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Future Role of National Development Banks in the Twenty First Century

Background paper*

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the field of "development banking" goes beyond the scope of a development bank proper.

Development banking, in addition to the functions and operations of development banks, also covers the relations of these institutions with national and local governments, with regional and international institutions, and with policymaking and planning agencies. Development banks are financial instruments of national development policy whose performance is measured more in terms of social benefits generated (as measured by indicators of social accounting), then in terms of social (economic) and private (financial) returns. The operations of development banks are linked with the industrial, rural, agricultural, infrastructure, social, governmental, institutional, financial and other development processes. Development banks are organized to achieve the preparation, appraisal, financing, implementation and evaluation of investment projects and programs. In addition, the work of development banks requires knowledge about financial markets, capital markets, financial intermediation, banking, resource mobilization, human resource and technology development, marketing, technical assistance, institution building, development economics and international economic and financial transactions.

In this paper, the term "development bank" is used to denote the specialized financial intermediary for which in the past the literature more often used the term "development finance institution"(DFI). However, since the 1982 world external debt crisis, the "banking" aspect of these institutions has received greater emphasis, which has led to a more general use of the term "development bank" to reflect to reflect also in name the important change in their role. The term "Development finance institution" may be more precise for a public entity, because a "bank" normally tends to be a privately owned institution and licensed by the central bank and other government agencies.

However, in most countries the financing of development and investment projects is undertaken by government-owned financial institutions. On the other hand, many countries today have already both public and private development banks. Others are privatizing public institutions. While a private bank is a legal entity with a banking license, a government financial institution may not be incorporated as legal entity. Many of the important development banks have been created by law. There are some that simply exist as a special account in the Central Bank, the National Treasury, or the Ministry of Finance. When the financing

bank, or from non-bank financial intermediaries"? We know that commercial banks make short-term loans, they make money transfers, they buy and sell foreign exchange and they deal in derivatives. Most of their loans are for periods of less than one year. Investment banks specialize in

raising long-term funds in financial markets through the underwriting and issue (placement) of securities -- that is stocks and bonds and variations on these financial instruments, such as floating rate notes and hybrid instruments. They operate in the capital market. These instruments commonly finance already established enterprises, governments or public enterprises.

Development banks, like investment banks, operate in the field of long-term finance. Their core business is to extend long-term loans for the financing of projects and development programs. Through diversification in the 1980's, and 1990's, they have added the provision of other financial services, working capital financing, venture capital financing, advisory and consulting services, leasing, insurance, brokerage and investment banking services, programs for entrepreneurial development,nci2(ices, le)6.5(asi1

Projects that Contribute to Development

The three policies of development banks that make them different from other financial intermediaries are project appraisal, acting as a lender of last resort, and the provision of technical assistance. These policies establish strategic requirements for the approval and financing of development projects. One policy is that the social and economic benefits of the project be estimated quantitatively through the use of cost/benefit analysis. The other policy is that the development bank will not provide its scarce long-term resources for any project for which funds are available from other sources. This way the development bank acts as lender of last resource for socially worthwhile projects which otherwise would not receive financing. The third policy is that through thorough and detailed project appraisal the development bank will be able to identify aspects of the project that can be improved. It then will provide technical assistance and training, or require the contracting of technical assistance and training, to improve the quality of the project, reduce its risk and improve its social (economic) and private (financial) returns.

Economic, Social and Environmental Appraisal of Projects

Before the financing of a project is approved, in addition to requiring a minimum private (financial) rate of return ("hurdle rate"), the development bank makes an economic, social and environmental appraisal of the project. There is also a minimum social (economic) rate of return ("hurdle rate") that is required for approval of the financing of a development bank project. To obtain the social (economic) rate of return, market prices and costs are adjusted through the use of shadow (or accounting) prices to obtain social prices, that is prices which estimate the social costs and benefits of the project. These returns will measure the contribution that the project makes to society (social development) and to the economy (economic development). The discipline of cost-benefit analysis was developed in the 1960's and 1970's with the publication of three major manuals by the United Nations, the OECD and the World Bank that have guided social and economic project appraisal practice ever since. 1/

In our current economic environment of liberalization and globalization, the shadow price of foreign exchange has become less important, while the quality of management, because of increased competition, globalization, and the advances in human resource development and training, has become more important. Thus, adjustments need to be made accordingly also in the parameters used in project appraisal to account for these changes.

