

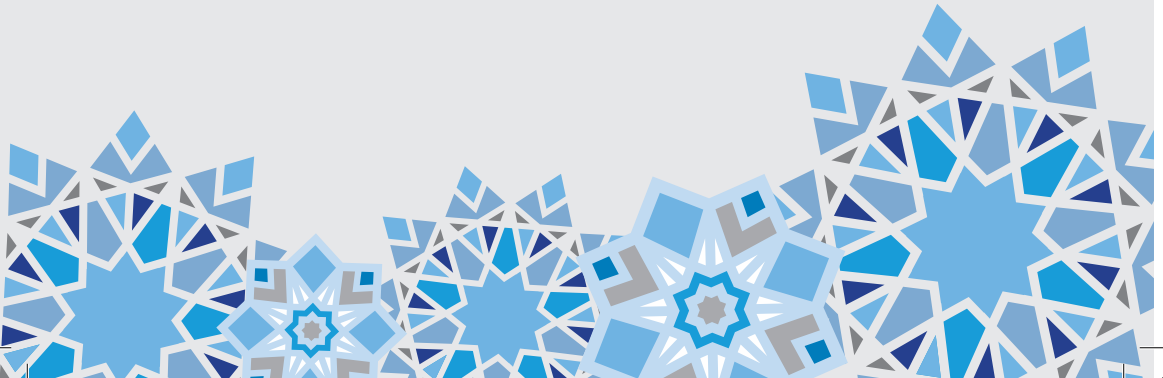


# GIFIIP

Global Islamic Finance and  
Impact Investing Platform



# Global Islamic Finance and Impact Investing Platform (GIFIIP)





## JOINING FORCES FOR THE SUSTAINABLE DEVELOPMENT GOALS

In today's world, the sustainable development challenges of poverty, social inequality and environmental risks far outstrip the capacities of governments and the philanthropic sector. The 2030 Agenda for Sustainable Development envisages a revitalized global partnership for sustainable development to effectively respond to these challenges.

The Global Islamic Finance and Impact Investing Platform (GIFIIP), led by the Islamic Development Bank (IsDB) and UNDP's Istanbul International Center for Private Sector in Development (IICPSD), represents an example of such partnerships. The Platform builds on innovation, entrepreneurship, and multi-stakeholder collaborations to maximize the scale and effectiveness of development investments. GIFIIP serves as a knowledge hub for promoting peer-learning and experience sharing, as a forum for policy dialogue and advocacy, and as a marketplace for deal sourcing and matchmaking. Connecting Islamic financiers with impact investors and impact enterprises, the Platform drives innovative business solutions to help address sustainable development challenges in a fair, transparent, quantifiable, and verifiable manner.

**SUSTAINABLE  
DEVELOPMENT GOALS**



## A REVITALIZED GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

**GIFIIP SERVES AS A KNOWLEDGE HUB FOR PROMOTING PEER-LEARNING AND EXPERIENCE SHARING, AS A FORUM FOR POLICY DIALOGUE AND ADVOCACY, AND AS A MARKETPLACE FOR DEAL SOURCING AND MATCHMAKING.**

On 25 September 2015, world leaders adopted the 2030 Agenda for Sustainable Development. The new agenda defines global sustainable development priorities and aspirations for 2030 and seeks to mobilize global efforts around 17 Sustainable Development Goals (SDGs) for people, planet, peace and prosperity. While the new agenda has been adopted by governments, its success relies heavily on the action, dedication and collaboration of all actors within the framework of a revitalized global partnership for sustainable development that is supported by concrete policies and actions as outlined in the Addis Ababa Action Agenda (AAAA).

**US\$ 4.2 trillion**

THE US\$ 2.5 TRILLION PRE-PANDEMIC ANNUAL FINANCING GAP FOR DEVELOPING COUNTRIES TO ACHIEVE THE SDGS INCREASED BY 70% IN 2020


The scale and ambition of the SDGs require massive financial and technical resources. The US\$ 2.5 trillion pre-pandemic annual financing gap for developing countries to achieve the SDGs increased to US\$ 4.2 trillion in 2020. Financing the global goals, however, is not an insurmountable task. Globally we have more than enough resources – but only if all available resources are effectively deployed to support the implementation of the 2030 Agenda. This includes an exploration of innovative sources of finance and the leveraging of private investments alongside traditional forms of development finance.



## A REVITALIZED GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

Islamic finance can be a strong and non-traditional source of financing for the SDGs. With global assets reached US\$3.4 trillion in 2020, Islamic finance has a footprint in Asia and Middle East; is ripe for growth in South America and Europe; and has future markets in North America, Central Asia and Australia. Given its emphasis on risk-sharing, linkages to real economic activities, partnership-based and equity-focused approaches, widened geographic reach and the rapid expansion of its global assets in Muslim and non-Muslim countries, Islamic finance can serve as a potent and yet untapped source to finance the SDGs. Its major principles— financial stability, financial inclusion and shared prosperity – can be instrumental in the successful implementation of policies on ending poverty (SDG-1), achieving food security (SDG-2), ensuring healthy lives (SDG-3), achieving gender equality (SDG-5), and promoting peaceful and inclusive society (SDG-16).

