



ISLAMIC FINANCIAL SERVICES BOARD

STRATEGIC PERFORMANCE PLAN 2012 - 2015

IDENTIFYING STRATEGIC GOALS AND KEY RESULT AREAS



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ABOUT THE ISLAMIC FINANCIAL SERVICES BOARD (IFSB)

The IFSB is an international standard-setting organisation which was officially inaugurated on 3 November 2002 and started operations on 10 March 2003. The organisation promotes and enhances the soundness and stability of the Islamic financial services industry by issuing global prudential standards and guiding principles for the industry, broadly defined to include banking, capital markets and insurance sectors. The standards prepared by the IFSB follow a lengthy due process as outlined in its Guidelines and Procedures for the Preparation of Standards/Guidelines, which includes the issuance of exposure drafts and the holding of workshops and, where necessary, public hearings. The IFSB also conducts research and coordinates initiatives on industry-related issues, as well as organises roundtables, seminars and conferences for regulators and industry stakeholders. Towards this end, the IFSB works closely with relevant international, regional and national organisations, research/educational institutions and market players.

For more information about the IFSB, please visit www.ifsb.org.

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STRATEGIC PERFORMANCE PLAN 2012 - 2015

IDENTIFYING STRATEGIC GOALS AND KEY RESULT AREAS

With the global crisis in its fifth year, the economic outlook remains uncertain for most countries and regions. The imperative is to maintain a firm eye on the longterm prospects while taking steps to manage the short- and medium-term issues. Over the longer term, economic and demographic projections indicate strong prospects for the expansion of the Islamic financial services industry (IFSI) in the Middle East, Africa and Asia. These prospects are best realised within a policy and regulatory environment that strengthens the soundness, resilience and stability of the industry.

Thus, while the IFSI has been resilient to the crisis, it faces a series of challenges that require a focused and carefully laid out roadmap for the Islamic Financial Service Board (IFSB) to act on in response. Over the medium term, the principal challenge is the development of a range of new standards and guiding principles corresponding to the fundamental changes in the global regulatory environment arising from the Basel III capital and liquidity frameworks and related measures. A second challenge is to broaden the range of cross-sectoral prudential and supervision standards and guiding principles to include *Takāful* and capital markets. A third and critical challenge is to ramp up efforts in support of implementation of prudential standards among IFSB member jurisdictions. Additionally, there is the need to lay the foundations of a set of harmonised prudential standards and transparency and disclosure mechanisms that will facilitate greater cross-border financing, a critical factor in creating depth and liquidity in Islamic financial markets. This, of course, must progress in parallel with strengthened cross-border cooperation mechanisms between regulators, and greater attention to building awareness through enhanced awareness programmes.

Against this backdrop, the IFSB embarked on a proposal to develop a Medium Term Strategy (MTS) Paper that outlines the strategic directions towards providing greater coverage of the needs of its key stakeholders. The draft of the MTS Paper was presented to the Council as a work-in-progress for discussion at its 19th Meeting in November 2011, in Kuala Lumpur, Malaysia. The findings in the MTS Paper were drawn from four distinct sources, namely: (i) surveys of members of the IFSB; (ii) recent international developments related to prudential and regulatory standards; (iii) industry inputs from various events and publications organised by the IFSB; and (iv) prior work and consultation with the IFSB Council, Technical Committee and other members of the IFSB (i.e. through meetings, seminars, roundtables, working groups, etc.). Drawing upon these sources, the Secretariat proposed the medium-term strategies outlined in the draft MTS Paper.

In this undertaking the IFSB has drawn on two important surveys covering Regulatory and Supervisory Authorities (RSAs) and market players. The findings of these surveys, which provided a detailed picture of the requirements, intentions and plans of our members over the medium to long term, gave a clear indication of the direction of regulatory reforms in Islamic finance. In particular, the findings highlighted those areas that the IFSB members feel must be addressed as a priority – jointly by them and the IFSB – to assist in the all-important objective of standards implementation.

With respect to the Survey on the Implementation of IFSB Standards, the following are the key findings noted:

1. Among the responding jurisdictions, nine have already implemented one or more standards. Of those nine jurisdictions, five have implemented three or more standards.
2. Nineteen jurisdictions are in the process of implementing one or more standards, or have plans to do so.
3. The implementation plans in these countries are framed mostly in terms of a three- to five-year time frame, although in a few countries the time frame is shorter in view of the progress made.
4. The standards that feature most frequently in terms of completion, or an advanced stage of progress in implementation, are typically the ones issued earliest. Table 1 shows the summary of the status of implementation of the IFSB Standards and Guidance Notes with respect to banking supervisory authorities, from the Survey.

Table 1: Summary of IFSB SAG implementation with respect to banking supervisory authorities as at end 2010

	IFSB 1	IFSB2	IFSB 3	IFSB 4	IFSB 5	IFSB 6	IFSB 7	IFSB 8	IFSB 9	IFSB 10	IFSB 11
1: COMPLETE	3 (13%)	6 (24%)	6 (24%)	4 (16%)	4 (16%)	0 (0%)	2 (8%)	1 (5%)	1 (4%)	1 (4%)	0 (0%)
2: IN PROGRESS	6 (25%)	4 (16%)	5 (20%)	8 (33%)	4 (16%)	3 (14%)	3 (13%)	3 (14%)	4 (17%)	6 (25%)	2 (9%)
3: PLANNING	9 (38%)	9 (36%)	9 (36%)	6 (24%)	10 (40%)	5 (23%)	10 (42%)	6 (29%)	11 (48%)	11 (46%)	7 (32%)
4: DO NOT PLAN	6 (25%)	6 (24%)	5 (20%)	7 (28%)	7 (28%)	14 (64%)	9 (38%)	11 (52%)	7 (30%)	6 (25%)	13 (59%)
Base	24	25	25	25	25	22	24	21	23	24	22

Legend:

1. Complete (i.e. implementation is complete)
2. In progress (i.e. implementation is in progress)
3. Planning (i.e. not yet in progress, but we are planning to implement)
4. Do not plan to (i.e. not in progress and we do not plan to implement, e.g. because not relevant to our supervisory authority).

The draft MTS Paper also highlighted that while the pre-conditions for successful implementation are demanding, the RSAs are fully aware of the staff, resource, and planning and consultation needs that must be addressed. The four top-ranked issues by RSAs are staff capabilities, preparation of a good baseline supervisory and legal framework, active engagement and dialogue with stakeholders, and adequate financial resources. Of these elements, significant progress has been made in about 50% of jurisdictions in terms of baseline assessments, quantitative impact assessments, and evaluation of the institutions offering Islamic financial services' (IIFS) compliance with the IFSB standards. The principal factors hindering greater speed in implementation are inadequate staff capacities and the existence of other priorities in many jurisdictions.

Furthermore, among the requirements identified in the survey to improve implementation, the following three are noteworthy:

1. Technical assistance is required in translating the IFSB standards into more meaningful and practical guidance notes and reports for IIFS. The scope of the technical assistance needs to be further identified and includes an enhanced programme of customised, train-the-trainers “Facilitating the Implementation of Standards (FIS)” workshops for RSAs, in addition to public workshops for IIFS.
2. It is important that the IFSB collaborates with the International Monetary Fund (IMF) and the World Bank to achieve inclusion of IFSB standards in the Financial Sector Assessment Programme (FSAP) process. The key issue in this regard is the need to develop core principles for Islamic finance and an assessment methodology to assist implementation.
3. Comparative reports of experiences of implementation on a cross-country basis would greatly assist in benchmarking the implementation progress and in anticipating common problems and issues.

The final draft of the MTS Paper, incorporating a Strategic Performance Plan (SPP) for 2012–2015, is the result of the guidance given by the IFSB Council Members on the work-in-progress paper presented in November 2011. It consists of new approaches that enable the key stakeholders to benefit from a range of activities and outputs that not only expand the coverage of prudential and developmental issues in Islamic finance, but also link these activities and outputs with the outcomes, to provide greater clarity and focus in terms of level of control and accountability.

In defining Strategic Key Result Areas (SKRAs), the SPP emphasises the importance of responding to the identified needs of the key stakeholders of the IFSB, namely (a) the Council; and (b) all IFSB members. These needs are matched against the appropriate action plans. Embedded in the process is an attempt to achieve a balance between the availability of resources, both internal and external, and the imperative to provide effective action and sound guidance in specific priority areas. In this regard, the findings of the surveys conducted by the IFSB Secretariat in 2011 form the basis for diagnosis of these priority areas, which has resulted in the identification of four SKRAs, namely:

- **SKRA 1: Formulation, Adoption and Implementation, Publicising and Promoting Prudential Standards for Islamic Finance**
- **SKRA 2: Technical Assistance and Capacity Building**
- **SKRA 3: Cooperation Enhancement (creating platform for cooperation)**
- **SKRA 4: Communication and Information Sharing**

Delivering the strategy will require a number of key adjustments within the IFSB in terms of prioritising the allocation of staff and financial resources. This will need to take place within the context of tight controls on expenditures and an expanded effort to raise revenues through fee-based activities. The overall need for additional staff resources within the strategy time frame is modest, and will be met in part through the existing secondment programme. In ramping up fee-based activities, the IFSB proposes to enter into partnerships with a number of strategically chosen educational, research and capacity-building organisations. Additional partnerships and understandings will be sought with multilateral development banks to meet capacity-building needs. These activities will take place alongside a sustained effort to expand membership and a commitment to provide value to members through increased responsiveness to their needs and issues.