1/ United Nations (UNIDO), *Guidelines for Project Evaluation,* United Nations, 1972, 383 pages.
I. M. D. Little and J. A. Mirrless, *Manual of Industrial Project Analysis, OECD, Paris, 1968.*
Lynn Squire and Herman G. van der Tak, *Economic Analysis of Projects,* World Bank, Washington, D.C., 1975.

How Development Banks are Changing

The question: "How Development Banks are Changing" has occupied the development community, development bankers and financial policy-makers, particularly since the debt crisis of 1982. The largest and most important development bank, the World Bank, for the last three years since 1996, has also been discussing the nature of its future mission and it has reorganized and restructured itself, as have the Asian, African and Inter-American development banks. 3/

How have development banks actually changed since the early 1980's? A survey of the changes from region to region and country to country shows a substantial degree of diversity of outcomes. There have been adaptations of, and additions to development bank functions and operations, and changes in the development cultur

(4) greater reliance on long-term private funds mobilized in financial markets;

(5) the use of financial derivatives and guar

Impact of External Changes on Development Banks

The changes that have occurred from country to country have been influenced by the type of financial reform pursued by each country and by the constraints imposed by national and local policies and conditions. National development bank operations depend essentially on the frame-work of financial policies governing and regulating the domestic financial sector operations. To generate an effective pipeline of projects, development banks have to carry out studies of the structure, opportunities, and bottlenecks in the industrial, agricultural, mining, infrastructure and services sectors of their economy. To evaluate the development prospects of these sectors requires the identification of the available strategic investment opportunities and bottlenecks for the preparation, analysis, and ranking (prioritization) of the viable potential future projects.

These changes have given ground to an extensive debate about the appropriate future role of development banks. After the external debt crisis of 1982 and the resulting weakening of the financial position of many development banks, their usefulness and mission has been called into question. 1/ Some development banks have been closed down and liquidated and others have been converted into hybrid commercial financial intermediaries (commercial banks with development financing windows). (See below the experience with "universal banking" of the development banks in Pakistan). Others national development banks have restructured, diversified and consolidated their operations to concentrate on their main lines of business -- the financing of development projects -- and to add promising new lines of products and services. The experience also seems to indicate that the poorer the country, the greater is the strategic importance of providing development bank financing.

In this respect, we can observe changes going into two directions: (a) in the poorest countries the diversification in the mobilization of financial resources leads to adding on deposit banking, because there is only a money market and not yet a viable and developed capital market; and, (b) in the middle-income countries, particularly the upper-middle-income countries, the diversification in the mobilization of resources leads to adding on the investment banking function, because the capital markets offer already the opportunity to issue securities as a means of mobilizing financing. This lesson emerges clearly from a comparison of the experiences of Pakistan and Sudan on the one hand, and the experience of Turkey on the other hand, as is well illustrated in th

Impact of Economic Liberalization

Looking at the role of development banks in the twenty-first century and at how this role will be influenced by the worldwide trend toward economic liberalization, we can draw some conclusions from the experience of how liberalization has impacted on development bank operations in recent years. The main impact has been on permitting the diversification of operations, entering to a greater extent into the fields of commercial and investment banks and into the fields of financial and economic consulting firms. This has increased the exposure of development banks to market risk. From a policy perspective, financial reform and financial development programs have increased the autonomy and independence of national development banks, while at the same time increasing their responsibility for maintaining adequate levels of capitalization, reducing their levels of arears and bad loans, and requiring them to be fully self-reliant in searching for new resources and maintaining a financial position enabling them to raise funds at market cost under the new circumstances of increased risk. While liberalization may have initiated this change in the role of national development banks, when privatization and globalization is added to this force, the new requirements become increasingly more obligatory and more essential for maintaining the financial viability of national development banks. This viability is only given when development banks make enough earnings to be able to pay the cost of raising private resources in financial markets.

