

**SPEECH BY**  
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**AT THE OFFICIAL OPENING OF IDB'S 25TH ANNIVERSARY CELEBRATIONS**  
**AT HOTEL SHERATON, KUALA LUMPUR**  
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1. It is indeed a great honour for me to be here today to officiate the opening of IDB's 25th anniversary celebration in Kuala Lumpur. Today's celebration has a special significance to us considering Malaysia's long and fruitful relationship with IDB and the fact that our first Prime Minister was among the founding fathers of IDB. It is a matter of pride to all of us that over the years IDB has grown to become one of the world's major multilateral financial institutions which now provides an expanding range of financial services according to the principles of Shariah to its 52 member countries as well as to Muslim communities in non-member countries.

2. The IDB was founded in order to foster economic development and social progress in member countries and Muslim communities in accordance with the principles of Shariah. This central purpose is no less relevant today, 25 years after IDB's inception. The stark reality is that many Muslim countries are still underdeveloped and continued efforts must be made to ensure that investment and trade opportunities are generated within these economies so that they are not permanently left behind.

3. The IDB is unique in that it offers member countries and Muslim communities the world over, the opportunity to source for capital and funds in accordance with Islamic law. In addition to this, it assists in promoting trade between member countries, especially in capital goods; provides technical assistance; and provides training facilities for businesses and organisations involved in development activities in Muslim countries to conform with Shariah.

4. Over the years, IDB has been impressive in forging new approaches to financing within the Islamic Shariah designed to advance the cause of development of member countries. Among the financing products that has been successfully launched by IDB, besides its normal loan financing operations, include instruments such as leasing, installment sale, profit sharing and trade financing. The beneficial impact of these activities have been considerable in many member countries. In the case of Malaysia, we have benefited greatly from IDB's financing of numerous development projects and from its trade financing facility. As of today, Malaysia has received financing for a total of 35 project amounting to approximately RM 775 million and 51 projects for trade financing amounting to approximately RM 281 million.

5. I am also encouraged by several new initiatives and proposals undertaken by the IDB. One such initiative is the setting up of the Islamic corporation for the development of the private sector (ICD). The ICD will focus on providing financial services to the private sector in Muslim countries and will contribute greatly to the development of the sector. Another initiative is the IDB infrastructure fund. In my view the setting up of this private investment vehicle with equity capital of US \$1 billion and an Islamic finance facility of US \$500 million which will focus primarily on the financing of infrastructure projects would be most welcomed by member countries\* also in the pipeline is the International Islamic Money Market (IIMM) which will serve as an offshore Shariah financing centre based in Labuan.

6. While noting the successes achieved thus far, IDB needs to constantly look to the future and think of innovative and better ways of serving the needs of the ummah in the light of the rapidly changing international environment of today. Central to this effort is meeting the resource and technical assistance needs of Islamic countries which are among the poorest and least developed in the world today. Recent initiatives undertaken by IDB including the offer of technical assistance regarding wto to member countries and the forging of strategic linkages with other multilateral institutions with the view to helping the less developed countries show that IDB is ready to take up the challenge of playing a more dynamic role in bringing economic and social progress for our fellow Muslim brother and sisters worldwide.

Ladies and gentlemen,

9. This 25th anniversary of the IDB should also be used to reflect on the well-being and advancement of the ummah. Islam is a dirty word to many in the western world. When they think of Muslims they think of fundamentalist terrorists and backward societies resistant to economic and technological change. This perception will be perpetuated if we are not able to demonstrate that Muslims can succeed in today's world.

10. Prosperity and the flourishing of commerce and innovation is not new to the Islamic civilisation. From the time of the prophet Mohammed S.A.W. through to when the city of Baghdad and the Andalusian empire were dominant, Muslims have led the way in economics, commerce and innovation. From inventing double-entry bookkeeping to pioneering trigonometry, the ummah demonstrated the modernity of Islamic civilization.

11. What is needed today is a concerted effort for Muslim countries to come together in a common endeavour. In a world that is increasingly becoming dominated by a few western countries and corporations, the ummah must stand up and be counted. This has to be through the promotion of development and prosperity among Muslim communities. The name of the game today is no longer physical conquest, but economic control.

12. We in Malaysia believe that once economic independence is surrendered, then political and cultural independence will soon follow suit. During the economic crisis in Asia, Malaysia did not seek IMF assistance precisely because of the conditionalities which it would have imposed. We were not prepared to lose our banks and corporations and have our economy sold off to the highest bidder. I believe we prevailed, but only through perseverance and determination.

13. Such misfortune can befall on any country. As long as the international financial system allows the unbridled speculative activities of highly leveraged institutions, all economies are at risk. The Muslim community must understand this risk and find ways in which we can provide economic assistance to one another to prevent any other Muslim countries from being destroyed economically in the manner that the East Asian countries were in 1997 and 1998.

14. What is required is nothing short of a revolution in our thinking. Muslim countries must come to the realisation that our religion and the Islamic civilisation are threatened if we are shut out from directing the pace of globalisation. Whilst free trade is to be welcomed, it cannot be held up at the expense of the well being of our muslim communities. We need to realise the imbalance in the global economy today.

The figures speak for itself: the OECD countries with 19% of the global population, have 71% of global trade in goods and services, 58% of foreign direct investment and 91% of all internet users. This does not bode well for the future of the Islamic civilisation.

15. An integrated world does not guarantee global prosperity. The convergence in income that many have predicted as a result of globalisation is still a fallacy. In 1960, the income gap between the fifth of the world living in the richest countries and the fifth of the world living in the poorest was 30 to 1. In 1997 it was 74 to 1. I do not need to remind you that many of the least developed countries are Muslim countries, or at least have a large Muslim population.

16. We cannot allow for this to continue. It is inconsistent with the teachings of Islam to allow pockets of abject poverty to exist in the world, especially if there are no positive steps taken to alleviate the suffering. Poverty affects not only man's physical being. It will also lead to the destruction of human compassion and to the questioning of Allah's divine justice.

17. In order to secure a more equitable share of the world economy, Muslim countries have to work together towards strengthening the domestic capacity of our respective economies. We must place emphasis on education and human resource development. Without human capital, physical development will be meaningless. Such capacity building measures will in turn create a conducive economic environment to which Muslim professionals, who are currently employed in the west, can return to and transfer their skills and knowledge.

18. In addition, Muslim countries must encourage free trade amongst each other. We must plan for greater trade cooperation, which will ensure that we take advantage of each other's competitive advantage. For the lesser developed Muslim countries, I would like to see trade facilitation assistance in the form of bilateral payment arrangements. Such a mechanism can reduce the burden of trade on small economies by exposing them to minimal foreign exchange dealings. I hope the IDB can encourage such an arrangement for trading purposes among member countries.

19. It was not my intention to bring up these anxieties at an occasion of celebration. However, if we are to look ahead to the next 25 years for IDB and the Islamic civilisation, we must be realistic in acknowledging the challenges ahead of us. The ummah cannot be passive recipients of globalisation. If we stand by and accept what is forced on us, we will end up worse off. Muslim countries must now launch a concerted effort in playing an active role in the world economy.

20. With the blessing of Allah, I believe that we can sow the seeds for the reemergence of the Islamic civilisation in the fields of commerce, industry and development. The IDB is an exemplary institution which has long anticipated the need for Muslim economic development, and I hope that it will continue to assist Muslim countries and communities in their progress to prosperity. With these words I now declare open the symposium on IDB's 25 years of operations.

Wassalam.