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ORGANIZATION OF ISLAMIC COOPERATION AND ISLAMIC DEVELOPMENT BANK: THE REGIONAL DIMENSION OF HUMANITARIAN DIPLOMACY

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This NCHS paper analyses the role of the Organization of Islamic Cooperation (OIC) and Islamic Development Bank (IsDB) during crises, considering their limits and potentials.

ABSTRACT

This policy brief analyses the role of the Organization of Islamic Cooperation (OIC) and the Islamic Development Bank (IsDB) during crises, considering their limits and potentials. Besides the diplomatic role in negotiating and mediating access to aid for vulnerable populations, another concept emerges in this analysis: the financial aspect of humanitarian diplomacy. While actors at different levels have to negotiate for access to aid, at the same time this access requires financial sustainability that can contribute to improving the resilience of vulnerable communities. For this purpose, OIC and IsDB can mobilise innovative financing mechanisms when they intervene for ensuring access to aid for conflict-affected populations and play a crucial role in creating a space of dialogue between the international and local levels.

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INTRODUCTION

Reflecting on the definition of humanitarian diplomacy in its widest understanding, humanitarian organisations, personalities, states, and international organisations are engaged in negotiations and interventions where humanity is in danger (Veuthey, 2012). Yet it remains a vague concept that has to be broken down into its theoretical and pragmatical frameworks, according to the actors and contexts considered (De Lauri, 2018; Altunisik, 2019). Moreover, “humanitarian diplomacy is not only about gaining access to those affected by armed conflicts, but also about maintaining and assuring the effectiveness of this access” (Régnier, 2011; see also Turunen, 2020). According to Régnier’s view, the question is how this access can be ensured and transformed in a sustainable response during a crisis. In this perspective, this article aims to highlight the role that some regional Islamic actors, such as the Organization of Islamic Cooperation (OIC) and Islamic Development Bank (IsDB), can play in mediating and improving the access to aid for vulnerable Muslim communities affected by conflict. Due to their geographical and cultural proximity, the OIC and the IsDB could have a double role: to strengthen their positions in mediating access to aid during crises and develop coping mechanisms to unlock Islamic social financing resources. Considering all of these aspects, and also their institutional limits and potentials, it is important to understand which mechanisms are implemented today in this direction, and which policies and instruments should be enhanced.

THE RELEVANCE OF THE REGIONAL DIMENSION IN HUMANITARIAN DIPLOMACY

According to the 2020 Fragile States Index, the worst humanitarian crises in the world today are in Yemen, Somalia, South Sudan, Syria, and Afghanistan. All these countries – except for South Sudan – are Muslim-majority countries (MMCs) where international and regional actors and donors operate to respond to the population's needs and set the conditions for conflict resolution. Against this background, Muslim regional organisations seem to have greater access to the community network and are able to better implement aid to the Islamic communities that are today most affected by the crises. This is what Bruno De Cordier has defined as the communitarian aid or cultural proximity: how communities and beneficiaries identify themselves with Islam and the role that formal and informal Islamic institutions can play in specific contexts (De Cordier, 2009). In the MENA region or among Muslim communities in general, the OIC and ISDB can play a crucial role in elaborating sustainable solutions and mediating aid delivery in contexts where donor-driven policies and local interests should be harmonised. Among different cases, a comparative study on OIC and ASEAN in the Rohingya crisis has shown that OIC better responded to the humanitarian emergency throughout bilateral and multilateral approaches. In this case, aside from enforcing humanitarian efforts and creating a network with civil society organisations, the OIC established a diplomatic approach at the international level, with the aim to condemn human rights violations and call on the Myanmar government to ensure the security and protection of its people without any racial discrimination (Jati, 2017).

This example is also relevant for understanding the double role that this regional actor can play in advocating for human rights and access to aid, and, simultaneously, in coordinating the local and the international level in the same crisis context.

