



**ISLAMIC DEVELOPMENT BANK  
ISLAMIC RESEARCH AND TRAINING INSTITUTE**

**PREPARATION OF THE *UMMAH*  
FOR THE TWENTY-FIRST CENTURY IN THE AREA  
OF ECONOMIC, TRADE AND FINANCE  
COOPERATION AMONG THE OIC MEMBER  
COUNTRIES**

**Islamic Development Bank**

**Islamic Research & Training Institute**





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## **PREFACE**

The Challenges of the forthcoming 21<sup>st</sup> century are varied and immense. However, the Islamic *Ummah* possess the needed potential to confront these challenges. What is needed is galvanized and coordinated efforts by countries, communities, Islamic institutions and non-government organizations. These would have to be imbued with the culture of the 21<sup>st</sup> century challenges, the needed collective and individual responses and the necessity of future consciousness.

The present document is but an attempt to contribute toward this effort. It needs to be complimented by extended efforts that should come from different fronts. The document also represents a vision and strategy. It is intended to complement and not to supplant the present OIC Plan of Action, and calls for a diligent phased implementation of the Plan. Such phased implementation may proceed in terms of medium and short term programs similar to the four year program that is being proposed by the OIC General Secretariat. Both the Plan of Action and the short / medium term programs would have to be cast within the wider framework of the strategic vision by looking at the 21<sup>st</sup> Century and the challenges that the Century poses.





# 1. INTRODUCTION

## *The Current Setting*

- 1.1 We are on the threshold of the twenty-first century, a turning point heralding the beginning, not only of a new millennium but also opening of a fresh chapter in humanity's search for the realization of new civilizational paradigms.
- 1.2 The fall of Communism, the disintegration of the Soviet Union and the failure of industrial capitalism to establish a just world order have brought into sharp focus the real predicament of mankind: poverty with affluence; hunger and famine despite growth in production and technology; explosion of new and return of old diseases despite great achievements in medical sciences and technology; increases in crime and deviance, intolerance and terrorism despite a significant spread of education and culture; disintegration of the family and debasement of fundamental human values despite the revolution of knowledge. Innovations based on science and technology have reduced the entire world into a global village but distances between peoples have widened resulting in greater tension, strife, rivalry and confrontation. Humanity stands in search of a new order, truly universal, humane and just, ensuring attainment of equality and freedom, preserving human dignity, protecting human rights and providing participatory governance. Such an order could be based only on Islamic principles.

- 1.3 This document attempts to examine the opportunities for cooperation and development in the areas of economics, trade and finance, with a forward look to the next century, in order to assist the Muslim *Ummah* in achieving for itself a better future. The document also tries to identify within the *Ummah* some areas of creative responses from institutions such as: governments, private enterprises, multilateral international organizations and NGO's. At the end, the document explores how and in what way the IDB can contribute towards the achievement of the larger goals of the *Ummah* with concrete benefits filtering down to its constituents.
- 1.4 The Muslim *Ummah* has the obligation as well as the potential to seek and establish its own civilizational paradigm. However, this can not be accomplished without sincere and persistent efforts. Despite enjoying rich material and spiritual resources and a great cultural heritage, the *Ummah* has not yet been able to realize its own full potential, and lags far behind the dominant powers of the world in terms of progress in science and technology and levels of social and economic development. Western powers, despite the decline of erstwhile colonialism, continue to foster institutional hegemony over Muslim and other developing countries through a series of political and economic arrangements. The challenge before the *Ummah* is to break this dependency syndrome through strategic planning, anticipation and foresight and hence forge a more desirable future for its people.
- 1.5 The application of policies drawn from the growth paradigms of the dominant schools have failed to bring about sustained socio-economic development of all people and all regions ensuring well being and equity for all human beings. In contrast, the holistic approach of the Islamic *Ummah* can ensure growth with social justice for all, making the next century an era of peace and stability, justice and

liberty, human rights and social responsibility. This is both a challenge and an opportunity for the Muslim *Ummah*.

