

ISLAMIC FINANCE AND THE SDGs: FRAMING THE OPPORTUNITY, "London and Kuala Lumpur collaborate on promoting the SDGs through Islamic Finance"

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UK – 5th May 2020, The Islamic Finance Council UK (UKIFC), in partnership with Malaysia based International Shari'ah Research Academy for Islamic Finance (ISRA), has launched the first report in a thought leadership series that aims to assist and encourage active engagement in support of the UN Sustainable Development Goals (SDGs) by the global Islamic finance sector.

The report provides an introduction to the SDGs within the context of Islamic finance, emphasising the opportunity the SDGs present to the Islamic finance sector.

The SDGs seek to address global economic, social, governance and environmental challenges by 2030 and have been adopted by 193 countries. They recognise that ending poverty and other deprivations complement strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our natural environment.

With a \$2.5 trillion per year financing gap the UKIFC has committed to a 24-month action oriented programme of activities to address barriers blocking Islamic Financial Institutions from embracing the SDGs. The report follows the launch of a global Islamic Finance and SDG Taskforce that is supported by the UK Government and involves senior level participants from across the globe.

With Covid-19 exposing the fragility of people and the planet the SDGs is a recognised global framework upon which we can, collectively, build our social, environmental and economic resilience. With its underlying Shari'ah principles, Islamic finance is naturally aligned to, not only support but, lead the financial services sector's efforts towards achieving the Global Goals.

TAKEAWAYS FROM THE REPORT INCLUDE:

- There has been limited participation from Islamic finance sector in leading UN initiatives (such as Principles for Responsible Investment, Principles for Responsible Banking and Principles for Sustainable Insurance) that support financial institutions to align with the SDGs.
- To achieve SDG targets, Islamic Development Bank Member Countries need annual funding of between US\$700 billion and US\$1 trillion which represents around 40% of the total global SDG financing gap.
- Opportunity for Islamic finance to tap into emerging agnostic global liquidity pools seeking SDG-aligned products and increase tactical alignment with development bank funders.
- Alignment with the SDGs supports the tayyib (wholesome) concept which contends that the focus of Islamic finance products and services should be on the evaluation of wider societal impact rather than an overly legalistic analysis of Shari'ah compliance.
- With assets expected to reach US \$3.8 trillion in 2022, through its adeptness at innovative financial structuring, Islamic finance is well placed to create instruments that drive capital towards the SDGs.

With a deep rooted commitment to social benefit Islamic finance should be at the front and centre of this new, sustainable economic paradigm. With the SDGs emerging as the shared blueprint for peace and

prosperity for people and the planet, now and into the future, it is time for the global Islamic finance sector to step up and demonstrate its credentials for driving finance for positive change.

ENDS

DOWNLOAD THE REPORT - <https://www.ukifc.com/sdg/thought-paper-1/>

QUOTES

"The UKIFC firmly believes that the Shari'ah principles which underpin Islamic finance make the sector well positioned to lead in promoting the SDGs to achieve global economic and social justice combined with sustainability and to drive home the point that we are all vice regents with temporary custody of the world's finite resources and so need to act in a way that recognises this." Richard de Belder UKIFC Advisory Board Member

"Islamic finance has a lot in common with impact investment and can play a major role in addressing the problems faced by society. It also has the potential to bring added value to the efforts to mobilize resources for the sake of realizing the SDGs." Dr Akram Laldin, Executive Director, ISRA

"The world is undergoing unprecedented challenges, requiring global coordination and action. The UN SDGs serve as a guide to address these challenges and to achieve a better and more sustainable future for all. Our research shows a strong correlation between the SDGs and Islamic finance values and, as the global representative of the Islamic financial services industry, we welcome and support the UKIFC and ISRA in their efforts to promote greater awareness and coordinated action to reduce the SDG funding gap." Dr. Abdelilah Belatik, Secretary General, CIBAFI.

"The 17 SDGs are an incredibly important resource as they provide a roadmap to address some of the world's most pressing matters, from battling climate change to reducing social inequality and raising global living standards. Every institution, regardless of size, can and should seek to align its work with the objectives of the 17 goals. Furthermore, there is a natural alignment between the SDGs and the core values in our industry. UKIFC's Islamic Finance and SDGs Thought Leadership Series provides us with the opportunity to call to action and inspire greater engagement of the global Islamic banking and wider financial industry in delivering against the targets set within the SDGs. We are proud to support the UKIFC's valuable work during the publication of this important series of reports." Stella Cox, CEO, DDCap Group

"The environmental and social challenges facing the world impact everyone and equally we must all play our part in affecting change for the better. Islamic Finance institutions already champion fairness and ethics through Shariah principles and by working to align our business activities with the UN's SDGs we can further solidify that commitment. As the first UK Shariah-compliant bank to become a signatory to the principles we have seen first-hand how oversight from the UN encourages us to scrutinise the impact of our activities and importantly, assess where we can improve. This is an important global scheme that we would encourage other Islamic finance providers to be part of to drive positive change." Charles Haresnape, CEO, Gatehouse Bank

NOTES FOR EDITORS

The Islamic Finance Council UK (UKIFC) is a specialist, not-for-profit, advisory and developmental body focused on promoting and enhancing the global Islamic and ethical finance industry. It has helped six countries develop enabling regulatory frameworks for Islamic finance, enhancing financial inclusion to over 15 million people, established the award-winning Ethical Finance Round Table series running since 2010, launched the world's first joint venture between Islamic finance and the Church of Scotland, and delivered development sessions to over 500 Islamic scholars across the globe. In 2020 the UKIFC, alongside the British Government's Treasury department, established the Islamic Finance and Sustainable Development Goals (SDGs) taskforce, which will be anchored in London.

UKIFC – <https://www.ukifc.com/>

SDG Taskforce - <https://www.ukifc.com/sdg/>

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