



WHERE DO MUSLIM COUNTRIES STAND ON SUSTAINABLE DEVELOPMENT GOALS

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PRESENTATION OUTLINE

- ◉ Introduction
- ◉ Sustainable Development Goals
- ◉ Constructing Sustainable Development Index
- ◉ Results and Findings
- ◉ Role of Islamic Commercial Finance in SDGs
- ◉ Role of Islamic Social Finance in SDGs
- ◉ Conclusion

INTRODUCTION

- ◉ Evolution of Concept of Development in Economics
 - ❖ Per Capita Economic Growth.
 - ❖ Human Centric Inclusive Development.
 - ❖ Sustainable Development with focus on Human Capital and Environment.
- ◉ A Look on SDGs from Maqasid al-Shari'ah and Islamic Economics Perspective
- ◉ - Maqasid al-Shari'ah focus on protection and development of:
 - ❖ Spirituality (Hifdh al-Dien).
 - ❖ Physiology (Hifdh al-Nafs).
 - ❖ Intellect (Hifdh al-Aqal).
 - ❖ Sustainability (Hifdh al-Nasl).
 - ❖ Economy (Hifdh al-Maal).
- ◉ - Islamic worldview emphasizes human *Falah* in both worlds.
- ◉ - Islamic social and financial institutions focus on Maqasid al-Shari'ah and human *Falah*.

SUSTAINABLE DEVELOPMENT GOALS



TRANSFORMING OUR
WORLD:
THE 2030 AGENDA FOR
SUSTAINABLE
DEVELOPMENT

1 NO
POVERTY



2 ZERO
HUNGER



3 GOOD HEALTH
AND WELL-BEING



4 QUALITY
EDUCATION



5 GENDER
EQUALITY



6 CLEAN WATER
AND SANITATION



7 AFFORDABLE AND
CLEAN ENERGY



8 DECENT WORK AND
ECONOMIC GROWTH



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



10 REDUCED
INEQUALITIES



11 SUSTAINABLE CITIES
AND COMMUNITIES



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



13 CLIMATE
ACTION



14 LIFE
BELOW WATER



15 LIFE
ON LAND



16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS



17 PARTNERSHIPS
FOR THE GOALS



ENVIRONMENTAL & DEVELOPMENT CRISIS

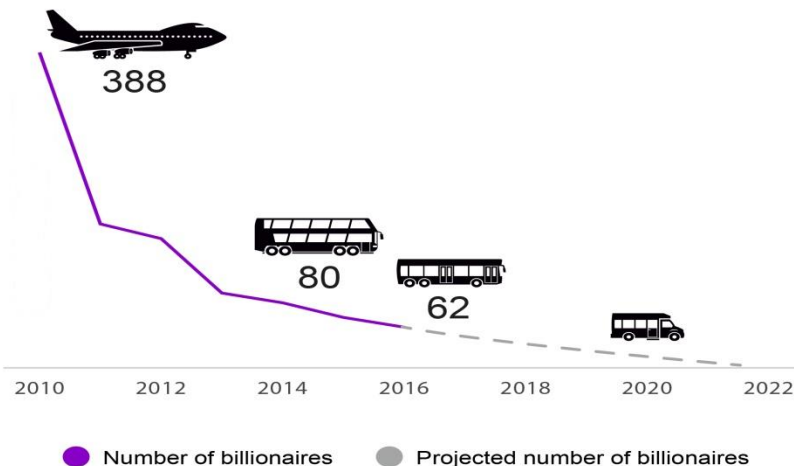
- ◉ The last five human generations have pushed planetary boundaries through:
 - Unprecedented burning of fossil fuels.
 - Rapid deforestation.
 - Contamination of seas.

- ◉ These anthropogenic disruptions have resulted in:
 - Rise in temperature.
 - Frequent heat waves.
 - Floods.
 - Melting of glaciers.
 - Enormous loss of marine and tropical forest species.
 - Rise in sea levels by about 8 inches since 1870.

