



Islamic Public Finance: How It Matters for Achieving SDGs

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Abstract

The Sustainable Development Goals (SDGs) agenda is an important global agenda. Public finance, including Islamic public finance, is an essential financial agenda of a country, specifically for Islamic countries. However, both work towards the good welfare of people globally (via SDGs) and the country's people (via Islamic public finance). As both works parallelly, Islamic public finance plays a significant role in advancing SDGs through its unique principles and practices that emphasise social responsibility, ethical investments, and people's welfare. This is where this study aims to highlight the contribution of Islamic public finance towards sustainable development and stimulate discussion on the role of the *Baitulmal* authorities in the design and implementation of the SDGs. This study uses the narrative review and mapping method. The narrative review is done on past studies or articles on Islamic public finance instruments. The mapping method identifies the motives of each Islamic public finance instrument and then links them to each goal of the SDGs. The results show a gap in Islamic public finance elements in the current public finance practice. These few missing elements of Islamic public finance should be regarded as added value elements in the current practice of public finance that widen the scope, generating more revenues in public finance. With more sources of revenue in public finance, more funds could be spent on achieving the SDGs. Hence, the public finance policy is suggested to be constructed by adding the Islamic public finance elements, specifically for Islamic countries.

Keywords: *zakāh*; constitution; *Baitulmal*; wealth inequality; Islamic economic system, Sustainable Development Goals (SDGs)

1. Introduction

The government has many roles in achieving the Sustainable Development Goals (SDGs). It can be seen from different perspectives – public policy and financial matters. Public policy affects diverse aspects of the public domain, including the domain of environment (such as climate, biodiversity and disaster risk management); social (such as gender, health and education), and economics (such as poverty and well-being). Meanwhile, financial matters, which generally focus on public finances, especially public financial and expenditure management, should focus on the issues around SDGs-aligned tax revenue mobilisation, SDGs-aligned debt instruments, and sovereign risk financing. It shows that public finances are critical to the SDG progress regarding how much is mobilised and spent, and how effectively the public finances are used for accelerating development and its various dimensions, such as social sectors, environment, inclusive growth, and peace and prosperity.

However, many countries, as noted in Mouritzen (1992), Schick (1980), Jimenez (2009), and Sun et al (2022), face fiscal stress. There are several ways to address fiscal stress, such as fiscal space and the alignment of budgets with development outcomes. Furthermore, scholars such as Shaikh, Ismail, and Mohd Shafai (2017), Shaikh and Ismail (2017), Ali and Kasim (2020) and BAZNAS (2017) realise that Islamic public finance can be used to achieve SDGs. The SDGs elements reflect Islamic values, such as alleviating poverty and hunger and reducing inequality by redistributing wealth (Baznas, 2017). These goals align with Islamic principles in Islamic public finance, such as *zakāh*, *waqf*, and *sadaqah*.

Figure 1. Five Foundational Goals of *Zakāh* and SDGs



Source: Baznas (2017)

However, it lacks the theoretical foundation to link both variables. The link also focuses on limited Islamic religious revenues, such as *zakāh* (Baznas, 2017; Ali and Kassim, 2020). The contribution of the study can be seen in three perspectives. First, it goes beyond *zakāh* and *waqf*. Second, the study will look at the other sides of public finance. Third, the study will establish the framework that will look at the objectives of each instrument of Islamic religious revenues in relation to the SDGs.

Linking SDGs and Islamic public finance provides an opportunity to redefine the role of Islamic economics in people empowerment, socio-economic development and the environment. It also offers opportunities to create a wealth-based proposition, widen the definition of Islamic public finance, deepen the system, institutions, and instruments as given in the constitution, and expand Islamic religious revenues. Therefore, the SDG agenda enhances these possibilities for Islamic public finance to achieve the SDG goals and, in parallel, to see the application of Islamic economics in current practices.

Therefore, the study aims to highlight the contribution of Islamic public finance to sustainable development and stimulate discussion on the role of the *Baitulmal* authorities in the design and implementation of SDGs.



The remaining discussion of the study will be divided into four sections. Section 2 will highlight the forms of Islamic revenues in public finance, including the unknown form, *Baitulmal*. This unknown form will be discussed further in Section 3. Further, towards achieving SDGs, the objectives of Islamic public finance are mapped with SDGs in Section 4. And the discussion concluded in Section 5.

2. Methodology

The methodology of this study involves two steps: a narrative review and a mapping method. In a narrative review, the study uses a structured process to locate, appraise, and synthesise evidence from previous studies to determine why Islamic public finance differs from traditional public finance. The studies on traditional public finance may be ambiguous about how, why, and where studies were selected, which increased the possibility of serious biases (Farrington & Jolliffe, 2017). At the same time, the instruments of Islamic public finance could be extended beyond *zakāh* and *waqf*.

The mapping method involves a review that seeks to identify, not results, but linkages. Mapping focuses on characteristics such as the motives and the key contributions of each Islamic public finance instrument towards achieving sustainable development goals.

3. Results and Discussion

The discussion of this section is divided into three parts: examining the other sides of public finance, the motives of donors, and mapping the objectives of Islamic finance and SDGs.

3.1 The Other Side of Public Finance

The subject of public finance attracts many researchers to examine the role of the government in the economy. The branch of economics assesses the government revenue and government expenditure of the public authorities and the adjustment of one or the other to achieve development outcomes, i.e., an inclusive growth and sustainable development, and avoid higher inflation. Therefore, it is even more important to focus on increasing the fiscal space and aligning revenues with the development outcomes. The former will be discussed in this section. The latter will be discussed later in Section 3.

In countries such as Brunei, Indonesia, the Kingdom of Saudi Arabia and Malaysia, as reported in Ismail and Pratomo (2021), argue that the other sides of public finance, which comprise the *Baitulmal* fund, were extensively used during the early days of Islam. *Baitulmal* during the early days of Islam, according to some views (such as Abdul Qadir Zallum, 'al-Amwal Fi Dawlah al Khilafah', p.15), was founded by the Prophet of Islam himself when he established the Islamic state at Madinah. But this view is not supported by most scholars of Islamic history because in the reign of the Prophet, the state's income was meagre, which never exceeded its expenses, and hence the need for *Baitulmal* was never felt. According to the more current and dominant view (Agnides, 1961), *Baitulmal* was first established during the reign of Abu Bakr, who succeeded the Prophet in the year 632 A.D., as the First Caliph of the Islamic state. With the conquests of Iraq, Syria and other countries, there was a considerable increase in the revenues of the Islamic state, which necessitated the establishment of a public treasury (Possumah & Ismail, 2012).

However, *Baitulmal* took its real shape on permanent footing during the rule of Umar al-Farooq, the Second Caliph of Islam. There were no commercial banks or a central bank during those times. It appears that all the requirements and needs of the government and society used to be met by Baitul-Mal, which supervised public revenues and public expenditure, helped people experiencing poverty, and performed almost similar functions to those performed by the Ministry of Finance today. In addition, it also performed the functions of a central bank except for issuing the currency, controlling credit and utilising interest rates as policy tools. Countries such as Brunei, Indonesia, the Kingdom of Saudi Arabia and Malaysia use the *Baitulmal* fund to increase the fiscal space (Possumah & Ismail, 2012).