One of the main issues in the humanitarian scenario is the lack of coordination among donors and organisations involved at different stages. Studies carried out on several humanitarian crises (Cunningham, 2012; Kaynak, 2014; BouChabke, 2021) have highlighted how this lack of coordination and mistrust among actors negatively affected the impact of interventions. The quality of coordination is probably influenced by the diversity of actors, donor expectations, competition for funding, and the political environment (BouChabke, 2021). In this scenario, the emergence of important actors at the regional level, such as Qatar, Turkey, and the UAE, requires a more serious effort in coordination between traditional donors and new donors. Regional supra-national institutions can create a space for dialogue to better connect the local and the international level, enhancing the meso-level of aid in the humanitarian space (Barakat & Milton, 2020).

THE OIC AND ISDB EFFORTS IN RESPONDING TO CRISES

The OIC is the second-largest international organisation after the United Nations (UN), and it is composed of 57 member states representing 1.8 billion Muslims around the world. Established in 1969, its 25 founding states aimed to engender solidarity among Muslims and promote the interests of the global Muslim community (Ummah).

In July 2011, the OIC officially changed its name from the “Organization of Islamic Conference” to the “Organization of Islamic Cooperation”. This change represents the need to be more engaged in the international dialogue and global community. This intention is also reflected in its Charter and in the OIC-2025 Programme of Action that represent the strategy and values of the organisation. Regarding the diplomatic efforts in humanitarian assistance, in 2008 the OIC established the Islamic Cooperation Humanitarian Affairs Department (ICHAD) to coordinate activities of different humanitarian organisations (non-governmental organisations and bilateral ones) and facilitate access to aid during crises. In response to a devastating famine in Somalia in 2011, for instance, the OIC organised efforts by more than 40 Islamic aid organisations and other civil society organisations to provide relief supplies throughout the country. Beyond its political attempt to protect Muslim communities worldwide, the concrete effort to finance aid is carried out by its financial institution: the IsDB.

IsDB was established in response to the interest of the OIC in providing its member states with access to Shariah-compliant financial resources. This means that the IsDB implements projects in its member countries with investment funds governed by the requirements of Shariah law and the principles of the Islamic religion. Regarding its role in supporting interventions for development and emergencies, this financial institution has elaborated policies and strategies for responding to crises in fragile and conflict-affected contexts.

Among them, the Fragility and Resilience Policy contributes to the implementation of SDG 16 on peace, justice, and strong institutions and aims to address the needs of populations at risk of being left behind, encompassing core areas such as health, education, employment, crisis support, building institutions, the empowerment of women, and the alleviation of extreme poverty (IsDB, 2019a). IsDB has developed its framework to intervene and address fragility and conflict based on four pillars: investing in prevention, transitioning from relief to development, supporting recovery and resilience, and mobilising resources for resilience.

Moreover, in 2020 IsDB launched a new strategy for recovery and resilience in the MENA region, with the aim to address the root causes of fragility and violence, reach the vulnerable population in conflict-affected areas, and build resilience by investing in four types of capital: human, social, physical, and financial capital. To access people in conflict situations, the IsDB framework emphasises local development partners who can support communities through locally delivered processes such as community development, local governance, and service delivery systems, and by building institutional capacity. In crisis contexts, IsDB is relevant in engaging with local partners and building social cohesion during and after the conflict (IsDB, 2020). Embedded in this approach is the financial aspect of humanitarian diplomacy: while actors at different levels have to negotiate for access to aid, at the same time this access requires financial sustainability that improves the resilience of the vulnerable communities affected by conflicts and violence.