- 1.6 In meeting this challenge, the strengths of the *Ummah* are distinct: Its moral and spiritual heritage, its significant presence in all parts of the world, comprising 23 percent of the world population and occupying 19 percent of the land area of the world within its 54 independent nation states. Almost 30 percent of world's economic resources are found in Islamic lands. Moreover, there are some 120 Muslim communities with over 400 million Muslims living in Non Muslim countries outside the OIC circle. Even the sheer size of the Muslim *Ummah* demands that it should play in an important role in shaping the future of not only Muslims but of the world at large. The strategic location of Muslims and their moral and spiritual mission towards the welfare of humanity further reinforce this position. Hence, it is an Islamic duty as well as an obligation of the *Ummah* to improve its material and moral condition so that it may perform its true role in the international community.

### *The Vision for Ummah's Future*

- 1.7 To meet these challenges the *Ummah* greatly needs a vision of its future. We posit the following as the essential elements of this comprehensive vision:
- i) Unity and greater integration of the *Ummah* within the context of national and regional diversity;
  - ii) Political, economic and social security and stability among the member countries and within Muslim communities;
  - iii) Preservation and Promotion of cultural identity;
  - iv) Development of material and moral resources through expansion of physical and social

infrastructure facilitating the realization of shared opportunities and fulfillment of common destiny;

- v) Greater involvement in policy making and equitable participation in world economy through securing membership of Islamic countries on various world forums;
- vi) The attainment of global recognition of Islam's civilizational identity as a distinct and positive force capable of contributing to the evolution of an ethically and civilizationally advanced world order.

- 1.8 Many actions the *Ummah* should take to prepare itself for the 21<sup>st</sup> century must be taken within the next few years. Many others should follow right after. The more efforts the *Ummah* can muster in the first two decades of the century, the more aspirations it will achieve in the later part of the century. Those two decades, therefore, appear to be a proper time frame for strategic planning.
- 1.9 Within the first two decades of the twenty-first century the Islamic *Ummah* should strive harder to become self-reliant and reduce its economic, political, cultural and technological dependence on the outside world. Self-reliance is the foundation which would enable the *Ummah* to play its rightful role in the world as the witness of Allah's Message to the mankind: "*shuhada ' ala al-nas*".
- 1.10 Self-reliance must not be confused with self-sufficiency or isolationism or autarchy. Self-sufficiency in certain key areas is a desirable and realizable goal, but self-sufficiency in all aspects is neither desirable nor possible. All countries and regions need other countries and regions to avail themselves of the resources the world holds for humanity. The Muslim *Ummah*, however integrated it may be, should operate in the context of all other forces. It has to be a part of the world community and must play an active role in

shaping its future. Isolation and autarchy, as such, may be harmful to the collective interest of the *Ummah*. However, self-reliance is important and desirable as it enables a people to decide their affairs in the light of their own ideals, priorities and shared opportunities.

- 1.11 Self-reliance is a dynamic concept. It is not tied to a particular level or state of affairs. With changing circumstances, national, *Ummah* level or global targets of self-reliance are destined to change. By itself, present or future status quo has nothing to do with self-reliance, which is a moving and evolving target. Self-reliance represents an ability to control one's own resources, to decide one's own objectives and strategies and to pursue one's own priorities according one's own ideals and enlightened interests.
- 1.12 To actualize this vision, there is an urgent need for change in our understanding of the development paradigm – from emphasis on growth in GDP and prestigious projects towards a people-centered paradigm based on the Qur'anic vision of “security from fear and hunger” which gives priority to achieving a high level of sufficiency in basic needs: food, shelter, education, health and transport. This should be our prime target during the first twenty years of the next century.

### ***The Requirements***

- 1.13 The main requirements for the realization of this vision are:
- i) Greater resolution of political will and commitment to bring about fundamental changes and transform Muslim societies;
  - ii) Strong commitment to specific goals and development of administrative mechanisms for their implementation;

- iii) Promotion of information, education and training;
  - iv) Review of priorities regarding the proper management of physical and human resources;
  - v) Participation of the people in the developmental activities at all levels.

