




NATURAL DISASTER ECONOMIC POLICIES AND SUPPORT (MAQASID AL-SHARIAH PERSPECTIVE)

By

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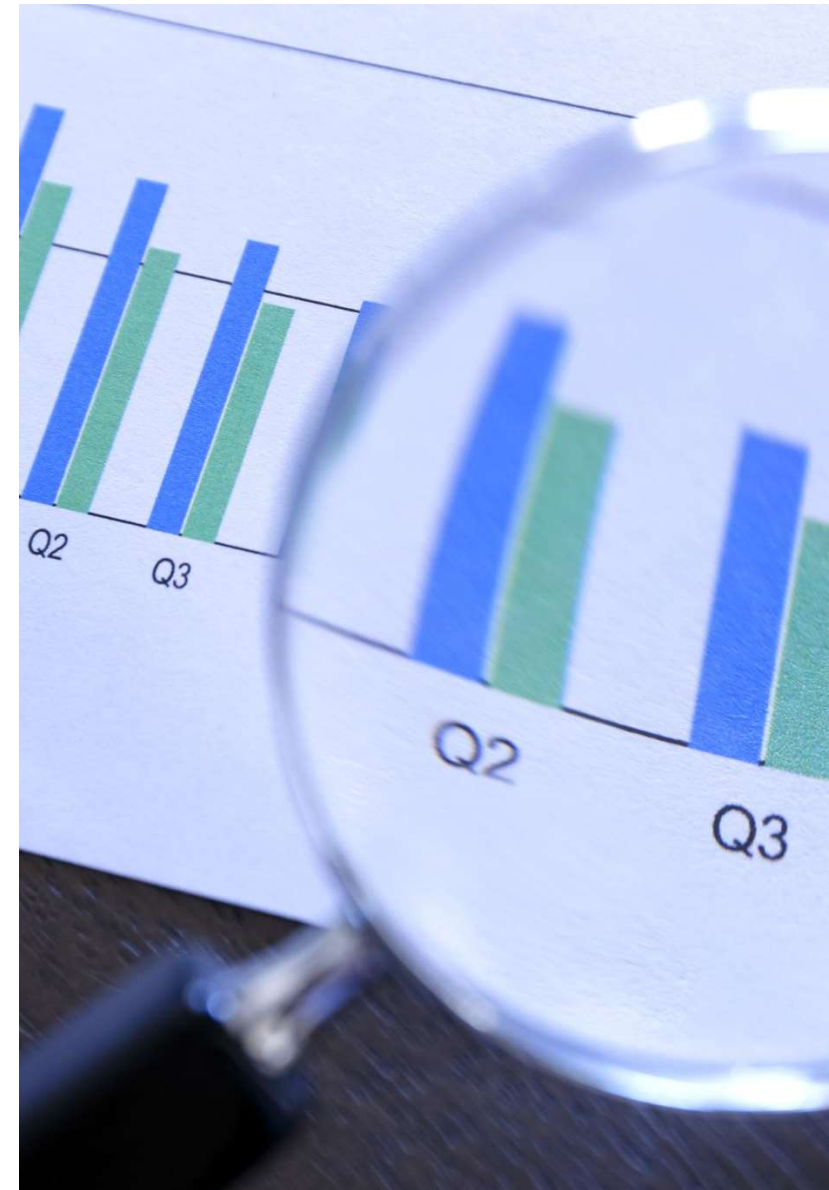
PRESENTATION OUTLINE

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- Introduction.
 - direct and indirect adverse impacts of the natural disasters
 - most relevant research and studies.
 - Different phases of the economic recovery post natural disaster at the state level and community level.
 - The Islamic macroeconomic policies with the implementation of Maqasid al-Shariah
 - Conclusion.



