<u>Author: Abdul Rahman Saafi</u>

Islamic Finance for Sustainable Development Goals in Afghanistan

Abstract

Achieving sustainable development goals through Islamic Finance (IF) is a cornerstone for development in Afghanistan. The purpose of this study is to investigate the connection between IF objectives and the United Nations Sustainable Development Goals (UNSDGs), and to suggest market-based solutions to sustainable development challenges faced by the country. Using predictive analysis, this study analyzed the historical data of IF in Afghanistan - and measured these results against a contemporary IF study towards the sustainability of social finance and economic growth. The inherent overlap between IF and Sustainable Development Goals (SDGs) plays a significant role in facilitating the engagement of the private sector, governments, and key stakeholders operating in the Islamic finance sector within Afghanistan. The study also examines the correlation between IF and UNSDGs. Further studies are needed to establish fundamental relationships and develop practical solutions.

Keywords: Islamic Finance, Sustainable Development Goals, IFIs, Infrastructure Development, UNDP.

Introduction

The fundamentals of Islamic Finance are deeply rooted in the Islamic civilization and originated from Islamic jurisprudence and laws (Shari'ah). It alleviates ambiguity, moral hazard and adverse selection in financial contracts for all stakeholders and further ensures transparency in the financial system. It has a legislated number of rules and ethical codes that aim to accomplish benefits to community development; it provides financial services to obtain a quality education, a robust system to eradicate poverty, and protects consumers for sustaining financial institutions.

For instance, about sustainability 'A'isha (RA) reported Allah's Messenger as saying, "The acts most pleasing to Allah are those which are done most continuously, even if they amount to little." Al- jam' bain al sahihain (212). Nevertheless, developing the earth's resources is the theme of several privileges in the Qur'an and hadith, in terms of making the earth a pleasant place to live, ensuring its greenery and bringing out its beauty and bounty for the benefit of all is a crucial step towards social sustainability. The principal instrument for developing Afghanistan's economy is productive human capital. Accordingly, this will help infrastructure and economic development, which is not only important for efficient commerce and trade, but also enhances competition and leads to long-term economic growth. Sustainable infrastructure development in Afghanistan would require the process and results to be environmentally friendly and have a positive societal impact.

Usually, governments provide infrastructure facilities, but in many countries, they lack resources for this responsibility due to large deficits and sovereign debt exposures. High requirements for infrastructure investment funds point toward the need to find innovative ways in which new players can contribute to the development of sustainable infrastructure. This is an ideal business opportunity for Islamic finance in Afghanistan, because it may seem that financing such projects would contribute to the welfare of the society in particular as well as to the country at large. Public, private and multilateral development institutions (MDIs) are being used to fund infrastructure projects using Sukuk instruments. Shari'ah-compliant syndicated financing is another avenue that is gradually gaining popularity to fund infrastructure projects through a diversity of Sources. Therefore, the government of Afghanistan needs to support the Islamic financial system, and it is largely driven by the Islamic economic theory that aims to eliminate social injustice and provide solutions to socioeconomic challenges faced by the societies.

The motivation behind this research paper is to explore the use of Islamic Finance products and services, particularly Sukuk instruments for building a sustainable basic infrastructure in Afghanistan. This infrastructure encompasses education, roads, railways, water and sanitation systems, power stations, healthcare, food security, standard cold storage and climate change mitigation. The central idea is that sustainable products and services can only thrive on a solid social and economic infrastructure foundation, making Islamic finance a key player in achieving the Sustainable Development Goals (SDGs) in Afghanistan.

As important as infrastructure is to the economic and social development of human societies, there is a growing emphasis on building high-quality, sustainable, and resilient infrastructure to achieve the SDGs. This research aims to maximize the contribution of Islamic Finance (IF) products and services to the SDGs, analyze the linkage between SDGs and IF objectives, and assess the impact of IF on Afghanistan's economic growth. The problem at hand is the need for infrastructure development in Afghanistan, aligned with SDGs 1, 2, 4, 8, 9, and 17, involving both domestic and international resources, and requiring effective economic management, good governance, and transparent procurement and project management systems.

