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THE ROLE OF ISLAMIC SOCIAL FINANCE IN ACHIEVING SDG NUMBER 2: END HUNGER, ACHIEVE FOOD SECURITY AND IMPROVED NUTRITION AND PROMOTE SUSTAINABLE AGRICULTURE

Muhamad Abduh

Abstract

This study aims to explore the role of Islamic social finance in achieving the Sustainable Development Goals (SDGs), particularly goal number two, “end hunger, achieve food security and improved nutrition and promote sustainable agriculture”. Three Islamic social finance tools namely infāq, waqf and zakāt are discussed together with Iḥyā’ al-Mawāt and al-Iqṭā’. The findings show that infāq, waqf and zakāt are excellent alternative philanthropies’ fund to cover the USD2.5 trillion annual average global SDG’s investment gap. Establishing and funding state-of-the-art research laboratory, end hunger, improved nutrition and achieve food security from the short and medium-term targets are the main area for fund utilization. Meanwhile, expanding quality agricultural land through Iḥyā’ al-Mawat and al-Iqṭā’ can be the best alternative to achieve the long-term target i.e. sustainable agriculture. This study also recommends countries not to work individually but together regionally or internationally in achieving the goal, especially for developing and least developed countries.

Keywords: Islamic Social Finance, Food Security, SDGs, *Iḥyā’ al-Mawat*, Agriculture

1.0 Introduction

In September 2015, world leaders were in the agreement to improve the quality of education, water and sanitation, fight injustice and inequalities and to end poverty and hunger by adopting the Sustainable Development agenda which has 17 goals. In order to fulfill these goals, the United Nations Development Programme (UNDP) was appointed as one of the leading organizations in this global project. UNDP works together with individual countries to achieve the identified goals by 2030.

Out of the 17 goals, there is one goal i.e. goal number two, set to obtain sustainable agriculture and food security, together with improving nutrition and end hunger. This is a very important goal since many people from rural areas are nowadays leaving agriculture behind and migrate to urban areas and cities. This situation happens mostly due to the imbalanced development between rural and urban areas in both infrastructure and other non-tangible facilities especially for health and education. Certain countries are even experiencing very bad situation by having less agricultural lands, food insecurity, malnutrition of the people especially children and famine at the same time.

When the agriculture is not sustained, there will be threats upon food security agenda of the country. Issues in food security of a country could trigger many unwanted situations including malnutrition of younger generation. Severe food insecurity could result in famine and eventually non conducive political situation to run the country. Worst scenario, food insecurity issues could trigger a civil war. Therefore, issues on sustainable agriculture and food security are very important to discuss.

Many Islamic finance scholars have written their views upon the Sustainable Development Goals (SDGs) from the viewpoints of Islamic finance¹. Some argue that the SDGs are aligned with the philosophy of Islamic finance and thus, Islamic finance is the novel finance alternative to achieve SDGs in 2030². As opposed to modern

¹ A.S. Gundogdu, "An Inquiry into Islamic finance from the Perspective of Sustainable Development Goals", *European Journal of Sustainable Development*, 7(4), (2018).

² J. Zarrouk, "The Role of Islamic finance in Achieving Sustainable Development",

conventional finance which only has loan as its financial contract, Islamic finance offers more variety of financial contracts ranging from *muḍārabah* to *istisnā'* and products ranging from *zakāt* to sukuk. In social finance, Islamic finance has three main instruments i.e. *zakāt*, *waqf*, and *infāq* (charity), which will be elaborated further in the next section of this paper.

However, to the best of the author's knowledge, papers discussing how Islamic social finance (ISF) could be the best alternative for individual goals of SDG are still scant. Hence, this study is aimed at exploring the role of ISF on achieving United Nation's SDGs, especially goal number two which is "End hunger, achieves food security and improved nutrition, and promote sustainable agriculture".

The rest of the paper is structured as follows. Section two discusses the targets and indicators of SDGs, the ISF instruments, and the role of ISF upon socio-economic challenges in the society. The proposed framework on how ISF could support SDGs number two is elaborated in section three and conclusion is presented in section four.

2.0 Literature Review

2.1 The Sustainable Development Goals (SDGs) Number Two

The definition, principles and dimensions of sustainable development focused on how to integrate social, economic, and environment issues so it can answer the challenge of sustainable development at the global level and create the better life and lifestyle for the people in this world regardless of their origin, race and religion.

The 17 SDGs which are set to be achieved by 2030 consist of:³ (1) No poverty in all its forms everywhere, (2) end hunger, achieve food security and improved nutrition and promote sustainable agriculture, (3) ensure healthy lives and promote well-being for all at all ages, (4) ensure inclusive and equitable quality education and promote lifelong learning opportunities for all, (5) achieve gender

Development Finance Agenda, 1(3), (2015).