INTRODUCTION

- disaster's financial vulnerability: the frequency and the intensity.
- direct and indirect adverse impacts of the natural disasters
- Economic losses reduction





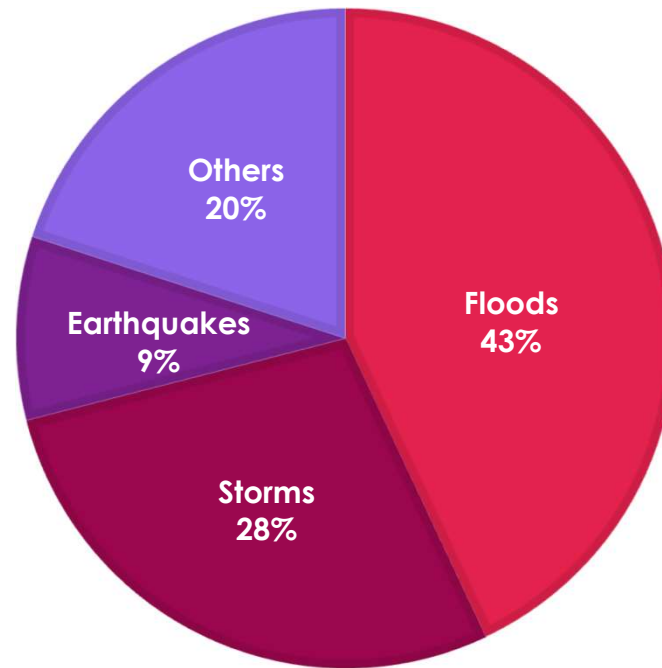
UNITED NATIONS OFFICE FOR DISASTER RISK REDUCTION (UNDRR)

Natural disasters between 2000 and 2019 in numbers

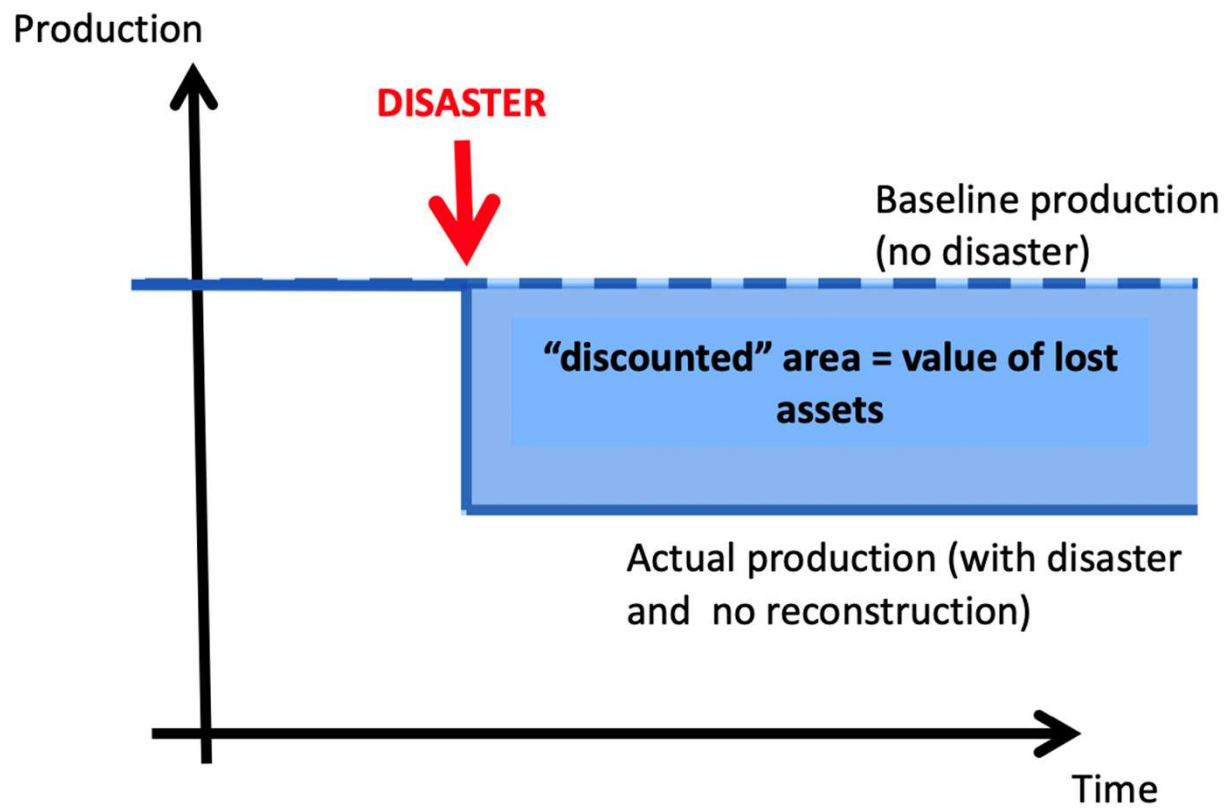
7,348 natural disasters worldwide

- 1.23 million lives
- 4.2 billion people were affected
- \$2.97 trillion economic losses