The objectives of this research are to:

- Examine the existing financing and investment gap for infrastructure development in Afghanistan.
- Explore available options within Multilateral Development Institutions (MDIs) financial systems to fund this gap.
- Illuminate existing and potential Shari’ah-compliant options for building sustainable infrastructure.
- Propose reforms to enhance the impact of these Islamic financial tools.

- Involve all Islamic Financial Institutions (IFIs) such as banks, microfinance, and Takaful in the decision-making process for infrastructure and economic development in Afghanistan.
- Utilize qualitative research methods, including inductive reasoning and content analysis, to investigate the potential of Islamic finance in supporting the SDGs.

The existing research and literature have not adequately addressed the role of Islamic finance in achieving the SDGs in Afghanistan, specifically in the context of infrastructure development. This research aims to bridge this gap by providing a comprehensive analysis and proposing practical solutions.

This research is significant because it not only addresses the urgent need for infrastructure development in Afghanistan but also explores how Islamic finance can contribute to achieving the SDGs. By involving various Islamic Financial Institutions in decision-making and proposing reforms to enhance the impact of Shari'ah-compliant options, this research can pave the way for sustainable economic growth and development in Afghanistan while aligning with global sustainability goals.

This study employs a qualitative research approach, employing both inductive reasoning and content analysis, to investigate how Islamic finance can contribute to the realization of the Sustainable Development Goals (SDGs). The study encompasses several key components, including a literature review, a comprehensive methodology covering economic aspects, financial institutions, Islamic banking and finance, and Islamic capital markets in Afghanistan. It also delves into the findings and discussions, particularly focusing on the role of Islamic finance and its products in advancing the SDGs.

Literature Review

For growth in business and finance, innovation and product enhancement must happen in the Islamic finance industry. Shari'ah rules, principles, and framework need to be understood in the process of product development. Consistency is the key and must be prevalent in governing the parameters and standards for the new products. Hassan et al. (2020a) examine the role of Islamic finance in the economy and financial sustainability, as Islamic finance has been a pioneer in financing sustainable development; which can be a major driver in the transformation of the economy. According to Hassan et al. (2020c), one of the major effects is increased poverty, which is not limited to Islamic social finance, rather it extends globally. However, Islamic social finance instruments such as zakat (alms), sadaqat (charity), Waqf (endowment) provide a helping hand to those in need.

The global push towards sustainability replaced the term "stockholder-oriented" with "stakeholder-oriented" in a firm's valuation, by including financing, investment, production, and consumption into the valuation relation, Hassan & Saraç (2020). Consequently, firms are paying more attention to their socio-economic environment, which has triggered the need for integrating sustainability into the economic and financial system. Islamic economies are characterized by both responsible and sustainable financial systems. This analysis starts with its growth and ends with products/services and customer perception. Consequently, cooperation is very much accepted in our social life, thus, it is encouraged in Islamic law and finance.

Paltrinieri et al. (2019) surveyed Sukuk literature to observe the influential aspects that are global, national, economic, social, and political. The paper presents and identifies three research streams: (1) Sukuk overview and growth, (2) Sukuk and finance theories, and (3) Sukuk and stock market behavior. Incorporating the findings and insights from Paltrinieri et al.'s literature into the research can enhance the understanding of how Sukuk and Islamic finance can play a pivotal role in addressing the identified research objectives, thereby contributing to the sustainable development of Afghanistan. Based on a novel dataset on Sukuks, Ahmed et al. (2018) investigate when and why firms issue Sukuk and whether investors conceptualize and value Sukuk differently from a conventional bond. The document that has abnormal returns is significantly negative around the issuance of a Sukuk. Using logistic regressions, they examine the effects of the financial characteristics of issuers on the likelihood of Sukuk issuance as well as on the abnormal returns around the issuance.