Another important source of funding for the SDGs is impact investing. The term was originally coined by the Rockefeller Foundation in 2007 to define investments that generate a measurable and beneficial social or environmental impact alongside a financial return on investment. The impact investing sector has been developed into a valuable source of development finance. The IFC's latest estimate of the global market for impact investments shows that US\$2.3 trillion were invested for impact in 2020. The market is estimated to sustain strong growth with a potential to reach US\$ 26 trillion in the near future. Impact investing is widely recognized by G8, OECD, and the EU as an effective means of development finance. It is also acknowledged in the Addis Ababa Action Agenda (AAAA) which guides countries in the financing and implementation of the 2030 Agenda for Sustainable Development.



With their rigorous moral and social criteria and emphasis on business-society relations, the principles of Islamic finance and impact investing are compatible with one another. The two industries resemble each other in a number of ways:

- ▶ First, Islamic financing and Impact Investing are value-based investment structures. In both of these investment structures, investors associate themselves with a moral purpose: The motto “doing good and avoiding harm to others” which constitutes the main underlying ethical principle of both Islamic finance and impact investing.
- ▶ Secondly, both Islamic finance and impact investing share a broader understanding of the relationship between business and society, one which is centered on advancing human wellbeing. Although both sectors accept that investors must earn acceptable returns from investments, financial returns only constitute one dimension of investment. Islamic and impact investors also seek to create positive social and/or environmental value alongside financial returns. This eliminates the clash of interest between the investor and society.
- ▶ Finally, both sectors help build inclusive financial systems which actively integrate the global population that is either directly or indirectly kept out of the formal financial sectors. These similarities suggest that bridging the two sectors might create a promising avenue to effectively respond to the growing challenges related to development financing, foster inclusive economic growth and support the implementation of the Agenda 2030.



## THE GLOBAL ISLAMIC FINANCE AND IMPACT INVESTING PLATFORM

Engaging the private sector, governments, and key stakeholders operating in the Islamic finance and impact investing markets, GIFIIP aims to promote market-based solutions to sustainable development challenges by creating a collaborative working space among these actors.

### VISION

Position Islamic finance and impact investing as a leading enabler of global SDG implementation through private sector engagement.

### MISSION

The Platform strategizes and nurtures an Islamic finance and impact investing business ecosystem through


- developing a spectrum of Shariah compliant impact investing tools and instruments, and
- improving the access of impact enterprises to Islamic funding.

### ADDED VALUE

#### IMPACT INVESTING

##### Expanding new sources of finance

With an estimated US\$3.4 trillion market and projected growth of 8% per annum until 2025, the participation of Islamic financiers in the impact investing space may provide new sources of finance for impact investments.



### **Developing new markets**

The last wave of the annual impact investing survey of the Global Impact Investing Network (GIIN) in 2021 suggest that Middle East and North Africa region was nearly absent. Bridging Islamic finance and impact investing may leverage representation and investor interest through the development of innovative Islamic finance instruments for impact enterprises and impact funds in the MENA region [e.g. Islamic crowdfunding, Sustainable and Responsible Investment (SRI) Sukuk].

### **Enlarging the impact investing tools**

Engaging Islamic finance in impact investing requires developing tools and instruments to converge these two industries without compromising Shariah compliance. This drives the development of new investment tools and products for impact investors to allow for coverage of engagement in Muslim majority markets.

## **ISLAMIC FINANCE**

### **From negative screening to positive impact**

Employing the principles of impact investing offers Islamic financiers a clear methodology for assessing the social and environmental impacts of financial activity.

### **Expanding the reach of Islamic finance**

Bridging Islamic finance with impact investing can expand the market of Islamic finance by unleashing access towards a broader set of institutional investors beyond OIC member countries.



## THE GLOBAL ISLAMIC FINANCE AND IMPACT INVESTING PLATFORM

### Advancing global recognition

Impact investing is widely recognized by the G8, OECD, the EU and acknowledged by the Addis Ababa Action Agenda as an alternative global development financing instrument. Bridging Islamic finance with impact investing positions Islamic finance among top global development financing instruments, thereby advancing its global recognition.


### STRATEGY

IICPSD and IsDB have defined a three-pillar strategy for the advancement of the GIFIP:

**a. Conceptualization & Capacity Building:** Maintain a network of Islamic finance impact investors to foster an Islamic finance and impact investing ecosystem. Knowledge products, tools and data will aim to equip its members from the impact investment industry and the Islamic finance industry with the necessary know-how for the establishment and growth of this new niche industry.

