



**Standing Committee
for Economic and Commercial Cooperation
of the Organization of Islamic Cooperation (COMCEC)**

**Proceedings of the 16th Meeting of the
COMCEC Financial Cooperation Working Group**

**“The Role of Islamic Finance in Supporting the
Micro Enterprises and SMEs against COVID-19”**



COMCEC COORDINATION OFFICE

September 2021

**PROCEEDINGS OF THE 16TH MEETING OF THE
COMCEC FINANCIAL COOPERATION WORKING GROUP
ON**

**“The Role of Islamic Finance in Supporting the Micro Enterprises and SMEs
against COVID-19”**

(September 9th, 2021, Virtual Meeting)

(2nd Session – Presentation of Final Draft of Research Report and Policy Formulation)

**COMCEC COORDINATION OFFICE
October 2021**

For further information please contact:

Mr. Can AYGÜL

Senior Expert

COMCEC Coordination Office

Necatibey Caddesi No: 110/A

06100 Yücetepe

Ankara/TURKEY

Phone : 90 312 294 57 04

Fax : 90 312 294 57 77

Web : www.comcec.org

e-mail : finance@comcec.org

TABLE OF CONTENTS	4
Introduction	5
1. Opening Session	6
2. Overview of the Report and Analysis of the Survey Results	6
3. Selected Case Studies – Indonesia, Jordan, Kuwait, Senegal, and Russian Federation	8
4. Member Country Presentations	10
4.1. MALAYSIA	10
5. Private Sectors' / International Institutions' Contributions	10
5.1. TKBB's Experience in Financing SMEs	10
5.2. AKHUWAT and the Role of Islamic Finance in Supporting Microenterprises and SME's against COVID-19	12
6. COMCEC Financial Support Programs	14
7. Closing Remarks	14
Annex 1: List of Participants	15
Annex 2: Agenda of the Meeting	22
Annex 3: Program of the Meeting	23

Introduction

The 16th Meeting of the COMCEC Financial Cooperation Working Group was held on 9-10 September 2021, in a virtual-only format, with the theme of **“The Role of Islamic Finance in Supporting Microenterprises and SMEs against COVID-19”**.

The representatives of 21 Member States, which have notified their focal points for the Financial Cooperation Working Group, attended the Meeting. The meeting was further attended by the representatives of the SESRIC, SMIIC, IsDB, CIBAFI, OIC Exchanges Forum, COMCEC Capital Markets Regulators Forum, OIC-COMCEC Central Banks Forum, Participation Banks Association of Turkey (TKBB), Ziraat Portföy, and COMCEC Coordination Office.

Mr. Fatih ÜNLÜ, Director General of the COMCEC, delivered an opening speech and gave the floor to Mr. Muhammed Faruk AYKUT, Chairperson of the Meeting. It was followed by the presentations made by Professor Mehmet ASUTAY on the overview and the theoretical parts of the research report. Professor ASUTAY also shared the survey findings, including the views of 255 respondents from 28 OIC Member Countries (MCs) and 12 non-OIC countries on COVID-19 on Islamic finance and MSMEs related questions. Following the introductory presentations on the report and the survey results, country cases were presented. While Dr. Nur Dhani HENDRANASTITI briefly presented the updated case study of Indonesia, which was also presented in the first meeting, the other OIC member country cases, namely Jordan, Kuwait, and Senegal, were presented by Professor ASUTAY. Lastly, as the non-OIC country case study, the Russia Federation case, was presented by Dr. Mücahit ÖZDEMİR.

The research team also presented the final draft of the report. In the introduction part, the study's main objectives, structural problems deriving from COVID-19 with regards to economic growth, and the importance of MSMEs as a backbone of the economy were highlighted. In addition, the methodology of the report and the criteria considered in the selection of case countries were explained in detail. In the second part, the political economy of the COVID-19, policy responses towards the pandemic to support MSMEs, particularly in OIC member countries, and developments in the Islamic finance sector with specific references to MSMEs were discussed.

The country case studies covered, with respect to each country, the economic structure and the role of MSMEs, the trajectory of Islamic finance, COVID-19 conditions and Islamic financing responses for MSMEs, best practices, and country-specific recommendations. The programme was completed with the representatives of the Member States sharing their experiences, achievements, and challenges faced in supporting Microenterprises and SMEs against COVID-19 with Islamic finance.

In line with the relevant resolution of the 36th Ministerial Session of the COMCEC, the second day of the Working Group Meeting served as the preparatory platform for the Ministerial Exchange of Views Session of the 37th COMCEC Session to be held on 22-25 November 2021, with the theme of “The Role of Islamic Finance in Supporting Microenterprises and SMEs against COVID-19”. The Working Group deliberated on the aforementioned theme and develop a set of

policy recommendations to be submitted to the Honorable Ministers for their kind consideration during the Ministerial Exchange of Views Session.