³ "Sustainable Development Goals," accessed in June 18, 2019. <https://www.undp.org/content/undp/en/home/sustainable-development-goals.html>.

equality and empower all women and girls, (6) ensure availability and sustainable management of clean water and sanitation for all, (7) ensure access to affordable, reliable, sustainable, modern and clean energy for all, (8) promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all, (9) build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation, (10) reduce inequalities within and among countries, (11) make cities and human settlements inclusive, safe, resilient and sustainable, (12) ensure sustainable consumption and production patterns, (13) take urgent action to combat climate change and its impacts, (14) conserve and sustainably use the oceans, seas and marine resources for sustainable development, (15) protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss, (16) promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels, and (17) strengthen the means of implementation and revitalize the Global partnership for sustainable development.

The 17 SDGs above focus upon improving the life quality of the people and the environment. Those goals are clearly set for the well-being of human beings and are divided into two big categories:⁴ (1) the end goals of the development and (2) the means to achieve the end goals. Goals number 1, 2, 3, 4, 5, 8, and 10 are categorized under the former category while other goals are categorized under the latter category.

Focusing upon goal number two which is categorized as one of the end goals of the development, many countries had tried to achieve it in so many years by only using conventional mechanism and financial supports. However, the result is unsatisfactory. The reason is because capitalism, as the spirit and ideology of current global business and financial system, does not fit with the spirit of helping other human beings without trying to also gain something

⁴ H. Seldadyo, "Human Development from Global Discourse to Local Action", Paper presented at Dissemination of New Method of Human Development Index, Jakarta, Indonesia, (2015).

from those who were helped; people with no capital or collateral. The case of Grameen Bank for example, which was seen as the best practice to end poverty, has created new social problems within local families and among the people in the communities⁵ since customers must work harder than usual in order to pay high interest rate to the bank.

Therefore, when announcing the SDG program for 2030, the UN did not specifically describe how each country will achieve those goals because dictating it will only result in another global failure. This provides opportunity for countries implementing Islamic financial system as one of the legally accepted financial transactions to improvise and adopt Islamic finance approaches to achieve those goals.

With regard to goal number two, Table 1 provides its targets and indicators as published in the Report of the Inter-Agency and Expert Group on Sustainable Development Goal Indicators (E/CN.3/2016/2/Rev.1), Annex IV.

Table 1. Targets of Sustainable Development Goal Number Two

Sustainable Development Goal	Targets
2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture	2.1. By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year around.

⁵ P. Develtere and A. Huybrechts, Evidence on the Social and Economic Impact of Grameen Bank and BRAC on the Poor in Bangladesh”, Higher Institute of Labour Studies (HIVA-K.U.Leuven), (2002).

	<p>2.2. By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons.</p>
	<p>2.3. By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous people, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.</p>
	<p>2.4. By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.</p>
	<p>2.5. By 2020, maintain the genetic diversity of seeds, cultivated plants and farmed and domesticated animals and their related wild species, including through soundly managed and diversified seed and plant banks at the national, regional and international levels.</p>
	<p>2.a. Increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development</p>

	<p>and plant and livestock gene banks in order to enhance agricultural productive capacity in developing countries, in particular least developed countries.</p>
	<p>2.b. Correct and prevent trade restrictions and distortions in world agricultural markets, including through parallel elimination of all forms of agricultural export subsidies and all export measures with equivalent effect, in accordance with the mandate of the Doha Development Round.</p>
	<p>2.c. Adopt measures to ensure the proper functioning of food commodity markets and their derivatives and facilitate timely access to market information, including on food reserves, in order to help limit extreme food price volatility.</p>

Source: Report of the Inter-Agency and Expert Group on Sustainable Development Goal Indicators (E/CN.3/2016/2/Rev.1), Annex IV.

From Table 1, the targets of SDG number two can be categorized into three i.e. short term (set to be achieved by 2020), medium term (set to be achieved by 2025), and long term (set to be achieved by 2030). The short-term targets are reflected in target 2.5, 2.a, 2.b, and 2.c. Based on these targets, countries are encouraged to have an agricultural-oriented policies and development and develop adequate facilities to do research and development upon plant and animal genetic resources for food and agriculture.

The medium-term target is echoed in target 2.2. It is by 2025, the international community must agree upon targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons. The medium term emphasizes the fulfilment of foods and nutrition needed by children and women in the country so they may avoid famine in certain areas and diseases due to malnutrition such as stunting and wasting for children.

The long-term targets are mentioned in target 2.1 to 2.4 and set

to be achieved in 2030. The goal of those targets is to liberate people from food insecurity and undernourishment by having a sustainable agriculture supported by government agricultural-oriented policies and state of the art sciences. Figure 1 depicts the targets set for SDG number two.

Figure 1. Targets of SDG Number Two



2.2 Islamic Social Finance

Social finance is a multibillion dollar approach to managing investments that generate financial returns while including assessable positive social and environmental impact⁶. It is a rapidly advancing area of practice, policy, and research, but remains an under-institutionalized field marked by emerging institutions and practices, sharply competing views, disparate professional outlooks and new financial instruments⁷. However, social finance or social investment does not mean a grant or donation, it is still an investment which is repayable and often comes with interest.

Islamic social finance is social finance or social investment which follows *Shari'ah* rules and principles. Besides Islamic microfinance, Islām has its indigenous type of social finance such as *infāq* or charity, *waqf* and *zakāt*. These three types of social finance are elaborated in the following subsections.