However, the term *Baitulmal* fund is still not known. Therefore, this section will revisit those funds from the classical view¹ and highlight what *Baitulmal* means. By doing this, this study can identify the list of revenues as part of deepening the fiscal space.

¹ Refer further Ismail, Abdullah and Zaenal (2022) and Ismail, Mohd Shafiai and Ramli (2022)

3.1.1 The Forms of Islamic Religious Revenues in Public Finance

The Islamic religious revenues could be divided into: *Zakāh* and *Baitulmal*.

(a) *Zakāh*

Zakāh is obligatory for every Muslim; it's part of the wealth required of a Muslim when his wealth has reached *nisāb*² to be given to people who deserve it (*mustahiq*). The group assigned the right to receive has been mentioned in *al-Qur'an*. In Chapter *at-Tawbah* (9), verse 60,³ Allah (SWT)⁴ said: "*The alms are only for the poor and the needy, and those who collect them, and those whose hearts are to be reconciled, and to free the captives and the debtors, and for the cause of Allah (SWT), and (for) the wayfarer; a duty imposed by Allah (SWT). Allah (SWT) is Knower, Wise.*" *Zakāh* is divided into two types and is based on the purpose of the charity function itself. As stated in Chapter *at-Tawbah* (9), verse 103, *zakāh al-fītrah* is dedicated to purifying the soul, and *zakāh al-māl* is to purify the property (or *māl*).

Zakāh al-Fitr (which is also known as *Sadaqat al-fitr*). This type of *zakāh* will be paid during *Ramadhan* or on the morning of *Eidul Fitr*. The obligation is intended to purify the soul (Panel A: Third column and Row 1 of Table 1), as a cleaner of the soul of things littering during the fasting of *Ramadhan*.⁵ It also serves as a donation for people experiencing poverty and those who are eligible to receive charity on *Eidul Fitr*. This is an obligation for every Muslim, whether rich or poor, who is still alive and has excess property that has not been spent on basic needs. Prophet SAW⁶, as reported in *Sahih Muslim* (Book 5, number 2153),⁷ said: "*The compulsory al-fītrah charity in Ramadhan, one sha⁸ of dates, or one sha of wheat, of every Muslim free and slave, male or female.*"

Zakāh al-Māl. This type of *zakāh* must be paid by a Muslim from certain wealth when it reaches a certain amount (*niṣāb*). Allah (SWT) in Chapter *al-Baqarah* (2), verse 267 said: "*O ye who believe! Spend of the good things which ye have earned, and of that which We bring forth from the earth for you and seek not the bad (with intent) to spend thereof (in charity) when ye would not take it for yourselves save with disdain; and know that Allah (SWT) is Absolute, Owner of Praise.*" And in Chapter *al-Ma'arij* (70), verses 24-25, "*And those within whose wealth is a known right. For the petitioner and the deprived.*"

(b) *Baitulmal*

The word carries a significant meaning: a house of property (or wealth).⁹ The concept of property (or *māl*) could be understood from the definition of *al-māl*: all things which are capable of being owned, and whatever in effect a man may *acquire* and *possess*; whether that is corporeal (*ayn*) or usufruct (*manfa'ah*); such as gold, silver, animal, plant and benefit gained out of things such as the riding of vehicles, the wearing of clothes and the residing in houses etc. Therefore, explained whatever a man cannot possess, for instance, birds in the sky, fish in the water, trees in the forest, and mines in the secret depth of the earth are not linguistically considered *māl*.

Shari'ah has not imposed unnecessary limitations on the meaning of *māl* by defining it in a narrow perspective; instead, the concept of *māl* is left wide based on people's customs and usages. Therefore, the Arabs in whose language the Qur'an was revealed understood the importance of *māl* whenever they heard the term, in the same way as they understood the terms heaven, earth, etc. *Al-māl* is also defined as "desire" or "tendency". In Chapter *Ali Imran* (3), verse 14, "*Beautified for people is the love of that which they desire - of women and sons, heaped-up sums of gold and silver, fine branded horses, and cattle and tilled land. That is the enjoyment of worldly life, but Allah (SWT) has with Him the best return [i.e., Paradise].*" The desire or behaviour of humans to *al-māl* is the central point in economic discourse, as the science that studies human behaviour as an economic agent.

² Gold *nisab* is 20 *dinars* (equivalent to 85 grams of pure gold) while *nisab* silver is 200 *dirhams* (equivalent to 672 grams of silver). This means, if you have 20 *dinars* of gold for one year, then gold should be issued *zakāh* 2.5%. While *nisab* of cash money, savings, stocks, bonds, and other treasures are similar in value to the amount of gold must be paid same as *zakāh* of gold and silver. *Nisab* of income is if your income has reached a value of 5 *wasaq* or 652.8 kg of grain (equivalent to 520 kg of rice), the amount must be paid is 2.5% from income.

³ In this study, we use the *Qur'an* translation by Saheeh International. Riyadh: Al-Muntada Al-Islami Trust. ISBN: 978-603-90169-4-6. The name of the chapter is mentioned first. The chapter number is given in bracket and then followed by verse number.

⁴ SWT refers to Subhanahu Wa Ta'ala in Arabic for "May He be glorified and exalted."

⁵ Yūsuf al-Qardhawī, *Fiqh al-Zakāh*, Muassasah al-Risālah, Cairo, Part 1, 1973.

⁶ The meaning of Arabic phrase Sallallahu Alayhi Wa Sallam (abbreviation SAW) is "May Allah honor him and grant him peace" or "peace and blessings of Allah be upon him". This term should be used specifically when saying Prophet Muhammad's name.

⁷ In this study, we use the *Hadith Sahih Bukhari* published by Darussalam Publishers and Distributors.

⁸ *Sha*, if we convert, then the amount of *zakāh al-fītrah* is worth 2.176 kg of basic foodstuffs that apply in the region, such as wheat flour, dates, wheat, and rice.

⁹ Refer to *māl* as discussed by Ismail at., al. (2022).

