

# Islamic finance as a strategic instrument for strengthening health systems

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Global health financing is undergoing a period of profound disruption. In 2025, the health sector experienced significant funding cuts worldwide, with particularly severe consequences for low- and middle-income countries. The situation was exacerbated by the announcement by the United States of America of its withdrawal from the World Health Organization and the reduction of approximately 83% of its development assistance, including health funding, channelled through the United States Agency for International Development (USAID) (1,2). These reductions coincided with funding contractions by several European donors, further compounding pressures on already constrained health systems.

For the Eastern Mediterranean Region (EMR), where many countries are affected by conflict, displacement and protracted humanitarian crises, the impact has been immediate and material. Countries that rely heavily on external financing—including Afghanistan, Iraq, Libya, Lebanon, Somalia, Sudan, the Syrian Arab Republic, Yemen, and the Occupied Palestinian Territory—have been among the most affected (1,3). Reductions in funding have translated into cuts in service provision, critical shortages of medicines and health supplies, disruptions to health workforce retention, and setbacks in health research and system capacity (4).

These developments come at a time when health needs are on the increase, driven by emergencies, demographic change and the growing burden of noncommunicable diseases. For many Member States, the challenge is no longer one of incremental reform, but of maintaining essential services and protecting hard-won gains towards Universal Health Coverage (UHC).

For decades, WHO has supported Member States in strengthening public financing for health through prioritisation of health in national budgets, improvements in public financial management, strategic purchasing, and the promotion of predictable, pooled financing mechanisms, including in fragile and conflict-affected settings. These efforts remain indispensable. Strong public financing is the foundation of equitable, resilient health systems, and no alternative mechanism can replace it.

However, the current financing environment demands that countries also look beyond traditional sources. The

scale and speed of recent funding withdrawals have underscored the vulnerability created by over-reliance on external assistance.

In response, the WHO Regional Office for the Eastern Mediterranean has initiated a series of proactive engagements to help countries identify alternative sources of financing from within the region. These challenges and opportunities were discussed by Member States during the Regional Committee meetings in October 2025, leading to the establishment of a Regional Health Financing Taskforce to support resource mobilisation aligned with national health priorities (3,5).

It is within this context that Islamic finance emerges as a strategic opportunity for the region. With global assets exceeding US\$ 4 trillion, much of them concentrated in the Gulf and across the 57 Member States of the Organisation of Islamic Cooperation (OIC), Islamic finance represents a substantial and largely untapped source of capital for health (10). Its foundational principles—solidarity, fairness, shared responsibility, and investment in the real economy—closely align with the objectives of UHC and financial protection.

Yet despite this alignment, the contribution of Islamic finance to health systems has remained modest and fragmented. Experience across WHO and OIC Member States suggests that Islamic finance delivers meaningful results when 3 conditions are met. First, it must be anchored in nationally defined health priorities and integrated into health sector plans. Second, it requires robust governance arrangements that ensure transparency, accountability and regulatory oversight. Third, financing instruments must be designed around measurable health outcomes, rather than inputs or disbursement alone.

Where these conditions are present, Islamic financing mechanisms are already demonstrating impact (8,9). Zakat and waqf funds have been used to subsidise health insurance coverage for low-income households, finance primary health care facilities, and expand access to essential services for vulnerable populations. Sukuk and blended Islamic financing arrangements have supported investments in primary care, communicable disease control and emergency preparedness in lower-income settings. These are not experimental approaches; they are proven models with clear potential for scale.

Islamic finance should not, however, be framed as a substitute for public financing. Public budgets remain the backbone of health systems and the primary vehicle for equity, accountability and sustainability. Rather, Islamic finance can play a complementary role, helping to close critical gaps (6). It can mobilise ethical and predictable capital, and support innovation at a time of unprecedented fiscal constraint.

Strengthening financing for health is not only about mobilising more resources; it is also about using existing resources more effectively. When deployed coherently and aligned with public policy, Islamic finance can reinforce pooling, reduce fragmentation and strengthen public systems rather than creating parallel financing channels.

In this context, the recent launch in Riyadh of a Coalition on Islamic Financing for Global Health represents a timely and pragmatic step forward. Convened by WHO with partners, including ministries of health and ministries of finance, the Islamic Development Bank, the OIC, philanthropic institutions, and private sector actors, the coalition aims to translate health priorities into investable projects and connect Islamic capital directly to health system needs (6).

In 2026, pilot countries will be identified, joint investment programmes launched and results rigorously measured. At the Islamic Development Bank Annual Meeting in Baku in May, we hope to be able to provide evidence that Islamic finance can contribute in a systematic and sustainable way to strengthening health systems.

The emphasis now must be on execution. Existing instruments—sukuk, waqf, zakat, sadaqah, and takaful—need to be deployed more systematically and at scale, in alignment with national plans (7). At the same time, innovation offers new possibilities. Digital payments, fintech platforms and enhanced transparency tools are reshaping Islamic finance across the region and can strengthen accountability by linking financing directly to measurable health outcomes.

Islamic finance and public health are grounded in shared values: justice, solidarity, compassion, and respect for human dignity. If applied with focus, accountability and alignment with national policy, Islamic finance can become a strategic instrument for protecting health at a moment when the Region—and the world—urgently needs resilient and sustainable solutions.

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