

Advancing Sustainable Livelihoods and Societal Development: An Integrated Approach for Islamic Charity Organizations

Aijaz Bashir Lone¹

Abstract

Islam provides different ways to fulfil the objectives of eradicating poverty and establishing social and economic justice. Some of the best-known tools to raise funds for poverty reduction and social and economic justice in Muslim communities are obligatory or voluntary, such as Zakat, Waqf, Sadaqah, Qard al-Hassan, etc. These funds are mostly collected by Islamic charity organizations (NGOs) to be distributed or spent on various causes. For example, funds are commonly employed through Islamic social finance in Muslim communities for a variety of reasons, including to reduce the vulnerability of the poor, promote sustainable livelihoods, achieve the common good, mitigate humanitarian crises, etc. The paper discusses these tools of Islamic social financing and the employment of funds through Islamic charity organizations for the common good. The paper also discusses the compatibility of the proposed structure and functioning of Islamic charity organizations to utilize the funds in a more efficient way to achieve a suitable livelihood and development in society.

Keywords: Islamic social finance, Islamic charity organizations, Islamic microfinance, socio-economic, poverty.

Introduction

A charity organization is an organization whose primary goal is to provide money, food, or assistance to those in need, or to carry out activities such as education, health care, employment creation, animal and environmental care, etc. that will benefit those in need, rather than earn a profit. In general, the Islamic social financial sector includes the classic Islamic institutions centred on philanthropy, such as zakat, sadaqah, and waqf, and Qard Al-Hassan. Qard Al-Hassan and cooperative finance are two examples of Islamic microfinance organizations that strive to alleviate poverty in the Muslim world (IRTI, 2020). Even with the availability of these poverty-elevating tools and organizations, many of the poorest people do not have access to finance, and

¹ Islamic Economics and finance, Istanbul Sabhatten Zaim University, Türkiye.
lone.ajaz@std.izu.edu.tr, ajaz.lone57@gmail.com

if they do, they are frequently compelled to borrow from loan sharks. This not only locks them in a never-ending cycle of debt due to exorbitant interest rates, but it also prevents them from establishing their micro businesses. The ILO's Social Finance Program supports initiatives to provide financial services to the excluded by focusing on two major goals: first, to promote better employment, and second, to reduce the working poor's vulnerability. Improved employment opportunities need new financial services and supportive policies, both of which contribute to job creation and quality improvement. In order to lessen the danger of being vulnerable, it is possible to increase the availability of suitable financial services, such as microfinance, microinsurance, etc. (ILO, 2014). However, the Islamic economic system provides a solution to poverty and injustice in a much better way. The component of economic social support is inherent in Islam.

وَاعْبُدُوا اللَّهَ وَلَا تُشْرِكُوا بِهِ شَيْئاً وَبِالْوَالِدَيْنِ إِحْسَانًا وَبِذِي الْقُرْبَى وَالْمُسْكِنِينَ وَالْجَارِ ذِي الْجَنْبِ وَالصَّاحِبِ بِالْجَنْبِ وَابْنِ السَّبِيلِ وَمَا عَلِمْتُكُمْ بِهِ إِنَّ اللَّهَ لَا يُحِبُّ مِنْ كَانَ فَخُورًا

“Worship Allah and do not ascribe any partners to Him. And be benevolent to (your) parents, the near relatives, the orphans, the needy, the near neighbour, the distant neighbour, the fellow or companion on a journey, the traveller and those your right hands possess (i.e. slaves or paid workers). Surely, Allah does not like the one who is arrogant and boastful” (Al-Qur’ān, 4:36).

Islamic Social Finance is a significant supplementary source of finance that may be efficiently used to lessen vulnerability. To relieve human suffering, Muslims throughout the globe pay generously into Islamic Social Finance systems each year (ReliefWeb, 2016). Islam promotes social justice, cooperation, patience, care for the poor and needy, being good to others, etc. to make society feasible for Allah's creation. Islam also provides different ways to fulfil these objectives, such as eradicating poverty and establishing social and economic justice. Zakat, Sadaqa, waqf, and Qard (interest free) are a few tools to eradicate poverty and social and economic injustice. Having access to finance, deposits, and insurance facilities can considerably boost the prospects of becoming self-sufficient, helping both their families and society. This will not only lift individuals out of poverty, but it also means they are no longer reliant on help from society.

The funds for social finance are commonly raised through Zakat, Sadaqa, Qard Al-Hasan, and waqf, and other government and non-government organizations. Waqf itself is being assigned to a specified objective or purpose of goodness, hence it can be utilized only as per the objective of a particular waqf. However, Zakat, Sadaqa, Qard Al-Hasan, etc. need different channels to reach the final receiver. In the present scenario, most of these channelling organizations or charity organizations are trying

to cover multiple dimensions of the social needs and services instead of each organization focusing on one particular social problem in society and getting fruitful results. Focusing on a particular problem will make organizations more efficient, effective, and goal-oriented. As per Adam Smith, the division of work allows individuals and firms to specialize and to be more productive. The division of work was revealed to have produced the largest advances in workers' productive capacities, as well as in their ability and judgment.

