OIC ECONOMIC OUTLOOK 2026

Navigating Growth, Transformation and Global Uncertainty

SESRIC

ORGANISATION OF ISLAMIC COOPERATION

STATISTICAL, ECONOMIC AND SOCIAL RESEARCH AND TRAINING CENTRE FOR ISLAMIC COUNTRIES

Organisation of Islamic Cooperation

Statistical, Economic and Social Research
and Training Centre for Islamic Countries

OIC Economic Outlook 2026

Navigating Growth, Transformation and Global Uncertainty

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Acronyms

COMCEC	Standing Committee for Economic and Commercial Cooperation of the OIC
CPI	Consumer Price Index
DAC	Development Assistance Committee
EPR	Employment-to-Population Ratio
EU	European Union
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GNI	Gross National Income
HI	High Income
HIPC	Heavily Indebted Poor Countries
IEA	International Energy Agency
ILO	International Labour Organization
IMF	International Monetary Fund
Int$	International Dollar
IsDB	Islamic Development Bank
LDCs	Least Developed Countries
LFPR	Labour Force Participation Rate
LI	Low Income
LMI	Lower-Middle Income
LMICs	Low- and Middle-Income Countries
NEET	Not in Employment, Education or Training
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OIC	Organisation of Islamic Cooperation
PNG	Private Nonguaranteed Debt
PPG	Public and Publicly Guaranteed Debt
PPP	Purchasing Power Parity
SDR	Special Drawing Rights
SESRIC	Statistical, Economic and Social Research and Training Centre for Islamic Countries
SITC	Standard International Trade Classification
TPS-OIC	Trade Preferential System among the Member States of the OIC
UAE	United Arab Emirates
UMI	Upper-Middle Income
UNCTAD	United Nations Conference on Trade and Development
US$	United States Dollar
WEO	World Economic Outlook

Preface

The Organisation of Islamic Cooperation (OIC) brings together 57 Member States whose diversity is matched by considerable collective strength. Our countries span different regions, levels of development and economic structures, yet they are united by common aspirations for peace, stability, sustainable development and greater prosperity for their peoples. Strengthening cooperation among Member States and translating our shared potential into practical results remain central objectives of joint Islamic action.

We continue to pursue these objectives at a time of profound change in the international environment. Geopolitical tensions, conflicts, technological transformation, shifts in trade and investment, and pressures on development financing are reshaping the global economy. For many of our Member States, these developments are felt directly through their effects on livelihoods, markets and development prospects. They remind us that economic progress and lasting peace are closely connected and that solidarity and cooperation become even more important in periods of uncertainty.

In this context, the Palestinian cause remains at the forefront of the concerns of the OIC and its Member States. The continuing hardship faced by the Palestinian people reinforces the urgency of achieving a just and lasting peace, ensuring humanitarian support and safeguarding their legitimate rights. Economic and social development cannot be separated from the conditions of peace, security and human dignity on which it ultimately depends. The OIC will continue to coordinate the efforts of its Member States and international partners in support of the Palestinian people and their aspirations.

Despite the complexity of the present environment, the economic foundations of the OIC community provide substantial grounds for confidence. More than two billion people, approximately one-quarter of the world's population, live in OIC countries, and their combined GDP reached approximately US$10 trillion in 2025. Behind these aggregate figures lies a remarkable range of capabilities: abundant natural and energy resources, major agricultural producers, growing manufacturing and services sectors, important financial centres, expanding consumer markets and a large and increasingly skilled population.

Our task is to make these strengths work more effectively together. The differences among OIC economies should create opportunities for complementarity rather than distance. The diverse resources and productive capacities of Member States can be better leveraged through stronger trade, investment, infrastructure and knowledge linkages. Intra-OIC trade reached an estimated US$555 billion in 2025, representing 20.1% of total OIC merchandise trade. This points to considerable scope for deeper economic engagement within our community.

Greater cooperation is particularly important at a time when global production and investment patterns are changing. Stronger economic linkages among Member States can help diversify markets and supply chains, mobilise productive investment and create new opportunities for businesses and workers. At the same time, our efforts must

remain attentive to the differing circumstances of our Member States, particularly the least developed, fragile and conflict-affected countries, where development needs and financing constraints are often most pressing. The progress of the OIC community will be stronger when the benefits of development extend across the membership.

The *OIC Economic Outlook* 2026: *Navigating Growth, Transformation and Global Uncertainty* provides a timely contribution to this effort. This edition offers a more connected assessment of economic developments, recognising that growth, productive transformation, macroeconomic conditions, external linkages and financing increasingly influence one another. Importantly, it also looks beyond OIC-wide averages to reflect the considerable diversity among Member States and the different opportunities and vulnerabilities they face.

As I begin my tenure as Secretary General, I attach particular importance to strengthening the effectiveness of joint Islamic action and ensuring that our institutions remain responsive to the priorities of Member States. This requires practical cooperation, stronger coordination and partnerships capable of translating our collective resources and knowledge into tangible outcomes for our peoples. It also requires sound evidence to inform our decisions and guide our common efforts.

I therefore welcome the *OIC Economic Outlook* 2026, prepared by SESRIC, as a valuable contribution to the OIC development agenda through reliable statistics, analytical work and policy-oriented knowledge. I trust that the report will serve as a useful reference for Member States and OIC institutions, encourage informed dialogue and help identify areas where national efforts and collective action can reinforce one another.

The uncertainties before us are significant, but so too are the resources, capabilities and opportunities within the OIC community. By strengthening solidarity, building on the complementarities among our economies and investing in productive transformation, we can turn a period of global change into an opportunity for greater stability, development and shared prosperity across the Islamic world.

Ismail Ould Cheikh Ahmed
Secretary General
Organisation of Islamic Cooperation

Foreword

The *OIC Economic Outlook 2026* is issued at a time when economic policymaking is being shaped by forces that are global in reach but highly uneven in their effects. The international economy has moved beyond the immediate disruptions of the pandemic, yet the environment facing countries remains demanding. Geopolitical tensions, conflicts, changing trade and investment patterns, commodity-price volatility, technological transformation and tighter financing conditions continue to influence economic prospects. Recent developments in the Middle East have added further uncertainty, with potential implications for energy markets, transport routes, trade, investment and financial conditions. For OIC countries, the consequences differ considerably according to their economic structures, resource endowments and external linkages.

Within this changing environment, the collective economic position of OIC countries continues to strengthen. Their combined population now exceeds 2 billion people, representing around one-quarter of the world population, while aggregate GDP reached US$10.04 trillion in 2025. In purchasing power parity terms, OIC countries accounted for 15.0% of world output. Their economies also maintained comparatively favourable growth, expanding by 4.1% in 2025 compared with 3.5% globally. These figures demonstrate the considerable economic and demographic weight of the OIC and the opportunities associated with its expanding markets and productive potential.

Economic scale, however, is most meaningful when it translates into stronger productive capacity, better employment opportunities and sustained improvements in living standards. The report shows that structural transformation is progressing across the OIC, although at different speeds and through different pathways. Manufacturing has gained importance, services continue to expand, and several member countries are building increasingly diversified sources of growth. At the same time, a young and growing population is steadily expanding the labour supply. More than half of the OIC population is below the age of 25, and the labour force reached an estimated 826 million people in 2025. This represents a major asset for the future, while reinforcing the importance of investment in skills, technology, productivity and opportunities for young people and women to participate more fully in economic activity.

The external economic position of OIC countries offers further grounds for confidence, together with a clear agenda for deeper cooperation. Merchandise exports reached US$2.64 trillion in 2025, while commercial services exports continued to grow. Trade among OIC countries also reached a new high of US$555 billion, although its share in total OIC merchandise trade remained at 20.1%, demonstrating that considerable potential for stronger economic integration remains untapped. Foreign direct investment presents an equally important opportunity. OIC countries attracted US$220 billion in FDI in 2025, accounting for 13.5% of global inflows, while their accumulated inward FDI stock rose to US$3.22 trillion. The priority now is to translate these growing flows into productive investment, technological upgrading, employment and stronger domestic and regional economic linkages.

At the same time, the report draws attention to pressures that cannot be overlooked. Inflation has moderated but remains elevated in a number of member countries. Fiscal balances vary considerably across the membership, while external debt-service requirements have become more demanding for some economies. Access to development finance remains especially important for lower-income, least developed, fragile and conflict-affected countries. These differences remind us that the OIC is a community of economies with widely varying circumstances. They also underline the value of approaches that reflect national priorities while drawing more effectively on the complementary strengths available across the membership.

This edition of the OIC Economic Outlook adopts a renewed structure to provide a clearer and more connected view of recent economic developments across OIC countries. It brings together the main dimensions of economic performance, structural change, macroeconomic stability, external linkages and financing conditions within a more integrated analytical framework. Together, these perspectives offer a broad assessment of the opportunities, pressures and policy priorities shaping the economic outlook of OIC countries.

The theme of this year's report, "Navigating Growth, Transformation and Global Uncertainty," reflects this balance. Growth remains an essential objective, but its durability will increasingly depend on transformation: stronger productive capacities, higher productivity, diversified economies, deeper trade and investment relationships, sound macroeconomic foundations and financing that supports long-term development. Global uncertainty makes these priorities more urgent, while also creating new opportunities as production networks, technologies, investment patterns and sources of economic competitiveness evolve.

The diversity of OIC economies should be seen as a source of complementarity. The membership brings together major energy producers, manufacturing and services economies, important agricultural producers, dynamic emerging markets, significant financial resources and one of the world's youngest populations. More effective connections among these strengths can expand markets, mobilise investment, strengthen supply chains, accelerate knowledge and technology exchange, and create wider opportunities across member countries. National reform efforts and stronger intra-OIC cooperation can therefore reinforce one another.

I trust that the *OIC Economic Outlook 2026* will contribute to an informed policy dialogue on how our countries can sustain economic progress while responding prudently to a rapidly changing international environment. SESRIC will continue to support OIC Member States through reliable statistics, policy-oriented research, capacity development and the exchange of knowledge and experience. With stronger cooperation and a shared commitment to productive and sustainable development, the considerable economic potential of the OIC can be translated into broader prosperity for our peoples.

Zehra Zümrüt SELÇUK
Director General
SESRIC

Executive Summary

The global economic environment remains marked by moderate growth, persistent structural challenges and heightened uncertainty. Geopolitical tensions, renewed pressures in commodity and energy markets, changing trade and investment patterns, and tighter financing conditions continue to shape the outlook for economies across different regions and income levels. For OIC countries, these developments create both risks and opportunities, reflecting their diverse economic structures, resource endowments, demographic profiles and levels of integration into the global economy.

Against this backdrop, the *OIC Economic Outlook 2026* assesses recent economic performance and the main structural and external forces shaping the prospects of OIC countries. Across the areas examined, a common message emerges: sustaining growth will increasingly depend on strengthening productive capacity, raising productivity, broadening economic and external linkages, and improving the quality and resilience of financing. The diversity of OIC economies also provides considerable scope for stronger complementarities and deeper economic cooperation across the membership.

Economic Performance and Structure

OIC economies enter the second half of the 2020s with a larger presence in the global economy, comparatively strong growth and increasingly diverse sources of economic activity. Translating this expansion into higher productivity, stronger productive capacity and sustained improvements in income will depend on continued structural transformation and diversification, adapted to the widely differing circumstances of member countries.

Output and Income: The combined economic size of OIC countries continued to increase during 2021–2025. Aggregate GDP reached US$10.04 trillion in 2025, equivalent to around 8.5% of world GDP at current prices. In PPP terms, the OIC share of global output was considerably larger, at 15.0%, reflecting differences in domestic price levels as well as the scale of member economies. Economic activity nevertheless remained concentrated among larger members, with the five largest economies accounting for more than half of aggregate OIC GDP at current prices.

Income per capita also increased, but substantial gaps remained both with the world average and across the OIC membership. Average OIC GDP per capita reached US$4,921 in 2025, compared with US$14,713 globally. The difference was narrower in PPP terms, where the OIC average corresponded to around 59% of the world level. Sustained income convergence will increasingly depend on raising productivity and expanding higher value-added economic activity, particularly in lower-income and conflict-affected member countries.

Growth Dynamics: OIC economies maintained a comparatively favourable growth performance following the post-pandemic rebound. Aggregate real GDP growth reached 4.1% in 2025, compared with 3.5% globally, and exceeded the world rate in each year from 2022 to 2025. Growth is projected to slow to 3.1% in 2026 amid significant external and geopolitical disruptions before recovering to 4.6% in 2027. Country-level growth remained relatively broad-based, although its sources differed substantially across economies, ranging from hydrocarbon production and exports to investment, domestic demand and economic reforms. Sustaining growth will increasingly depend on the quality of investment, diversification, institutional capacity and productivity improvements.

Economic Structure: Value Added by Sector: The productive structure of OIC economies has changed gradually over the longer term. Between 2010 and 2024, manufacturing increased from 13.9% to 15.9% of value added, slightly exceeding the world average in 2024, while services also gained importance. Agriculture and non-manufacturing industry nevertheless continued to account for considerably larger shares of OIC value added than globally, reflecting the continued importance of agriculture, hydrocarbons, mining, utilities and construction across many member countries.

Structural transformation has proceeded at different speeds across income groups and countries. Low-income OIC economies remain more dependent on agriculture, while lower-middle-income members recorded the clearest movement towards manufacturing. Upper-middle- and high-income countries have generally reduced the relative weight of non-manufacturing industry, although extractive activities remain significant in several economies. These differences point to varying pathways towards diversification, with domestic processing, stronger production linkages and higher value addition remaining important across much of the membership.

Demand Structure: GDP by Expenditure Components: Household consumption remained the largest component of OIC demand in 2024, accounting for 57.3% of GDP, while gross capital formation represented 27.2%, slightly above the global share. OIC economies also displayed a relatively strong external orientation, with exports and imports accounting for 34.8% and 33.6% of GDP, respectively, compared with 28.7% and 27.9% globally.

Demand structures vary substantially across member countries. Lower-income economies generally combine high household consumption with relatively modest investment and sizeable import requirements, while upper-middle- and high-income members tend to display more balanced or investment- and trade-oriented structures. The development implications therefore depend not simply on expenditure shares, but on how consumption and investment are financed and whether investment and trade contribute to expanding domestic productive capacity.

Across these dimensions, the longer-term objective is to convert the OIC's expanding economic scale and generally favourable growth performance into higher productivity, more diversified production and broader improvements in living standards. The pathways will differ across member countries, but productive investment, human capital, technological capability, private-sector development and stronger intra-OIC economic linkages remain important foundations for progress.

Labour, Prices, and Macroeconomic Stability

Recent developments across labour markets, prices and public finances show progress in several areas alongside considerable differences across member countries. Sustaining these gains will depend on strengthening productive employment, maintaining price stability and preserving sound public finances in ways that reflect national economic conditions.

Labour Market: The OIC labour force continued to expand, increasing from 761 million in 2021 to an estimated 826 million in 2025 and projected to reach around 860 million by 2027. Labour force participation and employment improved after 2021, while unemployment declined and gaps with global averages narrowed. By 2025, the OIC participation rate stood at 59.0%, the employment-to-population ratio at 55.9%, and unemployment at 5.1%. However, much of the improvement had already occurred by 2023, placing greater emphasis on generating sufficient productive employment for a steadily growing labour supply.

Labour-market potential remains underutilised among important population groups. Youth headline indicators compared relatively favourably with global averages in 2025, but the OIC youth NEET rate remained higher, at 24.1% compared with 20.0% globally. Differences in labour-force participation were particularly pronounced between women and men. Strengthening school-to-work transitions, skills development, access to productive employment and enabling conditions for greater labour-market participation will therefore be increasingly important, particularly as technological change raises demand for reskilling and lifelong learning.

Prices and Inflation: Inflationary pressures eased in 2025 but remained elevated at the OIC aggregate level. Inflation declined to 12.0%, from around 16–17% during 2022–2024, and is projected to moderate further to 9.0% by 2027. Nevertheless, cumulative price increases since 2020 have been substantial, and the OIC average continued to exceed the global inflation rate.

Country-level outcomes were much more varied than the group-wide rate. Most OIC countries recorded inflation below the OIC average in 2025, and inflation declined between 2024 and 2025 in 39 countries. The relatively high aggregate therefore reflects exceptionally high inflation in a smaller number of economies combined with their economic weights. Although declining global food and energy

prices supported disinflation during 2023–2025, renewed commodity-price and geopolitical pressures underline the continued sensitivity of domestic inflation to exchange rates, import dependence, supply conditions and macroeconomic policies.

Fiscal Developments: The aggregate fiscal position of OIC countries improved sharply in 2022 before weakening again. The general government deficit narrowed from 3.1% of GDP in 2021 to 0.2% in 2022, supported particularly by fuel exporters, before widening to 3.0% in 2025. It is projected to remain close to this level in 2026 and narrow modestly thereafter.

Fiscal conditions nevertheless differ widely across member countries. While only six countries recorded fiscal surpluses in 2025, balances improved in 31 of the 55 countries with comparable data even as the OIC aggregate deficit widened. Public debt positions also vary substantially, meaning that similar annual deficits may have very different implications depending on existing debt burdens, revenue structures and financing conditions. Fiscal performance therefore needs to be assessed in relation to broader national public-finance circumstances rather than against a single benchmark.

The developments across labour markets, inflation and public finances reinforce the importance of mutually supportive macroeconomic policies. Expanding productive employment can strengthen incomes and fiscal revenues; durable price stability can protect purchasing power and investment; and sound public finances can preserve room for essential services, productive expenditure and responses to future shocks. These foundations will remain particularly important amid demographic change, technological transformation and continued external uncertainty.

External Sector Developments

Stronger and more diversified external linkages can support productive capacity, generate foreign-exchange earnings and expand opportunities for trade and investment across OIC countries. Further progress can be supported by deepening these linkages, broadening export and market bases, and making greater use of the considerable scope for economic exchange within the OIC itself.

International Trade in Goods: OIC merchandise trade continued to expand in 2025. Exports increased by 5.9% to US$2.64 trillion, while imports grew faster, by 7.9%, to US$2.88 trillion. As a result, the OIC share of world merchandise exports declined to 10.3%, continuing its gradual decrease from the 2022 peak, while its share of world imports increased to 11.0%. Export growth was relatively broad-based across member countries, but import growth was even more widespread, contributing to a further weakening of the aggregate merchandise trade position.

The structure of merchandise trade remains an important source of differentiation across the membership. Fuel-exporting countries accounted for 47.5% of total OIC exports in 2025, while more than half originated in countries outside the fuel- and

non-fuel primary-product-exporter groups. Trade was also concentrated among the larger economies, with the five leading exporters accounting for 63.4% of OIC merchandise exports. The aggregate merchandise balance shifted from a surplus of US$390.5 billion in 2022 to a deficit of US$237.7 billion in 2025, driven mainly by the sharp contraction in the surplus of fuel exporters. At the country level, however, sizeable surpluses were recorded by both fuel exporters and more diversified economies, illustrating the considerable differences underlying the aggregate position. The recent conflict in the Middle East, centred on Iran and with significant repercussions across the Gulf states, has added further uncertainty through its implications for energy production, major shipping routes and transport costs.

International Trade in Services: Commercial services trade maintained its upward trend in 2025. OIC services exports increased by 7.7% to US$766.0 billion, while imports rose by 6.0% to US$805.6 billion. The OIC share of world services exports remained at around 8.0%, whereas its share of global imports declined slightly to 9.2%. Export growth was recorded across most member countries with comparable data, with particularly sizeable increases in the United Arab Emirates and Malaysia.

Faster export growth contributed to a continued narrowing of the OIC services trade deficit, from US$118.7 billion in 2021 to US$39.6 billion in 2025. The United Arab Emirates and Türkiye were the largest OIC services exporters and also recorded the largest services trade surpluses, while Saudi Arabia registered the largest deficit. Services materially altered the broader trade positions of several major economies: surpluses more than offset the merchandise deficit of the United Arab Emirates and substantially reduced that of Türkiye, whereas services deficits absorbed part of the merchandise surpluses of Saudi Arabia and Indonesia. These differences underline the growing importance of services alongside merchandise trade in assessing external performance.

Intra-OIC Merchandise Trade: Trade among OIC countries continued to increase, reaching an estimated US$555.0 billion in 2025, up 8.2% from the previous year. Its share in total OIC merchandise trade rose gradually from 19.3% in 2021 to 20.1% in 2025. Although intra-OIC trade generally performed more favourably than total OIC merchandise trade over the period, the increase in its share amounted to only 0.8 percentage points, leaving it below the 25% target associated with the OIC-2025 Programme of Action.

Intra-OIC exports and imports also reveal different patterns of participation. Exports to OIC partners reached US$526.0 billion in 2025 and remained concentrated among a small number of major suppliers, led by Saudi Arabia, the United Arab Emirates and Türkiye. Imports from OIC partners grew more rapidly, to US$584.0 billion, raising their share in total OIC merchandise imports to 20.3%. Several smaller economies recorded very high shares of trade with OIC partners despite relatively modest trade values, while many of the largest traders remained

more strongly connected to markets outside the OIC. Deepening intra-OIC trade will therefore require both stronger participation by the major economies and broader productive and export capacity across the membership.

Current Account Balance: The aggregate current account of OIC countries remained in surplus throughout 2021–2025, but the surplus narrowed sharply after reaching US$331.7 billion, or 3.6% of GDP, in 2022. By 2025, it had declined to only US$12.3 billion, or 0.1% of GDP, leaving the OIC aggregate close to balance. This pattern was closely associated with developments in merchandise trade, while the narrowing services trade deficit and income and transfer flows provided important offsets.

Country-group and individual-country positions were considerably more varied. Fuel exporters generated a combined current account surplus of US$111.5 billion in 2025, but almost 90% of it was offset by deficits among the other two groups. Only 18 of the 55 countries covered recorded current account surpluses, with the largest concentrated in a limited number of economies, while 37 countries were in deficit. IMF projections suggest that the aggregate position is likely to remain relatively weak in the near term, although trajectories differ considerably across countries. The recent conflict in the Middle East adds particularly high uncertainty for Gulf economies, where external balances will depend on the interaction between energy prices, production and export volumes, transport disruptions and non-hydrocarbon activity.

Across these dimensions, strengthening the external position of OIC economies will require more than increasing the value of trade. Greater export diversification and domestic value addition, stronger services capacity, deeper intra-OIC market and supply-chain linkages, and sustainable management of external balances can together increase the development contribution of external engagement while reducing exposure to concentrated sources of external risk.

External Financing, Vulnerabilities and Buffers

External financial flows provide important resources for investment, development and macroeconomic adjustment across OIC countries, but their benefits depend on their composition, stability and cost. Strengthening productive sources of financing while managing debt pressures and maintaining adequate external buffers can help support sustainable growth and reduce vulnerability to external shocks.

Foreign Direct Investment (FDI): FDI inflows to OIC countries increased from US$148 billion in 2021 to US$220 billion in 2025, raising their share in global inflows from 8.3% to 13.5%. Much of the recent expansion occurred in 2024, while growth slowed markedly in 2025. Investment remained concentrated among a limited number of destinations, with the five largest recipients accounting for 60.6% of total OIC inflows. The inward FDI stock also continued to rise, reaching US$3.22 trillion in 2025.

Greenfield investment showed a contrasting pattern. The number of announced projects more than doubled between 2021 and 2025, but their total announced value declined considerably from its 2023 peak, resulting in a lower average project size. The development contribution of FDI therefore depends on more than the volume of capital attracted, including its contribution to productive capacity, technology, employment and domestic enterprise linkages.

External Debt and Debt-Service Pressures: External debt of OIC low- and middle-income countries reached US$2.29 trillion in 2024, equivalent to 25.6% of the debt stock of all low- and middle-income countries. Debt remained concentrated among a small number of large borrowers, but nominal size alone did not determine the burden. Aggregate external debt declined to 35.4% of GNI, although it remained above the corresponding average for all low- and middle-income countries, with particularly high ratios in several individual economies.

Debt composition and repayment requirements provide important additional context. Long-term liabilities represented about three-quarters of total OIC external debt, but public, private, short-term and IMF-related exposures differed widely across countries. More importantly, debt service increased by 16.9% to US$352.4 billion in 2024, equivalent to 21.2% of exports, substantially above the broader low- and middle-income country average. These developments show that repayment capacity, maturity structure, financing costs and export performance can be as important as the outstanding debt stock in determining external vulnerability.

Official Development Assistance (ODA): Global ODA expanded substantially during the early years of the decade in response to the pandemic, humanitarian emergencies and refugee-related spending, but preliminary data indicate a sharp decline in 2025. Gross ODA disbursements to OIC countries amounted to US$87.5 billion in 2024, with lower-middle- and low-income members receiving the majority. Fragile and conflict-affected OIC countries accounted for nearly half of the total, underscoring the continued importance of concessional finance where fiscal space and access to alternative financing are limited.

ODA dependence differed markedly across countries and was particularly high in smaller, fragile and conflict-affected economies. Social infrastructure and services received the largest sectoral allocation in 2024, followed by humanitarian assistance. DAC countries and multilateral organisations remained the dominant sources of ODA to OIC countries, making current reductions in international aid budgets particularly relevant for countries with persistent development and humanitarian financing needs.

Personal Remittances: Remittance inflows to the 38 OIC countries with complete data increased from US$147.2 billion in 2020 to US$196.9 billion in 2024, accounting for around 23% of global remittances. Relative to GDP, remittances were considerably more important in OIC countries than globally. Available data for major recipient

countries point to continued strong growth in 2025, although these figures represent only a partial OIC picture.

The importance of remittances varies substantially across member countries. Large economies receive the greatest nominal flows, while several smaller economies depend much more heavily on remittances relative to GDP. This distinction highlights the need to consider both the scale of flows and their macroeconomic significance, particularly where household incomes and foreign-exchange availability are strongly linked to migrant earnings abroad.

International Liquidity and Reserve Adequacy: Total reserves of the 41 OIC countries with complete data increased from US$1.58 trillion in 2020 to US$1.90 trillion in 2024, raising their share in world reserves to 11.8%. Reserve holdings were highly concentrated, with the five largest holders accounting for almost 60% of the OIC total. Partial data for 2025 point to further increases in most covered countries.

Reserve adequacy, however, depends on more than nominal holdings. Import coverage among countries with complete data declined from 8.7 months in 2020 to 6.7 months in 2024, and eight countries held reserves equivalent to less than three months of imports. The mixed movements in import coverage during 2025 further demonstrate that rising reserves do not necessarily imply stronger external buffers when import requirements are also increasing.

Across these financing channels, the quality and sustainability of external resources matter as much as their volume. Attracting investment that strengthens productive capacity, managing debt in line with repayment capacity, preserving concessional financing where it is most needed, maintaining efficient remittance channels and assessing reserves against actual external risks can strengthen national external positions. Greater intra-OIC cooperation in investment, development finance, monetary dialogue and institutional capacity can complement these national efforts and help reduce exposure to volatile or highly concentrated sources of external financing.

Introduction

Global Economic Context

The first half of the 2020s has been marked by a succession of major economic shocks and adjustments. The strong rebound from the COVID-19 pandemic was followed by sharp increases in commodity and consumer prices, rapid monetary tightening, higher borrowing costs and more challenging external financing conditions. At the same time, geopolitical tensions, conflicts and disruptions to international trade and transport routes have increased uncertainty and contributed to shifts in production, investment and supply chains. More recently, trade-policy uncertainty, technological transformation and continued geopolitical fragmentation have added new dimensions to an already complex global environment.

By 2025, global economic activity had broadly stabilised after the large fluctuations of the preceding years. World output expanded by 3.5%, while inflationary pressures eased in many economies and international trade in both goods and services strengthened. Yet the improvement did not remove underlying vulnerabilities. Financing conditions remained demanding for many countries, commodity markets continued to be sensitive to geopolitical developments, and international investment became increasingly concentrated in a limited number of destinations and strategic sectors. Latest projections point to slower world growth of 3.0% in 2026, followed by a recovery to 3.4% in 2027, but the outlook remains subject to substantial uncertainty.

At the time of writing, the conflict in the Middle East, centred on Iran and with significant repercussions across the Gulf states, has added further uncertainty to this outlook. Its effects may be transmitted through energy production and prices, major maritime and transport routes, trade and tourism, investment decisions, remittance corridors and financial conditions. These channels can affect OIC countries in very different ways. Higher energy prices may support export earnings and fiscal or external balances in some economies while increasing import costs and inflationary pressures in others. Disruptions to transport, investment or economic activity may also offset some of the benefits arising from higher commodity prices. The implications therefore depend strongly on countries' economic structures, external linkages and capacity to absorb shocks.

Against this global backdrop, the 57 OIC countries represent a large and highly diverse part of the world economy. Their combined population exceeded 2 billion in 2025, accounting for around one-quarter of the world population. Aggregate GDP reached US$10.04 trillion, equivalent to around 8.5% of global output at current prices. OIC countries also accounted for around one-tenth of world merchandise trade and received 13.5% of global FDI inflows in 2025. These aggregate figures,

however, encompass economies that differ widely in income levels, population size, resource endowments, productive structures, labour-market conditions, external dependence and access to international finance.

Purpose and Analytical Approach

The ***OIC Economic Outlook 2026*** examines how OIC economies have performed within this changing environment and how underlying structural differences shape their exposure to emerging opportunities and risks. Compared with previous editions, the report adopts a more integrated analytical approach that places greater emphasis on the relationship between economic performance, productive structures, macroeconomic stability, external linkages and financing conditions. The objective is to provide a clearer assessment of what recent developments imply for individual economies and for the OIC group as a whole.

A central feature of this approach is the use of the OIC group relative to the world as the principal benchmark, which is complemented by progressively more detailed analysis within the OIC. World Bank income groups provide the main cross-country classification where income level is analytically relevant, followed by country-level analysis to identify differences that may be obscured by group averages. The report uses the World Bank FY2026 income classification, based on 2024 GNI per capita. Where the nature of an indicator requires a different perspective, other classifications are used selectively. These include the IMF groupings by main source of export earnings and fragile and conflict-affected status, as well as the United Nations classification of least developed countries. The country composition and definitions of these groups are presented in the Annex.

This layered approach is particularly important because favourable aggregate outcomes can coexist with significant vulnerabilities in individual countries, while relatively weak group-wide indicators may be driven by developments in a limited number of large economies. Accordingly, the report considers the scale, distribution and underlying composition of economic developments rather than relying on aggregate averages alone. Country examples and rankings are used selectively where they illustrate concentration, structural differences, exposure or notable changes rather than as an end in themselves. This approach reflects the analytical framework established for the 2026 edition.

Data Coverage and Methodological Conventions

The report focuses primarily on developments during 2021–2025, providing a five-year perspective that captures the post-pandemic recovery and the subsequent changes in the global economic environment. The reference period varies where data availability or the nature of the indicator requires a different approach. Structural indicators relating to production and expenditure, for example, use a longer time horizon to identify changes that cannot be meaningfully assessed over only a few years. Several external financing indicators, including external debt,

official development assistance, remittances and international reserves, mainly cover 2020–2024, reflecting publication lags in the underlying international databases. Where available and analytically useful, more recent partial data are also presented. IMF-based macroeconomic indicators generally extend to 2026–2027 projections, allowing recent developments to be placed within a short-term outlook.

Observed data, estimates and projections are distinguished throughout the report and identified in the relevant figures, tables and notes. Country coverage may also differ across indicators because of variations in source availability and reporting. Such differences are explicitly noted rather than filled through assumptions or extrapolation unless indicated otherwise. The report therefore gives priority to comparability and transparency over maintaining an identical country sample for every indicator.

Unless otherwise specified, aggregate values are calculated as sums of available country observations, while ratios and averages are weighted by the relevant economic or demographic denominator. Exceptions and indicator-specific calculation methods are stated in the corresponding figure or table notes. Detailed country classifications are provided in the Annex, while source-specific definitions and coverage limitations are identified where they are relevant to interpretation. This treatment follows the methodological conventions established for the 2026 edition.

Data, projections and information on current developments included in the report reflect information available up to the end of July 2026. Developments occurring after this date are not incorporated systematically. Particular caution is required when interpreting projections and assessments related to ongoing conflicts, commodity markets, trade policies and financial conditions, which may change rapidly. References to their possible economic effects should therefore be understood as assessments of transmission channels and risks based on information available at the time of writing rather than as predictions of eventual outcomes.

Structure of the Report

The report is organised around four closely connected dimensions of economic performance. Chapter 1, Economic Performance and Structure, examines output and income, recent growth dynamics, the sectoral composition of economic activity and the expenditure structure of GDP. Chapter 2, Labour, Prices, and Macroeconomic Stability, considers labour-market developments, inflation and fiscal conditions, linking recent macroeconomic performance with productive employment, purchasing power and policy space. Chapter 3, External Sector Developments, assesses merchandise and services trade, trade among OIC countries and current account positions. Chapter 4, External Financing, Vulnerabilities and Buffers, examines foreign direct investment, external debt and debt-service pressures, official development assistance, personal remittances and international

reserve adequacy. Each chapter concludes by drawing together the main findings and their policy implications.

Across these areas, the report seeks to provide a coherent picture of both the collective position of OIC economies and the considerable diversity within the membership. Economic scale and comparatively favourable growth provide important opportunities, while demographic change, structural transformation, external financing needs and exposure to a volatile international environment create different priorities across countries. Understanding these differences is essential for identifying where national policy efforts and stronger economic cooperation among OIC countries can most effectively support productive capacity, macroeconomic stability and sustainable development.

OIC ECONOMIC OUTLOOK
2026

CHAPTER

1

Economic Performance and Structure

Economic performance across OIC countries reflects both the scale and pace of economic activity and the structures through which output and demand are generated. These dimensions are considered through output and income, growth dynamics, sectoral value added and expenditure patterns, combining aggregate OIC–world comparisons with income-group and country-level perspectives.

For comparisons of economic size and income, this chapter uses both current US dollars and purchasing power parity (PPP) measures. Values at current prices and market exchange rates are useful for assessing the economic weight of OIC countries in the global economy, while PPP-adjusted values account for differences in price levels across countries and provide a complementary basis for comparing output and income. Aggregate developments are examined for the OIC as a group relative to the world, followed by differences across income groups and individual countries.

The analysis of output, income and economic growth focuses primarily on developments during 2021–2025, with projections extending to 2026–2027 where available. The analysis of production and expenditure structures takes a longer-term perspective, generally covering 2010–2024, to better capture changes in the composition of economic activity. Reference periods and country coverage may vary according to data availability and are specified in the relevant figures and notes.

Recent performance has taken place against a changing global environment marked by the post-pandemic recovery, commodity-price volatility, geopolitical tensions and uncertainty surrounding the medium-term outlook. These conditions affect OIC countries differently according to their economic structures, resource endowments and exposure to external developments. Against this background, the chapter examines output and income levels, recent growth dynamics, the sectoral composition of value added, and the expenditure structure of GDP, with particular attention to the diversity of economic performance and structures across OIC countries.

1.1 Output and Income

Economic size and income per capita offer different perspectives on the performance of OIC economies. The analysis considers both current-price (US$) and purchasing power parity (PPP) measures to capture their global economic weight as well as differences in income relative to population. The size of an economy and the income generated per person provide complementary perspectives on economic performance.

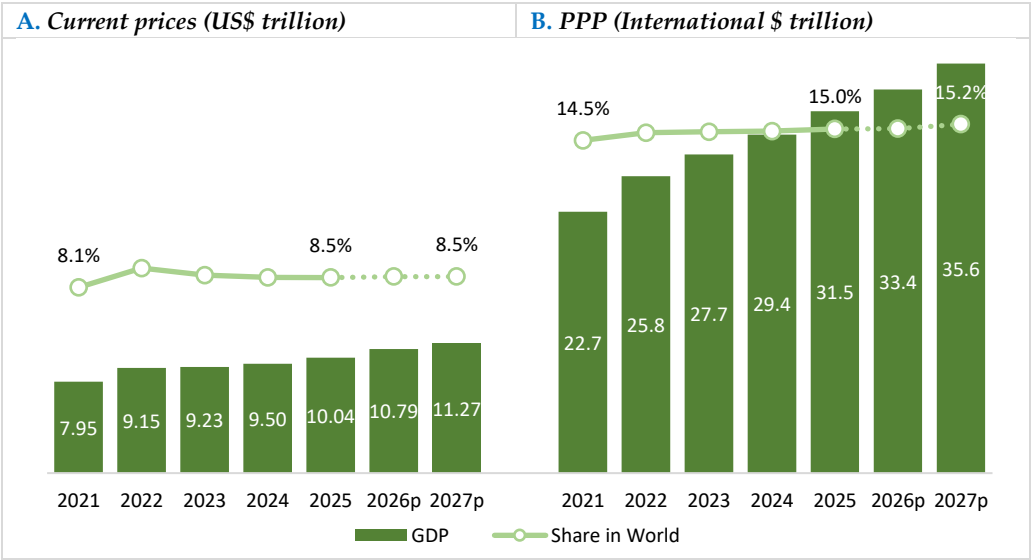
1.1.1 Economic Size and Global Position

The combined economic output of OIC countries continued to expand during 2021–2025, strengthening their overall presence in the global economy. At current prices, aggregate GDP increased from US$7.95 trillion in 2021 to US$10.04 trillion in 2025, following some variation in the pace of expansion over the period. It is projected to

rise further to US$10.79 trillion in 2026 and US$11.27 trillion in 2027 (*Figure 1.1.A*). The OIC share of world GDP increased from 8.1% in 2021 to 8.9% in 2022, before settling at around 8.5% during 2024–2025. Current projections indicate that this share will remain broadly unchanged through 2027, suggesting that OIC economies are expected to maintain their relative weight in global output at market exchange rates.

A different pattern emerges when output is measured in purchasing power parity terms. Aggregate OIC GDP increased from Int$22.7 trillion in 2021 to Int$31.5 trillion in 2025 and is projected to reach Int$35.6 trillion by 2027. The corresponding OIC share of world GDP rose more steadily, from 14.5% in 2021 to 15.0% in 2025, and is projected to reach 15.2% in 2027 (*Figure 1.1.B*). The considerably higher share in PPP terms reflects differences in domestic price levels and provides a complementary perspective on the economic scale of OIC countries. More importantly, its gradual increase over the period points to a modest strengthening of the OIC's relative position in global output on this basis.

Figure 1.1: GDP of OIC Countries and Share in World GDP, 2021–2027

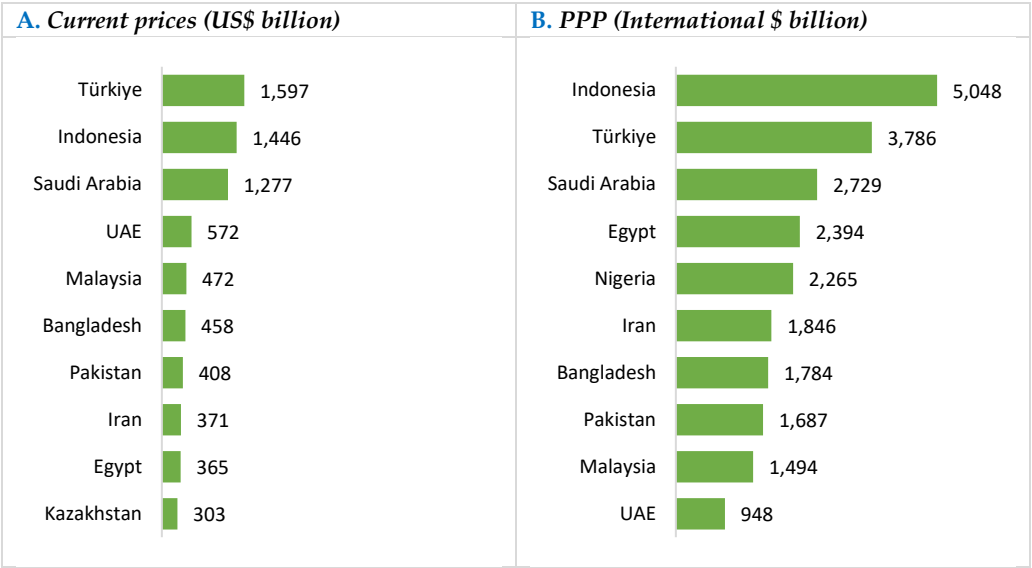


Source: SESRIC staff calculations based on IMF, World Economic Outlook (WEO) Dataset, April 2026.
Note: p = projection.

The aggregate figures nevertheless conceal a considerable concentration of economic activity among the larger member countries. In 2025, the five largest OIC economies accounted for 53.4% of aggregate OIC GDP at current prices, while the ten largest accounted for 72.4%. Türkiye was the largest economy at US$1.60 trillion, followed by Indonesia at US$1.45 trillion and Saudi Arabia at US$1.28 trillion (*Figure 1.2.A*). Their economic size was also significant globally. Among the 196 economies covered by the IMF World Economic Outlook (WEO) dataset, Türkiye ranked 16th, Indonesia 17th and Saudi Arabia 19th by GDP at current prices in 2025.

The relative positions of OIC economies change when GDP is measured in PPP terms. Indonesia ranked first among OIC countries at Int$5.05 trillion, followed by Türkiye at Int$3.79 trillion and Saudi Arabia at Int$2.73 trillion (*Figure 1.2.B*). The OIC presence was also more pronounced in the global ranking: Indonesia ranked 7th globally, Türkiye 11th, Saudi Arabia 17th, Egypt 18th and Nigeria 19th. Accordingly, five OIC countries were among the world's 20 largest economies in PPP terms in 2025, compared with three at current prices. This difference illustrates how the choice of valuation basis affects the relative economic weight of individual countries while also highlighting the substantial scale reached by several OIC economies within the global economy.

Figure 1.2: Largest OIC Economies by GDP, 2025



Source: IMF, World Economic Outlook (WEO) Dataset, April 2026.

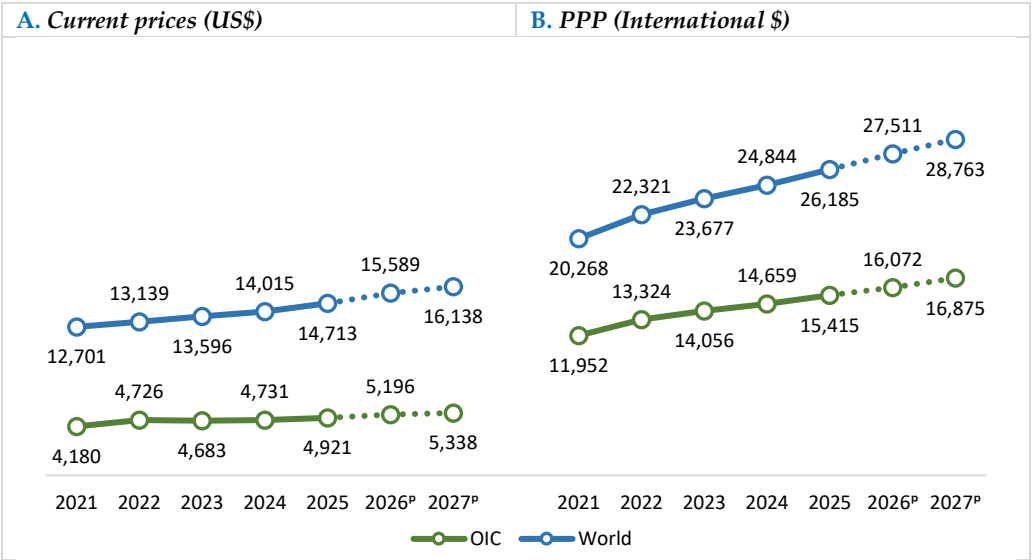
The growing aggregate size of OIC economies, however, does not in itself indicate how economic resources compare with population size or how living standards differ across the membership. These dimensions are better examined through GDP per capita, which is considered in the following subsection.

1.1.2 Income per Capita

The expansion in aggregate output has been accompanied by rising GDP per capita across OIC countries. At current prices, average GDP per capita increased from US$4,180 in 2021 to US$4,921 in 2025 and is projected to reach US$5,338 by 2027 (*Figure 1.3.A*). The world average followed a similar upward path, increasing from US$12,701 to US$14,713 between 2021 and 2025 and projected to reach US$16,138 by 2027. As a result, the substantial difference between OIC and global income levels is expected to persist over the projection period.

The gap is considerably smaller when GDP per capita is measured in PPP terms. Average GDP per capita in OIC countries rose from Int$11,952 in 2021 to Int$15,415 in 2025 and is projected to reach Int$16,875 in 2027. The corresponding world average increased from Int$20,268 to Int$26,185 over 2021–2025 and is projected to reach Int$28,763 by 2027 (*Figure 1.3.B*). In relative terms, OIC GDP per capita remained at around 59% of the world average throughout the period in PPP terms, compared with roughly one-third at current exchange rates. This difference highlights the importance of domestic price levels when comparing the economic resources generated per person across countries, while also showing that a sizeable gap with the global average remains under either measure.

Figure 1.3: GDP per Capita in OIC Countries and the World, 2021–2027



Source: SESRIC staff calculations based on IMF, World Economic Outlook (WEO) Dataset, April 2026.
Note: p = projection.

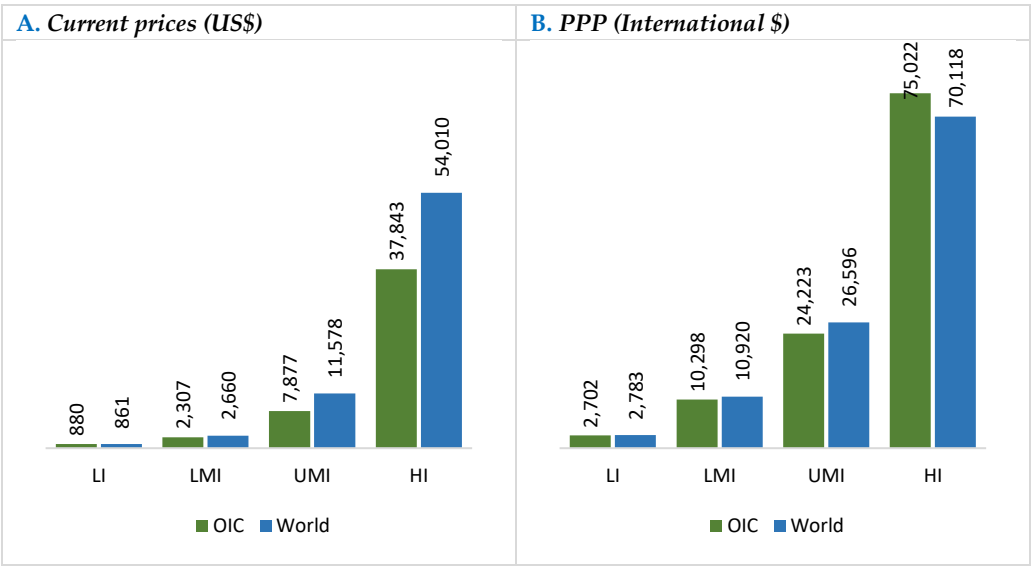
Differences become more pronounced across OIC income groups. At current prices in 2025, GDP per capita in low-income OIC countries stood at US$880, slightly above the corresponding world-group average of US$861. Among lower-middle-income countries, the OIC average was US$2,307, compared with US$2,660 globally. The difference was more pronounced among upper-middle-income economies, where OIC countries recorded US$7,877, against US$11,578 for the corresponding world group. High-income OIC countries recorded an average of US$37,843, compared with US$54,010 among high-income economies globally (*Figure 1.4.A*).

The income-group gaps narrow substantially under PPP valuation (*Figure 1.4.B*). GDP per capita in low-income OIC countries reached Int$2,702, close to the Int$2,783 average for low-income economies globally. The corresponding figures were Int$10,298 and Int$10,920 for lower-middle-income economies, and Int$24,223 and Int$26,596 for upper-middle-income economies. The difference therefore

becomes relatively modest in each of these groups once variations in domestic price levels are taken into account.

A different pattern emerges among high-income economies. High-income OIC countries recorded average GDP per capita of Int$75,022 in 2025, exceeding the corresponding global average of Int$70,118. This contrasts with their considerably lower position at current exchange rates and reflects the combined influence of domestic price levels and the economic characteristics of several high-income OIC members. More broadly, the comparison across income groups shows that the aggregate OIC–world income gap is unevenly distributed across the membership and varies considerably depending on the valuation basis used.

Figure 1.4: GDP per Capita by Income Group, 2025



Source: SESRIC staff calculations based on IMF, World Economic Outlook (WEO) Dataset, April 2026.
Note: LI = Low income; LMI = Lower middle income; UMI = Upper middle income; HI = High income.

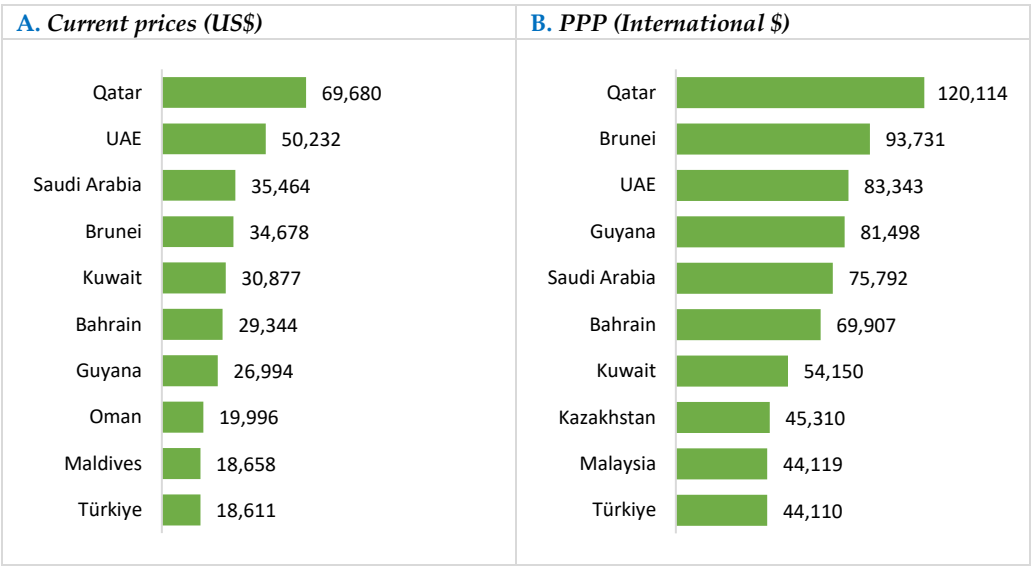
These group averages also conceal substantial differences among individual OIC countries. Indeed, country-level outcomes reveal much wider differences than the OIC aggregate and income-group averages suggest. Among the 55 OIC countries with available data in 2025, 11 recorded GDP per capita above the world average of US$14,713 at current prices, while 12 exceeded the global average of Int$26,185 in PPP terms.

At current prices, Qatar recorded the highest GDP per capita among OIC countries at US$69,680, followed by the United Arab Emirates (US$50,232) and Saudi Arabia (US$35,464). Brunei Darussalam and Kuwait followed at US$34,678 and US$30,877, respectively, while Bahrain, Guyana, Oman, Maldives and Türkiye completed the top ten (*Figure 1.5.A*). The presence of several hydrocarbon-exporting economies among the leading countries reflects, among other factors, substantial resource revenues and relatively small populations.

The ranking changes somewhat in PPP terms (*Figure 1.5.B*). Qatar remained first at Int$120,114, followed by Brunei Darussalam (Int$93,731), the United Arab Emirates (Int$83,343) and Guyana (Int$81,498). Saudi Arabia and Bahrain also remained among the leading economies, while Kazakhstan and Malaysia entered the top ten alongside Kuwait and Türkiye.

Several OIC countries also ranked among the top 20 worldwide out of 196 economies covered by the IMF WEO dataset in 2025. At current prices, Qatar ranked 12th globally in GDP per capita. The OIC presence was stronger in PPP terms, where Qatar ranked 6th, Brunei Darussalam 9th, the United Arab Emirates 15th and Guyana 16th. Thus, despite the OIC average remaining below the world level, a number of member countries were positioned among the economies with the highest GDP per capita globally.

Figure 1.5: Highest GDP per Capita among OIC Countries, 2025



Source: SESRIC staff calculations based on IMF, World Economic Outlook (WEO) Dataset, April 2026.
Note: Data for 2025 are available for 55 OIC countries, excluding Palestine and Syria.

At the other end of the distribution, GDP per capita at current prices remained below US$1,000 in several OIC countries, with the lowest recorded levels in Yemen (US$420), Afghanistan (US$448), Mozambique (US$623) and Niger (US$750). In PPP terms, the lowest values were recorded in Yemen (Int$1,590), Mozambique (Int$1,689), Somalia (Int$1,905) and Niger (Int$2,108). The wide range between these values and those at the upper end of the distribution illustrates the considerable diversity of income levels across the OIC membership and reinforces the importance of looking beyond aggregate averages when assessing economic performance.

Sustained convergence in GDP per capita will depend on the capacity of economies to translate output growth into productivity gains, stronger productive capacity and

higher value added. The pace and durability of this process are closely linked to their underlying growth performance, examined in the following section.

1.2 Growth Dynamics

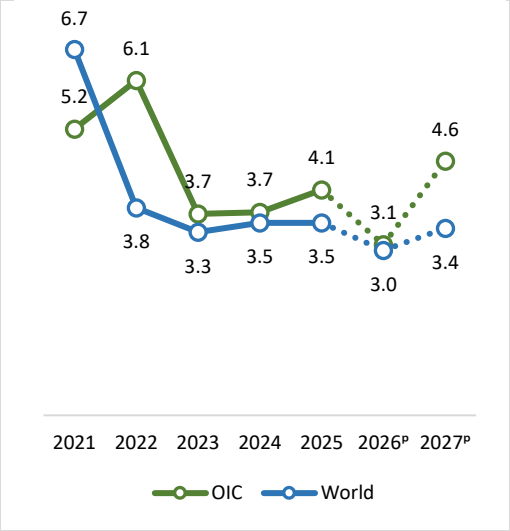
Following the post-pandemic rebound, OIC growth moderated but remained relatively strong, with substantial differences across income groups and individual economies. Annual growth rates and cumulative output developments help distinguish short-term fluctuations from the broader pace of expansion.

