



ISLAMIC RESEARCH AND TRAINING INSTITUTE



1429H 2008

# Annual Report



**Annual Report** 1429H - 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	-	General Council for Islamic Banking and Financial Institutions
CIS	-	Commonwealth of Independent States
DEA	-	Data Envelopment Analysis
DIFC	-	Dubai International Financial Centre
DL	-	Distance Learning
DLCs	-	Distance Learning Centres
DLP	-	Distance Learning Programme
GDLN	-	Global Development & Learning Network
GKP	-	Global Knowledge Partnership
IBIS	-	Islamic Banks Information System
IDB	-	Islamic Development Bank
IDBDE	-	IDB Database on Experts
ICCI	-	Islamic Chamber of Commerce & Industry
ICDT	-	Islamic Centre for Development of Trade
ICT4D	-	Information and Communication Technology for Development
IFSDF	-	Islamic Financial Sector Development Forum
IFSB	-	Islamic Financial Services Board
IFSI	-	Islamic Financial Services Industry
IIFM	-	International Islamic Financial Market
IIFS	-	Institutions Offering Islamic Financial Services
IIU	-	International Islamic University
IKU	-	International Knowledge University
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
OIC -	Organization of the Islamic Conference
PMS -	Publication Management System
RFP-	Request for Proposal
SAMA -	Saudi Arabian Monetary Agency
SESRTCIC -	Statistical, Economic and Social Research and Training Centre for Islamic Countries
S&T-	Science & Technology
TYMPF	Ten-Year Master Plan Framework
YP-	Young Professionals

## EXECUTIVE SUMMARY

Islamic Research and Training Institute (IRTI) of the Islamic Development Bank Group (IDB) undertook various activities to fulfil its mandate of increasing the knowledge base in Islamic Economics, Banking and Finance, and providing training facilities to stakeholders. The year 1429H (2008) was the fourth year of implementation of IRTI's 5-Year Strategic Plan. During this year IRTI attempted to address the issues of financial crisis, access to Islamic financial services and poverty alleviation, comprehensive human development, human capital development for Islamic finance industry, capacity building and overcoming the informational challenges. The highlights of its achievements during 1429H are given below.

### Strategic Dialogue

In order to make its services policy relevant to 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 1429H.

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 making these institutions a part of poverty reduction strategies. The working group has initiated work on "operationalizing the concept of comprehensive human development based on maqasid al-Shari'ah". During 1429H a research study titled "Islamic Vision of Development in the light of Maqasid al-Shari'ah" was published. 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 1429H the working group focused on Islamic finance education for the development of human capital for this sector. A strategy framework paper on Islamic Finance Education was developed in light of inputs from various commissioned studies. A conference was organized on the subject in Malaysia in April 2008. The paper was then presented for further discussion to the IFSD Forum held in Jeddah during the IDB Annual Meetings. The Working Group on Capacity Building has been paying attention to the training needs of IDB member countries. The Group approached some of the Centres of Excellence, reputed experts and scholars to participate in preparing the policy documents on

Capacity Building issues, related to IDB Member Countries. A total of 14 institutions and experts have shown their willingness to participate in the future meetings of the Capacity Building Group.

### Knowledge Building in Islamic Economics and Finance

Eight in-house research projects were completed in 1429H. These were: “International Financial Crises: Can Islamic Finance Help Minimize the Frequency and Severity of such Crises in the Future?”, «Role of Microfinance in Poverty Alleviation: Lessons from Selected IDB Member Countries”, “Nature and Importance of Social Responsibility of Islamic Banks”, “Framework and Strategies for Development of Human Capital in Islamic Economics and Finance”, “Development of Early Warning Systems for Islamic Finance”, “Trade Potential and Cooperation among IDB Member Countries”, “Innovation and Authenticity in Islamic Finance”, and “The Maqasid al-Shari’ah and the Role of Financial System in their Realization”.

IRTI was involved in organizing a total of 18 conferences, seminars and forums during 1429H, 8 in the area of Islamic banking and finance, 9 in Islamic economics (zakah and awqaf), and one in the area of development of information sector. One of these conferences had to be cancelled on the request of host organization, though research papers have been generated and collected. In the 17 events on Islamic economics and finance more than 150 papers and presentations were made. In order to provide a quick view of the content of these events, abstracts of 75 selected papers are included in the annual report. About 2000 people participated in these events i.e., an average of 120 participants per event. Two volumes each in Arabic and English of Islamic Economic Studies (IRTI Journal), two proceedings from Research Seminars and Conferences, and two in-house research papers were approved for publication by the IRTI Academic Committee during 1429H. In addition, IRTI professionals presented 24 papers and lectures at different conferences, seminars and workshops.

IRTI also conducted the 7th and 8th Distance Learning Courses during 1429H in which four universities participated. It also offered other external lectures through video conferencing and worked on the transformation of these courses into e-learning programmes.

## Facilitating Application of Islamic Economics and Finance

IRTI undertook various activities to enable the use of knowledge about Islamic economics and finance in various fields. Global financial crisis created a major pinging impact on the world. It posed challenges and at the same time offered new opportunities for Islamic finance. IRTI, in collaboration with IDB and General Council for Islamic Banking and Financial Institutions (CIBAFI), organized a “Forum on Global Financial Crisis and its Impact on the Islamic Financial Industry” in Jeddah on 25th October 2008 and was participated by experts from various countries and financial institutions. A communiqué was issued by the Forum spelling out its recommendations. IRTI also helped in the formation of an “Islamic Finance and Global Financial Stability Task Force”. It is also actively participating in its various technical committees. The Task Force is expected to give its report within the next few months. IRTI continued to highlight the relevance of Islamic finance in the context of the global financial crisis in its various other activities.

As part of its regular activities for facilitating the application of Islamic economics and finance, IRTI initiated and contributed to activities related to the Islamic financial architecture development. It cooperated with the Shari’ah Board of Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). IRTI also cooperated with Islamic Financial Services Board (IFSB) to develop IFSB Standards and implement the recommendations of “Ten-Year Framework and Strategies”. In this regard, IRTI contributed to the various technical committees for liquidity management, governance of Islamic insurance operations, and guiding principles of the Shari’ah governance system. IRTI and the General Council for Islamic Banking and Financial Institutions (CIBAFI) have established the Policy Dialogue Forum on Islamic Financial Sector Development. The third Forum in this series was organized in Jeddah, on 24 Jumad Awwal 1429H (1st June 2008) addressing the issues of “Human Capital Development for Islamic Finance Industry”. IRTI also anchors the IDB technical assistance sub-account with the International Monetary Fund to develop the Islamic Financial Services Industry (IFSI) in member countries. In addition, a total of 17 training courses were organized on various topics related to Islamic economics and finance in different countries during 1429H.

## Capacity Building

During 1429H, IRTI organized 36 training programmes in 17 IDB member

countries which were attended by around 1000 international and local participants from IDB member countries. These programmes included: 28 regular courses and 8 fee-based courses. These training programmes were conducted in one of the four languages depending on the country or region in which they were offered: namely, Arabic, English, French and also Russian when the courses were conducted in CIS countries. During 1429H, percentage-wise implementation of the training programmes under four broad themes was 47% on Islamic Banking and Finance, 22% on Private Sector Development, 20% on Human Resource Management and 11% on Macro-Economic Policies.

### Information and Knowledge Resources

As a part of its mandate to collect, systemize, and disseminate information in various fields for the benefit of member countries, IRTI has established various information systems. IBIS is an online portal providing comprehensive information and financial data about Islamic banks and financial institutions. During 1429H data collection and its entry in all modules was accelerated to overcome the backlog. IBIS also provides a repository of research papers in Islamic economics and finance. New features were added to the system in 1429H to handle e-submission of papers. The Awqaf Databank project made key achievements in 1429H. From this year the database has been made accessible to the public. The Awqaf Databank shall become a gateway to more than 60,000 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 1429H, the IDB Database on Experts was installed and configured in the local network. After the completion of its functional and performance testing it will be made available to the public early next year. As part of the IDB Group Portal Project, IRTI has already launched its new English Portal. Its Arabic and French language portals have been tested during the year. Further necessary steps have been taken to expand the current on-line IRTI Publication Management System to make it a total solution for IRTI publication activities. The new system will have the capability of selling IRTI publication online. To improve marketing of IRTI products, a marketing strategy study has been commissioned this year. To further improve the outreach of IRTI's Distance Learning Courses, which are currently offered through video conferencing, necessary actions have been initiated to convert them into e-learning based courses.

## Prizes


IDB Prize in Islamic Banking & Finance for the year 1428H was implemented and awarded jointly to Sheikh Mohammed Mukhtar Al Salami from the Republic of Tunisia and Sheikh Abdullah Bin Sulaiman Al Manie from Saudi Arabia. The award of the IDB Prize in Islamic Economics for the year 1429H was re-dated by the Management to 1430H in order to unify the dates of all prizes awarded by the IDB. The prize is under implementation.

In order to promote trade among member countries, the IDB Group has established a waqf Fund to support the “IDB Prize for the Promotion of Trade Among OIC Member Countries” to be awarded annually. 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. Saudi Arabia contributed US\$ 500,000 for the fund. The prize was first implemented in 1428H and awarded to Malaysia External Trade Development Corporation (MATRADE). IDB Prize for the Promotion of Trade Among OIC Member Countries for the year 1429H was re-dated by the Management to 1430H in order to unify the dates of all prizes awarded by the IDB.

## Institutional Development

During 1429H IRTI continued to participate in IDB Group Reforms and contributed in a series of workshops. It helped in identifying and designing principles and frameworks required for the reforms to achieve the IDB Vision 1440H. Apart from its contributions to various Quick Win initiatives for the Islamic Financial Services Industry Development and Microfinance during 1429H it played a major role in the Islamic Leadership Development Programme (ILDPP). IRTI staff members also worked in two Thematic Teams for IDB Group reform implementation Phase-I. They also participated in various task forces such as Special Assistance Review Committee, Young Professionals Implementation Committee, and various Science and Technology Committees.

Efforts in strengthening IRTI as a member of the IDB Group continued during 1429H and the Board of Executive Directors approved the amended Statute of IRTI. The amended Statute has enhanced the position of the Director IRTI to that of a Director General and has provided for IRTI Board of Trustees. The Vision 1440H envisions IRTI to achieve full consultancy status in effectively providing policy advice



to member countries in implementing its strategic thrusts. Keeping in view of these determinant factors IRTI continued consultations with the Reform consultants on the future institutional development of IRTI. It strives to enhance and develop its human resources and improve the positioning of IRTI products.

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. Networking with outside institutions is an important element of IRTI's strategy to keep its products relevant to useful for the community.







ISLAMIC RESEARCH AND TRAINING INSTITUTE

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CHAPTER 1

INTRODUCTION

ANNUAL REPORT 1429H (2008)

**1.1. IRTI'S 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 the Bank's member countries. The Institute is located within the headquarters of IDB in Jeddah, Saudi Arabia.

**The functions of the Institute are:**

- a. to organize and coordinate 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;
- b. to provide for the training and development of professional personnel in Islamic economics and banking to meet the needs of research and Shari'ah-observing agencies;
- c. to train personnel engaged in development activities in the Bank's member countries;
- d. to establish an information centre to collect, systematize and disseminate information in fields related to its activities; and
- e. to undertake any other activities which may advance its purpose.

IRTI is a member of IDB Group. The President of the IDB Group 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 responsible for its overall management who is selected by the IDB President. At present, the Institute consists of four technical divisions (two Research Divisions, one each of Islamic Economics and Islamic Banking & Finance, a Training Division and an Information Centre) 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 to achieve 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 that the IDB Group 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

The Institute adopted its first 5-Year Strategic Plan in 1425H (2005) and initiated its implementation from the same year. Consequently, the year 1429H (2008) was the fourth year of implementation of the IRTI Strategic Plan.

### Strategic Objectives for 1426H-1430H

In 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 honourable 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.

### Strategic Initiatives

In order to achieve the above mentioned strategic objectives, IRTI has taken 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 to develop 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 Centres of Excellence from member countries have been established:

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

## Strategic Functional Focus

### i. Research

- Sustainable development and poverty alleviation
- Risk management, regulation and supervision
- Financial products and markets
- Text books and surveys

### 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 and e-learning methodologies.
- Improving quality, efficiency, impact and cost-effectiveness of training programmes.
- Income generation and co-financing of programmes.
- Development of training packages and cases.
- Building partnership with the private sector institutions.

### iii. Information Systems and Services

- Developing and maintaining the IRTI Islamic financial institutions information system;
- Building and maintaining a user-friendly website for IRTI;
- Enhancing the marketing of the Institute's services and products, particularly, IRTI publications;
- Building a database on awqaf;
- Facilitating the digitization of IRTI documents, and
- Building a database on experts.

### iv. Programmes and Partnerships

IRTI will revitalize the following professional programmes, which are already under implementation:

- Research Seminars and Conferences
- Training Courses
- Various types of Publications
- IDB 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> Programme
- IRTI Encouragement and Promotion Programme, and
- IRTI Partnership Programme for Capacity Building in Islamic Financial Industry



### 1.3. OVERVIEW OF CURRENT ISSUES

During 1429H the research and other activities of IRTI concentrated on four broad areas: (a) financial crisis and financial stability covering the areas of risk management, corporate governance, financial architecture and infrastructure development for the Islamic financial services industry; (b) financial inclusion, poverty alleviation and economic empowerment through strengthening of microfinance and the institutions of zakah and awqaf; (c) comprehensive and sustainable human development in light of the objectives (maqasid) of Shar>iah; (d) meeting the future needs of Islamic finance by promoting policies for human resource development and increasing Islamic financial products and markets including capacity building in member countries and increasing the outreach of IRTI. The key issues of public policy interest in the above themes are discussed in the following:

#### 1.3.1 Financial Crisis and Enhancing Resilience of Islamic Financial Services:

The year 1429H witnessed an unprecedented global financial crisis that pushed financial stability to the top of IRTI>s agenda. The financial crisis that started as a small turmoil in the US sub-prime mortgage market in the summer of 2007 quickly became a full blown global financial crisis when one after the other various sectors of finance got affected, first within the US then in Europe and thereafter the rest of the world. The crisis has exposed the perils of interest based financial system which promotes excessive leverage and speculation. This system widens the gap between the financial sector and the real economy thus inducing instability which ultimately results in financial crashes and economic slow downs. So far in this crisis a number of major conventional financial institutions have collapsed which were previously perceived to be strong and stable. Many more had to be helped, bailed out or even nationalized in the capitalist economies. The crisis has affected the real economy at the global level, including the economies of IDB-member countries. The high social and economic costs of this crisis will transpire over time.

Notwithstanding the spill-over and repercussions of the crisis, the Islamic financial industry has so far gone relatively unscathed mainly because of its institutions' observance of Shari>ah-compliant financing rules. Islamic financial institutions do not have a direct exposure to the kinds of toxic assets and speculative financial products that were behind the inception and fast spreading of the current crisis. However, there exist risks to them of getting affected indirectly due to a number of other reasons. For example, those IFIs in the GCC region who have investments in the over inflated

real estate sector or those who have exposures in large projects through murabaha, istisna and ijarah may experience some difficulties. The IFIs in the Southeast Asia are exposed to market risks through their investments in the Western markets. Likewise, in the capital markets a significant portion of funds raised by sukuk issuance used to come from conventional financial institutions who were dominant buyers of Islamic financial products. As these institutions and markets are hit by the crisis so the IFIs will also feel a slow down in their business. A longer term risk to IFIs may come from the economic contraction which is taking place at the global level including the domestic economies where they operate.

The international community is responding to the crisis by taking measures to curtail its bad effects and by devising ways to reduce the likelihood of re-occurrence of such crisis in the future. Policy discussion forums like the G-20 Summit in Washington, the international regulatory bodies such as the Bank of International Settlements (BIS), the Basel Committee, the International Organization of Securities Commissions (IOSCO) and Multilateral Financial Institutions like World Bank and International Monetary Fund, all are making proposals and taking necessary steps in this direction. However, the proposals so far made seek to solve the problem only through better regulation of the financial system; creation of centralized clearing houses for trade in the speculative products, such as the credit default swaps which were identified as one of the major propagators of the spill-over effect of the crisis; and increasing the capital adequacy requirements for the financial institutions. These proposals, though important, miss the essential point that in addition to the external regulation there need to be some built-in mechanisms and rules in the financial system to prevent severing of link between the financial and the real sectors. Moreover, the system should contain elements that promote strong coherence among these two sectors. The crisis has highlighted the need for closer links between the financial sector and sectors of the real economy, which is a distinctive feature of the Islamic financial system.

Islamic finance can provide useful rules and clear thought for the new financial system currently taking shape. For this purpose there is a need to: (a) devise financial products and instruments that would strengthen the links between the two sectors and thus boost economic growth and stability, (b) educate the international community on the nature and benefits of Islamic finance and economics, and (c) raise voice in the international forums and regulatory and policy making bodies responsible for



international financial architecture to explain and incorporate these lessons in the modification of financial landscape. A significant portion of IRTI's activities is thus focused on how Islamic finance can provide a helping hand to the world financial system in enhancing financial stability and, at the same time, creating more room for the smooth functioning of Islamic financial institutions.

### 1.3.2 Promoting Access to Financial Services and Alleviation of Poverty:

Broad based socioeconomic development requires a range of financial services which should be morally acceptable to, and easily accessible by, all segments of the population. This is the concept underpinning the inclusive finance. Studies have shown that 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, enhancement of 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 strategic 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 the Muslim clients. Moreover, the revitalization of the institutions of zakah and awqaf is of considerable importance to create an efficient support system for the poor and for ensuring the provision of social services.

The main feature of Islamic microfinance is the provision of interest free financial services to the poor in a manner that is consistent with their fundamental beliefs and culture. A study, conducted by IRTI, of Islamic microfinance practices has shown that there are three main types of models used within Islamic microfinance. The first model is based on group-based graduated financing as an alternative form of collateral and risk mitigating techniques. While it is a replication of Grameen Bank method, 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 compared to their conventional counterparts. 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 gradually becomes an

autonomous and self-sustaining institution. This model has been very successfully implemented in a Shari'ah-compliant manner in a number of projects. A third type of Microfinance model is based on the concept of mutuality. It is in the nature of non-profit financial cooperative owned and controlled by its members.

Microfinance also has its limitations as some projects may not be commercially viable or some people will still remain out of its folds or unable to strive for livelihood, yet they desperately need some sort of assistance. The system of zakah, sadaqah, and awqaf can serve very useful function not only in ensuring the survival of needy individuals but also in providing social services to the destitute as well as to the society at large. One primary issue with zakah and sadaqah-dependent institutions is the issue of sustainability as they are essentially rooted in voluntarism. Funds mobilized through charity can 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 creation of permanent and income-generating physical assets. Awqaf has historically been the major vehicle for creating community assets. Another primary issue in the working of zakah and awqaf is that they have not been integrated into national level strategies for poverty reduction and provision of much needed social services for the poor.

These issues both at a theoretical and practical level 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 encourage serious research in these areas. These efforts are aimed at developing the Islamic microfinance industry as well as revitalizing zakah and awqaf institutions that can play a significant role in enhancing financial inclusion and poverty alleviation.

### 1.3.3 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 honour, fulfilment 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, a need to operationalize and measure the achievement of these objectives in the member countries as well as in the operations of IDB.

#### 1.3.4 Human Resource Development for Islamic Finance

A sub-domain of the above discussed comprehensive human development is the human capital development to meet the growing requirements of Islamic finance industry. Islamic finance brings real benefits to the national economies at the micro and macro levels. The process of providing Islamic financial services is more involved than conventional finance because of being built on innovation of products, processes and linking finance to the real economy. Therefore, only human resources of high quality can face the challenge of continuous innovation posed by such a dynamic industry. Hence, human resource development is more critical for Islamic finance rather than conventional finance. At present, these human resources consist of people working in operations, development, and regulation of Islamic financial sector, as well as the people involved in teaching and training of Islamic finance. Together they form the backbone for efficient working and sound progress of the Islamic financial sector. While the knowledge and skill set of the providers of Islamic finance is important, the understanding and Islamic financial literacy of its users will count much more for maintaining the momentum in demand as well as for keeping the orientation of Islamic finance in the correct direction, i.e., towards serving the society in accordance with the objectives of Shari'ah.

Therefore there is an urgent need to evaluate the existing state of human capital development for this industry and estimate its future needs. Initiatives for appropriate human resource development and efforts for increasing the financial literacy in Islamic finance are required. These steps are needed to be taken at macro, meso, and micro levels in a coordinated way in all national economies. This calls for introducing teaching programmes or courses in Islamic finance at undergraduate and graduate levels in the universities as well as practical orientation of Islamic finance within Shari'ah programmes so as to develop scholars well versed in the contemporary financial issues and fiqh. It also calls for improving and coordinating professional training programmes not only for the staff of financial institutions but also of the professional bodies such as associations of accountants and auditors, financial regulators and legal service providers etc. Several of the IRTI's activities are therefore geared towards highlighting these issues at various policy forums and getting actively involved in teaching, training, and coordinating between educational and training institutions already engaged in this process.

#### 1.3.5 Capacity Building

A number of IDB member countries are facing developmental challenges in strengthening their economies. Weaker institutions and fewer opportunities for human capital development through learning of best practices are some of the important reasons behind this situation. Capacity Building as a concept aims at 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 the member countries in such a way that capacity building becomes responsive to their expressed needs. Apart from direct assistance in human capital development and training IRTI contributes to institutional building by participating in the Technical Assistance programmes offered by the IDB.

#### 1.3.6 Information Challenges

IRT I is faced with three information challenges towards increasing the impact of its activities and creating its new image. The first among them is IRTI's desire to be a knowledge base and information dissemination institution as part of IDB

Group's reform and vision 1440H. This role of an efficient resource centre requires enhancement and quick updating of the web-based databases on Islamic finance institutions, experts and awqaf institutions that IRTI has developed over the past few years. It also requires a better and wider marketing of IRTI products and services using the Internet and other means. IRTI products and services are geared towards serving the needs of Islamic economics, finance and related areas by stimulating research, strengthening of best practices, developing human capital, and fostering economic growth of member countries.

The second challenge is to extend the spectrum and reach of the distance learning programmes in Islamic economics and finance, which are currently based on video-conferencing. This can be achieved by transforming them into e-learning based programmes and bringing into IRTI's collaborative network more universities and training institutions. The third informational challenge is to convert internal management processes into e-management processes, digitize IRTI documents and mould the work culture to achieve more efficiency.

The following chapters of the report give details of the efforts of IRTI during 1429H towards meeting its objectives and addressing the current issues and challenges of its mission.





ISLAMIC RESEARCH AND TRAINING INSTITUTE

2

CHAPTER 2

STRATEGIC DIALOGUE

ANNUAL REPORT 1429H (2008)







**2.1. 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:

1. Working Group on Poverty Alleviation
2. Working Group on Islamic Financial Sector Development
3. Working Group on Capacity Building
4. 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 experiences and knowledge. The Working Groups were initiated during 1426H with different levels of activities.

**2.2. WORKING GROUP ON POVERTY ALLEVIATION**

The Working Group on Poverty Alleviation aims at integrating zakah and awqaf in poverty alleviation policies of member countries. Two meetings of the Working Group have already been held and the following key guidelines have been agreed upon :

- Developing suitable models of collecting and disbursing zakah that would be appropriate and consistent 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 light of the above guidelines, the Working Group has initiated activities to operationalize the concept of “Comprehensive Human Development”.

The Institute, during the year 1429H, published a research study “Islamic Vision of Development in the Light of Maqasid al-Shari’ah” that seeks to provide a framework for achieving such comprehensive human development. IRTI in collaboration with Islamic Universities League, in Egypt and Saleh Kamel Centre for Islamic Economics, in Egypt organized an International Conference on “Sustainable Development of the Muslim World in the Light of Challenges of Globalization” in Cairo. The conference was aimed at evaluating the current developmental status of Islamic societies in view of contemporary global changes, identifying the role of Islamic values in developing the Muslim Ummah, to be conversant with the role of the organizations in realizing the sustainable development, exchanging the contemporary development experiences of the Ummah and to devising development strategies to change the current reality of the Ummah. Currently, preparations are underway to organize an international workshop on “Operationalizing the Concept of Comprehensive Human Development” in collaboration with Insaniah University, Malaysia. The theme would also be in sharp focus at another major event: the First International Conference on Islamic Economics and Economies of OIC Countries to be held in Malaysia in association with the International Islamic University Malaysia.

### **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 development of the industry on sound footing. 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 micro-finance 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 facilitate 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.

In past the working group had focused on Islamic Microfinance and developed a framework and strategies paper on Islamic Microfinance. This year in 1429H the focus of the working group was on Islamic finance education. Five thematic papers on the status, challenges and future of Islamic finance education were commissioned. These papers dealt with:

- i) State of demand and supply of human resources in Islamic financial services industry
- ii) Islamic finance education at graduate level
- iii) Islamic finance education at undergraduate level
- iv) Islamic finance education at the level of religious institutions (madaris)
- v) Islamic finance education and training programmes for professionals of financial services industry

A seminar on Islamic finance education was held in Kuala Lumpur in collaboration with Institute of Islamic Finance IiFiM of International Islamic University Malaysia in April 2008 where these papers were discussed along with case studies of various local institutions. The seminar was participated by academics and finance professionals as well as institutions involved in financial training to discuss and deliberate on the issues. In light of these presentations and discussions a guidelines document was developed for further discussion and deliberation at the Islamic Financial Sector Development Forum (see section 2.6.2 for further details).

#### 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 light of its approved Strategic Plan for 2005 - 2010, IRTI focuses, inter alia, on establishing a strategic dialogue, with the aim of bringing together the experiences of centres of excellence and outstanding individuals in key areas of importance to the IDB Group with the

objective of discussing, analyzing and recommending practical solutions in commonly felt needs. In this context, IRTI, besides other Working Groups, established a Working Group on Capacity Building.