This paper will present a new approach to the integration of Islamic charity organizations into a new functional system. The paper considers the integration of work functions (but independent in respect of raising funds and distribution), data and information, monitoring and evaluation, coordination and support. The paper will also discuss a structural framework of how an Islamic charity organization or NGO can be able to support the poor in all respects and transform them from charity recipients to charity donors.

Islamic Social Financing Sectors

For poverty alleviation, in Muslim societies there are well-known means of raising contributions that are obligatory or voluntary. For charitable purposes and for a variety of other reasons, these methods are widely used in Muslim communities. Here are some of the most prominent and well-known poverty reduction techniques in Islam.

Philanthropy

- i. **Zakat (Obligatory Charity):** An obligation that an individual with financial means more than a threshold figure, termed the “nisabh”, has to donate 2.5% of his net worth each year to charitable causes. It is one of the five pillars of Islam. Allah says in the Quran:

لَدُّ مَنْ أَمْوَالِهِمْ صَدَقَةٌ تُطَهِّرُهُمْ وَتُرَكِّبُهُمْ وَصَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ عَلَيْهِمْ أَنَّ صَلَوةَكَ سَكُنٌ لَّهُمْ وَاللَّهُ سَمِيعٌ عَلَيْهِمْ

“(O Prophet,) take charity from their possessions, cleansing them and purifying them thereby, and bless them with your prayer. Indeed, your blessing will be a comfort for them. And Allah is All-Hearing, All-Knowing.” (Al Quran, 9:103)

As mentioned in Surah At-tawbah, verse 60, Zakat is permissible only for seven categories of people, i.e., the poor and needy, those employed for the zakat, new reverted Muslims, for freeing captives, for someone burdened by debt, for the cause of Allah, and for travellers. Hence, it cannot be spent on anything other than these

seven. However, Zakat has great potential for social financing. According to the Islamic Development Bank, between \$230 and \$560 billion in zakat donations are made each year across the globe (Modéer, 2018). In contrast to other Islamic social funds, zakat is seen as a long-term funding source since it is obligatory and must be collected annually.

ii. Sadaqah (Voluntary Charity): It is a voluntary act of charity performed in order to please Allah by providing a benefit to someone, including animals, plants, and the environment. Sadaqah also refers to a voluntary humanitarian act performed for the benefit of others, or through kindness, assistance, empathy, compassion, or faith. To describe a widespread attitude, we might use the word kindness in its broadest possible sense: to benefit others through compassion, cooperation, generosity, selflessness, or the disposition to be a real human being. Giving to charity does not decrease one's wealth, but increases it, as it is mentioned in the Quran.

وَ مَا أَنْتَمْ مِنْ رَبِّا لَيْرُبُوا فِي أَمْوَالِ النَّاسِ فَلَا يَرْبُوَا عَنْدَ اللَّهِ وَ مَا أَنْتُمْ مِنْ رَكُوٰةٍ تُرِيدُونَ وَجْهَ اللَّهِ فَأُولَئِكَ هُمُ الْمُضْطَعُونَ

“Whatever you lend out in usury so that it may increase at the expense of people’s wealth will not gain value in Allah’s sight. But whatever you give in alms due (i.e. the mandatory charity) seeking Allah’s pleasure—it is they who receive a manifold increase.” (Al Quran, 30: 39)

Sadaqah works to enable the flow of money to prosper in society as well as cleanse one's personal riches. Muslims are tied together by virtue of their good deeds of generosity, as well as the overall economic and financial well-being of society. In the struggle against poverty, Sadaqat is a strong instrument since it offers a means for people who are competent to donate modest or large sums of money to others who are in need (Hassan, et al., 2021).

iii. Waqf (endowment): It is a kind of charitable deed established for perpetuity. It entails donating a fixed property that can generate a profit, have a value, or give cash, without the expectation of being able to retrieve any of the value. There are two forms of waqf: one that is immovable (land) and one that is movable (cash) waqf.

Immovable Waqf: The nature of Waqf is defined as property of a founder who assigns the usufruct of the property to the beneficiaries of the society or its welfare forever

Movable/Cash Waqf: The founder or founders' restriction of money or cash and their usufruct's perpetual dedication to the benefit of society.

During the Ottoman Empire, waqf was a reliable source of funding for the public health, education, and welfare sectors, accounting for more than a third of the state's overall income (Kuran, 2001). As a result, there are numerous opportunities to generate wealth and use a portion of it to decrease poverty.

It is reported by Abu Hurairah, The Messenger of Allah (PBUH) Said:

إِذَا مَاتَ أَبُنَادِمَ انْقَطَعَ عَمَلُهُ إِلَّا مِنْ ثَلَاثَةِ: صَدَقَةٌ جَارِيَةٌ، أَوْ عِلْمٌ يَنْتَفَعُ بِهِ، أَوْ وَلَدٌ صَالِحٌ يَدْعُ لَهِ
(رواوه مسلم)).