Privatization of Public Enterprises

While studies on industrial productivity show that the efficiency of public enterprises at the outset is not necessarily lower than that of private enterprises, the same studies also show that over the long-run it is much more difficult to maintain high levels of efficiency in public enterprises because of the greater difficulty in making changes, and because of the weaker incentives or absence of incentives for making changes, due to the general absence of competition. Many national development banks enjoy a monopoly position in their country. With the more rapid pace of change of technology, the required rapid adaptations are also more easily carried out in a private corporation. This rationale for the privatization of public enterprises and enterprises producing financial services has become internationally accepted and is destined to put its imprint on economic trends in the twenty-first century.

While the developmental role of development banks is reaffirmed and their role in social development is becoming more important, there is also a trend towards the privatization of development banks. Many African countries have created "Private Development Finance Corporations" in addition to their public "National Development Banks". Malaysia started to

privatize its development banks in 1995 1/. Brazil is debating the possibility of privatizing its highly developed national, regional and state development banking system, and Kazakstan is in the process of privatizing its Export-Import Bank, which also acts as a national development bank. With privatization these institutions are also entering more into the field of equity financing through adding "venture capital" departments or subsidiaries, as has been the trend for some time with the Business Development Bank of Canada and the Development Bank of Japan.

The impact of globalization on national development banks will be fully subjected to the requirements of international standards and conventions. While local, national and regional differences will be respected and taken into account, also the development banking business is becoming more global. Globalization has contributed to increasingly dynamic private sector activity and to the free flow of goods and services across the globe. Liberalization of barriers to cross-border finance and ever more sophisticated communications technologies have facilitated increased capital flows, to which particularly the upper middle income developing countries have gained greater access. As globalization deepens, countries and their development banks will confront the need for more policy coordination, going beyond strictly economic, trade, and commercial concerns to include many social issues, such as migration, labor and safety standards, environmental concerns, social security, health, education, and professional certification. Global trends will have a greater influence in all these fields.

To emerge stronger from the East Asian crisis, development banks have emphasized the "Three E's" -- "Entrepreneurship, Education and the Environment". The countries that have been least affected by the crisis are those that were strongest on entrepreneurship, that have had a solid

culture of innovation and change and that have considered the impact of environmental factors on project development from the beginning -- as, for example, Japan and Canada. The Asian crisis also offers an opportunity for development banks: (1) to facilitate the re-capitalization and recycling of local enterprises, and (2) for becoming catalysts for attracting foreign investment. The better performance of the Asian national development banks viz-a-viz the commercial banks during the Asian financial crisis makes development banks relatively stronger as they become an important force in the recovery of the Asian economies that have had financial difficulties.

The countries that were best prepared for using innovation and for digesting change are those that placed the highest priority on education (human resource development, and the creation of a learning organizations and knowledge banks) . The countries that had the least disappointment with their project execution were the countries that had fully taken into ac

Capacity Building and Institution Building

Over time there has been an increasing recognition that capacity and institution building are a critical component in successful development. These elements preserve achievements accomplished made by society and pass them on to the next generations. When there is an absence of institution building, then achievements tend to be short lived and they are lost for the next generations. Institutions are the social construct that keep in existence what has been acquired, achieved, accomplished, invented, or built. They pass on their capacities, assets and traditions to the next generations, to their sons and daughters, grandsons and granddaughters and their descendants. Institutions are the backbone of society and development -- politically, socially and economically.

As development practitioners have learned more about institution building, development banks have also integrated the need for capacity development and institution building into their development projects and programs. The process of institution building and capacity development is a long-run task. The time frame is decades, generations, not merely years. But the benefits are also long lasting, for generations and centuries. This is what preserves the achievements of development.

While the knowledge in this field remains in evolution, different definitions can be found of the nature of capacity development and institution building. The field of management and administration has its specific business approach to institution building and the field of development has its more social, economic, and environmental approach to institution building. At the national level, institution building is seen as:

(1) First, they are to develop the institutions' strategic goals for the future and to inculcate them into the entire organization. This is the managerial objective.

(2) Second, they are to enable the enterprise to remain at the cutting edge in their industry, and field of technology. This is the technological objective to meet their competition through continuous renewal.

