

The Role of Islamic Social Finance in Mitigating Humanitarian Crises; A Multi-Range Strategy to Mitigate COVID-19 Impacts

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Abstract—The economic shutdown resulting from the COVID-19 pandemic across countries has caused huge impacts on various industries which are cutting down production and jobs. This led to many socio-economic risks, such as high unemployment rates, low income rates, increasing risks of poverty and hunger. This study explores the validity of the proposition that the Islamic social finance have an effective role in mitigating the humanitarian crises risks. So the paper tries to provide a multi-range strategy for maximize the benefit from Islamic social financing tools such as zakat, sadaqah, and waqf in short, medium and long range, and choosing the well-suited tool in each range of the strategy, in order to effective handling the social impacts of COVID-19. This paper reviews the conceptual definitions of Islamic social finance, and its various instruments. The study relied primarily on sources gathered from ongoing researches, news articles, reports, and information recorded by verified online sources of information. The results indicate that the multi-range strategy of Islamic social finance providing an innovative way which can helps governments and policy makers for manage the crisis during and after the COVID-19 pandemic

Keywords; *humanitarian crises; COVID-19 impacts; Islamic social finance; Islamic social finance tools*

I. INTRODUCTION

Since the last five decades, the world has testify a dramatic increase in humanitarian crises as a result of wars, natural disasters, Epidemic outbreaks, poverty, human right abuses, among others. Based on the Executive Summary of the World Humanitarian Summit (WHS) 2016, in the last two decades, 218 million people each year were affected by disasters at an annual cost to the global economy that now exceeds \$300 billion [1]. The recent crisis COVID-19 pandemic, which 13,378,853 cases has been infected; More than 580,045 people worldwide have already died [2]. And before the pandemic

finishes, it could kill hundreds of thousands, even millions. But the final toll is destined to be far higher than just those who die of Covid-19. Experts warn that deaths from secondary impacts poverty, hunger, diseases, and violence exacerbated by the pandemic may dwarf the number of those who die of the novel coronavirus itself [3].

Furthermore, Governments and media are focusing attention on the domestic impacts of the virus and the medical and political responses. With over 126 million people in need of humanitarian assistance globally, including 70 million forcibly displaced, this critical questions looks at the potential impacts of the pandemic on existing humanitarian crises and the immediate impacts on vulnerable populations in affected settings [4]. These increments of poverty and unemployment, the emergence of several humanitarian problems have all called for an innovative strategy for overcoming such social problems. Although, many Governments have announced stimulus packages to channel the funds to people To fight the pandemic, providing money to spend even if they aren't working. However, the easiness of interest-based loans may create a debt trap for households and business firms in the long run, which will have a negative impact on the economic system [5]-[6].

Social and faith-based financing, such as Islamic Social Finance, are important additional sources of financing that can be better leveraged to reduce vulnerability. There are strong evidences in Islamic history for financing the social sector using Islamic financial tools like zakat, Sadaqa, Qard Hassan, TAKAFUL, Sukuk, and waqf. These financial and social tools participated heavily in alleviating humanitarian risks and reducing the suffering of many societies affected by disasters, conflicts and epidemics [7]. Every year, Muslims worldwide donate generously to Islamic Social Finance mechanisms to alleviate human suffering. Given that the majority of people in need of aid are in Muslim countries, the role of Islamic Social Finance is particularly important. Innovative investments in

humanitarian action, such as sukuk (bonds), will not only lead to long-term social improvements, but also to long-term resilience and to adaptive capacity-building for communities at risk. Such investments will empower communities to recover more strongly from shocks as well as facilitate social and economic inclusion within their populations.

What we seek here is to think about how to respond to humanitarian crises. When humanitarian crises strike the response determines whether those affected not only survive—but also have the chance to thrive—in the aftermath. Efficiency and effectiveness of humanitarian responses are vital, as is managing the risk and impact of future emergencies with disaster preparedness. So the paper tries to provide a multi-range strategy of using Islamic social financing tools in short, medium and long range to handle the social impacts of COVID-19.