Growth prospects are also being shaped by a highly uncertain external environment. Commodity-price movements, international trade and financial conditions, and geopolitical developments affect OIC economies through different channels according to their economic structures and external exposures. The projections for 2026–2027 should therefore be interpreted with particular caution and in conjunction with the global economic conditions and risks.

1.2.1 Recent Growth Performance and Outlook

Global economic growth moderated following the strong post-pandemic rebound and remained relatively subdued in 2024–2025. The world economy expanded by 3.5% in both years, while growth is projected to slow to 3.0% in 2026 before recovering to 3.4% in 2027. According to the IMF, the near-term outlook reflects opposing forces: the adverse effects of the energy and trade disruptions associated with the conflict in the Middle East are being partly offset by investment and demand linked to the global technology cycle. The balance of these effects differs considerably across economies according to their exposure to energy markets, trade routes and technology-related activity, while geopolitical and policy uncertainty remains elevated (IMF, 2026a).

Figure 1.6: Real GDP Growth in OIC Countries and the World, 2021–2027 (%)



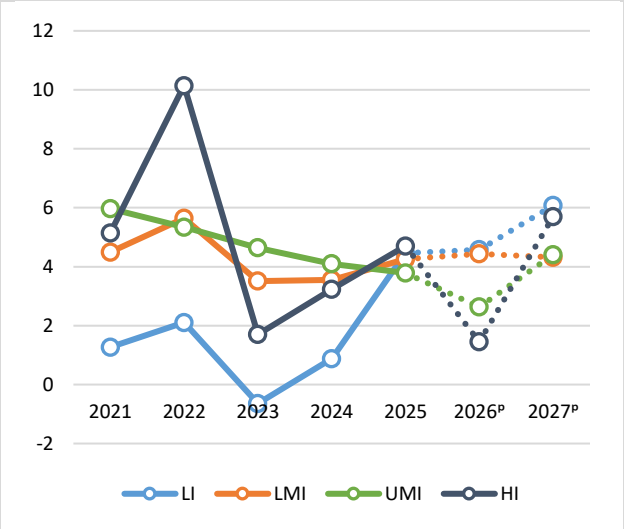
Source: SESRIC staff calculations based on IMF, World Economic Outlook (WEO) Dataset, April 2026, and WEO July 2026 Update.
Note: p = projection.

Against this global backdrop, OIC economies maintained comparatively strong growth after the initial post-pandemic recovery. Aggregate real GDP expanded by 5.2% in 2021 and accelerated to 6.1% in 2022, before growth moderated to 3.7% in both 2023 and 2024. It

subsequently strengthened to 4.1% in 2025, compared with 3.5% globally (*Figure 1.6*). While the world economy recorded a stronger initial rebound in 2021, OIC growth exceeded the global rate in each year from 2022 to 2025, indicating a comparatively sustained pace of expansion as the recovery matured.

The outlook points to a temporary weakening in 2026 followed by a stronger recovery. OIC growth is projected to decline from 4.1% in 2025 to 3.1% in 2026, broadly in line with the global rate of 3.0%, before accelerating to 4.6% in 2027, compared with 3.4% globally. The 2026 slowdown needs to be viewed in the context of the significant economic disruption affecting parts of the Middle East. The IMF projects particularly weak activity in several economies exposed to disruptions in energy production and transport, followed by a sizeable rebound as these disruptions ease. For example, growth in the Middle East and Central Asia is projected to fall to 0.7% in 2026 before recovering to 6.5% in 2027, with some major OIC energy producers among the economies most directly affected (IMF, 2026a).

Figure 1.7: Real GDP Growth in OIC Countries by Income Group, 2021–2027 (%)



Source: SESRIC staff calculations based on IMF, World Economic Outlook (WEO) Dataset, April 2026, and WEO July 2026 Update.
Note: p = projection; LI = Low income; LMI = Lower middle income; UMI = Upper middle income; HI = High income.

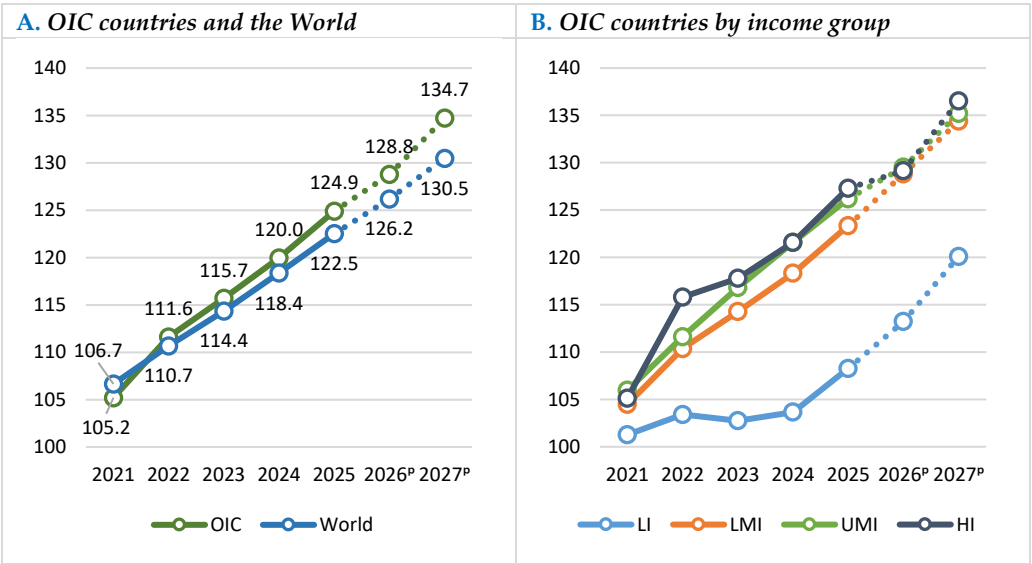
Growth patterns within the OIC have nevertheless differed considerably across income groups (*Figure 1.7*). Lower-middle-income countries displayed the most stable performance during 2021–2025, with growth generally ranging between 3.5% and 5.6%. Growth in upper-middle-income countries gradually moderated from 6.0% in 2021 to 3.8% in 2025, while high-income countries experienced considerably greater fluctuations, including growth of 10.1% in 2022, followed by 1.7% in 2023 and a recovery to 4.7% in 2025. Low-income OIC countries followed a weaker trajectory during the earlier part of the period, including a contraction of 0.6% in 2023, before growth strengthened to 4.5% in 2025.

The comparison with corresponding income groups worldwide provides additional perspective on the 2025 performance. High-income OIC economies grew by 4.7%,

considerably above the 2.0% recorded by high-income economies globally. By contrast, growth among low-, lower-middle- and upper-middle-income OIC economies remained below their respective global group averages. These differences underline that the relatively strong OIC aggregate in 2025 did not reflect a uniform growth advantage across the membership.

The projections also point to differing trajectories across OIC income groups. In 2026, growth is expected to remain relatively strong among low-income (4.6%) and lower-middle-income countries (4.4%), while slowing more visibly among upper-middle-income (2.6%) and high-income countries (1.5%). The latter groups are projected to rebound in 2027, with growth reaching 4.4% and 5.7%, respectively, while low-income economies are projected to accelerate further to 6.1%. The marked fluctuation among high-income OIC economies is consistent with the greater exposure of several economies in this group to the recent disruption of energy production and transport routes and the subsequently expected normalisation of activity.

Figure 1.8: Real GDP Index, 2021–2027 (2020=100)



Source: SESRIC staff calculations based on IMF, World Economic Outlook (WEO) Dataset, April 2026, and WEO July 2026 Update.

Note: The index is constructed by compounding annual real GDP growth rates, with 2020 set equal to 100; p = projection; LI = Low income; LMI = Lower middle income; UMI = Upper middle income; HI = High income.

Annual growth rates provide only part of the picture, as differences accumulate considerably over time. Using 2020 as the index base, aggregate real GDP in OIC countries reached 124.9 in 2025, compared with 122.5 for the world, indicating cumulative expansion of 24.9% and 22.5%, respectively, since 2020. Under current projections, the OIC index is expected to rise to 134.7 by 2027, compared with 130.5

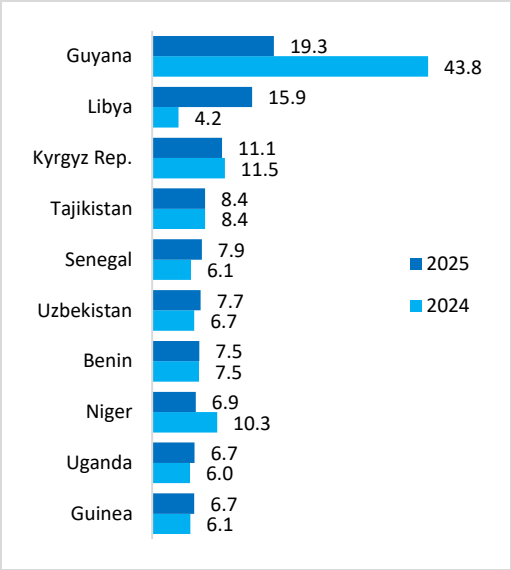
globally (*Figure 1.8.A*). The strong increase in 2021 partly reflects the rebound from the pandemic-related contraction in the base year, but subsequent developments show that the OIC maintained a modest cumulative growth advantage as the recovery progressed.

The cumulative picture also reveals sizeable differences within the OIC (*Figure 1.8.B*). By 2025, the real GDP index reached 127.3 among high-income countries and 126.2 among upper-middle-income countries, followed by 123.4 among lower-middle-income countries. In contrast, the index stood at 108.3 among low-income OIC countries, reflecting their comparatively weak growth during much of 2021–2024. The gap is projected to narrow somewhat as growth strengthens in this group, although its index would remain lower at 120.1 in 2027, compared with around 134–137 across the other three income groups. This divergence highlights the importance of looking beyond aggregate OIC growth to assess how economic expansion is distributed across different parts of the membership.

1.2.2 Growth across OIC Countries

Country-level growth outcomes were considerably more dispersed than the OIC-wide performance suggests. Growth outcomes vary according to economic structure, resource endowments, domestic demand and investment conditions, reform dynamics, and exposure to conflict and other external shocks. Examining individual country performance therefore provides a clearer picture of the diversity behind the OIC aggregate and helps distinguish between temporary rebounds and more sustained sources of growth.

Figure 1.9: Real GDP Growth in the Fastest-Growing OIC Countries in 2025 (%)



Source: IMF, World Economic Outlook (WEO) Dataset, April 2026, and WEO July 2026 Update.
Note: Countries are selected and ranked according to their 2025 growth rates. Data for 2025 are available for 55 OIC countries, excluding Palestine and Syria.

Growth remained positive in 51 of the 55 OIC countries with available data in 2025. Moreover, 35 countries grew faster than the world economy's rate of 3.5%, while 28 exceeded the OIC aggregate growth rate of 4.1%. The improvement from 2024 was also relatively broad-based: growth accelerated in 33 countries, slowed in 19 and remained unchanged in three. This indicates that the

strengthening of aggregate OIC growth from 3.7% in 2024 to 4.1% in 2025 was supported by developments across a sizeable part of the membership rather than by only a few rapidly expanding economies.

The fastest-growing economies nevertheless contributed to the wide dispersion in country-level outcomes. Guyana recorded the highest growth rate in the OIC at 19.3% in 2025, followed by Libya (15.9%) and the Kyrgyz Republic (11.1%). Tajikistan expanded by 8.4%, followed by Senegal (7.9%), Uzbekistan (7.7%), Benin (7.5%), Niger (6.9%), and Uganda and Guinea (6.7% each) (*Figure 1.9*). The underlying trajectories differed markedly. Guyana remained one of the fastest-growing economies globally despite moderating from the exceptionally high growth recorded in 2024 (43.8%), while Libya experienced a sharp acceleration from 4.2% following the recovery of oil production from earlier disruptions. Guyana's recent expansion has been supported by rapidly increasing oil production alongside strong non-oil activity and large-scale infrastructure investment, whereas Libya's short-term growth remains particularly sensitive to developments in its hydrocarbon sector (IMF, 2025a, 2025b).

The prominence of OIC countries was also notable in the global ranking. Among the economies covered by the IMF WEO dataset, five of the ten fastest-growing economies in 2025 were OIC members: Guyana ranked 2nd globally, Libya 3rd, the Kyrgyz Republic 5th, Tajikistan 8th and Senegal 10th. OIC countries had also occupied five positions among the global top ten in 2024, with Guyana, the Kyrgyz Republic and Tajikistan retaining their places in both years. This continuity indicates that strong growth in several member countries extended beyond a single-year rebound, even though the composition of the fastest-growing group changed from one year to the next.

The drivers of strong growth also differed across countries. In some economies, new or expanding hydrocarbon production played an important role. Niger's recent expansion has been supported by large-scale oil exports, while the start of oil and gas production has contributed to stronger activity in Senegal (World Bank, 2025a, 2026a). In others, growth has been supported by a broader combination of domestic demand, investment, exports and reforms. Uzbekistan, for example, recorded growth of 7.7% in 2025, up from 6.7% in 2024, supported by export recovery, private consumption and expansion across services, agriculture and industry. Continued market-oriented reforms and investment have also broadened the foundations of its growth over recent years (World Bank, 2026b). These contrasting experiences reinforce the importance of considering the sources and durability of growth, rather than the headline rate alone.

At the lower end of the distribution, only four OIC economies recorded contractions in 2025, and in each case the decline was below 1%: Iran (-0.8%), Mozambique (-0.5%), Yemen (-0.5%) and Iraq (-0.4%). The limited number and magnitude of

contractions point to a relatively broad continuation of economic expansion across the membership, although growth remained subdued in several other economies. Country-specific circumstances therefore continue to shape the pace of recovery and expansion, particularly where economic activity is affected by conflict, commodity-production developments or domestic macroeconomic pressures.

The diversity of country experiences also shows that rapid growth can emerge through substantially different channels. Resource-driven expansion may generate exceptional short-term gains but raises questions about diversification and the productive use of resulting revenues, while economies relying more heavily on investment, reforms and broader sectoral expansion face a different set of opportunities and challenges. The contrasting experiences of Guyana and Uzbekistan provide useful illustrations of these pathways and are considered in *Box 1.1*.

Box 1.1: Two Pathways to Rapid Growth in OIC Economies: Guyana and Uzbekistan

Guyana and Uzbekistan illustrate two distinct pathways to rapid economic growth within the OIC. Guyana's expansion has been driven primarily by the development of large offshore oil resources, which has transformed the scale of the economy and created substantial fiscal space for public investment. Uzbekistan's growth, by contrast, has been supported by a broader combination of market-oriented reforms, investment, domestic demand and increasing integration with international markets. The two experiences demonstrate that high growth can emerge from very different sources. They also underline a common challenge: sustaining momentum ultimately depends on how effectively current growth is converted into higher productivity, diversified productive capacity and lasting improvements in living standards.

Guyana: Converting Resource Wealth into Productive Capacity

Guyana's economic transformation has proceeded at an exceptional pace since the start of offshore oil production. Following average real GDP growth of around 47% per year during 2022–2024, the economy expanded by a further 19.3% in 2025. Oil production remains the principal driver, but the expansion has increasingly generated spillovers to the rest of the economy. In 2024, for example, non-oil GDP grew by more than 13%, supported by construction, agriculture, manufacturing and services as well as a major expansion in public investment (IMF, 2025a; World Bank, 2026c).

The rapid accumulation of petroleum revenues has significantly increased the government's capacity to address infrastructure and development gaps. Oil revenues are channelled through the Natural Resource Fund (NRF), whose fiscal rules govern transfers to the national budget and are intended to support transparency, macroeconomic stability and intergenerational management of resource wealth. These resources are financing substantial investment in transport, energy, housing, health, education and climate-related infrastructure. Improved infrastructure can, in

turn, reduce production costs and strengthen the foundations for growth in the non-oil economy (IMF, 2025a).

The scale and speed of this transformation nevertheless create important policy challenges. Large increases in public spending can place pressure on domestic construction capacity, labour markets and prices if investment expands more rapidly than the economy's ability to absorb it. The IMF therefore emphasises the importance of strengthening the medium-term fiscal framework, public investment management and institutional capacity while preserving the competitiveness of non-oil sectors. Such measures are particularly important for limiting overheating and ensuring that petroleum revenues are transformed into productive assets rather than generating only temporary increases in domestic demand (IMF, 2025a).

Guyana is simultaneously pursuing diversification through its Low Carbon Development Strategy 2030, which combines the development of the country's natural resources with investment in cleaner energy, forest conservation, climate adaptation and new economic activities. Continued expansion of oil production is likely to provide substantial resources over the medium term. The longer-term development outcome, however, will depend increasingly on whether these resources strengthen human capital, infrastructure, institutions and competitive non-oil activities capable of sustaining growth beyond the oil sector (World Bank, 2026c).

Uzbekistan: Reform, Investment and Private-Sector Development

Uzbekistan represents a different growth trajectory. Since the launch of major economic reforms in 2017, the country has progressively moved away from a relatively closed economic model towards greater reliance on markets, private investment and international trade. Growth accelerated to 7.7% in 2025, supported by strong private consumption, investment, exports and remittance inflows. Economic momentum remained strong in early 2026, while fiscal and external balances also improved (IMF, 2026b; World Bank, 2026b).

The reform process has addressed several long-standing constraints on private-sector activity. Early measures included exchange-rate unification, improved access to foreign currency, tax reform and greater liberalisation of prices and trade. Subsequent reforms have focused increasingly on restructuring state-owned enterprises and banks, strengthening competition, modernising the energy sector and improving the regulatory environment. Uzbekistan's trade openness has consequently increased substantially: the ratio of trade to GDP more than doubled after 2017, reaching over 70% by 2022, although the relatively small share of firms directly engaged in exports indicates considerable scope for further integration into global markets (World Bank, 2025b).

The current phase of reform is increasingly concerned with the quality and productivity of growth. Capital accumulation has been an important driver of Uzbekistan's expansion, but sustaining high growth over the longer term will require a greater contribution from productivity, innovation and competitive private firms.

Progress towards World Trade Organization accession also provides an important anchor for the broader reform agenda. Combined with deeper regional integration and improvements in transport and energy infrastructure, greater trade openness could facilitate investment, technology transfer and participation in global value chains. Maintaining reform momentum would therefore help shift the sources of growth progressively towards higher productivity, exports and private-sector activity while supporting continued job creation and income gains (IMF, 2026b).

Common Lessons from Different Growth Models

The experiences of Guyana and Uzbekistan show that there is no single pathway to rapid growth. Natural-resource discoveries can generate an extraordinary expansion in income and fiscal resources, while sustained economic reforms can progressively unlock investment, trade and private-sector activity. Yet the durability of either model depends on similar underlying foundations. Macroeconomic stability, effective institutions, sound management of public investment, greater private-sector dynamism, human-capital development and continued economic diversification are central to transforming periods of rapid expansion into sustained improvements in productivity and living standards.

1.3 Economic Structure: Value Added by Sector

The sectoral composition of value added provides an important indication of an economy's productive structure and its evolution over time. Changes in the relative contributions of agriculture, manufacturing, other industrial activities and services can reflect processes of structural transformation, economic diversification and shifts in productive capacity. For OIC countries, these patterns vary considerably according to income levels, resource endowments and stages of economic development, resulting in diverse pathways of structural change across the group.

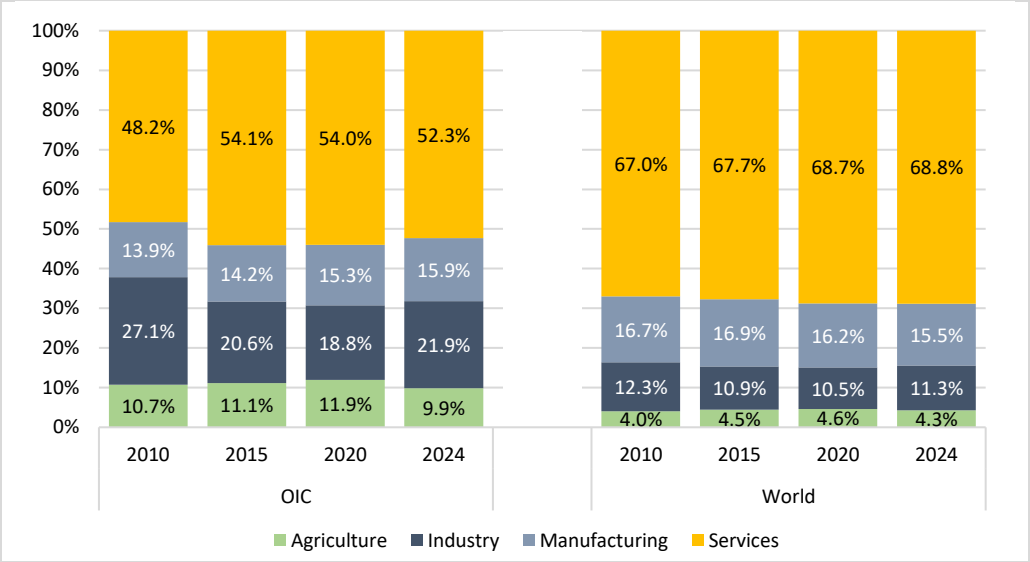
1.3.1 Sectoral Structure and Transformation

The productive structure of OIC economies has changed gradually over the past decade and a half, with a general shift towards services and manufacturing accompanied by a declining contribution from non-manufacturing industry. Between 2010 and 2024, the share of services in total value added increased by 4.1 percentage points, from 48.2% to 52.3%, while manufacturing rose from 13.9% to 15.9%. Over the same period, industry excluding manufacturing declined from 27.1% to 21.9%, and agriculture edged down from 10.7% to 9.9% (*Figure 1.10*).

Despite these shifts, the sectoral structure of the OIC continues to differ considerably from that of the world economy. Services accounted for 52.3% of OIC value added in 2024, compared with 68.8% globally. Conversely, agriculture represented 9.9% of OIC value added, more than twice the world share of 4.3%, while industry excluding manufacturing accounted for 21.9%, almost double the global average of

11.3%. These differences reflect the continued importance of agriculture, hydrocarbons, mining, utilities and construction across many member countries.

Figure 1.10: Distribution of Value Added by Major Economic Activity, 2010–2024 (%)



Source: SESRIC staff calculations based on UNSD, National Accounts - Analysis of Main Aggregates (AMA).
Note: Agriculture comprises agriculture, hunting, forestry and fishing. Industry excludes manufacturing and comprises mining, utilities and construction. Manufacturing is shown separately. Services comprise all service activities.

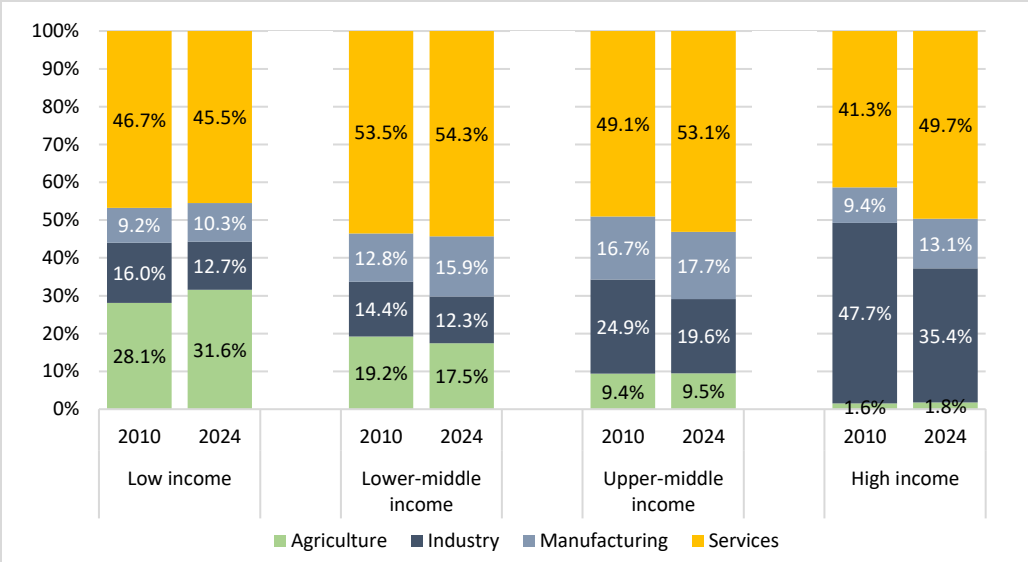
Manufacturing followed a different pattern. Its share in OIC value added increased steadily from 13.9% in 2010 to 15.9% in 2024, while the global share declined from 16.7% to 15.5% over the same period. As a result, the OIC moved from a manufacturing share 2.8 percentage points below the world average in 2010 to 0.4 percentage points above it in 2024. This points to a gradual strengthening of the manufacturing base across the OIC, although it was not uniform across income groups and individual countries.

The income-group breakdown reveals markedly different patterns of structural change within the OIC (*Figure 1.11*). At the lower end of the income distribution, low-income OIC countries remained strongly agriculture-dependent. Agriculture increased from 28.1% of value added in 2010 to 31.6% in 2024, becoming the only OIC income group in which its share rose substantially over the period. Manufacturing increased only moderately, from 9.2% to 10.3%, while services declined slightly to 45.5%. The continued importance of agriculture indicates that structural reallocation towards higher value-added industrial and service activities has remained relatively limited in this group.

A clearer transformation occurred among lower-middle-income OIC countries. Agriculture declined from 19.2% to 17.5% between 2010 and 2024, while manufacturing rose by more than three percentage points, from 12.8% to 15.9%.

Services also increased slightly, reaching 54.3%. By 2024, the sectoral structure of this group had become broadly comparable with that of lower-middle-income economies globally, with its manufacturing share of 15.9% slightly exceeding the corresponding world-group average of 15.2%. Among the OIC income groups, this represents the clearest shift towards manufacturing over the period.

Figure 1.11: Distribution of Value Added by Major Economic Activity across OIC Income Groups, 2010 and 2024 (%)



Source: SESRIC staff calculations based on UNSD, National Accounts - Analysis of Main Aggregates (AMA).
Note: Agriculture comprises agriculture, hunting, forestry and fishing. Industry excludes manufacturing and comprises mining, utilities and construction. Manufacturing is shown separately. Services comprise all service activities.

The structure of upper-middle-income OIC economies remained more heavily oriented towards non-manufacturing industry than that of their global peers. Although its share declined from 24.9% in 2010 to 19.6% in 2024, it remained well above the 12.8% recorded for upper-middle-income economies globally. At the same time, manufacturing accounted for 17.7% of value added, compared with 22.0% among their global counterparts, while services represented 53.1%, against 57.5% globally. The pattern indicates progress in reducing the relative weight of non-manufacturing industry, but also considerable scope for further expansion of manufacturing and higher value-added services.

The most pronounced structural shift was observed among high-income OIC countries. Industry excluding manufacturing declined from almost half of total value added (47.7%) in 2010 to 35.4% in 2024, while services increased from 41.3% to 49.7% and manufacturing from 9.4% to 13.1%. Nevertheless, non-manufacturing industry continued to account for more than one-third of their combined value added in 2024, compared with only 10.3% among high-income economies globally.

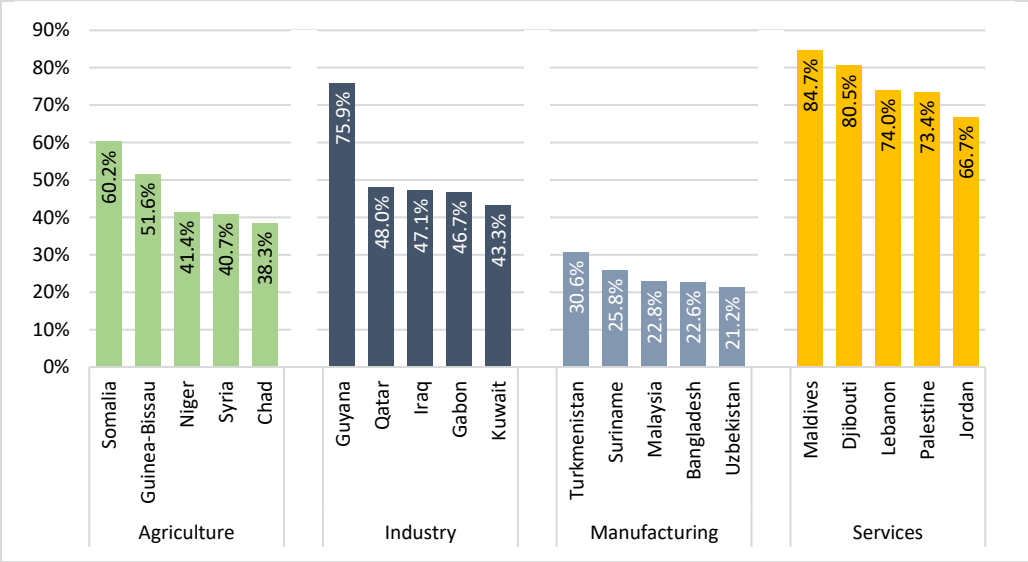
This substantial difference reflects the particular productive structure of the OIC high-income group, where hydrocarbon-related activities remain important despite ongoing expansion in manufacturing and services.

Taken together, the income-group patterns show that structural transformation within the OIC is proceeding along different paths. Lower-middle-income economies have recorded the clearest movement towards manufacturing, while low-income countries remain more dependent on agriculture. Upper-middle- and particularly high-income economies have reduced the relative weight of non-manufacturing industry over the longer term, but it continues to play a much larger role than among their global counterparts.

1.3.2 Country-Level Patterns in Economic Structure

Country-level data reveal considerably greater diversity than the OIC aggregates and income-group averages suggest. Some member countries remain strongly dependent on agriculture, while extractive and other non-manufacturing industrial activities dominate production in others. A smaller group has developed relatively large manufacturing bases, whereas services account for the majority of value added in several economies. *Figure 1.12* highlights the five OIC countries with the highest shares of each major economic activity in 2024.

Figure 1.12: OIC Countries with the Highest Shares of Value Added by Major Economic Activity, 2024 (%)



Source: SESRIC staff calculations based on UNSD, National Accounts - Analysis of Main Aggregates (AMA).
Note: Agriculture comprises agriculture, hunting, forestry and fishing. Industry excludes manufacturing and comprises mining, utilities and construction. Manufacturing is shown separately. Services comprise all service activities.

Agricultural concentration was particularly pronounced in Somalia, where agriculture accounted for 60.2% of total value added in 2024, followed by Guinea-Bissau (51.6%), Niger (41.4%), Syria (40.7%) and Chad (38.3%). In several of these economies, agriculture also increased its share between 2010 and 2024. The rise was especially sizeable in Syria, from 19.4% to 40.7%, while the share also increased in Guinea-Bissau, Niger and Chad.[1]

A very different pattern is observed in economies where industry excluding manufacturing accounts for a large part of production. Guyana stood out with a share of 75.9% in 2024, compared with only 20.2% in 2010, reflecting the rapid expansion of its oil sector. The next highest shares were recorded in Qatar (48.0%), Iraq (47.1%), Gabon (46.7%) and Kuwait (43.3%). Unlike Guyana, however, each of these established hydrocarbon- or resource-producing economies recorded a decline in the sector's share over the period. Similar reductions were observed in Oman, Brunei Darussalam, Azerbaijan and Libya, generally alongside an increasing contribution from services and, in some cases, manufacturing.

The country distribution of manufacturing is more diverse. Turkmenistan recorded the highest share in 2024 at 30.6%, followed by Suriname (25.8%), Malaysia (22.8%), Bangladesh (22.6%) and Uzbekistan (21.2%). Their trajectories nevertheless differed considerably. While manufacturing remained important but declined from particularly high levels in Turkmenistan (from 47.0% in 2010), it expanded markedly in several other economies. In Uzbekistan, its share rose from 11.5% in 2010 to 21.2% in 2024, while Bangladesh recorded an increase from 18.2% to 22.6%. Manufacturing also gained importance in countries such as Bahrain, Iran and Saudi Arabia, indicating that the expansion of manufacturing capacity has not been confined to a single income group or economic structure.

Services are particularly dominant in a number of smaller and more service-oriented economies. They accounted for 84.7% of value added in Maldives and 80.5% in Djibouti in 2024, followed by Lebanon (74.0%), Palestine (73.4%) and Jordan (66.7%). The underlying activities differ across countries, ranging from tourism and transport to commerce, finance and public and other services. High service shares therefore do not necessarily imply similar productive structures or levels of development, but they demonstrate the contrasting sectoral composition of these economies relative to agriculture- and resource-intensive member countries.

Changes between 2010 and 2024 also point to significant structural rebalancing beyond the countries appearing in the top-five rankings. In Saudi Arabia, for example, the share of non-manufacturing industry declined from 47.6% to 30.8%,

[1] It should be noted that an increase in a sector's share of total value added does not necessarily imply an increase in its real output or productive capacity. The share may also rise because the sector contracts more slowly than other sectors, or because other activities experience larger declines. Moreover, since sectoral shares are measured at current prices, changes may also reflect movements in relative prices as well as changes in production volumes.

while manufacturing increased from 10.9% to 17.0% and services from 38.8% to 49.5%. Azerbaijan similarly recorded a decline in non-manufacturing industry from 59.0% to 41.4%, accompanied by an increase in services from 30.0% to 46.5%. In Uzbekistan, agriculture fell from 30.3% to 19.2%, while manufacturing rose from 11.5% to 21.2%. Côte d'Ivoire also experienced a notable shift, with agriculture declining from 25.2% to 16.4% and services increasing from 52.2% to 59.0%, alongside a modest rise in manufacturing.

These developments illustrate the different paths of structural transformation across OIC countries. While some economies continue to derive a large proportion of value added from agriculture or extractive activities, others have strengthened manufacturing and services or moved towards a more balanced productive structure. The pace and direction of these changes reflect differences in resource endowments, investment patterns, productive capabilities and broader economic conditions. The experience of Côte d'Ivoire provides a useful example of efforts to broaden the productive base through investment, industrial development and greater domestic value addition (*Box 1.2*).

Box 1.2: Côte d'Ivoire: Advancing Structural Transformation through Investment and Domestic Value Addition

Côte d'Ivoire provides an example of gradual structural transformation built around a relatively diversified productive base. Between 2010 and 2024, agriculture's share of total value added declined from 25.2% to 16.4%, while services increased from 52.2% to 59.0% and manufacturing edged up from 13.7% to 14.7%. Industry excluding manufacturing remained comparatively limited at 9.9% in 2024. This evolution points to a progressive broadening of economic activity while agriculture continues to play an important role in production, employment and exports.

The country's development strategy increasingly seeks to build on this agricultural base by expanding domestic processing and higher value-added activities. A notable example is the cashew industry. Côte d'Ivoire is one of the world's largest producers of raw cashew nuts, but historically exported much of its production without processing. Investments in processing facilities, industrial zones, access roads and value-chain development have substantially expanded domestic processing capacity, from about 68,500 tonnes in 2015 to 350,000 tonnes in 2024. More than 18,000 jobs had been created through these initiatives, while three agro-industrial zones were developed to support further processing. The Government aims to process more than 50% of raw cashew production domestically by 2030 (World Bank, 2025c).

This approach forms part of a broader strategy to accelerate industrialisation and strengthen private-sector-led growth. The National Development Plan 2026–2030 envisages total investment of approximately CFAF 114.8 trillion, with just over 70% expected to be financed by the private sector. Its strategic priorities include modernising agriculture and strengthening agricultural value chains, promoting private investment and industrialisation, developing human capital and skills, improving strategic infrastructure, and supporting regional economic poles. The Plan aims to raise economy-wide productivity and advance Côte d'Ivoire towards upper-middle-income status by 2030 (Government of Côte d'Ivoire, 2026).

The emphasis on private investment reflects the importance of expanding productive capacity beyond traditional commodity exports. Under the 2026–2030 framework, private investment is expected to support industrialisation particularly in agro-processing, manufacturing, mining, energy and construction, while contributing to export diversification and higher domestic value addition. Complementary reforms focus on improving the business environment, strengthening access to finance, reducing informality and enhancing the competitiveness of SMEs and other domestic firms (IMF, 2026c).

Côte d'Ivoire's experience illustrates how structural transformation can build on existing comparative advantages rather than requiring a complete shift away from traditional sectors. Strengthening linkages between agriculture and manufacturing, increasing domestic processing, attracting private investment and improving supporting infrastructure can allow a commodity-producing economy to retain the benefits of its resource base while capturing a larger share of value added domestically. Sustaining this process will depend on continued productivity gains, private-sector development, skills upgrading and effective implementation of the investment and reform agenda.

1.4 Demand Structure: GDP by Expenditure Components

The expenditure composition of GDP provides a complementary perspective on economic structure by showing how output is absorbed through household and government consumption, investment, and international trade. The relative importance of these components reflects differences in domestic demand, capital formation, trade orientation and broader economic conditions. Across OIC countries, expenditure patterns vary considerably according to income levels, economic size, resource endowments and integration into regional and global markets.

1.4.1 Expenditure Structure and Trends

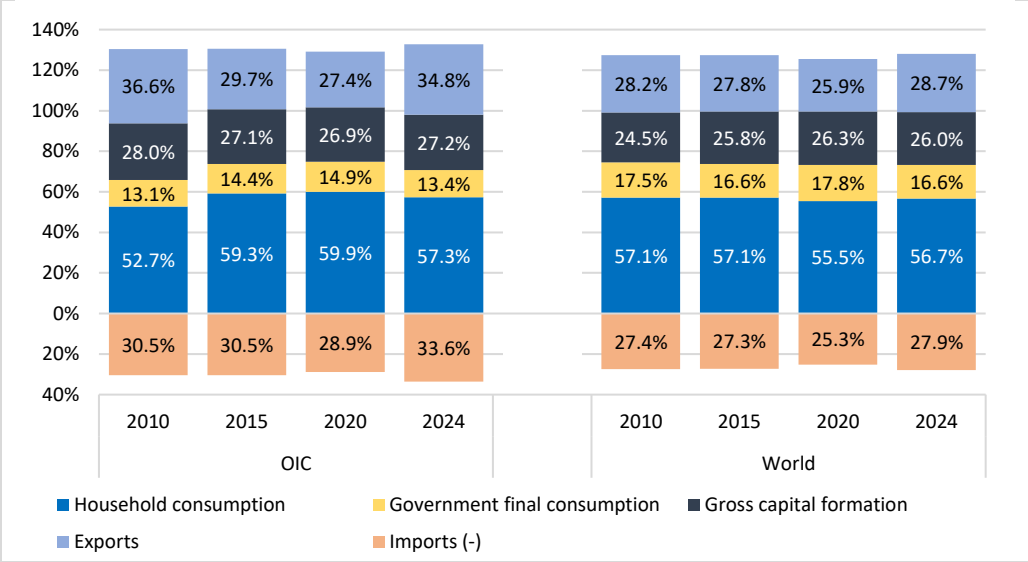
Household consumption remained the largest component of expenditure in OIC economies throughout the 2010–2024 period. Its share of GDP increased from 52.7% in 2010 to 59.9% in 2020, before moderating to 57.3% in 2024. Gross capital formation remained comparatively stable, accounting for 27.2% of GDP in 2024, slightly below its 28.0% share in 2010. Government final consumption also changed only modestly, from 13.1% to 13.4% over the same period (*Figure 1.13*).

By 2024, the composition of domestic demand in OIC economies had become broadly comparable with the world aggregate in terms of household consumption and investment. Household consumption represented 57.3% of OIC GDP, close to the global share of 56.7%, while gross capital formation stood at 27.2%, compared with 26.0% worldwide. Government final consumption remained lower in the OIC, at 13.4% of GDP against 16.6% globally.

A more distinctive feature of the OIC expenditure structure is its relatively high exposure to international trade. In 2024, exports amounted to 34.8% of GDP and

imports to 33.6%, compared with 28.7% and 27.9%, respectively, at the global level. Both OIC trade ratios declined substantially between 2010 and 2020 before recovering strongly by 2024. Exports fell from 36.6% to 27.4% of GDP over 2010–2020 and subsequently rebounded to 34.8%, while imports recovered from 28.9% in 2020 to 33.6% in 2024. As a result, the positive gap between exports and imports narrowed from 6.1 percentage points of GDP in 2010 to 1.2 percentage points in 2024.

Figure 1.13: GDP by Expenditure Components, 2010–2024 (% of GDP)



Source: SESRIC staff calculations based on UNSD, National Accounts - Analysis of Main Aggregates (AMA).
Note: Imports enter the GDP expenditure identity with a negative sign. Gross capital formation includes fixed capital formation and changes in inventories. Components may not sum to 100% because of rounding and statistical discrepancies.

The income-group breakdown reveals substantially different expenditure structures within the OIC (*Figure 1.14*). Household consumption is particularly dominant among low-income OIC countries, rising from 72.9% of GDP in 2010 to 81.2% in 2024. Over the same period, gross capital formation declined from 21.9% to 19.0%, while imports increased considerably from 27.8% to 35.3% of GDP. Exports reached only 21.1% in 2024, leaving a gap of more than 14 percentage points between imports and exports. The combination of high consumption, relatively limited investment and a sizeable import requirement points to a demand structure in which domestic absorption considerably exceeds domestically generated export revenues.

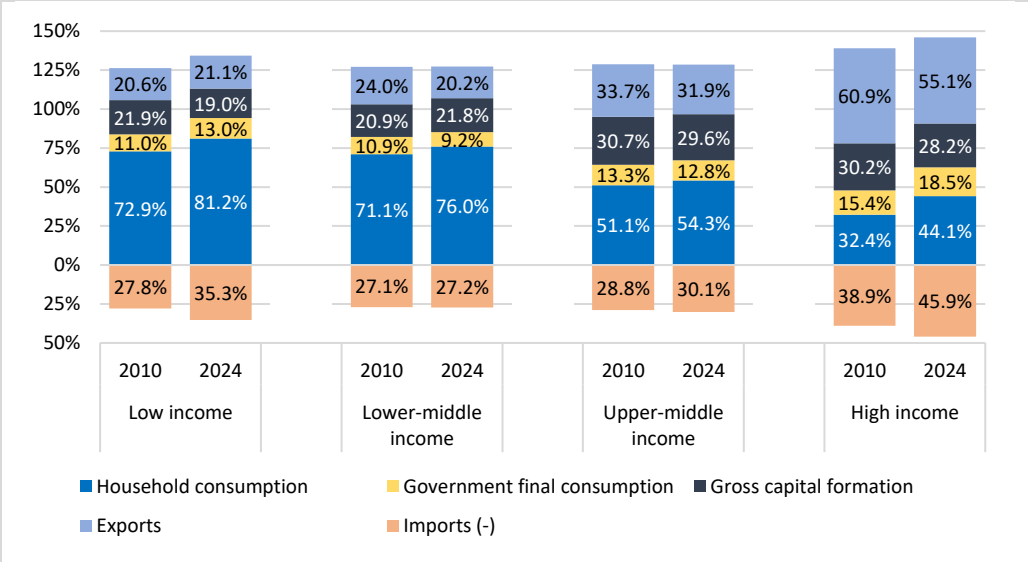
A similar, though less pronounced, pattern is observed among lower-middle-income OIC countries. Household consumption increased from 71.1% of GDP in 2010 to 76.0% in 2024, while gross capital formation remained around one-fifth of GDP, reaching 21.8% in 2024. Exports accounted for 20.2% of GDP, compared with imports of 27.2%. Relative to lower-middle-income economies globally, this group

remained considerably more consumption-intensive in 2024, with household consumption around 9 percentage points higher, while its investment and export shares were lower.

The expenditure structure becomes more balanced among upper-middle-income OIC economies. In 2024, household consumption accounted for 54.3% of GDP, gross capital formation for 29.6%, exports for 31.9% and imports for 30.1%. These shares changed relatively little from 2010, although household consumption increased moderately and both investment and net exports declined. Compared with their global counterparts, upper-middle-income OIC economies combined a higher household-consumption share with lower capital formation, while both exports and imports represented substantially larger proportions of GDP.

High-income OIC countries display the most externally oriented expenditure structure. Exports represented 55.1% of GDP in 2024, while imports accounted for 45.9%, leaving a sizeable positive net export position. Gross capital formation was also relatively high at 28.2% of GDP, whereas household consumption accounted for only 44.1%. These features contrast markedly with high-income economies globally, where household consumption reached 58.9% and exports represented 31.0% of GDP in 2024. The difference reflects, among other factors, the importance of hydrocarbon exports, relatively small domestic markets in several high-income OIC economies, and substantial investment activity.

Figure 1.14: GDP by Expenditure Components across OIC Income Groups, 2010 and 2024 (% of GDP)



Source: SESRIC staff calculations based on UNSD, National Accounts - Analysis of Main Aggregates (AMA).
Note: Imports enter the GDP expenditure identity with a negative sign. Gross capital formation includes fixed capital formation and changes in inventories. Components may not sum to 100% because of rounding and statistical discrepancies.

The longer-term changes within the high-income group are also noteworthy. Between 2010 and 2024, household consumption increased from 32.4% to 44.1% of GDP, while the export share declined from 60.9% to 55.1% and imports rose from 38.9% to 45.9%. The gap between exports and imports consequently narrowed substantially, from 22.0 to 9.2 percentage points of GDP. Although the group remains considerably more trade-oriented than the other OIC income categories, these developments indicate a gradual increase in the relative importance of domestic demand.

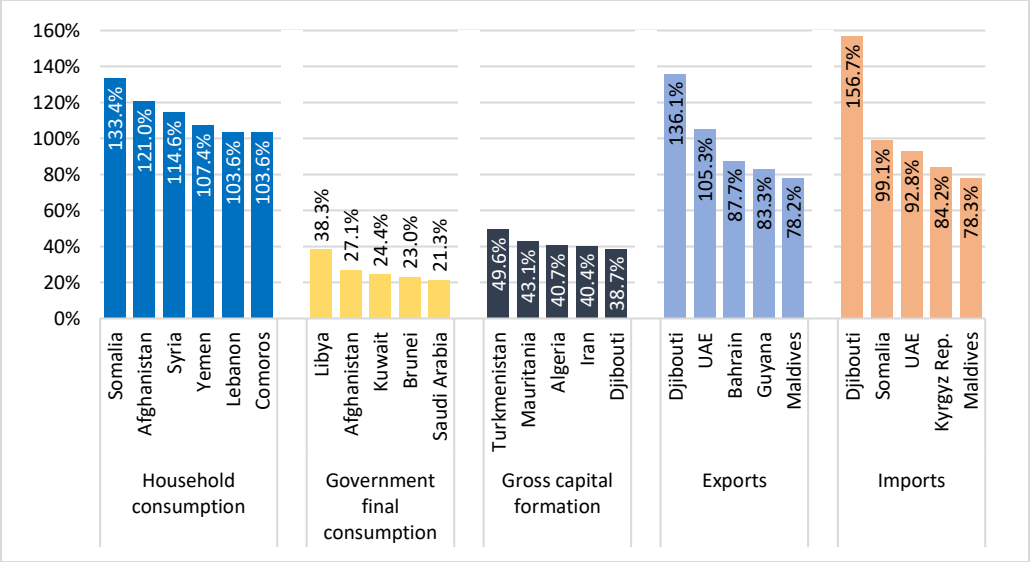
Expenditure structures therefore differ systematically across OIC income groups. Lower-income economies are characterised by high household consumption, comparatively modest capital formation and sizeable import requirements, whereas upper-middle-income economies display a more balanced combination of consumption, investment and trade. High-income members remain distinctly export- and investment-oriented.

1.4.2 Country-Level Patterns in Demand Structure

Country-level expenditure structures differ substantially across OIC economies, reflecting variations in market size, income levels, trade specialisation, resource endowments and investment patterns. While household consumption dominates domestic demand in many countries, others are characterised by particularly high rates of capital formation or strong dependence on international trade. *Figure 1.15* highlights the member countries with the highest shares of the major expenditure components in 2024.

Household consumption accounted for particularly large shares of GDP in several low-income and fragile economies. In Somalia, it reached 133.4% of GDP, followed by Afghanistan (121.0%), Syria (114.6%) and Yemen (107.4%), while both Lebanon and Comoros recorded 103.6%. In total, household consumption exceeded 100% of GDP in six OIC countries, while another nine countries recorded shares between 80% and 100% (Guinea-Bissau, Tajikistan, Kyrgyz Republic, Palestine, Egypt, Pakistan, Gambia, Sudan, and Togo). Such ratios are possible within the national accounts framework when high domestic consumption is accompanied by large imports and financed through sources such as remittances, external assistance, transfers or reductions in savings. They should nevertheless be interpreted cautiously, particularly in economies affected by conflict, institutional disruption or significant data limitations.

Figure 1.15: OIC Countries with the Highest Shares of GDP Expenditure Components, 2024 (% of GDP)



Source: SESRIC staff calculations based on UNSD, National Accounts - Analysis of Main Aggregates (AMA).

Government final consumption displayed a less pronounced concentration across countries. It exceeded 20% of GDP in seven member countries: Libya (38.3%), Afghanistan (27.1%), Kuwait (24.4%), Brunei Darussalam (23.0%), Saudi Arabia (21.3%), Djibouti (21.1%), and Iraq (20.7%). These ratios capture government expenditure on goods and services used for current consumption and therefore do not represent total government expenditure, which also includes public investment, transfers and other fiscal operations.

Greater variation is evident in gross capital formation. It approached half of GDP in Turkmenistan (49.6%) and exceeded 40% in Mauritania (43.1%), Algeria (40.7%) and Iran (40.4%), while Djibouti recorded 38.7%. High investment was not limited to these leading economies: 15 OIC countries recorded gross capital formation equivalent to at least 30% of GDP in 2024, including Tajikistan, Benin, Maldives, Uzbekistan, Qatar, Saudi Arabia, Indonesia, Bangladesh, Gambia and Morocco. This relatively broad distribution indicates substantial investment activity across countries with very different income levels and economic structures. At the same time, gross capital formation includes changes in inventories as well as fixed investment, so particularly high ratios do not translate one-for-one into additions to productive fixed assets.

International trade constitutes an especially important component of expenditure in a sizeable group of OIC economies. Exports exceeded 50% of GDP in 13 member countries in 2024. Djibouti recorded the highest ratio at 136.1%, followed by the United Arab Emirates (105.3%), Bahrain (87.7%), Guyana (83.3%) and Maldives (78.2%). Other highly export-oriented economies included Brunei Darussalam,

Turkmenistan, Malaysia, Oman, Gabon, Suriname, Qatar and Kuwait. These countries nevertheless represent different models of external integration, ranging from logistics and re-export hubs and tourism-dependent economies to manufacturing exporters and hydrocarbon- and commodity-producing countries.

Import ratios were also high across a broad group of OIC countries. Djibouti again stood out, with imports equivalent to 156.7% of GDP, followed by Somalia (99.1%), the United Arab Emirates (92.8%), the Kyrgyz Republic (84.2%) and Maldives (78.3%). In total, imports exceeded 50% of GDP in 17 member countries, reflecting varying combinations of trade openness, small domestic markets, re-export activity and dependence on imported consumer, intermediate and capital goods.

The relationship between exports and imports further distinguishes different demand structures. Several commodity-exporting economies recorded sizeable positive gaps between exports and imports, including Gabon, Guyana, Turkmenistan and Qatar. By contrast, large negative gaps were observed in Somalia, Afghanistan, the Kyrgyz Republic, Tajikistan, Yemen, Lebanon and Palestine, where imports substantially exceeded exports. These differences illustrate how similar levels of trade openness can be associated with very different external positions and sources of domestic demand.

Large and relatively diversified OIC economies generally display less extreme expenditure structures. In Indonesia, for example, household consumption accounted for 55.4% of GDP and gross capital formation for 31.4%, while exports and imports represented 22.2% and 20.4%, respectively. In Türkiye, household consumption stood at 59.4%, investment at 25.5%, and exports and imports at around 28% each. Such patterns contrast with both the highly consumption-dependent structures of some lower-income economies and the exceptionally trade-oriented profiles of smaller resource-rich or externally integrated member countries.

1.5 Concluding Remarks and Policy Implications

The evidence presented in this chapter points to a broadly favourable economic performance across the OIC, but also to considerable diversity in income levels, growth dynamics and economic structures. Aggregate growth has generally remained relatively strong, while manufacturing and services have gained importance in parts of the membership. At the same time, wide income disparities persist, agriculture continues to play a major role in many lower-income economies, and extractive activities remain prominent in several resource-rich members. Demand structures are similarly diverse, ranging from consumption- and import-intensive economies to highly investment- and trade-oriented ones. These differences imply that improving economic performance across the OIC will require a common focus on productivity and productive capacity, supported by policy priorities adapted to country circumstances.

Raising productivity and the quality of investment should remain central to these efforts. Expanding output alone will not be sufficient to narrow income gaps unless growth is increasingly supported by improvements in productive efficiency, technological capability and higher value-added activities. This requires continued investment in infrastructure, human capital, digitalisation and innovation, together with regulatory and institutional environments that allow competitive firms to emerge and expand. Where investment rates are already high, greater attention should be given to the efficiency of capital allocation and to ensuring that investment generates stronger productivity gains, employment and domestic value addition.

For low- and lower-middle-income OIC countries, accelerating structural transformation remains particularly important. Given the continued weight of agriculture in many of these economies, raising agricultural productivity can provide an important foundation for broader transformation, especially when accompanied by stronger linkages with agro-processing, manufacturing and modern services. Improved access to reliable energy, transport and digital infrastructure, finance and relevant skills can help firms move into higher value-added activities and strengthen export capacity. Expanding domestic productive capabilities would also help reduce excessive reliance on imports while creating more productive employment opportunities.

For upper-middle- and high-income economies, including resource-rich members, the policy challenge increasingly centres on diversification, technological upgrading and the sophistication of production. Resource revenues can provide substantial opportunities to finance infrastructure, human capital and new productive activities, but their long-term contribution depends on effective public investment management, sound fiscal frameworks and stronger linkages between resource sectors and the wider economy. Economies with more developed manufacturing bases, meanwhile, need to deepen participation in higher value-added segments of regional and global value chains by supporting innovation, workforce skills, technology adoption and stronger domestic supplier networks.