1.0 Introduction

In November 2011, the Council of the IFSB approved a Medium Term Strategy (MTS) Work-in-progress Paper which outlined the proposed activities to be undertaken by the IFSB during the period 2012–2015. In order to ensure that each of the activities outlined in the Paper will contribute to the achievement of a common set of objectives, the Council recommended that the Secretariat identify an approach that would allow execution and delivery of the expected results arising from the MTS to be monitored and measured in a more efficient manner.

In December 2011, the IFSB Secretariat began preparations to transform the MTS into a Strategic Performance Plan (SPP) based on an Integrated Result Based Management (IRBM) approach, where all activities are streamlined towards sharpening the focus of the mission, goals and objectives of the IFSB.

1.1 Purpose of the SPP

The purpose of the SPP is to strengthen the IFSB Council's oversight on the future directions of the IFSB, giving it an enhanced and more flexible management tool with which to progressively assess its intended deliverables. It aims to structure the strategies and activities proposed in the MTS Paper using an approach that focuses on the appropriate and timely achievement of the goals and objectives of the IFSB at all levels. This approach will allow the Council to improve its policy decision-making process and monitor programme performance through a process incorporating strategic planning, systematic implementation and resource usage, performance monitoring, measurement and reporting, as well as systematic utilisation of performance information to be supplied by the Secretariat on an ongoing basis.

1.2 Structure and Content

The SPP is structured as follows:

Section 1 sets out the purpose of the SPP and describes its expected outcome.

Section 2 covers the outlook and policy directions of the IFSB, highlighting industry perspectives and the IFSB Council's existing policy preferences. This section also highlights the new opportunities and challenges of the IFSB going forward.

Section 3 provides a situational diagnosis which encompasses a list of achievements of the IFSB since it started operations in 2003, as well as a summary of the organisational strengths, weaknesses/limitations and critical success factors. This section also explains the need for the IFSB to refine its traditional approach to performance measurement by shifting to an outcome-based performance management approach.

Section 4 sets out details of the Strategic Key Result Areas (SKRAs) and the expected outcomes to be derived from a number of programme outputs and activities undertaken by the IFSB from 2012 to 2015.

1.3 Expected Outcome

The SPP provides guidance and reference to all IFSB stakeholders, the Council in particular, in monitoring and measuring the progress and level of achievement of each of the identified SKRAs. It is expected that an outcome of this document will be increased clarity about the responsibility and accountability of the IFSB to its stakeholders. In addition, the process by which this SPP has been formulated is expected to provide more value for-money activities that, among other things, aim to provide clarity to stakeholders about the allocation of the required resources.

PURPOSE-IN-LIFE OF THE IFSB

The IFSB was established as a result of the need to have internationally recognised and unified standards for fostering effective regulation and supervision of the Islamic financial services industry. The founding members of the IFSB envisioned that the Board will act as a body for coordinating and giving guidance on good practices in the regulation and supervision of Islamic financial services.

IFSB MISSION

The mission of the IFSB is to remain relevant in its work through the preparation of global prudential standards and other activities that will assist and facilitate supervisory authorities to regulate the Islamic financial services industry to ensure its resilience and stability.

CORE VALUES

A set of core values drives the operations of the IFSB. These core values are universal and apply in all aspects of its operations. They are seen as crucial in the running of the IFSB's operations, as the Board deals with a range of members and beneficiaries from many countries and environmental settings.

Accountability

Take responsibility for actions that influence credibility

Collaboration

Collaborate within and outside the IFSB to deliver quality international prudential standards for the Islamic financial services industry

Responsiveness

Be responsive to the needs of those we serve

Integrity

Act with honesty and integrity through a common set of values

IFSB OBJECTIVES

Article 4 of the IFSB Articles of Agreement, states:

1. To promote the development of a prudent and transparent Islamic financial services industry through introducing new, or adapting existing, international standards consistent with *Shari`ah* principles, and to recommend these for adoption.
2. To provide guidance on the effective supervision and regulation of institutions offering Islamic financial products and to develop for the Islamic financial services industry the criteria for identifying, measuring, managing and disclosing risks, taking into account international standards for valuation, income and expense calculation, and disclosure.
3. To liaise and cooperate with relevant organisations currently setting standards for the stability and soundness of the international monetary and financial systems and those of the member countries.
4. To enhance and coordinate initiatives to develop instruments and procedures for efficient operations and risk management.
5. To encourage cooperation amongst member countries in developing the Islamic financial services industry.
6. To facilitate training and personnel development in skills in areas relevant to the effective regulation of the Islamic financial services industry and related markets.
7. To undertake research into, and publish studies and surveys on, the Islamic financial services industry.
8. To establish a database of Islamic banks, financial institutions and industry experts.
9. Any other objectives on which the General Assembly of the IFSB may agree from time to time.

2.0 Outlook and Policy Directions

Islamic finance has, in recent years, acquired greater prominence in the global financial system and has extended beyond the traditional predominantly Muslim economies to major industrial economies. This growing significance is a manifestation of the viability of Islamic finance as a financial intermediation channel that supports economic growth and the development of nations. While it was initially developed to fulfil the needs of Muslims, Islamic banking and finance has now gained wider acceptance. The appreciation of its potential has prompted interest among conventional financial institutions in venturing into this fast-expanding market. Islamic finance can expect to evolve into an increasingly important component of the global financial system with a corresponding need for the development of the regulatory dimension to explicitly address the unique features of Islamic finance. Islamic financial activities are distinct from conventional financial activities in terms of the underlying philosophy of Islamic finance, which prohibits interest; this, in turn, shapes the nature of its financial transactions and its risk attributes. A separate regulatory framework was developed, therefore, in view of the unique risks in Islamic financial transactions to provide for their effective assessment and management. Such a prudential regulatory design has complemented concurrent efforts that are under way to further develop Islamic financial markets and Islamic financial instruments. This architecture will contribute to the development of a robust and resilient Islamic financial system that can effectively preserve financial stability and contribute to balanced growth and development.

2.1 Opportunities and Challenges that Lie Ahead

OPPORTUNITIES

The Islamic financial services industry is now recognised as a competitive and robust alternative to conventional finance where there is an evolving international financial architecture that supports the industry, and an increasingly sophisticated range of products. In the last ten years, assets under management in the industry have grown at a phenomenal rate of about 15% per annum. As a result of this growth, global assets under management now total over US\$1 trillion. This high rate of growth has been across all asset classes and is reflected in the expansion seen in Islamic banking, *Takāful* and the asset management industry, and in the growth of *Sukūk*. As a result, the Islamic financial services industry has been transformed into a global industry. Although the industry is still small compared to its conventional counterpart, the Islamic financial services sector is now either too large to ignore, or is approaching systemic importance, in a growing number of economies across the world.

The core principles of Islamic finance do not resonate only with Muslims; today, they are attracting the interest of non-Muslims who believe in Corporate Social Responsibility and ethical financing. Islamic finance principles are being reflected in the design of the global regulatory

architecture in which policymakers are rediscovering the value of stressing the close linkage between finance and production, and are putting in place requirements for higher capital and other measures that will reduce risk-taking. Many of these measures correspond closely with Islamic finance principles.

The growth in the Islamic financial services industry is driven by strong consumer demand coupled with a facilitating stance by public authorities, and a dynamic response from financial intermediaries from the private sector. The result has been innovation and product development, which continues to date. Given the favourable demographics and substantial prospects for sustained high growth in major countries in Asia, South Asia, the Middle East and Africa, countries that have large and growing Muslim populations, it is expected that this growth will continue for some time to come.

In addition, the resilience of Islamic finance during the recent financial crisis helped the industry to be recognised as an important part of the global financial system, which can contribute to growth and to a new level of soundness, stability and inclusiveness. There is growing appreciation in the international financial community of the distinct nature and inbuilt strengths of the Islamic financial services industry. Multilateral organisations such as the World Bank, the International Monetary Fund

(IMF), the Islamic Development Bank (IDB) and the Asian Development Bank (ADB) have not only recognised the importance of the role which Islamic finance can play in the global financial system, but have also offered their support for its promotion and capacity building of supervisory authorities and industry players. The decision of these organisations to join the IFSB is proof of their acknowledgement of the increasing importance of the Islamic financial services industry.

The rapid expansion of the industry has also driven its players to look beyond historical borders and explore new territories. At the same time, well-established conventional financial institutions in developed countries have found it strategically attractive to make inroads into this increasingly dynamic market. With the internationalisation of Islamic finance, global interest in the industry is no longer limited to Muslim nations and communities. At present, Islamic financial products and services are being offered by more than 300 IIFS in more than 75 countries, including Islamic banks and asset managers in key international financial centres in the United Kingdom and the United States. Supervisory authorities and market players from a number of Muslim-minority nations have also become members of the IFSB in order to benefit from the experiences of other jurisdictions and to tap the increasing demand for such products in their markets. Currently, the IFSB members include regulatory and supervisory authorities from nations such as Japan, South Korea, China, the Philippines, Singapore and Hong Kong in Asia; Luxembourg in Europe, and Mauritius and Zambia in Africa. As at December 2012, the UK is not a member of the IFSB. However, its approach to Islamic finance reflects the global appeal of the industry beyond Islamic jurisdictions per se. The UK authorities have welcomed Islamic finance as a set of instruments that offers a wider range of choice to consumers. The regulatory authorities have thus adopted a level playing field approach to removing obstacles to the growth of the industry in the UK.

Takāful is another important segment of the Islamic financial services industry. The introduction of this instrument represents a landmark in the evolution of Islamic finance, with key *Shari`ah* advisory rulings on the idea of risk-sharing taking place in the 1980s. In 2010, global *Takāful* contributions totaled US\$9.15 billion and were expected to increase to US\$12 billion in 2011.