### ***Dominant Trends***

1.14 Any program for the implementation of this vision must take into account that the twenty-first century is likely to be dominated by two trends: globalization and regionalism. The processes of globalization imply that the prosperity of national economies will be critically affected by their interaction with the world economy. As a result, economic and cultural products from the non-Muslim world could increasingly overwhelm Muslim societies. Regionalism is exemplified by the emergence of regional economic groupings (e.g. EU, NAFTA, etc.). In the last quarter of the twentieth century, international economic growth has entered into a stage that even large industrial countries are forced to join regional economic blocs. These economic groups are likely to further dominate world trade in the twenty first century. The dynamics of trade between large blocks will have a strong adverse impact on countries that remain outside the system of regional groupings. Furthermore, the international economic environment would obstruct entry of these countries into established blocks and as such may not be conducive to the growth of small nations in the early decades of the 21st century. Hence, they have to create regional economic groups of their own and use their collective leverage to seek access to world markets so as to get the benefits of international trade.

1.15 In developing a program for the realization of this vision, it must also be acknowledged that countries that have achieved a breakthrough in economic development and growth have

given priority to education, development of human capital and physical infrastructure and more equitable distribution of income and wealth. They have also emphasized development of production capacities and technologies before opening up their economies to consumer products.

- 1.16 The most formidable challenge before the Muslim countries and communities in the twenty-first century is that of economic and social development. They have to develop and restructure their economies and societies in such a manner that they will be able to face these challenges and avail themselves of opportunities of the 21<sup>st</sup> century. Development of Muslim societies is to take place within the matrix of Islamic ideals and values.

## 2. ENHANCING COOPERATION

- 2.1 In preparation for the challenges of the twenty-first century, cooperation among the OIC member countries and Muslim communities is of paramount importance. Cooperation should be given content to make it an effective engine for development. However, a clear and strong political will and commitment to the processes of cooperation that are constantly reviewed and renewed, is an important prerequisite for its continued effectiveness.
- 2.2 The new **Strategy to Strengthen Economic Cooperation Among the OIC Member Countries** and its accompanying **Plan of Action to Strengthen Economic and Commercial Cooperation Among the Member Countries of the Organization of the Islamic Conference**, should be effectively pursued and operationalized. The **Plan of Action** adopted by the seventh OIC Summit, held in Casablanca in December 1994, provides guidelines and targets for cooperative efforts in different economic sectors. What is needed is to effectively implement this Plan. Its implementation could proceed at two levels:



- i) The OIC Permanent Committee on Commercial and Economic Cooperation, (COMCEC) needs to follow-up a phased implementation program for the **Plan of Action**, and to accelerate the implementation of economic and commercial agreements among member countries.
- ii) At the sub-regional level, relevant programs of the **Plan of Action** should be implemented by concerned organizations such as the Gulf Cooperation Council, Economic Cooperation Organization and Arab Maghreb Union and to establish new competent organizations covering most of the *Ummah*. Thus, a two-way cooperation between sub-regional organizations and the OIC institutions may be developed.

2.3 The establishment of the Islamic Common Market is an imperative if Muslim countries are to deal with powerful international economic blocks on an equal footing. The creation of this market, pursued as an ultimate objective, would require a series of intermediate steps in forms of bilateral as well multilateral agreements, partnerships, free trade zones, tax treaties and customs unions among the Muslim countries. The pursuit of that objective should set in motion the moves towards reduction and ultimate elimination of restrictions on the flow of goods, capital, and human resources between different countries within the Islamic *Ummah*.

2.4 Cooperation among the Muslim countries in the monetary and financial field would be gradually enhanced by the establishment of a mechanism for regional monetary and

exchange rate policy coordination, which would ultimately pave the way to higher forms of cooperation in the banking and financial sector as well as in intra-trade promotion and finance. COMCEC and regional groups can play an important role in this respect.

