

**STATEMENT BY
IsDB GOVERNOR FOR THE ISLAMIC REPUBLIC OF PAKISTAN**

**(on the Occasion of the 48th Annual Meeting of IsDB Board of Governors
(May 10 – 13, 2023) at Jeddah, Saudi Arabia)**

(Original: English)

**Excellency, the Chairman of the IsDB Board of Governors,
Honourable Governors and Alternate Governors,
Honourable President of the IsDB,
Distinguished Guests,
Ladies and Gentlemen,**

Assalam-o-Alaikum WaRahmatullah-i-Wabarakatuh.

On behalf of the Government of Pakistan, I extend my profound gratitude to the Islamic Development Bank and the Kingdom of Saudi Arabia for hosting this 48th Annual Meeting of IsDB Board of Governors. I appreciate the warmth and hospitality extended by the Kingdom of Saudi Arabia and the support provided by IsDB's Management and staff under the leadership of H.E. President, Dr. Muhammad Al Jasser.

Mr. Chairman,

We are holding this annual meeting at the crossroads of uncertainty and despair, when a lot is yet to be done, to recover from the impacts of COVID-19 pandemic. The conflict in Eastern Europe has also posed serious challenges to global and national economies and to essential supplies like petroleum products and essential food items. This has resulted in stagnation in economies, high national and international borrowings and high inflations. All this has badly impacted businesses, livelihoods and daily life of a common man. The global economy has shrunk during the years 2021 & 2022 and projections for 2023 are also not very promising. It is estimated that 970 million people, equivalent to 15.5% of the population of the developing world, will continue to live below income level of US \$1.25, a day. It is noteworthy that incidence of poverty is more prevalent in majority of IsDB's Member Countries.

Climate change is another existential threat to the humankind in many parts of the world; abnormal weather patterns, erratic weather conditions and increase in temperatures are affecting common man's life in different ways. Pakistan, being amongst the countries, most vulnerable to the adverse effects of Climate change, has been worst hit by abnormally heavy rains in past few years, including, most recent, extended rains and flooding in 2022. These floods have caused heavy losses to lives, infrastructure, crops, livestock and livelihoods. The 2022 flood affected 33 million people, with more than 1730 lives, lost. The situation has worsened with flood waters stagnating in many areas, causing a spread of water-borne and vector-borne diseases, with more than 8 million internally displaced citizens faced with a variety of health hazards.

Mr. Chairman

The 2022 floods disaster is going to have dire and lasting consequences for people affected by it. Loss of household incomes, assets, rising food prices, and disease outbreaks are impacting the most vulnerable groups, with women and children being the most affected. The estimated damages and economic losses due to last year's floods are over US\$ 30 Billion. I am grateful to the Bank for pledging to provide financing support of US\$ 4.2 billion spread over a period of three years (2023-2025)., A significant portion of the pledged amount is dedicated to trade financing to be arranged from the global capital market. That being said, I am aware of the challenges and limitations being faced by IsDB and ITFC as they strive to provide trade and development financing solutions in a global environment of high inflationary pressures.

On the other hand, many countries of sub-Saharan Africa and Asian regions are facing severe drought. Clean water is becoming increasingly hard to come by, for drinking as well as agriculture purposes, resulting in deaths of humans and animals due to starvation. Most of the drought hit areas fall in low-income and poor countries, where livelihoods are predominantly dependent on agriculture and related activities. Drought has posed threat to the life and livelihood of the people living in these areas. In the global context, low agriculture productivity has

triggered alarm bells for food insecurity. According to the World Food Program, the number of people facing food insecurity globally, has increased to around a billion.

Mr. Chairman

The challenges we face globally are not limited to climate induced disasters. Conflicts and wars, are adding fuel to fire, resulting in loss of lives and livelihoods, besides, billions and billions of dollars spent on arms and conflict/war related activities. By choosing peaceful co-existence instead, nations can save these precious resources, which could be diverted towards more worthwhile causes like poverty alleviation, food security, health and education, combatting disease and eliminating extremism.

Mr. Chairman

Whether it's the mother nature or man-made disasters, both are adding to the economic vulnerabilities of many developing countries, particularly economies which are dependent on import of food items and petroleum products. Consequently, many member countries are facing balance of payment challenges, inflation and looming threats for credit-rating downgrades.

In this backdrop, Sovereign Governments and Multilateral Financial Institutions have the responsibility to pool financial resources and take immediate measures to address the emerging challenges humanity is facing. Some key areas for IsDB to focus, in my opinion are:

- In 2022, IsDB has approved a comprehensive Food Security Response Program (FSRP) package amounting to US\$ 10.54 billion. This package will support Member Countries (MCs) in addressing the on-going food crises and most importantly, scale up the Group's continued efforts to contribute to strengthening 'its members' resilience to food security shocks in the future as well as providing (i) emergency food and agricultural supplies; and (ii) social protection and livelihood support to the most vulnerable populations of the MCs. However, it would be greatly

appreciated that concessional financing terms are made available to help Member Countries recover from shocks.

- To address the challenge of food insecurity, the Bank should and will support the member countries in building capacities for better farming practices, provisioning of high yield and pest-resistant seeds varieties and other farming inputs at competitive prices.
- The Bank should develop reliable commodity markets and supply chain mechanisms in member countries. This will ensure continued supply of commodities at affordable prices. In this regard, the ITFC can play a vital role by enhancing the size of short-term trade financing facility to member countries who import POL and food items, through various trade solutions. However, ITFC itself is facing major challenges in providing short-term commodity financing at mark-up rates comparable to last year as we face a global environment of high inflation.
- The Bank may co-finance world-class infrastructure projects which are clean, green and climate friendly. Investment in renewable/alternate energy resources like hydel, solar, wind and R&D in these areas, to reduce cost of financing for these alternate resources and reduce pressure on the import bill of many member countries. This will provide more clean and economical energy options for the people. Similarly, investment in public transport/mass transit systems in mega cities will promote clean, climate friendly and economical transportation.
- Finally, Conservation and efficient use of water is another important area to invest and combat water scarcity for a more prosperous future, which the Bank can look into.

Mr. Chairman

For MCs, IsDB has always been a reliable partner in providing development financing. Presently, mark-up rates have been raised for different financial instruments. It is true that the major reason is high cost in the capital market and

the increasing Offer Rates, but there could be many out of the box solutions, which I am sure, if worked upon, by the capable finance team of the Bank, in collaboration with the experts from MCs, options could be explored that would reduce the cost of financing for the MCs without compromising the financial sustainability of IsDB. I would propose that the bank may arrange a workshop or a conference in which different ideas could be pitched for the consideration of the Bank authorities.

Mr. Chairman,

I conclude here by reaffirming our resolve for a better future and to prioritize investment in inclusive and people centric development projects. We look forward to further strengthening our ties with IsDB and fellow member countries through reverse linkages program, to share our expertise & knowledge in the fields of clean and green energy, Agriculture, Agro-based Industry, pharmaceutical Industry and Information Technology (IT), being important areas of high potential growth. IsDB has already selected 16 Resource Centers from Public & Private sectors of Pakistan through the mapping exercise. For this purpose, a centre of Excellence is being established at Islamabad under South-South Triangular Cooperation in collaboration with IsDB and South Centre, Geneva. Needless to say, our joint efforts can go a long way in bringing about stability and prosperity in our region and in the entire Muslim world. We greatly value our close economic relations with IsDB and the brotherly member countries.

The challenges we face are global in nature and no individual member country can address them on their own. It is my firm belief that we can and must fend off crises through enduring partnerships.

May Allah bless us all.