



UNIVERSITY OF
BIRMINGHAM



UK Research
and Innovation

Islamic Social Finance in Fragile Settings

Dr Sandra Pertek, Jessica Skinner and Muhammad Nabil
s.m.pertek.1@bham.ac.uk

www.makingaidwork.org

MAKING
AID WORK
FOR DISPLACED
WOMEN



Research insights

- Working Paper 1: (Dis)connects between Islamic philanthropy and the international humanitarian system: Implications for women
- Working Paper 2: Financing displaced women's resilience: A conceptual framework from Islamic philanthropy
- International mapping: Ecosystem of Islamic social finance for women in conflict and displacement: Global mapping of Muslim donors and charities
- UK mapping: How international Muslim charities in the UK support women in conflict and displacement

Why Islamic social finance matters now?

- Humanitarian funding gap is expanding
- Islamic philanthropy mobilises millions per annum for humanitarian causes
- With better coordination and connecting diverse humanitarian systems we can help reduce the funding gap
- It aims to empower communities to move from crisis to long-term empowerment.

Islamic social finance: A diverse ecosystem of financial instruments

Philanthropic giving

- Zakat (mandatory charity)
- Sadaqah (voluntary charity)
- Waqf (endowments).

Social financing

- Sukuk (bonds)
- Takaful (insurance)
- Qard Hassan (interest free loans)
- Other financial instruments, e.g. Islamic microfinance.

- Immediate protection (e.g. cash assistance, safe spaces)
- Medium-term recovery (e.g. debt relief, psychosocial support)
- Long-term inclusion (e.g. vocational training, economic empowerment)

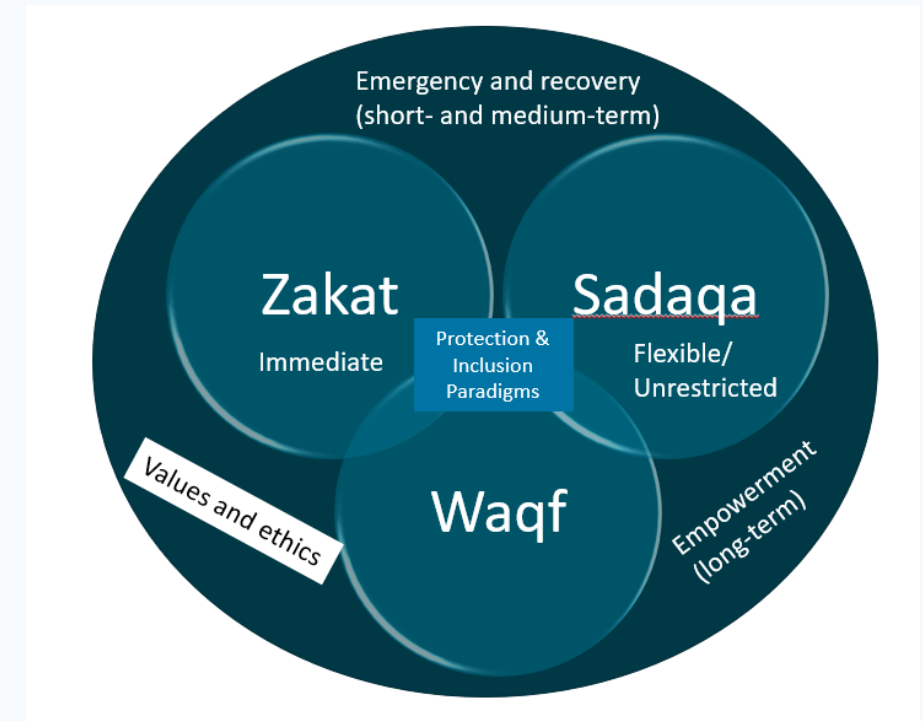
MAKING
AID WORK

FOR DISPLACED
WOMEN



From short-term to long-term empowerment

- Zakat eligible recipients include categories such as the poor, needy, *zakat* administrators, people subjected to slavery, debtors and wayfarers.
- Sadaqa is a voluntary and highly flexible form of charity, not limited to specific categories. It allows donors to support unearmarked interventions in any amount, at any time, and to anyone in need - fitting both emergency relief and long-term recovery.
- Waqf endowment assets are estimated to be worth between US\$100 billion and US\$1 trillion (Al-Amine et al., 2019).