The following *al-māl*, which is also consolidated in the *Baitulmal* fund, can be used to seek the pleasure of Allah (SWT). First, *nadhr* (or vow) - an action that becomes necessary due to one imposing it upon oneself. This can be done if one wishes to express gratitude, and the action can take on several forms, including *ṣādaqah*. If a person makes such an oath of giving charity, it becomes *ṣādaqah wājibah*. If they cannot uphold the oath, they must provide *kaffārah*, which may be sinful.¹⁰ For instance, if a person vowed to sacrifice an animal in the way of Allah (SWT) and they are cured from an illness, then it becomes obligatory on them to do so

Second, *Fidyah* - this is compensation *ṣoum* (fasting) for a person who cannot perform it due to being in terminal illness or being deceased (in which case it is given out of a third of the wealth) or in the event of a person making a minor mistake in *Hajj*. The amount for each *ṣoum*, or each minor mistake in *hajj*, is to give 1.6 kg of wheat or its value (i.e. the same amount provided for *ṣādaqah al-fiṭr*) to people experiencing poverty. *Fidyah* is *ṣādaqah wājibah*. *Ṣādaqah naḥilah* may be offered from the deceased's estate or on their behalf; both the giver and the deceased are rewarded. In Chapter *al-Baqarah* (2), verse 184, Allah (SWT) said: "(Fasting) for a fixed number of days; but if any of you is ill or on a journey, the prescribed number (should be made up) from days later, for those who can do it (with hardship) is a ransom, the feeding of one that is indigent. But he that will give more of his free-will—it is better for him, and it is better for you that ye fast, if ye only knew".

Third, *Kaffārah* - this is major compensation and like *fidyah*, it is also *ṣādaqah wājibah*. It applies in various situations, such as if a person breaks a fast intentionally, breaks an oath, or kills someone, *kaffārah* would then be binding as a form of redemption. There are five actions for which *kaffārah* will be necessary; however, they fall under two types.

The greater *kaffārah*: For redemption of this a person may free an enslaved person (which is no longer applicable) or fast for two consecutive months (if a person breaks a fast intentionally, they will need to fast for sixty consecutive days, unless they can't fast due to poor health or old age, there are no exceptions to this). Failing that, one may feed sixty poor people for a day (i.e. two meals a day, each meal is equivalent to a *fidyah*). This *kaffārah* applies to intentionally breaking *saum*¹¹ (fast), breaking *zihar* (To consider one's wife as *haram* for oneself by comparing her to a *mahram* - anyone too closely related to be marriageable) and being the direct cause of someone's death (this is coupled with the set punishments).

The lesser *kaffārah* for the redemption of this person may free an enslaved person (which is no longer applicable), feed ten poor people for two meals in one day, or give each one of them clothing. Failing this, he may fast for three consecutive days (The order also differs from the greater *kaffārah*). This *kaffārah* applies to breaking/violating *Yamīn* (an oath) and Breaking *Ilāʿ* (To take an oath on not having conjugal relationships with one's wife).

Fourth, *Uḥḥiyyah* - this is also known as *qurbani* or sacrifice. It is a voluntary obligation for all mature Muslims, on the day of *Eidul Adha*, to possess *nisāb*. Whoever qualifies for this is required to purchase a sheep or goat of more than one year in age, and slaughter that in the name of Allah (SWT) after the Eid prayer, preferably on the same day. The sacrifice can also be done on the four days of *Eidul Adha*. If one fails to make the sacrifice in these three days, they will still have to donate the value of the animal.¹²

From the meat, he may eat himself, feed his family and distribute meat amongst the poor Muslims. One is not responsible for giving *zakāh* or any necessary *ṣādaqah* for one's spouse or mature children - they are responsible for themselves. One is responsible for only giving *ṣādaqah al-fiṭr* for one's minor children; however, neither *zakāh* is given from their wealth, nor *uḥḥiyyah* given on their behalf.

Uḥḥiyyah in another type is *dām*. There are two types, one is like *uḥḥiyyah* in the sense that it is a religious requirement on adult Muslims. The only difference is that it is specific to people performing the *hajj*. This *dām* is called *dām ash-shukr*.

The second type of *Dām*, like *fidyah*, is a means of compensation for mistakes in *Hajj*, but the difference is the magnitude of the error. *Fidyah* is given instead of minor mistakes, while *dām* is in place of major mistakes. *Dām*, like *uḥḥiyyah*, is the sacrifice of a sheep or goat. It can also be part (i.e. 1/7) of a larger sacrifice.

Another type of *uḥḥiyyah* is *baḍonah*, which is like *dām*, but while *dām* is the sacrifice of a sheep or goat, *baḍonah* is the sacrifice of a large animal, i.e. a cow or camel. This is the most significant penalty in the *hajj*.

Fifth, *Ṣādaqah Nāḥilah* - this charity is not binding but is optional. This type includes alms given for the removal of difficulties, philanthropic (to give out of mercy to the less fortunate), the general giving of any *halal* item to anyone, etc. This type does not need to be spent on the specified categories to be rewarding, nor does it have to be spent on Muslims, although if spent on poor Muslims, it would be more rewarding. This can also be bequeathed in one's will (in which case it would be only up to a third of the deceased person's entire estate).

¹⁰ Refer to Chapter a-Ma'idah (5), verse 89, "...but He will impose blame upon you for [breaking] what you intended of oaths ..."

¹¹ In the instance of not being able to feed sixty people in a single day then he may feed one person for sixty days, but in this case if they were to try to quicken payment of this by giving all the money in one day to one person, *kaffārah* would not be fulfilled, and his offering would only be equal to one days feeding.

¹² One may slaughter goats or sheep, which constitute one sacrifice each, or one may slaughter a larger animal (i.e. cow or buffalo) which will be counted as seven sacrifices each. In the event of living in a wealthy country, it is better that one sacrifices one part locally to fulfil the Sunnah of sacrificing oneself; and to arrange for the remaining sacrifices to be performed in a poorer country, where the poor may also partake of it.

There are various motives in this instrument such as avoid disaster for the giver and his family (*Hadith* reported in *at-Tirmidhi* No. 2863); it will make extendable of life, and prevented from bad of death (*Hadith* reported in *al-Thabrany*, Vol. 5, No. 422), defuse Allah (SWT) 's anger,¹³ closes seventy-seven ugliness doors (*Hadith* reported in *al-Thabrany*, Vol. 4, no 4402), can avoid slander from the families, children and neighbours,¹⁴ remove sin as water removing fire¹⁵ or cools his grave.¹⁶ Generally, *ṣādaqah* might be called all Islamic philanthropy besides the *zakāh*. All acts of worship through the expenditure of money, property, or reasonably doing good are broadly classified as *ṣādaqah*. According to *al-Qur'an* and *al-Hadith*, one can find a whole range of essential instruments in Islamic philanthropy that come from *ṣādaqah* (see Muslim, *Hadiths* No. 720 and 1006, and also *al-Bukhari*, *Hadiths* No. 2707 and 2891).

Sixth, *Lillah* (for God) - It is generally called *ṣādaqah*. It is a part of *Ṣādaqah Nāfilah*. This is very common among Muslims. It does not have the condition of having to be passed into the possession of a person, as it can be given to institutes (e.g. mosques, hospitals, schools, orphanages, etc.). The difference between *lillah* and *ṣādaqah* is that *lillah* is typically given to institutes, while *ṣādaqah* can be given to anyone.