THE MOST FREQUENT TYPES OF NATURAL DISASTERS




WORLD BANK – INDIRECT COSTS OF NATURAL DISASTER



ECONOMIC LOSSES REDUCTION

Haiti	Chili
7.0 magnitude	9.0 magnitude
140,000 deaths	5,00 deaths

- income,
- educational attainment,
- openness,
- complete financial systems



ECONOMIC RECOVERY

- 
- Return economic and business activities into a healthy state
 - Create new sustainable and economic viable opportunities
 - Increase consumption

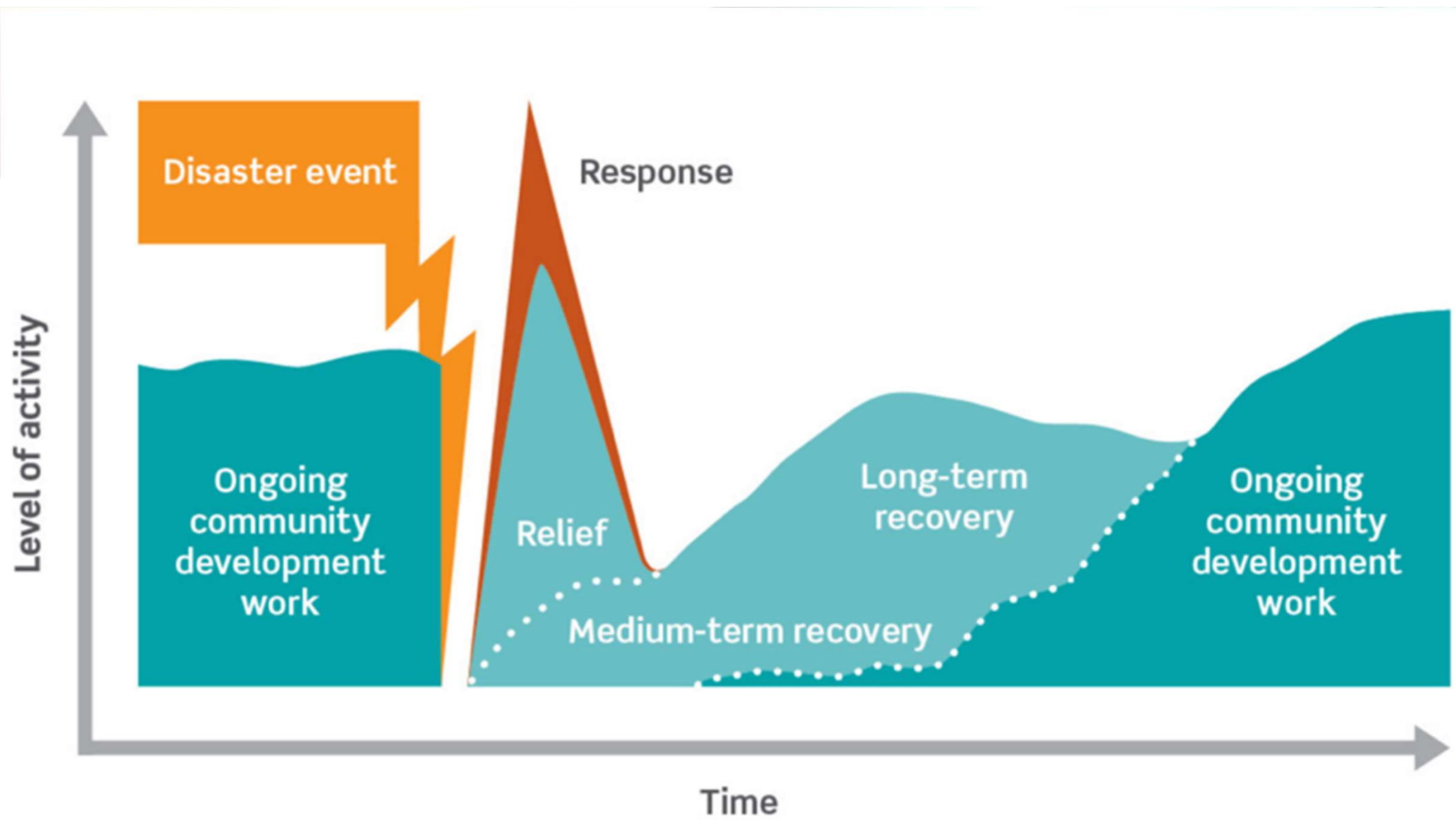
low consumption → decreased demand → lower production & lower employment

