



## Islamic Social Finance

### SPECIAL SESSION

Core Responsibility Five of the Agenda for Humanity



**“Social and faith-based financing, such as Islamic social finance, and diaspora remittances are some important additional sources of financing that should be better leveraged to reduce vulnerability.”**

**Report of the Secretary-General for the World Humanitarian Summit**

### CONTEXT

Islamic Social Finance, although increasingly linked in to development architecture, is an under-explored opportunity in the humanitarian sector. The Islamic Finance industry’s assets are presently estimated to be worth USD 2 trillion and are forecast to rise to USD 5 trillion by 2020. This is unsurprising, given that the total economy of Muslim countries is valued at USD 16.2 trillion, just behind the United States and the European Union. The potential contribution of Islamic social finance to support people living in crises is enormous, yet there is no coordination mechanism or an independent and autonomous body to help channel these funds effectively at the global level for humanitarian action.

There is very real potential for Islamic finance to provide solutions to the global humanitarian financing problem. Various Islamic financial institutions are working to address the issue of how *waqf* (endowment), *zakat* (mandatory alms-giving) and other instruments such as *sukuk* bonds (which are similar to social impact bonds) can be channelled effectively and efficiently to meet humanitarian needs.

The issuance of an inaugural humanitarian *sukuk* programme would pave the way towards sustainable humanitarian financing, using innovative capital market instruments to reach non-traditional donors. The long-term nature of *sukuk* financing would also contribute to more predictable and sustainable funding.



Technological revolution has led to the growth of crowd-funding models, bringing forth the power of individuals to fund humanitarian response using *waqf* or *zakat* funds via online web-based platforms. The crowd-funding platforms enable organisations to connect directly with prospective donors, potentially increasing speed and efficiency as well as enabling greater funding to be accessed by local first responders.

## OBJECTIVE

This Special Session will focus on securing commitments from different stakeholders to diversify the humanitarian resource base and funding architecture to include new and emerging donors from faith-based funding, specifically from Islamic Social Finance.

The Special session will aim to inaugurate a humanitarian *sukuk* and seek broad-based endorsement for use of Islamic Social Finance funds for humanitarian action, including the establishment of an autonomous, global Islamic fund for humanitarian assistance.

Participants may also choose to promote crowd-funding platform solutions to connect the humanitarian community with *waqf* and *zakat* givers who are searching for opportunities to make a social humanitarian impact.

## BACKGROUND

The first-ever World Humanitarian Summit will take place from 23 to 24 May 2016 in Istanbul, Turkey. Following three years of extensive consultations with more than 23,000 people in 153 countries, this will be the moment to answer their overwhelming call for a renewed commitment to humanity. In his report for the World Humanitarian Summit, the United Nations Secretary-General calls upon Member States and other stakeholders to endorse and get behind five core responsibilities. These will ensure that we can deliver more and better on behalf of all those who are suffering and who need assistance. The Secretary-General's Agenda for Humanity spells out how this can be achieved.

The Special Sessions respond to the specific calls made during the consultation process. They will focus on launching strategic initiatives underlying the five core responsibilities. These initiatives aim to harness the vision, skills and capacities of stakeholders in each relevant area. Istanbul is the opportunity to demonstrate unity and solidarity with the needy, to prevent and end suffering, and to take all the necessary steps to place our common values of humanity back at the heart of the decision-making process.

The Special Sessions will provide a platform for Member States and other stakeholders to make specific commitments in support of these and as a means of achieving the Agenda for Humanity.

## FORMAT AND STRUCTURE



The one hour Special Session will start with a short keynote speech, followed by a panel discussion supported by a moderator. It will launch specific, actionable commitments.

The Special Session's summary document will contribute to the Commitments to Action document of the World Humanitarian Summit.

The Special Sessions will be open to media and webcast live. The time and location for this session will be made known shortly.

## **REGISTRATION AND SPECIAL SESSION PREPARATIONS**

The focal point will engage with interested stakeholders in the run-up to the Summit to assist in the development of commitments. Please refer any queries related to this session to Siti Kamariah Ahmad Subki at [jsf.session@whsummit.org](mailto:jsf.session@whsummit.org). As part of the online registration process for the Summit there will be the opportunity to register to attend this session. Details on registration will be circulated to all invitees in the coming weeks.