Lahsasna et al. (2018) look at forward lease Sukuk, typically referred to as Ijarah-e Mawsufah fi Dhimmah. He evaluates the structure and rules which govern forward lease Sukuk, as well as the Shari'ah issues that are presented by issuing this kind of Sukuk. Forward lease Sukuk is defined as an asset that does not exist at the time the Sukuk is issued. It is then connected to a tangible portfolio that has both Istisna' and Ijarah contracts. Sukuk Ijarah is, however, considered to have more advantages due to it being a dynamic instrument in the Islamic capital market. All in all, the topic of future lease Sukuk is covered concerning its features, characteristics, structure, issuing process, and secondary market rules.

Hassan et al. (2013) stress the importance of Islamic banking and finance globally. Hassan and Mahlknecht (2011) find that Islamic Finance products are less correlated with conventional products, thus, beneficial alternative investments for portfolio diversification. Hassan and Kayed (2009) showed that Islamic firms are more efficient and equitable in the distribution of income and wealth compared to their counterparties, as Islamic finance firms adopt profit-sharing and loss-bearing principles.

The Economy of Afghanistan

Afghanistan has significant natural resources that have remained untapped due to decades of conflict and instability, poor infrastructure and governance, and the difficulty of accessing global markets from a remote, landlocked, and mountainous location. Deposits of iron ore, copper, aluminum, tin, lead and zinc, gold, rare-earth minerals and a host of other natural resources are found in many areas of the country. Gemstones, rare-earth metals, sulfur, talc, gypsum and chromite are widely distributed across the central part of

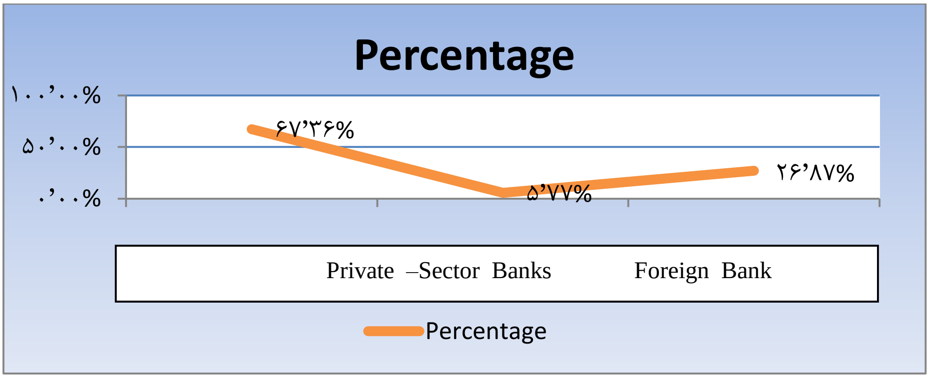
Afghanistan, Ministry of Mines and Petroleum (2021). Similarly, petroleum resources have long been known to exist in the country, but have only been exploited to a limited extent. In addition, the poverty rate in Afghanistan increased markedly from 38 percent in 2012 to 55 percent in 2017, the year of the most recent World Bank household survey. The great majority of the Afghan population was poor and vulnerable before the Covid-19 crisis. Moreover, the official poverty rate of 55 percent understates the extent of poverty and vulnerability, as illustrated by the fact that 93 percent of the population lived on less than USD 2 per day before the crisis. Economic growth in recent years has barely exceeded the rate of population growth (2.7 percent annually). Widespread poverty also exposes the population, and especially the most vulnerable groups, to the effects of extreme weather events such as droughts and floods. Drought-induced displacement has reached a record level of nearly 300,000 individuals. Afghanistan has a Human Capital Index of 0.39 and ranks 133rd out of 157 countries in this respect, The World Bank (2020).

According to the World Bank, Afghanistan's GDP in 2020 was USD19.8 billion, following a contraction of two percent in 2020, Trading Economics (2021). Annual per capita income declined to just over USD500 compared to nearly USD650 in 2012. In 2020, the inflation rate was around five percent and unemployment was 11.7 percent2 Furthermore, with all the sanctions and non-recognition of Afghanistan from other nations of the world, according to UNDP estimates, the rate of unemployment may rise further to about 30 percent. More pessimistically, according to an Asian Development Bank scenario, unemployment could reach 40 percent, UNDP (2021a).

