The decision to establish the Islamic Solidarity Fund for Development (ISFD) was reached by the Third Extraordinary Session of the OIC Summit held in Makkah Al-Mukarramah on 05-06 Dhul Qadah, 1426H (07-08 December, 2005). The Summit decided to establish a special fund within the IDB with a view to: (a) Reduce poverty, (b) Build the productive capacities of member countries, (c) Reduce illiteracy, and (d) Eradicate diseases and epidemics, depending on its paid capital (US$ 2.548 million) which is far away from its target capital (US$ 10 billion). Therefore, it becomes evident that ISFD needs to actively diversify its resource mobilization to realize its objectives, mission and ultimately its vision.

Establishment of IHSAN Waqf Investment Funds (IWIF) with Banks and Financial Institutions

It is noteworthy to mention that the concept of IWIF is aligned with the International Islamic Fiqh Academy Resolution No. 140 (6/15), in particular under section ‘Waqf of Cash Money’ (2), which states:

The money may be dedicated as Waqf for the interest-free loans, for investment either directly or with the participation of a number of persons in a single fund, or by issuing cash shares to encourage Waqf and for the purpose of collective participation therein.
Objective of IWIF:

This model applies the concept of a *Temporary Cash Waqf (TCW)*. IWIFs are, by default, temporary funds which provides for Benefactors to be paid back their pro rata share of the liquidation value at maturity of each **IWIF**.

Benefactors to receive their initial contributions at the end of the Fund’s life. They may also waive their contributions partially or fully and convert it into a permanent cash waqf, which will then be a third source of income for the ISFD.

In this proposed **IWIF** model, Benefactors are not motivated by financial return. Instead, they are focused towards the delivery of sustainable social outcomes and philanthropic objectives over the long run. In this regard, it is important to emphasize that the Fund is a ‘Humanitarian & Social’ one and not a pure ‘investment’ fund.

*Note: Benefactors will have the option to convert their *Temporary Cash Waqf (TCW)* contributions into a permanent form, in which case this will be transferred to ISFD’s pool of **Permanent Cash Waqf** for its poverty alleviation projects, in addition to the profit and initial contribution to **IWIF**.*

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**Key Attributes of IWEF**

This model applies the concept of a *Temporary Cash Waqf (TCW)*. The overall objective of **IWIF** is to facilitate ISFD’s resource mobilization efforts so that it can scale up its developmental impact of poverty reduction in the Member Countries.

The Benefactors are not motivated by financial return but rather by delivering sustainable social outcomes.

Target philanthropists will include corporate and high net worth individuals. ISFD Contribution could be Up to 20% per IWIF in some cases. Each IWIF will have its governance committees, Steering Committee, Shariah Adviser and Investment Committee. The fund manager will be nominated by ISFD from Banks and financial institutions through defined criteria to ensure the performance of each IWIF.
For each **IWIF** a semi-annual reports will be provided to the Benefactors on the performance of its managed portfolio and to update the Benefactors of each **IWIF** on the status of projects or on upcoming pro-poor projects that it is planning to utilize the income for.

The Benefactors for each **IWIF** shall receive their contributions back at the end of the fund’s life on a pro rata basis of the liquidation value up to a maximum of their initial contribution.

During the tenure or at liquidation of each **IWIF**, the benefactors will be granted the option to convert their contributions from a temporary cash waqf to a permanent one in favor of ISFD

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**Compliance**

The fundraising activities shall be in compliance with the Know Your Client (KYC) and Anti-Money Laundering (AML) rules

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**Utilization of the Returns from the Investments of Each IWIF**

Income generated from each **IWIF** will be credited into an ISFD separate account. These proceeds will be used in any of the ISFD interventions in social and human development, based on the preferences (if any) of the benefactors. This may include but not limited to the following programs:

- Provide comprehensive, accessible and sustainable eye care in Burkina Faso, Chad, Comoros, Cote D'Ivoire, Djibouti, Guinea, Guinea Bissau, Mauritania, Mali, Mozambique, Niger and Togo
- Coalition to Stop Obstetric Fistula Program
- Basic Education for the Poor
- Sustainable Villages Programme
- Vocational Literacy Programme for Poverty Reduction
- Job Creations for the Poor
- Integration of Zakat Resources with Community Driven Development
- Selective Reverse Linkage Projects

For more information

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