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

In light of IDB Vision 1440H IRTI played a proactive role by establishing Working Group on Information and Communication Technologies for Development (ICT4D). Its purpose is to identify the main issues confronting MCs and business leaders in the development of information infrastructures and info-structure at national levels.

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 1429, jointly with other members in the group, IRTI prepared to undertake an international study on gender issues in the knowledge society in Islamic countries. This study would call for work to remove the gender barriers to ICT education and training and promote equal training, employment and income-generating opportunities in ICT-related fields for women. During 1429H IRTI also worked with the members of the working group to plan the 2nd meeting of the Group, which will be held during 1430.

## 2.6. ISLAMIC FINANCIAL INDUSTRY DEVELOPMENT INITIATIVES

The Institute has undertaken several steps in order to develop Islamic financial industry. In this regard four major undertakings of this year are reported below:

### 2.6.1 Financial Crisis and Enhancing Resilience of Islamic Financial Services

The global financial crisis of 2007 - 2008 once again exposed fragility of the conventional financial system. While the repercussions of the crisis threatened to impact on the progress of Islamic finance, it also provided an opportunity to assert the stability of Islamic finance that is afforded by virtue of its principles. Responding to this need, IRTI organized a sequence of activities and took a number of steps in coordination with IDB Group. The Institute organized the IDB Forum on the Impact of the Global Financial Crisis on Islamic Financial Industry at IDB Headquarters, Jeddah that facilitated consultation with the industry leaders and an intense discussion on how to meet challenges and make the most out of the opportunities arising from the

changing scenario. The Forum was addressed by 14 speakers and attended by over 140 participants representing a cross section of industry leaders and the academia. The Forum issued a communiqué containing important recommendations (see Box-1). Moreover, a revised version of the paper entitled “International Financial Crises: Can Islamic Finance Help Minimize the Frequency and Severity of such Crises in the Future?” was sent for distribution at the meetings related to G-20 Summit in Washington D.C.

The enhanced role and the relevance of Islamic finance in the context of the global financial crisis continued to be the focus of other events organized by IRTI, such as, the Research Seminar on Assets-Based and Mortgage-Based Financial Products from an Islamic Perspective held in UK in collaboration with the Islamic Foundation UK and the 4th Seminar on Islamic Economics, Banking and Finance held in South Africa in collaboration with Islamic Dawah Movement, South Africa.

IRTI participated in the formation of the “Islamic Finance and Global Financial Stability Task Force” composed of finance experts, practitioners and regulators from different parts of the world and chaired by the Governor of the Central Bank of Malaysia. Its purpose is to monitor the repercussions of the crisis, prepare working papers to boost efforts by stakeholders to address the situation, and draw lessons for the avoidance of such turmoils in future. The task force has just started its work. It is expected to produce three papers in the first quarter of next year on the global financial stability and financial architecture; the stability and resilience of Islamic finance; and the moral and ethical dimension of Islamic finance. IRTI’s professional staff are actively engaged in the various technical committees of this Task Force.

Supporting the efforts of international community in addressing the issues of financial crisis IRTI contributes to various such efforts. The outcome of the G-20 Summit was an action plan which calls for reforms in the conventional financial system, institutions and incentives to prevent future crises and manage the current one. Three IDB member countries Indonesia, Saudi Arabia and Turkey are in G-20 and two of them are in the Working Group No. 4 formed to address reforms in multilateral development banks (MDBs) to address the crisis. Working with these members, IRTI, along with IDB, is involved in elaborating to the Working Group No. 4 the role that IDB and Islamic finance can play in reducing the possibilities of such crises and managing the fall out of the current crisis.

BOX-1 : COMMUNIQUÉ OF THE FORUM ON THE GLOBAL FINANCIAL  
CRISIS AND ITS IMPACT ON THE ISLAMIC FINANCIAL  
INDUSTRY

IDB Headquarters, Jeddah  
25 Shawwal 1429H (25 October 2008)

1. The Forum concluded that the crisis is primarily a result of highly excessive leverage and speculation, leading to an unsustainable expansion of the financial sector that the real economy ultimately has to pay for. The Forum noted that such divergence of the two sectors may not have arisen under an Islamic economic system.
2. The Forum stressed the importance of synergetic interlinking of the financial sector and the real sector, which is a distinctive feature of the Islamic financial system. Islamic finance therefore can play a major role in the new financial system currently taking shape. The Forum thus stressed the need to devise financial products and instruments that strengthen the links between the two sectors in order to promote economic growth and stability.
3. The Forum called on the Islamic Development Bank (IDB), central banks and stakeholders to enhance the institutional and regulatory infrastructure of the Islamic financial industry consistent with the principles and values that govern its activities. This would enhance stability and credibility of Islamic financial institutions, and support their role in promoting productive economic activities.
4. The Forum appreciated the measures and policies taken by the competent authorities of various countries to contain the crisis and arrest its spillover into other economic sectors. While such measures are viable for the short term, longer-term measures are needed to reform the global financial system and allow ethics to play a greater role in guiding economic behavior.
5. The Forum observed that, notwithstanding the spillovers and repercussions of the crisis, its impact on the Islamic financial industry was so far substantially limited. This is due largely to Shariah requirements that govern financing activities of such institutions.

6. The Forum called for the establishment of major investment institutions that would promote the proper model of Islamic finance and investment, and add value to economic activity. IDB should play a leading role on this score.
7. Since the financial crisis would lead to greater poverty and lesser development, the Forum requested that socially-responsible microfinance institutions be assisted in combating poverty; it also stressed the importance of the non-profit sector, especially the institutions of Zakat and Waqf, in combating poverty and alleviating the adverse effects of economic downturns.
8. The Forum called for forming a task force composed of experts in order to:
  - Monitor developments and repercussions pertaining to the crisis, particularly on Muslim communities and the Islamic financial industry.
  - Prepare working papers designed to boost efforts by stakeholders to address the crisis and thus avail such papers to delegates attending gatherings dealing with the crisis at the national, regional and international levels.
  - Explore and identify opportunities raised by the crisis and draw lessons in order to preempt the eruption of such crises in the future.
9. The Forum stressed that all activities of Islamic financial institutions have to be compliant with rules and objectives of Shariah. The Forum also called for a uniform Shariah reference for the Islamic financial industry, first at the national level, and then at a global level.
10. The Forum called for enhancing standards and policies governing the activities of Islamic financial institutions, and for a faithful compliance with such standards and policies.
11. The Forum called for enhancement of cooperation, coordination, and information-sharing among Islamic financial institutions, in the interest of the industry and the Muslim communities, particularly under the current crisis-ridden circumstances. It also emphasized the need for the spirit of collective enterprise in order to safeguard the industry as well as the values and principles on which it was founded.

### 2.6.2 Islamic Financial Sector Development Forum

As the demand for Islamic financial services is growing in several jurisdictions worldwide, the industry has become significant systemically. The IFSD Forums initiated by IRTI and the General 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. It also aims at 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 on Jumad Awwal 1427H (28 May 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 1428 (on 17 May 2007) on the theme of Islamic Microfinance Development. A working paper on the "Framework and Strategies for Development of Islamic Microfinance Services" was presented by IRTI.

During 1429H the third Islamic Financial Sector Development Forum 2008 (IFSDF) was held on 27 Jumad Awwal (1st June 2008) in Jeddah in conjunction with the IDB Annual Meetings. The topic was "Human Capital Development for Islamic Financial Industry: Challenges and Initiatives". It primarily covered the current state and potential role of Islamic finance education in the development of human capital for the industry. The inputs from the pre-commissioned papers and case studies (mentioned above in section 2.3) were used to create the document "Islamic Finance Education: State, Challenges and Opportunities" which was distributed for information and comments. The Forum speakers deliberated on the various aspects of the document as well as presented case studies and experiences to resolve the issues identified for the enhancement of Islamic finance education. Recommendations of the IFSD Forum 2008 are given in Box-2.



BOX-2 : RECOMEMNDATIONS OF FORUM ON HUMAN CAPITAL DEVELOPMENT FOR ISLAMIC FINANCIAL INDUSTRY: CHALLENGES AND INITIATIVES

Sunday, 27 Jumad Awwal 1429H (June 1, 2008)

Jeddah

1. The participants of the Forum appreciate with profound thanks the hospitality accorded to them by the Government of the Custodian of the two Holy Mosques. The participants also appreciate with thanks the arrangements made by the Forum organizers, IRTI-IDB and the General Council of Islamic Banks and Financial Institutions (CIBAFI).
2. The Forum reiterates the importance of Islamic Finance as an indigenous idea and the vital developmental potential it offers by making financial services relevant for the public and making these accessible to them in the member countries of the Islamic Development Bank.
3. The Forum calls upon all stakeholders to develop the required architectural and infrastructural foundations for Islamic Finance to facilitate its effective functioning in order to alleviate poverty and promote human development.
4. The Forum notes that due to rapid growth of the industry during the last 3 decades Islamic Finance is increasingly facing the challenge of making available a competent and motivated pool of human capital for the industry on a sustainable and ongoing basis. The Forum emphasizes that in the long run Islamic finance can only work if it becomes more genuine and distinct from the conventional finance. Human capital plays a vital role in this process. The Forum calls for all stakeholders to make collaborative and concerted efforts at all levels of the educational system including mass literacy, school, college, and university levels to boost human capital development and strengthen the genuineness of Islamic Finance.
5. Since a lot intellectual enhancements have taken place during the last 3 decades in the area of Islamic Finance and Islamic Management, all stakeholders are called upon by the Forum to adopt a dynamic curriculum

- development policy at all levels of the financial education.
6. The Forum emphasizes the role of mass literacy about the principles of Islamic Finance and the basic premises of the Shari'ah and calls on the stakeholders to promote Islamic Finance mass literacy.
  7. The Forum recognizes the developmental role that the religious educational institutions (Madaris) play by providing educational services to the poorest of the poor by utilizing zakah, awqaf and sadaqah funds. The Forum notes that Islamic Finance and Islamic Management courses can contribute to enhancing the curriculum of these institutions and in the long run will provide a new breed of professionals competent in Shari'ah and Finance.
  8. The Forum identified that various teaching, training and certification programmes are being implemented in different parts of the world without proper coordination and therefore calls for cooperation, coordination and consultation among the providers of Islamic Finance education and also calls for the establishment of a Global Association of Islamic Finance Education Providers (GAIFEP).
  9. The Forum calls for an intensive survey of the existing programmes and preparation of textbooks, training manuals and other teaching materials in a systematic manner suitable for teaching at various levels and languages.
  10. The Forum reiterates that one of the key stakeholders of human capital development is the Islamic Financial Services Industry itself and, therefore, calls upon the industry to provide financial support to the various initiatives and programmes addressing human capital development.
  11. The Forum calls for translating some of the important literature into other languages particularly, into Russian where there is a great need for it.
  12. The Forum calls upon the participating institutions of the IFSD Forum such as IDB-IRTI, CIBAFI, Centre for Research in Islamic Economics, King Abdul Aziz University, IFSB, INCIEF, Durham University, Qatar Foundation, Banking Institute of SAMA, and Central Bank of Bahrain to play a more pro-active role in implementing the relevant recommendations of the Forum.

### 2.6.3 Promoting Access to Financial Services and Alleviation of Poverty

During 1429H IRTI developed and published a policy dialogue paper “Islamic Microfinance Development: Challenges and Initiatives” in consultation with various stakeholders in the industry. It also prepared and published an occasional paper “Role of Microfinance in Poverty Alleviation” based on case studies in three member countries of IDB: Bangladesh, Turkey and Indonesia. In continuation with its endeavor to encourage research and take stock of the existing knowledge about Islamic microfinance services, IRTI prepared a compendium of selected research papers and presented in past seminars and conferences on zakah, awqaf and poverty alleviation. It also completed all preparations to organize the Second International Conference on Islamic Inclusive Financial Sector Development in collaboration with the Bangladesh Bank in Bangladesh. A total of 30 research papers have been selected for presentation at this event from around ten countries. IRTI is in the process of developing a policy dialogue paper on “Integrating zakah and awqaf in Inclusive Financial Sector Development Policies” involving major stakeholders that would help sharpen the focus on zakah and awqaf as tools of poverty alleviation and economic empowerment. A “Manual on Islamic Microfinance” is under preparation for use by trainers to facilitate human resource development in this key area.

### 2.6.4 Islamic Financial Industry Development Documents

As mentioned earlier, 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 and prepared a “Framework and Strategies for Development of Islamic Microfinance Services”. Further work is in progress to synthesize the work done through the Working Group and IFSD Forum in 1429H on human resource development and use it to create a policy document on “Framework and Strategies for Human Capital Development in Islamic Finance” which can serve as a coordinating device among member countries as well as public and private education and training institutions.

Islamic Finance Joint Working Group with the World Bank and IMF has been formed to carry out a gap analysis and develop a Islamic financial sector stability assessment criteria. IRTI along with other departments of IDB Group participates in this endeavor to enhance the stability of this financial sector.





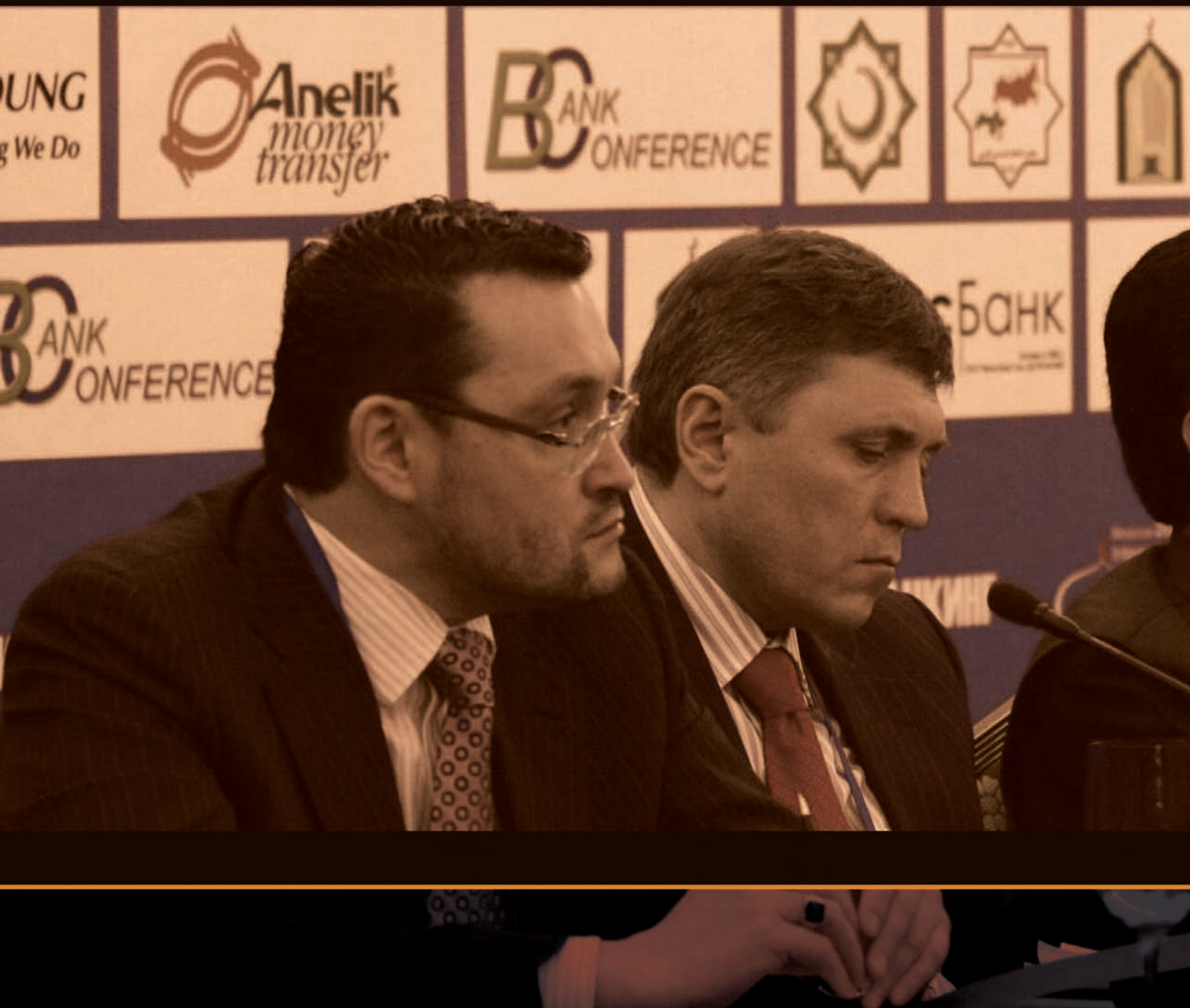


ISLAMIC RESEARCH AND TRAINING INSTITUTE

# 3

## CHAPTER 3

### KNOWLEDGE BUILDING IN ISLAMIC ECONOMICS, BANKING AND FINANCE





Amara Azizi Akcebek



### 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 contribute 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 by external scholars in the form of papers presented to conferences and Islamic Economic Studies (IES). The research work concentrated on four thematic areas, namely, (a) Enhancing the Resilience of Islamic Financial Services and Products (b) Human Resource Development for Islamic Finance (c) Promoting Access to Financial Services (d) Sustainable and Comprehensive Development through public policies based on Maqasid al-Shari'ah.

#### 3.2.1 In-house Research

Eight research papers were undertaken and implemented by researchers in IRTI in the year 1429H. Brief summaries of these research papers are given below:

*i. "Role of Microfinance in Poverty Alleviation: Lessons from Selected IDB Member Countries"*

This paper examines alternative models of microenterprise development in view of their heterogeneity in the context of different Muslim societies characterized by varying levels of poverty and diverse cultures. It seeks to assess and develop models of inclusive microfinance for Muslim societies based on real-life case studies and experiments in three countries: Bangladesh, Turkey and Indonesia. The study attempts to identify problem areas and growth constraints in programmes of microenterprise

development with respect to livelihood and growth enterprises and suggest policy interventions to tackle them; understand the need for managerial, technical and spiritual assistance and business development services as a means to promote livelihood and growth enterprises; and develop a model for linking managerial-technical-spiritual assistance and business development services with microfinance based on insights from the real-life case studies.

*ii. "Nature and Importance of Social Responsibility of Islamic Banks"*

Despite the growth of Islamic banks and expansion of their operations their impact on the socio-economic development of communities is meagre. At most, these banks extend their help for social welfare by facilitating the collection and distribution of zakah. However, there are further social responsibilities on these institutions which remain unattended such as the ensuring of inclusive finance, selection of appropriate projects for financing which are in line with, and promote, the norms and values of the society.

This paper is an attempt to clarify the essential dimensions, motivations, advantages, ways and means of social responsibility of Islamic banks. It also expounds the link between this responsibility and the objectives of Shari'ah and the economic and social development of Islamic societies. Moreover, it addresses the relationship of this responsibility vis-à-vis the growth of Islamic banking industry. Fulfilling the social responsibilities is a requirement not only for achieving comprehensive development but also, and more importantly, for making the earth inhabitable and prosperous. It is a step in realizing the meaning of being the vicegerent of Almighty Allah on the earth.

*iii. "Framework and Strategies for Development of Human Capital in Islamic Economics and Finance"*

The present gap in supply and demand of appropriately trained human capital resources for Islamic finance and banking is a common concern of Islamic financial services industry the world over. Efforts to teach and train people to fill this gap are underway in various forms at local and global levels within and outside the industry with varying degrees of success. However, there are some important

dimensions in the needs, methods, and policies towards training, education and development of new ideas that have received less attention from IFSI as well as from public policy makers. The paper covers five broad areas of Islamic Finance Education and Training:

1. Projection of HR needs of IFSI for the next ten years and the composition of the needed skill set. It also addresses the needs and ways for Islamic financial literacy among masses.
2. Training and Professional Certification Programmes in Islamic finance: their current state and strategies to meet through these programmes the future needs of IFSI.
3. Islamic Finance Education Programmes at Undergraduate Level: their current state, ways to improve them for changing future needs and the possible initiatives for the next ten years.
4. Islamic Finance Education Programmes at Graduate Level: their current state, challenges in improving research and making theory and practice relevant to each other along with possible initiatives for the next ten years.
5. Islamic Finance Education at Religious Institutions: Present state of such education. Possibility of introducing Islamic finance education in the education programmes of religious education institutions. Possible initiatives.

The paper comes up with possible policy initiatives that can be taken at macro, meso and micro levels respectively by the governments, professional bodies and associations, and the institutions of training and higher education including religious education centres.

*iv. "Development of Early Warning Systems for Islamic Finance"*

Early warning systems which were originally designed and developed for warning people of natural hazards such as tsunami, famine, diseases and military attacks, are now being used in some developed and emerging economies to predict currency crises, financial distress, failures and even crises. The main purpose of such early warning systems is to generate ex ante warnings of potential problems that may emerge or develop in the future on account of the current risk profile of a financial institutions.

Islamic finance is growing rapidly in Muslim and non-Muslim countries and the hedge funds and conventional institutional investors are also increasingly been drawn to Islamic securities. This has resulted in a flurry of Islamic securitization transactions, with the issuance of sukuk quadrupling to over \$27 billion in 2006 from \$7.2 billion in 2004.

To sustain its long-term growth, Islamic finance needs regular risk assessment. In this regard, development of suitable early warning systems for Islamic finance is necessary. There are currently several early warning systems which are being used for prediction of future economic and financial crises. Their main differences lie in their scope of prediction and the methodology employed. The main purpose of this research work is to develop and design early warning systems for Islamic Finance. Various models of early warning systems will be reviewed and their relevance for Islamic finance will be investigated. The outcome of this research work will be a book under the title “Development of Early Warning Systems for Islamic Finance”.

v. *“Trade Potential and Cooperation among IDB Member Countries”*

The research explores intra-trade potential for the Trade Preferential System of OIC (TPS/OIC) participating countries. The research finds that all countries globally recognize that still there exists considerable amount of potential gains from trade and economic cooperation through regionalism, south-south cooperation and Regional Trade Agreements (RTAs), which may not be materialized by Globalization process or by WTO membership. It also shows that RTAs are increasing among IDB member countries which may strengthen their economic foundations leading to higher standard of living, prosperity, alleviation of poverty in Islamic LDCs and Muslim solidarity. The fourteen TPS/OIC participating countries have much trade potentials of which 80% is unutilized. Since the degree of trade complementarity of almost 80% of TPS/OIC participating countries with the whole group is quite substantial, it indicates that they will gain certainly from economic cooperation rather than from competition. If other member countries of IDB gradually participate in the TPS/OIC, the degree of total trade complementarity and the trade potentials of the whole group will rise. The TPS/OIC participating countries must consider both static and dynamic gains from economic cooperation

to avoid any miscalculation of the gains and losses, implying that these countries should not be worried about the short-term losses or disproportionate distribution of gains and losses.

*vi “Innovation and Authenticity in Islamic Finance”*

The paper discusses the crucial role that innovations play in the development of an economy. However, innovations may also lead to a great deal of harm if they are not properly structured. It discusses how the interest-based intermediation has made the financial system unjust and unstable and led to financial crises. It then discusses how the Islamic financial system can lead to greater justice and stability in the system and minimize the frequency and severity of crises.

*vii. “The Maqasid al-Shari’ah and the Role of the Financial System in their Realization”*

Every institution must help realize the overall goals of the society where it is established. The Islamic financial system is also expected to realize the goals of a Muslim society specified by the Maqasid al-Shari’ah. The paper discusses how the Islamic financial system can help realize the maqasid. However, the Islamic system, as it is practiced now, is based on a number of legal stratagems (hiyal) which introduce only cosmetic changes in the conventional system to satisfy the word of the Shari’ah but fail to comply with the spirit of the Shari’ah.

*viii. “International Financial Crises: Can Islamic Finance Help Minimize the Frequency and Severity of such Crises in the Future?”*

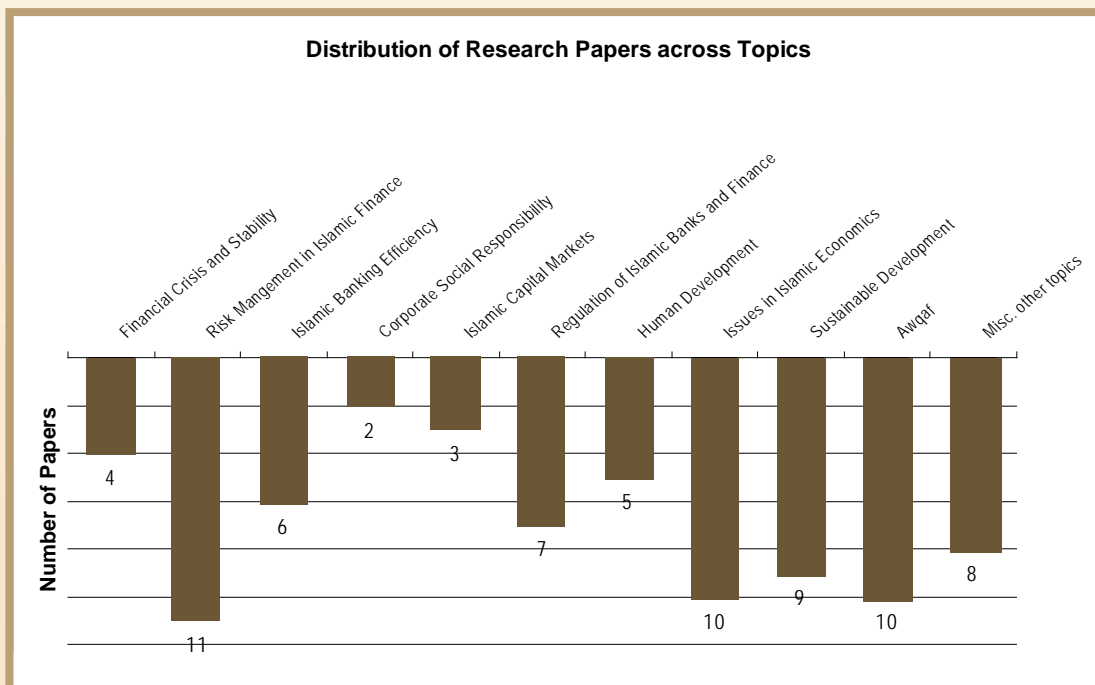
Prepared for presentation at the Forum on the Global Financial Crisis held in the IDB on 25 October 2008. A revised version was supplied to IDB for distribution at the G-20 Summit in Washington on 15 November 2008.