Seventh, *Waqf* - this is to allot something as a trust for a specific cause. This can be during one's lifetime or bequeathed in one's will (up to the value of a third of one's estate). When executed, the donation becomes the property of Allah (SWT) (and thus has specific rules regarding it), and its beneficiaries are to remain those named as the cause (e.g. the poor, orphans, students, the people of a particular locality, etc.) The difference between this and *lillah* is that with *waqf*, ownership is not given to people or institutes, but only the benefits are ascribed. Like today's trusts, *waqf* also requires the care of trustees.

Eighth, *Aqīqah*- This is the sacrifice of an animal or two as thanks to Allah (SWT) for the birth of a child. With this, too, members of the locality can be fed; preference again is for the poor and close family members.

Charity that is above the amount of *zakāh* and *ṣādaqah wajibah*. This type of *ṣādaqah* is the essence of *lillah*. Although not categorised as necessary, this type of charity, if from pure means and with pure intentions, is always accepted by Allah (SWT). It is also this type that Allah (SWT) has described as a beautiful debt, as He treats this charity as a loan which He will repay in the hereafter, as Allah (SWT) said in Chapter "*Who is it that would loan to Allah (SWT) a goodly loan so He will multiply it for him, and he will have a noble reward?*"

Ninth, *Al-Luqatah* - refers to anything found and picked up from the ground. Technically, some scholars defined it as: 'Property that the owner loses, and a person finds and takes away (to preserve it in trust).' *Al-Luqatah* remains a trust with the person who finds it and keeps it, and he is deemed liable for it only if he abuses it. He is liable if he gives it to somebody else without a judge's permission.

If the owner does not come forward after it has been announced for an entire year, it becomes the finder's property. Still, before he disposes of it he must be sure of its exact description, so that if the original owner comes along some day and describes it, he can give it back to him if it is still there, or he can give him something else if it is no longer there, be-cause his possession of it is limited and expires when the original owner comes along.

In summary, different types of Islamic religious revenue can be collected from other sources for different reasons. The characteristics of these revenues also differ in various perspectives: first, compulsory or voluntary actions. The former may refer to *zakāh* and *nadhīr*. The latter may refer to other types of Islamic religious revenues. Second, all Islamic religious revenues are spent immediately, such as for the current year. In the case of *waqf*, all the benefits from *waqf* properties are paid for the current year. It shows that the sustainability of short-term fiscal space could be addressed by having a sustainable amount of all Islamic religious revenues.

3.2 The Motives of Donors

Having addressed the fiscal space via the *Baitulmal* fund, this section will discuss the alignment of revenues with intended development outcomes. The outcomes will be addressed in the context of motives and recipients of each instrument. The motive is to establish what causes a person to act. At the same time, the intended development outcomes clearly state precisely what is sought from the distribution of the *Baitulmal* fund.

As reported in Panel A: third column and row two of Table 1, a person pays *zakāh al-fītrah* and *zakāh al-māl* due to the motives of purifying the soul and wealth, respectively. As mentioned in Chapter *ash-Shu'ara* (26), verses 88-89, Allah (SWT) said, "The Day when there will not benefit [anyone] wealth or children. But only one who comes to Allah (SWT) with a sound heart." These verses show that a person's success in the Hereafter depends upon the purification of his heart in this life. The

¹³ See al-Bahauty, Mansūr ibn Yunus, *Kashaf al-Qina' an Matni al-Iqna'*, Dar al-Fikr, Beirut, vol. 2, 1982, p. 296.

¹⁴ See al-Asqalany, Ahmad ibn Ali ibn Hajar, *Fath al-Bari Syarh Shohih al-Bukhari*, Kitab Mawaqit al-Sholah, Bab al-Sholat Kafarah, *Hadith* 502, Dar al-Rayan li al-Turāth, Cairo, 1986.

¹⁵ See Ibn Rajab, Jami' al-Ulum Wa al-Hikam, Muassasah al-Risalah, Dimashq, 2001, *Hadith* 29, p. 134.

¹⁶ See Abd al-Badr, Abu 'Umar Yūsuf, *al-Istizkar al-Jami limazahib Fuqaha al-Amsar*, Dar al-Wai', Cairo, 1993, p. 393.

hearts should be purified from spiritual sins such as greed, malice, envy, arrogance and worldliness. In their place, we must adorn the heart with spiritual virtues such as generosity, compassion, benevolence, humility and asceticism.

In contrast, the purification of wealth can be in the form of giving a portion of wealth as *zakāh*. It is to ensure that the wealth is earned lawfully. The development outcomes, as shown in the fourth column and first row of Panel A in Table 1, are to transfer the wealth to help the poor, the needy, the slave person, the stranded traveller, and the person who is in debt, for the sake of Allah (SWT).

Meanwhile, the third column and row three of Panel A in Table 1 show that *nadhr* is a vow, a voluntary or mandatory undertaking, of an act of virtue, as binding oneself in gratitude for some special favour prayed for. It is a solemn promise to Allah (SWT). The person who vows will deliver something (in this perspective, monetary values)¹⁷ to the deserving persons.

As shown in the third column and first row of Panel B in Table 1, the motive of *waqf* is to *be closer and gain the blessings of Allah (SWT) by spending wealth in the path of Allah (SWT)*. Depending on the type of *waqf*, as written in the fourth column and row one of Panel B in Table 1. *Waqf falls into "charitable causes,"* the beneficiaries are the public or people with low incomes, and "family" *waqf*, where the founder designates their relatives as beneficiaries.

Al-Quran and al-Hadith repeatedly emphasise the importance of giving *ṣādaqah* regularly. As presented in the third column and first row of Panel B in Table 1, Allah (SWT) has promised many benefits, such as expiation of sins,¹⁸ being prevented from a bad death,¹⁹ defusing Allah (SWT)'s anger,²⁰ avoiding slander,²¹ cooling his grave,²² and an easier livelihood²³ to the person who does. The outcomes are reported in the fourth column and second row of Panel B in Table 1. The outcomes are helping people experiencing poverty and bringing happiness to them.

Fidyah, as reported in the third column and third row of Panel B in Table 1, is a payment paid as a substitute for the number of fasting days owed and becomes a debt to Allah (SWT) if it is not repaid. The payment is mainly dedicated to people experiencing poverty.

The motive of *kaffārah*, as stated in the third column and fourth row of Panel B in Table 1, is to provide a means of seeking forgiveness and making amends for actions considered wrong or sinful in Islam. It serves as a reminder for Muslims to uphold their faith's sacred practices and strive for personal rectitude and communal welfare. It is a tangible way to recompense and to cleanse oneself of the act that necessitated the *kaffārah* in the first place. The beneficiaries of *kaffārah* (fourth column and row four of Panel B in Table 1) are dedicated to freeing an enslaved person and helping people experiencing poverty.