Proposed Solution:

Cash-for-work for reconstruction

Insurance: Horizontal (Large community) & Vertical (Long period of time)

Cooperation between state and community



ISLAMIC MACRO-ECONOMIC POLICIES





OBJECTIVES & INSTRUMENTS OF ECONOMIC POLICIES

Conventional perspective:

The four central objectives are to control:

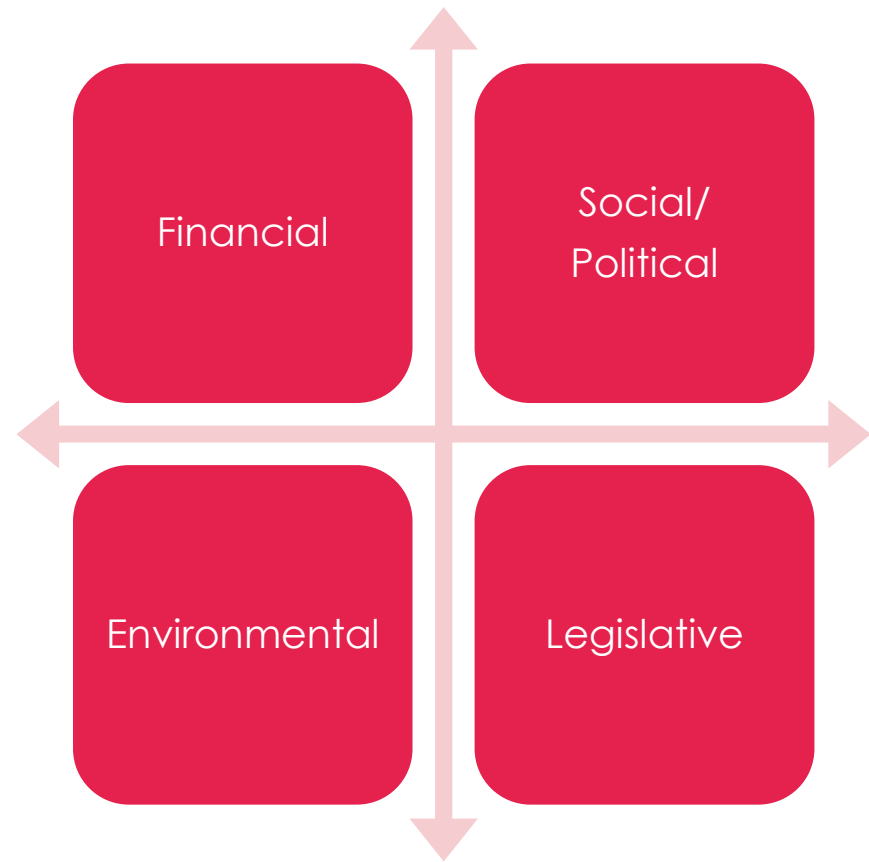
(real growth, unemployment, inflation, current account equilibrium)

Instruments to achieve these four objectives

(fiscal policy, monetary policy, incomes policy, and exchange rate policy)

DURING THE
PROPHET ERA

PROSPEROUS
ECONOMY





SOCIAL/POLITICAL

- The prophet of Islam managed all aspects of the state from his mosque
- established a system of wealth storage and allocation of wealth, and a system of salary payments
- He established a council of advisers for the state
- The region suffered from many social gaps, including slavery
slavery was diminished over time and the nation's wealth was used to free Muslim slaves.
- The prophet also set rules to eliminate discrimination based on skin colour, ethnic background, and social classes.
- Islam set clear rules to distinguish the role of men and women within the boundaries of the new religion.



