



Statement of the IDB Governor for the Malaysia

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

Original Text
(English)

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

INTRODUCTION

Alhamdulillah, by the Grace of Allah Subhanahu Wa Ta'ala, we are gathered here in this beautiful city of Tunis, Republic of Tunisia for the 43rd Board of Governors Meeting of the IDB. On behalf of the Government of Malaysia, I would like to express my heartfelt gratitude to the Government and people of the Republic of Tunisia for the warm welcome and gracious hospitality extended to the Malaysian delegation.

We have witnessed IDB grow and play its role in partnering with member countries towards realising their respective development agendas. This is further echoed by this year's theme of "Partnerships for Sustainable Development: Working Together to Drive Human Development, Innovation and Digital Transformation." As the premier multilateral development institution among Muslim nations worldwide, we are proud of the various achievements by IDB. The total net approval of USD 9.8 billion 2017 for 321 operations in various economic sectors reflects the IDB Group's seriousness towards fostering economic development and social progress of its member countries.

I would like to take this opportunity to personally congratulate H.E. Dr. Bandar M. H. Hajjar and team on the "President's Five-Year Programme" (P5P), the new roadmap that has been implemented to address the fast-changing and evolving global development landscape. I also would like to recognise the new organisational structure, with a new management team and wish the team all the best as it steers IDB towards greater heights and stronger presence in member countries.

MALAYSIA & IDB

Your Excellencies,

Malaysia has enjoyed the working relationship with IDB all these years and looks forward to continue working closely with IDB and other member countries. Our recent engagement includes the 2016-2019 Memorandum of Understanding between the Government of Malaysia and the IDBG, which reflects Malaysia's steadfast commitment in the four strategic areas for cooperation namely Islamic finance, reverse linkages, resource mobilisation and supporting the halal industry. Malaysia also envisions the IDB Regional Office in Malaysia (ROKL) to be a Centre of Excellence, promoting knowledge sharing and research in the field of Islamic Finance in the coming years. We also appreciate recent efforts put in by the team at ROKL to enhance the cooperation between Malaysia and member countries in various disciplines, including academic

cooperation between universities, harmonisation of halal standards and the co-hosting of the international convention.

MALAYSIA'S ECONOMY

According to the recent Report by the International Monetary Fund, Malaysia's economy has shown resilience in recent years despite external shocks and continues to perform well. Progress has been made towards achieving high income status and improving inclusion. Median household income rose further and the already-low national poverty ratio declined. Real GDP growth surprised on the upside in 2017, and grew 5.9% for the year, driven by domestic demand and robust exports. Growth is projected to remain above potential at 5.3% in 2018, and converging to its potential rate of close to 5% in the medium term.

Comprehensive fiscal reforms, particularly concerning subsidy rationalisation and the implementation of GST, further diversification of the revenue base as well as enhancement on the efficiency of public sector delivery have also contributed positively to our resilient economy. As a result, we have never failed to meet our fiscal targets since 2010, with the achievement of the latest deficit target of 3% of GDP in 2017. Coupled with the 2018 fiscal deficit target of 2.8%, this reiterates our commitment to fiscal prudence and have enabled us to attract positive acknowledgements from multilaterals and rating agencies.

MALAYSIA & SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Your Excellencies,

At the UN General Assembly in September 2015, the Honourable Prime Minister of Malaysia highlighted Malaysia's commitment to support the implementation of the 2030 Agenda and the nation's willingness to work with regional as well as international partners towards this end. Consequently, Malaysia established the National SDG Roadmap, which sets out priorities and plans of action towards the implementation of the 2030 Agenda and the SDGs. In view of this, Malaysia has come up with a phased approach to achieve the goals and targets of the SDGs.

In an effort to support mobilisation of additional resources, we are currently exploring various mechanisms including participating in pilots or initiating projects such as the Biodiversity Finance Initiative (BIOFIN) and Reduced Emissions from Deforestation and Degradation (REDD+).o. Malaysia requires international expertise particularly in related areas and would like to invite experts from member countries in these areas to provide us with knowledge sharing and support.