ENVIRONMENTAL & DEVELOPMENT CRISIS

- Economic growth has come at a significant cost to the environment and life supporting systems on the planet.
- Yet, economic growth is not shared equitably. The 8 richest billionaires own as much wealth as the poorer half of the world's population (Source: OXFAM).

Billionaires who own the same wealth as half the world
And what transport they would fit on



These eight billionaires own the same wealth as the 3.6bn people who form the poorest half of the world's population



Source: Forbes/Oxfam

BBC

ENVIRONMENTAL & DEVELOPMENT CRISIS

- ◉ We produce 17% more calories per person today than 30 years ago, despite a 70% increase in the population. But, we waste almost half of food we produce.
- ◉ Yet, one in every four people in Africa goes to bed hungry every night (Source: FAO).



STATE OF DEVELOPMENT IN MUSLIM WORLD



Development Indicators	High Income	Middle Income	Muslim Countries
Economic			
GDP Per Person Employed (Constant 2011 PPP\$)	76,507	29,631	40,341
Poverty Ratio at PPP \$1.90 a Day (% of Population)	0.56	5.95	24.58
Education			
Literacy Rate (% of Adult Population)	98.46	93.22	73.46
Net Enrolment Ratio in Primary (%)	96.92	92.34	85.55
Health			
Hospital Beds (Per 1,000 People)	5.18	3.37	1.98
Sanitation Facilities (% People with Access)	97.14	81.85	64.53
Improved Water Source (% People with Access)	99.28	91.89	82.04

Source: World Development Indicators, 2015

TOP 20 OIC COUNTRIES BY HDI



Country	HDI Value	World Rank	OIC Rank
Brunei Darussalam	0.8556	31	1
Qatar	0.8498	33	2
Saudi Arabia	0.8373	39	3
United Arab Emirates	0.8355	41	4
Kuwait	0.8163	48	5
Oman	0.7930	52	6
Kazakhstan	0.7880	56	7
Malaysia	0.7792	62	8
Lebanon	0.7689	68	9
Iran	0.7656	70	10
Turkey	0.7611	72	11
Azerbaijan	0.7511	78	12
Jordan	0.7483	80	13
Algeria	0.7356	83	14
Albania	0.7328	85	15
Bosnia and Herzegovina	0.7325	87	16
Libya	0.7245	95	17
Tunisia	0.7212	96	18
Suriname	0.7143	103	19
Maldives	0.7064	104	20

Source: World Development Indicators, 2015

DEVELOPING SDI INDEX

- SDI includes all the 17 SDGs to measure the state and progress for countries on meeting the SDGs by 2030.
- Data Source: World Development Indicators
- Formula for Sustainable Development Index (SDI):

$$SDI = \frac{1}{17} \sum_{i=1}^n SDG_i \quad \text{--- (i)}$$

- To normalize the index value, we use the following procedure in line with HDI:

$$\text{Indicator Index Value} = \frac{\text{Actual Value} - \text{Minimum Value}}{\text{Maximum Value} - \text{Minimum Value}} \quad \text{--- (ii)}$$

INDICATORS USED IN SDI

SDG	Indicator Name	SDG	Indicator Name
SDG1	PHCR_1.90	SDG9	Net FDI Inflows
SDG2	Depth of Food Deficit	SDG9	Gross Capital Formation
SDG3	Life Expectancy	SDG9	Electricity Access
SDG3	Health Expense Per Capita	SDG10	GINI Index
SDG3	Infant Mortality Rate	SDG11	Total Water Productivity
SDG4	Primary Net Enrollment Rate	SDG11	Cooking Fuel Access
SDG4	Children Out of School	SDG11	Renewable Fresh Water Per Capita
SDG4	Literacy Rate	SDG12	CO ₂ Emissions Per GDP
SDG5	Law on Gender Non Discrimination	SDG12	CO ₂ Emissions Per Capita
SDG5	Law on Unpaid Maternity Leave	SDG13	Electricity Product - Renewable
SDG5	Law on Child Marriage	SDG13	Renewable Electricity Output %
SDG6	Water Stress Level	SDG13	Renewable Energy Consumption %
SDG6	People with Drinking Water (%)	SDG14	Marine Protected Areas
SDG6	People with Sanitation (%)	SDG15	Logistics Performance Index
SDG7	Electricity Production - Hydel	SDG15	Death by Ill Health Conditions
SDG7	Electricity Production - Nuclear	SDG15	Terrestrial Protected Areas (%)
SDG7	Electricity Production - OGC	SDG16	Strength of Legal Rights Index
SDG8	Employment to Population Ratio	SDG17	Ease of Doing Business
SDG8	GDP Per Capita	SDG17	Net ODA Received (% of GNI)
SDG8	Unemployment (%)	SDG17	Net ODA Received (% of GCF)

