. This is a theoretical

paper based on the basic assumptions of Islamic Economics and tries to evaluate the impact of ethical-moral cum economic teachings of Islam on the different dimensions of a firm within the framework of Islamic political economy system. This study suggests that endogenizing the ethical-moral cum economic dimensions will comparatively enhance the efficiency level of the economy, and will also increase the social welfare level. A comprehensive and permanent law and regulations can be developed on the basis of altruism. This research is beneficial to the researchers, policymakers and social scientists for the enhancement of the protection of the stakeholders of the firm and the level of social welfare through the guidance of Islam.

ii. Shari'ah Compliant Equity Investments: An Assessment of Current Screening Norms

The preferred Islamic investment format is equity. However equity comes along with ownership. Hence Islamic investors have to ensure that the selected company's activities and structuring do not violate Shari'ah norms. Due to exigencies of modern business and particularly the pervasiveness of interest transactions, fully shari'ah-compliant equities are extremely rare. So, Shari'ah scholars have arrived at minimum compliance criteria which, while excluding companies in gross violation, yet provide investors a reasonably wide choice of Shari'ah-compliant equities. The authors have reviewed and compared the norms set by three organizations and presented a critical and analytical assessment of the different criteria. Empirical data of the Bombay Stock Exchange is used to assess the impact of the different norms. Based on the empirical results and analytical arguments and in the backdrop of an Islamic perspective, an independent set of norms is proposed, which better reflect the objectives of formulating Shari'ah-compliant norms.

iii. Derivatives in Islamic Finance

Despite their importance for financial sector development, derivatives are few and far between in countries where the compatibility of capital market transactions with Islamic law requires the development of Shari'ah-compliant structures. Islamic finance is governed by the Shari'ah, which bans speculation, but stipulates that income must be derived as profits from shared business risk rather than interest or guaranteed return. This paper explains the fundamental legal principles of Islamic finance, which includes the presentation of a valuation model that helps illustrate the Shari'ah-compliant synthetification of conventional finance through an implicit derivative arrangement. Based on the current use of accepted risk transfer mechanisms in Islamic structured finance, the paper explores the validity of derivatives from an Islamic legal point of view and summarizes the key objections of Shari'ah scholars who challenge the permissibility of derivatives under Islamic law. In conclusion, the paper delivers suggestions for Shari'ah compliance of derivatives.

3.4.2 Proceedings of Research Seminars/Conferences

i. Advances in Islamic Economics and Finance

During the last 30 years substantial development has taken place in the academic as well as practical areas of Islamic economics and Islamic finance. This book, containing contributions of 17 scholars, discusses topics and such as the methodology of Islamic economics and the nature of Islamic finance, needs and implications of transparency and risk management, corporate governance, social responsibility and performance evaluation. The book covers both theoretical and empirical aspects of developments in Islamic economics and finance in the above five areas. The 17 papers included in the Volume were

presented to the 6th International Conference on Islamic Economics and Finance which was held in Indonesia on November 21-24, 2005, in collaboration with Bank Indonesia, University of Indonesia, and International Association of Islamic economics.

ii. Islamic Finance for Micro and Medium Enterprises

Exclusion of the poor from the financial system is a major factor contributing to their inability to participate in the development process. Building inclusive financial systems, therefore, is a central goal of policy makers and planners across the globe. Addressing the challenges facing micro and medium scale enterprises to receive financial services, this book presents 18 case studies on the application of Islamic institutions such as Zakah, Awqaf, Qard and Islamic finance contracts to provide Islamic finance for micro and medium enterprises. The book is compilation of selected papers presented to the First International Conference on "Inclusive Islamic Financial Sector Development: Enhancing Islamic Finance Services for Micro and Medium Sized Enterprises" organized in the University of Brunei, Darussalam on April 17-19, 2007.

iii. Islamic Capital Markets Products, Regulation and Development

Islamic capital markets are an integral part of the Islamic financial system for efficient mobilization of resources and their optimal allocation. These markets complement the investment role of the Islamic banking sector. How the Islamic capital markets will develop and what direction they will take depends on a number of factors but most importantly on the realization of the similarities as well as the differences in the objectives and means of Islamic system. The introduction of new financial products, their characteristics, diversity and the use; the regulation and support provided to the functioning of these markets; socio-economic conditions of the societies and most importantly, the political will to change towards an Islamic system are essential for the development of the markets. The book includes contributions of 21 scholars in the area of products and strategies, market development and policies and comparative development of Islamic capital markets. They presented the paper to the International Conference on "Islamic Capital Market Products, Regulation and Development" held in the Muamalat Institute, Jakarta, Indonesia on August 27-29, 2007.

3.4.3. Abstracts of Publications

During 1428H, IRTI published various research papers, monographs and publications related to research. In addition, 19 publications are in the pipeline. A brief description of the research papers published in 1428H is given below.

i. Reconciliation of Fuqaha Differences in Muamalat

The book discusses how to reconcile the fuqaha differences in Muamalat. The topic has been classified into two parts. The first part explains the meaning of reconciling the fuqaha differences in Muamalat, the evidence on the permissibility of fuqaha differences and its rules, the benefits for the Ummah from the fuqaha differences, the differences categories and the

reconciliation rules for each category as well as the necessary conditions for each reconciliation rule. The second part is devoted to highlight the situations when the fuqaha (from the four "Madahib") gave fatwa different from their "Madhab" in order to reconcile a difference.

ii. IRTI Publications Directory

The IRTI Publications Directory contains the book profiles and the price of IRTI publications in IDB's three languages (Arabic, English and French). The publications consist of several categories such as proceedings of seminars and training courses, in-house research papers, lectures delivered by IDB Prize winners and eminent scholars invited by IRTI, and Islamic economics translation series.

iii. Financial Products in the Islamic Fiqh Vol.1 & 2

This comprehensive two volume basic research extracts relevant references from the selected Fiqh resources. The objective is to facilitate the development of Islamic financial products for different purposes. The volumes are at present available in Arabic and will be made available in English in future.

3.5. DISTANCE LEARNING COURSES

In the Distance Learning Program (DLP), IRTI is using the Global Development & Learning Network (GDLN) which is a worldwide partnership of Distance Learning Centers (DLCs). Its unique facilities offer the opportunity for on-time and cost-effective information exchange, knowledge sharing, coordination, consultation, training, and dialogues to organizations, groups, universities and institutes. DL services provide a flexible learning & knowledge sharing system using two-way interactive connections through advanced communications technologies. The IRTI DL is an active node in a global network of training centers that are supported by the World Bank Institute's Global Development and Learning Network.

The IDB Group realized that Distance Learning (DL) is affordable, saves time, and produces measurable results. It is more cost effective than traditional learning.

During 1428H, IRTI conducted the 5th and 6th Distance Learning Courses on Current Issues in Islamic Finance (Spring Semester 2007) and Introduction to Islamic Economics (Fall Semester 2007). Four affiliated institutions participated in the Program, namely: International Institute at Islamic Economics of the International Islamic University (IIU), in Pakistan, Imam Ouzai University in Lebanon, Imam Sadiq University in Iran, and Markfield Institute of Higher Education, UK.

In addition to the above regular courses, a number of specialized external lecturers were also delivered lectures during 1428H either from IDB Headquarters or from other international locations of the network. Also, IRTI published a distance learning prospectus which projects the objectives, direction and the content of future courses. The prospectus was distributed to a number of academic institutions around the globe.

5th Distance Learning Course - Spring 2007 Current Issues in Islamic Finance

6th Distance Learning Course: Fall 2007
Introduction to Islamic Economics

3.6. CONFERENCES AND SEMINARS

IRTI organizes various research conferences/seminars/forums to encourage writing on various issues of Islamic Economics, Banking and Finance. The objective of organizing these events is to produce literature that can be published as proceedings. A brief summary of the research conferences and seminars organized by IRTI during 1428H is given below:

- i Third Arab Conference on "Industrial Information and Networks"

IRTI, the Arab Industrial and Mining Organization (AIDMO) and the Syrian Ministry of Industry conducted the Third Arab Conference on Industrial Information and Networks in Damascus, Syria in October 2007. The main theme of the conference was "Industrial Information for Competition, Sharing and Investment. More than 450 delegates attended the conference from Syria, and other countries including a number of highly reputable international, and regional scientists and experts. During the six main sessions of the conference, 32 key papers and 13 regional papers were presented. The conference also included a round-table which discussed very important issues related to knowledge economy in Arab countries, the development of education and scientific research to support new industrial technologies, cooperation among Arab countries and the role of AIDMO in this area and investment in new technologies and future industries.

ii. **International Conference on "Integration of Awqaf Islamic Endowment in the Islamic Financial Sector"**

It was held in Singapore on March 6-7, 2007. It was jointly organized by the Islamic Religious Council of Singapore (MUIS), Kuwait Awqaf Public Foundation, IDB and IRTI and Warees Investment Pt. Ltd. The conference was inaugurated by Mr. Goh Chok Tong, the Senior Minister of Singapore in which around 280 dignitaries attended. In the inaugural session, Dr. Ahmed S. Hariri, Regional Director of IDB in Malaysia and H. Mohd. Alami Musa, President, Majlis Haj Ulama Islam Singapore welcomed the participants. A total of 18 presentations were made in six sessions by renowned scholars from Iran, Turkey, USA, Kuwait, Austria, Malaysia, IDB and IRTI. Regularly 175 delegates attended the conference. IRTI coordinator, Dr. Habib Ahmed made his presentation on "Waqf-based Microfinance: Realizing the Social Role of Islamic Finance". The one-day Master-class Workshop held at the end of the conference on "Practical Examples of Structuring Waqf Projects using Shari'ah-Compliant Instruments" was very useful. It was instructed by Mr. Hisham Dafterdar, Consultant, Assets Management Department of IDB.

iii. **The Seventh International Zakah Conference on "Experiences of Zakah Institutions towards Excellence"**

The conference was organized in Kuwait on March 25, 2007 in collaboration with Kuwait Zakah House within the framework of MOU signed between the two organizations. IRTI delegation headed by Acting Director Mr. Bashir Ali Khallat included Dr. Layachi Feddad, coordinator of the conference.

Opened the conference in his address, HE Dr. Abdullah Matouq al Ma'touq, the Minister of Justice, Islamic and Awqaf Affairs, in Kuwait. Acting Director of IRTI expressed his profound in Kuwait for hosting this great event and emphasized the need for strengthening the mutual cooperation between the Zakah institutions.

He also assured the conference continued the support of IDB for the program of alleviating poverty through Zakah and Awqaf institutions in its member countries as well as Muslim communities.

No.	Lecture	Lecturer	Date
1	Prohibition of Riba	Dr. Umer Chapra, IRTI.	06-3-2007
2	A New Approach to Islamic Banking: A Case Study of Iran	Dr. Parviz Aghili (Researcher at the Central Bank of Iran)	13-3-2007
3	Hedging in Islamic Finance	Dr. Sami Suwailem, IRTI	20-3-2007
4	Liquidity Management in Islamic Banking	Dr. Salman Syed Ali, IRTI	27-3-2007
5	Best Practice Standards for the Islamic Financial Services Industry: An Overview	Dr. Tariqullah Khan, IRTI	03-4-2007
6	Selected Topics in Capital Market	Anwar Soubra, Imam Ouzai University, Beirut	10-4-2007
7	Islamic financial system: Ingredients and Microeconomic implications	Dr. Dawood Manzoor (Assistant Professor at ISU)	17-4-2007
7	Islamic Alternatives to Microfinance	Dr. Habib Ahmed, IRTI	24-4-2007
8	Islamic Life Insurance, its models, products and issues facing the industry going forward	Dawood Taylor, Al-Jazirah Bank, Jeddah, Saudi Arabia	01-5-2007
10	Panel discussion	All resource persons	08-5-2007

The Zakah institutions in the Gulf countries, and other IDB member countries like Jordan, Palestine, Lebanon, Sudan, Yemen, Malaysia, Indonesia, Pakistan, Egypt and Djibouti participated in this conference. In six business sessions, the conference

No.	Lecture	Lecturer	Date
1	What is Islamic Economics? application of Zakah.	Dr. Anas Zarka	18-09-2007
2	The Maqasid al-Shari'ah and their implications for economics	Dr. Umer Chapra, IRTI	25-09-2007
3	Microeconomics and Macroeconomics within the Islamic Framework	Dr. Salman Syed Ali, IRTI	02-10-2007
4	Globalization and Islam	Dr. Umer Chapra, IRTII	23-10-2007
5	Islam and economic development: Promoting saving, investment and development in Muslim countries	Dr. Umer Chapra, IRTII	30-10-2007
6	Capitalism, socialism, the welfare state,	Prof. Khurshed Ahmed	06-11-2007
7	Public Finance : The role of taxation, expenditure and debt in an Islamic economy	Dr. Abdurrahman Yousri	13-11-2007
	Role of Zakah and Awqaf in Poverty Alleviation	Dr. Habib Ahmed	20-11-2007
9	Simulation in Islamic Economics	Dr. Sami Al-Suwailem, IRTI	27-11-2007
10	Panel discussion "Shari'ah, Legal, and Regulatory Perspectives"	All resource persons	04-12-2007

The conference was held in Cape Town, South Africa on August 17-19 2007 in collaboration with the Awqaf Foundation of South Africa and Kuwait Awqaf Public Foundation. It was aimed at discussing the nature and economics of Awqaf institutions as a sector that could contribute to poverty reduction in IDB MCs. It also aimed study Shari'ah, legal and regulatory aspects of Islamic Awqaf institutions as compared with conventional theory of trust institutions, the main problems facing Awqaf institutions and finally exploring empirical case studies of Awqaf Institutions with special reference to experiences of some IDB Member Countries and Muslim Communities in promoting and financing the Awqaf Sector. The following were the main contents on which the Conference focused:

- i Legal, Regulatory and Shari'ah Issues of Awqaf
- ii Institutional Development of Awqaf Institutions
- iii Awqaf and Poverty Alleviation: Approaches & Issues
- iv Management and Development of Awqaf

- v New Applications of Awqaf
- vi Country Experiences in Development of Awqaf

Nineteen researchers presented their papers and 150 delegates from inside South Africa.

- vi. Islamic Financial Markets Conference and Specialized Workshops in Karachi, on January 24-25, 2007

The conference and workshops were successfully held in Karachi. IRTI was co-organizer of the event with IIFM. Meezan Bank took up the local logistics as strategic partner and State Bank of Pakistan came in as supporter of the event. The conference, inaugurated by the Governor of State Bank of Pakistan, focused on (i) Sukuk and Liquidity Management and (ii) Islamic Real Estate Investment Trusts (I-REITs).

- vii. International Roundtable Discussion on "Exposure Draft of the Blue Print of Islamic Banking Development in Indonesia" in Jakarta, Indonesia, on 3 Safar on February 2, 2007

The Republic of Indonesia is a pioneer in collaborating with IRTRI in the development of Islamic Banking in Financial Sector Development policies. In this regard, in 2003, Bank Indonesia adopted a blue-print of Islamic banking. The blue-print was revised in the light of the 10-Year Framework and Strategies that was adopted by the IFSB Council. Two professionals from IRTI attended the roundtable and contributed to brainstorming on the blue-print. The event was organized by Bank Indonesia.