“When a man dies, his acts come to an end, but three, recurring charity, or knowledge (by which people) benefit, or a pious son, who prays for him (for the deceased).”¹

Cooperation

- i. **Qard al-Hasan (Interest-Free Finance):** It is a gratitude loan, also known as a goodly or beautiful loan, that is primarily intended for welfare purposes. The practice of providing Qard Hassan is dates back to the time of the Prophet Muhammad (PBUH) and his companions. This loan is designed to help eliminate poverty and promote socio-economic equality (Firmansyah, 2016). The creditor is only required to repay the principal amount owned, with no further increment. If a borrower is having financial difficulties, the lender must extend the repayment period, even though the lender may choose to forego part or all of the loan amount. It is stated in numerous places throughout the Quran that providing Qard Hasan is a great reward from Allah.

إِنْ تُقْرِضُوا اللَّهَ قَرْضًا حَسَنًا يُضْعِفُهُ لَكُمْ وَيَعْفُرُ لَكُمْ وَاللَّهُ شَكُورٌ حَلِيمٌ

“If you lend Allah a generous loan, He will multiply it for you and forgive you. And Allah is Most-Appreciative, All-Forbearing” (Al Quran, 64:17).

مَنْ ذَلِكَ الَّذِي يُقْرِضُ اللَّهَ قَرْضًا حَسَنًا فَيُضْعِفُهُ لَهُ وَلَهُ أَجْرٌ كَرِيمٌ

“Who is the one that will lend Allah a good loan so He may multiply it for him? And there will be a generous reward for him.” (Al Quran, 57:11)

¹ *Sahih Muslim*, 4005

Anyone who gives Qard Hasan to the poor and needy will be rewarded tenfold by Allah. It is one of the best ways to help the poor and helps them to be self-dependent as well as keep their dignity intact due to the nature of the repayment of the amount to the lender.

ii. **Takaful (insurance):** Takaful is a form of Islamic insurance in which members of an Islamic insurance pool their funds to cover each other in case of loss or injury. It is based on shared collaboration, responsibilities, assurance, protection, and support by the participants.

International Islamic Fiqh Academy (IIFA) defines Takaful as “Cooperative insurance is the participation of a group of people, who face certain risk(s), agree that each of them contribute a specific amount, based on cooperation, to a non-profit fund that is to be used for compensating anyone of them for the harms he would encounter when the risk in question materializes, as per signed contracts and adopted regulatory legislations” (International Islamic Fiqh Academy, 2013).

To provide financial security for those in need in the case of a life-threatening disease or sickness, government sponsored or group takaful insurance can act as a shield for an individual. For example, Egypt's "Takaful and Karma" program gives social security benefits to Egyptians who are below the poverty threshold. (Kaldas, 2020).

iii. **Social Investments Through Sukuk (bonds):** Social investment, or Sukuk, is a form of investing strategy that focuses on social and environmental concerns as well as financial returns. Furthermore, the Sukuk investment's goal is to create a socially beneficial and sustainable environment for society. This Sukuk initiative addresses social crises including homelessness, unemployment, poverty, and socio-economic insecurity (Ali, et al., 2020). A retail sukuk issued at low prices by the Indonesian government to promote financial inclusion is an example of a waqf sukuk that will be used to fund microfinance projects in the country's waqf land development (Pickup, et al., 2018).

iv. **Islamic Microfinance:** Over the last 40 years, microfinance has been acknowledged as one of the most important programs and policy initiatives for social development and domestic economic and poverty reduction. Providing tiny loans to aid the underprivileged in expanding or establishing a business from which they might produce revenue, it provides small loans (Farooqi, et al., 2017). Different types of creative funding are supplied to the

needy and underprivileged through Islamic microfinance organizations via charity and non-charity modes.

As per official Akhuwat website, through covid-19 emergency fund more than 5000 families took benefited from the Akhuwat-Dunya Interest-Free Emergency Loan, which the Akhuwat and Dunya Foundation launched in Pakistan (Akhuwat, 2025) and were expand to include more daily and monthly wage earners who were hit hard by the pandemic lockdown and who need money to pay for food, medicine, school fees, rent, and other necessities (University of Central Punjab, 2020).

Aims of Islamic Social Finance

Islamic finance focuses on achieving social justice by redistributing wealth and ensuring that transactions are conducted in a transparent manner. Islamic finance prohibits exploitation such as Riba, financial speculation, contractual ambiguity, and Gharar; with a focus on the common welfare. Therefore, in order to attain social and economic well-being, Islamic social finance entails providing financial services to the most underprivileged segments of society. There are four basic supporting fundamentals for Islamic social finance that are; Zakah, Sadaqah, Waqf, and Islamic microcredit. Empowerment and the distribution of wealth and income in society are the goals of institutions (Biancone & Salem, 2018). The goals of social financing are mentioned as below.

