

DIALOGUE ON
ISLAMIC SOCIAL
FINANCING
AND THE SDGSInternational Dialogue on the Role of Islamic Social Financing
in Achieving the Sustainable Development GoalsSUMMARY OF THE VIRTUAL MEETING
“IsDB’s AWQAF PROPERTY INVESTMENT FUND”Agenda

	Speaker
Welcome	<i>Moderator Dr. Muhammad Jameel Yusha’u</i>
Background	<i>Dr. Ahmed Al Meraikhi, Special Adviser to the UN Secretary-General</i>
The Awqaf Properties Investment Fund (APIF)	<i>Dr. Mohamed Ali Chatti, APIF, IsDB</i>
The Indonesian Hajj Fund Management Agency (BPKH) (Investor Story)	<i>Dr. Hurriyah El Islamy, Director of Foreign Investment and International Relations Department, BPKH</i>
IsDB-Bangladesh Islamic Solidarity Education Waqf (IsDB-BISEW) (Project Case Study)	<i>Mr. Neaz Khan, Chief Executive Officer, IsDB-BISEW</i>
Lead by the moderator	
Closing	<i>Dr. Ahmed Al Meraikhi, Special Adviser to the UN Secretary-General</i>

Seminar Summary**Dr. Muhammad Jameel Yusha’u- Moderator**

Questions to be answered during this seminar:

- What is the role of IsDB in using Awqaf properties for sustainable development?
- How can IsDB, the United Nations and other partners work together in the area of Awqaf?

Dr. Ahmed Al Meraikhi, Special Adviser to the UN Secretary-General

Our aim is to attain an international mechanism that helps in achieving the sustainable development goals through Islamic social finance. Waqf is a form of Islamic social financing and Waqf has played a crucial role in Islamic civilization and can be considered as a powerful performer to bridge the financing gaps for reaching the sustainable development goals.

I agree with what Mahmoud Al Qasimi wrote regarding Waqf: The Waqf, as an ongoing charity, contributed to the development of various aspects of social, scientific and cultural life in the Islamic civilization.



Regarding social solidarity, Islam ordained certain expenses on Muslims to help needy relatives and neighbours and to achieve the principles of social solidarity. For example, the Waqf program of Sultan Hassan (in Egypt) during the Mamluk era, included the salvation of prisoners, facilitating access to all kinds of social justice, giving alms to the poor, widows, and the blind and supplying mothers with fresh milk for their children.

With respect to health care, Waqf was allocated for the establishment of hospitals and the development of the profession of medicine and pharmacy, such as Al-Mansouri Hospital in Egypt and Al-Nouri Hospital in Damascus where the treatment and medicines were free. As for schools, building educational institutes was one of the most important charitable forms of Waqf and among the most famous of these schools were those established by the enlightened ruler Nizam Al-Mulik.

We find that the Waqf has reached and positively impacted all areas of life. And from here we see that the Waqif (donor) has helped achieve social stability and equality between individuals as well as enabling the poor to obtain their right to education, treatment and basic requirements. Indeed, most awqaf were allocating their net proceeds to the poor rather than the rich, and some researchers pointed out that the greatest eminent scholars of various disciplines were of lower socio-economic categories that benefitted immensely from the dividends of awqaf.

The Waqf system, with its flexibility, was also able to extend the principle of social solidarity and spread compassion and strengthen the bond among members of society. It also reinforced the spirit of community belonging among the members of society, as an embodiment of the words of the Prophet, may God's peace and blessings be upon him: "The likeness of the believers in their affection, mercy and sympathy is as one body; if one part of it complains, the rest of the body responds to it with sleeplessness and fever".

This confirms the need for the rebirth of Waqf and its active role in Muslim societies to reap social, economic and cultural benefits.

In our seminar today, in which a number of endowment specialists participate, I look forward to a fruitful discussion.

Dr. Mohamed Ali Chatti, Awqaf Property Investment Fund, Islamic Development Bank Presentation Attached

The idea is to see the whole cycle of the Awqaf, and how Awqaf can attract investors, beneficiaries and how an institution like IsDB can play a role in that aspect.

There is a noticeable contemporary role and impact of Awqaf, especially in the western countries. For example, the Harvard Endowment has reached approximately USD 40 billion, and MIT does not depend only on tuition and fees from students, but rather it has its own endowment to use for research programs. This showcases the importance of having the waqf concept embedded with any activity because it provides freedom to pursue your own programs and have financial sustainability of your organization.



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Dr. Muhammad Jameel Yusha'u- Moderator

The historical trajectory of using Awqaf is continuing. When you compare the examples given by the advisor to the UN Secretary General and what IsDB is doing through the Awqaf Property Investment Fund, it shows that it is much alive. What attracts my attention is this desire by IsDB to increase the funds available to finance awqaf to USD 2 billion. The amount of good that can be generated is tremendous. Awqaf are not only for the sake of developing properties, but they are rather intended for social good.

Dr. Hurriyah El Islamy, Director of Foreign Investment and International Relations Department, The Indonesian Hajj Fund Management Agency (BPKH)

Presentation attached

We are one of the investors of APIF. The presentation is going to showcase how we collaborated and worked together with the APIF and IsDB. BPKH is the Hajj fund management agency, with a registration system for Indonesians to register for performing Hajj. This fund has accumulated USD 10.5 billion.

