

HOW ISLAMIC SOCIAL FINANCE RELATED TO THE SUSTAINABLE DEVELOPMENT GOALS

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Abstract

This article discusses the urgency of specific regulations to integrate zakat and waqf instruments in the Islamic social finance landscape in Indonesia, in line with the theory of policy harmonization. Through a systematic literature review approach, this study explores the relationship between Islamic Social Finance (ISF) and the Sustainable Development Goals (SDGs), focusing on the role of ISF in addressing issues such as poverty alleviation, food security, and the impact of COVID-19 on humanitarian crises. Findings show a declining trend in research output related to ISF and SDGs, with 13 relevant articles identified. The article emphasizes the potential of ISF instruments, such as zakat and waqf, in achieving various SDGs, as well as the need for supportive policy frameworks, a holistic approach to donor behavior, inclusive stakeholder engagement, and technological infrastructure to enhance the effectiveness of ISF. With the growth of Islamic financial assets and significant philanthropic potential in countries such as Indonesia, the integration of these financial tools is expected to strengthen efforts to achieve the SDGs by 2030.

Keywords: Islamic Social Finance, Sustainable Development Goals (SDGs), Zakat and SDGs, Waqf and Development, Maqashid Shariah and Sustainability

Introduction

In September 2015, world leaders agreed to improve the quality of education, water and sanitation, fight injustice and inequality and to end poverty and hunger by adopting the Sustainable Development agenda which has 17 goals. To meet this goal, the United Nations Development Program (UNDP) was appointed as one of the leading organizations in this global project. UNDP is working with individual countries to achieve the goals identified by 2030 (Abduh, 2019). The introduction of the Sustainable Development Goals or SDGs in 2015 inspired all key stakeholders of local and global financial markets to look closely at the idea of sustainability and services that impact society. Not limited to social welfare, such impact services also look into dynamic activities that can improve the environment, economy and education of society. (Ahmad, 2021; Dirie et al., 2023; Mahadi et al., 2019).

Many Islamic finance scholars have written their views on the Sustainable Development Goals (SDGs) from the perspective of Islamic finance (Gungdogdu, 2018). Some argue that the SDGs are aligned with the philosophy of Islamic finance and thus, Islamic finance is a new financial alternative to achieve the SDGs by 2030 (Zarrouk, n.d.). In its development, Islamic finance has shown great potential to support the implementation of sustainable development goals (SDGs) (Fauzi et al., 2022; Harahap et al., 2023; Sukmana, 2020; Widiastuti et al., 2022)

Islamic Social Finance (ISF) is a type of finance that is based on Islamic principles and aims to create societal success by helping the poor and weak (Cattelan, 2019). In contrast to modern conventional finance which only has loans as its financial contract, Islamic finance offers a wider variety of financial contracts ranging from *muḍārabah* to *istisnā'* and products ranging from *zakat* to *sukuk* (Harahap et al., 2023; OCHA, n.d.). Islamic social finance includes philanthropic instruments (*zakat infaq*, *alms*, *waqf*), cooperative instruments (*qard* and *qard hasan*), and contemporary-based instruments (IRTI, 2020; Widiastuti et al., 2022) (microfinance). (IRTI, 2020; Widiastuti et al., 2022).

The term “Islamic social finance” describes the Islamic philanthropic and non-profit based sector (ISFR, 2020). For the first time, Islamic social finance was discussed at a workshop held by IRTI IDB and IPB University, Indonesia, in 2013. Then, at a meeting of Central Bank Governors and Monetary Authorities of OIC Member Countries, in Surabaya, Indonesia, on November 6 2014, the OIC Secretary General rejuvenated Islamic social finance (i.e., *zakat* and *waqf*) to mobilize adequate resources to address the problems of financial exclusion, poverty, and unemployment among vulnerable population groups in countries OIC (IRTI, 2020). The first Islamic Social Finance Report was published in 2014 by IRTI-IDB. (Ismail & Aisyah, 2021).