Financial Institutions

The financial sector in Afghanistan is dominated by banks and concentrated in urban areas. The sector consists of 12 banks: seven private commercial banks, including one private Islamic bank; three state-owned banks (SOBs) and branches of two foreign banks, ABA (2021).

Banking Market Shares in Afghanistan, (see Fig. 1)



Source: DAB, 2020

[2] The World Bank, Databank, https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=AF

All three categories of banks are regulated and supervised by the Central Bank, Da Afghanistan Bank (DAB). There are around 400 commercial bank branches across the country. The banks are mostly active in the three largest urban centres – Kabul, Herat and Mazar-i-Sharif. These three centres account for two-thirds of their branch networks. The SOBs have the largest branch networks, but the private banks dominate the market with around 66 percent of total banking sector assets.

Historically, the banking sector has made a limited contribution to economic growth. Lending to the private sector has been passive, with credit to the private sector at barely 4 percent of GDP compared to nearly 30 percent on average in low-income countries. The loan-to-deposit ratio is particularly low at 15 percent. This means that banks rely on their deposits to make loans to their customers and may not be earning and growing as much as they could. Foreign Direct Investment (FDI) and Public-Private Partnerships (PPPs) have been constrained by the weak rule of law and lack of contract enforceability, thereby failing to attract ventures and enhance state-owned enterprise performance or to facilitate trade, UNDP Afghanistan CO. (2021). Accordingly, the non-bank financial sectors (Islamic Microfinance, Takaful and Islamic capital market) in Afghanistan are very small in size or may not even exist and have limited outreach. Additionally, there is a formal microfinance sector, consisting of eight microfinance institutions (MFIs) supported by the Microfinance Investment

Support Facility (MISFA), this number might have decreased recently, AMA (2021).

Islamic Banking and Finance in Afghanistan

The Islamic banking sector is gradually attaining dominance in the global Islamic finance system (IFS). In many Muslim-majority countries, Islamic banking is growing faster than conventional banking. Islamic banking contributes up to 71% (USD 1.72 trillion) to the total assets of the Islamic finance industry, making it the largest segment. As of 2019, more than 1400 Islamic financial institutions are operating in over 70 countries, ICD-Re finite (2019). Islamic finance is growing in global acceptance with regions of Middle East, US, Far East, Europe, Africa, South Asia, and Central Asia entering or having entered the industry. Furthermore, the Center for Islamic Banking and Contemporary Issues is a governmental body established by Article No. 2, Decree No. 15, dated (16.05.1443 AH and 29.09.1400 HS) under the auspices of Afghanistan Sciences Academy (ASA). With the responsibility of introducing Islamic principles into Afghanistan's banking and financial sector. It is tasked with developing strategies to align the market with Islamic economic principles and systems, as well as conducting extensive research on topics related to Islamic banking and modern financial matters. The primary goal of CIBCI is to offer services within the sector to advance Islamic banking and foster an Islamic economy in Afghanistan.

Islamic banking was introduced to Afghanistan in 2008-2009. Although there is only one full-fledged Islamic bank in Afghanistan, namely the Islamic Bank of Afghanistan (IBA), other banks have Islamic banking windows alongside their conventional banking services. As of the end of 2020, Islamic banking assets (including windows) were making up 8.3 % of the total assets of the banking sector, DAB (2020a). Although it remains a new concept for Afghanistan, Islamic finance has the potential to play a much larger role in the country. With its principles and its basis in the real economic activities and assets that underlay transactions, it could be a very appropriate instrument for supporting humanitarian and development efforts. It could also promote financial inclusion by encouraging people – including women – in this predominantly Muslim country to use the banking system for deposits and investments.

