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Indonesia Officially Becomes the Third Largest Shareholder in the Islamic Development Bank

Jeddah, Arab Saudi, 14 May 2023 – In the face of current global challenges, the role of multilateral development banks in international cooperation is increasingly crucial for addressing financing needs and enhancing the resilience of poor and vulnerable countries. As a member and founder since 1974, Indonesia recognizes the potential of the Islamic Development Bank (IsDB) development to optimize its capacity and significantly impact the global development agenda.

As a country with the largest Muslim population and considerable experience in handling and leading global agendas, Indonesia aims to become a more vital partner to IsDB. The goal is to enhance IsDB's role, realize its reform agenda, and fulfil its mandate of assisting member countries, particularly those that are impoverished and vulnerable, as well as Muslim communities worldwide.

Moreover, Indonesia seeks to further promote the role of IsDB in various development activities within the country, particularly in the development of Islamic economics and finance. As of December 2022, IsDB has already provided significant financial support for Indonesia amounting to USD 6.3 billion. These funds have primarily been directed towards sectors such as agriculture, education, industry, and mining, facilitated through various instruments such as project financing, trade finance, and technical assistance.

During the 48th IsDB Annual Meeting held on 10-13 May 2023 in Jeddah, Saudi Arabia, the IsDB Board of Governors unanimously approved the proposal to increase Indonesia's shares. Consequently, Indonesia is now ranked as the third largest shareholder of IsDB following Saudi Arabia and Libya .

IsDB is a multilateral development bank that has a comparative advantage not only as the only multilateral development bank that applies Sharia principles, but also the majority of its members are developing countries, enabling it to promote South-South Cooperation. IsDB remains committed to carrying out reforms, including increasing low-cost or concessional financing for the development needs of its member countries, the majority of which are middle and low-income countries.

With this new shareholding position, Indonesia will ensure IsDB realizes its reform agenda to serve its member countries better. Indonesia will also ensure the effectiveness and affordability of IsDB's Sharia-based funding instruments in providing optimal impact and benefits for member countries, including supporting South-South Cooperation. It implements through the development of blended finance, which combines low-cost funds or grants from various sources, such as the state and philanthropy, with regular funds and facilities from multilateral development banks such as IsDB, plus commercial funds, which can come from the private sector. In addition, Indonesia itself can contribute


through several existing programs and institutions, such as the International Development Cooperation Fund (LDKPI/Indonesia Aid) and SDG-Indonesia One, managed by PT Sarana Multi Infrastruktur. These mixed funds can be used for various development programs, such as poverty alleviation, climate change, food security, health, human resource development, and other strategic development agendas, which will ultimately help improve people's welfare.


During her remarks at the IsDB 48th Annual Meeting in Jeddah on 13 May 2023, the Minister of Finance Sri Mulyani Indrawati expressed, "Indonesia is committed to working closely with IsDB to have a long-term positive impact on Muslims and the global community. The global community, and Muslims in particular, need to rebuild better and stronger cooperation, especially in facing various challenges in the world economy today. It will be realized through Indonesia's role, which will increase in line with Indonesia's share position in IsDB."


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