



Development in Comprehensive Islamic Perspectives: Integration, Accumulation, and Integration

Statement of the IDB Acting Governor for the Republic of
Lebanon

Raed H. Charafeddine, First Vice-Governor, Banque du Liban
at

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Excellency, Chairman of the Board of Governors
Excellency, President of the Islamic Development Bank
Excellencies, Governors and Alternate Governors

Assalamualaikum warahmatullahi wabarakatuh.

Holding the Annual Meeting of the Board of Governors of the Islamic Development Bank in the capital of the most populous Islamic country carries a significant economic-historic-geopolitical indication. Indonesia represents the economy-featured civilizational extension of Islam towards the Near East. The first trade hubs were established by Muslim merchants along the coasts of Sumatra and the Malay Archipelago since the late second and early third Hijri centuries (the eighth and ninth Gregorian centuries) that proved that economic interests are pivotal in building integrative partnerships among peoples. Moreover, the history of Indonesia is profuse with cumulative experiences in the struggle towards realizing independent development away from the avarices of colonists and tuggings of the poles of international politics. In addition, Indonesia's location stands as a witness to its geopolitical reality, which has always

shaped a bridgehead of communication and harmony between the Islamic civilization and the diversity-rich Asian civilizations.

As we express our most sincere gratitude to the State of Indonesia for hosting this meeting and for the efforts exerted to ensure its success, we contemplate through this Indonesian three-dimensional perspective, meaning the three dimensions of integration, accumulation, and communication, towards the mandate of the Islamic Development Bank and its achievements, which we are proud of and aspire for it to further develop, promote, and broaden. This experience acquires particular strategic relevance and necessity from the crucial challenges that are reflected in the major crises being experienced by our Arab-Islamic world in several countries and on multiple levels. The military confrontations, the security risks, and the political turmoil and their associated economic losses and social attrition that have prevailed over the past few years and caused losses estimated by the Arab Strategy Forum at \$830 billion, all highlight the pressing and existential need to tap into the sources of development formation and curb the deterrents of its empowerment.

In that context, the transition through which the world is going paints a surreal picture paralleled by a structural labor to yield a new world order with different strategic, political, and socioeconomic features. Some of the most prominent characteristics of that system are: polar multiplicity; giant geopolitical economic conglomerations; globalized transnational and transcontinental security, economic and financial risks and crises; widening socioeconomic gaps; and unprecedented levels of threats to environmental security and sustainable development. Hence, the development of a modern integrative, accumulative, and communicative development strategy is of extraordinary importance. It is also crucial to keep abreast of worldwide developments and observe the required sensitivity towards the vital interests of Islamic countries.

Ladies and gentlemen,

Lebanon's location is at the heart of the crisis-laden reality of the Arab-Islamic region, as it is directly affected by the Syrian war, its security repercussions, and its grave economic and social results. The density of the Syrian displacement influx, which bordered 1.5 million displaced persons, has had an immense deteriorative impact on the socioeconomic situation in Lebanon, which, in turn, is shouldering a burden that exceeds its capacity by multiples. In that regard, Lebanon's losses since the eruption of the Syrian crisis have exceeded \$13 billion, according to the World Bank. Actual growth in the gross domestic product has dwindled down to nearly 0%. Moreover, the shrinking effect of falling oil prices has caused a drop in remittances to Lebanon, which has contributed, coupled with the decline in export and investment activity, to the multiplication of deficit in the balance of payments,

bringing it down to \$3 billion in 2015, after having reached at a surplus of \$8 billion in 2009. All of these factors combined have contributed to a continued increase in the public debt up to \$70 billion, i.e. 145% of the GDP. Lebanon has also experienced a rise in the levels of poverty since 2011, where the percentage of poor residents in Lebanon has now reached 70%. Unemployment has also multiplied among the Lebanese people since 2011, going up to 20% of the total working force, which is even further exacerbated by widespread social dumping. As to infrastructure and the environment, the situation is now fraught with problems in terms of energy and water shortages, dense congestion, increased pollution, prevalence of diseases, and immense pressure on public services. This is over and above the political instability and institutional faltering that Lebanon has been experiencing since this crisis erupted.