- viii. International Conference on "Enhancing Islamic Financial Services for Micro and Medium Sized Enterprises" Organized in collaboration with the Center for Islamic Banking, Finance and Management (CIBFM), by the University of Brunei, Darussalam in Brunei on April 17-19, 2007.

The conference discussed 38 papers addressing the subject of Islamic financial instruments and the role of Zakah and Awqaf in providing the microfinance. The papers were of basic and applied nature.

- ix. Forum on "New Financial Tools in Islamic Banking System" in Tehran on April 18, 2007 organized by the Ministry of Economic Affairs and Finance in Iran.

The Forum was aimed making an assessment of the application of Islamic financial tools, especially Hedging and Sukuk. It also discussed other practical challenges of introducing the new financial tools in the Iranian economy. A high level delegation led by H. E. the President of IDB, participated in the Forum.

- x. Seminar on "Financial Indices" held in Riyadh in collaboration with Imam Saud University, Riyadh, KSA, on May 1-2, 2007

The aim of the seminar was to discuss the various alternatives which Islamic financial institutions use as an alternative to LIBOR. The seminar, after discussing various alternatives, suggested a follow-up on the initiatives proposed so that alternatives for LIBOR can be developed.

- xi. "Islamic Financial Sector Development Forum 2007" in Dakar, Senegal - on May 27, 2007

The Forum discussed the paper of the IFSB Working Group on Islamic Microfinance Development: Challenges and Initiatives. Eighteen practical case studies of microfinance were presented. The Forum was attended by over 300 participants.

- xii. "International Islamic Financial Markets Conference" in Bahrain, June 18-19, 2007

The conference was organized jointly by IIFM and IRTI and was attended by over 300 registered delegates. It was focused on Liquidity Management, Islamic Inter-bank Market, Islamic Real Estate Investment Trust and Islamic Unit Trust to develop the capital markets and provide opportunities for liquidity management. It also focused on derivative instruments for hedging which are some of the highly debated issues in Islamic finance.

- xiii. International Conference on "Islamic Capital Markets (ICICM)" in Jakarta, Indonesia, on August 27-29, 2007

An International Conference on Islamic Capital Markets (ICICM) was successfully held on August 27-29, 2007 at Sultan Hotel in Jakarta. It was jointly organized by IRTI and Muamalat Institute (MI). Statistical Economic and Social Research and Training Centre for Islamic Countries (SESRTCIC) also contributed to the conference by co-organizing one panel discussion with capital market regulators.

- xiv. International Congress on "Education in the Islamic Countries" in Istanbul Turkey on October 24-27 2007

The program organized by the Foundation for research 18 Islamic Sciences (ISAV) in Istanbul. the Institute supported for educational, development is one of the highest priority thrusts of the vision 1440H.

- xv. Symposium on "Globalization, Privatization and Economic Justice" held in Tehran on January 6-8, 2008

The symposium was hosted by Iran's National Centre for Globalization Studies. It included keynote speeches, presentations and panel discussions that brought together speakers and invited participants from a wide range of disciplines, including members of Iran's Parliament, domestic and foreign university professors and representatives from the World Bank and IDB, as well as governmental and non-governmental organizations. The symposium ended with a live video conference in which the Nobel Laureate Joseph Stiglitz, presented his views on globalization and economic justice.

- xvi. Workshop on "Hedging" in Tehran on October 24-25, 2007

The Workshop on Hedging was sponsored by IRTI within the framework supporting of conferences on Islamic Finance. Orga-

nized by Sherif University of Technology, Tehran, the Workshop addressed issues of Islamic alternatives to Hedging.

3.7. MOBILIZATION OF EXTERNAL EXPERTISE

IRTI has various programs for research facilitation and appreciation in order to encourage research in Islamic economics, banking and finance. A summary of these activities are given below.

3.7.1. Encouragement and Promotion Program

The purpose of this program is to promote such academic activities and efforts which are considered essential for the achievement of the objectives of IDB and IRTI through encouraging innovative research by external scholars, researchers and institutions in Islamic economics, banking, finance and related areas.

3.7.2. IRTI Scholarship Program

Within the framework of its Encouragement and Promotion Program, IRTI has launched a scholarship scheme to support PhD programs in Islamic economics, banking and finance. This scheme aims at providing partial financial support including IRTI publications to PhD scholars. During 1428H, some requests were received but no scholarship was given as the criteria were not met.

3.7.3. Visiting Scholars' Program

The objective of this program is to promote such academic activities and efforts which are considered essential for the achievement of the goals of the Bank and IRTI through encouraging innovative research by external scholars, researchers and institutions in Islamic economics, banking, finance and related areas.

CHAPTER 4

FACILITATING APPLICATION OF ISLAMIC ECONOMICS, BANKING AND FINANCE

4.1. INTRODUCTION

In addition to Knowledge Building as reported in Chapter 3, IRTI is actively involved in programs that enable the use of this knowledge in various fields. The application of knowledge is done by organizing conferences, workshops and training programs and providing technical assistance and consultancy. In addition, IRTI actively participates in the activities of other institutions for Islamic financial architecture development.

4.2. TECHNICAL ASSISTANCE SERVICES FOR DEVELOPMENT OF THE ISLAMIC FINANCIAL SERVICES INDUSTRY

4.2.1 Technical Assistance

In order to facilitate the orderly development of the Islamic Financial Services Industry (IFSI) the IDB offers various types of technical assistance to institutions in member countries. Two of the significant initiatives, in this regard are the development of Compilation Guide for Prudential and Structural Islamic Finance Indicators and the IDB Technical Assistance sub-Account with the International Monetary Fund (IMF).

In the first initiative the IDB and Asian Development Bank (ADB) provided technical assistance to the Islamic Financial Services Board (IFSB) and comprehensive guidelines were prepared as "Compilation Guide on Prudential and Structural Islamic Finance Indicators" (PIFD). The objectives of the PIFD are:

- (a) to facilitate the monitoring and analysis of the soundness and stability of the IFSI through a set of prudential, structural and financial strength indicators, as well as by fostering cooperation among central banks/monetary authorities and other relevant supervisory authorities;
- (b) to support and help coordinate the formulation, development and enhancement of appropriate international prudential standards by the IFSB;
- (c) to help promote the development of the IFSI as a vehicle for stimulating economic development and reducing disparities in economic progress between nations;
- (d) to help strengthen transparency and international comparability of domestic IFSIs in order to facilitate their integration into the international financial system through public accessibility to the PIFD and other published cross-country industry data in IFSB research reports; and
- (e) to help ascertain the market shares of Shari'ah-compliant financial transaction products and services as a percentage of the entire financial system, at both the national and global levels, so as to gauge the performance of the IFSI at any given time.

With regard to supporting the member country policy initiatives in the development of IFSI, the IDB signed a Letter of Understanding (LoU) with the IMF whereby a Technical Assistance sub-Account has been established with the IMF and an amount of US\$ 0.6 million as a grant has been allocated. The grant will be utilized by the IMF in consultation with the IDB to finance technical assistance projects in member countries of the IDB that are also members of the IMF in formulating an adequate legal and regulatory framework and conducting financial policies and operating in the areas of Islamic banking and finance. Within the framework of the LoU, the Central Bank of the Kyrgyz Republic is being provided with capacity building services to implement regulatory and legal reform for inviting Islamic banking and financial services. A joint team of IMF, IFSB and AOIFI visited the Republic and a report is due.

4.2.2 Islamic Financial Architecture Development

The Institute has actively participated in the activities of the following institutions:

1. Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI): The Institute participates in the Shari'ah Board of AAOIFI. During 1428H, AAOIFI released its Shari'ah Standards on Sukuk.
2. Islamic Financial Services Board (IFSB): In addition to participating in the Technical Committee of the IFSB, during 1428H IRTI

has participated in the following activities of IFSB:

- (i) Technical Note on Issues in Strengthening Liquidity Management of Institutions Offering IFSB, the Development of Islamic Money and Foreign Exchange Markets. The joint technical committee of IMF, IFSB, IDB and other institutions was co-chaired by a member of IRTI staff and a comprehensive report has been prepared on the subject.
 - (ii) IFSB Standards on Disclosure to Promote Transparency and Market Discipline: The standards were released in 2007 and a staff of IRTI participated in the Working Group that prepared the standards.
 - (iii) In order to develop risk management culture and facilitate the implementation of IFSB Standards, IRTI and IFSB prepared for the organization of the 3rd International Conference on Risk Management Regulation and Supervision, 22 papers have already been finalized for presentation to the Conference.
 - (iv) IRTI participated in the organization of the 12th IFSB Council and 6th General Assembly meeting in the IDB Headquarters.
 - (v) Implementation of "Ten-Year Framework and Strategies" Recommendations: IRTI and IFSB are working on the implementation of the recommendations of "Ten-Year Framework and Strategies" document that was approved by the IFSB Council. In this regard, a Standing Committee has been established and two working group one each on Human Capital Development and Islamic Microfinance Development have been set up. The two institutions are working on the implementation of the work plan for these two areas.
3. International Islamic Financial Market (IIFM): IRTI and IIFM are working on the development of Islamic Capital Market and Products. In this regard, two joint conferences and one workshop were organized jointly by IIFM and IRTI during 1428H.
 4. Council for Islamic Banking and Financial Institutions (CIBAFI): IRTI and CIBAFI have established the Policy Dialogue Forum on Islamic Financial Sector Development. The second Forum was organized in Dakar, Senegal, on May 27, 2007 addressing the issues of Islamic Microfinance Development. The two institutions are also working on organizing the next IFSB Forum on the theme of "Human Capital Development" of the Islamic financial services industry to be organized as a side activity of the IDB Annual Meeting in Jeddah during June 2008.

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5. Coordination of the Activities of Islamic Finance Infrastructure Institutions: In order to facilitate joint sitting and discussions by the Islamic Finance infrastructure institutions, IRTI has established the Islamic Financial Industry Development Working Group which held its second meeting in the IDB Headquarters during 1428H.

4.2.3 Training Courses and Workshops

In compliance with the Strategic Objective of enhancing Islamic financial industry, and with the view of contributing to the transfer of applied knowledge in this field, IRTI has conducted the following training programs in IDB Member Countries.

- i. **Course on "Introduction to Islamic Banking", in Saudi Arabia**

The course on "Introduction to Islamic Banking" was organized in Jeddah, Saudi Arabia from February 24 to May 31, 2007 in collaboration with Dar Al-Hekma College in Jeddah. It was an extended local course conducted in English language. The three-week course was developed for the students of Dar Al-Hekma College. The key objectives of the course were to provide a foundation in basic business finance and introduce the students to the world of finance and to provide an understanding of financial statement analysis, the pricing and use of financial assets, financial markets, capital budgeting for the firm and sources of funding for the firm as well as to provide insights into the finance function within a business enterprise. 27 participants benefited from this course.

- ii. **Course on "Islamic Capital Market" Jeddah, Saudi Arabia**

The Islamic Capital Markets Course for the IDB staff was successfully from April 28 to May 2, 2007 at Inter Continental Hotel, Jeddah. The five day course was part of fee based courses conducted on the request of HRMD. The course consisted of 15 lecture sessions managed by seven resource persons.

- iii. **Course on "SUKUK as Sources of Financing Development Projects", IDB Headquarters, Jeddah**

The course on "SUKUK as Sources for Financing Development Projects" was organized at IDB Headquarters, Jeddah in English language. It was an internal fee-based course organized in collaboration with the Human Resource Management Department of IDB during the period on March 10-14, 2007. The course was formulated exclusively for IDB staff from different Departments of the IDB Group. The main objective of the course was to (i) investigate the origins and Shari'ah foundations of Sukuk (ii) explain the role and importance of Sukuk as sources of financing development projects (iii) study the role that SUKUK may play in developing the Capital Market in IDB Member Countries, and (iv) discuss and share opinions on practical implementation and implications of using Sukuk as a source of funding by both governments and private sector in IDB Member Countries. 10 staff members from different departments of IDB attended this important course.

- iv. **Course on "Shari'ah Rules Governing Banking Operations and their Applications in operations of Saudi British Bank", Riyadh, Saudi Arabia**

The course on "Shari'ah Rules Governing Banking Operations and their Applications in Operations of Saudi British Bank" was a local fee-based course organized in English language in Riyadh, Saudi Arabia on August 5-6, 2007 in collaboration with the Institute of Banking, SAMA, Saudi Arabia. This was a special training course designed exclusively for SABB Staff based in Riyadh. The

main objective of the course was to investigate the origins and Shari'ah foundations of Banking Operations with special reference to application in case of SABB and to explain the methods of deposit mobilization and resource allocation in compliance with Shari'ah rules and principles in addition to discuss and share opinions on practical implementation and implications of using Islamic Financial Products as sources of funding projects of both individuals and corporate private sector. 15 Bankers from Saudi British Bank based in Riyadh participated.

v. **Course on "Regulation and Supervision of Islamic Banks" in Brunei on Darussalam**

The course on "Regulation and Supervision of Islamic Banks" was a regional course organized in English language in Bandar Seri Begawan, Brunei Darussalam on May 21-25, 2007 in collaboration with the South East Asian Central Banks, Research and Training Centre (SEACEN) - Malaysia and the Ministry of Finance Brunei Darussalam. The course was designed for the middle-and-senior-level executives engaged in (or concerned with) the launching, operation and supervision of Islamic financial institutions in general and Islamic banks in particular. These included management members and executives from central banks, regulatory bodies and commercial banks, academicians, researchers and legal practitioners. The main objective of the course was to (i) allow participants learn the nature and mechanisms of Islamic banking supervision as Islamic banking is now an important part of the modern financial system (ii) investigate the main elements of Islamic banking supervision and addressing differences between Islamic banking and conventional banking regulatory arrangements, and (iii) explore empirical applications of Islamic banking regulation and supervision with reference to experiences of some countries in this field such as Brunei, Indonesia, Iran and Malaysia. 46 participants attended this course which included 10 international participants and 36 local participants.

vi. **Course on "Shari'ah Rules Governing Banking Operations and their Applications in Operations of Saudi British Bank", Jeddah, Saudi Arabia**

The course on "Shari'ah Rules Governing Banking Operations and their Applications in Operations of Saudi British Bank" was a local fee-based course organized in English language in Jeddah, Saudi Arabia on May 26-27, 2007 in collaboration with the Institute of Banking, SAMA, Saudi Arabia. The course was designed for the bankers working in the Islamic Banking Unit of SABBS, Jeddah Branches and the main objective of the course was to (i) investigate the origins and Shari'ah foundations of Banking Operations with special reference to application in case of SABB Bank and (ii) explain the methods of deposit mobilization and resource allocation in compliance with Shari'ah rules and principles, and (iii) discuss and share opinions on practical implementation and implications of using Islamic Financial Products as sources of funding projects of both individuals and corporate private sector. 6 Bankers from Saudi British Bank based in Jeddah participated.