CHALLENGES

In 2010, the Task Force on Islamic Finance and Global Financial Stability issued a report that describes in detail the key challenges in the context of strengthening the stability of the Islamic financial system.¹ In essence, the report identified three key areas of priority, namely: (i) strengthening the infrastructural building blocks of the Islamic financial services industry to further enhance the industry's resilience; (ii) accelerating the effective implementation of *Shari`ah* and prudential standards and rules to facilitate the creation of a more stable, efficient and internationally integrated Islamic financial services industry; and (iii) creating a common platform for the regulators of the Islamic financial services industry to enhance constructive dialogue.

The Report identified eight building blocks aimed at further strengthening the Islamic financial infrastructure at the national and international levels to promote a resilient and efficient Islamic financial system. To date, the IFSB has facilitated discussions on three of these building blocks through its Islamic Financial Stability Forum (IFSF). These areas are:

- development of a set of comprehensive, cross-sectoral prudential standards and a supervisory framework covering Islamic banking, *Takāful* and capital markets which takes into account the specificities of the IIFS;
- development of a robust national and international liquidity infrastructure, which encompasses the potential for monetary policy and money market operations; and
- strengthening of the financial safety net mechanism, namely, lender of last resort facilities and emergency financing mechanisms as well as deposit insurance, all of which need to be compatible with *Shari`ah* principles.

The challenge ahead is for the IFSB to facilitate the implementation of the recommendations from the deliberations in the IFSF on some of the key building blocks discussed. Concrete evidence of the critical role of the IFSB in the facilitation process is the establishment of the International Islamic Liquidity Management Corporation (IILM) in 2010. This landmark collaboration between 12 central banks and two multilateral development institutions represents a major breakthrough in strengthening the liquidity arrangements for the international Islamic financial system. The creation of IILM, with the mandate to issue *Shari`ah*-compliant liquid instruments, is an important step forward in promoting more efficient cross-border liquidity management by Islamic financial institutions.

¹ *Islamic Finance and Global Financial Stability*, April 2010, www.ifsb.org/docs/IFSB-IRTI-IDB2010.pdf.

3.0 Situational Diagnosis

This section provides a diagnosis of the past and present work as well as future directions for the IFSB. It lists the IFSB's achievements since it commenced operations in March 2003. Included in the diagnosis are its organisational strengths, weaknesses/limitations and critical success factors, and the need to shift from the traditional activity-based performance measurement approach to an integrated results-based management approach.

3.1 IFSB's Accomplishments

The accomplishments of the IFSB can be measured based on: (i) standards and guiding principles produced; (ii) awareness promotion conducted; (iii) FIS workshop programmes and number of participants trained; (iv) expansion of membership; and (v) other key developmental initiatives.

Standards and guiding principles produced

Since starting its operations in March 2003, the IFSB has issued 13 standards, five guiding principles and one technical note for the Islamic financial services industry.

No.	Code	Standard/guidance note/technical note	Issuance
1	IFSB-1	Guiding Principles of Risk Management	2005
2	IFSB-2	Capital Adequacy Standard	2005
3	IFSB-3	Guiding Principles on Corporate Governance	2006
4	IFSB-4	Disclosures to Promote Transparency and Market Discipline	2007
5	IFSB-5	Guidance on Key Elements in the Supervisory Review Process	2007
6	IFSB-6	Guiding Principles on Governance for Collective Investment Schemes	2008
7	IFSB-7	Capital Adequacy Requirements for <i>Sukūk</i> , Securitisations and Real Estate Investment	2008
8	IFSB-8	Guiding Principles on Governance for Islamic Insurance (<i>Takāful</i>) Operations	2009
9	IFSB-9	Conduct of Business for Institutions offering Islamic Financial Services	2009
10	IFSB-10	Guiding Principles on <i>Sharī'ah</i> Governance System	2009
11	IFSB-11	Standard on Solvency Requirements for <i>Takāful</i> (Islamic Insurance) Undertakings	2010
12	IFSB-12	Guiding Principles on Stress Testing	2012
13	IFSB-13	Guiding Principles on Liquidity Risk Management	2012
14	GN-1	Guidance Note in Connection with the Capital Adequacy Standard: Recognition of Ratings by External Credit Assessment Institutions (ECAIs) on <i>Sharī'ah</i> -Compliant Financial Instruments	2008
15	GN-2	Guidance Note in Connection with the Risk Management and Capital Adequacy Standards: Commodity <i>Murābahah</i> Transactions	2010
16	GN-3	Guidance Note on the Practice of Smoothing the Profits Payout to Investment Account Holders	2010
17	GN-4	Guidance Note in Connection with the IFSB Capital Adequacy Standard: The Determination of the Alpha in the Capital Adequacy Ratio	2011
18	GN-5	Guidance Note on the Recognition of Ratings by External Credit Assessment Institutions (ECAIs) on <i>Takāful</i> and <i>ReTakāful</i> Undertakings	2011
19	TN-1	Technical Note on Issues in Strengthening Liquidity Management of Institutions offering Islamic Financial Services: The Development of Islamic Money Market	2007

Other standards (work in progress)

No.	Project	Commencement of project	Expected issuance date
1	Revised Capital Adequacy Standard	2011	2013
2	Standard on Risk Management for <i>Takāful</i> Undertakings	2011	2013
3	Revised Supervisory Review Process Standard	2012	2014
4	Core Principles for the Islamic Financial Services Industry	2013	2016

Other IFSB publications

No.	Title of publication	Issuance
1	Issues in Regulation and Supervision of <i>Takāful</i> by IFSB and IAIS	2006
2	Islamic Financial Services Industry Development: Ten-Year Framework and Strategies by IFSB, IDB and IRTI	2007
3	Compilation Guide on Prudential and Structural Islamic Finance Indicators	2007
4	Islamic Finance: Global Legal Issues and Challenges	2008
5	IFSB Public Lecture Series	
	• Islamic Finance and Financial Policy and Stability: An Institutional Perspective	2007
	• The Recent Crisis: Lessons for Islamic Finance	2009
	• About the Role of Central Banks in Financial Stability and Prudential Liquidity Supervision, and the Attractiveness of Islamic Finance	2009
	• Constraints on Growth in Islamic Finance	2011
	• The Determinants of Islamic Financial Development and the Constraints on its Growth	2011
6	The Changing Landscape of Islamic Finance: Imminent Challenges and Future Directions	2010
7	IFSB-IDB-IRTI Islamic Finance and Global Financial Stability Report	2010
8	Islamic Financial Stability Forum Series	
	• Capacity Building in the Financial Sector: Strategies for Strengthening Financial Institutions	2010
	• Liquidity Management in Institutions offering Islamic Financial Services	2010
	• Macroprudential Surveillance and the Role of Supervisory and Regulatory Authorities	2011
	• Implementation of an Islamic Deposit Insurance System for the Islamic Financial Services Industry	2011
	• Lender of Last Resort in Islamic Banking	2011
	• Development of Effective Insolvency Regimes for Islamic Financial Institutions	2012
	• Crisis Management in the Islamic Financial Services Industry	2012
	• Developing a Platform for Consumer Protection in the Islamic Financial Services Industry	2012
9	Strategies for the Development of Islamic Capital Markets: Infrastructures and Legal Aspects of Islamic Asset Securitisation	2011
10	Effective Insolvency Regimes: Institutional, Regulatory and Legal Issues Relating to Islamic Finance	2011
11	التحديات الرقابية والقانونية في صناعة الخدمات المالية الإسلامية: آراء شرعية (Regulatory and Legal Challenges in the Islamic Financial Services Industry: <i>Shari'ah</i> Opinions)	2011
12	Revised Compilation Guide on Prudential and Structural Islamic Finance Indicators	2011

AWARENESS PROMOTION

The active involvement of the IFSB in promoting the awareness of issues that are relevant or have an impact on the regulation and supervision of the Islamic financial services industry have resulted in greater awareness of pertinent topical issues related to the development of the Islamic financial services industry and increased promotion and dissemination of information on the standards and guiding principles that the IFSB has developed or is developing. These programmes have been able to provide a platform for the IFSB, its members and the industry at large, from which to, inter alia:

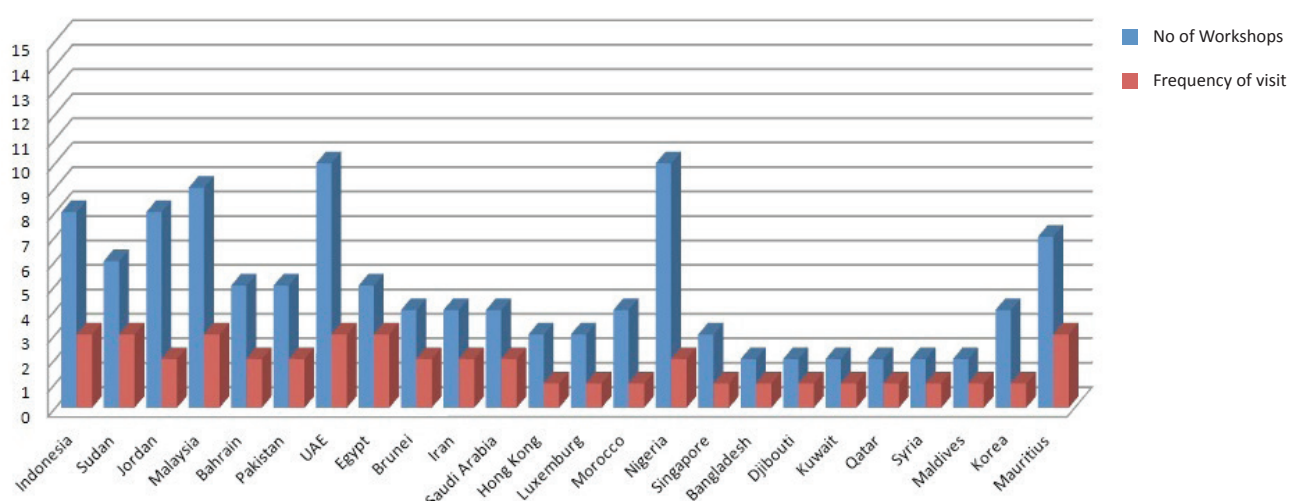
- i. engage with various regulators and supervisory authorities, and other industry stakeholders, to discuss topical issues of common interest;
- ii. learn and understand industry practices across different frameworks, sectors and jurisdictions;
- iii. obtain input and feedback on relevant issues from different perspectives, including those of regulators/supervisors, international organisations and market players;
- iv. discuss and identify gaps in the overall framework for the Islamic financial services industry, and work towards recommending solutions;
- v. create awareness, and facilitate the development, of the Islamic financial services industry in new jurisdictions wishing to explore its possibilities and potential; and
- vi. act as a marketing tool for the promotion of the IFSB's standards development activities and its membership.

