4TH ANNUAL SYMPOSIUM ON ISLAMIC FINANCE
“SUSTAINABLE FINANCE FOR POVERTY ALLEVATION; THE ROLE OF ISLAMIC FINANCE”

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"The Realization of a Sovereign and Independent Indonesia with Personality based on Mutual Cooperation"

Economic Growth  Social Development  Sustainable Environment  Governance for Inclusive, Participative, and Transparent Development

Source: National Middle-Term Development Plan 2015-2019
Main Topic

Equitable Development for Quality Growth

Priority Plan

- Human development through poverty alleviation
- Reducing regional disparities
- Strengthening economic added value and creating jobs
- Food energy security
- Security and stability

Indonesia’s government plan has aligned with Sustainable Development Goals

Source: Government Work Plan, 2019 (processed)
The signing of the Presidential Decree No. 59/2017 on SDGs implementation was an initial direction on SDGs, including:

1. Optimizing the role of Ministry of National Development Planning/Bappenas.
2. Involving all stakeholders:
   - Government & Parliament,
   - Philanthropy & Business,
   - Civil Society Organizations,
   - Academics & Expert.
3. Institutional arrangement for SDGs.
Ministry of National Development Planning Indonesia plays as coordinator in formulating National Action Plan on SDGs / Rencana Aksi (Renaksi)

Achieving all the targets of SDGs will require the role of other Ministries/Agencies and Media Organizations, Philanthropy and Entrepreneurs as well as Academics and Experts to formulate action plans SDGs in national level.

The formulating process has embraced the principle of inclusiveness by involving all parties and also emphasized the principles of partnership among stakeholders with trust, a partnership of equals, transparent, participatory, and accountable.

Source: Sustainable Development Goals –Bappenas 2018
Indonesia is one of the leading countries in the Asia Pacific region who is struggling to take one step further in realizing these goals.

Source: Sustainable Development Goals – Bappenas 2018
In accordance with National Long-Term Development Plan (RPJPN 2005-2025), the problem of poverty is captured within multidimensional framework of poverty, includes:

i) The vulnerability and insecurity of society

ii) The lack of fulfilment/fundamental rights of citizens and distinction of treatment on person or groups in order to living a life in dignity.

Source: Sustainable Development Goals Bappenas
ROLE OF ISLAMIC FINANCE FOR SDGs

- Supports the partnership and equity financing
- Stimulates profit and loss sharing system
- Ensures social responsibility and stability investment
- Emphasize tangibility of financial system

The feature of Islamic finance can potentially reduce poverty, generate an inequality and enhance the sustainability growth.
Zakat has supported the construction of Micro Hydro Power Plant (PLTMH) to provide electricity for a total of 806 households from 4 villages in Jambi province, benefiting approximately 8,000 people.

2519 Villages all over Indonesia have no access to electricity.

Empowered Villages based on Zakat, Infaq & Sadaqah have been established and located in 1056 villages across Indonesia. The number of beneficiaries in 2017 reached almost 2 million people.

Source: Ministry of Energy and Mineral Resource; United Nation Development Program
**WAQF FOR SUSTAINABLE DEVELOPMENT GOALS**

**ISLAMIC HOSPITAL OF MALANG**
Productive waqf land for VIP rooms, was a pilot project on productive waqf from grants. In less than 7 years, it has reached BEP (break event point).

**AGRICULTURE**
1550 Jabon trees was planted on a waqf land of 2.5 ha in Bogor, Indonesia. The benefits of the harvest reaches Rp750 million per 6 years.

**RENTAL FLATS FOR LOW-INCOME PEOPLE**
Land waqf for rental flats building for low-income communities in Bojonegoro

**TOWER 165, JAKARTA**
A commercial building built over mortmain properties under waqf. The waqf money was collected by YWBNB, managed by PT. Graha 165.

In 2015, YWBNB’s ownership of the company’s shares reached 26.766 shares, with a value of around Rp31 billion.

YWBNB (Yayasan Wakaf Bangun Nurani Bangsa) generally earns income from:
1) the waqf cash amount to Rp 48 billion, which was distributed to purchase shares of PT. Graha 165, worth Rp31 billion and purchase all units on the 5th floor of the Tower 165 worth Rp 14,9 billion,
2) dividends which an average of Rp 0,7 billion.

*Source: Ministry of Religion; Indonesian Waqf Board (processed)*
### SUKUK FOR SUSTAINABLE DEVELOPMENT GOALS

**SUKUK DEVELOPMENT IN THE LAST 5 YEARS**

Since 2013, Project Sukuk has contributed for Sustainable Development Goals

<table>
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<tr>
<th>Year</th>
<th>Funding</th>
<th>Projects</th>
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| 2013 | Rp 800 Billion | - Double track rail  
- Hajj Dormitories |
| 2014 | Rp 1.5 Trillion | - Double track rail  
- Hajj Dormitories |
| 2015 | Rp 7.1 Trillion | - Railroads  
- Roads and Bridges  
- Infrastructure for Higher Education and Religious Affairs Office |
| 2016 | Rp 13.67 Trillion | - Railroads  
- Roads and Bridges  
- Infrastructure for Higher Education and Religious Affairs |
| 2017 | Rp 16.77 Trillion | - Elevated & Double Trackrail  
- Roads, flyover/overpass/tunnel & bridges  
- Flood control, lava, management of urban drainage & coastal security, dams management & other water container building, raw water supply & management  
- Building, facilities & education facilities  
- Revitalization & development of Hajj Dormitory, construction/rehab Center for Marriage & rituals of Hajj |

*Source: Ministry of Finance (Processed)*
Islamic finance takes an important role as sustainable finance to support sustainable development objectives.

Source: On the Sustainable Development Goals and the Role of Islamic Finance, Mohieldin et al, 2015
Thank You

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Islamic Finance, Inclusion and Poverty Alleviation
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