SDI RANKINGS – OIC



Country	SDG-Index Value	SDG Index Rank	Country	SDG-Index Value	SDG Index Rank
Albania	0.25818866	1	Togo	0.078534272	21
Kazakhstan	0.223486621	2	Uganda	0.075609858	22
Kyrgyz Republic	0.221600296	3	Bangladesh	0.074597535	23
Bosnia	0.193495703	4	Sudan	0.073030672	24
Azerbaijan	0.192088057	5	Cote d'Ivoire	0.069674121	25
Malaysia	0.17971293	6	Cameroon	0.067433558	26
Jordan	0.176398053	7	Iraq	0.061908237	27
Maldives	0.174142963	8	Senegal	0.05649823	28
Turkey	0.168383517	9	Niger	0.05198618	29
Tajikistan	0.158671948	10	Mali	0.04547533	30
Indonesia	0.149894875	11	Nigeria	0.037649151	31
Gabon	0.140975849	12	Djibouti	0.033645438	32
Morocco	0.133001249	13	Benin	0.023017141	33
Algeria	0.124211772	14	Mozambique	0.018856207	34
Lebanon	0.122283311	15	Sierra Leone	0.015876447	35
Guinea	0.120467276	16	Burkina Faso	0.01407851	36
Egypt	0.112250122	17	Guinea-Bissau	0.007673941	37
Iran	0.092798559	18	Comoros	-0.000453615	38
Pakistan	0.084964222	19	Yemen	-0.007891107	39
Mauritania	0.082706443	20	Chad	-0.042502504	40

KEY HIGHLIGHTS

- ◉ It is found that high-income OIC countries like Malaysia and Turkey feature in the top 10 countries in the SDI.
- ◉ The bottom 10 countries on SDI all include African countries along with Yemen. Even countries with rich natural resources like Iraq and Nigeria rank lower in SDI due to weak institutions.
- ◉ Central Asian states like Kazakhstan, Kyrgyz Republic and Azerbaijan rank higher in SDI.
- ◉ Once affected by persecution and conflicts, Albania and Bosnia show remarkable performance on SDI.

KEY HIGHLIGHTS

- ◉ Geographically, a general trend that emerges is that European, Central Asian and South East Asian OIC members rank higher, followed by countries in the Middle East and South Asia and the bottom ranks are mostly filled by African OIC countries along with conflict-hit middle Eastern countries.
- ◉ Among the African region, countries which rank relatively higher on SDI include Gabon, Morocco and Algeria.
- ◉ Among the Middle Eastern countries, Jordan and Lebanon rank relatively higher, whereas the lowest rank is held up by Yemen.

KEY HIGHLIGHTS

- Iran stands better than Iraq which shows that wars and conflict push countries down on the list by affecting incomes, stability and infrastructure.
- Higher rank of Central Asian states as compared to some landlocked African countries show two things. First, the rank is not seriously dented if a country lacks in coastal areas for cross-border trade.
- Rich natural resources do not necessarily guarantee sustainable development as finite natural resources can lead to short-term gains in income, but due to weaker institutions, these incomes are not reinvested in technology, infrastructure, education and health.