To Reduce Vulnerability of the Poor

Exposure to unforeseen events and stressful situations, as well as the inability to cope with them, are the characteristics of vulnerability. Vulnerability is getting more and more attention lately, as shown by recent events (Philip & Rayhan, 2004). Health risks, economic downturns, natural disasters, and even man-made violence are more likely to affect the poor. Shocks like illness, accidents, and the loss of a job have terrible consequences and are a major source of poverty (Chambers, 1989). Islamic poverty reduction and redistributive justice place a high priority on philanthropy and compassion. Philanthropy is at the heart of Islamic social finance's many tools and institutions. The Islamic approach to poverty reduction and social justice. In Islamic generosity, Sadaqah and Zakat are the two most important instruments. Sadaqat-ul-jariyah, or waqf, is the term for Sadaqat that yields advantages that are supposed to be constant and lasting. To help the poor and needy with their most basic needs, Islamic economists now argue that the zakat and Sadaqa institutions provide a social safety net via philanthropic interventions (Chapra et al., 2008). As a result, these

organizations aid the impoverished in any scenario of vulnerability, whether that vulnerability is driven by external or personal constraints.

To Promote Sustainable Livelihood

A person's livelihood consists of the abilities, resources, and efforts necessary to sustain one's existence. Sustainable livelihood is the way of life that is sufficient to provide fundamental necessities while also protecting against shocks and strains while maintaining or increasing its ability to perform its current or planned functions (Serrat, 2017). One of the tools of social financing, Islamic microfinance offers the potential to bring together microfinance's ability to give financial access to the underprivileged with the Islamic social concept of concern for the less privileged. To combat financial exclusion and deprivation, Islamic social finance that provides microfinance in addition to safety systems and social goods might be a significant way for inclusive growth.

The primary goal of zakat is to ensure that all Muslims have basic necessities such as food and shelter. The concept of a basic need is that it is repeatedly required by a person, and to fulfilling the basic need will not reduce the vulnerability of an individual. As a result, some Islamic scholars suggest that zakat revenues should be utilized for economic empowerment rather than only to cover urgent consumption requirements, since doing so might create dependency and render the poor permanently reliant on zakat. Economic empowerment advocates typically to spend significantly in social welfare initiatives or finance micro-businesses in their quest to provide people economic freedom and self-sufficiency (GRIF, 2016).

To Achieve Common Good

The term “Maslaha” in Arabic means “attention to promote benefit and remove harm,” and the word “al-mursala” means to be free. The two words together, Maslaha al-mursala (considerations of public interest), mean the pursuit of the good of the people. All Islamic social finance tools and utilize for common good in which Waqf is playing an important role for the common good of society, community or a group of people (Shaikh, et al., 2017). The donor puts aside a portion of his or her assets for a specific cause, a group of recipients, or a community to ensure that the benefits continue to flow for as long as possible. Due to the nature of waqf, which provides a steady stream of benefits, it may be used to develop and maintain strong charitable organizations. It has a distinct legal identity from its management, making it ideal for the development of a long-term, self-sustaining organization that adheres to the core tenets of perpetuity, inalienability, and irrevocability. With the creation of

communal assets, Muslim communities may be able to overcome their educational, healthcare, and other challenges.