MOBILISING INNOVATIVE FINANCING MECHANISMS FOR HUMANITARIAN INTERVENTION

Considering the financial aspect in humanitarian diplomacy, one of the main goals of both the OIC and IsDB for facilitating access to aid for communities in need is represented by the mobilisation of innovative financing mechanisms for humanitarian aid and development assistance in their member countries. The huge humanitarian funding gap, which registers a growing trend in recent years (OCHA, 2021), shows the need to improve the effectiveness of aid. In this regard, Islamic social financing instruments can be a sustainable solution during and after crises. Islamic social finance refers to the provision of financial services to the vulnerable members of society to achieve socio-economic welfare. It comprises institutions based on philanthropy such as *zakat*, *sadaqa* *zakat* (mandatory giving), *sadaqa* (voluntary donation), *waqf* (endowment), *qard al-hasan* (interest-free loan), and the contemporary Islamic not-for-profit microfinance (Lawal and Ajayi, 2019).

Ensuring access to aid for affected populations should be accompanied by resilience and approached with adequate programmatic and financing methods. A study conducted on humanitarian crises in OIC countries by the Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC) found that vulnerable communities are left with limited sets of coping mechanisms. According to this study, there is a need to improve access among poor and vulnerable communities to financing mechanisms that promote resilience and reduce disaster risk as well as governments and development institutions.

In addition to reducing the humanitarian funding gap, Islamic social financing mechanisms can contribute to reducing the vulnerability of people in crisis situations and, in the long-term, reduce their dependence on aid. However, long-term impact requires an effective scheme of collection and distribution of resources such as *zakat*, *sadaqa*, *waqf*, and *qard al-hasan*. In terms of aid, an accumulated and professionally managed Islamic social financing instrument can play a significant role in alleviating human suffering in the short-term and expanding the opportunities for recovery in the long-term (SESRIC, 2017). The distribution and implementation of those funds in an effective manner is far from being achieved, but OIC and IsDB are trying to introduce policies and strategies to enhance these mechanisms. While negotiating access to aid for communities in humanitarian crisis, the task of these two institutions should be to ensure sustainable financing for the humanitarian interventions that are implemented. The study from SESRIC has found that humanitarian *sukuk* that can be combined with cash *waqf* in order to improve sustainable financing during a crisis. A *sukuk* can be simply explained as the Islamic alternative to conventional bonds. *Sukuk* was developed as a non-interest financial instrument because conventional bonds are based on interest (*riba*) which is non-permissible in Islam. *Sukuk* is defined by the industry's international standard-setter – Auditing and Accounting Organization of Islamic Financial Institutions (AAOIFI) – as “Certificate of equal value representing undivided shares in the ownership of tangible assets, usufructs and services or (in the ownership of) the assets of particular projects or special investment activity” (AAOIFI, 2015).

Regarding the definition of *waqf*, the Islamic *waqf* was an unincorporated trust established by an individual under Islamic law. Registered in an Islamic court, its deed stipulated how revenue from its endowment would finance particular social services (Adiguzel and Kuran, 2021).

According to the SESRIC study, the long-term nature of *sukuk* financing combined with the perpetual nature of *waqf* could also contribute to more predictable and sustainable funding (SESRIC, 2017). In response to a crisis or for development interventions, IsDB instruments can be used alongside conventional financing methods. Some initiatives could be considered as a relevant example of this collaboration and integration of Islamic social finance with traditional humanitarian donor financing. In 2019, for instance, IsDB and the International Federation of Red Cross and Red Crescent Societies (IFRC) created a fund to combat cholera in OIC countries. The WASH Fund uses innovative financing mechanisms, mixing *sukuk* and traditional humanitarian donor financing (IsDB, 2019b).

Another example of blended finance between Islamic funds and traditional funds is the Lives and Livelihoods Fund (LLF). It is a global partnership between different donors for financing projects in the IsDB's member countries. It was launched in 2016 by the IsDB in partnership with the IsDB's Islamic Solidarity Fund for Development (ISFD), the Bill and Melinda Gates Foundation, the Qatar Fund for Development, the King Salman Humanitarian Aid and Relief Centre, the Abu Dhabi Fund for Development, and UK AID. The LLF scales up the concept of using grants to boost concessional lending – on terms more affordable than loans at market rates – as a way to drive economic growth and raise living standards.