Ladies and gentlemen,

Amidst such risk-saturated challenges, IDB's efforts emerge as a beacon of development piercing pitch-dark retrogression. The Lebanese experience was, for long, a radiant center for the Arab-Islamic orient towards the west, and at the same time, a mirror and test field of the ups and downs of the Orient. Given this backdrop, we can confidently assert that the most crucial need for our countries, particularly in such conditions, is to launch and implement integrative, communicative, and accumulative developmental frameworks.

We thus value the initiatives and accomplishments being realized and launched by all entities of IDBG within the framework of implementing its 10-year strategy in line with the dimensions of planning and executive monitoring, thus achieving continuous progress in terms of performance and effectiveness. Most prominent among those initiatives are the increase in IDBG's net credits in assistance for member countries; allocating a substantial share of the net credits from IDB's ordinary capital resources to infrastructure projects, due to the importance of this sector in our countries in promoting the productive environment, providing job opportunities, and securing livelihood needs; the deep-dive initiative with the World Bank Group; multiplication and diversification of the efforts directed towards resource mobilization and the issuance of Sukuk, capitalizing on IDB's high international credit ratings; and the launching of member country partnerships that build on the comparative advantages of each member country. As to strategic accomplishments, we would like to note in particular: the promotion of the private sector, which forms the backbone of the economic structure; expansion of the inter-trade financing scope; strengthening of credit insurance and country-risk insurance; development of knowledge in the Islamic financial service industry; and the establishment of funds to support the poor (such as the Islamic

Solidarity Fund for Development and the Awqaf Properties Investment Fund). This is in addition to IDB's pioneering position in launching activities targeting the enhancement of inclusive and sustainable development. We must also acknowledge the high level of efficiency with which IDB's institutional effectiveness is being bolstered, at a time where the concepts of governance, risk-management, and human development have become prominent features of institutional modernity.

Ladies and gentlemen,

Any discussion of development entails two aspects: first, the sources of development formation, and second, the deterrents of its empowerment. I would like to briefly highlight some of those aspects that need to be acted upon by developmental institutions, in addition to IDB's initiatives and accomplishments, so as to maintain sustainability of development and avoid any depletion thereof. Among the sources of formation are: first, the development of modern educational curricula that build on the social capital of values, the construction of the human character, the revival of civilization regeneration, the promotion of citizenship, and the upgrading of the socioeconomic system; second, working towards achieving developmental solidarity and integration with all developing countries and countries of the South, capitalizing on the emerging regional and global clusters to address the issue of imbalance in the course of the international development strategy; third, realizing independent development by building a self-driven productive economy that is emancipated from external dependencies; and fourth, focusing on issues of financial inclusion and financial literacy, which play an important role in reducing socio-economic marginalization and protect financial stability. As to the deterrents of development empowerment, those require: first, fighting the three-dimensional scourge represented by the dimension of class disparity, poverty, and marginalization, the dimension of corruption, and the dimension of crime and terrorism; second, curbing rentier economy and its products, which is considered to be the nemesis of developmental productive economy by building human capital, reinforcement of research and development mechanisms, and ultimately building knowledge economy; third, combatting environmental ignorance and launching environment-protection mechanisms to realize sustainable development; and fourth, fostering and supporting initiatives and mechanisms that are geared towards rescuing victims of war and displaced persons, developing afflicted areas, dispute management and resolution, and spreading the values of coexistence and domestic peace that are inspired by the noble teachings of Islam.

Ladies and gentlemen,

In conclusion, I would like to thank anew the government and people of Indonesia, and to assert that it is with pride, hope, and ambition that we contemplate the realization of IDB's vision under the wise leadership of its management, that vision specifically being to "become a world-class development bank, inspired by Islamic principles, contributing in significantly transforming the landscape of comprehensive human development in the Islamic world, and helping this world to restore its dignity".

Wassalamualaikum warahmatullahi wabarakatuh.