



Jeddah 2017
42nd ANNUAL MEETING
ISLAMIC DEVELOPMENT BANK GROUP

Statement of the President of the IDB Group
at the Opening Ceremony of the
42nd Annual Meeting of the IDB Board of Governors

Jeddah – Kingdom of Saudi Arabia
20 – 22 Sha’baan 1438H (16 - 18 May 2017)

Original Text
(Arabic)

Praise be to Allah, Lord of the Worlds, and prayers and peace be upon the Seal of Prophets and Messengers, our Prophet Muhammad, his family and companions,

**The Representative of the Custodian of the Two Holy Mosques, Minister of Economy and Governor of the IDB, for the Kingdom of Saudi Arabia, Host Country, His Excellency Pr. Mohammed Abdullah Al Jadaan,
His Excellency the Chairman of the Board of Governors
His Excellency the Secretary General of the Organization of Islamic Cooperation Dr. Yousef Al-Othaimeen,
Excellencies, Governors and Alternate Governors,
Brothers and sisters, members of delegations,
Distinguished Guests,**

Peace, mercy and blessings of Allah be upon you,

At the outset, I would like to express my thanks and appreciation to the Government of my country, the Kingdom of Saudi Arabia, which nominated me for the presidency of the Islamic Development Bank Group.

I take this opportunity to extend my sincere thanks and gratitude to the Custodian of the Two Holy Mosques, King Salman Bin Abdul Aziz for his royal trust. I also thank His Royal Highness Prince Mohammed bin Nayef, Crown Prince, Deputy Prime Minister and Minister of the Interior, His Royal Highness Prince Mohammed bin Salman, Deputy Crown Prince, Second Deputy Prime Minister, Minister of Defence and the Government of the Kingdom of Saudi Arabia. I would also like to extend my thanks to the leaders of the member countries and to you, Excellency Mr. Chairman, and to Their Excellencies, the Governors and Alternate Governors for your approval of this nomination, which was given at your forty-first meeting in Jakarta on 10 Shaaban 1437, to assume the presidency of the IDB Group as a successor to my brother Dr. Ahmed Mohammed Ali who, for more than forty years, offered his wide experience, wisdom, and commitment to the Bank and helped raise its global prestige.

I seize this good opportunity to express my pride and happiness in joining this great institution by its values, principles and ideal policy, recognized for its achievements, pioneering solidarity with its members, rich with the efficiency and expertise of its staff.

The service of development issues in 57 countries and Muslim societies in non-member countries is a great responsibility. I pray Almighty Allah for help, success, and soundness to help the Group carry out its missions properly.

**H.E. the Representative of the Custodian of the Two Holy Mosques,
Excellencies, Governors and Alternate Governors,
Ladies and Gentlemen,**

Your Board meets today in the land of the Kingdom of Saudi Arabia, the host country, under the kind patronage of the Custodian of the Two Holy Mosques King Salman Bin Abdul-Aziz, King of Saudi Arabia, may Allah protect him. No wonder, the policy of the Kingdom, the Host Country, has been steady ever since it has hosted the bank as a fledgling institution and pledged along with its sister countries to provide all kinds of support and care for its development mission and to fulfil its obligations to promote the development of our member countries and regions with Muslim minorities. I further thank all member countries for their continued support of the Islamic Development Bank Group.

I also express high appreciation to His Royal Highness Prince Khalid Al Faisal, Advisor to the Custodian of the Two Holy Mosques, Governor of the Makkah Region, who have always facilitated the official procedures of the Bank and gave us moral and logistical support in the Makkah Region, where the headquarters of the Group is located. Thanks and appreciation also to His Excellency and his Deputy and HRH Governor of Jeddah, to the Minister of Finance and Governor for the Kingdom of Saudi Arabia and to all administration departments. I express my thanks and appreciation in particular to the ministries of Interior and Foreign Affairs.

Ladies and Gentlemen,

Throughout its blessed journey, for nearly four decades, the Islamic Development Bank (IDB) Group has achieved remarkable growth in terms of the number of member countries, the size of its capital and financial allocations.

Thanks to the cooperation and solidarity of the fifty-seven member countries, today IDB is one of the world's most recognized financial institutions, which enjoys deep trust as a fruit of continued efforts, high professionalism to improve performance, raise economic and social development indicators, develop the banking industry, strengthen the private sector, and increase intra-OIC trade.

These achievements have culminated in the Bank receiving the highest AAA credit rating by the three international rating agencies. This achievement is credited to member countries, the IDB Board of Governors, the Board of Executive Directors and the successful management adopted by the Bank since its inception and implemented by its trustworthy, dedicated, innovative employees under the leadership of His Excellency Dr. Ahmed Mohammed Ali.