This paper is action/applied research in nature, that provides insights for Governments, decision-makers, and practitioners of how could be humanitarian crises response strategically. This paper is organized as follows: section two starts with conceptual overview of Islamic social financial tools. In section three we discuss the role of Islamic social finance in mitigating humanitarian crises; the philosophy and opportunities. Section four explores the humanitarian and socio-economic impacts of COVID 19. Section five provides a multi-range strategy of using Islamic social financing tools in short, medium and long range to handle the social impacts of COVID-19. Finally section six concludes.

II. CONCEPTUAL OVERVIEW

This section highlights the conceptual review on Islamic social finance in related literature. It covers mainly the Islamic social financial tools "zakah, waqf, sadaqah, Qard hassan, sukuk, and Takaful".

A. Social finance

Social finance is defined as provision of financial services to achieve social protection of the poor; reduction in their vulnerability through community, microfinance, social enterprise finance, outcome-based philanthropic grant-making and program-related investments [8].

B. Islamic finance

Islamic finance defined as the provision of financial services in accordance with the Islamic jurisprudence (Shariah) [9]. Others can see Islamic finance as structuring financial instruments and financial transactions to satisfy traditional Muslim structures against the payment of interest and engaging in gambling [10]. Similarly, the Farlex Financial Dictionary (2012) sees Islamic finance as the range of financial transaction that conforms to the shariah or Islamic law. [11]

C. Islamic social finance

Islamic social finance therefore refers to the provision of financial services to the vulnerable members of the society to achieve socio-economic welfare. It comprises three main sectors vis-à-vis zakah/sadaqah, waqf and Islamic microfinance. The institutions are meant to serve as platforms for empowering and disbursing wealth and income in the society.[41]

D. Instruments of Islamic social finance

According to maiden Islamic Social Finance Report (2014) sector comprises the traditional Islamic institutions based on philanthropy-zakat, sadaqah, and waqf; those on mutual cooperation such as qard (loan) and kafala (guarantee); and also, the contemporary Islamic not-for-profit microfinance that use for profit modes to cover primarily their cost and sustain their operations. [12]

E. Zakah

Literally, Zakat means to grow, to increase and to purify. Technically, it refers to the determined share of wealth prescribed by God to be distributed among deserving categories. It is also used to mean the action of payment of this share. [13] Zakat is one of the five pillars of Islam and thus a compulsory levy on the excess wealth of an adult and sane Muslim individual if the wealth remains in the ownership of the individual for one Hijri calendar year (hawl) and has exceeded the minimum threshold (nisāb). Zakat is a multi-dimensional measure in the sense that the sources of Zakatable wealth vary across the major sectors of the economy and the same time, the recipients are derived from the different sections of needy members of the society. [13] Zakat is a cornerstone of Islamic social finance. A tax on wealth and income, zakat (Arabic: *azkāt*, "that which purifies") is a type of obligatory alms-giving.

F. Sadaqah or infaq fi sabilillah

In the modern context, Sadaqah means voluntary charity, given in addition to obligatory alms-giving, zakat [14]. Sadaqah is very wide term and used in the Qur'an to cover all kinds of charity and alms-giving: "Those who believe, and do deeds of righteousness, and establish regular prayers and regular charity, will have their reward with their Lord: on them shall be no fear, nor shall they grieve" (Qur'an: 2 : 277) [14] Even a kind word and smile can be considered sadaqah.

G. Qard al hassan loan

This is also called Good Loan, benevolent loan. It is considered as a type of loan whereby the lender does not charge any interest or additional amount over the money lent [41]. Most of the existing micro credit (loan) availed to beneficiaries by the government via its micro finance banks are interest based. Despite a reduction in its interest element to single digit in as far as it's not zero [15]. Interest on loans as clearly spelt out in the Quran is prohibited as stated 12 different verses of the Quran. For instance Q2:275, Q 2:278 so also there

are different hadiths that prohibits interest in all its forms. Therefore, noncompliance to Allah’s command, make such funds to lacks his blessing. Interest on loan has the following effects, it’s a repression of the needy, it further widens the gap of wealth, it creates inflationary tendencies, it’s an unjust income, its markdown the future, it causes economic volatility.