ENVIRONMENT

- Continuous incentives of reclaiming the agricultural lands and organizing the irrigation system
(whoever could reclaim a poor land that had no owner the land becomes his)
- The wealth of animals was as well given big attention by the state.
- Preserving the natural resources and the ideally utilize them
- cleaning and greening the environment
- The way of burying the dead
- The prophet's teaching clarified the way of protecting against transmitting viruses, avoiding illnesses and spreading the epidemic.
- The medical manufacture was grown



LEGISLATIVE

The prophet established a judicial and justice system based on the divine law, unifying the prosecution system under the state's authority.

The charters were subject to change and revision over the years based on the evolving circumstances of the new state.

The prophet's teachings emphasized equality before the law for all individuals, regardless of their religious beliefs, socioeconomic status, or strength.

Sustainable development and efficient wealth accumulation.



FINANCIAL & ECONOMIC

The budget relied on voluntary contributions and later became mandatory alms

Revenues also came from the rewards of wars, trade, and accumulation of wealth over time.

The prophet focused on five main economic sectors: construction, trade, agriculture, industry, and services.

Ethical commercial codes were established.

The market was organized with fair prices, regulated monetary instruments, and competition.

The prophet emphasized the importance of reclaiming agricultural lands and developing water wells.

The services sector, including healthcare, judiciary, documentation, and education, was also emphasized.

relationship between the workers in the agricultural lands and the owners was set to establish a clear concept of the private ownership and a clear payment system



FINANCIAL

- Market

(Monetary Policies):

Currencies weight or value

Pricing follows the power of
the market

Monopoly was banned
(Competition)

Usury was forbidden

- Budget

(Physical Policies):

Zakat as a socio-economic
tool for redistributing income

Imposing taxes beyond
Zakat is a controversial issue



For transactions, general permissibility, prioritizing the maximization of benefits, individual losses might be tolerated to prevent public losses



For redistribution of income, an effective collection and distribution of Zakat can meet this goal.



For public services, taxes may cover this expenditure need.



For infrastructure building, either taxes or raising funds via Shariah compliant instruments such as Sukuk is appropriate.



For financing deficit, Ijarah linked to GDP growth may be more stable instead of linking it to interest rate and it shall be linked to real economy projects.



**ECONOMIC POLICIES AND SUPPORT FOR NATURAL
DISASTER BASED ON MAQASID AL-SHARIAH**

	Before	During	After
Life	<ul style="list-style-type: none"> Check safety measures Safety training 	<ul style="list-style-type: none"> Rescue survivors Temporary shelters Basic needs Emergency health 	<ul style="list-style-type: none"> Rebuild (High quality)
Property	<ul style="list-style-type: none"> Financial planning Create disaster Takaful Create Waqf disaster fund 	<ul style="list-style-type: none"> Interest-free loan Tax incentives Cash-for-work Advance Zakah Utilize Waqf disaster fund Charity fund raising 	<ul style="list-style-type: none"> Rebuild (High quality) Sustainable businesses
Religion	<ul style="list-style-type: none"> Disaster Fatawa awareness 	<ul style="list-style-type: none"> Portable mosques Apply disaster Fatawa Religious & faith talks 	<ul style="list-style-type: none"> Rebuild (High quality) Creative disaster Fatawa
Intellect	<ul style="list-style-type: none"> School building norms Education for poor Disaster research centers 	<ul style="list-style-type: none"> Portable classes Mental health training 	<ul style="list-style-type: none"> Rebuild (High quality) Quality education
posterity	<ul style="list-style-type: none"> Waqf for unknowns 	<ul style="list-style-type: none"> Shelters for unknowns 	<ul style="list-style-type: none"> Integration programs

LIFE

	Before	During	After
Life	Check safety measures Safety training	Rescue survivors Temporary shelters Basic needs Emergency health	Rebuild (High quality)

- Over 130 thousand TOKI buildings were not damaged due to their earthquake-resistant structure
- TOKI is non-profit social project targeting low and middle-income people where monthly payments are increased semi-annually based on the official public sector wage index