2.2.1 *Infāq* (Charity)

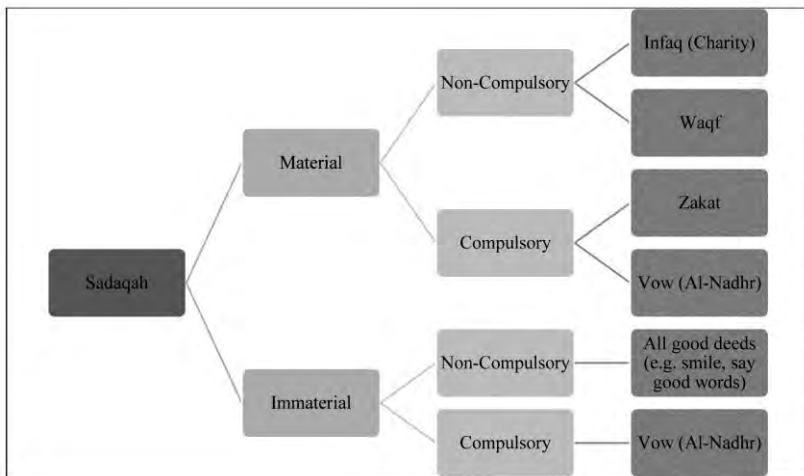
Ṣadaqah literally means truth. In this modern context, *ṣadaqah* means voluntarily helping or giving something to someone else.

⁶ “Social Finance: What is it and why it matters,” accessed in June 28, 2019. <https://www2.deloitte.com/global/en/pages/financial-services/articles/social-finance.html>.

⁷ A. Nicholls, R. Paton and J. Emerson, “Social Finance”, Oxford University Press, (2015).

Ṣadaqah in Islām has material and non-material forms. The former includes *infāq* (charity), *zakāt* and *waqf* while the latter includes smiles and actions that can make other persons happy. The first category is defined based on several verses in the Qur’ān including chapter *Al-Baqarah* verse 264 and *Al-Mujādilah* verse 12 for *infāq*, chapter *Al-Baqarah* verse 276 for *waqf*, and chapter *At-Taubah* verse 58 for *zakāt*. The second category is based on the tradition of the Prophet Muhammad (ﷺ) reported by Imam Al-Bukhari which saying that “all good deeds are *ṣadaqah*”. Figure 2 depicts the classification of *ṣadaqah*.

Figure 2. The Classification of *Ṣadaqah*



After being categorized as material and non-material, it is then divided between compulsory and non-compulsory *ṣadaqah*. Compulsory *ṣadaqah* in the form of material are *zakāt* and vow (*al-nazr*) or any payment that you oblige yourself to pay because of something that you want to happen. The compulsory *ṣadaqah* in the form of non-material is only vow. Meanwhile, the non-compulsory *ṣadaqah* in the form of non-material are all good deeds that make other people happy and those in the form of material are *waqf* and *infāq*. Therefore, *infāq* or charity is defined as actions of giving something in material form to someone else with the intention to help

them or to make them happy without expecting anything in return.

Infāq is personal charity that can be given in the form of money or other tangible goods. There is no minimum and maximum limit of amount for *infāq*. The objective of *infāq* can vary and the recipient is general and not limited to certain groups of people. There is no limitation upon the usage of *infāq* fund. The fund can be used immediately for consumption or be invested in certain productive projects or economic activities for future income. The *munfiq* or the individual who give *infāq* must first settle his monetary obligations such as debt, *zakāt* or vow before giving *infāq* to other persons.

Islām encourages Muslim to gives *infāq* via Al-Qur’ān and Ḥadīth. Al-Qur’ān chapter *Al-Ḥadīd* verse 7 says, “Believe in Allah and His Messenger (Muhammad), and spend (*infāq*) of that whereof He has made you trustees. And such of you as believe and spend (in Allah’s way), theirs will be a great reward”. In a Ḥadīth reported by Imam Al-Bukhari, it was narrated from Abu Hurayrah r.a. that the Prophet (ﷺ) said: “There is no day on which the people get up but two angels come down and one of them says, ‘O Allah, give in compensation to the one who spends (in charity),’ and the other says, ‘O Allah, destroy the one who withholds”.

Among the application of *infāq* is the charitable crowdfunding where people donate their funds without any expectation of gaining profit out of the action. The objective of charitable crowdfunding is to contribute in global and general poverty alleviation agenda. However, existing researches failed to find the significant role of online charitable crowdfunding in poverty eradication.⁸ One of the reasons is because investors have a consistent fear that comes from the risk of fraud and of misuse of their money⁹.

2.2.2 *Waqf*

Detention is the verbatim meaning of *waqf*. However, the definition of *waqf* today is to release the ownership of a dedicated property (*mawqūf*) from the person making *waqf* (*waqīf*) to Allah (ﷻ) so that

⁸ W. Wang and L. Wang, “The Role of Charitable Crowdfunding Platforms on Poverty Alleviation”, *Journal of Advances in Information Technology*, 10(2), (2019).

