

**Statement of H.E. Amb. Musa Kulaklıkaya
Director General of SESRIC**

At the Side Event on “Resilience Development Initiative for IDB Member Countries: Leveraging on the Innovation of Islamic Social Finance Mechanism” during the World Humanitarian Summit

Istanbul, Turkey / 23 May 2016

Distinguished Participants,

Ladies and Gentlemen,

Assalamu Alaikum wa Rahmatullahi wa Barakatuhu,

It is a great pleasure for me to address this august gathering and distinguished audience at this side event. At the outset, I would like to express my deep gratitude and appreciation to the Islamic Development Bank and the Government of Turkey for the excellent preparations made for the successful convening of this meeting.

As we all witness today, a number of OIC countries have been affected by tragic human crises resulting in unimaginable human suffering during the last several years.

While conflicts and natural disasters have been the main drivers of the surge in the number of humanitarian crises, these crises are usually more sophisticated than they appear. In addition, the different drivers of humanitarian crisis are not independent from each other, on the contrary they are intertwined and in many cases the lines between the drivers and the impacts of humanitarian crisis are obscure.

In this connection, SESRIC prepared a background report to help to improve our understanding on the drivers and impacts of humanitarian crises and provide a short account of current humanitarian crises observed in OIC countries.

It shows that crises have great impact on health, education, poverty and food security in the affected regions. The affected countries become more fragile due to impacts on systems and institutions.

Natural disasters and conflicts also substantially destroy assets and productive capacities of the affected regions. Moreover, while such crises are highly associated with increasing number of human rights violations, a direct outcome is usually a surge in migration and force displacement.

All these require substantial resources to reduce their vulnerabilities\ alleviate the deprivation of people, restore their dignity and finance the recovery for better resilience.

Distinguished Participants,

Ladies and Gentlemen,

According to UN-OCHA, around 75 million people from top ten OIC member countries are badly affected by various humanitarian crises, but only less than 50 million are targeted for UN humanitarian assistance in 2016.

Given the increasing trend in the number of people affected from different types of crisis situations, 20 million USD was appealed in 2015, however only around 55% of the total amount could be collected. More importantly, more than 75% of whole humanitarian funds were requested to finance humanitarian assistance in OIC countries.

The daunting scale of the humanitarian funding gap requires innovative mechanisms for humanitarian assistance. In this context, while there is a need to improve the effectiveness of aid, harnessing the Islamic social financing model can be a sustainable solution to the existing humanitarian crises in different parts of the OIC member countries.

In general, humanitarian aid plays a critical role in alleviating the deprivation and suffering of people, particularly immediately after a humanitarian crisis and contributes to economic development and improvements in quality of life variables in many countries over the longer term. However, aids that are too narrowly focused and not consistent with long-term developmental objectives are unlikely to help reduce the vulnerabilities and build the resilience of the communities.

It is evidenced that various factors, such as lack of coordination and transparency, poor oversight, overly ambitious targets and unrealistic time frames, have too often prevented aid from being as effective as desired in different settings. Very high levels of aids over a sustained period turn to generate distorting effects, as they do not produce desired outcomes in policy ownership, local and institutional capacity development and long-term growth, as observed particularly in the cases of Afghanistan, Somalia and Sudan.

In order to avoid protracted aid dependency in OIC countries, there is a need to significantly improve effectiveness of aid that leads to sustainable recovery, capacity development of local institutions and policy ownership.

Given the highly critical instruments available for Muslim communities in helping the others, it is most appropriate and timely to utilize the Islamic Social Finance for addressing challenges related to various dimensions of humanitarian crises. In addition to reducing the humanitarian funding gaps, the Islamic social financing mechanisms can help to reduce the vulnerability of people and recover from crisis situations.

This requires effective schemes to collect and distribute the resources under this mechanism. It is fair to argue that the tools of Islamic social finance are not being effectively utilized for humanitarian aid and development assistance. Therefore, while incorporating the Islamic Social Finance into the humanitarian assistance, innovative financing models should be developed to create long-term impact on these people.

In this framework, with involvement of relevant OIC and UN agencies, a global humanitarian instrument for humanitarian assistance can be developed based on Islamic Social Finance tools. For example, the issuance of a humanitarian *sukuk* programme could pave the way towards sustainable and ideal humanitarian financing.

The World Humanitarian Summit offers an opportunity to galvanize the collective actions in addressing the challenges of OIC countries in reducing vulnerabilities and building resilience. However, it is critical to ensure that everyone contributes to the process, where realistic targets are set to observe the performance towards achieving the goals in building resilience.

**Distinguished Participants,
Ladies and Gentlemen,**

At the end, I would like to express my thanks to all participants for dedicating time for this important meeting which is held at a time of great challenges to many OIC countries.

I wish all of us success in our deliberations, and thank you for your kind attention.