Maintaining macroeconomic stability remains an important enabling condition across all income groups, particularly amid heightened geopolitical, trade and commodity-market uncertainty. The nature of exposure differs considerably across OIC countries: commodity exporters may benefit from favourable price movements while remaining vulnerable to volatility, whereas import-dependent economies may face higher food, energy and transport costs. Strengthening fiscal space, external buffers and economic diversification can therefore help countries absorb external shocks without undermining productive investment and longer-term development priorities.

The diversity of economic structures across the OIC also creates scope for stronger intra-OIC economic cooperation. Differences in natural resources, production capabilities, market size and levels of development can support complementary trade, investment and value-chain relationships. Greater cooperation in trade facilitation, transport and energy connectivity, investment promotion, technology transfer, skills development and the exchange of policy experience could help member countries make better use of these complementarities. The longer-term objective is to translate the OIC's expanding economic scale and generally favourable growth performance into sustained productivity gains, broader productive capacities and rising living standards across a wider part of the membership.

OIC ECONOMIC OUTLOOK

2026

CHAPTER

2

Labour, Prices, and Macroeconomic Stability

Labour market conditions, price developments and fiscal positions are closely interconnected dimensions of macroeconomic stability and social well-being. Labour market outcomes affect household incomes, productive capacity and the public revenue base. Price developments influence purchasing power, production costs and investment decisions, while fiscal conditions shape governments' capacity to provide public services, support economic activity and respond to economic and social shocks. Pressures in one area can therefore reinforce constraints in others and narrow the range of available policy options.

These dimensions have been shaped in recent years by post-pandemic adjustment, demographic change, commodity-price volatility, geopolitical tensions and heightened global uncertainty. Economies with greater import dependence, exchange-rate vulnerabilities, structural rigidities or weaker fiscal positions can be particularly exposed to such pressures. Across OIC countries, these risks coexist with important economic and demographic opportunities, but outcomes remain highly diverse. Labour-market inclusion, persistent inflation in some economies and differing fiscal pressures continue to influence the strength and resilience of macroeconomic performance.

Against this background, this chapter examines labour market developments, price dynamics and fiscal conditions in OIC countries in comparison with global trends. It combines aggregate developments with analysis across income groups and individual countries and considers the implications of recent and emerging developments for macroeconomic stability and policy choices. Reference periods and country coverage vary according to data availability and are specified in the relevant figures and notes.

2.1 Labour Market Developments

Labour-market conditions across OIC countries are shaped by a rapidly expanding working-age population and considerable differences in participation, employment and unemployment. Taken together, these indicators show how effectively growing labour supply is being absorbed into productive activity.

This is particularly relevant for OIC countries given their demographic structure. Their population exceeded 2 billion in 2025, accounting for around one-quarter of the world total. About 50.9% of the population was below the age of 25, compared with 40.0% globally, while only 5.3% was aged 65 and above, compared with 10.4% worldwide. This relatively young population is expected to support continued growth in labour supply, increasing the importance of employment creation, skills development and effective transitions into the labour market.

The analysis considers labour market participation, employment and unemployment, followed by a closer assessment of outcomes among young people and women. The main indicators are based on the ILO Modelled Estimates, November 2025. Values for 2025 are estimates, while those for 2026–2027 are projections prepared before subsequent developments in 2026 and should therefore be interpreted with appropriate caution. Country-level results are also modelled

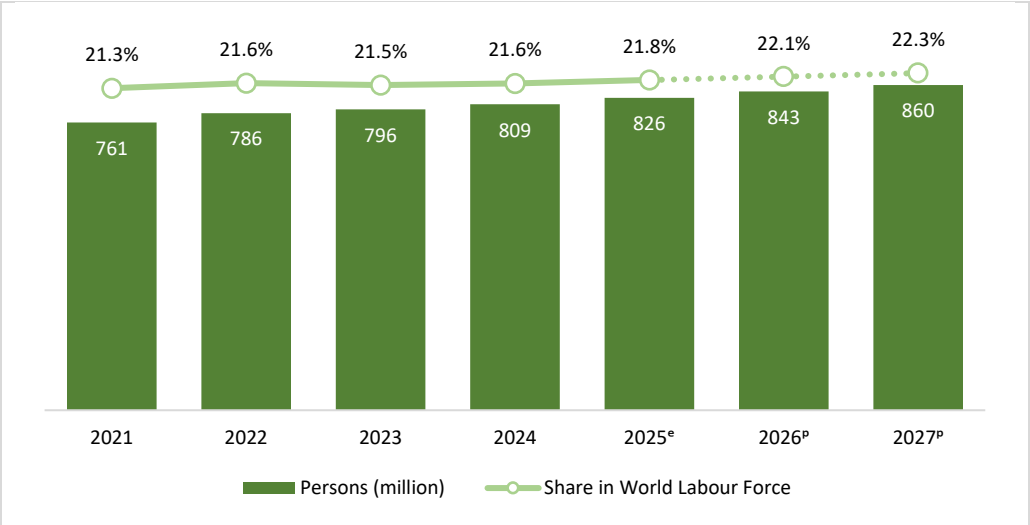
estimates and may be subject to greater uncertainty where underlying national labour-market data are limited.

2.1.1 Participation in the Labour Market

The labour force comprises people of working age who are either employed or unemployed and actively seeking work. Its size reflects the volume of labour available for economic activity, while the labour force participation rate (LFPR) shows the proportion of the working-age population that is economically active.

The labour force in OIC countries has expanded steadily in recent years. It increased from 761 million in 2021 to an estimated 826 million in 2025, an increase of about 65 million over four years. It is projected to reach around 860 million by 2027, nearly 100 million above its 2021 level. As this expansion has outpaced labour force growth globally, the share of OIC countries in the world labour force increased from 21.3% in 2021 to an estimated 21.8% in 2025 and is projected to reach 22.3% by 2027 (*Figure 2.1*).

Figure 2.1: Labour Force in OIC Countries and Share in World Labour Force, 2021–2027

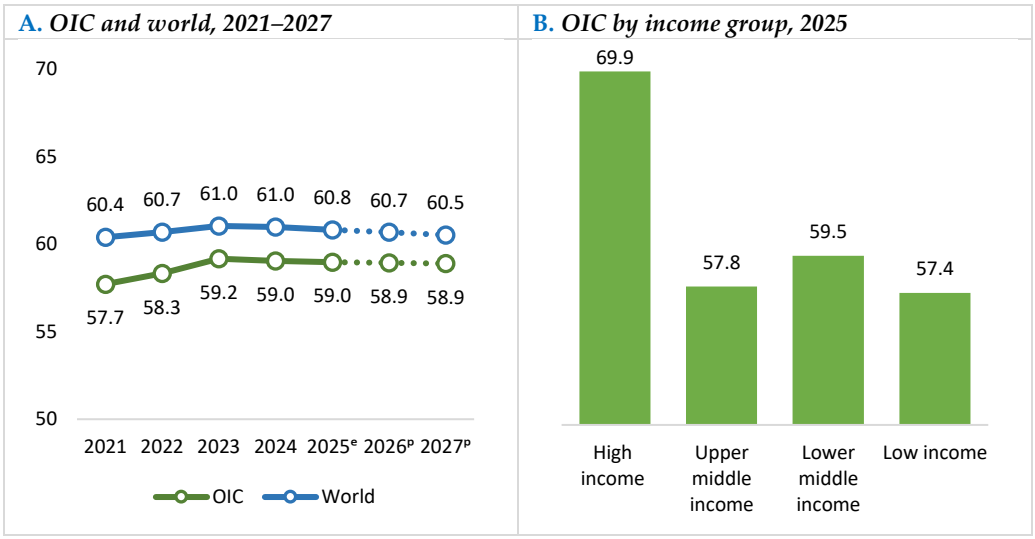


Source: SESRIC staff calculations based on ILO Modelled Estimates Nov. 2025.
Note: Ages 15+. e = estimate; p = projection.

The continued expansion of the labour force represents considerable productive potential, but its economic contribution ultimately depends on the availability and quality of employment. Where job creation and skills development do not keep pace with the number of people entering or remaining in the labour market, pressures on unemployment, underemployment and informal employment may increase. The growing labour supply therefore reinforces the importance of employment creation, productivity growth and effective matching between workers' skills and evolving labour demand.

Labour force participation has also increased, although more moderately. The LFPR in OIC countries rose from 57.7% in 2021 to 59.2% in 2023, before easing slightly to an estimated 59.0% in 2025. The global rate followed a similar pattern, increasing from 60.4% to 61.0% between 2021 and 2023 before declining to an estimated 60.8% in 2025. Consequently, the difference between the OIC and global rates narrowed from 2.7 percentage points in 2021 to 1.8 percentage points in 2025 (*Figure 2.2.A*). Current projections point to little further change, with the LFPR expected to decline marginally to 58.9% in OIC countries and 60.5% globally by 2027.

Figure 2.2: Labour Force Participation Rate in OIC Countries (%)

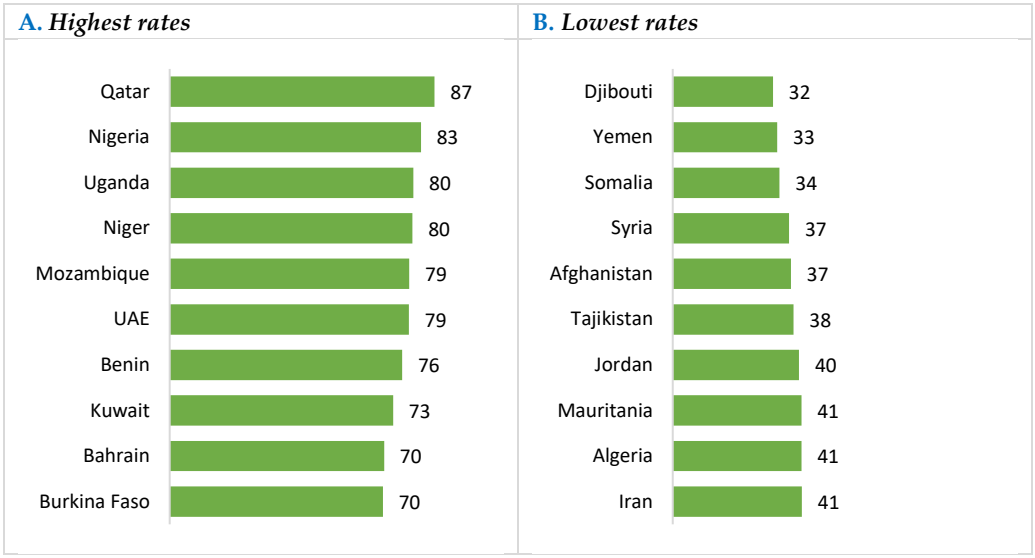


Source: SESRIC staff calculations based on ILO Modelled Estimates Nov. 2025.
Note: Ages 15+. e = estimate; p = projection.

Variation in participation rates across OIC countries is relatively limited across most income groups, with a more pronounced difference observed only in high-income countries. In 2025, the LFPR was estimated at 69.9% in high-income OIC countries, which is notably higher than in the other income groups. Lower-middle-income countries followed at 59.5%, while upper-middle-income and low-income countries recorded similar rates of 57.8% and 57.4%, respectively (*Figure 2.2.B*). The pattern therefore does not follow income levels uniformly, as participation in lower-middle-income countries is slightly higher than in upper-middle-income countries, while low-income countries remain close to both.

Differences are wider at the country level, with substantial variation in participation rates across OIC countries (*Figure 2.3*). Qatar recorded the highest estimated LFPR in 2025, at 87%, followed by Nigeria (83%), and Uganda and Niger (around 80% each). At the other end, the lowest rates were recorded in Djibouti (32%), Yemen (33%), Somalia (34%), and Syria and Afghanistan (around 37% each). Such variation points to markedly different levels of labour-market engagement across member countries.

Figure 2.3: Highest and Lowest Labour Force Participation Rates in OIC Countries, 2025 (%)



Source: SESRIC staff calculations based on ILO Modelled Estimates Nov. 2025.
Note: Ages 15+.

Conflict and forced displacement add another dimension to labour force dynamics in several OIC countries.[2] Conflict can disrupt education and skills formation, weaken productive activity and reduce people's ability to participate in the labour market, while large-scale displacement can alter the size, geographical distribution and skills composition of the labour force in both countries of origin and host economies. These effects can persist well beyond the immediate period of displacement, particularly where access to education, training and employment is interrupted. Protecting human capital and facilitating the labour market participation of displaced and conflict-affected populations are therefore important for preserving productive capacity in countries of origin and supporting effective integration in host economies (UNHCR, 2026).

The narrowing of the participation gap with the world is encouraging, but the relatively modest change in the OIC rate and wide differences across countries indicate that mobilising the group's expanding labour supply remains an important policy challenge. This is also reflected in SESRIC's *OIC Labour Market Report 2025*, which found that, while progress had been achieved in several areas covered by the *OIC Labour Market Strategy 2025*, the indicators related to participation in the labour

[2] At the end of 2025, three of the five largest refugee-origin countries globally were OIC countries: Syria (4.9 million), Afghanistan (3.7 million) and Sudan (2.8 million). Three of the five largest refugee-hosting countries were also OIC members: Türkiye (2.4 million), Uganda (1.9 million) and Iran (1.7 million). The OIC dimension is even more pronounced for internal displacement: four of the five countries accounting for 46% of the world's conflict-induced internally displaced population were OIC members (Sudan, Syria, Yemen and Afghanistan) (UNHCR, 2026).

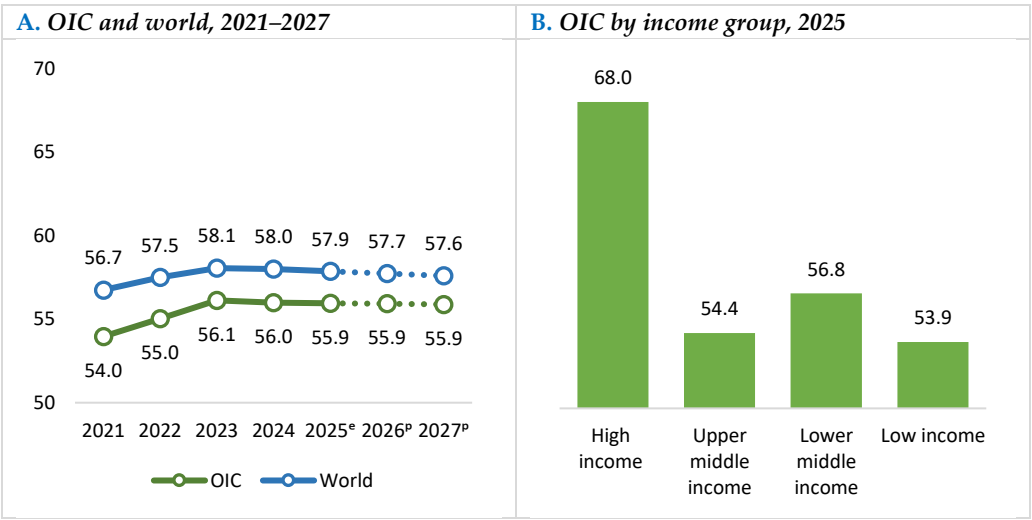
market had shown more limited improvement. Strengthening participation therefore requires measures tailored to national circumstances, including improved access to skills development, employment services and opportunities that facilitate entry into and continued attachment to the labour market. Greater exchange of effective policies and institutional practices among OIC countries can further support these efforts (SESRIC, 2025).

2.1.2 Employment

Employment is a central measure of the extent to which available labour is engaged in economic activity. The employment-to-population ratio (EPR) measures the share of the working-age population that is employed and therefore complements the labour force participation rate. A rising EPR generally indicates that a larger proportion of the working-age population is engaged in employment, although the indicator does not by itself provide information on the quality, productivity or security of those jobs.

Employment outcomes in OIC countries improved during the first part of the period under review. The EPR increased from 54.0% in 2021 to 56.1% in 2023, before remaining broadly stable at an estimated 55.9% in 2025. The global ratio followed a similar pattern, rising from 56.7% in 2021 to 58.1% in 2023 and standing at an estimated 57.9% in 2025. As a result, the gap between the OIC and global rates narrowed from about 2.7 percentage points in 2021 to 2.0 percentage points in 2025 (*Figure 2.4.A*). Current projections suggest little further change through 2027, with the EPR expected to remain close to 55.9% in OIC countries, while the global rate declines marginally to 57.6%.

Figure 2.4: Employment-to-Population Ratio in OIC Countries (%)



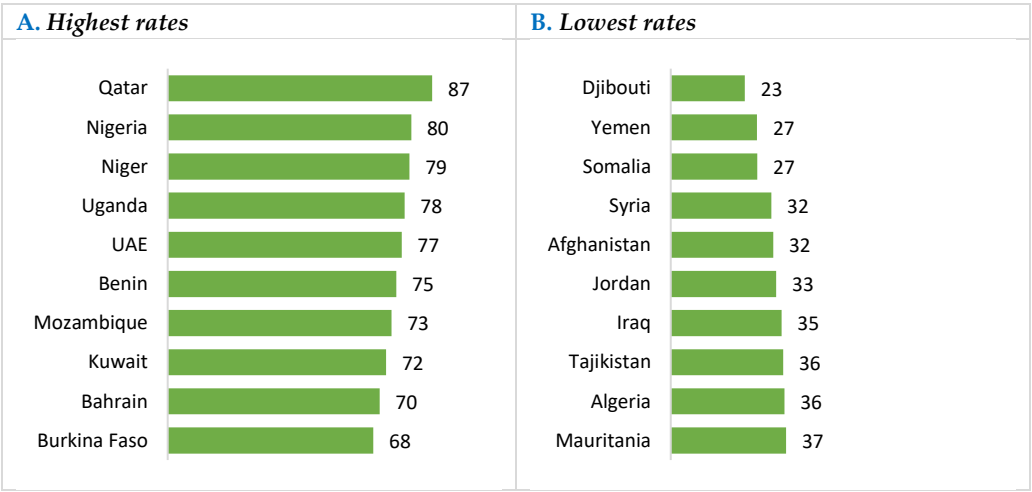
Source: SESRIC staff calculations based on ILO Modelled Estimates Nov. 2025.
Note: Ages 15+. e = estimate; p = projection.

The increase since 2021 indicates that employment growth has been sufficient to raise the share of the working-age population in work despite the continued expansion of labour supply. Most of this improvement, however, occurred by 2023, with the ratio subsequently levelling off. Together with the similarly stable labour force participation rate, this suggests that the post-pandemic improvement in aggregate labour-market utilisation has lost some momentum. As the OIC labour force continues to expand, maintaining or increasing the EPR will require employment creation to keep pace with the growth of the working-age and economically active population.

Employment outcomes also differ across OIC income groups, broadly mirroring the pattern observed in labour force participation rates. In 2025, the EPR was estimated at 68.0% in high-income OIC countries, considerably above the rates recorded in the other groups. Lower-middle-income countries followed at 56.8%, while upper-middle-income and low-income countries recorded similar ratios of 54.4% and 53.9%, respectively (*Figure 2.4.B*). As with labour force participation, the pattern is therefore not strictly aligned with income levels. The relatively close employment ratios among low-, lower-middle- and upper-middle-income OIC countries also suggest that differences in income per capita alone cannot explain the extent to which working-age populations are engaged in employment.

Country-level variation is much wider than the differences between income groups. Qatar recorded the highest estimated EPR in 2025, at 87%, followed by Nigeria (80%), Niger (79%), Uganda (78%) and the United Arab Emirates (77%). At the other end, the lowest rates were recorded in Djibouti (23%), Yemen and Somalia (27% each), and Syria and Afghanistan (32% each) (*Figure 2.5*).

Figure 2.5: Highest and Lowest Employment-to-Population Ratios in OIC Countries, 2025 (%)



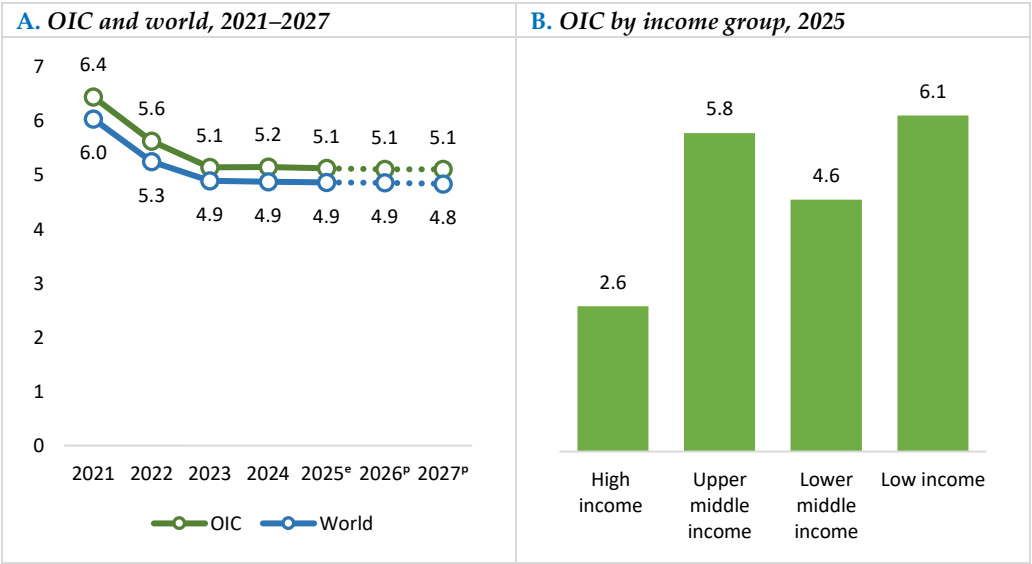
Source: SESRIC staff calculations based on ILO Modelled Estimates Nov. 2025.
Note: Ages 15+.

These differences should be interpreted in the context of national labour-market structures. A high EPR indicates that a large share of the working-age population is employed, but does not necessarily imply high productivity, formal employment or favourable working conditions. Conversely, a low ratio may reflect limited employment opportunities, low labour force participation, demographic factors or disruptions associated with conflict and economic instability. The indicator is therefore most informative when considered together with participation, unemployment and, where available, measures of employment quality.

2.1.3 Unemployment

Unemployment provides another dimension of labour market performance by measuring unmet demand for work among people who are already participating in the labour force. The unemployment rate represents the share of the labour force that is without work, available for employment and actively seeking a job. It should therefore be interpreted together with labour force participation and employment, since a low unemployment rate does not necessarily indicate broad labour market engagement if participation itself is limited.

Figure 2.6: Unemployment Rate in OIC Countries (%)



Source: SESRIC staff calculations based on ILO Modelled Estimates Nov. 2025.
Note: Ages 15+. e = estimate; p = projection.

Unemployment conditions in OIC countries improved considerably over the first part of the period under review. The unemployment rate declined from 6.4% in 2021 to 5.1% in 2023, before increasing marginally to 5.2% in 2024 and returning to an estimated 5.1% in 2025. Globally, the rate fell from 6.0% in 2021 to 4.9% in 2023 and remained at around that level through 2025. Accordingly, the OIC rate moved much closer to the global average, with the gap narrowing from 0.4 percentage points in

2021 to 0.2 percentage points in 2025 (*Figure 2.6.A*). Current projections point to broadly stable unemployment in OIC countries at 5.1% through 2027, while the global rate is projected to decline marginally to 4.8%.

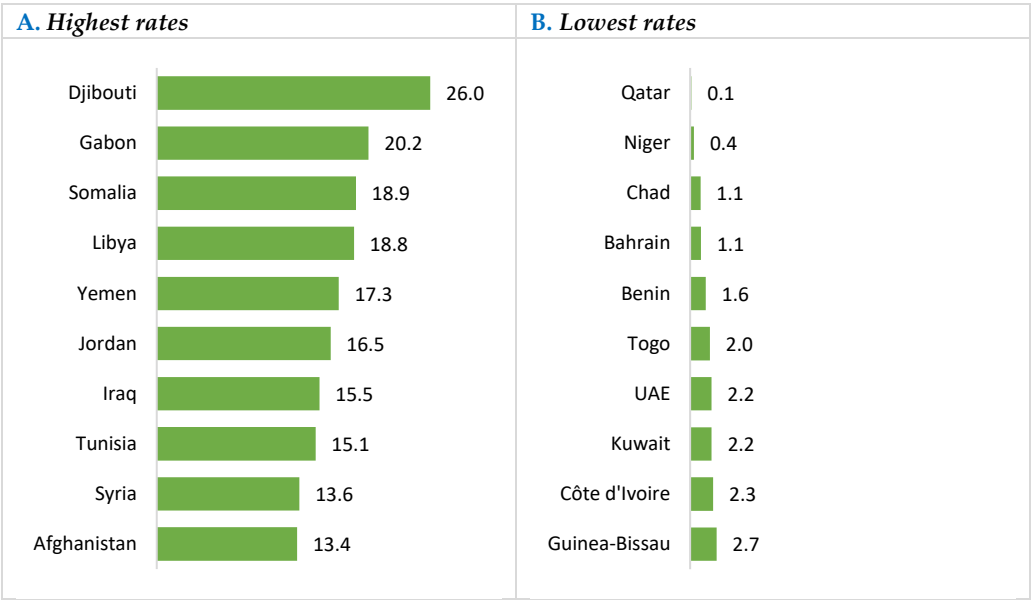
The improvement is also evident in absolute terms. The number of unemployed people in OIC countries declined from 49.1 million in 2021 to an estimated 42.4 million in 2025, a reduction of about 6.7 million. Over the same period, global unemployment fell from 215.9 million to 184.2 million. As the global decline was somewhat faster, the share of OIC countries in world unemployment edged up from 22.7% to 23.0%, despite the fall in the number of unemployed people within the group. This share also remained above the OIC's 21.8% share of the global labour force in 2025, indicating that number of unemployed people remained somewhat disproportionally concentrated in OIC countries relative to their share of the global labour force.

Unemployment rates vary across OIC income groups. In 2025, the rate was estimated at 2.6% in high-income OIC countries, compared with 4.6% in lower-middle-income countries, 5.8% in upper-middle-income countries and 6.1% in low-income countries (*Figure 2.6.B*). The difference between the high- and low-income groups reached 3.5 percentage points. While this pattern suggests greater difficulty in absorbing available labour in some lower-income economies, differences in participation, economic structure, informality and employment conditions also influence unemployment rates and should be taken into account when comparing groups.

Country-level outcomes reveal even greater disparities, as in the case of other labour market indicators. Among the 54 OIC countries with available data, 26 recorded unemployment rates above the global estimate of 4.9% in 2025, while 28 remained below it. The highest estimated rates were recorded in Djibouti (26.0%), Gabon (20.2%), Somalia (18.9%), Libya (18.8%) and Yemen (17.3%). At the other end, Qatar recorded an unemployment rate of only 0.1%, followed by Niger (0.4%), Chad and Bahrain (1.1% each) and Benin (1.6%) (*Figure 2.7*).

These differences illustrate why unemployment should not be interpreted as a stand-alone measure of labour market strength. High unemployment indicates substantial unmet demand for employment among those actively seeking work and may signal insufficient job creation or difficulties in matching workers with available opportunities. Very low unemployment, however, can coexist with low participation, widespread informal or low-productivity employment, or other labour market characteristics that are not captured by the indicator. The broader improvement in OIC unemployment since 2021 is therefore encouraging, but the wide variation across countries and the limited improvement projected through 2027 reinforce the importance of assessing unemployment alongside participation, employment and the quality of available work.

Figure 2.7: Highest and Lowest Unemployment Rates in OIC Countries, 2025 (%)



Source: SESRIC staff calculations based on ILO Modelled Estimates Nov. 2025.
Note: Ages 15+. Data are available for 54 OIC countries, excluding Lebanon, Palestine, and Sudan.

2.1.4 Youth and Women in Labour Markets

Headline labour-market indicators do not fully capture differences across population groups. Young people often face particular difficulties in moving from education into employment, while women may encounter barriers affecting their entry into and continued participation in the labour market. A closer look at these two groups therefore provides a more complete picture of how labour market opportunities are distributed within OIC countries.

Youth in the Labour Market

In 2025, the youth[3] labour force participation rate in OIC countries was estimated at 43.4%, slightly above the global rate of 42.4%. The youth employment-to-population ratio was also higher, at 38.8% compared with 37.1% globally, while youth unemployment was lower at 10.6%, compared with 12.4% worldwide (*Figure 2.8*). On these headline indicators, youth labour market outcomes in OIC countries therefore compared favourably with global averages in 2025.

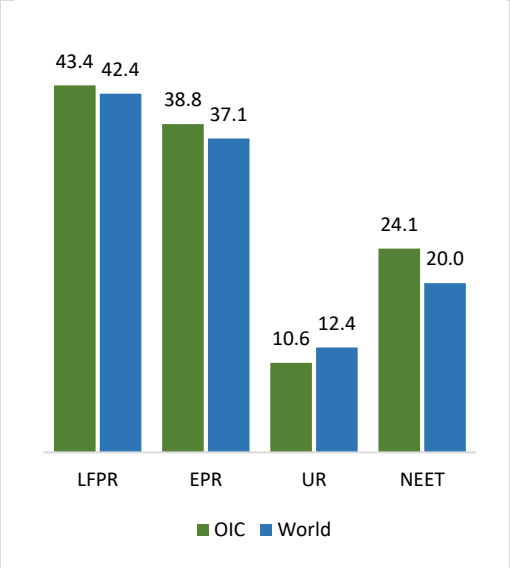
The picture is less favourable when young people outside both employment and education or training are considered. The youth not in employment, education or training (NEET) rate in OIC countries was estimated at 24.1% in 2025, compared with 20.0% globally. This difference is important because unemployment captures only young people who are actively participating in the labour market and seeking

[3] For the purposes of this analysis, youth refers to persons aged 15–24.

work, whereas the NEET indicator also identifies those who have become detached from both employment and education or training. The higher OIC NEET rate therefore points to challenges extending beyond job search to the broader transition from education to employment and economic activity.

These challenges are particularly pronounced among young women. In 2025, 33.7% of young women in OIC countries were estimated to be in NEET status, compared with 14.9% of young men. The rate among young women also exceeded the corresponding global average of 27.4%. The large difference suggests that the transition from education to employment is shaped by the availability of jobs and relevant skills as well as barriers affecting young women's access to and continued participation in economic activity.

Figure 2.8: Youth Labour Market Outcomes in OIC Countries and the World, 2025 (%)



Source: SESRIC staff calculations based on ILO Modelled Estimates Nov. 2025.
Note: Youth refers to persons aged 15–24. LFPR = Labour force participation rate; EPR = Employment-to-population ratio; UR = unemployment rate; NEET = Not in employment, education or training (NEET) rate.

Strengthening school-to-work transitions therefore requires attention to both the demand for young workers and the pathways connecting education with employment. Skills development, practical work experience, career guidance and effective employment services can help young people enter the labour market, while targeted measures may be needed for those who have already become detached from education, training and employment. Türkiye's İŞKUR Youth Programme provides one example of an initiative combining practical work experience with employment support to facilitate the transition from education to work (*Box 2.1*).

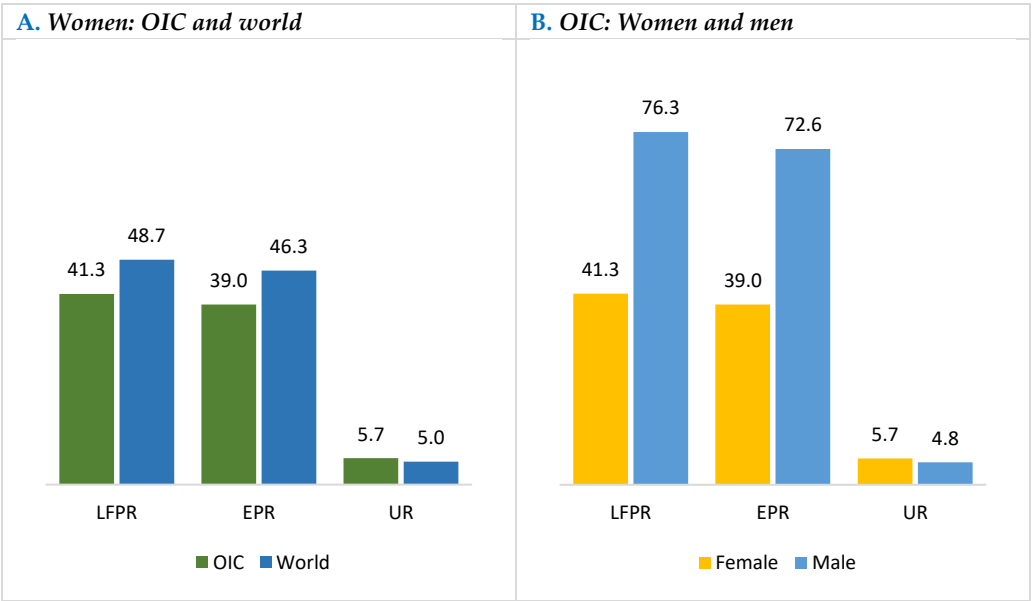
Women in the Labour Market

Women's participation in the labour market remains an important area of untapped economic potential in OIC countries. In 2025, the female labour force participation rate was estimated at 41.3%, compared with 48.7% globally. Within OIC countries, the corresponding rate for men reached 76.3%, resulting in a difference of 35 percentage points, considerably wider than the corresponding global difference of about 24 percentage points. A similar pattern was evident in employment: the employment-to-population ratio among women in OIC countries stood at 39.0%, compared with 46.3% globally, while the rate among men in OIC countries reached

72.6% (*Figure 2.9*). The relatively large gaps in participation and employment indicate that women's underutilised labour potential is driven substantially by barriers to entering and remaining in employment, rather than solely by difficulties in finding work once economically active. This pattern is consistent with recent global evidence showing that women continue to face substantially lower labour force participation than men (ILO, 2026).

By contrast, differences in unemployment were considerably smaller. The unemployment rate among women in OIC countries was estimated at 5.7% in 2025, compared with 4.8% among men and 5.0% among women globally. Since unemployment covers only those already participating in the labour force and actively seeking work, the relatively narrow difference should be interpreted alongside the much larger gaps in participation and employment. Taken together, these indicators suggest that increasing women's economic participation requires particular attention to the conditions that enable women to enter, remain and advance in the labour market, rather than focusing only on unemployment among those already seeking work.

Figure 2.9: Labour Market Outcomes of Women in OIC Countries and the World, 2025 (%)



Source: SESRIC staff calculations based on ILO Modelled Estimates Nov. 2025.
Note: Ages 15+. LFPR = Labour force participation rate; EPR = Employment-to-population ratio; UR = unemployment rate

The factors influencing these outcomes differ considerably across countries and individual circumstances. They can include the availability and affordability of childcare, transport and other enabling services; working arrangements; household responsibilities; skills and job matching; labour market institutions; social expectations; and the sectoral composition of employment. Recent World Bank

analysis of the Middle East, North Africa, Afghanistan and Pakistan region similarly stresses that women's labour market participation is shaped by an interaction of labour-demand conditions, household decisions, legal and institutional barriers and social norms, with limited childcare and safe transport among the constraints faced in some economies (World Bank, 2025). The relative importance of these factors varies across national labour market settings, reinforcing the need for measures tailored to country circumstances. Saudi Arabia's experience illustrates how reforms can be combined with targeted support for childcare, mobility and working arrangements to address several such barriers simultaneously (*Box 2.1*).

Box 2.1: Selected Approaches to Supporting Youth and Women's Labour Market Participation

Türkiye – Supporting the Transition from Education to Work

The *İŞKUR Youth Programme* is an active labour market programme implemented by the Turkish Employment Agency (İŞKUR) in cooperation with state universities. It is designed to strengthen university students' employability by combining education with practical work experience. Participants receive work experience and income support as well as individual counselling and training in areas such as job-search skills, financial literacy, CV preparation and interview techniques. Participation can take place for up to three days per week, allowing students to gain workplace experience while continuing their studies. The programme illustrates how employment services can intervene before graduation to strengthen work readiness and ease the transition from education into employment (İŞKUR, n.d.).

Saudi Arabia – Addressing Multiple Barriers to Women's Participation

Saudi Arabia provides an example of a broader approach combining regulatory reform with programmes addressing practical barriers to women's employment. Under *Vision 2030*, women's labour force participation increased substantially alongside legal and labour-market reforms and measures aimed at expanding employment opportunities. These include the *Qurrah* programme, which supports childcare for working women, and *Wusool*, which subsidises transportation between home and work for women in the private sector. Flexible and remote working arrangements have further expanded available work options. Together, these measures illustrate how coordinated action on childcare, mobility, working arrangements and labour-market regulation can support women's entry into and continued participation in employment (Gomez Tamayo et al., 2026; HRDF, 2026a, 2026b; MHRSD, 2026).

Employment conditions provide an additional dimension. Among employed women in OIC countries, 43.9% were own-account workers and 18.3% were contributing family workers in 2025. These forms of employment can provide important income and economic opportunities, particularly where wage employment is limited, but may also be associated with less predictable earnings or

more limited access to employment benefits and social protection. Women's labour market progress should therefore be assessed in terms of participation and employment as well as access to productive and adequately protected work (SESRIC, 2026).

Beyond participation and employment challenges, rapid technological change is also reshaping the nature of work and the skills required across many occupations. Generative artificial intelligence (GenAI), in particular, is changing the task content and skills requirements of many occupations, creating both opportunities and adjustment challenges for workers and labour market institutions (*Box 2.2*).

Box 2.2: Generative AI and the Changing Nature of Work

Rapid advances in generative artificial intelligence (GenAI) are adding a new dimension to labour market transformation. According to the ILO's 2025 assessment, around one in four workers globally is employed in an occupation with some degree of exposure to GenAI, although only 3.3% of global employment falls within the highest exposure category. Exposure also differs between women and men, with 4.7% of female employment and 2.4% of male employment in the highest-exposure category (ILO, 2025).

Exposure does not necessarily imply job displacement. The ILO assessment indicates that the more likely effect is the transformation of jobs and tasks, with outcomes depending on how technologies are adopted and integrated into workplaces. Exposure also varies considerably with economic structure and income level, suggesting that the effects are likely to differ substantially across OIC countries.

As highlighted in the *OIC Labour Market Report 2025*, preparing for these changes will require continued investment in digital skills, reskilling and upskilling, education and lifelong learning, alongside labour market institutions capable of supporting workers through occupational transitions (SESRIC, 2025).

The labour market indicators therefore point to substantial but still underutilised human-resource potential across OIC countries. Participation, employment and unemployment outcomes improved after 2021, although progress has levelled off in recent years as the labour force continues to expand. Persistent challenges in school-to-work transitions and women's labour market participation, together with the effects of displacement and rapid technological change, underline that the policy challenge extends beyond increasing the number of jobs. It also involves widening access to productive and adequately protected employment, strengthening skills and labour market transitions, and helping workers adapt to changing technologies and forms of work. These considerations will remain important as labour markets respond to the broader price and macroeconomic pressures examined in the following sections.

2.2 Prices and Inflation

Price stability is an important component of macroeconomic stability, affecting household purchasing power, production costs, investment decisions and the conduct of economic policy. Inflation in OIC countries is shaped by a combination of domestic conditions and external price pressures, with their relative importance varying considerably across economies. Exchange-rate movements, domestic demand and supply conditions, monetary and fiscal policies, and the structure of local markets can all influence both the transmission and persistence of price increases.

Global developments nevertheless remain an important part of this environment. Movements in international food and energy prices and disruptions to trade and transport can transmit to domestic inflation through import prices and production costs, while broader geopolitical and policy uncertainty can also affect exchange rates, expectations and economic behaviour. The strength of this transmission varies according to countries' dependence on imported commodities, exchange-rate conditions, domestic supply capacity and policy settings. The sharp increases in global commodity prices in 2021–2022, their subsequent moderation through 2025, and renewed pressures in 2026 provide important context for recent inflation developments and the outlook.

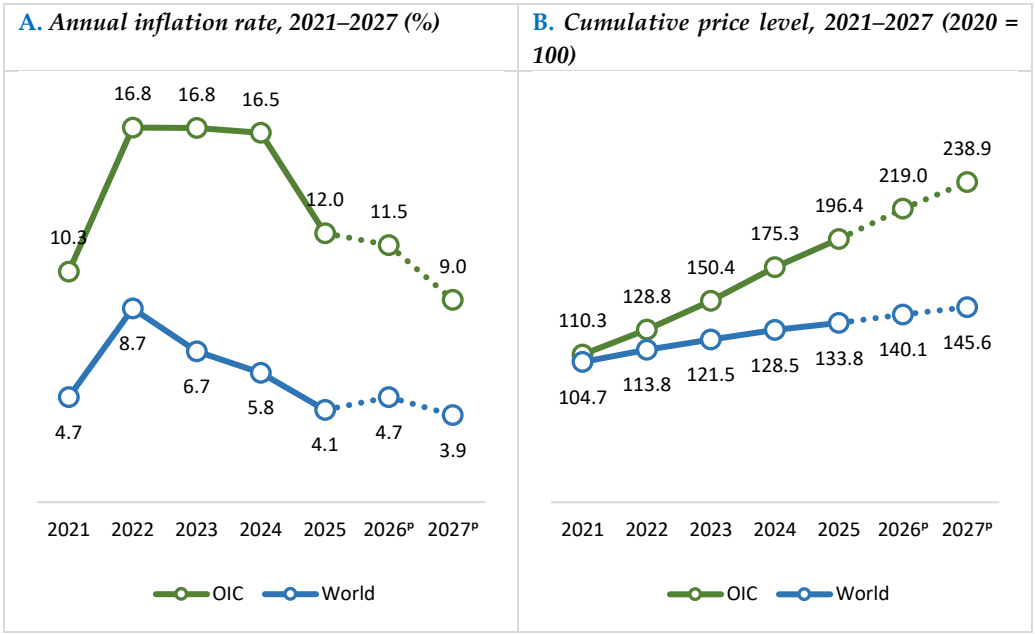
Against this background, the analysis considers recent inflation developments and the outlook across the OIC, including differences among income groups and countries and the role of domestic and external price pressures.

2.2.1 Inflation Developments and Outlook

Inflation in OIC countries remained noticeably above the global average throughout 2021–2025, although price pressures began to ease more clearly in 2025. The OIC inflation rate increased from 10.3% in 2021 to 16.8% in 2022 and remained broadly unchanged in 2023, before easing slightly to 16.5% in 2024 and more noticeably to 12.0% in 2025. Global inflation followed a broadly similar but less pronounced pattern, rising from 4.7% in 2021 to 8.7% in 2022, before declining steadily to 4.1% in 2025 (*Figure 2.10.A*).

The difference between the OIC and global inflation rates widened substantially during the period of elevated price pressures. It increased from 5.6 percentage points in 2021 to more than 10 percentage points in 2023–2024, before narrowing to 7.9 percentage points in 2025. Thus, although inflation has entered a disinflationary phase, the pace of adjustment at the aggregate OIC level has remained slower than globally.

Figure 2.10: Inflation and Cumulative Price Developments in OIC Countries and the World



Source: SESRIC staff calculations based on IMF, World Economic Outlook (WEO) Dataset, April 2026; world projections for 2026–2027 are based on the WEO Update, July 2026.
Note: Inflation refers to the annual average change in the consumer price index (CPI). p = projection. The world average excludes Venezuela. Syria is excluded throughout the period due to unavailable data. Projections for 2026–2027 additionally exclude Afghanistan, Lebanon and Palestine due to unavailable data. These three countries account for about 0.6% of OIC GDP at PPP, and the resulting change in country coverage has only a marginal effect on the OIC aggregate. The cumulative price-level index in Panel B is derived by compounding annual inflation rates, with 2020 = 100.

Current projections point to further moderation, although inflation at the aggregate OIC level is expected to remain above the global rate. OIC inflation is projected at 11.5% in 2026 and 9.0% in 2027, compared with global rates of 4.7% and 3.9%, respectively. The gap between the OIC and world averages is therefore projected to narrow further, from 7.9 percentage points in 2025 to 5.1 percentage points by 2027. This would represent continued progress in disinflation, although the OIC aggregate would still face considerably higher price pressures than the global economy. The temporary increase in global inflation projected for 2026 nevertheless shows that the disinflation path remains exposed to renewed price pressures. For OIC countries, the projected decline suggests a gradual easing from the exceptionally high rates recorded in recent years, but substantial differences across countries are likely to persist.

The cumulative price-level perspective provides an important complement to annual inflation rates. With 2020 set equal to 100, the OIC price-level index reached 196.4 in 2025, indicating that average consumer prices had risen by about 96% from

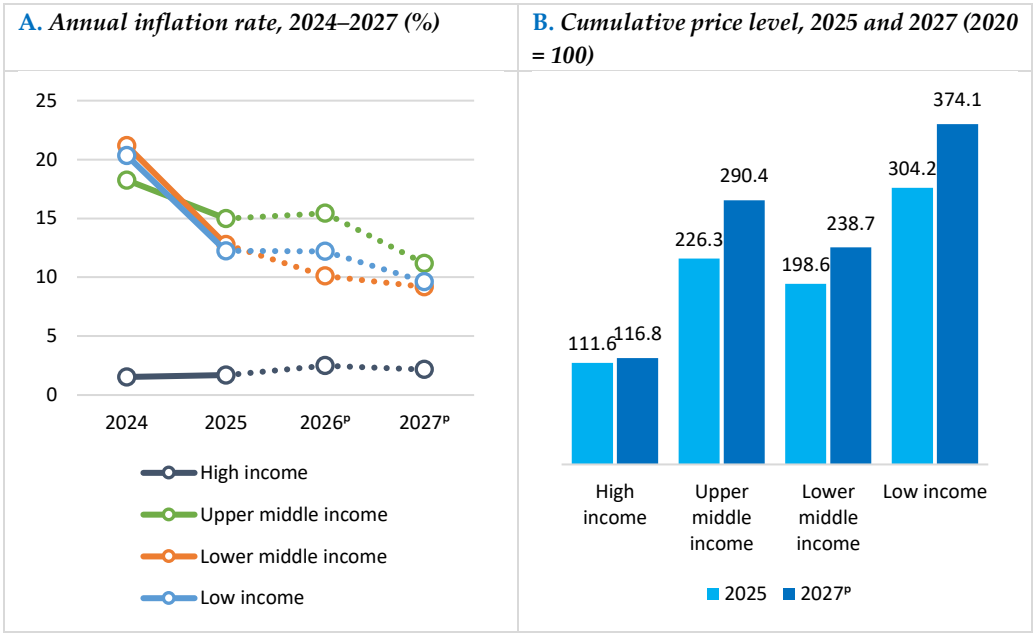
their 2020 level. The corresponding global index stood at 133.8, representing a cumulative increase of about 34% over the same period (*Figure 2.10.B*). Even as annual inflation moderates, the price level continues to rise: under current projections, the OIC index would reach 238.9 by 2027, implying that average consumer prices would be about 139% higher than in 2020. The corresponding global index would reach 145.6, equivalent to a cumulative increase of about 46%. The implication is important for households and businesses: lower inflation slows the pace at which price increase but does not reverse the substantial price-level gains accumulated since 2020.

The recent inflation picture is far from uniform across OIC income groups (*Figure 2.11.A*). In 2024, inflation was highest among lower-middle-income countries, at 21.2%, followed by low-income countries at 20.4% and upper-middle-income countries at 18.3%. By contrast, high-income OIC countries maintained considerably lower inflation of only 1.5%. The picture improved markedly in 2025 for the lower-middle- and low-income groups, where inflation declined to 12.8% and 12.3%, respectively. Inflation also moderated among upper-middle-income countries, although more gradually, to 15.0%, making this group the highest-inflation category in 2025. High-income countries remained an exception, with inflation broadly stable at 1.7%.

The outlook points to further easing in most groups, although at different speeds. Inflation in lower-middle-income countries is projected to decline to 10.1% in 2026 and 9.2% in 2027, while the rate in low-income countries is expected to remain broadly unchanged at 12.2% in 2026 before falling to 9.6% in 2027. Among upper-middle-income countries, inflation is projected to edge up slightly to 15.4% in 2026 before declining more substantially to 11.2% in 2027. High-income countries are expected to maintain comparatively low inflation, at 2.5% in 2026 and 2.2% in 2027. Thus, while disinflation is expected across most income groups, the pace remains uneven and inflation is likely to stay substantially higher in low- and middle-income OIC countries than in high-income economies.

The cumulative price-level comparison reveals even greater differences than the annual inflation rates. By 2025, the price-level index had reached 304.2 in low-income OIC countries, indicating that average consumer prices were more than three times their 2020 level, or about 204% higher. The corresponding increases were 126% in upper-middle-income countries and 99% in lower-middle-income countries, while average prices in high-income countries were only around 12% higher than in 2020 (*Figure 2.11.B*).

Figure 2.11: Inflation and Cumulative Price Developments in OIC Countries by Income Group



Source: SESRIC staff calculations based on IMF, World Economic Outlook (WEO) Dataset, April 2026.
Note: Inflation refers to the annual average change in the consumer price index (CPI). p = projection. Syria is excluded throughout the period due to unavailable data. Projections for 2026–2027 additionally exclude Afghanistan, Lebanon and Palestine due to unavailable data. The cumulative price-level index in Panel B is derived by compounding annual inflation rates, with 2020 = 100.

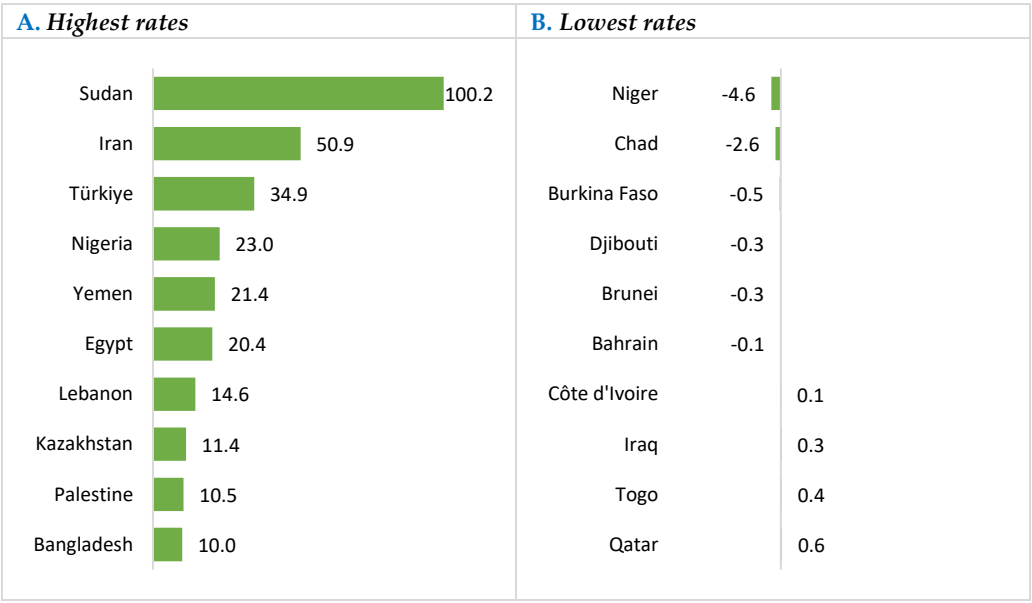
If current projections materialise, these differences will widen further in cumulative terms by 2027. Average consumer prices would stand about 274% above their 2020 level in low-income countries, compared with approximately 190% in upper-middle-income countries and 139% in lower-middle-income countries. The cumulative increase in high-income OIC countries would remain much more limited, at around 17%. The widening cumulative gap highlights the longer-lasting distributional implications of inflation: even as annual rates converge gradually, economies that experienced higher inflation in earlier years continue to face substantially higher price levels.

2.2.2 Inflation across OIC Countries

The aggregate OIC inflation rate masks a particularly wide range of country experiences. In 2025, inflation ranged from 100.2% in Sudan to -4.6% in Niger (*Figure 2.12*). Sudan recorded by far the highest rate among OIC countries, followed by Iran (50.9%), Türkiye (34.9%), Nigeria (23.0%), Yemen (21.4%) and Egypt (20.4%). Lebanon, Kazakhstan, Palestine and Bangladesh completed the ten countries with the highest inflation rates, with rates ranging from 10.0% to 14.6%.

Several of these economies also ranked among the countries experiencing the highest inflation globally. Seven OIC countries were among the 20 highest-inflation economies with available data worldwide in 2025: Sudan, Iran, Türkiye, Nigeria, Yemen, Egypt and Lebanon. Sudan recorded the second-highest rate globally, while Iran and Türkiye ranked fifth and seventh, respectively. This concentration of several large OIC economies among the highest-inflation countries in the world contributes significantly to the elevated OIC aggregate.

Figure 2.12: Highest and Lowest Inflation Rates in OIC Countries, 2025 (%)



Source: IMF, World Economic Outlook (WEO) Dataset, April 2026.
Note: Inflation refers to the annual average change in the consumer price index (CPI). Data are available for 56 OIC countries, excluding Syria.

Indeed, the broader country distribution shows that high inflation is far from a generalised condition across OIC membership. Of the 56 OIC countries with available data, only 19 recorded inflation above the global average of 4.1% in 2025, while 37 remained below it. Only seven countries exceeded the OIC aggregate rate of 12.0%. At the lower end of the distribution, six countries recorded deflation: Niger, Chad, Burkina Faso, Djibouti, Brunei Darussalam and Bahrain, while inflation remained below 1% in Côte d'Ivoire, Iraq, Togo, Qatar, Morocco and Guinea-Bissau. This distribution indicates that the relatively high OIC aggregate is driven by exceptionally high inflation in a limited number of countries, particularly those with relatively large economic weights, rather than by uniformly high inflation across the membership.