vii. **Course on "Islamic Financial Products: Principles and Applications", Malaysia**

The course on "Islamic Financial Products: Principles and Applications" was organized in English language in Kuala Lumpur, Malaysia. It was a regional course organized in collaboration with the Faculty of Business Management/University of Technology, Malaysia during the period on May 28-31,2007. The course was structured for bankers, fund managers, academicians, state Islamic religious departments, forwarders and other related organizations. The main idea of the course was to (i) allow participants learn about the nature and mechanisms of Islamic investment as Islamic banking is now an important part of the modern financial system (ii) investigate the main elements of Islamic investment and addressing differences between Islamic banking and conventional bank-

ing financing arrangements, and (iii) explore empirical applications of Islamic investment with reference to experiences of some countries in this field. 28 participants benefited from this course.

viii. **Course on "Shari'ah Rules Governing Banking Operations and their Applications in Operations of Saudi British Bank", Dammam, Saudi Arabia**

The course on "Shari'ah Rules Governing Banking Operations and their Applications in Operations of Saudi British Bank" was a local fee-based course organized in English language in Dammam, Saudi Arabia on June 24-25, 2007 in collaboration with the Institute of Banking, SAMA, Saudi Arabia. The course was designed for the bankers working in the Islamic Banking Unit of the Saudi British Bank, Dammam and the main objective of the course was to study Shari'ah foundations of Banking Operations with special reference to application of Islamic banking products in the case of Saudi British Bank and to train participants on practical cases of applying Shari'ah based banking services in the Saudi British Bank. 9 Bankers from Saudi British Bank based in Dammam participated.

ix. **First Meeting of the Task Force on "Human Resource Development for Islamic Financial Services Industry (IFSI)", Malaysia**

The Task Force on "Human Resource Development for IFSI" was established by the Standing Committee of the Implementation of Ten-Year Framework and Strategies (TYFS) for the Development of IFSI as per resolution of its first meeting held in Dubai, UAE on May 14, 2007. The Task Force is focusing on identifying urgent issues and priority areas relating to the development of human resource in the Islamic Financial Services Industry (IFSI). The Meeting was held on 28th August 2007 in Kuala Lumpur-Malaysia. The three working papers prepared and presented by IRTI, IFSB and INCEIF discussed and delineated various issues relating to Human Resource Development for IFSI. Important issues addressed were (i) Quantitative and Qualitative Human Resource Needs of IFSI (ii) Fundamental Issues Relating to Recruitment, Training, Efficient Employment and Retention of Human Capital for IFSI (iii) Areas of Human Resource Development for IFSI (iv) Anticipated Challenges of Human Resource Development for IFSI (v) Acute Shortage of Human Capital in Islamic Financial Services Industry (vi) Sporadic Training by Individual Institutions (vii) Disparate Practices: Lack of Standards (viii) Lack of Leadership (ix) Industry and Academia not Working/Complementing Each Other (x) Collective Knowledge/Economies of Grouping, and (xi) Addressing the Gap of Human Resources for IFSI. 24 representatives of Islamic Financial Institutions attended the meeting.

x. **Course on "Management and Investment of Awqaf Properties", Syria**

The course on "Management and Investment of Awqaf Properties", was organized in Arabic language in Damascus, Syria in collaboration with Kuwait Awqaf Public Foundation and Ministry of Awqaf, Syria during the period from October 28 to November 12-14, 2007. It was a regional course. The targeted audience for the course were officers in Awqaf Departments and staff of ministries of Awqaf in some IDB Member Counties. The course targeted the high-level officers in particular. The objectives of the course were to (i) teach participants modern concepts of management and investment and their applications in areas of Islamic Endowments (ii) allow participants to share knowledge and be aware of recent developments in Awqaf properties management, and (iii) study empirical aspects of Awqaf institutions development. 37 participants attended this course.

xi. **Course on "Basics of Shar'iah Compliant Banking Operations", Riyadh, Saudi Arabia**

The course on "Basics of Shar'iah Compliant Banking Operations" was a local fee-based course which was organized in Eng-

lish language in Riyadh, Saudi Arabia on November 12-14, 2007 in collaboration with the Institute of Banking, SAMA, Saudi Arabia. This was a special training course designed exclusively for SABB staff based in Riyadh. The main objective of the course was to investigate the origins and Shari'ah foundations of banking operations with special reference to application in case of SABB and to explain the methods of deposit mobilization and resource allocation in compliance with Shari'ah rules and principles in addition to discuss and share opinions on practical implementation and implications of using Islamic Financial Products as sources of funding projects of both individuals and corporate private sector. 24 participants attended the course.

xii. Course on "Operations of Islamic Banks", Lebanon

The course on "Operations of Islamic Banks" was organized in Arabic language in Beirut, Lebanon. It was a local course organized in collaboration with the Central Bank of Lebanon during the period on December 3-7, 2007. The course was structured for executive bankers in the Central Bank of Lebanon especially regulators and treasury and operation officers. The main idea of the course was to (i) educate participants on Principles of Islamic Banking with special focus on concepts of Gharar and Riba (ii) discuss Applications of Islamic Banking at the level of banking system and individual banks, and (iii) draw lessons from experiences of some countries and institutions in this field. 30 participants benefited from this course.

CHAPTER 5

CAPACITY BUILDING

5.1. INTRODUCTION

IRTI provides training opportunities to staff engaged in development activities in member countries with a view to contribute to the improvement of their human capital, which is vital to their capacity building and socio-economic development. Being aware of the changing nature of the challenges facing the Muslim Ummah as a result of the recent global trends, IRTI is continuously striving to diversify the contents of its courses in order to ensure their consistency with evolving training needs. For this purpose IRTI is periodically in touch with IDB member countries in order to identify their training needs. Furthermore, special emphasis is being placed on training programs in the areas of Islamic Economics and Banking, Private Sector Development, Capacity Building, Macro Economic Policies, Debt Management and Poverty Alleviation. Special attention is also being given to programs conducted under the "Task Force on Training (Preparing the Ummah for the 21st Century)", which have been well received by their target audience.

5.2 TASK FORCE ON TRAINING (PREPARING THE UMMAH FOR THE 21ST CENTURY)

In the context of the Eighth Islamic Summit Conference (Session of Dignity, Dialogue and Participation) held in Tehran, Islamic Republic of Iran from 9-11 Sha'ban 1418H [9-11 December, 1997] and the Summit Resolution to prepare the Ummah for 21st Century, the IDB Management appointed a Task Force on Training composed of the General Secretariat of the Organization of Islamic Conference [OIC], Statistical, Economic and Social Research and Training Centre for Islamic Countries [SESRTCIC], The Islamic University of Technology [IUT], Islamic Centre for Development of Trade [ICDT], Islamic Development Bank [IDB] and the Islamic Chamber of Commerce & Industry [ICCI] to meet regularly to assess the training needs and mobilize resources and facilities available for training within the Islamic world and outside. Since inception of this Program, IRTI organized 42 workshops with these four centers. During 1428H the following 8 training programs were organized:

i. Workshop on "Export Auditing and Capacity Building of SME's", Morocco

The workshop on "Export Auditing and Capacity Building of SME's" was a regional workshop which was organized in English language in Casablanca, Morocco from 06-10/04/1428H [23-27/04/2007] in collaboration with the Islamic Centre for Development of Trade [ICDT], Casablanca, Morocco. The workshop was developed for in-house auditors, counselors working at export promotion organizations of the OIC member states, private counselors and consultants dealing with exporters and professional trainers who train national auditors. This workshop aimed at providing trainees with appropriate tools and capabilities for auditing exporting and would-be exporting companies and most particularly SMEs which badly need to internationalize themselves. Moreover, it intended to help participants to familiarize themselves with export capacity building techniques so that they can assist audited companies to acquire the needed capabilities to export successfully. 20 participants benefited from this workshop.

ii. Workshop on "Labour Statistics", Morocco

The workshop on "Labour Statistics" was organized in Arabic language in Morocco in collaboration with Statistical, Economic and Social Research and Training Center for Islamic Countries [SESRTCIC] Ankara and Statistics of Directorate of Morocco during the period from 03-05/06/1428H[18-20/06/2007]. The workshop was designed for the Staff of the Statistics Directorate of Morocco. The main objective of the workshop was to improve statistical capacity performance of the Statistics Directorate of Moroccan on Labour Statistics. This local Workshop was attended by 12 participants.

iii. Workshop on Census/Surveys and Sampling Techniques, Mali

The workshop on "Census/Surveys and Sampling Techniques" was organized in Arabic language in Mali in collaboration with Statistical, Economic and Social Research and Training Center for Islamic Countries [SESRTCIC] Ankara and National Directorate of Statistics and Information, Mali during the period from 24-25/06/1428H [09-10/07/2007]. The workshop was structured for the staff of the national directorate of Statistics and Information, Mali. The main objective of the workshop was to improve statistical capacity performance of the National Directorate of Statistics and Information, Mali on census/surveys and sampling techniques. 25 staff members attended this workshop.

iv. Workshop on "General Statistics", Maldives

The workshop on "General Statistics" was organized in English language in Maldives in collaboration with Statistical, Economic and Social Research and Training Center for Islamic Countries [SESRTCIC] Ankara and Statistics Division of the Ministry of Planning and National Development of Maldives. The course was held during the period from 02-05/07/1428H [16-19/07/2007]. The workshop was meant for the staff of the Statistics Division, Maldives. The main objective of the workshop was to improve statistical capacity performance of the Statistics Division, Maldives on General Statistics. 20 staff members attended this workshop.

v. Workshop on "Population and Demography and Census/Surveys and Sampling Techniques", Jordan

The workshop on "Population and Demography and Census/Surveys and Sampling Techniques" was organized in Jordan in collaboration with Statistical, Economic and Social Research and Training Center for Islamic Countries [SESRTCIC] Ankara and Jordan Department of Statistics. The workshop was conducted in Arabic language during the period from 22-24/07/1428H [05-07/08/2007]. The workshop was intended for the staff of the Jordan Department of Statistics. The main objective of the workshop was to improve statistical capacity performance of the Jordan Department of Statistics on Population and Demography and Census/Surveys

and Sampling Techniques. 15 staff members benefited from this workshop.

vi. **Workshop on "Development of Indigenous Technological Capability in Medical Electronics" Bangladesh**

The workshop on "Development of Indigenous Technological Capability in Medical Electronics" was a regional workshop which was organized in English language in Dhaka, Bangladesh from 14-18/11/1428H [24-28/11/2007] in collaboration with the Islamic University of Technology (IUT), Dhaka, Bangladesh. The workshop was meant for young graduates of relevant fields of science and engineering who are ready to take up jobs, or have already taken up jobs in universities and research organizations. The idea was to infuse into them the knack of developing medical equipment indigenously, to take up necessary research program. The workshop was attended by 30 participants.

vii. **Workshop on "ICT in Teaching -Learning in Technical and Vocational Education", Bangladesh**

The workshop on "ICT in Teaching -Learning in Technical and Vocational Education" was a regional workshop. It was conducted in English language in Dhaka, Bangladesh from 21-25/11/1428H [01-05/12/2007] in collaboration with the Islamic University of Technology (IUT), Dhaka, Bangladesh. The workshop was developed for administrators and policy makers of TVE, teachers of Polytechnic Institutes, Technical/vocational training institutes, Colleges and curriculum planners and developers. The prime objectives of the workshop were to enable the participating teachers/trainers/administrators to exchange ideas on (i) how learning can be enhanced through technology (ii) share ideas on various modes of e-learning (iii) understand the role of computer and its use in technical and vocational education (iv) know the role of ICT in distance education, and (v) formulate recommendations based on the discussion future planning and course of action in the 21st century . The workshop was attended by 19 participants.

viii. **Workshop on "Training Programme on Devising National SME Development Programme" for OIC Member Countries, Bangladesh**

The workshop on "Training Programme on Devising National SME Development Program" was organized in English language in Dhaka, Bangladesh in collaboration with Islamic Chamber of Commerce & Industry [ICCI] Pakistan, Federation of Bangladesh Chambers of Commerce & Industry (FBCCI), Dhaka, Bangladesh and Perez-Guerrero Trust Fund (PGTF) of United Nations Development Programme (UNDP) during the period from 30/11-03/12/1428H [10-13/12/2007]. The workshop was designed for staff of member chambers and representatives of SME authorities, SME banks, SME associations, SMEs owners etc. from 13 OIC Countries namely, Afghanistan, Albania, Bangladesh, Egypt, Islamic Republic of Iran, Sultanate of Oman, Pakistan, Sudan, Syria, Togo, Turkey, Turkish Cyprus and Yemen. The main objectives of the workshop were to (i) develop and strengthen capabilities of SME owners and chambers for facilitating the development and growth of SMEs in their respective countries (ii) sharpen strategies focusing on competitive edge (iii) develop skills for the removal of functional bottlenecks hampering smooth operations of the SMEs (iv) develop greater familiarity with new technology development in the promotion of SMEs (v) develop greater awareness of sources and modalities of investment and of technical assistance to SME projects, and (vi) formulate functional and information network among the trainees. 44 partici-

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Capacity Building



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pants from 13 OIC Member Countries attended the workshop.

5.3 TRAINING ACTIVITIES

5.3.1 Fee-based Courses

These courses are generally organized in collaboration with the private sector organizations. In such courses reasonable fee is charged from the participants who come mostly from private sector institutions.

Following the initiative to organize fee-based training programs in collaboration with the reputed Institutions of IDB Member Countries, IRTI has successfully organized 29 fee-based training programs since its inception. During 1428H, 6 fee-based training programs were implemented. Most of the fee-based courses were on the subject of Islamic, Economic and banking except one i.e. poverty alleviation held at IDB Headquarters, Jeddah. Following were organized in the category of fee-based courses:

- i. Course on "Sukuk as Sources of Financing Development Projects", IDB Headquarters [For brief report please see Chapter 4]
- ii. Course on "Shari'ah Rules Governing Banking Operations and their Applications in operations of Saudi British Bank", Riyadh, Saudi Arabia

This course was held in Riyadh, Jeddah and Dammam during the period 18-19/4/1428H [05-06/08/2007], 09-10/05/1428H [26-27/05/2007] and 09-10/06/1428H [24-25/06/2007] respectively.

- iii. Course on "Poverty Reduction: Concepts and Methodologies", IDB Headquarters

The course on "Poverty Reduction: Concepts and Methodologies" was organized at IDB Headquarters, Jeddah in English language. It was an internal fee-based course which was organized in collaboration with the Human Resources Management Department of IDB during the period from 08-12/10/1428H [20-24/10/2007]. The course was exclusively designed for the different departments of IDB Group. The main objective of the course was to enable the participants to understand the current approaches and methodologies of alleviating poverty; assess policies and strategies designed and adopted to alleviate poverty and get acquainted with the policy of the IDB towards poverty alleviation and IDB's interventions in IDB Member Countries. 22 IDB Staff, from Operation Complex, Legal Department, Finance Department and ICD attended the Course.