Development banks can provide a service in this field, as has been done by the Industrial

external capital. To be successful in the mobilization of resources requires the development of responsive and efficient financial systems and markets. Financial markets need to have depth, breath and resilience. For their resource mobilization, national development banks have to look increasingly to private domestic and external sources. Official and concessionary development assistance flows are shrinking. The political demand and pressure to channel official flows away from development bank type intermediaries towards social and environmental public goods became donor policy and it can be expected to continue gaining in importance.

By contrast, private capital flows to developing countries have tripled from 1990 to 1996. 1/ But only a handful of the developing countries have had access to these flows. The poorest developing

be explored by the Islamic Development Bank (IDB). There is a need to create an institutional mechanism to provide coverage for the foreign exchange risk. National development banks are also expected to offer a range of services to their clients in this new field of risk management, as well as related advise and training services.

Macrofinancial Policy Framework

Without sound macroeconomic and macrofinancial management, financial sector development and modernization is not sustainable. The control of inflation and of fiscal policy requires stronger coordination among the major economic and financial agencies. The rewards for good economic policy-making are high and visible. This brings back the fundamental role of governments in creating the enabling environment for undertaking solid long-term financing operations. It includes providing sound legal foundations, prudential regulation, protection and transferability of property rights, standardization of accounting, strengthening of auditing firms, and public disclosure and dissemination of financial information. In the overall success, the sound management of economic and financial fundamentals, flexible economic policies and responsive financial institutions remain key variables. In recent years greater recognition has emerged on the need to focus on the sustainability of renewal and reform. The financial systems of developing countries are heterogeneous. In developing them further, existing conditions must be thoroughly assessed and the lessons of experience must be taken into consideration to provide a sound basis for sustainability.

Impact of Policy Framework on Resource Mobilization

There are three major trends that are exerting an impact on the business of development financing. First, the adoption of a client-based development-financing-and-provision-of-services-model -- is replacing the traditional directed credit rationing development bank policy, thus basing lending decisions on market criteria. Second, the reorientation of the functions of government and

the resulting shift towards market based development strategies provides national development banks with a much greater degree of autonomy. Third, the emergence of substantial private flows towards the developing world in the context of a technology driven integrated global financial system have redefined the sector priorities for development banks. These trends are interrelated and they have considerable more distance to go before reaching saturation.

How the Development Bank Model has Changed

Old Core Model of a Development Bank

From their creation in the 1930's and after World War II until the 1980's, the usefulness of the traditional development banks was seen in filling the gap of term finance in the financial systems of developing countries. This gap was in terms of providing long-term funding for investment projects. Development banks also performed the function of acting as catalysts for the development of capital markets and they developed the expertise for undertaking successful project financing by developing standards for project preparation, appraisal, supervision and evaluation. They were allocating loans to the priority sectors contained in development plans. Development banks were also to maintain a policy dialogue with the government and to conduct applied research to provide recommendations as to what kind of economic and financial policy changes were desirable for the optimal growth of the productive, infrastructure and services sectors. They were to be self-sustaining, financially viable banks, which, after some seed capital from the government or external agencies at the beginning, would be operating autonomously on their own in the long-run. These development banks served as key channels for the multilateral and regional institutions and they used a narrow range of financial instruments, mostly long-term project loans.

New Core Model of a Development Bank

The new core model of a development bank is di

provide these new products and services they invest heavily in human capital and technology. They become more of a "learning organization and a knowledge bank" anticipating and preparing for future challenges.

Re-Invent To Stay Ahead: Seven Guiding Principles

To stay ahead in periods of rapid change in the economic and business environment, national development banks continually need to re-invent and renew themselves if they are to sustain their contribution to development. They need to embrace the future and participate in the modernization of the financial system. They need to provide spirited leadership for the entire financial community. As instruments to achieve this, seven guiding principles can be adopted and followed for the operations of national development banks in the twenty-first century, namely: (i) selectivity; (ii) client orientation; (iii) results orientation; (iv) cost effectiveness, (v) integrity; (vi) partnership; and, (vii) being a catalyst and innovator. As the successful institutions have shown, the key achievements depend on developing an institutional culture which reflects vision and on adopting a strategy of financial and managerial integrity. This is also emphasized below in the Case Study of Malaysia of Zainul Bahrin Zain. Client orientation involves redesigning business processes so that they deliver products and serve markets in a responsive and cost effective manner. Cost effectiveness of development finance is the key to sustainability and implies the effective use of technology as well as excellence in business process design. These "seven guiding principles", like in a corporate mission statement, can be supplemented by a set of "operational priorities" as follows.

