



WORLD HUMANITARIAN SUMMIT

ISTANBUL • 23-24 May 2016

Islamic Social Finance

SPECIAL SESSION SUMMARY

Core Responsibility Five of the Agenda for Humanity



“The culture and traditions of Islamic giving has been and continues to be a crucial element in dealing with global humanitarian needs. People in the Islamic world have been extremely generous despite the poor economic conditions in many countries in the Islamic world.”

**Dr Iyad Madani,
Secretary-General, OIC**

I. Overview

Social and faith-based financing, such as Islamic Social Finance, are important additional sources of financing that can be better leveraged to reduce vulnerability. Every year, Muslims worldwide donate generously to Islamic Social Finance mechanisms to alleviate human suffering.

Given that the majority of people in need of aid are in Muslim countries, the role of Islamic Social Finance is particularly important. Innovative investments in humanitarian action, such as sukuk (bonds), will not only lead to long-term social improvements, but also to long-term resilience and to adaptive capacity-building for communities at risk. Such investments will empower communities to recover more strongly from shocks as well as facilitate social and economic inclusion within their populations.

[The report of the UN High-Level Panel for Humanitarian Financing](#), *Too Important to Fail: Addressing the Humanitarian Financing Gap*, launched by the UN Secretary-General in Dubai on 17 January 2016, which informed the UN Secretary-General’s report, [One Humanity: Shared Responsibility](#), advocated for the recognition and use of Islamic financial solutions. As a result, Islamic Social Finance for Humanitarian Action was featured prominently in the deliberations and recommendations of the WHS.

The meeting of the Joint Task Force for this initiative, convened by HRH Sultan Nazrin Shah, Co-Chair of UN High-Level Panel for Humanitarian Financing and Ruler of Perak (Malaysia), hosted by Worcester College, Oxford University, United Kingdom, on 2 April 2016, followed the above-mentioned reports and the high-level private meeting on Humanitarian-Development Collaboration convened by the UN Secretary-General, hosted by the World Bank President on 16 March 2016.

The session was convened with the aim to secure collective commitments towards the development of platforms for Islamic social financing mechanisms, leading to the mobilisation of additional financial resources for humanitarian assistance. These include: (a) further commitments by donors and relevant financial institutions to support the development of Islamic Social Finance instruments focused on prevention, resilience building for conflict-affected and disaster-affected countries, as well as protracted crises; (b) supporting innovations for mobilising finance such as the issuance of an inaugural humanitarian sukuk (social impact bonds) programme; and (c) enabling funding from non-traditional sources directly to frontline responders.

II. Key outcomes/themes

The session reached the following conclusions:

- The **Islamic Development Bank** and the **World Bank** agreed in principle on the potential of Islamic Social Finance instruments to make an important contribution to aid funding;
- The **Organization for Islamic Cooperation** (OIC) committed to collaborate with the IDB and Statistical, Economic, Social Research and Training Centre for Islamic Countries (SESRIC) to further examine how ISF could assist in filling in the humanitarian funding gap in consultation with the OIC Member States;
- **Luxembourg** has been active in Islamic Finance for over four decades and committed to extend its support to unleash its potential for humanitarian action;
- **Maybank Islamic** and **Norwegian Refugee Council** announced a global humanitarian waqf (endowment fund) to support displaced people, protracted, underfunded and forgotten emergencies;
- The **Central Bank of Indonesia** launched an international standards setting body for ISF instruments with principles developed in collaboration with IDB, with the goal to improve use and governance of zakat (almsgiving) and waqf (endowment fund) for humanitarian action;
- The **United Nations Development Programme** (UNDP) and **IDB** co-established the Global Islamic Finance and Impact Investing Platform;

III. Way Forward

Post-Summit Roadmap: The WHS in Istanbul is the beginning of a long-term relationship at which the two Multilateral Development Banks (MDBs) — the IDB and the WB as well as the private sector and humanitarian agencies declare their collective commitments with a public statement as well as a clear implementation road-map towards the launching of Islamic Social Finance initiatives for humanitarian action.

Notably, the upcoming high-level plenary meeting for the Refugees and Migration Summit, to be convened by the UN Secretary-General on 19 September 2016, immediately prior to the UN General Assembly, will be a global platform for further announcements and launches of specific products and instruments. Engagements between the technical teams of the two MDBs and OIC will continue, as well as engaging, when appropriate, the key stakeholders (potential donors as well as implementing agencies and specialist advisors) along with further refinements to the post-Summit implementation roadmap.

IV. Speakers

Moderator:

- Ms. Yalda Hakim, BBC World News

Chair:

- HRH Sultan Nazrin Shah, Ruler of Perak, Malaysia

Speakers:

- Organization of Islamic Cooperation (Regional Organization)
- Luxembourg (Member State)
- Islamic Development Bank (Multilateral Institution)
- World Bank Group (Multilateral Institution)
- Central Bank of Indonesia (National Institution)
- Norwegian Refugee Council (NGO)
- United Nations World Food Programme (UN Agency)
- United Nations Development Programme (UN Agency)
- Maybank Islamic (Private Sector)