- 2.5 Liberalization of trade among the Muslim countries may pave the way for the emergence and growth of trans-national companies in the private sector capable of internalizing the benefits of information and communication technologies as well as large scale production, trade and finance. The rise of these companies can be speeded up through facilitating merger and joint ventures of enterprises across Muslim countries and providing them with necessary legal protection, tax and other incentives. It is also expected that private entrepreneurs and Chambers of Commerce and Industry in Muslim countries will take necessary initiatives to achieve this cooperation.
- 2.6 Efforts should be made to strengthen and vitalize the existing *Ummah* institutions in order to enable them to better perform their functions, especially in relation to:
  - i) Evolving a strategy for trade expansion among the Muslim countries based on trade flow analysis, stimulation of balanced and healthy growth of selected sectors and products and identification of complementarities.
  - ii) Enforcing and Monitoring trade regulations;
  - iii) Providing necessary technical assistance for capacity building as well as developing *Ummah*-wide information systems.
  - iv) Promoting and availing of applied research done by the Islamic Research and Training Institute (IRTI) and other institutions and supporting it to

enhance trade and cooperation among the Muslim countries.

### **3. ACTIONS FOR DEVELOPMENT**

- 3.1 A perennial problem of the Islamic countries and Muslim communities is poverty coupled with somewhat disappointing development performance. Except for a few Islamic countries whose economies have shown dynamism and growth in the eighties and nineties, many of our countries are caught in the quagmire of perpetual poverty and economic deprivation, as they benefited little, if at all, from international flow of goods, services and capital as well as continuous scientific and technological advancement. Unless a frontal attack on these problems is made during the early decades of the twenty-first century, these trends cannot be expected to be significantly altered soon.
- 3.2 In order to pave the way for a better performance in the field of economic development and at the same time alleviate poverty in the Islamic countries and communities, it is necessary to exert an all out effort in several directions. Success in these efforts is important not only for the economic betterment and well being but for the very existence of independent countries. Lack of education and human resource development, low level of production and productivity, neglect of agriculture and small scale industry, lack of productive employment, dearth of employment opportunities, weak Socio-economic infrastructure, glaring economic disparities and inequities are among the major causes responsible for rampant poverty and deprivation in the Muslim countries and communities. These factors deserve to be addressed to seriously at all levels.

As each OIC member country should have its own strategy and priorities, some priority sectors are highlighted below, in order to give some general guidance and focus.

### *Education*

3.3 Education is the key not only for an Islamic existence and cultural advancement, it is also the most crucial factor in planning for poverty eradication and promoting social and economic development. It is therefore imperative that all educational efforts at this stage should concentrate on universal literacy with emphasis on basic education, cultivation of active mental habits, knowledge of faith and culture, civic life and health care, and development of crucial skills as well as teachers training and access to techniques and methodologies which can be stepping stones to different vocations in life including higher education and research. Spread of literacy and encouragement for women's education should be made an integral part of this program. These objectives can be achieved within the next two decades if we can ensure:

- i) That education planning is undertaken with a view to spreading education at the grass roots by encouraging decentralized arrangements at the *Ummah*, regional and country levels;
- ii) That governments, private sector and NGOs cooperate actively to achieve these goals;
- iii) That local education authorities are strengthened and entrusted to oversee the program;
- iv) That formation of new and promoting existing educational foundations and trusts and *waqfs* for the establishment of schools, training institutes, vocational centers, teacher training institutions,

- colleges and production of educational materials and aids is undertaken urgently;
- v) That Islamic banks and international donors finance these projects through Islamic modes of finance;
  - vi) That an *Ummah* Educational Fund is created to subsidize and finance educational projects in financially deficient areas and in the member countries and Muslim communities.
  - vii) That a consortium of educational institutions be established to pool the resources and better serve member countries and Muslim communities.
  - viii) That teacher and student exchange programs between the member countries and Muslim communities are encouraged.