Apart from the OECD, Arab and Muslim-majority countries such as Saudi Arabia, the United Arab Emirates, Qatar, Turkey, Indonesia and Malaysia have contributed generously to development aid globally through Islamic finance and other methods. Islamic finance refers to financial activities that comply with Islamic law, also known as *sharia*. This is realized in the form of various concepts and instruments, the majority of which are directed at the 57 members of the Organization for Islamic Cooperation (OKI). (Lanzara, 2021; Tok et al., 2022).

From an Islamic perspective, the economy is made of two main pillars: profitable and unprofitable activities (Al-Suwailem, 2013). These two activities should not develop separately. In fact, each type of activity is embedded in the other, which creates a sound economic balance.

This approach is adopted in building a social financial ecosystem, associating with non-profit and non-profit organizations in developing social and economic prosperity. The Islamic social finance ecosystem has special instruments in terms of funding and investment that are in line with the principles of Sharia (Islamic law). (Jaouti, 2019).

On the other hand, Since the last five decades, the world has witnessed a dramatic increase in humanitarian crises as a result of war, natural disasters, epidemic outbreaks, poverty, human rights violations, among others (Hamed, 2020). Social and religious-based financing, such as Islamic Social Finance, is an important additional source of financing that can be better utilized to reduce vulnerability. There is strong evidence in Islamic history to finance the social sector using Islamic financial tools such as zakat, Sadaqa, Qard Hassan, TAKAFUL, Sukuk, and waqf. These financial and social tools greatly participate in reducing humanitarian risks and alleviating the suffering of many communities affected by disasters, conflicts and epidemics. Every year, Muslims around the world donate generously to the Islamic Social Finance mechanism to alleviate human suffering. Given that the majority of people who need help are in Muslim countries, the role of Islamic Social Finance is very important. (Hamed, 2020).

Currently, Islamic financial assets continue to experience growth globally. Although, in 2020, sharia finance experienced a slowdown of 14% from 2019, which reached 15% due to the impact of the coronavirus disease (COVID-19) pandemic, a report from Refinitiv projects the growth of sharia financial assets to reach USD 4940 billion in 2025 (Curtzer , 2019). This projection is based on the average growth of sharia financial assets of 8% in the next 5 years. The distribution range of Islamic financial assets is also expanding. At the end of 2020, distribution of sharia financial assets included sharia banking amounting to USD 2349 billion (70%), sukuk amounting to USD 631 billion (19%), sharia funding amounting to USD 178 billion (5%), Islamic Financial Information Services (IFIs) amounting to USD 154 billion (4%), and Takaful (a form of sharia joint insurance based on the principle of mutual cooperation) amounted to USD 62 billion (2%). With the projected growth of sharia financial assets globally, the spread of sharia finance will be wider. (Harahap et al., 2023).

As a country with the highest level of philanthropy, Indonesia has great potential in developing sharia social finance (Fauzi et al., 2022; Widiastuti & Rani, 2020). The potential for zakat reaches USD 26.1 billion, for cash waqf USD 12.6 million, and for land waqf USD 140

billion. However, the realization has only reached 3% for zakat (BAZNAS, 2021) and 0.21% for cash waqf. (KNKES, 2021).

Integrated sharia social finance is the right strategy to answer these challenges. Currently, there are not many zakat and waqf schemes that complement each other in an effort to maximize the Islamic social utility of funds (Ministry of National Development Planning, 2019). In the Regional Context, Indonesia has not yet implemented integrated Sharia Social Finance even though it has been managed institutionally and in a modern way for the last 20 years. Research conducted by (Sari et al., 2019) shows that the time needed for mustahiq to get out of poverty by receiving zakat is faster (3.3 years) than without it (6.6 years). Integrated sharia social funds such as zakat, waqf, and microfinance will initiate a new perspective in financial investment owned by Islamic social finance (IRTI, 2020; Jaouti, 2019). As a result, if Islamic social financial instruments are integrated, the transformation of mustahiq will be more effective.

