



Statement of the IsDB Governor for the Kingdom of Saudi Arabia

44th Annual Meeting of the Islamic Development Bank Group

**Marrakesh (Kingdom of Morocco)
29 Rajab - 1st Shaban 1440 (5-6 April 2019)**

In the name of Allah Most Gracious and Most Merciful
Grace be unto Allah and peace and prayers be upon the noble Prophet

Your Excellency Mr. Mohamed Benchaaboun, Minister of Economy and Finance of the Kingdom of Morocco and Chairman of the Board of Governors,

Your Excellencies Governors and Alternate Governors,

Your Excellency brother Dr. Bandar Bin Mohammed Hamza Hajjar, Chairman of the Islamic Development Bank Group,

Ladies and Gentlemen,

Assalamu alaikum warahmatullahi wabarakatouh

I would like to express my gratitude and appreciation to the King, government and people of the Kingdom of Morocco for their hospitality and the arrangements made for this meeting. I would like to thank His Majesty King Mohamed VI, may Allah protect him, for granting his patronage to our meeting and supporting the Group and joint Islamic action. I would also like to thank all member countries for their support which, we hope, will continue to come by. I strongly commend the continuous efforts of the Group's departments, led by His Excellency brother Dr. Bandar Hajjar, to improve its performance.

Dear brothers and sisters,

At the outset I would like to commend the efforts to enhance the Group's role and performance in serving member countries and to improve performance and governance towards achieving financial sustainability while focusing on strengthening the expansion of off-balance sheet resources, co-financing and other innovative financing mechanisms.

I reiterate my call for the continuous improvement of operational performance and productivity, and for linking the expansion of regional hubs with performance and returns. I also asked that the follow-up reports submitted to our meetings and to those of the boards of the Group's entities feature detailed quantitative performance indicators for implementing initiatives and plans. These reports are meant to enhance operational performance, governance, organisational management, human capital/skills and talent management and financial sustainability. They should also help achieve internal effectiveness according to measurable goals that can be followed-up, as internal effectiveness is a pre-requisite for external effectiveness. I also called for the entities to commit to a group-wide, integrated business methodology, using their respective comparative advantages to avoid duplication. I also called for aligning operations plans and preparing group-wide budgets to maintain financial sustainability by increasing revenue and controlling cost. It is also important to optimize staffing to avoid excessive bureaucracy, complete process automation, increase transparency and cut spending.

I emphasize one more time that the decision to establish, maintain or expand IsDB external offices should be subject to technical considerations like cost, return and added value. The Board should receive a report detailing performance improvement indicators for these offices including their contribution to expense control.

Excellencies, ladies and gentlemen,

Now I will point to the content of the entities' reports submitted to our meeting.

As regards the IsDB, I would like to commend the achievements under the operations' plan, and point to the decrease in net income compared to 2017, shown in the ordinary resources' financial statement, and the losses incurred by the IsDB due to the portfolio valuation of the Islamic Corporation for the Development of the Private Sector. In this regard I request that the ICD Board of Directors submit a report on the measures to be taken to avoid such problems at the Group level and the steps taken to address the current situation.

Regarding the Islamic Corporation for the Insurance of Investment and Export Credit, I commend the improvement it made to its performance, hoping that it will continue to do so, exercising close monitoring and controlling risk.

Concerning the Islamic Solidarity Fund for Development (ISFD), I welcome the efforts it made to improve its performance and enhance its role. I point to the ISFD Board of Directors' approval of giving more visibility to the Fund as an entity within the Group and to enhance its role. I hope that the ongoing study will yield an effective and productive business model for the ISFD to ensure the achievement of the goals for which it was founded. It is important for this model to feature mechanisms that will help reach the target beneficiaries of ISFD services and stimulate co-financing. Since the resources of the ISFD are made up of waqf assets, it is crucial to preserve and develop them by improving investment returns and controlling expenditures.

As regards the International Islamic Trade Finance Corporation (ITFC), I commend the expansion of its activities and improvement of its performance. I am confident that the management will keep improving performance, operation, governance, and risk management, in addition to strengthening internal audit and risk management, diversifying regional and sectoral activity, mobilising more external resources and improving the Corporation's credit rating. I also hail ITFC's initiatives in boosting intra-trade, building capacity and developing the capabilities in Muslim countries. Such initiatives include the Aid for Trade Initiative for Arab States, the first phase of which was completed and the second is underway, the Arab-Africa Trade Bridges program to strengthen Arab-African relations and the partnerships with regional and international institutions. I hope that the ITFC will continue to benefit from these initiatives and leverage them to develop its business.

Excellencies, brothers and sisters,

My country, the Kingdom of Saudi Arabia, attached a great deal of importance to all aspects of joint Islamic action, including the economy, in order to advance the interests of Muslim countries and communities. At the bilateral level, the Kingdom provides generous support to development efforts in Muslim countries. At the multilateral level, it holds sizeable shares in many regional and international development finance institutions and it is the largest shareholder in the IsDB Group's entities. My country has always been keen to provide relief to countries affected by natural disasters or facing food shortages. The Kingdom of Saudi Arabia also uses its influence to serve the Muslim Ummah and contribute to its socio-economic development.

The continuous support that the Kingdom has provided to the IsDB Group from the moment it was a mere idea to the point where it developed, widened its scope and

grew its resources, highlights the importance it grants to joint Islamic action and to supporting the socio-economic development of member countries and Muslim communities around the world. I hope that we all keep our support for the IsDB Group.

I would like to assure you that the Kingdom of Saudi Arabia will maintain its support to the IsDB Group, under the leadership of the Custodian of the Two Holy Mosques and his Highness, the Crown Prince, may Allah protect them, and hope that all member countries likewise maintain their support to the Group for the welfare of our member countries.

To conclude, I extend my thanks to the IsDB management, represented by Dr. Bandar and his colleagues in the Group, hoping for more service to our member countries.

May Allah almighty grant us success in our meeting, strengthen this leading institution and help us make decisions that contribute to achieving the aspirations of the Muslim populations in terms of prosperity and development.

May Allah guide us all to what is good and right.

Wassalamu alaikum warahmatullahi wabarakatouh