### 3.2.2 Mobilization of External Expertise

IRTI also generates research from outside scholars and experts through call for papers to thematic conferences and seminars on the issues of IRTI’s interest. This not only promotes these research areas among wider community

of researchers but also develops research network bringing young talent into this field. This activity is vital for keeping the flow of new ideas and for the growth of Islamic economics and finance in theory and practice.

During 1429H, through such events, more than 150 papers and presentations were generated. Out of which more than 75 were research papers covering various areas of Islamic economics banking and finance. Of these papers 4 were related to financial crisis and stability, 11 were on risk management in Islamic finance, 6 addressed Islamic banking efficiency, 2 were on corporate social responsibility, 3 covered Islamic capital markets, 7 on regulation and supervision of Islamic banks and finance, 5 on human development, 10 on various issues in Islamic economics, 9 on sustainable development, 10 on awqaf, and 8 on other miscellaneous topics. A distribution of these papers across topics is given in Chart-1.



### 3.2.3 Selected Papers Submitted to IRTI Conferences During 1429H

1. “Resilience and Stability of the Islamic Financial System – An Overview”:  
Conventional financial system ingrained in interest bearing contracts is highly unstable. Its structure of commercial and the central banking promotes credit creation which is not always synchronized with real economic activity, hence the cycles of credit booms and busts is a norm than exception. This is well recognized by monetary economists. Islamic banking system, avoids such instability by directly linking finance to real economic activity at each step. Un-backed expansion of credit is pre-empted, and banks cannot initiate and accentuate a speculative process. Money flows thus arise from sales of goods and services and transit through banking system for payments or investment purposes. They do not arise within the banking system and then transmitted to real activity. An Islamic economic system is therefore expected to experience sustained economic growth and avoid detrimental instability. A reform of the conventional system along Islamic principles may be the only path in the quest for stability.
2. “ The Prospects of Islamic Securitization After the Subprime Crisis ”:  
Islamic securitization in the form of sukuk has grown into a notable segment of global structured finance over the last three years. This paper surveys the unique structural features of the sukuk market and assesses the potential of conflicts of interest that triggered the U.S. subprime mortgage crisis to contaminate the integrity of a Shari’ah-compliant securitization process. This examination also considers recent regulatory changes to the definition of sukuk by AAI OFI and current policy considerations of alternative forms of capital-market based refinancing techniques, such as covered mortgage bonds, and the way they relate to Islamic securitization. The paper concludes with a brief outlook on future developments in the sukuk market.
3. “Declining Partnership: Cure to Mortgage Crisis and Helping Hand to Homeowners”:  
The current financial crisis, which started small quickly grew to become a global financial crisis, has now started to show its economic impact as well. A great many number of household have lost their homes in the wake of this crisis. In

this context a debate has begun and several proposals are on the table to solve the problems faced by such household. We provide an Islamic solution and show how it is closer to a proposal much endorsed in these debates, and even better. We show that the Islamic solution based on diminishing partnership with an upper bound on price rise provides better incentives, broad based returns as well as stable and disciplined markets. We also discuss the liquidity and risk aspects of this contract.

4. “Sensitivity of the Islamic Banks to Interest Rate Changes in A Dual Financial System: The Case of Malaysia”:

There seems to be a general belief that since the Islamic banks only deal with interest-free instruments, they are therefore shielded from the risks associated with interest rate fluctuations. However, this may not be true in a dual banking system. This study empirically tests for the sensitivity of financing and deposit taking activities of the Islamic banks and the conventional banks to changes in interest rates by using Malaysian data over a period from January 1999 to December 2006. The study finds that the Islamic banks’ balance sheet items are relatively more sensitive to monetary policy changes than conventional banks. This has important implications for the risk management practices of the Islamic banks, particularly in a dual banking system.

5. “Shari’ah Issues in Liquidity Risk Management”:

Islamic banks need to establish sound liquidity risk management as a standard practice for modern banking to guarantee safe banking operation and maintain their business. Considering the bank’s characteristics and risk profile, Shari’ah provides Islamic banks with appropriate approaches and techniques to conduct liquidity risk management taking into account its unique challenges.

6. “Assets Liabilities Management in Islamic Banking”:

This paper considers the assets and liabilities management (ALM) structure and instruments in Islamic banking. Since, not only the owner-partners but also, the depositors share in the returns of Islamic banks therefore approach to ALM of Islamic banks will differ from that of conventional banks when they maximize returns to their stakeholders. The dissimilarity in ALM comes from two sources: (i) the difference in accounting systems of Islamic vs conventional



banking, and (ii) prohibition of interest which indicates that time is not the sole factor for return on deposits but the value earned through real economic activity. These two are considerably important factors in Islamic ALM. In this paper we consider influence specifications of these factors in the two banking approaches for creating economic value added (EVA). Comparison of financial indices for the two types of banking leads us to the conclusion that Islamic banking is more efficient than conventional banking.

7. “DEA/C&R: DEA with Classification and Regression Tree: A Case of Banking Efficiency”:

This paper studies banking efficiency using Data Envelopment Analysis (DEA), data mining techniques (DMT), and Classifications and Regression (C&R) trees. The results show that on average the banks located in UAE and Kuwait are more efficient than the banks located in Bahrain. The conventional banks are more efficient than Islamic banks. Moreover, it finds that the price to book value is the most important variable in determining the most efficient banks, price earning index and country are the second and third important variables. The number of branches and the operation style seem to be less important in the classification of the efficient banks.

8. “Capital and Risk Adjustments Under Risk-based Capital Regulations and Diversification Loss”:

In the last two decades, regulators have focused on the enforcement of minimum capital requirements on banks. Excessive risk-taking might otherwise have been encouraged by the principle of limited liability and by the availability of deposit insurance. Strengthened capital regulation has resulted in improved capital ratios for banks, and a more stable financial system. However, the changes to the regulatory system have been criticised on the grounds that an increased regulatory capital standards may encourage an increase in leverage and portfolio risk. Both the theoretical literature and the empirical literature on the impact of capital regulation have produced heterogeneous results concerning the capital and risk adjustment behaviour of banks. This study uses a cross-sectional time-series data set on commercial banks that is longer and more recent than in most other studies. We estimate the effect of changes in portfolio risk on the capital adjustment and of risk-based capital regulation on portfolio

risk adjustment, using a simultaneous equations model. We find support for the capital buffer theory, which suggests that banks increase their capital holdings in response to an increase in portfolio risk, in order to avoid regulatory penalties. We also find evidence that banks increase their loan portfolio concentration in order to increase their regulatory capital ratios, suggesting that improvements in capital ratios are achieved at a cost in terms of the degree of diversification of the banks' loans portfolios.

9. "Measuring Service Quality of Malaysian Banking Industry: A Comparison Between Islamic and Conventional Banks":

This study develops a service quality (SERVQUAL) model to assess the customers' satisfaction in Malaysia banking sector. It uses dominance analysis technique to examine the relative importance of different service quality dimensions as extracted from the factor analysis. Finally, it compares the conventional bank with that of Islamic bank in terms of each service quality dimension and measures their relative importance in bridging the overall gap between expectation and perception. The application of factor analysis is able to detect four dimensions – Tangibility, Reliability, Competence and Convenience. The application of dominance analysis to predict the SERVQUAL gap indicates that the difference between the Islamic and conventional banks is in terms of degree and not in terms of pattern. The Competence and Convenience are found to be the relatively more dominating dimensions in both types of banks. These two dimensions together can help to reduce the overall service quality gap to an extent of 72% in the case of Conventional bank and 85% in the case of Islamic banks. The Malaysian banking sector needs to take initiative to become more competent by being more responsive and fulfilling the assurance given to customers and providing the banking facilities more conveniently.

10. "Risk Management Assessment Systems: An Application To Islamic Banks":

This paper provides a measurable tool to assess the risk management framework in Islamic banks. The structured assessment methodology provide indices that gives a quantitative assessment of not only the overall risk management system of a financial institution, but also indicates the strengths and weaknesses of various aspects of this system. The assessment process can be used by Islamic banks and regulatory authorities to identify the weaknesses and improve

upon the risk management framework. The paper provides examples of how the assessment method outlined can be used to estimate the status of risk management system for two Islamic banks.

11. “Financial Stability and Early Warning Systems: Implications for Islamic Finance”:

This paper overviews early warning systems and analyzes their implications for Islamic finance. The main purpose of early warning systems is to generate ex-ante warnings of potential problems that may emerge or develop in the future on account of the current risk profile of a financial institution. There are various approaches to model prediction of financial risks. Three approaches of signal extraction, limited-dependent variable and contingency claim are explained in detail. The paper also analyzes limitations of these early warning systems for Islamic finance. To sustain its long-term growth, Islamic finance needs regular risk assessment. In this regard, development of suitable early warning systems for Islamic finance is necessary. It is claimed that a comprehensive early warning system for Islamic financial system has to take into consideration all qualitative and quantitative risk factors. Many of these risk factors have well known indicators and can be constructed for individual Islamic financial institutions and aggregated for the whole system. However, many of other qualitative risk factors including institutional and Shari’ah compliance factors are yet to be constructed and incorporated into the early warning system.

12. “ Neutralising Disincentives for Holding Profit Sharing Instruments: The Role of Regulators and the Capital Adequacy Ratio”:

Recent calls by prominent Islamic scholars to shift the focus of Islamic Finance away from bond-like sukuk have been met with great unease by bankers in the industry. Islamic Financial Institutions (IFIs), which hold the majority of all sukuk issued, face deposit side constraints on the types of returns they distribute, due to a need to match returns to market based deposit interest rates. Hence, it is in their interest to hold assets that provide stable benchmark based returns. This study proposes that regulators require banks to include a greater proportion of risk weighted assets funded by unrestricted investment account holders (UIAH) in the denominator of their capital adequacy ratio, based on the extent to which the particular bank engages in smoothing returns to investment depositors.

Providing true returns to UIAH will consequently minimize incentives for IFIs to hold assets that return benchmark interest rates and allow them to hold assets that provide for variable returns.

13. “Exploring Corporate Social Responsibility Disclosure of Islamic Banks with Special Reference to Disclosure Practices Under the AAOIFI Standard”:

Corporate social responsibility (CSR) is an issue of growing interest in the corporate world. Many multinational companies and banks are voluntarily disclosing information regarding their CSR activities. Islamic banking refers to a system of banking that is consistent with the principles of Shari’ah and claims to give an important role to social issues. One of the avenues to demonstrate their acceptability and commitment to serving the needs of the Muslim community, and society in general, is via disclosure of relevant and reliable information in their annual reports. In this study, we explore whether any discrepancy exists between the corporate social activities disclosed in the annual reports of Islamic banks and CSR information deemed to be vital, based on the Islamic business ethics framework. Using content analysis and disclosure measured by an index score, our longitudinal survey results indicate the overall mean CSR disclosure index of only one Islamic bank out of seven surveyed to be above average. The CSR disclosure of the remaining six Islamic banks falls significantly short of our expectations. It is also found that the largest inconsistency in reporting to be related to four CSR dimensions: commitment to community development, disclosure of clear cut ethical behaviour, stakeholders’ engagement and customer relation; research, development and training; and corporate governance related to top management. The results have important implications for Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) in developing a CSR reporting/disclosure standard if Islamic banks are to enhance their image and reputation globally, as well as to remain competitive.

14. “Efficiency of Islamic Banks in Selected Member Countries of the Organization of Islamic Conference”:

This study investigates the relative efficiency of 25 Islamic banks in 14 selected OIC member countries during 2002 to 2006. These countries are classified into three groups: least-developed member countries (LDCs), medium-developed member countries (MDCs) and energy-exporting member countries (EECs).

The study employs Data Envelopment Analysis (DEA) method by using the intermediation approach. The inputs used are total deposit, overhead expenses and fixed assets, while the outputs are total loans, other operating incomes, and total earning assets. Additionally, regression method is used to find the correlation between the efficiency scores and some of the banks' performance indicators. The result shows that during 2002 - 2006, Islamic banks in the LDCs were more efficient than Islamic banks in the other two groups. Lastly, the efficiency level of Islamic banks in the study was significantly and positively influenced by Earnings to Total Assets Ratio, Return on Average Assets, and Loan to Deposit Ratio. In contrast, efficiency score is negatively related to Operating Expense to Operating Income.

15. "Measuring the Efficiency of Islamic Banks in Indonesia and Malaysia Using Parametric and Non-parametric Approaches":

This study measures and compares the efficiency of Islamic banks in Malaysia and Indonesia using parametric stochastic frontier approach (SFA) and distribution free approach (DFA), as well as nonparametric approach data envelopment analysis (DEA). The results using parametric SFA and DFA show that Islamic banking in Malaysia has been improving and has become as efficient as Islamic banking in Indonesia in 2006. Meanwhile, the results using non-parametric DEA show that Islamic banking in Indonesia is slightly more efficient than Islamic banking in Malaysia, especially due to better technical efficiency. Funding (deposits) and human resource (labor) are the sources of inefficiency in Malaysia as well as in Indonesia. Therefore, Islamic banks should redirect their marketing and communication strategies to focus more on targeting floating customers, while the shortage in human resource should be given serious attention with short term and long term strategies.

16. "Risk Identification of the Islamic Banks in Indonesia: A VAR Modelling Approach":

The main objective of this study is to identify the types of risks facing the Islamic banking in Indonesia. The paper adopted the Impulse Response Functions and Variance Decomposition Analysis technique based on Vector Autoregressive (VAR) methodology on data from March 2000 to August 2007. The study found that, in addition to the conventional banking risks, the Islamic banks are exposed

to some unique risks, namely the benchmark risk, rate of return risk, displaced commercial risk, withdrawal risk, and Shari'ah compliance risk. These risks, if not properly managed, could be significant obstacles in developing the Islamic banking industry and achieving systemic stability. Effective risk management frameworks are paramount for better risk management practices and growth of Islamic banking institutions in Indonesia and other parts of the world.

17. "Gharar and Jahl Revisited - New Impulses on How to Distinguish Permissible Risk Taking from Forbidden Speculation: A Comparative Study of Qualified-Investor-Concept-Provisions in Luxemburg, Switzerland and Germany and their Impact to Shari'ah-Issues":

With a vibrant fund market, Continental European banking centres like Luxemburg, Frankfurt and Zurich claim a significant share of the market worldwide. These centres have always adhered to investor protection for the sake of market functionality. During 1428 - 1429 AH/ 2007- 2008 AD 'Qualified Investor Concepts' are channelled into Continental European reform projects thus reconciling investor protection and flexible risk models by implementation of a differential treatment for different groups of investors. The balance between permissible risk taking and forbidden speculation has for a long time been an important issue under the precepts of gharar and jahl - though from a much broader perspective. The paper provides insights into the guiding principles of these 'Qualified Investor' approaches and the practice of their implementation. Similarly, the prescriptions of gharar and jahl are examined. This will open the stage for a comparative view of both systems. The unusual approach delivers evidence on how the systems can learn from each other.

18. "Duration Gaps and Net Worth Risk For Islamic And Conventional Banks: A Comparative Cross Country Analysis":

This paper undertakes a comparative analysis of the Duration Gap and Net Worth (NW) risk of Islamic Commercial Banks (ICBs) and Conventional Commercial Banks (CCBs). Though Islamic banks work on interest free principles, the vast majority of the world's ICBs operate within dual banking systems. The inevitable flow of funds between the two banking systems and the common customer base implies that ICBs would have the same exposures as CCBs. The sample consists of a total 60 commercial banks from nine Islamic countries. These were

made up of 30 ICBs and 30 CCBs. Each ICB had a CCB pair of approximately equal asset size in US \$ terms. The analysis is based on year end 2006 financial data. The paper tests for significant difference in rate risk between ICBs and CCBs using both a parametric and nonparametric test. The results show ICBs to have higher duration gaps and Net Worth risk than CCBs. The paper however finds substantial country specific difference in risk profile. Malaysian ICBs had significantly higher Duration Gaps and Net Worth risk compared to both the other ICBs and CCBs in the sample.

19. “Cross-Border Interbank Exposures and Financial Contagion”:

Integrated financial (interbank) markets provide opportunities for expansion and improved risk sharing on one hand, but pose threats of contagion risk through cross-border interbank exposures on the other. This paper examines cross-border interbank contagion risk for available seventeen countries over the period 1999-2005. To that purpose it uses aggregate cross-border interbank exposures of reporting countries in the Consolidated Banking Statistics. It finds that contagion risk increases over time. Particularly, the US banks, through their cross-border exposures with non-US banks, mainly trigger international financial contagion. The failure of British or German banking system is also a serious concern for global financial stability. The paper also highlights that the “speed of propagation of contagion” has increased in recent years resulting into an increasing number of directly exposed banking systems. Contagion risk is also found in bank level analysis under certain assumptions and robust to alternative representations of country risk transfer in BIS consolidated banking statistics.

20. “Volatility Spillover Effects for Jakarta Islamic Index, LQ45 and Jakarta Composite Index”:

The paper attempts to analyze two investment benchmarks namely, ethical investment and non-ethical investment for Indonesian stock markets. The study employs volatility approach to measure the persistency of shocks. That is, to what extent shocks persistency from the previous period affect the volatility in the current period for each type of investment. Jakarta Islamic Index (JII) is used to represent the ethical investment type, while non-ethical investment type is represented by Jakarta Composite Index (JCI) and LQ45. Univariate and Multivariate Conditional Volatility models are employed to achieve the objective.

Univariate models of GARCH(1,1) and AGARCH (1,1) are used to analyze shock persistency for each market. Moreover, multivariate conditional models of VAR(1)-GARCH(1,1) and VAR(1)- AGARCH(1,1) are used to investigate how volatility spillover runs among these three markets. The result shows that in general JII and JCI are better modelled by GARCH(1,1) while LQ45 is better by GJR(1,1). Furthermore, there are spillover effects among the markets in which JII tends to be superior with higher persistency of shock.

21. “Regulating Islamic Finance in Secular Countries: A Case Study of India”:

Indian Muslims have always been trying to manage their economic affairs within the framework of Shari'ah. Their fight against usury practices has been both religious and financial struggle. This paper aims to highlight the attempts made by Indian Muslims in this regard and to show how some of the recent developments (since opening of banking and financial sectors and lifting of FDI cap) provide opportunities as well as pose regulatory challenges in establishing Islamic Finance and Shari'ah-compliant products. The paper focuses on opportunities, events and regulatory changes that either facilitate or pose new challenges to new entrants. It examines the potential segments including NBFCs, FII, Micro Finance and Mutual Funds as new source of proliferation in India and the regulatory mechanism existing and requisite for functioning at large scale. Some prominent Islamic NBFCs and new initiatives in India are taken for detailed case studies.

22. “Cost, Revenue, and Profit Efficiency of Islamic Versus Conventional Banks: International Evidence Using Data Envelopment Analysis”:

This paper measures and compares the cost, revenue, and profit efficiency of 43 Islamic and 37 conventional banks over the period 1990 - 2005 in 21 countries using Data Envelopment Analysis. In addition, it assesses the efficiency of those banks based on their size, age, and region. The findings suggest that there are no significant differences between the overall efficiency results of conventional versus Islamic banks. However, there is substantial room for improvement in cost minimisation and revenue and profit maximisation in both banking systems. Furthermore, the findings show no significant difference in average efficiency scores between big versus small and new versus old banks in both banking streams. This implies that size and age did not affect the performance of those



groups significantly in this sample. However, geographical location explains the significant differences in revenue and profit efficiency between both streams of banks.

23. “Unique Risks of Islamic Modes of Finance: Systemic, Credit and Market Risks”:

This paper examines the unique attributes of systemic risks (the possibility of financial system to collapse), credit risks (bad loans), and market risks (currency fluctuation) of Islamic modes of finance, as these issues are considered to be contemporary concerns for the global financial industry. In addition, as types and sources of risk in finance are interrelated and encompass diversity of risks, other types of financial risks which are associated with systemic, credit and market risks, such as the operational and liquidity risk, have been explored and discussed accordingly. Furthermore, the paper argues that implementing Shari’ah-compliant guidelines and procedures devised from the principle of Islamic finance would be an effective instrument in controlling these risks.

24. “Supervisory Implications of Profit Sharing Investment Account”:

The paper highlights some of the key issues and gaps in the supervision of Islamic Banks, and in particular, addresses the supervisory implications of the role of investment account management. One of the key issues in Islamic banking is how to measure and manage the sharing of returns and risks between shareholders and investment account holders (IAH), so that such risk sharing can become an effective tool of risk management in Islamic finance. A methodology for estimating such risk sharing is developed so that the extent of risks shifted (“displaced”) from IAH to shareholders, also referred to as “Displaced Commercial Risk” (DCR), can be measured. Drawing on the recent work on linking the DCR with the “Alpha”, which is the share of risk weighted assets funded by IAH that should be included in the denominator of Capital Adequacy formula for Islamic banks (as recommended in the new IFSB Capital Adequacy standard), the paper presents and illustrates an empirical approach for the supervisory assessment of “Alpha”.

25. “Regulation and Supervision of Islamic Banks and Financial Institutions: Bangladesh Perspective”:

The role of a central bank is very crucial in guiding, supervising and controlling

the Islamic banks and financial institutions for the smooth development of this sector. This paper presents an explanation of the role of Bangladesh Bank (Central Bank of Bangladesh) in accomplishing the above task. There are six full-fledged Islamic banks, one non-bank Islamic financial institution and 22 Islamic banking branches of ten conventional banks operating in Bangladesh. Alongside, one Islamic mutual fund, Government Islamic Investment Bond and Islami Bank Mudarabah Perpetual Bond are also playing an important role in mobilizing the financial resources on Islamic lines in the stock exchanges of the country. The paper discusses the rules and provisions of the above instruments. It also critically examines the role of Bangladesh Bank in the regulation and supervision of Islamic banks. It then puts forward some suggestions for enhancement of the capacity of the central bank in achieving its objectives.

26. “Towards A Comprehensive Capital Adequacy Framework: A Case Study of an Islamic Bank”:

The existing capital adequacy framework known as Basel II was designed to capture the risk exposure of conventional banks and does not address the specificities of Islamic banks. However, in order to create a level playing field for Islamic financial institutions, recent proposals for capital adequacy guidelines were developed by the Accounting and Auditing Organization for Islamic Financial Institutions and the Islamic Financial Services Board. This paper overviews such proposals and represents a case study for applying the new principles to a major Islamic bank. The paper examines the risk profile of the Islamic financial institution by considering the different uses of funds and their implication on the banking book. It also discusses the challenges that still lie ahead for international regulatory bodies.

27. “The Responsibility and Independence of Shari’ah Supervisory Boards of the Indonesian Islamic Banks”:

Despite the present guidelines developed by National Shari’ah Council-Indonesian Ulama> Council (NSC-IUC) and Bank Indonesia, there is a lack of sufficient guidelines related to the existence of Shari’ah Supervisors (SSs) in Islamic Banks (IBs) in Indonesia. Therefore, this study is designed to examine the perceptions of managers and SSs of IBs in Indonesia on the responsibility and independence of SSs. The study utilizes questionnaires to obtain the

perceptions of IB managers while it uses interview to obtain the perceptions of SSs of IBs. The study shows that the respondents perceived that the SSs are responsible for ensuring that the products, contracts and transactions of IBs are in compliance with Shari'ah principles. In order to improve the independence of SSs, the respondents viewed that the SSs should be prohibited from becoming consultants and majority shareholders of the IBs for the same IBs in which they act as SSs.

28. "Performance Evaluation of Islamic Commercial Banks in Indonesia after the Financial Crisis":

This study evaluates inter-temporal and inter-bank performance of Islamic commercial banks from 1999 - 2006 (i.e., after the Southeast Asian financial crisis) vis-à-vis interest based conventional banks in Indonesia focusing on profitability, liquidity, solvency risk and their contribution to small and medium enterprises. Financial ratios are employed to measure their performance. Meanwhile, t-test and F-test are applied to determine their level of significance. The Islamic inter-bank study found that Bank Muamalat Indonesia performed better in terms of profitability and liquidity. Meanwhile there is no significant difference in performance between Islamic commercial banks and conventional banks in Indonesia. However the contribution of Islamic and conventional banks in financing small and medium enterprises showed significant differences. It is found that Islamic commercial banks performed relatively better than conventional banks.

29. "Impact of Capital Regulations on Capital Ratios and Risk Taking of Islamic Banks":

Islamic banks around the world face capital regulations similar to that of the Basel-I, when the countries where they operate adopted national versions of the regulations. As yet, the impact of such regulations on these Islamic banks has not been explored. This study utilizes the Bank Scope On-line Database and uses balance-sheet information for 67 Islamic banks around the world over a five-year (1999 to 2004) period to assess the impact of capital regulations on Islamic banks. Given the special features and mode of operations of Islamic banks, it is especially important to gauge the status of implementation and performance of such minimum capital regulations on these institutions. It is also important

to compare the experience of Islamic banks with that of the commercial banks. The paper finds that Islamic banks have a tendency to take on more risk.

30. “Diagnosing the Ummah’s Problems of Economic Underdevelopment: an Overview”:

This research paper emphasizes that the generalization of the problems of underdevelopment to all the Islamic countries does not reflect the reality. There are major differences in their levels of economic development. Besides, there are wide implications for their economic development due to their different geographical positions. This is in addition to different local, regional and worldwide challenges facing these countries. This research paper shows the factors that explain the economic backwardness of these countries and their low ranking on the scale of development, followed by an analysis of the extent to which these factors apply to the Group of Islamic States, with the distinction between reality and what ought to be from the Islamic perspective.

