**2020 SOAS Workshop**

**Islamic Social Finance and SDGs**

Over the past few decades, the world has witnessed considerable economic development. Innovation and technology have changed the world completely and have brought ease in the way things are conducted. These changes have brought to the forefront several key challenges such as the unjust distribution of resources, income inequality and environmental degradation. These changes have led to an increase in the gap between the haves and the have nots.

As part of a new 2030 Agenda for Sustainable Development, on September 25 2015, countries around the globe came together, formulated and adopted a set of goals to end poverty, protect the planet, and ensure prosperity for all. Although poverty levels have fallen since the year 2000, there are almost a billion people living below the international poverty line of $1.90 a day, and climate change poses a serious threat with potentially devastating effects on the world population. To meet the objectives of the 2030 Agenda, there is an urgent need for novel, creative and effective solutions to end poverty and mitigate the worst effects of climate change.

Building on last year’s workshop, which focused on Bank Negara Malaysia’s proposal for the Islamic finance industry to ground its intermediation offerings in the *maqasid al-Shariah*, this year’s workshop is an excellent opportunity to discuss the relationship between Islamic finance and the SDGs in depth, as it is widely recognized that SDGs are fully in line with the *maqasid al-Shariah*.

It is estimated that funds of up to $2.5 trillion are needed each year to ensure that SDG targets are met by 2030. The potential help that the Islamic finance industry can lend to fulfilling this objective is illustrated by the fact that worldwide zakat contributions alone had an estimated value of up to $1 trillion in 2018, per the IsDB report.

With this backdrop, important questions arise, such as whether the full potential of Islamic finance has been unlocked so that it is capable of contributing to solutions for these problems. How can the potential of Islamic finance be unlocked in view of the industry’s market-based and legal constraints? Must its principles be recalibrated so that it is more capable of addressing vulnerability, inequality and environmental degradation? How can Islamic finance play this crucial role in the digital era? To what extent can technologies be used to support Islamic finance in fulfilling this objective? These are some initial questions that this year’s workshop hopes to examine. We rely on you, the participants, the help us to develop these ideas and to consider ones which we have not addressed.

**DRAFT PROGRAMME**

**Part 1 | Islamic Finance and Social Finance:  
Context and Shariah Epistemological Perspectives**

**Participants’ Views – Open Floor Discussion**

***SDGs and Islamic Finance—What are the Problems and How Can Islamic Social Finance Help?***

* + - What are the principles of Islamic Social Finance? Are these principles capable of addressing the ESGs?
    - What is the impact of Islamic social finance? Has it met its objectives? If not, what needs to be done so that it can meet those objectives?
    - How does Islamic Social Finance support the UN SDGs?
    - What is the current financing landscape and what gaps could Islamic Social Finance fill? (Country Analysis)
    - What is the current experience of Islamic social finance in other countries? What are the challenges and opportunities?
    - Can Islamic social finance be the key to ending poverty and hunger? (Inspired by the caliph Umar Abdul Aziz)
    - Why has there been so little energy or focus devoted to environmental degradation and what must be done to change this mindset? Are existing efforts in relation to environmentally minded products satisfactory in meeting the objectives of Islamic social finance?
    - Is there a conflict between profit and social responsibility / moral obligation?

***Approaches to Shariah—legalistic (Shariah compliant or maqasid-based)***

* + - Why have jurists resisted developing a more central focus on meeting the ESG objectives?
    - Do they lack jurisprudential tools for doing so or is this problem attributable to some other reason(s)?
    - Is being only Shari’ah compliant sufficient, when the state of humanity is deteriorating?
    - What contextual factors are holding up the transition to a more substantive jurisprudence which is capable to dealing with economic, social and environmental problems?
    - What needs to be done on a jurisprudential level to facilitate this transition?
    - What are the implications of the *maqasid* perspective on social finance?
    - If *maqasid* holds the answers to meeting ESG perspectives, why has its use been neglected?

**Part 2 | Models, Approaches and Instruments of Islamic Social Finance**

**Participants’ Views – Open Floor Discussion**

***Instruments: Zakat, Sadaqah, Waqf, Blended Finance***

* + - To what extent have these instruments been successful in meeting the ESG challenges?
    - What are the principal problems in relation to the successful implementation of these instruments?
    - How can we improve the issue of collection, distribution, management, and awareness of Islamic Social Finance instruments?
    - Should regulations discourages zakat to be distributed across borders amid allegations of terrorist financing?
    - The role of waqf and social well-being solutions
    - Is blended finance a catalyst for Islamic finance institutions and Islamic social finance synergy? Where is the opportunity to engage?

***Spectrum of organizational types and missions/objectives***

* + - What are the differences between the following structures and their capacity to meet ESG objectives? (i) traditional non-profit, (ii) nonprofit with income generating activities, (iii) social enterprises, (iv) socially responsible business, (v) for-profit corporations practicing social responsibility, (vi) traditional for-profit company.
    - What is Akhuwat model approach to Islamic Social Finance? What are their shortcomings? Is there a better alternative?
    - What synergies can be developed between development financing and Islamic Social Finance?

***Investment approaches***

* + - Consider the variations and models of the following investment approaches. What are the positives and negatives? (i) Negative/Exclusionary Screening, (ii) Positive/Best-in-class Screening, (iii) Norms-based Screening, (iv) ESG/SDG Integration, (v) Sustainability Themed Investing, (vi) Impact/Community Investing, (vii) Corporate Engagement & Shareholder Action
* What lessons can be learned, if any, from impact investing and the social/responsible finance industry?
* To what extent should Islamic finance be capable of joining forces or adopting these industry developments so that its imprint in the global financial industry is maximised?
* To what extent does the industry’s continued success depend on it adopting a more aggressive posture in relation to ESG criteria?
  + - Is it time to reformulate Shari’ah investment screening? And devise a maqasid-based screening?
    - How can “integrated reporting” bring balance between doing good business (profitable) and being good company (ethical)?
    - How can investors be incentivised to invest ethically?
    - What is the role of academics and research more generally in relation to the operations of Islamic finance institutions? Is there a research/knowledge deficit in relation to Islamic social finance? What needs to be done, if anything?
    - What is the role of Sharia’h scholars/governance in promoting social value?

**Part 3 | Models, Approaches and Instruments of Islamic Social Finance**

**Participants’ Views – Open Floor Discussion**

***Islamic Social finance and fintech—The way forward***

* + - The age of AidTech. How does blockchain relate to Islamic Social Finance?
    - What is stopping us from going global with blockchain technology?
    - Crowdfunding for social goals (Ethis crowd, myWaqaf), how do the instruments work? What is the current experience in countries? What are the challenges and opportunities?
    - Limitations and opportunities for sukuk and waqf based model of the following: (i) Zam-Zam tower sukuk – Saudi (ii) Qurbani Awqaf Farms sukuk – New Zealand.
    - Limitations and opportunities for improvement: (i) impact sukuk – khazanah Malaysia, (ii) sustainable and responsible sukuk, social sukuk – IFFIm Vaccine Sukuk, (iii) smart sukuk – Blossom Finance
    - What is needed for creating humanitarian sukuk and developing ESG-based capital markets?