Table 1. Instruments of Islamic Religious Revenues

Reason for Actions	Instruments	Motives	Recipients
Panel A: Compulsory Action	<i>Zakāh al-ḥiṭrah</i>	Obligation to purify the soul	<i>Al-Fuqara'</i> (The poor); <i>Al-Masakin</i> (The needy); <i>Fir-Riqab</i> (People in bondage or slavery); <i>Ibnas-Sabil</i> (The wayfarer, or stranded traveller); <i>amil</i> ; <i>fi sabilillah</i> (for the sake of Allah (SWT)); <i>mualaf</i> ; and <i>al-gharimin</i> (indebtedness) (Chapter at-Tawbah (9): 60)
	<i>Zakāh al-māl</i>	Obligation to purify wealth	<i>Al-Fuqara'</i> (The poor); <i>Al-Masakin</i> (The needy); <i>Fir-Riqab</i> (People in bondage or slavery); <i>Ibnas-Sabil</i> (The wayfarer, or stranded traveller); <i>amil</i> ; <i>fi sabilillah</i> (for the sake of Allah (SWT)); <i>mualaf</i> ; and <i>al-gharimin</i>

¹⁷ We may also vow to Allah, for example by reciting tasbeeh 1000 times, then that thing happens, if we recite tasbeeh one thousand times

¹⁸ The Prophet (saw) said, "Charity extinguishes the sins like water extinguishes a fire." [Ibn Majah No. 3973]

¹⁹ The Holy Prophet Muhammad (S) has said that: "An act of charity shields seventy dead people from ill fate" Sources

²⁰ The Prophet (saw) also said that "Ṣadaqah appeases the Lord's anger and averts an evil death." (Tirmidhi No. 1909)

²¹ The Prophet (saw) also said that "Ṣadaqah appeases the Lord's anger and averts an evil death." (Tirmidhi No. 1909)

²² Sayyiduna 'Uqbah ibn 'Amir (radiyallahu 'anhu) reported that Rasulullah (sallallahu 'alayhi wa sallam) said: "Ṣadaqah (charity) extinguishes the heat of the grave for the benefactor and only the believer can seek shade on the Day of Qiyamah in the shade of his charity." (Al Mu'jamul Kabir, Hadith: 788, Vol. 17, Shu'abul Iman, Hadith: 3076)

²³ Indeed, the men who practice charity and the women who practice charity and [they who] have loaned Allah a goodly loan - it will be multiplied for them, and they will have a noble reward (Qur'an Surah Al-Hadidi; 57:18)

			(indebtedness) (Chapter at-Tawbah (9): 60)
	<i>Fidyah</i>	Substitutes of worship	The poor (Chapter al-Baqarah (2), verse 184)
	<i>Kaffārah</i>	Getting Allah (SWT) 's forgiveness (Chapter al-Baqarah (2), verse 187)	A slave person and the poor
	<i>Udhiyyah</i> (qurbani sacrifice dām) ²⁴ or or	Act of devotion or pay fines to Allah (SWT)	The owner of the meat of sacrificed animals may consume it himself, feed his family and distribute it amongst the poor Muslims. (Chapter al-Baqarah (2), verse 196)
Panel B: Voluntary Action	<i>Waqf</i>	Eternal goods for Allah (SWT) (Chapter al-Baqarah (2): 245)	Beneficiaries - remain those named as the cause
	<i>Ṣadaqah lillah</i>	Expiation of sins Prevented from a bad death Defuse Allah (SWT) 's anger Avoid slander Cools his grave Easier livelihood, etc	Spent on poor Muslims and bequeathed as <i>hibah</i> (only up to a third of the deceased person's entire estate)
	<i>Aqīqah</i>	Thanks for the birth	The meat from the sacrificed animal is shared with family, friends and deprived members of the community (Sahih al-Bukhari (2839))
	<i>Luqatah</i> ²⁵	To preserve lost property in trust	Property of the finder (after announcement) (Sahih al-Bukhari 2438)
Panel C: Voluntary or Compulsory Action	<i>Nadhr</i> ²⁶	Keeping promises to Allah (SWT) and to express gratitude (Chapter Ali Imran (3): 35, Chapter al-A'raf (7): 189 and Chapter al-Insan (76): 7). It is voluntary in the beginning stage (act of giving charity), but becomes compulsory (promise to give charity).	Oath of giving charity, then it becomes <i>Ṣadaqah Wājibah</i> . If they are unable to uphold the oath, they will also have to provide <i>Kaffārah</i>

Source: Authors' elaboration

Islam is the devotion of the total self, through service and adoration, to the Almighty, who controls the universe. In this sense, all the manifold rites, consecrations, purifications, offerings and sacred feasts, and the working of asceticism and morality are only the indirect expression of the inner experience of religion- the experience of trust, surrender, yearning and enthusiasm. Sacrifice, whether that of wealth or desires, is the practical proof of man's devotion to his Creator. In Chapter *al-An'am* (6), verse 162-163, Allah (SWT) said, "Say: Truly, my prayer and my service of sacrifice, and my living and my dying are for God (alone), the Sustainer of all the worlds, in Whose Divinity none has a share. Thus, I have been bidden-and I am foremost among those who surrender themselves unto Him". Thus, Udhiyyah's motive is to show devotion to a noble soul.

Aqīqah – it is performed upon the birth of a child. It thanks Allah (SWT) for blessing the family with offspring.

Luqatah - If any Muslim finds a *luqatah* property such as cash, jewellery, communication equipment, personal jewellery and other valuable items, it shall be surrendered to the *Baitulmal*. The *Baitulmal* authorities are trusted to manage those properties. The trustee of the *Luqatah* Property may charge a reasonable service charge to the owner of the *Luqatah* Property if the owner is present to collect the property.

²⁴ Individual who is not performing hajj or performing hajj

²⁵ Original owner of property










²⁶ Oath of giving charity, then it becomes *Ṣadaqah Wājibah*. If they are unable to uphold the oath, they will also have to give *Kaffārah*




In summary, the motives of donors are mainly for good purposes. This is especially important in many verses in *al-Quran*, for example, Chapter *al-Baqarah* (2), verse 82, "they who believe and do righteous deeds." They are destined for eternal bliss and endless happiness. They express their belief in good acts. This is a fact that believers ought to consider and realise.

3.3 Mapping the Objectives of Islamic Public Finance and SDGs

Baitulmal fund is highly relevant and essential in achieving the Sustainable Development Goals. In this section, as presented in Table 2, the aim is to highlight the actual contribution of each instrument of Islamic religious revenues to the seventeen SDGs, which are compressed into the following twelve sub-titles. All *Baitulmal* funds can be utilised to meet the different SDGs, except for *waqf*. General *waqf* can serve general permissible charity, while special *waqf* must serve a particular charitable purpose. Hence, this special *waqf* can meet certain SDGs only if it aligns with the purpose for which that special *waqf* was created.