Islamic Capital Markets

Current capital market activities given the level of understanding of financing systems in Afghanistan, we begin our narrative with a brief and simple introduction to capital markets. A capital market is a market for securities (debt or equity), where business enterprises (companies) and governments can raise long-term funds. It is defined as a market in which money is provided for periods longer than a year. A proper mobilization of financial resources is a critical condition of economic development and an efficient and competitive capital market is an important pre-condition for the liquidity of financial resources. Funds in a capital market can be sourced from domestic as well as international sources. Afghanistan has witnessed a growth of financing activities to a large extent dependent on foreign capital inflows. Having said that, the Government is making efforts to strengthen and develop domestic capital markets. Thus, capital markets typically refer to primary and secondary markets for debt and equity securities. As there are currently no formal equity markets in Afghanistan, though off-shore market could be the option to reach out, and the definition of capital markets is expanded for purposes of this assessment to include all activities conducted by businesses to raise long-term funds, Afghanistan Financial Services (2010).

Moreover, the Islamic capital market has been developing over the years and now makes up about 27% (USD 591.9 billion) of the global IFSI assets. The main instrument dominating this sector is Sukuk (Islamic asset-based securities). This is because countries around the world are using Sukuk to finance expenditures of the national budget through sovereign and multilateral issuances. Recently, there has also been an increase in the number of new markets issuing sovereign Sukuk, including green Sukuk to raise funds for environmentally sustainable projects, IFSB, Islamic Financial Services Industry Stability Report (2019). In 2018, the total Sukuk value outstanding was USD 470 billion contributed to by over 2800 Sukuk including sovereign, quasi-sovereign, and corporate Sukuk based on a variety of different structures but mainly

Murabaha, Ijara, and Mudaraba; which can play a vital role in the monetary policy of a country too.

Significant investments in infrastructure, Sukuk and other promising sectors with growth potential and technological innovation in products and services being offered means that; the global Islamic finance market is growing albeit moderately. All three main components of IFSE; Islamic banking, Islamic capital markets and Takaful (Islamic insurance), contribute to the growth of the industry. The global industry has expanded by up to 75% from USD 1.76 trillion in 2012 to USD 2.52 trillion in 2018. This significant growth has made it a competing force in the industry. Notwithstanding, it is appropriate to investigate how the infrastructure projects have been funded by Muslim rulers in the last one and a half millennium. At the state level, Ottoman rulers also constructed their landmark Hejaz railway which commenced operations from Damascus to Madinah in 1908, with a branch line to Haifa on the Mediterranean Sea. This four million lira project was funded from several sources: the state budget, loans from banks such as Ziraat Bankasi and donations from the public administrated by the Donation Commission, Alshehri (2018).

Findings (Result) and Discussions

Islamic finance is one of the fastest-growing segments of the global financial industry, from US$ 200 billion in 2003 to an estimated US$ 1.8 trillion in 2015, with global assets expected to surpass US$ 3.7 trillion by 2022, IFSB report (2018). Even though Islamic finance has been growing, its contribution to SDGs remains small.

The Islamic finance industry is criticized for the minimal social impact and sustainability that has created, along with missing the Islamic economic system foundations such as social justice, human-centered economic growth, and development, I-FIKR, DIGEST (2019). Mohammad and Borhan (2017) mentioned that the Islamic finance industry is seen to be more technical, legalistic, and stressing form rather than substance, and copying conventional products. Likewise, Hassan and Cebeci (2012) condemn the excessive dependence of Islamic banking on Murabaha-based financing, which favors individual interest over social interest. Similarly, most Islamic banking and finance activities in Afghanistan stand on Murabaha product which values individual interest over social one.

1.The Role of Islamic Finance in Achieving SDGs

Islamic finance has a lot in common with impact investment and can play a major role in addressing the problems faced by society. It also has the potential to bring complement value to the efforts to mobilize resources for the sake of realizing the SDGs. Ismail (2016) stated that SDGs provide Islamic finance with an opportunity to redefine their role about people empowerment, socio-economic development, and green environment. The Islamic financial sector in Afghanistan has the potential to contribute to the achievement of the SDGs through creative and productive modes of financing. In addition, IF sector in Afghanistan has never addressed any development or responsible steps towards social and economic empowerment of the society since its establishment. Therefore, framing the issue of SDGs and social responsibility through the introduction of socially responsible investment, such as SRI Sukuk, as a *Shari'ah*-compliant funding instrument, it can play a major role in addressing the environmental and socio-economic development issues of Afghanistan.

