



**Statement
of the President of Islamic Development Bank Group**

for

**Intergovernmental Group of G-24
103rd Ministers and Governors Meeting
Tuesday, 14 April 2020**

on

The Impact of and Responses to the COVID-19 Pandemic Crisis

(for Distribution)

Islamic Development Bank
Banque Islamique de Développement



البنك الإسلامي للتنمية

Statement by

Dr. Bandar M.H. Hajjar
President, Islamic Development Bank Group

Intergovernmental Group of G-24
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The Islamic Development Bank (IsDB) expresses its continued support for the ideals and goals of the Group of 24 (G-24) particularly during these times of unprecedented challenges. The IsDB membership comprises Emerging and Developing Economies (EMDEs), which are extremely important in the global development landscape. These countries are also among the most vulnerable to the risks of global economic shocks. These risks loom high as the world struggles to battle against the global pandemic of COVID-19 that has spared no country. The huge impact has rendered multilateral systems incapable of helping countries tackle the pandemic, making the need for robust and intensified global coordination among multilateral development financial actors more critical than ever.

The Impact of COVID-19 on IsDB Member Countries

The COVID-19 pandemic has pushed us out farther on to the brink of the economic precipice. It has resulted in unprecedented global supply and demand disruptions as countries moved quickly to limit the spread of the disease through quarantines and restricted movement. A third of the world population is under lockdown and more than half of the world's airlines is grounded, bringing travel and tourism to a standstill. The micro-, small- and medium-sized enterprises (MSMEs), which are an integral part of the economy particularly in developing countries, are the hardest-hit sector.

The economic impact is expected to be massive in IsDB member countries, many of which are either primary commodity or oil exporters. With the global demand for oil collapsing, one-third of

IsDB member countries will face growing fiscal and external imbalances due to their dependence on oil earnings. This is coupled with the current debt sustainability challenge currently that will put our member countries under further strain as government revenues decline and the external financing burden skyrockets.

In addition, many of the health systems in IsDB member countries are impaired by low government spending, uneven universal health coverage and high level of out-of-pocket expenditure. According to the Global Health Security Index (GHSI), IsDB Member Countries are not well prepared for such global pandemics. This will put extra pressure on health systems, which will not be able to cope with the increasing demands. Ultimately, the countries will not be able to overcome this crisis alone.

Hence, many of our member countries are going to be particularly hard-hit as their fiscal capacities and health system capabilities are way below the levels needed to adequately respond to the pandemic. Thus, it is important for the international community to pay special attention to the developing countries to help share the burden in this time of crisis.

In this regard, the IsDB Group supports the recent calls for a forceful collective action at the global level underpinned by a significant increase in donor support and exceptional measures on debt relief to enable EMDEs, especially low-income countries, to weather the storm. The IsDB Group also supports the calls for equitable access to therapeutic solutions and immunization measures, when these become available, and for effective global cooperation in this regard.

IsDB Group Response to the COVID-19 Pandemic: The 3Rs

The IsDB is deeply concerned about the loss of lives, the socio-economic disruptions and the strain on health systems, and remains fully committed to supporting our member countries in their short- medium- and long-term endeavors to mitigate the effects of this unprecedented pandemic.

In order to respond to the ever-increasing demand for support from its MCs, the IsDB Group has expeditiously developed a US\$2.3 billion “Strategic Preparedness and Response Program (SPRP).” It is designed to support MCs efforts in preventing, containing, mitigating and recovering from the impact of the COVID-19 pandemic.

We are picking up our financial support involving technology, which underlies the design of all our interventions. We are relying on our partners through the 5-P approach, focusing on public, private, philanthropists, people and people’s organizations to scale up the impact of our response program. We have also launched a major drive to mobilize additional resources from our partners to complement our response.

Our response program comprises two key components: the first is the Health Emergency Response and Preparedness, where the focus will be on providing health emergency responses and strengthening the health systems, and the second centers on sustaining and reviving economic and social sectors. Through the holistic 3-R approach “Response, Restore and Restart,” the program will address the MCs emergency short-, medium- and long-term needs.

Under the **Respond** track, the Bank delivers immediate support through South-South and North-South Reverse Linkage operations focused on a) strengthening health systems to provide care to the infected; b) building capacity in production of testing kits and vaccines; and c) building pandemic preparedness capacity.

The **Restore** track delivers medium-term support through financing for trade and SMEs to sustain activity in core strategic value chains, ensuring continuity of the necessary supplies to the health and food sectors.

The **Restart** track will deliver long-term support to build resilient economies on solid foundations and catalyze private investment by supporting economic recovery and countercyclical spending, with a targeted US\$10 billion that aims to unlock US\$1 trillion worth of investments.

Launched the New Transform Fund Call for Innovation to enhance our Member Country's Preparedness and Response to the Pandemic

An integral element in all our interventions is harnessing the power of science, technology and innovation to unlocking global development challenges. Hence, under our US\$500 million Transform Fund, we have announced a new call for innovations focusing entirely on supporting our Member Countries preparedness and response to the COVID-19 pandemic through the scaling up of advanced technology (such as IoT, Big Data, Blockchain and Artificial Intelligence) to track and monitor the spread of COVID-19 and other emerging Infectious diseases for improved diseases surveillance systems and patient care; innovative health supply chain management systems; the development of low-cost rapid tests and screening methods as well as capacity building interventions targeted at improving operational capacities of health care providers in the field epidemiology and infection control management.

Launching the Blockchain-based Online Country Platform

To ensure appropriate harmonization, governance, country ownership and transparency in the delivery of our interventions, we have adopted an innovative approach centered around blockchain-based Online Country Platform, which will facilitate expedited implementation of interventions in a transparent manner. In addition, it will function as a marketplace wherein supply and demand needs can be matched by bringing all partners together in a virtual space. This online platform will transparently share IsDB Group's interventions in each country and

allow interaction with the donors. The IsDB is also engaging other development partners, including the donors, to deploy this online platform as a coordination mechanism to ensure synergy and leverage our combined strengths. As such, this unified country approach will help ensure coherence and coordination among key stakeholders to truly enable us to jointly support each country's efforts.

The Future: Doing Development Differently

Clearly, the COVID-19 is a major global crisis that exposes the lack of resilience of an increasingly interconnected world and may certainly not be the last. It is indeed an opportunity to rethink the way development is done rather than simply fixing market failures when they arise. It is an opportunity to shift towards actively shaping and creating markets that deliver resilient, sustainable and inclusive growth. It is also an opportunity to proactively invest in creating and strengthening institutions that prevent crisis. We can coordinate scientific and technological responses and direct our research and development activities towards the common good and forge Public-Private-Philanthropy-People-Partnerships to ensure both citizens and economies are going to benefit.

Our response at the time of this crisis should enable us to *Restart* into a new economy, which is grounded in the strength of STI-based industrialization 4.0, to build resilient and inclusive economic systems that can sustain such pandemics. The COVID-19 storm will pass but the choices we make today will change our lives for decades to come.

The IsDB calls on world leaders to support all efforts in this direction and act collectively as we go through these challenging times to shape a future the world deserves. Let us not waste this opportunity to reflect and do development differently.