Table 2. Probable and Current Role of *Baitulmal* Fund to Achieve SDGs

	SDGs	Type of <i>Baitulmal</i> Funds	Some Key Contributions
	1 – No Poverty	<ul style="list-style-type: none"> - <i>Zakāh al-fītrah</i> - <i>Zakāh al-māl</i> - <i>Nadhr</i> - <i>Waqf</i> - <i>Ṣādaqah lillah</i> - <i>Kaffārah</i> - <i>Luqatah</i> - <i>Udhiyya (qurbani or sacrifice or dām)</i> - <i>Aqīqah</i> - <i>Fidyah</i> 	Eradicating extreme poverty, implementing social protection measures, and ensuring justice in distributing economic resources.
	2 – No Hunger		Ending hunger and malnutrition; improving agricultural production, sustainable and resilient food production; correcting trade distortions, and ensuring functioning food commodity markets.
	3 - Good Health and Well-Being		Reducing maternal mortality; ending preventable child deaths; ending or reducing AIDS and other diseases; universal health coverage, affordable essential medicines, sexual and reproductive health care; vaccine research, and access to drugs.
	4 - Quality Education		Universal access to free, quality pre-primary, primary, and secondary education; improving vocational skills; equal access to education; expanding education facilities, scholarships, and training of teachers.
	5 - Gender Equality		Eliminating discrimination and violence against women and girls; valuing unpaid care and domestic work; ensuring the full participation of women; access to reproductive health care; and equal access for women to economic resources.
	6 - Clean Water and Sanitation		Ensuring universal and equitable access to safe, affordable drinking water, sanitation, and hygiene for all; reducing pollution; increasing water-use efficiency; and promoting participatory management of water and sanitation services.
	7 - Affordable and Clean Energy		Ensuring universal access to affordable, reliable, and modern energy services.
	8 - Decent Work and Economic Growth		Promoting sustained economic growth; improving resource efficiency in production and consumption; full and productive employment and decent work for all; eradicating forced and child labour and trafficking; protecting labour rights, including migrant workers; and increasing access to financial services.
	9 - Industry, Innovation, and Infrastructure		Affordable and equitable access to quality infrastructure; employment-generating industrialisation; access to financial services and markets; innovation and technology transfer; and increasing access to ICT.

	10 - Reduced Inequalities		Promoting higher growth rates for the bottom 40 percent; promoting social, economic, and political inclusion; reducing inequalities in opportunities and outcomes; ensuring social protection for all; securing participation in economic decision-making; facilitating migration and reducing transaction costs for migrant remittances.
	11 - Sustainable Cities and Communities		Ensuring access to housing, basic services, and public transport for all; participatory planning of human settlements; safeguarding cultural and natural heritage; and strengthening resilience to disasters.
	12 - Responsible Consumption and Production		Achieving sustainable management and efficient use of natural resources; improving waste management; promoting sustainable public procurement; ensuring access to information; and building capacity for sustainable development
	13 - Climate Action		Strengthen resilience and adaptation to climate change and natural disasters, including in marginalised communities; implement the Green Climate Fund.
	14 - Life Below Water		Reducing marine pollution; conserving coastal ecosystems, coastal marine areas, and fish stock; securing market access for small-scale fishers; protecting marine biodiversity.
	15 - Life on Land		The sustainable management of freshwater, mountain ecosystems, and forests; combating desertification; halting biodiversity loss; combating poaching and trafficking of protected species.
	16 - Peace, Justice, and Strong Institutions		Reducing all forms of violence; ending violence against and trafficking of children; promoting the rule of law and justice for all; reducing illicit financial and arms flows, corruption, and bribery; developing effective institutions; participation in decision-making at all levels; legal identity for all.
	17 - Partnerships for the Goals		Strengthening domestic and international resources; debt sustainability; technology transfer and capacity building; promoting trade; enhancing policy and institutional coherence; respecting countries' policy space; promoting multi-stakeholder partnerships; measurements for progress, disaggregated data.

Source: Authors' elaboration

3.3.1 Poverty Reduction

As discussed in Section 3, the recipients of revenues mainly fall under the following categories: those who suffer severe hunger ((Chapter *al-Balad* (90), verse 14), slaved person ((Chapter *al-Balad* (90), verse 13), orphan (Chapter *al-Fajar* (89), verse 17 and Chapter *al-Balad* (90), verse 15), and poor (Chapter *al-Fajar* (89), verse 18)²⁷ and needy (Chapter *al-Balad* (90), verse 16) persons. Islam, via the *Baitulmal* fund, is most suited to addressing all dimensions of reducing poverty and exclusion. The way *Baitulmal* fund helps reduce poverty is essential, as noted in SDG1 and SDG2 of Table 2 - they identify economic opportunities for the *asnaf*; empower the disadvantaged to defend their interests; provide security to the poor by providing them with financial assistance, and hence access to assets that they utilise to earn a living. For instance, while waqf facilitates the *asnaf*'s access to land, *zakāh* helps farmers access the inputs required to grow crops and keep livestock, and helps them process, transport and market their produce.

²⁷ By helping the poor, it shows the gratefulness of a person which does not consume all inheritance, also they care the lawful or unlawful of resources (Chapter *al-Fajr* (89) verse 19).

Similarly, paying *zakāh* in the form of staple foods such as paddy, grain, livestock makes it possible for the *asnaf* and the society at large to access good quality household supplies like rice, wheat, and meats at affordable prices. Such services help pull *asnaf* out of poverty. Therefore, the *Baitulmal* authorities are well recognised for their poverty reduction efforts, even during the early days of Islam. It can be seen from the success of Umar bin Abdul-Aziz that Umar bin Abdul-Aziz succeeded Sulayman bin Abdul-Malik as the caliph of the Muslims in the 99th year of the Islamic calendar until he died in 101 AH (As-Sallabi, 1999, pp. 102- 109). Historical accounts show a surplus of *zakāh* funds during his reign; there was so little poverty that even *zakāh*-eligible recipients could not be found (As-Sallabi, 1999, p. 574). Several factors can be attributed to this success: Umar's commitment to justice and fairness as encouragement for people to pay *zakāh*; the emphasis upon local distribution of *zakāh* funds; and the utilisation of *zakāh* funds for building productive capabilities.

3.3.2 Gender Equality

Feminism introduces several terms, among which gender equality and equity are essential. In Islam, both males and females are treated equally and have equal opportunities, as indicated in Chapter *Ali Imran* (3), verse 195, "*Never will I allow to be lost the work of [any] worker among you, whether male or female; you are of one another,*" and in Chapter *An-Nisa* (4), verse 124, "*And whoever does righteous deeds, whether male or female, while being a believer – those will enter Paradise and will not be wronged.*". These Quranic verses demonstrate that Islam does not support discrimination or differentiation based on gender in the pursuit of achievements and opportunities.

Nowhere does the Quran state that one gender is better than the other. Some mistakenly translate "*qiwamah*" or responsibility for the family as superiority. However, the Quran clarifies that the sole basis for superiority of any person over another is piety and righteousness, and not anything else: "O humanity! Indeed, we created you from a male and a female and made you into people and tribes so that you may get to know one another. Surely the most noble of you in the sight of Allah is the most righteous among you. Allah is truly All-Knowing, All-Aware" 5 (Quran 49:13) (WDO, 2024). Gender equality is recorded in SDG5 of Table 2. For example, in Malaysia, males and females have a strong presence in the directorial and managerial positions at the State *Baitulmal* authority, which manages the *Baitulmal* fund. It shows that both have gained a place in the governance structure of this authority, and their participation in decision-making is equally important.