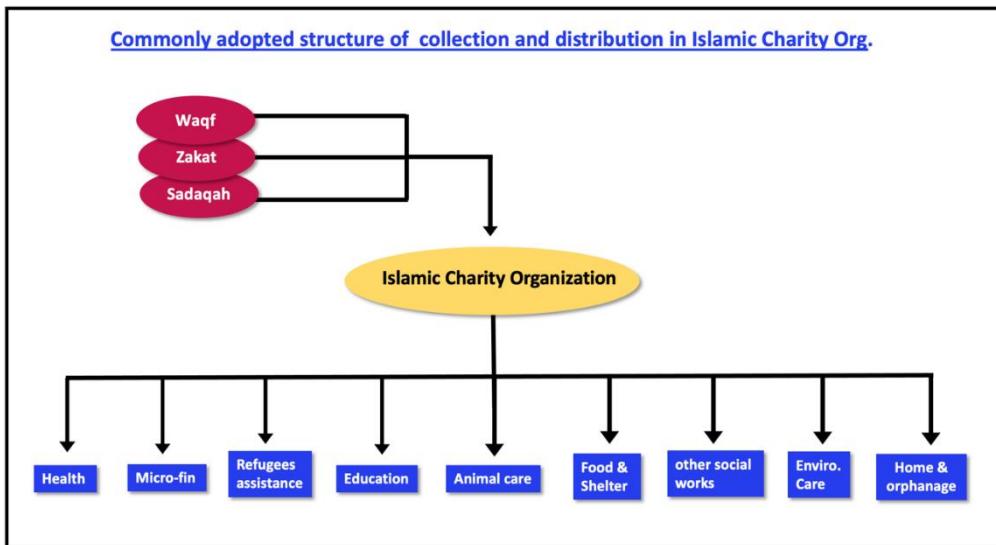
To Mitigate Humanitarian Crises

Humanitarian crises arise through natural catastrophes such as earthquakes, tsunamis, volcanic eruptions, floods, droughts, storms, cyclones, epidemics, plagues, etc. Man-made disasters, such as armed wars, airline and rail wrecks, fires, and industrial mishaps, Complex situations, which typically involve a mix of natural and man-made elements, in which food insecurity, violent wars, and displaced people are a few examples. Humanitarian crises are well served by Sadaqah, which is a selfless act of kindness that benefits others, including animals, plants, and the environment. A sadaqah is a selfless act of kindness, aid, empathy, compassion, or faith. Use the term "kindness" in its fullest sense: to help others via compassion, collaboration, generosity, selflessness, or a genuine human temperament. Secondly, it is a fundamental principle of Islam that zakat amounts may only be used for a certain group of people or for a specific purpose. Zakat is primarily intended for the poorest and most vulnerable members of society; the poor and needy; those employed for zakat; new reverted Muslims; freeing captives; someone burdened by debt; for the cause of Allah; and for travellers. Orphans, the ill, and the disabled are examples of those without a means of subsistence or with insufficient money to satisfy their needs. Thus, Zakat is appropriately seen as a support system for individuals who cannot afford the fundamental essentials of life.

Commonly Adopted Structure of Collection and Distribution by Islamic Charity Organizations

At present, the commonly adopted structure of collection and distribution by Islamic charity organizations is elaborated in figure-1 below. Islamic charity organizations collect the funds through Islamic philanthropic institutions. These philanthropic institutions act as a vehicle for distributing the wealth of the wealthy to those in need in order to gain reward from Allah (subhanahu wa ta'ala), provided that it is carried out in compliance with the requirements and prescriptions established by the Qur'an and hadith. Among the different types of Islamic generosity are Zakat, Sadaqah, and waqf (Hassan & Sarea, 2021). These three institutes are the main channels through which most of the donation come to the Islamic charity organizations.

Figure 1: Commonly adopted structure of collection and distribution in Islamic Charity organization



Source: Author

The donations or funds received by the Islamic charity organizations are then distributed to different causes for the common good. The funds can be utilized for different causes such as health care, microfinance, refugees' assistance, education, animal care, microfinance, food and shelter, environmental care, home and orphanage and other social causes.

Some Success Stories

This paper presents the success stories of three organizations. The first is "Türk Kızılay" in Turkey, which was started with the support of public donations; the second is "Akhuwat" in Pakistan, started by the individual efforts and donation of Dr. Amjad Saqib; and the third is "Qatar Foundation" in Qatar, supported and funded by the Qatar government.

Türk Kızılay (Turkish Red Crescent)

In fact, the Turk Kızılay was formed in the Ottoman Empire on June 11, 1868, and was named after the Crimean War, Hilal-i Ahmer Cemiyeti (Red Crescent

Society) since disease had overtaken war as the primary cause of death and suffering among Turkish forces. It was the pioneer of its kind, and one of the largest charitable organizations in the Muslim world.

Turk Kizilay provides medical aid to soldiers on all battlefields in its presence since the Russo-Turkish War (1877-78), providing medical aid in the form of mobile and stationary hospitals, patient transport services, hospital boats, trained nurses and volunteers. It has offered humanitarian services irrespective of nationality to all civilians affected by war. Türk Kızılay, as a national society, it is present and working in 81 cities throughout Turkey. The National Society's principal focus is disaster management, and it has specialized responsibilities in the country's disaster response strategy. Türk Kızılay has about 10,000 volunteers and conducts several trainings in disaster response and planning, first aid, primary protection, and so on.

Akhuwat in Pakistan

Akhuwat's flagship program, Akhuwat Islamic Microfinance (AIM), was launched in 2001 by Dr. Amjad Saqib and provides interest-free financing to destitute and underprivileged sections of society in order to help them create sustainable routes out of poverty. AIM is the world's biggest interest-free microfinance program, with more than 800 branches in over 400 cities across Pakistan. It operates by creating centres in religious places, encouraging and harnessing the spirit of volunteerism, and transforming its borrowers into donors.

So far, Akhuwat has distributed approximately 4.2 million interest-free loans totalling \$805 million and assisted 3 million people in Pakistan. The success of the programme is evident in Akhuwat's 99.9% loan repayment rate.

Qatar Foundation

The Qatar Foundation, established in 1995, is a state-led non-profit organization in Qatar. Its programs focus on education, science & research, and community development. The centrepiece effort, Education City, is a complex that covers more than 12 square kilometres and has branch campuses of some of the world's best educational institutes, a homegrown university, and other research, scholarly, and community centres. Currently, the Qatar Foundation is comprised of more than 50 organizations engaged in education, research, and community development. In higher education, the Qatar Foundation developed branch campuses

at the main campus for eight international institutions and one home-grown university. Within 10 years, The Qatar Foundation has evolved into an international centre for applied research, technological innovation, incubation, and entrepreneurship, with the goal of assisting market-ready products in their commercialization.

When we analyse the three success stories above, there is one thing common: focus on one goal. The focus of "Türk Kızılay" was medical assistance, and till now, even after about 150 years of establishment, its main focus is still medical assistance. Second, "Akhuwat", whose main aim is Islamic microfinance, was started by a single person, and within 20 years of its inception, Akhuwat Islamic Microfinance is the world's biggest interest-free microfinance program, with 800+ branches in over 400 cities across Pakistan. The third case, the Qatar Foundation, which focuses on education and research and development, has evolved into an international centre for applied research, technological innovation, incubation, and entrepreneurship, with the goal of assisting market-ready products in their commercialization within 10 years of their establishment. All three organizations have made a big difference and are benefits to society.