The country data also point to a broad easing of inflation between 2024 and 2025. Inflation declined in 39 of the 56 OIC countries, including several economies that had experienced particularly elevated rates in the preceding year. The largest

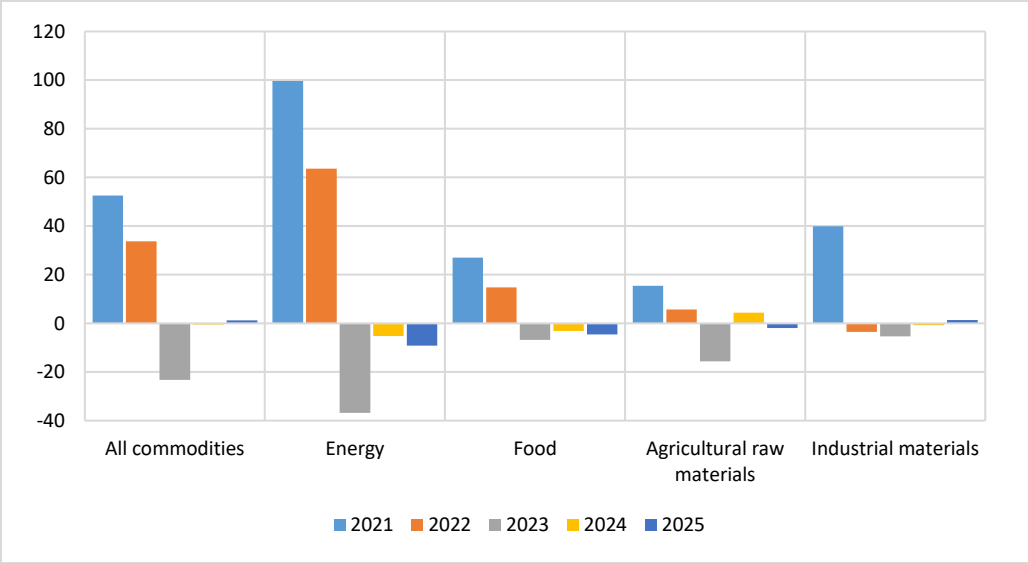
reductions were recorded in Sudan, where inflation fell from 185.7% to 100.2%, followed by Palestine (53.7% to 10.5%), Lebanon (45.2% to 14.6%), Türkiye (58.5% to 34.9%), Sierra Leone (28.4% to 7.6%) and Pakistan (23.4% to 4.5%). Inflation also declined substantially in Egypt and Nigeria. Iran was a notable exception among the highest-inflation economies, with its rate increasing from 32.5% in 2024 to 50.9% in 2025.

It is also worth noting that the persistence of high inflation differs substantially across countries. Six OIC countries (Iran, Lebanon, Nigeria, Sudan, Türkiye and Yemen) recorded double-digit inflation throughout the five-year period under review, from 2021 to 2025. In several other countries, elevated inflation was concentrated in particular years and subsequently eased more substantially. This distinction is important because persistent inflation can become more deeply embedded in price-setting behaviour and expectations, while temporary price surges may reflect more limited and identifiable external or domestic shocks.

2.2.3 Drivers and Risks to the Inflation Outlook

The wide cross-country differences documented above indicate that inflation in OIC countries cannot be explained by a common external shock alone. Exposure to imported food and energy, exchange-rate movements, domestic production and supply capacity, demand conditions, and monetary and fiscal policy settings all influence the extent to which price shocks are transmitted to consumers. These factors also affect whether an initial shock remains temporary or becomes embedded in broader price-setting behaviour and inflation expectations.

Figure 2.13: Annual Change in Global Commodity Price Indices, 2021–2025 (%)



Source: SESRIC staff calculations based on IMF, World Economic Outlook (WEO) Dataset, April 2026.

Global commodity markets have nevertheless been an important source of external price pressure in recent years. These pressures were already pronounced in 2021, when energy prices increased by 99.6%, the overall commodity price index by 52.6%, industrial materials by 39.9%, and food by 27.0%. The increases continued in 2022, led again by energy prices, which rose by a further 63.6%. Food prices increased by 14.8%, contributing to a 33.7% rise in the overall commodity index, even as industrial-material prices declined slightly by 3.6% (*Figure 2.13*).

The direction changed markedly in 2023. Energy prices fell by 36.7%, while the overall commodity index declined by 23.3%. Prices of agricultural raw materials, food, and industrial materials also decreased, by 15.6%, 6.8%, and 5.3%, respectively. Price movements became considerably more moderate thereafter. Energy and food prices continued to fall in 2024 and 2025, with declines of 9.1% and 4.6%, respectively, in 2025. By contrast, industrial-material prices and the overall commodity index increased marginally, by 1.3% each. The broad easing in energy and food prices during 2023–2025 therefore supported the global disinflation and provided a more favourable external environment for OIC economies, although the extent of domestic pass-through varied considerably (IMF, 2026a).

The more favourable commodity-price environment observed through 2025 did not, however, eliminate the risk of renewed external price pressures. The 2026 outlook across successive IMF forecast vintages clearly reflected the emergence of new commodity-market risks. Expectations shifted from declining or relatively moderate price increases for several commodities towards significantly higher increases in the latest projections (*Table 2.1*). The July 2026 WEO Update (IMF, 2026b), based on market pricing as of 10 June 2026, projected markedly higher energy, food and other commodity prices than had been expected earlier in the year.

Table 2.1: Evolution of IMF Commodity Price Growth Projections for 2026 across Forecast Vintages (%)

Commodity	Jan. 2026 WEO *Update* (as of Nov. 20, 2025)	Apr. 2026 WEO: Pre-conflict forecasts (as of Feb. 11, 2026)	Apr. 2026 WEO: Reference forecasts (as of Mar. 12, 2026)	July 2026 WEO *Update* (as of Jun. 10, 2026)
Crude oil	-8.5	-4.5	21.6	31.7
Natural gas	-7.2	-8.3	16.6	21.7
Food	0.6	2.7	6.0	7.8
Agricultural raw materials	0.6	-4.4	1.3	8.1
Fertilisers	5.8	-0.9	12.2	25.6
Base metals	4.2	15.2	18.9	22.9
Precious metals	23.4	46.3	56.2	37.8

Source: Adapted from IMF, World Economic Outlook Update, July 2026: Global Economy in Crosscurrents of War and Technology.
Note: Figures show projected changes in commodity prices in 2026 relative to 2025.

The changes across forecast vintages are particularly pronounced for energy. Between the January and July projections, the outlook for crude oil shifted from an expected 8.5% decline to a 31.7% increase, while natural gas moved from a projected 7.2% decline to a 21.7% increase. The expected rise in fertiliser prices also increased substantially, from 5.8% to 25.6%, while projected food-price growth rose from 0.6% to 7.8%. Agricultural raw materials and base metals underwent sizeable upward revisions as well. Precious metals were an exception to this pattern: their projected increase remained substantial in July, at 37.8%, but was lower than the 56.2% increase assumed under the April reference forecast. These revisions underline the uncertainty surrounding the 2026 inflation outlook and the sensitivity of the disinflation path to developments in energy, food and other input markets. The IMF also links the higher 2026 food-price outlook partly to increased energy and fertiliser costs and more expensive transport.

Changes in global benchmark prices do not translate uniformly into domestic inflation. Import costs can differ according to commodity type and source, transportation costs and contractual arrangements, while taxes, subsidies and market regulation influence the extent of pass-through to consumer prices. The IMF's July assessment likewise highlights substantial cross-country variation in the transmission of recent energy-price increases. For OIC countries, these differences are particularly relevant given the diversity of their economic structures. Economies that rely heavily on imported food and energy can be more directly exposed to global price increases, while exchange-rate depreciation can further raise the domestic-currency cost of imported goods and intermediate inputs. Domestic supply constraints and disruptions to production or distribution can amplify these effects. Conversely, stronger local supply capacity, diversified sources of critical imports and adequate policy buffers can help reduce the pass-through from external shocks.

The same external shock can therefore produce very different inflation outcomes across OIC countries. Higher energy prices may directly raise household energy and transport costs and indirectly affect a much wider range of goods and services through production and distribution costs. Higher energy and fertiliser prices can also feed into food prices. Whether such increases translate into more persistent inflation depends on domestic demand conditions, exchange-rate developments, the credibility and response of macroeconomic policies, and the extent to which inflation expectations and broader price-setting behaviour adjust. The IMF expects the temporary increase in global inflation in 2026 to be driven mainly by higher energy and food prices, while stressing that inflation dynamics will remain uneven because of differences in exchange-rate pass-through and other country-specific factors.

Risks to the inflation outlook remain significant in both directions. Further disruptions to commodity production, transportation or global supply chains could

intensify energy and input-price pressures. Lower inventories could magnify the impact of additional supply shortages, while restrictions affecting critical intermediate goods could create new bottlenecks and raise production costs. Higher energy and fertiliser prices could place additional pressure on food prices, with potentially greater consequences for lower-income and import-dependent economies. Conversely, faster normalisation of energy markets and commodity prices below current baseline assumptions would support a quicker decline in inflation.

The substantial variation in inflation rates, persistence and exposure to external shocks across OIC countries suggests that policy responses should be appropriately differentiated rather than uniform. Where high inflation has become persistent or inflation expectations are at risk of becoming less firmly anchored, credible monetary and fiscal frameworks remain central to restoring price stability. Where price pressures arise predominantly from temporary external supply shocks, policy responses need to balance price stability with their effects on economic activity and household purchasing power. Fiscal support, where needed, is more effective when it is temporary and well targeted, while broad subsidies, tax reductions or price controls can be costly and difficult to unwind. Over the longer term, strengthening domestic food and energy supply, improving energy efficiency and supply-chain resilience, and diversifying sources of critical imports can reduce vulnerability to recurring external price shocks (IMF, 2026b).

2.3 Fiscal Developments

Fiscal policy shapes the resources available for public services and investment and governments' capacity to respond to economic and social shocks. Developments in government revenue and expenditure determine the fiscal balance and, where expenditure exceeds revenue, the resulting financing requirement. Tracking these components therefore provides a useful indication of how public finances are evolving.

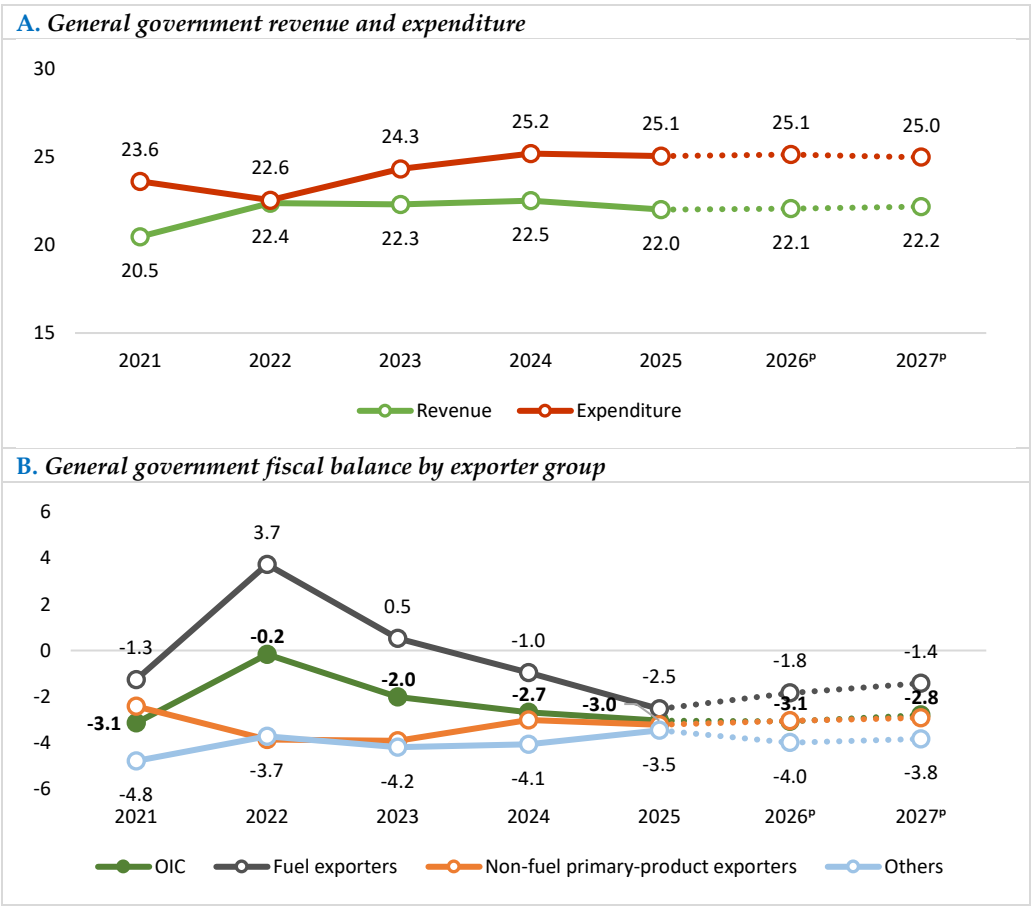
Recent years have brought a more demanding environment for public finances, with elevated borrowing costs, persistent expenditure needs, commodity-price volatility and geopolitical disruptions adding to existing pressures. Their effects, however, differ considerably across OIC countries because revenue structures, exposure to commodity markets, debt burdens and financing conditions vary widely. Aggregate movements may therefore reflect quite different underlying developments across countries.

Against this background, the section examines recent changes in general government revenue, expenditure and fiscal balances in OIC countries, differences across exporter groups and individual economies, and the relationship between headline fiscal balances and existing public debt positions.

2.3.1 Revenue, Expenditure and Fiscal Balance

The aggregate fiscal balance of OIC countries improved markedly in 2022 before deficits widened again over the following years. The general government deficit narrowed from 3.1% of GDP in 2021 to just 0.2% in 2022, but subsequently increased to 2.0% in 2023, 2.7% in 2024 and 3.0% in 2025 (*Figure 2.14*). The initial improvement was therefore short-lived, with the aggregate fiscal position gradually returning to a deficit of similar magnitude to that recorded in 2021. This pattern reflects changes on both sides of the fiscal accounts and, importantly, considerable differences across groups of OIC countries.

Figure 2.14: General Government Revenue, Expenditure and Fiscal Balance in OIC Countries, 2021–2027 (% of GDP)



Source: SESRIC staff calculations based on IMF, World Economic Outlook (WEO) Dataset, April 2026.
Note: p = projection. Fiscal balance refers to general government net lending (+) / net borrowing (–).The fuel-exporter and non-fuel primary-product-exporter groups follow the IMF (2026a) classification by main source of export earnings. The remaining OIC members are grouped as other OIC countries for the purposes of this report. See Annex A for details. Syria is excluded throughout the period due to unavailable data. Palestine is additionally excluded from 2025–2027, while Afghanistan and Lebanon are excluded from 2026–2027 due to unavailable data. These three countries together account for about 0.7% of OIC GDP, and the resulting change in country coverage has only a marginal effect on the OIC aggregates.

The sharp improvement in 2022 coincided with an increase in aggregate government revenue from 20.5% to 22.4% of GDP and a decline in expenditure from 23.6% to 22.6% (*Figure 2.14.A*). Thereafter, revenue remained broadly stable at around 22% of GDP, while expenditure increased to 24.3% in 2023 and 25.2% in 2024, remaining close to that level in 2025. The widening of the deficit after 2022 was therefore driven primarily by expenditure remaining above its pre-2022 level, while revenue failed to increase sufficiently to offset the higher spending ratio.

The group-level results show that the near-balanced OIC position in 2022 was closely associated with developments among fuel-exporting countries (*Figure 2.14.B*). Their aggregate fiscal position moved from a deficit of 1.3% of GDP in 2021 to a surplus of 3.7% in 2022, before moderating to a surplus of 0.5% in 2023 and returning to deficits of 1.0% in 2024 and 2.5% in 2025. The improvement in 2022 was not broadly shared across OIC countries but was strongly influenced by the fiscal turnaround among fuel exporters, whose revenues benefited from favourable commodity-market conditions. The subsequent reversal of their fiscal position also contributed importantly to the widening of the overall OIC deficit after 2022.

Fiscal balances among the other groups followed different and generally less volatile paths. Non-fuel primary-product exporters recorded deficits throughout the period, widening from 2.4% of GDP in 2021 to 3.9% in both 2022 and 2023, before narrowing to around 3% in 2024–2025. The other OIC countries also remained in deficit throughout, although their position improved from 4.8% of GDP in 2021 to 3.5% in 2025. These differences indicate that the aggregate OIC fiscal trend reflects distinct underlying fiscal structures and exposures rather than a common trajectory across the membership.

The outlook points to broad stability followed by modest improvement. The aggregate OIC deficit is projected to remain close to its 2025 level at 3.1% of GDP in 2026, before narrowing to 2.8% in 2027. Among fuel exporters, the deficit is projected to decline from 2.5% in 2025 to 1.8% in 2026 and 1.4% in 2027. Non-fuel primary-product exporters are expected to remain close to a deficit of 3%, while the deficit among other OIC countries is projected to widen temporarily to 4.0% in 2026 before easing slightly to 3.8% in 2027. The projections therefore suggest that fiscal consolidation at the aggregate OIC level is likely to be gradual, with sizeable deficits persisting across most country groups.

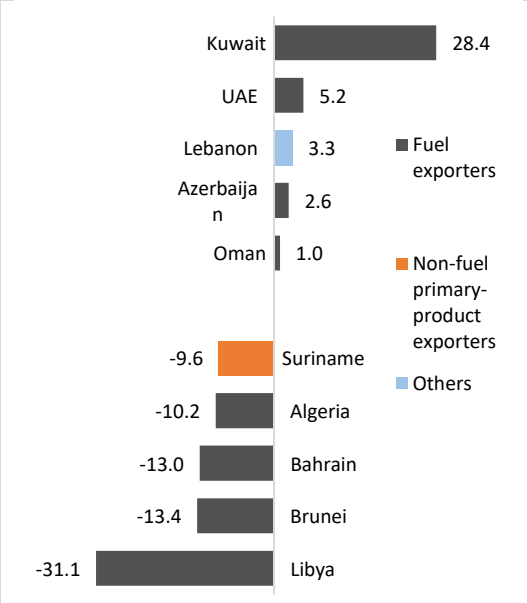
2.3.2 Fiscal Positions across OIC Countries

In 2025, only six OIC countries recorded a fiscal surplus, while the remaining 49 countries with available data were in deficit. Kuwait recorded by far the largest surplus, at 28.4% of GDP, followed by the United Arab Emirates (5.2%), Lebanon (3.3%), Azerbaijan (2.6%) and Oman (1.0%) (*Figure 2.15*). Turkmenistan was the only other country in surplus, at 0.1% of GDP.

At the opposite end, Libya recorded the largest fiscal deficit, equivalent to 31.1% of GDP. Deficits also exceeded 10% of GDP in Brunei Darussalam (13.4%), Bahrain (13.0%) and Algeria (10.2%), while Suriname recorded a deficit of 9.6%. The simultaneous presence of fuel exporters at both ends of the distribution is particularly notable: four of the five largest surpluses and four of the five largest deficits were recorded among fuel-exporting OIC countries. This suggests that fuel-exporter status alone is insufficient to explain fiscal outcomes. Commodity revenues can strengthen fiscal positions when prices and production conditions are favourable, but the overall outcome also depends on expenditure commitments, fiscal rules, production levels and country-specific policy choices.

Changes from 2024 also differed substantially across countries. Among the 55 OIC countries with data for both years, fiscal balances improved in 31 and deteriorated in 24. This is noteworthy because the aggregate OIC deficit nevertheless widened from 2.7% to 3.0% of GDP, indicating that the aggregate movement was influenced by the magnitude and economic weight of changes in particular countries rather than by a broad-based deterioration across the membership. Some of the largest improvements were recorded in the Maldives, Senegal, Algeria, Togo, and Lebanon, while Suriname, Gabon, and Libya experienced particularly large deteriorations.

Figure 2.15: Highest Fiscal Surpluses and Largest Fiscal Deficits in OIC Countries, 2025 (% of GDP)



Source: SESRIC staff calculations based on IMF, World Economic Outlook (WEO) Dataset, April 2026. Note: Fiscal balance refers to general government net lending (+) / net borrowing (–). The fuel-exporter and non-fuel primary-product-exporter groups follow the IMF (2026a) classification by main source of export earnings. The remaining OIC members are grouped as other OIC countries for the purposes of this report. See Annex A for details. Data are available for 55 OIC countries in 2025, excluding Syria and Palestine.

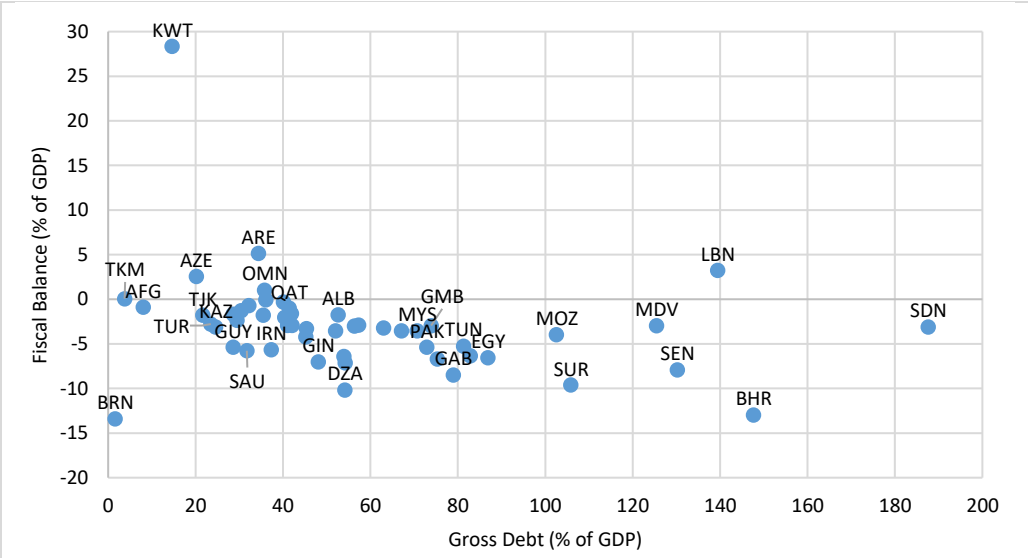
The country-level results also underline the importance of considering the headline fiscal balance alongside the broader condition of public finances. Countries recording similar deficits can enter the year with very different levels of government debt, while sizeable deficits can occur in both low- and high-debt economies. The relationship between these two indicators provides a more complete perspective on the fiscal vulnerabilities.

2.3.3 Fiscal Balances in the Context of Public Debt

The fiscal balance captures the annual difference between government revenue and expenditure, while public debt reflects liabilities accumulated over time. Considering the two together provides additional context for the country-level results presented above. In 2025, gross government debt among OIC countries with available data ranged from 1.5% of GDP in Brunei Darussalam to 187.6% in Sudan, alongside similarly wide differences in fiscal balances (*Figure 2.16*).

The distribution shows that comparable fiscal balances can be associated with very different debt positions, and vice versa. Brunei Darussalam, for example, recorded

Figure 2.16: General Government Gross Debt and Fiscal Balance in OIC Countries, 2025



Source: SESRIC staff calculations based on IMF, World Economic Outlook (WEO) Dataset, April 2026.
Note: Fiscal balance refers to general government net lending (+) / net borrowing (–). Gross debt refers to general government gross debt. Data are available for 52 OIC countries. Libya, Palestine, Somalia, Syria, and Yemen are excluded due to unavailable 2025 data for one or both indicators.

one of the largest fiscal deficits in the OIC, at 13.4% of GDP, while its gross government debt amounted to only 1.5% of GDP. Bahrain recorded a similar deficit of 13.0%, but with debt equivalent to 147.6% of GDP. A comparable contrast is visible among countries in surplus. Kuwait combined the highest fiscal surplus, at 28.4% of GDP, with debt of 14.6%, whereas Lebanon recorded a surplus of 3.3% alongside debt of 139.4% of GDP.

High debt levels were also associated with quite different current fiscal positions. In addition to Bahrain and Lebanon, gross government debt exceeded 100% of GDP in Sudan, Senegal, Maldives, Suriname and Mozambique. Their fiscal balances ranged from a deficit of 2.9% of GDP in Maldives to 9.6% in Suriname, while Sudan, despite

having the highest debt ratio among the countries covered, recorded a deficit of 3.1%. This variation confirms that the current fiscal balance does not provide a direct indication of the accumulated debt burden or of the overall degree of fiscal vulnerability.

This comparison shows that similar annual deficits can coexist with very different debt burdens, while high debt does not necessarily imply the same current fiscal pressure across countries. The combination of these two indicators therefore provides a more informative view of recent fiscal conditions across OIC countries than either measure considered on its own.

2.4 Concluding Remarks and Policy Implications

The findings of this chapter point to a macroeconomic environment in which recent improvements coexist with persistent and uneven policy challenges. Labour market conditions have generally strengthened and inflationary pressures have eased, while fiscal developments have been more mixed. Yet these aggregate trends provide only a partial picture: substantial differences remain across OIC countries in labour-market performance, inflation dynamics, fiscal positions and the capacity to absorb shocks. This diversity is one of the chapter's main messages and argues for policy responses that are adapted to national circumstances rather than built around a common diagnosis.

Labour market developments underline the importance of turning the expanding labour potential of OIC countries into productive employment. Recent improvements in participation, employment and unemployment are encouraging, but progress has become more limited in recent years and important sources of underutilised labour remain. These are particularly visible in school-to-work transitions and women's participation in economic activity. The policy priority is therefore broader than job creation alone. Stronger links between education, skills and labour demand, together with effective employment services, practical work experience and measures that reduce barriers to labour-market participation, can help translate demographic potential into higher productivity and more sustainable growth. Rapid technological change further increases the importance of reskilling, lifelong learning and institutions capable of supporting workers through occupational transitions. For countries with rapidly growing working-age populations, accelerating the creation of productive jobs will be particularly important for converting demographic change into a growth dividend.

The inflation analysis likewise suggests that the recent disinflation process should be viewed as progress rather than as a complete normalisation of price conditions. The cumulative increase in prices remains significant, while inflation outcomes differ sharply across countries. External food and energy prices continue to matter, but their domestic effects depend on exchange rates, supply conditions and

macroeconomic policy settings. Accordingly, the appropriate response will differ between economies where inflation has become persistent and those where pressures are predominantly imported or temporary. Alongside credible macroeconomic policies, strengthening domestic supply capacity, improving supply-chain resilience, increasing energy efficiency and diversifying sources of critical imports can reduce vulnerability to recurring external shocks and support more durable price stability.

Fiscal developments add a further layer of complexity. The improvement observed earlier in the period was not sustained uniformly, and subsequent movements reflect very different experiences across exporter groups and individual countries. The comparison of fiscal balances with public debt also shows that the current financing requirement and the accumulated debt burden can differ substantially across countries. Fiscal conditions should therefore not be assessed against a single deficit benchmark. Strengthening revenue systems, improving the efficiency and prioritisation of expenditure and maintaining credible medium-term fiscal frameworks can support more sustainable public finances, while preserving productive investment and well-targeted social support where possible. For commodity-dependent economies in particular, periods of stronger revenues provide an opportunity to rebuild fiscal buffers, reduce procyclical spending and strengthen resilience to future commodity and external shocks.

These findings are closely connected. Stronger and more productive employment can support household incomes and the public revenue base. Greater price stability can protect purchasing power and provide a more predictable environment for investment. Sound public finances can preserve governments' capacity to sustain essential services, invest in productive capacity and respond when new shocks emerge. Conversely, persistent inflation, weak employment outcomes and limited fiscal space can reinforce one another, constraining both household welfare and the capacity of governments to support growth.

The policy objective is therefore broader than improving individual macroeconomic indicators. Productive employment, price stability, fiscal sustainability and the capacity to absorb external shocks need to reinforce one another. Given the considerable diversity of OIC economies, priorities and sequencing will necessarily differ, but stronger productive capacity, policy buffers and human capital provide common foundations for more durable macroeconomic stability.

OIC ECONOMIC OUTLOOK
2026

CHAPTER

3

External Sector Developments

External linkages are an important part of economic performance, connecting domestic production and demand with international markets, finance and cross-border flows. For OIC countries, trade in goods and services, the orientation of trade towards OIC and non-OIC partners, and current account developments together provide a broad picture of how member economies engage with the global economy and how these relationships shape their external positions.

These linkages differ considerably across the OIC membership. Economic size, resource endowments, productive structures, import needs and services capacity all influence the nature and intensity of external engagement. Some economies are closely tied to commodity and energy markets, while others rely more heavily on manufacturing, services or diversified trade relationships. Intra-OIC trade adds a further dimension by reflecting the extent to which member countries make use of markets and supply relationships within the OIC.

The chapter focuses mainly on developments during 2021–2025, with a longer or forward-looking perspective used where relevant and data permit. The analysis combines aggregate, country-group and country-level perspectives, while allowing for differences in data coverage across indicators. Detailed classifications and country groupings used in the analysis are provided in the relevant annex and figure notes.

External sector developments during the period have taken place against a changing international environment marked by fluctuations in commodity prices, evolving global trade conditions, geopolitical tensions and disruptions to major transport and energy routes. More recently, the conflict in the Middle East, centred on Iran and with significant repercussions across the Gulf states, has introduced additional uncertainty for energy markets, shipping and other cross-border activities. Against this background, the chapter examines international trade in goods and services, trade among OIC countries, and current account positions, with particular attention to the diversity of external structures and linkages across the OIC membership.

3.1 International Trade in Goods

Merchandise trade is a major channel through which economies access international markets, participate in production networks and secure intermediate and capital goods. Its scale and composition influence foreign-exchange earnings, productive capacity and exposure to changes in global demand, commodity prices and trade conditions. For OIC countries, these dimensions are particularly important given the diversity of their export structures, ranging from fuel- and primary-commodity exporters to economies with more diversified manufacturing and trade bases.

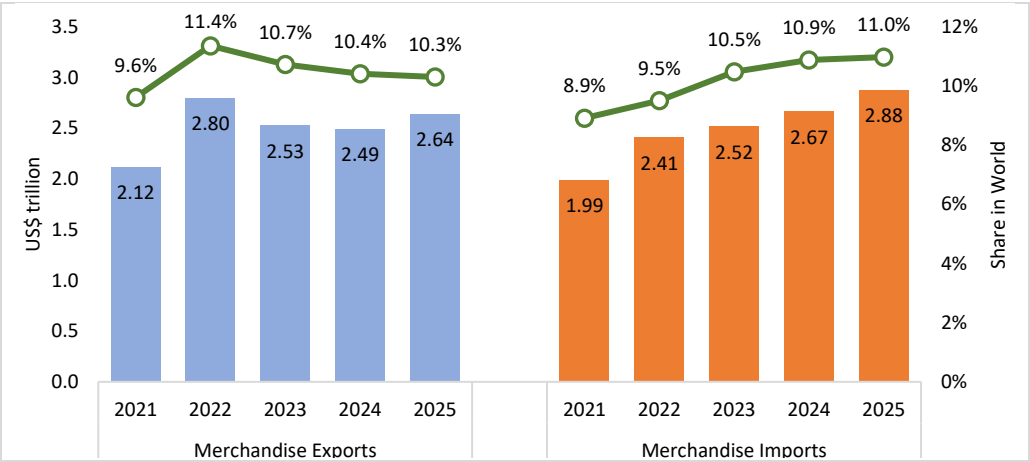
3.1.1 Recent Trends in Merchandise Trade

Global merchandise trade strengthened noticeably in 2025 following relatively modest growth in 2024. World merchandise exports increased by 6.9%, from

US$23.9 trillion in 2024 to US$25.6 trillion in 2025, while imports rose at a similar pace, from US$24.5 trillion to US$26.2 trillion.[4] This marked a clear recovery from the decline recorded in 2023 and lifted both export and import values above their previous peaks in 2022.

Merchandise trade of OIC countries also expanded in 2025. Exports increased by 5.9%, from US$2.49 trillion in 2024 to US$2.64 trillion in 2025, while imports grew faster, by 7.9%, from US$2.67 trillion to US$2.88 trillion. The OIC share of global merchandise exports declined gradually from a peak of 11.4% in 2022 to 10.3% in 2025, while its share of global imports increased from 8.9% in 2021 to 11.0% in 2025 (*Figure 3.1*). These contrasting trends indicate that OIC merchandise trade continued to expand in absolute terms, but import growth increasingly outpaced export growth over the period.

Figure 3.1: International Merchandise Trade of OIC Countries, 2021–2025



Source: SESRIC staff calculations based on IMF, International Trade in Goods (by partner country) (IMTS).

The expansion in OIC exports was relatively broad-based. A total of 38 member countries recorded increases in merchandise exports in 2025, with combined gains of US$207.7 billion. This amount was partly offset by declines totalling US$60.2 billion in the remaining 19 countries. The United Arab Emirates recorded the largest increase, at US$49.4 billion, followed by Malaysia (US$34.3 billion), Morocco (US$22.8 billion), Uzbekistan (US$21.4 billion) and Indonesia (US$15.2 billion). Together, these five countries accounted for 68.9% of the combined increase among countries with export growth. The largest declines were recorded in Qatar, Iraq and Algeria.

[4] At the global level, reported merchandise imports normally exceed reported exports because imports are generally valued on a CIF basis, including freight and insurance costs to the importing country's border, whereas exports are generally valued on an FOB basis, excluding those costs beyond the exporter's border. Additional discrepancies may arise from differences in timing, country attribution, trade systems, classification and data coverage. The gap between global exports and imports therefore reflects statistical and valuation asymmetries and should not be interpreted as a global trade deficit.

Import growth was even more widespread. Merchandise imports increased in 47 OIC countries by a combined US$251.6 billion, against declines totalling US$39.9 billion in ten countries. Malaysia recorded the largest increase, at US$38.8 billion, followed by Saudi Arabia (US$31.6 billion), Morocco (US$26.8 billion), the United Arab Emirates (US$26.4 billion) and Türkiye (US$21.4 billion). Together, these five economies accounted for 57.6% of the combined increase among countries with rising imports. The largest reductions occurred in Nigeria, Palestine, Iran and Egypt.

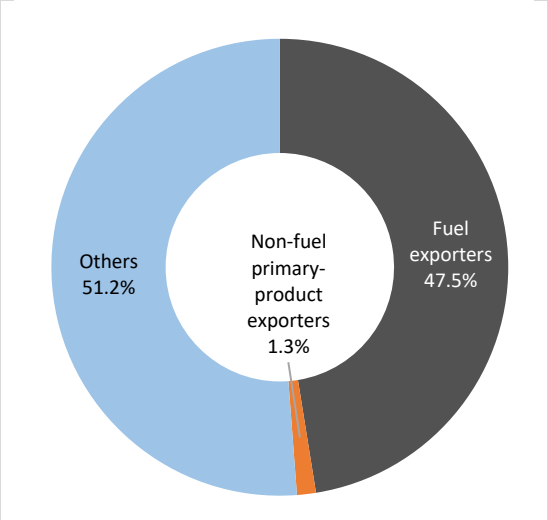
3.1.2 Export Structure and Major Traders

Beyond changes in trade values, the composition of OIC merchandise exports remains an important structural consideration. Several major exporters continue to derive a large share of their export earnings from fuels and other primary commodities, leaving their external revenues particularly sensitive to commodity-market developments.

Based on the IMF classification by source of export earnings,[5] the 18 fuel-exporting OIC countries accounted for 47.5% of total OIC merchandise exports in 2025 (*Figure 3.2*). This does not represent the share of fuels themselves in OIC exports; rather, it shows the contribution of economies in which fuels constitute the dominant source of merchandise export earnings. OIC countries classified as non-fuel primary-product exporters accounted for 1.3% of total exports, while the remaining 51.2% originated in economies outside these two commodity-dependent groups.

The distribution highlights an important distinction between export concentration and commodity dependence. More than half of OIC merchandise exports originated in economies outside the two

Figure 3.2: Distribution of OIC Merchandise Exports by Exporter Group, 2025



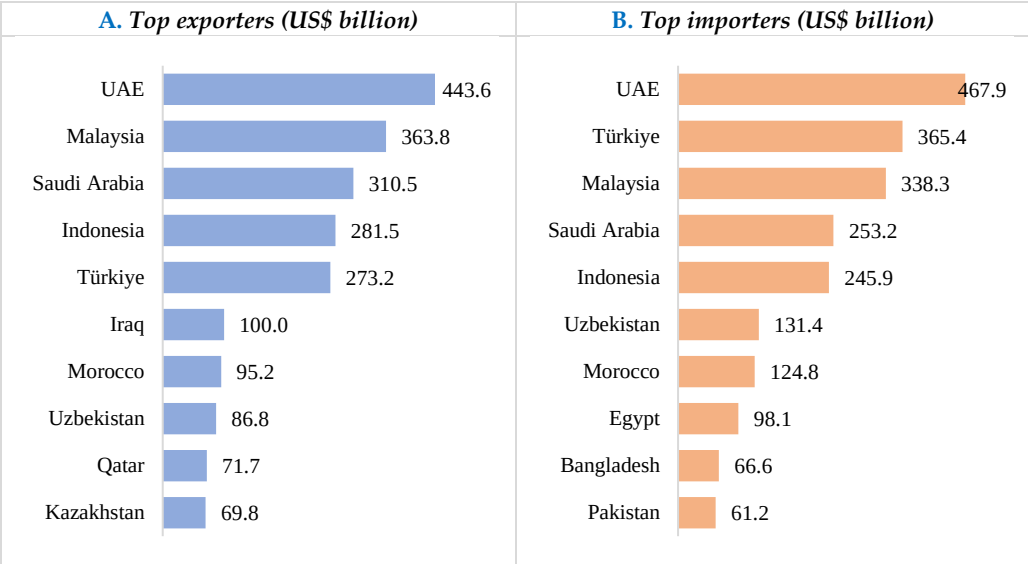
Source: SESRIC staff calculations based on IMF, International Trade in Goods (by partner country) (IMTS).

Note: The fuel-exporter and non-fuel primary-product-exporter groups follow the IMF (2026a) classification by main source of export earnings. The remaining OIC members are grouped as other OIC countries for the purposes of this report. See Annex A for details.

[5] See Annex A for the classification methodology and the composition of OIC country groups by main source of export earnings.

commodity-dependent groups, demonstrating the significant contribution of countries without a dominant fuel or non-fuel primary-product export base. At the same time, the continued weight of fuel-exporting economies means that changes in global energy demand and prices can have a substantial impact on aggregate OIC export revenues and trade balances. Greater product and market diversification, together with higher domestic value addition, would therefore help broaden the sources of export earnings and reduce exposure to commodity cycles.

Figure 3.3: Major OIC Countries in International Merchandise Trade, 2025



Source: SESRIC staff calculations based on IMF, International Trade in Goods (by partner country) (IMTS).

Merchandise exports were also concentrated among a relatively small number of member countries. The five largest exporters accounted for 63.4% of total OIC merchandise exports in 2025, while the ten largest accounted for 79.4%. The United Arab Emirates was the leading exporter, with US$443.6 billion, followed by Malaysia (US$363.8 billion), Saudi Arabia (US$310.5 billion), Indonesia (US$281.5 billion) and Türkiye (US$273.2 billion). Iraq, Morocco, Uzbekistan, Qatar and Kazakhstan completed the top ten (*Figure 3.3.A*). The presence of Malaysia, Indonesia and Türkiye alongside major hydrocarbon exporters illustrates the different productive and trade structures underlying the OIC's leading export positions.

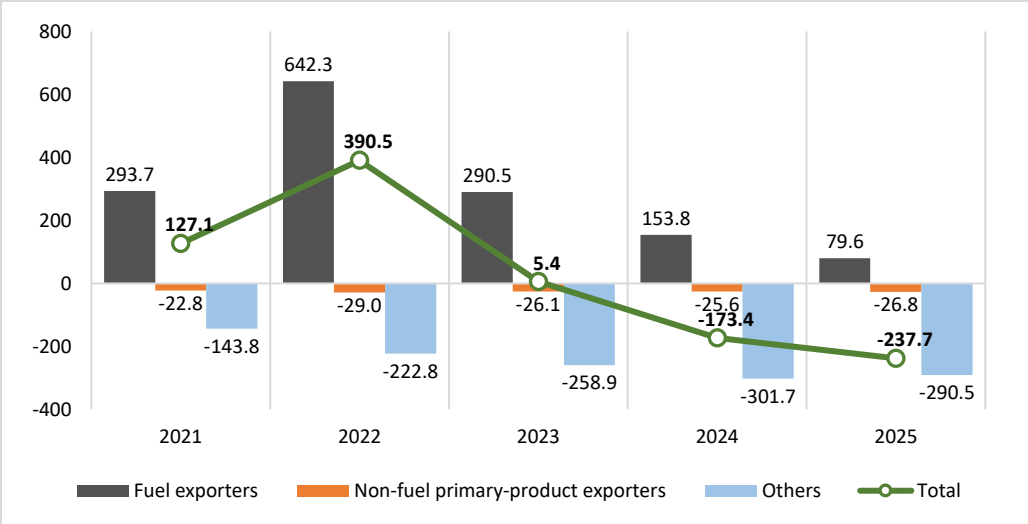
Merchandise imports were similarly concentrated. The United Arab Emirates remained the largest OIC importer at US$467.9 billion, followed by Türkiye, Malaysia, Saudi Arabia and Indonesia. Together, these five economies accounted for 58.1% of OIC merchandise imports, while the ten largest represented 74.8% of the total (*Figure 3.3.B*).

3.1.3 Merchandise Trade Balances

The merchandise trade balance of OIC countries changed markedly during 2021–2025, largely reflecting developments among fuel-exporting members. The aggregate surplus increased from US$127.1 billion in 2021 to US$390.5 billion in 2022, before narrowing sharply to US$5.4 billion in 2023 and shifting to deficits of US$173.4 billion in 2024 and US$237.7 billion in 2025 (*Figure 3.4*).

This reversal was driven primarily by the contraction in the combined surplus of fuel-exporting OIC countries, which fell from US$642.3 billion in 2022 to US$79.6 billion in 2025. Non-fuel primary-product exporters remained in a relatively small and stable deficit throughout the period, while the deficit of other OIC countries widened substantially, from US$143.8 billion in 2021 to US$290.5 billion in 2025. Consequently, the surplus generated by fuel exporters was sufficient to offset the deficits of the other groups through 2023, but no longer did so in 2024 and 2025.

Figure 3.4: Merchandise Trade Balance of OIC Countries by Exporter Group, 2021–2025 (US$ billion)



Source: SESRIC staff calculations based on IMF, International Trade in Goods (by partner country) (IMTS).
Note: The fuel-exporter and non-fuel primary-product-exporter groups follow the IMF (2026a) classification by main source of export earnings. The remaining OIC members are grouped as other OIC countries for the purposes of this report. See Annex A for details.

Country-level outcomes further illustrate this diversity. Seventeen OIC countries recorded merchandise trade surpluses in 2025. Saudi Arabia posted the largest surplus, at US$57.3 billion, followed by Qatar (US$40.8 billion), Iraq (US$40.7 billion), Indonesia (US$35.6 billion), Nigeria (US$26.5 billion) and Malaysia (US$25.5 billion). The sizeable surpluses of Indonesia and Malaysia show that strong merchandise trade positions were not confined to fuel-exporting economies. At the other end of the spectrum, Türkiye recorded the largest deficit, at US$92.2 billion, followed by Egypt, Uzbekistan, Kuwait and Iran.

The recent conflict in the Middle East, centred on Iran and with significant repercussions across the Gulf states, has added substantial uncertainty to the merchandise trade outlook, particularly for fuel-exporting countries. Higher energy prices may increase export revenues for producers able to maintain production and access to shipping routes. At the same time, disruptions to oil and gas production or transport through the Strait of Hormuz could reduce export volumes, delay deliveries and raise freight and insurance costs (UNCTAD, 2026). As discussed in *Section 2.2.3*, the IMF projects oil prices to increase by about 32% in 2026 because of disruptions to production and transportation in the Middle East. The effects are therefore likely to vary across countries, while a prolonged disruption could also weaken global demand and raise transport costs for non-fuel exporters.

3.2 International Trade in Services

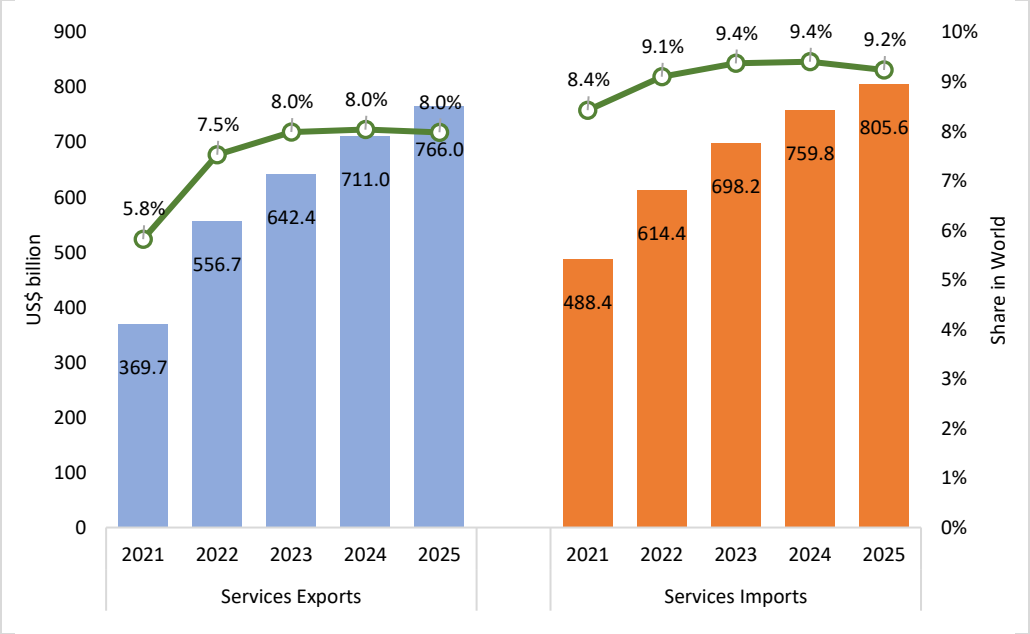
Commercial services have become an increasingly important component of international trade, supporting connectivity, production, technology exchange and the movement of people and knowledge. They encompass transport and travel as well as construction, financial, insurance, telecommunications, information technology and other business services. For OIC countries, services trade provides an important channel for diversifying external earnings beyond merchandise exports and for strengthening participation in increasingly service-intensive regional and global value chains.

3.2.1 Recent Trends and Major Services Traders

Global commercial services trade continued to expand strongly in 2025. Reported world services exports increased by 8.4%, from US$8.85 trillion in 2024 to US$9.59 trillion in 2025, while reported imports rose by 7.9%, from US$8.08 trillion to US$8.72 trillion.[6] Commercial services trade of OIC countries also maintained its upward trend. Exports increased by 7.7%, from US$711.0 billion in 2024 to US$766.0 billion in 2025, while imports rose by 6.0%, from US$759.8 billion to US$805.6 billion. The OIC share of global services exports remained broadly stable at 8.0%, whereas its share of global imports declined slightly from 9.4% to 9.2% (*Figure 3.5*). The stronger increase in exports than imports in 2025 contributed to a further narrowing of the OIC services trade deficit.

[6] At the global level, services exports and imports should theoretically be equal. In practice, significant statistical asymmetries arise because international trade in services is more difficult to measure than merchandise trade and because countries differ in data coverage, collection methods, classification, timing and estimation practices. The difference between reported global services exports and imports should therefore not be interpreted as a global services trade surplus.

Figure 3.5: International Trade in Commercial Services of OIC Countries, 2021–2025



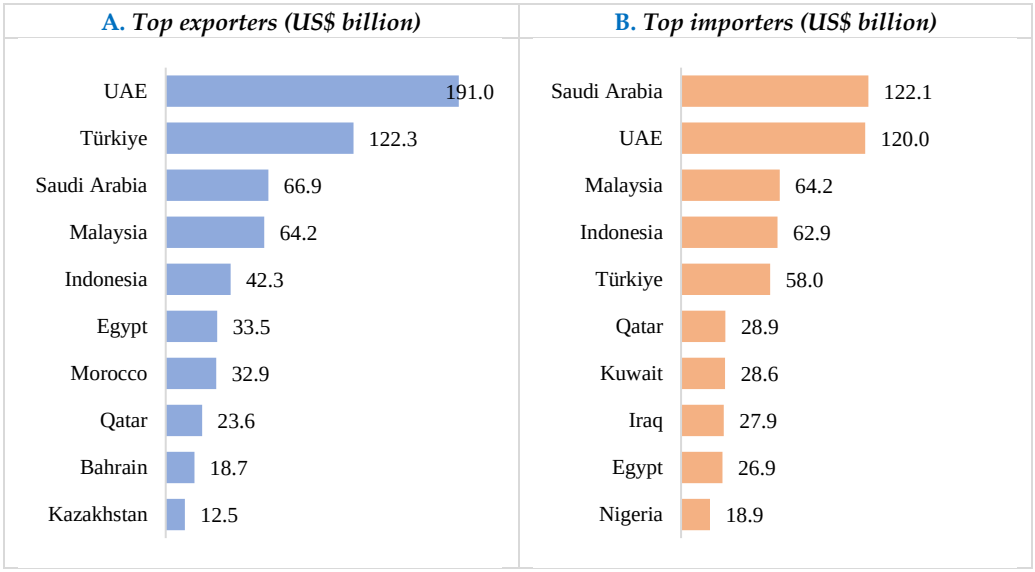
Source: SESRIC staff calculations based on World Trade Organization, WTOStats Database.

Among the 49 OIC countries with comparable country-level data for 2024 and 2025,[7] 42 recorded increases in services exports, amounting to a combined US$64.7 billion. The United Arab Emirates recorded the largest increase, at US$11.4 billion, followed by Malaysia (US$10.9 billion), Saudi Arabia (US$6.5 billion), Türkiye (US$5.5 billion) and Morocco (US$5.2 billion). Together, these five countries accounted for 61.0% of the combined increase. Egypt, Indonesia and Uzbekistan also recorded sizeable gains. Services exports declined in only seven countries with comparable data. Qatar accounted for almost all of the combined reduction, with its exports falling by US$6.0 billion, or 20.3%, to US$23.6 billion. Declines in the other six countries were each below US$30 million.

Services imports increased in 42 out of the same set of countries with available data, with combined gains of US$53.2 billion. Malaysia recorded the largest increase, at US$8.1 billion, followed by Indonesia (US$5.4 billion), Saudi Arabia (US$5.0 billion), the United Arab Emirates (US$4.9 billion) and Türkiye (US$3.4 billion). Together, these five economies accounted for 50.2% of the combined increase. Imports declined in seven countries, by a total of US$5.8 billion, with Qatar and Iraq accounting for most of the reduction.

[7] Data were unavailable for Cameroon, Guyana, Iran, Palestine, Somalia, Syria, Turkmenistan and Yemen.

Figure 3.6: Major OIC Countries in International Trade in Commercial Services, 2025



Source: SESRIC staff calculations based on World Trade Organization, WTOStats Database.
Note: Data for 2025 are unavailable for Cameroon, Iran, Palestine, Somalia, Syria, Turkmenistan, and Yemen.

Commercial services trade remained concentrated among a relatively small number of member countries. The United Arab Emirates was the leading OIC services exporter in 2025, with US$191.0 billion, equivalent to around one-quarter of the OIC total. It was followed by Türkiye (US$122.3 billion), Saudi Arabia (US$66.9 billion), Malaysia (US$64.2 billion) and Indonesia (US$42.3 billion) (*Figure 3.6.A*). The two largest exporters alone accounted for 40.9% of total OIC services exports, while the top ten accounted for 79.4%.

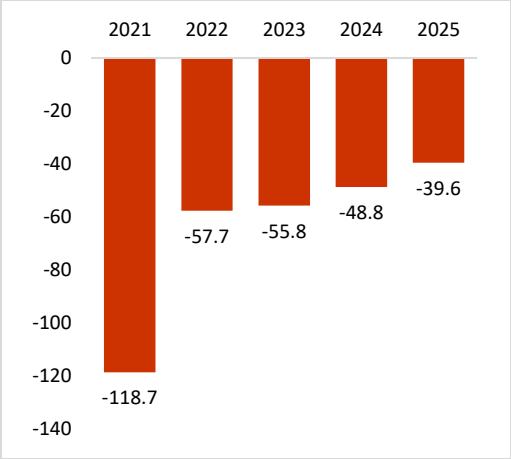
On the import side, Saudi Arabia ranked first with US$122.1 billion, narrowly ahead of the United Arab Emirates at US$120.0 billion. Malaysia, Indonesia and Türkiye followed, each with about US$58-64 billion (*Figure 3.6.B*). The five largest services importers accounted for 53.0% of the OIC total, while the top ten represented 69.3%. Compared with exports, the somewhat lower concentration of imports indicates that demand for commercial services is distributed across a broader group of OIC economies.

3.2.2 Services Trade Balances

OIC countries remained net importers of commercial services throughout 2021–2025, although the aggregate deficit narrowed substantially over the period. It declined from US$118.7 billion in 2021 to US$57.7 billion in 2022, remained broadly stable in 2023, and narrowed further to US$48.8 billion in 2024 and US$39.6 billion in 2025 (*Figure 3.7*). The improvement reflects the faster expansion of OIC services exports relative to imports in recent years.

The narrowing of the deficit in 2025 was supported by improvements across several major services traders. The United Arab Emirates recorded the largest improvement in its services trade balance, at US$6.5 billion, followed by Egypt (US$3.3 billion), Iraq (US$2.9 billion), Malaysia and Morocco (US$2.8 billion each) and Türkiye (US$2.1 billion). By contrast, the balance deteriorated most notably in Qatar and Indonesia, partly offsetting these gains.

Figure 3.7: Commercial Services Trade Balance of OIC Countries, 2021–2025



Source: SESRIC staff calculations based on World Trade Organization, WTOStats Database.

Country-level positions nevertheless differed considerably. The United Arab Emirates and Türkiye recorded the largest services trade surpluses in 2025, at US$71.0 billion and US$64.3 billion, respectively. Morocco also registered a sizeable surplus of US$17.8 billion, followed by Tunisia, Egypt and Bahrain. By contrast, Saudi Arabia recorded the largest services trade deficit, at US$55.2 billion, followed by Indonesia (US$20.6 billion), Iraq (US$16.8 billion), Kuwait (US$16.5 billion) and Nigeria (US$14.4 billion). Malaysia's services trade was almost balanced.

