



Statement of the IDB Alternate Governor for the Republic of Turkey

The 43rd Annual Meeting of the IDB Board of Governors
Tunis – Republic of Tunisia
17th – 19th Rajab1439H (3rd – 5th April 2018)

Original Text
(English)

Bismillahirrahmanirrahim

**Mr. Chairman,
Mr. President,
Distinguished Governors,**

Assalamualaikum warahmatullahi wabarakatuh.

I would like to start by expressing my sincere appreciation to Government of Tunisia and IDB for this excellent organization and warm hospitality. It is a pleasure to be in this beautiful Mediterranean city.

Global and Regional Outlook

We meet at a time when global output is picking up. However, the extended period of weak investment, coupled with low productivity growth, has been impairing the long-term potential of the global economy. In particular, infrastructure investment with private participation in developing countries is down sharply from 210 billion dollars in 2012, to 76 billion dollars in 2016.

The OIC region is facing similar challenges. Economic growth in the region recorded a low rate of 3.6% in 2017 compared to 4.3% in 2016, mainly reflecting subdued investments, and the continued weakness in commodity-related revenue.

Against this backdrop, it is becoming more difficult to achieve the ambitious Sustainable Development Goals, which require annual financing of more than 2 trillion dollars. In this respect, operations of the IDB have crucial importance in these days.

Transformation Process

Dear Governors,

As we all know, Bank is in a transformation process initiated by President Hajjar. I believe that with the right policies, people and culture, this will be a successful transformation. We, as the members, have always been committed to this Bank and will extend our support when needed.

We should start to work on reforming our business model. This requires new thinking in all fronts; especially about measuring risk and impact, modalities for projects, mitigating risk, and mobilizing finance.

Resource Mobilization

IDB is evolving from being a sole lender to mobilizer of finance for development. This requires a major cultural shift from competition to collaboration with other financial institutions.

We strongly support the efforts towards this end. Especially, syndicated finance and co-financing partnerships are important tools that the Bank should further explore. The newly established

Public-Private-Partnership Advisory Facility is also welcome. Let me note here that, as Turkey we are ready to share our PPP expertise in such platforms.

Operational Efficiency

Dear Colleagues,

Another point I would like to raise is that the period ahead could be a big opportunity to upgrade the Bank to the highest standards in terms of operational efficiency. Apart from putting out the immediate fire; I am expecting Management to insert the strategical planning and financial sustainability perspective into every DNA of the institution.

In particular, I believe there is now a wide consensus that the Board of Executive Directors should focus more on developing policies, setting strategic objectives and measuring the performance against them. I am aware and supportive of the recent efforts in this respect, while I observe that further improvement is needed.

I also support the steps towards increased decentralization. Resident missions should be further strengthened by transforming them into “centers to grow business”.

In addition, performance and effectiveness of each and every operation should be measured against its cost. I take good note of the new initiatives towards this principle, namely the launch of the Development Effectiveness Report and the establishment of the Development Effectiveness Committee. But I would like to remind that it is the quality of the report and the work of the committee that matters most.

Organizational Migration

On Human Resource practices, as widely recognized by both Management and the Board, IDB needs substantial improvements. We must ensure that we employ high quality staff, while respecting gender diversity and fair representation of the member countries.

In this sense, I welcome the HR reform initiative in 2017, which should continue to be carried out in a modern, principle-based approach and through regular consultation with the Board.

Science Technology and Innovation Fund

Dear Colleagues,

There are few international platforms like IDB which could prove efficiency and viability of Islamic banking in a development context. I am aware that there are entities and programs within IDB such as IRTI, ISFD and the newly established Science, Technology and Innovation Fund which have the potential to address the challenges of the member countries. I support and encourage these programs, while I expect that they work efficiently and create relevant products.

Conclusion

In concluding, I reiterate my appreciation to President Hajjar for his aspirations to transform the Islamic Development Bank. I am confident that under his leadership, and through the Board's strategic guidance IDB will upgrade into a more efficient and effective institution.

With these, I hope that the Annual Meeting will serve as a good opportunity for the Bank Group to benefit from the guidance of esteemed Governors.

Thank you.