Proposed Structure of Integration

The paper has come up with a proposed model of structural integration of Islamic charity organizations, which can make each organization work efficiently and effectively to achieve a sustainable livelihood and the development of society. However, this model is limited to the country level. To make it suitable for the world level, more work and research has to be done. With this structure, each organization will be able to focus on a single goal and be specialized in its domain of work. Hence, a particular goal should be given to the group of particular Islamic charity organizations/NGOs to recognize their domain of function. The proposed structure in figure-2 below is illustrated as:

1. At the top of the structure will be evaluating and integrating Islamic organizations, which will be newly formed as independently formed organizations by the state or existing charity organizations, together.
2. The evaluating and integrating Islamic organizations and representatives of Islamic charity organizations/NGOs will decide and determine the working domains mutually.

3. All the existing Islamic charity organizations/NGO's will be analysed and evaluated for the work domain, for example, in the domains of health care, education, food and shelter, microfinance, etc. A group of Islamic charity organizations/NGO's will be allocated their preferred domain, which will focus on a single goal until it is achieved fully all over the country.
4. The Islamic charity organizations/NGO's will work in their allotted domain and will be responsible for the upliftment of society in their particular domain.

The proposed responsibilities for evaluating and integrating Islamic organizations will be as under:

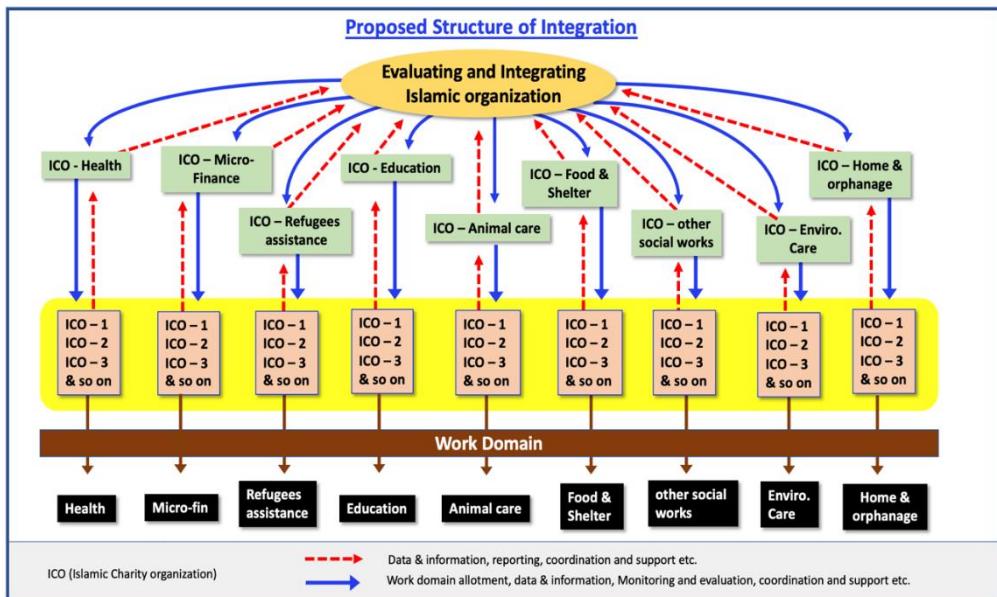
What it will do?

1. Integrate the existing Islamic charity organizations/NGO's and accommodate the new ones.
2. Evaluation and accounting: The evaluating and integrating organization will monitor work efficiency as well as evaluate and analyse data to determine the charity organization's efficiency and provide report suggestions as needed.
3. Examine the efficiency and effectiveness of functions and operations. Collect data on a monthly or quarterly basis to evaluate and analyse the efficiency of charity organizations.
4. It will work as an information circulating system for the help and cooperation of Islamic charity organizations/NGOs.

What it will not do?

1. The evaluating and Integrating organization will not interfere in fund-raising and fund-utilizing activities, such as how and where to get and utilize the funds. The charity organization will have the liberty to raise funds on its own and utilize them on its own accord within its allocated domain only.
2. No financial transactions will be made between evaluating and Integrating organization and Islamic charity organizations/NGOs.