1. Opening Session

In line with the tradition of the Organization of Islamic Cooperation (OIC), the Meeting started with the recitation from the Holy Quran. At the outset, Mr. Fatih ÜNLÜ, Director General of the COMCEC, made a brief opening speech about the latest developments and figures in the sector by touching upon the implications of COVID-19 pandemic on the sector. Then, as the Chairperson of the Meeting, Mr. Muhammed Faruk AYKUT, Deputy Director General from General Directorate of Financial Markets and Exchange of the Republic of Turkey, introduced himself, thanked all the participants, and mentioned about the programme of the meeting.

2. Overview of the Report and Analysis of the Survey Results

In the first session, Mehmet Asutay, Professor of Middle Eastern and Islamic Political Economy from the Durham Centre for Islamic Economics and Finance, Durham University Business School, presented the foundational chapters of the research report to provide a context for the research, as well as the survey findings.

In the first part of the presentation, Professor Asutay explained the project's main aim as analyzing and exploring the policy responses of the countries, international bodies, and Islamic financial institutions to support MSMEs against the severe effects of the COVID-19 with a particular emphasis in Islamic finance. Professor Asutay stated that the main aim and objectives were explored in four OIC member countries (Indonesia, Kuwait, Jordan, and Senegal) and one non-OIC member country (Russia). He stated that the outcome of exploration and analysis helped to provide policy recommendations to the OIC member countries, including considering alternative institutional and instrumental development needs in the Islamic finance sphere for MSMEs.

In the second part, in providing the rationale for Islamic finance developing measures for the challenges faced by MSMEs, Professor Asutay provided some data depicting the development and trends in the Islamic finance industry. The statistics show that the Islamic finance industry has reached USD2.7 trillion, of which the Islamic banking share was about USD1,8 billion at the end of 2020. Considering the systematic significance of the Islamic finance industry, Professor Asutay underlined the critical importance of support to the Islamic finance industry needs to be extended to MSMEs. Therefore, he stated the importance of a holistic approach to be developed by the Islamic finance industry beyond financialisation, including real economy impact through MSMEs financing. He also identified the emerging significance of Islamic social finance instruments and institutions in responding to the certain challenges faced by MSMEs. In stating the emerging opportunities, Professor Asutay also expressed the systemic importance of Islamic FinTechs.

In the third part, Professor Asutay explained the comprehensive data collection process. In addition to examining the recent publications and, in particular recent policy papers on the subject matter to collect material on institutional or Islamic banks related strategies and national level Shari'ah-compliant measures, he explained that they have been utilising

comprehensive primary data collections for all the countries involved. He stated that they have advanced semi-structured interviews with stakeholders in case countries with both supply-side - including Islamic bankers, financiers, Shari'ah scholars, regulators, policy-makers - and demand-side - including chambers of merchants and artisans. In addition, Professor Asutay explained that they have a structured questionnaire with a sample of supply-side representatives in the OIC member countries so that OIC-wide good practices in relation to Islamic finance industry vis-à-vis MSMEs under pandemic challenges can be captured.

In the fourth part, Professor Asutay presented the rationale for selecting the sample countries, which he stated that they aimed to capture the distinction of various categories of countries within the OIC, such as geographic distribution, size of the economy and the development of Islamic finance industry. Furthermore, as a non-OIC country, Russia was selected as an observer of the OIC due to having a large Muslim population with autonomous Muslim regions.

In the last part, Professor Asutay discussed the structure of the report developed from the research. He identified four parts, which are: (i) Covid-19 Pandemic Conditions and Its Impact on MSMEs Financing and Performance: Global Perspective; (ii) Covid-19 Pandemic and Islamic Finance; (iii) Research Methodology: Selected Case Studies; (iv) Policy Recommendations. Accordingly, he elaborated on each part.

After presenting the foundational part of the report, Professor Asutay delivered the survey's findings, including the expressed opinions of 255 respondents, from 28 OIC member countries (MCs) and 12 non-OIC countries, on COVID-19, Islamic finance, and MSMEs related questions. Firstly he depicted the demographic information about the respondents and noted that the majority of the respondents were academics/professional researchers (43%). He also emphasized that despite all the efforts, the number of respondents from demand-side representatives was relatively low. Professor Asutay provided the findings of the first part of the survey, which focused on the COVID-19 effects on MSMEs and policy responses. He stated that according to the survey results, the most significant problem faced by MSMEs during the COVID-19 was reduction in sales, followed by liquidity shortages. Professor Asutay also elaborated the findings of the first part of the survey in detail. In the second part of the survey, he presented the responses to the questions related to COVID-19, Islamic finance, and MSMEs. At the end of the presentation, Professor Asutay provided general comments and reflections on the survey findings, such as the significant references in respondents' views towards traditional Islamic social welfare institutions such as zakat, waqf, and sadaqah along with qard al-hassan.

Question(s) and Comment(s)

Question: what kind of methodology was followed in the survey while covering the responses from each country to reflect their sectors?

