

Your Excellencies... Distinguished guests ... Ladies and Gentlemen

Alsalaam Alykomwa Rahmat Allah Wabarakatoh

Mr. Chairman and the ADFIMI General Assembly: I would like to thank you for your invitation and for giving me the opportunity to speak this morning. My deepest gratitude goes to ADFIMI's esteemed Chairman, Mr. Mehmet Emin Özcan, for hosting us this morning and for the conferment of the honorary membership. I also want to thank Mr. Farid Masood for the kind words and the tribute.

Many of the institutions and individuals participating here have done extraordinary work in the past and will look today on the ways to address the challenges faced by entrepreneurs and SMEs. I would like to share with you some insights from my region to demonstrate what is possible, and at the same time, to highlight the work that

is still needed despite the extraordinary work being completed.

This will also show the importance of the role of ADFIMI, the IDB and its member institutions and how these institutions can and are filling an important gap that our nations are currently exhibiting.

The Arab world has had a long and rich history of entrepreneurship and it may come to no surprise to some, while at the same time surprising to others, that the Arab world has among the highest rates of Entrepreneurship activity in the world. In some recent reports, the average Entrepreneurship activity in the Arab world is measured at 13%. This includes extraordinary numbers from countries like Yemen at 24%, 17% in Algeria, 16% in Morocco and 15% for Lebanon. Countries like Tunisia and Jordan have higher entrepreneurship activity rates than countries famed for their Entrepreneurs and their SME activity such

as the USA, UK and Germany.

For me, the activity numbers are a very positive sign of what is possible in the Arab and Muslim world as it shows the spirit and energy that still exists. However, these Entrepreneurship numbers may be misleading.

Most of the Entrepreneurship in the Arab world is driven by necessity, which results in a low-value added type of Entrepreneurship. As a result, entrepreneurship makes a low contribution to GDP and Employment. I will show momentarily that this is in sharp contrast to countries that seem to have lower Entrepreneurship Activity than the Arab world. With regards to employment, SME's account for 55% of total employment in the USA, 60% in Germany and 61% in France. With regards to GDP contribution, SME's account for over 50% in countries like the UK, USA, Germany and France.

As I mentioned earlier the high level of Arab entrepreneurship is mainly driven by necessity but these entrepreneurs are currently facing a lack of opportunity to grow the businesses beyond their own needs.

Today I urge Arabs and Muslims to sit together and come up with innovative solutions and recommendations that would improve this important segment in our economy, which will contribute to the increase in economic growth. We need to look at the Gaps and what is separating us from other developed regions. I would also like to share what I think some of these gaps are.

In countries where SMEs are significant contributors to GDP, Entrepreneurship is driven by innovation and high value added entrepreneurship. This is facilitated by solid infrastructure and the availability of funding and credit. With the Entrepreneurship rates and the energy we have, if we can combine this with the success factors that other

regions have, we can certainly raise the contributions of entrepreneurship and SMEs to our economies.

Where are we lacking and why are the people and the institutions in this room so important? Let us face some important facts. If we take a simple ratio such as Private sector Credit as a % of GDP, we see large disparities. Generally in the Arab world, this ratio is below 60%. But if we take East and Pacific Asia, the USA and the EU, this ratio is well above 100% and for some nations it actually comes closer to 200%. I am happy to see that here in Malaysia, the ratio is above 110% and it is not hard to see that this has contributed and provides essential support to the vibrant SME and Entrepreneurship culture that exists here.

Let us now take another simple number. In 2011 the Union of Arab Banks along with the World Bank published its Financial Flagship Report. A statistic that really stood out for me was the Share of SME loans as a % of total

loans. For the Middle East North Africa Region, this amount stood at 8% with many countries well under 5%. This is significantly lower than what it should be when compared globally to Middle and High-income level countries.

Clearly, lending to SME's has faced difficulties in the MENA region and I am pleased to see that we are here to contribute to fix this. SME's pose interesting challenges to the traditional world of finance. Issues such as a lack of collateral or a short track record should not hinder our people from moving their ideas to the next stage of the value chain. Many institutions here realize the potential in our nations and our youth who have shown the drive to be part of the world of entrepreneurship. Today's conference will discuss new innovative and alternative methods as well as assist entrepreneurs in maintaining their value added propositions.

In Qatar, growing our private sector has been a critical issue for us and we have set up several institutions to help do this. The Qatar Development Bank is one of these institutions. It was setup to serve a strategic partner with entrepreneurs, providing the capital, facilitating loans, advice and skills needed to support small and medium-sized businesses and individuals.

SME and Entrepreneur development is a critical part of the Financial Sector strategy in Qatar which is aligned with the Qatar 2030 vision of Qatar becoming a knowledge based economy. Parts of implementing this strategy includes supporting institutions that will support SMEs such as Qatar Development Bank which focuses on developing the start-up culture in Qatar.

I will conclude by thanking you for this great award which would have the hard work of everyone at Qatar Development Bank, I would also like to acknowledge each

and every person in this room for truly living the values and vision of the Islamic Development Bank.

Despite the diversity of ADFIMI's membership and the unique challenges we face in our countries, we all are unified in our desire to give entrepreneurs and innovators in our communities the tools and facilities needed to be successful.

I also want to congratulate ADFIMI on its continued success, having just accepted six new members in June as well as the work you have undertaken to ensure that the SME Bank Joint International Development Forum to reach higher achievement each year.

Mr. Chairman and the ADFIMI General Assembly: Thank you for conferring this great honor upon me today.

WalsalamAlykomwaRahmat Allah Wabarakatoh