⁹ L. Attuel-Mendes, “Crowdfunding and Crowd-Microfinance: An Evolution of Models for Entrepreneurship of the Poor”, *Open Access Library Journal*, 3, (2016).

produces and incomes generated from the *mawqūf* are available only for religious and humanity purposes. Although *waqf* is known as the Islamic equivalent of trust in the Western society, its emergence has predated the birth of Western trust. *Waqf* has been widely practised among Muslims in Middle-East and North-Africa for more than five hundred years when the concept and practice of Western trust still in its infancy in the twelfth century.¹⁰ However, despite its successful story and achievements during the golden era of Islām, Muslims today are lacking the knowledge and practice of *waqf* globally which may be among the causes of poverty and unbalanced income distribution among them now.

In general, *waqf* can be classified based on its purpose and output nature (see Figure 3). The classification of *waqf* based on its purpose as follows.

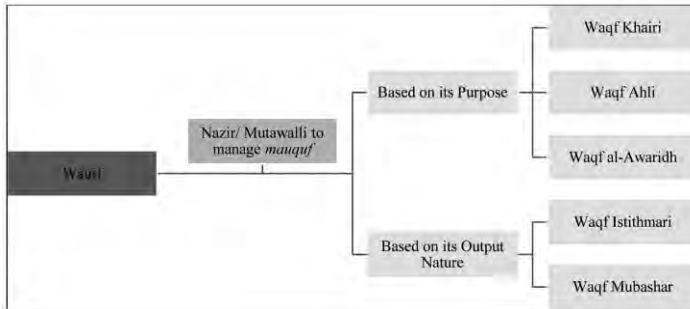
1. *Waqf khayr*: the most common *waqf*. This *waqf* is meant to help individuals and communities with financial problems. The proceeds of *mawqūf* in this *waqf* also normally used to build and finance mosques, schools and shelters.
2. *Waqf ahli*: the benefits derived from *mawqūf* of this *waqf* are designated for the children and off-springs of *waqīf*. Although beneficiaries are the *waqīf*'s children and off-springs, they are not allowed to sell the *mawqūf* at any reason.
3. *Waqf al-awāriḍ*: this *waqf* hold the income derived from *mawqūf* in reserve in order to use it at times of emergency or when needed. For example, in *waqf* based clinic or hospital, the fund only utilized when sick people come and require for medication.

The classification of *waqf* based on its output nature as follows.

1. *Waqf istithmāri*: the *mawqūf* is managed to derive income that can be used to maintain the existence of the *mawqūf* or *waqf* properties itself.
2. *Waqf mubāshar*: the *mawqūf* is managed to generate services that can benefit general public as beneficiaries.

¹⁰ A. Sabra, "Poverty and Charity in Medieval Islām: Mamluk Egypt, 1250-1517", Cambridge: Cambridge University Press, (2000).

Figure 3. The Classification of Waqf



Although both *infāq* and *waqf* are similar in term of donating part of the wealth voluntarily, there are some differences between the two. Firstly, *infāq* is a voluntary act that requires no institution to manage its object of charity while *waqf* requires an institution called *nazīr* or *mutawallī* to manage its *mawqūf* so that it remains in service forever. Secondly, the object of *infāq* can be finished or consumed until it is no longer exist while the object of *waqf* or *mawqūf* must be maintained. Thirdly, *infāq* does not require specific purposes while *waqf* requires specific purposes of its existence. Fourthly, *infāq* is commendable but there is no specific rules and condition for it while *waqf* does have specific conditions and rules.

Waqf has a great potential as an alternative solution for many challenges faced by Muslims today. *Waqf* as an Islamic social financial institution can provide intermediation services using perpetual social savings to provide a wide range of social services.¹¹ The *waqf* system as a social tool not only finances social development projects but also has social economic alternatives to assist poor and underprivileged groups in the society.¹²

2.2.3 Zakāt

Zakāt is part of *ṣadaqah*. However, contrasting *infāq* and *waqf* which are voluntarily done, *zakāt* is compulsory to be paid by the *muzakki*.

¹¹ S.A. Shaikh, A.G. Ismail, and M. Shafiai, “Application of Waqf for Social and Development Finance”, ISRA International Journal of Islamic finance, 9(1), (2017).

¹² A.H.M. Iman and M.T.S.H. Mohammad, “Waqf as Framework for Entrepreneurship”, Humanomics 33(4), (2017).

Muzakki is a wealthy Muslim individual who hold *zakat*-able items at certain amount for a certain time. The *zakāt* amount depends on what *zakat*-able items he possesses and the possessing time is one year. The order to pay *zakāt* came directly from God as mentioned in the Qur’ān chapter *At-Taubah* verse 103. At present, *zakāt* is collected from several areas as explained in the Qur’ān, the tradition of the Prophet Muḥammad (ﷺ) and the *ijtihād* of Islamic scholars i.e. jewelry, farms, stocks and other financial investments.