3.3.3 Quality Education and Lifelong Learning

The *Baitulmal* authorities support access to quality education and life-long learning opportunities, as shown in SDG4 of Table 2, by providing the means for financing education (via *zakāh* for *fii sabilillah*); supporting teachers and schools (via *waqf*); establishing their schools (via *waqf*, such as Johor Religious School) to provide quality education to both youth and adults (for example *zakāh* is used to pay the religious teachers who teach in the mosques); and by serving as centres for lifelong learning.

Baitulmal fund is also used to facilitate access to education by increasing household incomes, which translates into the ability to meet educational costs. It can also be a direct source of educational finance: In Malaysia, for example, the fund is offered by most of the State *Baitulmal* authorities for paying school or university fees, and this trend has been documented similarly in other countries such as Indonesia, Brunei, Pakistan and the United Kingdom.

Where governments have been unable to provide school infrastructure, the *Baitulmal* authorities also play a complementary role in providing school or university infrastructure. In Malaysia, a tax rebate is given to those who pay *waqf* for the construction of school or university buildings and facilities and the maintenance of libraries.

The *Baitulmal* authorities are increasingly involved in providing quality education by setting up their schools and enabling students to access secondary and tertiary education. In Johor, the Islamic boarding school will be established, driven by *waqf*, with a strong commitment to producing good students in the sciences.

Lifelong learning is provided to communities through skills training, knowledge development by the *Baitulmal* authorities, and literacy and numeracy for never-schooled members. The *Baitulmal* authorities should focus on providing technical and vocational education and training. The aim is to equip students with the required employment-related technical and scientific knowledge and skills to become successful in the labour market.

3.3.4 Health

The *Baitulmal* authorities ensure healthy lives, among others, by creating the infrastructure for delivering healthcare services and financing healthcare (SDG3 of Table 2). Healthcare *Baitulmal* includes workers, such as *Baitulmal*, who provide health services, patient or community *Baitulmal*, which are user-owned, and hybrid multi-stakeholder *Baitulmal*. They can give anything from home care to full-scale hospitals.



Currently, the use of *waqf* in the health sector is practised in the Organisation of Islamic Cooperation (OIC) member countries. For instance, Indonesia has a *waqf*-based hospital, "Dompot Dhuafa". Moreover, "Sultan Agung" *waqf* hospital, the National Zakat Board (BAZNAS) hospital and many others are trying to develop the *waqf*-based health sector. In Malaysia, health *waqf* is managed by a *waqf* company called *Waqf An-Nur Corporation Berhad* (WANCorp), which comprises social and business units. It owns several clinics and hospitals throughout Malaysia. They charge an affordable fee, including medicine.

3.3.5 Food Security and Good Nutrition

The *Baitulmal* authorities contribute to food security (SDG8 of Table 2) by helping small farmers, fisher folk, livestock keepers, forest holders, and other producers solve numerous challenges confronting them in producing food. Farming and agriculture are where the *zakāh* and *waqf* model are most widely cited. Challenges faced by small agricultural producers often include seclusion and lack of access to information about food prices on national and international markets; access to high-quality inputs and variable costs of buying seeds and fertiliser; access to financing to buy these inputs; and lack of transport and other infrastructure in rural areas.

The *Baitulmal* authorities may offer assistance to help farmers overcome these obstacles by providing their members with various services such as group purchasing and marketing, input shops for collective purchases, and warehouse receipt systems for collective access to financing and market outlets. They also build small producers' skills, provide them with knowledge and information, and help them to innovate and adapt to changing markets. For instance, the *zakāh* authority of Kedah introduced a paddy estate project in 2021. Significantly, they facilitate farmers' participation in decision-making processes, help small producers voice their concerns and interests, and increase their negotiating power to influence policy-making processes. For their part, the *Baitulmal* Authorities facilitate access to safe food.

The *Baitulmal* authorities have also helped preserve indigenous food crops like tapioca in Johor. At the same time, it also increases food security. Diversification of household food supply, such as sweet potatoes and yams, has improved nutrition and incomes.

3.3.6 Access To Water and Sanitation

To make up for the alternative funding, the *Baitulmal* authorities are increasingly becoming major actors in facilitating access to clean water and sanitation services (as shown in SDG6 of Table 2). The *Baitulmal* authorities have provided alternative ways for urban and rural communities to get clean water and safe sewerage services. For example, the Ministry of Environment and Water of Malaysia (KASA) established the water endowment fund to finance small-scale water service projects. In Cambodia, the few hundred *Waqf* water wells or boreholes in multiple villages are built by a non-governmental organisation.

Many non-governmental organisations are currently giving aid to Muslims in Cambodia. They assist occasionally, which will help them improve their living conditions, such as proper sanitation and access to education.

3.3.7 Sustainable Energy

The *Baitulmal* authorities are contributing to achieving the sustainable energy goals of energy access, energy efficiency, and reduced emissions (SDG7 of Table 2). They are visible in facilitating access to sustainable energy, significantly generating electricity and distributing it to consumers. They are also leading the way in adopting new and renewable energies like solar and wind power in many parts of the world.

Waqf may be able to help with the shift to renewable energy. A cash *waqf* fund can be utilised to acquire solar panels to generate electricity. It can also be used to promote renewable energy research and development. The green mosque endowment fund is the best known. It supports mosque development projects that utilise green technology throughout Malaysia. Non-governmental organisations and private firms also engage in solar energy endowment projects in mosques and education.

3.3.8 Employment Creation, Livelihoods and Equitable Growth

The *Baitulmal* authorities play a significant role in employment creation and income generation (SDG9 of Table 2). They create job – recruitment of new staff, appoint an *amil*, and a representative (*wakeel*) for *zakāh* distribution. Together with small and medium-sized enterprises, the *Baitulmal* authorities are the most significant sources of new employment. In Indonesia, Baitul Maal Wat Tamwil uses the *Baitulmal* fund to empower micro, small, and medium enterprises, creating more jobs.

Other contributions to livelihoods and equitable growth documented for the *Baitulmal* fund include income security, jobs for rural communities, strengthening farmers' position in the value chain, employment in diverse sectors of the economy, spill-over effects on employment, provision of infrastructure and other services, and social inclusion. Evidence from around

the world shows the contributions the *Baitulmal* fund has made in promoting decent work and providing income security, especially among those previously excluded. Research on the paddy industry in Malaysia (Rahman et al., 2019) indicates that *asnaf* enjoy higher and more secure incomes than non-*asnaf* within the sector, particularly at the primary production level (SDG9 and SDG12 of Table 2). Similarly, recent research in Indonesia's agricultural industry (Ika Yulita et al., 2020) demonstrates how agricultural producers organised in the *Baitulmal* authorities see better incomes (with no hunger (SDG2 of Table 2) and equitable distribution (SDG10 of Table 2)), more savings and reduced input costs, relative to those who are not. It also improves the livelihood of communities (SDG11 of Table 2).

