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Optimizing Resource Mobilization for Inclusive and Job-Rich Growth

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The Islamic Development Bank (IsDB) Group welcomes the opportunity to contribute to this discussion and commends the G-24 for its continued leadership in advancing the development priorities of emerging markets and developing economies.

A constrained and uncertain global environment

The global economy continues to navigate a period of heightened complexity. Growth is recovering unevenly across regions, financial conditions remain tight, and debt vulnerabilities weigh on a wide range of developing economies. Longer-term structural forces — climate change, demographic shifts, and technological transformation — are simultaneously reshaping the foundations on which sustainable development must be built.

Recent geopolitical developments in the Middle East illustrate how tensions can rapidly reverberate across borders through energy markets, trade routes, and financial conditions. For many emerging and developing economies — particularly those with constrained fiscal space and a heavy reliance on imported food and energy — such shocks risk compounding existing macroeconomic pressures and further narrowing an already limited room for policy action.

In this context, the G-24 remains an indispensable platform for dialogue and coordination among developing countries, helping

ensure that the priorities and perspectives of the Global South continue to inform global economic policy discussions.

Mobilizing development finance under tightening constraints

Mobilizing adequate resources for development has become increasingly challenging in the current global environment. Many developing economies face limited domestic revenue capacity, higher borrowing costs, and more constrained access to international capital markets.

These challenges are particularly relevant for the 57 IsDB member countries, many of which are low- and lower-middle-income economies exposed to commodity price volatility, food and energy import shocks, and fluctuating capital flows. In such economies, external shocks can often translate quickly into fiscal and balance-of-payments pressures.

While economic growth across the IsDB membership has shown promising signs of gradual stabilization, recent shocks threaten to disrupt this momentum amid persistent structural vulnerabilities. Fiscal space remains tight in several economies, debt service burdens have risen, and external buffers continue to be limited.

Strengthening domestic resource mobilization has therefore become an even more critical pillar of sustainable development financing. Improving tax administration, broadening the revenue

base, strengthening public financial management, and leveraging digital technologies can meaningfully expand fiscal capacity over time.

However, domestic reforms alone cannot close the gap. Across many developing economies, investment needs in infrastructure, climate resilience, and human capital continue to far exceed available public resources. Meeting these needs requires a fundamentally more innovative approach to development finance.

A more catalytic role for MDBs

Multilateral development banks (MDBs) must increasingly act not only as providers of development finance but also as catalysts for investment and mobilizers of private capital. Expanding blended finance instruments, strengthening guarantees and risk-sharing mechanisms, and supporting local-currency financing can help lower perceived investment risks and unlock larger volumes of private investment.

The IsDB Group is actively expanding its use of these instruments, deepening partnerships across the public and private sectors, and directing financing toward sectors critical to long-term development: infrastructure, renewable energy, agriculture, and industrial development.

At the same time, rising debt vulnerabilities across developing economies make stronger debt transparency and more predictable sovereign debt resolution mechanisms an urgent priority — without which the fiscal space needed for long-term investment cannot be restored.

Structural transformation and South-South cooperation

Durable economic resilience requires more than financing. Diversifying economic structures, investing in human capital, strengthening institutions, and expanding regional trade integration can reduce vulnerability to external shocks while supporting sustainable growth.

Regional cooperation can play a decisive role in this regard. Strengthening connectivity, improving logistics, and expanding regional value chains can unlock new opportunities for investment and job creation. By widening markets and strengthening production linkages, regional integration can help translate growth into more resilient and inclusive development.

Climate change adds another critical dimension to the development challenge. Many IsDB member countries are among the most exposed to climate impacts despite contributing marginally to global emissions. Access to predictable and affordable climate finance is not a peripheral concern — it is central to supporting adaptation and enabling a just energy transition without sacrificing development gains.

Conclusion

Achieving inclusive and job-rich growth demands progress on multiple fronts simultaneously: strengthening domestic resource mobilization, scaling up and enhancing the catalytic role of development finance, advancing structural transformation, and deepening multilateral cooperation.

For many developing economies, growth ultimately depends on closing the gap between the scale of development investment required and the financing currently available.

The IsDB Group remains committed to working closely with its member countries and international partners to advance these objectives.

In a time of tightening constraints and rising development needs, collective action is not only desirable — it is indispensable. Through strengthened cooperation and shared determination, we can build a more resilient, inclusive, and prosperous global economy.

Thank you.