



## **Forum on Islamic Social Finance**

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Remarks by

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

**Excellencies, Ladies and Gentlemen,**

السلام عليكم ورحمة الله وبركاته

I am very pleased to be with you here today. I would like to thank the organizers (the OIC GS, Central bank of Indonesia and IsDB) for hosting this Forum and for inviting SESRIC to participate in the deliberations on this important subject.

At the outset, allow me to explain why we are hearing so much more about Islamic social finance today than ever before.

In 2015, the international community adopted the 2030 Agenda for Sustainable Development, which challenges the conventional growth-based development wisdom with the people-centered logic, and calls for making transformative changes to achieve more equal and inclusive development goals; i.e.; “leaving no one behind”.

Attaining the Sustainable Development Goals (SDGs) is both an economic and ethical imperative for us. Our work at SESRIC has shown

that to meet the SDGs by 2030, many OIC countries need to, significantly, scale up spending on vital areas such as health, education, priority infrastructure and social protection. However, particularly low-income OIC countries repeatedly point to the lack of financing as one of the primary barriers to their long-term development.

Recent estimates of the UN Sustainable Development Solutions Network points out to the additional spending need of 400 billion US\$ per year for the 59 Low-Income Developing Countries, of which 27 are OIC countries. This is clearly a considerable challenge.

How can this additional spending need to be financed in a way that is sustainable? This is the key question. Our governments are searching for new ways to finance their development needs because all sources of finance (public and private, domestic and international) have an important role to play in financing the new investments across sectors.

We believe that the first step begins at home by raising more domestic savings and revenues and making spending more efficient. This is the context that explains the importance of Islamic social finance, which if utilized efficiently may offer significant opportunities.

The report of SESRIC on “Humanitarian Crisis in OIC Countries” points out to the Islamic social finance as an effective financing mechanism, which can not only serve the basic needs of the vulnerable people, but also support them to be economically self-reliant.

According to some estimations, OIC countries have from 200 to 500 billion US\$ to give every year in zakat. On the other hand, it is estimated that some OIC countries get 15 to 100 billion US\$ worth of wakf annually. The institutions of zakat and waqf are only two instruments instituted by Islam to enhance social welfare and mitigate poverty in societies. More than that, there are many types of programs that could be funded by Islamic social finance, such as providing schooling, vocational training and business support.

The question is how to unleash potential of Islamic social finance as a source for “leaving no one behind”. From SESRIC perspective, the answer is clear: If we manage to improve the governance, administration, and effective and transparent distribution of Islamic social finance, then tremendous gains can be achieved in supporting socio-economic empowerment and development in the OIC countries.

I would like to stop here and, with your permission Mr. Chairman, invite the Senior Researcher of SESRIC, Dr. Erhan Türbedar, to make SESRIC presentation on key socio-economic and humanitarian challenges in OIC countries that will allow us to better understand in which areas Islamic social finance can play an important role.

**Thank you for your attention!**

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