SDI Sub Indices Rankings										1 NO POVERTY	2 NO HUNGER
Country	SDG 1	SDG 2	SDG 3	SDG 4	SDG 5	SDG 6	SDG 7	SDG 8	SDG 9		
Albania	10	30	6	7	5	7	1	30	6		
Algeria	9	9	8	15	17	12	33	29	3		
Azerbaijan	1	2	11	2	2	13	27	8	4		
Bangladesh	22	26	17	17	32	18	31	15	23	3 GOOD HEALTH	4 QUALITY EDUCATION
Benin	35	18	34	36	9	33	36	5	30		
Bosnia	5	6	3	12	6	4	12	40	17		
Burkina Faso	32	31	30	34	38	35	15	16	36		
Cameroon	27	22	31	18	33	28	9	21	27		
Chad	31	39	39	39	40	40	40	12	38	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION
Comoros	24	40	25	28	23	23	29	25	25		
Cote d'Ivoire	28	24	37	30	8	27	17	10	28		
Djibouti	26	27	27	21	7	21	37	26	20		
Egypt	11	3	13	16	31	6	25	33	19		
Gabon	20	7	19	14	30	20	13	37	10	7 RENEWABLE ENERGY	8 GOOD JOBS AND ECONOMIC GROWTH
Guinea	21	25	33	38	10	31	11	14	24		
Guinea-Bissau	40	28	35	23	20	30	39	13	40		
Indonesia	18	19	16	9	15	17	24	7	14		
Iran	6	13	5	13	29	10	18	34	9		
Iraq	13	37	15	31	25	14	28	28	18	9 AFFORDABLE AND CLEAN ENERGY	10 REDUCED INEQUALITIES
Jordan	4	4	10	6	13	5	34	36	13		
Kazakhstan	2	8	9	1	1	8	26	4	2		
Kyrgyz Republic	12	16	14	3	12	11	3	20	1		
Lebanon	3	11	2	11	28	9	32	24	11		
Malaysia	8	5	4	10	16	1	22	3	12	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Maldives	19	14	1	4	3	3	30	9	7		
Mali	36	10	36	35	27	26	14	19	37		
Mauritania	16	15	24	29	24	25	16	31	21		
Morocco	14	12	12	20	18	15	23	27	8		
Mozambique	39	35	32	27	22	37	4	35	5	13 CLIMATE ACTION	14 LIFE BELOW WATER
Niger	33	20	29	40	11	38	35	1	32		
Nigeria	38	17	38	26	21	29	20	11	31		
Pakistan	17	33	26	24	35	19	6	18	22		
Senegal	30	21	20	32	26	22	21	23	26		
Sierra Leone	37	29	40	37	39	36	10	17	39	15 LAND, LIFE AND Ecosystems	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Sudan	23	34	22	25	36	32	8	39	33		
Tajikistan	15	38	18	5	4	16	2	32	16		
Togo	34	23	28	22	19	34	5	2	29		
Turkey	7	1	7	8	14	2	19	22	15		
Uganda	29	32	23	19	34	39	7	6	34	17 PARTNERSHIPS FOR GOAL	18 INDICATOR
Yemen	25	36	21	33	37	24	38	38	35		

SDI SUB INDICES RANKINGS

Country	SDG 10	SDG 11	SDG 12	SDG 13	SDG 14	SDG 15	SDG 16	SDG 17
Albania	5	16	18	8	10	5	4	12
Algeria	4	12	33	40	27	13	31	39
Azerbaijan	1	13	29	33	23	11	30	15
Bangladesh	10	29	15	28	5	19	21	40
Benin	38	28	28	26	39	20	8	26
Bosnia	12	17	37	21	4	12	5	17
Burkina Faso	19	31	7	17	37	28	14	18
Cameroon	37	23	4	4	8	38	20	36
Chad	33	38	1	16	36	35	18	29
Comoros	35	27	8	27	30	29	15	21
Cote d'Ivoire	28	26	13	15	28	23	11	30
Djibouti	34	25	20	32	18	37	37	19
Egypt	9	10	32	30	6	3	27	31
Gabon	30	2	14	11	15	27	13	1
Guinea	15	33	11	10	20	24	12	23
Guinea-Bissau	39	37	10	18	3	33	17	2
Indonesia	24	19	21	22	9	6	6	20
Iran	23	7	38	35	16	7	28	32
Iraq	6	9	36	36	40	25	39	37
Jordan	14	4	34	38	1	10	38	10
Kazakhstan	3	11	40	34	14	9	24	9
Kyrgyz Republic	2	14	39	13	35	17	2	5
Lebanon	8	6	27	37	24	8	29	27
Malaysia	36	3	35	31	12	1	3	7
Maldives	22	1	19	29	29	16	33	33
Mali	13	40	2	12	34	36	19	14
Mauritania	11	20	17	9	7	40	34	25
Morocco	26	8	23	24	22	2	26	11
Mozambique	40	35	24	3	11	26	36	6
Niger	18	39	9	19	38	32	16	8
Nigeria	31	32	6	14	31	34	1	35
Pakistan	7	21	31	20	17	14	32	34
Senegal	25	24	22	23	13	22	10	24
Sierra Leone	17	34	12	5	19	39	22	3
Sudan	20	22	5	6	2	31	25	38
Tajikistan	16	15	26	7	33	15	35	22
Togo	32	30	25	2	25	18	7	28
Turkey	29	5	16	25	26	4	23	16
Uganda	27	36	3	1	32	21	9	13
Yemen	21	18	30	39	21	30	40	4