1/ Francisco Suárez Dávila, "A Mexican Perspective on Reinventing Development Banks for the 21st. Century", *Mercado de Valores, Mexico,* December 1995, pp. 12-18.

Operational Priorities for National Development Banks

Excellence: should be the overarching priority for development banks. This implies a specialized focus, the use of the fu

economic and social benefits. Development banks are also to supplement the financing in areas not adequately covered by commercial banks and other financial intermediaries.

Long-term Perspective: National development banks should continue taking the long-term perspective for their country in line with their developmental mission, assuming the role of the wise and prudent institution which aims to counterbalance market failures and to maintain the big picture of the country's future needs.

Relationships of National Development Banks with Government

Development banks were created with important links to government. A great many are fully owned by government. Many of the private development banks have an important government minority ownership. Because of their role in development, national development banks and the development function of governments are necessarily linked. Since national development banks regularly allocate investment funds and appraise the worth of investment projects, it is in their own

provision of technical assistance, the transfer of technology, the implementation of pre-investment, feasibility and project studies, the financing of medium- and small scale enterprise and the development of highly specialized human resources. They are adding an assortment of new roles to their traditional functions. In the end, their competence, flexibility, adaptability and innovative capacity within their own political, economic and social environment will determine their future importance for the achievement of the development of their countries.

The key to their success depends on developing an institutional <u>culture</u> which reflects their <u>vision</u>; on redesigning business processes so that they deliver products and serve markets in a responsive and cost effective fashion. Selectivity means that managers are trained to set priorities and act upon them. Partnerships allow to combine specialization with synergy. Client orientation is especially important in a competitive, fast moving business environment driven by the winds of globalization. Results orientation implies effective internal controls and a learning environment based on a rigorous evaluation of the operational impact. Cost effectiveness is the key to sustainability and implies effective use of technology as well as excellence in process design. Financial integrity is the foundation of the entire development banking business. Being a catalyst and innovator is to provide a driver for the flexibility that a national development bank needs for adapting its role to the ever changing circumstances in developi

implementation of development projects. Most governments have found that they are the most effective instruments to assure the successful completion of development projects -- in the productive sectors, in infrastructure, in the services sectors, and in the social sectors.

Development banks are more specialized and complex than other banks and they require more highly trained staff. The new development bank is a more respected and solid member of the financial community, a financial intermediary better integrated into the domestic and international financial system, and a strong factor in development, having a more active and stronger role in national financial policymaking and development financing. The new development bank places greater emphasis on financial resource engineering (asset and

wide array of official and private sources. "They see their role as contributing to sustainable development and they are ready to discovering that development financing is the key to sustainable development."1/

Agenda for Action by the Islamic Development Bank and ADFIMI

From the contributions made by the members of the Group of Experts on the Future Role of National Development Banks in the Twenty First Century, there emerge ten items to be included in an action plan for the Islamic Development Bank (IDB) and the Association of National Development Finance Institutions in Member Countries of the

(2) Creation of a Development Banking Department of the IDB: The responsibility of this department would be to carry out the proposed "Action Plan", to improve the key operational functions of the national development banks, which may include corporate strategy planning, portfolio and credit risk management, human resource development, information technology, controls, and other systems. This department should be staffed with qualified professionals and experts who would be able to provide needed guidance and support to member development banks and to ADFIMI.

Managed Special IDB Fund

(3) Creation of a Managed IDB Fund for Special Lines of Credit: To cater to the funding needs of the developing Muslim countries, a "Managed Special IDB Fund" should be created to extend special credit lines on soft terms for introducing new technology and making efficient use of local resources. This fund should also extend equity support for newly created development banks in the less developed regions of the poorer member countries. This fund would help to overcome the current decline of concessionary financing from other sources.