Towards the donor's funds, the LLF more than doubles the IsDB's capacity for concessional funding in social sectors and development aid. For financing projects in selected countries, it offers them a 30 per cent grant portion and 70 per cent IsDB financing, helping countries to take responsibility for their own development.

LIMITS AND CHALLENGES OF OIC AND ISDB IN HUMANITARIAN DIPLOMACY

Despite efforts in improving its role in intervening during crises, OIC has shown its limits in acting as neutral actors, especially in regional conflicts. The Syrian crisis can be considered as an example of their inability to enforce humanitarian diplomacy over the political interest of their member states. Analysing its efforts in mediation since the conflict has started, different interests assumed by the OIC member states highlights the incapacity of this organisation to stand for a homogeneous position in conflict resolution and in negotiating access to aid for communities in need. This is the case of the Dar'a Governorate, Aleppo, and Idlib, where the OIC strongly condemned attacks on civilians and recommended protection and humanitarian assistance. Regarding the financial support, direct contributions to the country by the IsDB were stopped in 2013 after Syria was suspended from the OIC as a member country. From 2013, the effort of the IsDB in the Syrian crisis consists of dealing with the refugee issue in the region. In 2016, IsDB Group allocated US\$9 billion to support countries hosting Syrian refugees for the period 2016–2018. Despite that, supporting Syrian refugees' crisis in neighbouring countries does not represent a long-term perspective in the resolution of the internal and external fragilities (Ahmed, 2018).

The decision to suspend the Syrian membership makes the same organisation not able to act effectively in this context. As stated by Ahmed and Akbarzadeh (2019), the suspension of Syria's membership can be seen as a spill over effect of the approach adopted by prominent Arab states, especially Saudi Arabia, to isolate Syria and the Assad regime, which is supported by Iran. In this way, Saudi Arabia turns the OIC into a tool for its anti-Iran agenda and exacerbates tensions within the same organisation. At the same time, the OIC decision of suspension called into question its effectiveness and neutrality. Despite its history in mediation, the OIC has failed to create an identity as a supra-national institution beyond a diplomatic forum. It fails in addressing and ultimately resolving tensions among and in member states due to its dependency on national constraints (Ahmed and Akbarzadeh, 2019).

In the case of Syria, the only effort in humanitarian diplomacy made by the OIC was limited to supporting the UN resolutions or calling upon the UN Security Council to take further steps in the face of the deteriorating humanitarian situation in Syria. This has demonstrated the inability to act as an independent and supra-national organisation during a crisis.

CONCLUSION AND RECOMMENDATIONS

Considering the limits and potentials of the OIC and IsDB in humanitarian diplomacy, this policy brief identifies some recommendations:

- 1.**The diplomatic role in mediating aid interventions during conflict and crises of the OIC should overcome the inter-states rivalry and affirm its supra-national identity. In regional intra-states conflicts, such as the Syrian conflict, it is evident that the OIC effort in humanitarian diplomacy and conflict resolution was limited to dialogue-oriented action, unable to provide protection and assistance to the civilian population during the crisis.
- 2.**OIC should enhance its role in promoting and coordinating humanitarian and development interventions in crisis areas, enhancing dialogue with all the stakeholders involved and strengthening institutions and community resilience, as well as through the Islamic Development Bank programmes and financing tools.
- 3.**Islamic social financing instruments should be better integrated into the humanitarian financing system, reducing unstructured and uncoordinated resource mobilisation also with other donors, and filling the gap of the traditional humanitarian funding mechanism. Improving the mobilisation of ISF components (such as *zakat*, *waqf*, and *sadaqa*) via crowdfunding platforms could represent an alternative source for ad hoc and cross-border humanitarian interventions and resilience development initiatives in OIC's fragile countries.

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