The proposed responsibilities of Islamic organizations/NGO's will be as under:

Figure 2: Proposed Structure of Integration

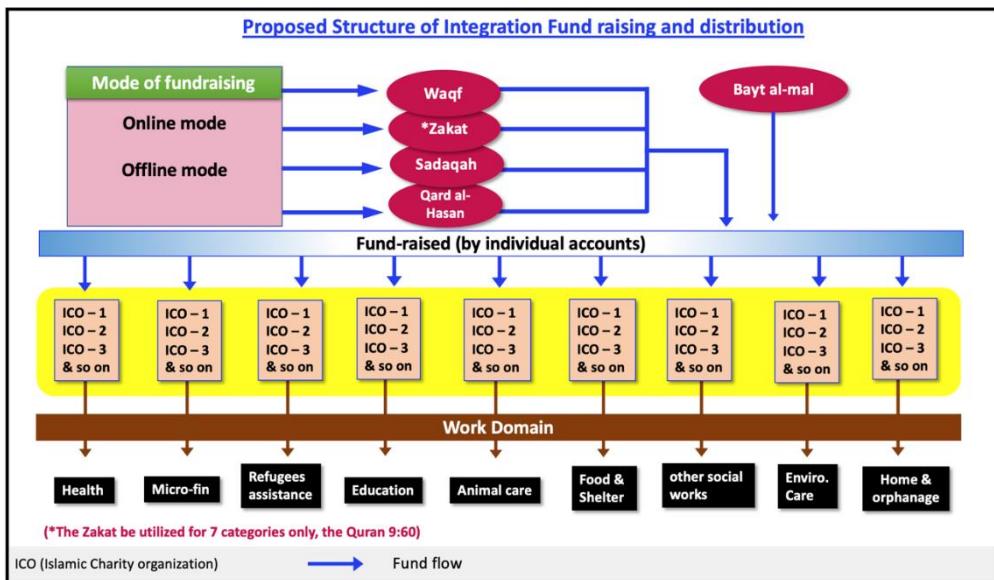
Source: Author

1. They will focus only on their allocated or chosen domain to solve that problem in society as soon as possible.
2. Ultimate utilization of the funds to get efficient results.
3. Share periodically information and data with the Evaluating and integrating Islamic organization.
4. For smooth functioning and best results, coordinate and cooperate with other Islamic charity organizations/NGO's in your domain.
5. Communicate to evaluating and integrating Islamic organizations regarding the situation in an area or society and any need for help from charity organizations from other domains. For example, if a charity organization is working on food and shelter and it comes to know that medical care is also required in the same place, it will provide the community with Communicate to Evaluating and integrating Islamic organization regarding the necessity of health care in particular areas.
6. They will collect funds on their own without the interference of monitoring authorities.

The pattern of fund raising by Islamic charity organizations is depicted in Figure 3.

1. There are possibilities for both online and offline fund raising.
2. The funds will be channelized through a particular Islamic institution, i.e., Waqf, Zakat, Sadaqah, and Qard al-Hassan, to identify its beneficiary while utilizing the fund. For example, Zakat can be utilized for particular people or causes only.
3. Bayt al-Mal can also play a role as a fund provider in the feature, so it is mentioned separately due to its non-existence at present.
4. The charity organizations will utilize the fund accordingly and efficiently, but only in their allotted domain or area.

Figure 3: Proposed Structure of Integration Fund Raising and Distribution



Source: Author

Where can we improve through this integration?

i. Focus on one goal by one organization:

Focussing on one goal enables great efficiency, quality, and impressive results. Working to improve each area of vulnerability of the poor and

destitute, combinedly by a group of Islamic charity organizations, will give a great result due to their specialization, experience, ability, judgment and motivation. Working for one goal at a time makes a person or an organization efficient and productive in their domain.

ii. Analysis of consolidated data and information:

Sharing of data and information with higher-level authorized organization for analysis, data transformation, modelling, and discovery of relevant information for improvement and decision-making.

iii. Cooperation:

Coordination of Islamic charity organizations for cooperation in sharing suitable information and support in the dominant domain of a particular charity organization. Cooperation with other organizations working in different domains through information sharing and help when required.

iv. Digitalization:

Modernizing the organization's working structure through digitalization, such as information sharing, remotely work setup, fund raising through digital campaigns, blockchain, crowd funding, etc.

v. Monitoring and evaluation:

Monitoring efficiency, as well as auditing and evaluating results, may help the organization's coordination, guidance, and support.

Conclusion

According to the point of discussion in this study, poverty and vulnerability are complicated and multidimensional ideas that must be addressed and eliminated. While poverty renders individual's sensitive to a variety of shocks, such as earthquakes, tsunamis, volcanic eruptions, floods, droughts, storms, cyclones, epidemics, plagues, etc. Man-made disasters, such as armed wars, airline and rail wrecks, fires, and industrial mishaps, their sensitivity to such shocks exacerbates their poverty, making them more vulnerable to future shocks. However, the poor's vulnerability will be alleviated not by just meeting their basic needs, but by

empowering them and providing them with opportunities to become self-sufficient. This may be addressed through Islamic charitable organizations with a diverse approach to Islamic social funding. However, the potential of Islamic social finance remains untapped, and it has fallen short of its intended goals for a variety of reasons, one of the important reasons is that the funds are not used to support the poor in becoming self-sufficient by allowing them to establish micro companies, acquire skills, and so on. In this way, the impoverished will shift from being charity receivers to charity contributors and a catalyst for society development. In order to enable the poor being self-dependent and establish a sufficient livelihood and sustainability in society, the proposed modal for the establishment of Islamic charitable organizations/NGOs may bring about a positive change in the direction of sustainability, development, and empowerment.