H. Waqf

Waqf is generally defined as “a type of Islamic endowment that can take the form of cash, property or any form of private wealth which is donated in perpetuity for a charitable purpose set and directed by the endower”. Traditionally Waqf has taken the form of real estate, particularly in the Middle East where in the 19th century up to two thirds of all property in the Ottoman Empire was held as Waqf assets [16]. Most Waqf is real estate assets that have been donated by an individual for the sole purpose of providing charity to a particular institution and that institution uses the returns from those assets in sustaining its activities. Waqf is made up of different kinds [17]:

Religious Waqf:- This form of waqf serves as an addition to the social welfare of any society as it assist to satisfy the religious needs of the people and thus reduce the direct cost of providing religious services.

Philanthropic Waqf: This form of waqf is targeted at supporting the poor in the society such as providing public utilities for the needy or poor such as libraries, education, health services etc.

Posterity or Family Waqf: In this form waqf the revenue must be given to the waqf founder and his or her descendants and only the surplus if any should be given to the poor [15].

I. Sukuk

Sukuk in the context of money and capital markets refer to certificates or securities (bonds), representing financial rights arising from underlying trade and other commercial activities [16]. It evidences an undivided ownership right or interest, wholly or partially, in a Shari’ah-compliant tangible asset, intangible asset, usufruct, commodity, or business as a going concern, or a participation right in any Shari’ah-compliant profit-sharing venture, or a Shari’ah-compliant financial asset, or any combination thereof through a mixed portfolio of various assets [18]

J. Takaful (co-operative insurance)

Mutual insurance systems such as takaful have existed in the Islamic world for centuries. Conventional insurance relies on interest-based investments – which are forbidden in Islam – and is entirely rooted in un-Islamic, speculative investments. The insurance provider gambles on receiving more income from the premiums, the payments it receives, than it has to pay out [19]. Takaful does not aim to make a profit – its purpose is to ease the risk faced by contributors. It is a co-operative system of reimbursement or repayment in case of loss. People and companies make small contributions into a mutual pool of funds, from which they are compensated.

III. ISLAMIC SOCIAL FINANCE IN MITIGATING HUMANITARIAN CRISES; THE PHILOSOPHY AND OPPORTUNITIES:

A. Philosophy

Islamic religion calls for a comprehensive development of an economy and puts emphasis on social welfare and urges for maintaining social justice, equity, and poverty alleviation. Its teachings stresses on the duties of Muslims towards humanitarian and social welfare. The concept of the maqasid al sharia (purpose of sharia) upholds the principle of serving the public interest of maximizing benefit and reducing harm of the community. Thus eradication of poverty, socio-economic justice are among the primary goals of Islam [34]. That is based on adl (social justice) and ihsan (benevolence), which makes Islamic finance attractive to the Western countries is that this financial system operates in an ethical way similar to the socially responsible investments. In addition, Islamic finance with it various financial products is not limited to Muslims but on the contrary available to everyone, and this is confirmed by its diffusion and ability in attracting the attention of the investors, financial institutions and regulators as a valid alternative to conventional one [34].

The role of Islamic social finance assumes great significance, especially in countries with high poverty levels among Muslims. The main objective of Islamic philanthropy such as Zakat, Sadaqat, Waqf, etc, is to meet the needs of the poor and to curb ever-rising levels of relative poverty. To fulfill this objective, it is essential to know to what extent Islamic social funds can meet the resource requirements for poverty alleviation, and whether the current distribution of Islamic social funds to the poor have been effectively managed and distributed. As an Islamic charity the instrument of waqf differs from Zakah and other charity instrument such as Sadaqah, Fitrah, and Lillah etc. Following table shows the comparison of Islamic charity instruments:

TABLE I. ISLAMIC CHARITY INSTRUMENTS

Factors	Waqf	Zakah	Lillah
Nature	Voluntary	Compulsory	Voluntary
Rate	Any amount	Fixed rate	Any amount
Expense categories	Flexible expense categories. Donor can decide	8 Fixed expense categories as approved by shariah	Flexible expense categories. Donor can decide
Spend	Generally Capitalized	Generally spent with one year	Generally spent within one year
Investments	Invested in social or economic asset	Generally not invested – needs to be discharged as soon as possible	Generally not invested – may be discharged according to need and mandate
Shariah governance : Liability	Donor must be sane, of age, male or female	Liability for payment is governed by Shariah	Any person can give