### ***Technology and Industry***

- 3.4 Technology is one of the most critical factors in facilitating and promoting economic development. It is, therefore, important to realize that Muslim countries should move away from simple import and import-substitution of consumer goods towards enhancing production capabilities through technology transfer. Priority should be given to effective technology transfer so as to acquire latest technological know-how as well as the capacity to adapt technology to our needs and develop it further to achieve internationally competitive edge.
- 3.5 The *Ummah* must aim at self-reliance in heavy and engineering industries in such a way that there is no duplication of investment and no engagement in uneconomical enterprises. Careful planning would ensure proper linkages, cost effectiveness and capacity to reap the benefits of specialization, large-scale enterprise and integrated markets. Regional planning should include

earmarking of areas for priority products particularly in the fields of steel, aluminum and cement along with the development of communications, space, nuclear and defense technologies. To ensure success in these areas, there is also an urgent need for the establishment of quality research institutions to develop technical know-how and to facilitate successful adaptation of technology and generation of capacity for future innovations. Research in specialized institutes and within the industry should be coordinated. Centers of excellence for software development project preparation and development of technologies should be given high priority. Networks of national and regional educational and training institutions should be planned to provide a host of support services.

### ***Reorganization of Industry and Markets***

- 3.6 Another important step in priority planning would be the establishment of a network of industrial zones for the development and congregation of small and medium industries. Agro-based industries and support industries for building and maintaining physical infrastructure deserve to be accommodated in these areas. Micro finance (capital and credit), financial and physical incentives, training programs and availability of essential services- e.g. electricity, communication, transport, for these centers can usher in a flood of developmental activities at the grass-roots level. This arrangement should be geared to provide additional and special employment opportunities for women as well as young entrants to the labor force and should make fullest use of local and traditional occupation resources and skills.
- 3.7 Closer observation of the processes of economic change in different parts of the world verifies that the establishments of markets and farm-to-markets roads have been catalysts for breakthrough in the development of agriculture, agro-industry, cottage and small-scale industries. It is therefore suggested that in every Muslim country planning authorities

should identify localities, which would serve as markets for these areas and encourage their establishment. Such markets could be specialized or general purpose ones, in keeping with the local production potential and population needs. Cooperatives can also be formed to play a central role. Professional institutes for teaching and training in marketing processes, methodologies and techniques should also be an integral part of the program for market development.

### ***Social and Physical Infrastructure***

- 3.8 Integrated rural and urban development can take place in a smooth and balanced manner if careful planning is made to ensure that all members of the society have access to national and *Ummah* level facilities and services such as: supply of clean drinking water, sanitation, electricity and health care. While local government is an appropriate vehicle to provide these facilities, it needs cooperation from private sector entrepreneurs, local authorities and the public sector to meet these needs adequately. Governmental and international agencies may be involved in providing finance for such programs at the local levels. Private sector can also play a crucial role. Community participation could be one of the instruments to create social capital through direct and voluntary use of surplus manpower. Governments and local town bodies should provide the necessary incentives to the people to realize this goal. There is also an urgent need for establishing a network of roads, transport, telecommunications, markets, workshops, industrial complexes, (for small and medium size industry), cooperatives as well as finance and investment houses particularly for micro credit.
- 3.9 Telecommunication and information technologies must be singled out for special emphasis, as they are poised to play a significant role in shaping the business environment in the twenty-first century. In future, electronic communication shall determine the quantum and speed of financial flows.

The countries, which do not have the required infrastructure to support these changes, may be marginalised. Hence, development of this social and physical infrastructure must occupy a high priority in all Muslim countries. This calls for mobilization of large financial resources by governments, international organizations, national and international monetary agencies, and Arab and Islamic funds in Muslim countries and communities.

### ***Food Security***

- 3.10 An important priority target should be self-sufficiency of the *Ummah* in food supply. Presently, most of Muslim countries are heavily dependent on food imports which not only exposes them to economic and political risks but also drains their foreign exchange resources. The *Ummah* has the potential of becoming self-sufficient in food. Egypt, Indonesia, Pakistan, Sudan, Turkey and Muslim countries of Central Asia – to name but a few – have vast potential for agricultural development. There is a need for an *Ummah* level master plan that covers such countries, identifies their competitive advantages and provides necessary facilities for promoting production of staple food items, in particular, wheat, rice, maize, grain, other cereals and oil seeds. The Muslim countries should strive to meet supply requirements of the food needs of the *Ummah* by themselves and within the next two decades. An *Ummah* master plan with emphasis on infrastructure development, appropriate technologies and command over management techniques including water management, should be set in place. There can be joint projects between different Muslim countries as well as between corporations and multi-nationals for bigger projects. Many developing countries have made significant progress in agricultural development by adopting scientific techniques and investing in agricultural research. Every effort should be made to draw upon existing research and plans should be formulated to undertake and strengthen agricultural research in the Muslim countries.