Special Guarantee Corporation

(4) Creation of a Special Guarantee Corporation: To strengthen the mobilization of financial resources in poor Muslim countries with little access to private financing, the IDB should consider establishing a "Special Guarantee Corporation" capable to guarantee repayments, or provide insurance against defaults, as well as providing assistance and advice on strengthening the creditworthiness of members. The "guarantee corporation" should also assume the role of serving as a substitute for a rating agency by establishing credit ratings for financially weaker institutions.

Foreign Exchange Risk Coverage

(5) Creation of an Entity Providing Exchange Risk Coverage: There is an increasing volume of foreign exchange funds available from international capital markets for the financing of development. National development banks can take advantage of these opportunities for mobilizing additional resources for investment in development. But the acquisition of external funds will expose national development banks to the highly volatile foreign exchange risk that has been at the root of the East-Asian financial crisis. In this regard the Islamic Development Bank (IDB) and ADFIMI can carry out a study of ways and means for the creation of an institutional mechanism for providing foreign exchange risk coverage to development banks. This entity, or financial institution, to be created, would assist individual development banks to obtain exchange risk coverage as a hedge against this risk by selling such coverage to specific institutions on a cost-recovery, or commercial basis. 1/ Possibly, an already existing institution, like MIGA, or an international bank, can be induced to offer such coverage.

Information Clearing House

(6) <u>Expanding Cooperation among National Development Banks through IDB and ADFIMI</u>: Creation of an "Information Clearing House". Member development banks should assist each other in policy formulation, strategy development, restructuring, managerial processes and other functions. An exchange of experiences and views on practices, policies, risks, organization, and institution building can be systematically and periodically supported and facilitated by the development banking department of IDB and by ADFIMI. Expert-groups and work-groups, as well as committees, can be established and issues of common concern can be explored, studied, and acted upon, with the resulting conclusions to be disseminated to all members for their benefit.

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<u>1</u>/ Alan Roe, Nicholas Bruck and Marcus Fedder, *International Finance Strategies for Developing Countries*, Policy Seminar Report 31, EDI-World Bank, 1992.

<u>Knowledge Bank</u>

(7) <u>Establishing an Internet-based Information Network and Knowledge Base</u> to be called the "Knowledge Bank". The National Development Banks should be integrated with IDB and ADFIMI in a network of communication, information and knowledge to be stored in a data base that will place development banks on the same level of access to information that is applicable to commercial and investment banks. The universe of about 165 development banks in member countries is quite suitable for creating a useful, valuable and efficient "knowledge bank"<u>1</u>/. It can enormously benefit development banks and their clients who generally lack access to specialized financial and development related information systems. An example of such an Internet-based network is "IPAnet" of IFC and MIGA, which provides project information on investment opportunities in developing countries to potential investors all over the world. Another example is "A-Net" of the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) which links the national development banks in the Asia and Pacific region. <u>2</u>/ But while these entities post information received

management, human resource development, learning and training techniques and other aspects of development bank operations is needed. Seminars and training in the same fields are essential for keeping development banks in the forefront of development financing and investment initiatives. While it is recognized that the already existing three-year ADFIMI Training Program for the years 1999 to 2001 contemplates seven annual seminars, five of which would have the duration of one week and two the duration of two weeks. In 1999 they would cover the subjects of: (1) executive development; (2) the training of trainers; (3) project preparation, appraisal and supervision; (4) financial risk management; (5) marketing; (6) credit supervision; and (7) management information systems. There are three more topics on the reserve list for seminars which could be substituted if

the programmed seminars cannot go forward. They include the subjects of: (a) small enterprise credits; (b) Islamic banking; and (c) strategic management. Other topics that have been requested by numerous members include: (i) entrepreneurial development; (ii) time management; (iii) human resource development; (iv) communications skills; (v) customer service; and (vi) change management and creating a learning organization. While it is also acknowledge that ADFIMI was created to provide this type of assistance, in various meetings and seminars member development banks have recently emphasized that it was crucial to further expand the institutional assistance and training provided to them.