Mutawallee	Must appoint Mutawallee (trustee)	Mutawallee not necessary	Mutawallee not necessary
Document	No document necessary	No document necessary	No document necessary
Sadaqah Jariyyah	Always a continuous charity and continuous reward	Generally not continuous	Generally not continuous
Capital base	Forms a Capital Base for Sustainable Community Development	Not a capital base	Not a capital base
Beneficiaries	May be applied to all irrespective of creed.	Applied only to Muslims.	May be applied to all irrespective of creed.
Time for payment	Can be paid at any time	Generally paid in Ramadan	Can be paid at any time
How payment is effected	Can take the form of any asset – cash, land, coins, jewellery	Generally paid in cash or stocks	Can take the form of any asset

(Foyasal Khan, Waqf: An Islamic Instrument of Poverty Alleviation– Bangladesh Perspective, Thoughts on Economics, 2015, Vol. 22, No. 03, Pp. 99-130)

US\$ 200 billion to US\$1 trillion are spent annually in zakat and sadaqah across the Muslim world, several times more than the conventional global humanitarian aid contributions (just over US\$13 billion in 2011).

- A minimum of US\$600 billion of excess zakat from 40 OIC countries is potentially distributable annually for humanitarian action.
- However, contribution from the Muslim world to the humanitarian system in recent years is only 5-7%. Muslim countries’ contribution to the Central Emergency Response Fund of the United Nations has been below 0.05% since 2006. This could be because Muslims cannot give their zakat to non-Islamic institutions as there are strict requirements on how the funds can be used and how they must be managed.
- Only 1% of the annual excess Islamic social funds were sufficient to plug the humanitarian gap in 2014.

Figure 1. Islamic social finance can potentially fill the humanitarian funding gap.

B. Opportunities

Will you believe it if I tell you that the total amount of Islamic social funds given yearly is so huge that there should be zero poor Muslims?

There is a great deal of wealth in the Muslim world—at least USD600 billion in excess zakat from OIC countries—that can potentially be distributed for humanitarian causes. For example, zakat, waqf and sadaqah can be used in a pilot project involving schools: zakat can provide daily meals to ensure that children get at least one meal a day for proper nutrition (which will also help keep them in school); waqf can be used to provide facilities for the schools; and sadaqah can be used to purchase school uniforms and stationary [35].

There are also efforts underway to establish an independent, autonomous shariah-compliant fund that can capture zakat, waqf and sadaqah from all over the world and channel the funds towards high-impact aid organizations, but challenges exist: Islamic finance must reconcile the apparent contradiction between its commercial and social roles—it must serve the interests of its commercial stakeholders while fulfilling the goals of humanitarian assistance.

Yet the poorest communities and countries are Muslim! According to the IDB’s research institute, global Zakat collections alone are estimated to come up to a total of at least US\$500 billion a year. This is about 20 times more than total global humanitarian aid. The beautiful system of Zakat alone should be sufficient to eradicate poverty, and we have not even touched on other forms of Islamic social finance [36].

Islamic social finance can help fill the current gap in the humanitarian funding through instruments such as sukuk as well as social financing mechanisms such as zakat, waqf and sadaqah, see figure n.1.

Zakat

Payment of Zakat certainly has social and economic significance in the society. Firstly, it plants loves and cooperation between the haves and have not members of the society. Through the payment of zakat, the poor is felt loved by the rich and the potential hatred is eliminated in the process replaced by caring and cooperation [41]. The poor then prays for the rich and the blessings continue to manifest in the society [37].

Secondly, payment of zakat reduces the undesirable wealth concentration among the few riches in the society, thereby bridging the gap between the rich and the poor. This distributive justice coupled with the multiplier effect of private spending, trade and commerce will be advanced and economic prosperity will be resulted [37].

Thirdly, there will be smoothening consumption and regulating, if not eliminating the cyclical effects of business cycle. This is more realizable where institutional zakat collection and distribution are advocated such as in the South East Asian countries and recently Sub-Saharan African Countries such as Nigeria [38]. Views that zakat can be used as a fiscal measure to control recession or to boost the economy. Thus, expansionary zakat policy would be applied during recession while contractionary zakat policy would be adopted in the boom period.