	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
Serial programmes ²	2	5	6	5	4	4	7	4	6	43
General programmes	2	1	6	4	6	7	11	10	6	53
Total	4	6	12	9	10	11	18	14	12	96

“FACILITATING IMPLEMENTATION OF STANDARDS (FIS)” WORKSHOP

Between November 2007 and December 2012, the IFSB conducted 103 FIS workshops in 24 member countries. A total of 1,691 participants, representing regulatory and supervisory authorities and market players, have benefited from these workshops.

Figure 1: FIS Country Programmes (2007-2012)



Since October 2009, some of the FIS workshops have been jointly organised with the IRTI/IDB (Islamic Research and Training Institute/Islamic Development Bank) under the IFSB-IRT/IDB Capacity Building Initiative. The initiative reflects the IRTI/IDB commitment to assisting with capacity building in Islamic finance. The workshops under this initiative were held in the Kingdom of Saudi Arabia, Islamic Republic of Iran, Republic of Egypt, Sudan, Bangladesh, Maldives and Djibouti.

² There are a number of awareness programmes that the Secretariat continues to organise on a serial basis, either annually or biannually. They are considered to be the IFSB's flagships, as they fall directly in line with its objectives and aspirations. Over the years, these programmes have developed a reputation for providing a rigorous discourse with high-quality technical content, and a line-up of highly reputable and renowned speakers, as well as strong attendance and participation.

EXPANSION OF MEMBERSHIP

As at December 2012, the IFSB has a total of 184 comprising 55 regulatory and supervisory authorities, eight international inter-governmental organisations and 121 market players, professional firms and industry associations operating in 41 jurisdictions.

	Full	Associate	Observer	Total
Launching November 2002	9	0	0	9
End 2003	13	4	33	50
End 2004	15	6	44	65
End 2005	16	7	55	78
End 2006	18	10	82	110
End 2007	20	16	101	137
End 2008	21	21	136	178
End 2009	26	22	145	193
End 2010	28	22	145	195
End 2011	27	26	136	189
End 2012	30	25	129	184

OTHER KEY DEVELOPMENTAL INITIATIVES

The IFSB facilitated the work in establishing the International Islamic Liquidity Management Corporation (IILM), which was launched in October 2010. The IILM started its operations in February 2011. Its main task is to issue short-term multi-currency liquidity instruments to facilitate cross-border liquidity management between financial centres and at the same time enhance the financial inter-linkages. The IILM is expected to roll out the issuance of liquidity instruments which will allow for more efficient management of financial flows across borders and thus contribute to the efficient internationalisation of Islamic finance.

3.2 Organisational Strengths

THE UNIQUE BLEND OF THE IFSB'S BROAD MEMBERSHIP

The members of the IFSB consist of supervisory authorities, industry associations, international intergovernmental organisations and market players. This mixture of stakeholders is the key strength of the organisation, whereby it promotes closer collaboration through various platforms organised by the IFSB. The diversity of experiences and viewpoints, particularly on regulatory issues and concerns, from every member of the

IFSB strengthens its ability to develop the market and to promote soundness and stability in the Islamic financial services industry.

SUPPORT FROM KEY STAKEHOLDERS

The IFSB receives strong support from its key stakeholders, especially the Council members, in many aspects ranging from financial support and other forms of sponsorship. Other members also continuously support the work of the IFSB by appointing senior staff members from their respective central banks to be members of the Technical Committee and Working Groups.

3.3 Organisational Weaknesses/ Limitations

RESOURCE CONSTRAINTS AT THE SECRETARIAT

In order to bring the IFSB up to the next level, the Board needs to be equipped with a strong team of experts, not only in managing the development of standards for all three key sectors of the industry, but also in other high-level tasks such as collaboration with other international bodies.

3.4 Critical Success Factors

CONTINUOUS SUPPORT FROM STAKEHOLDERS

In order to remain relevant, the IFSB needs to have full support from its stakeholders, particularly in adopting and implementing the standards it has produced. Regulatory and supervisory authorities (RSAs), particularly from non-member jurisdictions, need to be convinced that the IFSB is producing quality standards and this can be reflected by the number of IFSB member RSAs adopting and implementing them.

Active participation by and contribution of stakeholders in the events organised by the IFSB is also a critical factor in its success. The active participation of members will produce better-quality results. This participation and contribution may come in many forms, such as financial sponsorship, talents development, provision of expertise, etc.

EXPANSION OF MEMBERSHIP BASE

The IFSB needs to expand its membership base to cover jurisdictions beyond the traditional markets for

Islamic finance. This is important in order to bring in more expertise, especially from the perspective of the conventional finance sector's experience in developing regulations in their respective jurisdictions.

REMAIN UPDATED ON THE LATEST DEVELOPMENTS AND TRENDS IN THE FINANCIAL SERVICES INDUSTRY

Another critical factor for the success of the IFSB is to ensure that it keeps track of the latest developments and trends in the global financial services industry. Feedback from countries that have adopted and implemented the standards is important, as it can provide a good indication of whether the services offered by the IFSB are addressing the needs of the industry.

BE RESPONSIVE TO THE NEEDS OF THE INDUSTRY AND ITS STAKEHOLDERS

While keeping itself updated on the latest developments in the industry, the IFSB also needs to ensure that it has the capacity to respond to the needs of the industry and its stakeholders efficiently. Solutions to industry problems, for example, must be offered in a timely manner to ensure that the industry is not exposed to systemic failures.

DEVELOPING THE SKILL SET OF THE SECRETARIAT MEMBERS

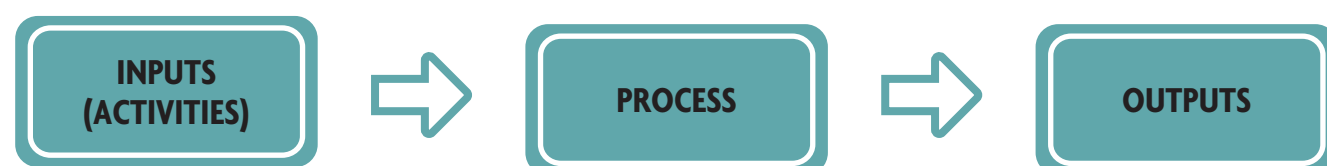
Relevant members of the Secretariat must constantly be in a position to discuss technical matters related to prudential and regulatory aspects of finance. As the IFSB covers all three key sectors of the Islamic financial services industry, the skill set of the Secretariat members needs to be comparable with those of other global standard-setters.

3.5 Refining the Traditional Performance Measurement Approach into a Results-based Performance Approach for the IFSB

The IFSB will be refining its approach to measure its performance and the delivery of its services to its stakeholders based on an approach called "Integrated Results-based Management". This approach is articulated in the form of a Strategic Performance Plan that uses a process called the Results Ladder. The Results Ladder is a series of expected achievements linked by causality; that is, it is situated in a framework that shows the causal relationship between the different levels of achievements.

In delivering its services to its members and the industry, the IFSB's current focus is based on the traditional activities-based approach, which involves only activities, processes and outputs (Figure 2).

Figure 2: Activities-based performance



The Integrated Results-based Management (IRBM) approach, on the other hand, uses a process called the “Results Ladder” (Figure 3).

Figure 3: The Results Ladder

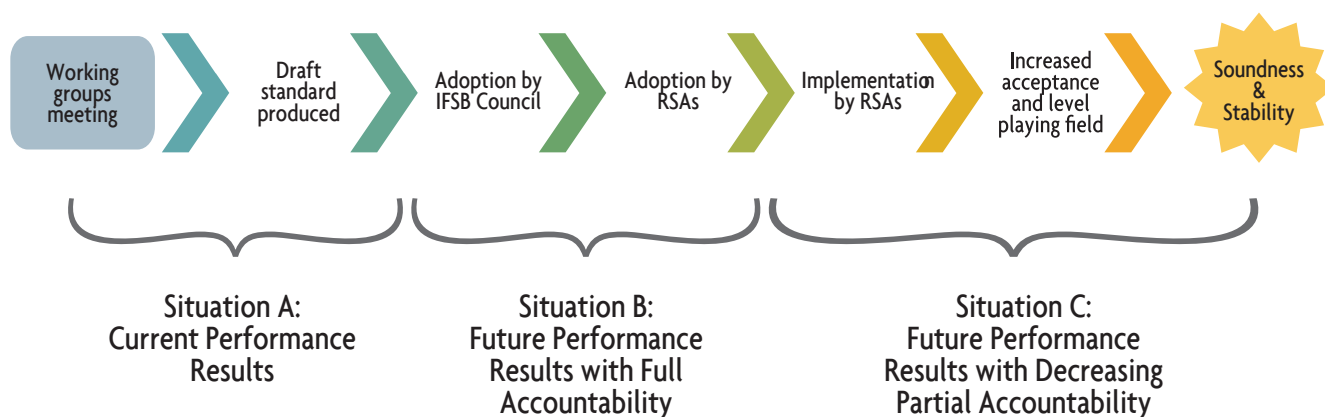


The Results Ladder is based on a concept of performance results whereby the level of control and accountability of the organisation decreases with each higher level of results, due to many exogenous forces.