### ***Shelter***

- 3.11 Shelter is one of the basic human needs and has special relevance in an Islamic milieu. Yet, large Muslim populations lack even minimum housing facilities. A concerted effort is needed to provide low cost housing for the vast majority of the Muslim *Ummah* that suffers from the lack of adequate housing. Appropriate technologies for the construction of suitable, low cost dwellings have to be developed. Integrated rural development, new models of urban planning catering for all sectors of the society, and decentralization with devolution of power would all facilitate the development of appropriate answers to major issues of rural and urban development in the Muslim countries. Local bodies should be strengthened, provided with adequate resources and encouraged to take initiatives to deal with this problem. Micro finance on Islamic principles would help individuals and communities to meet their particular housing needs. Funding agencies should also promote research and development of appropriate construction materials and technologies. Establishment of special funds for low-cost housing, as successfully experimented in Turkey, can be catalyst in this respect. Concerted efforts from a number of directions can ensure a reasonable solution of the problem of shelter within the first two decades of the next century.

### **Energy**

- 3.12 Another priority area for the *Ummah* is self-reliance in energy. While developing petroleum and petro-based industries, every effort should be made, to ensure that the *Ummah's* sovereignty over this vital energy source is not compromised. In order to protect and conserve this vital energy source, the *Ummah* must explore and develop alternative sources of energy. There is a vast potential for the development of natural gas, wind and solar energy as

well as for nuclear and thermal power as sources of energy. There is also a need to cater for deficit areas, for example, in Africa, there is a need of developing special plans to meet the firewood needs or arrange for its substitutes and safeguard against deforestation.

- 3.12 As to the development of secondary sources of energy, it should proceed in a manner that builds linkages, inter-connections and complementarities between different regions along with ensured cost efficient supply lines of clean energy for the *Ummah* and the global market. Regional projects should be developed on the basis of uniform norms and standards to achieve greater flexibility and interchangeability, for instance, uniformity of grid systems and gauge-lines.

### ***Transportation and Communication***

- 3.13 Infrastructure development should presently focus on linkage between the Islamic countries through road, rail, air, shipping, telecommunications and postal services.

### ***Regional Linkages***

- 3.15 Along with the development of efficient physical infrastructure at the level of each Muslim State, it is also important to plan for the development of an infrastructure at the wider level of the *Ummah*. This should be achieved, first at the level of geographically contiguous or economically linked regions and finally at the level of the entire Muslim world. Muslim countries in following regions can be identified and targeted for development planning as well as enhancing linkages:

- i) Middle East and North Africa
- ii) Central and South Asia
- iii) ASEAN countries
- iv) Sub Saharan Africa
- v) Central Europe.

### *Planning, Management and Finance*

3.16 Socio-economic development of the *Ummah* is a challenging task and would require comprehensive and efficient machinery for planning, management and financing. The *Ummah*, by the Grace of Allah (s.w.t.) enjoys adequate financial resources to bring about the necessary socio-economic transformation. Yet, it lacks competent institutions and mechanisms for effective mobilization of these resources and their optimal allocation to achieve its priorities. The IDB, other Islamic banks and Islamic financial institutions represent a promising start. There is an urgent need to further develop these institutions and establish new ones to mobilize resources under the aegis of Islamic financial institutions, and through *Shari'ah*-consistent financial instruments and products. Self-reliance of the *Ummah* would very much depend on the twin functions of mobilization of these resources and development and promotion of Islamic financial institutions and products to undertake this mobilization. To achieve this and other relevant objectives, the following aspects deserve special attention and action:

- i) State level planning, programming and promotion of joint ventures;
- ii) Effective mechanism and institutions for resource mobilization;
- iii) Establishment of new trans-national corporations to undertake relevant projects;
- iv) Trans-national merger of existing corporations and creation of consortiums for this purpose;
- v) Review of existing laws and regulations and creation of new facilities and institutions for the promotion of projects and corporations;

- vi) Development of one or more financial centers in the Muslim world that may act as clearing houses for transfer of money, credit and finance within the Muslim world; and
- vii) Stock exchanges and capital markets should also be strengthened at national levels with built-in linkages for *Ummah* level mobilization and allocation of finance and investment.