Professor Asutay responded by appreciating the comment and the question. Firstly he noted that he could not go over the detailed results of the survey due to the time limitation. Professor Asutay explained survey's methodology, particularly pointing out the composition of the respondent countries. He expressed that the country diversification of the respondents were not homogenous, and therefore the results have not provided an opportunity to create cross-tabulations to show particular responses from the respondents for each country.

Comment: It was pointed out that there is a possibility for covering the figures of a large number of OIC MCs through the European Commission's SMEs Survey Report.

Professor Asutay confirmed that having such a report could be an important way forward. However, he noted there may be difficulties in getting responses from some relevant bodies of the MCs as experienced in the project's survey on MSMEs. Professor Asutay also emphasized the importance of data collection to develop policies and noted that they had included one suggestion in the report to create databases about MSMEs and every aspect of Islamic finance in OIC.

3. Selected Case Studies – Indonesia, Jordan, Kuwait, Senegal, and Russian Federation

The second part of the presentations, which included the case countries Indonesia, Jordan, Kuwait, Senegal, and the Russian Federation, was started with the Indonesian case delivered by Dr. Nur Dhani Hendranastiti, from Universitas Indonesia. Dr. Hendranastiti provided a brief review of the case since it was presented in the previous Working Group Meeting on 6 April 2021. She elaborated on the recommendations, such as enabling the institutional operational logic of Islamic banks, enabling the environment that empowers SMEs, developing micro-takaful for the MSMEs, developing emergency and contingency funds in the form of *Shari'ah*-compliant manner (*qard hassan*), and enabling an efficient international collaboration and cooperation within OIC.

The session continued with the Jordan case presented by Professor Asutay. He explained the political economy of Jordan as an emerging market economy with a significant number of MSMEs, which are vital for the general economy as well as for the immigrant communities. He briefly mentioned the trajectory of Islamic finance in Jordan and particularly focused on the Islamic finance responses for MSMEs during COVID-19. He noted that the country had one of the strictest initial responses, with borders closed, returning travelers quarantined, and full and partial curfews implemented in the first half of 2020. Professor Asutay explained the public sector provision of *Shari'ah* compliant financial solutions and responses of Islamic banks towards MSMEs in detail. He identified the banks close cooperation with the Central Bank of Jordan and the different entities of the government to provide interest-free loans to MSMEs with eased eligibility criteria as best practices. Professor Asutay concluded his presentation with several policy recommendations, such as helping Islamic finance institutions to provide their classic and innovative solutions in the digital age through digital selling of loans and easy online applications for and management of loans.

Following the Jordan case, Professor Asutay presented the Kuwait case study. He explained the Kuwait political economy within the context of Vision 2035, which aims to diversify the economy. Professor Asutay emphasized and detailly analyzed Kuwait's National Fund for Small and Medium Enterprise Development (KNF), established in 2013 with KD2 billion, which has remained the main public financing body along with commercial conventional and Islamic banks. He noted the KFN providing *qard al hassan* like financing including during the COVID-19 as one of the best practices. However, Professor Asutay also recommended that there is a need for a new mandate and strong leadership for KNF to effectively and efficiently utilize abundant resources for the development of the private sector through SMEs. He provided several other

recommendations for the Kuwait case, such as promoting fintech-based solutions to support MSMEs.

The other country case, Senegal, was presented by Professor Asutay. He noted that the MSMEs sector is very important for the country, making up the vast majority of Senegalese businesses (over 90% of companies in Senegal). He provided updated figures for the Islamic finance sector in Senegal and presented information about recent developments such as sukuk issuances and IsDB supported initiatives. Professor Asutay explained the measures taken by the local authorities and other international organizations such as IsDB to support MSMEs during the COVID-19. He noted that IsDB's PROMISE program of FCFA, in its inception phase, is expected to impact strongly and positively the MSMEs touched by the COVID-19. Professor Asutay completed his presentations by elaborating on several policy recommendations for Senegal, such as the need for accelerating the Central Bank's approval process and also establishment of new Islamic banks, takaful institutions, waqf, and zakat fund and Islamic financing institutions.

Dr. Mühahit Özdemir from Sakarya University presented the non-OIC case country, Russian Federation. Dr. Özdemir presented the potential of Islamic finance with references to the available few scholarly studies and provided information about the Islamic finance trajectory in Russian Federation. He noted that there are several Islamic finance providers which especially provide financing and investment products on a small scale. Dr. Özdemir identified the measures taken by Islamic finance providers to support MSMEs, such as postponement of the installments. He emphasized the importance of Kazan, the capital of Tatarstan, in promoting Islamic finance across Russia and gave The Kazan Summit, which took place for the 12th time in 2021 despite the COVID-19. Dr. Özdemir provided several policy recommendations, such as IsDB can further enhance its support to MSMEs in Russia in collaboration with the local Islamic finance providers.

Question(s) and Comment(s)

Question: How the institutions mentioned in some cases, such as Kuwait and Jordan, provide financing at zero-rate, namely qard al hassan financing, and What are their source of funding whether from government grants or philanthropy funds? I was also noted that normally if they are deposit-based, there are expectations of returns. In this respect, further clarifications about such operational aspects of qard al hassan facilities in the cited case countries were also asked.