Figure 4 illustrates how the Results Ladder approach is used to achieve soundness and stability through the development of IFSB standards.

In this process, the IFSB is in control of the activities and tasks required to ensure timely and quality delivery of the draft standards (Process Output). In addition, the IFSB is in control of the adoption of the standard by the IFSB Council (Programme Output). Different levels of outcomes (Preliminary, Intermediary and Tertiary) contribute to achieving the Impact level. The higher-level outcomes can only materialise if the lower-level results of Program Output and Preliminary Outcomes are achieved. Therefore, it is imperative for the IFSB to achieve performance results as in Figure 3 using the IRBM approach, rather than be in the current situation of Figure 2.

Figure 4: Example of the Results Ladder for achieving soundness and stability through the development of IFSB standards



The IRBM approach is a results-based performance management system that adopts an integrated approach towards performance planning, implementation, monitoring and evaluation, and reporting. The main features of this approach include the following components:

- integrated performance planning;
- results-based budgeting linked to the outcomes;
- results-based personnel performance linked to the outcomes;
- evidence-based decision-making; and
- integrated monitoring and evaluation.

The focus of this approach is on the outcomes and outputs which the IFSB must produce to justify its existence and operations. Brief details of each of these components are provided below.

INTEGRATED PERFORMANCE PLANNING – The performance planning component under the IRBM approach focuses more on demand- or need-driven programmes of actions that are meant to produce focused and relevant outcomes. These outcomes will then determine the strategies, outputs, actions and inputs needed to produce the desired results. The performance plan clearly identifies an integrated results framework for the IFSB that helps to focus and improve its performance.

RESULTS-BASED BUDGETING – Based on the integrated performance plan, the IFSB will also be able to draw up a results-based budget for the various outcomes it hopes to achieve. Using this approach, a budget will be drawn up specifically to link to one or more result areas and specific outcomes. This process not only ensures that the budget-building process is results-based, but also helps to improve the allocation of resources. A detailed and results-based budgeting allows the IFSB to achieve its desired outcomes with details of the costs involved in achieving those outcomes.

The budget proposal for the IFSB SPP will be drawn up using this budgeting approach and will provide a basis for determining the budgets and resources required for the relevant IFSB activities, outputs and outcomes.

RESULTS-BASED PERSONNEL PERFORMANCE – Achievement of the IFSB's outcomes and outputs is closely linked with the performance of the personnel working in the programme areas that produce these results. Under the IRBM approach, much attention is given to the personnel at the IFSB Secretariat, and to how they plan and carry out their work functions. Each personnel's work plan and strategic inputs into the IFSB's programmes will be linked with the outcomes that must be produced or contributed to by each personnel, either individually or in work groups. This will help to improve the focus and efficacy of all the operations of the IFSB Secretariat.

EVIDENCE-BASED DECISION-MAKING – The systematic and outcome–output-based results approach under IRBM will ensure that information for decision-making at both the policy and operational levels is timely, reliable and accurate. This is because systematic performance planning using the programme approach provides decisionmakers with a detailed results framework, performance indicators and data management details. Crucial information for performance assessment and decision-making will come from the integrated monitoring and evaluation system that forms an integral part of the IRBM.

INTEGRATED MONITORING AND EVALUATION – Timely, accurate and reliable information is key to good decision-making at both the policy and operational levels. This is supported by an integrated monitoring and evaluation system that links the performance of all SKRAs and their outcomes and outputs. The integrated monitoring and evaluation system also ensures that all results are monitored, measured and reported in a consistent, valid and reliable manner to key stakeholders on a timely basis. This helps to ensure that decisions by key stakeholders, particularly the Council of the IFSB, are evidence-based and comparable both across time and across programmes.

4.0 Strategic Key Result Areas

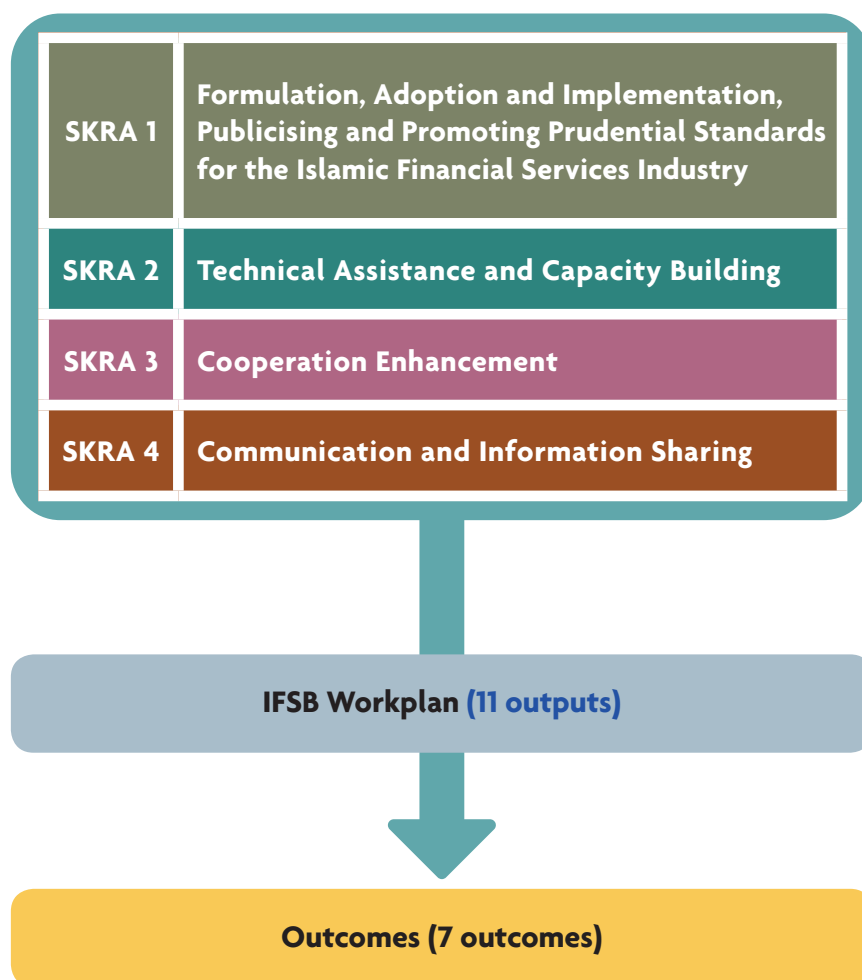
IFSB STRATEGIC PERFORMANCE PLAN 2012 – 2015

This section provides details of the IFSB's Strategic Performance Plan (SPP) for the period 2012–2015. This medium-term plan sets out the expected outcomes and outputs that will be produced by the IFSB over the next four years and the resources that will be needed to implement these outputs and appropriate actions. In essence, the SPP spells out in detail the expected performance of the IFSB in relation to its existence and core business. Since the core results of the IFSB revolve around the development and issuance of prudential Islamic financial standards, the process of which takes time, the SPP will assist in providing the IFSB stakeholders with useful information about the processes involved, with the aim of allowing key policy decisions on the actions to be taken and the resourcing required for them.

The IFSB SPP has identified a total of four SKRAs to be achieved over the medium term – i.e. 2012 to 2015. Under each SKRA, one or more preliminary outcomes are planned to be achieved. This section describes the outputs for achieving the outcomes for which the IFSB is accountable – i.e. the preliminary outcomes.¹ Other outcomes – i.e. intermediate and tertiary outcomes – are beyond the control and accountability of the IFSB. For example, the IFSB is accountable to assist its members to adopt its standards, but it is not accountable for the implementation of the standards as that is subject to many extraneous factors and circumstances beyond the control or influence of the IFSB. Each member of the IFSB is entitled to determine its own timeline for implementation of the IFSB standards, and the IFSB is not in a position to dictate or control this action.

Four Strategic Key Result Areas (SKRAs) have been identified in line with the IFSB objectives, and are the most relevant and important areas for the IFSB to focus on for the duration of this SPP.

The SPP incorporates a Strategic Results Framework comprising the four SKRAs, with eleven outputs leading to seven identified outcomes. Key Performance Indicators have then been set for each of the outputs. These Outputs, Outcomes and Performance Indicators are further elaborated in pages 19 to 31.