31. “The Reality of Human Resource Development in the Arab world”:

This research paper shows that despite the fact that the Arab World has some of the good features in their human resources compared to many other countries in the world. However, the poor utilization of the available resources in general and human resources, in particular, ultimately led to the failure of the Arab World in the areas of economic and human development. This, in turn, led to a decline in the ranking of the Arab countries on the scale of human development and to a high ranking on the scale of human poverty. Thus, this research paper aims at showing the manifestations of the failure of Arab human resources and identifying the reasons for this underdevelopment

32. “Indicators of Human Resource Development in the Islamic World and Ways to Improve them”:

Human beings have become the focus of the development process. Nowadays, the objective of human development has replaced that of economic development, which used to focus essentially on the provision of high levels of per capita income which allows the individual to realize his material needs. The aim of this research is to monitor the achievements of the Islamic countries in the area of human development, evaluate their efforts in this regard and reach the most important ways to support human development in Islamic countries that need to focus on.

33. “Indicators of Development in the Islamic World between Instantaneity and Sustainability”:

An Islamic government should create an environment in which many of the indicators of development can flourish in order to achieve justice between the present and future generations and preserve the environment from waste, depletion and pollution. This research paper seeks to identify the parameters of development indicators in the Islamic World, through the analysis of per capita gross domestic product, the proportion of high-tech product exports, the rate of infant mortality, the rate of illiteracy and the human development index. It also seeks to monitor the effects of globalization on development indicators in the Islamic World as well as the benefits from the writings on sustainability in the formulation of indicators of sustainable development.

34. “Manpower in the Arab Maghreb Countries: a Demographic Study”:

To be concerned with the labour force and the economic activities in the countries of the Arab Maghreb Union is a developmental issue aimed at supporting their development plans, in view of the role of manpower when used according to the possibilities of each region. Add to this the development of procedures and solutions that ensure the elimination of the difficulties which prevent the benefit from these forces and their participation in human development. This research paper aims at analyzing the characteristics of the labour force and the occupational structure of the population in these countries and their relationship with the economic activities. It estimates the size of the informal sector, the extent of its contribution to the national income and in solving the problem of unemployment. This is in addition to providing a vision of development that will help in identifying the changes that have occurred in the balance and composition of the labour force and the economic activities in the Arab Maghreb countries.

35. “World Trade Organization (WTO) and its Impact on the Arab Countries”:

The Arab countries have joined the WTO, with the hope to maximize gains and minimize losses emanating from this organization. This research paper examines the negative and positive effects of the WTO on some Arab countries in order to identify the real possibilities of making use of it, bearing in mind the presence of large development gap that separates developed countries from Arab countries.

36. “The Existing Economic Blocs and their Impact on Development”:  
The views vary concerning the definition of the concept of the term development. One is puzzled, if he tries to link these different concepts of the term between the modern and Islamic concepts. Thus, is it necessary to put oneself within the frameworks of thought put forward by others when talking about the role of Islamic banks in development? Talking about this role raises many questions. This research paper attempts to find out those questions and their answers. These include questions such as: what type of development? What is the role of the state and the banks? Where do these roles converge? and where do they diverge?
37. “A Study of the Problem of Low Level of Trade between Islamic Countries and Proposals to Deal with it”:  
This research paper provides an analytical study linking this problem to the theory of foreign trade. It discusses the availability of objective conditions for the establishment of trade between Islamic countries within the contemporary realities and the difficulties faced by the growth of trade between them.
38. “Obstacles in the Path of Sustainable Development in the Islamic World”:  
Sustainable development will not be achieved in the Muslim world before the Ummah gets rid of the obstacles that hinder its progress. This research paper deals with eight of these obstacles, in addition to explaining the concept, its impact on the status-quo of the Ummah and the most important points to overcome them. These eight obstacles are: the economic resources between wastage and good use, technological backwardness, the food gap, the weakness of economic relations in the Muslim world, unemployment in Muslim societies, corruption and its impact on society, the growing of public and private debts, obeying the instructions of others and ignoring the guidance of God Almighty.
39. “ Sustainable Development and the Ecological System in Islamic Thought”:  
The idea of sustainable development in economic and social thought was linked to the failure of development models that emerged since the industrial revolution until today. The environmental dimension has become central in the contemporary western thought on development. They see the environment as an enemy that needs to be overcome. However, on the contrary of this,

we find that Islamic thought differs in its view on the environment and man's relationship with it. This research paper aims at providing a comparison between the mechanisms of sustainable development and the nature of the relationship between man and the environment in the Western and Islamic models.

40. “ Sustainable Development in the Islamic Model ”:

Sustainable development seeks to ensure the quality of life in general, to individuals and communities through economic development, but without damaging the natural and built environment. The Holy Qur'an has pointed out through several of its verses to all that the contemporary thought has arrived at concerning the concepts of environmental change, man's vision of the environment, the limited water resources and the protection of the environment. These concepts which are derived from the Holy Qur'an could, as a whole, constitute principles to serve as a basis for sustainable development with an Islamic orientation. This research paper revolves around the clarification of these principles and concepts and their role in the formation of sustainable development.

41. “ The Dialectic of Globalization and the Cultural Specificity and their Impact on Sustainable Development ”:

Without doubt, globalization has become problematic for those who work in planning for the future of the Arab world. It requires giving serious consideration to further research and dealing with it selectively to choose what suits the uniqueness of our heritage. The Arab and Islamic countries are trying, on one hand, to recover and to survive and on the other, to advance their sustainable development, in view of the set of problems they face. Therefore, this research paper focuses on the impact of globalization on sustainable development in the Arab world within the framework of the Islamic values and the system of beliefs and ethics.

42. “ The Role of the Citizen in Development ”:

The process of development is undertaken for the benefit of the human being, and therefore the appropriate entrance to the gate of development is to take care of the human being, in terms of qualification, training and preparation, especially on the side of moral values because the economy as a whole is associated with the results of human behavior. It has been

proven that the Islamic values help in the promotion of development quantitatively and qualitatively for the good of everyone. This is what this research paper tries to explain in detail.

43. “ Islamic Values and their Role in Achieving Sustainable Development ”:  
The values held the human being and the position he takes towards nature and the resources that God provided him, determine whether he is a friend or a foe of the environment. The Islamic approach instils in human being a set of values to make him a friend of the environment, so that he improves it materially and morally. Among these values the ones that govern the economic side play a great role in achieving sustainable development. This research paper addresses a number of such values that pave the way for progress in the economic field.
44. “ Islamic Values in Economic Development ”:  
This research paper proves that the Islamic values urge Muslims to acquire wealth, invest, consume and spend through the legitimate ways. These are considered as compulsory acts of worship. These values also urge Muslims to abandon niggardliness, interest, bribery, fraud, sexual exploitation and abuse, waste, injustice, falsehood, etc.. Accordingly, the economic development in Islam becomes a force to protect the nation from poverty and need, and a dress of pride, dignity and charity.
45. “ The Values of Justice and its Impact on Sustainable Development»:  
There is a strong relationship between development and values. This paper focuses only on the value of justice and shows its impact on sustainable development as one of the key factors for any successful society. It leads to creating a sense of equality between human beings. This very important value, to be a common feature of the society, depends on the existence of development as one of the pillars of sustainable development that achieve equality in the relative distribution of income and wealth and give everyone his rights in the various transactions and negotiations in the community.
46. “ The Human Being and Development in the Light of Islam ”:  
Islam gives paramount importance to the human being and protects humanity from indecency and humiliation. It makes him the focus of the world,



the centre of events and the backbone of development and its strength. The Holy Quran has pointed out that the human being is responsible for the development in universe and investment of its resources and the establishment of security and peace there. This research paper focuses on the values of work, reason and awareness of the value of time as essential pillars for sustainable development in light of Islam.

47. “ Islamic Development Strategy ”:

This study explains the strategy of Islam in the establishment and construction of development, showing that Islam did not provide just the religion in the limited sense of the word, but the development of a realistic and comprehensive system that controls the movement of life on strong and clear bases provided by the Holy Qur’an and the Sunnah of the Prophet (pbuh). This study also demonstrates that the Islamic economic system is part of a whole interlinked and complementary system that interacts in harmony and balance with the rest of the components of the Islamic faith (ethics, acts of worship and the rest of transactions). Islam asks the human beings to develop the earth in order to achieve a good life following the kind of standards and regulations, principles and provisions that organize such development, in order to prevent the erroneous practices and realize efficient use of resources.

48. “ Development of the Islamic World in Light of the Challenges of Globalization”:

The phenomenon of economic integration is one of the most important features that characterize the international economic relations in the modern era. It shows that it is the language of interests and not of ideology that constitutes the decisive factor in the rapprochement of peoples that governs international economic relationships. This paper sheds some light on the phenomenon of globalization and its effects on different Islamic countries. It then shows the different types of economic integration and determines the best and appropriate one for the development of the Islamic world.

49. “ Management of Sustainable Development in Islamic Thought ”:

The environmental problems are the most important issues facing human

beings in the current decade. They not only threaten their lives, but also the rights of future generations for living in a healthy atmosphere in addition to securing the achievement of their living needs. Therefore, the objective of this research paper is to identify the methodology for the management of sustainable development in Islamic thought by extracting the Qur'anic knowledge on the environment and its elements and then detailing the requirements for the management of sustainable development in Islamic thought.

50. “ The Role of Media and Communication in Support of Sustainable Development Plans and their Advancement in the Muslim World ”:

The success of sustainable development plans depends on the positive participation of the media in raising awareness and education about developmental issues and policies, whereas a poor information may impede the development process. Therefore, this paper focuses on the role of the press in addressing the problems of sustainable development by looking at the Arab daily newspapers during the period from 2005 to 2007.

51. “ The Role of the Media in Achieving Sustainable Development in the Islamic World ”:

The world nowadays faces a set of problems linked to the environment, energy and resources as a result of poor human use of it. The paper focuses on determining the role played by the multi-media in order to activate the issues of sustainable development in the world in general and in the countries of the Islamic world in particular.

52. “ Elements of the Business Environment that Contribute to the Development of the Islamic World ”:

The business environment is considered to be the starting point of development. Thus the success of the development process depends on several basic elements including the political, administrative, economic, social, legal, moral, cultural, and security institutions. It also depends on the human and financial resources, equipment and appropriate technical and physical infrastructure. Accordingly, this paper aims at clarifying the role of these basic elements in contributing to the development of the Islamic World.

53. “ Facilitating Payments between Islamic Countries as a Way for the Development of Intra-Trade ”:

Despite the importance of intra-trade in addressing poverty and unemployment challenges of the Muslim world, trade between Islamic countries has fallen to less than 12% on average. This paper presents the critical and intellectual ideologies that emerged after World War II for the development of international monetary relations and facilitating payments between different countries in order to expand and develop foreign and intra trade at the bilateral, regional and international levels.

54. “ Essentials Elements for Establishment of Islamic Financial Market and Tradable Securities ”:

The financial markets play an important role in economic development by channelling savings into investments. This paper examines the need for the Islamic countries to establish Islamic financial markets and issue securities, by deliberating on the functions of these markets, their terms of transactions, their regulation and the characteristics of their products from an Islamic perspective.

55. “ The Role of Islamic Banks in Achieving Sustainable Development ”:

This paper tries to identify the role that can be played by the Islamic banks in achieving sustainable development, by their very nature and different approach compared to traditional banks. It also deliberates on the impact of this nature in the realization of sustainable development.

56. “Sustainable Development in the Islamic World in the Face of Globalization”:

Revival and activation of the institutions of zakah and waqf are essential priorities for the Muslim community to carry out the duty of development in the medium and long terms. This paper studies these two institutions for their role in the establishment of the Islamic and the Western civilizations. These two institutions can play important role in positioning the Islamic community in its right place among nations and enabling it to face the fierce onslaught of globalization.

57. “ The Private Sector NGOs – The Most Effective Form of Future Development in a Globalizing World ”:

The long and final goal of all sustainable development is to improve and develop the quality of human life and to maximize the potential of life. This is subject to a large extent to the active and positive intervention of all local, national and international bodies and civil society organizations. Nowadays, the slogan of global civil society is put forward. Accordingly, this paper shows the difference between development and sustainable development, and clarifies the role of the private sector in triggering and pushing the future of sustainable development in the Arab and Islamic worlds.

58. “ The Economic Function and the Developmental Investment of the Institution of Waqf and its Role in the Foundation of Sustainable Development ”:

Waqf projects are mainly humanitarian projects aimed at sustainable prosperity and happiness of every citizen living in the Islamic country. The Holy Qur’an has shown the relationship between the economy and the institution of waqf through the cycle of financial expenditure in private and in public, in good and in bad times. The focus of this paper is on the developmental nature of these institutions, their economic effects and impact on the community and their role in advancing sustainable development.

59. “ The Role of Zakah and Waqf in Sustainable Development ”:

This study seeks to elucidate the role that can be played by the zakah and waqf institutions in achieving sustainable development.

60. “ Sustainable Development – Some Fiqhi Rules and Criteria from the Fatawa of IslamOnline.Net ”:

The website of IslamOnline.Net provides a number of proposals that contribute to the provision of the means of sustainable development in the light of Maqasid al-Shari’ah. It has introduced a series of pages on the studies that reflect the problems and a range of appropriate solutions. It has also introduced a number of rules and criteria in its Fatawa (Islamic rulings), on how best to invest the revenues of charity and zakah. This paper presents some of the world experiences in achieving sustainable development and some of the rules and criteria provided by the website «IslamOnline.Net»

with an evaluation of these experiences and of the Islamic criteria that befit them.

61. “An Analytical Study of the Fundamentals of Zakah and its Valuation as Applied to Contemporary Economic Activities ”:

This paper presents the consensus of early and contemporary scholars specialized in the jurisprudence of zakah on the ways to prepare the levy of zakah and its valuation. It aims at devising a system of zakah applicable to the modern forms of wealth with all its components.

62. “The Islamic Awqaf During the Mamluks Era and their Role in Sustainable Development ”:

The sources of awqaf prospered greatly during the era of the Mamluks for several reasons, some of which are political, while some others are economic, social or cultural. The aim of this paper is to assess the experience of the Islamic waqf during the Mamluks era, including its advantages and disadvantages, with the view to reformulate this experience anew and take advantage of it in the present time for achieving sustainable development.

63. “Divine Revelation Basis of Waqf”:

The paper brings to fore the basis of waqf that are found in the Qur’an and Sunnah. It also explores the terms and expressions for waqf historically used in the early period of Islam as well as in its latter centuries.

64. “Expansion of the Basis of Waqf in the Holy Qur’an”:

The paper covers issues of waqf like its direction, maintenance, retention and how it can be expanded.

65. “Comparative Study of Waqf in Iranian law and Trusts in English Law»:

This research compares between waqf in Iranian legal system and Trusts in British legal system. It finds that there are similarities as well as fundamental differences between waqf and Trust.

66. “New Ways of Exploitation and Investment of Waqf”:

The paper discusses the new methods of investing and developing awqaf such as waqf of money, waqf of stocks, establishment of waqf boxes and offering bonds for waqf in addition to the old exploitation methods.

67. “Investment of Waqf Land in Malaysia: Issues and Challenges”:  
The paper provides an overview of the investment of waqf land and discusses the relevant issues and challenges faced to achieve the economic development of Muslims in Malaysia.
68. “Waqf in Singapore: Contemporary Management and Development of Waqf for the Religious, Social and Economic Development of Minority Muslims in Singapore”:  
The paper suggests changes in the administrative structure through forming a company to manage and develop awqaf assets. It also suggests changes in the financial structure by introducing sukuk, ijarah and musharakah ventures with the tenant and developer.
69. “The Revival of International Waqf Foundation – A Proposal for Global Waqf Network”:  
The paper surveys the issues of revival of waqf and proposes an International Waqf Foundation as a global network.
70. “Identifying the Reasons Behind the Underdevelopment of The Ummah: An Overview”:  
The paper attempts to identify the problems facing the Ummah in achieving its development. It lists among others some of the problems such as the lack of hard work, want of congenial leadership, outdated educational system and non-adherence to its cultural values. These factors have been hindering development.
71. “Integrating Waqf in the Comprehensive Development”:  
The paper suggests some fundamental steps that are required to be adopted for integrating the institution of waqf with the comprehensive socio-economic development process.
72. “Zakah of the Investment Funds”:  
The paper scientifically reviews the zakah subject to the investment funds from Shari’ah points of view.
73. “Shari’ah Supervision and its Role in the Developing of Islamic Financial Industry”:

The paper reviews the ways in which supervision is conducted and their effects on the development of the Islamic financial industry.

74. “Shari‘ah Objectives in Financial Transactions”:

The paper discusses all the objectives of Shari‘ah that are relevant to financial transactions.

75. “Fiqh Approaches to the Issues of Waqf for the Rules Governing Waqf”:

The paper reviews the significant fiqh issues relevant to awqaf legislation.

### 3.2.4 IRTI Lecture Series

As a part of its awareness and knowledge dissemination activity, IRTI organizes various 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 held before an invited audience, which includes a large number of scholars, researchers, academicians, social workers and diplomats.

The IDB Prize Lecture in 1429H was delivered by the winner of the previous year’s prize Professor Abdus Salam al Abadi who spoke on “Islamic Fiqh Academy: Its Contributions to Islamic Economics and Banking.” The lecture was held on Monday, 27th Shawwal 1429H (27th October 2008). In his presentation, Dr. al Abadi highlighted the efforts made by the International Islamic Fiqh Academy (IIFA) for the development of Islamic Economics and Islamic Banking and Finance. The lecture covered a brief history of the IIFA, highlighted its various researches, studies, and fatwas that were made in the field of Islamic economics, banking and finance. The lecture also elaborated the present working and future ambitions of IIFA to serve the development of Islamic economics and Islamic banking and finance.

#### IRTI Shari‘ah Lecture

Under this programme, prominent Shari'ah Scholars are invited to deliver lecture at the IDB/IRTI headquarters. Usually a major issue in Islamic economics, banking and finance will be the subject of the lecture, in which all IDB, IRTI professional staff and outside scholars available in Jeddah participate. Contacts have been made with some prominent scholars to deliver Shari'ah lectures.

IRTI Shari'ah Lecture this year was on "Dhawabet Al-Ijtihad Fi Al-Mu'amalat Al-Maliyah Al-Mu'aserah" (Parameters and Guidelines of Ijtihad in Contemporary Financial Transactions) and was delivered by Dr. Al Sadeq Abdurrahman Al Garyani on Sunday, 7th Ramadan 1429H (7th September 2008). The first part of the lecture covered the general rules of ijthihad, its types and its importance in addressing contemporary issues. The second part of the lecture was devoted to the analysis of the twenty principles upon which the school of thought of al-Imam Malik in the area of financial transactions depends.

### 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, the area of Islamic economics has lagged behind to adjust the challenge of developing Islamic economics as an academic discipline. Recently, IRTI organized a roundtable 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 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 the key institutions were organized recently and the meeting 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 on the working of this project and IRTI's Research Advisor participated in this meeting.

### 3.4. PUBLICATIONS



### 3.4.1 Journals (Islamic Economic Studies and Dirasat Iqtisadiyyah Islamiyyah 4 Volumes)

The journals Islamic Economic Studies in English and Dirasat Iqtisadiyyah Islamiyyah in Arabic are published biannually outlining the research activities in Islamic Economics, Islamic Banking and Finance. During 1429H, two issues each of the Arabic and English versions were published. A brief outline of the papers published in these journals are given below. These journals are also available on IRTI website.

#### 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 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 risks involved. The paper examines the settlement mechanisms in four selected markets: New York Stock Exchange (NYSE), Saudi Stock Market (SSM), London Metal Exchange (MLE) and Foreign Exchanges Market (FOREX). The paper concludes by exploring the future of settlement mechanisms and their implication for a range of permissible Islamic transactions in financial markets.

#### Dirasat Iqtisadiyyah Islamiyyah, Vol. 14, No. 2.

This volume was prepared, approved by the Academic Committee and sent to press. It is also available on IRTI webpage and contains the following articles and reviews:

i. *“The Viability of Economic Integration among Islamic Countries”*

This research is an attempt to answer several questions about the possibility of setting up economic integration among Islamic countries. This is done through the analysis of statistical data for the Islamic countries that have sufficient data on bilateral trade, using the Gravity Model - as a proxy measure for the assessment and analysis of trade and relations between countries. The results of the analysis show that, although there are many common links between the Islamic countries and the basic structure of a solid economic integration, the reality is far from the proper exploitation of these possibilities in favour of their integration. Based on these findings, the research proposes the need for Islamic countries to work harder together following operational procedures that have been clearly defined, if they were to achieve the desired economic integration.

ii. *“The Rules of Electronic Trading in Financial Markets as Seen by the Jurists”*

This research studies and reviews the detailed rules for trading in financial markets. It concludes that these rules fall under the overall economic policies, which constitute part of Al-Masalih Al-Mursalah (The open general interests) and thus subject to the standards of legitimacy in the consideration of those interests. The research also indicates that there are clear complementarities between the economic analysis and jurisprudence in the formulation of these rules. The economic analysis is useful in assessing the economic interests and, the jurisprudence contributes to the preference of some of the rules over the others. Thus, the design of these rules is a complex process that needs balancing the two on the way to achieve the objectives sought by the organizers of financial markets.

iii. *Book Review on “The Financial Derivatives and their Role in Risk Management and the Role of Financial Engineering in the Formulation of its Tools”*

This book review deals with the ideas set out by the author on a range of financial derivatives and the role of these derivatives in the management of investment risk. It critically reviews the views of the author, and show the most important advantages and shortcomings.

**Islamic Economic Studies, Vol. 15, No. 1.**

This volume was prepared, approved by the Academic Committee and sent to

press. It is also available on IRTI webpage and contains the following articles:

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

To explore the impact of the behaviour of a firm and its management on its stakeholders with objectives of Islamic Law (Shari'ah). Design/methodology/ approach—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 and economic system. This study suggests that making endogenous 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, policy makers and social scientists for the enhancement of the protection of 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 are not repugnant to 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, provide investors a reasonably wide choice of Shari'ah-compliant equities. The authors have reviewed and compared the norms set by three organizations. A critical and analytical assessment of the different criteria follows. 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 compliance norms.

*iii. On Corporate Social Responsibility of Islamic Financial Institutions*

This study proposes a structured definition of the social purpose of Islamic

Financial Institutions (IFIs) derived from, among other things, Islamic principles of social equity and redistributive justice. It is posited that IFIs are meant to be socially responsible for two interrelated reasons: their status as a financial institution fulfilling a collective religious obligation and their exemplary position as a financial intermediary. Specific responsibilities within this dual role are also framed allowing for a clear structured logic for IFIs to implement policies.

#### Islamic Economic Studies, Vol.15, No.2

This volume has been prepared, cleared by the academic committee and has been sent to press. This issue is also available on IRTI website and contains following articles and discussion paper:

##### (i) *Sukuk Market: Innovations and Challenges*

Sukuk products offer a vast scope of innovation and a large potential for the growth of Islamic finance. Various structures of sukuk based on ijarah, musharakah, mudarbah and many hybrids such as sukuk based on the combination of ijarah with istisna or the combination ijarah with istisna and murabahah etc., has evolved. Structures with convertibility features and those allowing the possibility of substitution of the underlying assets have also come in the market. However, these innovations have generated various Shari'ah, legal and economic issues and controversies. This paper discusses some of these important issues and challenges. Specifically, it deals with the issues of capital guarantee, contractual structures, pricing, and asset substitution in case of ijarah sukuk, musharakah sukuk, and their various forms. It also covers the issues pertaining to rating of sukuk, harmonization of Shari'ah rules, and problems involved in defining the governing law for sukuk issuance.

##### (ii) *Cost, Revenue, and Profit Efficiency of Islamic versus Conventional Banks: International Evidence Using Data Envelopment Analysis*

This paper measures and compares the cost, revenue and profit efficiency of 43 Islamic and 37 conventional banks over the period 1990 - 2005 in 21 countries using Data Envelopment Analysis. It assesses the average and overtime efficiency of those banks based on their size, age, and region using static and dynamic panels. The findings suggest that there are no significant differences between the overall efficiency results of conventional versus Islamic banks. Overall, the results

in this paper are favorable with the 'new' banking system.

*(iii) The Impact of Consolidation on Islamic Financial Services Industry*

Small asset size of Islamic Financial Institutions (IFIs) is often cited as an obstacle for further growth. Looking at the motivating factors behind consolidation wave in conventional financial markets, this paper argues that IFIs can also benefit from consolidation in several ways. Expanding the scale of operations is not sufficient but it is essential that IFIs expand the scope of their products and services to meet the challenges of domestic and international markets. An increase in scale and scope through consolidation can provide IFIs necessary threshold to justify building a solid infrastructure for new services on both sides of the balance sheet. In addition to benefits of expanding scope, consolidation can bring benefits to IFIs through diversification and through enhanced management quality as well as efficiency gains from prudent risk taking, monitoring and management. Paper concludes by discussing policy implication for policy-makers and managers before embarking on the wave of consolidation.

### 3.4.2 Proceedings of Research Seminars/Conferences

*i. 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 of enhancing micro and medium scale enterprises to 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 a compilation of the 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 during April 17 - 19, 2007. The book which was edited and approved at the end of last year was published in 1429H.

*iii. Islamic Capital Markets Products, Regulation and Development*

Islamic capital markets are among the important and growing segments of Islamic finance. These markets are experiencing inflow of innovative financial

products and receiving increased investor attention. At the same time various countries and regions competing to position themselves as financial centres are gradually amending and strengthening their regulatory framework. These developments are opening new avenues for Islamic financial markets and posing new challenges. The articles collected in this book analyze these opportunities and challenges by addressing the following three pertinent issues:

- What needs to be done to keep the innovative products, such as sukuk, stock indexes and similar other tradable financial products, Shari'ah-compliant and economically useful in broadening the risk-return choices?
- How the regulatory framework for Islamic capital markets is impacting on the operations of these markets?
- How such markets compare in their level of development across various regions?

