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ISLAMIC DEVELOPMENT BANK GROUP

Statement of the IDB Governor for the Sultanate of Oman

The 42nd Annual Meeting of the IDB Board of Governors
Jeddah – Kingdom of Saudi Arabia
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Original Text
(Arabic)

In the Name of Allah the Most Compassionate Most Merciful

Praise be to Allah the Lord of the Universe and may His Mercy and Blessings be upon the Prophet, his household and companions.

**Chairman of Board of Governors, the Islamic Development Bank of the Kingdom,
Honourable Dr Bandar M. H. Hajjar, President of Islamic Development Group,
Honourable Governors and Acting Governors,
Distinguished Ladies and Gentlemen.**

Assalamualaikum warahmatullahi wabarakatuh

It is my pleasure, on behalf of the Sultanate of Oman, to thank abundantly the sister Government of the Custodian of the Holy Mosques the Kingdom of Saudi Arabia for hosting this Conference, their hospitality and its excellent organisation creating the conducive environment to have this Meeting in this holy land in order to achieve the hopes and aspirations of member countries of the Bank and the Ummah in terms of further development and progress.

I am also honoured to extend my gratitude and congratulations to Honourable Dr Brother Bandar M. H. Hajjar, President of IDB Group who has recently been appointed to this position looking forward to his commitment to moving the Bank forward as one of the pioneering and leading banking institutions in the world. We wish him all the best of luck and success in his efforts to evolve the Bank into its next phase in order to achieve more success and to play a leadership role in the global banking system.

We also thank members of the Board, Executive Directors and the Executive Directorate of the Bank for their invaluable contributions in developing the Bank. We also wish them all success.

It is my pleasure to register my special thanks, on behalf of the Sultanate of Oman, for the commendable efforts of IDB, in supporting development projects of the Sultanate through the different institutions of IDB and its various financial policies and modalities. We strongly believe that IDB will continue to support the Sultanate of Oman and other members countries in their development agenda .

Chairman and Excellencies,

Having read the Annual Report of the IDB in 2016, one can observe that despite the unfavourable world economic situation and the decline in oil prices, IDB has been able to make great achievements on different fronts. It has executed a number of initiatives by mobilising resources, deepening cooperation, creation of “ Life and livelihood Fund” and the specific programme for Central Asia, among other projects. The IDB has also maintained its reputation and its “A” rating status for initiating development projects and programmes. However, the following observations can be made:

First: Despite our conviction of the priority the Bank has given to the sector of infrastructure reaching 68% of its overall Development financing followed by the agricultural sector that constitutes 20%, health 6% and education 4%, other vital sectors make up only 1%.

Nevertheless, one can note that the patterns of financing of projects and sectors by IDB have not evolved significantly. The sector of infrastructure still occupies the highest ratio while health, agriculture and education sectors have not moved upwards. Undoubtedly, the three mentioned sectors are significant and they represent the foundations of economic and social development. The Preamble of the IDB Report states that it is concerned primarily with human development while giving importance to priority areas of the economy that can alleviate poverty and improve the health and education sectors, as well as help in good governance.

Thus, we implore the need to accord importance to financing small and medium institutions that can play a pivotal role in economic development and contribute greatly alleviate poverty as one of the aims of IDB

Second: Distribution of ratios of financing in various modalities can demonstrate that the modalities of *Istisna* (manufacturing) and *Ijarah* (leasing) constitute together 79%, while the rest constitutes 21%. Therefore, it will be prudent to review the financing patterns of the Bank

Third: Expenditure and Revenue tables exhibit gaps. In 1444H (2012), expenditure was 3.9 billion Islamic dinar, while revenues stood at 3.4 Billion Islamic Dinar with a difference of (0.5) Billion Islamic dinar. In 1437, expenditure (2016) was 5.7 Billion Islamic dinar and revenues 2.6 Billion Islamic dinar with a difference of 3.1 Billion Islamic dinar.

I think this will allow us to reflect and pause so that the Bank is not plunged into financial deficit.

Chairman and Excellencies,

In conclusion, I reiterate my gratitude and thankfulness to the Chairman of the IDB Group, Board of Executive Directors and the Executive Directorate of the Bank for the continuous efforts in the service of the Bank and its ambitious aims wishing the Bank all success in its development goals and agenda.

On behalf of my country, I reiterate on behalf of the Omani delegation our gratitude to the People and Government of the Kingdom of Saudi Arabia for their hospitality, hosting of this Conference and its excellent planning. I ask Allah the Almighty to help all of us in achieving their aspirations for the benefit and prosperity of our Arab Nation and the Muslim Ummah.

Assalam alaikum wa rahmat Allah wa Barakatuh.