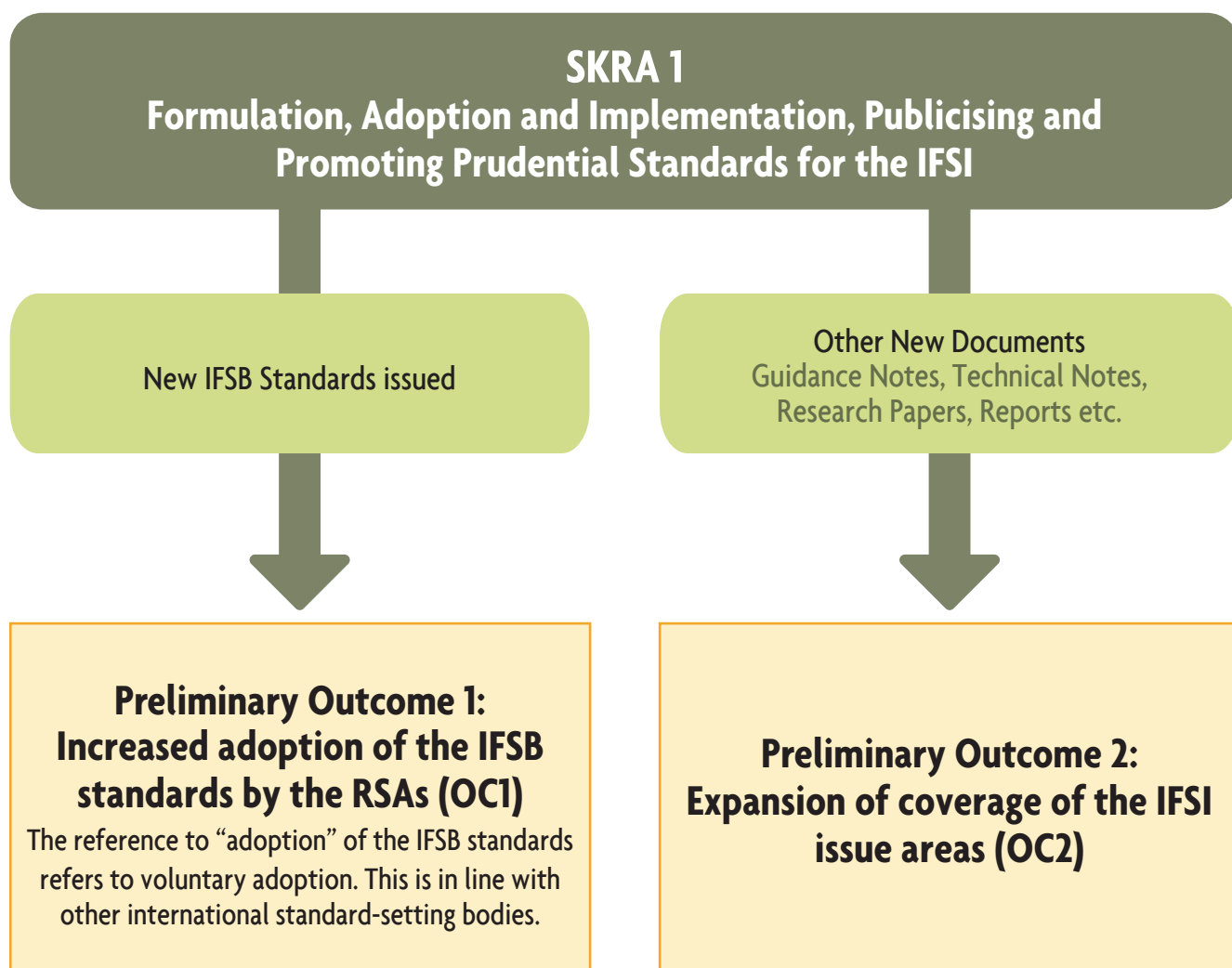




IFSB Strategic Results Framework 2012 - 2015

AT A GLANCE

SKRA	OUTCOME	OUTPUT	KEY PERFORMANCE INDICATOR (KPI)
SKRA 1	FORMULATION, ADOPTION AND IMPLEMENTATION, PUBLICISING AND PROMOTING PRUDENTIAL STANDARDS FOR THE IFSB		
OC1	Increased Adoption of IFSB Standards by the member countries	Level of adoption for each individual Standard, categorised by OIC and Non-OIC Member Countries. Stages of adoption: 1: Do not plan, 2: Planning, 3: In progress, 4: Complete	
OP1.OC1		New IFSB Standards issued (Council Approved) Issues Paper, Survey Results, Preliminary Exposure Draft (ED), Revised Prelim. ED, Final ED, Final Draft for Council	
OC2	Expansion of coverage of IFSI issue areas (excl. issue areas covered by standards)	Percentage of new issue areas covered	
OP1.OC2		Other new documents Guidance Note, Technical Note, Research Papers, Other Papers (Strategy paper, stability report, proceedings)	
SKRA 2	TECHNICAL ASSISTANCE AND CAPACITY BUILDING		
OC1	Increased Adoption of IFSB Standards by the member countries	Shared Outcome with OC1 of SKRA 1 above	
OP2.OC1		Increased awareness and understanding by members of the IFSB Standards and their Implementation Technical Assistance, FIS Workshop, E-learning, Development of technical/explanatory notes, Translation of Standard	
SKRA 3	COOPERATION ENHANCEMENT		
OC3	Improved Cooperation with Members of the IFSB	1. Members perception on cooperation with the IFSB 2. Members commenting on Exposure Drafts 3. Number of cooperation with member organisations (by Regulatory and Supervisory Authority (RSA) and non-RSA)	
OC4	Improved Cooperation with Non-Members of the IFSB	1. Number of cooperation with non-member organisations (by RSA and non-RSA) 2. Number of new members	
OP1.OC3 OP1.OC4		Platforms for cooperation, knowledge sharing and knowledge transfer created or made available Serial Programmes, Non-serial Programmes, Activities completed under existing MOUs	
OP2.OC3 OP2.OC4		Dissemination of information Publication, Newsletter, Website	
OP3.OC3 OP3.OC4		Public Engagements and Public Relations Public Relations Sessions, Participation in Others' Events	
SKRA 4	COMMUNICATION AND INFORMATION SHARING		
OC5	Improved understanding of issues or problems faced by members of the IFSB	1. Number of issues identified 2. Number of issued addressed	
OP1.OC5		Organising of specific meetings and 'meet the member' sessions	
OP2.OC5		Other platforms held of discussing concerns, issues and problems	
OP3.OC5		Provision of new or enhancement of existing communication channels	
OC6	Improved utilisation of IF databases for quality decision-making by members	1. Frequency of access of database 2. Members perception of database	
OP1.OC6		Provision of PSIFI database Number of contributors to the Database (pilt and non-pilot countries)	
OC7	Increased satisfaction of members with services provided by the IFSB	1. Level of satisfaction of members (by RSA and non-RSA members) 2. Number of withdrawals from the IFSB membership	
OP1.OC7		Membership benefits package Number of value added services introduced	



Code	Description	KPI	Baseline	Target			Variance
				2013	2014	2015	
SKRA 1	Formulation, Adoption and Implementation, Publicising and Promoting Prudential Standards for the IFSI						
OCI	Increased adoption of the IFSB Standards by the member countries	Adoption rate of IFSB standards by member countries ³					
IFSB - 1 (2005)							
	Category A: Members from OIC countries	Base (2011 Survey): 23 Total Members: 43					
		Stage 1 Do not plan	3	3	3	2	1
		Stage 2 Planning	10	8	6	4	1
		Stage 3 In progress	5	6	5	3	1
		Stage 4 Complete	3	4	7	10	2
	Category B: Members from non-OIC countries	Base (2011 Survey): 5 Total Members: 8					
		Stage 1 Do not plan	4	4	4	3	1
		Stage 2 Planning	1	1	1	0	1
		Stage 3 In progress	0	0	0	1	1
		Stage 4 Complete	0	0	0	1	1
IFSB - 2 (2005)							
	Category A: Members from OIC countries	Base (2011 Survey): 22 Total Members: 43					
		Stage 1 Do not plan	3	3	3	2	1
		Stage 2 Planning	9	8	6	5	1
		Stage 3 In progress	4	6	5	3	1
		Stage 4 Complete	6	7	9	11	2
	Category B: Members from non-OIC countries	Base (2011 Survey): 5 Total Members: 8					
		Stage 1 Do not plan	4	4	4	3	1
		Stage 2 Planning	1	1	1	0	1
		Stage 3 In progress	0	0	0	1	1
		Stage 4 Complete	0	0	0	1	1
IFSB - 3 (2006)							
	Category A: Members from OIC countries	Base (2011 Survey): 22 Total Members: 43					
		Stage 1 Do not plan	3	3	3	2	1
		Stage 2 Planning	9	7	5	4	1
		Stage 3 In progress	5	6	4	2	1
		Stage 4 Complete	5	7	9	11	2
	Category B: Members from non-OIC countries	Base (2011 Survey): 5 Total Members: 8					
		Stage 1 Do not plan	4	4	4	3	1
		Stage 2 Planning	1	1	1	0	1

³ The targets set for the year 2012-2015 for the adoption of IFSB Standards by member countries are calculated based on the findings of the IFSB Survey on the implementation of Standards conducted in 2011. The findings form the base, plus judgment method using probability of adoption. Therefore the formula for total number of competed standards for the year 2012-2015 used is: [(total number of standards completed by the member countries as at 2011) + (60-70% of the countries which are in progress) + (40-50% of the countries which are planning to implement)].

