

Remarks by Michael O’Neill, Assistant Secretary-General and Director of External Relations, UNDP (5 minutes)

Session Moderator: The role of development finance institutions in achieving the SDGs – the case of Islamic Finance

Event: High-Level Conference on Financing for Development and the Means of Implementation of the 2030 Agenda for Sustainable Development

Time: 19 Nov, 4:15 – 5:45 PM; Venue: Sheraton Hotel, Doha, Qatar

Thank you, Mr. Chair. Let me thank Qatar and UNDESA for hosting this important conference. I also thank Her Excellency Sheikha Alya Al Thani, and through her the State of Qatar, for their hospitality.

I am pleased to moderate today’s discussion on the potential of Islamic Finance to help governments to leverage financing for the SDGs.

The SDGs and Agenda 2030 set a common framework for our work to promote prosperity, preserve and protect our planet, and improve the livelihoods of people. At the same time, we acknowledge that implementation of this ambitious agenda requires much more financial resources.

The gap in financing is currently estimated at US\$ 2.5 trillion a year.¹ We know that Official Development Assistance (ODA) alone will not be enough to close this gap. We therefore need new approaches and sources of finance, including the private sector and religious giving. That is why this discussion today is so important.

One vital source of innovative partnerships to provide the financing needed is Islamic finance. Global assets in Islamic finance have grown from about US\$200 billion in 2003 to US\$2 trillion in 2015; and are expected to reach US\$3.5 trillion in 2021.² Strengthening our ability to leverage Islamic finance is therefore crucial to advance SDG implementation and leave no one behind.³

Islamic Finance is particularly appropriate in this regard, due to its emphasis on charitable giving and shared risk.

UNDP and other parts of the UN system have already begun to scale up our efforts to engage member countries on Islamic finance in innovative ways.

Earlier this year, UNHCR launched a Zakat crowdfunding campaign to support Syrian refugees. These types of projects could be replicated from the Philippines to Palestine, from Sudan to Suriname.

¹ Business & Sustainable Development Commission; Convergence. 2017. The State of Blended Finance (Working Paper).

² Islamic Corporation for the Development of the Private Sector. “IFDI 2016 highlights resilient growth in the Islamic finance industry.” Accessed 28 August 2017, <https://icd.africa-newsroom.com/press/ifdi-2016-highlights-resilient-growth-in-the-islamic-finance-industry>

³ OECD. “Development aid rises again in 2016.” 11 April 2017.

In Indonesia, UNDP is partnering with BAZNAS – the national Zakat collection body – to apply Zakat funds towards local SDG plans, for example renewable energy projects in under-served communities.

Impact investment is another new form of financing, growing rapidly and estimated to be worth \$1 trillion by 2020. It has much in common with Islamic Finance, being value-based with a moral purpose to do good.

Earlier this year, UNDP and the Islamic Development Bank (IDB) launched a joint report titled *I for Impact: Blending Islamic Finance and Impact Investing for the Global Goals*. The report was a key step forward in conceptualizing Islamic finance-based impact investing, and building an ecosystem in support of this idea, with strategies and approaches to leverage Islamic financial instruments, like sukuk and micro-takaful, for development financing.

To help exploit this potential, UNDP and the Islamic Development Bank have launched a Global Islamic Finance and Impact Investing Platform, to promote market-based solutions to sustainable development needs. By bringing together different actors we aim to create a collaborative working space and nurture a business ecosystem for Islamic finance and impact investing.

We look forward to your ideas to guide our future engagement, and help governments to leverage the new sources of financing needed significantly advance their progress towards sustainable development.