This 2008 book, in its 20 chapters and a comprehensive introduction, provides a rich food for thought and an agenda for action to researchers and policy makers. The papers included in the book were first presented in the International Conference on 'Islamic Capital Markets Products, Regulation and Development' held in Jakarta, Indonesia during August 27 - 29, 2007.

### 3.4.3 Abstracts of Publications

During 1429H, IRTI published various research papers and monographs and publications related to research. In addition, a number of publications are in the pipeline. A brief description of some research papers published in 1429H is given below.

#### *i. The Islamic Vision of Development in Light of Maqasid al-Shari'ah*

The paper addresses the above subject and its theme is summarized here. Islam came as a great blessing for mankind. For this purpose alone, the Prophet (pbuh) was sent to mankind (al-Qur'an, 21:107). Islam aims to promote falah, the real well-being of the people on earth irrespective of their race, colour, 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 can not 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 and which may not be associated with the rise in income. Economists do not discuss these needs because they are not quantifiable as they are only value judgments. 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.

*ii. International Financial Crises: Can Islamic Finance help minimize the frequency and severity of such crises in the future?*

Prepared for presentation at the Forum on the Global Financial Crisis held in the IDB on 25 October 2008. The paper tries to determine the primary cause or causes of the financial crises that have plagued almost every country around the

world over the last three decades. Of particular significance are the 1998 LTCM breakdown and the prevailing subprime mortgage crisis in the United States which is more severe than any in the past and has had devastating spillover effects worldwide. It argues that one of the major causes of these crises is the lack of adequate market discipline in the financial system. This leads to excessive lending, high leverage and ultimately the crisis. Unwinding gives rise to a vicious cycle of selling that feeds on itself and leads to a steep decline in asset prices accompanied by bank failures and economic slowdown. Risk-sharing along with the availability of credit for primarily the purchase of real goods and services and restrictions on the sale of debt, short sales, excessive uncertainty (gharar), and gambling (qimar), which Islamic finance stands for, can help inject greater discipline into the system and, thereby, substantially reduce financial instability.

*iii. Role of Microfinance in Poverty Alleviation: Lessons from Experiences in Selected IDB Member Countries*

Please see section 3.2.1 for details on this research publication.

*iv. Role of State Intervention in Economic Growth: Taxation (in Arabic)*

### 3.5. DISTANCE LEARNING COURSES

In the Distance Learning Programme (DLP), IRTI is using the Global Development & Learning Network (GDLN) which is a worldwide partnership of Distance Learning Centres (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's DL is an active node in a global network of training centres through 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 1429H, IRTI conducted the 7th and 8th Distance Learning Courses on Introduction to Islamic Finance – Fall Semester 2008 and An Intermediate Course in Islamic Economics – Spring Semester 2008. Four basic affiliated institutions



participated in the Programme, namely; International Institute of Islamic Economics of the International Islamic University (IIU), Pakistan, Imam Ouzai University, Lebanon, Imam Sadiq University, Iran, and Markfield Institute of Higher Education, UK. Moreover, another four academic institutions from Kuwait, Iran and Indonesia are likely to participate during next semester.

In addition to the above regular courses, a number of specialized external lecturers were also organized during 1429H either from IDB Headquarters or from other international locations of the network. Also, IRTI has updated the distance learning prospectus which projects the objectives, direction and the content of future courses. The updated prospectus was distributed to a number of academic institutions around the globe.

**7th Distance Learning Course – Fall 2008**  
**Introduction to Islamic Finance**

No.	Lecture	Lecturer	Date
1	<p style="text-align: center;"><i>:Riba and Gharar</i></p> <p>1. <i>Riba</i> : What is implied by <i>riba al-nasi'ah</i> and <i>riba al-fadl</i>: the implications of these for Islamic finance.</p> <p>2. <i>Gharar</i> : its meaning and implications for Islamic finance.</p>	Dr. Anas Zarqa	11-3-2008
2	The <i>Maqasid al-Shari'ah</i> and the role of the financial system in realizing them.	Dr. Umer Chapra, IRTI	18-3-2008
3	The rationale behind the prohibition of <i>riba</i>	Dr. Umer Chapra, IRTI	25-3-2008
4	Modes and principles of Islamic finance	Dr. Salman Syed Ali, IRTI	1-4-2008
5	Risks in the Islamic modes of financing and the methods available for their management	Dr. Mohammed Obaidallah, IRTI	8-4-2008
6	Capital adequacy in Islamic banks	Dr. Tariqullah Khan, IRTI	15-4-2008
7	Corporate governance, transparency and market discipline in Islamic banks	Dr. Habib Ahmed, NCB	22-4-2008
8	Shari'ah auditing: between the ideal and reality	Dr. Shahul Hameed, Malaysia	29-4-2008
9	Introduction to Islamic finance	Dr. Sami Al-Suwailem, IRTI	6-5-2008
10	Panel discussion		13-5-2008

**8th Distance Learning Course: Spring 2008**  
**An Intermediate Course in Islamic Economics**

No.	Lecture	Lecturer	Date
1	Microeconomics within the Islamic Framework	Dr. Aslam Haneef	7-10-2008
2	Macroeconomics within Islamic Framework	Dr. Syed Tahir, IIIE IIU	14-10-2008
3	The role, objectives and instruments of the government to help realize the <i>Maqasid al-Shari'ah</i> in an Islamic economy	Dr. Umer Chapra, IRTI	21-10-2008
4	Wealth creation and wealth management in an Islamic economy	Dr. Munawar Iqbal, IIU	28-10-2008
5	The role and regulation of stock exchange in an Islamic economy: How can Islam help in reducing volatility in the stock market?	Dr. Mohammed Obaidullah, IRTI	4-11-2008
6	Promoting employment and minimizing unemployment in a Islamic economy	Dr. Seif I. Tag el-Din, MIHE	18-11-2008
7	Recent trends in economic discipline and their relevance to Islamic economics	Dr. Sami Al-Suwailam, IRTI	25-11-2008
8	1. Simulation in Islamic economics 2. Decision under uncertainty in Islamic economics	Dr. Sami Al-Suwailam, IRTI	2-12-2008
9	Problems faced by Muslim countries and the role of Islamic economics in solving them	Prof. Khurshid Ahmed	16-12-2008

### 3.6. CONFERENCES AND SEMINARS

IRTI organizes various research conferences, seminars and 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 1429H is given below:

#### *i. International Symposium on Islamic Finance Education (IFES 2008)*

Human Resources and the institutional mechanisms to continuously develop them further are the backbone for a strong and evolving Islamic financial sector. The progress and development of Islamic financial sector will heavily depend on the knowledge and skill set of this inalienable human capital. Another factor, which is, the knowledge and Islamic financial literacy of the users of Islamic finance will also count very much in the development of this sector as this is expected to determine its general direction and momentum of growth.

For this purpose the “Islamic Finance Education Symposium (IFES) 2008” was held in Kuala Lumpur from 22 to 23 Rabi Thani 1429H (28 to 29 April 2008). It was jointly organized by IRTI and IIUM Institute of Islamic Banking and Finance (IiIBF). The symposium was a specialized activity organized with the view to engage educators, teachers, trainers, and practitioners of Islamic finance and obtain their assessment of future needs of human resource (HR) requirements in Islamic financial services industry (IFSI) and get suggestions on potential policy initiatives at macro, meso and micro levels. That is, at the level of governments, professional bodies and associations, and education and training institutions. The symposium was well attended on both days by more than 80 expert participants comprising of practitioners from the industry as well as educators and trainers from leading international and local institutions involved in education and training of Islamic finance. Five papers, which were pre-commissioned on a well defined outline, and eleven case studies of various education and training programmes were presented.

#### *ii. Seminar on Islamic Finance, Banking and Insurance*

It was the first seminar of this nature held in Kazan, Tatarstan on 1 - 2 Jumad

Thani 1429H (5 - 6 June 2008) in collaboration with Innovation Finance Consultant (IFC) Linova, Tatarstan. The programme was composed of workshop and a seminar that was attended by a diverse group of government officials, businessmen, financial experts and students from the host country as well as officials from other countries of the CIS region. Six invited speakers provided orientation on principles and practices of Islamic finance and takaful.

*iii. The 7th International Conference on Islamic Economics and Finance*

This was the seventh conference in a series of conferences organized under this title since 1976. The previous six conferences were held respectively in Makkah, Islamabad, Kuala Lumpur, Loughborough, Bahrain, and Jakarta. The seventh conference was held in Jeddah during 1 -3 April 2008 in collaboration with the International Association of Islamic Economics (IAIE), IERC King Abdulaziz University, and IRTI. Its theme was “Thirty Years of Research in Islamic Economics: Solutions and Applications for Contemporary Economic Issues”. More than 45 papers in English and Arabic languages were presented and discussed during the conference.

*iv. Islamic Financial Sector Forum 2008 (Human Capital Development Challenges and Initiatives)*

The Forum has held on 27 Jumad Awwal 1429H (1st June 2008) in collaboration with CIBAFI and in conjunction with IDB Annual Meetings. It was attended by over 200 participants. It discussed the current state and future needs of human capital in Islamic finance. (For details please see Chapter 2, Section 2.6.2 and Box-2).

*v. IDB Forum on the Impact of Global Financial Crisis on Islamic Financial Industry*

In the context of the recent financial crisis the Forum held on 25 Shawwal 1429H (October 25, 2008) in IDB Headquarters, Jeddah gathered Islamic financial institutions, academics and policy makers from different countries to discuss the challenges and opportunities facing Islamic finance. It was attended by over 140 participants. The Forum also issued a communiqué and decided on future actions. (For details see Chapter 2, Section 2.6.1 and Box-1).

*vi. Orientation Workshop and Research Seminar on Asset-based and Mortgage-based Securities from Islamic Perspective*

The current global financial crisis demonstrates the fragility of interest based system and the bad characteristics of its financial products. Islamic financial system and the related products offer a better and more stable alternate solution by prohibiting interest and interest-based products along with its emphasis on certain rules for trade, guidelines for governance and promotion of ethical values. Mortgage based securities, *ijarah sukuk*, and other products of the Islamic system are expected to be free from the kinds of problems posed by conventional asset-based securities such as MBSs, CDSs, CDOs and CLOs.

With this thesis, Islamic Research and Training Institute along with MIHE organized a two-part programme (a) an orientation workshop and (b) a research seminar on “Asset-Based and Mortgage-Based Financial Products from An Islamic Perspective.” The programme was held in London during 8 - 10 Shawwal 1428H (10 -12 November 2008) and was organized in collaboration with Markfield Institute of Higher Education (MIHE), and the Islamic Foundation UK.

The purpose of the workshop was to educate the interested audience while the objective of the seminar was to generate new knowledge in this field. The orientation workshop consisting of 10 sessions delivered by 7 prominent speakers from the field was attended by more than 40 participants comprising of local as well as international delegates. These include, students from various universities in the UK, finance professionals in London, and interested members of NGOs. The research seminar was attended by over 100 participants. The inaugural session was addressed by a local minister, a shadow minister, some members of the parliament, and Muslim community leaders along with the Deputy Director of IRTI. The academic session included six papers and presentations, while the practitioners’ session comprised of presentations from four Islamic financial institutions operating in UK.

*vii. Islamic Economics Banking Insurance and Finance Seminar for Southern Africa*

The seminar was held in Durban, South Africa from 17 to 19 Dhul Qa’dah 1429H (15 - 17 November 2008) in collaboration with Islamic Dawah Movement. The objective

of this three-day seminar was to provide a good understanding of Islamic finance and its issues to the businesses and NGOs working in southern African countries and also to orient the policy makers in South Africa with the concepts and practices of Islamic economics and finance. It comprised of 12 sessions conducted by seven international experts together with some local resource persons. These sessions combined the theory and practice to cover the basic concepts of Islamic economics, finance, case studies of its practices in different countries, regulatory frameworks of financial sectors in South Africa and India, and the future prospects of Islamic finance. A large number of participants from South Africa and surrounding countries attended the seminar.

*viii. International Conference on “Sustaining Development in Muslim World: Challenges of Globalization”*

It was held in Cairo, Egypt in collaboration with the Islamic Universities League (Egypt) and Saleh Kamel Centre for Islamic Economics (Egypt) from 12 -14/05/ 1429H (17 -19 /05/ 08).

*ix. Conference on “Investment of Awqaf Properties”*

It was held in collaboration with the Institution of Awqaf and the Affairs of the Minors, United Arab Emirates, on 26 - 28 /01 /1429H (04 - 06 /02/ 08).

*x. International seminar on “Awqaf and Globalization”*

The seminar was held in Kuwait in collaboration of Kuwait Awqaf Public Foundation and University of Zayed, UAE from 07 to 09 /04 /1429H(13 - 15/ 04 /08).

*xi. Iran International “Waqf and Islamic Civilization” Conference*

It was held in Isfahan with the cooperation of Organization of Awqaf and Charitable Affairs, Iran on 12 - 13 Nov. 2008.

*xii. International Seminar on “Cooperative Insurance through Awqaf”*

The conference took place in collaboration with the Department of Fiqh and Usul, International Islamic University, Malaysia and Kuwait Awqaf Public Foundation. It was held in Kuala Lumpur, Malaysia from 26 to 28 Safar 1429H ( 04 - 06 / 03 / 2008).

*xiii. Workshop on “The Role of Zakah and Awqaf in Alleviation of Poverty”*

Held in Mauritania in cooperation with Kuwait Awqaf Public Foundation and the National Organization for Awqaf, Mauritania during 21- 26 / 03 1429H ( 29 / 03 -03 / 04 / 08).

*xiv. Forum on “Legal Texts Governing Waqf and Zakah”*

The Forum was held in Mauritania with the cooperation of Kuwait Awqaf Public Foundation and the National Organization for Awqaf, Mauritania during 21- 26 / 03 29H ( 29 / 03 - 03 / 04 / 08).

*xv. International Conference on “Islamic Financial Services”*

Held in Tripoli, Libya in collaboration with the Academy for Higher Studies and the Centre for Studies, Libya during (29 06 -01 / 07 /2008).

*xvi. Workshop on “Finalizing the Rules Governing Awqaf”*

Organized in cooperation with Saleh Kamel Centre for Islamic Economics, Al-Azhar University, Egypt during 26- 27 / 07 / 1429H ( 29 - 30 / 07 / 08 ).

*xvii. Seminar on Finalizing Laws Governing Awqaf*

Organized at IDB Headquarters, Jeddah, in collaboration with Kuwait Awqaf Public Foundation during 05 - 06 / 11 / 1429H ( 03 /04 /11 / 08 ).

*xviii. Symposium on the Development of the Information Sectors in Arab Countries*

IRTI and the Arab Industrial and Mining Organization (AIDMO) conducted the Symposium on the Development of Information Sector in Arab Countries in Rabat, Morocco in October 2008. The main theme of the Symposium was “Industrial Information for Competition, Sharing and Investment”. More than 15 papers were presented during the Symposium where 45 persons attended from 16 countries. The countries attended were Jordan, United Arab Emirates, Algeria, Saudi Arabia, Sudan, Syria, Oman, Palestine, Kuwait, Lebanon, Libya, Egypt, Morocco, Mauritania and Yemen.

### **3.7. MOBILIZATION OF EXTERNAL EXPERTISE**

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



### 3.7.1 Encouragement and Promotion Programme

The objective of this programme is to promote such academic activities and efforts which are considered essential for the achievement of the purpose of the Bank 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 Programme

Within the framework of its Encouragement and Promotion Programme, IRTI has a scheme to support PhD programmes in Islamic economics, banking and finance. This scheme aims at providing partial financial support to PhD scholars. During 1429H an internal review of the scholarship programme was conducted to increase the efficiency of the selection process and enhance the impact of the programme. The recommendations for improvements have been sent to the management for final approval.

### 3.7.3 Visiting Scholars' Programme

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



ISLAMIC RESEARCH AND TRAINING INSTITUTE

# 4

## 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 programmes that enable the use of this knowledge in various fields. The application of knowledge is done by organizing conferences, workshops and training programmes 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 THE DEVELOPMENT OF 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 preparation of a Compilation Guide for Prudential and Structural Islamic Finance Indicators and creation of an 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) to prepare comprehensive guidelines prepared as “Compilation Guide on Prudential and Structural Islamic Finance Indicators” (PIFD). These are expected to strengthen the stability of IFSI, support the development of prudential standards, promote IFIS as vehicles of economic development, and increase transparency and market share of IFSI.

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 has been allocated as a grant. The money 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 to formulate an adequate legal and regulatory framework and conduct financial policies and operations in the areas of Islamic banking and finance.

During 1429H, under the framework of this LoU, the National Bank (Central Bank) of the Kyrgyz Republic (NBKR) became the first entity to receive capacity building services towards regulatory and legal reforms in order to foster Islamic banking and financial services. A joint team of IMF, IFSB and AOIFI visited the Kyrgyz Republic from February 4 to 15, 2008 which took stock of the situation and made assessments of the needs. In this exploratory visit identification of the functional areas and some recommendations were made pertaining to (i) the need for legal framework, (ii) regulations, (iii) Shari'ah oversight, (iv) accounting methods, and (v) supervisory framework. In order to develop a separate supervisory framework for Islamic banks and implement these recommendations future actions were also planned. This is an ongoing project for which IRTI gives top priority as a pilot effort. Further work on this TA project was hanging on a pending adoption of appropriate legal framework for Islamic banking by Kyrgyz Republic. Now that some laws have been amended or new ones introduced, therefore, this TA project will be carried out at a faster pace. It will also be used to educate the regulators on Islamic banking.

In addition, and as part of Technical Assistance from IDB for the development of Islamic banking, IRTI facilitated the search and selection of an Islamic banking expert from Malaysia who was sent on a three-month assignment to help a conventional bank in Kyrgyz Republic to transform into an Islamic bank. The expert provided help for the conversion by training bank's staff and providing onsite advice and consultancy service.

#### 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 1429H, AAOIFI released a draft of Shari'ah Standards for consultation and public hearing. These

standards will be adopted after due consultation and discussion process. The Institute also participated in the 21st Shari'ah Council meeting of AAOIFI held on 05- 08 / 02 / 1429 H ( 12- 15 / 02 / 2008).

2. Islamic Financial Services Board (IFSB): In addition to participating in the Technical Committee of the IFSB, during 1429H IRTI has taken part in the following activities of IFSB:

(i) "Technical Note on Issues in Strengthening Liquidity Management of IIFS: 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. A comprehensive report was prepared and released in March 2008 on the subject. The report surveys the existing practices of liquidity management by IIFS in various countries. It also covers practices and infrastructure for monetary policy operations, public debt management, and payment and settlement systems. The report concludes with several recommendations for the development of Islamic money markets at national levels.

(ii) Development of the exposure draft on "Guiding Principles on Governance for Islamic Insurance (Takaful) Operations" which has been released for consultation and public comments.

(iii) Development of exposure draft on "Guiding Principles on Shari'ah Governance System" which has been released for consultation and public comments.

(iv) 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 in Karachi, Pakistan. Twenty two papers were finalized for presentation to the conference. However, due to security situation in the country the conference could not be held. Negotiations are underway to finalize a new venue.

(v) IRTI participated in the organization of the 13th IFSB Council meeting held in Dubai, UAE on 29th October 2008.

(vi) 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 formed and two working groups - one each for Human Capital Development and Islamic Microfinance Development - have been established. The two institutions are working on the implementation of a work plan for these two areas.

3. General 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 10 Jumad Awwal 1428H (27 May 2007) addressing the issues of Islamic Microfinance Development. During 1429H the third IFSD Forum was organized on the theme of «Human Capital Development» for the Islamic financial services industry. It was held in conjunction with the IDB Annual meeting in Jeddah during June 2008.

4. 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.

#### 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 transferring applied knowledge in this field, IRTI has conducted the following training programmes in IDB Member Countries.

##### *i. Course on “Administrative and Basic Skills for Public Relation Charity Institutions and Activities”, Kuwait*

This course was conducted in Arabic language in Kuwait in collaboration with Kuwait Awqaf Public Foundation on 11 - 15 / 01 / 1429H ( 20 - 24 / 01 / 2008). It was a regional course attended by 44 participants who were either working in the voluntary sector or in the government institutions dealing with voluntary activities. The main objective of the course was to develop expertise of participants in the area of public relations and social programmes.



*ii. Course on “Sukuk and their Applications in Islamic Banking”, Indonesia*

This regional course conducted in English language was held in Jakarta, Indonesia on 12- 15 / 01 / 1429H ( 21 - 24 / 01 / 2008). It was organized in collaboration with the Muamalat Institute of Bank Muamalat Indonesia. The course was structured for middle-level bankers and officials working in Ministry of Finance, Central Bank of Indonesia and other financial institutions operating in Indonesia. The main objectives of the course were to (i) investigate the origins and Shari’ah foundations of sukuk (ii) to explain the role and importance of sukuk as sources of financing development projects as well as corporations (iii) study the role that sukuk may play in developing the capital market in 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. A total of 44 participants benefited from this course which also included two members of the Indonesian Parliament.

*iii. Course on “Sukuk as Sources of Financing Development Projects”, IDB Headquarters, Jeddah*

It was organized at IDB Headquarters, Jeddah and delivered in English language. It was an internal fee-based course organized in collaboration with the Human Capital Development Department of IDB on 09 - 13 / 02 / 1429H ( 16 -20 / 02 /2008 ). The course was formulated exclusively for the staff of IDB Group to provide them with the knowledge and understanding of structuring and uses of sukuk. The course was attended by 31 participants from the different departments of IDB.

*iv. Course on “Principles of Shari’ah-compliant Banking Operations” Saudi Arabia*

This was a fee-based local course conducted in English in Jeddah on 08 - 09 / 03 /1429H ( 16 - 17 / 03 / 2008G) in collaboration with the Management and Financial Training Centre, Saudi Arabia. It was designed for bankers and professionals and financial analysts and businessmen based in Jeddah. Attended by 15 participants, the course covered the basics of Islamic banking, banking operations, Islamic modes of finance, and case studies of investment portfolios based on Islamic finance.

*v. Course on “Zakah and Awqaf for Poverty Alleviation”, Mauritania*

This regional course was conducted in Arabic in Nouakchott, Mauritania. It was organized in collaboration with the Awqaf Foundation, Mauritania and Awqaf Public Foundation, Kuwait during 08 - 13 / 03 / 1429H ( 16 - 21 / 03 / 2008). The course was structured for the officials working in the field of zakah and awqaf to familiarize them with the modern techniques of zakah and awqaf management and using them as instruments for poverty alleviation. A total of 28 participants benefited from this course.

*vi. Course on “ Development of Islamic Financial Products” Saudi Arabia*

This local fee-based course, offered in Arabic, was conducted in Riyadh on 14 - 16 / 03 /1429 H (22 - 24 / 03 /2008) in collaboration with the Institute of Banking, SAMA, Saudi Arabia. The course was designed especially for bankers working for local Saudi Banks. It covered Islamic banking operations, Islamic financial product development and their uses in financing of projects and working capital for businesses. It was attended by 10 participants from different banks and private companies.

*vii. Course on “Principles and Practices of Islamic Economics and Banking”, Azerbaijan*

This regional course was held in Baku, Azerbaijan and conducted in Russian language with simultaneous translation in English. Organized in collaboration with the Azerbaijan State Economic University (ASEU) during 01 - 05 /04 / 1429H ( 07 - 11 / 04 /2008) the course was designed to familiarize the participants with the main concepts and tools of Islamic economics and banking and its differences from conventional banking. The programme was attended by 32 participants.

*viii. Course on “Islamic Finance”, Senegal*

The course was organized in French in Dakar, Senegal. It was a regional course organized in collaboration with the Ministry of Economy and Finance, Senegal and Islamic Financial Services Board (IFSB) during 08 -09 / 04 /1429H ( 14 - 15 / 04 /2008). The course was structured for bankers working in IDB member countries in

the francophone zone. About 150 participants benefited from this course.

*ix. Course on “Management and Investment of Awqaf Properties”, Sudan*

This regional course was organized in Arabic in Khartoum, Sudan in collaboration with the Islamic Endowment Corporation, Ministry of Guidance, Sudan and Awqaf Public Foundation, Kuwait during 28 /04 - 03 /05 /1429H ( 04 -08 / 05 / 2008). The targeted audience for the course was officials working in awqaf institutions in IDB member countries. The course helped participants learn modern methods of management and investment of awqaf properties. The course was attended by 41 participants.

*x. Course on “ Principles of Islamic Finance” Saudi Arabia*

This local fee-based course was organized in English in Jeddah, Saudi Arabia on 14- 15 / 05 / 1429 H (19- 20 / 05 /2008G) in collaboration with the Saudi British Bank (SABB), Saudi Arabia. It was designed for SABB’s executives and senior staff mainly from the Corporate Department. It introduced to participants the rules governing riba, gharar and exchange, and helped them learn about Islamic financial instruments and their applications. Twelve participants attended this course.

*xi. Course on “ Regulation and Supervision of Islamic Banks ” Indonesia*

This regional level course was organized in English in Jakarta, Indonesia on 14- 18 / 05 /1429H (19 - 23 /05 /2008) in collaboration with the South East Asian Central Banks, Research and Training Centre (SEACEN), Malaysia and the Central Bank of Indonesia. 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 and banks. The course allowed them to learn about the nature and mechanisms of Islamic banking supervision, investigate their similarities and differences from conventional banking regulatory arrangements, and explore the experiences of some countries in this field. It was attended by 42 participants from IDB member countries and from SEACEN member countries.

*xii. Course on “ Islamic Modes of Finances: Principles and Applications” Saudi Arabia*

This fee-based local course was conducted in English in Jeddah, Saudi Arabia on 19 - 21 /05 /1429H (24 - 26 /05 /2008G) in collaboration with the Management and Financial Training Centre, Saudi Arabia. The course was designed for junior staff of banks that are offering Islamic financial services. It covered the basics of Shari'ah relating to banking transactions and compared them to conventional banking practices. It discussed mechanisms to finance various economic activities in the public and private sectors and examined the experiences in Islamic project financing. Fifteen participants attended the course.

