



Statement

**of Dr. Muhammad Al-Jasser
President of the Islamic Development Bank**

for

G-24 Ministerial and Governors Meeting

Securing Sustainable and Inclusive Growth Amidst Emerging Challenges

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البنك الإسلامي للتنمية

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The Islamic Development Bank (IsDB) Group appreciates the invitation to be part of the deliberations of the 109th Ministers and Governors Meeting of the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development (G-24).

More than three years since the beginning of the Covid-19 pandemic and a year into the East European crisis, the global economy continues to face uncertainties. In 2022, the global economy decelerated, growing by 3.2 percent from the solid post-COVID-19 recovery growth rate of 6 percent in 2021. As global economic growth is slowing, inflation is on the rise, driven by disruptions in the global economy and the impact of climate change on economic production. This is fueling the high cost of living and exacerbating poverty in low-income countries.

The world today is moving in a fiscally and financially constrained landscape. As such, our efforts to fund recovery and further growth need not just be timely. It must be targeted and efficient.

Challenges Facing IsDB Member Countries

Average growth in IsDB member countries marginally decelerated, from 5.4 percent in 2021 to 5.1 percent in 2022, and is projected to slow further to 4 percent in 2023. Amid decelerating growth in member countries is accelerating inflation, from 10.5 percent in 2021 to 17.6 percent in 2022, forecast to decline marginally to 15.3 percent in 2023.

Average growth and inflation in IsDB member countries vary significantly, and least developed member countries (LDMCs) bear the brunt of the impacts emanating from the Covid-19 and the East European crises. The high inflation in LDMCs, which was forecast to be 30.9 percent in 2022, is contributing to the crisis in food security, putting the health and nutrition of their populations at stake.

Emerging Importance of Green Finance

The climate crisis exacerbates the current food and energy crises. Extreme and volatile climatic conditions directly affect agricultural production, leading to a scarcer food supply. Meanwhile, excessive carbon emissions are associated with rising global temperatures and worsening climate change. In this regard, there is significant room available for Green Financing in addressing the climate, food, and energy crises and, eventually, in fueling green economic growth.

The IsDB has set a 35 percent climate finance target by 2025. In 2022, the Bank realized a climate finance share of 33 percent of its total approvals. Moreover, in November 2022, during COP27, the IsDB and the Arab Coordination Group (ACG) members committed to providing US\$24 billion by 2030 towards addressing the global climate crisis. Within this commitment, the IsDB pledged to approve at least US\$13 billion in adaptation and mitigation finance during 2023-2030.

While climate financing is gaining momentum, the IsDB has set up a comprehensive US\$10.54 billion Food Security Response Program (FSRP) to boost climate-resilient agricultural production in member countries. In 2022, a total of US\$1.4 billion was approved under the FSRP to address short-term challenges in food security.

Deepening Partnerships to Fill the Resource Gap

The IsDB Group is committed to sustaining and enhancing its support to member countries. To maximize our achievements on this commitment, the IsDB increasingly recognizes the importance of deepening partnerships to fend off the crises and address perennial and emerging development challenges facing member countries.

Pooling our resources and expertise through partnerships and collaboration is critical amid tightening global liquidity and deteriorating debt sustainability. This will close the resource gap in financing essential projects and provide policy support to channel funds into programs that drive green structural transformation. With an annual estimated financing gap of US\$4 trillion for achieving the sustainable development goals, there is an ardent need for the G-24 to use its platform to mobilize additional sources of financing to complement existing efforts by traditional lenders.

In 2022, the IsDB engaged with its development financing partners, who contributed US\$2.29 billion to IsDB-financed projects worth over US\$3.6 billion in 19 member countries in Africa and Asia to tackle sustainable infrastructure. Beyond financing, we are enhancing our knowledge collaborations with the World Bank, IMF, ILO, UNESCO, Asian Development Bank, and Oxford Poverty and Human Development Initiative, among others. In addition, we ensure our interventions remain consistent with our member countries' aspirations via our Member Country Partnership Strategies (MCPSs) and Country Engagement Frameworks.

Coordinating Actions to Promote Global Public Goods

Following the mandate of coordinating the position of developing countries on monetary and development issues, the G-24 could adopt key global policies that will coordinate actions to promote global public goods and manage global risks such as climate change, diseases, and financial crises that disproportionately harm developing countries.

Our experiences of the Covid-19 pandemic are a testament to our highly connected world, where countries depend on one another. A key lesson from this is not to increase protectionism. Instead, we must build resilience by enhancing

coordination amid our fragmentation. Global negative externalities will remain, especially given the climate crisis, and the way forward is via cooperation.

Concluding Remarks

The G-24 Ministerial and Governors Meeting is well placed to analyze monetary policy issues and development challenges facing countries in the global development landscape today, notably the evolving Covid-19 pandemic, the East European crisis, and the intensifying food, energy, and climate crises.

The IsDB Group is confident that deliberations during this forum will foster the greater coordination and cooperation required to proffer solutions to the relevant challenges. The IsDB Group wishes the G-24 successful deliberations in this Meeting.