Answer: In responding, Professor Asutay stated that the mentioned qard al hassan facility was mainly referred to KNF in the Kuwaiti case and provided information about KNF which is the public institution to fund SMEs. He added that Islamic banks had been formulated as a shareholder-based understanding and that, by definition, essentialize the value maximization of shareholders as opposed to other stakeholders and therefore Islamic banks are concerned with the interest of shareholders which restrict their reach to other sectors. Professor Asutay also noted that Islamic banks' provision of qard al hassan is scarce if any, and, therefore, there is a need for collaboration between Islamic banks and public agencies to offer qard al hassan financing to MSMEs. He also provided an example from Malaysia where one of the Islamic banks was considering an innovative solution to offer qard al-hassan through its engagement with the civil society.

Comment: it was expressed that there was no explanation in the presentation about opening up the economies through which MSMEs would operate normally as in other countries such as the UK. He asked further information the outcomes of the economies' openings on MSMEs.

Answer: Prof. Asutay stated that even when the economy is operating, MSMEs always have a financing gap, even in oil-rich countries. He explained that the economic agents have to be ready for the impact of such crises, which will be around us in different types, whether financial or health. Professor Asutay emphasized that when there is a crisis, the issue is how the resources and institutions can be mobilized towards providing a coordinated response to the problems faced by MSMEs.

4. Member Country Presentations

4.1. MALAYSIA

Mr. Ridzham Zaidi Rizluwan from Securities Commission Malaysia made a presentation on market-based fundraising for Micro, Small and Medium Enterprises. He mentioned that the domestic capital market plays an important role in financing the Malaysian economy with the Islamic capital market, which has been contributing an average of more than 60% to the total capital market for the past five years.

Acknowledging the importance of MSMEs to the Malaysian economy, he expressed that the Securities Commission Malaysia has facilitated the development of market-based crowdfunding platforms through the introduction of equity crowdfunding and peer-to-peer financing frameworks (Frameworks). The Frameworks allow businesses and entrepreneurs in this segment with innovative business ideas to raise funds through the capital market.

Since the introduction of the Frameworks, the market-based crowdfunding have continued to gain traction with total funds raised amounting to RM1.34 billion in 2020.

The offering of Shariah-compliant solutions have also increased. Currently, there are six platform operators providing Shariah-compliant offerings. It was pointed out this rising trend is expected to continue with increased interest in Shariah-compliant offerings from potential issuers, as well as investors.

Given that Malaysia's Halal economy is projected to grow to US\$113.2 billion in 2030, it was stated that better funding access would certainly assist Halal industry players including MSMEs in capitalising opportunities for expansion. Therefore, it was underlined that the SC is fully committed towards facilitating a conducive funding ecosystem for the development of the Halal economy. Malaysian MSMEs in the Halal segment can expect to benefit from Shariah-compliant funding options that meet their business needs.

5. Private Sectors' / International Institutions' Contributions

5.1. TKBB's Experience in Financing SMEs

Mrs. Fatma Çınar, Head of International Relations and Corporate Communications at Participation Banks Association of Turkey (TKBB), delivered a presentation on "TKBB's experience in financing Microenterprises and SMEs (MSMEs) against COVID-19". Presentation started with introduction of the Association as the main representative of the participation banking sector in Turkey. Vision of that NGO shared as raising the market share of participation banking sector to 15% by 2025 and to deliver world-class financial products and services.

Mrs. Fatma Çınar provided general information about the overview of Turkish Participation Banking sector with main financial indicators. She continued with the role of MSMEs in Turkish economy and highlighted that while estimated 3.2 million active MSME representing 99.8% of all registered entities in the country and they are generating 50.4% of the total turnover of the enterprises, 56.3% of the country's exports and 72.4% of its workforce. She shared the SME loan performance of participation banks with the substantial increase level of 80% during the year 2020. She also emphasized the increase momentum in SME loans at both conventional (deposit) and participation banks during the period of 2015-2020 in Turkey with the figures. SME financing of participation banks exercised increase from 29% to 32% among total loans. She also shared the survey results of SAFE about Turkish enterprises. The survey on the access to finance of enterprises (SAFE) provides information on the latest developments in the financial situation of enterprises, and documents trends in the need for and availability of external financing. The survey was conducted by the ECB in cooperation with the European Commission covering all EU countries plus some neighbouring countries. According to survey, access to finance is not the main concern for Turkish SMEs, use of bank loan in the past six months (April to September 2020) for SMEs in Turkey is 45% which is higher than the EU27 average of 18%. In addition to that in 2020, 64% of all SMEs in the EU27 felt confident in talking with banks about financing and obtaining the desired results, however, SMEs in Turkey are more confident with the survey result of 86%.