*xiii. Course on “Shari’ah Standards for Islamic Financial Institutions”, Syria*

It was a local course offered in Arabic in Damascus, Syria on 20 - 24 / 05 / 1429H (25- 29 / 05 / 2008) in collaboration with the Central Bank of Syria. The course was designed for the officials working in the central and commercial banking. It aimed to familiarize the participants with the AAOIFI Shari'ah Standards and the extent of their compliance by Islamic banking and financial institutions. Twenty-seven participants attended the course.

*xiv. Course on “Hedging in Islamic Finance” Saudi Arabia*

Held in Riyadh on 24 - 25 /06 /1429H (28 - 29 /05/ 2008G) in collaboration with Jadwa Investment Company, Saudi Arabia, it was a fee-based local course conducted in English. The course was designed for senior managers and executive officers from Jadwa to help increase their understanding of Shari'ah foundations of banking operations. It covered Shari'ah compliant methods of deposit mobilization and resource allocation as well as the uses and implications of Islamic financial products for project and corporate financing. Sixteen officials participated.

*xv. Course on “Management of Resources of Zakah and Awqaf as tools for Poverty Alleviation”, Burkina Faso*

The course was organized in Ouagadougou, Burkina Faso in French. It was a local course organized in collaboration with the University of Ouagadougou during 20 - 24 /10 / 1429H (20 - 24 /10 /2008). It was structured for government officials and NGO members involved in welfare and development projects. It was attended by 30 participants.

*xvi. Course on “Assets and Liabilities Management in Islamic Banks”, Syria*

It was a local course organized in Arabic in Damascus, Syria on 22 -26 /12//1429H (20 - 24 /12/ 2008) in collaboration with the Central Bank of Syria. Twenty two commercial bankers and executives as well as the central banking supervisors attended the course.

*xvii. Course on “ Principles of Islamic Finance” Saudi Arabia*

This fee-based local course conducted in English and held in Riyadh on 24 - 25 /12/ 1429H (22- 23 / 12 / 2008G) in collaboration with the Saudi British Bank (SABB) was the repetition of the course mentioned under No.x, which was previously held in Jeddah. It was attended by 11 executives and senior staff of SABB.



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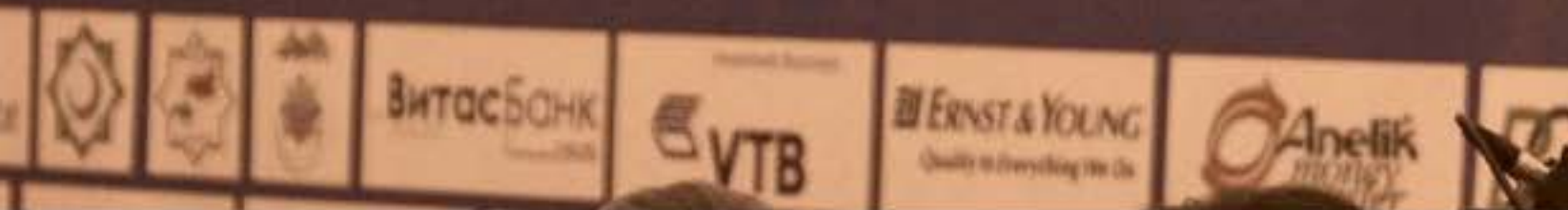
# 5

## CHAPTER 5 CAPACITY BUILDING

ANNUAL REPORT 1429H (2008)

17-18 марта  
Москва 2009

# Исламский Банк



# ИНГ: специфика и перспективы





**5.1. INTRODUCTION**

IRTI provides training opportunities to staff engaged in development activities in IDB member countries with a view to contribute to the development of human capital, which is vital to capacity building and socio-economic progress of those countries. Being aware of the changing nature of the challenges facing the economies of member countries – for example the recent global financial volatilities - IRTI is continuously striving to diversify the contents of its courses in order to ensure their consistency with evolving training needs. For this purpose it periodically gets in touch with IDB member countries to identify their training needs. Furthermore, special emphasis is being placed on training programmes in the areas of Islamic Economics and Banking, Private Sector Development, Human Capital Development and Macro Economic Policies with focus on poverty alleviation. Special attention is being given to programmes 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 on 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 the 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 programme, IRTI has organized 45 workshops with these four Centres. During 1429H the following 3 training programmes were organized:

- i. Workshop on “ Integration of ICT and Pedagogy to Enhance Teaching-Learning”, Bangladesh

This regional workshop was organized in Dhaka, Bangladesh on 17- 21 / 11 / 1429 ( 15 - 19 / 11 / 2008) in collaboration with the Islamic University of Technology (IUT). The objective of the workshop was to enable participants to exchange ideas on various modes of e-learning and know about the role of ICT in distance education. 15 participants benefited from this workshop.

ii. Workshop on “Software Project Management : Emerging Issues”, Bangladesh

This regional workshop was organized in Dhaka, Bangladesh on 24- 28 / 11 / 1429 (22 - 26 / 11 / 2008) in collaboration with the Islamic University of Technology (IUT). The objective of the workshop was to enable participants to learn about how to guide the development team through the entire software project, increase overall productivity of the software projects and use tools, techniques and common practices related to software projects. 13 participants benefited from this workshop.

iii. Workshop on “Electricity the most Preferred Form of Energy: Need, Accessibility and Sustainability”, Bangladesh

This regional workshop was organized in Dhaka, Bangladesh on 22 - 26/ 12 / 1429H (20 - 24 / 12 / 2008) in collaboration with the Islamic University of Technology (IUT). The objective of the workshop was to highlight and discuss key electricity related issues, so that weaknesses in planning and management of the electrical power sector can be identified. 25 participants benefited from this 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 mostly come from private sector institutions.

Following the initiative to organize fee-based training programmes in collaboration with the reputed Institutions of IDB Member Countries, IRTI has successfully organized 37 fee-based training programmes since its inception. During

1429H, 8 fee-based training programmes 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 courses 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 “Principles of Shari’ah-compliant Banking Operations”, Jeddah, Saudi Arabia (For brief report please see Chapter 4)
- iii. Course on “ Development of Islamic Financial Products”, Riyadh, Saudi Arabia (For brief report please see Chapter 4)
- iv. Course on “ Principles of Islamic Finance”, Jeddah, Saudi Arabia (For brief report please see Chapter 4)
- v. Course on “Islamic Modes of Finances: Principles and Applications”, Jeddah, Saudi Arabia (For brief report please see Chapter 4)
- vi. Course on “ Hedging in Islamic Finance”, Riyadh, Saudi Arabia (For brief report please see Chapter 4)
- vii. Course on “Poverty Reduction: Concepts and Methodologies”, IDB Headquarters

The course was organized at IDB Headquarters, Jeddah as an internal fee-based course organized in collaboration with the Human Capital Development Department (HCDD) of IDB during 10 - 14 / 11 / 1429H ( 08 - 12 / 11 / 2008G). All participants were IDB staff. Main objective of the course was to (i) elaborate various concepts of poverty reduction (ii) examine the causes of poverty and its magnitude in IDB Member Countries, and (iii) assess policies and strategies designed and adopted to alleviate poverty.

- viii. Course on “Principles of Islamic Finance”, Riyadh Saudi Arabia (For brief report please see Chapter 4)

### 5.3.2 Regular Training Programmes

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. During 1429H, 25 regular courses were implemented. Brief details of which are mentioned below.

- i. Course on “Administrative and Basic Skills for Public Relation Charity Institutions and Activities”, Kuwait (For brief report please see Chapter 4)
- ii. Course on “Sukuk and their Applications in Islamic Banking”, Indonesia (For brief report please see Chapter 4)
- iii. Course on “Financing Small and Medium Enterprises”, Benin

This was a regional course organized in Cotonou, Republic of Benin from 12 - 16 / 01 / 1429 H (21 - 25 / 01 / 2008 ) in collaboration with the Ministry of Development, Economy and Finance, Benin. The course was designed for senior officials working in financial institutions, banks and Ministries of Economic & Social Development and Finance. The primary objectives of the course were to familiarize the participants with the main concepts and tools of microfinance and provide them with/develop micro financing mechanisms adapted to their needs. 22 participants attended this course.

- iv. Course on “Successful Experiences of some Charitable Organizations – Empirical Cases”, Kuwait

The course was organized in Kuwait City, Kuwait in collaboration with Kuwait Awqaf Public Foundation on 10 - 14 / 02 / 1429H (17 - 21 / 02 / 2008). It was a regional course developed for the professional staff working in the volunteering sector. The main objective of the course was to develop capacity of participants so that they would be able to know the main factors of the successful NGOs, and identify the challenging factors which affect performance of NGOs. 24 participants benefited from this course.

- v. Course on “Financing Small Businesses”, Turkey

This was a regional course organized in Ankara, Turkey on 25 - 29 / 02 / 1429H

(03 - 07 / 03 / 2008) 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. The main objective of the course was 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) study pertinent models developed by KOSGEB. 15 participants attended this course.

vi. Course on “ Project Management”, Egypt

The course was organized in Cairo, Egypt in collaboration with the Egypt Banking Institute (EBI), Egypt during 07 - 11 / 03 / 1429H (15 - 19 / 03 / 2008). The course was structured for project managers of small enterprises from some IDB Member Countries. The main objective of the course was to get participants familiar with the methodology used in project management and risk assessment. 20 participants benefited from this regional course.

vii. Course on “ Zakah and Awqaf for Poverty Alleviation”, Mauritania (For brief report please see Chapter 4)

viii. Course on “Principles and Practices of Islamic Economics and Banking”, Azerbaijan (For brief report please see Chapter 4)

ix. Course on “Islamic Finance”, Senegal (For brief report please see Chapter4)

x. Course on “Financing Small and Medium Enterprises”, Tunisia

This was a regional course organized in Tunis, Tunisia in collaboration with the Agence Tunisiene de Cooperation Technique, Tunisia during the period from 08 - 12 / 04 /1429 H (14 - 18 / 04 / 2008). The course was structured for senior officials working in financial Institutions, banks and ministries of economic & social development and finance. Main objective of the course was to promote and develop financing mechanisms of SMEs, designed to meet the needs of the participating countries. 22

attended this course.

xi. Course on “Public Private Partnership (PPP) as Modality for Financing Infrastructure Projects in IDB Member Countries ”, Egypt

The course was conducted in Cairo, Egypt on 14 - 18 / 04 / 1429H (20 - 24 / 04 / 2008) in collaboration with the Institute of National Planning, Egypt. As a regional course, it was meant for officials working in government institutions who are regularly engaged in financing and establishment of infrastructure projects in IDB Member Countries through PPP modality, especially those who work in projects relating to energy, water, transport and telecommunication sectors. The main objective of the course was to (i) introduce participants to the public private partnership principles and the different versions of PPP uses today for the establishment of infrastructure projects, and (ii) to expose the participants to documentation and contractual aspects of the PPP modality. The course was attended by 25 participants.

xii. Course on “Management and Investment of Awqaf Properties”, Sudan (For brief report please see Chapter 4)

xiii. Course on “Sukuk and their Applications in Islamic Banking”, Indonesia (For brief report please see Chapter 4)

xiv. Course on “Professional Development and Management of Awqaf”, Singapore

The course was organized in Singapore in collaboration with Majlis Ulama Islam Singapore (MUIS) and Awqaf Public Foundation, Kuwait on 15 - 17 / 05 / 1429 H (20 - 22 / 05 / 2008). As a regional course, it was designed for middle level executives working for waqf foundations, policy-makers, especially those in the ministries of finance, religious affairs or government departments concerned with social affairs in IDB Member Countries. The main objectives of the course were to (i) discuss Shari’ah principles relating to waqf and economic and financial theories which address concepts similar to waqf like trust and charity concepts in the conventional economics (ii) compare and contrast the Islamic religious waqf institutions with conventional charitable organizations, and (iii) build capacity of staff working in waqf institutions to

invent development models for these institutions. 37 participants benefited from this course.

xv. Course on “Corporate Governance”, Egypt

The course was organized in Cairo, Egypt in collaboration with the Saleh Kamel Centre for Islamic Economics, Egypt during 20 - 24 / 05 / 1429H ( 25 - 29 / 05 / 2008). As a regional course, the targeted audience for the course was officials working in government institutions especially those who are in-charge of compliance and anti-corruption departments. The objectives of the course were to (i) give introduction on basic concepts of corporate governance, its importance and applications (ii) discuss corporate governance with an Islamic perspective, and (iii) address ethical, accounting and other aspects of corporate governance. 37 attended this course.

xvi. Course on “Shari’ah Standards for Islamic Financial Institutions”, Syria (For brief report please see Chapter 4)

xvii. Course on “Privatization Techniques and Policies ”, Uzbekistan

The course was organized in Tashkent, Uzbekistan in collaboration with the Centre for Development in foreign Economic Relations (CFPDFER), Uzbekistan during 05 - 09 / 06 / 1429H (09 - 13 / 06 / 2008 ). As a regional course, it was designed for senior management/executives who are working in public enterprises likely to be privatized in the near future. The main idea of the course was to familiarize the participants with the different techniques of privatization of public corporations and provide them with better understanding of the objectives of privatization and enhance their awareness and understanding of the reforms needed to support the privatization process. 30 participants benefited from this course.

xviii. Course on “Public Private Partnership (PPP) System as a Modality for financing Infrastructure projects”, Bangladesh

The course was conducted in Dhaka, Bangladesh on 09 - 13 / 1429H (10 - 14 / 08 / 2008 ) in collaboration with the Board of Investment, Bangladesh. The course was regional and meant for middle and senior-level managers and executives working

in infrastructure projects in some of the IDB Member Countries. The main objective of the Course was to 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 IDB Member Countries' situations in particular, and study the main elements of PPP contracts and differences between PPP contracts and other contracts. The course was attended by 41 people.

xix. Course on "Corporate Governance and Its Applications in Islamic Financial Institutions", Jordan

The course was organized in Amman, Jordan in collaboration with the Institute of Banking Studies, Jordan during 19 - 23 / 10 / 1429H (19 - 23 / 10 / 2008 ). It was a regional course that targeted the middle and senior level managers and executives working in financial institutions and banks. The objectives of the course were to allow participants to learn about theoretical background and applications of corporate governance as a concept and investigate relevance of corporate governance to Islamic finance. 32 attended this course.

xx. Course on "Management of Resources of Zakah and Awqaf as tool for Poverty Alleviation", Burkina Faso (For brief report pleas see Chapter 4)

xxi. Course on "Project Evaluation and Follow-up ", Jordan

This regional course was organized in Amman, Jordan in collaboration with the National Institute of Training, Jordan during 26 - 30 / 10 / 1429H (26 - 30 / 10 / 2008). The course was structured for participants from government institutions who work for government departments related to project implementation and follow-up in IDB Member Countries. The objectives of the course were to give participants an idea about the principles of project evaluation and follow-up and allow them to know about ways and means of improving project performance and the process of project evaluation. 23 people attended this course.

xxii. Course on "Financing and Management of Small and Medium Enterprises , Egypt

This regional course was conducted in Cairo, Egypt on 10 - 15 / 11 / 1429H (



08 - 13 / 11 / 2008 ) in collaboration with the Institute of National Planning, Egypt. It was meant for officials working in government institutions especially those who work in the area of launching, financing and managing SMEs in IDB Member Countries. The main objective of the Course was to allow participants to know about financial problems and managerial issues of the SMEs and to expose participants to useful experiences in the field of SME financing and management. 39 people attended the course..

xxiii. Course on “Volunteering and Development of the Social Capital for the Welfare of Diverse Social Strata and Contribution to the Sustainable Community Development”, Kuwait

The course was organized in Kuwait in collaboration with Kuwait Awqaf Public Foundation during 18 - 22 / 11 / 1429( 16 - 20 / 11 /2008). It was a regional course that targeted those who work for NGOs and other charitable organizations in IDB Member Countries. The objectives of the course were to teach participants the principles and basics that regulate the volunteering activities in general and the deprived section of the society in particular, and to address issues relating to the ways and means of integrating deprived section into main stream of the society. 16 people attended this course.

xxiv. Course on “Assets and Liabilities Management in Islamic Banks”, Syria (For brief report please see Chapter 4)

xxv. Course on “Privatization Techniques and Policies”, Sudan

The course was organized in Khartoum, Sudan in collaboration with Ministry of Finance and National Economy, Sudan on 23 - 27 / 12 / 1429H ( 21 - 25 / 12 /2008 ). It was a regional course conducted for the benefit of government officials, project managers, lawyers and academicians who are concerned with privatization policies and procedures in IDB Member Countries. The main objective of the Course was to expose the participants to the relevant and appropriate principles that guide privatization in IDB Member Countries and examine specific case studies in order to learn lessons from these experiences. 24 participants benefited from this course.

#### 5.4. THE REGIONAL INTEGRATED TRAINING PROGRAMME ON FEASIBILITY STUDIES, INDUSTRIAL PROJECTS APPRAISAL AND COMFAR APPLICATIONS

Jointly with Arab Industrial Development & Mining Organization (AIDMO), United Nations Industrial Development Organization (UNIDO) and Ministry of Commerce and Industry, Oman, IRTI implemented this two-week training programme in Salalah, Oman in August 2008. This programme covered six main themes namely introduction of the feasibility study for industrial projects, the project cycle, market studies, technical aspects of the feasibility study, identifying the project's location, social and economic evaluation of the industrial projects, as well as, the financial analysis of industrial projects, and practical framework of the COMFAR Application. The programme materials, senior experts and distributed software have satisfied the urgent needs of Industrial Ministries and Agencies in the Arab region.

This training programme is designed for middle and senior level executives engaged in market analysis, financial analysis, industrial investment, and preparation of professional feasibility studies of industrial projects. The course's approach was very empirical and focused on real case studies



ISLAMIC RESEARCH AND TRAINING INSTITUTE

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CHAPTER 6

INFORMATION AND KNOWLEDGE  
RESOURCES

ANNUAL REPORT 1429H (2008)







## CHAPTER 6 INFORMATION AND KNOWLEDGE RESOURCES

### 6.1. INTRODUCTION

Information and knowledge are essential for the development of any organization and, thus, are valuable resources. Unlike natural resources, information and knowledge are resources that are not depleted as they are used. They rather increase in value as they are used and re-used to create applied 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 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 focuses on establishing and operating databases and information systems, publishing various publications both in hard copies and e-format, and supporting IRTI portals.

In the past few years, IRTI has launched its Distance Learning Programme after realizing that Distance Learning (DL) is cost-effective, affordable, saves time, and produces measurable results and being more cost effective than traditional learning. It is currently being enhanced to become a full E-learning Virtual University capable of delivering various courses and degrees in Islamic Economics and Islamic Banking & Finance and a certificate in Islamic Finance jointly with well-established academic institutions in the area. Hence, for this reason an MoU was signed between the International Knowledge University (IKU) and IRTI to transfer e-learning technology

to IRTI and to let IRTI conduct its e-learning programme transparently using the IKU system.

In an effort to create a global image of IRTI as a knowledge institution by promoting and marketing IRTI products and services., IRTI hired an international consultant to develop a marketing strategy to market IRTI products and services based on latest technologies and marketing trends.

In addition, IRTI is coordinating and supporting the holding of international conferences in the area of information, knowledge dissemination and ICT jointly with OIC and 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 about Islamic Banks and Financial Institutions (IBISonline.net). IBIS is a leader data provider in Islamic finance. This database, developed in collaboration with Central Banks and various institutions, provides relevant information to academics, research and industry professionals. It strives to increase awareness, promote products of Islamic banking & finance, assist research projects and direct their development.

IBIS hosts a comprehensive set of databases about Islamic banks, takaful companies, and Islamic funds, with tools for online analysis, customized reports and data download, including full financial statements, rating and ownership information. Financial data is collected and stored starting from the year 1990. It also includes a Shari'ah databank on Islamic Financial Institutions (IFIs) and a glossary of Islamic economic terms, a Who's Who database, a specialized collection of Islamic economics and banking literature, and news about IFIs. It also highlights recent research activities conducted by IRTI and future trends.

During 1429H, data collection and entry for all modules continued to be an ongoing activity with special attention given to filling of the data gaps and rapid completion of the backlog. Also, two specialized systems were added to IBIS: 1) An



encyclopaedia on Islamic Financial Products in Fiqh, containing fiqh resources for financial products and instruments that are relevant for the Islamic financial industry covering all areas of financial dealings, including for-profit and non-profit activities. It is collected from classical sources of the early ages of the Islamic civilization, covering the major schools of fiqh, with a total of 14 main resources comprising 71 volumes.

2) An e-Submission system that captures research initiatives by soliciting top quality research papers in Islamic finance and banking with direct storage and retrieval via the IBIS website on the Internet.

### 6.2.2 Awqaf Databank System

The waqf databank project was conceived by IRTI on the basis 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 a 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 1429H. The ADDBS was published and made accessible to public. The Awqaf Databank will be a gateway for more than 60,000 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 to serve as a heritage for Muslim experts in the world.

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 of around 3000 scientists/experts where the database is still growing. In addition, the website has hyperlinks to similar databanks and S&T centres 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 the media such as CD or DVD which can be distributed charging fees to interested individuals and organizations for income generation in future following IDB regulations and procedures.

During 1429H, the IDB Database on the Experts (IDBDE) system was successfully developed, installed, and configured in the IRTI local network. After the completion of intensive performance and functional testing, the IDBDE will be available on the net for the public to access in early 1430H.

### BOX-3 : A STRATEGY TO MARKET IRTI PRODUCTS

A diverse Task Force from IRTI and IDB Group was established to study IRTI marketing needs and consequently a Request for Proposal (RFP) was developed and sent to a number of local, regional and international marketing companies seeking offers to develop a strategy to market IRTI products. Subsequently, IRTI hired Strategy Consulting Limited (SCL), UK for this purpose.

#### MAIN ITEMS OF THE RFP

1. Analysis of Current Situation of IRTI Products and Marketing processes
2. Create and Populate a database for IRTI Customers (current and potential)
3. Implement Marketing Strategy for IRTI Products
4. Action Plan for the Marketing Strategy
5. Implementation Requirements
6. Customer Relations Strategy and Plan
7. Feed Back Policy

In light of the above, two experts from SCL visited IDB/IRTI in November 2008 to collect basic information and ingredients for the development of a marketing strategy. In doing so, the experts met with H.E. the President, IDB Group, the Vice President (CRS), Acting Director, IRTI and all members of the Task Force. During the visit, the experts came to the following findings:

- Full understanding of the internal issues such as:
  - IRTI customers and clients
  - IRTI divisions, units and activities
  - Conducting SWOT analysis
  - IRTI culture and its brand values
  - IRTI and IDB Group structure
  - The 7 Ps related (people, products, processes, places, physical evidence, principles, protection)
- IRTI strategic direction:
  - To increase self-financing by 2020 to a high per cent
  - Discover main links between IDB Group and IRTI
- The Marketing Strategy will be structured in its output for quick wins and long term implementation

## 6.3. WEB-BASED RESOURCES

### 6.3.1 New IRTI Portal

As part of the IDB Group Portal Project, IRTI has recently launched its new English Portal containing up-to-date information and extra features than its previous website. 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 recent and most informative. During 1429H, IRTI has added new features to its English Portal. Visitors Survey, Photo Gallery, Biographies and online Job Application module are some of the newly added features to the English Portal.

As a further step to boost its cyber web capabilities, IRTI is completing the final touches to release the Arabic and French versions of IRTI Portal. IRTI is currently reviewing the two portals as a whole in preparation for launching them. 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 tasks in order to fulfil this endeavour. The address of the IRTI Portal is [www.irti.org](http://www.irti.org).

### 6.3.2 IRTI Publication Management System (IRTI PMS)

One of the main pillars of IRTI is its research in the areas of Islamic economics and Islamic Banking & Finance. These researches are published regularly for sale, distribution and exchange. IRTI now makes its publications available both in paper and electronic form. To increase the distribution and sales of its publications IRTI has developed a comprehensive web portal. The IRTI publications 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 IRTI publications and 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
- 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 has been made 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.

During 1429, the IRTI research journal "Islamic Economic Studies" (English version) was digitized, catalogued and made available on IRTI web site. During the same time, all the issues of the IRTI research journal in Arabic language "al-Dirasat al-Islamiyyah" were sent for digitization. Once digitized, they will be catalogued and will be made available on IRTI web site. At present, full-text of around 77% of all IRTI publications in the three languages is available in e-format through IRTI PMS. Its interface is also accessible 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 has been heavily used where about 130,000 Arabic, 165,000 English and 32,000 French users visited the site last year.

Further necessary steps have been taken during 1429H to expand the current IRTI PMS towards transforming it into a total-solution for IRTI Publications 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](http://www.irtipms.org). During the course of launching the system on the Internet, the system was also registered with major search engines such as Google, Yahoo, Alta vista and MSN Search.

### 6.3.3 IRTI Newsletter

To increase the awareness of the IDB Group staff about the activities undertaken by IRTI, a regular Online Newsletter is published on the local Intranet in the second week of each Hijrah month. The Newsletter has been designed as a web-enabled system which can also keep track of the back issues and is supplied with a full text search engine to search various activities and issues. It contains news and events, visits of delegations, lectures, seminars, conferences, workshops, publications, research papers, training programmes and information provided through applications developed by IRTI and other IRTI activities.

During 1429H, 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 and units. Future plans exist to further improve its design, add an interactive interface for posting reader comments and making the news letter available also in the print form for mailing to other institutions.

### 6.3.4 Marketing IRTI Products

During 1429H, IRTI continued implementing the project of marketing IRTI products. A diverse Task Force from various IRTI divisions, units and IDB Group

was established earlier and met a number of times to set the basic guidelines, strategy and develop an RFP to develop a marketing strategy to market IRTI products. The RFP was sent to a number of local, regional and international marketing companies seeking their proposals to develop a marketing strategy. Consequently, Strategy Consulting Limited (SCL) UK was selected to be the external consultant to work jointly with IRTI to develop the marketing strategy and action plan 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. Two experts from SCL visited IDB/IRTI to collect basic information and ingredients for the marketing strategy. The consultants assured that the marketing strategy would be ready by February 2009.