Similar to *infāq* and *waqf*, the conditions for the wealth upon which *zakāt* can be imposed are: (i) the wealth must be *halāl* and unharmful for the people, (ii) the wealth must be solely owned by the *muzakki*, (iii) productive wealth, (iv) the *muzakki* is free from consumption debts, (v) already reach *nisāb* (minimum amount so *zakāt* can be imposed) and *ḥaul* (possessed for one year). However, there is no condition with regard to *ḥaul* and *nisāb* for *infāq* and *waqf*. The *munfiq* and *wāqif* are allowed to make *infāq* and *waqf* at any amount and any time they prefer. It is the role of the government or any authorized institutions to collect and distribute the *zakāt* fund.

Another interesting aspect of *zakāt* is that the recipients are determined by God as mentioned in the Qur’ān, chapter *Al-Taubah* verse 60. This verse mentions that there are eight kinds of people who receive *zakāt*: (i) the poor (*al-fuqarā’*) or the low income, (ii) the needy (*al-masākīn*) or someone in difficulty, (iii) *zakāt* administrators, (iv) those whose hearts are to be reconciled or new Muslims and friends of Muslim community, (v) slaves and captives, (vi) the debt-ridden, (vii) in the cause of God, and (viii) the wayfarer or those who are stranded or travelling with few resources.

With regard to what is subject to *zakāt*, the Qur’ān only indicate general classification as mentioned in chapter *Al-Taubah* verse 103 and chapter *Al-Baqārah* verse 267. The former mentions “*amwāl*” as subject to *zakāt* and the latter mentions “*what you have earned*” and “*what we have produced for you from the earth*”. Therefore, in the earlier era of Islām, *zakāt* was paid on gold, silver, camels, sheep, agricultural output and goods designated for trade. Other things, especially used for personal purposes were exempted from *zakāt*. It is interesting that during this era, land, unless used for agricultural activities, was worthless and therefore *zakāt* was not paid

on land. The situation is different from today whereas land and houses today are very expensive and become trading commodity. Based on this, jurists have different opinions with regards to what actually is subject to *zakāt*. These opinions can be classified into:

Only items specifically mentioned in the Qur'an and Sunnah are subject to *zakāt*, for example dates, raisins, wheat, sheep, camels, assets acquired for the purpose of resale, gold and silver.

Include items similar in nature to those mentioned above but not specifically mentioned by the Prophet Muḥammad *p.b.u.h.*, e.g. vegetables, debts, wages, salaries, professional income and the return generated by fixed assets.

Table 2. *Zakāt* item, *Niṣāb*, *Haul* and its *Zakāt* Proportion¹³

No	<i>Zakāt</i> Item	<i>Nisāb</i>	<i>Haul</i>	<i>Zakāt</i> Proportion
1	Goods and merchandises	Eq. to 85gr gold	1 year	2.5%
2	Agricultural products	524 Kg	When harvest	10%
	<i>Irrigation depends on the Rain</i>	524 Kg	When harvest	5%
	<i>Irrigation by non-rain water</i>			
3	Livestock animals	Depends on the species	1 year	Depends on the species
4	Gold and silver	85gr gold	1 year	2.5%
5	Rikaz (buried precious metals and minerals)	No <i>nisāb</i>	When it is found	20%
6	Salary / wages	Eq. to 520 Kg rice	When salary is received	2.5%
7	Saving in Banks	Eq. to 85gr gold	1 year	2.5%
8	Investments	Upon profit only	When profit is received	5% - 10%

Source: M. Abduh (2009)

¹³ M. Abduh, “*Zakāt: Tinjauan Fikih dan Teori Ekonomi Makro Modern*”, Jakarta: Fath Publishing, (2009).

Pertaining to how much is the *zakāt* proportion of each *zaka*t-able items, Table 2 shows items subject to *zakāt*, its *nisāb* and *ḥaul*, and the *zakāt* proportion from each item. Items number 1 to 5 are those specifically mentioned in the Qurʾān and Sunnah while items number 6 to 8 are those similar in nature to them but not specifically mentioned. On the basis of this, *zakāt* has been recognized to have a huge potential and hence has been the mainstay of the discussion on how Islamic finance could alleviate poverty and end hunger.

2.3 *Iḥyāʾ al-Mawāt and al-Iqtāʾ*

Iḥyāʾ al-mawāt literally means bringing to life. A brief definition of *Ihya al-mawat* is revive the dead land or putting an unused piece of land to be used by an individual and acquiring proprietary rights over it¹⁴. It is based on the Sunnah of the Prophet Muhammad *p.b.u.h.* as reported by Imam Al-Bukhari, from ‘Aisyah r.a. that the Prophet Muhammad *p.b.u.h.* said, “whoever take care of a land that is not in any ownership, he/she deserves the land”. However, the irrigation and land acquisition process must be recognized by the State. Indeed, the convalescence of *mawāt* (dead) land has always been an essential issue in Islamic economic history, together with its utilization and disposition¹⁵.

In general, *mawāt* land refers to land that is neglected and uncultivated for a minimum of three years. However, the specific definition of *mawāt* land differs across the school of thought.¹⁶ According to Hanafī, it is a land without irrigation and far away from human settlements while according to Maliki, it is a land which required specific tools to cultivate it and thus neglected for lapse of time. Shafīʿi and Hanbali explain that the land must be of no ownership and uncultivated, regardless of the distance from the human settlements.