Literature Study

SDGs

The meaning, principles and dimensions of sustainable development are focused on how to integrate social, economic and environmental issues so that they can answer the challenges of sustainable development at the global level and create a better life and lifestyle for people in this world regardless of origin, race and religion they. (Abduh, 2019)

Sustainability is multifaceted in the sense that it can cover all sectors and can be viewed from different perspectives. Thus, sustainability itself does not have a standard or general definition. However, its essence comes from the ability to last a long time and save resources. As a result, various sectors, including construction, manufacturing, agriculture, and marketing, have adopted this sustainability concept in their sector processes (Rahaman, 2020). Details of the UN SDGs are presented in the figure below. (Harahap et al., 2023)



When announcing the SDG program for 2030, the UN did not specifically explain how each country would achieve the goals because dictating them would only result in another global failure. This provides an opportunity for countries that implement the Islamic financial system as one of the legally accepted financial transactions to improvise and adopt an Islamic financial approach to achieve these goals.

Islamic Social Finance

Islamic Social Finance (ISF) is a type of finance that is based on Islamic principles and aims to create a prosperous society by helping the poor and weak (Cattelan, 2019). This is a financial system that aims to empower the social economy in society (Kuanova et al., 2021). ISF traditional instruments are divided into three. The first is based on philanthropy such as zakat, infaq, alms and waqf, the second is on cooperation such as qardh and kafalah (IRTI, 2020; Jaouti, 2019). Meanwhile, contemporary Islamic social finance instruments are in the form of Islamic microfinance.

The aim of Islamic social finance is to reduce unemployment and poverty, help improve the socio-economic conditions of poor groups, realize social justice, distribute income and wealth fairly, and grow the economy (Kuanova et al., 2021), as well as filling the humanitarian funding gap through social financial instruments sharia. Apart from that, sharia social finance has also been used by several countries as an instrument in solving socio-economic problems, including Malaysia, Pakistan, Indonesia, England and Saudi Arabia. Previous studies show several differences regarding existing Islamic social financial instruments.

Each sharia social financial instrument has differences and characteristics. Zakat, is a financial obligation paid by a Muslim and is only given to 8 groups of people (ashnaf) (Bin- Nashwan et al., 2020). Infaq is a donation in the form of wealth, while alms is broader than infaq because donations given are not only in the form of wealth but also in the form of non- wealth. Qard and qard hasan are loans given to someone without interest; However, Qard Hasan did not obey someone to pay off the loan that had been given. Grants are generally gifts specifically addressed to certain people. On the other hand, waqf is storing assets that will be used for philanthropy, and the benefits of these waqf assets will continue to be distributed for good reasons (Fauzi et al., 2022). Sharia microfinance is socially responsible for providing adequate funding for micro-enterprises (IRTI, 2020; Rohman et al., 2021). The existence of various social characteristics of sharia financial instruments is a force in accelerating welfare transformation.

Zakat Infaq Charity and Waqf

Zakat, infaq, alms, and waqf are sharia social financial instruments aimed at distributing wealth in Islam. In fiqh, several parties are involved in zakat transactions (Widiastuti & Rani, 2020), namely (1) Muzakki as zakat giver, (2) Mustahiq as zakat recipient, and (3) amil as zakat manager. Meanwhile, in waqf management there are terms such as nadzir as the waqf manager and Mauquf alaih as the person who receives the Waqf Benefits.

Zakat, infaq, alms and waqf as instruments of Islamic philanthropy can play a role in improving the socio-economic welfare of society (Bin-Nashwan et al., 2020; Sukmana, 2020). (Widiastuti & Rani, 2020) stated that the empowerment of productive zakat has had a positive impact on the welfare of mustahiq, which means that the empowerment program has succeeded in improving the welfare of Mustahiq and their businesses. It is further mentioned in the study Ascarya that sharia social finance.

Instruments, especially zakat, infaq and waqf, can play a role in helping the country's economic recovery from the crisis. Waqf can also be used to encourage Muslim-majority countries to realize sustainable development goals (SDGs) oriented towards maqashid sharia. This is also proven by research (Medias et al., 2021) which shows that as many as 68 articles discuss the relationship between Waqf and poverty alleviation, increasing welfare, education, health fulfillment, and the use of waqf in supporting religious facilities.