An important consideration is how the employment creation impact of the *Baitulmal* fund can be scaled up to generate new employment opportunities in those areas where public and private sector initiatives are weak or absent.

3.3.9 Sustainable Natural Resource Management

In Islam, resources are a divine blessing and gift that every generation must make flourish and develop, and aside from their utilisation, they must prepare and preserve them for the utilisation of future generations. The *Baitulmal* authorities contribute to the sustainable management of natural resources in a variety of ways: They ensure that natural resources are not depleted, where the *Baitulmal* authorities have provided a forum for local people to find solutions to environmental change (SDG13 of Table 2) by defining their property and user rights, managing natural resources (SDG15 of Table 2), and diversifying their economic activities to embrace green economic ventures. In Indonesia, as Ali and Kassim (2020) mentioned, *waqf* promotes the sustainable use of tropical hardwood and has received Forest Stewardship Council (FSC) certification for the international furniture market, overcoming the monopoly of wood buyers and earning a sustainable living.

The *Baitulmal* authorities also encourage more responsible patterns of consumption and social and economic accountability values (SDG12 of Table 2) as normative practices. The *Baitulmal* authorities diversify their activities to include water management, tourism, production of quality regional foods and organic farming. They respond to the crisis of high-tech agriculture and environmental regulation. For example, BAZNAS introduced Lumbung Pangan in Indonesia to increase rice production quality. In Malang, Rumah Zakat provides maintenance of public green spaces, urban waste collection, urban sanitation, installation of solar panels, and waste prevention and reuse. In the Kingdom of Saudi Arabia, the *zakāh*, tax and customs authority introduces a *Zakāh* Guideline on Supply Water Waste and Drainage Sewage Sector, which provides tax exemption for company waste management.

In developing countries, thousands of waste-pickers work in poor conditions and contribute significantly to cleaning the environment, but lose profit to middlemen who sell recyclables to industry. Akulaku Group and BAZNAS distribute assistance by providing healthcare services and iftar meals for the community around their school who are in need. It would increase incomes and dignify their activities.

3.3.10 Good Governance

Responsible and effective governance has been identified in the post-2015 process as an enabler for socio-economic transformation and the eradication of structural inequality, as well as an end. The new development agenda allows societies to shift to a more just world, where resources are shared more equitably, and people have a greater say in the decisions that affect their lives.

The *Baitulmal* authorities have an essential role to play in this process. First, one of the principles of the *Baitulmal* authorities is the institution that acts as a trustee for Muslims. Its primary function is to administer wealth contributed and acquired by Muslims through various sources. The community puts their trust in this institution. Therefore, the *Baitulmal* authorities should adopt the good governance characteristics, such as transparency, responsibility, accountability, participation, responsiveness to the people's needs, and respect for the rule of law. Deeply rooted in their community, the *Baitulmal* authorities can empower people by enabling even the poorest segments of the population to participate in economic progress. Furthermore, by creating a platform for local development initiatives such as Rumah Zakat and Akulaku Group (in Indonesia) and Padi Estate Project (in Kedah, Malaysia), they bring together a range of community institutions to foster opportunities for decent work and social inclusion.

Second, the *Baitulmal* authorities and community members, in their dual roles as stakeholders and owners or controllers, can provide an essential voice in the global debate on governance and transparency. Strong and legitimate governance institutions, including non-profit enterprises like the *Baitulmal* authorities, must ensure that development benefits are equally shared and sustainable over time.



3.3.11 Promotion of Stable and Peaceful Societies

In Islam, mosques (which mainly get funding from *zakāh*, *waqf* and *ṣādaqah*) play an essential role as centres that promote peace and stability in society. They have often emerged as sources of positive social capital, fostering a strong sense of community, participation, empowerment and inclusion among members and restoring interpersonal relationships and peace.

Mosques have been known to emerge as a collective response to crisis, like the economic hardship times during the 2019 pandemic crisis. They provided various types of support, such as financial and food assistance. This does not mean, however, that cooperatives only succeed in times of crisis. It is, however, in the time of crisis, when there is an urgency to establish more solid economic and government systems, that the *Baitulmal* authorities tend to re-emerge as relevant solutions that are durable and timely.

3.3.12 Baitulmal and Long-Term Development

Finally, the *Baitulmal* authority is contributing to creating an enabling environment to chaperon sustainable development by bridging the financing gap between the financial system and government; stabilising fiscal distress during crises; and providing the base for financial deepening.

The *Baitulmal* authorities have created an enabling environment by bridging the financing gap for socio-economic development through a human-centred form of alternative financing and assistance that alters the imbalance in the government budget. Hence, the *Baitulmal* authorities contribute to stabilising the economic system, which foundered in 2019 on the growing use of debt and leverage. The *Baitulmal* authorities survived and fared relatively well in this instability, primarily because of their ability to cushion the crisis. The human initiative model makes them resilient in a downturn.

Waqf and *ṣādaqah* are some of the best means for financial deepening and provide the financial base for other development activities in many parts of the Muslim world. In many cases, they are the only organisations available, particularly in remote rural areas, where members can utilise, both means to develop their economic activities. Hence, they contribute to long-term development.

4. Conclusion

This study aims to highlight the contribution of Islamic public finance towards sustainable development and stimulate discussion on the role of the *Baitulmal* authorities in the design and implementation of sustainable development goals. Why Islamic public finance, instead of traditional public finance? Islamic public finance can cure a few problems, such as wasteful extravagance, widespread corruption, inefficiency in resource utilisation, wrong priorities in expenditure policy, excessive foreign borrowing, absence of adequate public disclosure and lack of public accountability, which have characterised almost all of them in the recent decades (Siddiqi, 1992, pp. 62). Hence, integrating Islamic public finance towards achieving the SDGs brings many results. First, the establishment of the national public finance framework should consider the integration of the *Baitulmal* fund. Second, the motives of each Islamic religious revenue (elements in Islamic public finance) serve for good purposes, destined for eternal bliss and endless happiness. Third, the mapping of *Baitulmal* fund and SDGs shows that they could be addressed in solving a wide range of key global concerns (poverty, equality, employment, gender, climate change, peace, etc.). The *Baitulmal* authorities can contribute to all SDGs because they are involved in the diverse economic sectors concerned and because their impact contributes substantially to the global objectives pursued.

In conclusion, integrating the *Baitulmal* fund in national public finance brings a lot of positive implications, specifically in Islamic countries. First, it contributed to generating more revenues in national public finance for the good welfare of the country's people. Second, more sources of public revenues mean better provision of good welfare for the country's people. Consequently, the third is the realisation of the SDGs' goals. Hence, it is suggested that the national public finance system be reconstructed by including Islamic public finance elements, specifically in those Islamic countries.

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