¹⁴ Z. Uj-Haque, “Landlord and Peasant in Early Islām: A Study of the Legal Doctrine of Muzaraa or Sharecropping”, Islamabad: Islamic Research Institute Press, (1984).

¹⁵ S.M.M.S. Salasal, “The Concept of Land Ownership: Islamic Perspective”, Buletin Geoinformasi 2, no. 2, (1998).

¹⁶ S. Sabiq, “Fiḡhus-Sunnah”, Beirut: Dar al-Fath Al-Arabia, (1990).

Al-iqtā' is a type of grant to cultivate land issued by the state to certain people for the common interest of the society at large. The *mawāt* land is given to those who can transform it into an important productive factor in the society. *Al-iqtā'* is classified into three categories: (i) *iqtā' tamlik* or given the full right to the land both ownership and usufruct, (ii) *iqtā' istiqlāl* or given the right of the usufruct only, and (iii) *iqtā' irfāq* or given a temporary ownership for a particular purpose.

In the case of the person granted the land was not able to fulfill the requirement and the target set by the state, the grant could be revoked on the basis of the interest and welfare of the society. Afterwards, the grant can be transferred to another person who is considered more capable to optimize the land for the benefit of the society. *Ihyā' al-mawāt* and *al-iqtā'* are basically to discourage people from neglecting their lands so that it will be productive all the time and to make sure that the produces are not only for individual benefit but also for the benefit of the society at large.

2.4 Islamic Social Finance (ISF) and Socio-Economic Challenges

The aforementioned ISF tools will provide greater positive impact upon socio-economic problems in the societies when they are managed or supervised by one or more professional institutions such as microfinance institutions and *zakāt* and *waqf* national council. Researches had been conducted to study the potential of ISF in solving socio-economic hiccups like poverty and hunger in several Muslim majority countries such as Indonesia, Pakistan and Bangladesh through Islamic microfinance institutions.

In Indonesia, a study by Effendi¹⁷ has shown that Islamic microfinance institutions can significantly alleviate poverty. However, the magnitude of the impact varies among lowland, coastal and upland area, depending to the access of the people towards certain facilities to improve their education and skills. In addition, it is also found that children's health positively affected by the

¹⁷ J. Effendi, "The Role of Islamic Microfinance in Poverty Alleviation And Environmental Awareness in Pasuruan, East Java, Indonesia" (Phd diss., Universitätsverlag Göttingen, 2013).

microfinance institutions' performance by giving women the opportunity to increase their bargaining power and social capital¹⁸.

Evidences of microfinance's effect in reducing poverty, empowering women, and improving children's health in Pakistan had been found¹⁹. Another study²⁰ further noted that while some problems existed, Islamic microfinance was able to make meaningful contributions to poverty alleviation, and concluded that institutions need to look more seriously at the diversified needs of the poor and target the extremely poor.

Both conventional²¹ and Islamic²² microfinance institutions were found to be successful in reaching the poor, but less able to reach the vulnerable in Bangladesh. Hence, those studies suggested both types of microfinance institutions in Bangladesh to provide various training in order to improve their customers' skills. In addition, the studies are also in the view that directly transferring cash could be a better strategy for reaching the poor, and poorest, in particular. In general, it has been proven that Islamic social finance via microfinance institutions can provide positive and significant impact towards the socio-economic challenges in the society.

3.0 Discussion

As per today, governments and experts are still in the discussion of finding the possible way to finance the 17 goals of the sustainable development. Wilson²³ explains that the average development

¹⁸ S.B. Deloach and E. Lamanna, "Measuring the Impact of Microfinance on Child Health Outcome in Indonesia," *World Development*, 39(10), (2011).

¹⁹ H. Montgomery and J. Weiss, "Can Commercially-Oriented Microfinance Help Meet the Millennium Development Goals? Evidence from Pakistan" *World Development*, 39, (2011).

²⁰ B. Mawa, "Impact of Microfinance: Towards Achieving Poverty Alleviation?" *Pakistan Journal of Social Sciences*, 5(9), (2008).

²¹ S. Amin, A.S. Rai, and G. Topa, "Does Microcredit Reach the Poor and Vulnerable? Evidence from Northern Bangladesh," *Journal of Development Economics*, 70, (2003).

²² Md. F. Abdullah, Md. R. Amin, and A. Ab. Rahman, "Is there any Difference between Islamic and Conventional Microfinance? Evidence from Bangladesh," *International Journal of Business and Society* 18(1), (2017).

²³ G. E.R. Wilson, "There's a \$2.5 trillion development investment gap. Blended

investment gap is US\$2.5 trillion annually which can only be financed with the help of philanthropies' fund. *Zakāt* and *waqf* can be the best alternative for this blended finance mode. A report by the World Bank²⁴ mentions that the annual global *zakāt* and *waqf* potential is approaching USD\$1 trillion and USD500 billion respectively, and thus potential resources from *zakāt* collection and *waqf* alone can meet the shortfall in resources required globally.