2.Relevance of SDGs to Islamic Finance

In the modern time, development is defined in the framework of Sustainable Development Goals (SDGs) that is promoted by the United Nations. It is a package of development objectives agreed to be achieved in 2030 by all United Nations member states which is 7 years away from now. Thus, the National Development Corporation (NDC) of Afghanistan executes some of those objectives in some sectors (Water, Energy, Construction, Consultancy, Mining, Agriculture and Production) but not through Islamic Finance products and services. For that reason, IF can be considered a key financial system in Afghanistan, it's found that; Sukuk instrument is a crucial structure for NDC to start its activities and link it with IF and SDGs. Accordingly, out of UN-SDGs 17 goals; the following goals are prioritized as a fundamental need of time in the context of Afghanistan:

Table 1. Current needs of SDGs in Afghanistan.

UN-SDGs No	SDGs in Afghanistan
1	1st Need: No Poverty;
2	2nd Need: Zero Hunger;
4	3rd Need: Quality Education;
8	4th Need: Decent Work and Economic Growth;
9	5th Need: Industry, Innovation and Infrastructure;
17	6th Need: Partnerships to achieve the Sustainable Goals.

Finding the relevance, all 17 UN-SDGs will not be expounded one by one, since it can be seen that each goal in SDGs might be linked and rely on each other. The first one is on Goal 1 and Goal 2, which are 'No Poverty' and 'Zero Hunger,' respectively. Despite the 'zero hunger'; it could have several dimensions such as the protection of food security and provision of sustainable agriculture and nutrition sector as well. In addition, Islam has already had the fundamental system and procedure for preventing and fighting both poverty and hunger, through its social finance instruments, namely: Zakah, Infaq, Sadaqah, and Waqf systems.

Education is the primary instrument for sustainable development; it should be given priority over all infrastructures in Afghanistan. Thus, the quality education and learning opportunities as the fourth SDGs will be gained by people if they can meet the cost. Individuals with sufficient income surely could access quality education, while it is excessive for the poor. Fundamentally in Islam, there should not be any single person who is unable to access education towards gaining their intellectuality since it is part of a human essential need. It is in line with the *maqasid al-shari'ah* that suggests Muslims to safeguard their intellect (*hifdzun 'aql*). Therefore, it's the government's responsibility to facilitate the education system (Standard schooling, University and Technical education for those who are not interested to schooling) to build a sustained knowledgeable and technical-based society.

The Islamic worldview approach to empowering (Educationally, Socially and Economically) men and women is applied in achieving the SDGs number 8; which is the inclusivity of economic growth, full and productive employment, and decent work for all. Thus, the SDGs number 9, ensuring resilient infrastructure might not specifically explain in Islam. However, if establishing sustainable infrastructure such as a water dam with an Islamic finance instrument (Sukuk structure for example); it could protect the environment (Flood and drought) and ensure the needs of future generations are fulfilled, it has been argued that the Goal 7 and 9 are part of complying the progeny safeguarding (*hifzun nasl*) of *maqasid al-shari'ah*. The same interpretation also applied for SDGs number 13. Lastly, SDGs number 17 talks about how the global partnership is established as an effort to achieve sustainable development. In Islam, partnership or practicing cooperation is very suggested, since humans a social being. Hence, it is the responsibility of the government to establish national infrastructure development partnerships with MDIs, SOBs and Private Banks, such as the Islamic Development Bank (IsDB), Asian Development Bank (ADB), World Bank (WB) and UNDP, or to implement syndicated financing to run the projects which faced financial shortage. All in all, SDGs agenda in Afghanistan focuses on three main facets, namely: real economic development, social inclusion, and environmental protection. Those three main aspects, then, will be employed to construct the proposed Islamic financial environment that supports the SDGs in Afghanistan.

