DEVELOPMENT COMMITTEE
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on the
Transfer of Real Resources to Developing Countries)

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Statement by
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I would like to thank the World Bank Group and the International Monetary Fund for convening this virtual meeting at this critical juncture. We are in the midst of an unprecedented global pandemic that is wreaking havoc on our health systems, economies and societies. Addressing the ongoing devastation caused by this pandemic in an effective way requires a global response and concerted efforts by the multilateral development system.

The Most Vulnerable Bear the Brunt of the COVID-19 Crisis

The COVID-19 pandemic is likely to be seen as a serious setback to the hard-earned development gains achieved by developing nations over many years, threatening to descend millions of people back into poverty.

Containing the spread of this highly infectious disease has put forth some tough trade-offs. Containment and isolation measures have resulted in a near total shutdown of the world’s economy, paving the way for an imminent global recession that will bring about economic hardships involving loss of millions of jobs worldwide. In mid-March, International Labour Organization (ILO) estimated that 25 million jobs could be lost worldwide as result of COVID-19, triggering a loss of income of up to US$3.4 trillion. Today, these estimates appear optimistic as the crisis unfolds and its actual implications remain uncertain. According to Organization for Economic Co-operation and Development (OECD), economies are shedding up to 2 percent of GDP for every month spent in COVID-19 containment.

Impact of COVID-19 on IsDB Member Countries

The public health impact of the pandemic on IsDB member countries has been uneven so far. Yet, most of our member countries have been severely hit by reduced economic activity, collapse in oil and commodity prices, fall in remittances and tourism receipts, as well as trade and supply chain disruptions.

Many member countries had to resort to lockdowns to contain the spread of COVID-19. Apart from how effective these lockdowns are from a public health perspective, they are yielding unintended economic
consequences and inflicting great damage upon businesses and the most vulnerable segments of society, disrupting social cohesion and even law and order. Many of these countries are simply unable to provide adequate social safety nets to offset the economic toll of lockdowns, let alone the longer-term economic devastation this pandemic is likely to cause.

Most member countries will also face difficulty in accessing the promising solutions necessary for combating COVID-19. The IsDB, therefore, strongly supports the calls for equitable access to therapeutic solutions and immunization measures (when these become available) and for effective global cooperation in this regard.

**Spurring Global Action**

In times like these, the spotlight is on public and supranational institutions to come to the rescue. Some will even judge the effectiveness of these institutions by their ability to provide help in the world’s hour of need. However, the depth and scale of the COVID-19 crisis is beyond anything we have experienced. It is beyond the capability of any single institution or country. Therefore, the need for effective collective action is now stronger than ever, not only to mitigate the global health and economic impact of this pandemic, but also most importantly to prevent the situation from turning into a global social and humanitarian disaster of unimaginable proportions.

The recent G20 meetings under the current chairmanship of the Kingdom of Saudi Arabia have showed encouraging signs of an emerging global synergy. The announcement by global leaders to “do whatever it takes,” to fight COVID-19. Multilateral financial institutions have individually pledged significant support to their member countries, and efforts are being undertaken to further coordinate and fast track the implementation of interventions to combat the crisis. In addition, the praiseworthy efforts to address debt vulnerabilities based on equitable and sustainable approaches are equally critical to help countries fight the pandemic.

The IsDB reiterates its support to the recent calls for a robust collective action at the global level underpinned by a significant increase in donor support for countercyclical financing and exceptional measures on debt relief to enable developing nations, especially low-income countries, to cope with this major external shock.

**IsDB Group Response to Covid-19 Pandemic**

Given the serious economic impact of the crisis on the global economy and on our member countries, the Islamic Development Bank Group has launched a ‘Strategic Preparedness and Response Program’ (SPRP) aimed at helping its member countries mitigate the impact of the COVID-19 pandemic. The initial commitment of US$2.3 billion adopts a holistic approach focusing on short-, medium- and long-term needs.

Our response program comprises two key components: the first is the Health Emergency Response and Preparedness, where the focus will be on providing health emergency responses and strengthening the health systems, and the second centers on sustaining and reviving economic and social sectors.

The SPRP Program will be implemented under the ‘Respond, Restore, and Restart’ tracks, namely the “3Rs”.

