High-level Conference on Financing for Development and the Means of Implementation of the 2030 Agenda for Sustainable Development (Doha, Qatar, 18-19 November 2017)

Plenary session on
"The role of development finance institutions in achieving the SDGs: The case of Islamic finance"
(19 November 2017, 3:30 p.m. – 4:45 p.m.)

Opening remarks by Alexander Trepelkov
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Excellencies, Distinguished Delegates, Ladies and Gentlemen,

It is my great honour and pleasure to welcome you to this distinguished panel, entitled "The role of development finance institutions in achieving the SDGs: the case of Islamic finance". Over recent decades, Islamic finance has been growing in importance, including in the non-Muslim world. According to a 2016 joint World Bank and Islamic Development Bank report, global Islamic finance now represents almost $2 trillion in assets.

This trend is not surprising, as Islamic financial products have shown great potential to promote sustainable development on many fronts.

First, Islamic financial products have helped furthering social development. Solidarity-based Islamic finance mechanisms like "Zakāt" and "Waqf" have played an important role in promoting additional financing sources for the poor.

Second, Islamic finance promotes financial inclusion. Given the significant and growing share of the Muslim population in the world, Islamic finance will continue to play an important role by providing customized financial services for this segment of the global population.

Third, Islamic finance contributes to financial stability. It has demonstrated remarkable resilience during economic and financial crises. Especially, its fundamental principles of sharing risk and building longer-term relationships between individuals and financial institutions facilitate a sound connection between the financial sector and the real economy. Considering the negative effects of financialization in the run up to the most recent world financial and economic crisis, Islamic finance can therefore make a significant contribution to a more stable, inclusive and development-oriented international financial system.

Fourth, Islamic finance can help fill the enormous infrastructure financing gap at the global, regional and national levels. For example, Sukuks – often called Islamic bonds – can generate large amounts of money for infrastructure investments and simultaneously promote greater links between the financial sector and the real economy.

Despite these important features of Islamic finance, the full potential of its products has not yet been utilized, sometimes for questionable political reasons. Islamic finance products should be considered by non-Muslim providers and users, where they are competitive and offer positive externalities in promoting sustainable development.

Today’s discussion should explore how we can promote Islamic finance and maximize its potential to help mobilize resources for the implementation of the SDGs, especially in the context of large-scale infrastructure investments.

Let us discuss how we can arrive at stable and predictable regulatory frameworks that promote the development of Islamic capital markets.

Let us find ways to encourage Islamic finance providers to take into account the SDGs as investment criteria.

And let us explore how multilateral and regional development banks can more effectively support the Islamic finance industry through capacity building and experience sharing.

I look forward to today’s discussion, and encourage all of us to use our limited time to focus on concrete and actionable policy recommendations on how the international community can fully harness the potential of Islamic finance in implementing the 2030 Agenda for Sustainable Development.