- iv. Course on "Basics of Shariah Compliant Banking Operations", Riyadh, Saudi Arabia [For brief report please see Chapter 4]

5.3.2. Regular Training Programs

Courses in this category are organized in collaboration with the reputed public sector organizations. These courses are offered free of charge and the participants also come from the public sector institutions.

- i. Course on "Quality in the service of Volunteers", Kuwait

The course on "Quality in the service of Volunteers", was organized in Kuwait City, Kuwait in collaboration with Kuwait Awqaf

Public Foundation, from 08-11/01/1428H [27-30/01/2007]. It was a local course and was conducted in Arabic language. The course was developed for officers who work for NGOs in general and for those engaged in promotion and development of Awqaf properties in particular. The main objective of the Course was to (i) enable participants to exchange ideas and experiences on how to enhance quality in services of Charity Organizations, and (ii) expose participants to best practices used by international NGOs. 21 participants benefited from this course.

ii. Course on "Financing Small Businesses", Turkey

The course on "Financing Small Businesses" was a regional course which was organized in English language in Ankara, Turkey from 01-05/02/1428H [19-23/02/2007] in collaboration with the Small and Medium Industry Development Organization (KOSGEB), Ministry of Industry and Trade, Turkey. The course was designed for managers working in ministries and institutions which are directly dealing with Small and Medium Enterprises, in some IDB Member Countries, i.e. Afghanistan, Albania, Bangladesh, Brunei Darussalam, Indonesia, Iran, Malaysia, Maldives and Pakistan. The primary objectives of the workshop were to (i) promote and develop financial mechanisms for financing small businesses (ii) delineate a Small and Medium Entrepreneurship Strategy which is appropriate for Small and Medium Industries in IDB member Countries, and (iii) describe pertinent models developed by KOSGEB with the view to transferring KOSGEB's know-how and experience to other IDB Member Countries and assisting these countries to establish their own small business development agencies if they do not have any yet. 14 participants attended this course.

iii. Course on "International Finance", Saudi Arabia

The course on "International Finance" was organized in Jeddah, Saudi Arabia in collaboration with Dar Al-Hekma College, Jeddah, Kingdom of Saudi Arabia from 06/02-14/05/1428H [24/02-31/05/2007G] [thrice a week]. It was a local extended course conducted in English language. The course was developed for the students of Dar Al-Hekma College, Jeddah. The main objectives of the Course were to provide students with an understanding of the Corporate Governance and Foreign Exchange Mechanism. 22 participants benefited from this course.

iv. Course on "Introduction to Banking", Saudi Arabia

The course on "Introduction to Banking" was organized in Jeddah, Saudi Arabia in collaboration with Dar Al-Hekma College, Jeddah, Kingdom of Saudi Arabia from 06/02-14/05/1428H [24/02-31/05/2007G] [thrice a week]. It was an extended local course conducted in English language. The course was developed for the students of Dar Al-Hekma College, Jeddah. The main objectives of the Course were to provide students with an understanding of the basic functions and operations of banks and financial institutions. Upon completion of this course the students had an understanding of (i) the function and role of banking and financial institutions (ii) Retail Banking Products & Services (iii) Corporate Banking Products & Services (iv) non-interest services, product-line innovation and extension, Islamic Banking and Financial Institutions. 15 participants benefited from this course.

v. Course on "Business Finance", Saudi Arabia

The course on "Business Finance" was organized in Jeddah, Saudi Arabia in collaboration with Dar Al-Hekma College, Jeddah, from 06/02-14/05/1428H [24/02-31/05/2007G] [thrice a week]. It was an extended local course conducted in English language.

The course was developed for the students of Dar Al-Hekma College, Jeddah. The main objectives of the Course were to provide (i) foundation in basic business finance and introduce the students to the world of finance, (ii) an understanding of financial statement analysis, the pricing and use of financial assets, financial markets, capital budgeting for the firm and sources of funding for the firm (iii) insights into the finance function within a business enterprise. 27 participants benefited from this course.

vi. **Course on "Rights and Duties of the Staff Working in the Voluntary Sector", Kuwait**

The course on "Rights and Duties of the Staff Working in the Voluntary Sector" was a local course organized in Arabic language in Kuwait City, Kuwait from 13-16/02/1428H [03-06/03/2007G] in collaboration with the Kuwait Awqaf Public Foundation, Kuwait. The course was designed for Staff Members of NGOs and Awqaf Departments in IDB Member Countries. The primary objective of the workshop was to teach participants on basic principles of management with concentration on rights and duties, and to allow participants to share experiences in Management of charitable organizations in 14 participants attended this course.

vii. **Course on "Financing Small and Medium Enterprise", Djibouti**

The course on "Financing Small and Medium Enterprise" was organized in Djibouti in French language. It was a local course organized in collaboration with the Ministry of Economy, Finance and Planning In Charge of Privatization, Djibouti during the period from 13-17/02/1428H [03-07/3/2007]. The course was structured for Senior officials from the Republic of Djibouti working in Financial institutions, banks and Ministries of Economic & Social Development and Finance. Main objectives of the Course were to familiarize the participants with the main concepts and tools of microfinance, teach them micro financing mechanisms adapted to their needs and also provide a forum for sharing experiences in Micro Enterprises. 29 participants attended this course.

viii. **Course on "Financing Micro Enterprises", Morocco**

The course on "Financing Micro Enterprises" was a regional course organized in French language in Casablanca, Kingdom of Morocco from 17-18/02/1428H [07-08/03/2007G]. The course was implemented in collaboration with SEGEPEC, Morocco, and designed for government officers from Tunisia, Algeria, Mauritania and Morocco who worked for Institutions responsible for development of SMEs in these countries. Main objectives of the Course were to (i) allow participants to learn about economies of SMEs (ii) teach participants about financial constraints faced by SMEs, and (iii) expose participants to experiences of different countries in the areas of designing appropriate policies for SMEs. 60 participants attended the course.

ix. **Course on "Public Private Partnership (PPP) as Modality for Financing Infrastructure Projects in IDB Member Countries", Kuwait**

The course on "Public Private Partnership (PPP) as Modality for Financing Infrastructure Projects in IDB Member Countries" was organized in English language in Kuwait City, Kuwait in collaboration with the International Economic Cooperation Department of the Ministry of Finance of Kuwait during the period from 19-23/03/1428H [07-11/04/2007]. The Course was designed for middle and senior-level managers and executives working in infrastructure projects (such as energy, water, transports, etc) in the IDB member countries and Kuwait as a hosting country. The main objective of the course was to (i) allow participants to learn about the nature and tools of PPP as a modality that can be used for financing strategic projects in general and in the context of the IDB Member Countries,

situation in particular (ii) study the main elements of PPP contracts and differences between PPP contracts and other contracts, if any, and (iii) explore empirical case studies of PPP-based projects with special reference to experiences of some IDB Member Countries. It was a regional course attended by 49 participants including 13 international and 36 local participants.

x. **Course on "Human Resource Development", Morocco**

The course on "Human Resources Development" was a regional course organized in French language from 21-25/03/1428H [09-13/04/2007G] in collaboration with the Ministry of Modernization of Public Sectors, Morocco. The course was intended for Senior officials from 9 IDB member countries [Algeria, Benin, Burkina Faso, Cameroon, Chad, Mauritania, Morocco, Senegal and Tunisia] dealing with HR and working in Ministries of Administrative Reforms and training centers. The primary objective of the course was to (i) familiarize the participants with the modern theories and techniques related to training and human resources management (ii) help them master the practical modalities to improve competencies and staff productivity, and (iii) help them contribute, to their respective departments, to adjust the national strategy related to management and human resources. The course was attended by 33 participants which included 8 international and 25 local participants.

xi. **Course on "Human Resources Development", Egypt**

The course on "Human Resources Development" was a regional course conducted in Arabic language from 03-07/05/1428H [20-24/05/2007] in collaboration with the Institute of National Planning, Egypt. The course was meant for senior officials from IDB Member Countries dealing with Human Resource and working in Ministries of Administrative Reforms and Training Centers. The main objectives of the course are to (i) familiarize the participants with the modern theories and techniques related to training and human resources management (ii) help them master the practical modalities to improve competencies and staff productivity, and (iii) help them contribute to their respective Departments to adjust the national strategy related to management and human resources. The course was attended by 35 participants.

xii. **Course on "Economic Feasibility Studies", Egypt**

The course on "Economic Feasibility Studies" was organized in Arabic language in Alexandria, Egypt. It was a regional course organized in collaboration with the Investment and Finance Institute, Egypt during the period from 23-27/06/1428H [08-12/07/2007]. The course was structured for professionals who are responsible for preparation, implementation and follow-up of Economic feasibility studies in government and semi-government corporations in Egypt and some IDB Member Countries. The course targeted professionals from the level of Directors, Head of Divisions, Specialists in financial studies and professionals who work for planning and also businessmen and investors. The main idea of the course was to enable participants to have know-how to take investment decisions based on feasibility study of the project (ii) allow them to know how to select investment projects which would realize maximum profit and (iii) assist policy makers in inviting countries in evaluation and assessment of investment opportunities. 14 participants benefited from this course.

xiii. **Course on "Financing and Managing Small and Medium Enterprises", Jordan**

The course on "Financing and Managing Small and Medium Enterprises" was a regional course organized in Arabic language in Amman, Jordan from 01-05/07/1428H [15-19/07/2007] in collaboration with the Institute of Banking Studies, Jordan. The course was organized for the benefit of senior officers working for SME sector in IDB Member Countries. The principal objectives of the course were to (i) teach participants the principles and concepts of managing and financing SME (ii) to investigate appropriate models

of financing SME in IDB Member Countries, and (iii) to expose participants to latest and best practices in the field of financing and managing small and medium financial, managerial and consultancy enterprises with a focus on constraints of SME. 25 participants attended this Course.

xiv. Course on "Basic Skills for Journalists working in Charity Organizations", Kuwait

The course on "Basic Skills for Journalists working in Charity Organizations" was organized in Kuwait City, Kuwait in collaboration with Kuwait Awqaf Public Foundation, from 20-24/08/1428H [02-06/09/2007]. It was a regional course conducted in Arabic language. The course was designed for officials working for government-run charity organizations and those who demonstrate interest in this field. The course was aimed at familiarizing the trainees with the work of charitable organizations and how it relates to the mass media. 22 participants benefited from this course.

xv. Course on "New Techniques of Internal Supervision in Charity Organizations", Kuwait

The course on "New Techniques of Internal Supervision in Charity Organizations" was organized in Kuwait City, Kuwait in collaboration with Kuwait Awqaf Public Foundation, from 16-20-/10/1428H [28/10-01/11/2007]. It was a regional course conducted in Arabic language. The course was structured particularly for officers who work in volunteer sectors belonging to Government Institutions in IDB Member Countries. It was also intended for those who work-out policies relating to NGOs and volunteer sectors in IDB Member Countries. The main objective of the Course was to familiarize the participants with the main activities of the voluntary institutions, the financial aspects related to this, main financing sources, and their internal auditing systems, and also help them understand the basics of evaluating financial performance in the voluntary institutions as non-lucrative entities. 17 participants benefited from this course.

xvi. Course on "Management of Public Finance: Concepts and Methodologies", Sudan

The course on "Management of Public Finance: Concepts and Methodologies" was organized in Khartoum, Sudan in Arabic language. It was a local course organized in collaboration with the School of Business Administration, University of Khartoum, Sudan during the period from 22-27/10/1428H [03-08/11/2007]. The course was structured for government officers working in Budget Department of the Ministry of Finance, Sudan and other related government Institutions in Sudan. The course's key objectives were, inter alia, (i) to introduce participants to concepts and theoretical framework of Public Finance (ii) to expose government employees to the latest development and best practices in the Public Finance Management, and (iii) to discuss case studies and experiences of some countries in the field of Public Finance Management. 25 middle-level and senior executives attend the course.

xvii. Course on "Financing and Managing Small and Medium Enterprises", Guinea Bissau

The course on "Financing and Managing Small and Medium Enterprises" was organized in Bissau, Republic of Guinea Bissau in collaboration with the Ministry of Finance, Guinea Bissau from 02-06/11/1428H [12-16/11/2007]. It was a local course conducted in French language. The course was developed for Senior officials from the Republic of Guinea Bissau working in Financial institutions, banks and Ministries of Economic & Social Development and Finance. The key objective of the course was to familiarize the participants with the main concepts and tools of microfinance, provide them with /knowledge of micro financing mechanisms adapted to their needs and provide a forum for sharing experiences in Micro Enterprises. Thirty five local participants attended the course.

xviii. Course on "Methods of improving Productivity and Resource Development of Charity Organizations", Kuwait

The course on "Methods of improving Productivity and Resource Development of Charity Organizations" was a regional course

organized in Arabic language in Kuwait from 15-19/11/1428H [25-29/11/2007] in collaboration with the Kuwait Awqaf Public Foundation, Kuwait. The course was designed for the senior executives (Board of Directors) of NGOs, especially those from Awqaf organizations. The principal objectives of the course were to (i) improve performance level of participants with the view to mobilize additional resources to NGOs, (ii) to let participants know the mechanisms of resource rationalization and optimum use of resources, and (iii) to allow them to be exposed to real case studies on optimization of output given limited resources and excess capacity. Twenty five participants attended this Course.

5.4 THE REGIONAL INTEGRATED TRAINING PROGRAM ON FEASIBILITY STUDIES, INDUSTRIAL PROJECTS APPRAISAL AND COMFAR APPLICATIONS

Jointly with Arab Industrial Development & Mining Organization (AIDMO), United Nations Industrial Developed Organization (UNIDO) and Libyan Center of Industrial Information and Documentation, IRTI this two week training program in Misrata, Libya. This program has a two highly interrelated courses. The first is Market Analysis and preparation of Feasibility Studies for industrial projects; the second is Appraisal and Investment Decision Making using COMFAR. The program materials, senior experts and distributed software have satisfied an urgent needs for Industrial Ministries and Agencies in the Arab region.

This training program is designed for middle-and-senior-level executives engaged in market analysis, financial analysis, industrial investment, preparation of professional feasibility studies of industrial projects. The Course's approach was very empirical and focused on real case studies. This approach was enhanced further by highly related field visits that were implemented for the first time since launching this training program.

CHAPTER 6

INFORMATION AND KNOWLEDGE RESOURCES

6.1 INTRODUCTION

Information is essential to the development of any organization and, thus, is a valuable resource. Unlike natural resources, information is a resource that is not depleted as it is used. It rather increases in value as it is used and re-used to create knowledge. Information is important to create new knowledge for educating staff and professionals, to contribute to the creation of knowledge through research in their disciplines, and to disseminate knowledge for use by others. The main mission of the IRTI Information Center is to develop, in a cost-effective way, an integrated market place for the management and use of information and knowledge for IRTI as well as IDB Group and IDB member countries which will not only benefit and strengthen IDB's information and knowledge capabilities but also place IDB as a leading institution in this area.