On this occasion, I would like to announce that, in recognition of the efforts of His Excellency Dr. Ahmed Mohamed Ali, and in keeping with his good legacy and based on the directions of your august Board, the Board of Executive Directors of the Bank has decided to:

- Rename the Bank's Prize for solidarity and promotion of intra-OIC trade to become the Dr. Ahmed Mohamed Ali Prize for the promotion of intra-OIC trade;
- Approve a special project to write a book documenting the biography of HE Dr. Ahmed Mohammed Ali and the achievements of Islamic Development Bank Group under his leadership.
- Name the main hall of the IDB building in Jeddah after H.E. Dr. Ahmed Mohammed Ali.

Ladies and Gentlemen,

Our meeting today takes place amid a set of challenges and changes in economic, social and political conditions experienced by the world. Our Member countries are part of this world and face complex, ramified and extraordinary challenges that vary in nature from one country to another, from one group to another, and require innovative solutions, tools, means and policies. There are:

- Countries with vulnerability, political and security instability and the influx of refugees and displaced persons. According to a recent report by the Centre for Statistical, Economic and Social Research and Training for Islamic Countries, about 61% (or 25 million) of displaced persons in the world are from OIC member

countries; 89 million people are in need of humanitarian and relief assistance (71% worldwide) are citizens of OIC countries.

These large numbers of displaced persons, given the limited resources of neighbouring countries, exert great pressure on infrastructure and services, not to mention conflicts and natural disasters. One fifth of natural disasters in the world occur in our member countries and 40% of disaster victims in the period 1970-2016 are citizens of OIC countries. Some of these countries do not have systems to protect against these disasters before they occur or to deal effectively with them after they occur.

- There are countries in transition that seek to restore economic growth, create jobs, diversify sources of income, expand their economic base, and improve investment climate, but need mechanisms to strengthen their economies against crises through innovative financing;
- There are countries in transition that are trying to transform their single-commodity economy as a major source of income into a diversified economy, based on knowledge and added value, based on more inclusive and sustainable development models;

There are common challenges among most of our member countries including steady increase in population, high unemployment among young people and growing demand for infrastructure financing. The total population of our member countries is 1.7 billion and is expected to reach 2.2 billion by 2030. The percentage of young people under 30 years of age is 69%. This situation requires strong and sustainable growth that creates jobs for new entrants to the labour market annually, the launching of programs to empower young people economically through quality education and training, learning skills and facilitating access to different types of finance, the creation of an environment conducive to employment, creativity, innovation and entrepreneurship, thus transforming unemployment from a cause for concern and economic, social, political and security burden into promising opportunities in which young people are the active and driving force for development. The recommendations of the Youth Summit will be presented to you in the closing session, Allah willing.

Despite these challenges, some member countries have initiated structural economic and social reform programs aimed at improving economic performance, diversifying sources of income, creating jobs and diversifying their economic base. The Bank Group will work to transfer successful experiences from one country to another.

Ladies and Gentlemen,

As the new President of the Islamic Development Bank Group, I formally assumed my duties at the beginning of October 2016. I started by analysing the Bank Group, its structures, its relations, its strengths and weaknesses, opportunities and challenges, as well as the economic and social development issues of our member countries and Muslim communities in non-member countries. My analysis was strengthened by meetings with some heads of State, Governors, and Ministers. I was faced with an equation. At one end of the equation, there was the emphasis on the Islamic Development Bank Group - the development finance institution - continuing to bring about real change in the lives of people and drawing a positive image of our member countries at the global level in terms of cooperation and solidarity for a better tomorrow. The other end of the equation was to preserve the gains, build on achievements

and realize the aspirations of our member countries and Muslim communities in non-member countries by being pro-active, fast, pioneering, supportive, and enabling.

The correct solution to this equation requires changing the way we think and work because the circumstances and challenges under which both sides to the equation operate have changed in their nature, dimensions, ramifications and diversity.

As a result, I have developed a program for the next five years that includes objectives, implementation mechanisms, performance indicators, and specific time periods, whereby the bank will be transformed from a development bank into a development and development actors' bank. It will rely for its projects and programs on an integrated network of development actors from all over the world, mobilizing its financial and human resources through electronic platforms, and adopting comprehensive, rather than partial, solutions in projects and programs that it supports.

According to this approach, funding will be a component of the project, not the only component. Funding is provided with capacity building, legislation development, investment stimulation, trade promotion, promotion and integration of women and youth in development, strengthening resilience to disasters, and the integration of displaced persons into the labour market, thereby integrating funding in the development network.

Financing of infrastructure programs (energy, water, universities, ports, airports, etc.) will also be part of comprehensive programs including operation, maintenance and roads leading to school, factory and field.

Ladies and Gentlemen,

Infrastructure projects require huge investments, diversified expertise and knowledge, and these requirements are not available to one party alone. Therefore, public-private partnership (PPP) will combine the strengths of the two parties and will positively reflect on the quality of the projects and the speed of their completion. It will also reduce the burden on government budget and distribute the risks between the two sectors. The Bank is currently considering the expansion of this form of participation to include the third sector, such as charities and waqf institutions, because we believe that PPP can be applied to the health and education sectors in particular. The Bank organized the Public-Private Partnership Forum in March 2017 in Riyadh and the Forum of Sovereign Investment in April 2017 in Bali, Indonesia, and plans to organize a forum for partnership among the three sectors soon, Allah willing.