Afterwards, she stated as an immediate response from Turkish government during the COVID-19 pandemic for MSMEs, in March Turkey set up the Economic Stability Shield package worth TRY 100 billion (\$15.4 billion; 2.2% of GDP). The Credit Guarantee Fund's limits were increased, and repayments of SME loans were postponed by three months to provide SMEs and companies with liquidity needs. A new economic incentive package worth EUR 4.5 billion, entitled IVME, was announced in May 2019, providing advantageous loans through three public banks. Participation banks in Turkey have also provided significant support for the continuity of economic activities as an immediate response to the Covid-19 pandemic. Especially they actively put forward their digital products and services to the customers, postponed installments of specific payments and applied flexible limit allocation for increasing financing volume to both retail, SME, and corporate customers.

She continued her presentation by providing brief information about Kredi Garanti Fonu A.Ş. (KGF), Small and Medium Enterprises Development Organization of Turkey (KOSGEB) and the Union of Chambers and Commodity Exchanges of Turkey (TOBB) as the good practices of Turkey for OIC countries from the pandemic experience.

Mrs. Çınar finalized the presentation with the following points for the agenda of OIC member countries:

- ✓ Country case studies are important for identifying relevant policies and financing tools that can alleviate the financing constraints of SMEs.
- ✓ Efforts in enhancing SME financing in Turkish participation banking sector could be utilized by the OIC member countries at which SME sector needs more development.
- ✓ It would be beneficial to have a common platform for SME data including also banking figures to report all SME related activities in a holistic approach.

- ✓ Pandemic conditions explicitly outlined the importance of comprehensiveness of financial system architecture for the unexpected disruptions and crises. In Turkey, it was experienced the integration of stakeholders in the Financial ecosystem to keep the business continuity and support the SMEs as the backbone of real sector.
- ✓ The experiences of KGF, KOSGEB, and TOBB amid pandemic can be benefitted by the OIC member countries.

5.2. AKHUWAT and the Role of Islamic Finance in Supporting Microenterprises and SME's against COVID-19

Dr. Muhammad Amjad Saqib from Pakistan, Founder and Executive Director of Akhuwat made a presentation on the Role of Islamic Finance in Supporting Microenterprises and SME's against COVID-19. He started with outlining the vision and mission of the organization which is to create a society built on the values of compassion and equity and to alleviate poverty by empowering socially and economically marginalised segments of the society through interest-free microfinance and education.

Mr. Saqib continued his presentation by providing a brief summary and progress of all the programs of Akhuwat. Starting with Akhuwat Islamic Microfinance, the program has disbursed \$900 million to 4.9 million families in interest-free loans. It is the world's largest interest-free microfinance program with current active borrowers of nearly 1 million. Besides financial services, Akhuwat also has an education program. The vision behind this program is that 'If loans can be provided without interest, then education can be provided without fee. Akhuwat has adopted 304 government schools under the Public School Support Program and has three intermediary colleges including one in Kasur which is Pakistan's first fee-free university.

The third initiative is the Akhuwat Clothes Bank that collects, sorts and cleans donated clothing and gifts them to low-income families. Through this initiative 2.86 million items of clothing have been distributed all across Pakistan. The fourth initiative is the Akhuwat Khwajasira Support Program in which support is provided to the transgender community in Pakistan to help them lead a respectable and dignified life through provision of direct financial assistance, health services and psychological support. The fifth initiative, Akhuwat Health Services provides affordable healthcare services for the underprivileged including Akhuwat's borrowers. The program provides subsidized medicines, lab tests, free examination and consultation to those families that are unable to afford basic healthcare. Lastly, Akhuwat Food Bank was specifically created during COVID-19 to help borrowers gain access to good quality food during this crisis.

Later in his presentation, Dr. Saqib focused on six major challenges that Islamic finance faces which include:

1. Reaching Bottom of the Pyramid - The Poorest of the Poor

Reaching the poorest of the poor is extremely difficult. Conventional microfinance is given to those who are hovering above the poverty line and have the capacity to immediately return money they have borrowed. However, in this whole process the poorest sections of society are neglected.

2. Reducing the Cost

Microfinance is a very expensive business and as much as 50% to 60% cost is charged in some countries which is not fair to extremely poor people who cannot afford to pay such a high cost. Thus, there is a need to reduce the cost.

3. Group Lending only

Even the rise of microfinance institutions could not curb this problem as the focus has remained largely on females and group lending. Ordinary people who wanted to get individual loans were left feeling excluded and alone. Conventional microfinance is given in the form of group lending only but Akhuwat gives loans on an individual basis while establishing the relationship of solidarity with all.

4. Riba/Interest Based Lending

People tend to avoid indulging in interest based lending. Their desire is to be associated with a system which is without riba as riba is not only prohibited in Islamic teachings but also in other religions.

5. Shift from the Domain of NGO to Banks

Microfinance was initially started by small NGOs to help the poor but gradually it has been taken over by banks and banks by nature are profit maximizing institutions. Banks have turned microfinance into a business and an industry which is not aligned with the true spirit of the concept of microfinance.