KEY HIGHLIGHTS

- ◉ The results show that countries with high per capita GDP usually have lower poverty, such as the East Asian and Central Asian countries. Most of the countries standing at the bottom of SDG 1 include African countries.
- ◉ On Hunger, the similar trend is observed. However, some of the vulnerable countries on the depth of food deficit include countries which have relatively reasonable per capita GDP in excess of \$1,500, such as Pakistan and Sudan.
- ◉ On SDG 3, the ranking follows closely the per capita GDP trend with some notable exceptions. Bosnia, Iran, Albania and Algeria have better standing on SDG 3. Natural resources rich countries, such as Nigeria rank very low and even lower than other poor African countries, such as Burkina Faso, Mozambique and Benin.



KEY HIGHLIGHTS

- On SDG 4, Central Asian countries outperform East Asian countries, such as Indonesia and Malaysia. Jordan, Lebanon and Iran rank relatively better from the Middle East. Gabon, Algeria and Egypt rank better than other African countries. Bangladesh despite comparable or lower per capita income ranks higher than Pakistan, Sudan and Nigeria.
- On SDG 5, as many as 4 African countries feature in the top 10 countries. Conservative countries like Pakistan, Sudan and Yemen rank lower on SDG 5.
- On SDG 6, the top 2 countries include Malaysia and Turkey. Water Scarce African countries rank lower on SDG 6.

KEY HIGHLIGHTS

- On SDG 7, some relatively low-income countries such as Mozambique, Pakistan and Uganda rank higher. Furthermore, the Middle Eastern countries like Jordan and Yemen rank lower.
- On SDG 8, some African countries rank higher due to the lower unemployment rate and high employment to population ratio despite lower GDP per capita, which has one-third weight in SDG 8 sub-index. Bosnia having high GDP per capita, but lower employment to population ratio and high unemployment rate ranks low on SDG 8.
- On SDG 9, Central Asian, East and European countries rank higher as compared to South Asian and African countries.

7 CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



KEY HIGHLIGHTS

- On SDG 10, some countries with high per capita income are found to have higher income inequities as well, such as Turkey and Malaysia. African countries like Benin, Guinea-Bissau and Mozambique suffer from both lower per capita incomes as well as high inequities. Pakistan and Bangladesh feature in top 10 countries with relatively lower income inequities as compared to other populous countries, such as Indonesia and Nigeria.
- On SDG 11, a similar trend is observed in high-income countries. Malaysia, Jordan and Turkey rank higher, whereas African countries rank lower. Among the populous countries, Indonesia ranks slightly better than Pakistan and Bangladesh.

10 REDUCED INEQUALITIES



11 SUSTAINABLE CITIES AND COMMUNITIES



KEY HIGHLIGHTS

- On SDG 12, African countries rank slightly better than the rest as compared to the trend in other indicators. Among the populous countries, Bangladesh ranks better than Indonesia and Pakistan.
- In SDG 13, African countries rank better than the Middle Eastern countries like Iraq, Lebanon, Jordan and Yemen. High-income countries like Turkey and Malaysia also rank lower on SDG 13.
- On SDG 14, Bangladesh ranks better than Indonesia, Malaysia and Maldives. Water-scarce countries usually rank lower on SDG 14.