Thus, the Bank will become the centre piece in a network of development actors in member countries and from various countries around the world. The role of the Bank becomes that of an enabler and facilitator alongside that of the financier, thus becoming a true partner in the development of member countries with their various institutions, the public sector and the private sector, civil society institutions, charities, universities, research centers and other development actors.

This approach ensures the participation of all in projects and programs at all stages, from needs assessment, through the development of solutions and implementation, to the development impact assessment, thus giving citizens of member countries the opportunity to gain experience, knowledge and active participation in the development process. This is further enhanced by the presence of field representatives of the Bank in member countries.

This approach in concept and practice will fulfil the expectations of our member countries. The Bank will be proactive in devising development solutions that address the real causes of the challenges, not their symptoms, and can move its human and financial resources quickly and flexibly, especially in times of crisis and emergency, all in accordance with Islamic principles and values that combine authenticity and modernity and lead to projecting the image of Islam as an evolving social economic system capable of coping with changing needs.

The five-year program will focus on the following tracks:

First: Bring the Bank closer to member countries through permanent presence of the Bank's representatives in the member country or in the region, and to maintain continuous communication with all its members to improve the performance of the Bank and increase its efficiency.

We have completed an extensive study of decentralization that included field visits to some development institutions that applied this approach to maximize benefits and avoid drawbacks. Greater powers will be devolved on regional offices to support them with specialized staff and the transfer there of many operations from the main centre.

Second: Enhance the developmental impact of the Group's projects and programs. This will be achieved through comprehensive development solutions integrating the services and products of the Bank Group, focusing on achievement and using advanced technology, teamwork and field presence.

Third: Expand and deepen existing partnerships, seek new partners and transform competitors into development partners by harnessing strengths and comparative advantages of the Bank. The nature and magnitude of the challenges require consolidation and intensification of efforts. The MCPS model will also be promoted and disseminated as a programming modality, given its achievements and positive results.

Fourth: Diversify sources of funding, develop innovative Islamic financial products, develop waqf and Zakat institutions, and use advanced technologies in these areas to enable the Bank Group to respond to the growing financing needs of our member countries and Muslim communities in non-member countries while maintaining financial sustainability and credit rating.

Fifth: Expand the capacity building of individual and institutional member countries and benefit from development partners as a source of knowledge, skill and experience. The Bank will be able to obtain outstanding competencies to participate in its programs and projects. This will enable the transfer of successful experiences to beneficiaries, which will in turn contribute to building the capabilities of others.

Sixth: Improve the image of the Islamic world. The Islamic Development Bank Group is one of the most successful institutions of joint Islamic action and is respected internationally. Therefore, it is an example that we are proud to introduce to the world as an international development financial institution that contributes to enhancing the concepts of cooperation, solidarity and human development, regardless of gender and religion. This has contributed to finding solutions to global development challenges. To achieve this, an information and communication office has been established to promote the IDB Group, clarify its role, achievements and mission, and cooperate with various other media establishments.

I would like to point out that the preparation and discussion of this program were carried out by the Bank's staff through specialized task forces, workshops and meetings at all administrative levels, as well as the internal website. The program will be officially launched soon, with the grace of Allah. Some of the components of this program have already been implemented, including the establishment of a media and communication department and strategic initiatives management. The Bank intends to establish a department for resilience and prevention, and the restructuring of the department of science, technology and innovation through the development of a strategy and a plan of work in this important area.

I would like to thank the Board of Executive Directors for supporting the road map that led to this project.

Ladies and Gentlemen,

I will conclude with the following quick messages:

First, the link between development and development actors reflects the great interest in people. People are the centre of development. Development begins with people and ends with people, and is intended for people. If the developmental impact of the project or programs does not improve human condition and gives people hope for a better tomorrow, then the viability of such a program would be questionable.

Second: Changing the way we think and the way we work is not an option. It is a duty if we are to be in the first rank. We either drive change or will be driven by it, and the difference between the two is large.

Third: The IDB Group will be a link in a huge network made up of member countries and Muslim communities in non-member and development countries from around the world. The Group's role in this network is empowerment, facilitation, and financing within the framework of comprehensive development solutions.

Fourth: The Bank Group is keen to ensure that development solutions are comprehensive and sustainable so that all can reap the fruits of growth and development.

It is our hope that this meeting, gatherings and workshops will lead to further support and integration with the Group to achieve sustainable development in our countries.

Fifth: The IDB is taking the lead in the field of Islamic Banking Industry, and will continue to develop this industry in a manner that meets the emerging needs of individuals, institutions and countries.

Sixth: Cooperation among member countries is the main purpose for which the Bank has been established, and we will work for extending and reinforcing this cooperation in various fields.

Thank you. May Allah bless your efforts.

“And my success is not but through Allah. Upon him I have relied, and to Him I **return**. True are the words of Allah Almighty.

Wassalamualaikum warahmatullahi wabarakatuh.