These services balances can materially alter the broader trade positions of individual OIC economies. In the United Arab Emirates, the services surplus more than offset the merchandise trade deficit in 2025, while in Türkiye it substantially reduced the overall trade deficit. Conversely, services deficits absorbed a sizeable part of the merchandise surpluses recorded by Saudi Arabia and Indonesia. Merchandise and services trade should therefore be considered together when assessing the external trade position of member countries, as economies with similar merchandise balances may have substantially different overall trade outcomes once services are taken into account.

3.3 Intra-OIC Merchandise Trade

Trade among OIC countries (intra-OIC trade) provides an important channel for expanding market access, developing regional supply relationships and reducing reliance on a limited number of external markets. Its development depends not only on the volume of goods exchanged, but also on the extent to which OIC countries supply one another's export and import needs.

Strengthening intra-OIC trade has long been a priority of economic cooperation within the OIC. The OIC-2025 Programme of Action implied a target of increasing intra-OIC trade to around 25% of the total merchandise trade of OIC countries by

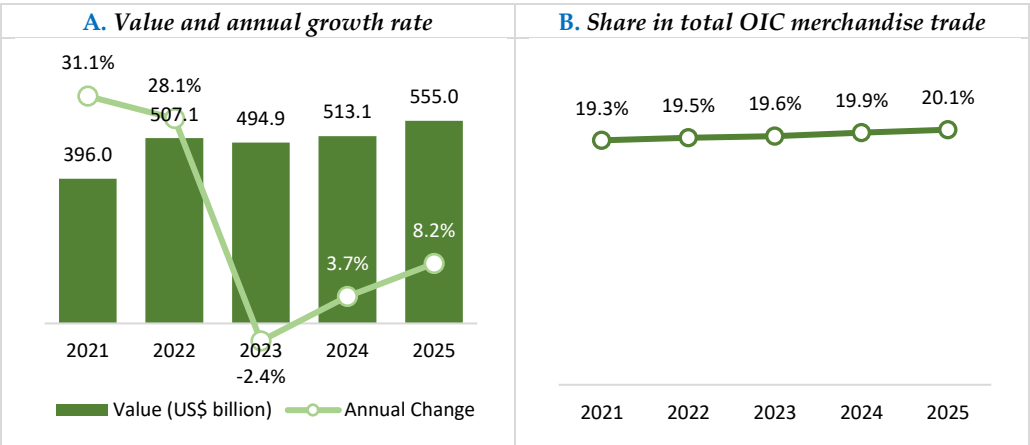
2025, corresponding to an increase of about 6 percentage points from its level of 19% at the time. The Trade Preferential System among the Member States of the OIC (TPS-OIC) supports this objective by providing preferential market access among participating states. The system became operational on 1 July 2022, and current work under its Trade Negotiating Committee focuses on improving implementation and considering broader product coverage and possible new areas of cooperation (OIC, 2016; COMCEC, n.d.; COMCEC, 2026).

This section examines the evolution of intra-OIC merchandise trade and its share in the total merchandise trade of OIC countries over the last five years (2021–2025). At the aggregate level, the value of intra-OIC trade is estimated as the average of reported intra-OIC exports and imports, while its share is calculated as the sum of intra-OIC exports and imports divided by the sum of total OIC exports and imports. The country-level analysis considers exports to and imports from OIC partners separately, highlighting both the largest traders in value terms and the countries whose merchandise trade is most strongly oriented towards OIC markets.

3.3.1 Evolution of Intra-OIC Merchandise Trade

Intra-OIC merchandise trade increased considerably over the 2021–2025 period, although its share in the total merchandise trade of OIC countries improved only gradually. As shown in *Figure 3.8*, the estimated value of trade among OIC countries rose from US$396.0 billion in 2021 to US$555.0 billion in 2025, representing a cumulative increase of 40.2%.

Figure 3.8: Intra-OIC Merchandise Trade, 2021–2025



Source: SESRIC staff calculations based on IMF, International Trade in Goods (by partner country) (IMTS).
Note: Intra-OIC merchandise trade value is estimated as the average of reported intra-OIC merchandise exports and imports. Its share in total OIC merchandise trade is calculated as the sum of intra-OIC exports and imports divided by the sum of total OIC exports and imports. Differences between reported intra-OIC exports and imports may arise from valuation, timing, partner attribution, re-exports and other reporting differences.

The strongest expansion occurred during the post-pandemic recovery, with intra-OIC merchandise trade increasing by 31.1% in 2021 and a further 28.1% in 2022, when it reached US$507.1 billion. Trade declined by 2.4% in 2023, before recovering by 3.7% in 2024. Growth then accelerated to 8.2% in 2025, lifting intra-OIC trade to its highest level during the period.

The share of intra-OIC trade in total OIC merchandise trade followed a steadier path, increasing in every year from 19.3% in 2021 to 20.1% in 2025. The continued rise in the share, including during the decline in trade value in 2023, indicates that intra-OIC trade generally performed more favourably than the overall merchandise trade of OIC countries. Nevertheless, the cumulative increase amounted to only 0.8 percentage points, suggesting that the substantial expansion in value was accompanied by relatively modest progress in the degree of intra-OIC trade integration.

By 2025, around one-fifth of the merchandise trade of OIC countries was conducted with other OIC partners. This remained 4.9 percentage points below the 25% target set under the OIC-2025 Programme of Action. The results therefore point to continued growth in trade among OIC countries, but also show that stronger and more sustained progress will be needed to increase the role of OIC partners in their overall merchandise trade.

3.3.2 Intra-OIC Merchandise Exports

Intra-OIC merchandise exports reached US$526.0 billion in 2025, increasing by 6.3%, or around US$31.0 billion, from US$495.1 billion in 2024. This marked a strengthening of exports to OIC partners after the more moderate growth (2.6%) recorded in the previous year.

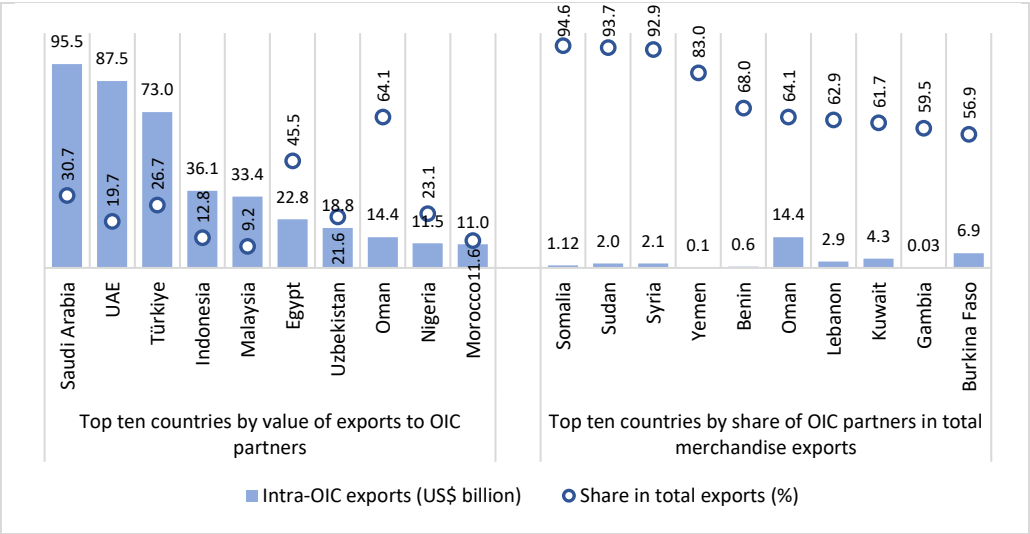
Despite the increase in value, the share of OIC partners in total OIC merchandise exports remained unchanged at 19.9% in 2025. This indicates that intra-OIC exports grew broadly in line with the total merchandise exports of OIC countries and did not gain further weight in their overall export structure.

Intra-OIC exports remained concentrated among a relatively small number of major suppliers (*Figure 3.9*). Saudi Arabia was the largest exporter to OIC partners in 2025, with exports valued at US$95.5 billion, followed by the United Arab Emirates with US$87.5 billion and Türkiye with US$73.0 billion. Indonesia and Malaysia completed the top five, with exports of US$36.1 billion and US$33.4 billion, respectively. Together, these five countries accounted for 61.9% of total intra-OIC merchandise exports, while the ten leading exporters accounted for 76.8%.

The role of OIC markets in the export structure of these countries varied considerably. Exports to OIC partners represented 30.7% of Saudi Arabia's total merchandise exports and 26.7% of Türkiye's, compared with 19.7% for the United Arab Emirates, 12.8% for Indonesia and 9.2% for Malaysia. Among the other major

exporters, OIC partners accounted for 64.1% of Oman's exports and 45.5% of Egypt's, indicating a stronger orientation towards OIC markets.

Figure 3.9: Leading OIC Countries in Intra-OIC Merchandise Exports, 2025



Source: SESRIC staff calculations based on IMF, International Trade in Goods (by partner country) (IMTS).

A different group of countries emerged when ranked according to the share of OIC partners in their total exports. More than 90% of the merchandise exports of Somalia, Sudan and Syria were directed to OIC countries, while the share also exceeded 80% in Yemen. High proportions were further recorded in Benin, Oman, Lebanon, Kuwait, the Gambia and Burkina Faso. For several of these countries, however, the high share was associated with a relatively small export base. Oman was the only country appearing among the top ten by both export value and export share.

The results therefore distinguish between countries that are the largest suppliers to OIC markets and those whose exports are most strongly oriented towards OIC partners. They also show that intra-OIC exports remained concentrated among a few major economies, while high export shares in some smaller countries reflected limited diversification of destination markets as well as close trade relations with OIC partners.

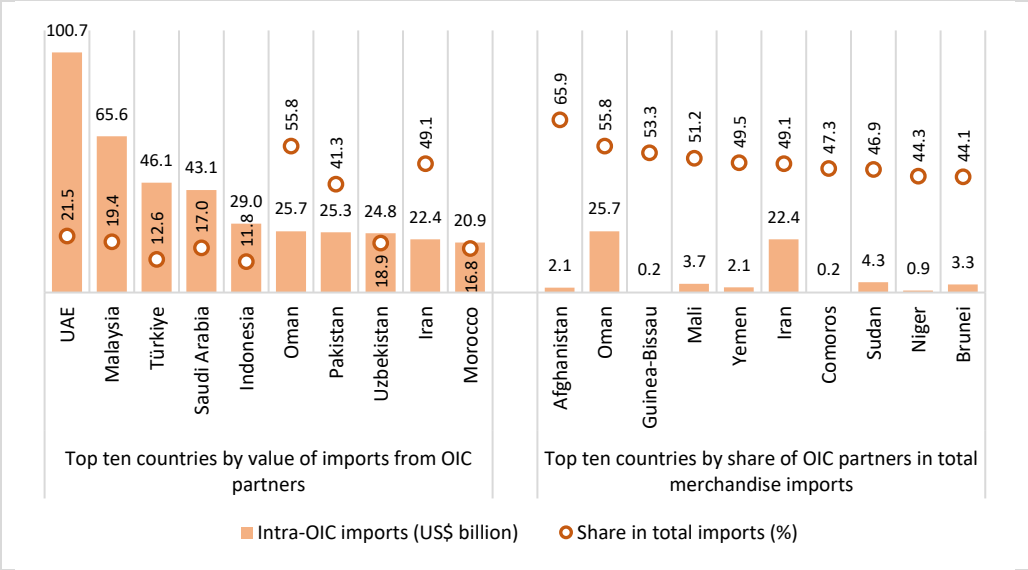
3.3.3 Intra-OIC Merchandise Imports

Purchases from OIC partners expanded more strongly in 2025 than in the previous year. Intra-OIC merchandise imports rose by 10.0%, from US$531.1 billion in 2024 to US$584.0 billion in 2025. Their share in total OIC merchandise imports increased from 19.9% to 20.3%, indicating that sourcing from OIC partners grew faster than imports from the rest of the world.

Figure 3.10 shows that the United Arab Emirates recorded the largest volume of imports from OIC countries, at US$100.7 billion, followed by Malaysia with US$65.6

billion. Türkiye and Saudi Arabia imported US$46.1 billion and US$43.1 billion, respectively, while Indonesia ranked fifth with US$29.0 billion. The five largest importers together represented 48.7% of intra-OIC imports, while this share reached 69.1% for the top ten countries. Import flows were therefore concentrated, although less heavily than intra-OIC exports.

Figure 3.10: Leading OIC Countries in Intra-OIC Merchandise Imports, 2025



Source: SESRIC staff calculations based on IMF, International Trade in Goods (by partner country) (IMTS).

Large import volumes did not always imply a strong reliance on OIC suppliers. Only 11.8% of Indonesia's total imports and 12.6% of Türkiye's originated from OIC partners. The corresponding shares were 17.0% for Saudi Arabia, 19.4% for Malaysia and 21.5% for the United Arab Emirates. By contrast, OIC partners supplied 55.8% of Oman's imports, 49.1% of Iran's and 41.3% of Pakistan's, placing these countries more firmly within intra-OIC supply networks.

The highest import shares were recorded mainly in countries with smaller overall import markets. Afghanistan sourced 65.9% of its merchandise imports from OIC partners, the highest proportion among member countries. It was followed by Oman at 55.8%, Guinea-Bissau at 53.3% and Mali at 51.2%. The share was also close to half in Yemen and Iran and exceeded 44% in Comoros, Sudan, Niger and Brunei Darussalam.

Only Oman and Iran ranked among the top ten countries both by the value of merchandise imports from OIC partners and by the share of OIC partners in their total merchandise imports. This limited overlap shows that the main buyers from OIC markets are not necessarily the countries that are most dependent on OIC suppliers. The value ranking is shaped largely by the size of national import

demand, while the share ranking reflects the strength of OIC partners within each country's sourcing structure.

The evidence indicate that intra-OIC merchandise trade continued to expand in 2025, reaching US$555.0 billion and accounting for 20.1% of total OIC merchandise trade. This represented further progress, but the share remained below the 25% target set under the OIC-2025 Programme of Action. Country-level patterns reveal two distinct forms of participation. A limited number of large economies accounted for much of the value traded within the OIC, whereas several smaller countries directed or sourced a high proportion of their trade through OIC partners. Broadening intra-OIC trade will therefore require both deeper participation by major traders and greater export capacity and market diversification across the wider membership. Effective implementation of the TPS-OIC, together with improvements in trade facilitation, transport connectivity, customs procedures, standards cooperation and product complementarity, can support further progress.

3.4 Current Account Balance

Current account developments provide a broader view of OIC external positions by incorporating trade in goods and services together with primary income and current transfers. They may therefore differ substantially from the trade balances discussed in Sections 3.1 and 3.2, particularly in economies where investment income or remittances are significant.

The analysis covers 2021–2025 and considers balances in both current US dollars and relative to GDP. To better capture differences in external trade structures, OIC countries are grouped into fuel exporters and non-fuel primary-product exporters according to the IMF classification, with the remaining members grouped as other OIC countries.

3.4.1 Current Account Developments

The current account of OIC countries remained in surplus throughout 2021–2025, although the surplus narrowed considerably after reaching a peak in 2022. As shown in *Figure 3.11*, the aggregate surplus increased from US$110.7 billion, or 1.4% of GDP, in 2021 to US$331.7 billion, or 3.6% of GDP, in 2022. It subsequently fell to US$114.6 billion in 2023 and US$82.0 billion in 2024, before declining further to only US$12.3 billion, or 0.1% of GDP, in 2025. The OIC aggregate was therefore close to balance by the end of the period.

This pattern was closely associated with the merchandise trade developments discussed in *Section 3.1*. The OIC merchandise trade surplus widened sharply from US$127 billion in 2021 to US$390 billion in 2022, contributing to the simultaneous strengthening of the current account. The merchandise surplus then fell to only US$5 billion in 2023 and shifted to deficits of US$173 billion in 2024 and US$238

billion in 2025. Meanwhile, the deficit in services trade narrowed steadily, from US$119 billion in 2021 to US$40 billion in 2025, partly offsetting the deterioration on the merchandise side. The fact that the current account remained slightly positive in 2025 despite sizeable deficits in both merchandise and services trade also points to the importance of primary and secondary income flows in the overall external balance.[8]

The subgroup results further show that the OIC surplus was driven by fuel exporters. Their combined current account surplus rose from US$176.2 billion in 2021 to US$476.9 billion in 2022, equivalent to 10.9% of their aggregate GDP. This closely mirrored developments in their merchandise trade balance, where the surplus increased from US$294 billion to US$642 billion over the same period amid elevated energy prices. Both balances subsequently narrowed. By 2025, the merchandise trade surplus of fuel exporters had fallen to US$80 billion, while their current account surplus declined to US$111.5 billion, or 2.7% of GDP.

The other two groups remained collectively in current account deficit throughout the period. Among non-fuel primary-product exporters, the deficit increased from US$11.1 billion in 2021 to US$19.6 billion in 2025, while their merchandise trade deficit remained comparatively stable at around US$23–29 billion per year. Relative to economic size, this group recorded the largest current account imbalances, with the deficit ranging between 6.3% and 9.5% of aggregate GDP and standing at 8.4% in 2025.

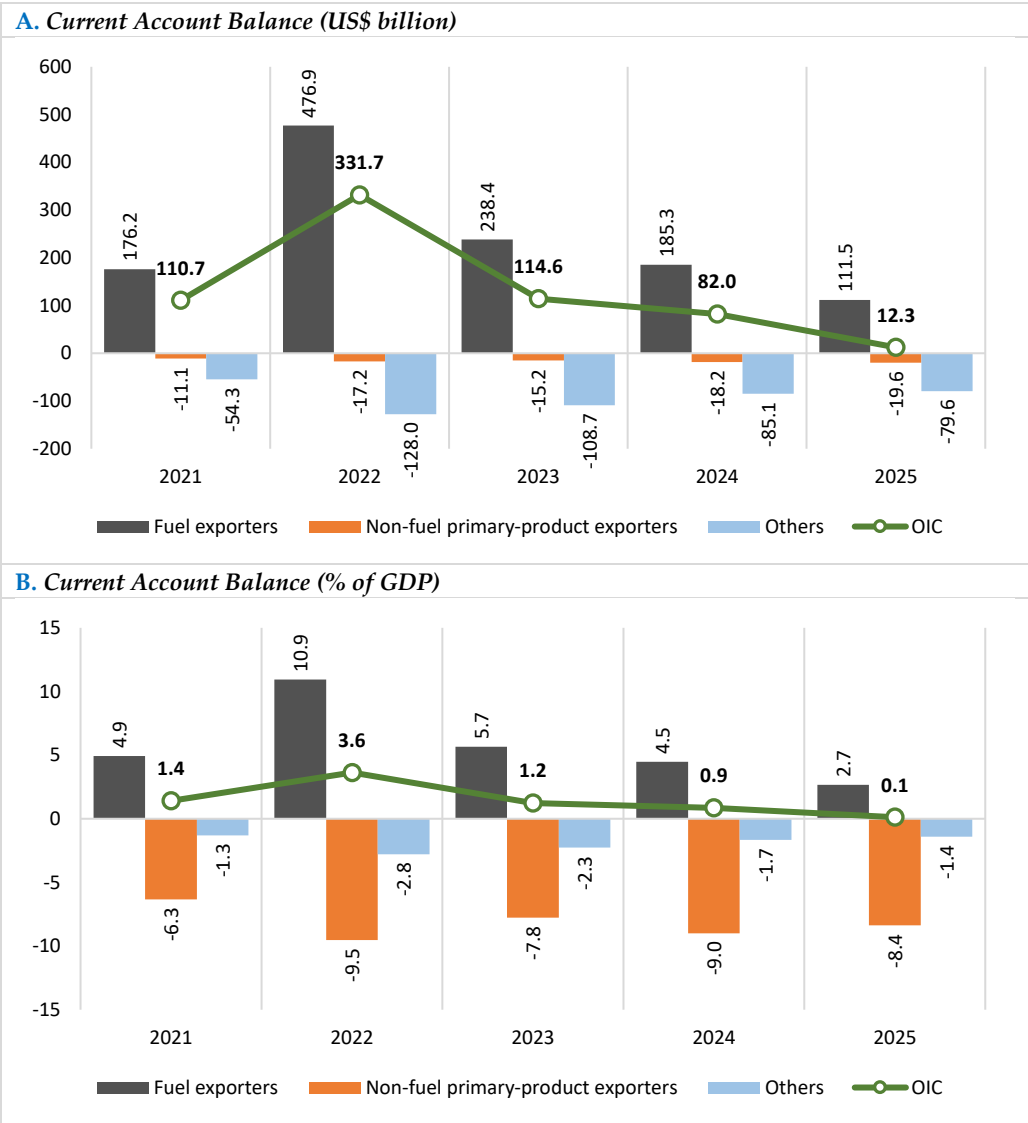
The other economies, comprising OIC countries not classified as either fuel exporters or non-fuel primary-product exporters, recorded a substantially larger deficit in nominal terms. Their current account deficit reached US$128.0 billion in 2022, before narrowing to US$79.6 billion in 2025. This occurred even as their merchandise trade deficit deepened considerably: for the comparable group excluding Syria and Palestine, it increased from US$133 billion in 2021 to US$266 billion in 2025. The contrasting trends underline the role of services, income and transfer flows in shaping current account positions beyond merchandise trade alone.

Developments in 2025 illustrate the extent to which these differing positions shaped the OIC aggregate. The current account surplus of fuel exporters declined by US$73.8 billion from the previous year, accounting for most of the US$69.7 billion reduction in the overall OIC surplus. This coincided with a further US$74.2 billion reduction in their merchandise trade surplus. By contrast, the current account deficit of other economies narrowed, while that of non-fuel primary-product exporters

[8] Merchandise trade statistics and the goods component of balance-of-payments statistics are not fully equivalent and may differ in coverage, valuation, timing and other statistical treatment. The comparisons with merchandise and services trade balances are therefore intended to illustrate broad relationships rather than provide an accounting reconciliation of the current account.

widened slightly. Consequently, almost 90% of the surplus generated by fuel exporters in 2025 was offset by deficits in the other two groups.

Figure 3.11: Current Account Balance in OIC Countries by Exporter Group, 2021–2025



Source: SESRIC staff calculations based on IMF, World Economic Outlook (WEO) Dataset, April 2026.
Note: The fuel-exporter and non-fuel primary-product-exporter groups follow the IMF (2026a) classification by main source of export earnings. The remaining OIC members are grouped as other OIC countries for the purposes of this report. See Annex A for details. The analysis covers 55 OIC countries with complete current account balance and GDP data over 2021–2025, excluding Syria and Palestine.

IMF projections available for 52 OIC countries, excluding Afghanistan, Lebanon, Pakistan, Palestine and Syria, provide an indication of developments beyond 2025. For this comparable group, the current account surplus stood at US$26.0 billion, or 0.27% of GDP, in 2025 and is projected to narrow to US$21.0 billion, or 0.20% of

GDP, in 2026, before shifting to a small deficit of US$18.8 billion, or 0.17% of GDP, in 2027. The projected deterioration mainly reflects wider deficits among the group of other economies, while fuel exporters are expected to remain collectively in surplus.

Current account positions across OIC countries will remain sensitive to developments in commodity markets, global demand and geopolitical conditions. For fuel exporters, energy prices and export volumes will be particularly important, especially amid geopolitical tensions and associated risks to production and transport routes. For non-fuel primary-product exporters, the outlook will depend more on prices and demand for agricultural products, metals and other commodities, as well as the cost of energy and other imports. Among other economies, external demand, energy import costs, tourism and other services receipts, remittances and external financing conditions are likely to remain important drivers. These factors may produce significantly different current account paths across OIC countries even when the aggregate position changes only moderately.

3.4.2 Country-Level Current Account Positions

Country-level current account positions were far more varied than the near-balanced OIC aggregate suggests. Among the 55 countries covered, only 18 recorded current account surpluses, while 37 were in deficit. Moreover, surpluses were concentrated among a relatively small number of economies, with the five largest surplus countries accounting for around 87% of the combined surpluses recorded across the group.

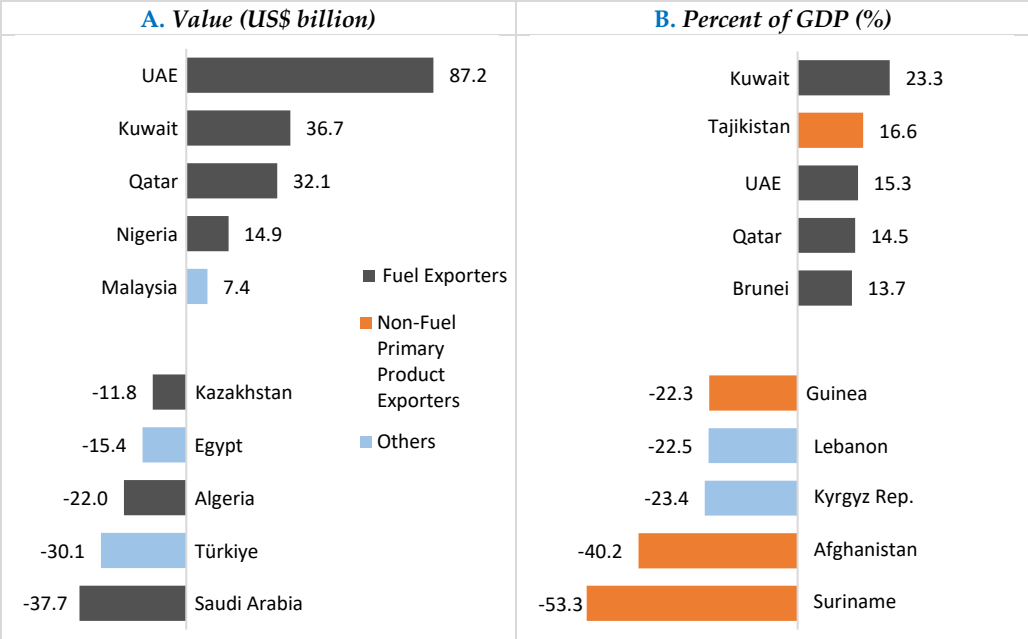
As shown in *Figure 3.12*, the United Arab Emirates recorded by far the largest current account surplus in value terms, at US$87.2 billion, followed by Kuwait (US$36.7 billion) and Qatar (US$32.1 billion). Nigeria and Malaysia completed the top five, with surpluses of US$14.9 billion and US$7.4 billion, respectively. On the other side, Saudi Arabia registered the largest deficit, at US$37.7 billion, followed by Türkiye (US$30.1 billion), Algeria (US$22.0 billion), Egypt (US$15.4 billion) and Kazakhstan (US$11.8 billion).

Fuel exporters featured prominently on both sides of the nominal ranking. They accounted for four of the five largest surpluses, but also three of the five largest deficits. This variation within the group reinforces the finding that the collective surplus of fuel exporters does not imply uniformly strong current account positions across individual countries.

Expressing the balance relative to GDP brings a different set of countries into focus. Kuwait recorded the largest surplus at 23.3% of GDP, followed by Tajikistan (16.6%), the United Arab Emirates (15.3%), Qatar (14.5%) and Brunei Darussalam

(13.7%). Four of these five countries were fuel exporters, consistent with the relatively strong aggregate position of this group in 2025.

Figure 3.12: Largest Current Account Surpluses and Deficits in OIC Countries, 2025



Source: SESRIC staff calculations based on IMF, World Economic Outlook (WEO) Dataset, April 2026.
Note: Positive values indicate current account surpluses and negative values indicate current account deficits. The fuel-exporter and non-fuel primary-product-exporter groups follow the IMF (2026a) classification by main source of export earnings. The remaining OIC members are grouped as other OIC countries for the purposes of this report. See Annex A for details. The analysis covers 55 OIC countries with available current account balance and GDP data for 2025, excluding Palestine and Syria.

The largest deficits relative to economic size, however, were recorded outside the fuel-exporting group. The current account deficit reached 53.3% of GDP in Suriname and 40.2% in Afghanistan, both classified as non-fuel primary-product exporters. They were followed by the Kyrgyz Republic (23.4%), Lebanon (22.5%) and Guinea (22.3%). The contrast with the nominal rankings illustrates why both measures are useful: large economies can generate sizeable balances in US dollar terms without recording the most pronounced positions relative to GDP, while much smaller economies may face substantial external imbalances in relation to the size of their economies.

Country-level positions also shifted considerably between 2024 and 2025. In value terms, the largest deteriorations were recorded in Saudi Arabia, Algeria, and Türkiye, where the current account deficits further expanded by US$21.5 billion, US$19.2 billion, and US$17.1 billion, respectively. By contrast, the largest improvements were observed in Indonesia (US$7.1 billion), Bangladesh (US$6.7 billion), Egypt (US$5.4 billion) and Pakistan (US$4.0 billion). Notably, Bangladesh and Pakistan moved from

current account deficits in 2024 to small surpluses in 2025, while Indonesia and Egypt narrowed down their deficits. Relative to GDP, some of the changes were even more pronounced. Suriname's deficit widened from 12.9% to 53.3% of GDP, while that of Guinea increased from 14.7% to 22.3% and Algeria from 1.1% to 7.7%. In the opposite direction, Tajikistan's surplus increased from 6.1% to 16.6% of GDP, while Burkina Faso shifted from a deficit of 3.5% to a surplus of 6.7%.

The IMF projections also point to considerable differences in the expected evolution of country-level positions. Among the largest surplus economies in 2025, the United Arab Emirates is projected to remain in a sizeable surplus, although it would decline from US$87.2 billion (15.3% of GDP) in 2025 to US$70.9 billion (11.4%) in 2026 and US$73.8 billion (11.4%) in 2027. The surplus in Qatar is similarly projected to narrow from US$32.1 billion (14.5% of GDP) to around US$23.4 billion (9.9%) by 2027, while Kuwait is expected to maintain a particularly strong position, with its surplus rising to US$45.0 billion (26.0% of GDP) in 2026 before moderating to US$38.1 billion (21.8%) in 2027.

The outlook among major deficit economies is more mixed. Saudi Arabia's deficit is projected to narrow from US$37.7 billion in 2025 to US$22.3 billion in 2026, before widening again to US$42.3 billion in 2027, while Türkiye's deficit is expected to increase from US$30.1 billion to US$46.7 billion in 2026 before easing to US$41.4 billion in 2027. By contrast, Algeria's deficit is projected to narrow substantially from US$22.0 billion (7.7% of GDP) in 2025 to US$3.8 billion (1.2%) in 2026, before increasing moderately in 2027. Among other notable cases, Guinea's deficit is projected to fall from 22.3% of GDP in 2025 to 3.6% in 2026 and move close to balance in 2027, whereas Suriname is expected to remain in a very large deficit relative to GDP (above 40%) despite some improvement.

It should be noted that the projected current account positions of Gulf economies are subject to particularly high uncertainty. Higher oil and gas prices can support export revenues, but these gains may be offset by lower production and export volumes, while disruptions to shipping, aviation, tourism and logistics can also affect services receipts and import costs. Exposure varies across countries: Oman is relatively less dependent on the Strait of Hormuz for maritime access, while Qatar is more exposed to disruptions affecting LNG production and exports. Saudi Arabia and the United Arab Emirates have some capacity to redirect crude exports through alternative routes, although this can only partly compensate for disrupted flows through the Strait. These differences mean that the eventual current account outcomes of Gulf economies will depend not only on energy prices, but also on export volumes, the duration of transport disruptions and the performance of non-hydrocarbon activities (IEA, 2026a, 2026b; IMF, 2026b, 2026c).

Taken together, the narrowing of the OIC current account surplus after 2022 was accompanied by considerable differences across member countries, which are expected to persist in the near term. Large surpluses in a limited number of

economies continue to offset deficits across a much wider group, while the underlying positions remain sensitive to commodity prices, external demand, services and income flows, and broader global and geopolitical conditions. For countries with large deficits relative to GDP, the implications will also depend on the underlying drivers of the imbalance and how external financing needs are met.

3.5 Concluding Remarks and Policy Implications

The external sector outlook of OIC countries is shaped less by a single common trade pattern than by the diversity of their productive structures, export bases and external linkages. Commodity exporters, manufacturing economies, services-oriented countries and import-dependent members face different opportunities and vulnerabilities. This diversity makes aggregate OIC indicators useful for identifying broad tendencies, but policy priorities ultimately need to respond to the underlying structure of each economy. Across these different circumstances, the central challenge is to strengthen the capacity of external engagement to support productive transformation, sustainable foreign-exchange earnings and stronger integration into regional and global markets.

For merchandise trade, greater export diversification and domestic value addition remain key priorities. Fuel and other primary commodities will continue to represent an important source of export earnings for many OIC countries, and these comparative advantages should be used strategically rather than viewed simply as a constraint. Resource revenues can support investment in infrastructure, skills, technology and downstream activities that deepen domestic production linkages and broaden the export base. For economies with more diversified production structures, moving towards higher value-added products, strengthening domestic supplier networks and expanding participation in regional and global value chains can help sustain export growth and reduce dependence on a limited number of products or markets.

The growing role of commercial services creates an additional avenue for diversification. Transport, tourism, ICT, financial and business services can generate foreign-exchange earnings while also supporting merchandise trade and wider economic activity. Strengthening services competitiveness will require investment in human capital and digital infrastructure, more efficient regulatory frameworks, stronger connectivity and greater capacity of domestic firms to serve international markets. Policies towards goods and services should therefore increasingly be considered together, particularly as modern production and trade depend on logistics, finance, communications, digital services and other service inputs. The contrasting merchandise and services balances of major OIC economies already illustrate how strongly the two dimensions can interact.

Stronger intra-OIC trade can complement these efforts by widening markets and creating additional opportunities for production and supply-chain linkages among

member countries. The continued expansion of trade within the OIC demonstrates that a substantial base already exists, but greater progress will depend on moving beyond trade growth in value terms towards deeper integration of OIC markets. Effective implementation of the TPS-OIC, improved customs procedures and trade facilitation, better transport connectivity, cooperation on standards and stronger product complementarity can help reduce barriers to intra-OIC commerce. Particular attention should be given to broadening participation beyond a relatively small number of major traders and enabling smaller economies to develop the productive and export capacities needed to benefit more fully from OIC markets.

Current account positions require a similarly differentiated policy approach. A deficit does not necessarily indicate external weakness, particularly when it reflects productive investment that expands future export capacity, while a surplus does not by itself guarantee a strong or diversified external position. The composition, persistence and financing of external imbalances therefore matter as much as their size. Countries facing large or prolonged deficits need to ensure that external financing remains sustainable and that imported capital and intermediate goods contribute to productive capacity. At the same time, economies generating sizeable external surpluses have scope to channel part of these resources towards diversification and productivity-enhancing investment. Maintaining adequate external buffers and sound macroeconomic frameworks remains important across both groups.

Recent geopolitical developments have further underlined the importance of secure and diversified trade and transport networks. The conflict in the Middle East, centred on Iran and with strong repercussions across the Gulf states, has increased uncertainty surrounding energy production, shipping routes, freight costs and services activity. For countries heavily exposed to particular commodities or maritime corridors, diversification of export routes, stronger logistics infrastructure and contingency planning can reduce the economic consequences of disruption. Greater regional connectivity can also provide alternative channels for trade when major international routes come under pressure.

Taken as a whole, external-sector policy across the OIC should aim not merely at expanding trade volumes, but at improving the quality, diversity and development impact of external engagement. Stronger productive capacity, competitive services, deeper intra-OIC linkages and sustainable external balances can reinforce one another and strengthen resilience to external shocks.

OIC ECONOMIC OUTLOOK
2026

CHAPTER

4

External Financing, Vulnerabilities and Buffers

External financial flows and international liquidity play a central role in countries' capacity to finance investment, meet external obligations and withstand economic shocks. Foreign direct investment can strengthen productive capacity, support technological upgrading, and integrate economies into global value chains, while external borrowing and official development assistance provide resources for development and public financing needs. Personal remittances contribute directly to household incomes and foreign-exchange receipts, whereas international reserves provide a critical liquidity buffer against balance-of-payments pressures and disruptions in external financing. These sources differ considerably in their stability, cost, maturity and potential contribution to long-term development.

The global environment in which these resources are mobilized has become increasingly challenging. Geopolitical tensions and conflicts, trade-policy uncertainty, commodity-price volatility and tighter global financial conditions are affecting investment decisions, borrowing costs, capital flows and external payment needs. At the same time, international investment is becoming more selective and concentrated in a limited number of economies and strategic sectors. Countries with high external debt burdens, large financing needs or limited reserves may therefore be particularly exposed to shifts in global risk sentiment and changes in international financing conditions.

Against this background, this chapter examines the scale, composition and relative importance of major external financial flows and liquidity buffers available to OIC countries. It focuses on five key areas: foreign direct investment, external debt, official development assistance, personal remittances, and international reserves. The analysis compares OIC countries with the world, while also examining country-level concentration, dependence and vulnerability. Given differences in data availability, reporting period and publication cycles across indicators, the relevant reference periods, country coverage and methodological considerations are specified in the respective sections and figure notes.

4.1 Foreign Direct Investment: Flows, Stocks and Project Activity

Foreign direct investment (FDI) is an important source of external finance and can contribute to productive capacity, employment, technology transfer, skills development, export diversification and integration into regional and global value chains. Its development impact, however, depends not only on the volume of investment attracted, but also on its sectoral orientation, durability, linkages with domestic firms and alignment with national development priorities. In an increasingly competitive and fragmented global investment environment, countries face growing pressure to strengthen investment climates, infrastructure, human capital and policy frameworks in order to attract and retain high-quality FDI.

This section examines recent developments in foreign direct investment during 2021–2025, with particular attention to the latest-year outcomes. It first reviews the main global developments shaping the FDI landscape, and then analyses FDI

inflows and inward FDI stock in OIC countries, including their evolution, share in global FDI, and concentration among major recipient economies. The section also examines announced greenfield investment projects as a forward-looking indicator of investor interest and potential future productive capacity. Together, these indicators provide a broader assessment of both the current scale of FDI in OIC countries and the emerging direction of international investment activity.

4.1.1 Global Developments Shaping the FDI Landscape

Global foreign direct investment was marked by substantial fluctuations over the 2021–2025 period. Following a strong rebound to US$1.78 trillion in 2021, global FDI inflows declined by 19.1% to US$1.44 trillion in 2022 and by a further 8.1% to US$1.32 trillion in 2023. The decline occurred amid overlapping economic and geopolitical pressures, including the war in Ukraine, high energy and food prices, rising financing costs, weaker economic prospects and growing policy uncertainty. FDI flows subsequently recovered to US$1.53 trillion in 2024 and US$1.62 trillion in 2025. Nevertheless, the 2025 level remained 8.6% below the peak recorded in 2021, indicating that global FDI had not fully regained its pre-downturn level (UNCTAD, 2023, 2024, 2026a).

In 2025, global FDI inflows increased by 6.0%, following a strong rebound of 16.0% in the preceding year. However, excluding conduit flows through major European financial centres, the increase was only 4%. Conduit flows, one-off transactions and corporate restructuring can generate substantial changes in recorded FDI without necessarily corresponding to increase in productive investment. The broader project indicators reinforce this caution: the value of cross-border mergers and acquisitions declined by 7%, announced greenfield project activity remained close to its 2024 level, and the number of international project finance deals continued to fall even though their total value increased slightly (UNCTAD, 2026a).

Global FDI also remained highly concentrated across destinations. The four largest host economies, namely the United States, Singapore, Hong Kong (China), and China, together accounted for around 40% of global FDI inflows in 2025. More broadly, the top 20 host economies received more than 80% of global FDI inflows, highlighting the strong concentration of investment in a limited number of destinations. At the same time, investment growth was increasingly directed towards a narrow set of capital- and technology-intensive activities. Digital infrastructure, semiconductors and selected energy-related industries attracted particularly large projects. Strategic sectors, including artificial intelligence infrastructure, semiconductors, critical minerals and energy-transition technologies and services, accounted for 44% of the global value of announced greenfield projects in 2025, up from 16% in 2020. Data centres were a major driver of the increase, while investment activity remained weaker across many traditional manufacturing and sustainable development sectors. These developments suggest that technological

capabilities, industrial ecosystems, infrastructure and supportive policy frameworks are becoming increasingly important determinants of investment location (UNCTAD, 2026a).

Geopolitical considerations have also gained greater importance in international investment decisions. Economic security concerns, supply-chain reconfiguration, technological competition and the expansion of investment screening and industrial policy measures are increasingly shaping where and how multinational enterprises invest. This shift may create opportunities for countries able to position themselves within reconfigured production networks, but it may also reinforce existing concentration and raise barriers for economies with weaker infrastructure, technological capabilities or institutional support. Previous empirical research by the IMF found that FDI between geopolitically distant blocs had declined significantly relative to flows within the same blocs, pointing to the potential for prolonged geopolitical fragmentation to reshape international investment patterns (Gopinath et al., 2024).

The outlook for global FDI in 2026 remains highly uncertain. UNCTAD identifies trade policy uncertainty, geopolitical tensions and conflicts, high financing costs and economic fragmentation as major downside risks that may lead firms to postpone, suspend or cancel investment projects. The escalation of conflict in the Middle East in early 2026 has added further uncertainty by disrupting energy markets, financial conditions and major maritime transport routes. The IMF similarly warns that a broader or more prolonged conflict, deeper geopolitical fragmentation or renewed trade tensions could weaken economic growth and destabilize financial markets. These developments could raise investment costs and risk perceptions, potentially limiting cross-border investment and directing capital towards a narrower range of economies and strategic activities. At the same time, continued technology-related investment and the strong financial positions of some multinational enterprises may support investment in selected high-value industries, although this could further intensify the concentration observed in 2025 (IMF, 2026a; UNCTAD, 2026a, 2026b).

The global investment landscape in 2025 was therefore characterised by a recovery in headline FDI flows that remained incomplete and uneven, alongside continued concentration and increasing sectoral selectivity and elevated geopolitical and policy uncertainty. This environment provides the broader context for assessing the recent performance of OIC countries in attracting FDI and their position within changing international investment patterns.

4.1.2 FDI Inflows

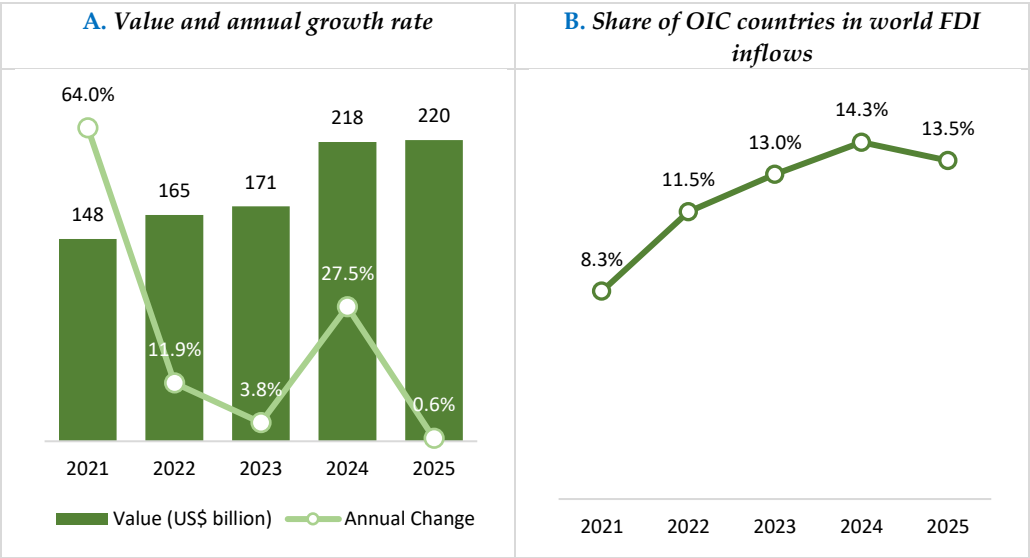
FDI inflows to OIC countries increased substantially over the 2021–2025 period, rising from US$148 billion in 2021 to US$220 billion in 2025. This represented an increase of US$72 billion, or 48.6%, over the period. The share of OIC countries in

global FDI inflows also rose considerably, from 8.3% in 2021 to 13.5% in 2025, indicating an improvement in their collective position within the global investment landscape.

As shown in *Figure 4.1*, the strongest annual increase was recorded in 2021, when FDI inflows to OIC countries expanded by 64.0% amid the broader post-pandemic rebound in international investment. Growth subsequently moderated to 11.9% in 2022 and 3.8% in 2023. Nevertheless, the continued increase in OIC inflows during these years while global FDI contracted resulted in a rising OIC share of global inflows, from 8.3% in 2021 to 13.0% in 2023.

FDI inflows to OIC countries increase by a further 27.5% in 2024, reaching US$218 billion. This further raised their share of global inflows to a period high of 14.3%. In 2025, however, inflows increased only by 0.6%, reaching US$220 billion. As global FDI expanded more rapidly during the year, the OIC share declined to 13.5%. Despite this decline, the share remained well above its 2021 level.

Figure 4.1: FDI Inflows to OIC Countries, 2021–2025



Source: SESRIC staff calculations based on UNCTAD, World Investment Report 2026, Annex Tables.

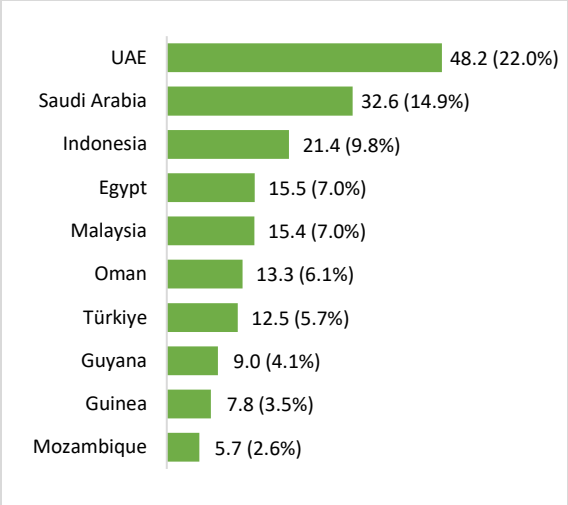
The aggregate figures therefore point to a stronger role for OIC countries in global FDI during 2021–2025, despite the loss of momentum in 2025. However, this aggregate performance masks substantial differences across OIC countries and does not indicate whether the increase was broadly distributed or driven by a limited number of major recipients.

Figure 4.2 shows that FDI inflows were highly concentrated among a relatively small number of OIC economies in 2025. The United Arab Emirates was the largest recipient, attracting US$48.2 billion, equivalent to 22.0% of the OIC total inflows. Saudi Arabia followed with US$32.6 billion, or 14.9%, while Indonesia received

US$21.4 billion, accounting for 9.8%. Egypt and Malaysia each attracted around US$15.4 billion, equivalent to 7.0% of total OIC inflows. Together, these five countries accounted for 60.6% of FDI inflows to OIC countries.

Oman, Türkiye, Guyana, Guinea and Mozambique completed the top ten recipients. Collectively, these ten economies accounted for 82.6% of total OIC inflows, highlighting the high concentration of FDI among a relatively small number of destinations. The United Arab Emirates and Saudi Arabia alone accounted for 36.9% of the total OIC inflows.

Figure 4.2: Top OIC Destinations for FDI Inflows, 2025 (US$ billion)



Source: SESRIC staff calculations based on UNCTAD, World Investment Report 2026, Annex Tables.

Note: The figures in brackets indicate each country's share in total FDI inflows to OIC countries.

Behind the marginal increase in OIC inflows in 2025 were sizeable and offsetting country-level changes. FDI inflows improved in 41 OIC countries, declined in 13 and remained unchanged in three. Afghanistan, Sudan, and Syria recorded no change because inflows remained zero, reflecting continued structural and geopolitical constraints. Saudi Arabia recorded the largest increase, with inflows rising by US$11.3 billion, followed by Guinea with US$6.4 billion and Malaysia with US$5.2 billion. Other notable gains, ranging from about US$1.4 billion to US$2.6 billion, were recorded in the United Arab Emirates, Qatar, Nigeria, Mozambique, Morocco, Türkiye, Uzbekistan, and Suriname.

These increases were largely offset by the US$31.1 billion decrease recorded in Egypt. This primarily reflected the exceptionally high 2024 base of US$46.6 billion, which was associated with the Ras El-Hekma megaproject, rather than a comparable weakening in underlying investment activity. Excluding that transaction, inflows to Egypt improved by around one-quarter in 2025 (UNCTAD, 2026a). Indonesia recorded the second-largest decline, at US$3.4 billion, followed by Senegal with US$3.3 billion and Bahrain with US$2.0 billion. Kazakhstan shifted from positive inflows in 2024 to negative inflows of US$0.9 billion in 2025, while Iraq continued to record sizeable negative inflows of US$7.6 billion in both 2024 and 2025, largely associated with the repayment of liabilities to foreign oil companies.[9]

[9] According to the Central Bank of Iraq, the 2024 figure largely reflected repayments of capital costs for oil fields under service contracts to foreign oil companies, continuing a pattern also documented in preceding years (Central Bank of Iraq, 2023, 2024, 2025).

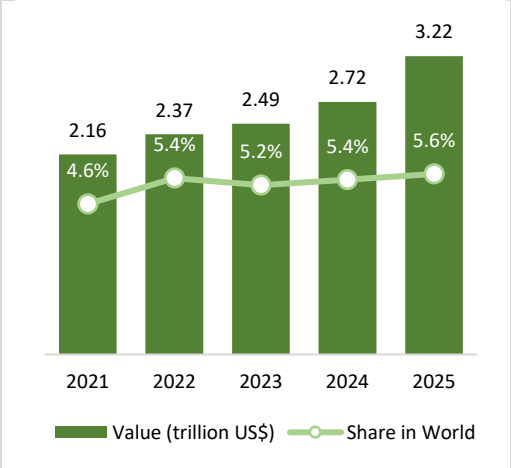
The limited growth of FDI inflows to OIC countries in 2025 did not reflect uniformly weak performance across member countries. Instead, increases in many countries were largely offset by substantial declines in a small number of major recipient economies, particularly Egypt. The high concentration of FDI also means that the aggregate performance of OIC remains sensitive to large transactions and changes in investment flows in a limited number of leading recipient countries.

4.1.3 Inward FDI Stock

The inward FDI stock of OIC countries increased substantially over the 2021–2025 period, rising from US$2.16 trillion in 2021 to US$3.22 trillion in 2025. This represented an increase of US$1.06 trillion, or 49.0%, compared with a 24.2% increase in the world inward FDI stock over the same period. Consequently, the share of OIC countries in the world total increased from 4.6% in 2021 to 5.6% in 2025.

As illustrated in *Figure 4.3*, the inward FDI stock of OIC countries expanded in every year of the period. In 2022, it increased by 9.9% to US$2.37 trillion, even as the global stock declined by 6.1%. This raised the OIC share from 4.6% to 5.4%. Growth moderated to 4.9% in 2023, below the 9.2% increase recorded globally, causing the OIC share to decline slightly to 5.2%.

Figure 4.3: Inward FDI Stock in OIC Countries, 2021–2025 (US$ trillion)



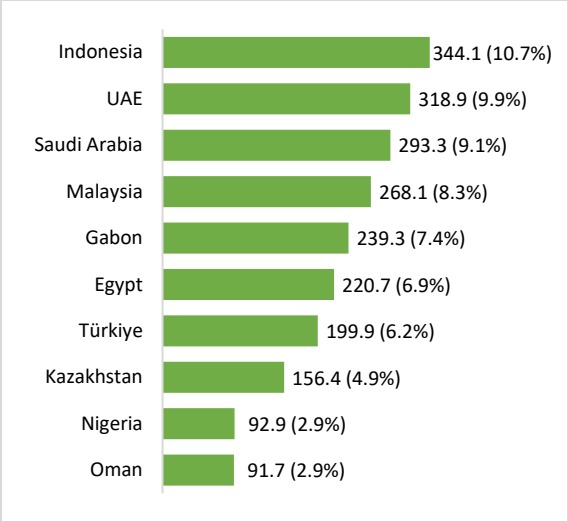
Source: SESRIC staff calculations based on UNCTAD, World Investment Report 2026, Annex Tables.

The expansion accelerated in the final two years of the period. In 2024, the inward FDI stock of OIC countries increased by 9.3% to US$2.72 trillion, compared with global growth of 5.9%, restoring their world share to 5.4%. In 2025, the stock increased by US$0.50 trillion, or 18.2%, reaching US$3.22 trillion. This exceeded the 14.5% increase in the global stock and lifted the OIC share to a period high of 5.6%.

The results point to a notable expansion of the inward FDI position of OIC countries over 2021–2025. Nevertheless, their share of the global inward FDI stock remained considerably below their share of annual global FDI inflows, which stood at 13.5% in 2025. This difference partly reflects the cumulative nature of FDI stocks and the historically lower levels of investment accumulated in many OIC countries. In addition, changes in FDI stock do not reflect new inflows alone, as they can also result from exchange-rate movements, asset-price changes and other valuation adjustments. The

aggregate expansion may also conceal significant concentration among a limited number of host economies.

Figure 4.4: Top OIC Countries by Inward FDI Stock, 2025 (US$ billion)



Source: SESRIC staff calculations based on UNCTAD, World Investment Report 2026, Annex Tables.
Note: The figures in brackets indicate each country's share in the total inward FDI stock of OIC countries.

Indeed, inward FDI stock remained concentrated among a relatively limited number of OIC economies in 2025 (*Figure 4.4*). Indonesia held the largest stock, at US$344.1 billion, equivalent to 10.7% of the OIC total. It was followed by the United Arab Emirates with US$318.9 billion, Saudi Arabia with US$293.3 billion, Malaysia with US$268.1 billion and Gabon with US$239.3 billion. Together, these five countries accounted for 45.5% of the total inward FDI stock of OIC countries.

Egypt, Türkiye, Kazakhstan, Nigeria and Oman completed the top ten. Collectively, the ten leading host economies accounted for 69.2% of the OIC total. Nevertheless, this concentration was lower than that observed for annual FDI inflows, where the top ten destinations accounted for 82.6% of the OIC total in 2025. The lower concentration of FDI stock reflects its cumulative nature, as inward FDI positions incorporate investment accumulated over many years rather than transactions recorded in a single year.