HUMAN DEVELOPMENT

Your Excellencies,

We fully realise IDB's mission to promote comprehensive human development, including a focus on priority areas such as promoting education, as human capital is indeed the most important resource for a nation's development. It is with this view in mind that Malaysia, through its Eleventh Malaysia Plan (2016–2020), the nation's 5-year development plan, focuses

heavily on further enhancing the quality of education and also on strengthening the skills of the people by intensifying Technical and Vocational Education.

With developments of technology, there have been significant shifts in the global labour market over the past few decades, primarily in manufacturing and agricultural sectors. Many jobs in 2015 that were considered “hot” will likely be much diminished by 2025. To keep with the ever fast pace of change, it is critical to build a sustainable talent pipeline moving towards an advanced digital economy, high-income and inclusive nation. In this regard, Malaysia is investing heavily in building, attracting and retaining talent through various initiatives driven by various ministries and agencies.

INNOVATION & DIGITAL TRANSFORMATION

Your Excellencies,

A critical question in today’s world is how to stimulate global, sustainable, and equitable growth. Within the framework of globalisation and interconnectedness, innovation and technology are the key drivers and will most definitely play an increasingly important role in a country’s development and achievement of sustainable growth. In view of this, Malaysia welcomes IDB’s efforts and encourages initiatives, which include the establishment of the latest Scientific, Technology and Innovation (STI) initiative known as Engage and the creation of the STI Fund Transform to support activities under Engage. We applaud the Bank’s commitment of USD100 million seed contribution to the Fund.

Closely linked to the discourse on innovation is digital transformation. It is in this fast paced and complex development that we are faced with the disruptive change of the 4th Industrial Revolution (IR), wherein science, technology and innovation (STI) will most definitely change our economic landscape, much faster than we expect. Therefore we need to always stay together with stronger efforts to reign in its impact in ways that could support our current economic and social setting.

In the context of Malaysia, it was during the tabling of the 2018 Budget that the Government announced the creation of the Futurise Centre, a platform designed to stimulate and accelerate innovation, capacity building and the commercialisation of products and inventions of the future. This centre will also house the first United Nations Technology Innovation Lab in South East Asia. Malaysia has also embraced the digital transformation and would like to share our experience in this area, with the hopes of helping others in turn.

Our national digital transformation agenda was primarily driven by efforts to make the nation a producer of niche ICT products and services. We focus on five areas, namely, Internet of Things (IOT), Big Data Analytics (BDA), Cloud, eCommerce and games. It is our believe that these niche areas are the right fit based on supply and demand potential, as well as Malaysia’s strengths.

Malaysia is committed to take on an ‘inclusive’ approach to build the Digital Economy under the banner of “Humanising the Digital Economy” through programmes such as the eRezeki and eUsahawan. The eUsahawan programme was launched in 2015, with the aim of encouraging micro entrepreneurs and students from the Technical and Vocational Education and Training

(TVET) institutes and Institutes of Higher Learning (IHL) to maximise business opportunities through digital platforms. Meanwhile, the eRezeki programme, focuses on crowdsourcing to assist the B40 income group by enabling and connecting them to the digital opportunities. The programme has managed to increase participants' level of income and create more digital based job opportunities through 10 centres and 336 representatives nationwide.

CONCLUSION

It is our utmost desire that Malaysia's experience in these areas serve as an encouragement and driving factor to member countries present here today as we work together towards driving human development, innovation and digital transformation. Together, we can foster partnerships as we work towards realizing the 2030 Agenda.

Last, but in no way least, on behalf of the Government of Malaysia, I would like to express my sincere appreciation to H.E. Dr. Bandar Mohamed Hamza Hajjar as well as the IDB management and staff for their tireless efforts in organising this Annual Meeting. We wish the Bank success as it strives towards attaining its goals. May all of us be under the blessed guidance of Allah Subhanahu Wa Ta'ala in all our future undertakings.

Waltaufik Walhidayah.

Wassalamualaikum Warahmatullahi Wabarakatuh.