

**STATEMENT BY
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IDB ACTING GOVERNOR FOR THE MALAYSIA**

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**Bismillahir Rahman-nir Rahim
Your Excellency, Chairman of the Board of Governors,
Your Excellency, President of the Islamic Development Bank,
Governors,
Esteemed Guests,
Ladies and Gentlemen,**

Assalamualaikum warahmatullahi wabarakatuh.

Alhamdulillah, with the Grace of Allah Subhanahu Wa Ta'ala, we are gathering here in this beautiful city of Jakarta, Indonesia for the Forty-first Board of Governors' Meeting of the IDB. Please allow me to firstly express my heartfelt gratitude to the Government and people of Indonesia for the warm welcome and gracious hospitality extended to the Malaysian delegation.

Distinguished guests and delegates

Over the past 40 years, Malaysia has witnessed the IDB growing and partnering with member countries in realising their respective development agenda. Being the premier multilateral development institution among the Muslim nations worldwide, I am indeed proud to note the various successes achieved by the IDB.

Since its inception till the end of first quarter 1437H (Gregorian calendar: 2016) total IDB Group net programme approvals reached a high of USD\$115 billion. The net programme approvals increased significantly by 15% from US\$5.1 billion in the first decade (1396H to 1405H) (Gregorian calendar: 1976 to 1985) to US\$76.3 billion in the latest decade year period of (1427H to 1437H) (Gregorian calendar: 2007 to 2016). This outstanding performance was mainly attributed to the Bank's strategic decision to scale up its operations in assisting member countries to cope with global economic downturn and financial turmoil during the period.

Distinguished guests and delegates,

The theme for this year, "Enhancing Growth and Poverty Alleviation through Infrastructure Development and Financial Inclusion" is very timely as infrastructure is fundamental to a nation's development as it provides the catalyst for economic growth and promotes the general well-being of the population. Meanwhile, financial inclusion provides access to formal financial services to all segment of society and enables vulnerable households to tap loans and deposits under special schemes.

While we are celebrating our 41th years of success in serving the ummah, there are more challenges lies ahead of us. Many members still do not have access to reliable and affordable infrastructure facilities. This lack of infrastructure comes at enormous economic and social cost. Over 1.3 billion people which are almost 20% of the world's population, still have no access to electricity. About 768 million people worldwide lack access to clean water; and 2.5 billion do not have adequate sanitation; 2.8 billion people still cook their food with solid fuels (such as wood); and one billion people live more than two kilometers from an all-weather road.

Financial inclusion on the other hand, could be a key driver of economic growth and poverty alleviation, as access to finance can boost job creation, reduce vulnerability to shocks and increase investments in human capital. From the policy perspective, greater financial inclusion also holds the promise of potentially making other policies more effective and efficient.

Distinguished guests and delegates,

Inclusiveness and sustainability are key pillars for Malaysia's growth. These values are embedded in all our 5-year development plans and the latest being our Economic Transformation Programme which forms the core of the current 11th Malaysia Plan. The government has long recognized that increasing our national prosperity means nothing if it is not shared. The fruits of our success must be available to all, and in the process of doing so, Malaysia has invested much resources in promoting financial inclusion through the mobilization of a very wide network of the National Saving Bank and the application of ICT and internet banking to facilitate financial transactions.

In recognition of Malaysia's strong commitment towards financial inclusion, Malaysia is greatly honoured to be given the opportunity to host the headquarters for the Alliance for Financial Inclusion (AFI). AFI is an international organization led by central banks and other financial regulatory institutions from developing countries. AFI's mission is to accelerate the adoption of proven and innovative financial inclusion policy solutions with the ultimate aim of making financial services more accessible to the world's 2 billion unbanked people.

Malaysia's strong economic performance and sustainable long-term investment in infrastructure have made the market attractive for private and inward investment. These past efforts have emplaced Malaysia at the fifth position in the Global Infrastructure Investment Index 2016 and ranks number two in terms of attractiveness for infrastructure investment in Asia. The 11th Malaysia Plan, has again placed importance on infrastructure in achieving Malaysia's transformation into a fully developed nation by 2020. Major projects to be completed by 2020 included the Klang Valley mass rapid transit and 2,000km Pan-Borneo Highway and the West Coast Expressway Malaysia.

Alhamdulillah, by the grace and blessings of Allah Subhanahu Wa Ta'ala, our commitment to expand Islamic finance as a source of viable financing has been detailed in our Financial Sector Blueprint 2011-2020 where we target for Islamic financing to grow and account for 40% of total financing by 2020. We are currently on track to meet this target. In meeting the financing needs of more infrastructure projects in the country, a number of innovative and hybrid sukuk issuances have also been spearheaded by our industry players. This has strengthened our lead in the global sukuk market. Our facilitative sukuk platform and innovative structures are also open for the global community to explore sukuk as a viable instrument for fundraising activities.

Distinguished guests and delegates,

As we all may know, globally, multilateral institutions are promoting inclusivity and sustainable growth as future underlying cooperation. In September 2015 during the United Nations Sustainable Development Summit, the world leaders adopted 17 Sustainable Development Goals (SDG) to be achieved by 2030, thereby agreeing to an inclusive agenda. Building on Millennium Development Goals (MDG), the SDGs represent a global compact that aims to eradicate extreme poverty in all its forms and calls for equal attention to economic prosperity, social equity, and environment responsibility to achieve sustainable development globally.

We commend the IDB continued efforts in order to better respond to the changing global development needs of its members. Given the global economic challenges and growing complexities of the development architecture, the IDB must position itself to cooperate and collaborate with development partners. Our task in supporting the inclusive and sustainable growth will not be easy against the backdrop of a slowing global economy, lower commodity prices and humanitarian crisis. In this regard, greater and more sustainable resources are required in order to meet the increasing demand and addressing those challenges.

In this regard, perhaps it is timely for IDB to explore the idea of supporting venture capital to extend financing to budding young and talented entrepreneurs who may want to leverage on the power of ICT and internet to expand the realm digital economy, create new jobs and improve service delivery. I do hope that IDB will study this proposal seriously and think of an alternative service delivery channel to support global digital entrepreneurship among the ummah.

I would like also to commend the effort made by ICD last March in hosting China OIC Forum which is seem to be a catalyst to bridge more cooperation between IDB Group and China in near future particularly in "One Belt, One Road" initiative. IDB Group can be used as a platform to build effective partnerships with OIC countries and other Muslim countries. This is in line with their own mandate of enhancing collaboration with developing countries, as partners to work towards building a more inclusive global economy.

Ladies and gentlemen,

Malaysia remains steadfast and supportive towards the role that IDB plays and is looking forward to working closely with IDB particularly through Member Country Partnership Strategy in pursuit to combat poverty by promoting inclusive growth. The four strategic plans for cooperation namely promoting Islamic Finance, Reverse Linkages; Resource Mobilization and supporting Halal Industry will be the underlying framework for our future cooperation. Malaysia also envisions to transform IDB Regional Office in Malaysia to be the Centre of Excellence, especially as a hub in promoting knowledge sharing and research related to Islamic Finance in future.

Lastly, on behalf of the Government of Malaysia, and from me personally, I extend my congratulations to H.E. Tan Sri Dr. Ahmed Mohamed Ali and his management team for another year of excellent achievement. We wish the Bank further success and may all of us be under the blessed guidance of Allah Subhanahu Wa Ta'ala in all our future undertakings.

Assalamualaikum Warahmatullahi Wabarakatuh.