IRTI has a mandate to collect, systematize, and disseminate information in various fields that serve the member countries using the latest information and communication technologies (ICT) and tools with a view to enhancing and promoting economic development and cooperation among IDB Member Countries. This in turn will assist in the development of Islamic banking and finance and support IRTI services and training activities. Currently, IRTI has embarked focusing upon establishing databases, publishing various publications and supporting website portals. In addition, IRTI is coordinating and supporting holding of international conferences in the area of information, knowledge dissemination and ICT in association with OIC/IDB as well as, regional, international and sister organizations. A brief description of the activities of IRTI in these areas are provided below.

6.2 INFORMATION SYSTEMS

6.2.1 Islamic Bank Information System (IBIS)

IRTI developed an online portal on Islamic Banks and Financial Institutions (IBISOnline.net) to provide high-level information services for academics, researchers and industry professionals, to increase awareness and promote products of Islamic banking and finance, and to assist research projects and promote its development. It seeks to provide comprehensive data and information on the activities of Islamic finance institutions, up-to-date research and literature.

IBIS hosts a set of databases in Islamic banks, Takaful companies, and Islamic funds, with tools for online analysis, customized outputs and data download, including a comprehensive store of annual reports in electronic format. It also hosts the Islamic banks' Shari'ah databank and glossary of Islamic economic terms, Who's Who database, Islamic economic literature, Events and News for the Islamic finance industry. It also highlights recent research activities conducted by IRTI and future trends.

IBIS recently added two new specialized systems, a database about Islamic financial products in Fiqh (see section 3.2.1. (v) and section 3.4.3. (iii)), and a free e-Submission system. The e-Submission system focuses on capturing research initiatives by soliciting top quality research papers in Islamic banking and finance.

6.2.2 Awqaf Databank System

The Waqf databank project was conceived for the IRTI belief that there is a great need to popularize and propagate the concept, mechanisms and disciplines of Waqf worldwide. Many individuals and organizations that specialize in Waqf are deprived of sources that have wealth of information essential to Waqf activities.

A strategic partnership among IRTI, Kuwait Awqaf Public Foundation (KAPF) and World Waqf Foundation (WWF) visualized Awqaf Databank as a tri-lingual web portal (Arabic, English and French) that would diffuse data and information about Waqf activities in the Muslim world. Awqaf Databank aims to document and disseminate practical expertise and research works in the field of Waqf. It shall provide a platform equipped with cutting edge software/hardware to serve databank activities and build a databank that is run through highly technical and competent operation and management systems.

The project experienced key achievements in 1428H. The ADBS portal shall be published and made accessible to public in early RABI'II 1429H. The Awqaf Databank will be a gateway for more than 40,000 pages of literature, information and intellectual assets on Waqf. It has several specialized Awqaf references including the Grand Awqaf literature directory (Al-Kashaf) and Awqaf Maknaz.

6.2.3 IDB Database on Experts (IDBDE)

As the IDB Group members and specially IRTI need to communicate with various Muslim experts and scientists around the world for consultancy services, and reviewing IRTI publications, papers, monographs or articles, a great need arose for IRTI to develop a global and comprehensive database that includes full details of Muslim experts around the world. Hence, IRTI developed the IDB Database on Experts (IDBDE). IDBDE aims at facilitating the identification of Muslim experts and scientists around the world in various fields. This would reduce the cost of locating competent consultancy services to all IDB member countries and serve as a heritage for Muslim experts in the globe.

IRTI developed a comprehensive website to be hosted on the Internet under IRTI website with the help of an external consultant. The website includes basic data and full profile for around 3000 scientists/experts where the database is still growing. In

addition, the website has hyperlinks to similar databanks and S&T centers and organizations with a facility to collect and update the data online. The system has the capability to allow researchers/ scientists to communicate with each other. The system can produce various reports and custom directories. These directories can be imported from the system to media such as CD or DVD which can be distributed for interested individuals/organizations for income generation in future under IDB regulations and procedures.

During 1428H, the IDB Database on Experts (IDBDE) system was redeveloped by a local professional company, where the IDBDE will be a web-based system with enhanced tools by applying the latest web development technology.

BOX-3 : IRTI'S ROLE FOR IDB TO BE A KNOWLEDGE BANK

A Task Force including two renowned external experts studied IRTI's Role for IDB to be a Knowledge Bank to enable IRTI institution to play a leading role in the acquisition, codification, collection, storage, creation, development, enhancement, sharing and transfer of knowledge both for the IDB Group and IDB member countries.

Main Objectives

1. To identify the nature and dimensions of information and knowledge based assets for IDB Group;
2. To develop a strategy to market knowledge and knowledge management within IDB Group and member countries;
3. To identify potential challenges and bottlenecks in the way of materializing this initiative and outline actions to overcome them;
4. To draw up ways and means and advise on how the value of knowledge initiative for IDB Group can be demonstrated;
5. To identify strategic international partners for Information and Knowledge function;
6. To propose an alternative framework and organizational structure enabling IDB to operationalize the Information and Knowledge agenda of the Bank;
7. To propose the composition and terms of reference of a body that can advise the Bank on technical and academic aspects of the activities in Knowledge;
8. Guided by the work already done on knowledge, propose measures so as to improve its strong points and identify the weaknesses;
9. To give an opinion on the infrastructure available for creating and disseminating knowledge;
10. To develop a formal evaluation process of the stages of the knowledge and knowledge management activities.
11. What value will be added by this initiative to the effectiveness of IDB Group mission in the knowledge area.

In light of the Administrative Instruction on this initiative, the Task Force submitted its final report to the IDB Management to look into its implementation. In the same context, IRTI was entrusted to lead an international effort to employ Knowledge Economy

(KE) as an innovative development tool for IDB member countries. Hence, IRTI is working to hold an international seminar on KE during the 33rd IDB Annual Meeting.

6.3 WEB-BASED RESOURCES

6.3.1 New IRTI Portal

Early 1428H, IRTI has launched its English Portal as part of the IDB Group Portal Project. The IRTI English Portal adopted state-of-the-art design in web technology and embedded a more comprehensive coverage on many aspects of IRTI activities and functions. It comes with a global navigation menu that facilitates visiting the different web pages seamlessly while highlighting the main IRTI activities such as Islamic banking and finance, Islamic economics, training activities and information services. Lately, a new section on IRTI publications was added to the Portal. This section contains links to IRTI Publication Directory (in three languages English, Arabic and French) and a complete list of articles from the bi-annual IRTI journal along with their full-text files. IRTI is continuously reviewing its Portal and making regular updates and upgrades to render it current and most informative.

As a further step to boost its cyber web capabilities, IRTI is currently building the Arabic and French versions of IRTI Portal. IRTI has completed the necessary requirements to fulfill this endeavor. Translation of English Portal content into Arabic and French languages, developing new content web pages and finalizing the homepage layout design were some of the completed preparations for launching the Arabic and French IRTI Portals. The address of the IRTI Portal is www.irti.org

6.3.2 IRTI Publication Management System (IRTIPMS)

One of the main pillars of IRTI is research in the areas of Islamic economics and Islamic Banking & Finance, where these researches are published regularly for sale, distribution and exchange. So far, IRTI has been publishing its publications in paper format and distributing through regular mails. However, with the advent of the Information Communication Technology (ICT) and the Internet and to ease the method of distribution and selling, IRTI developed a comprehensive portal for IRTI publications. The portal includes full information of each publication, its price and bio-data of the author. The portal has the capability of downloading the full text of the publications online.

The main objective of the system is to develop an online virtual bookshop for selling and purchasing IRTI publications and to convert published files from legacy and other different file formats to web compatible formats. The main modules of the system are:

- IRTI Publications on-line
- Publications Inventory Control
- On-line Selling and Payment
- Publication Distribution and Control



CHAPTER 6

Information and Knowledge Resources



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- Publication General Ledger
 - System Reports and Administration
-

As part of building the IRTI publication system, IRTI started a project for converting its paper publications into e-format and collecting publication abstracts (Executive Summary) and author bio-data. A great deal of effort was spent on converting the full-text of publications and abstracts from paper format to electronic format compatible with the international standard. Arabic publications were got retyped, reviewed and then entered into the system, as there was no available reliable software to digitize them. The conversion process was started with the latest publications going backward. However, the full-text of the newly published publications was immediately entered into the system after final review before sending the publication to the press. Two versions of the system were launched; one on the bank's local Intranet and the other on the Internet. Both systems are identical in terms of the user interface, data and security aspects.

For the internet, the system stands at around 75% of available full-text in the three languages. Its interface is also published in three languages, Arabic, English and French and is supplied with a sophisticated search engine. In addition, the system provides the user with customized reports and directories. A statistical counter was added to the system to register number of hits on the three languages (Arabic, English and French). The system was heavily used where about 100,000 Arabic, 110,000 English and 28,000 French users have visited the site.

During 1428H, necessary steps were taken to expand the current IRTI Publication System to make it a total-solution for IRTI Publication Unit activities. A Request for Proposal (RFP) was prepared and sent to reputed software consulting companies seeking their proposals on expanding the system to include IRTI Publication On-Line Store, Inventory Control, Distribution, Financial and Reports and Administration Sub-systems. With the implementation of these total-solution packages, IRTI will provide an Online Publication Store front-end enabling worldwide users to search, view, download and purchase paper and electronic versions of IRTI publications through the internet. The URL of the current IRTI publication website is www.irtipms.org. During the course of launching the system on the Internet, the system was also registered with major search engines such as Yahoo, Google, Alta vista and MS Network.

6.3.3 IRTI Newsletter

To enhance awareness of the IDB Group staff about the activities undertaken by IRTI, an Online Newsletter as a local web page on the IDB Intranet was developed. The Newsletter was designed as a web-enabled system to keep track of the back issues and is supplied with a full text search engine to search various activities and issues.

The Newsletter contains news and events, visits of delegations, lectures, seminars, conferences, workshops, publications, research papers, training programs and information provided through applications developed by IRTI and other IRTI activities.

The newsletter is issued regularly at its scheduled time - second week of each Hijra month. During 1428H, various technical enhancements were made to the system of the newsletter. The information of the newsletter is acquired through a collaboration effort with the various IRTI divisions/units. IRTI is in the final stages of agreement with a local professional company to develop a new IRTI Newsletter where the design includes an interactive interface with articles posting and reader feedback, all together with a printed version of the Newsletter which can be sent by mail to organizations and institutions dealing with IRTI.

6.3.4. Marketing IRTI Products

During 1428H, IRTI continued implementing the project of marketing IRTI products. A Task Force from various IRTI divisions and units was established earlier and met a number of times to set the basic guidelines, strategy and an RFP to develop a marketing strategy to market IRTI products. IRTI products vary from publications, training and distance learning courses, information systems, conferences, seminars to consultancy services in the basic areas of IRTI namely, research, capacity building and information services and databases. As only two marketing companies out of five responded which is not enough to choose one, four new highly reputed international marketing companies and two local were approached and communicated to submit proposals to develop and implement a marketing strategy to market IRTI products.

A consultant company will be approached later to enhance marketing and promote IRTI publications by using Google book search. This project is very important and aligned with IRTI strategy and reform for the coming five years.

CHAPTER 7

PRIZES

7.1. IDB PRIZE IN ISLAMIC ECONOMICS AND ISLAMIC BANKING AND FINANCE

With the objective of recognizing, rewarding and encouraging creative efforts of outstanding merit in the fields of Islamic economics, banking and finance, the IDB annually awards an International Prize alternating between Islamic Economics and Islamic Banking and Finance. The Prize is known as the IDB Prize in Islamic Economics/Islamic Banking & Finance which was established in 1408H (1988). Since then, 23 personalities and institutions have been awarded this Prize Box-4. The Prize includes a citation acknowledging the contribution of the winner and a cash award of Islamic Dinars 30,000 (approximately US\$ 40,000).

IDB Board of Executive Directors (BED) has instructed IRTI to conduct a comprehensive evaluation study of the Prize by an external competent institution to see the impact of the Prize in the discipline and propose any changes needed to make the Prize on the international level. The study has already been completed and its report is under consideration.

IRTI is responsible for implementation of the prize, which is administered by three committees viz. Preparatory Committee, Screening Committee and Selection Committee. The Preparatory Committee is an internal committee that looks after all arrangements and preparations pertaining to the Prize. The Screening and Selection Committees perform the functions suggested by their respective names. These committees include substantial number of external scholars. The Selection Committee, in particular, is composed of five eminent scholars and persons drawn from the different member countries of the IDB in addition to Director IRTI and Director, Economic Policy and Statistics Department of IDB. The implementation of IDB Prize includes various types of activities such as arranging the wide scale publicity of announcements all over the world, receiving and screening nominations, sending documents of short-listed candidates to referees for review, coordinating the meetings of Preparatory, Screening and Selection Committees, awarding the prize, etc.

The IDB Prize in Islamic Banking & Finance 1428H is under implementation. First meeting of the Screening

Committee was held. Documents of short-listed candidates have been sent to referees for review. Two referee reports have been received and the meeting of the second Screening Committee shall be held in due course followed by the meeting of the Selection Committee which will finally select the winner of the Prize.

7.2. IDB PRIZE FOR TRADE PROMOTION

In order to promote trade among member countries, the IDB Group has established a Waqf Fund to support the "IDB Prize for Trade Promotion" to be awarded annually. During 1427H, IRTI along with Economic Policy and Statistics Department of IDB prepared the proposal and guidelines of the IDB Prize for Trade Promotion. The Board of Executive Directors (BED) approved the special Waqf Fund for an amount of USD 1 million, with the income generated thereof to be allocated for this Prize. The IDB Prize for Trade Promotion is being implemented from 1428H. The meeting of the Screening Committee was held. Arrangements for holding the Selection Committee meeting are under being made to select the winner of the Prize.

CHAPTER 8

IRTI INSTITUTIONAL DEVELOPMENT

8.1. INTRODUCTION

IRTI has been actively involved in undertaking various actions that strengthen both IRTI and other IDB Group entities. IRTI also responded to the business needs of the IDB Group, which require input from IRTI based on its areas of core competence. Furthermore, through various activities IRTI established strong relationship with different international bodies to achieve its different goals. The activities undertaken in these areas during 1428H are given below.

8.2. STRENGTHENING IRTI

Efforts for strengthening IRTI as a member of the IDB Group continued during 1428H and the Board of Executive Directors approved the amended Statute of IRTI. The amended Statute has upgraded the position of the Director IRTI to that of a Director General and has presented to IRTI Board of Trustees. The 1440H Vision envisions IRTI to achieve full consultancy status in effectively providing policy advice to member countries in implementation of the strategic thrusts. Keeping these determinant factors in view, IRTI continued consultations with the Reform consultants on the future institutional development of IRTI.