### ***Disaster Control and Crises Management***

- 3.17 Frequent occurrence of natural and man-made disasters such as hurricanes, floods, earthquakes, internal strife, regional conflicts and civil wars, would be a major impediment to the realization of the *Ummah* potential. As such, regional centers for predicting and monitoring disasters should be set up and an institutional framework should be evolved for disaster control and relief.. Special agencies should be established to deal with the plight of Muslim refugees and displaced persons. Efforts should be exerted to provide them with safe and suitable accommodation. Necessary steps must also be taken for their rehabilitation and repatriation wherever possible. Development of capacity for taking prompt and efficient action shall minimize distress from natural as well as man-made disasters. Immediate steps should be taken to establish a common fund to finance relief and disaster situations with a part of *Zakah* funds as one of its major components.

### ***Future Planning***

- 3.18 Careful planning is essential for the realization of any vision of the future. To shape a viable and desirable future for the Muslim *Ummah*, it is necessary to establish institutions both at international and national levels, devoted to research on future and strategic studies as well as to formulate strategies for medium and long-term plans. Regional Organizations,

banks and funds, should cooperate in carrying out future studies devoted to *Ummah* level strategic planning. Muslim countries should develop specific visions for their own futures, similar to “**Vision Malaysia 2020**”, establish national centers for future studies and introduce “future studies” as a discipline in their universities. A network of NGOs, devoted to raising the futuristic consciousness of Muslim societies, should also be established at national, regional and international levels.

## **6. THE ROLE OF THE *UMMAH* INSTITUTIONS IN IMPLEMENTATION OF THE VISION**

4.1 In view of the crucial role that Islamic institutions such as COMCEC, IDB and other similar institutions can play in the realization of this vision, it is suggested that these institutions equip themselves organizationally and financially to undertake necessary planning and action oriented programs. Some immediate and concrete steps for these institutions to undertake, are identified below:

- i) The first step is that COMCEC should look into this preliminary vision and formulate its recommendations towards implementation to the eighth Islamic Summit of the OIC..
- ii) Once the Summit approves the COMCEC recommendations, plans should be made to hold seminars and conferences to discuss and enhance the contents of the vision and to prescribe the administrative structure which would translate the contents of the Vision into practical steps to be taken in each field within a prescribed time frame.
- iii) Specific working groups with the participation of the IDB, COMCEC, Islamic banks and funds, Chambers of Commerce and Industry, other

*Ummah*-wide institutions, Awqaf and Zakah funds, private enterprises and NGO's should be established to translate the ideas into action programs, projects and joint venture.

- iv) A proper monitoring mechanism should be established at the *Ummah* level to oversee and follow-up the implementation of programs and arrange, on regular basis, reviews, evaluation and fresh inputs towards the realization of this vision.

## **5. ROLE OF THE ISLAMIC DEVELOPMENT BANK**

- 5.1 On its part, the IDB aspires to take specific measures in the areas of policies, resources, finance, technical assistance, research, training and information.
- 5.2 In the area of policies, the IDB intends to carry out the necessary review of priorities and programs in order to make more substantial contribution to the preparation of the *Ummah* for the twenty-first century.
- 5.3 When compared with financial requirements of economic development at the *Ummah* level, the resources at the disposal of the IDB appear to be rather modest. Ways to augment these resources through various channels must be found to enable the Bank to meet the requirements of the immense challenge facing the Muslim *Ummah* in the coming century.
- 5.4 Funding for development at the *Ummah* level, cannot be confined to national treasuries or governmental resources. The private sector must be encouraged to contribute and be involved. The Bank will look into more ways to channel development financing through the private sector. The IDB has already started the processes of financial innovation and

engineering and there is an urgent need to enhance these effort to produce the necessary mechanisms, tools and instruments including new financial products and viable project pipelines, to mobilize private funds for productive investment. Every effort shall be made to overcome serious and challenging difficulties that beset such transactions.

