

## Factors Influencing MDBs Disbursement for Sustainable Development in OIC Countries

**Eiman Hassan**

Hamad Bin Khalifa University, Qatar Foundation, Qatar

**Mohamed Eskandar Rasid**

Hamad Bin Khalifa University, Qatar Foundation, Qatar

**Dalal Aassouli**

Hamad Bin Khalifa University, Qatar Foundation, Qatar

### **Abstract:**

Despite considerable commitments from Multilateral Development Banks (MDBs) to fund development initiatives in the low and lower-middle-income countries of the Organization of Islamic Cooperation (OIC), a significant disbursement gap persists, reaching up to 47% in certain years. This gap undermines the effectiveness of development projects and the achievement of Sustainable Development Goals (SDGs). Various challenges affect MDBs fund disbursement from both the supply side (MDBs) and the demand side (recipient countries). This study examines key factors from recipient countries' perspectives, such as economic development, political stability, and governance structures, impacting MDBs fund disbursements. Using a fixed-effects model, the study analyzes governance and development indicators across all OIC countries, and two sub-samples based on income levels. Findings show that MDBs prioritize countries with higher human development, government efficiency, political stability, and robust accountability mechanisms. Conversely, economic growth, financial development, control of corruption, and regulatory quality have no significant influence. Notably, better regulatory quality in upper-middle and high-income OIC countries is negatively correlated with MDBs disbursement, suggesting complexities in regulatory environments. The study recommends that OIC countries enhance human development programs, improve government efficiency, promote political stability, and strengthen voice and accountability to attract MDBs funding and successfully implement sustainable development projects.