IRTI initiated activities and continued to make significant contributions to the development of the Islamic financial architecture and infrastructure in collaboration with various stakeholders, specially the institutions specialized in Islamic finance.

In order to strengthen Islamic economics and finance education in universities, IRTI has facilitated networking between universities by implementing the Distance Learning Courses (DLCs) on Islamic Economics and Islamic Finance. Necessary steps are envisioned to convert the DLCs into Islamic Economics and Finance Learning Network (IEFLN), and the Islamic Banks Information System into Islamic Economics and Finance Research Network (IEFRN).

8.3. IRTI PUBLICATIONS UNIT

This section is responsible for coordinating the content of IRTI publications and for designing and following with local Presses for printing these publications. The section reviews and edits the content of IRTI publications and other published material before going to the press. More enhancements on the activities and processes of the IRTI publications are becoming a daily routine including its integration with IRTI Online Publication Management System to avoid any duplicate efforts and keep all published material in electronic format online accurately, timely, updated and available in one secured hyper place. During 1428, IRTI published 8 English, 7 Arabic and 4 French publications, in addition to the Journal of Islamic Economics in Arabic and English. Also a number of old publications were re-printed as they had gone out of print. A distance learning prospectus was prepared, reviewed, designed and printed for distribution to a number of academic institutions around the globe.

Due to the challenges and reforms being undertaken by the IDB Group, many enhancements and improvements were made on the process. The following is a list of key procedures that were carried out during 1428H.

- Enhance computer programs used to prepare the material for publication
- Enhance the technical outlook of all IRTI publications using unique standard international colors to reach a proposed level to make a flagship look for IRTI publications
- Enhance printing working cycle in collaboration with IRTI Divisions
- Improve IRTI publication directory
- Participate in local and International exhibitions
- Enhance storing and retrieving publications in various storage areas
- Design and test a built in-house software for distribution activities
- Enhance all subscription and financial activities related to IRTI publications.

8.4. CONTRIBUTION TO OTHER DEPARTMENTS OF IDB

IRTI contributes to the activities and missions of other departments of IDB. In the past it had provided input in the Vision 1440H exercise of the IDB Group by participating in various technical teams taking part in the two workshops organized by the Strategic Planning Office of the IDB Group (SPOG) and working with various Quick Win teams.

During 1428H, IRTI continued strengthening the International Islamic Finance Corporation (ITFC).

IRTI participated in the mission of COD-1 and Structural Finance Unit to Turkey. The mission was to explore new projects for financing through Islamic modes and increase Islamic financial literacy of prospective clients.

IRTI has also been involved in IDB Oral History Program. This program is concerned with interviewing IDB staff who joined IDB from the beginning with a view to recording key milestones in their journey with the IDB Group from association to present-day including turning points, pivotal decisions, achievements and impacts.

The IRTI Information Center is providing an extracted information from the available databases as per requests and inquiries received from many IDB Departments, in support of their daily activities. On the other hand, the Center is also supplying all kinds of IRTI publications both in hard and soft format to various IRTI Departments and IDB Group members a frequently. In addition, IRTI senior professionals are members of many technical IT, ICT4D and Science and Technology Committees and Task Forces within IDB Group.

IRTI contributed to the Task Force for the Establishment of IDB Poverty Alleviation Fund as its member and by providing the Islamic content to the document and making detailed comments on its first draft on the IDB Group Policy on Poverty Alleviation. A professional from IRTI is a member of Young Professionals Implementation Committee and contributed to its various meetings.

The IRTI Training Division contributes regularly to the IDB Group activities through:

- Participation in a series of workshops held in the process of IDB Group Reform. A Training Division representative contributed in identifying and designing principles and frameworks proposed for IDB Group Reform.
- Representing IRTI on behalf of Acting Director IRTI in the meetings on Special Assistance Review Committee (SARC) held by Special Assistance Office to review the projects of the SPO.
- Representing the Acting Director in the Executive Meetings and/or the sub-Committee meetings of the Office of the Scholarship Program
- Being a member of one of the Quick Win Committees established by the Bank.

8.5 NETWORKING WITH OUTSIDE INSTITUTIONS

IRTI has signed an MOU and consultancy contract with Kuwait Awqaf Public Foundation (KAPF), where IRTI will act as a paid consultant for the development of the Awqaf Databank both technically and informatics-wise. Accordingly, IRTI and KAPF have started to implement a detailed plan for the first and then second phase of the project which is expected to be completed by next year. Going according to the project time schedule will depend mainly on the cooperation of the countries involved in this phase.



CHAPTER

PRIZES



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**3rd SEACEN - IRTI / IDB Course on
Regulation and Supervision of Islamic Banks**
Bandar Seri Begawan, Brunei Darussalam
20 - 25 May 2007



IRTI is in regular contact with SESRTCIC, Ankara; ICCI, Karachi; ICDT, Casablanca and IUT, Dhaka, the four OIC affiliated Institutions to identify some new topics for training and implement them under the Task Force on Training Program [Preparing the Ummah for the 21st Century]. Cooperation with these outside Institutions focuses basically on designing and implementation of training programs relating to development of Islamic financial industry.

The IRTI Information Center has close relationship with specialized institutions such as: (1) Arab Industrial Information & Mining Organization (AIDMO), Morocco, where a number of international conferences were held jointly in the area of information and industrial network; (2) Kuwait Awqaf Public Foundation (KAPF), Kuwait, where a consultancy contract was signed to grant IRTI Information Center the status of an external consultant for the development and implementation of the Awqaf Databank; and (3) Multimedia Development Corporation (MDeC), Malaysia, where a number of projects in the ICT area have been tabled for study and implementation as part of the MoU between IDB and Bank Negara, Malaysia. Also, MDeC developed the Guideline for National IT Strategy jointly with IRTI Information Center. In addition, the United Nations Industrial Development Organization (UNIDO) is co-organizer with IRTI for the industrial development programs.

IRTI Training Division also cooperates with the following Institutions:

- i. Saudi Arabian Monetary Agency [SAMA], Jeddah, Saudi Arabia
- ii. The South East Asian Central Banks [SEACEN], Research and Training Centre, Kuala Lumpur, Malaysia
- iii. Sudan Academy of Banking and Finance, Khartoum, Sudan
- iv. Institute of Banking Studies, Amman, Jordan.

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BOX 4 : WINNERS OF IDB PRIZE IN ISLAMIC ECONOMICS

1. Prof. Khursheed Ahmad, 1408H (1988)
2. Dr. M. Umar Chapra, 1409H (1989)
3. Dr. M. Anas Zarqa, 1410H (1990)
4. Dr. Yousuf Al-Qardawi, 1411H (1991)
5. Dr. Sabahuddin Zaim, 1412H (1992)
6. Centre for Research in Islamic Economics, 1413 H (1993)
7. Dr. Muhammad Umar Zubair, 1415H (1995)
8. Dr. Rafic Younus Al Masri and Dr. Abdur Rahman Yousri, 1417H (1997)
9. Dr. Mohammed Al Habib Ibn Al Khojah, 1419H (1999)
10. Dr. Monzer Kahf and Dr. Hasanuzzaman, 1421H (2001)
11. Dr. Abbas Mirakhor and Dr. Mohsin Khan, 1422H (2003)
12. Dr. Shawqi Ahmad Dunya, 1425H (2005)
13. Prof. Abdus Salam al Abadi (2007)

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BOX 4 : WINNERS OF IDB PRIZE IN ISLAMIC BANKING & FINANCE

1. Dr. Sami Homoud, 1409H (1989)
2. Tabung Haji, Malaysia 1410H (1990)
3. Dr. Ziauddin Ahmad 1411(1991)
4. Dr. Ahmad Mohammed Ali, 1414H (1994)
5. Mr. Saleh Abdullah Kamel, 1416H (1996)
6. Dr. Tanzilur Rahman, 1418H (1998)
7. International Institute of Islamic Economics, Pakistan, 1420H (2000)
8. John Presley and Sa'eed Ben Ahmad Ben Lutah , 1422H (2002)
9. Dr. Mohammed Ali Al Qari 1424H (2004)
10. HRH Prince Mohamed Al-Faisal Al-Saud Arabia (2006)

1. 10-Year Master Plan Framework Document in association with IFSB and other Stakeholders. Document approved by IFSB Council meeting held in Kuala Lumpur, Malaysia, on 7 Rabi Awwal 1428H (March 26, 2007).
2. Technical Support initiative in the Framework of 1440H Vision. Paper submitted to the BED for brainstorming session held in June 2006
3. Islamic Financial Services Industry Development (IFSI): Medium-term Frame-work and Sub-programs. In the Framework of IDB Vision 1440H Quick Wins.
4. IDB TA Sub-Account in IMF for Islamic Financial Services Industry (IFSI) Development. US\$600,000 TA grant approved by BED. Under implementation.

III. ISLAMIC FINANCIAL PRODUCTS AND FIQH RESOURCES

IRTI Institutional Development



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This is a 3-year (expected) project that started in May 2005. Phase 2 of the project has already been completed.

IV. ISLAMIC BANKING INFORMATION SYSTEM (IBIS)

On-going project. Initial phases completed and further enhancement and updating in progress. A Beta version of the IBIS website is launched on the Internet. Data collection entry is regularly in progress.

V. DIRASAT IQTISADIYAH ISLAMIYYAH

Vol. 14 No. 1 - In Press.

VI. ISLAMIC ECONOMIC STUDIES

Vol. 14, Nos. 1 & 2 - In Press.

Vol. 15, Nos. 1 and 2 - Under editing.

VII. RESEARCH

1. Financial Products in Islamic Fiqh Resources - 3-Year Project: Phase - I completed.
2. Simulation in Islamic Economics - Under publication.
3. A Ten-Year Framework for Development of IFSI - Under publication.
4. A Framework for Development of Islamic Microfinance Services - Discussed in the Workshop held on 14/4/07 at IDB HQ and Senegal Forum held on 27 May 2007.
5. A Framework for Development of Islamic Capital Markets - Initiated (to be completed during 1429H).
6. Corporate Social Responsibility of Islamic Financial Institutions - Draft prepared (under evaluation).

VIII. PROCEEDINGS AND PUBLICATIONS

Volume - I - Sixth International Conference Proceedings (2005) - Published.

Volume - II - Sixth International Conference Proceedings (2005) - Under publication.

Proceedings of the Conference on Islamic Microfinance (2007) - Under publication.

Proceedings of the Islamic Capital Market Conference (2007) - Under publication.





APPENDIX

A.1 Summary of Activities of
Different Divisions and Units
within IRTI During 1428H
(2007-2008)



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I. Seminars/Conferences/Forums/Workshops				
No.	Events	Collaborating Agency	Venue	Date
1	International Conference on "Integration of Awqaf Islamic Endowment in the Islamic Financial Sector"	Islamic Religious Council of Singapore (MUIS), Kuwait Awqaf Public Foundation, Warees Investment Pt. Ltd.	Singapore	Held on 16-17/02/1427H (06-07/03/2007)
2	The Seventh International Zakah Conference on "Experiences of Zakah Institutions towards Excellence"	Kuwait Zakah House	Kuwait	Held on 05-06/03/1428H (24-25/03/2007)
3	International Conference on "Developing Waqf Institutions for Sustainable Community Development and Poverty Eradication from Shari'ah, Legal, and Regulatory Perspectives"	Islami Bank Bangladesh Ltd., Islamic Economics Research Bureau, Dhaka, Bangladesh	Dhaka Bangladesh	Held on 04-06/04/1428H (21-23/04/2007)
4	International Research Seminar on "Islamic Alternatives to Poverty Alleviation: Zakah, Awqaf and Microfinance"	Kuwait Awqaf Public Foundation, Awqaf Foundation of South Africa	Cape Town, South Africa	Held on 04-06/08/1428H (17-19/08/07)
II. Lectures in Training Programs				
No.	Paper/Presentation		Venue	Date
1	Presentation on "Social Responsibility of Islamic Financial Institutions in Light of Shari'ah Objectives" in the joint workshop with SPO (Ramadan Lecture)		IDB HQ	19/09/1428H (01/10/2007)
2	Keynote address at the conference on "Islam and Current Economic Issues"		Pakistan	15-16/05/1428H (01-02/06/2007)
3	Presentation on "Fiqhi Issues of Zakah" at a seminar on the subject		Bahrain	18-20/04/1428H (05-07/05/2007)
4	Presentation on "Corporate Governance of Shari'ah Principles in Islamic Financial Services Industry" at the workshop on the subject		Bahrain	21/04/1428H (08/05/2007)
5	Presentation on "Zakah Heads with reference to Contemporary Applications" at the seminar on the Issues of Zakah		Bahrain	18-20/04/1428H (05-07/05/2007)
III. Presentations at Seminars/ Conferences/Workshops				
No.	Lectures		Venue	Date
1	"IDB Experiences in the Area of Awqaf" at the training program on Managing Investing Awqaf Properties		Damascus, Syria	09-13/10/1428H (21-25/10/2007)
2	"Financing Small Business" at the Training program		Turkey	01-05/02/1428H 19-23/02/2007

ISLAMIC BANKING AND FINANCE (IBF) DIVISION DURING 1428H

I. Conferences/seminars/workshops				
No.	Activity	Collaborating Agency	Venue	Date
1	Islamic Capital Markets Conference and Workshop International	Islamic Financial Market, Bahrain	Karachi, Pakistan	Held on 04-05/01/1428H (24-25/01/2007)
2	International Round Table Discussion on Exposure Draft of the Blue Print of Islamic Banking Development in Indonesia	Bank Indonesia	Jakarta Indonesia	Held on 03/02/1428H (21/02/2007)
3	Technical Workshop/Working Group meeting on "Islamic Microfinance Development: Challenges and Initiatives"	Leading Institutions	IDBHQ, Jeddah, KSA	Held on 26/03/1428H (14/04/2007)
4	International Conference on "Enhancing Islamic Financial Services for Micro and Medium Sized Enterprises"	Centre for Islamic Banking Finance and Management (CIBFM), University of Brunei, Darussalam (UBD)	Brunei Darussalam	Held on 29/03-01/1428H (17/04/2007)
5	Forum on "New Financial Tools in Islamic Banking System"	Ministry of Economic Affairs and Finance, Tehran, Islamic Republic of Iran	Tehran, Iran	Held on 01/04/1428H [18/04/2007]
6	Seminar on Financial Indices	Imam Saud University, Riyadh	Riyadh, Saudi Arabia	Held on 14-15/4/1428H (0102/05/2007).
7	Islamic Capital Markets Course	IDB Headquarters	Jeddah, KSA	Held on 11-15/04/1428H (28/04-02/05 2007).
8	Islamic Financial Services Development (IFSD) Forum 2007 - Islamic Microfi-	CIBAFI-IFSB	Dakar, Senegal	Held on 28/05/1428H (27/05/ 2007).
9	2nd International Islamic Financial Markets Conference	IIFM/IRTI	Manama Bahrain	Held on 03-04/06/1428H (18-19/06/2007)
10	International Conference on Islamic Capital Markets	Mu'amalat Institute, Bank Indonesia, Securities Commission Indonesia	Jakarta, Indonesia	Held on 14-16/08/1428H (27-29/08/2007).
11	International Congress on "Education in the Islamic Countries"	Foundation for Research in Islamic Sciences (ISAV), Turkey	Istanbul, Turkey	Held on 12-15/10/1428H (2427/10/2007).