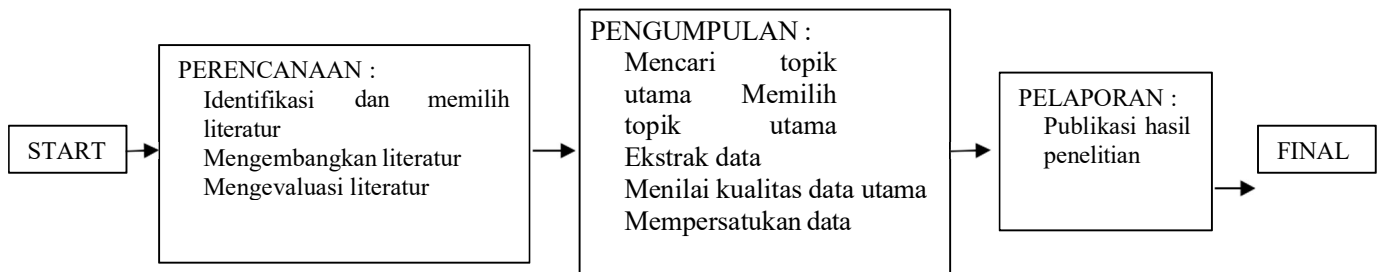
Research Methods

Review Method

This type of research is qualitative descriptive research using a Systematic Literature Review (Qualitative) approach with primary data sources coming from ISSN or E-ISSN journal literature. Systematic literature review or structured article review is the process of identifying, assessing, and interpreting all available research evidence with the aim of providing answers to specific research questions (Kitchenham in Latifah and Ritonga, 2020)

The review method in this research uses a search for literature originating from the "publish or publish" application with the keywords "Islamic Social Finance and SDGs". The research data population is journals with this focus, with more than 200 titles/articles and which can be downloaded and which are appropriate to the research topic and suitable as a sample are 15 titles/articles published in 2019-2023 (5 years).

The systematic literature review in this research was carried out in three stages, namely:



Picture. Steps to a Systematic Literature Review

Research Question

SLR approach research is guided by research questions. Research Questions (RQ) are created so that the systematic review carried out in research remains focused. The research question was prepared with the help of PICOC criteria, namely Population, Intervention, Comparison, Outcomes and Context. (Kitchenham in Latifah and Ritonga, 2020)

Table 1. PICOC Summary

Population	Islamic Social Finance in Encouraging SDGs
intervention	n/a
Comparison	n/a
Outcomes	The relationship between Islamic Social Finance and SDGs
Context	Academics, Collaboration between institutions

The research question developed in this research is as shown in table 2.

Tabel 2. Research Question (RQ)

RQ	Research Question	Motivation
RQ1	What is the number and distribution of journals that discuss the relationship between Islamic social finance and SDGs?	Identify the number and distribution of journals
RQ2	What analytical methods and techniques are used?	Identify the methods and analysis techniques used
RQ3	How is Islamic social finance and SDGs related?	Identifying the relationship between Islamic social finance and SDGs
RQ4	What solutions can be offered?	Identify various empirical Solution offers

Search Strategy

A literature search strategy is used to obtain relevant sources to answer the research question (RQ). The search process is carried out using search publish or perish to find primary sources. Next, inclusion and exclusion criteria were used to select primary studies. These criteria are shown in Table 3.

Table 3. Inclusion and Exclusion Criteria

Criteria	Inclusion	EXCLUSION
Database literature	Publish or Perish: Accredited Journal	Publish or Perish: Non-Accredited Journal
Literature Type	Journal (Research article)	Proceedings, theses and theses
Language	English	Non-English
Publication Period	2019-2023	2019-2023
Subject	Islamic Social Finance	Non-Islamic Social Finance
Object	SDGs	Non-SDGs

Research journals that meet the inclusion criteria and exclusion criteria are then collected and a journal summary matrix is created including the researcher's name, year of publication and journal name, research title, method, findings and implications to obtain data that contributes to answering this research question. Next, conduct a quality assessment to guide the interpretation of the synthesis findings and to determine the strength of the conclusions outlined. The goal of data synthesis is to gather evidence from selected studies to answer the research question. Data synthesis is carried out by grouping similar extracted data according to the results measured to answer the research objectives.