Between 2021 and 2025, inward FDI stock increased in 51 OIC countries and declined in four, while Syria recorded no change.[10] Gabon recorded the largest increase, with its stock rising by US$223.8 billion, although this exceptionally large change may partly reflect estimation and valuation effects.[11] The United Arab Emirates recorded the second-largest increase, at US$147.3 billion, followed by Saudi Arabia with US$111.7 billion. Egypt, Indonesia and Malaysia each recorded increases of more than US$80 billion, while Türkiye added US$62.2 billion. These seven countries together accounted for about three-quarters of the aggregate

[10] Iraq is treated separately, as UNCTAD has reported its inward FDI stock as zero or negligible since 2015, despite sizeable negative FDI inflows recorded in each subsequent year.

[11] The sharp rise observed for Gabon, which elevated it from a comparatively small investment position in 2021 (US$15.4 billion) to the fifth-largest inward FDI stock among OIC countries in 2025, may partly reflect estimation and valuation effects. As with several other countries, the figures are based on UNCTAD estimates, and changes in FDI stock can also capture exchange-rate movements, statistical revisions and other adjustments in addition to accumulated investment transactions.

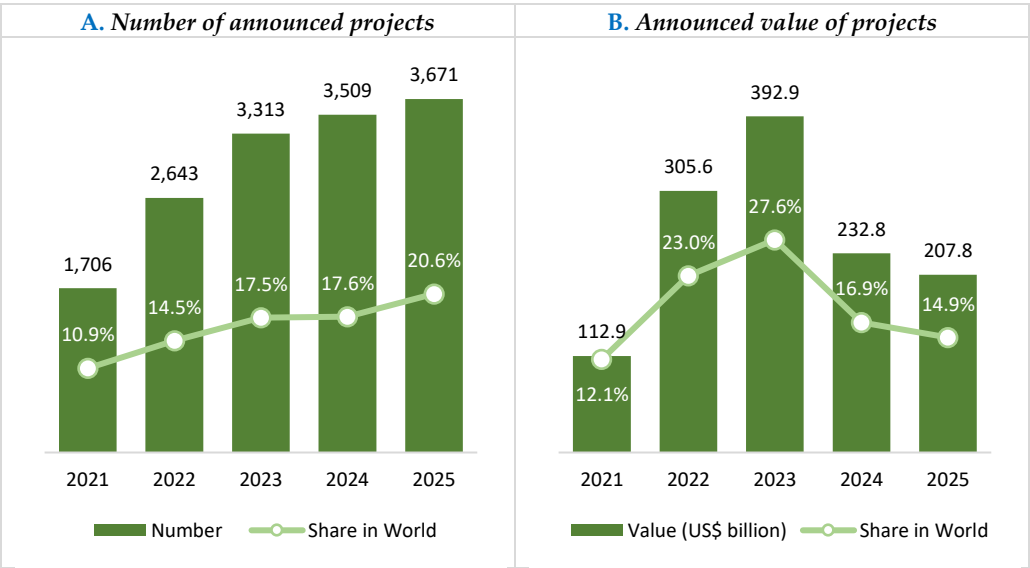
increase in the inward FDI stock of OIC countries over the period. Among the few countries recording declines, Azerbaijan registered the largest decrease, at US$4.8 billion, followed by Afghanistan, Brunei Darussalam and Yemen.

In the global context, OIC countries remained outside the group of the world's largest holders of inward FDI stock in 2025. The United States remained as the largest host economy, accounting for 31.1% of the world total, while China, Singapore, the Netherlands, and the United Kingdom brought the combined share of the five leading global host economies to 52.8%. By comparison, Indonesia, the largest OIC host economy, accounted for around 0.6% of the world inward FDI stock and ranked 23rd globally. This comparison highlights the substantial gap between leading global investment centres and individual OIC economies, despite the increase of the OIC's collective share over 2021–2025.

4.1.4 Announced Greenfield Investment Projects

Greenfield investment involves the establishment or expansion of new business operations and productive facilities by foreign investors. Such projects can contribute to productive capacity, employment, technology and skills transfer, export development and participation in regional and global value chains. For OIC countries, announced greenfield projects therefore provide a useful forward-looking indication of potential investment activity, although announced projects may be delayed, modified or not fully implemented and should not be interpreted as realised FDI flows.

Figure 4.5: Announced Greenfield Investment Projects in OIC Countries, 2021–2025



Source: SESRIC staff calculations based on UNCTAD, World Investment Report 2026, Annex Tables.

As shown in *Figure 4.5*, the number of announced greenfield projects in OIC countries increased substantially between 2021 and 2025, rising from 1,706 in 2021 to 3,671 in 2025. This represented an increase of 115.2%, compared with a 14.3% increase globally. As a result, the share of OIC countries in the world total increased steadily from 10.9% in 2021 to 20.6% in 2025, indicating that more than one in every five greenfield projects announced globally in 2025 was destined for an OIC country.

The increase was particularly strong in 2022 and 2023, when the number of announced projects in OIC countries rose by 54.9% and 25.3%, respectively. Growth subsequently moderated to 5.9% in 2024 and 4.6% in 2025. Nevertheless, the continued increase in OIC project numbers in 2025 contrasted with a 10.4% decline worldwide, raising the OIC share by three percentage points from 17.6% to 20.6%.

The increase in the number of projects, however, was not matched by a similar increase in their announced value. The total value of announced greenfield projects in OIC countries rose from US$112.9 billion in 2021 to US$207.8 billion in 2025, representing an increase of 84.1%. The value increased sharply in 2022 and reached a period high of US$392.9 billion in 2023, before declining to US$232.8 billion in 2024 and US$207.8 billion in 2025. This raised the OIC share in the world total from 12.1% in 2021 to 27.6% in 2023 before declining to 14.9% in 2025.

The divergence between the number and value of announced projects became particularly pronounced in the final two years. While OIC countries attracted a growing number and share of global projects, their announced value continued to decline. The implied average value per project fell from around US$118.6 million in 2023 to US$66.3 million in 2024 and US$56.6 million in 2025. This divergence indicates that the growth in project numbers in the later years was not accompanied by a corresponding increase in the scale of announced investments and was partly influenced by the exceptionally large projects recorded in 2022 and 2023.

The above situation reveals a mixed but generally encouraging picture in announced greenfield investment activity. The sustained increase in announced project numbers suggests continued investor interest in OIC countries and an expanding prospective investment pipeline. At the same time, the decline in announced values and average project size since 2023 shows that the increase in project numbers did not translate into a corresponding expansion in prospective capital expenditure.

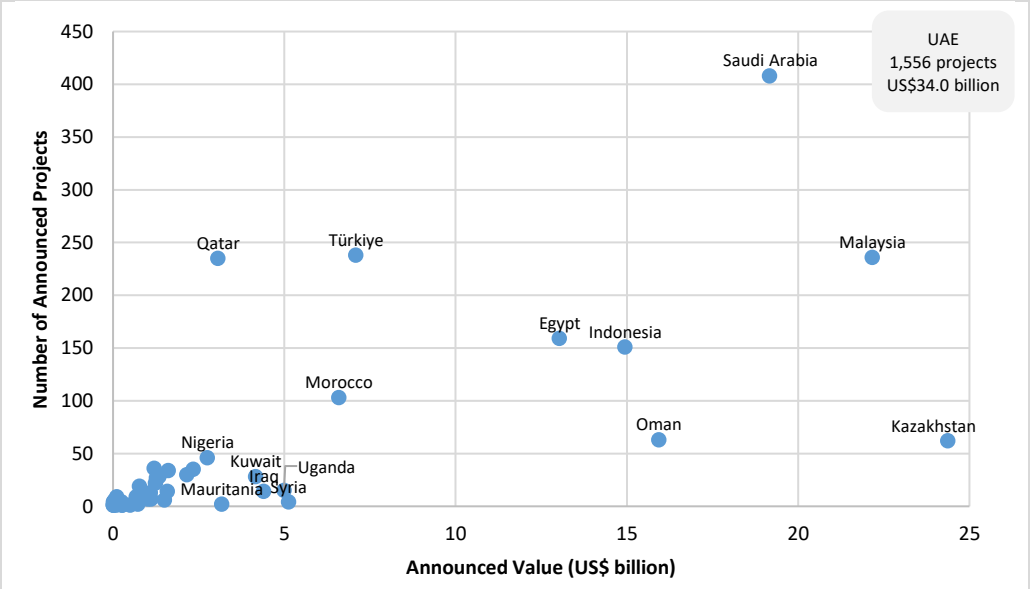
The country-level distribution of announced greenfield investment projects varied considerably in terms of both number and value in 2025 (*Figure 4.6*). The United Arab Emirates was by far the leading destination by number, attracting 1,556 projects, or 42.4% of the OIC total, with an announced value of US$34.0 billion. It was followed by Saudi Arabia with 408 projects, Türkiye with 238, Malaysia with 236 and Qatar with 235. Together, these five countries accounted for 72.8% of all

projects announced in OIC countries, while the top ten destinations accounted for 87.5%, indicating a high degree of concentration.

The ranking by announced value differed substantially. The United Arab Emirates remained the leading destination, but Kazakhstan ranked second with US$24.4 billion, followed by Malaysia with US$22.2 billion, Saudi Arabia with US$19.2 billion and Oman with US$15.9 billion. Together, the five leading destinations accounted for 55.7% of the total announced value, while the top ten accounted for 78.2%.

The differences between the two rankings point to contrasting investment profiles. Türkiye and Qatar attracted relatively large numbers of projects but more modest announced values, suggesting a greater concentration of smaller projects. By contrast, Kazakhstan and Oman recorded fewer projects but substantially higher announced values, implying a stronger role for large-scale investments. The average announced value per project amounted to around US$393 million in Kazakhstan and US$253 million in Oman, compared with US$47 million in Saudi Arabia and US$22 million in the United Arab Emirates. A small number of announced megaprojects also produced exceptional results in countries such as Syria and Mauritania, which recorded only four and two projects, respectively, but announced values of US$5.1 billion and US$3.2 billion.

Figure 4.6: Number and Value of Announced Greenfield Investment Projects in OIC Countries, 2025



Source: SESRIC staff calculations based on UNCTAD, World Investment Report 2026, Annex Tables.
Note: The United Arab Emirates is not plotted because its values lie outside the displayed scale. It recorded 1,556 announced projects with a total value of US$34.0 billion, accounting for 42.4% of the number and 16.4% of the value of projects announced in OIC countries.

The increase in the aggregate number of projects in 2025 was driven largely by the United Arab Emirates. Its project count increased by 173, exceeding the net increase of 162 projects recorded across all OIC countries; excluding the United Arab Emirates, the total number declined slightly in 2025. Qatar, Oman, Saudi Arabia, Albania, Egypt, and Côte d'Ivoire also recorded notable increases, while Uzbekistan, Indonesia, Bangladesh, and Türkiye experienced some of the largest declines.

Box 4.1: Attracting Quality FDI in a Fragmented and Selective Investment Landscape

The global investment landscape is becoming more selective. Geopolitical tensions, trade-policy uncertainty, technological competition and economic-security concerns increasingly influence where firms invest and how they organize production. Investment growth is also concentrated in a limited number of host economies and capital- and technology-intensive activities. Strategic sectors, including AI infrastructure, semiconductors, critical minerals and energy-transition technologies and services, accounted for 44% of the global value of announced greenfield projects in 2025, compared with 16% in 2020 (UNCTAD, 2026a). This creates opportunities for countries able to offer competitive capabilities and reliable investment conditions, but also raises the risk that investment will bypass economies with weaker infrastructure, skills and institutional support.

The recent OIC results reflect both opportunity and challenge. OIC countries attracted more than one-fifth of announced greenfield projects worldwide in 2025, yet their share in announced project value fell to 14.9%, while investment remained concentrated among a limited number of destinations. The objective should therefore extend beyond increasing the number or headline value of projects. Quality FDI should support productive capacity, employment, technology and skills transfer, export diversification, domestic value addition and stronger linkages with local enterprises.

Prioritize realistic opportunities. Countries need not compete across every strategic industry. More effective approaches begin with existing capabilities, natural resources, workforce skills, infrastructure, market access and potential links with domestic firms. Depending on national circumstances, opportunities may arise in agrifood processing, logistics, tourism, digitally enabled services, pharmaceuticals, renewable-energy components or selected segments of advanced manufacturing. Investment promotion should be coordinated with industrial, trade, education, infrastructure and innovation policies and organized around a limited number of clearly defined priorities.

Strengthen facilitation, aftercare and domestic linkages. Predictable regulation, transparent procedures and digital one-stop services can reduce the cost and uncertainty of establishing and operating investments. Aftercare can help retain investors, encourage reinvestment and resolve operational constraints. Supplier-

development programmes can identify capable domestic firms, support compliance with quality standards, improve access to finance and technology, and connect them with foreign affiliates. Skills policies should similarly respond to actual and prospective investor needs.

Recent initiatives in OIC countries illustrate this shift. Türkiye's FDI Strategy 2024–2028 defines eight quality-FDI profiles and links investment attraction with green and digital transformation, global value chains, talent and regional development (Investment Office of the Presidency of Türkiye, 2024). Malaysia's New Incentive Framework ties incentives to measurable outcomes, including job quality, technology transfer, supply-chain linkages and sustainability (MIDA, 2026a; MIDA, 2026b). The United Arab Emirates' NextGenFDI combines targeted promotion of digitally enabled firms with expedited licensing, visas and banking services (MOET, 2022; UNCTAD, 2022). Saudi Arabia's National Investment Strategy similarly links investment expansion with priority sectors, diversified financing and a more competitive investment environment (Ministry of Investment of Saudi Arabia, n.d.).

Use incentives selectively. UNCTAD reports that incentives represented half of investment-policy measures favourable to investors in 2025, reflecting stronger competition for strategic investment (UNCTAD, 2026a). For many OIC countries, broad subsidy competition would be fiscally costly. Time-bound and transparent support tied to employment, training, research, exports, energy efficiency or supplier development can provide a stronger basis for assessing public value.

Deepen OIC cooperation. The 2025 Policy Dialogue Forum of OIC African and Asian Investment Promotion Agencies promoted peer learning and joint approaches to investment promotion, while the process to modernize the OIC investment agreement offers an opportunity to update the regional framework (IsDB & ICDT, 2025; OIC, 2025). IsDB Group institutions can further support project preparation, financing, insurance and investment-risk mitigation (IsDB, 2025a).

The way forward is to move from isolated promotion campaigns towards integrated investment-development strategies. Turning investor interest into tangible gains will depend on how well countries align clear priorities with practical support measures, strengthen local capabilities, apply incentives with measurable outcomes, and deepen cooperation across the OIC to sustain long-term economic impact.

The reduction in total announced value was similarly shaped by a limited number of large changes. Egypt recorded a decline of US$40.9 billion from its exceptionally high 2024 level, while sizeable decreases were also observed in Tunisia, Malaysia and Indonesia. These declines more than offset substantial increases in the United Arab Emirates, Oman, Kazakhstan, Syria, Uganda, and Iraq. This underlines the high volatility of annual greenfield project values and their sensitivity to the timing of individual megaproject announcements. Against this background, attracting a larger number of projects will need to be accompanied by policies that strengthen

their development impact, domestic linkages and long-term contribution to productive transformation, as discussed in *Box 4.1*.

The analysis demonstrates that OIC countries strengthened their position in global investment over 2021–2025, but outcomes remained concentrated and sensitive to large transactions and megaprojects. The growing number of announced projects therefore needs to translate into implemented investment that strengthens productive capacity, employment, technology and domestic linkages.

4.2 External Debt and Debt-Service Pressures[12]

External debt remains an important source of financing for many OIC countries, supporting investment, infrastructure development, balance-of-payments needs, and fiscal financing. At the same time, elevated external debt levels, rising debt-service obligations, and exposure to global financial conditions can constrain policy space and increase vulnerability to external shocks. The analysis under this section covers external debt stocks, burden and composition, together with debt-service pressures and differences across OIC income groups and countries.

4.2.1 Global External Debt Context and Financing Conditions

External debt vulnerabilities in low- and middle-income countries (LMICs) have become increasingly shaped by the interaction between debt stocks, debt-service obligations and global financing conditions. In the post-pandemic period, many countries have faced higher borrowing costs, large refinancing needs and tighter fiscal space (World Bank, 2025a; IMF, 2025), making the assessment of external debt more dependent on repayment capacity and financing conditions than on nominal debt levels alone. This has renewed attention to indicators that relate debt stocks to income, exports and debt-service capacity, as well as to the composition and maturity structure of external liabilities.

Recent international evidence points to a more demanding external debt environment for LMICs. According to the World Bank's *International Debt Report 2025*, total external debt stocks of LMICs reached a record US$8.9 trillion in 2024, while countries eligible to borrow from the International Development Association owed a record US$1.2 trillion. The report also notes that LMICs recorded US$741 billion in net external debt outflows during 2022–2024, the largest such outflow in 50 years, as debt-service payments exceeded new external financing over this period (World Bank, 2025a; World Bank, 2025b). This indicates that external debt pressures

[12] The analysis is based on the World Bank's International Debt Statistics (IDS) Database and covers 2020–2024, the latest five-year period available. The dataset mainly covers low- and middle-income countries (LMICs), with Guyana being the only high-income country included. To maintain comparability with the LMIC coverage of the dataset, this section excludes high-income countries, including Guyana, from the analysis. Among OIC-LMICs, Libya, Malaysia and Palestine are not covered in the dataset.

are reflected not only in the size of debt stocks, but also in the net transfer of financial resources abroad to meet debt-service obligations.

The cost of debt has also become a major constraint on public finances and development spending. The OECD highlights that increasing debt-service burdens reduce the fiscal space and borrowing capacity needed to finance sustainable development priorities (OECD, 2025a). UNCTAD similarly emphasizes that rising debt-service obligations have increasingly constrained development spending, particularly in lower-income economies, where external debt payments absorb a substantial share of export earnings and public revenues (UNCTAD, 2025a; UNCTAD, 2025b).

Beyond external debt specifically, broader public-debt pressures have also intensified. UNCTAD estimates that global public debt reached a record US$102 trillion in 2024, with developing countries accounting for a growing share of the increase. Developing countries paid US$921 billion in net interest on public debt in 2024, up 10% from the previous year, and 61 developing countries allocated 10% or more of government revenues to interest payments (UNCTAD, 2025b; UNCTAD, 2025c). In a related assessment of external financial flows, UNCTAD estimates that developing countries paid US$384 billion in interest payments on external debt instruments in 2024, underlining the direct connection between external financing costs, debt-service pressures and fiscal constraints (UNCTAD, 2026c).

These debt-related pressures are unfolding in a global macroeconomic environment marked by elevated uncertainty. The World Bank's *Global Economic Prospects* projects global growth to slow to 2.5% in 2026, with downside risks linked to geopolitical tensions, commodity disruptions and policy uncertainty (World Bank, 2026a). The IMF's *World Economic Outlook* similarly points to renewed risks from conflict-related shocks, higher commodity prices, inflation expectations and risk-off sentiment, while the *Global Financial Stability Report* highlights elevated financial stability risks and possible amplification channels that could affect market access and financing conditions for emerging market and developing economies (IMF, 2026a; IMF, 2026b). These developments are directly relevant for external debt analysis, as weaker growth, volatile export earnings, exchange-rate pressures or higher global risk premia can affect both repayment capacity and refinancing conditions.

In this context, external debt analysis requires a combined reading of debt stock, composition and debt-service indicators. Nominal debt stocks indicate the scale of liabilities, but they do not show whether debt is large relative to income, whether repayment obligations are high relative to exports, or whether debt is concentrated in short-term or market-based instruments. Similarly, debt-service indicators provide a closer view of immediate repayment pressures, while composition indicators help identify whether external liabilities are more closely linked to public-

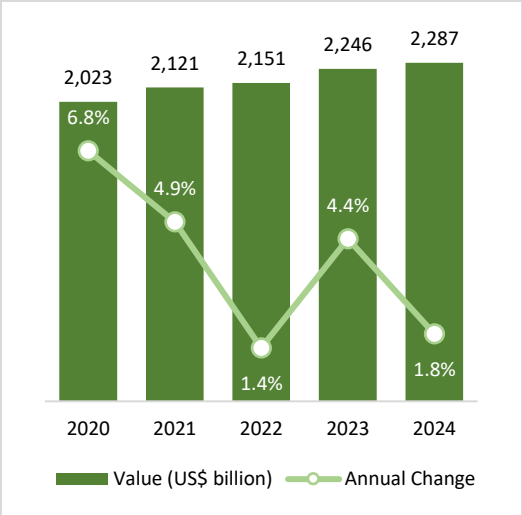
sector borrowing, private-sector borrowing, short-term financing or IMF-related liabilities. The following subsections therefore examine external debt in OIC-LMICs through these complementary dimensions.

4.2.2 External Debt Stock and Debt Burden

Assessing external debt stocks together with burden indicators is important for distinguishing between the scale of external borrowing and the relative burden it places on an economy. Given the diversity of OIC economies in terms of income levels, economic size, export structures, and access to external financing, the same level of external debt may have very different implications across countries. Therefore, the analysis of total external debt stock is complemented by indicators such as external debt as a percentage of GNI and total external debt per capita, which provide a more balanced basis for interpreting the overall debt burden.

The total external debt stock of LMICs continued to increase in 2024, but at a slower pace than in the previous year. It reached US$8,937 billion in 2024, rising by 1.1% from 2023, equivalent to an increase of about US$101 billion. This followed a somewhat faster expansion of 1.8% in 2023. The moderation in debt accumulation is consistent with the broader external financing environment facing LMICs, where higher borrowing costs, tighter financing conditions, and elevated debt-service obligations have limited the scope for new external borrowing in many economies (World Bank, 2025a; World Bank, 2025c).

Figure 4.7: Total External Debt Stock of OIC-LMICs, 2020–2024

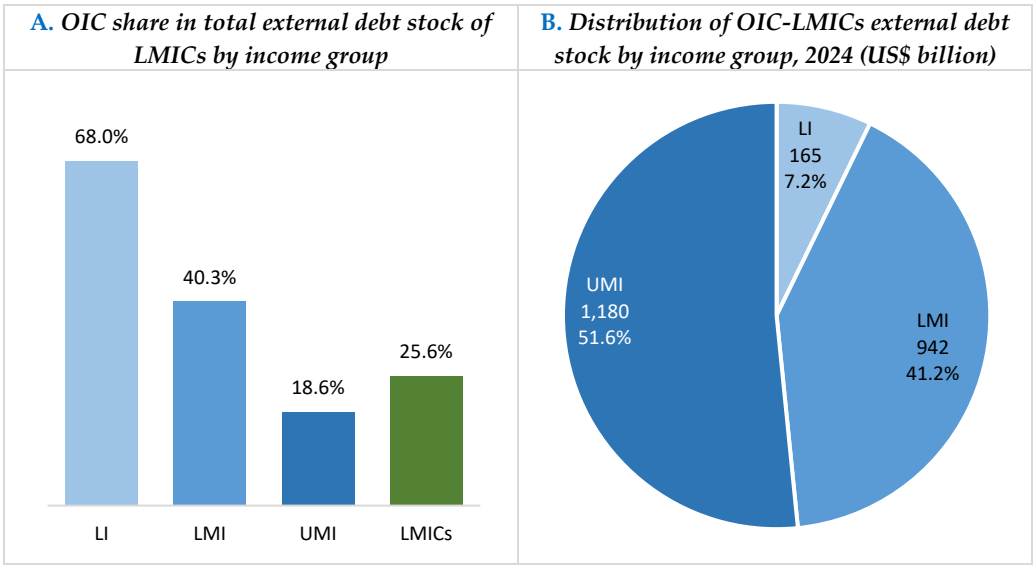


Source: SESRIC staff calculations based on World Bank, International Debt Statistics (IDS).
Note: Libya, Malaysia, and Palestine are not covered in the dataset.

A similar slowdown was observed among OIC-LMICs. Their total external debt stock increased by 1.8% in 2024, compared with 4.4% in 2023, reaching US$2,287 billion (*Figure 4.7*). In absolute terms, this represented an increase of US$40.9 billion from the previous year. Although external debt in OIC-LMICs grew somewhat faster than the LMICs average did in percentage terms, their contribution to the overall increase in LMIC external debt moderated significantly. OIC-LMICs accounted for 41.0% of the total increase in external debt stock of LMICs in 2024, down from 61.0% in 2023.

As of 2024, OIC-LMICs accounted for 25.6% of the total external debt stock of all LMICs. This aggregate share, however, masks important differences across income groups. OIC low-income countries represented as much as 68.0% of the total external debt stock of low-income countries, while OIC lower-middle-income countries accounted for 40.3% of the corresponding total. By contrast, OIC upper-middle-income countries accounted for only 18.6% of the external debt stock of upper-middle-income countries (*Figure 4.8.A*).[13] These figures indicate that the OIC members account for a disproportionately large share of external debt among low-income and lower-middle-income economies, compared with upper-middle-income economies.

Figure 4.8: External Debt Stock of OIC-LMICs by Income Group, 2024



Source: SESRIC staff calculations based on World Bank, International Debt Statistics (IDS).
Note: Libya, Malaysia, and Palestine are not covered in the dataset. LI = Low income, LMI = Lower middle income, UMI = Upper middle income.

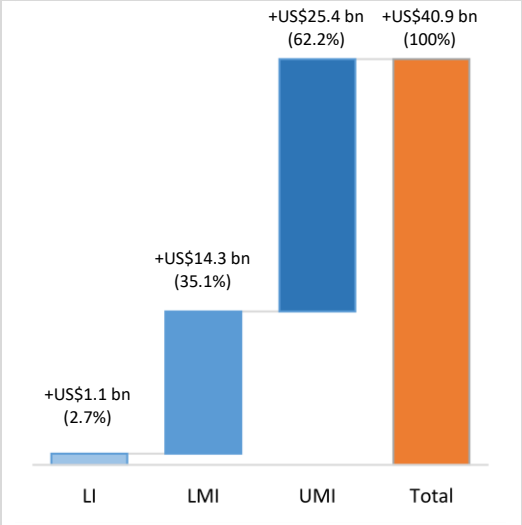
Within the OIC group itself, external debt remains concentrated in upper-middle- and lower-middle-income countries. In 2024, upper-middle-income OIC countries held US$1,180 billion in total external debt, accounting for 51.6% of the OIC low- and middle-income total. Lower-middle-income OIC countries followed with US$942 billion, or 41.2%, while low-income OIC countries accounted for US$165 billion, equivalent to 7.2% (*Figure 4.8.B*). The increase recorded in 2024 was also driven mainly by upper-middle-income OIC countries, which contributed 62.2% of the total rise in OIC external debt stock. Lower-middle-income OIC countries

[13] China, an upper-middle-income country, had an external debt stock exceeding US$2.4 trillion in 2024, accounting alone for 27.1% of the total external debt stock of LMICs. When China is excluded, the share of OIC upper-middle-income countries in the total external debt stock of upper-middle-income countries rises from 18.6% to 30.0%, while the share of OIC-LMICs in the total external debt stock of all LMICs increases from 25.6% to 35.1%.

accounted for 35.1% of the increase, while low-income OIC countries contributed only 2.7% (*Figure 4.9*).

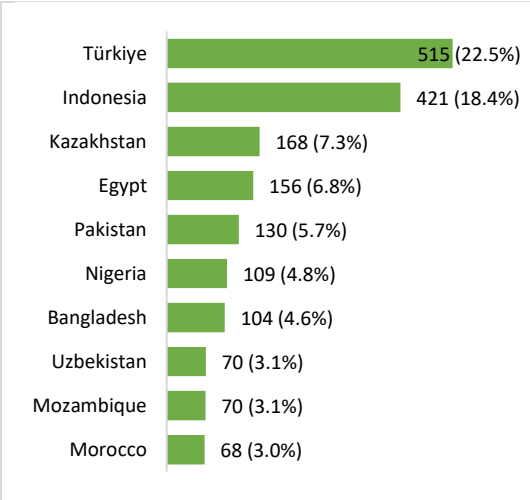
The distribution of external debt across income groups therefore differs from the distribution of debt burden. Upper-middle-income OIC countries hold the largest nominal stock, reflecting their larger economic size and greater access to external financing, while lower-income economies may face greater pressure when debt is assessed relative to their income and repayment capacity. Therefore, the analysis of total external debt stock should be complemented by debt-burden indicators, including external debt as a percentage of GNI and external debt per capita. Before turning to these debt-burden indicators, however, the country-level distribution of nominal external debt stock also helps illustrate the extent of concentration within OIC-LMICs.

Figure 4.9: Change in External Debt Stock by Income Group in OIC-LMICs, 2024



Source: SESRIC staff calculations based on World Bank, International Debt Statistics (IDS).
Note: Libya, Malaysia, and Palestine are not covered in the dataset. LI = Low income, LMI = Lower middle income, UMI = Upper middle income.

Figure 4.10: OIC-LMICs with the Largest External Debt Stocks, 2024 (US$ billion)



Source: SESRIC staff calculations based on World Bank, International Debt Statistics (IDS).
Note: Libya, Malaysia, and Palestine are not covered in the dataset. Figures in parentheses indicate each country's share in total OIC-LMIC external debt stock.

At the country level, external debt stock was highly concentrated in a small number of OIC low- and middle-income countries. In 2024, Türkiye recorded the largest external debt stock among OIC-LMICs at US$515 billion, accounting for 22.5% of the group total, followed by Indonesia with US$421 billion, or 18.4%. Together, these two countries accounted for 40.9% of the total external debt stock of OIC-LMICs. They were followed by Kazakhstan, Egypt, Pakistan, Nigeria, Bangladesh, Uzbekistan, Mozambique and Morocco. Overall, the top five

countries accounted for 60.8% of the total, while the top ten accounted for 79.2%, indicating a high concentration of nominal external debt among a relatively small number of large borrowers (*Figure 4.10*). In global comparison, Türkiye and Indonesia were among the largest external debtors in the low- and middle-income country group, ranking fifth and sixth, respectively, after China, India, Brazil and Mexico.

The annual change in external debt stock also varied considerably across member countries. Between 2023 and 2024, Indonesia recorded the largest nominal increase, at US$21.4 billion, followed by Türkiye with US$15.2 billion, Uzbekistan with US$8.7 billion, Nigeria with US$6.3 billion, and Côte d'Ivoire with US$4.2 billion. These increases indicate that the aggregate rise in OIC-LMIC external debt was driven mainly by a limited number of countries. At the same time, several member countries recorded notable declines. Egypt registered the largest decrease, with its external debt stock falling by US$12.2 billion, followed by Kazakhstan (US$3.9 billion), Iraq (US$2.8 billion), Azerbaijan (US$2.8 billion) and Tunisia (US$1.9 billion). Additional declines exceeding US$1 billion were recorded in Morocco, Pakistan and Somalia.

Among the countries recording notable declines, Egypt and Somalia illustrate how changes in nominal external debt stocks can reflect factors other than new borrowing or repayment. Egypt's decline occurred in the context of major external financing support in 2024, including the US$35 billion *Ras El-Hekma* investment agreement and the augmentation and rephasing of its IMF-supported programme, which helped ease near-term balance-of-payments pressures and strengthen foreign exchange liquidity (IMF, 2024a; Reuters, 2024). Somalia represents a different case, where the decline is closely linked to debt relief. After reaching the HIPC Completion Point[14] in December 2023, Somalia secured debt-service savings estimated at US$4.5 billion, reducing its external debt from 64% of GDP in 2018 to less than 6% by end-2023 (IMF & World Bank, 2023). These examples show that changes in nominal external debt stocks may reflect not only new borrowing or repayment, but also major financing inflows, restructuring, debt relief, valuation effects, and broader external-sector developments.

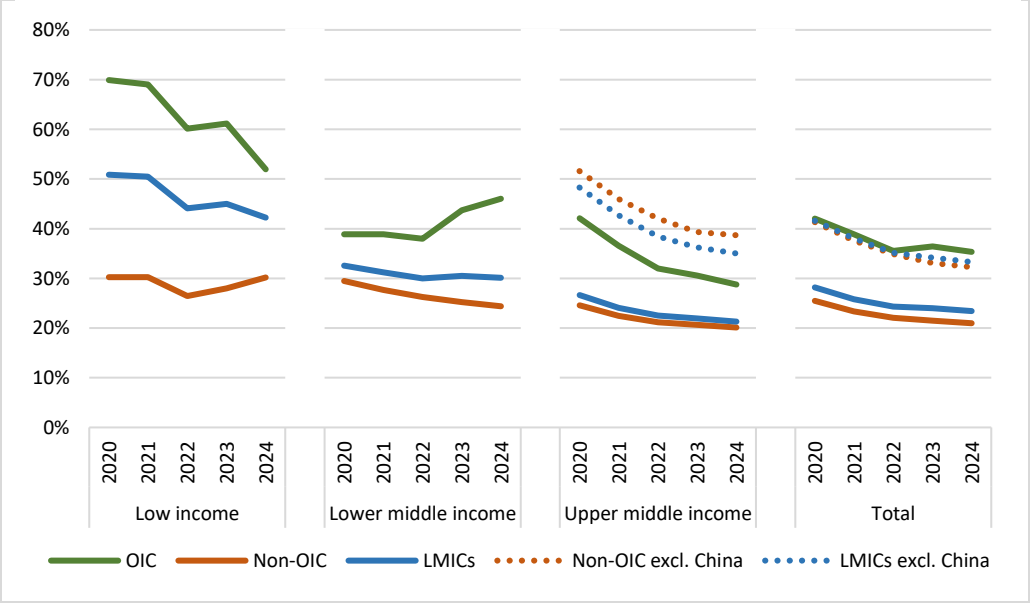
[14] The Heavily Indebted Poor Countries (HIPC) Initiative, launched by the IMF and the World Bank in 1996, is a debt-relief framework for eligible low-income countries facing unsustainable debt burdens. Among the 39 countries eligible or potentially eligible for HIPC Initiative assistance, 37 have reached the Post-Completion-Point stage following Somalia's achievement of the Completion Point in December 2023, while Sudan remains an Interim Country and Eritrea remains at the Pre-Decision-Point stage. Among these countries, 20 Post-Completion-Point countries are OIC members, and Sudan is also an OIC member, bringing the total number of OIC members among HIPC-eligible or potentially eligible countries to 21. The OIC Post-Completion-Point countries are Afghanistan, Benin, Burkina Faso, Cameroon, Chad, Comoros, Côte d'Ivoire, The Gambia, Guinea, Guinea-Bissau, Guyana, Mali, Mauritania, Mozambique, Niger, Senegal, Sierra Leone, Somalia, Togo and Uganda (IMF, 2023a; IMF & World Bank, 2023).

When measured relative to income, the external debt burden of OIC-LMICs remained higher than the average for LMICs as a whole. Total external debt stock of OIC-LMICs declined from 42.0% of GNI in 2020 to 35.4% in 2024, indicating a moderation over this period. However, this level was still considerably above the corresponding ratio for all LMICs, which stood at 23.4% in 2024, and for non-OIC low- and middle-income countries, which stood at 21.0% (*Figure 4.11*).

The gap is partly affected by the weight of China in the low- and middle-income country aggregate. When China is excluded, the external debt-to-GNI ratio of all LMICs rises to 33.3% in 2024, narrowing the difference with OIC-LMICs. Similarly, the ratio for non-OIC low- and middle-income countries excluding China reaches 32.3%. This indicates that the higher external debt burden of OIC-LMICs remains evident, although the gap with comparator LMICs narrows substantially once China is excluded. China's relatively low external debt burden, at 13% of GNI, contributes significantly to lowering the aggregate comparator ratios

Across income groups, the highest debt burden among OIC-LMICs was observed in low-income member countries. Their external debt stock stood at 51.9% of GNI in 2024, down from 69.9% in 2020. Despite this sizeable decline, the ratio remained above the average for all low-income countries, which stood at 42.2%, and far above the non-OIC low-income average of 30.2%. This points to a relatively high external debt burden among OIC low-income countries, even though their nominal contribution to the increase in OIC external debt stock was limited.

Figure 4.11: External Debt Stock as a Percentage of GNI in LMICs by Income Group, 2020–2024



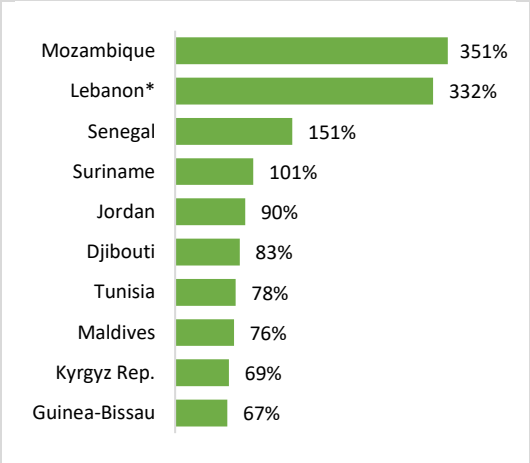
Source: SESRIC staff calculations based on World Bank, International Debt Statistics (IDS).
Note: Libya, Malaysia, and Palestine are not covered in the dataset.

Lower-middle-income OIC countries followed a different pattern. Their external debt-to-GNI ratio increased from 38.9% in 2020 to 46.0% in 2024, making this the only OIC income group in which the debt burden increased over the period. By comparison, the average ratio for all lower-middle-income countries declined slightly from 32.6% to 30.1%, while the ratio for non-OIC lower-middle-income countries fell from 29.5% to 24.4%. This divergence indicates that external debt accumulation in lower-middle-income OIC countries outpaced growth in their income base more visibly than in their non-OIC counterparts.

By contrast, upper-middle-income OIC countries recorded a steady decline in external debt stock relative to GNI, from 42.1% in 2020 to 28.8% in 2024. Although this remained above the average for all upper-middle-income countries when China is included, the picture changes when China is excluded. In that case, the average ratio for upper-middle-income countries rises to 35.0%, while the non-OIC upper-middle-income ratio reaches 38.7%. This indicates that, compared with upper-middle-income countries excluding China, OIC upper-middle-income countries had a relatively lower external debt burden in 2024.

The debt-to-GNI analysis provides a more nuanced picture than nominal debt stock alone. While upper-middle-income OIC countries held the largest share of total external debt stock, their debt burden relative to income declined over the period. Low-income OIC countries, despite accounting for a small share of the total OIC-LMIC debt stock, continued to face the highest relative debt burden. Lower-middle-income OIC countries require particular attention, as they combined a large share of OIC external debt stock with a rising debt-to-GNI ratio during 2020–2024.

Figure 4.12: OIC-LMICs with the Highest External Debt-to-GNI Ratios, 2024



Source: SESRIC staff calculations based on World Bank, International Debt Statistics (IDS).
*Note: Libya, Malaysia and Palestine are not covered in the dataset, while Yemen has no data for the 2020–2024 period. *Data for Lebanon refer to 2023, the latest year available.*

At the country level, the external debt-to-GNI ratio points to several cases of particularly high debt burden. In 2024, Mozambique recorded the highest ratio among OIC countries, at 351%, followed by Lebanon at 332%, based on its latest available data for 2023. Senegal also stood out with a ratio of 151%, followed by Suriname, Jordan, Djibouti, Tunisia, Maldives, Kyrgyz Republic, and Guinea-Bissau (*Figure 4.12*). Notably, three OIC countries were among the highest-ranked low- and middle-income countries in terms of external debt-to-GNI ratio, with Mozambique ranking first, Lebanon second, and Senegal fourth.

These exceptionally high ratios should be interpreted in their country-specific circumstances rather than as a uniform measure of debt distress. In Mozambique, the ratio reflects a combination of a relatively small income base and sizeable external liabilities, while the medium-term outlook is closely linked to the development of large LNG projects and the effective management of future resource revenues. IMF assessments also point to the importance of continued efforts to manage debt vulnerabilities while supporting macroeconomic stability and resilience to climate and security-related risks (IMF, 2024b). In Lebanon, the high ratio reflects the exceptional macroeconomic adjustment experienced in recent years, including the sharp contraction in output and the continuing need for comprehensive reforms to restore fiscal, financial and debt sustainability (IMF, 2023b).

At the lower end of the distribution, only four OIC countries recorded external debt-to-GNI ratios below 10% in 2024: Iran (2.2%), Algeria (2.7%), Turkmenistan (5.2%), and Iraq (6.2%). These low ratios indicate limited recorded external debt relative to national income. However, a low external debt-to-GNI ratio should not by itself be interpreted as evidence of stronger external-sector conditions or lower overall vulnerability. As access to external financing, export structure, domestic financing patterns, exchange-rate conditions and country-specific circumstances also shape the overall external debt profile.

Changes over 2020–2024 show that debt-burden dynamics differed considerably across member countries. The largest increases in external debt-to-GNI ratios were recorded in Lebanon, where the ratio rose by 107 percentage points,[15] followed by Senegal with an increase of 42.8 percentage points, Nigeria with 39.6 percentage points, The Gambia with 12.4 percentage points, and Benin with 11.8 percentage points. Conversely, the largest declines were observed in Mozambique, where the ratio fell by 81.6 percentage points, followed by Suriname with a decline of 58.3 percentage points, Kazakhstan with 48.2 percentage points, Sudan with 47.8 percentage points, and Kyrgyz Republic with 39.0 percentage points. Additional decreases of at least 25 percentage points were observed in Somalia, Tajikistan, Maldives, Albania, and Mauritania. These changes may reflect different combinations of repayments, restructuring, debt relief, changes in income levels, valuation effects, and revisions to external debt data.

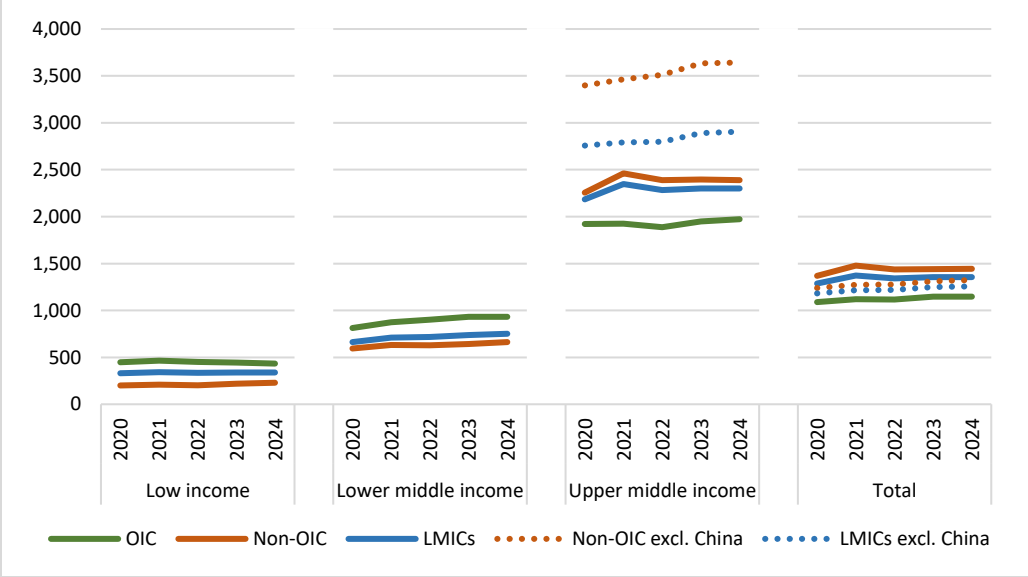
A per capita perspective provides an additional way to interpret the scale of nominal external debt exposure relative to population. In the aggregate, total external debt per capita in OIC-LMICs increased moderately from US$1,088 in 2020 to US$1,149 in 2024. This remained below the average for all LMICs, which rose from US$1,286 to US$1,355 over the same period, and also below the non-OIC average of US$1,444 in 2024 (*Figure 4.13*).

[15] For Lebanon, the change is between 2020 and 2023, the latest year with available data.

The lower OIC-LMIC per capita figure mainly reflects the composition of the group and differences across income levels. Among low-income countries, OIC members recorded higher external debt per capita than both the low-income average and the non-OIC low-income average. In 2024, external debt per capita stood at US$434 in OIC low-income countries, compared with US$338 for all low-income countries and US$229 for non-OIC low-income countries. However, the OIC low-income figure declined from US$446 in 2020, while external debt per capita increased over the same period in both the overall low-income country group (from US$331 to US$338) and the non-OIC low-income group (from US$201 to US$229).

In lower-middle-income countries, OIC members also recorded higher external debt per capita than the broader comparator groups. External debt per capita in OIC lower-middle-income countries increased from US$812 in 2020 to US$931 in 2024, compared with US$751 for all lower-middle-income countries and US$664 for non-OIC lower-middle-income countries in 2024. This is consistent with the rising debt-to-GNI ratio observed for lower-middle-income OIC countries and reinforces their position as an important area of external debt concern.

Figure 4.13: Total External Debt per Capita in LMICs by Income Group, 2020–2024 (US$)

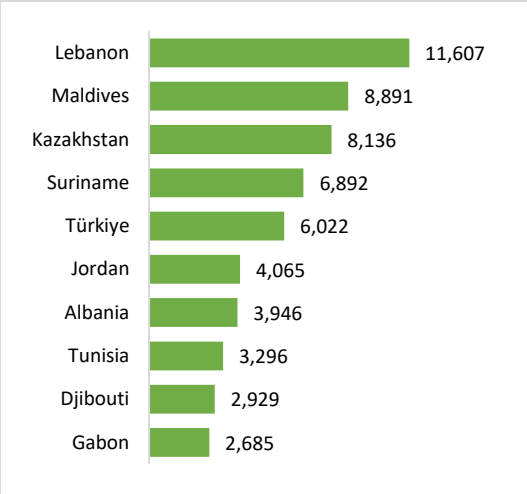


Source: SESRIC staff calculations based on World Bank, International Debt Statistics (IDS).
Note: Libya, Malaysia, and Palestine are not covered in the dataset.

By contrast, upper-middle-income OIC countries recorded lower external debt per capita than their non-OIC counterparts. Their external debt per capita increased slightly from US$1,920 in 2020 to US$1,972 in 2024, remaining below both the upper-middle-income country average of US$2,300 and the non-OIC upper-middle-income average of US$2,390. The difference becomes more pronounced when China

is excluded: in 2024, external debt per capita reached US$2,905 for upper-middle-income countries excluding China and US$3,643 for non-OIC upper-middle-income countries excluding China. China's external debt per capita stood at US$1,717 in 2024, meaning that its inclusion lowers the upper-middle-income average while raising the total low- and middle-income country average.

Figure 4.14: OIC-LMICs with the Highest Total External Debt per Capita, 2024 (US$)



Source: SESRIC staff calculations based on World Bank, International Debt Statistics (IDS).
Note: Libya, Malaysia and Palestine are not covered in the dataset.

The per capita analysis broadly reinforces the debt-to-GNI results. OIC low- and lower-middle-income countries show relatively higher external debt exposure than their non-OIC counterparts at similar income levels. By contrast, upper-middle-income OIC countries account for the largest share of nominal OIC-LMIC debt but appear less exposed relative to population and income.

At the country level, total external debt per capita varied widely across OIC countries. In 2024, Lebanon recorded the highest level among OIC countries, at US$11,607, ranking third among all LMICs globally. It was followed by Maldives, at US$8,891 (fifth globally), and Kazakhstan, at US$8,136 (seventh globally). Suriname, Türkiye, Jordan, Albania, Tunisia, Djibouti, and Gabon also ranked among the top ten OIC-LMICs (*Figure 4.14*). The concentration of high per capita debt in several relatively small or more financially integrated economies illustrates why population-adjusted debt levels should be interpreted alongside income and debt-service indicators.

At the lower end, only Afghanistan and Somalia recorded total external debt per capita below US$100 in 2024, at US$78 and US$95, respectively. A further group of countries recorded values between US$100 and US$200, namely Iran, Algeria, Chad, Yemen, Syria, and Niger. These low levels indicate limited recorded external debt per person, but they should not be interpreted as a sign of stronger external-sector conditions, as they may also reflect limited access to external financing, debt relief, sanctions, conflict-related constraints, or other country-specific circumstances.

Changes over 2020–2024 also show diverse country-level patterns. The largest nominal increase in external debt per capita was recorded in Maldives, where the value rose by US$1,599, followed by Senegal with an increase of US$999, Türkiye

with US$874, Uzbekistan with US$826, and Jordan with US$564. Conversely, the largest decline was recorded in Kazakhstan, where external debt per capita fell by US$739, followed by Gabon with a decrease of US$643, Lebanon with US$476, Azerbaijan with US$428, and Turkmenistan with US$387.

The stock and burden indicators show that nominal debt levels alone provide only a partial view of external debt exposure. While external debt in OIC-LMICs is concentrated in a limited number of large borrowers, the relative burden is more pronounced in selected low-income and lower-middle-income member countries. The debt-to-GNI and per capita indicators also show that the scale, intensity and implications of external debt vary considerably across countries. These differences underline the importance of looking beyond the total stock of debt and examining its composition, particularly the balance between long-term and short-term liabilities, the role of public and publicly guaranteed debt, and IMF-related liabilities.

4.2.3 Composition of External Debt

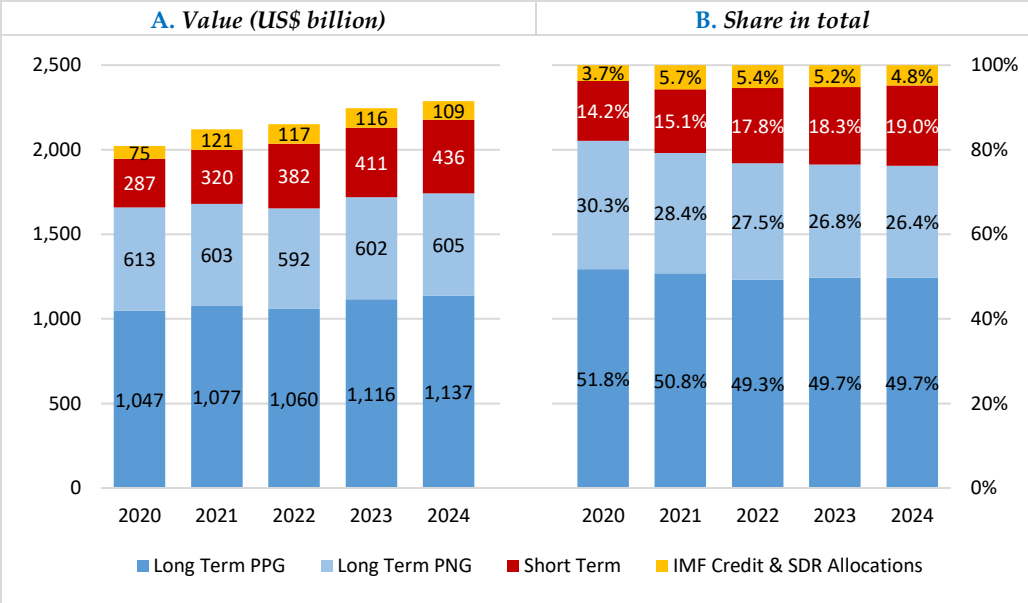
Beyond the overall size of external debt, its composition is central to understanding the nature of external financing and the channels through which debt-related risks may arise. Debt with longer maturities may provide more stable financing, while short-term debt can increase rollover and liquidity pressures when global financing conditions tighten. Similarly, the distinction between public and publicly guaranteed debt and private nonguaranteed debt helps identify whether external liabilities are more closely linked to public-sector debt management or private-sector borrowing dynamics. In this regard, the structure of external debt provides an important bridge between the stock and burden indicators discussed above and the debt-service pressures examined later in this section.

Figure 4.15 shows the composition of the total external debt stock of OIC-LMICs by major component. As of 2024, of the total external debt stock of nearly US$2.3 trillion, long-term external debt amounted to US$1,742 billion and accounted for 76.2% of the total. Within long-term debt, public and publicly guaranteed (PPG) debt amounted to US$1,137 billion, while private nonguaranteed (PNG) debt stood at US$605 billion. Accordingly, PPG debt represented 49.7% of total external debt stock and 65.3% of long-term external debt, indicating that public-sector-related liabilities remained the largest single component of external debt in OIC-LMICs.

Over the period 2020–2024, the composition of external debt shifted gradually away from long-term debt towards short-term and IMF-related liabilities. The share of long-term debt declined from 82.1% of total external debt stock in 2020 to 76.2% in 2024. This reflected a decline in the share of both PPG debt, from 51.8% to 49.7%, and PNG debt, from 30.3% to 26.4%. In value terms, however, PPG debt increased by US$89.8 billion over the period, while PNG debt declined slightly by US$7.9 billion. This suggests that the relative decline in long-term debt was driven mainly by the faster growth of other

components, rather than by a contraction in PPG debt. Looking specifically at the annual change in 2024, the US$40.9 billion increase in total external debt stock was driven mainly by short-term debt, which rose by US$24.5 billion, and PPG debt, which increased by US$20.7 billion, while PNG debt recorded only a small increase of US$2.4 billion and IMF-related liabilities declined by US$6.6 billion.

Figure 4.15: Composition of the Total External Debt Stock of OIC-LMICs, 2020–2024



Source: SESRIC staff calculations based on World Bank, International Debt Statistics (IDS).
Note: Libya, Malaysia, and Palestine are not covered in the dataset. PPG = Public and publicly guaranteed, PNG = Private nonguaranteed. Components may not add up to the totals due to rounding.

Short-term external debt recorded the most notable increase among the main components over the last five-year period under consideration. It rose from US$287 billion in 2020 to US$436 billion in 2024, an increase of about US$148 billion. As a result, its share in total external debt stock increased from 14.2% to 19.0%. This indicates that short-term liabilities became more prominent in the external debt structure of OIC-LMICs over the five-year period, which may increase the relevance of rollover and liquidity considerations, particularly under tighter external financing conditions.