6. Impact - Is it really making a difference and reducing poverty?

Microfinance is a very important and useful strategy for poverty alleviation. Through research, it has been concluded that because of the above-mentioned challenges the real impact is not tangible.

These challenges inspired Dr. Saqib to find a creative solution to develop a system where no interest is charged to poor people. Thus, few innovations were introduced by Akhuwat in order to curb these challenges. This is done through providing interest-free loans to the poorest of the poor, using religious places including mosques, churches, and temples as centers for disbursement to ensure transparency and accountability, harnessing the spirit of volunteerism, transforming borrowers into donors and lastly, non-discrimination on the basis of religion, gender, caste, colour or creed.

Moving on to the work carried out during the COVID-19 pandemic, Dr. Saqib highlighted that Akhuwat focused all efforts to help the people of Pakistan during this crisis. Over 132,000 Ration bags were distributed in 144 cities and more than 234,000 meals were distributed in 78 cities to daily wagers. Interest-free loans were given to poor people to maintain their dignity during this tough time so they could sustain their livelihood for a couple of months until they could restart their businesses. Additionally, services for testing were provided, grants were disbursed and support to different hospitals was provided to purchase masks and medical equipment. Many microfinance institutions stopped working during COVID-19 due to the threat of non-payment. However, Akhuwat's operations continued with additional focus on relief products like loans and grants. Akhuwat's repayment percentage fell to 80% only during initial months of the pandemic as compared to anticipated drop to 34% for microfinance institutions. Now it has recovered from the impact of the pandemic and recovery rate has risen to 99.9% again.

In the final part of his presentation, he acknowledged the international recognition Akhuwat has received over the years such as the Commonwealth's 31st Point of Light Award presented by Queen Elizabeth II and the Ramon Magsaysay Award, also known as Asia's Nobel Peace Prize, for Akhuwat's innovative model of providing interest-free microfinance loans to the poor. Work is not done to win awards or accolades, but accolades create legitimacy and help carry the mission of the organization forward.

6. COMCEC Financial Support Programs

Mr. Hasan YENİGÜL, Program Coordinator at the COMCEC Coordination Office, made a presentation on the COMCEC Project Funding.

Mr. YENİGÜL informed the participants about the essentials of the COMCEC Project Funding. Mr. YENİGÜL continued his presentation by highlighting the timeline and budget limits for the project submission. He stressed the importance of finding a project idea and informed the participants on how they can find project topics. He also explained the main project types along and criteria for being an applicant for a project.

He also reminded the participants to read the application documents particularly the Project Preparation and Submission Guidelines as well as supported sectoral themes before designing and submitting their project proposal. Moreover, Mr. YENİGÜL invited the Member Countries and OIC Institutions to submit their project proposals and wished all the success in the project submission period.

Mr. YENİGÜL finally informed the participants about other two grant programs, namely COMCEC Al-Quds Program and COMCEC Covid Response Program.

7. Closing Remarks

The Meeting ended with closing remarks of Mr. Muhammed Faruk AYKUT, Deputy Director General from General Directorate of Financial Markets and Exchange of the Republic of Turkey and Mr. Selçuk KOÇ, Director at the COMCEC Coordination Office.

In his closing remarks, Mr. AYKUT conveyed his appreciations to all the presenters and participants for the fruitful deliberations made during the meeting. Then, he informed the participants that the policy recommendations formulated in the 16th Meeting of the COMCEC Financial Cooperation Working Group will be submitted to the COMCEC Ministerial Session that will be held in 24th-25th November, 2021.

Afterwards, in his closing remarks, Mr. KOÇ expressed his thanks and appreciation to all participants for their contributions to the discussions throughout the meeting and invited the member countries and the relevant OIC institutions to submit their project proposals to the CCO within the framework of the project call made in September 2021.

The meeting ended with vote of thanks.

Annex 1: List of Participants

A. MEMBER COUNTRIES OF THE OIC

KINGDOM OF BAHRAIN

- Mr. ABDULLA AL KHALIFA

Chief, International Relations & Organizations, Ministry of Finance & National Economy

BRUNEI DARUSSALAM

- Ms. ADILAH ABU BAKAR

Director, Central Bank of Brunei Darussalam

- Mr. ZULKHAIRI MOHD NOOR

Senior Manager, Central Bank of Brunei Darussalam

REPUBLIC OF GABON

- Mr. BARTHELEMY NGOULAKIA

Secretary General, Ministry of Commerce, SMEs and Industry - GABON

- Ms. STELLA MISSONO

Director General, Ministry of Economy

- Ms. VANESSA ASSIAMI

Director General, Ministry of Economy

ISLAMIC REPUBLIC OF IRAN

- Ms. NASRIN GHASSEMI MOGHADAM

Expert, Ministry of Economic Affairs and Finance

- Ms. SAMANEH MIRKOHANSAL

Researcher, Central Bank of I. R. of Iran

HASHEMITE KINGDOM OF JORDAN

- Mr. RA'ED NAWAISEH

Feasibility Studies Department Facilitator, Jordan Enterprise Development Corporation