MAKING
AID WORK

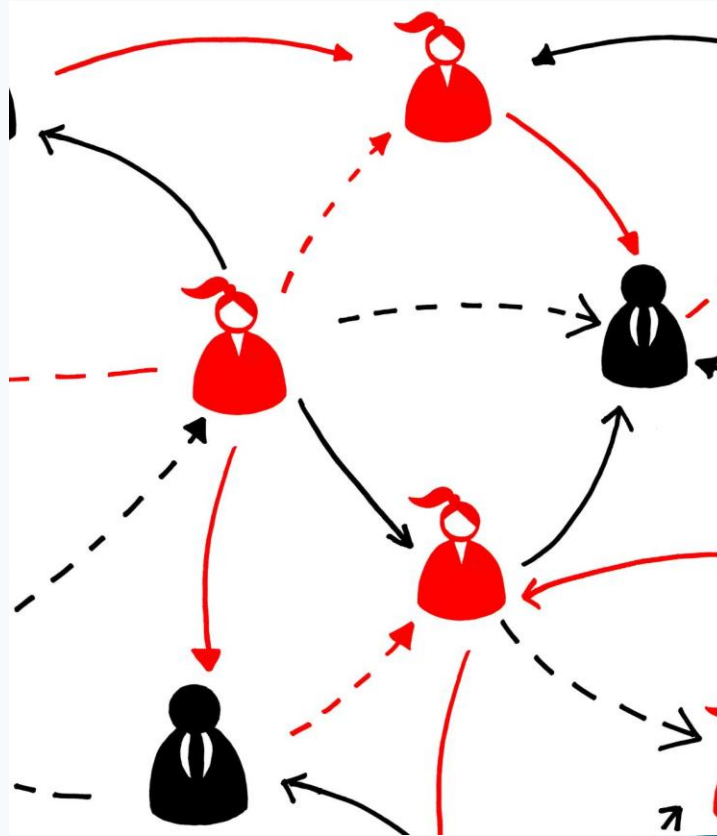
FOR DISPLACED
WOMEN



Diverse actors working with Islamic social finance

Non-financial institutions:

- Charities
- Foundations
- Foreign aid departments of Muslim-majority states
- Ministries of Religious Affairs and Endowments
- High-net individuals



Financial institutions:

- Development banks
- Islamic banks
- Islamic funds
- Corporations or investment firms

MAKING
AID WORK

FOR DISPLACED
WOMEN



Key principles: More than finance

- Rooted in Islamic ethics, law, and spiritual practice
 - Discourse on rights to migration, protection and relief (*hijra*, *aman* and *ighatha*)
 - According to the need and vulnerability
 - Hurma (حرمة) is an Islamic legal term signifying the divinely-granted right of protection of the human person from abuse, assault, and exploitation.
- No interest
 - No excessive uncertainty
 - Risk sharing
 - Prohibited items to finance

MAKING
AID WORK

FOR DISPLACED
WOMEN



Forward looking: Expert Panel

- *Khaled Khalifa, UNHCR*
- *Mohammed Kroessin and Adil Bader, Islamic Relief Worldwide*
- *Jamal Hassan, IFRC Africa*
- *Poppy Hankir, British Red Cross*
- *Hanadi Abdelrahman, Islamic Development Bank*

Thank you

www.makingaidwork.org



Guiding questions:

1. *What is the scale of Islamic philanthropy and Islamic social finance in humanitarian contexts?*
2. *Which Islamic financial and philanthropic instruments are most relevant to humanitarian programming?*
3. *What role, if any, should donors such as the FCDO play in building stronger links between these financing streams and the international humanitarian system?*



So, what now?

Q&A

**MAKING
AID WORK**

**FOR DISPLACED
WOMEN**