PROPERTY

	Before	During	After
Property	Financial planning Create disaster Takaful Create Waqf disaster fund	Interest-free loan Tax incentives Cash-for-work Advance Zakah Utilize Waqf disaster fund Charity fund raising	Rebuild (High quality) Sustainable businesses

Normal Takaful plans cannot absorb such losses and may collapse. This scheme is wiser as it is spreading the risk of large losses among customers with regular smaller payments. It also lowers the consumption reduction and allows for faster restructure which reduces the overall output losses

RELIGION

	Before	During	After
Religion	Disaster Fatawa awareness	Portable mosques Apply disaster Fatawa Religious & faith talks	Rebuild (High quality) Creative disaster Fatawa

- The well-being of people during natural disaster is important for healthy recovery of the economy.
- It is essential to provide portable mosques and give religious talks for Muslims to reach a state of tranquility so that they can go back to their normal life faster.

INTELLECT

	Before	During	After
Intellect	School building norms Education for poor Disaster research centers	Portable classes Mental health training	Rebuild (High quality) Quality education

“Disaster Research Centers” that ensure the latest studies and norms are applied to prevent or mitigate the likelihood and gravity of the event.



POSTERITY

	Before	During	After
posterity	Waqf for unknowns	Shelters for unknowns	Integration programs

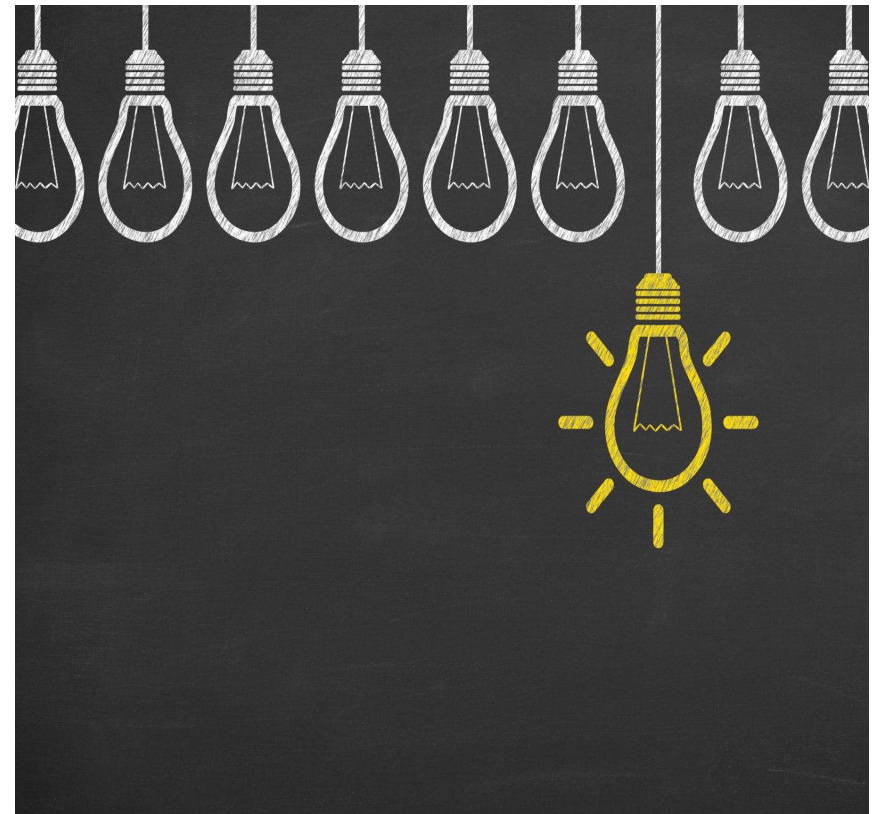
special Waqf fund for unknown children's survivors to provide them during the event with an equitable shelter integrate them well in the society.



CONCLUSION

Natural disasters usually have severe direct and indirect impact which could be less acute in higher level of income, education, openness, and financial systems countries.

Applying certain strategies and policies before, during and after the event in light of the theory of Maqasid al-Shariah could build a sustainable system that is resistant to any upcoming natural disaster.





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THANK YOU



The Fifth Annual Conference of Islamic Economics & Islamic Finance

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