Model Computer Program

(9) Creating a Program (software) for the Mechanization of Business Operations of National Development Banks: Commercial banks have used complex computer programs for the administration of their client's accounts, credit operations and other financial business. A program for administering the operations of national development banks should be less complex and its development should cost less. Many large development banks have developed their own computer programs for executing and administering their business functions. However, development banks in smaller and poorer countries still lack computerized operations systems. The "Model Computer Program" that is to be developed can be made available for use by development banks that will find this system valuable for the modernization of their operations and for ensuring conformity with international banking standards. It would also fulfill most reporting requirements periodically.

Political Role of ADFIMI

Creating a Political Voice in Support of Development Banks. In the European Union and the United States banks are sponsoring important legislation and reforms, which, if adopted, will change the international financial system by widening the scope of business of commercial banks, making their scope more universal and reducing their financial and business risk. To strengthen and upgrade the status of development banks they also need to receive political support from their associations, clients and the financial system. ADFIMI also needs to provide assistance and support for legislation and

reform that is needed in the interest of development banks through direct interventions, correspondence, publicity, publications, television, the internet, other media, conferences and seminars. ADFIMI should have an address in each member country to which it will send information on development banks to keep also governments informed on trends and changes in development banking.

1/ Their Internet website addresses are: “www.IPAnet.net” and “www.a-net.org”.
2/ World Bank, *Knowledge for Development,* World Development Report, Oxford University Press, 1998.

ANNEX 1
Development Banks in Member Countries of the Islamic Development Bank

AFGHANISTAN
1. Development Bank of Afghanistan, AFGHANISTAN
2. Industrial Development Bank of Afghanistan (IDBA), AFGHANISTAN

ALBANIA [Has no development bank]

ALGERIA
3. Banque Algeriénne de Développement (BAD), ALGERIA
4. Banque de l’Agriculture et du Développement Rural, ALGERIA
5. Banque de Développement Locale (BDL), ALGERIA
6. Banque Exterieure d'Algerie, ALGERIA

AZERBAIJAN [Has no development bank]

BAHRAIN
7. Arab Banking Corporation, BAHRAIN
8. Bahrain Development Bank, BAHRAIN

BANGLADESH
9. Bangladesh Krishi Bank, BANGLADESH
10. Bangladesh Shilpa Rin Sangstha (Bangladesh Shilpa Bank) (BSB), BANGLADESH

71. Agricultural, Industrial and Real Estate Credit Bank, LEBANON
72. Banque Nationale pour le Développement Industriel et Touristique, LEBANON

LIBYA

73. Development Bank of Libya, LIBYA
74. Libyan Arab Foreign Bank (LAFB), LIBYA
75. Libyan Arab Foreign Investment (LAFICO), LIBYA

MALAYSIA

76. Association of Development Finance Institutions in Malaysia (ADFIM), MALAYSIA
77. Bank Industri Malaysia Berhad (BIMB), MALAYSIA
78. Bank Kemajuan Perusahaan, MALAYSIA
79. Bank Pembangunan Malaysia Berhad (BPMB), MALAYSIA
80. Bank Pertanian Malaysia (BPM), MALAYSIA
81. Malaysian Industrial Development Finance (MIDF), MALAYSIA
82. Sabah Credit Corporation, MALAYSIA
83. Sabah Development Bank (SDBB), MALAYSIA

MALDIVES

84. Bank of Maldives, MALDIVES

MALI

85. Banque de Développement (SA), MALI
86. Banque Nationale de Développement Agricole (BNDA), MALI

MAURITANIA

87. Banque Mauritanienne de Développment et de Commerce (BMDC), MAURITANIA
88. Fonds National de Développement de la Mauritanie (FND), MAURITANIA
89. Union des Banques de Développement (UBD), MAURITANIA

MOROCCO

90. Banque Commercial du Maroc, MOROCCO
91. Banque Marocaine du Commerce Exterieur, MOROCCO
92. Banque Nationale pour le Développement Economique (BNDE), MOROCCO
93. Caisse Nationale de Crédit Agricole (CNCA), MOROCCO
94. Central Popular Bank of Morocco, MOROCCO
95. Credit Agricole, MOROCCO
96 Crédit Immobilier et Hotelier (CIH), MOROCCO
97. Crédit Populaire du Maroc (CPM), MOROCCO
98. Société Nationale d'Investissement (SNI), MOROCCO

