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for

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**Navigating Global Economic Interdependence in a
Fragmented World**

(For Distribution)

The Islamic Development Bank (IsDB) Group welcomes the opportunity to contribute to the 116th G-24 Ministerial and Governors Meeting.

We meet at a time when global economic interdependence is being reshaped by fragmentation, uncertainty, and uneven development pressures. The G-24 remains an important platform for emerging markets and developing economies to articulate shared priorities and advance practical reforms in the global economic and financial architecture.

Interdependence under strain

Interdependence has not disappeared; it is operating under strain. Trade, finance, energy, food systems, technology, and climate risks still cross borders, but shocks are becoming more frequent, more persistent, and less evenly absorbed across countries.

The world economy has shown resilience, yet the margin for error is narrowing. Global growth is projected at 3.0 percent in 2026, with performance diverging across countries. Global trade has also adapted, supported in part by digital services and technology-related demand, but trade-volume growth is still expected to slow in 2026 before recovering in 2027.

For vulnerable economies, these risks can quickly turn external shocks into domestic pressures.

Uneven exposure, uneven resilience

For developing economies, especially low-income countries, shocks are no longer isolated events. Supply disruptions raise prices; higher import bills weaken external balances; and tighter financial conditions increase debt-service burdens. When these pressures converge, the ability to respond depends heavily on fiscal buffers, reserves, and access to affordable finance.

Conflicts and climate-related events also adversely affect infrastructure, productive assets, and livelihoods. Each shock can narrow the policy space needed to respond to the next.

For IsDB member countries, vulnerability is not simply a function of proximity to shocks. Strong buffers can protect economies near the source of disruption, while countries farther away may come under greater strain when import dependence, debt burdens, and limited policy space reinforce one another.

For least developed member countries, this challenge is even sharper. Thinner buffers and more constrained access to affordable finance mean that a temporary shock can become a lasting development setback.

Turning interdependence into opportunity

Our policy response must therefore be forward-looking. First, markets must remain open, predictable, and development-oriented. Trade remains a channel for food security, energy access, technology diffusion, industrial upgrading, and job creation. Fragmentation that limits access to markets, finance, and technology risks widening the gap between countries that can adapt and those that are left behind.

Second, regional resilience must become a core development priority. Corridors, ports, logistics platforms, energy interconnections, digital networks, storage facilities, and regional value chains are not only infrastructure assets; they are shock absorbers. They diversify routes, lower transaction costs, expand markets, and reduce dependence on a single supplier, route, or commodity.

Third, development finance must become more catalytic and responsive. Between 2022 and 2024, low- and middle-income countries paid US\$741 billion more in external debt service than they received in new external

financing. Simultaneously, official development assistance fell by more than one-fifth in real terms in 2025, while the annual SDG financing gap in developing countries remains around US\$4 trillion. Together, these figures show why concessional resources, risk sharing, and private capital mobilization must work in tandem rather than substitute for one another.

IsDB Group: solidarity through delivery

For the IsDB Group, navigating interdependence in a fragmented world means helping member countries turn exposure into resilience. Our priority is not only to provide financing, but also to reduce the risks that prevent capital, trade, technology, and knowledge from flowing where they are most needed.

This is where the IsDB Group's integrated model is particularly relevant. Our strength does not lie in any single instrument, but in the ability to combine financing, risk mitigation, trade support, knowledge, and partnerships around country needs.

Sukuk can channel long-term capital into tangible assets; guarantees and investment insurance can help share risks that private investors cannot carry alone; trade finance can help preserve essential flows of food, energy, inputs, and exports; and blended and concessional resources can improve affordability.

This approach is already being translated into action. In 2025, the IsDB Group delivered record net approvals of US\$15.8 billion and disbursements of US\$11.0 billion.

The launch of the IsDB Concessional Fund gives this agenda a sharper equity dimension. The Fund is designed to support the Bank's 27 least developed member countries with more affordable and debt-sensitive financing, backed by more than US\$3.6 billion in repurposed assets and an allocation

of 20 percent of IsDB's annual net income. This is solidarity through delivery: supporting the countries with the least room to absorb shocks while protecting the investments needed for long-term transformation.

The IsDB Group's regional integration work, investments in corridors and infrastructure, and Reverse Linkage platform also help countries diversify routes, strengthen value chains, and exchange solutions across the Global South.

Conclusion

The global economy will remain deeply interdependent. Our task is to ensure that this interdependence is managed through stronger cooperation, resilience-building, and development-oriented reform. This means preserving open and predictable markets, strengthening the sovereign debt architecture, scaling up concessional resources, ensuring that climate finance is affordable and aligned with development needs, and securing stronger representation for developing countries in global economic governance.

The IsDB Group remains committed to working closely with its member countries, the G-24, and international partners to advance this agenda.