IMF-related liabilities, comprising use of IMF credit and SDR allocations, remained relatively small at the aggregate level but increased compared with 2020. They rose from US$75 billion in 2020 to US$109 billion in 2024, largely reflecting the impact of the general SDR allocation implemented by the IMF in 2021 to support global liquidity during the COVID-19 recovery period (IMF, 2021; SESRIC, 2021). Within this aggregate, use of IMF credit remained almost stable between 2020 and 2023, at around US$50–52 billion, before declining to US$45 billion in 2024. By contrast, SDR allocations increased sharply from US$23 billion in 2020 to US$69 billion in 2021,

before declining slightly to US$64 billion in 2024. As a result, the increase in IMF-related liabilities over the period should be interpreted mainly in relation to SDR allocations rather than a comparable expansion in the use of IMF credit.

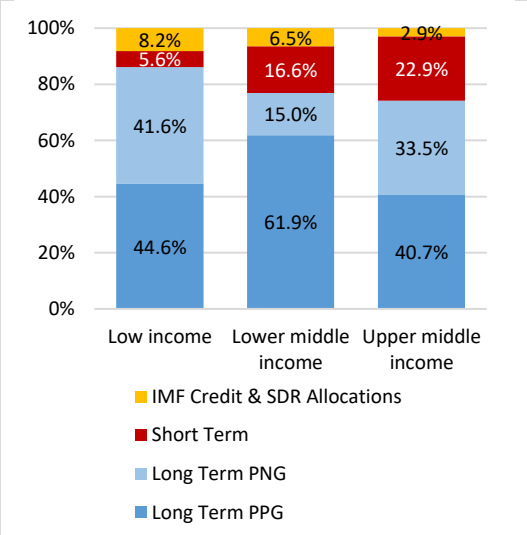
The aggregate composition of external debt in OIC-LMICs masks important differences across income groups. These differences are particularly relevant because the relative importance of PPG debt, PNG debt, short-term debt, and IMF-related liabilities may vary according to income level, access to external financing, public-sector borrowing needs, and private-sector financing capacity.

An examination of the debt structure by income group reveals that long-term debt remained the dominant component of external debt across all OIC income groups in 2024, although its composition varied considerably among them (*Figure 4.16*). In low-income OIC countries, long-term debt accounted for 86.2% of total external debt stock, almost evenly divided between PPG debt (44.6%) and PNG debt (41.6%). This group recorded the lowest share of short-term debt, at 5.6%, but the highest share of IMF-related liabilities, comprising use of IMF credit and SDR allocations, at 8.2%.

Lower-middle-income OIC countries had the most PPG-oriented debt structure. PPG debt accounted for 61.9% of their total external debt stock in 2024, the highest share among the three income groups, while PNG debt represented only 15.0%. Short-term debt accounted for 16.6% of total external debt, and IMF-related liabilities represented 6.5%. This indicates that external debt in lower-middle-income OIC countries was more closely associated with public and publicly guaranteed borrowing than with private nonguaranteed borrowing.

Upper-middle-income OIC countries showed a more diversified composition. PPG debt accounted for 40.7% of total external debt stock, while PNG debt represented 33.5%. This group also recorded the highest share of short-term debt, at 22.9%, and the lowest share of IMF-related liabilities, at 2.9%. Compared with lower-middle-income OIC countries, upper-middle-income countries had a substantially higher share of PNG

Figure 4.16: Composition of Total External Debt Stock of OIC-LMICs by Income Group, 2024



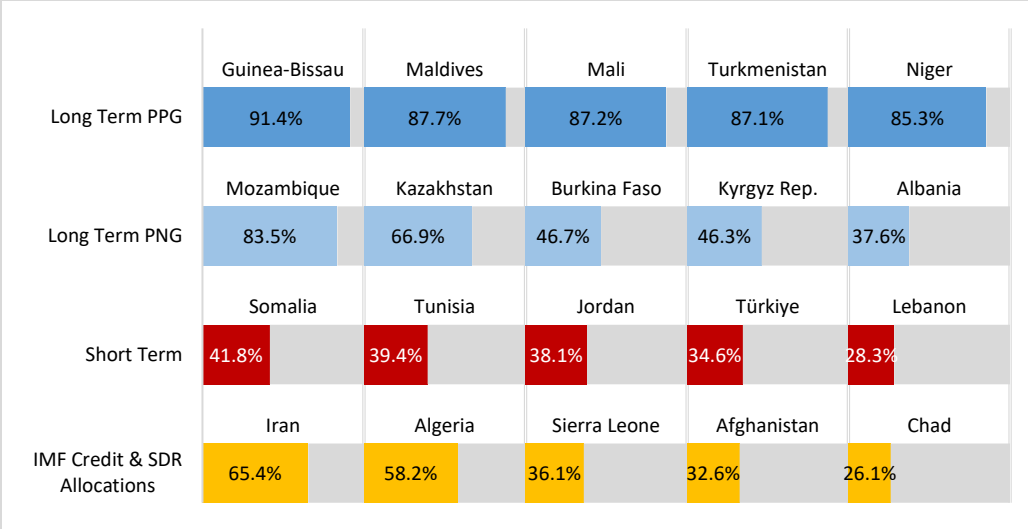
Source: SESRIC staff calculations based on World Bank, International Debt Statistics (IDS).
Note: PPG = Public and publicly guaranteed, PNG = Private nonguaranteed. Libya, Malaysia and Palestine are not covered in the dataset.

debt and short-term debt, while their reliance on PPG debt and IMF-related liabilities was considerably lower.

External debt composition also varies considerably across OIC income groups. Low-income countries had the highest combined long-term debt share and the highest IMF-related share, lower-middle-income countries were the most PPG-dominated, and upper-middle-income countries had the highest short-term debt share.

Figure 4.17 complements the aggregate and income-group analysis by identifying the OIC-LMICs where specific components account for particularly high shares of total external debt stock. The figure shows that country-level debt structures differ considerably, even when countries belong to the same broad income category.

Figure 4.17: OIC-LMICs with the Highest Component Shares in Total External Debt Stock, 2024



Source: SESRIC staff calculations based on World Bank, International Debt Statistics (IDS).
Note: PPG = Public and publicly guaranteed, PNG = Private nonguaranteed. Libya, Malaysia, and Palestine are not covered in the dataset. High component shares do not necessarily imply high debt levels in absolute terms; rather, they indicate the relative importance of each component within a country's own external debt structure.

PPG debt accounted for the largest component in many OIC-LMICs, but its dominance was particularly visible in Guinea-Bissau, Maldives, Mali, Turkmenistan and Niger, where it represented more than 85% of total external debt stock. These cases point to external debt structures that are largely linked to public-sector or publicly guaranteed obligations, with relatively limited shares of private nonguaranteed and short-term liabilities. By contrast, PNG debt was highly concentrated in a smaller number of countries. Mozambique and Kazakhstan stood out, with PNG debt accounting for 83.5% and 66.9% of total external debt stock, respectively, followed by Burkina Faso, Kyrgyz Republic and Albania. In Kazakhstan, the high PNG share is consistent with the important role of private-

sector and intercompany external liabilities in the country's external debt structure, as national and World Bank sources point to the significance of private-sector liabilities and FDI-linked intercompany loans in Kazakhstan's external debt profile (National Bank of Kazakhstan, 2026; World Bank, 2024). In Mozambique, the very high PNG share should be interpreted in light of the country's broader natural-resource and megaproject context, including the role of large LNG-related investments and associated external financing dynamics (IMF, 2024b).

Short-term debt was another important source of differentiation across countries. Its share exceeded the OIC-LMIC aggregate of 19.0% in several countries, including Somalia, Tunisia, Jordan, Türkiye, Lebanon, Algeria, Iran, Sudan, Nigeria, and Egypt. Among them, Somalia, Tunisia, Jordan, Türkiye, and Lebanon recorded the highest shares, ranging from 28.3% in Lebanon to 41.8% in Somalia. These cases point to the importance of rollover and liquidity considerations in countries where short-term liabilities account for a sizeable part of total external debt. However, country-specific interpretation remains important. In Türkiye, for example, short-term external debt is driven by the banking sector, trade credits, and central bank-related external liabilities, as reflected in national short-term external debt statistics (CBRT, 2026). In Somalia, by contrast, the high short-term share should be interpreted against the sharp reduction in the country's external debt stock following the HIPC Completion Point, which significantly changed the composition of the remaining debt stock (IMF & World Bank, 2023).

IMF-related liabilities also varied considerably across countries. Their share was highest in Iran and Algeria, where they accounted for 65.4% and 58.2% of total external debt stock, respectively. However, in both countries this reflects SDR allocations rather than use of IMF credit, as their recorded use of IMF credit was zero. Therefore, these high shares should not be interpreted as evidence of IMF programme borrowing, but rather as the relative importance of SDR allocations in countries with very small external debt stocks. By contrast, Sierra Leone, Afghanistan and Chad recorded high IMF-related shares that included more visible use of IMF credit: 19.4% in Sierra Leone, 18.8% in Chad, and 14.4% in Afghanistan.

The country-level composition confirms that the external debt structure of OIC-LMICs cannot be understood only through aggregate or income-group averages. Some countries are overwhelmingly PPG-oriented, others have large PNG shares linked to private or project-related external liabilities, while a separate group shows relatively high short-term or IMF-related shares. These differences are important because the risks associated with each component are not the same: PPG debt is more closely linked to public-sector debt management, PNG debt to private-sector and project-financing dynamics, short-term debt to rollover and liquidity risks, and IMF-related liabilities to official financing and reserve-related obligations.

4.2.4 Debt-Service Pressures and Repayment Capacity

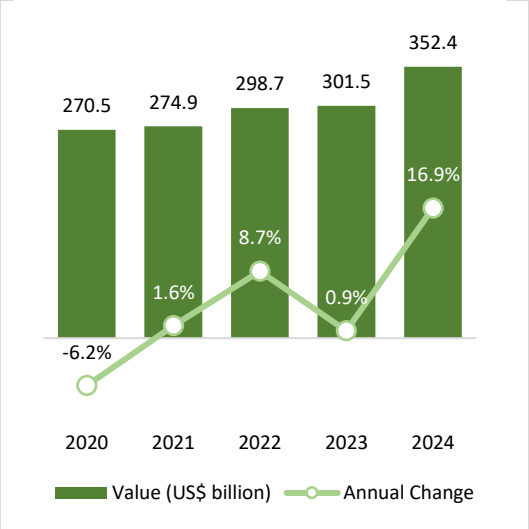
While external debt stock indicators show the scale and structure of outstanding liabilities, debt-service indicators capture the actual repayment obligations falling due within a given year. Debt service is therefore more directly linked to liquidity pressures, fiscal space, foreign exchange needs and repayment capacity. A country may have a manageable debt stock in nominal terms, but still face pressure if principal repayments and interest payments are large relative to available financing, exports, public revenues or reserves.

Figure 4.18 shows that total debt service on external debt in OIC-LMICs increased from US$270.5 billion in 2020 to US$352.4 billion in 2024. The increase was particularly pronounced in 2024, when debt service rose by US$50.9 billion, or 16.9%, from the previous year. This was the strongest annual increase recorded during 2020–2024. Compared with 2020, total debt service in OIC-LMICs was US$81.9 billion higher in 2024, corresponding to an increase of 30.3%.

The 2024 increase was driven mainly by upper-middle- and lower-middle-income OIC countries. Debt service in upper-middle-income OIC countries rose from US$197.0 billion in 2023 to US$225.0 billion in 2024, an increase of US$28.1 billion. Lower-middle-income OIC countries recorded an increase of US$23.6 billion, from US$94.6 billion to US$118.2 billion. By contrast, debt service in low-income OIC countries declined slightly, from US$9.9 billion to US$9.2 billion. As a result, upper-middle-income countries accounted for 63.9% of total OIC-LMIC debt service in 2024, followed by lower-middle-income countries with 33.5%, while low-income countries accounted for only 2.6% in nominal terms.

The increase in OIC-LMIC debt service contrasts with the broader trend among all LMICs. Total debt service of all LMICs declined by US$138.5 billion, or 9.7%, in 2024, reaching US$1,293 billion. As a result, the share of OIC-LMICs in total debt service of all LMICs increased markedly, from 21.1% in 2023 to 27.3% in 2024. This was also higher than the 25.4% share recorded in 2020. The increase was visible across income groups, but especially among upper-

Figure 4.18: Total Debt Service on External Debt in OIC-LMICs, 2020–2024



Source: SESRIC staff calculations based on World Bank, International Debt Statistics (IDS).
Note: Libya, Malaysia and Palestine are not covered in the dataset.

middle-income OIC countries, whose share in total upper-middle-income LMIC debt service rose from 17.1% in 2023 to 23.3% in 2024. OIC low-income countries also continued to account for a very large share of total debt service among low-income countries, at 75.5% in 2024.

At the country level, the rise in OIC-LMIC debt service in 2024 was concentrated in a small number of countries. Indonesia recorded the largest increase, with debt service rising by US$16.1 billion, followed by Türkiye with an increase of US$13.1 billion and Egypt with US$11.5 billion. Together, these three countries accounted for about US$40.7 billion, equivalent to around four-fifths of the net increase in total debt service of OIC-LMICs in 2024. This concentration indicates that the aggregate increase was driven primarily by a small number of large borrowers, even though several member countries recorded decreases in debt-service payments during the same year.

Figure 4.19 presents total debt service as a percentage of exports of goods, services and primary income, which provides an indication of the repayment burden relative to external earnings. Unlike the nominal debt-service measure, this indicator captures the extent to which debt-service obligations absorb export-related foreign exchange inflows.

In 2024, total debt service of OIC-LMICs amounted to 21.2% of exports of goods, services and primary income, up from 18.8% in 2023. This increase contrasts with the broader LMIC trend, where the ratio declined from 15.4% to 13.0% over the same period. Even when China[16] is excluded from the LMIC aggregate, the ratio declined from 17.9% in 2023 to 16.2% in 2024. As a result, OIC-LMICs recorded a higher debt-service-to-exports ratio than both the overall LMIC average and the LMIC average excluding China in 2024.

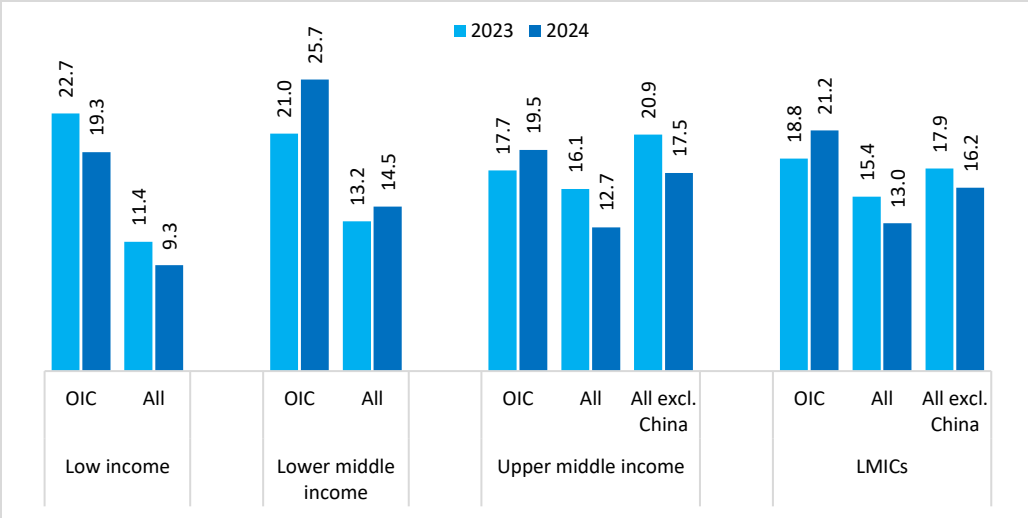
Across income groups, lower-middle-income OIC countries recorded the highest debt-service-to-exports ratio in 2024, at 25.7%, up from 21.0% in 2023. This was well above the corresponding average for all lower-middle-income countries, which stood at 14.5%. Upper-middle-income OIC countries also recorded an increase, from 17.7% to 19.5%, while the ratio for all upper-middle-income countries declined from 16.1% to 12.7%. When China is excluded, the upper-middle-income country average rises to 17.5% in 2024, but remains below the OIC upper-middle-income ratio.

By contrast, low-income OIC countries recorded a decline in the ratio, from 22.7% in 2023 to 19.3% in 2024. Despite this improvement, their ratio remained more than twice the average for all low-income countries, which stood at 9.3% in 2024. This suggests that, even with a lower ratio compared with the previous year, debt-service

[16] China has a notable influence on the comparator aggregates. In 2024, China accounted for 36.4% of total debt service of upper-middle-income countries and 27.3% of total debt service of all LMICs. With a debt service-to-exports ratio falling from 11.8% in 2023 to 8.6% in 2024, China's inclusion lowers the debt-service-to-exports ratios of both the upper-middle-income and total LMIC aggregates.

obligations continued to absorb a relatively large share of export-related earnings in low-income OIC countries.

Figure 4.19: Total Debt Service as a Percentage of Exports in LMICs by Income Group, 2023–2024 (%)



Source: SESRIC staff calculations based on World Bank, International Debt Statistics (IDS).
Note: Exports refer to exports of goods, services and primary income. Libya, Malaysia, and Palestine are not covered in the dataset.

The debt-service-to-exports indicator points to a more pronounced repayment burden in OIC-LMICs compared with the broader LMIC group in 2024. The increase was particularly visible among lower-middle- and upper-middle-income OIC countries, while low-income OIC countries continued to record a high ratio despite an improvement from the previous year.

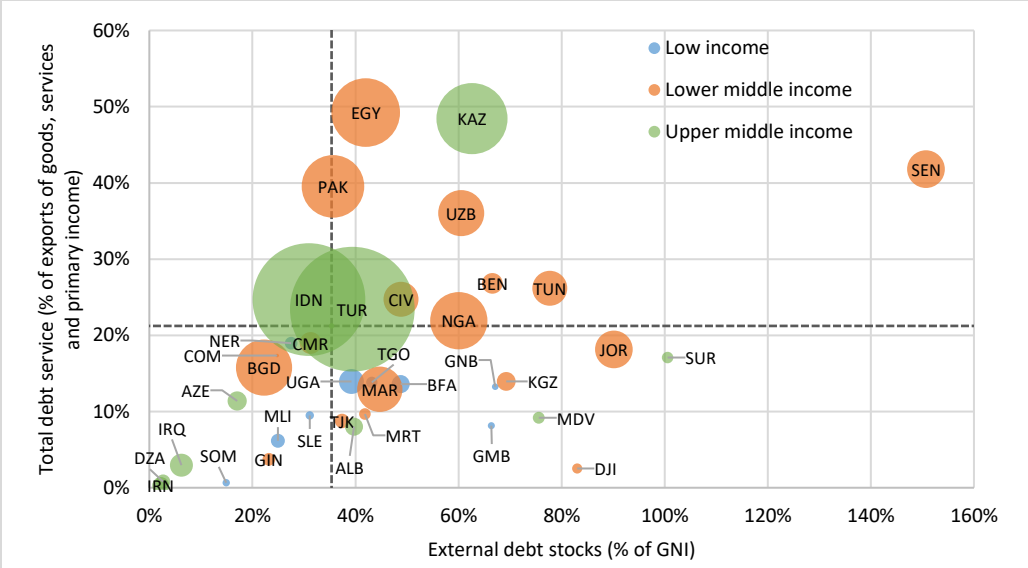
At the country level, debt-service-to-exports ratios varied widely across OIC-LMICs in 2024. Four countries recorded particularly high ratios in the range of 40–50%: Egypt at 49.2%, Kazakhstan at 48.4%, Mozambique at 46.5% and Senegal at 41.8%. Pakistan and Uzbekistan also recorded high ratios, at 39.5% and 36.0%, respectively. Overall, 12 OIC-LMICs recorded ratios above the OIC-LMIC average of 21.2%. In addition to the six countries mentioned above, these included Benin, Tunisia, Côte d'Ivoire, Indonesia, Türkiye and Nigeria. Among countries with available data, Algeria, Somalia, and Iran recorded ratios below 1%, indicating very limited debt-service payments relative to exports of goods, services and primary income in 2024.

Changes between 2023 and 2024 also differed sharply across countries. The largest increases were recorded in Egypt, where the ratio rose by 18.8 percentage points, followed by Senegal with an increase of 11.6 percentage points, Benin with 8.7 percentage points, Nigeria with 6.5 percentage points and Comoros with 5.8 percentage points. Conversely, the largest declines were observed in Uganda, where the ratio fell by 16.0 percentage points, followed by Lebanon with a decline of 13.5

percentage points, Kyrgyz Republic with 13.4 percentage points, Chad with 8.5 percentage points and Suriname with 7.1 percentage points. These changes may reflect different combinations of debt-service payments, export performance, exchange-rate effects and country-specific repayment schedules. They also show why debt-service pressures need to be assessed together with broader debt-stock indicators, as presented in the vulnerability matrix below.

Figure 4.20 brings together external debt stock and debt-service indicators to provide a country-level view of external debt vulnerability among OIC-LMICs. The horizontal axis shows external debt stock as a percentage of GNI, while the vertical axis shows total debt service as a percentage of exports of goods, services and primary income. The dashed reference lines indicate the OIC-LMIC averages for the two indicators. Countries located above both lines combine relatively high external debt stock with relatively high repayment pressure, while bubble size reflects the nominal scale of external debt stock.

Figure 4.20: External Debt Vulnerability Matrix in OIC-LMICs, 2024



Source: SESRIC staff calculations based on World Bank, International Debt Statistics (IDS).
Note: Bubble size reflects total external debt stock in 2024. Dashed lines indicate the OIC-LMIC averages for external debt stock as a percentage of GNI and total debt service as a percentage of exports. Countries with missing data for either axis are not shown, including Afghanistan, Chad, Gabon, Lebanon, Sudan, Syria, Turkmenistan, and Yemen. Mozambique is outside the x-axis range, with external debt stock at 350.6% of GNI and debt service at 46.5% of exports. Libya, Malaysia, and Palestine are not covered in the dataset.

Several countries were positioned in the upper-right part of the matrix, indicating above-average values for both external debt stock relative to GNI and debt service relative to exports. Egypt, Kazakhstan, Senegal, Pakistan and Uzbekistan stand out in this group, with high debt-service-to-exports ratios and debt-to-GNI ratios above

the OIC-LMIC average. Mozambique also belongs to this higher-exposure area, although it is not shown in the figure because its external debt stock was an extreme outlier at 350.6% of GNI. These countries require particular attention because they combine sizeable debt burdens with relatively high annual repayment obligations, indicating pressure on both medium-term debt capacity and near-term external liquidity.

A second group of countries also recorded values above both reference lines, but with somewhat less extreme debt-service ratios. These include Benin, Tunisia, Côte d'Ivoire, Türkiye and Nigeria. Türkiye and Nigeria are especially important in nominal terms, as reflected by their larger bubble sizes, even though their debt-service-to-exports ratios were only moderately above the OIC-LMIC average. Indonesia represents a different case: it recorded an above-average debt-service-to-exports ratio and had one of the largest nominal external debt stocks among OIC-LMICs, but its external debt-to-GNI ratio remained below the OIC-LMIC average.

The matrix also identifies countries with high external debt stock relative to GNI but lower debt-service pressure in 2024. Jordan, Suriname, Maldives, Kyrgyz Republic, Guinea-Bissau, The Gambia and Djibouti fall into this category. These cases suggest that high debt stock does not necessarily translate into equally high immediate repayment pressure. However, such countries may still face future financing risks depending on debt maturity, interest rates, refinancing needs and export performance.

At the lower end of the matrix, several countries recorded relatively low values for both indicators, including Algeria, Iran, Iraq and Somalia. In these cases, debt-service payments were limited relative to exports, and external debt stock was also low or moderate relative to income. However, a favourable position in the matrix should not be interpreted as a comprehensive assessment of external-sector resilience, as other factors such as access to external financing, sanctions, export concentration, reserves, exchange-rate conditions and domestic financing conditions may also shape vulnerability.

The vulnerability matrix therefore demonstrates the importance of considering debt stock and debt-service indicators jointly. Countries with large nominal external debt stocks do not necessarily face the highest relative repayment pressure, while countries with high debt-to-GNI ratios may have different near-term debt-service profiles depending on the maturity and composition of their liabilities. The combination of stock and repayment indicators therefore provides a more balanced basis for identifying countries where external debt vulnerabilities may be more pronounced.

The findings of this section therefore provide the debt-related dimension of external vulnerability in OIC-LMICs. They show that external debt pressures may arise through different channels, including high debt stocks, changing debt composition,

short-term liabilities, and elevated repayment obligations. These debt-related pressures need to be viewed alongside other external financing flows and buffers, which can either ease or amplify the impact of external debt obligations on macroeconomic stability.

4.3 Official Development Assistance

Official development assistance (ODA) remains an important source of external financing for many OIC countries, particularly low-income, least developed, fragile and conflict-affected economies.[17] Its importance is greatest where fiscal space and access to market-based financing are limited and development or humanitarian financing needs remain high.

The analysis covers global ODA developments and the scale, distribution and relative importance of ODA received by OIC countries during 2020–2024. Preliminary 2025 developments are also considered where available.

4.3.1 Global ODA Trends and Donor Landscape

Global ODA increased significantly during the first half of the 2020s, reflecting the important role of development cooperation in responding to successive global crises. On a grant-equivalent basis, total ODA provided by DAC member countries rose from US$162.7 billion in 2020 to US$223.9 billion in 2023, before declining to US$215.1 billion in 2024 (*Figure 4.21.A*). Despite the decline in 2024, ODA remained US$52.5 billion higher than in 2020. As a share of DAC members' combined GNI, ODA increased from 0.32% in 2020 to 0.37% in both 2022 and 2023, before falling to 0.34% in 2024.

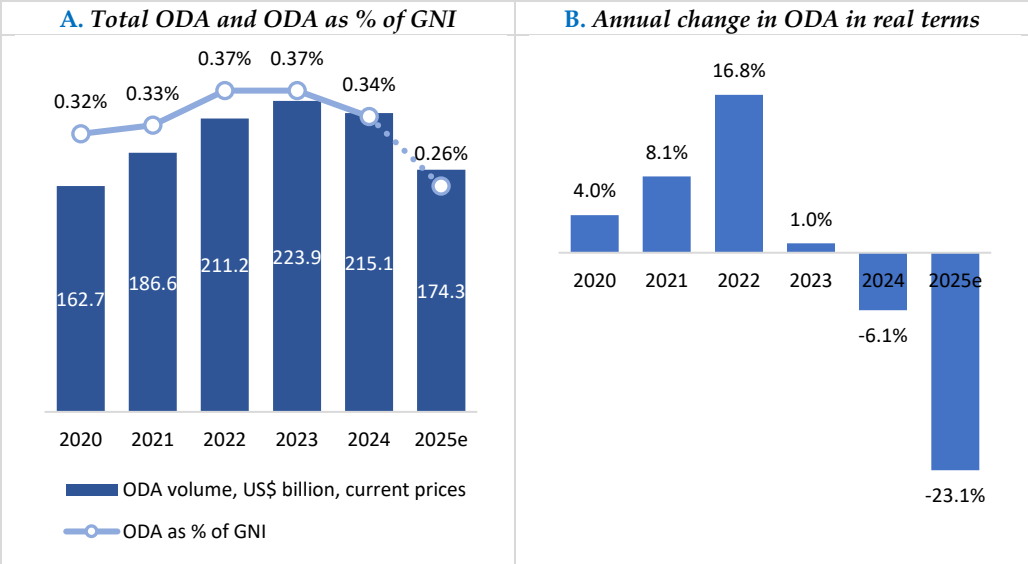
The expansion during 2020–2023 was shaped by several exceptional factors. In the early part of the period, ODA increased in response to the COVID-19 pandemic, including support for health systems, vaccines, emergency response and broader recovery needs in developing countries. ODA also rose sharply in 2022 and 2023 in connection with the war in Ukraine, higher humanitarian assistance, and increased spending by donor countries on hosting refugees. These developments show that ODA flows during the period were strongly influenced by crisis-related demands, both within recipient countries and within donor countries themselves (OECD, 2024; OECD, 2025b).

In 2024, total ODA from DAC member countries declined by US$8.8 billion from the previous year, falling from US$223.9 billion to US$215.1 billion. The ODA-to-GNI ratio also declined from 0.37% to 0.34%. According to the OECD, the fall in 2024 was

[17] The OECD defines ODA as government aid designed to promote the economic development and welfare of developing countries, mainly through grants, concessional loans and technical assistance (OECD, n.d.). ODA statistics are compiled under the framework of the OECD Development Assistance Committee (DAC), whose member countries represent the main traditional providers of development assistance.

associated with lower contributions to international organisations, reduced aid to Ukraine, lower humanitarian assistance and lower spending on hosting refugees in donor countries (OECD, 2025b). This marked a shift from the exceptional crisis-driven expansion observed earlier in the decade, although the 2024 level still remained well above the level recorded in 2020.

Figure 4.21: Official Development Assistance from DAC Member Countries, 2020–2025



Source: SESRIC staff calculations based on OECD Data Explorer, DAC1: Flows by provider (ODA+OOF+Private).

Note: Panel A presents ODA on a grant-equivalent basis in current US dollars and ODA as a percentage of DAC members' combined gross national income (GNI). Panel B presents annual changes in ODA in constant 2024 prices, adjusted for inflation and exchange-rate fluctuations. The 2025 data are preliminary.

Preliminary data for 2025 point to a much sharper contraction. DAC members' ODA declined to US$174.3 billion on a grant-equivalent basis, while the ODA-to-GNI ratio fell to 0.26%. This represented a decrease of US$40.9 billion from 2024, bringing ODA in nominal terms close to its 2020 level and substantially below the peak reached in 2023. These preliminary figures suggest that, after the crisis-related expansion of ODA during 2020–2023 and the moderation observed in 2024, donor-side ODA came under subtantial pressure in 2025 (OECD, 2026a).

The decline in ODA has been broad-based but uneven across donors. OECD preliminary data show that 26 of 34 DAC members reduced their ODA in 2025, while the five largest providers (France, Germany, Japan, the United Kingdom, and the United States) accounted for most (95.7%) of the overall fall. At the same time, ODA performance continued to vary considerably across providers. In 2025, Germany became the largest DAC provider of ODA for the first time, followed by the United States, the United Kingdom, Japan and France. Among DAC members,

only Denmark, Luxembourg, Norway and Sweden exceeded the United Nations target of providing ODA equivalent to 0.7% of GNI (OECD, 2026a).

In real terms, adjusted for both inflation and exchange-rate fluctuations, ODA from DAC members increased steadily over 2020–2023 before declining in 2024 and 2025, reflecting the cumulative impact of pandemic-related support, assistance to Ukraine, humanitarian spending and in-donor refugee costs. This trend reversed in 2024, when ODA declined by 6.1%, followed by a much sharper decline of 23.1% in 2025 based on preliminary data (*Figure 4.21.B*). These real-term changes confirm that the moderation visible in the current-price series in 2024 developed into a substantial contraction in 2025.

> *"Total ODA fell by 23.1%, in real terms, compared to 2024. This is the largest annual contraction recorded in the history of ODA, bringing ODA levels back to where they stood at the start of the 2030 Agenda for Sustainable Development."* (OECD, 2026a)

Several factors explain the recent pressure on ODA flows. On the donor side, fiscal consolidation, rising defence and security spending, domestic budgetary pressures and shifting political priorities have constrained aid budgets. On the recipient side, demand for concessional financing has remained high because of overlapping challenges, including conflict, displacement, food insecurity, climate-related shocks, health needs and limited fiscal space in many developing countries. OECD projections for the near term suggest that aid cuts may disproportionately affect the poorest and most vulnerable countries, including least developed countries, countries in sub-Saharan Africa, and sectors such as humanitarian assistance, health, and social infrastructure (OECD, 2026b).

These developments have important implications for OIC countries, many of which include low-income, least developed, fragile, conflict-affected or fiscally constrained economies. A contraction in global ODA may reduce the availability of concessional resources at a time when development financing needs remain elevated. It may also affect humanitarian assistance, health, governance, social protection and resilience-building programmes, particularly in countries that depend heavily on a limited number of providers. Therefore, the donor-side contraction in ODA provides an important context for assessing both the scale and distribution of ODA received by OIC countries and the extent to which recipient countries may be exposed to declining concessional financing.

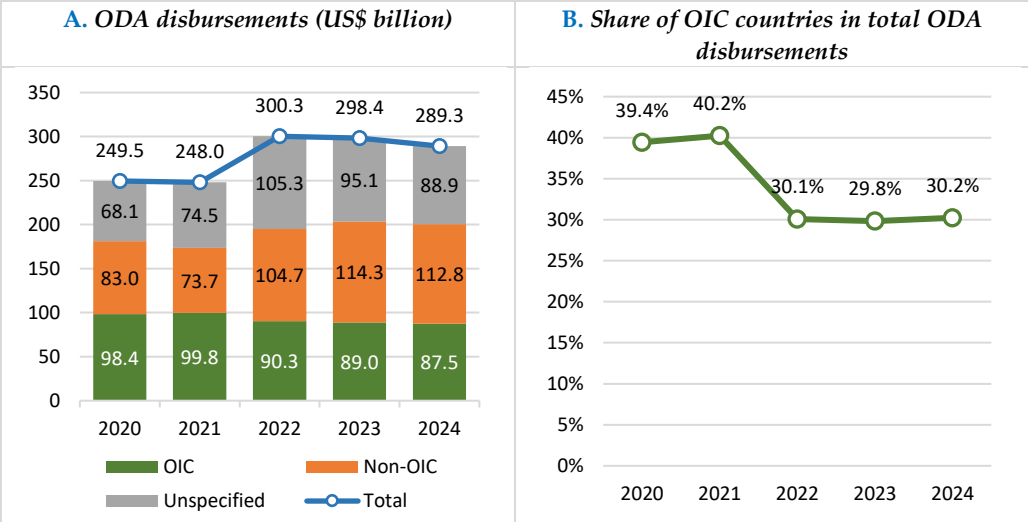
4.3.2 ODA Disbursements

While the previous subsection examined ODA from the donor perspective, this subsection focuses on the recipient side by analysing gross ODA disbursements to developing countries. Unlike the donor-side headline figures presented above, which are reported on a grant-equivalent basis, the recipient-side analysis in this

subsection is based on gross disbursements from all official donors, expressed in constant 2024 prices. This allows the analysis to focus on the amount of ODA actually disbursed to developing countries and to highlight the overall level and evolution of ODA received by OIC countries over time.

As shown in *Figure 4.22.A*, total ODA disbursements to developing countries increased from US$249.5 billion in 2020 to US$289.3 billion in 2024, representing a net rise of US$39.8 billion over the period. This overall increase was influenced by a notable surge in 2022, largely driven by higher ODA flows to non-OIC countries, particularly Ukraine, as well as a rise in unspecified or regional allocations.

Figure 4.22: ODA Disbursements by Recipient Group, 2020–2024



Source: SESRIC staff calculations based on OECD Data Explorer, CRS: Creditor Reporting System (flows). Note: ODA figures refer to gross disbursements from all official donors and are expressed in constant 2024 prices. The "unspecified" category includes ODA flows not allocated to specific recipient countries. The OIC group excludes Bahrain, Brunei Darussalam, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates. Components may not add up to totals due to rounding.

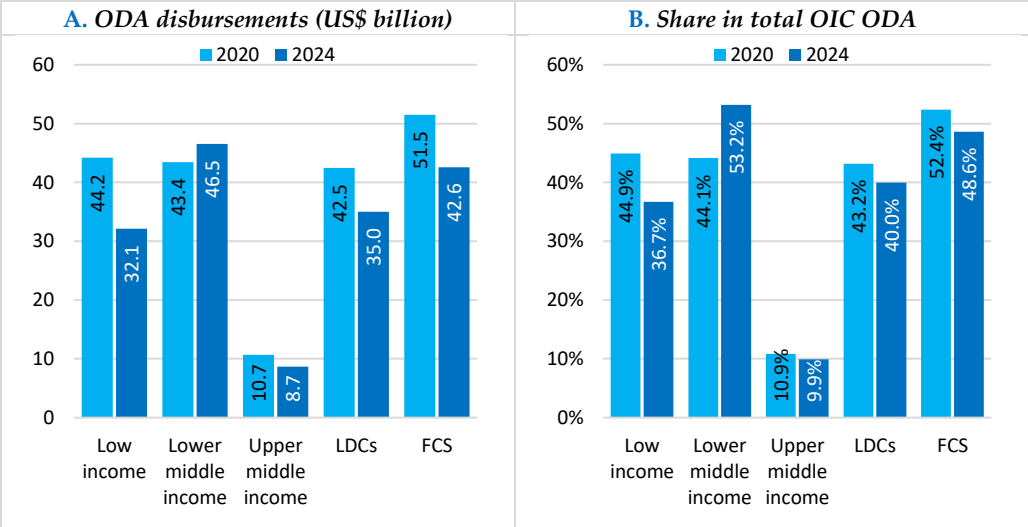
ODA disbursements to OIC countries showed a gradual decline over the past four years, falling from US$99.8 billion in 2021 to US$87.5 billion in 2024, a decrease of US$12.3 billion. This shift is also reflected in the OIC share of total ODA disbursements (*Figure 4.22.B*). OIC countries accounted for 39.4% of total ODA disbursements to developing countries in 2020 and 40.2% in 2021. However, their share fell sharply to 30.1% in 2022, and remained broadly stable at 29.8% in 2023 and 30.2% in 2024. The decline in the OIC share after 2021 therefore reflected two simultaneous developments: a reduction in ODA disbursements to OIC countries and a marked increase in disbursements to non-OIC and unspecified recipients.

Figure 4.23 shows that ODA disbursements to OIC countries remained concentrated in lower-income and vulnerable country groups, although the internal distribution changed over 2020–2024. In value terms, ODA to low-income OIC countries

declined from US$44.2 billion in 2020 to US$32.1 billion in 2024. Their share in total OIC ODA also fell from 44.9% to 36.7%. By contrast, ODA to lower-middle-income OIC countries increased from US$43.4 billion to US$46.5 billion over the same period, raising their share from 44.1% to 53.2%. As a result, lower-middle-income countries became the largest income group receiving ODA within the OIC by 2024.

ODA to upper-middle-income OIC countries remained comparatively limited, declining from US$10.7 billion in 2020 to US$8.7 billion in 2024. Their share in total OIC ODA also remained broadly stable, at around 10% over the period. High-income OIC countries are excluded from the figure, as Guyana is the only high-income OIC country receiving ODA, including in 2024, when it received US$184 million, equivalent to 0.2% of total OIC ODA.

Figure 4.23: ODA Disbursements to OIC Countries by Income and Vulnerability Group, 2020 and 2024



Source: SESRIC staff calculations based on OECD Data Explorer, CRS: Creditor Reporting System (flows). Note: ODA figures refer to gross disbursements from all official donors and are expressed in constant 2024 prices. Income groups are mutually exclusive, while LDCs and FCS are not mutually exclusive with income groups and may also overlap with each other. LDCs = Least developed countries; FCS = Fragile and conflict-affected states, based on the IMF classification. High-income OIC countries are excluded from the figure, as Guyana is the only high-income OIC country receiving ODA, including in 2024, when it received US$184 million, equivalent to 0.2% of total OIC ODA. Components may not add up to totals due to rounding.

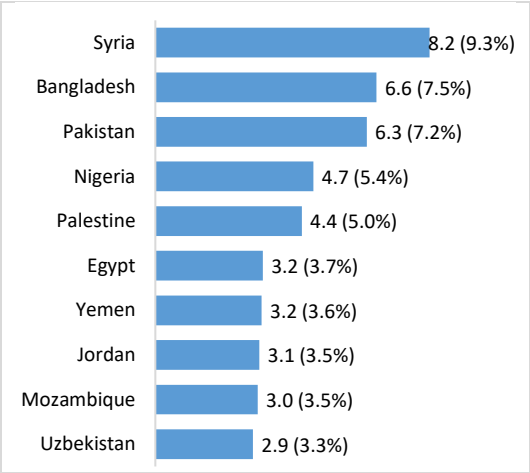
The vulnerability-group perspective shows that least developed countries and fragile and conflict-affected states continued to receive a large share of ODA disbursed to OIC countries. OIC-LDCs received US$35.0 billion in 2024, equivalent to 40.0% of total OIC ODA, while OIC fragile and conflict-affected states received US$42.6 billion, or 48.6% of the total. Although both groups recorded lower disbursements than in 2020, their shares remained substantial, indicating that nearly

half of ODA to OIC countries remains closely associated with development vulnerability, fragility and crisis-related needs.

At the country level, ODA disbursements to OIC countries were moderately concentrated among a limited number of recipients in 2024 (*Figure 4.24*). Syria was the largest recipient, receiving US$8.2 billion, or 9.3% of total OIC ODA, followed by Bangladesh with US$6.6 billion, Pakistan with US$6.3 billion, Nigeria with US$4.7 billion, and Palestine with US$4.4 billion. Together, the top five recipients accounted for 34.4% of total ODA disbursements to OIC countries. The top ten recipients, which also included Egypt, Yemen, Jordan, Mozambique and Uzbekistan, accounted for 52.0% of the total, indicating that just ten countries received slightly more than half of all ODA disbursed to OIC countries in 2024.

The composition of the top recipient group reflects both large development-financing needs and crisis-related vulnerabilities. Large-population countries such as Bangladesh, Pakistan and Nigeria received sizeable ODA volumes in absolute terms, while the high ranking of Syria, Palestine and Yemen points to the continued importance of humanitarian and crisis-related assistance in ODA flows to OIC countries.

Figure 4.24: Top OIC Recipients of ODA, 2024 (US$ billion)



Source: SESRIC staff calculations based on OECD Data Explorer, CRS: Creditor Reporting System (flows).
Note: ODA figures refer to gross disbursements from all official donors and are expressed in constant 2024 prices. The OIC group excludes Bahrain, Brunei Darussalam, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates, as they are not recipients of ODA. The percentage figures in brackets indicate each country's share in total ODA disbursements to OIC countries in 2024.

Changes between 2023 and 2024 show that ODA flows to OIC countries remained sensitive to country-specific developments and annual disbursement cycles. The largest increases were recorded in Uzbekistan, where ODA rose by US$1.5 billion, followed by Egypt with an increase of US$1.1 billion. Notable increases were also observed in Chad, Palestine, Sudan, Nigeria and Pakistan, each recording gains of around US$0.5–0.7 billion. These increases, however, were more than offset by sizeable declines in several major recipients. Syria recorded the largest decrease, with ODA falling by US$2.1 billion, followed by Yemen with a decline of US$1.2 billion and Afghanistan with US$1.0 billion. Senegal, Bangladesh and Türkiye also recorded

notable decreases. As a result, despite significant increases in several countries, the aggregate OIC total declined in 2024 by US$1.5 billion (1.7%).

The sizeable declines recorded in several major recipients, particularly Syria, Yemen and Afghanistan, also merit close attention in light of the broader donor outlook discussed in the previous subsection. These countries are among the OIC members with significant humanitarian, fragility and development financing needs. Therefore, sustained reductions in ODA to such contexts could have important implications for the continuity of humanitarian assistance, health services, social protection, governance and resilience-building efforts, particularly if the projected contraction in global ODA persists in the coming years (OECD, 2026b).

4.3.3 Relative Importance of ODA

While absolute ODA volumes show where the largest amounts of assistance are disbursed, they do not fully capture the relative importance of ODA for recipient economies. Large countries may receive sizeable ODA flows in nominal terms, while smaller, low-income, least developed, or fragile countries may depend more heavily on ODA relative to their income or population. Therefore, this subsection examines the relative importance of ODA within the OIC by focusing on two indicators: ODA as a percentage of GNI and ODA per capita.

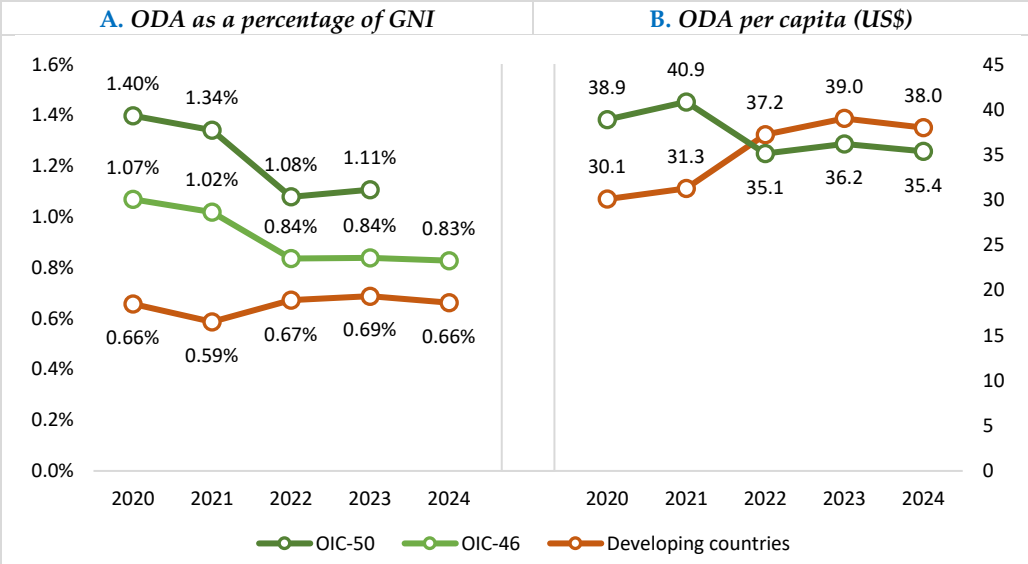
The first indicator, ODA as a percentage of GNI, provides a macroeconomic perspective on the role of ODA in relation to the size of the recipient economy. It helps identify countries where ODA represents a significant source of external development finance relative to domestic income. The second indicator, ODA per capita, provides a population-adjusted perspective and helps show where ODA flows are relatively high in relation to the number of people living in the recipient country. Used jointly, these indicators provide a more balanced view of ODA relevance across OIC countries than nominal disbursement levels alone.

Figure 4.25 compares ODA as a percentage of GNI and ODA per capita for recipient OIC countries and developing countries over 2020–2024. In Panel A, the full OIC-50 series is shown only up to 2023 due to missing 2024 GNI data for Afghanistan, Lebanon, Syria and Yemen. The comparable OIC-46 series, which excludes these four countries, is shown for the full 2020–2024 period.

ODA represented a higher share of GNI in OIC recipient countries than in developing countries throughout the period. For the full OIC-50 sample, ODA amounted to 1.40% of GNI in 2020 and 1.34% in 2021, before declining to 1.08% in 2022 and 1.11% in 2023. These ratios remained well above the corresponding developing-country averages, which ranged between 0.59% and 0.69% during the same period. This indicates that, relative to the size of recipient economies, ODA has been more important for OIC countries than for developing countries as a whole.

The comparable OIC-46 series shows a similar but lower pattern. ODA amounted to 1.07% of GNI in 2020, declined to 0.84% in 2022 and 2023, and stood at 0.83% in 2024. The lower level of the OIC-46 series reflects the exclusion of four major ODA recipients with missing 2024 GNI data, which together accounted for a sizeable share of net ODA to OIC countries (21% in 2024). Even with this exclusion, however, the OIC-46 ratio remained above the developing-country average in every year, including 2024, when it stood at 0.83% compared with 0.66% for developing countries.

Figure 4.25: ODA as a Percentage of GNI and ODA per Capita, 2020–2024



Source: SESRIC staff calculations based on OECD Data Explorer, DAC2A: Aid (ODA) disbursements to countries and regions.

Note: Indicators are based on net ODA disbursements from all official donors and are expressed in current prices. The OIC-50 group refers to OIC recipient countries, excluding Bahrain, Brunei Darussalam, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates, which are not recipients of ODA. OIC-46 further excludes Afghanistan, Lebanon, Syria, and Yemen, which do not have available GNI data for 2024.

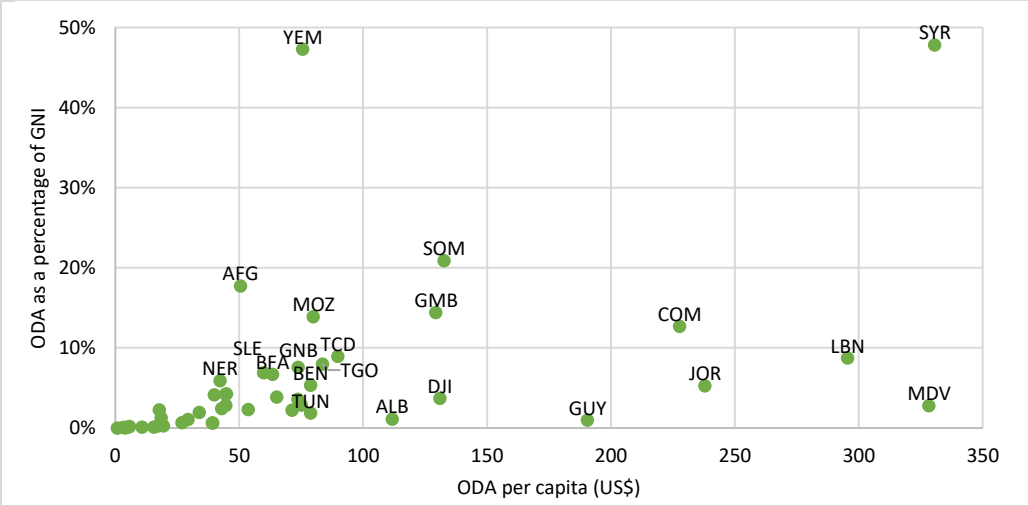
Panel B presents ODA per capita, which provides a population-adjusted perspective on ODA flows. ODA per capita in OIC recipient countries increased from US$38.9 in 2020 to US$40.9 in 2021, before declining to US$35.1 in 2022 and remaining broadly stable at US$36.2 in 2023 and US$35.4 in 2024. By contrast, the developing-country average rose from US$30.1 in 2020 to US$38.0 in 2024, mainly reflecting the broader increase in ODA disbursements to non-OIC and unspecified recipients during the period.

As a result, the relative position of OIC recipient countries changed over time. In 2020 and 2021, ODA per capita in OIC countries was higher than the developing-country average. From 2022 onwards, however, it fell below the developing-country

average, even though ODA as a percentage of GNI remained higher in OIC countries. This contrast suggests that ODA remained more important for OIC countries relative to the size of their economies, but not necessarily higher on a per-person basis after 2021. The difference reflects the combined effects of changes in ODA allocation, population size and the concentration of crisis-related flows outside the OIC group during this period.

Figure 4.26 provides a country-level view of the relative importance of ODA in OIC countries by comparing ODA per capita with ODA as a percentage of GNI. The figure shows that countries with high ODA intensity are not necessarily the same as those receiving the largest ODA volumes in absolute terms. Instead, the relative importance of ODA is most visible in smaller, fragile, conflict-affected or highly aid-dependent economies.

Figure 4.26: ODA as a Percentage of GNI and ODA per Capita in OIC Countries, 2024 or Latest Available



Source: SESRIC staff calculations based on OECD Data Explorer, DAC2A: Aid (ODA) disbursements to countries and regions.

Note: Indicators are based on net ODA disbursements from all official donors and are expressed in current prices. ODA per capita is calculated using 2024 ODA and population data. ODA as a percentage of GNI refers to 2024, except for Afghanistan, Lebanon, Syria and Yemen, for which 2023 values are used due to missing 2024 GNI data. The OIC group excludes Bahrain, Brunei Darussalam, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates, which are not recipients of ODA. Palestine is not shown in the figure due to its high ODA per capita value of US$819; its ODA as a percentage of GNI was 26.0% in 2024.

In several OIC countries, ODA accounted for a large share of national income in 2024 or the latest available year. Syria and Yemen stood out with ratios of 47.8% and 47.3%, respectively, followed by Palestine at 26.0%, Somalia at 20.9%, Afghanistan at 17.7%, The Gambia at 14.4%, Mozambique at 13.9% and Comoros at 12.7%. These high ratios indicate that ODA represents a substantial source of external financing relative to the size of these economies. In many of these cases, ODA is closely linked

to fragility, conflict, humanitarian needs, displacement, or limited domestic resource capacity.

The per-capita perspective highlights a partly different group of countries. Palestine recorded by far the highest ODA per capita, at US$819. Syria and Maldives recorded ODA per capita above US$300, followed by Lebanon, Jordan, Comoros, and Guyana. These cases show that relatively high ODA per capita may occur in countries with smaller populations, significant humanitarian or refugee-related needs, or high levels of external assistance relative to population size.

The countries located toward the upper-right part of the figure are those where ODA is important on both dimensions. Syria, Palestine, Comoros, Lebanon, Somalia and The Gambia combine relatively high ODA-to-GNI ratios with comparatively high ODA per capita. Yemen, Afghanistan, and Mozambique show high ODA-to-GNI ratios but lower per-capita values, reflecting the importance of ODA relative to economic size, even when per-person disbursements are more moderate. By contrast, several larger OIC economies, including Indonesia, Türkiye, Egypt, Iran and Algeria, recorded low values on both indicators, indicating that ODA plays a more limited role relative to their income and population size.