Mr. Neaz Khan, Chief Executive Officer, IsDB-Bangladesh Islamic Solidarity Education Waqf (IsDB-BISEW)

Presentation Attached

This presentation will discuss utilizing the Waqf as an Islamic Social Financing instrument towards achieving sustainable development. The talking points are based on the context of Bangladesh: first-hand experience at the Islamic Development Bank Bangladesh Islamic solidarity and educational Waqf (IsDB-BISEW) and the experiences that we've had over the years. The concept, which is the development of a Waqf institution on property that generates revenue, whereby the surplus revenue is used for full free education for the underprivileged Muslim youth, was conceived in 1987. Subsequently under that concept, a land was donated by the government of Bangladesh and registered as Waqf and was developed by constructing a commercial building "IDB Bhaban" funded by the Islamic Development Bank and handed over for operation in 1997. The outcome of the activities of the Waqf during the last 24 years is a unique example, beyond expectations.

- ___ The cost of the land is around USD 12 million, and so far the numbers have been as follows:
 - o Waqf revenues USD: 60.25 million

Discussion

Dr. Muhammad Jameel Yusha'u- Moderator

Question for Dr. Ahmed Al Meraikhi, Special Adviser to the UN Secretary-General: The concept of Waqf as a form of ISF deals with assets, where the return from these assets is contributing towards



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sustainable development. Islamic Social finance provides for and assists in achieving the SDGs. Do you agree?

Dr. Ahmed Al Meraikhi, Special Adviser to the UN Secretary-General

I totally agree. Today's presentations prove that Waqf can help the people in need and that awareness of the importance of Waqf is gradually increasing. This gives a sense of how much we can help people in dire need. We are talking about an institution that is very well organized, and I think the revenue/dividends from the Waqf will be very helpful. Waqf is unlike Zakat, as Zakat is highly focused/restricted in how to spend it, whereby we have to find the poor people who are Sharia' compliant to receive it. With Waqf, we have more freedom. It can be used for development and humanitarian causes according to the will/bequest of the Waqif himself/herself. Therefore, Waqf is a useful, powerful, and a strong tool/instrument that can be used to help us fulfil the SDGs/2030 Global Agenda. We cannot say that there is no area of co-operation/overlap between the act of Waqf and the United Nations. Most of the time, Waqf is done on an individual basis. What we are trying to do in this initiative is to figure out how all stakeholders can unite and work collectively to try to find the optimal international mechanism that will help everyone to contribute on the donors side and to translate this to benefits at the side of the beneficiaries.

Dr. Muhammad Jameel Yusha'u- Moderator

This brings up SDG 17, as in partnership, coming together, and collaboration.

A question for Dr. Mohamed Ali Chatti (APIF, IsDB): If an institution, organization, government, member country, non-member country (because your fund works in non-member countries as well), want to join APIF, what is the first step? How do you open the door for them?

Dr. Mohamed Ali Chatti, Awqaf Property Investment Fund, Islamic Development Bank

It is very straightforward. They can contact us and we will run them through the whole process. Today, we really count on this kind of partnership and we should also evolve from the culture of donors to a culture of sustainable investor. With the pandemic that we are facing, unfortunately, there is scarcity of liquidity and it is difficult for donors to continue their donations. Therefore, we are helping to evolve the mindset of philanthropy from a culture of donations to a culture of investments, where investments can be made in impact investment funds like APIF. Investors will then challenge me as the manager of the fund and will question the performance and the positive socio-economic impact.

Today, to be part of APIF as an investor, we run a compliance check on whoever is willing to invest with us and become part of this journey. There are different categories of participation, whereby the minimum investment is of USD 1 million. For USD 5 million, the investor will have a seat on the board of the fund and will become part of a club of investors who are also shaping the strategy and the



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future direction of APIF. In our board meetings, we discuss all the strategic orientation aspects of the fund. We are looking forward to having more investors.

Regarding, the presentation of Mr. Neaz (Chief Executive Officer, IsDB-BISEW), we always take IsDB-BISEW as a success story, because we have managed to connect all the dots in the experience that Mr. Neaz has been heading and managing for the last 24 years. One aspect is the governance, and today it is one of the major challenges we have at the level of our beneficiaries or non-governmental organizations. It is really about the governance and compliance in the case of IsDB-BISEW. We have here one of the best examples of governance. They chose a safe location in Bangladesh. They have this future thinking, whereby they are not using all the funds generated on a yearly basis. They are putting aside in a sinking fund a yearly amount in preparation for a new project. This is strategic thinking. They are establishing an orphan centre that will enable kids to go to a madrassa then attend university. Therefore, there is a cycle from end to end, from scratch until the student graduates from University. This is a model we need to look at and replicate. We believe that this success story is really something that we need to spread in many countries, and this is why the experience IsDB-BISEW is an experience that we need to take and duplicate in other countries. We also have within the IsDB group a function/program called Reverse Linkages, specialized in transferring successful experiences from one country to another. When you link this program with APIF and this kind of success story we really believe that we have a magic equation that can be duplicated in other countries.