ISLAMIC RESEARCH AND TRAINING INSTITUTE

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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, 29 personalities and institutions have been awarded this Prize (Box-4). The Prize includes a citation acknowledging the contribution of the laureate and a cash award of Islamic Dinars 30,000 (approximately US\$ 40,000).

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

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

Islamic Economics

1. Prof. Khurshid Ahmad, 1408H (1988)
2. Dr. M. Umar Chapra, 1409H (1989)
3. Dr. M. Anas Zarfqa, 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, 1427H (2007)

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, 1426H (2006)
11. Sheikh Mohammed Mukhtar Al Salami and Sheikh Abdullah Bin Sulaiman Al Manee', 1428H (2008)

IRTI is responsible for the 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 from the different member countries of the IDB in addition to the Director of IRTI and the Director of the Economic Policy and Statistics Department of IDB. The implementation of IDB Prize includes various types of activities such as making wide scale publicity 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.

IDB Prize in Islamic Banking & Finance for the year 1428H was implemented and awarded jointly to Sheikh Mohammed Mukhtar Al Salami from the Republic of Tunisia and Sheikh Abdullah Bin Sulaiman Al Manee' from the Kingdom of Saudi Arabia. The award of IDB Prize in Islamic Banking & Finance for the year 1429H was re-dated by the Management to unify its date with all other prizes awarded by the IDB. The prize awarding process is under implementation.

## 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 the Promotion of Trade Among OIC Member Countries” to be awarded annually. 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 Kingdom of Saudi Arabia supported the Fund with US\$ 500,000. The process of screening and selection for the very first prize of this kind was implemented in 1428H and the prize was awarded to Malaysia External Trade Development Corporation (MATRADE). IDB Prize for the Promotion of Trade Among OIC Member Countries for the year 1429H was re-dated by the Management to 1430H in order to unify it with the date of other prizes awarded by the IDB.



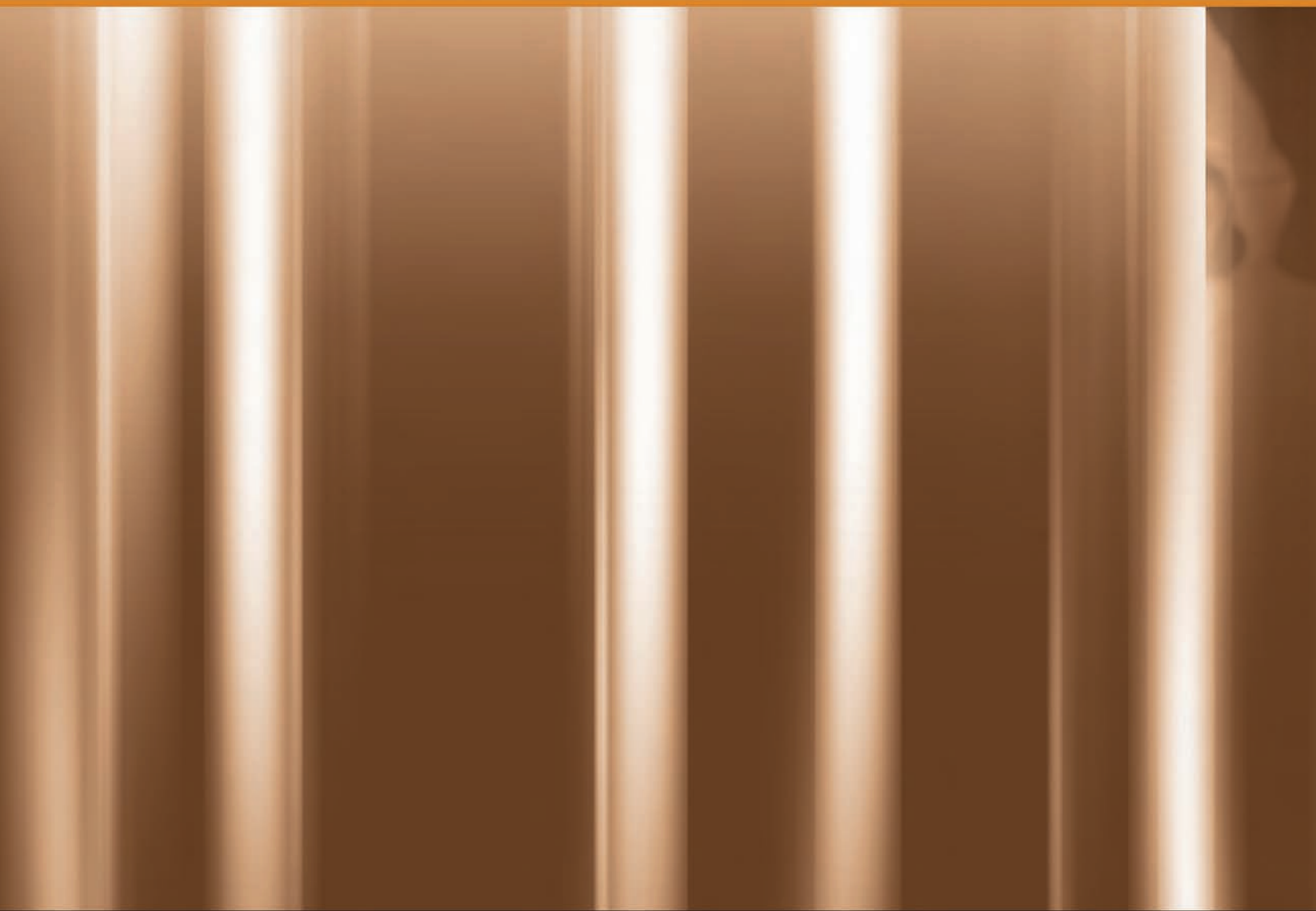
ISLAMIC RESEARCH AND TRAINING INSTITUTE

8

CHAPTER 8

IRTI INSTITUTIONAL DEVELOPMENT

ANNUAL REPORT 1429H (2008)







### 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 1429H are given below.

### 8.2. STRENGTHENING IRTI

#### 8.2.1 Organizational and Visionary Changes

Efforts in strengthening IRTI as a member of the IDB Group continued during 1429H and the Board of Executive Directors approved the amended Statute of IRTI. The amended Statute has enhanced the position of the Director IRTI to that of a Director General and has provided for 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 initiatives in its strategic thrust areas.

Keeping in view of these important changes and reform initiatives, IRTI continued with reorganization and consultations with the reform consultants on the future institutional development of IRTI.

#### 8.2.2 Improvements in IT Network for Distance Learning and Data Resources

IRTI has been offering a series of distance learning courses in Islamic economics and finance in collaboration with various universities. The courses are delivered through Global Distance Learning Network (GDLN). In order to increase the effectiveness and outreach of the distance learning courses (DLCs) it has been decided to convert them from the current Distance Learning based format to E-Learning based programme. Necessary steps have been taken during 1429H to make the conversion possible. Preparations are underway to transform DLCs into Islamic Economics and Finance Learning Network (IEFLN), and the Islamic Banks Information System into Islamic Economics and Finance Research Network (IEFRN).

### 8.2.3 IRTI Publications System Enhancements

IRTI Publications Unit is responsible for acquiring the contents and manuscripts for IRTI publications, developing their print design, and following with local Presses for their printing. The publication process also involves some reviewing and editing of the contents before sending them to the Press. Enhancements on the activities and processes of the IRTI publications are taking place every year including their integration with IRTI Online Publication Management System. This system keeps all published material in electronic format accurately, timely, in updated form, making them available at one secured hyper place. During 1429, IRTI published 9 English and 6 Arabic publications, in addition to the Journal of Islamic Economics in Arabic and English. Also a number of old publications have been re-printed as they had gone out of print.

Following enhancements and improvements are being made in the publications process:

- Enhance computer programmes used to prepare the material for publication.
- Enhance the technical outlook of all IRTI publications.
- Enhance printing work 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.

### 8.2.4 Marketing of IRTI Products

IRTI's output in the form of its various research publications, training programmes, courses, consultancy services, ideas and a variety of activities towards the development of Islamic economics and finance are under marketed as compared to its potential. In order to enhance the marketing of IRTI products, services of a commercial marketing consultancy firm have been hired to survey and advise on an appropriate marketing strategy.

### 8.2.5 Human Resource Development

During 1429H the following changes in the staff and their assignments took place: A new Director General of IRTI has been nominated by the President. He

is expected to take charge of the Institute early next year. During this year, seven new professional staff and one new general staff members joined IRTI, while one professional staff member moved to IDB, and one professional and three general staff members retired. This year the Deputy Director also took charge of Division Chief, Islamic Economics Cooperation Division, a post that had become vacant since the retirement of a senior staff member last year.

As part of human capital development several staff members of IRTI attended various training courses offered by the Human Resource Department of IDB.

### 8.3. 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 to the Vision 1440H exercise of the IDB Group by participating in various Technical Teams, and taking part in the workshops organized by the Strategic Planning Office of the IDB Group (SPOG). IRTI actively participated in preparing concept papers for different Quick Wins of the IDB Vision 1440H such as the ones prepared on International Zakah Foundation, Islamic Financial Services Industry and Capacity Building. It also contributed to the IDB Reform Technical Committee. Under the umbrella of the Programme Implementation Committee (PIC) for the Quick Wins chaired by Vice President (Operations), IRTI is also an active member of the Quick Win Islamic Leadership Development Programme.

During 1429H, IRTI continued to contribute in various ongoing and new activities of IDB, some of these are listed below:

IRTI professionals contributed to IDB Group Reform by participating in a series of workshops and helping in identifying and designing principles and frameworks proposed for IDB Group Reform.

Islamic Leadership Development Programme (ILDLP) which is an important quick win initiative of IDB was handed over to IRTI during 1429H for coordination and implementation. The objective of ILDP is to support the development of a continuous supply of competent and committed leadership resources that are required to help bring about the transformation of the Ummah as envisioned in the IDB 1440H Vision. A new team comprising ten members from various departments of IDB under the lead

role of IRTI has been constituted to oversee the implementation of the tasks assigned on a regular basis and in accordance with a scheduled road map.

IRTI has nominated three of its professional staff members in the Thematic Teams for the IDB Group reform implementation Phase-1. They participated in (i) Thematic Team on Comprehensive Human Development and Poverty Reduction and (ii) Thematic Team on Islamic Financial Services Industry. These teams are contributing to the overall strategic goals of IDB Group. The first team works to set out good strategies which will allow member countries to reduce their rates of poverty and increase their levels of development. The second team works to strengthen IDB's position as a global leader for innovation in Islamic finance industry and to seed the structured transformation/assimilation of Islamic finance globally through applied research and taking initiatives towards the development of enabling environment, financial instruments, resilient financial institutions and human capital.

IRTI staff contributed to IDB Shari'ah Council Meeting on the issue of Charging Commission on the Letter of Guarantee held on 14th Jamada II 1429H (18 / 06 / 2008) at the IDB Headquarters. It also organized a workshop on alternatives to LIBOR and participated in various other forums concerned with issues faced by IDB in its financing and treasury management along Islamic principles. The Institute offers consulting services to other departments of IDB to help them resolve practical Shari'ah related issues or develop Shari'ah compliant financial products. IRTI has MoU's with ICD in this regard. It also responds to the queries with respect to Shari'ah related matters from the IDB Management, provides presentation on issues related to Islamic banking for the IDB Shari'ah Council, and attends the council's meetings as an observer. IRTI continued its cooperation in extending help to Country Operations Departments of IDB from time to time.

The Information Centre in IRTI provides extracted information from the available databases as per requests and inquiries received from many IDB Departments, in support of their daily activities. The Centre supplies all kinds of IRTI publications both in hard and soft formats to various IRTI Departments and IDB Group members on a frequent basis. In addition, IRTI senior professionals are members on most of the technical IT, ICT4D and Science and Technology Committees and Task Forces within IDB Group.

IRTI contributed to the Task Force on 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. Besides this, IRTI also helped in Special Assistance Review Committee (SARC) held by Special Assistance Office to review the projects of the SPO. It also provided help to the Office of Scholarship Programmes by participating in their Executive and Sub-Committee meetings.

#### 8.4. 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 at technical and informatical levels. Accordingly, IRTI and KAPF have started to implement the detailed plan of the first and then second phase of the project. Going according to the project time schedule will depend mainly on the cooperation of the countries involved in this phase.

IRTI also has working relationships and MoUs with various universities and training institutions focusing on cooperation in research and its dissemination as well as designing and implementation of training programmes related to the development of Islamic economics and finance. It also closely works with the other infrastructure institutions responsible for the development of Islamic finance services industry such as AAOIFI, CIBAFI, IFSB, IIFM, LMC etc. The nature and details of this cooperation have been covered in Chapters 2 to 6 of this report.

Moreover, IRTI stays in contact with SESRTCIC, Ankara; ICCI, Karachi; ICDT, Casablanca and IUT, Dhaka, the four OIC affiliated institutions to identify new topics for training and implements them under the Task Force on Training Programme (Preparing the Ummah for the 21st Century). In addition, IRTI Training Division maintains regular cooperation 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.

- v. Management and Financial Training Centre, Jeddah, Saudi Arabia
- vi. Kuwait Awqaf Public Foundation, Kuwait
- vii. Bait Al Zakat, Kuwait
- viii. Egyptian Institute of Banking, Cairo, Egypt
- ix. The Professionals Institute, Jeddah
- x. Saudi British Bank (SABB), Saudi Arabia
- xi. Jadwa Investment Company, Saudi Arabia
- xii. The Institute of National Planning, Egypt

Cooperation with these outside institutions focuses basically on designing and implementation of training programmes, mainly for the development of Islamic financial Industry.

IRTI 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. IRTI and AIDMO are also organizing the 4th Arab Conference on Industrial Information & Networks, the COMFAR Training Programme which is held annually, and the Symposium on Industrial Information Sector which is held biannually. (2) Kuwait Awqaf Public Foundation (KAPF), Kuwait, where a consultancy contract was signed thereby IRTI Information Centre has become an external consultant for the development and implementation of the Awqaf Databank; and (3) Multimedia Development Corporation (MDeC), Malaysia, where work is being conducted to update the Guidelines for National IT Strategy and release of its second version. In addition, it has established links with United Nations Industrial Development Organization (UNIDO) which is a co-organizer with IRTI for the COMFAR Training Programme.

**APPENDIX**  
**SUMMARY OF ACTIVITIES OF DIFFERENT DIVISIONS**  
**AND UNITS WITHIN IRTI DURING 1429H**  
**ISLAMIC ECONOMICS, COOPERATION AND**  
**DEVELOPMENT DIVISION**

I. Seminars/Conferences/Forums/Workshops				
No.	Events	Collaborating Agency	Venue	Date
1	Conference on "Investment of <i>Awqaf</i> Properties"	Institution of Awqaf and the Affairs of the Minors, UAE	Dubai, UAE	26-28/01/'29H (04-06/02/'08)
2	International Seminar on "Cooperative Insurance through <i>Awqaf</i> "	Dept. of <i>Fiqh</i> and <i>Usul</i> , International Islamic University, Malaysia and Kuwait Awqaf Public Foundation	Kuala Lumpur, Malaysia	26-28/02/'29H (04-06/03/'08)
3	Workshop on "The Role of <i>Zakah</i> and <i>Awqaf</i> in Alleviation of Poverty"	Kuwait Awqaf Public Foundation and the National Organization for Awqaf, Mauritania	Nouakchott, Mauritania	21-26/03/'29H (29/03-3/04/'08).
4	Workshop on the Administration and Development of <i>Awqaf</i> Properties"	Kuwait Awqaf Public Foundation, Sudan Awqaf Organization of the Ministry of Guidance and Awqaf, Govt. of Sudan	Khartoum, Sudan	28/04-03/05/29 (04-08/05/'08)
5	International seminar on " <i>Awqaf</i> and Globalization"	Kuwait Awqaf Public Foundation and University of Zayed, UAE	Kuwait	07-09/04/'29H (13-15/04/'08)
6	International Conference on Sustaining Development in Muslim World: Challenges of Globalization	Islamic Universities League (Egypt) and Saleh Kamel Centre (Egypt)	Cairo, Egypt	12-14/05/'29H (17-19/05/'08)
7	International Conference on "Islamic Financial Services"	The Academy for Higher Studies and the Centre for Studies, Tripoli, Libya	Tripoli, Libya	05-06 /11/'29H (03/04/11/'08)
8	Iran International <i>Waqf</i> and Islamic Civilization Conference	Organization of Awqaf and Charitable Affairs, Iran	Isfahan, Iran	14-15/11/'29H (12-13/11/'08)

II. Presentations at Seminars/ Conferences/Workshops			
No.	Paper/Presentation	Venue	Date
1.	Presentation on Investing the <i>Awqaf</i> Properties: <i>Fiqhi</i> and Economic Perspectives in the International Conference on "Investment of <i>Awqaf</i> Properties"	Dubai, UAE	26-28/01/'29H (04-06/02/'08)
2.	Presentation on "the Issues in the Legislation of Shari'ah in the Forum on "Legal Texts Governing <i>Waqf</i> and <i>Zakah</i> "	Nouakchott, Mauritania	21-26/03/'29H (29/03-3/04/'08)
3.	Presentation on "The Fundamentals of <i>Awqaf</i> " in the Workshop on "The Role of <i>Zakah</i> and <i>Awqaf</i> in the Alleviation of Poverty"	Nouakchott, Mauritania	21-26/03/'29H (29/03-3/04/'08)
4.	Presentation on "IDB Experiences in the Administration and Development of <i>Awqaf</i> Properties" in a workshop on the subject.	Khartoum, Sudan	28/04-03/05/29 (04-08/05/'08)
5.	Presentation on "Shari'ah Supervision in Islamic Banks" in the International Conference on Islamic Financial Services	Tripoli, Libya	05-06 /11/'29H (03/04/11/'08)
III. Lectures in Training Programmes			
No.	Lectures	Venue	Date
1.	Lecture on "Charging Commission on the Letter of Guarantee" in the Meeting of IDB Shari'ah Council	IDB Headquarters	14/06/29H (18/06/08)



**ACTIVITIES OF  
ISLAMIC BANKING AND FINANCE DIVISION DURING 1429H  
I. CONFERENCES/SEMINARS/WORKSHOPS**

No.	ACTIVITY	COLLABORATING AGENCY	VENUE	STATUS
1.	The 7 <sup>th</sup> International Conference on Islamic Economics and Finance	KAAU, Jeddah	KAAU	Held during April 2008
2.	International Symposium on Islamic Finance Education (IFES 2008)	IIUM Institute of Islamic Banking and Finance: Kuala Lumpur, Malaysia.	Kuala Lumpur, Malaysia	Held during 22-23 Rabi Thani 1429H (28-29 April 2008)
3.	Islamic Financial Sector Forum 2008 (Human Capital Development Challenges and Initiatives)	CIBAFI, Bahrain	Jeddah, KSA	Held on 27 Jumad Awwal 1429H (1 <sup>st</sup> June 2008)
4.	Seminar on Islamic Finance/Islamic Economics	Innovation Finance Consultant (IFC) Linova, Tatarstan	Kazan, Tatarstan	Held during 1-2 Jumad Thani 1429H (5-6 June 2008)
5.	IDB Forum on the Impact of Global Financial Crisis on Islamic Financial Industry	IDB Headquarters, Jeddah	Jeddah, KSA	Held on 25 Shawwal 1429H (October 25, 2008)
6.	Third International Conference on Islamic Banking and Finance, Risk Management, Regulation and Supervision, Karachi, Pakistan	State Bank of Pakistan (SBP)	Karachi, Pakistan	29 papers selected, all preparations completed but programme cancelled by SBP
7.	Orientation Workshop and Research Seminar on <Assets Based and Mortgage-Based Financial Products from an Islamic Perspective>	Islamic Foundation, UK	Leicester, UK	Held during 8-10 Shawwal 1429H (10-12 November 2008)
8.	4 <sup>th</sup> Seminar on Islamic Economics, Banking and Finance in South Africa	Islamic Dawah Movement, South Africa	Durban, South Africa	Held during 17-19 Dhul Qa' dah 1429H (15-17 November 2008)

No.	ACTIVITY	COLLABORATING AGENCY	VENUE	STATUS
9.	Workshop on Islamic Financial Products	Faculty of Islamic Studies Qatar Foundation	Doha, Qatar	Held on October 29, 2008

## II. ISLAMIC FINANCIAL SERVICES INDUSTRY DEVELOPMENT INITIATIVES

1. Ten-Year Master Plan Framework (TYMPF) Document in association with IFSB and other Stakeholders. The TYMPF is now under implementation process and the initial focus has been on two areas: (a) Enhancing financial inclusion through development of microfinance services; (b) Human capital development.

2. Thematic team on Islamic financial industry development: Two professionals staff of IBFD-IRTI are working in developing the IDB three-year strategic plan for the development of Islamic financial services industry in the framework of the thematic teams. The team also comprises other professionals from IDB Group entities.

3. Islamic Financial Services Industry Development (IFSI): Medium-term framework and sub-programmes within 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

This was a 3-year project that started in May, 2005. The project was completed this year and published in Arabic language. Based on the project a Wiki-based programme is being initiated for enhancing education in product development as well as to promote product development in general.

## IV. ISLAMIC BANKING INFORMATION SYSTEM (IBIS)

IBIS is an online portal providing comprehensive information and financial data about Islamic banks and financial institutions. During 1429H data collection and its entry in all modules was accelerated to overcome the backlog. IBIS also provides a repository of research papers in Islamic economics and finance. New features have been added to the system in 1429H to handle e-submission of papers.

## V. DIRASAT IQTISADIYYAH ISLAMIIYAH

Vol. 14 No. 1 - In Press.

## VI. ISLAMIC ECONOMIC STUDIES

Vol. 14, No. 1 & 2 – In Press.

Vo.15, No.1 and 2 – In Press.

## VII. RESEARCH

1. “Role of Microfinance in Poverty Alleviation: Lessons from Selected IDB Member Countries”
2. “Nature and Importance of Social Responsibility of Islamic Banks”
3. “Framework and Strategies for Development of Human Capital in Islamic Economics and Finance”
4. “Development of Early Warning Systems for Islamic Finance”
5. “Trade Potential and Cooperation among IDB Member Countries”
6. “Innovation and Authenticity in Islamic Finance”
7. “The Maqasid al-Shari‘ah and the Role of the Financial System in their Realization”
8. “International Financial Crises: Can Islamic Finance Help Minimize the Frequency and Severity of such Crises in the Future?”