II. ISLAMIC FINANCIAL SERVICES INDUSTRY DEVELOPMENT INITIATIVES

IX LECTURES AND PRESENTATIONS OF STAFF

No.	Activity	Collaborating Agency	Venue	Date
1	New Sukuk Products: A Case for Microfinance Sector	International Islamic Financial Market (IIFM), Bahrain	Karachi, Pakistan	04/01/1428H (24/01/2007)
2	Presentation at the Roundtable on Exposure Draft for Blueprint of Islamic Banking Development in Indonesia	Distance Learning Centre	Jakarta Indonesia	03/02/1428H (21/02/2007)
3	Lecture on Liquidity Management in Islamic Banks	Leading Institutions	IDB HQ, Jeddah, KSA	09/02/1428H (27/03/2007)
4	Presentation on "Framework for Development of Islamic Microfinance" at Islamic Financial Sector Working Group Meeting	Islamic Financial Services Board	IDB HQ, Jeddah, KSA	26/03/1428H (17-19/04/2007)
5	Presentation on "Developing a Strategic Framework for Islamic Microfinance" at the First International Conference on "Inclusive Islamic Financial Sector Development: Enhancing Islamic Financial Services for Micro and Medium Sized Enterprises"	Centre for Islamic Banking Finance and Management	University of Brunei Darussalam	29/03/1428H (17-19/04/2007)
6	Lecture on Emerging Role of Financial Markets and Islamic Finance: An overview, delivered in Islamic Capital Markets Training Course	IDB	Crown Plaza Hotel, Jeddah, KSA	10/04/1428H (28/04/2007)
7	Lecture on Islamic Capital Market Products, delivered at Islamic Capital Markets Training Course	IDB	Crown Plaza Hotel, Jeddah, KSA	11/04/1428H (29/04/2007)
8	Islamic Banking: Innovating to Finance Economic Development	St. Gallen University	Switzerland	14-15/05/1428H (31/05-02/06/2007)
9	Conducted a Workshop on "Models of Islamic Microfinance" at the Fourth Annual International Conference of the Microfinance Network for Arab Countries organized under the theme "Serving the Poor: 10 million clients by 2010"	SANABEL (Microfinance Network for Arab Countries)	Sana'a, Yemen	26-28/05/1428H (12-14/06/2007)
10	Lecture on Islamic Real Estate Investment Trusts (IREITs), delivered at Islamic Capital Market Conference	International Islamic Financial Market (IIFM), Bahrain	Manama, Bahrain	03/06/1428H (19/06/2007)
11	Shari'ah alternatives to non-Shari'ah elements in modern commodity futures trading	Muamalat Institute	Jakarta, Indonesia	15/08/1428H (28/08/2007)
12	Presentation on "Enhancing Financial Inclusion Through Participatory Banking" at the International Conference on "Participatory Banking for All: A Business Proposition"	The Institute of Objective Studies, New Delhi	New Delhi, India	18/08/1428H (31/08/2007)
13	Social responsibility of Islamic financial institutions	IDB	IDB HQ, Jeddah, KSA	14/09/1428H (26/09/2007)
14	Lecture on Islamic Micro and Macroeconomics	Distance Learning Centre, IDB	IDB HQ, Jeddah, KSA	20/09/1428H (02/10/2007)

IX LECTURES AND PRESENTATIONS OF STAFF
(Continuation)

No.	Activity	Collaborating Agency	Venue	Date
15	Orientation lecture on Introduction to Sukuk Products: A way for financing municipal projects	IDB	Istanbul, Turkey	10/11/1428H (20/11/2007).
16	Orientation lecture on Introduction to Sukuk Products: A way for financing municipal projects	IDB	Ankara, Turkey	11/11/1428H (21/11/2007)
17	A Perspective on Globalization and Economic Justice	Distance Learning Centre, IDB	Tehran, Iran	27-28/12/1428H (06-08/01/2008)

TRAINING DIVISION

Training Programs Implemented during the Period 1428H [2007-2008]

No.	Training Program	Venue	Coll. Institution	Date	Observations
1	Quality in the service of Volunteers	Kuwait	Kuwait Awqaf Public Foundation	08-11/01/1428H 27-30/01/2007	- Local Course - 21 Participants
2	Financing Small Businesses	Ankara, Republic of Turkey	KOSGEB, Ankara, Turkey	08-11/01/1428H 27-30/01/2007	- Regional Course - 14 Participants
3	International Finance	Jeddah, Saudi Arabia	Dar Al-Hekmah College, Jeddah	06/02-14/05/1427H [24/02-31/05/2007]	-Local Course -Three times a week -22
4	Introduction to Banking	Jeddah, Saudi Arabia	Dar Al-Hekmah College, Jeddah	06/02-14/05/1427H [24/02-31/05/2007]	- Local Course - Three times a week - 15 Participants
5	Business Finance	Jeddah, Saudi Arabia	Dar Al-Hekmah College, Jeddah	06/02-14/05/1427H [24/02-31/05/2007]	- Local Course - Three times a week - 27 Participants
6	Introduction to Islamic Banking	Jeddah, Saudi Arabia	Dar Al-Hekmah College, Jeddah	06/02-14/05/1427H [24/02-31/05/2007]	- Local Course - Three times a week - 16 Participants
7	Rights and Duties of the Staff Working in the Voluntary Sector	Kuwait	Kuwait Awqaf Public Foundation, Kuwait	13-16/02/1428H [03-06/03/2007]	- Local Course - 14 participants
8	Financing Small and Medium Enterprise	Djibouti, Republic of Djibouti	Direction du Financement Extérieur, Ministère de l'Economie des Finances et de la Planification Charge de la Privatisation	13-17/02/1428H [03-07/03/2007]	- Local Course - 29 participants
9	Financing Micro Enterprises	Casablanca, Morocco	Direction du Financement Extérieur, Ministère de l'Economie des Finances et de la Planification Charge de la Privatisation	17-18/02/1428H [07-8/03/ 2007]	- Regional Course - 60 participants

TRAINING DIVISION

Training Programs Implemented During the Period 1428H (2007-2008)

(Continuation)

No.	Training Program	Venue	Coll. Institution	Date	Observations
10	Sukuk as Sources of Financing Develop-	IDB Headquarters	HRMD, IDB	20-24 /02/1428H [10-14/03/ 2007]	- For IDB staff - Fee-based Course - 10 Participants
11	Public Private Partnership (PPP) as Modality for Financing Infrastructure Projects in IDB Member Countries	Kuwait	International Economic Cooperation Department, Ministry of Finance, Kuwait	19-23/03/1428H [07-11/04/2007]	- Regional Course - 49 Participants
12	Human Resource Development	Rabat, Morocco	Ministry of Modernizing Public Sector	21-25/03/1428H [09-13/04/2007]	- Regional Course - 33 Participants
13	Workshop on Export Auditing and Capacity Building of SME's	Casablanca Morocco	Islamic Centre for Development of Trade (ICDT), Morocco	06-10 /04/1428H [23-27/04/ 2007]	- Regional Workshop - Task Force on Training for Preparing the Ummah for 21st Century - 20 Participants
14	Shari'ah Rules Governing Banking Operations and their Applications in Operations of Saudi British Bank	Riyadh, Saudi Arabia	Institute of Banking SAMA	18-19/04/1428H [05-06/05/2007]	- Local Fee-based course - 15 Participants
15	Human Resources Development	Cairo, Egypt	Institute of National Planning, Egypt	03-07/05/1428H [20-24/05/2007]	- Regional Course - 35 Participants
16	Regulation and Supervision of Islamic Banks	Brunei Darussalam	SEACEN, Malaysia and Ministry of Finance, Brunei Darussalam	04-08 /05/1428H [21-25/05/2007]	- Regional Course - 46 Participants
17	Shari'ah Rules Governing Banking Operations and their Applications in operations of Saudi British Bank	Jeddah, Saudi Arabia	Institute of Banking SAMA	09-10/05/1428H [26-27/05/2007]	- Local Fee-based course - 6 Participants
18	Islamic Financial Products: Principles and Applications	Kuala Lumpur, Malaysia	Universiti Teknologi Mara Faculty of Business Management	11-14/05/1428H [28-31/05/ 2007]	- Regional course - 28 Participants
19	Shari'ah Rules Governing Banking Operations and their Applications in operations of Saudi British Bank	Dammam, Saudi Arabia	Institute of Banking SAMA	09-10/06/1428H [24-25/06/2007]	- Local Fee-based course - 9 participants
20	Labour Statistics [Arabic]	Morocco	SESRTCIC, Ankara, Turkey	09-10/06/1428H [24-25/06/2007]	- Local Workshop - Task Force on Training for Preparing the Ummah for 21st Century -12 Participants

TRAINING DIVISION

Training Programs Implemented during the Period 1428H (2007-2008)

(Continuation)

No.	Training Program	Venue	Coll. Institution	Date	Observations
21	Economic Feasibility Studies	Alexandria,	Egypt Investment and Finance Institute	23-27 /06/1428H (08-12/07/2007)	- Regional Course - 14 Participants
22	Census/Surveys and Sampling Techniques	Mali	SESRTCIC, Ankara, Turkey	24-25/06/1428H (09-10/07/2007)	- Local Workshop - Task Force on Training for Preparing the Ummah for 21st Century -25 Participants
23.	Financing and Managing Small and Medium Enterprises	Amman, Jordan	Institute of Banking Studies	01-05 /07/1428H (15-19/07/2007)	- Regional Course - 25 participants
24	General Statistics [English]	Maldives	SESRTCIC, Ankara, Turkey	02-05/07/1428H (16-19/07/2007)	- Local Workshop - Task Force on Training for Preparing the Ummah for 21st Century -20 Participants
25	Population and Demography and Census/Surveys and Sampling Techniques	Jordan	SESRTCIC, Ankara, Turkey	22-24 /07/1428H (05-07/08/ 2007)	-Local Workshop - Task Force on Training for Preparing the Ummah for 21st Century -15 Participants
26	First Meeting of the Task Force on: Human Resource Development for Islamic Financial Services Industry (IFSI)	Kuala Lumpur, Malaysia	Islamic Financial Services Board (IFSB),	15/08/1428H (28/08/2007)	-Task Force Meeting on HRD for IFSI - 24 Participants
27	Basics and Media Skills of Voluntary Organizations	Kuwait	Kuwait Awqaf Public Foundation, Kuwait	20-24/08/1428H (02-06/09/2007)	- Regional Course - 22 participants
28	Poverty Reduction: Concepts and Methodologies	IDB Headquarters	HRMD, IDB	08-12 /10/1428H (20-24/10/ 2007)	- For IDB staff - Fee-based Course - 22 Participants
29	Management and Investment of Awqaf Properties	Damascus, Syria	i) Kuwait Awqaf Public Foundation, Kuwait ii) Ministry of Awqaf, Syria	16-20-/10/1428H (28/10/11/1/2007)	- Regional course - 37 Participants
30	New Techniques of Internal Supervision in Charity Organizations	Kuwait	Kuwait Awqaf Public Foundation, Kuwait	16-20/10/1428H (28/10-01/11/2007)	- Regional course - 17 Participants
31	Management of Public Finance: Concept and Methodologies	Khartoum, Sudan	School of Business Administration, University of Khartoum, Sudan	22-27/10/1428H (03-08/11/2007)	- Local course - 25 Participants
32	Basics of Shar'iah Compliant Banking Operations	Riyadh, Saudi Arabia	Institute of Banking SAMA	02-04/11/1428H (12-14/11/2007)	- Local Fee-based course - 24 Participants

TRAINING DIVISION

Training Programs Implemented during the Period 1428H (2007-2008)

(Continuation)

No.	Training Program	Venue	Coll. Institution	Date	Observations
33	Financing and Managing Small and Medium Enterprises	Bissau, Guinea Bissau	Ministry of Commerce, Industry and Handicrafts, GB	02-06/11/1428H [12-16/11/2007]	- Local course - 35 Participants
34	Development of Indigenous Technological Capability in Medical Electronics [English]	Dhaka Bangladesh	Islamic University of Technology (IUT), Dhaka	14-18/11/1428H [24-28/11/2007]	-Regional Workshop -Task Force on Training for Preparing the Ummah for 21st Century - 30 Participants
35	Methods of improving Productivity and Resource Development of Charity Organizations	Kuwait	Kuwait Awqaf Public Foundation, Kuwait	15-19/11/1428H [25-29/11/2007]	- Regional course - 25 Participants
36	ICT in Teaching -Learning in Technical and Vocational Education [English]	Dhaka Bangladesh	Islamic University of Technology (IUT), Dhaka	21-25/11/1428H [01-05/12/2007]	- Regional Workshop - Task Force on Training for Preparing the Ummah for 21st Century - 19 Participants
37	Operation in Islamic Banks [Arabic]	Beirut, Lebanon	Central Bank of Lebanon	23-27/11/1428H [3-7/12/2007]	- Local Course - 30 Participants
38	Training Program on Devising National SME Development Program for OIC Member Countries [English]	Dhaka, Bangladesh	Islamic Chamber of Commerce and Industry (ICCI)	30/11-03/12/1428H [10-13/12/2007]	- Local Course - 30 Par- Regional Workshop - Task Force on Training for Preparing the Ummah for 21st Century - 44 Participants

INFORMATION CENTER
Process of Generating

No.	Project Title	Date of Completion	Present Status
1	IDB Database on Experts (IDBDE)	A new system design for the current system is being formulated	<ul style="list-style-type: none"> A demo version of the new system was developed for the testing purpose. IRTIC is in the progress of generating the feedback for the company to put final touches on the system. Data update, review and monitoring is under progress.
2	Awqaf Databank	Development in progress	<ul style="list-style-type: none"> The project experienced key achievements in 1428H. The ADBS portal shall be published and made accessible to public in early Rabiul Thani II 1429H. The Awqaf Databank will be a gateway for more than 40,000 pages of literature, information and intellectual assets on Waqf. It has several specialized Awqaf references including the Grand Awqaf literature directory (Al-Kashaf) and Awqaf Maknaz. Follow-up processes are being carried out on a regular basis with partner countries to acquire data, information and Awqaf literature.
3	IRTI Publication Management	Phase I completed and launched, phase II planned and under	<ul style="list-style-type: none"> During 1428H, the necessary steps were taken to expand the current IRTI Publication System to become a total-solution for IRTI Publication Unit activities. A Request for Proposal (RFP) was prepared and sent to reputed software consulting companies to offer their proposals on expanding the system to include IRTI Publication On-Line Store, Inventory Control, Distribution, Financial and Reports and Administration Sub-systems. With the implementation of these total-solution packages, IRTI will provide an Online Publications Store front-end enabling worldwide users to search, view, download and purchase paper and electronic versions of IRTI publications through the internet. The URL of the current IRTI publication website is www.irtipms.org. During the course of launching the system on the Internet, the system was also registered with major search engines such as, Yahoo, Google, Alta vista and MS Network.
4	IRTI Publications	Ongoing Activity	<ul style="list-style-type: none"> Ten Arabic and Ten English publication were published. 1427 IRTI Annual report in the three languages was published. Four out of print publications were reviewed and are under reprint. Participated in 2 local and 3 international book exhibitions. Posters for the meetings were designed and printed. Training Certificates, posters for lectures were designed, reviewed and printed.