Code	Description	KPI	Baseline	Target			Variance
				2013	2014	2015	
		Stage 3 In progress	0	0	0	1	1
		Stage 4 Complete	0	0	0	1	1
IFSB - 4 (2007)							
	Category A: Members from OIC countries	Base (2011 Survey): 21 Total Members: 43					
		Stage 1 Do not plan	4	4	4	3	1
		Stage 2 Planning	7	6	5	4	1
		Stage 3 In progress	5	4	3	2	1
		Stage 4 Complete	4	6	7	9	2
	Category B: Members from non-OIC countries	Base (2011 Survey): 5 Total Members: 8					
		Stage 1 Do not plan	4	4	4	3	1
		Stage 2 Planning	1	1	1	0	1
		Stage 3 In progress	0	0	0	1	1
		Stage 4 Complete	0	0	0	1	1
IFSB - 5 (2007)							
	Category A: Members from OIC countries	Base (2011 Survey): 22 Total Members: 43					
		Stage 1 Do not plan	4	4	4	3	1
		Stage 2 Planning	11	9	7	5	1
		Stage 3 In progress	3	3	2	2	1
		Stage 4 Complete	4	6	8	10	2
	Category B: Members from non-OIC countries	Base (2011 Survey): 5 Total Members: 8					
		Stage 1 Do not plan	4	4	4	3	1
		Stage 2 Planning	1	1	1	0	1
		Stage 3 In progress	0	0	0	1	1
		Stage 4 Complete	0	0	0	1	1
IFSB - 6 (2008)							
	Category A: Members from OIC countries	Base (2011 Survey): 21 Total Members: 43					
		Stage 1 Do not plan	11	8	7	6	5
		Stage 2 Planning	5	4	3	2	1
		Stage 3 In progress	3	3	2	2	1
		Stage 4 Complete	2	3	4	7	2
	Category B: Members from non-OIC countries	Base (2011 Survey): 5 Total Members: 8					
		Stage 1 Do not plan	4	4	4	3	1
		Stage 2 Planning	0	0	0	1	1
		Stage 3 In progress	0	0	0	1	1
		Stage 4 Complete	0	0	0	1	1

Code	Description	KPI	Baseline	Target			Variance
				2013	2014	2015	
IFSB - 7 (2009)							
	Category A: Members from OIC countries	Base (2011 Survey): 22 Total Members: 8					
		Stage 1 Do not plan	6	6	5	4	2
		Stage 2 Planning	10	9	8	6	2
		Stage 3 In progress	3	3	2	1	1
		Stage 4 Complete	3	6	8	9	2
	Category B: Members from non-OIC countries	Base (2011 Survey): 5 Total Members: 8					
		Stage 1 Do not plan	5	5	5	4	1
		Stage 2 Planning	0	0	0	1	1
		Stage 3 In progress	0	0	0	1	1
		Stage 4 Complete	0	0	0	1	1
IFSB - 8 (2009)							
	Category A: Members from OIC countries	Base (2011 Survey): 20 Total Members: 43					
		Stage 1 Do not plan	9	8	7	7	2
		Stage 2 Planning	7	6	5	4	2
		Stage 3 In progress	2	2	1	1	1
		Stage 4 Complete	2	4	5	7	1
	Category B: Members from non-OIC countries	Base (2011 Survey): 5 Total Members: 8					
		Stage 1 Do not plan	4	4	4	3	1
		Stage 2 Planning	0	0	0	1	1
		Stage 3 In progress	0	0	0	1	1
		Stage 4 Complete	0	0	0	1	1
IFSB - 9 (2009)							
	Category A: Members from OIC countries	Base (2011 Survey): 21 Total Members: 43					
		Stage 1 Do not plan	4	4	2	2	2
		Stage 2 Planning	12	10	9	8	2
		Stage 3 In progress	4	4	3	2	1
		Stage 4 Complete	1	3	5	8	2
	Category B: Members from non-OIC countries	Base (2011 Survey): 5 Total Members: 8					
		Stage 1 Do not plan	5	5	5	4	1
		Stage 2 Planning	0	0	0	1	1
		Stage 3 In progress	0	0	0	1	1
		Stage 4 Complete	0	0	0	1	1

Code	Description	KPI	Baseline	Target			Variance
				2013	2014	2015	
IFSB - 10 (2009)							
	Category A: Members from OIC countries	Base (2011 Survey): 23 Total Members: 43					
		Stage 1 Do not plan	4	4	2	2	2
		Stage 2 Planning	11	10	9	8	2
		Stage 3 In progress	6	5	4	2	1
		Stage 4 Complete	2	4	6	9	2
	Category B: Members from non-OIC countries	Base (2011 Survey): 5 Total Members: 8					
		Stage 1 Do not plan	4	4	4	3	1
		Stage 2 Planning	1	1	1	0	1
		Stage 3 In progress	0	0	0	1	1
		Stage 4 Complete	0	0	0	1	1
IFSB - 11 (2010)							
	Category A: Members from OIC countries	Base (2011 Survey): 21 Total Members: 43					
		Stage 1 Do not plan	9	8	7	7	2
		Stage 2 Planning	8	6	5	4	2
		Stage 3 In progress	3	3	2	1	1
		Stage 4 Complete	0	1	2	5	2
	Category B: Members from non-OIC countries	Base (2011 Survey): 5 Total Members: 8					
		Stage 1 Do not plan	5	5	5	4	1
		Stage 2 Planning	0	0	0	1	1
		Stage 3 In progress	0	0	0	1	1
		Stage 4 Complete	0	0	0	1	1
IFSB - 12 (2012)							
	Category A: Members from OIC countries	No data available ⁴					
		Stage 1 Do not plan	0				
		Stage 2 Planning	0				
		Stage 3 In progress	0				
		Stage 4 Complete	0				
	Category B: Members from non-OIC countries	No data available ⁴					
		Stage 1 Do not plan	0				
		Stage 2 Planning	0				
		Stage 3 In progress	0				
		Stage 4 Complete	0				

⁴ It should be noted that both IFSB-12 and IFSB-13 were not included in the IFSB Survey on the implementations (2011) as they were issued in 2012; therefore the targets for these two standards for the year 2012-2015 will be set once they have been included in the IFSB Survey on the Implementation (2013) exercise.

Code	Description	KPI	Baseline	Target			Variance
				2013	2014	2015	
IFSB - 13 (2012)							
	Category A: Members from OIC countries	No data available ⁴					
		Stage 1 Do not plan	0				
		Stage 2 Planning	0				
		Stage 3 In progress	0				
		Stage 4 Complete	0				
	Category B: Members from non-OIC countries	No data available ⁴					
		Stage 1 Do not plan	0				
		Stage 2 Planning	0				
		Stage 3 In progress	0				
		Stage 4 Complete	0				
OPI.OC1	New IFSB Standards issued (Council approved)	No. of standards approved	0	2	1	1	0
		Compliance with quality standards	100%	100%	100%	100%	0%
		Timeline (3 years)	100%	100%	100%	100%	0%
Category A:	Issues Paper	No. of issues papers	0	1	1	1	0
Category B:	Survey Results Report	No. of survey reports	0	1	1	1	0
Category C:	Preliminary Exposure Draft (ED)	No. of preliminary exposure drafts	0	1	1	1	0
Category D:	Revised Preliminary ED (for Arabic editing & Shariah Meeting)	No. of revised preliminary exposure drafts	0	1	1	1	0
Category E:	Exposure Draft (for Public Consultation)	No. of exposure drafts	0	1	1	1	0
Category F:	Final draft for Council	No. of completed documents	0	2	1	1	0
OC2	Expansion of coverage of the IFSI issue areas (excl. issue areas covered by the standards) ⁵	% of new issue areas covered	0%	60 - 80%	60 - 80%	60 - 80%	20%
OPI.OC2	Other new documents (See below: A to D)	No. of other new documents	0	11	8	9	1
		Timeliness (as per schedule)	0	100%	100%	100%	0
Category A:	Guidance Note	No. of new GN completed	0	0	1	1	0
Category B:	Technical Note	No. of new TN completed	0	0	0	0	0
Category C:	Research Paper	No. of Research Papers completed	0	8	6	6	2
Category D:	Other papers * Strategy papers, stability reports, proceedings etc.	No. of other papers completed	0	3	1	2	1

⁵ Refer Article 4 (vii) IFSB of the Articles of Agreement

SKRA 2

Technical Assistance and Capacity Building

Increased Awareness and Understanding of
Standards issued by Members
Technical Assistance, FIS Workshops,
E-learning, Toolkits,
Translation of Standards

Preliminary Outcome 1: Increased adoption of the IFSB standards by the RSAs (OC1)

The reference to “adoption” of the IFSB standards refers to voluntary adoption. This is in line with other international standard-setting bodies.

Code	Description	KPI	Baseline	Target			Variance
				2013	2014	2015	
SKRA 2	Technical Assistance and Capacity Building						
OC1	Increased adoption of the IFSB Standards by the member countries	Adoption rate of IFSB standards by member countries	Please refer to the KPI for OC1 of SKRA1 above (pages 21-25)				
OP2.OC1	Increased awareness and understanding by members of the IFSB Standards and their implementation						
Category A:	Technical Assistance offered to IFSB member countries (resource expertise)	No. of Technical Assistance	0	2	2	2	1
Category B:	Workshops for Facilitating the Implementation of Standards	No. of programmes held					
	Type 1:	No. of RSA programmes	1	3	3	3	0
		No. of participants/ workshop	25-35	25-35	25-35	25-35	5-10
		No. of modules/workshop	By Sector	By sector	By sector	By sector	By sector
		Quality of workshop (satisfaction level)	0	76%	78%	80%	3%
	Type 2:	No. of country/ regional programmes	5	6	6	6	2
		No. of countries	5	5	5	5	1
		No. of participants/ workshop	25-35	25-35	25-35	25-35	5-10
		No. of modules/workshop	2-4	2-4	2-4	2-4	1-2
		Satisfaction level of participants	0	76%	78%	80%	3%
	Type 3:	No. of outreach programmes	0	5	5	5	2
Category C:	E-learning	No. of e-learning modules developed	1	3	3	3	1
Category D:	Development of technical/ explanatory notes to assist understanding on IFSB Standards and Guidelines	No. of toolkits developed	0	0	1	1	0
Category E:	Translation of Standards into other languages (French)	No. of standards translated into French	0	0	6	6	2