MOZAMBIQUE

99. Banco Popular de Desenvolvimento, MOZAMBIQUE

NIGER

100. Société Nigérienne de Banque (SONIBANK), NIGER
101. Fonds de Solidarité Africain (FSA), NIGER
102. Fonds des Petites et Moyennes Enterprises Nigérienne (FIPMEN), NIGER

OMAN

SAUDI ARABIA
117. Islamic Development Bank, (IDB), Jeddah, SAUDI ARABIA
118. National Industrialization Company, SAUDI ARABIA
119. Saudi Fund for Development, SAUDI ARABIA
120. Saudi Industrial Development Fund, SAUDI ARABIA
SENEGAL
121. Banque Nationale de Développement du Senegal, SENEGAL
122. Central Bank of the West African States (BCEAO), SENEGAL
123. Société Financière Sénégalaise pour le Développement de l'Industrie et du Tourisme (SOFISEDIT)
124. Caisse Nationale de Crédit Agricole, SENEGAL
SIERRA LEONE
125. National Development Bank (NDB), SIERRA LEONE
SOMALIA
126. Somali Development Bank (SDB), SOMALIA
SUDAN
127. Agricultural Bank of Sudan (ABS), SUDAN
128. Animal Resources Investment Bank, SUDAN
129. Arab Bank for Economic Development in Africa (BADEA), SUDAN
130. Farmers Bank for Development and Investment, SUDAN
131. Gedarif Development and Investment Bank, SUDAN
132. Islamic Cooperative Development Bank, SUDAN
133. Sudan Rural Development Company (SRDC), SUDAN
134. Sudan Rural development Finance Company (SRDFC), SUDAN
135. Sudanese Investment Bank, SUDAN
SURINAME
136. Nationale Ontwikkelings Bank, SURINAME
SYRIA
137. Industrial Bank, SYRIA
TOGO
138. Fonds de Coopération, Compensation et de Développement de la CEDEAO, TOGO
139. West African Development Bank, TOGO
140. Banque Togolaise de Développement (BTD), TOGO
141. Société Nationale d'Investissement et Fonds Annexes (SNIFA), TOGO
TAJIKISTAN [Has no development bank]
TUNISIA
142. BEST Bank., TUNISIA
143. Banque de Développement Economique de Tunisie (BDET), TUNISIA
144. Banque Internationale Arabe de Tunisie, TUNISIA
145. Banque Nationale Agricole (BNA), TUNISIA
146. Banque Nationale de Développement Touristique (BNDT), TUNISIA
147. Development Finance Institute for the Arab Maghreb (IFID), TUNISIA
148. National Investment Corporation, TUNISIA
149. Societe Nationale d'Investissements, TUNISIA
150. Société Tunisienne de Banque (STB), TUNISIA
151. Union Tunisienne de Banques, TUNISIA
TURKEY
152. Agricultural Bank of Turkey, TURKEY
153. Association of National Development Finance Institutions in Member Countries of the Islamic Development Bank (ADFIMI), TURKEY
154. Birleik Yatirim Bankasi , TURKEY
155. Development Bank of Turkey, TURKEY
156. Export Credit Bank of Turkey (TURK EXIMBANK), TURKEY
157. Iller Bankasi, TURKEY
158. Indosuez Euro Türk Merchant Bank, TURKEY
159. Industrial Development Bank of Turkey, TURKEY
160. Industrial Investment and Credit Bank, TURKEY
161. Park Yatirim Bankasi, TURKEY

162. State Investment Bank (SIB), TURKEY
163. Takasbank, TURKEY
164. Tat Yatirim Bankasi, TURKEY
165. Tekfen Yatirim ve Finansman Bankasi, TURKEY
166. Türkiye Ihracat Kredi Bankasi, TURKEY
167. Türkiye Sinaî Kalkinma Bankasi (Industrial Development Bank of Turkey), TURKEY
168. Türkiye Vakiflar Bankas , TURKEY

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