Islamic Finance Principles in Sustainable Food Systems

From Shariah compliance to ethical, productive and inclusive development



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Role of Finance

- Provide and expand access to financing
- Today attention should focus on where and how capital is deployed towards activities that strengthen productive capacity, create sustainable value and improve outcomes for individuals, businesses and communities

Islamic finance is more than finance

It is a Shariah-guided system of ethical, just and productive financial intermediation to create sustainable prosperity

SHARIAH COMPLIANCE

Permissible contracts and avoidance of prohibited elements

ECONOMIC & ETHICAL

Justice, risk allocation, real activity and wealth circulation

MAQASID* & IMPACT

Public benefit, social inclusion and sustainable prosperity

*Objectives of Shariah or Islamic law

Synthesis of supplied webinar concept note and BNM Strategy Paper (2026), pp. 2, 5–6.

Nine principles of Islamic Finance

01 Prohibition of riba
- Prohibition of interest and usurious lending

02 Prohibition of gharar & maysir
- Avoidance of excessive uncertainty and gambling

03 Real economic linkage
- Finance should correspond to valid activities, assets, services or other recognised interests

04 Risk–reward coherence
- Investment returns should correspond to the risks and responsibilities legitimately assumed

05 Ownership & liability
- Commercial entitlement must reflect genuine contractual responsibility and exposure

06 Justice & benevolence
- Fair allocation of rights, risks, returns; consideration of hardship

07 Wealth creation & circulation
- Productive activities and broad participation in economic activity

08 Integrity & transparency
- Accessible information on material terms, risks and costs

09 Public benefit & harm prevention
- Contributing to the well being of individuals, society, economy and environment and prevention of harm

Synthesis of webinar note, BNM (2026), classical Islamic commercial law and wider Islamic economics literature.

Different Shariah contracts serve different needs

SALAM	Advance payment against specified future agricultural produce	Pre-harvest working capital; crop procurement
MUSHARAKAH	Partnership capital and contractually governed profit/loss sharing	Growth capital; joint agricultural ventures
MUDARABAH	Capital from investor; management by entrepreneur	Enterprise funding and investment
IJARAH	Lease of assets or usufruct	Farm machinery, cold chain, equipment
MURABAHAH	Disclosed cost-plus sale of identified goods	Equipment, inputs and trade goods
TAKAFUL / SOCIAL FINANCE	Mutual protection; zakat, waqf and benevolent lending	Risk protection; inclusion; vulnerable households

Sources: Webinar Concept Note, p. 1; BNM Strategy Paper (2026), pp. 15, 19–22.

Designing finance around agricultural realities

Seasonal cash flows

Align contractual payment or delivery obligations with production cycles

Production and climate risk

Combine suitable risk allocation with takaful, guarantees and resilience measures

Weak collateral

Use transaction information, value chains, partnerships and appropriate safeguards

Market-access constraints

Link financing with off-takers, cooperatives, logistics and storage

Vulnerable rural groups

Blend commercial solutions with zakat, waqf and qard hasan

Sustainable food systems

Support food security, irrigation efficiency and climate adaptation

Sources: Webinar Concept Note, pp. 1–3; BNM Strategy Paper (2026), pp. 15–17.

Illustrative development finance architecture

SOCIAL FINANCE	COMMERCIAL FINANCE	PARTNERSHIP FINANCE
zakat • waqf • qard hasan	**salam • murabahah • ijarah**	**musharakah • mudarabah**
Household resilience and inclusion	Crop inputs, equipment and value chains	Entrepreneurial growth capital

ENABLING ECOSYSTEM: Agri-PDBs • regulators • cooperatives • off-takers • takaful • fintech • technical support

Conceptual illustration; each Shariah contract requires appropriate legal structuring and risk governance.



Thank you
Terima Kasih

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