Fourthly, zakat is a reliable means of reducing poverty eradication, which provides permanent mechanism from within the economy to continuously transfer income from the rich to the poor and that once correctly assessed, promptly collected and properly disbursed [39]. Zakat System plays the role of

solving dangerous problems such as poverty, unemployment, catastrophe, indebtedness and ensures equitable income distribution in a Muslim society. It is also a self-help measure adopted with full religious backing to support those”.

Waqf

The Waqf industry is undeniably growing in importance as global Muslim wealth increases. In many Middle East countries, such as Qatar, Kuwait and Saudi Arabia, Waqf structures are widely available and a favoured method of charitable giving; while the sector is also once more growing in popularity in countries such as Lebanon, Egypt and especially Turkey; which has seen an explosion in charitable funding since the revision of its waqf regulations in 1981, with wealthy families competing to make endowments particularly in the education sector. The global size of Waqf assets is estimated between US\$105 billion to US\$1 trillion [40]. In Indonesia, the market value of registered land Waqf is estimated to be US\$ 60 billion. In Malaysia there is 11,091 hectares of land under Waqf valued at of US\$ 384 million [12].

It has been shown that Waqf projects in Islamic countries are used as strategy for developing economic sector and alleviating poverty. Traditionally, Waqf had been used for providing clean water, building orphan houses and bridges, organizing funerals and financing the marriages. However, this trend has been changed with the advent of the industrial revolution. Currently, Waqf assets are financing education, health and social welfare to promote social development. In Malaysia, the Waqf funds are being used for establishment of cooperative housing, industrial companies, libraries, laboratories and research centers [16].

sukuk

Social impact sukuk has been gaining traction in recent years, as the new frontier for the Islamic finance industry. In a recent article exploring the potential of social impact sukuk, Michael Bennett and Akinchan Jain the World Bank suggest that a social impact sukuk appeals to investors from both the Islamic and conventional ethical finance sectors as it combines “true risk sharing and a focus on a specific social cause with a fully Shari’ah compliant sukuk structure [18].

Social impact sukuk promotes multi-stakeholder collaboration by aligning incentives among stakeholders and focusing on result-oriented objectives. Social impact sukuk can offer an additional avenue of mobilizing sustainable funding for social projects and enhance the effectiveness of current funding. The use of private capital reduces fiscal pressure especially in countries where taxation is low and government funds are limited. The focus on paying for results rather than paying for activities allows the government to reallocate resources efficiently to where it is most needed and helps to reduce the need for international borrowing and overseas aid. By anticipating and addressing social issues before they arise, social impact [16].

IV. HUMANITARIAN AND SOCIO-ECONOMIC IMPACTS OF COVID 19

More than 580,045 people worldwide have already died of Covid-19, 13,378,853 cases have been confirmed to WHO [2], and before the pandemic finishes, it could kill hundreds of thousands, even millions. But the final toll is destined to be far higher than just those who die of Covid-19. Experts warn that deaths from secondary impacts — poverty, hunger, diseases, and violence exacerbated by the pandemic — may dwarf the number of those who die of the novel coronavirus itself. With over 126 million people in need of humanitarian assistance globally, including 70 million forcibly displaced [4]. In this section we look at the potential impacts of the pandemic on existing humanitarian crises and the immediate impacts on vulnerable populations in affected settings.

The economic shutdown has created issues like demand and supply shocks that reverberate through the global economy. Manufactories and companies were forced to cut down production; employees are losing jobs and facing cash flow constraints. Governments are working to safeguard employment and livelihoods of the people to reduce the adverse impacts [20]. In brief, the following lines summarize the social and economic impacts of the Coronavirus pandemic:

Poverty and hunger

While World hunger levels have been rising since 2015 with over 820 million people going hungry on a daily basis and 135 million experienced acute food insecurity in 2019, COVID-19 has arrived at a time of unprecedented global need, with a record 168 million people already requiring humanitarian assistance at the beginning of this year [21]. A new analysis by researchers from King’s College London and Australian National University, under the aegis of the United Nations University World Institute for Development Economics Research, for example, warns that the economic contraction caused by Covid-19 could push an additional 500 million people — about 8 percent of the Earth’s population — into poverty, reversing 30 years of economic improvement. “We were surprised at the sheer scale of the potential poverty tsunami that could follow Covid-19 in developing countries,” said Andy Sumner, one of the study’s authors [3].