## 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) - Published.

## VIII. LECTURES AND PRESENTATIONS OF STAFF

No.	Activity	Collaborating Agency	Venue	Date
1.	Risk in Islamic Modes of Financing and Methods Available for their Mitigation	Distance Learning Centre	IDB HQ, Jeddah, Saudi Arabia	2 <sup>nd</sup> Rabi Thani 1429H (April 08, 2008)
2.	Corporate Governance in Islamic Financial Institutions	Distance Learning Centre	IDB HQ, Jeddah, Saudi Arabia	16 Rabi Thani 1429H (April 22, 2008)
3.	Challenges in Human Resource Development in Islamic Finance	Indonesian Banking Development Institute	Jakarta, Indonesia	21 Jumad Thani 1429H (June 25, 2008)
4.	A Primer on Sukuk Products for Sovereign Issuers	Delegation of Indonesian Parliamentarians and Ministry of Finance	IDB HQ, Jeddah, Saudi Arabia	24 Shaban 1429H (25 August 2008)
5.	Role and Regulation of Stock Exchange in an Islamic Economy	Distance Learning Centre	IDB HQ, Jeddah, Saudi Arabia	21 Shawwal 1429H (October 21, 2008)
6.	AAOIFI Accounting and Shari'ah Standards for <i>Ijarah</i> , <i>Ijarah Muntahi Bittamleek</i> and <i>Ijarah Sukuk</i>	The Islamic Foundation	London, UK	12 Duhl Qedah 1429H (10 November 2008)
7.	Declining Partnership: Cure to Mortgage Crisis and Helping Hand to Homeowners	The Islamic Foundation	London, UK	14 Duhl Qedah 1429H (12 November 2008)
8.	Financial Distress and Bank Failures- Lessons from Iahs Finance in Turkey and Northern Rock in UK		Durham, UK	15 Duhl Qedah 1429H (13 November 2008)
9.	Islamic Microfinance	Islamic Dawah Movement	Durban, South Africa	18 Duhl Qedah 1429H (November 16, 2008)

No.	Activity	Collaborating Agency	Venue	Date
10.	Shari'ah Compliant Bonds (Sukuk): Growth and Practices	Islamic Dawah Movement	Durban, South Africa	17-19 Duhl Qedah 1429H (15-17 November 2008)
11.	Islamic Finance: Theory and Practices	Islamic Dawah Movement	Durban, South Africa	15-19 Duhl Qedah 1429H (15-17 November 2008)
12.	Policy Responses to Global Financial Crisis and their Implications for IFSI	IFSB	Kuala Lumpur, Malaysia	22-23 Duhl Qedah 1429H (November 20-21, 2008)



**TRAINING DIVISION**  
**Training Programmes Implemented**  
**during the Period 1429H (2008)**

No	Training Programmes	Venue	Collaborating Institution	Dates	Observations
1	Administrative and Basic Skills for Public Relation Charity Institutions and Activities	Kuwait	Kuwait Awqaf Public Foundation, Kuwait	11-15/01/1429H (20-24/01/2008)	- Regional course - 24 Participants
2	<i>Sukuk</i> and their Applications in Islamic Banking	Jakarta, Indonesia	Mua>malat Institute of Mua>malat Bank	12-15/01/1429H (21-24/01/2008)	- National Course - 44 Participants
3	Financing and Managing Small and Medium Enterprises	Cotonou, Benin	Ministry of Development, Economy and Finance	12-16/01/1429H (21-25/01/2008)	- Regional course - 22 Participants
4	<i>Sukuk</i> as Sources of Financing Development Projects	IDB Headquarter	HCDD, IDB	09-13/02/1429H (16-20/02/2008G)	- For IDB staff - 31 Participants
5	Successful Experiences of some Charitable Organizations – Empirical Cases (Arabic)	Kuwait	Kuwait Awqaf Public Foundation, Kuwait	10-14/02/1429H (17-21/02/2008)	- Regional Course - 24 Participants
6	Financing Small Businesses	Ankara, Republic of Turkey	KOSGEB, Ankara, Turkey	25-29/02/1429H (03-07/03/2008)	- Regional Course - 15 Participants
7	Project Management	Cairo, Egypt	Egypt Banking Institute (EBI), Egypt	07-11/03/1429H (15-19/03/2008)	- Regional Course - 20 Participants
8	Principles of Shari'ah Compliant Banking Operations	Jeddah, Saudi Arabia	Management and Financial Training Centre, Saudi Arabia	08-09/03/1429H (16-17/03/2008G)	- Fee-based National Course - 11 Participants

9	Training Programme on <i>Zakah</i> and <i>Awqaf</i> for Poverty Alleviation	Nouakchott , Mauritania	- Awqaf Foundation, Mauritania - Kuwait Awqaf Public Foundation, Kuwait	08-13/03/1429H (16-21/03/2008)	- Regional Course - 28 Participants
10	Development of Islamic Financial Products	Riyadh, Saudi Arabia	The Institute of Banking – SAMA,	14-16/3/1429H (22-24/03/2008)	- Fee-based National Course - 11 Participants
11	Principles and Practices of Islamic Economics and Banking	Baku, Azerbaijan	Azerbaijan State Economic University (ASEU), Azerbaijan.	01-05/04/1429H (07-11/04/2008)	- Regional Course - 32 Participants
12	Islamic Finance	Dakar, Senegal	Ministry of Economy and Finance/FSB	08-09/04/1429H (14-15/04/2008)	- Regional Course - 150 Participants
13	Financing Small and Medium Enterprises	Tunis, Tunisia	Agence do Cooperation Technique, Tunis	08-12/04/1429H (14-18/04/2008)	- Regional Course -22 Participants
14	Public Private Partnership (PPP) as Modality for Financing Infrastructure Projects in IDB Member Countries	Cairo, Egypt	Institute of National Planning, Egypt	14-18/04/1429H (20-24/04/2008)	- Regional Course - 25 Participants
15	Management and Investment of <i>Awqaf</i> Properties	Khartoum, Sudan	- Islamic Endowment Corporation, Ministry of Guidance, Sudan - Kuwait Awqaf Public Foundation, Kuwait	28/04-03/05/1429H (04-08/05/2008)	- Regional Course - 41 Participants
16	Principles of Islamic Finance	Jeddah, Saudi Arabia	SABB, Saudi Arabia	14-15/05/1429H (19-20/05/2008G)	- Fee-based National Course - 11 Participants
17	Regulation and Supervision of Islamic Banks	Jakarta, Indonesia	SEACEN, Malaysia and Central Bank of Indonesia, Indonesia	14-18/05/1429H (19-23/05/2008)	- Regional Course - 42 Participants

18	Professional Development and Management of <i>Awqaf</i>	Singapore	- Majlis Ulama Islam Singapore, Singapore (MUIS) - Awqaf Public Foundation, Kuwait	14-18/05/1429H (19-23/05/2008)	- Regional Course - 37 Participants
19	Islamic Modes of Financing and Their Applications in Islamic Banking	Jeddah, Saudi Arabia	Management and Financial Training Centre, Saudi Arabia	19-21/05/1429H (24-26/05/2008G)	- Fee-based National Course - 11 Participants
20	Corporate Governance	Cairo, Egypt	Saleh Kamel Centre for Islamic Economics, Egypt	20-24/05/1429H (25-29/05/2008)	- Regional Course - 37 Participants
21	Shari'ah Standards for Islamic Financial Institutions	Damascus, Syria	Central Bank of Syria	20-24/05/1429H (25-29/05/2008)	- National Course - 27 Participants
22	Privatization and Techniques and Policies	Tashkent, Uzbekistan	Centre for Development in foreign Economic Relations (CFPDFER), Uzbekistan	05-09/06/1429H (09-13/06/2008)	- Regional Course - 30 Participants
23	Hedging in Islamic Finance	Riyadh, Saudi Arabia	Jadwa, Saudi Arabia	(24-25/06/1429H (28-29/06/2008G)	- Fee-based National Course - 11 Participants
24	Public Private Partnership (PPP) System as a Modality for financing Infrastructure projects	Dhaka, Bangladesh	Board of Investment, Bangladesh	09-13/08/1429H (10-14/08/2008)	- Regional Course - 41 Participants
25	Institutional Control in the Islamic Banking Institutions	Amman, Jordan	Institute of Banking Studies, Jordan	19-23/10/1429H (19-23/10/2008)	- Regional Course - 32 Participants



26	Management of Resources of <i>Zakah</i> and <i>Awqaf</i> as tools for Poverty Alleviation	Ouagadougou, Burkina Faso	University of Ouagadougou	20-24/10/1429H (20-24/10/2008)	- National Course - 30 Participants
27	Project Evaluation and Follow-up	Amman, Jordan	National Institute of Training, Jordan	26-30/10/1429H (26-30/10/2008)	- Regional Course - 23 Participants
28	Poverty Reduction: Concepts and Methodologies	IDB Headquarters	HCDD, IDB	(10-14/11/1429H (08-12/11/2008G))	- For IDB staff - 31 Participants
29	Financing and Management of Small and Medium Enterprises	Cairo, Egypt	Institute of National Planning, Egypt	10-15/11/1429H 08-13/11/2008	- Regional Course - 39 Participants
30	Integration of ICT and Pedagogy to Enhance Teaching Learning	Dhaka, Bangladesh	Islamic University of Technology (IUT), Dhaka	17-21/11/1429 (15-19/11/2008)	Regional Course - Task Force on Training - Preparing the Ummah for the 21st Century - 15 Participants
31	Volunteering and Development of the Social Capital for the Welfare of Diverse Social Strata and Contribution to the Sustainable Community Development	Kuwait	Awqaf Public Foundation, Kuwait	18-22/11/1429 (16-20/11/2008)	- Regional Course - 16 Participants
32	Software Project Management: Emerging Issues	Dhaka, Bangladesh	Islamic University of Technology (IUT), Dhaka	24-28/11/1429 (22-26/11/2008)	- Task Force on Training - Preparing the Ummah for the 21st Century - 13 Participants

33	Assets and Liabilities Management in Islamic Banks	Damascus, Syria	Central Bank of Syria, Syria	22-26/12/1429H (20-24/12/2008)	- National Course - 22 Participants
34	Electricity the most Preferred Form of Energy: Need, Accessibility and Sustainability	Dhaka, Bangladesh	Islamic University of Technology (IUT), Dhaka	22-26/12/1429H (20-24/12/2008)	- Regional Course - Task Force on Training -Preparing the Ummah for the 21st Century - 25 Participants
35	Privatization Techniques and Policies	Khartoum, Sudan	Ministry of National Economy and Finance, Sudan	23-27/12/1429H (21-25/12/2008)	- Regional Course - 24 Participants
36	Principles of Islamic Finance	Riyadh, Saudi Arabia	SABB, Saudi Arabia	(24-25/12/1429H (22-23/12/2008G)	- Fee-based National Course - 11 Participants

## INFORMATION CENTRE

No.	Project Title	Date of Completion	Present Status
1	IDB Database on Experts (IDBDE)	A new system is being designed, installed, and configured successfully.	<ul style="list-style-type: none"> <li>The IDBDE system was successfully developed, installed, and configured in the IRTI local network; The system will be available on the net to public in early 1430H.</li> <li>Data update, review and monitoring is under progress.</li> </ul>
2	Awqaf Databank	Development in progress	<ul style="list-style-type: none"> <li>The project experienced key achievements in 1429H. The ADBS portal was published and made accessible to public. The Awqaf Databank will be a gateway for more than 60,000 pages of literature, information and intellectual assets on <i>waqf</i>. It has several specialized <i>awqaf</i> references including the Grand Awqaf literature directory (<i>Al-Kashaf</i>) and <i>Awqaf Maknaz</i>.</li> <li>Follow-up processes are being carried out on a regular basis with partner countries to acquire data, information and <i>awqaf</i> literature.</li> </ul>
4	IRTI Publication Management System (IRTI PMS)	Phase I completed and launched, Phase II planned and under implementation	<ul style="list-style-type: none"> <li>During 1429H, the necessary steps were taken to expand the current IRTI Publication System to become a total-solution for IRTI Publication Unit activities.</li> <li>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 Reports and Administration Sub-systems.</li> <li>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.</li> <li>The URL of the current IRTI publication website is <a href="http://www.irtipms.org">www.irtipms.org</a>.</li> <li>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 MSN Search.</li> </ul>

No.	Project Title	Date of Completion	Present Status
5	IRTI Publications	Ongoing Activity	<ul style="list-style-type: none"> <li>• Four Arabic and four English publications were published.</li> <li>• 1428 IRTI Annual report in the three languages was published.</li> <li>• Four out of print publications were reviewed and are under reprint.</li> <li>• Participated in 2 local and 3 international book exhibitions.</li> <li>• Posters for the meetings were designed and printed.</li> <li>• Training certificates, posters for lectures were designed, reviewed and printed.</li> </ul>
6	IRTI Website and Portal	Continuous	<ul style="list-style-type: none"> <li>• IRTI has launched its English Portal as part of the IDB Group Portal Project.</li> <li>• 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.</li> <li>• 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.</li> <li>• IRTI is continuously reviewing its Portal and applying regular updates and upgrades to make it up-to-date and most informative.</li> <li>• As a further step to boost its cyber web capabilities, IRTI is currently building the Arabic and French versions of IRTI Portal.</li> <li>• 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 <a href="http://www.irti.org">www.irti.org</a></li> </ul>

No.	Project Title	Date of Completion	Present Status
7	ICT for Development Working Group	Continuous	<ul style="list-style-type: none"> <li>• IRTI is preparing to commission 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 promotes equal training, employment and provides income-generating opportunities in ICT-related fields for women and girls.</li> <li>• Under the umbrella of ICT4D working Group, IRTI is working on identifying the main issues confronting IDB Member Countries and business leaders in the development of information infrastructures and info-structure at national level.</li> </ul>
8	The Regional Integrated Training Programme on Feasibility Studies, Industrial Projects Appraisal and COMFAR Applications	August 2008	<ul style="list-style-type: none"> <li>• With the cooperation of Arab Industrial Development &amp; Mining Organization (AIDMO), United Nations Industrial Development Organization (UNIDO) and Ministry of Commerce and Industry in Oman, IRTI implemented this two week training programme in Salalah, Oman.</li> <li>• This programme covered six main themes namely introduction to the feasibility study for industrial projects, the project cycle, market studies, technical aspects of the feasibility study, identifying the project's location, social and economic evaluation of industrial projects, as well as financial analysis of industrial projects, and practical framework for COMFAR Application</li> </ul>
9	Distance Learning Programme	Continuous	<ul style="list-style-type: none"> <li>• IRTI conducted the 7<sup>th</sup> and 8<sup>th</sup> DL Courses successfully. A number of lecturers from IRTI and other international institutions delivered the lectures.</li> <li>• IRTI updated the distance learning prospectus and distributed to a number of academic institutions in member countries and around the globe.</li> <li>• Materials of all DL courses are made available in the IRTI Portal under the e-learning section.</li> <li>• Video lectures of the 5<sup>th</sup>, 6<sup>th</sup>, and 7<sup>th</sup> DL courses are readily available on IRTI Portal using the B-Span system of the World Bank.</li> <li>• An MoU was signed between the International Knowledge University, Riyadh and IRTI in an effort to transfer e-learning technology to IRTI.</li> <li>• Heavy work was conducted to start an e-learning programme to be conducted jointly with a well established academic institution.</li> </ul>

No.	Project Title	Date of Completion	Present Status
10	Marketing IRTI Products	Continuous	<ul style="list-style-type: none"> <li>• During 1429H, IRTI continued implementing the project of marketing IRTI products.</li> <li>• A diverse Task Force from various IRTI divisions, units and IDB Group was established earlier and met a number of times to set the basic guidelines, strategy and develop an RFP to develop a strategy to market IRTI products.</li> <li>• The RFP was sent to a number of local, regional and international marketing companies seeking their proposals to develop a marketing strategy.</li> <li>• Consequently, Strategy Consulting Limited (SCL) UK was selected as external consultant to work jointly with IRTI to develop the strategy and action plan to market IRTI products.</li> <li>• IRTI products vary from publications to 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.</li> <li>• Two experts from SCL visited IDB/IRTI to collect basic information and ingredients for the marketing strategy. The consultants assured that the marketing strategy would be ready by February 2009.</li> </ul>
11	IRTI Newsletter	Continuous	<ul style="list-style-type: none"> <li>• 12 issues of the 5<sup>th</sup> 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 in PDF format has been made and tested.</li> </ul>
12	Design and Implement IRTI Office Technology Plan	Annually	<ul style="list-style-type: none"> <li>• All necessary arrangements have been made with the Purchasing Section and IT Department for the acquisition and operation of efficient and latest technology available for the PCs, Laptops, printers, and scanners.</li> </ul>
13	Miscellaneous		<ul style="list-style-type: none"> <li>• On a regular basis, IRTIC is helping other divisions of IRTI in up keep and setting up of office technology equipment.</li> </ul>

## SPECIAL ASSIGNMENTS UNIT

PROGRAMMES	
<i>Activity</i>	<i>Status</i>
IDB Prize	IDB Prize in Islamic Banking & Finance for the year 1428H was shared by Sheikh Mohammed Mukhtar Al Salami from the Republic of Tunisia and Sheikh Abdullah Bin Sulaiman Al Manee' from the Kingdom of Saudi Arabia. IDB Prize in Islamic Economics for the year 1429H was re-dated to 1430H in order to unify the dates of other prizes awarded by the IDB.
IDB Prize for the Promotion of Trade Among OIC Member Countries	The first IDB Prize for the Promotion of Trade Among OIC Member Countries was implemented in 1428H and awarded to Malaysia External Trade Development Corporation (MATRADE). The Prize for the year 1429H was re-dated to 1430H in order to unify the dates of other prizes awarded by the IDB.
IDB Prize Lectures	Prof. Abdus Salam al Abadi, IDB Prize winner in 1427H, delivered a lecture on International Islamic Fiqh Academy: Its Contributions to Islamic Economics and Banking on Monday 27/10/1429H (27/10/2008)
Encouragement and Promotion Programme	Some requests were received and processed.
IRTI Scholarship Scheme	Some requests were received but no scholarship was given as the Programme was postponed for restructuring in order to serve the new IDB Vision.
MEETINGS	
Academic Committee	5 meetings of the Academic Committee were held. Agenda and minutes were prepared and distributed as usual and follow up of decisions were handled.
Management Committee	12 meetings of the IRTI Management Committee were held. Agenda and minutes were prepared and distributed as usual and follow up of decisions were handled.
Executive Committee	15 meetings of the executive committee were held. Agenda and minutes were prepared and decisions were implemented.
REPORTS	
Administrative Report for BED	Two Administrative Reports were prepared and sent to HRMD.
Monthly Report	12 Monthly Reports of IRTI were prepared, sent to the Office of the President and discussed in IRTI Management Committee meetings.
IRTI Annual Report	Some preliminary steps have been undertaken for preparation of IRTI Annual Report for the year 1429H, in collaboration with other technical divisions.

IRTI Work Programme & Budget

Some preliminary steps have been undertaken for preparation of IRTI Work Programme and Budget for the year 1430H, in collaboration with other technical divisions.

### ***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 preparation 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, honorarium 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, IRTI	:	Member
Deputy Director, IRTI	:	Member
Chief, Information Centre	:	Member
Chief, Islamic Economics, Co-operation and Development Division	:	Member
Chief, Islamic Banking & Finance Division	:	Member
Chief Training Division	:	Member
Head, Special Assignments	:	Secretary

## **COMPOSITION OF IRTI ACADEMIC COMMITTEE**

Prof. Dr. Muhammad Umar Zubair Advisor, IRTI		Chairman
Director, IRTI		Vice Chairman
EPS Department, IDB		Member
Prof. Dr. Abdulwahab Abu Sulaiman Ummul Qurah University, Makkah		Member
Dr. Mohammad Ali Al-Qari Islamic Economics Research Centre, 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, Islamic Economics, Cooperation and Development Division		
Chief, Islamic Banking and Finance Division		
Chief, Training Division		
Chief, Information Centre		

### **IRTI SENIOR OFFICIALS**

Dr. Ahmad Mohamed Ali	:	President, IDB
Mr. Bashir Ali Khallat	:	Acting Director, IRTI
Dr. Muhammad Umar Zubair	:	Advisor to IRTI
Dr. Sami Al-Suwailem	:	Deputy Director, IRTI and Chief, Islamic Economics, Co-operation & Development Division
Dr. M. Umer Chapra	:	Research Advisor
Dr. Ahmad Ibrahim Iskanderani	:	Advisor, Information Systems and Chief, Information Centre (IRTIC)
Dr. Tariqullah Khan	:	Chief, Islamic Banking & Finance Division
Dr. Tahar Memmi	:	Chief, Training Division

## **IRTI PROFESSIONAL STAFF**

### **ISLAMIC ECONOMICS, COOPERATION AND DEVELOPMENT DIVISION**

Dr. Sami Al-Suwailem  
Dr. Habib Ahmed (on leave)  
Dr. Khaled Hussein (on leave)  
Dr. Layyachi Feddad  
Dr. Kazem Yavari  
Dr. Rami Abdelkafi  
Dr. Abdelkader Chachi  
Mr. Siraj Al Haque  
Mr. Lokman Muhammad Marzouk

### **ISLAMIC BANKING AND FINANCE DIVISION**

Dr. Tariqullah Khan  
Dr. Salman Syed Ali  
Dr. Mohammed Obaidullah  
Mr. Sherif A. Abdelhalim  
Dr. Abd Elrahman Elzahi Saaid  
Dr. Mohammad Saleh Ayyash  
Mr. Yussuf M. Issa  
Mr. Mehmet Fehmi Eken  
Mr. Abdirahman Sh. Hassan

### **TRAINING DIVISION**

Dr. Taher Memmi  
Dr. Osman Babikir Ahmed  
Mr. Abdulmonem Jamil Addas  
Mr. Faysal Salama  
Mr. Abdul Elah Jomaih

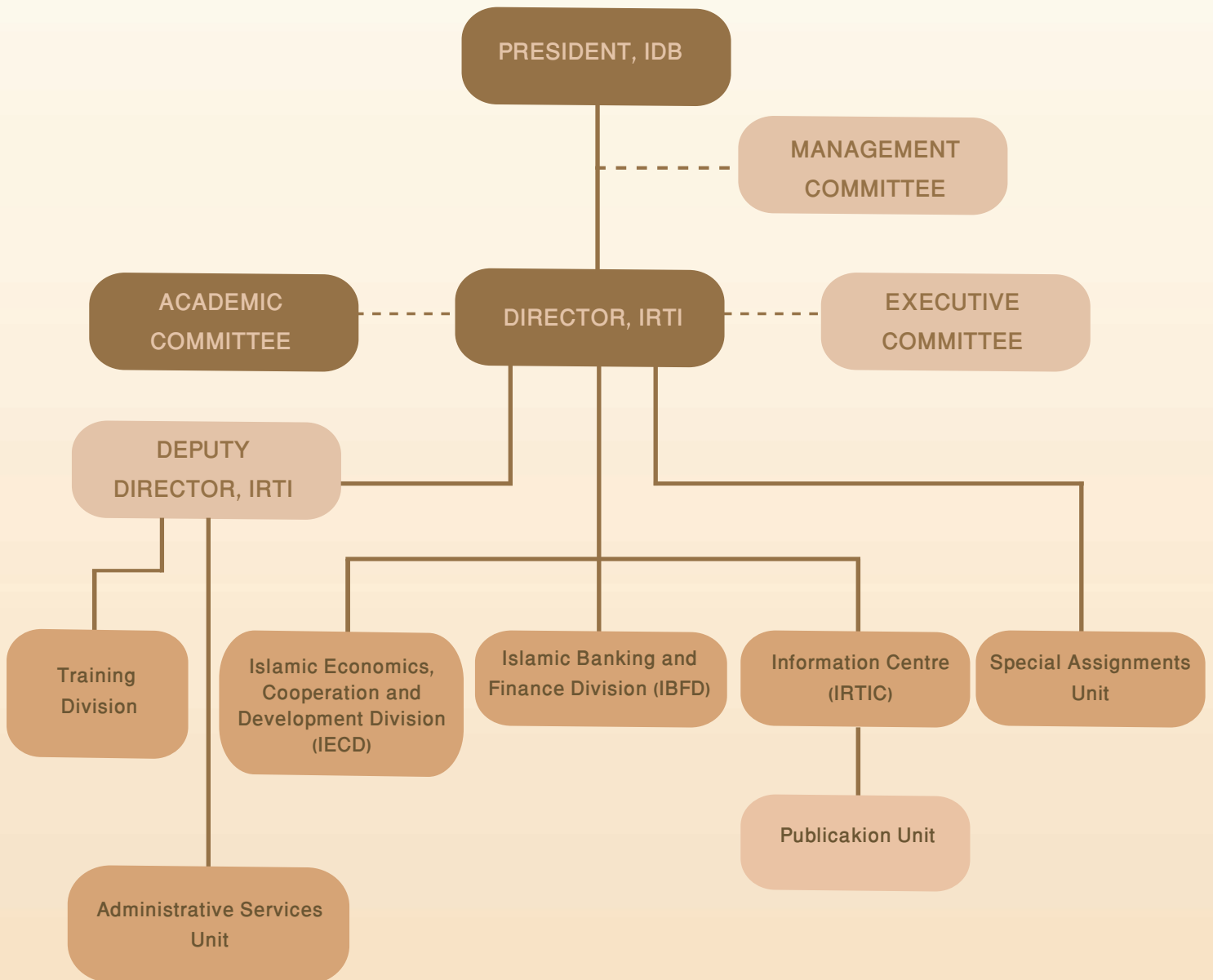
### **INFORMATION CENTRE (IRTIC)**

Dr. Ahmad Iskanderani  
Mr. Khaled Humaid  
Mr. Hilal Hussein

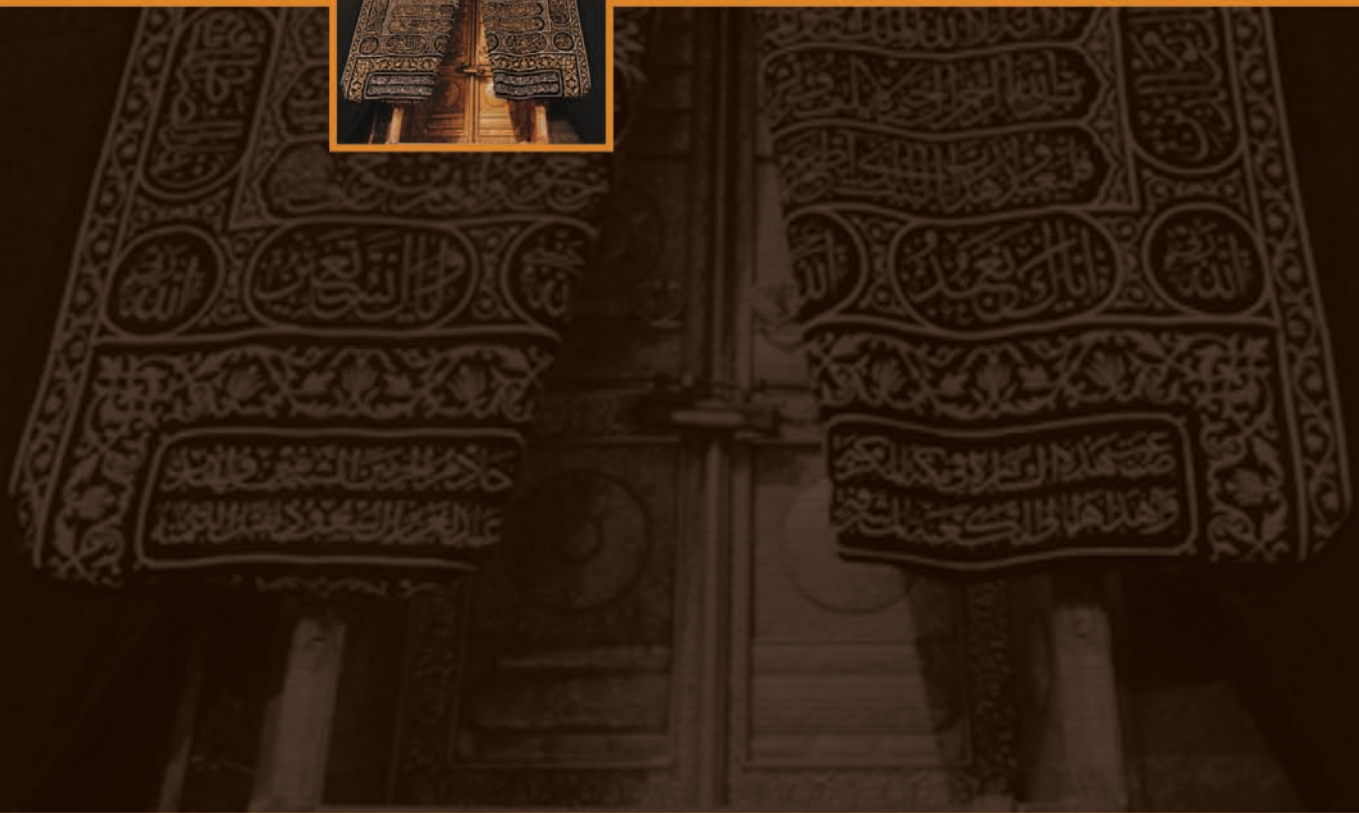
### **ADMINISTRATIVE SERVICES UNIT**

Mr. Yousif Kawadis

## ORGANIZATION CHART\*







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