ISLAMIC DEVELOPMENT BANK BOARD OF GOVERNORS
STATEMENT BY DR. BERAT ALBAYRAK
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Bismillahirrahmanirrahim

Mr. Chairman, Mr. President, Distinguished Governors,

On behalf of Turkey, I would like thank the Government of Morocco and Islamic Development Bank (IDB) for hosting 44th Annual Meeting.

Since the last Annual Meeting, global economy continued to stay relatively healthy and less vulnerable. The global growth rate picked up to 3.8% in 2017, the highest rate since 2012. According to forecasts, world real GDP will continue to grow favorably towards 2020.

Yet, risks remain on the path of the global growth. In particular, the uncertainty about the global trade, rising interest rates, global inflation trends and the sensitivity of the global economy to oil price increases will be the key factors we need to watch closely, over the next period.

Despite rising tensions on the global trade, I am pleased that the volume of intra-OIC trade has reached to 319 billion dollars in 2017. I have strong confidence that there is ample room to further increase intra-OIC trade to 1 trillion dollars in the medium term.
OIC countries also witnessed an increasing trend in economic activity and their GDP increased from 15.8 trillion dollars in 2013 to 19.4 trillion dollars in 2017. But, the share of OIC countries in world total GDP is measured as only 8.2%, which, I believe, is well below the potential.

This backdrop clearly displays the increasing relevance and need of IDB’s further engagement in the development quest of the OIC region.

To remain relevant and extend meaningful support to its member countries, it is imperative that IDB keeps its financial health. Unfortunately, concerns over IDB’s financial sustainability have arisen in recent years. In our view, these problems were rooted mainly in the imprudent approval practices over the years which squeezed the lending headroom by approving projects prematurely, resulting in delays and high undisbursed commitments.

I am hoping that efficient implementation of the new action plan will help the Bank overcome such obstacles.

Through a stronger financial health IDB can demonstrate that Islamic finance is sustainable, and can function efficiently and sustainably as an international Islamic finance institution.

This Bank should lead as a great example of Muslim cooperation, and prove efficiency and viability of Islamic banking in a development context, while remaining relevant for its members.

To this end, we support the Bank Management’s efforts in reforming the Bank’s business model. We would like to see the Management to further develop its capacity in measuring risk and impact; mobilizing financing; monitoring and evaluation of operations; and implementing more effective
planning and budgeting practices with a focus on increasing savings at every level.

We welcome the Bank’s efforts in seeking new financial opportunities, such as Regional Islamic Supranational Enterprises (RISE) at its hubs. Nevertheless, we believe that any new initiative should be well crafted from the very beginning with well justified motivation, rationale and a sound framework to address the demands of the member countries.

We welcome the medium term program, namely the Integrated Work Program for 2019-2021, and support its development goals. In particular, we encourage the Bank increase its capacity on “supporting inclusive value chain competitiveness”. As such, we are ready to work with the Bank to identify value chain competitiveness and take actions to support the current efforts.

I also appreciate that the IDB in the medium term will focus more on the refugee issue, which is a very deep humanitarian crisis that the Muslim world has been facing for many years now. I invite IDB to strengthen its involvement in addressing the needs of Muslim refugees in many parts of the world. In this respect, we expect the Management to develop a clear strategy with meaningful support mechanisms for our refugee sisters and brothers.

On Human Resource practices, as widely recognized by both Management and the Board, IDB needs significant improvements. We welcome the HR reform initiative, namely the Organizational Migration exercise being carried out since 2017. Unfortunately, the exercise fell short of delivering its intended results. It is critical that IDB implements best operational practices,
including the human resources management within the principles of openness, transparency and merit-based appointments at all levels.

As a promising stride last year, IDB has started to establish its sector policies in key areas; such as energy, education and fragility. I welcome this initiative and urge Management to further develop strategies and guidelines that should be adhered to in its operations.

In concluding, despite all the challenges that the Bank has been facing, we see the period ahead as a big opportunity to upgrade the Bank to the highest standards. As a founding shareholder, Turkey is always committed to transform the Islamic Development Bank into a more efficient and effective institution which is more relevant for its region.

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

Thank you.