Income and Jobs Loss

Income losses as a result of COVID-19 are expected to exceed \$220 billion in developing countries. With an estimated 55% of the global population having no access to social protection, these losses will deeply affect the poorest and most vulnerable communities in particular [21]. According to United Nation framework for Socio-economic Response to Covid-19, About 1.6 billion informal workers lost 60% of their income, with little to no savings and no access to social protection [22]. According to the ILO now casting model, global working hours declined in the first quarter of 2020 by an estimated 4.5 per cent (equivalent to approximately 130 million full-time jobs, assuming a 48-hour working week), compared to the pre-crisis situation (fourth quarter of 2019) [23]. Global working hours in the second quarter are expected to be 10.5 per

cent lower than in the last pre-crisis quarter [23]. This is equivalent to 305 million full-time jobs, which represents a significant deterioration on ILO's previous estimate of 195 million for the second quarter [23]. This has been driven mainly by prolongation and extension of containment measures. Taking together employers and own-account workers, around 436 million enterprises in the hardest-hit sectors worldwide are currently facing high risks of serious disruption [23].

Gender Equality

On average, women make up to 70% of health care workers and social care sector in 104 countries. Women already do three times as much unpaid care work as men. With COVID-19 [3], unpaid care work has increased, with children out-of-school, heightened care needs of older persons and overwhelmed health service. In developing countries, vast majority of women's employment is in the informal economy – about 70% COVID-19 quarantining has caused a spike in domestic violence levels [3].

Increase in Food Insecurity

COVID-19 will double the number of people facing food crises. About 265 million people in low and middle-income countries at risk of acute food insecurity by the end of 2020 unless swift action is taken. Most people suffering acute food insecurity in 2019 were in countries affected by conflict (77 million), climate change (34 million) and economic crises (24 million people) [22].

Education; Students out of School

The COVID-19 pandemic has affected educational systems worldwide, leading to the near-total closures of schools, universities and colleges. Most governments around the world have temporarily closed educational institutions in an attempt to contain the spread of COVID-19 [24]. As of 7 June 2020, approximately 1.725 billion learners are currently affected due to school closures in response to the pandemic. According to UNICEF monitoring, 134 countries are currently implementing nationwide closures and 38 are implementing local closures, impacting about 98.5 percent of the world's student population [25].

Social Protection; Lack of Adequate Social Protection

55% of the world's population (as many as four billion people) is not covered by social insurance or social assistance. Globally, only 20% of unemployed people are covered by unemployment benefits, and in some regions the coverage is much lower [22].

Internally Displaced People (IDPs) At Risk

Many countries in the midst of armed conflict have seen substantial damage to critical health infrastructure. Most conflict-affected states have the weakest health infrastructure, and displaced populations are vulnerable due to the environments they live in as a result of armed conflict [4]. In

Syria, for example, is well-documented as the prevailing impact of displacement on their overall health. Consequently, the virus reaching Syria or Yemen would be "impossible to manage," and it could bring down entire medical systems in countries like South Sudan and the Democratic Republic of the Congo [4], [22].

Trade and Tourism

Decline in Global Trade

The WTO issued its annual Trade Outlook on 8 April, and as Director-General Roberto Azevêdo said, the "numbers are ugly." World merchandise trade is set to plummet by between 13 and 32% in 2020 due to the COVID-19 pandemic [26]. WTO economists believe the decline will likely exceed the trade slump brought on by the global financial crisis of 2008-09. Trade is likely to fall more steeply in sectors characterized by complex value chain linkages, particularly in electronics and automotive products. Services trade will also be highly impacted due to the imposition of transport and travel restrictions and the closure of many retail and hospitality establishments.

Dramatic Fall In Tourism

Tourism is considered one of the hardest hits by the COVID-19 outbreak. Potential loss of 850 million to 1.1 billion international tourists. Potential loss of \$910 billion to \$1.2 trillion in export revenues from tourism. Estimated 100 and 120 million jobs at risk [22].