This section will discuss the potential of ISF in achieving UN sustainable development goals, especially goal number two which is set to “end hunger, achieve food security and improved nutrition and promote sustainable agriculture” by 2030. However, the targets actually can be divided into short, medium and long term. In short-term, the target is to maintain genetic diversity of seeds, cultivated plants and farmed and domesticated animals and their related wild species, including through soundly managed and diversified seed and plant banks at the national, regional and international levels. The possible challenges arise are to fund the establishment of state-of-the-art research laboratory and to provide research funding in the area. ISF of *waqf al-awāriḍ* is one of the solutions. The research laboratory can be based in one country within the region and member countries of the region can arrange for *waqf* fund from their people with a special purpose to build research laboratory and fund its research activities for the benefit of societies within the region. Every member country is given the access to and fair and equitable sharing of benefits arising from those activities, including genetic resources and associated knowledge. This *waqf al-awāriḍ* fund can also be utilized to improve rural infrastructure and technology advancement of other developing and least developed countries in order to enhance their agricultural productive capacity.

In medium-term, by 2025, the target is to end stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons. These threats are normally appearing within a community

finance could plug it,” accessed in June 28, 2019. <https://www.weforum.org/agenda/2016/07/blended-finance-sustainable-development-goals/>

²⁴ World Bank, “Global Report on Islamic finance. Islamic finance: A Catalyst for Shared Prosperity. Washington DC: World Bank. (2016).

with lower level of income, higher level of poverty and difficult access to healthy and nutritious foods. Obviously, they are categorized as the poor (*al-fuqarā'*) and the needy (*al-masākin*) and hence, eligible to receive *zakāt*. Especially when there are cases of famine and malnutrition, *zakāt* fund must be disbursed immediately.

Although there are eight classifications of *zakāt* recipients, the distribution of *zakāt* fund may not necessarily be equal, i.e. all receiving 1/8 portion equally. The distribution of *zakāt* fund may be adjusted based on priority and as directed by the authority. Furthermore, *zakāt* recipients may not necessarily be within the same countries or region, they can be from outside the country, especially countries where Muslims are experiencing famine and malnutrition such as in Yemen and Somalia.

Another ISF tool that can be utilized to achieve short-term and medium-term targets is *infāq* or charity. However, since it is a voluntary action, the potential of *infāq* will not be at its maximum unless economically wealthy and luckiest societies could enhance their sense of togetherness and brotherhood (*ukhuwah*). One of the strengths of *infāq* or charity is that it may attract the non-Muslims to jointly contribute in collecting the fund. In fact, with the current population of Muslims around the world reaching 1.9 billion,²⁵ even if only half of Muslims population acknowledge and pay *infāq* and *zakāt*, the goal of end hunger, food security and improved nutrition, and promote sustainable agriculture will be achieved. Figure 4 depicts the ISF fund management to achieve SDG number two.

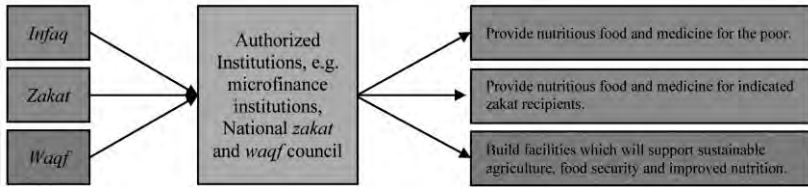
The global potential of *infāq*, *zakāt* and *waqf* collection is considerably huge. World Bank²⁶ reported that the increase of *zakāt* collection in Indonesia and Malaysia for example reaching 32 times and 22 times respectively in ten years. However, there are also few challenges in collecting those funds from the economically wealthy and luckiest people. Firstly, is gaining trust from the payers, in terms of fund management and distribution. To answer this challenge, staffs of the institutions managing the Islamic social fund must regularly improve their skills and the institutions must be publicly

²⁵ Pew Research Centre. <https://www.pewforum.org/2015/04/02/religious-projections-2010-2050/> accessed in June 28, 2019.

²⁶ World Bank, (2016), p. 188.

audited in terms of its financial report as well as mechanism implemented. Secondly, incentives and appreciation for the payers. Government must acknowledge the contributions done by the payer and appreciate them. One of the ways is by implementing tax incentives schemes.

Figure 4. Islamic social finance fund management to achieve SDG number two



The long-term target was set to achieve food security and sustainable agriculture by 2030. There are two approaches of enhancing the productivity in the farm and agricultural sectors which are by discovering finest quality of livestock and plant seeds while maintaining the size of the land or by increasing the size of the farm and agricultural land. The former has been discussed under the short-term target which are the establishment of the state-of-the-art research laboratory and providing reasonable amount of research fund using *waqf al-awāriḍ*. The latter is where *iḥyā' al-mawāt* and *al-iqtā'* come into the discussion.