References:

Akhawat Foundation. (2025). Disaster Management Program. <https://akhawat.org.pk/programs/disaster>

Al Quran. (30:39). Surah ar-Rum, verse no 39 with English translation by Dr Tahir ul Qadri. <https://www.irfan-ul-quran.com/english/Surah-ar-Rum-with-english-translation/39>

Al Quran. (4:36). Surah an-Nisa verse no 36 with English translation by Dr Tahir ul Qadri. <https://www.irfan-ul-quran.com/english/Surah-an-Nisa-with-english-translation/36>

Al Quran. (57:11). Surah al-Hadid, verse no 11 with English translation by Dr Tahir ul Qadri.. <https://www.irfan-ul-quran.com/english/Surah-al-Hadid-with-english-translation/11>

Al Quran. (64:17). Surah at-Taghabun, verse no 17 with English translation by Dr Tahir ul Qadri. <https://www.irfan-ul-quran.com/english/Surah-at-Taghabun-with-english-translation/17>

Al Quran. (9:103). Surah at-Tauba Ayat 103 with English translation by Dr Tahir ul Qadri. <https://www.irfan-ul-quran.com/english/Surah-at-Tawbah-with-english-translation/103>

Ali, M., Oravampurath, H. B., & Ziyaad, M. (2020). *Social impact Sukuk for migrants: an innovative solution. Handbook of Research on Theory and Practice of Global Islamic Finance* (pp. 752-769). IGI Global.

Beik, I. S., Buana, G. K., & Pickup, F. (2018). Unlocking the potential of zakat and other forms of Islamic finance to achieve the SDGs in Indonesia. *United Nations Development Programme*, 23.

Biancone, P. P., & Radwan, M. (2018). Social finance and unconventional financing alternatives: an overview. *European Journal of Islamic Finance*, 10(1), 248-259.

Chambers, R. (1989). Vulnerability, coping and policy-Introduction. *Ids Bulletin-Institute of Development Studies*, 20(2), 1-7.

Chapra, M. U., Khan, S., & Al Shaikh-Ali, A. (2008). *The Islamic vision of development in the light of maqasid al-Shariah* (Vol. 15). Iiit.

Farooqi, A. H., Qamar, M. U. R., & Chachi, A. (2017). Role of Islamic microfinance scheme in poverty alleviation and well-being of women implemented by Islami Bank Bangladesh Limited. *Islam Ekonomisi ve Finansı Dergisi (IEFD)*, 3(1), 1-32.

Firmansyah, E. (2016, October). Islamic banks concern with the poor and micro businesses: an evaluation on their Al Qard Hasan (beautiful loan). In *International Conference, Integrated Microfinance Management for Sustainable Community Development (IMM 2016)*. Atlantis Press.

GRIF, Finance, I. (2016). A Catalyst for Shared Prosperity. *Global Report on Islamic Finance* (pp. 174-200).

Hassan, M. K., Muneeza, A., & Sarea, A. M. (Eds.). (2021). *COVID-19 and Islamic social finance*. Routledge.

International Islamic Fiqh Academy. (2013, November). *Resolution No. 200 (6/21): Shariah rulings and standards for the foundations of cooperative insurance*. <https://iifa-aifi.org/en/33068.html>

International Labour Organization (ILO). (2014). *Microfinance for decent work: Enhancing the impact of microfinance – Evidence from action research*. <https://www.ilo.org/publications/microfinance-decent-work-enhancing-impact-microfinance-evidence-action>

Islamic Research and Training Institute (IRTI). (2020). *Islamic social finance report 2020*. Islamic Development Bank. <https://www.iefpedia.com/english/wp-content/uploads/2020/07/Islamic-Social-Finance-Report-2020.pdf>

Kaldas, T. (2020). The Pandemic Should Spur New Reforms in Egypt, Bloomberg. <https://www.bloomberg.com/opinion/articles/2020-05-06/coronavirus-the-pandemic-should-spur-new-reforms-in-egypt>.

Kuran, T. (2001). The provision of public goods under Islamic law: Origins, impact, and limitations of the waqf system. *Law and Society Review*, 841-898.

Modéer, U. (2018). Unlocking Islamic Social Finance to Help Communities Address Vulnerability and Inequality. *Retrieved October, 23, 2019*.

Philip, D., & Rayhan, M. I. (2004). Vulnerability and Poverty: What are the causes and how are they related. *ZEF Bonn, Center for Development Research, University of Bonn*.

ReliefWeb, 2016. World Humanitarian Summit - Islamic social finance: Special session summary, Istanbul, 23-24 May
2016. <https://reliefweb.int/report/world/world-humanitarian-summit-islamic-social-finance-special-session-summary-istanbul-23-24>

Serrat, O. (2017). The sustainable livelihoods approach. In *Knowledge solutions* (pp. 21-26). Springer.

Shaikh, S. A., Ismail, A. G., & Mohd Shafiai, M. H. (2017). Application of waqf for social and development finance. *ISRA International Journal of Islamic Finance*, 9(1), 5-14.

University of Central Punjab. (2020). Interest free emergency loan.
<https://ucp.edu.pk/announcement/interest-free-emergency-loan/>