SKRA 3 Cooperation Enhancement

Platforms for Cooperations
Awareness Programmes, Activities and MOUs

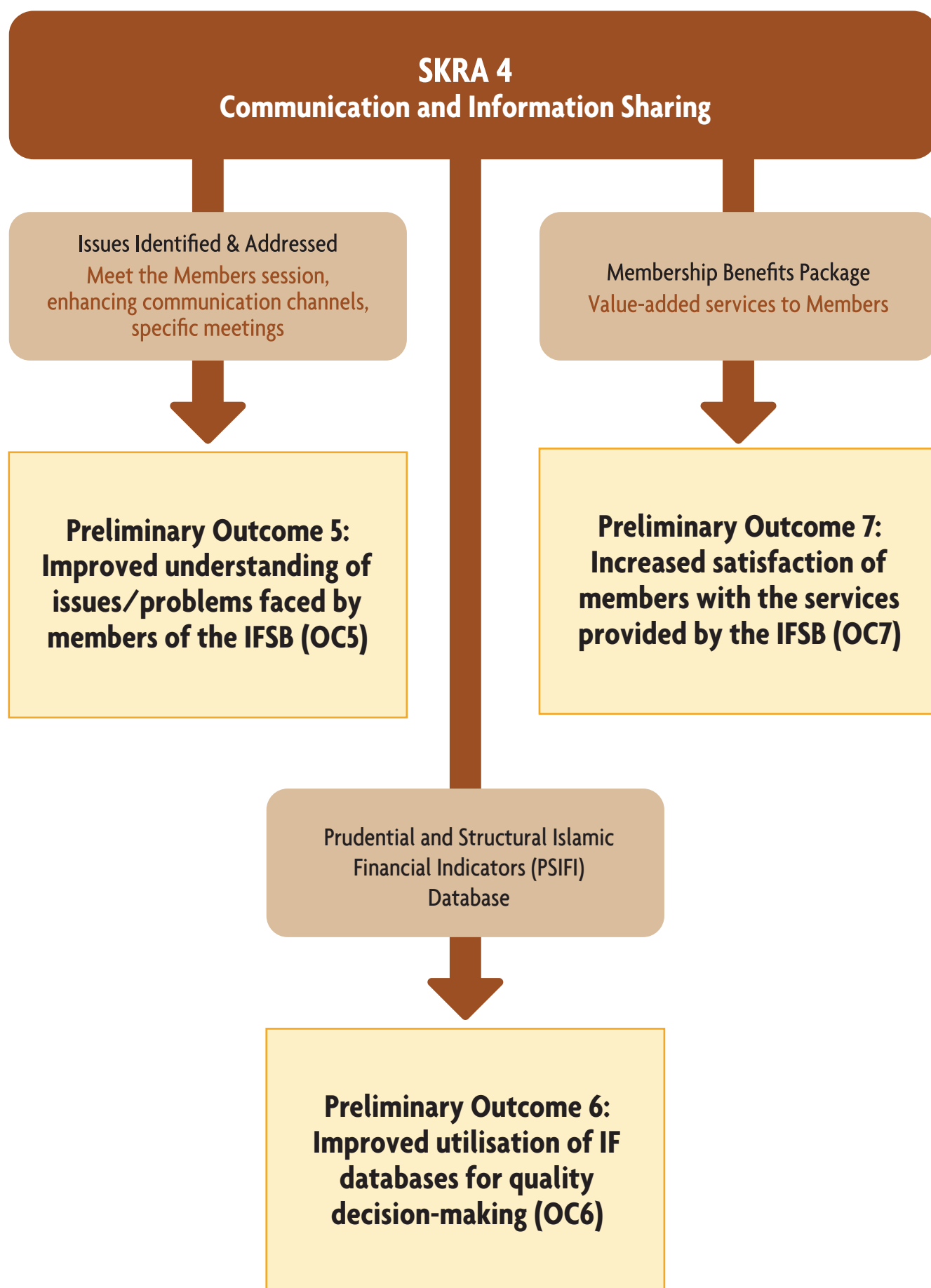
Dissemination of Information
Publications, Newsletter, Website

Public Engagements and Public Relations
Public Relations Sessions, Participation in Others' Events

**Preliminary Outcome 3:
Increased cooperation with
Members of the IFSB (OC3)**

**Preliminary Outcome 4:
Increased cooperation with
Non-Members of the IFSB (OC4)**

Code	Description	KPI	Baseline	Target			Variance
				2013	2014	2015	
SKRA 3	Cooperation Enhancement						
OC3	Improved cooperation with Members of the IFSB	Member's perception on cooperation with the IFSB	0	70%	75%	80%	5-10%
		No. of cooperation with Members of the IFSB					
	Type 1:	No. of new RSAs contributing to IFSB activities	4 (2011)	5	5	5	1
	Type 1:	No. of new RSAs collaborating in IFSB activities	4 (2011)	2	2	2	1
	Type 2:	No. of new non-RSAs contributing to IFSB activities	1 (2011)	4	4	4	1
	Type 2:	No. of new non-RSAs collaborating in IFSB activities	1 (2011)	5	5	5	1
OC4	Improved cooperation with Non-Members of the IFSB	Number of cooperation with Non-Members					
	Type 1:	No. of new RSAs contributing to IFSB activities	0 (2011)	5	5	5	1
	Type 1:	No. of new RSAs collaborating in IFSB activities	0 (2011)	3	3	3	1
	Type 2:	No. of new non-RSAs contributing to IFSB activities	23 (2011)	15	15	15	2-5
	Type 2:	No. of new non-RSAs collaborating in IFSB activities	27 (2011)	15	15	15	2-5
		No. of new members	5 (2011)	8	8	8	2
OP1.OC3 OP1.OC4	Platforms for cooperation, knowledge sharing and knowledge transfer created or made available						
Category A:	Serial Programmes	No. of programmes held	5 (2010)	8	6	6	2
		Number of participants	522 (2010)	600	600	600	20%
		Quality of event programme	79% (2010)	80%	82%	82%	1-2%
Category B:	Non Serial Prog	No. of programmes held	8 (2010)	7	8	8	2
		Number of participants	630 (2010)	500	500	500	20%
		Quality of event programme	79% (2010)	80%	82%	82%	1-2%
Category C:	Activities completed under existing MoUs	No of activities	0	8	8	8	3
OP2.OC3 OP2.OC4	Dissemination of information						
Category A:	Publication	No. of publication	7 (2011)	5	5	5	2
		No. of recipients	0	200	250	250	10-20
		Quality of publication	0	65%	70%	75%	5%
Category B:	Newsletter	No. of newsletters	0	2	2	2	1
		No. of recipients	0	500	500	500	20-50
		Quality of newsletter	0	72%	74%	76%	2%
Category C:	Website	Turnaround time for content update	0	4 WD	4 WD	4 WD	1 WD
		No. of enhancements to website	2	2	2	2	1
OP3.OC3 OP3.OC4	Public Engagements and Public Relations						
	Organise public relations sessions	No. of sessions organised	0	3	4	4	1
	Participation in others' events	No. of external events participated	0	12	12	12	4



Code	Description	KPI	Baseline	Target			Variance
				2013	2014	2015	
SKRA 4	Communication and Information Sharing						
OC5	Improved understanding of issues or problems faced by members of the IFSB	No. of issues identified/raised by members	0	<5	<5	<5	20%
		No. of issues addressed by the IFSB	0	100%	100%	100%	10-20%
OP1.OC5	Organising of specific meetings and “meet the member” session	High level meetings with organisations (RSA and non-RSA) by member countries	2011: 2	10 countries	10 countries	10 countries	1
		Number of “meet the member” sessions held	1	3	4	4	1
		Number of participants	1	20-40	20-50	20-50	5-10
		Quality of session	0	70%	75%	80%	5%
OP2.OC5	Other Platforms held for discussing concerns, issues and problems	Number of other platforms held	0	4	4	4	2
		Number of participants	0	>40	>40	>40	30%
		Quality of platform/s	0	70%	75%	80%	5%
OP3.OC5	Provision of new or enhancement of existing communication channels	Number of new communication channels introduced	0	3	2	2	1
		Number of enhancement of existing communication channels	0	4	3	3	1
OC6	Increased utilisation of Islamic financial databases for quality decision-making by members	Frequency of access by members	0	0	0	0	0
		Members perception on the utilisation of the Database	0	0	0	0	0
OP1.OC6	Provision of PSIFI database	Database	0	Trial	Core indicators (actual) ⁶	Core and encouraged indicators (actual) ⁶	-
		No. of Contributors to the Database					
	Type 1:	No. of Pilot member countries	0	5	5	5	-
	Type 2:	No. of Other countries	0	7	7	7	3
OC7	Increased satisfaction of members with the services provided by the IFSB	Level of satisfaction of RSA members on services provided by IFSB	(2011) 79%	80%	-	82%	2-4%
		Level of satisfaction of non-RSA members on services provided by IFSB	72%	74%	-	80%	4-6%
OP1.OC7	Membership benefits package	No. of value-added services introduced	0	4	2	2	1

⁶ PSIFIs consist of core and encouraged Prudential Islamic Financial Indicators (PIFIs) and Structural Islamic Financial Indicators (SIFIs). Core indicators should be analytically significant, relevant in most circumstances (i.e. not country-specific), generally available and of high perceived usefulness. Encouraged indicators are also relevant for financial stability assessment, but their importance may vary from one country to another.