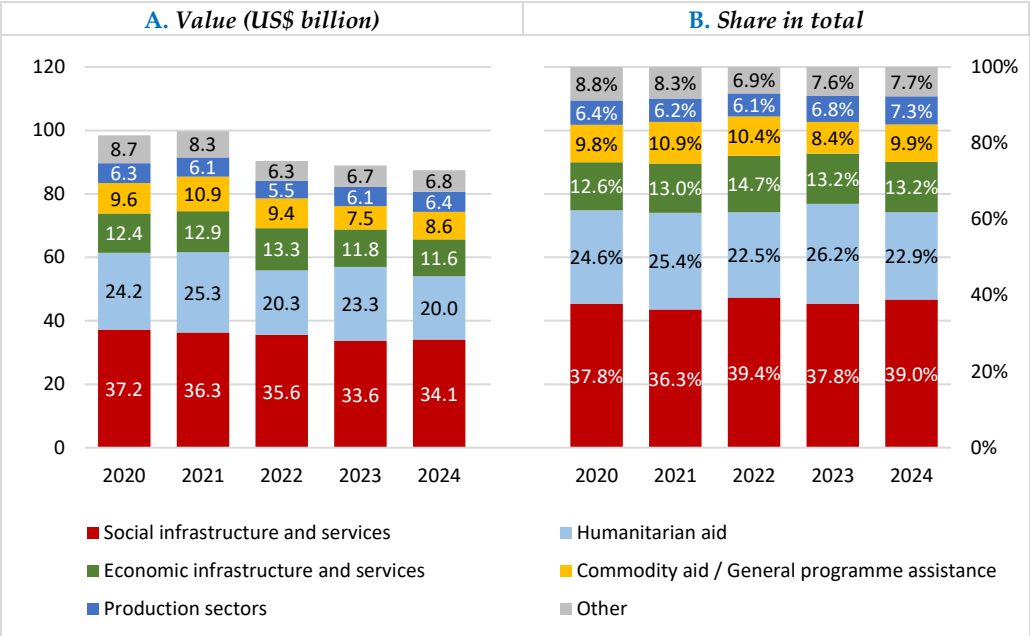
The country-level evidence confirms that the relative importance of ODA varies considerably across OIC countries. Absolute recipient rankings are useful for identifying where the largest volumes are disbursed, but ODA-to-GNI and ODA per capita indicators show where ODA is more significant in relation to economic size and population. This distinction is particularly important for smaller, fragile and conflict-affected OIC countries, where even moderate ODA volumes can represent a major source of external development and humanitarian financing.

4.3.4 Sectoral Allocation of ODA

The distribution of ODA across sectors provides insight into the types of development needs and policy areas supported by external concessional financing. In the OIC context, sectoral patterns are particularly important because ODA is not only used for long-term development priorities, such as social services and infrastructure, but also for humanitarian response, emergency support and programme assistance in countries affected by fragility, conflict, displacement or fiscal constraints.

As shown in *Figure 4.27*, social infrastructure and services remained the largest sectoral category of ODA to OIC countries throughout the 2020–2024 period. Disbursements to this category declined from US$37.2 billion in 2020 to US$34.1 billion in 2024, but its share in total OIC ODA increased slightly from 37.8% to 39.0%. This indicates that, despite the overall decline in ODA disbursements to OIC countries, social infrastructure and services retained their central position in the sectoral composition of ODA.

Figure 4.27: ODA Disbursements to OIC Countries by Sector, 2020–2024



Source: SESRIC staff calculations based on OECD Data Explorer, CRS: Creditor Reporting System (flows). Note: ODA figures refer to gross disbursements from all official donors and are expressed in constant 2024 prices. The OIC group excludes Bahrain, Brunei Darussalam, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates, which are not recipients of ODA. Components may not add up to totals due to rounding.

Humanitarian aid was the second-largest category, although it recorded a notable decline over the period. ODA disbursements for humanitarian aid decreased from US$24.2 billion in 2020 to US$20.0 billion in 2024. Its share in total OIC ODA also declined from 24.6% to 22.9%, after reaching 26.2% in 2023. Even with this decline, humanitarian aid continued to account for nearly one-quarter of total ODA disbursements to OIC countries in 2024, reflecting the continued importance of crisis response, emergency assistance and support to vulnerable populations.

Economic infrastructure and services remained relatively stable in both value and share. Disbursements stood at US$11.6 billion in 2024, compared with US$12.4 billion in 2020, while its share increased slightly from 12.6% to 13.2%. Commodity aid and general programme assistance declined from US$9.6 billion in 2020 to US$8.6 billion in 2024, with its share remaining close to 10% over most of the period. Production sectors received a smaller but gradually increasing share, rising from 6.4% of total OIC ODA in 2020 to 7.3% in 2024.

These trends show that the sectoral composition of ODA to OIC countries remained heavily concentrated in social infrastructure and humanitarian aid. Together, these two categories accounted for 61.9% of total OIC ODA in 2024, close to their combined share of 62.4% in 2020. This suggests that ODA to OIC countries continues

to be strongly oriented toward social development and crisis-response needs, while economic infrastructure, production sectors and programme assistance represent smaller but still important components of external concessional financing.

The country-level distribution of ODA in social infrastructure and services shows that this category is relatively broad-based across OIC recipients (*Figure 4.28*). In 2024, Nigeria was the largest recipient, receiving US$2.5 billion in ODA for social infrastructure and services, followed by Jordan with US$2.2 billion and Bangladesh with US$2.0 billion. Pakistan, Mozambique and Palestine each received US$1.7 billion. Türkiye, Uganda, Indonesia and Morocco also ranked among the top recipients. Together, the top ten recipients accounted for around half of total ODA disbursed to OIC countries in this sector, indicating a moderate degree of concentration. At the same time, the sector's importance within national ODA portfolios varied considerably. Social infrastructure and services accounted for more than two-thirds of total ODA in Jordan and Türkiye, and for more than half in Nigeria, Uganda, Mozambique, and Morocco, indicating that this sector constitutes a central pillar of ODA support in these countries.

Figure 4.28: Top OIC Recipients of ODA in Social Infrastructure and Services, 2024 (US$ billion)

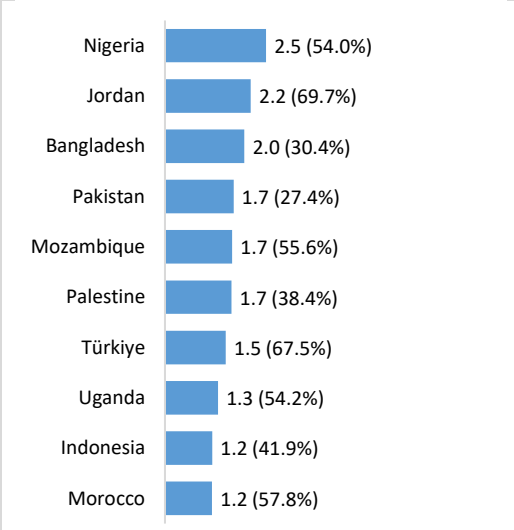
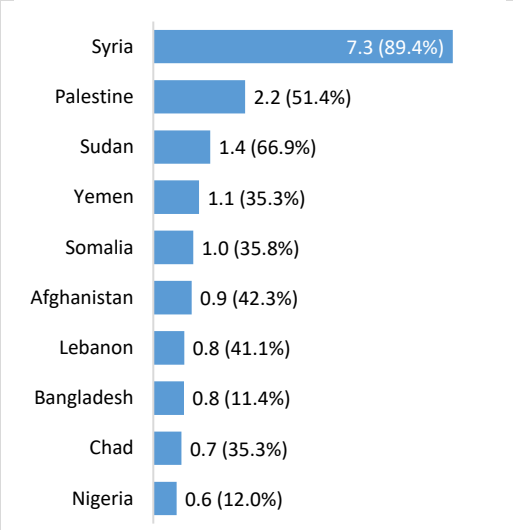


Figure 4.29: Top OIC Recipients of ODA in Humanitarian Aid, 2024 (US$ billion)



Source: SESRIC staff calculations based on OECD Data Explorer, CRS: Creditor Reporting System (flows). Note: ODA figures refer to gross disbursements from all official donors and are expressed in constant 2024 prices. The figures in brackets indicate the share of the respective sector in the country's total ODA disbursements in 2024. The OIC group excludes Bahrain, Brunei Darussalam, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates, which are not recipients of ODA.

By contrast, humanitarian aid was much more concentrated in a smaller group of recipients (*Figure 4.29*). In 2024, Syria received by far the largest volume of humanitarian aid, at US$7.3 billion, equivalent to 89.4% of its total ODA

disbursements. It was followed by Palestine with US$2.2 billion and Sudan with US$1.4 billion. Yemen, Somalia, Afghanistan, Lebanon, Bangladesh, Chad and Nigeria completed the top ten. Notably, all of these top ten recipients except Bangladesh are classified as fragile and conflict-affected states (FCS) according to the IMF. Together, these ten countries accounted for more than four-fifths of total humanitarian ODA to OIC countries, pointing to a much higher level of concentration than in the case of social infrastructure and services. In several countries, humanitarian aid also represented a very large share of total ODA, particularly in Syria, Sudan, Palestine, Afghanistan and Lebanon. This confirms that humanitarian ODA within the OIC remains strongly directed toward countries facing acute conflict, displacement, food insecurity or other emergency-related needs.

The two figures show that the two largest ODA sectors in OIC countries differ not only in scale but also in distribution. Social infrastructure and services are spread across a broader range of countries and often form part of longer-term development support, while humanitarian aid is more heavily concentrated in a limited number of crisis-affected recipients and tends to account for a larger share of their overall ODA.

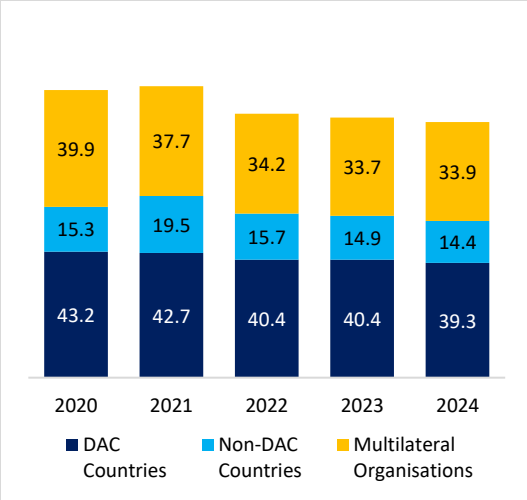
4.3.5 Provider Structure of ODA

The provider structure of ODA is important for understanding the sources of external concessional financing received by OIC countries. ODA to OIC countries comes from DAC countries, non-DAC countries and multilateral organisations, each of which plays a different role in financing development, humanitarian response, programme support and infrastructure-related needs. Examining the provider structure also helps assess the diversification of external financing and the potential exposure of recipient countries to changes in donor priorities, aid budgets and multilateral financing conditions.

As shown in *Figure 4.30*, DAC countries remained the largest provider group of ODA to OIC countries throughout 2020–2024. Their disbursements declined from US$43.2 billion in 2020 to US$39.3 billion in 2024, but their share in total OIC ODA increased slightly from 43.9% to 44.9%. This indicates that, although the volume of DAC-financed ODA declined, DAC countries continued to provide nearly half of total ODA received by OIC countries in 2024.

Multilateral organisations were the second-largest provider group. Their ODA disbursements to OIC countries decreased from US$39.9 billion in 2020 to US$33.9 billion in 2024, reducing their share from 40.6% to 38.7%. Nevertheless, multilateral organisations remained a major source of concessional finance for OIC countries, reflecting the continued importance of the World Bank Group, EU institutions, United Nations agencies, regional development banks and other multilateral providers.

Figure 4.30: ODA to OIC Countries by Provider Type, 2020–2024 (US$ billion)



Source: SESRIC staff calculations based on OECD Data Explorer, CRS: Creditor Reporting System (flows).
Note: ODA figures refer to gross disbursements from all official donors and are expressed in constant 2024 prices. DAC = Development Assistance Committee

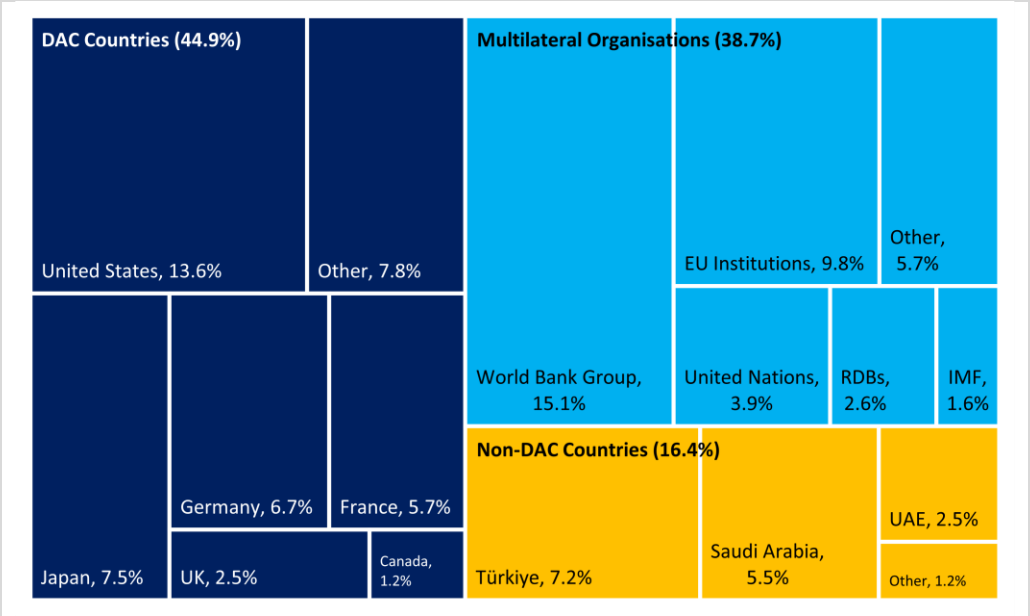
Non-DAC countries provided US$14.4 billion in ODA to OIC countries in 2024, compared with US$15.3 billion in 2020. Their disbursements reached a peak of US$19.5 billion in 2021, before declining in subsequent years. As a share of total OIC ODA, non-DAC countries accounted for 16.4% in 2024, slightly above their 2020 share of 15.5%. This points to the continued relevance of non-DAC providers, including OIC member countries, in financing development cooperation across OIC countries.

Figure 4.31 shows that the United States was the largest individual DAC provider of ODA to OIC countries in 2024, accounting for 13.6% of total OIC ODA, followed by Japan with 7.5%, Germany with 6.7%, France with 5.7% and the United Kingdom with 2.5%. Among non-DAC providers, Türkiye accounted for 7.2% of total OIC ODA, followed by Saudi Arabia with 5.5% and the United Arab Emirates with 2.5%. The presence of three OIC countries among the leading individual providers highlights the role of intra-OIC development cooperation alongside traditional DAC assistance.

Among multilateral providers, the World Bank Group was the largest source of ODA to OIC countries in 2024, accounting for 15.1% of total OIC ODA. It was followed by EU institutions with 9.8%, United Nations agencies with 3.9%, regional development banks with 2.6% and the IMF with 1.6%. These figures show that multilateral providers collectively remain central to ODA financing in OIC countries, particularly through development lending, grants, technical assistance and crisis-response mechanisms.

In sum, the provider structure of ODA to OIC countries remained diversified but concentrated around two main pillars: DAC countries and multilateral organisations. Together, they accounted for 83.6% of total OIC ODA in 2024. Non-DAC countries accounted for a smaller but still important share, with Türkiye, Saudi

Figure 4.31: Main Providers of ODA to OIC Countries, 2024



Source: SESRIC staff calculations based on OECD Data Explorer, CRS: Creditor Reporting System (flows). Note: Figures indicate each provider's share in total ODA disbursements to OIC countries in 2024, expressed as gross disbursements from all official donors in constant 2024 prices. DAC = Development Assistance Committee; RDBs = Regional Development Banks

Arabia and the United Arab Emirates representing the largest providers within this group. This provider structure suggests that OIC countries remain exposed both to policy and budgetary decisions in DAC countries and to shifts in multilateral financing priorities, while also benefiting from a meaningful contribution from non-DAC and intra-OIC development cooperation.

ODA remains particularly important for lower-income, fragile and conflict-affected OIC countries, where concessional financing needs are substantial. Growing pressure on global aid budgets increases the importance of predictable and well-targeted resources for development and crisis-response priorities.

4.4 Personal Remittances

Personal remittances are an important component of cross-border financial flows and represent transfers of income and resources from migrants to households in their countries of origin. They can support household consumption, education, health and other expenditures, while also contributing to foreign-exchange receipts

in recipient economies. Their evolution is influenced by a range of factors, including migrant employment and earnings, economic conditions in destination countries, exchange rates, migration patterns and the cost and accessibility of transfer channels.

This section examines personal remittances received by OIC countries in terms of both their nominal value and their size relative to GDP. The aggregate analysis covers the period 2020–2024 and is based on countries with sufficiently complete data for consistent comparison, while a separate country-level assessment highlights differences in both the scale and economic importance of remittance inflows across OIC countries.

4.4.1 Remittance Inflows and Their Macroeconomic Importance

Global remittance flows increased substantially over 2020–2024, rising from US$637.3 billion in 2020 to US$856.6 billion in 2024. This represented a cumulative increase of 34.4% over the period, including growth of 7.7% in 2024. In 2025, however, global remittance receipts are estimated to have declined by 6.1% to US$804.2 billion. Relative to the size of the world economy, remittances remained broadly stable at around 0.8% of global GDP throughout most of the period. Looking ahead, the recent geopolitical tensions in the Middle East introduce additional uncertainty, particularly for remittance corridors linked to Gulf labour markets, as disruptions to economic activity and migrant employment could affect transfers to countries of origin (Gourinchas, 2026; World Bank, 2026b).

For the 38 OIC countries with complete and comparable data,[18] remittance inflows followed a broadly similar upward trend over 2020–2024. As shown in *Figure 4.32.A*, total receipts increased from US$147.2 billion in 2020 to US$196.9 billion in 2024, representing cumulative growth of 33.8%, closely in line with the global increase. Inflows rose by 14.2% in 2021 and a further 7.4% in 2022, before declining by 8.1% to US$165.9 billion in 2023. This decline was reversed in 2024, when receipts increased by 18.7%, reaching their highest level over the period.

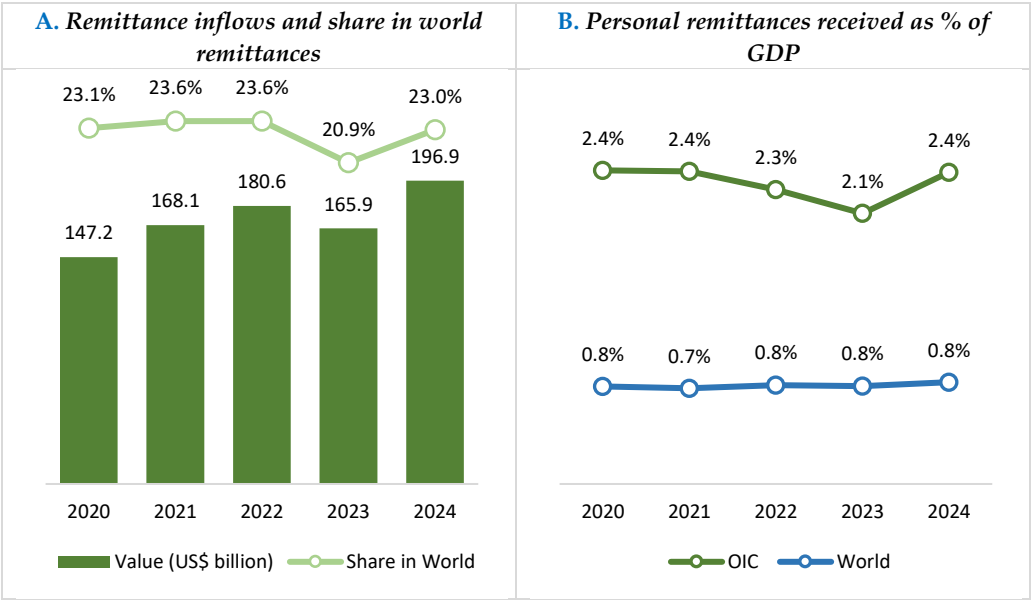
More recent data available for a subset of 16 OIC countries provide an indication of developments in 2025. These countries received a combined US$207.9 billion in remittances in 2025, up by 20.4% from US$172.6 billion in 2024, following an already strong increase of 21.4% in the previous year. Remittances also rose in relative terms, from 3.3% of their combined GDP in 2024 to 3.9% in 2025. Importantly, these 16 countries accounted for 87.7% of total remittance inflows to the OIC-38 in 2024, meaning that they cover a substantial share of the group's recorded receipts. Given their large weight in the OIC-38, these results point to continued resilience among

[18] Complete data were not available for the 2020–2024 period for 19 OIC countries, including Afghanistan, Bahrain, Benin, Brunei Darussalam, Chad, Comoros, Gabon, Guyana, Iran, Lebanon, Libya, Senegal, Somalia, Sudan, Syria, Togo, Turkmenistan, the United Arab Emirates, and Yemen.

major OIC remittance recipients in 2025, even as global remittance flows declined. Nevertheless, it should not be interpreted as an OIC-wide estimate because comparable 2025 data are not yet available for all countries.

The share of the OIC-38 in world remittance inflows remained relatively stable overall, at around 23%. It increased from 23.1% in 2020 to 23.6% in both 2021 and 2022, before declining to 20.9% in 2023 as remittance receipts in the covered OIC countries contracted while global flows continued to expand. The strong rebound in 2024 restored the share to 23.0%, close to its level at the beginning of the period.

Figure 4.32: Personal Remittances Received by OIC Countries, 2020–2024



Source: SESRIC staff calculations based on World Bank, World Development Indicators.
Note: The OIC aggregate is calculated based on the same 38 OIC countries with complete and comparable data throughout the 2020–2024 period.

Remittances were also considerably more important relative to economic size in the covered OIC countries than at the global level. As shown in *Figure 4.32.B*, remittance inflows were equivalent to 2.4% of aggregate GDP in the OIC-38 in 2020 and 2021, compared with around 0.8% globally. The ratio declined gradually to 2.3% in 2022 and 2.1% in 2023, before returning to 2.4% in 2024. By comparison, the world ratio remained broadly stable at around 0.7–0.8%. Thus, remittances represented around three times as large a share of economic output in the covered OIC countries as in the world as a whole in 2024.

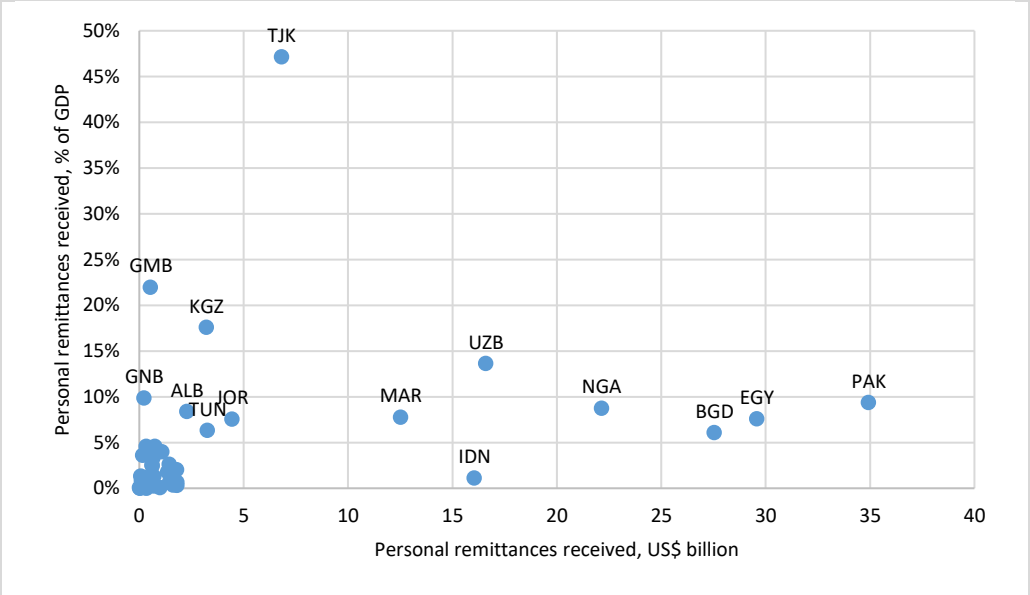
In light of the above, it is observed that remittance inflows remained a significant component of external receipts for the OIC-38 over 2020–2024. Their share in global remittances remained around one-fifth to one-quarter, while their importance relative to economic output was consistently higher than the global average, at around 2–2.5% of aggregate GDP compared with about 0.8% globally., accounting

for around one-fifth to one-quarter of global remittance flows throughout the period. Their relative importance also remained consistently higher than the world average. The strong rebound in 2024 was particularly notable, with OIC-38 remittance inflows increasing by 18.7% compared with 7.7% globally. However, aggregate figures conceal substantial differences across countries, both in the scale of remittance receipts and their importance relative to economic output.

4.4.2 Country-Level Scale and Dependence on Remittances

The country-level distribution of remittance inflows reveals substantial differences in both their scale and their importance relative to economic output. Among the 39 OIC countries with available data for 2024, Pakistan was the largest recipient, receiving US$34.9 billion, followed by Egypt with US$29.6 billion and Bangladesh with US$27.5 billion. Nigeria received US$22.1 billion, while Uzbekistan and Indonesia recorded inflows of US$16.6 billion and US$16.0 billion, respectively. Together, the five largest recipients accounted for 65.8% of the total remittances received by the covered OIC countries, while the top ten accounted for 87.4%, indicating a high concentration of remittance inflows in nominal terms.

Figure 4.33: Personal Remittance Inflows and Their Importance in OIC Countries, 2024



Source: World Bank, World Development Indicators.

The picture changes considerably when remittances are assessed relative to the size of the recipient economy. Tajikistan stood out by a wide margin, with remittance inflows equivalent to almost half (47.2%) of GDP in 2024. The Gambia followed at 22.0%, while the Kyrgyz Republic recorded 17.6% and Uzbekistan 13.7%. Remittances also represented sizeable shares of GDP in Guinea-Bissau (9.9%),

Pakistan (9.4%), Nigeria (8.8%), Albania (8.4%), Morocco (7.8%), and both Egypt and Jordan (7.6%). These differences demonstrate that the largest recipients in nominal terms are not necessarily the economies most dependent on remittances.

Figure 4.33 illustrates this distinction particularly clearly. Pakistan, Egypt, Bangladesh and Nigeria combined large nominal inflows with relatively high remittance-to-GDP ratios, although the degree of dependence varied among them. Uzbekistan also stood out on both dimensions, receiving US$16.6 billion while remittances were equivalent to 13.7% of GDP. By contrast, Indonesia received US$16.0 billion (among the largest nominal amounts in the OIC) but these inflows represented only 1.1% of GDP. At the other end of the spectrum, countries such as the Gambia and Guinea-Bissau received comparatively modest amounts in absolute terms, yet remittances represented a significant share of their economic output.

The country-level results therefore underline the importance of considering both the absolute volume of remittance inflows and their size relative to GDP. Large nominal recipients account for most of the remittance flows received by OIC countries, while economic dependence is distributed differently and can be particularly pronounced in smaller economies. This distinction is important when assessing the role of remittances as a source of household income and foreign exchange, as well as countries' potential exposure to changes in migrant employment, earnings and economic conditions in major destination markets.

Remittances therefore remain an important source of external finance for many OIC countries, although their significance varies considerably in terms of both scale and dependence. Looking ahead, their stabilising role may be tested by the ongoing conflict in the Middle East. The impact will depend on the duration and intensity of the conflict and on individual countries' exposure to Gulf labour markets, where disruptions to economic activity and migrant employment could affect workers' earnings and transfers to countries of origin. The IMF and World Bank have both identified remittances among the potential transmission channels of a prolonged regional conflict, alongside trade, tourism, commodity prices and broader economic activity (IMF, 2026c; World Bank, 2026b). For highly remittance-dependent OIC economies, developments in major migrant-hosting countries therefore warrant close monitoring, alongside continued efforts to maintain accessible and cost-effective transfer channels and strengthen domestic sources of income and foreign-exchange earnings.

4.5 International Liquidity and Reserve Adequacy

International reserves[19] are a key external liquidity buffer, supporting balance-of-payments financing and resilience during periods of capital-flow, exchange-rate or trade stress. Reserve adequacy, however, depends not only on nominal holdings but also on the scale of external payment needs. The analysis therefore considers both reserve levels and import coverage.[20] The main aggregate analysis covers 2020–2024, using constant-country samples appropriate to each indicator, while partial 2025 data provide an indication of more recent developments in reserve holdings and import coverage.

4.5.1 Reserve Holdings and Import Coverage

Global reserve holdings fluctuated over 2020–2025, reflecting changes in reserve accumulation as well as valuation effects associated with exchange-rate movements, gold prices and other reserve assets. After increasing by 5.2% to US$15.83 trillion in 2021, they declined by 6.5% in 2022 amid tighter global financial conditions, exchange-rate movements and changes in the valuation of reserve assets. Global reserves subsequently recovered, rising by 4.8% in 2023 and 3.8% in 2024 to reach US$16.09 trillion. A considerably stronger increase of 16.8% was recorded in 2025, bringing the world total to US$18.79 trillion.

For the 41 OIC countries with complete data over 2020–2024,[21] total reserves increased in each year of the period, from US$1.58 trillion in 2020 to US$1.90 trillion in 2024. This represented a cumulative increase of US$324 billion, or 20.6%, compared with growth of 6.9% in world reserves over the same period. As shown in *Figure 4.34.A*, this stronger growth increased the share of the OIC countries in global reserves from 10.5% in 2020 to 11.8% in 2024. The increase was particularly evident in 2022, when the OIC-41 share rose to 11.5% as their reserves continued to expand while the world total contracted.

More recent data for a constant subset of 27 OIC countries provide an indication of developments in 2025. These countries held US$1.68 trillion in reserves in 2024, equivalent to 88.2% of the OIC-41 total, and their holdings increased by 12.4% to US$1.89 trillion in 2025. Although this represented a substantial increase, it was

[19] International reserves are external assets that are readily available to and controlled by monetary authorities to meet balance-of-payments financing needs, intervene in foreign-exchange markets and support confidence in the currency and the economy. They include monetary gold, special drawing rights, the reserve position in the International Monetary Fund and foreign-exchange assets held by monetary authorities (IMF, 2009; World Bank, 2026c).

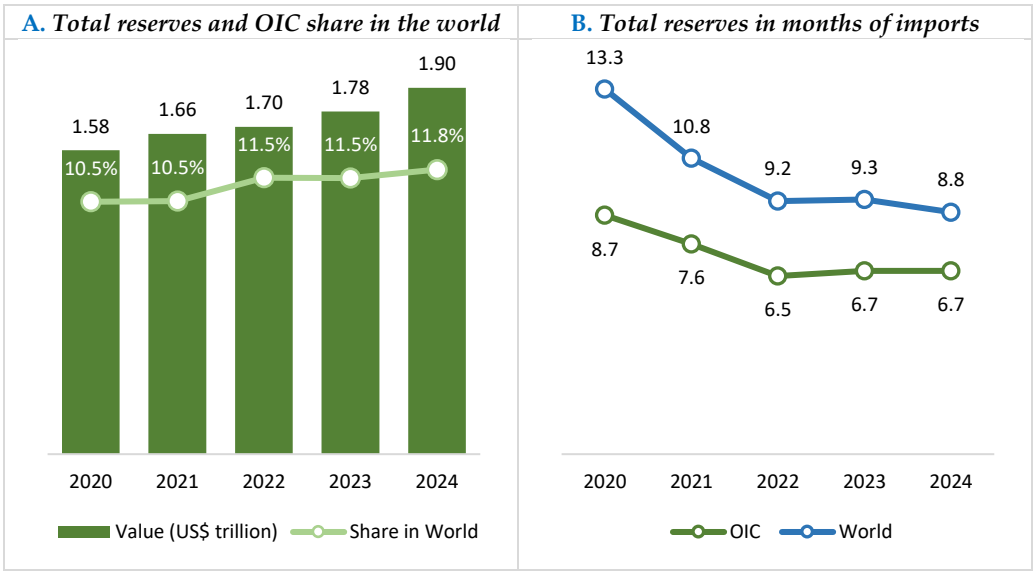
[20] Reserves expressed in months of imports, a traditional indicator of reserve adequacy, measures the number of months of imports of goods and services that existing reserve holdings could finance and are calculated by dividing total reserves by average monthly imports.

[21] Complete data were not available for the 2020–2024 period for 16 OIC countries, including Afghanistan, Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Iran, Mali, Mauritania, Niger, Senegal, Somalia, Sudan, Syria, Togo, Turkmenistan, and Yemen.

lower than the 16.8% growth recorded worldwide. Consequently, the share of the OIC-27 in global reserves declined slightly from 10.4% in 2024 to 10.0% in 2025. These results should be interpreted as a partial update rather than a complete OIC estimate, since comparable 2025 data are not yet available for all countries included in the OIC aggregate.

Changes in reserve values may reflect not only reserve accumulation or drawdowns, but also exchange-rate movements, changes in gold and other asset prices, and other valuation adjustments. The nominal value of reserves therefore needs to be considered together with their capacity to cover external payment needs, particularly imports.

Figure 4.34: International Reserves and Import Coverage in OIC Countries, 2020–2024



Source: SESRIC staff calculations based on World Bank, World Development Indicators, and IMF, International Liquidity Dataset.

Note: Panel A covers 41 OIC countries with complete data on total reserves over 2020–2024. Panel B covers 35 OIC countries with complete data on both total reserves and reserves in months of imports over the same period. These 35 countries accounted for 93% of the total reserves held by the OIC-41 in 2024.

Reserve holdings relative to imports followed a declining trend in both the world and the covered OIC countries during the earlier years of the 2020–2024 period. As shown in *Figure 4.34.B*, world reserves declined from the equivalent of 13.3 months of imports in 2020 to 10.8 months in 2021 and 9.2 months in 2022. It is worth mentioning that the relatively high level observed in 2020 likely reflects the sharp contraction in global trade during the COVID-19 pandemic, which temporarily reduced import volumes and mechanically increased reserve coverage in months of imports. Import coverage subsequently remained broadly stable, at 9.3 months in 2023 and 8.8 months in 2024.

A similar pattern was observed among the 35 OIC countries with complete data over 2020–2024. Their aggregate import coverage fell from 8.7 months in 2020 to 7.6 months in 2021 and 6.5 months in 2022, before increasing slightly to 6.7 months in 2023 and remaining at that level in 2024. Although import coverage in the OIC-35 remained below the world level throughout the period, the gap narrowed from 4.6 months in 2020 to 2.1 months in 2024. The decline in both groups during 2021–2022 indicates that the increase in, or relative resilience of, nominal reserve holdings was insufficient to keep pace with the expansion in import payments.

Partial data for 19 OIC countries suggest a modest improvement in import coverage in 2025. For this constant subset, reserves increased from the equivalent of 6.7 months of imports in 2024 to 6.9 months in 2025. These countries accounted for 70% of both the reserves and imports included in the OIC-35 aggregate in 2024, and their 2024 import coverage was identical to that of the wider group. In comparison, the global average import coverage is estimated to have remained broadly stable at around 8.9 months in 2025, implying that the OIC subset continued to have lower reserve adequacy in import terms than the global average, although the gap narrowed slightly relative to previous years. The result therefore provides a useful indication of the latest direction of change, although it should not be interpreted as a complete OIC estimate.

4.5.2 Country-Level Reserve Positions and Adequacy

In 2024, total reserve holdings were highly concentrated among a limited number of OIC countries. Saudi Arabia held the largest amount, at US$463.9 billion, accounting for 24.4% of the OIC-41 total. The United Arab Emirates followed with US$237.9 billion, or 12.5%, while Indonesia and Türkiye each held around US$155.5 billion and accounted for 8.2% of the total. Malaysia ranked fifth with US$116.2 billion. Together, these five countries held 59.4% of the total reserves of the OIC-41, while the ten largest reserve holders accounted for 79.4%.

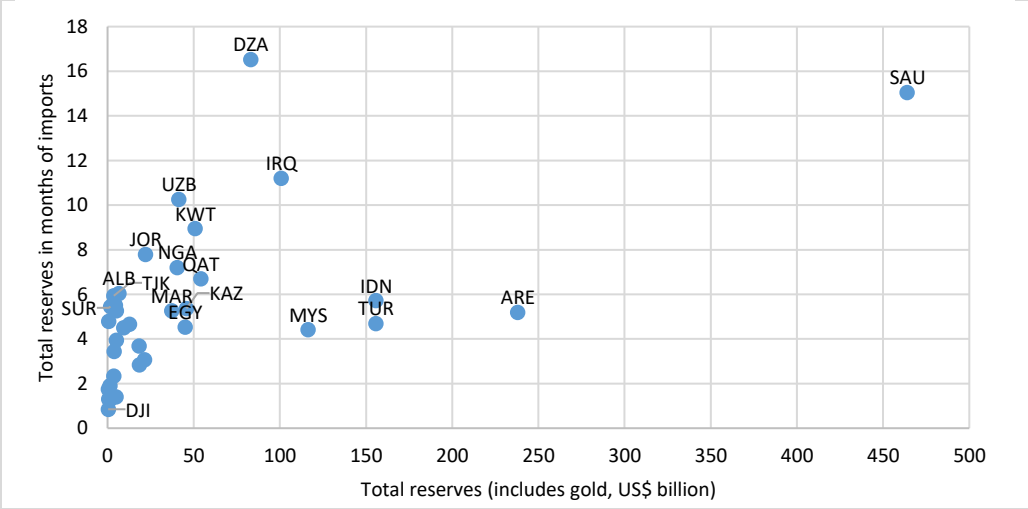
Reserve accumulation over 2020–2024 was also concentrated. Reserve holdings increased in 28 of the 41 covered countries and declined in 13. The United Arab Emirates recorded by far the largest increase, with its reserves rising by US$131.2 billion, or 123.0%, over the period. Türkiye followed with an increase of US$62.0 billion, while Iraq added US$46.3 billion. Together, these three countries accounted for almost three-quarters of the overall increase in OIC-41 reserves between 2020 and 2024. Algeria, Indonesia, Libya, Qatar and Kazakhstan also recorded notable gains. By contrast, Bangladesh experienced the largest decline, with reserves falling by US$21.8 billion, or around half of their 2020 level. Declines were also recorded in Lebanon (US$9.1 billion) and Saudi Arabia (US$9.0 billion), although Saudi Arabia remained the largest reserve holder by a considerable margin.

The distribution of reserve adequacy differed substantially from the distribution of reserve holdings. The relationship between the nominal size of reserves and their capacity to finance imports varied significantly across the covered countries. As shown in *Figure 4.35*, Saudi Arabia combined the largest reserve holdings with relatively high import coverage of 15.1 months. Algeria recorded the highest coverage, at 16.5 months, despite holding substantially fewer reserves in nominal terms. Iraq and Uzbekistan also stood out, with import coverage of 11.2 and 10.3 months, respectively, while Kuwait recorded coverage of 9.0 months.

Several of the other major reserve holders recorded more moderate import coverage. The United Arab Emirates held the second-largest reserve stock, but its reserves were equivalent to 5.2 months of imports. Coverage stood at 5.7 months in Indonesia, 4.7 months in Türkiye and 4.4 months in Malaysia. These differences illustrate that large nominal reserve holdings do not necessarily translate into equally high import coverage, as coverage also depends on the scale of each country's import requirements.

Among the 35 countries shown in *Figure 4.35*, eight recorded reserves equivalent to less than three months of imports in 2024. Import coverage was lowest in Djibouti, at 0.9 months, followed by Guinea and Maldives at 1.3 months each and Bahrain at 1.4 months. Sierra Leone, Palestine, Uganda and Pakistan also recorded coverage below three months. At the same time, several countries with relatively modest reserve holdings maintained comparatively stronger import coverage, including Albania, Tajikistan and Suriname.

Figure 4.35: International Reserves and Import Coverage in OIC Countries, 2024



Source: SESRIC staff calculations based on World Bank, World Development Indicators, and IMF, International Liquidity Dataset.

Note: The figure covers 35 OIC countries with available data for both total reserves and reserves in months of imports in 2024. Comoros, Gabon, Guyana, Lebanon, Libya and Chad are excluded because comparable 2024 data on reserves in months of imports are unavailable.

The country-level results demonstrate that the aggregate OIC reserve position conceals substantial differences in both the scale of reserve holdings and the external buffer they provide. While reserves were concentrated among a few large holders, import coverage varied considerably and did not correspond directly to nominal reserve size.

The latest developments in 27 OIC countries with available 2025 data provide further insight into how these positions evolved after the 2024 cross-country snapshot. Reserves increased in 25 of the 27 countries, while declines were recorded only in Algeria and, marginally, Suriname. The United Arab Emirates recorded the largest nominal increase, at US$54.4 billion, followed by Saudi Arabia with US$41.3 billion, Türkiye with US$30.0 billion and Kazakhstan with US$20.3 billion. Together, these four countries accounted for about 70% of the US$207.6 billion increase recorded by the OIC-27. Sizeable gains were also observed in Libya, Morocco, Malaysia, Pakistan and Bangladesh. Algeria registered the only substantial decline, with its reserves falling by US$10.5 billion.

Changes in import coverage were more mixed. Among the 19 countries with comparable data on both reserves and imports in 2025, coverage improved in 11, declined in seven and remained unchanged in Bahrain. The largest increases were recorded in Brunei Darussalam, where coverage rose from 5.5 to 7.9 months, and Kazakhstan, from 5.4 to 7.4 months. Albania, Pakistan, Bangladesh and Qatar also recorded notable improvements. Pakistan's import coverage increased from 2.8 to 3.8 months, moving above the commonly cited three-month reference level, while Palestine improved from 1.9 to 2.3 months but remained below it. By contrast, Suriname recorded the largest decline, from 5.5 to 3.3 months, while coverage also decreased in Kuwait, Indonesia and Tajikistan. These developments again show that the broad increase in nominal reserve holdings does not necessarily translate proportionally into stronger import coverage, which also reflects changes in countries' import payments.

Reserve positions strengthened in most covered OIC countries, but adequacy remained uneven and generally below the world average in terms of import coverage. Continued attention to reserve adequacy rather than nominal size alone will therefore remain important, particularly amid elevated external uncertainty.

4.6 Concluding Remarks and Policy Implications

The external financing position of OIC countries cannot be assessed solely by the volume of resources they attract or hold. Foreign investment, external borrowing, official development assistance, remittances and international reserves perform different economic functions and carry different risks. Their contribution to resilience and development depends on their composition, stability, cost, maturity, distribution across countries and linkages to productive economic activity. The marked concentration observed across several indicators also means that favourable

OIC aggregates can coexist with significant financing gaps and external vulnerabilities at the individual country level.

This distinction has become more important in the current global environment. The conflict in the Middle East, persistent geopolitical tensions, trade fragmentation and rapid technological change are affecting commodity prices, supply chains, investment decisions and financial conditions through different channels. The IMF projects global growth at 3.0% in 2026 and expects headline inflation to rise from 4.1% in 2025 to 4.7% in 2026, while warning that renewed conflict, trade fragmentation and financial-market repricing remain important downside risks. These developments may produce divergent effects across OIC economies: higher energy prices may improve export receipts and reserve accumulation in some economies, while increasing import bills, inflation, fiscal pressures and external financing needs in others. Conflict-related disruption may also affect investment sentiment, tourism, trade and remittance corridors, particularly where exposure to the Gulf and other regional markets is high (IMF, 2026d; World Bank, 2026b).

Against this background, the first policy priority is to improve the quality, diversification and domestic development impact of external financing. In the case of FDI, the growing number of announced projects represents an opportunity, but the decline in announced project values and the concentration of investment among a limited number of destinations underline the need to look beyond headline flows. Investment strategies should identify realistic areas of specialization and link investment promotion more closely with infrastructure, skills, innovation, supplier development and export capabilities. Facilitation should continue after entry through structured investor aftercare, while incentives should be transparent, time-bound and linked to measurable outcomes such as employment, training, technology transfer, domestic sourcing and environmental performance. This is particularly relevant as global FDI becomes more selective and increasingly concentrated in strategic, technology- and capital-intensive sectors (UNCTAD, 2026a).

The ongoing modernization of the OIC Agreement for the Promotion, Protection and Guarantee of Investments provides an important opportunity to support this agenda. A renewed framework should facilitate responsible intra-OIC investment while maintaining an appropriate balance between investor protection and Member States' right to regulate in the public interest. It could be complemented by stronger cooperation among investment promotion agencies, shared project pipelines, regional supplier databases and joint investment promotion targeting cross-border value chains. Such cooperation could enable countries with smaller markets or more limited capabilities to participate collectively in investment opportunities that would be difficult to secure individually (OIC, 2025).

A second priority is to manage external debt with greater emphasis on debt sustainability, repayment capacity and the productive use of borrowed resources.

Debt financing remains necessary for infrastructure, human development and economic transformation, but rising debt-service obligations can narrow the resources available for social programmes, resilience-building and productive public investment. Medium-term debt strategies should therefore consider currency composition, maturity profiles, interest-rate exposure, creditor concentration and refinancing risks, rather than focusing only on the nominal stock. Governments can strengthen resilience through credible medium-term fiscal and borrowing plans, active liability management and the development of well-regulated domestic and local-currency financing markets. Where debt has become unsustainable, timely engagement with creditors and early restructuring are generally preferable to prolonged adjustment that weakens growth and essential public services. The World Bank has similarly stressed that elevated debt-servicing burdens are reducing the resources available for development priorities in many low- and middle-income economies (World Bank, 2025a).

Concessional finance will remain particularly important for countries with limited market access, fragile institutions, exposure to conflict or climate shocks, and high debt vulnerability. However, the outlook for traditional development assistance has weakened considerably. Preliminary OECD data indicate that ODA fell sharply in 2025, while further reductions are projected in 2026, with potentially disproportionate effects on the poorest and most vulnerable countries (OECD, 2026a, 2026b). This increases the importance of protecting grants and highly concessional resources for basic services, humanitarian needs, institutional capacity and projects that cannot generate sufficient commercial returns. It also calls for stronger coordination among providers, greater predictability, simplified procedures and closer alignment with nationally identified priorities.

At the same time, OIC countries and institutions can broaden the financing base through carefully designed combinations of public, private and philanthropic resources. The IsDB Group's 10-Year Strategic Framework 2026–2035 provides a relevant platform through its emphasis on resource mobilization, grants and partnerships, Islamic capital-market development, regional integration and South–South cooperation. Sukuk, guarantees, investment insurance, blended structures and Islamic social-finance instruments can complement conventional sources, particularly for infrastructure, resilience and social development. Their expansion, however, should be accompanied by strong project preparation, transparent risk allocation and safeguards against excessive contingent liabilities to the public sector (IsDB, 2025b).

Remittances and reserves require a complementary policy approach because both can strengthen external resilience, but neither can substitute for productive investment and structural transformation. Reducing the cost of remittance transfers, promoting competition and interoperability among payment providers, expanding secure digital channels and strengthening financial inclusion can increase the

resources reaching recipient households. Policies can also facilitate voluntary diaspora saving and investment instruments, thereby helping channel a greater share of remittance-related resources towards productive activities without undermining their role in supporting household welfare.

For reserves, the appropriate objective is not the accumulation of the largest possible nominal stock, but the maintenance of adequate and liquid buffers consistent with each country's external risk profile. Reserve-management frameworks should consider import requirements, short-term external liabilities, exchange-rate arrangements, export concentration and access to emergency financing. Regular stress testing can help assess the potential effects of commodity-price shocks, capital outflows, exchange-rate pressure and disruptions to trade or remittance receipts. Countries with limited coverage may need to combine prudent reserve accumulation with stronger fiscal and monetary frameworks, diversified export earnings and precautionary financing arrangements. At the regional level, greater policy dialogue, information exchange and cooperation among monetary and financial authorities could strengthen preparedness and facilitate the sharing of experiences and good practices, while preserving national responsibility for sound reserve management and external stability.

The implementation of these priorities will depend heavily on stronger institutions, timely data and strategies adapted to national circumstances. Better information is needed on debt composition and servicing schedules, the implementation and realised value of announced investment projects, the development impact of investment incentives, remittance corridors and the broader dimensions of reserve adequacy. The COMCEC Financial Cooperation Working Group and the OIC–COMCEC Central Banks Forum provide complementary platforms for advancing this agenda. While the Working Group supports policy dialogue and peer learning on Islamic, sustainable and innovative financing, the Central Banks Forum brings together monetary authorities to exchange views on macroeconomic and financial developments, payment systems, financial stability and resilience to external shocks. SESRIC and other OIC institutions can complement these mechanisms by strengthening data production, analytical capacity, technical cooperation and the systematic exchange of country experiences (COMCEC, 2025a, 2025b; SESRIC, n.d.).

The way forward is therefore not simply to maximize external inflows, borrowing or reserve accumulation. Rather, it should be to secure a more diversified, predictable and productive external financing mix while reducing the vulnerabilities arising from concentration, excessive debt-service burdens, volatile flows and dependence on a narrow set of markets or financing sources. Prudent debt and reserve management, quality investment, concessional finance, efficient remittance systems and stronger intra-OIC cooperation can help OIC countries strengthen external resilience. This can also create greater space for sustainable investment and long-term economic transformation.

Annex A: Classification of OIC Countries Used in the Report

OIC Country	ISO Alpha-3 Code	Income Group[1]	Main Source of Export Earnings[2]	IMF FCS Classification[3]	LDC Status[4]
Afghanistan	AFG	LI	Non-fuel primary products	Conflict	LDC
Albania	ALB	UMI	Other OIC countries	—	—
Algeria	DZA	UMI	Fuel	—	—
Azerbaijan	AZE	UMI	Fuel	—	—
Bahrain	BHR	HI	Fuel	—	—
Bangladesh	BGD	LMI	Other OIC countries	—	LDC
Benin	BEN	LMI	Non-fuel primary products	—	LDC
Brunei Darussalam	BRN	HI	Fuel	—	—
Burkina Faso	BFA	LI	Non-fuel primary products	Conflict	LDC
Cameroon	CMR	LMI	Other OIC countries	Conflict	—
Chad	TCD	LI	Fuel	Institutional and social fragility	LDC
Comoros	COM	LMI	Other OIC countries	Institutional and social fragility	LDC
Côte d'Ivoire	CIV	LMI	Other OIC countries	—	—
Djibouti	DJI	LMI	Other OIC countries	—	LDC
Egypt	EGY	LMI	Other OIC countries	—	—
Gabon	GAB	UMI	Fuel	—	—
Gambia	GMB	LI	Other OIC countries	—	LDC
Guinea	GIN	LMI	Non-fuel primary products	—	LDC
Guinea-Bissau	GNB	LI	Non-fuel primary products	Institutional and social fragility	LDC
Guyana	GUY	HI	Fuel	—	—
Indonesia	IDN	UMI	Other OIC countries	—	—
Iran	IRN	UMI	Fuel	—	—
Iraq	IRQ	UMI	Fuel	Conflict	—
Jordan	JOR	LMI	Other OIC countries	—	—
Kazakhstan	KAZ	UMI	Fuel	—	—
Kuwait	KWT	HI	Fuel	—	—
Kyrgyz Republic	KGZ	LMI	Other OIC countries	—	—
Lebanon	LBN	LMI	Other OIC countries	Conflict	—
Libya	LBY	UMI	Fuel	Institutional and social fragility	—
Malaysia	MYS	UMI	Other OIC countries	—	—

OIC Country	ISO Alpha-3 Code	Income Group[1]	Main Source of Export Earnings[2]	IMF FCS Classification[3]	LDC Status[4]
Maldives	MDV	UMI	Other OIC countries	—	—
Mali	MLI	LI	Non-fuel primary products	Conflict	LDC
Mauritania	MRT	LMI	Non-fuel primary products	—	LDC
Morocco	MAR	LMI	Other OIC countries	—	—
Mozambique	MOZ	LI	Other OIC countries	Conflict	LDC
Niger	NER	LI	Other OIC countries	Conflict	LDC
Nigeria	NGA	LMI	Fuel	Conflict	—
Oman	OMN	HI	Fuel	—	—
Pakistan	PAK	LMI	Other OIC countries	—	—
Palestine	PSE	LMI	Other OIC countries	Conflict	—
Qatar	QAT	HI	Fuel	—	—
Saudi Arabia	SAU	HI	Fuel	—	—
Senegal	SEN	LMI	Other OIC countries	—	LDC
Sierra Leone	SLE	LI	Non-fuel primary products	—	LDC
Somalia	SOM	LI	Non-fuel primary products	Conflict	LDC
Sudan	SDN	LI	Non-fuel primary products	Conflict	LDC
Suriname	SUR	UMI	Non-fuel primary products	—	—
Syria	SYR	LI	Other OIC countries	Conflict	—
Tajikistan	TJK	LMI	Non-fuel primary products	—	—
Togo	TGO	LI	Other OIC countries	—	LDC
Tunisia	TUN	LMI	Other OIC countries	—	—
Türkiye	TUR	UMI	Other OIC countries	—	—
Turkmenistan	TKM	UMI	Fuel	—	—
Uganda	UGA	LI	Other OIC countries	—	LDC
United Arab Emirates	ARE	HI	Fuel	—	—
Uzbekistan	UZB	LMI	Other OIC countries	—	—
Yemen	YEM	LI	Non-fuel primary products	Conflict	LDC

Source: World Bank, FY2026 Country and Lending Groups; IMF, World Economic Outlook, April 2026, Statistical Appendix; IMF, FY26 List of Fragile and Conflict-Affected States; United Nations OHRLLS, List of Least Developed Countries; ISO 3166-1.

Notes:

1. Income groups: LI = low income; LMI = lower-middle income; UMI = upper-middle income; HI = high income. The classification follows the World Bank FY2026 income classification, which is based on 2024 GNI per capita calculated using the World Bank Atlas method. The thresholds are: low income, US$1,135 or less; lower-middle income, US$1,136–4,495; upper-middle income, US$4,496–13,935; and high income, above US$13,935. The classification was set on 1 July 2025 and remains in effect until 1 July 2026.
2. Main source of export earnings: The classifications of fuel exporters and non-fuel primary-product exporters follow the IMF World Economic Outlook, April 2026, Statistical Appendix. Fuel corresponds to SITC 3, while non-fuel primary products correspond to SITCs 0, 1, 2, 4 and 68. Economies are classified in either group where the relevant products accounted for more than 50% of total export earnings on average during 2020–2024. OIC countries not classified by the IMF in either group are grouped as Other OIC countries for the purposes of this report.
3. Fragile and conflict-affected states (FCS): Classification follows the IMF FY26 List of Fragile and Conflict-Affected States, as of 11 July 2025. The IMF distinguishes between countries affected by conflict and countries characterised by institutional and social fragility. Countries not included in either category are indicated by "—".
4. Least developed countries (LDCs): LDC status follows the United Nations list of least developed countries maintained by the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS). Countries included in the list are marked "LDC"; all others are indicated by "—".

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