Results And Discussion

Search Process Results

Primary sources in this research were searched using the publish or perish application using the keyword 'Islamic Social Finance and SDGs' and displayed more than 200 titles between 2019-2023. Next, a search process is carried out, and the results of the search process are displayed in table 5 based on year, this makes it easier to see the number of journals obtained through the search process.

Table 4. Search Process Results

No	Source	Year	Number of Articles
1	Publish or Perish	2019	9
2		2020	7
3		2021	19
4		2022	13
5		2023	2
Total			50

Inclusion and Exclusion Selection Results

The results of the search process were then selected based on inclusion and exclusion criteria. The results of this process left 13 articles as in table 5.

Table 5. Results of Inclusion and Exclusion Selection

No	Title	Journal	Year	Results
1	The Role Of Islamic Social Finance In Achieving Sdg Number 2: End Hunger, Achieve Food Security And Improved Nutrition And Promote Sustainable Agriculture	Journal Of Islamic Thought And Civilization	2019	
2	Sustainable Development Goals And Islamic Social Finance: From Policy Divide To Policy Coherence And Convergence	Sustainable, (14)11	2022	
3	An Integrated Approach For Building Sustainable Islamic Social Finance Ecosystems	International Journal Of Islamic Finance, (11)2	2019	
4	Leading Towards Impactful Islamic Social Finance: Malaysian Experience With The Value-Based Intermediation Approach	Journal Of Islamic Thought And Civilization	2019	
5	Islamic Finance And Social Finance, An Opportunity For Social Enterprises	European Journal Of Islamic Finance	2022	
6	Islamic Social Finance: A Bibliometric Analysis	Global Review Of Islamic Economics And Business, (9)2	2021	
7	How Islamic Social Finance Contribute To The Sustainable Development Goals: An Impactful Story Of Al-Khidmat Foundation Pakistan	Islamic Wealth And The Sdgs	2021	
8	The Role Of Islamic Social Finance In Mitigating Humanitarian Crises; A Multi- Range Strategy To Mitigate COVID-19 Impacts	European Journal Of Islamic Finance, (16)	2020	
9	Islamic Law, Islamic Finance, And Sustainable Development Goals: A Systematic Literature Review	<i>Sustainability, (15)8</i>	2023	
10	Developing An Integrated Model Of Islamic Social Finance: Toward An Effective Governance Framework	Heliyon, (8)	2022	
12	Social Finance And Sustainable Development Goals: A Literature Synthesis, Current Approaches And Research Agenda	ACRN Journal Of Finance And Risk Perspectives, (9)	2020	
13	Islamic Social Finance For Achieving Sustainable Development Goals: A	International Journal Of Ethics And Systems	2023	

	Systematic Literature Review And Future Research Agenda			
14	Analyzing The Commonalities Between Islamic Social Finance And Sustainable Development Goals	International Journal Of Ethics And Systems	2022	

The results of scanning this data show the results of the quality assessment to show whether the data was used in this research. The scanning results found 15 journals/articles that were suitable for use and suitable for answering the RQ in this research as indicated by the symbol \surd : are journals or data used in research, because the data has sufficient information for research and has an ISSN and/or E-ISSN, as well as the x symbol: is a journal or data that is not used in research because the data is an article that meets the criteria.

Discussion

RQ1. Number and Distribution of Journals Discussing the Relationship between Islamic Social Finance and SDGs

Based on the results of the analysis, it was found that the number of journals with ISSN and/or E-ISSN which discussed Islamic Social Finance and SDGs in the 2019-2023 period was 13 journals, while in terms of the distribution of journals that published it was 13 journals, while In terms of years, it appears that articles that have been published in journals are distributed in 2019 as many as 3, in 2020 as many as 2, in 2021 as many as 2, in 2021 there are 2 In 2022 there will be 4 and in 2023 there will be 2 articles. This shows that the study of the financial performance of Islamic banking fluctuates and even drops drastically in 2023, where there are only 2 articles. This shows that the level of involvement of researchers in contributing to Islamic Social Finance and SDGs is getting smaller, even though the results of studies from researchers are really needed.

RQ2. Analysis Methods and Techniques Used

Based on the results of a systematic literature review study, it shows that overall the research method used by researchers is a descriptive quantitative approach with different descriptive statistical tool approaches.