KEY HIGHLIGHTS

- On SDG 15, Malaysia and Turkey rank relatively higher. Poor income countries with lower per capita GDP rank lower except for Morocco, Egypt and Iran which feature in top 10 countries on SDG 15.
- On SDG 16, some African countries perform better than others, such as Togo, Benin and Uganda all featuring in the top 10 countries on SDG 16. Pakistan and Jordan rank lower despite having relatively reasonable per capita GDP.
- On SDG 17, it is found that OIC countries are open to ODA, Aid and other development assistance provided in the form of money and social intermediation. As compared to African countries, Arab countries and South Asian countries relatively perform less well.

15 LIFE ON LAND



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIPS FOR THE GOALS



ISLAMIC COMMERCIAL FINANCE & SDGS

- ◉ Achieving sustainable development rests on availability of funds, infrastructure, inclusive growth, creation of jobs, ‘environment friendly’ technological advancements and business processes reengineering. All of this is not going to be possible without availability of funds.
- ◉ Around \$3.5 trillion to \$5 trillion is needed every year to make desirable progress on SDGs. At global level, investment in infrastructure is estimated to be US\$ 100 trillion over the next two decades (Ahmed et al., 2015).
- ◉ In Middle East, there is immense potential to use solar energy alongside oil. In Arab world, the annual per capita share in water resource will be less than 500 cubic meters, less than 10% of global average. Lack of financing is one of the major obstacles for minimal use of renewable energy in developing countries.

ISLAMIC COMMERCIAL FINANCE & SDGS

- Financial sectors of developing countries are often underdeveloped and are unable to efficiently channel loans to produce renewable energy. World Bank estimates that developing countries spend about \$1 trillion a year on infrastructure.
- An additional \$1-1.5 trillion will be needed through 2020 in areas such as water projects like dams, desalination plants, power projects and transportation projects.
- ADB estimates that emerging Asian economies alone will require \$8 trillion over the next decade to satisfy growing demand in the areas of energy, water and transportation.

ISLAMIC COMMERCIAL FINANCE & SDGS

- ◉ With resources allocated to development by donor countries remaining insufficient coupled with the headwinds of financial and economic crises affecting many countries worldwide, it is important to explore alternative and complementary innovative financing mechanisms such as Islamic finance.
- ◉ There is much potential for Islamic finance to promote sustainable economic development through such approaches as widening access to finance (including microfinance), financing infrastructure projects, and expanding the reach of Takaful (Islamic insurance).
- ◉ As part of its commitment to the SDGs, the Islamic Development Bank has announced it will increase its funding of SDG related activities through its ten year strategy framework, from \$80 billion recorded during the MDGs, to \$150 billion over the next 15 years (2016-2030).

ISLAMIC COMMERCIAL FINANCE & SDGS

- ◉ Global Shari'ah-compliant assets totaled \$2.3 trillion at the end of 2017, and are expected to exceed \$3 trillion by 2020.
- ◉ With resilient growth, effective risk mitigation and participative modes of financial products, Islamic banking and finance promises to play a significant role, especially in the Muslim world.
- ◉ Islamic finance also can enhance financial inclusion, as it incorporates people who are excluded from the traditional financial system for religious reasons.

ISLAMIC COMMERCIAL FINANCE & SDGS

- Real sector based productive enterprise in Islamic finance has positive implications for the ecosystem. Risk-sharing shifts the emphasis from credit-worthiness of the borrower to be placed on the value creation and economic viability of investments that create new wealth.
- High levels of debt in the conventional interest based financial architecture are one of the prime causes of financial crises (Buiter and Rahbari, 2015; Mian & Sufi, 2015).
- As per Islamic Development Bank (2015), Sukuk can be used to mobilize resources to finance SDG-6, SDG-7, SDG-9 and SDG-11.

