Statement by

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On behalf of the Islamic Development Bank (IsDB) Group, I would like to express my appreciation to the World Bank and International Monetary Fund (IMF) for the invitation to participate in the 104th Development Committee Meeting.

This meeting takes place while the world economy is gradually emerging from the unprecedented downturn caused by the COVID-19 pandemic as uncertainties and associated risks persist.

Over the past two years, the global development agenda has been dominated by the pandemic's repercussions for economies, lives, and livelihoods, along with the undeniable impact on the Sustainable Development Goals (SDGs).

With significant progress in rolling out vaccines in many advanced and emerging economies, the easing of lockdowns and return of economic activities, and enhanced policy support, the global economy has started to recover.

However, the recovery is uneven as many low-income countries struggle with access to an efficient distribution of vaccines. It is, therefore, critical for the global development community to tackle the rising inequalities to facilitate inclusiveness. Doing so could serve as a springboard for a more even, resilient, sustainable development path.

**Addressing the Uneven Recovery Challenge**

The global output is expected to rebound with a six-percent growth in 2021—an achievement considering the global economy's immediate emergence from a recession. However, the global average growth masks significant disparities across countries, regions, and income groups.

For instance, low-income economies are forecast to grow below 4 percent. Moreover, by 2022, about two-thirds of emerging market and developing economies (EMDEs) may still lag their pre-pandemic per capita income projections.
This projection suggests a setback in progress made towards economic convergence between nations. Furthermore, the current financial crisis reverses recent gains in poverty reduction, pushing poverty rates back to 2017 levels.

This divergence in growth performance mirrors to a large extent the uneven access to COVID-19 vaccines. Recent estimates suggest that around 60 percent of the population of higher-income countries had received at least one dose of COVID-19 vaccine, compared to about 1 percent in low-income countries.

Addressing the challenge of uneven recovery requires, among others, closing the gap in vaccine access, especially as recovery is dependent on effective control of the pandemic at the global level.

No one is safe until everyone is safe. Hence, we need to pool our resources and step up our efforts to ensure vaccines' accessibility, particularly to those who cannot afford them.

The international development community has taken vital initiatives to help alleviate the financial burden of crisis management in the least developed countries and bridge the gap in vaccine access worldwide.

These initiatives include the G20 Debt Service Suspension Initiative (DSSI) and COVAX through the joint efforts of the Coalition for Epidemic Preparedness Innovations (CEPI), Gavi-The Vaccine Alliance, and the World Health Organization.

Recently, the IMF allocated Special Drawing Rights (SDRs) to enable countries, especially low-income countries, to purchase vaccines and finance other pandemic-related activities. This allocation is the largest in history.

If accepted, the request for high-income countries to transfer a substantial share of their allocated SDRs to low-income countries will significantly improve resilience and make a recovery more even.

Furthermore, the IMF's target to mobilize US$50 billion to end the COVID-19 pandemic is praiseworthy and needs to be supported.

At the IsDB Group, we rolled out a US$2.3 billion swift response to COVID-19 under the Strategic Preparedness and Response Program (SPRP) to help member countries prevent, contain, mitigate, and recover from the pandemic. This has subsequently been enhanced to US$4.56 billion.

We also launched the COVID Guarantee Facility (CGF), an innovative US$2 billion vehicle designed to help the private sector combat the pandemic and facilitate cross-border foreign and local investments to support vital industries.

Furthermore, we issued a COVID-19 Sustainability Sukuk and mobilized US$1.5 billion from the global capital markets for COVID-19 interventions in member countries.

Moreover, we initiated the 'Strengthening the Economic Resilience of Vulnerable Enterprises' (SERVE) program to support micro-, small- and medium-scale enterprises (MSMEs). The objective is to ensure business continuity and job preservation amid difficult business conditions arising from lockdowns.

The IsDB Group is committed to sustaining and enhancing its support to member countries. We recognize the significance of strengthening partnerships to address both perennial and emerging development challenges facing member countries.

**Post-Pandemic Approaches to Sustainable Development**

As the Development Committee deliberates the multitude of issues arising from the pandemic, it is pertinent to reflect on key lessons from COVID-19 and its consequences.
The crisis has reminded us that our partnership as international development practitioners with member countries needs to go beyond financing development projects.

Our partnerships must involve strengthening systems of knowledge, ideas, and capabilities to ensure that member countries develop the capacity to respond better to emerging challenges.

In heightened risks and vulnerabilities, development interventions need agility and flexibility to adapt to a fast-changing environment and pressing requests. Moreover, the capacity to anticipate potential shocks is also critical for preparedness and responsiveness.

This approach requires enhancing risk management functions and developing capacities for economic intelligence beyond regular monitoring and ex-post analysis.

In addition, financing instruments and processes need thorough review to address the agility challenge while focusing on structural drivers of growth and economic transformation and maintaining transparency, efficiency, and fairness.

Secondly, the COVID-19 crisis has exposed some conspicuous vulnerabilities inherent in the mainstream development approach built around the paradigms of market efficiency.

Consequently, a broader concept of competitiveness that incorporates the fundamentals of resilience needs to emerge. This means promoting a more stable development path compatible with shared prosperity for intergenerational sustainability.

This approach could leverage opportunities to build public-private community partnerships for intelligent investments in renewable energy, climate-smart agriculture, and sustainable public transport.

Such investments would generate stable returns, leading to more decent job opportunities underpinned by value-added economic activities.

The complexity of the challenge requires close coordination and cooperation, hence a critical role for international development institutions, which can harness financing, knowledge, and partnership.

Green finance can play a critical role in an integrated set of tools that includes fiscal and carbon tax policies. It can improve socio-economic conditions while promoting adaptation and mitigation actions by channeling resources to vulnerable and low-income economies to adapt to and mitigate climate change effects.

The IsDB Group will leverage its leadership role in Islamic finance and south-south cooperation to support green finance solutions built around global partnership and collaboration.

The COVID-19 pandemic has revealed the magnitude of risks and vulnerabilities in a highly connected global economy. Moreover, it has highlighted the interdependence between economies, emphasizing the need for more vital coordination and cooperation.

In this regard, the role of international development institutions has proven to be instrumental, especially in designing and supporting global initiatives that provide relief and assistance to the most vulnerable.

While many countries are still navigating its impacts, the lessons from this unprecedented crisis can guide a brighter future centered on green, inclusive, and sustainable development.

I wish the Development Committee successful and fruitful deliberations in its meeting.