Method	Analysis Techniques	Year	Unit	Amount	Source
Qualitative	Literature review	2019	3	9	(Abduh, 2019; Ahmad, 2021; Daniel & Jonathan, 2022; Hamed, 2020; Hassan et al., 2021; Jaouti, 2019; Mahadi et
		2020	2		
		2021	1		
		2022	2		

		2023	1		al., 2019; Rizzelo & Kabli, 2020; Shahid et al., 2023; Tok et al., 2022)
	Bibliometric Analysis	2021	1	1	(Ismail & Aisyah, 2021)
	Systematic Literature Review	2023	1	1	(Harahap et al., 2023)
	Systematic Review & Meta Analysis Base Systematic	2023	1	1	(Dirie et al., 2023)
Qualitative and Quantitative	Grounded Theory & AWI	2022	1	1	(Widiastuti et al., 2022)

RQ3. The relationship between Islamic Social Finance and SDGs

Aligning the ISF Instrument with the SDGs (B2) (B1)

When the SDG framework was adopted as a universal call to action in 2015, ‘partnership’ between all parties was one of the 17 SDGs (UNDP, 2018). Partnership on the 17 SDGs refers to the need for collaboration across sectors and across countries to pursue all goals (UN, 2021). In this regard, Islamic social financial institutions, especially Zakat and Waqf, must be an integral part of the solution, as they play an important role in achieving the basic SDGs by addressing the challenges of ending extreme poverty, increasing shared prosperity, responding to the pandemic and achieving the SDGs. Reduce hunger, poverty and inequality; promote peace; and protecting the environment are central to Islamic principles and are embodied in the culture of these institutions. These principles can be embedded and aligned with the SDGs, which can complement each other to utilize their instruments in the principles of shared responsibility and community solidarity. (Rehman & Pickup, n.d.; Tok et al., 2022; UNDP, 2018)

To finance the 17 sustainable development goals, Wilson explained that the average development investment gap is US \$ 2.5 trillion per year which can only be financed with the help of philanthropic funds. Zakat and waqf can be the best alternative for this blended finance mode. A report by the World Bank states that the annual global zakat and waqf potential is close to USD \$1 trillion and USD 500 billion respectively, and thus the potential resources from zakat and waqf collections alone could meet the shortfall in resources needed globally. (Abduh, 2019)

Similarity of ISF Instruments and SDGs

Zakat, Sadaqat and Waqf share with the SDGs most of the deep similarities. The first and most important similarity is that Zakat recipients are poor and needy/vulnerable, which is in line with SDG-1 (end poverty in all forms) and SDG-2 (achieve food security and zero hunger in the world). Additionally, Zakat reflects the spirit of the SDGs, such as by reducing inequality (SDGs-10) and by supporting economic growth by transferring idle wealth to the less fortunate to empower them as well as provide them with socio-economic opportunities to grow (SDG-8) (Shaikh & Ismail, 2017). In general, Zakat, Waqf and Shadaqat have long been used to help the poor, at risk and destitute in various ways, for example, by providing access to affordable housing (SDG-11), by improving the quality of living standards and implementing better roads to good health care (SDG-3) and education (SDG-4) and by providing access to clean water and sanitation (SDG-6) (ESCWA, 2021; Rehman & Pickup, n.d.). The ISF sector has the potential to make a strong contribution to financing the SDGs. (Tok et al., 2022)

In the article (Abduh, 2019) discusses the potential of the ISF in achieving the UN's sustainable development goals, especially goal number two which was set to "end hunger, achieve food security and improved nutrition and promote sustainable agriculture" by 2030. The challenge that may arise is to fund establishment of state-of-the-art research laboratories and to provide research funding in the area. ISF waqfal-awārid is one solution.

Using ISF Instruments in Global Priorities: From Policy Disparities to Convergence

The ongoing discussions began to receive a positive response, as religious organizations in several countries, such as Malaysia, issued fatwas to use Zakat funds to provide humanitarian aid to those who need it regardless of their religion (IFRC, 2018). Several organizations, including UNICEF and UNHCR, have also received positive responses from some scholars for collecting Zakat through their platforms, and they use it in mainstream development aid activities. For example, the UN, especially ESCWA, is playing an initiative role in unlocking the potential of Islamic social finance for the benefit of the Southeast Asian region, perhaps also globally. UNHCR also launched the Refugee Zakat Fund in 2019 to transform the existing Zakat fund program into a global fund to help the most vulnerable refugee populations (UNHCR, 2019).

