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for

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Building Domestic Resilience in a Shock-Prone World

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(For Distribution)

The Islamic Development Bank Group is honored to participate in this important meeting and extends its appreciation to the Intergovernmental Group of Twenty-Four (G-24) for its continued leadership. We gather at a time when the global development landscape is being reshaped by a convergence of systemic shocks—climate disruption, inflation, debt stress, and geopolitical fragmentation. In this context, the G-24 remains not only a voice for developing countries but a vital platform for coherence, coordination, and renewed multilateralism.

The Urgency of Economic Resilience

The urgency of building economic resilience has never been greater. In today's world, resilience is not merely a buffer—it is the foundation for sustainable transformation. From the pandemic and regional conflicts to intensifying climate events and commodity market shocks, recent crises have demonstrated how development gains can be quickly reversed. These shocks are interconnected, with cascading impacts across fiscal, social, and environmental domains—disproportionately affecting low-income and vulnerable countries. Global recovery remains fragile. The lasting effects of the pandemic, rising interest rates, and conflicts in Eastern Europe and the Middle East continue to weigh on growth. Meanwhile, risks remain tilted to the downside. Rising geopolitical tensions, fragmented trade regimes, and politicized supply chains threaten to deepen asymmetries and

increase volatility. For many commodity-dependent and import-reliant economies, vulnerability to price shocks and disruptions has intensified—translating into food insecurity, social instability, and economic tightening. At the same time, inward-looking industrial policies and trade fragmentation are threatening long-term resilience.

Fiscal and Monetary Policies for Resilience

Robust fiscal and monetary policies are essential to withstanding external shocks and preserving development momentum. On the fiscal side, resilience requires efficient public spending, debt sustainability, and fiscal space to act swiftly during crises. Contingency planning, revenue diversification, and countercyclical measures are critical for shielding the most vulnerable during downturns. Investments in climate adaptation and disaster-resilient infrastructure are particularly vital for small and climate-exposed economies. On the monetary side, credible frameworks must anchor inflation expectations, support currency stability, and preserve financial soundness. Monetary policy must also manage risks across financial institutions through stress testing, macroprudential oversight, and early warning systems. Many developing economies today face heightened debt vulnerabilities, limiting their ability to invest in infrastructure and essential services. Addressing this challenge requires bold international cooperation. In particular, scaling up concessional financing is crucial.

Structural Transformation for Long-Term Agility

Resilience must be coupled with agility. In an era of rapid change, economies must be able to adapt, diversify, and innovate to stay competitive. Structural transformation is the key to long-term economic agility. It entails shifting resources from low-productivity sectors to higher-value activities that can sustain inclusive growth and reduce vulnerability. Four key levers enable this transformation: 1. Human Capital Development – Investing in people is the bedrock of adaptive capacity. 2. Technology and Innovation – Innovation drives competitiveness and resilience. 3. Resilient Infrastructure – Infrastructure reduces exposure to shocks. 4. Effective Institutions – Strong institutions ensure reforms and attract investment.

Advancing Cooperation and Shared Solutions

South-South cooperation remains a powerful engine for shared progress. By leveraging the collective expertise of our member countries, we can develop locally relevant solutions to global challenges. Over the past five decades, the IsDB has financed more than US\$182 billion in critical development projects across infrastructure, agriculture, health, education, energy, and Islamic finance.

Conclusion

To build true resilience, we must pursue integrated policies that are both stabilizing and transformative. Fiscal and monetary policies must stabilize economies while supporting inclusive growth. Structural transformation must drive adaptability and inclusive growth. Let us move forward with shared determination—to deepen cooperation, drive reform, and build a more agile, inclusive, and future-ready global economy. Thank you.