

Project Financing and Poverty Trends in the Islamic Development Bank Member Countries

Authors : Sennanda Musa, Ahmed Mutunzi Kitunzi, Gerald Kasigwa, Ismail Kintu

Abstract : This paper is an analysis of the empirical relationship between project financing by Islamic Development Bank (IsDB) and the poverty trends in the context of countries benefiting from IsDB. Specifically, the study seeks to find out whether there is a statistically significant relationship between the project financing dollar amounts by IsDB (PF) and the GNI Per Capita, PPP of 57 countries for the years 2002 to 2021. The research is a longitudinal, desk-top triangulation of correlation, regression, hypothesis-testing employing the linear dynamic panel data GMM model as an estimator of the empirical relationships between the key variables of the study. The study results show that there is a significant positive relationship between the PF dollar amounts from the IsDB and the GNI Per Capita, PPP in these 57 countries. Therefore, countries that receive higher PF dollar amounts from the IsDB, generally have more GNI Per Capita, PPP (less poverty) than their counterparts. It is, therefore, recommendable for countries to formulate policies that facilitate Islamically financed projects to mitigate poverty. This paper develops policy discussions regarding allocation of political attention to the policy topics on poverty mitigation, and their relation to financing projects Islamically, thus generate information on policy choices regarding the Islamic financing alternative.

Keywords : gross-national-income, IsDB-project-financing, public policy, poverty

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