THE STATE OF KUWAIT

- Ms. HANADI ALENEZY

Foreign Relations Researcher, Ministry of Finance

- Mr. MUSAED ELFOUDERI

Foreign Relations Researcher, Ministry of Finance

- Mr. ALI ALKKHABBAZ

Junior Economic Analyst, Ministry of Finance

MALAYSIA

- Mr. MOHD SHAH SHUKREE BIN SALIM

Manager, Bank Negara Malaysia

- Ms. SITI ROSINA BINTI ATTAULLAH

Manager, Bank Negara Malaysia

- Mr. HAMIM SYAHRUM BIN AHMAD MOKHTAR

Deputy Director, Bank Negara Malaysia

- Mr. RIDZHAM ZAIDI RIZLZUWAN

Assistant General Manager, Securities Commission Malaysia

- Mr. THIRUNAVAKARASU JAYASEELAN

Expert, Ministry of Finance

- Ms. NOOR MASDIANA MOHD SAMSUDIN

Expert, Ministry of Finance

- Ms. NUWAIRANI KHALID

Expert, Ministry of Finance

SULTANATE OF OMAN

- Mr. HUMAID ABDULLAH AL QATABI

Director, Ministry of Finance

ISLAMIC REPUBLIC OF PAKISTAN

- Mr. IMRAN KHAN

Joint Director, State Bank of Pakistan

- Mr. MUHAMMAD AYAZ KHAN

Deputy Secretary, Ministry of Economic Affairs

- Ms. FATIMA JEVAID

Joint Director, State Bank of Pakistan

- Mr. BILAL RASUL

Executive Director, Ministry of Economic Affairs

KINGDOM OF SAUDI ARABIA

- Mr. ABDULAZIZ ALNASWAN

General Manager, Small and Medium Enterprises General Authority

- Ms. MUNIRAH ALGHEDIYAN

Advisor, Ministry of Finance

- Mr. MASHARY ALSHEEHA

Economic Specialist, Ministry of Finance

REPUBLIC OF SIERRA LEONE

- Mr. FODAY IBRAHIM KABBA

Senior Economist, Ministry Of Finance

REPUBLIC OF TUNISIA

- Mr. BECHIR ELGHARBI

Deputy Director, Ministry of Economy

REPUBLIC OF TURKEY

- Mr. MUHAMMET FARUK AYKUT

Deputy General Director, Ministry of Treasury and Finance

- Mr. İSMAİL VURAL

Deputy Secretary General, Participation Banks Association of Turkey

- Mr. HALDUN NİĞİZ

Head of Department, Ministry of Treasury and Finance

- Mr. MEHMET FATİH BOZKURT

Head of Group, Insurance and Private Pension Regulation and Supervision Authority (IPRSA)

- Mr. KENAN TURAN

Assistant General Manager, Ziraat Portföy A.Ş

- Mr. MAHMUT AYDOĞMUŞ

Director, BORSA ISTANBUL

- Mr. MAHMUT VARLI

Manager, BORSA ISTANBUL

- Mr. UMUT CAN GÖK

Unit Manager, Presidency of the Republic of Turkey - Finance Office

- Ms. FATMA ÇINAR

Manager, Participation Banks Association of Turkey

- Mr. ERHAN AKKAYA

Specialist, Central Bank of the Republic of Turkey

- Ms. GÜLSÜM ÇINAR DOLGUN

Specialist, Central Bank of the Republic of Turkey

- Mr. BİROL ÖRER

Specialist, Presidency of the Republic of Turkey - Finance Office

- Mr. ŞANBAZ YILDIRIM

Analyst, Presidency of the Republic of Turkey - Finance Office

- Ms. SİNEM DOĞAN

Analyst, Presidency of the Republic of Turkey - Finance Office

TURKMENISTAN

- Mr. ALLABERDI HAJYYEV

Deputy Head, Union of Industrialists and Entrepreneurs of Turkmenistan

- Mr. MYRAT MYRADOV

Head of Division, Ministry of Trade and Foreign Economic Relations

- Mr. SERDAR JOVADOV

Chief Specialist, Ministry of Finance

B. THE OIC SUBSIDIARY ORGANS

STATISTICAL, ECONOMIC, SOCIAL RESEARCH AND TRAINING CENTER FOR ISLAMIC COUNTRIES (SESRIC)

- Mr. ABDŪLHAMİT ÖZTÜRK

Researcher, SESRIC

- Mr. CEM TİNTİN

Senior Researcher, SESRIC

- Mr. AHMET B. ARPA

Assistant Project Officer, SESRIC

OIC-COMCEC CENTRAL BANKS FORUM

- Mr. İBRAHİM KÜÇÜKİKİZ

Assistant Specialist, OIC-COMCEC Central Banks Forum

- Ms. MERVE LOĞOĞLU

Assistant Specialist, OIC-COMCEC Central Banks Forum

C. SPECIALIZED ORGANS OF THE OIC

ISLAMIC DEVELOPMENT BANK (IsDB)