There is a collaborative global initiative to use the ISF Zakat, Waqf and Sadaqat tools as social interventions in mainstream development aid programs. Multilateral Islamic organizations and national zakat fund organizations have begun collaborating with UN entities

and international organizations to provide humanitarian assistance and sustainable livelihoods to poor people around the world. One of these initiatives is cooperation between the International Federation of Red Cross and Red Crescent Societies (IFRC).

Another rising profile of Islamic social finance is the Global Muslim Philanthropy Fund for Children, jointly launched by the IsDB and UNICEF, and this is primarily based on Zakat and Sedekah contributions (UNICEF, 2022). The Fund catalyzes massive, long-term change that benefits refugees and residents in OIC member countries. The fund is expected to address inequalities among vulnerable populations in some of the poorest parts of the world. This enables Muslim philanthropists to work collectively as a global coalition to strategically maximize impact. In doing so, the funds help achieve the UN's child-related Sustainable Development Goals and support children and families in need (ESCWA, 2021).

Similarly, IFRC, in collaboration with IsDB, launched a new fund using Islamic social finance instruments. The fund, known as The One WASH (Water, Sanitation and Hygiene) Fund, aims to combat cholera and other diarrheal diseases in the 29 OIC member countries (IFRC, 2021). By the end of 2030, this project is expected to reduce cholera deaths by 90 percent and improve the lives of 5 million people in the 29 OIC member countries. This project is financed using partnership modalities: philanthropic donor financing (Zakat and Sadaqat funds) and proceeds from the issuance of impact Sukuk (Sharia bonds). IFRC's global One WASH program supports UN Sustainable Development Goals 3, 5, 6 and 17. (Abduh, 2019)

Empirical investigation of an integrated model of Islamic social finance

(Widiastuti et al., 2022) stated the idea of an integrated Islamic social finance instrument to accelerate the enrichment of the poor more effectively. The integrated model in this research is implemented through integrated management and distribution. Integrated Management aims to integrate zakat and waqf instruments in joint projects and empower beneficiaries. Zakat instruments play a role in empowerment, while waqf plays a role as an investment instrument. The integrated model is conceptualized in 4 ER (Economic Rescue, Economic Recovery, Economic Strengthening, and Economic Resilience) to show the condition of society's economic capabilities. Empirical evidence shows that the integrated model of Islamic social finance is 12% more effective in enriching the poor.

Some Islamic social financial institutions, such as those in Indonesia, have an integrated system, although with a small scope. For example, Rumah Gemilang Indonesia (RGI) which is managed by the Zakat Institute is a sharia social financial instrument that is integrated in the

education sector. Zakat funds are generated to improve skills and knowledge, while waqf funds are used to provide educational infrastructure. Integrated ISF is also carried out in the agricultural sector, where farmers are given agricultural land using waqf land while working. Capital is funded from Zakat.

RQ4. Empirical Solutions

- a. An enabling policy framework needs to be developed to channel ISF to SDG-related activities and to fill existing gaps.
- b. A holistic approach is also needed to change donor behavior and to adapt reporting and regulatory frameworks to collect, for example, Zakat-related information and capture funds
- c. To maximize the effective use of the ISF instrument to achieve the SDGs and fill the gaps in the SDGs regarding refugees, the ongoing dialogue must be more inclusive and engaging of all stakeholders, including Muslim leaders, policy makers and Sharia scholars, helping to narrow policy gaps and draw coherence policy.
- d. Ecosystem supporting infrastructure such as the use of technology must be involved in Islamic social finance. Implementing technology simplifies distribution management and can avoid overlapping recipient targets. Infrastructure also requires quality human resources and regulations.
- e. In Indonesia, each Islamic social financial instrument has different regulations. Thus, specific regulations are needed so that the two zakat and waqf instruments can be integrated. Thus, this model supports integration theory related to policy harmonization.

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