These increments of poverty and unemployment, the emergence of several humanitarian problems have all called for an innovative strategy for overcoming such social problems. Although, many Governments have announced stimulus packages to channel the funds to people To fight the pandemic, providing money to spend even if they aren't working. However, the easiness of interest-based loans may create a debt trap for households and business firms in the long run, which will have a negative impact on the economic system [5]-[6]. This is what prompted us to consider Islamic social financing as one of the innovative alternatives to mitigate the effects of the Corona pandemic.

V. MULTI-RANGE STRATEGY TO MITIGATE COVID-19 IMPACTS

Dealing with a complex and fast-moving crisis like COVID-19 can be extremely challenging. Many countries are overwhelmed by the scale of information and the escalating risk and are focusing on immediate and operational incidents and challenges only. They fail to understand the impact and strategic consequences of the crisis in the long Range [27].

Organizations want to move quickly and demonstrate action to stakeholders. However, experience shows that organizations are most successful when identifying and assessing the strategic impacts of a crisis like COVID-19 before planning their response. After carefully assessing the

impact of COVID-19, a proportionate crisis and resilience strategy can be developed.

In this section the paper tries to provide a multi-range strategy for maximize the benefit from Islamic social financing tools such as zakat, sadaqah, and waqf in short, medium and long range, and choosing the well-suited tool in each range of the strategy, in order to make a guidance to policy makers to prepare, respond, and recover. The immediate priorities identified in the response include health systems support, inclusive and integrated crisis management and response, and social and economic impact needs assessment and response. The strategy outlines three components; tackling the fast and immediate impacts in the short term; focusing on social impact in the response and recovery in the medium term; and helping countries recover more sustainably for the long term.

A. Emergency support in the short term

In the short term, the strategy aims to address risks with a rapid impacts faced by Millions of low income people of the country are suffering great losses in their earnings since the enforcement of social distancing measures and lockdowns to fight novel Covid-19 outbreak.

Zakat; Food security

Donors typically require that Zakat be disbursed within one year of being given. This focus on immediate benefit is well suited for crisis response. Food assistance could be delivered quickly to the millions of households across the country suffering from acute food shortage. Zakat can be an important component of food emergency support programs [28].

Infāq; Food security

One of Islamic Social Financing tools that can be utilized to achieve short-term and medium-term targets such as end hunger, food security and improved nutrition. However, since it is a voluntary action, the potential of infāq will not be at its maximum unless economically wealthy and luckiest societies could enhance their sense of togetherness and brotherhood (ukhuwah). One of the strengths of infāq or charity is that it may attract the non-Muslims to jointly contribute in collecting the fund [29].

Zakat; Income and Jobs Lost issues

Zakat donors often give cash transfers, which can be especially important in emergencies. People who not enrolled in any social safety net programmes and so need proper delivery mechanisms to get cash aid emergency. Zakat in the short term can be an effective tool for Income and Jobs Loss issues.

Sadaqah or infaq fi sabilillah

Medical Sector

As until now there is no specific vaccine for Covid-19, by Sadaqah or infaq fi sabilillah tool could support the stakeholder of the health sector, both global and national level, to expand

its role in conducting its researches and studies that are related to the Covid-19 vaccine [30].

Additionally, for health care assistance, the zakat institution can increase capacity or procure laboratory equipment that can detect patients that are infected with Covid-19, such as the procurement of CDC Covid-19 Real-Time Reverse Transcriptase kit. Hospital medical providers are in urgent need of infection prevention supplies to deal with the many cases in hospitals. Sadaqah or infaq fi sabilillah tool can bridge that deficit with a dilapidated infrastructure of health institutions in many developing countries.

B. Response and recovery in the medium term

In the medium term, the strategy aims to improve living life, provide financing for trade and small enterprises, and improve education and health infrastructure.

waqf sukuk, infrastructure

waqf sukuk issuance is expected to put in a framework of COVID-19 responses. In the context of unprecedented pandemics, waqf sukuk helps provide additional amount as part of front-loading strategy [31]. Proceeds of the sukuk can be used for building additional infrastructure while the return can support relief operation and financial assistance, in particular provision of personal protective equipment, cash transfer or cash-for-work for those losing their jobs.

