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42nd ANNUAL MEETING
ISLAMIC DEVELOPMENT BANK GROUP

Statement of the IDB Acting Governor for the United Arab Emirates

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

**Your Excellency Chairman of the Board of Governors,
Your Excellencies the Governors and Heads of Delegates,
Your Excellency the President of the Islamic Development Bank Group**

Assalamualaikum warahmatullahi wabarakatuh

I am pleased to express my thanks to His Majesty King Salman bin Abdulaziz – the Custodian of the Two Holy Mosques – for his generous auspices of the Board of Governors. I wish also to commend the huge and continued support given to the IDB Group by the Custodian of the Two Holy Mosques, and the special care that the Kingdom of Saudi Arabia gives to this institution since its establishment. Special thanks are in order to the government and people of Saudi Arabia for the generous hospitality and warm welcome.

**Your Excellency Chairman of the Board of Governors,
Your Excellencies the Governors and Heads of Delegates,
Honorable Guests,**

The United Arab Emirates is proud of the accomplishments of the IDB Group in 2016, the highlights of which include increased operations to fulfil the requirements of the Member Countries, the launch of numerous substantial initiatives such as the resource mobilization initiative, and the initiative for strengthening cooperation under the Strategic Partnership Strategy with the International Bank to achieve joint development goals. This is in addition to the Lives and Livelihoods Fund – worth USD 2.5 billion – which is the biggest development initiative of its kind with the Bank's partners including Abu Dhabi Development Bank and Central Asia Fund, in order to promote its competitiveness. A total of USD 6 billion has been allocated to this Fund – spanning over 5 years – to fund regional and national projects. There is also the humanitarian initiative to counter the risks of drought, epidemics and incurable diseases in certain affected countries. In this context, the government and the people of the United Arab Emirates have been quick to respond to the risks of drought faced by some of the Member Countries, giving true meaning to the culture of philanthropy on which our country – one of Arab and Islamic identity – is built.

**Your Excellency Chairman of the Board of Governors,
Your Excellencies the Governors and Heads of Delegates,
Honorable Guests,**

Rising to the challenges faced by the majority of our Member Countries demands moving forward towards strengthening the development impact of the IDB Group, through promoting operations aimed at fulfilling the needs of the Member Countries, particularly in the field of job creation, youth employment, funding small and micro enterprises (SMEs), and supporting existing enterprises. The matter also requires continuing to develop the Islamic finance sector in a way that grants the IDB Group a unique position amongst multilateral development banks, in terms of innovative tasks, expertise initiatives, and programs, in addition to promoting strategic partnerships with multilateral and international organizations. We wish on this occasion to praise the cooperation between the IDB Group and Dubai Islamic Economy Development Center to design a global legislative and organizational framework for Islamic Finance, which in turn will contribute to growing and promoting the Islamic Finance industry and help adopt it worldwide.

**Honorable Governors,
Ladies and Gentlemen ,**

Following the review of the annual reports of the IDB Group for 2016, I wish to address a few issues which we assess could help increase the Group's efficiency.

At the present time, there are no specific measures to deal with the matter of arrears in the capital subscription. Established rules do not prohibit arrears on the part of any IDB Member Country; 16 countries are currently in arrears to the IDB with a total of 127,23 million Islamic Dinar. As such, we recommend examination of these arrears and making recommendations to the Board of Governors.

There is a need to identify challenges and risks faced by the operations of the Group's institutions, in particular the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) – a corporation that has been incurring losses yearly as a result of increasing claims and decreasing reimbursements. The returns of the Stakeholders Fund are low due the poor investment portfolio and the Fund's inability to bear losses in the insurance business. Therefore, the Corporation has to have a clear and approved mechanism to minimize risks associated with claims, since the Corporation offers services that are not provided by other similar institutions offering insurance services, which also puts it in a unique position amongst major institutions offering insurance services. This necessitates developing its operations and facing the challenges to achieve our aspirations .

I wish to commend the Islamic Corporation for the Development of the Private Sector (ICD) for making profits over the past year. However, we note that the ICD has not distributed dividends this year, unlike the past two years. We therefore recommend that the ICD distributes free shares to the stakeholders rather than cash profits, given that the ICD has USD 335.25 billion worth of unsubscribed capital, while the profits made remain at USD 20.1 billion as was the case in the past year.

There is also the issue of promoting the operations of the ICIEC's office in Dubai, as the annual report failed to mention Dubai Office's operations. The office's operations and activities must therefore be promoted. This is in addition to receiving updates on the establishment of an office of the International Islamic Trade Finance Corporation (ITFC) in Dubai, following the agreement to launch and operate an ITFC office in Dubai in February 2016. This should increase the Corporation's operations, improve revenues, and channel focus towards productive projects and activities that have immediate impact in order to expand interregional trade amongst the Member Countries.

**Honorable Governors,
Ladies and Gentlemen,**

In conclusion, I wish to express my thanks to the IDB Group, headed by Dr. Bandar bin Mohammed Al-Hajjar, for the huge efforts they exerted and which contributed to the privileged status of the Group in the international development arena, and for the effective work and truthful support aimed at helping Muslim Countries achieve comprehensive development.

Wassalamualaikum warahmatullahi wabarakatuh.