ISLAMIC REDISTRIBUTIVE INSTITUTIONS

- ◉ SDGs are ambitious and require all encompassing efforts and involvement of all sorts of institutions.
- ◉ It is especially crucial for countries that are much behind the targets and need considerable effort and resources to pull themselves up to meet the targets.
- ◉ Religious institutions which have a socio-economic character can also be employed in creating synergistic efforts towards achieving the sustainable development goals, especially in Muslim majority countries.

REDISTRIBUTIVE INSTITUTIONS: ZAKAT

- ◉ *Zakat* is a compulsory obligation in the faith of Islām to pay a certain part of surplus wealth to the specified beneficiaries every year.
- ◉ Every year, 2.5% of wealth subject to *Zakat* has to be paid by the Muslims to the eight specified heads of beneficiaries and causes.
- ◉ In Islāmic jurisprudence, if a Muslim owns an equivalent monetary sum of *Nisāb*, he has to pay 2.5% of surplus wealth above the *Nisāb* every year.
- ◉ *Zakat* is an important institution in an Islāmic economic framework for poverty alleviation and economic welfare.

REDISTRIBUTIVE INSTITUTIONS: ZAKAT

- ◉ In institution of *Zakat*, the payer of *Zakat* and the receiver of *Zakat* belong to two different income classes.
- ◉ The payer of *Zakat* is a non-poor person with surplus wealth above *Nisāb*.
- ◉ The receiver of *Zakat* is usually a poor person with no surplus wealth above *Nisāb*.
- ◉ The threshold wealth of *Nisāb* makes a distinction between the payer and the receiver and helps to achieve targeted wealth transfer to the people who are usually the poor people.

REDISTRIBUTIVE INSTITUTIONS: ZAKAT

- ◉ *Zakat* can achieve the redistribution objectives more effectively and consistently since wealth fluctuates much less than income over the business cycles.
- ◉ *Zakat* system has an inbuilt mechanism to reach the right targets in terms of *Zakat* collection and disbursement.
- ◉ The accumulated wealth can be much more than the single period income, especially in the high net worth individuals of the society. *Zakat* targets accumulated wealth and transfers it to the poor.
- ◉ Oxfam (2017) reports that global wealth has reached \$255 trillion. It is enough to give \$1 a day to 767 million poor people for 910 years. A single year 2.5% *Zakat* on it will give \$1 a day to 767 million poor for 23 years.

REDISTRIBUTIVE INSTITUTIONS: ZAKAT

- ◉ FAO estimates that food per capita availability has increased since the 1970s, but still close to 800 million people suffer from hunger.
- ◉ Unfettered Capitalism results in unmet needs as well as unused resources.
- ◉ *Zakat* helps in wealth transfer as well as wealth circulation in the real economy to enhance employment of labor and non-labor resources and provide sustainable incomes to the poor.
- ◉ *Zakat* could help in providing income support to the poor people who are food insecure due to lower and unsustainable incomes.

REDISTRIBUTIVE INSTITUTIONS: ZAKAT

- Oxfam reports that 8 individual persons have as much wealth as bottom 50% of the entire global population.
- Their combined wealth is \$426.2 billion as of end-2016.
- As per World Bank, there are 767 million people below the poverty line of \$1.90/day.
- It means that poverty gap is \$531.9 billion ($1.90 \times 767,000,000 \times 365$) per year.

REDISTRIBUTIVE INSTITUTIONS: ZAKAT

- ◉ Nearly 50 percent of the people living in extreme poverty are 18 years old or younger.
- ◉ A significant portion of our global population would not have a fair start to achieve socio-economic mobility.
- ◉ Proper nourishment, basic medicines and vaccinations are necessary to avoid ill-health, stunting and loss of capacities for independent productive living in adulthood.
- ◉ Unless effective redistribution happens, the purchasing power cannot be enhanced which is vital to afford even the basic necessities today, such as food, water and medicines.

