



**Statement by HE Dr. Muhammad Sulaiman Al Jasser  
IsDB Group Chairman**

**FOR**

**THE 108th G-24 MINISTERIAL AND GOVERNORS MEETING**  

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**Securing A Sustained Post-Pandemic Recovery Under Uncertainty**

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**(FOR DISTRIBUTION)**

The Islamic Development Bank (IsDB) would like to commend the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development (G-24) for providing this critical forum for analyzing the key development concerns affecting the global economy and providing valuable policy guidance for effectively addressing them.

As 2022 progresses, we are confronted with more economic fragility and geopolitical uncertainty as a result of the East European crisis and the ensuing increases in fuel and food prices. While higher inflation is a systemic problem globally, it disproportionately affects emerging and developing economies. In addition, the tightening of financial markets amid constrained fiscal space limits the policy choices of vulnerable countries in addressing these challenges. Against the backdrop of these new challenges is the climate crisis that continues to impel us to switch to green and sustainable drivers of economic growth.

In 2021, the world economy showed some recovery from the pandemic. However, existing forecasts for 2022 indicate slowing growth in both developed and developing countries. This raises concerns about the sustainability of the post-pandemic recovery. In particular, there are concerns about rising unemployment and poverty, declining investment, and increasing debt vulnerability. In line with this, we would like to highlight three critical issues: first, the impact of the global slowdown on IsDB member countries; second, the expansion of development assistance to meet existing challenges; and third, the advancement of energy efficiency and climate financing programs.

## **Impact of the global slowdown on IsDB member countries**

As a result of the global economic slowdown, the economic growth of IsDB member countries is projected to slow to 4.6% in 2022 from 5.8% in 2021. The slowdown is mainly driven by the uncertainties in the commodities market induced by the East European crisis. This shock has rippled through several major economies' central bank monetary policies and has generally caused subdued global economic growth expectations.

While fuel exporting IsDB member countries are generally forecasted to gain from the higher oil prices, inflation in IsDB member states, on average, is still predicted to exceed the global average—accelerating from 12.9% in 2021 to 17.7% in 2022. This is primarily because many of our member countries are net food and oil importers. This has prompted us to scale up our interventions to build long-term food security and energy sources for our vulnerable member states.

Many member countries have limited policy choices because of narrow fiscal space and rising debt vulnerabilities. The average ratio of public debt to GDP for IsDB member countries increased to 50% in 2020. This is not anticipated to decline significantly in 2022, given the increasing need for financing economic recovery and slowing global economic growth.

As a development partner, we must promptly respond to both existing and anticipated challenges guided by our forecasts and early warning systems. Among the most critical issues are the environment, infrastructure, energy, climate change, urbanization and migration, and the potential for regional or global pandemics. Climate change is of particular interest to us because many of our member countries' economies are vulnerable to climate impacts. These challenges will persist without governments' mitigation and adaptation efforts.

Aside from governments, we must also urge the private sector to stand alongside policymakers in responding to our environmental problems, given its nature as an externality. Addressing these requires extraordinary cooperation and commitment from the private sector, which can be tapped by governments to efficiently contribute to addressing challenges of food and energy security, financial and health care systems, gender and education inequalities, and smart and inclusive infrastructure.

## **Advancing energy efficiency and climate financing programs**

We are at the juncture of critical investments against climate change. Policy decisions today will determine our collective success in

transitioning to a greener, more inclusive, and resilient tomorrow. The IsDB will continue conversations and collaborations to understand the needs of our partners and stakeholders in making a just and balanced transition to renewable energy sources. In this regard, the IsDB will continue to work towards its 35% climate finance goal by 2025.

Access to climate-friendly energy will be a significant driver of the socioeconomic development of IsDB member countries. Likewise, it will be the "fuel" for resilient, inclusive, and sustainable economic growth. In its energy sector strategy, the IsDB has supported the development of energy efficiency initiatives in the least developed member countries by building adequate infrastructure.

The IsDB should be innovative not only in its development programs in member countries but also in its product offerings. We continue to develop and design tools that allow us to maximize resources for development. One innovative financing instrument is the Sukuk, which has enabled our member countries to mobilize more significant financial resources. In 2019, the Bank issued a EUR 1 billion Green Sukuk and in 2021, it issued a US\$ 2.5 billion Sustainability Sukuk to help member countries fulfill some of their development needs.

## **Scaling-up development assistance to address new challenges**

To better support its member countries in responding to these emerging challenges, the IsDB launched a Realigned Strategy for 2023-2025. It aims to enhance the effect of our development assistance to member countries by focusing on three key aspects: (i) fostering economic recovery, (ii) tackling poverty and building resilience, and (iii) promoting green economic growth.

We hope that by realigning our efforts with the aspirations of our member countries, we will be able to accelerate recovery from global shocks and

establish a renewed foundation to address the Sustainable Development Goals (SDGs). Along with this, we must ensure that our operations continue to exhibit maximum development impact and that the IsDB maintains acceptable risk levels allowing us to offer financing to a broader set of member countries. Such endeavor is a complex balancing act, but it is doable without sacrificing the lives and livelihood of our people because our strategy is guided by two pillars: (i) supporting green, resilient, and sustainable infrastructure and (ii) fostering inclusive human capital development.

Notwithstanding our strategic orientations over the long term, the profound impacts of the current crisis on the lives and livelihood of people have required immediate actions and initiatives to combat food insecurity. Hence, we have launched the IsDB Group Food Security Response Program (FSRP) to support member countries by complementing their national food security efforts in averting the ongoing food crisis and strengthening their resilience to future food security shocks. The IsDB Group will allocate up to USD 10.54 billion for the FSRP, to be approved and processed by December 2025.

While navigating the ever-challenging global development context, the support of our member countries and development partners is expected to catapult our efforts to a higher impact path.

Since its inception, the IsDB has assisted its member countries beyond meeting their financing needs. We have been committed to helping our member countries build capacity, expertise, and knowledge across various industries and thematic areas. In the same way, international communities and the private sector must be willing to share their wealth of knowledge and skills to advance their collective economic progress.

The IsDB will continue to be a partner of choice for its member states, assisting them in mobilizing capital and introducing new technologies to promote prompt economic recovery and sustainable development.

## Concluding remarks

The challenges posed by the development needs of our member countries call for concerted, coordinated commitments from the international development community. These challenges are characterized by tradeoffs in the allocation of scarce resources. But, more importantly, we and policymakers must continue focusing on the most adversely affected people and economic sectors to ensure that nobody is left behind.

In these uncertain times, heightened geopolitical and macroeconomic instability add further strain and fatigue to socioeconomic planning, making the economic recovery path even more unpredictable. Nonetheless, the IsDB remains committed to delivering timely and effective support to its member countries by expanding its active engagements with governments and the private sector.

While recent developments have subdued prospects for 2022, I firmly believe we can overcome the challenges ahead if we all work together.

The IsDB will pursue opportunities to collaborate with other development partners amid the ongoing crises, including this engagement with the World Bank Group and the International Monetary Fund.

Let me conclude by stressing that the IsDB remains committed to supporting the efforts of all our international development partners. We are one in our quest to secure a sustainable post-pandemic recovery in our member countries.