Statement by

Dr. Abdulhamid Alkhalifa
Director-General

of the

OPEC Fund for International Development
This meeting takes place at a crucial moment for the international development community as the combination of global and multidimensional crisis has shown the interdependence between the main challenges the world is facing, calling for an unprecedented scaled up and coordinated action.

The Covid-19 global pandemic has cost developing countries an estimated 5% of their Gross Domestic Product (GDP), eroding decades of development achievements and pushing at least 100 million people back into extreme poverty. Before most countries could fully recover, the onset of the Ukraine crisis and resulting inflation contributed to further economic and social consequences. Disruptions of the global supply chains have caused serious challenges for food security in many countries.

Recovery from these multiple crises while safeguarding the planet from an accelerating climate crisis requires substantial investments, particularly in sustainable infrastructure. While spending needs to meet the Sustainable Development Goals (SDGs) are already massive, we note with interest the World Bank Group estimates that average annual spending needs to address the global challenges of climate change, conflict, and pandemics are US$2.4 trillion per year for developing countries between 2023 and 2030.

In this context, we are following with great interest the various ideas and proposals to reform Multilateral Development Banks in general and the World Bank Group in particular, as some of the envisaged solutions resonate to the OPEC Fund identity and model, though at a different scale.

With a mandate focused on providing financial support to assist partner countries in their economic and social development efforts, we at the OPEC Fund value much Partnerships, Ownership and Responsiveness, echoing some of the proposals made by the Development Committee.

**Partnership**

Partnerships are firmly entrenched in the OPEC Fund’s mission, resulting in a business model where collaboration through a large network of strategic cofinancing partners plays an integral role in delivering impact.
Although comparatively small, the institution has a proud history of mobilizing external resources, as demonstrated last year when partners in the Arab Coordination Group followed the OPEC Fund’s lead on climate action with a US$ 24 billion climate facility.

Working together with partner development institutions, governments and the private sector, the OPEC Fund targets key development priorities through co-financing. Roughly four out of five of our operations are co-financed.

**Ownership**

In the spirit of South-South Cooperation, the OPEC Fund has been respectful of fellow developing countries right to define and guide their own development priorities and have thus always operated on the premise of being demand-driven.

The OPEC Fund cooperates with its partner countries to support their development efforts, without conditionalities and without any preconditions in terms of geography, politics, ideology, heritage or ulterior economic motivations.

This position, however, has been accompanied by OPEC Fund’s encouragement and promotion of projects targeting basic infrastructure needs in specific economic sectors, notably Transport, Energy, Water and Agriculture. In addition, the OPEC Fund also fosters initiatives that contributes to address global challenges, such as climate action and food insecurity.

**Responsiveness**

In a fast changing world, the capacity to respond quickly to evolving needs and emerging crisis is crucial for Development Finance Institutions. We believe that nimble organizational and decision-making structure is key to success. The OPEC Fund operating model, permitted by a relative small head count and a concentrated geographical footprint, allows for agility and adaptability. As a result, internal operational processes demonstrates a certain effectiveness, leading for instance to a very competitive time from concept to board.

Our agility has been a key factor for crisis management, as illustrated by a rapid reaction to the COVID-19, allocating up to $1 billion in 2020 to assist partner countries and private sector clients to address the impact of the pandemic.

By accommodating quite easily cofinancers operational standards as well as country systems, our adaptability reinforce our ability to foster partnerships with other DFIs as well ownership by beneficiary countries.

Finding the right balance between the necessary agility while following well-respected standards remains however a challenge.

Overall, we have no doubt that the international development community, and particularly the World Bank Group, will find the right resources and solutions to tackle the global challenges. The OPEC Fund stands ready to continue participating in coordinated global efforts, mobilize the required resources, in addressing the mitigation of the current crisis.

In closing, we wish to reiterate our solidarity with all developing countries, particularly in the prevailing circumstances. The OPEC Fund will continue assisting both public and private sectors through our dynamic and agile response to the increased financing requirements of our fellow Emerging Markets and Developing Countries (EDMCs), in order to enhance their preparedness and response capacity to global, social, and environmental hazards. In this respect, we consider that international cooperation is a fundamental enabler, to achieve the sustainable development goals and overcome future challenges.