Conclusion and Recommendations

In conclusion, the availability of high-quality, reliable, and sustainable infrastructure, encompassing education, social, and economic aspects, is crucial for achieving the Sustainable Development Goals (SDGs) in Afghanistan. The persistent economic challenges, increasing unemployment rates, and their financial repercussions are shifting priorities toward infrastructure projects. The government, being a primary source of infrastructure development, possesses both domestic and international resources. Therefore, State-Owned Banks (SOBs), the National Development Corporation, and other key stakeholders in Afghanistan can play a pivotal role by venturing into the Islamic finance sector and participating in the issuance of Sukuk instruments for infrastructure development in Afghanistan. Furthermore, governments should identify a pipeline of viable projects that span their lifecycle, making them attractive for private investors to fully or partially sponsor.

Afghanistan possesses valuable natural resources, including iron ore, copper, gold, and rare-earth minerals. The government can issue Sukuk backed by the future revenue generated from the extraction and export of these resources. This approach allows investors to fund infrastructure projects aimed at enhancing resource extraction, processing, and transportation. It also ensures that the revenue generated from these resources is used to repay the Sukuk holders, making it a self-sustaining model for infrastructure development.

To address the high poverty rate and economic challenges, the government can issue Social Impact Sukuk. These Sukuk can be used to finance projects that focus on poverty alleviation, such as building affordable housing, improving access to clean water, and supporting vocational training programs. The returns on these Sukuk can be linked to the success of poverty reduction initiatives. By attracting socially responsible investors, the government can secure funding for projects that have a meaningful and lasting impact on the well-being of its citizens.

Implementing these Sukuk structures can not only raise much-needed capital for infrastructure development but also promote economic growth and poverty reduction in Afghanistan. However, the government must establish transparent governance mechanisms and provide investors with confidence in the stability of these investments, given the country's complex geopolitical situation.

Islamic finance is well-suited to support the SDGs globally and, in Afghanistan particularly. However, several fundamental challenges need to be addressed:

1. Establishing a robust system of Zakah and Waqf to alleviate poverty, empower society, and finance sustainable infrastructures.
2. Transitioning from a Shari'ah-compliant system to a Shari'ah-based system that innovates and creates products that meet the genuine needs of society.
3. Building the capacity for sustainable development through Islamic finance (IF) by securing high-quality professionals who fundamentally studied BSc. / MSc. In IF and are passionate about creating a sustainable business model. This entails enhancing skills, professionalism, and awareness among staff to effectively provide and implement solutions to real problems.
4. Encouraging the participation of the Islamic banking and finance sector in value-based developments such as

education, social initiatives, the real economy, and infrastructure projects.

5. Involving Islamic financial institutions in developing the real economy, potentially by shifting some State-Owned Banks (SOBs) to sectorial banking (e.g., Agriculture and Investment banking) or establishing new sectorial institutions to achieve specific SDGs within Afghanistan.
6. Designing and proposing a new Islamic microfinance model that combines Islamic social finance and commercial finance while embracing new financial technology and financial inclusion, ensuring the sustainability of Islamic microfinance institutions in Afghanistan.
7. Collaborating on UNSDGs, specifically No. 17, with organizations like the Accounting Auditing Organization for Islamic Financial Institutions (AAOIFI), the Islamic Financial Services Board (IFSB), Multilateral Development Institutions (MDIs), and the United Nations Development Programme (UNDP) to invest, finance, support, coordinate, and design the technical aspects of the Islamic Financial Institutions (IFIs) sector in Afghanistan.

Furthermore, there is an urgent need to integrate sustainability considerations, including education, social welfare, and Islamic economic dimensions, into the decision-making process for projects in Afghanistan, moving away from exclusively assessing materialistic aspects. Based on the mentioned economic policy, the government should prepare a short or long-term plan such as; a 5 to15-years plan using Islamic finance products (Sukuk instrument) for developing the infrastructures, covering education, agriculture, transportation (roads and railways construction), industry, financial inclusion, and trade, to achieve critical SDGs in Afghanistan.

Future research should delve deeper into the sustainability aspects of the Islamic finance sectors, addressing regulatory, supervisory, and institutional challenges. This research could also contribute to a better understanding of Shari'ah-based transactions among all stakeholders and shareholders in Afghanistan.

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