The latter approach has two possible ways to achieve which are: (i) reviving dead lands, and (ii) encouraging land owners to cultivate their neglected lands. Firstly, to increase the size of the farm and agricultural land by reviving dead lands could refer to Islamic *iḥyā' al-mawāt* and *al-iqtā'*. Individuals who are able to cultivate and manage the land far away from human settlements could do *iḥyā' al-mawāt* or those who are able to follow the State and cultivate the designated land for the benefit of the societies encouraged to apply for *al-iqtā'* or land grant from the State.

Secondly, the common reason why some land owners are not cultivating their land is because they are lacking of fund and knowledge. Therefore, the State must involve and provide necessary trainings for them and eventually provide financing to start

cultivating their lands. The financing is for the land owners to obtain fertilizers, finest livestock and plant seeds, doing some groundworks and initial wages for their workers. This financing can be obtained from Islamic microfinance institutions or Islamic banks under the most suitable contracts available. Obviously, the financing could also be obtained from *infāq* and *waqf*.

4.0 Conclusion and Recommendations

This study is an initial effort at exploring the role of ISF in achieving the UN Sustainable Development Goals, especially goal number two, “End hunger, achieve food security and improved nutrition and promote sustainable agriculture”. There are three possible ISF tools that can be utilized to achieve the goal, i.e. *infāq*, *waqf* and *zakāt*. Additional contracts that can be fully utilized under Islamic *mu‘āmalāt* in achieving this goal are *iḥyā’ al-mawāt* and *al-iqtā’*.

The goal can be divided into short-term, medium-term, and long-term targets as set by the Inter-Agency and Expert Group on Sustainable Development Goal Indicators in their report. In the short-term, by 2020, the target is to setup a state-of-the-art research laboratory to discover the finest livestock and plant seeds in every country or region. ISF of *waqf al-awārīd* or *waqf* made for a specific purpose can be one of the solutions. As for the short-term, the target is to free children and women from stunting and wasting, and malnutrition. ISF of *zakāt* and *infāq* can be the best alternative solution. Finally, the long-term target is to achieve food and nutrition security and sustainable agriculture. Food security and sustainable agriculture can be done either by discovering finest livestock and plant seeds or increasing the size of the farm and land. The former has been done in short-term target. The latter is where *iḥyā’ al-mawāt* and *al-iqtā’* come into the discussion. *Iḥyā’ al-mawāt* is when a dead land is cultivated by a person then the land becomes his. While *al-iqtā’* is when the State grants a piece of land to someone who is considered able to cultivate the land for the benefit of the society.

There are some challenges and obstacles faced by individual country if they want to do it by themselves, especially for developing and least developed countries. Therefore, this study recommends, firstly, that all the targets in this goal not to be done in a country

basis, but at least regional basis, for example ASEAN. Secondly, since there is no punishment by law for those Muslims who do not pay *zakāt*, *infāq* and *waqf*, this study recommends each country to implement tax incentives schemes to encourage individuals and organizations to pay *zakāt*, *infāq*, and *waqf*.



TRANSLITERATION TABLE

CONSONANTS

Ar=Arabic, Pr=Persian, OT=Ottoman Turkish, Ur=Urdu

Ar	Pr	OT	UR	Ar	Pr	OT	UR	Ar	Pr	OT	UR	
ء	ء	ء	ء	ز	z	z	z	گ	—	g	g	g
ب	b	b	b	ژ	—	—	ʀ	ل	l	l	l	l
پ	—	p	p	ژ	—	zh	j	م	m	m	m	m
ت	t	t	t	س	s	s	s	ن	n	n	n	n
ث	—	—	ṭ	ش	sh	sh	ş	ه	h	h	h ¹	h ¹
ث	th	th	th	ص	ş	ş	ş	و	w	v/u	v	v/u
ج	j	j	c	ض	ḏ	ḏ	ḏ	ی	y	y	y	y
چ	—	ch	çh	ط	ṭ	ṭ	ṭ	ة	-ah	—	—	-a ²
ح	ḥ	ḥ	ḥ	ظ	ẓ	ẓ	ẓ	ال	al ³	—	—	—
خ	kh	kh	kh	ع	‘	‘	‘	—	—	—	—	—
د	d	d	d	غ	gh	gh	ğh	—	—	—	—	—
ڈ	—	—	—	ف	f	f	f	—	—	—	—	—
ذ	dh	dh	dh	ق	q	q	k	—	—	—	—	—
ر	r	r	r	ك	k	k/g	k/ñ	—	—	—	—	—

¹ – when not final
² – at in construct state
³ – (article) al - or l-

VOWELS

	Arabic and Persian	Urdu	Ottoman Turkish
Long	ا	ā	ā
	آ	Ā	—
	و	ū	ū
	ي	ī	ī
Doubled	ي	iy (final form i)	iy (final form i)
	و	uww (final form ū)	uvv
	و	uvv (for Persian)	uvv
Diphthongs	و	au or aw	ev
	ی	ai or ay	ey
Short	ا	a	a or e
	ا	u	u or ū
	ا	i	o or ö
	ا	i	i

URDU ASPIRATED SOUNDS

For aspirated sounds not used in Arabic, Persian, and Turkish add h after the letter and underline both the letters e.g. چ jh گ gh

For Ottoman Turkish, modern Turkish orthography may be used.

AL-SHAJARAH

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