**b. Advocacy & Inter-industry Collaboration:** Engage in advocacy to raise awareness on the compatibility of Islamic finance and impact investing and their capacity to implement the SDGs, and build bridges between Islamic finance and impact investing. The Platform aims to accomplish this by targeted advocacy work in large scale international events such as the United Nations General Assembly, IsDB Group Annual Meetings, COMCEC Financial Cooperation Working Group Meetings, Sarajevo Business Forum and the Bosphorus Summit.





**c. Deal Sourcing & Matchmaking:** Play a matchmaking role between investors and other players in the ecosystem such as business incubators, development organizations and most importantly, inclusive business ventures seeking capital. Such functions significantly reduce the time, effort and costs involved in due diligence and helps overcome information barriers to investors. The Platform will also convene and increase finance opportunities amongst relevant industries.

## **OUTCOMES**

- ▶ Developed principles, policies, tools and practices to foster a stable and inclusive Islamic Finance and Impact Investing climate,
- ▶ Increased knowledge sharing awareness of good practices and efficient organizational structures,
- ▶ Enhanced access to capital for impact enterprises that have avoided conventional finance for religious reasons,
- ▶ Improved access to sustainable livelihoods opportunities through an innovative and competitive market-based approach, and
- ▶ Addressed the information and funding gaps between investors and impact enterprises.

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**GIFIIP BUILDS ON INNOVATION, ENTREPRENEURSHIP AND MULTI-STAKEHOLDER COLLABORATIONS TO MAXIMIZE THE SCALE AND EFFECTIVENESS OF DEVELOPMENT INVESTMENTS.**



## GOVERNANCE AND OPERATIONAL STRUCTURE

GIFIP was established as a joint programme between the IsDB and UNDP, operated by a secretariat operationally managed by UNDP's IICPSD. The governance and programme implementation structure of the GIFIP is comprised of the following bodies and formations.

The Executive Committee acts as the primary governing body providing strategic oversight for the Platform and its Secretariat. The Executive Committee is composed of lead representatives from the IsDB and UNDP, as well as the funding partners of the platform.

The Advisory Board is the main consultative body of the GIFIP. Advisory Board members provide advisory inputs to the Secretariat and assist in joint activities with the platform Secretariat.

The Secretariat is responsible for the management and coordination of day-to-day activities of the Platform, including the establishment and enlargement of the GIFIP network. The Secretariat is subject to the direction and guidance of the Executive Committee.

Businesses that commit to engaging in Islamic finance impact investing in line with a mutually agreed workplan are invited to join the GIFIP Members Network. The GIFIP Members act in an advisory capacity to the Executive Committee and a representative to join the Executive Committee, which is elected on a yearly basis. GIFIP Members are composed of impact investors, Islamic financiers, fund managers and impact enterprises. There is no fee associated with the GIFIP Membership.

**ISLAMIC FINANCE AND IMPACT  
INVESTING FOR NO POVERTY**



**ISLAMIC FINANCE AND IMPACT  
INVESTING FOR  
ZERO HUNGER**

**ISLAMIC FINANCE AND IMPACT  
INVESTING FOR  
GOOD HEALTH AND  
WELL-BEING**



**ISLAMIC FINANCE AND IMPACT  
INVESTING FOR QUALITY  
EDUCATION**

**ISLAMIC FINANCE AND IMPACT  
INVESTING FOR  
GENDER EQUALITY**



**ISLAMIC FINANCE AND IMPACT  
INVESTING FOR CLEAN WATER  
AND SANITATION**

**ISLAMIC FINANCE AND IMPACT  
INVESTING FOR AFFORDABLE  
AND CLEAN ENERGY**



**ISLAMIC FINANCE AND IMPACT  
INVESTING FOR  
DECENT WORK AND  
ECONOMIC GROWTH**

**ISLAMIC FINANCE AND  
IMPACT INVESTING FOR  
INDUSTRY, INNOVATION AND  
INFRASTRUCTURE**



**ISLAMIC FINANCE AND IMPACT  
INVESTING FOR  
REDUCED INEQUALITIES**

**ISLAMIC FINANCE AND IMPACT  
INVESTING FOR  
SUSTAINABLE CITIES AND  
COMMUNITIES**



**ISLAMIC FINANCE AND IMPACT  
INVESTING FOR  
RESPONSIBLE CONSUMPTION  
AND PRODUCTION**

**ISLAMIC FINANCE AND  
IMPACT INVESTING FOR  
CLIMATE ACTION**



**ISLAMIC FINANCE AND  
IMPACT INVESTING FOR  
LIFE BELOW WATER**

**ISLAMIC FINANCE AND  
IMPACT INVESTING FOR  
LIFE ON LAND**



**ISLAMIC FINANCE AND IMPACT  
INVESTING FOR PEACE, JUSTICE  
AND STRONG INSTITUTIONS**

**ISLAMIC FINANCE AND IMPACT  
INVESTING FOR PARTNERSHIPS  
FOR THE GOALS**





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