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**The 2nd International Conference on Zakat, Tax, Waqf & Economic Development
(ZAWED) 2022**

***Theme: Strengthening Social Finance Institutions for Sustainability of Ummah's
Economic Development***

27 December – 28 December 2022

The 2nd International Conference on Zakat, Tax, Waqf & Economic Development (ZAWED) 2022, hosted by the Institute of Zakat Research and Innovation (Institut Penyelidikan dan Inovasi Zakat - IPIZ), Universiti Utara Malaysia (UUM), in collaboration with the Kedah Zakat Board (Lembaga Zakat Negeri Kedah - LZNK), was convened to address vital issues pertaining to the management of zakat, tax, waqf, baitulmal, hibah, Islamic businesses, and other Islamic institutions. The conference aimed to identify the most effective methods to promote the economic development of the Ummah. This initiative aligns with IPIZ's vision and mission as a center of research excellence, as well as with the goals outlined in Malaysia's education development plan 2015-2025.

The objectives of this conference:

- a. Introduce and explain the fundamental concepts of managing zakat, tax, waqf, baitulmal, hibah, Islamic businesses, and Islamic institutions within the framework of Ummah's economic development to zakat institutions, academicians, postgraduate students, as well as private and civil servants.
- b. Discuss current challenges and issues related to the management of zakat, tax, waqf, baitulmal, hibah, Islamic businesses, Islamic institutions, and economic resources in the governance of both the public and private sectors for the economic development of the Ummah.
- c. Identify best practices in managing zakat, tax, waqf, baitulmal, hibah, Islamic businesses, Islamic institutions, and economic resources for the economic development of the Ummah.
- d. Provide a platform for top management and executives from domestic and international public and private sectors to share information, ideas, experiences, and strategic planning to address challenges in these areas.

Based on the discussion for two (2) days, The 2nd International Conference On Zakat, Tax, Waqf & Economic Development (ZAWED) 2022 set the resolutions as follows:

Resolution 1: Value Based - Competitive Advantage

Islamic Social Finance Institutions need to embrace innovation and creativity to fulfill the Maqasid Shari'ah (objectives of Islamic law). An institution's competitive advantage depends on its capacity to manage innovation effectively and foster creativity. Hence, it is recommended that Islamic social finance institutions adopt management innovation, which entails changes that strengthen and enhance overall organizational performance, resulting in the creation of new or enhanced values that benefit both customers and the Ummah as a whole.

Resolution 2: A Reset in the Management of Islamic Social Finance Institution

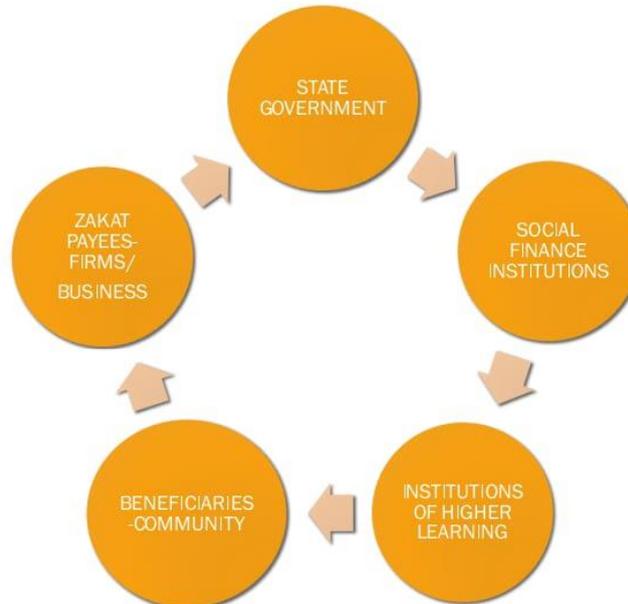
The management of Islamic social finance institutions must transcend policy measures by implementing effective delivery mechanisms through innovative approaches. Innovation, in this context, refers to the exploration of novel methods and capital mobilization from untapped sources. Given the resource constraints faced by the public sector, there is a growing need for well-defined roles across different actors. Private sector entities may excel in executing specific aspects of innovative financing, while non-profit organizations may provide vital on-the-ground support.

Resolution 3: sustainable development strategy

Focus on maximizing the impact on targeted beneficiaries is paramount. Islamic social finance should not only unlock capital for development but also ensure that every dollar mobilized is directed towards initiatives with the highest impact on the target beneficiaries or the specific issue at hand. Innovation within Islamic social finance institutions should extend to innovative processes, value-creation methods, financial engineering that integrates private capital with public and philanthropic support, and the adaptation of existing solutions to address complex social and environmental challenges.

Resolution 4: Penta Helix Model for Zakat and Wakaf

The translational model of Islamic social finance innovation for the development of the Ummah adopts the concept of the Penta-Helix Model, known as the ISF Model. This model underscores the importance of collaboration among various stakeholders to realize the development objectives of underdeveloped villages using waqf instruments. It is adaptable to specific contexts, making it a versatile approach.



Resolution 5: Proposed Islamic Social Finance Framework 2.0

This resolution introduces a comprehensive framework for innovation within the domain of Islamic Social Finance, categorizing the broad outcomes that innovation interventions aim to achieve:

- I. **Scalable Innovation:** Developing innovative, market-based solutions that leverage the power of technology to create scalable impact on target beneficiaries.
- II. **Sustainable Innovation:** Designing new, innovative approaches to address complex social problems, which have experienced public sector and market failure.
- III. **Inclusive Innovation:** Designing inclusive approaches to deliver value by empowering segments of the population that are traditionally excluded.
- IV. **Collaborative Innovation:** Using innovative financial engineering to align disparate stakeholder incentives and create a collaborative approach to implement solutions.

Islamic finance is envisioned to play a pivotal role in the country's financial landscape, with Islamic social finance taking the lead. Achieving this vision requires multi-stakeholder coordination and collaboration, which are essential for reducing search and distribution costs and bolstering public confidence in fund disbursement and governance. These efforts may involve the development of shared infrastructures, or the enhancement of existing ones to ensure interoperability, thereby eliminating barriers to the provision of social finance. Additionally, aligning Islamic social finance initiatives with national priorities can significantly amplify the impact of social finance.

These priorities encompass enhancing income generation opportunities for entrepreneurs and providing financial support for the provision of cost-effective education, healthcare services, and facilities to address prevalent non-communicable diseases.

Consequently, the strengthening of the real economy and the establishment of a robust zakat system form the foundational elements for supporting the Islamic economic system and framework. The creation of a zakat system also holds substantial potential for advancing the applied Islamic economic theory of public finance.

This comprehensive framework envisions a dynamic and innovative landscape for Islamic social finance, one that actively contributes to addressing complex societal challenges and fosters sustainable economic development in alignment with Islamic principles and values.

28 December 2022

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