- **Respond**: This track delivers immediate support by focusing on a) strengthening health systems and dealing with emergency needs; b) building capacity in production of testing kits and vaccines; and c) building Pandemic Preparedness capacity, in cooperation with the G20 Global Initiative.
- **Restore**: Under this track, the focus is on medium-term actions through financing trade and SMEs, to sustain activity in core strategic value chains, and ensure continuity of the necessary supplies, mainly to health and food sectors and other essential commodities.

- **Restart**: This track delivers long-term action to build resilient economies on solid foundations and catalyze private investment by supporting economic recovery and countercyclical spending.

Acknowledging that a ‘one-size-fits-all’ approach does not take into account the specificities peculiar to individual countries; interventions will be tailored to each country’s needs accommodating the different national/regional context.

Taking into consideration the scale and complexity of the challenge and the need for swift response, IsDB will continue to leverage its network of partners to mobilize additional resources, improve project design and fast-track implementation. The IsDB Reverse Linkage modality will also be instrumental in sharing and transferring knowledge and expertise between countries.

**Transform Fund’s Call for Innovation to Enhance IsDB Member Countries Preparedness and Response to the Pandemic**

An integral part of our interventions is harnessing the power of science, technology and innovation to address global development challenges. Hence, under our US$500 million Transform Fund, we have announced a new call for innovation, with the aim of supporting our member countries preparedness and response to the COVID-19 pandemic. The focus is on scaling up solutions built on advanced technology (such as IoT, Big Data, Blockchain and Artificial Intelligence) to track and monitor the spread of COVID-19 and other emerging infectious diseases for improved disease surveillance systems and patient care. This will also assist in the development of innovative health supply chain management systems and low-cost rapid tests and screening methods, as well as capacity building interventions targeted at improving operational capacities of health care providers in epidemiology and infection control management.

**COVID-19 Global Coordination Platform**

For efficient, transparent and harmonized response, the IsDB has launched the “COVID-19 Global Coordination Platform” enabled by blockchain technology to support member countries in the fight against the pandemic. This online platform will allow strategic partners, such as MDBs, financing partners, expert institutions, suppliers and authorities in affected countries, to share relevant information regarding their respective responses and actions and to see firsthand project end-to-end supply chain. In this context, I would like to invite our development partners including the donors to deploy this online platform as a key coordination mechanism.

**IsDB Coordination with MDBs and Other Development Partners**

As Chairman of the Heads of MDBs, I coordinated with other MDBs colleagues, who attended these meetings in three video conferences. The objective of these meetings was to have an update on the response of the international financial institutions to the COVID-19 pandemic and to facilitate coordination on requests for support from countries facing the pandemic in addition to the sustainability of debt. In these meetings, Heads of MDBs shared their responses to the COVID-19 crisis. In addition, I also participated in the virtual Extraordinary Meeting of the Finance Ministers and Central Bank Governors of the G20 on the COVID-19 pandemic.
Lessons for the Post-Pandemic World

It is widely acknowledged that this pandemic would be a game-changer. For us, the development institutions, it is an opportunity to do development differently and shift towards actively shaping and creating markets that deliver resilient, sustainable and inclusive growth. It is also an opportunity to proactively invest in creating and strengthening institutions that can preempt crises. We can coordinate scientific and technological responses and direct our research and development activities towards the common good. We can also forge 5Ps: Public-Private-Philanthropy-People-Partnerships to ensure both citizens and economies are going to benefit.

In doing so, we should establish resilient economic systems and value chains that are supported by multiple actors and do not collapse when a crisis strikes. Above all, we need to rethink the way we operate as a multilateral system—we need to become more cohesive, harmonized and proactive in shaping the new global development landscape.

Concluding Remarks

Indeed, the COVID-19 storm will pass but the choices we make today will change our lives for decades to come. We need to re-evaluate what threats deserve more of our individual and collective action. We need to redirect attention to the importance of preserving global public goods and that no one is left behind.

The IsDB is confident that members of the global development community will continue to work together to devise and implement measures to support the countries, especially low- and middle-income nations, to steer through this crisis.

I wish the Development Committee a fruitful discussion in its 101st Meeting and I hereby reaffirm the strong commitment of the IsDB Group to intensifying global cooperation towards achieving the internationally agreed sustainable development goals.