Islamic finance; livelihood and trade finance

The financing of equipment, vehicles, and other sources of livelihood and trade finance are key mechanisms by which Islamic banks and financial institutions can support recovery. Aligning their financing activities with the SDGs is a significant opportunity for Islamic banks [32]. Impact investing – private investment prioritizing businesses with social impact – can play a central role in the recovery. UNDP's Global Islamic Finance and Impact Investing Platform, launched in 2015 in partnership with the Islamic Development Bank Group, brings global impact investing expertise to Islamic finance [32]. Islamic Development Bank (IsDB Group) is setting up a special \$730 million fund to mitigate the negative health and socioeconomic impact of the COVID-19 pandemic [33].

Income and Jobs Lost issues

Islamic microfinance (IsMF) can offer Takaful coverage, project financing and human resource development programs; Human resource capacities acquired can subsequently complement proper project implementation. Successful implementation of funded projects is expected to contribute towards poverty alleviation [16]. Takaful coverage is expected to mitigate the financing and family risks of the poor.

Zakat; children and women support

In medium-term, by 2025, the target is to end stunting and wasting in children less than 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating

women and older persons. These threats are normally appearing within a community with lower level of income, higher level of poverty and difficult access to healthy and nutritious foods. Obviously, they are categorized as the poor (al-fuqarā') and the needy (al-masākin) and hence, eligible to receive zakāt. Especially when there are cases of famine and malnutrition, zakāt fund must be disbursed immediately [29].

C. Long-term recovery and resilience

A In the long term the strategy aims to achieving strategic goals such as developing economic sector and alleviating poverty and aligning governmental sustainable development goals.

Sukuk

Sukuk (bond equivalents) can be an important source of long-term capital for governments and companies engaged in the COVID-19 response and recovery. UNDP's support of the Government of Indonesia's Green Sukuk, including a US\$1.25 billion issuance in 2018, is a prime example of how issuers can partner with UNDP to identify, track, and report on their SDG impact. They provide a decade of funding for Indonesia's National SDG Plan [32].

UNDP has, through its Green Sukuk Initiative, held workshops and other outreach with partners in Malaysia, Pakistan, and beyond. the pandemic has made long-term funding for development all the more crucial.

Waqf

Endowments can, in many contexts, be important contributors to long-term resilience. Financial or non-financial assets such as land or buildings are permanently dedicated to social purposes. This can be an important way for stakeholders to contribute to social infrastructure that serves the SDGs and, in the words of the UN Secretary-General, help countries "recover better" over the long term [32].

This is a time for new ways to help tackle the devastation of COVID-19 and invest in sustainable development. Islamic finance has the tools for each stage of the response. Waqf could use as a part of strategy in the long term for developing economic sector and alleviating poverty. Governments have to utilize Waqf assets for financing strategic goals related to education, health and social welfare to promote social development.

VI. CONCLUSION

At this critical policy making moment, while the rapid spread of the COVID-19 pandemic has a serious economic and social impacts that led to a humanitarian crises. These emergences of these several humanitarian problems have all called for thinking about an innovative strategy for overcoming such social problems.

The paper discussed the opportunities available from Islamic social finance to mitigate the effects of humanitarian crises. We therefore recommend the multi-range strategy of utilizing the Islamic social financing tools, such as waqf, zakat and sadaqah in short, medium and long range to handle the social impacts of COVID-19. Which can help governments and policy makers for manage the crisis during and after the COVID-19 pandemic.

In the short term, the strategy introduce an way to utilize the tools of Islamic social finance that could address risks with a rapid impacts faced by Millions of low income people of the country are suffering great losses in their earnings since the enforcement of social distancing measures and lockdowns to fight novel Covid-19 outbreak. while In the medium term, the strategy introduce solutions by choosing the tools of Islamic social finance that could improve living life, providing financing for trade and small enterprises, and improving education and health infrastructure. In the long term the strategy aimed to achieve strategic goals such as developing economic sector and alleviating poverty and aligning governmental sustainable development goals.

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