- Mr. SEEDY MOHAMMAD NJIE

Senior Investment Specialist, Islamic Development Bank

D. AFFILIATED ORGANS OF THE OIC

STANDARDS AND METROLOGY INSTITUTE FOR ISLAMIC COUNTRIES (SMIIC)

- Mr. İHSAN ÖVÜT

Secretary General, SMIIC

GENERAL COUNCIL FOR ISLAMIC BANKS AND FINANCIAL INSTITUTIONS (CIBAFI)

- Mr. RACHID ETTAI

Senior Research Analyst, the General Council for Islamic Banks and Financial Institution

E. CONSULTANTS

- Prof. Dr. MEHMET ASUTAY

Durham Centre for Islamic Economics and Finance

- Dr. MÜCAHİT ÖZDEMİR

Sakarya University

- Dr. Nur Dhani HENDRANASTITI

Universitas Indonesia

F. COMCEC COORDINATION OFFICE

- Mr. FATİH ÜNLÜ

Director General

- Mr. SELÇUK KOÇ

Head of Department

- Mr. MEHMET CELALETTİN AKTAŞ

Head of Department

- Mr. CAN AYGÜL

Senior Expert

- Mr. HASAN YENİGÜL

Senior Expert

Annex 2: Agenda of the Meeting



**16th MEETING
COMCEC FINANCIAL COOPERATION WORKING GROUP
(September 9th, 2021, Virtual Meeting)***

**“The Role of Islamic Finance in Supporting Microenterprises and SMEs
against COVID-19”**

(2nd Session – Presentation of the Final Draft of Research Report)

DRAFT AGENDA

Opening

1. Presentation of Final Draft of the Report (Selected Case Countries and the Policy Options)
2. Policy Debate Session on the Role of Islamic Finance in Supporting Microenterprises and SMEs against COVID-19
3. Member Country Presentations
4. Private Sectors’ / International Institutions’ Contributions
5. Presentation on the “S&P/OIC COMCEC 50 Shariah Index”
6. COMCEC Financial Support Programs

Annex 3: Program of the Meeting



DRAFT PROGRAMME

16th MEETING OF THE COMCEC FINANCIAL COOPERATION WORKING GROUP

(September 9th-10th, 2021, Virtual Meeting)

*“The Role of Islamic Finance in Supporting Microenterprises and SMEs
against COVID-19”*

*(2st Session – Final Draft of Research Report and Policy
Recommendations)*

1ST DAY: SEPTEMBER 9TH, 2021

13.15 - 13.30 Joining the Online Meeting

(The link for the participation will be conveyed in advance of the Meeting)

13.30 - 13.40 Opening

13.40 - 14.00 Presentation of the Research Report

*- Presentation: Prof. Dr. Mehmet ASUTAY
Durham Centre for Islamic Economics and Finance*

14.00 - 14.10 Questions and Answers (Q & A)

14.10 - 14.40 Selected Case Study Presentations

- Presentation: Prof. Dr. Mehmet ASUTAY & Dr. Mucahit ÖZDEMİR

14.40 - 14.50 - (Q & A)

14.50 - 15.20 Member Country Experiences

15.20 - 15.50 Contributions of International Institutions / Private Sector

- Presentation: "TKBB's Experience in Financing SMEs"

Ms. Fatma ÇINAR

Manager of International Relations Department

TKBB (Participation Banks Association of Turkey)

- Presentation: AKHUWAT's Experience in MSMEs Financing

Dr. Muhammad Amjad Saqib

Executive Director of Akhuwat Foundation

Pakistan

- (Q & A)

15.50 - 16.10 The COMCEC Project: S&P/OIC COMCEC 50 Shariah Index

*- Presentation: **S&P/OIC COMCEC 50 Shariah Index***

Mr. Kadir ALTUNOK

Expert

Ziraat Portföy

- (Q & A)

16.10 - 16.30 COMCEC Financial Support Programs

COMCEC Coordination Office

- (Q & A)

16.30 - 16.40 Closing Remarks

2ND DAY: SEPTEMBER 10TH, 2021

13.45 - 14.00 Joining the Online Meeting

(The link for the participation will be conveyed in advance of the Meeting)

14.00 - 14.30 Main Challenges and Success Factors for Benefiting from Islamic Finance Supporting Microenterprises and SMEs against COVID-19

Presentation: Prof. Dr. Mehmet ASUTAY

Durham Centre for Islamic Economics and Finance

Q & A

**14.30 - 16.00 Policy Debate Session: Policy Recommendations for the Exchange of Views
Session of the 37th COMCEC Ministerial Meeting**

*Moderator: Muhammed Faruk AYKUT
(Deputy Director General in the Ministry of Treasury and Finance)*

16.00 - 16.10 Closing Remarks