INFORMATION CENTER

No.	Project Title	Date of Completion	Present Status
5	IRTI Website and Portal	Continuous	<ul style="list-style-type: none"> • Early 1428H, IRTI has launched its English Portal as part of the IDB Group Portal Project. • The IRTI English Portal adopted state-of-the-art design in web technology and embedded a more comprehensive coverage on many aspects of IRTI activities and functions. It comes with a global navigation menu that facilitates visiting the different web pages seamlessly while highlighting the main IRTI activities such as Islamic banking and finance, Islamic economics, training activities and information services. • A new section on IRTI publications was added to the Portal which contains links to IRTI Publication Directory and a complete list of articles from the bi-annual IRTI journal along with their full-text files. • IRTI is continuously reviewing its Portal and applying regular updates and upgrades to render it up-to-date and most informative. • As a further step to boost its cyber web capabilities, IRTI is currently building the Arabic and French versions of IRTI Portal. • Translation of English Portal content into Arabic and French languages, developing new content web pages and finalizing the homepage layout design were some of the completed preparations for launching the Arabic and French IRTI Portals. The URL of the IRTI Portal is www.irti.org
6	ICT for Development Working Group	Continuous	<ul style="list-style-type: none"> • IRTI is furnishing for international studies on gender issues in the knowledge society in Islamic Countries. It calls for work to remove the gender barriers to ICT education and training and promoting equal training, employment and income-generating opportunities in ICT-related fields for women and girls. • Under the umbrella of ICT4D working Group, IRTIC is working to identify the main issues confronting IDB Member Countries and business leaders in the development of information infrastructures and info-structure at national level.
7	The Regional Integrated Training Program On Feasibility Studies, Industrial Projects Appraisal And COMFAR Applications	June 2007	<ul style="list-style-type: none"> • Jointly with Arab Industrial Development & Mining Organization (AIDMO), United Nations Industrial Development Organization (UNIDO) and Libyan Center of Industrial Information and Documentation, IRTI implemented this two week training program in Misrata, Libya. There were two highly interrelated courses. The first was Market Analysis and Preparation of Feasibility Studies for industrial projects; the second was on Appraisal and Investment Decision Making using COMFAR

INFORMATION CENTER

No.	Project Title	Date of Completion	Present Status
8	Distance Learning Program	Continuous	<ul style="list-style-type: none"> • IRTI conducted the program for the 5th Distance Learning Course "Current Issues in Islamic Finance" - Spring Semester 2007. • The ten course lectures were conducted successfully. • An evaluation questionnaire was sent to the organizers of the course in the participating universities to be filled by their students for evaluating the course. • The 6th Distance Learning Course on "Introduction to Islamic Economics - Fall Semester 2007" was conducted successfully. Around 30% renowned lecturers participated in conducting this course. • IRTI published a distance learning prospectus highlighting the program, courses, schedules, participating institutions and registration information. The Prospectus was distributed to a number of academic institutions in member countries and around the globe. • Materials of all DL courses are available in the IRTI Portal under the e-learning section. • Video lectures of the 5th, 6th, and 7th DL courses are readily available in IRTI Portal using the B-Span system of the World Bank.
9	Marketing IRTI Products	Continuous	<ul style="list-style-type: none"> • The RFP on marketing IRTI products was enhanced and improved. • Four new highly reputed international marketing companies and two local were communicated to submit proposals to develop and implement a marketing strategy to market IRTI products. The six companies are: <ul style="list-style-type: none"> • Strategy Consulting Limited, UK • Captain & Next Move, Jeddah • Bridges, Jeddah • Jacobson's, Dubai, UAE • Knowledge Economy Group - Business Protocols, Jeddah • Global Academy for Development, Jeddah • Advanced Marketing Consultants (Google) USA will be approached later to enhance marketing and promoting IRTI publications by using Google book search based on the approval of the IDB Management. • A job description for a marketing officer was prepared and sent to HRMD for processing.
10	IRTI Newsletter	Continuous	<ul style="list-style-type: none"> • 12 issues of the 4th Volume of the Newsletter were published and the link was provided to all IDB staff using the local e-mail system. A new design for the newsletter with the ability to produce a printed copy on PDF format was also designed and tested.
11	Design and Implant IRTI Office Technology Plan	Annual basis	<ul style="list-style-type: none"> • All necessary arrangements were made with the Purchasing Section and IT Department for acquisition and operation of efficient and latest technologies available for the PCs, Laptops, printers, and scanners.
12	Miscellaneous		<ul style="list-style-type: none"> • On a regular basis, IRTIC is helping other divisions of IRTI in their presentations and seminars for setting up the projection equipment and troubleshooting of PCs and scanning and OCRing.

SPECIAL ASSIGNMENTS UNIT

PROGRAMS	
Activity	Status
IDB Prize	IDB Prize for the year 1427H was implemented and awarded to Prof. Abdus Salam al-Abadi of Jordan. IDB Prize for the year 1428H is under implementation. First meeting of the Screening Committee was held. Documents of short-listed candidates have been sent to referees for review. Two referee reports have been received and the meeting of the second Screening Committee shall be held in due course followed by the meeting of the Selection Committee which will finally select the winner of the Prize.
IDB Prize for Trade Promotion	IDB Prize for Trade Promotion for the year 1428H is under implementation. Meetings of the screening committee have already been held. Preparations for holding selection committee meeting are in process.
IDB Prize Lectures	Arrangements for holding 1426H and 1427H IDB Prize Lectures are in process.
Encouragement and Promotion Program	Some requests were received and processed.
IRTI Scholarship Scheme	Some requests were received and evaluated which did not meet the criteria.
MEETINGS	
Academic Committee	Nine meetings of the Academic Committee were held. Agenda and minutes were prepared and distributed as usual and follow-up of decisions was carried out.
Management Committee	Eleven meetings of the IRTI Management Committee were held. Agenda and minutes were prepared and distributed as usual and follow-up of decisions was carried out.
Executive Committee	Sixteen meetings of the executive committee were held. Agenda and minutes were prepared and follow-up of decisions was carried out.
REPORTS	
Administrative Report for BED	Two Administrative Reports were prepared and sent to HRMD.
Monthly Report	Twelve Monthly Reports of IRTI were prepared, sent to the Office of the President and discussed in

ADMINISTRATIVE SERVICES SECTION

The Administrative Services Unit is a liaison unit between IDB and IRTI. It is following up all matters relating to accounts, personnel, purchasing of all equipments, arranging all possible facilities and making for the seminars, workshops, conferences, lectures which are organized by IRTI and held in the Bank headquarters. It is also helping in issuing visas, air tickets, reception and accommodation for the participants. It finalizes settlement bills of seminars, honoraria for participants, referees, researchers, etc. It records all incoming and outgoing correspondences, and faxes to different areas.

APPENDIX

A.2 MANAGEMENT, COMMITTEES, AND ORGANIZATIONAL CHART

MEMBERS OF THE IRTI MANAGEMENT COMMITTEE		
President, IDB	:	Chairman
Vice President (Trade and Policy)	:	Member
Vice President (Corporate Resources and Services)	:	Member
Vice President (Operations)	:	Member
Advisor to the Bank	:	Member
Director General, IRTI	:	Member
Chief of Islamic Economics, Co-operation and Development Division	:	Member
Advisor Information Systems and Chief of Information Center	:	Member
Chief of Islamic Economics, Co-operation and Development Division	:	Member
Chief of Islamic Banking & Finance Division	:	Member
Chief of Training Division	:	Member
Head of Special Assignments	:	Secretary

Chief of Islamic Economics, Co-operation and Development Division

COMPOSITION OF IRTI ACADEMIC COMMITTEE

Prof. Dr. Muhammad Umar Zubair Advisor, IRTI	Chairman
Director General, IRTI	Vice Chairman
EPS Department, IDB	Member
Prof. Dr. Abdulwahab Abu Sulaiman Ummul Qura University, Makkah	Member
Dr. Mohammad Ali Al-Qari Islamic Economics Research Center, King Abdulaziz University, Jeddah	Member
Dr. Mohammed Dammas Al-Ghamdi Al Jazirah Bank, Jeddah	Member
Dr. M. Umer Chapra Research Advisor, IRTI	Member
The following Heads of Sections shall attend during academic discussions, not as members of the IRTI Academic Committee :	
Chief of Islamic Economics, Cooperation and Development Division	
Chief of Islamic Banking and Finance Division	
Chief of Islamic Training Division	
Chief of Information Center	

IRTI SENIOR OFFICIALS

Dr. Ahmad Mohamed Ali	:	President, IDB Group
Mr. Bashir Ali Khallat	:	Acting Director General, IRTI
Dr. Muhammad Umar Zubair	:	Advisor to IRTI
Dr. Sami al Suwailem	:	Deputy Director General, IRTI
Dr. Ahmad Ibrahim Iskanderani	:	Research Advisor
Dr. Tariqullah Khan	:	Officiating Chief, Islamic Economics
Dr. M. Umer Chapra	:	Advisor, Information Systems and Chief of Information Center (IRTIC)
Dr. Tariqullah Khan	:	Chief of Islamic Banking & Finance Division
Dr. Tahar Memmi	:	Chief of Training Division

IRTI PROFESSIONAL STAFF

ISLAMIC ECONOMICS, COOPERATION AND DEVELOPMENT DIVISION

Dr. Layyachi Feddad
Dr. Kazem Yavari
Mr. Muhammad Sirajul Hoque
Dr. Habib Ahmed (on leave)
Dr. Khaled Hussein (on leave)

ISLAMIC BANKING AND FINANCE DIVISION

Dr. Tariqullah Khan
Dr. Salman Syed Ali
Dr. Mohammed Obaidullah
Mr. Sherif A. Abdelhalim
Dr. Mohammad Saleh Ayyash

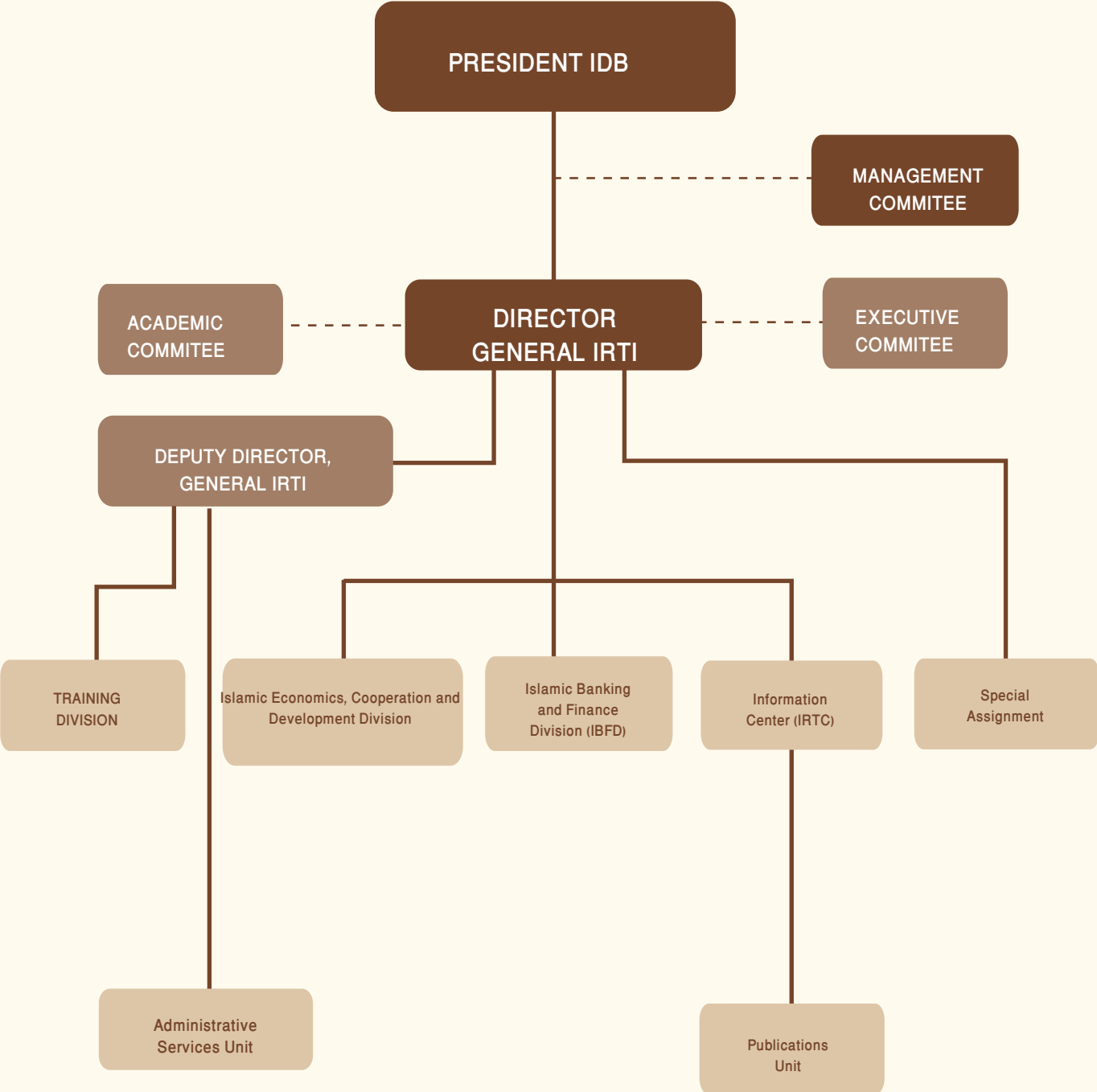
TRAINING DIVISION

Dr. Taher Memmi
Dr. Osman Babikir Ahmed
Dr. Abdulmonem Jamil Addas
Mr. Faysal Salama
Mr. Abdul Elah Jomaih
Mr. Lokman Muhammad Marzouk
Dr. Boualem Bendjalali (on leave)

INFORMATION CENTER (IRTIC)

Dr. Ahmad Iskanderani
Mr. Omar Abdullah Attiah
Mr. Khalid Humaid
Mr. Osama Al-Nowaiser
Mr. Hilal Hussein
ADMINISTRATIVE SERVICES UNIT
Mr. Yousif Kawadis

ORGANIZATIONAL CHART





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