



High-Level Policy Dialogue for ADVANCING ISLAMIC FINANCE AND IMPACT INVESTING

A side event during the 41st Annual Meeting of the Islamic Development Bank Group, jointly organized by the IDB, UNDP IICPSD and OJK at the Jakarta Convention Center, Jakarta, Indonesia on

May 16, 2016,

Introduction and Background

Development challenges in today's world are getting increasingly complex and require innovative solutions to address them.

Impact investing is a new form of socially-responsible investing that builds on a premise of financing innovative, market-based solutions to social, and environmental problems around the world. Introduced as a discipline after the 2008 global financial crisis, impact investing focuses on financing projects that generate a measurable beneficial social and environmental impact along with a positive economic rate of return on investment. Investors may adjust their return expectations according to their desired level of social and environmental impact.

World leaders, who met at the Financing for Development Summit in Addis Ababa in July 2015, specifically welcomed and encouraged impact investing on their adopted Action Agenda as one of the tools that—over the next 15 years—could help mobilize global resources to achieve the agreed upon Sustainable Development Goals (SDG) targets.

Meanwhile, Islamic finance is based on socially-responsible business practices and ethical principles anchored in the Islamic Shari'ah. With its emphasis on linking finance directly to real economic activity, and its strong stance against speculation

and market manipulation, Islamic finance presents a sound, ethical and socially-responsible alternative to the conventional financial approaches. Furthermore, the emphasis of Islamic finance on asset-backed financing and risk sharing and its estimated global asset base of nearly US\$ 2 trillion in 2015, make it an ideal tool to mobilize financial resources for socially and environmentally beneficial long-term infrastructure projects.

In short, the complementarity of Islamic finance and impact investing presents an opportunity to amplify the scale and the developmental impact of both industries through collaboration and cross-learning.

Leveraging the nexus between Islamic finance and impact investing, the Islamic Development Bank (IDB) and the UNDP's Istanbul International Center for Private Sector in Development (IICPSD) recently launched the Global Islamic Finance Impact Investing Platform (GIFIIP) to harness Islamic finance and impact investing to help achieve the SDG targets by working to fill the global development financing gap, which has been estimated to be between US\$1 trillion and US\$ 6 trillion annually.

Engaging the key stakeholders in the Islamic finance and the impact investing market, the platform aims to advance collaboration, peer learning, advocacy, knowledge exchange, and the best practices in terms of project implementation and policy making, in order to improve development outcomes. The platform also seeks to connect Islamic finance impact investors with existing impact enterprises.

The side event at the IDB Group's 41st Annual Meeting, jointly organized by the Islamic Development Bank, the UNDP and Indonesia's Financial Services Authority (OJK), entitled "High-Level Policy Dialogue for Advancing Islamic Finance Impact Investing," aims to bring together representatives of the private sector, international development institutions, international financial institutions, government officials, policymakers, researchers to discuss how to operationalize Islamic finance impact investing and how to develop an eco-system that would enhance access to SDG financing.

Some of the topics that will be addressed at the event include:

- Identification of the critical issues for institutional and technical capacity development of the Islamic Finance Impact Investing ecosystem, including policies, governance, mechanisms, products, and instruments;
- Actions to be taken in order to increase the capacity for harnessing opportunities and for addressing challenges related to utilizing Islamic Finance Impact Investing;
- Focus areas for government intervention and policy calibration;
- Roles of other stakeholders in creating a conducive environment so that Islamic finance impact investing can thrive and generate desired results;
- The assessment framework and evaluation tools for enhancing the role of Islamic finance impact investing in supporting SDGs.
- Policies and mechanisms that could be developed by the IDB and the member countries to maximize the use of Islamic finance impact investing for achieving short as well as long-term SDG targets.

Opening Remarks:

Keynote Speaker:

H.E. Dr. Muliaman D. Hadad, Chairman, Indonesia Financial Services Authority (OJK)

Panelists:

- **Mr. Ahmed Fayed Al-Gebali**, Director, Islamic Financial Services Department, Islamic Development Bank
- **Mr. Ari Ariwibowo**, Principal and Founding Partner of Fairways Investment Group Worldwide, Indonesia
- **Dr. Nusret Yurter**, CEO and Founder, Taze & Kuru Company (a Business Call to Action member company), Turkey; Turkey Country Representative, Dubai Islamic Bank
- **Professor M. Kabir Hassan**, Hibernia Professor of Economics and Finance and Bank One Professor of Business, Department of Economics and Finance, University of New Orleans
- **Ms. Gülçin Salıngan**, Deputy Director, UNDP Istanbul International Center for Private Sector and Development (IICPSD)

Moderator:

Prof. Savaş Alpay, Chief Economist, Islamic Development Bank

Event Schedule

11.30 - 12.00	Keynote Address
12.00 - 13.00	Panel Discussion
13.00 - 13.25	Q&A Session
13.25 - 13.30	Concluding Remarks by the Moderator