REDISTRIBUTIVE INSTITUTIONS: ZAKAT

- ◉ Vital goal for achieving permanent poverty exit, enhancement of skills and capacities, and to ensure upward social mobility.
- ◉ The financial institutions can come to the rescue once the people are able to hold enough assets and skills for enterprise.
- ◉ But, much before that, people require survival and human capital development in the early stage of life.
- ◉ Effective administration and management of the *Zakat* funds can help in scaling up the benefits in terms of strengthening institutions to create synergistic effects.

REDISTRIBUTIVE INSTITUTIONS: ZAKAT

- ◉ *Zakat* from endowment surplus households (those having higher wealth than *Nisāb*) to the endowment deficient households can help in providing income support and affordability for skills enhancement programs.
- ◉ *Zakat* could also be used to provide funding for educational and health institutions, thereby contributing to human capital development which can provide decent work.
- ◉ *Zakat* would ensure circulation of wealth in the productive enterprise, thereby directing capital to go in the real sector of the economy rather than sitting idle in the hands of the wealthy individuals.

REDISTRIBUTIVE INSTITUTIONS: WAQF

- ◉ *Waqf* is an important social institution in the Islamic framework. In the institution of *Waqf*, an owner donates and dedicates a movable or immovable asset for perpetual societal benefit.
- ◉ The beneficiaries enjoy its usufruct and/or income perpetually.
- ◉ *Waqf* can be established either by dedicating real estate, furniture or fixtures, other movable assets and liquid forms of money and wealth like cash and shares.

REDISTRIBUTIVE INSTITUTIONS: WAQF

- ◉ The cash *Waqf* can pool liquid donations in order to build institutions, such as schools, hospitals, and orphanages (Sadeq 2002).
- ◉ Cash *Waqf* can pool more resources and ensure wider participation of individual donors (Aziz et al., 2013).
- ◉ *Waqf* provides flexibility in fund utilisation as compared to *Zakāt* since *Zakāt* funds must be utilized for specific categories of recipients.

REDISTRIBUTIVE INSTITUTIONS: WAQF

- The institution of *Waqf* can be used to provide a wide range of welfare services, such as:
 - Educational institutions,
 - Health institutions,
 - Environmental preservation programs and
 - Financial institutions, such as:
 - *Waqf* based microfinance (Habib, 2007).
 - Socially driven banks (Mohammad , 2011).

REDISTRIBUTIVE INSTITUTIONS: WAQF

- ◉ Alongwith income support and cash transfers, poor people also require skills and productivity enhancement in order to get out of poverty and achieve social mobility.
- ◉ The increased and improved provision of education and health infrastructure funded through *Waqf* can enhance the income-earning potential of beneficiaries.
- ◉ Real estate-based *Waqf* can generate proceeds through the rental of properties, which then can be used to finance social development needs. Cash and commodity based *Waqf* can provide interest-free loans (*Qard Hassan*) to the needy in sectors like education, health and agriculture.

CONCLUSION

- ◉ This study strived to assist in building a comprehensive index that covers important elements for ensuring sustainable development.
- ◉ Overall, the results indicate that Muslim countries are far behind in meeting sustaining development, especially the countries in Africa and the Middle East suffering from lower economic growth, political instability, lack of funding and weaker institutions.
- ◉ On the other hand, the industrializing countries like Malaysia and Turkey along with Central Asian countries which have restructured their economies towards market economy principles perform relatively better on the Sustainable Development Index (SDI).
- ◉ The poorer countries would require enough development assistance in order to fund the development projects. The priority in assistance should be given to health, education, hunger and creating decent work opportunities by tariff and non-tariff trade concessions.

WAY FORWARD

- ◉ The role of conventional and Islamic development finance institutions is pivotal in funding the targeted development programs timely and transparently. Finally, the role of Islamic finance is also vital for meeting the Sustainable Development Goals (SDGs).
- ◉ Islamic social finance institutions like *Zakāt* and *Waqf* can contribute towards scaling up efforts in commercially non-viable, but socially vital projects and programs.
- ◉ There is much potential for Islamic finance to promote sustainable economic development through such approaches as widening access to finance (including microfinance), financing infrastructure projects, and expanding the reach of Takaful (Islamic insurance).

THANK YOU

Questions, Feedback & Suggestions

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