- 5.5 In order to strengthen the existing linkages between the economies of member countries, and to build new ones, the IDB will give more attention to financing regional projects, which would benefit more than one member country.
- 5.6 The IDB recognizes the importance of building and maintaining infrastructure in its member countries. To mobilize more financial resources and involve the private sector, the Bank will push forward with its project to establish an Infrastructure Fund. In addition, it will continue to pay special attention to public utilities.
- 5.7 The Bank will continue to pay special attention to accelerate trade financing among its member countries as well as mobilizing resources for that purpose. This has the twin objectives of furthering economic integration as well as providing profitable financial placements.
- 5.8 The IDB realizes that its member countries have special needs as they try to adapt themselves to the new multilateral trade system under the umbrella of the World Trade Organization (WTO). The Bank will provide its membership with the necessary technical support in order to make their joining the WTO beneficial and to avoid its drawbacks as much as possible.
- 5.9 The pace at which science and technology are developing and consequently influencing world economy and interrelations therein have unfolded many new opportunities and challenges that have to be faced squarely. The IDB will initiate efforts to find ways through which its members and

Muslim communities can individually and collectively benefit from new opportunities and successfully face new challenges through the promotion of Science and Technology in their respective societies.

- 5.10 The IDB will continue to follow its Strategic Agenda for Least Developed Countries, particularly in the areas of prevention and alleviation of poverty, development of agriculture, ensuring food security and promotion of micro enterprises and cottage industries.
- 5.11 Having established the OICIS-NET, through which an increasing number of IDB members are interconnected, the Bank will continue to push forward to make available the latest possible communications and information technologies to its member countries with cost effectiveness.
- 5.12 As the IDB has provided its membership with an information highway, it will also prepare the information systems through which cooperation can increase. In particular, IRTI, as an arm of the IDB, is planning to establish a trade information and promotion system to help exporters and importers in member countries in making international deals. This will be in addition to other information systems and specialized forums in economic and technological fields.
- 5.13 The applications of Islamic economics have been forging ahead, especially, in the areas of Islamic banking and finance. The IDB will continue to play its role in assisting the *Ummah* towards benefiting from such applications, through promotion of research and training in these fields.
- 5.14 In research, IRTI aims to contribute to the discipline of Islamic economics, banking and finance, to develop methods and tools to manage the economy in general and the banking and financial sector in particular in accordance with *Shari'ah*. It will also build up and maintain an



information system on Islamic banks and financial institutions.

- 5.15 IRTI will also strive to increase its capabilities to monitor and analyze economic developments in the Muslim countries and communities for the purpose of identifying challenges and opportunities of cooperation among member countries and Muslim communities.
- 5.16 In addition to research, IRTI will endeavor to reorient its training activities towards Islamic banking and finance, macroeconomics management, human resource development and private sector development. Efforts will also be directed to modernize its training techniques and facilities.
- 5.17 IRTI will continue to organize and sponsor, on a continuous basis, seminars and workshops for the benefits of participants in member countries and Muslim communities on topics relating to Islamic economics, banking, finance and economic development.

## **6. CONCLUSION**

- 6.1 This preliminary vision and program is the first step towards developing a sound and workable strategy for the future of *Ummah* and its peoples and governments. It is a call to the *Ummah* to rethink its position, reformulate its priorities and reawaken to contemporary realities and imperatives. It also solicits the *Ummah* to mobilize its resources, both public and private, financial and human, to meet the challenges facing it.
- 6.2 However, this vision and program may remain a pious hope unless all those responsible for the affairs of the *Ummah*, including its constituent members, represented through the OIC and other institutions, every one within their own purview and taken together, carry out their own responsibilities towards the preparation of the *Ummah* for facing the challenges of a new era.

***Verily never will Allah change the condition of a people until they change it themselves. (13: 11)***