Green Waqf for Climate Change Resilience

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Global climate risks are now financial risks

Climate hazards hit low-income and OIC economies hardest, and they are rising in frequency.

54 of 57

OIC members have ratified the Paris Agreement

>US$1 tn

climate investment needed in the OIC by 2050

Typical exposure in archipelagic and developing states

- Sea-level rise, land subsidence and coastal flooding; extreme rainfall, landslides and drought
- Forest and peat fires, with transboundary haze across ASEAN
- Threats to rice yields, fisheries, coral reefs and rural livelihoods

Sources: COMCEC 2025; World Bank & IsDB 2025; BWI presentation (Indonesia disaster data)

The adaptation finance gap

Needs are 12 to 14 times current flows, and private capital cannot close the gap alone.

US$310–365bn
needed per year by 2035 in developing countries

US$26bn
adaptation finance flowing today

12–14×
gap between need and current flows

~US$5bn
private adaptation finance a year; realistic ceiling ~US$50bn

Why Islamic social finance matters

- Zakat, waqf and sadaqah are patient, locally rooted capital that can fund what markets will not
- Sukuk is not a safe fallback: green and sustainable sukuk issuance fell by half in H1 2026
- Waqf's perpetual, public-benefit logic fits long-lived assets such as forests and water systems

Source: UNEP Adaptation Gap Report 2025: Running on Empty; Moody's H1 2026 sukuk review. Slide source labels the US$26bn flow as 2035; the UNEP report covers 2023 flows.

Climate resilience is not about climate, it is about people

The questions that matter

- Can a family keep its livelihood after a flood?
- Can a community recover after a disaster?
- Does food stay accessible?
- Can vulnerable households still afford essential services?
- Can small businesses survive disruption?

What it demands of institutions

- Respond before a crisis turns into a deeper socioeconomic problem
- Turn instruments into systems that build resilience
- Create measurable impact, not just activity

Malaysia

What was built

- SRI (Sustainable and Responsible Investment) Sukuk Framework (2014): waqf asset development is an eligible project
- Waqf-Featured Fund Framework (Nov 2020), extended to listed funds (Nov 2022)
- Six waqf-featured funds, RM46.7m net asset value by Dec 2022
- Eq8 FTSE Malaysia Waqf ETF (Dec 2024): first publicly listed waqf-featured ETF
- Grant Scheme covers external review costs; Climate Change and Principle-based Taxonomy (2021)

- SRI Sukuk Wakaf Malaysia is a Shariah-compliant financial instrument that combines the principles of SRI (Sustainable and Responsible Investment) with waqf (Islamic endowment). The funds or returns from this sukuk are managed for social welfare (mashalih 'ammah), the development of waqf properties, or public facilities using Shariah contracts like Wakalah bi al-Istithmar or Musyarakah.

- The Eq8 FTSE Malaysia Enhanced Dividend Waqf ETF is the world's first waqf-featured exchange-traded fund (ETF), that have a unique dividend distribution (50:50 Split), 50% for the investor, and 50% for YWM.

Sources: Securities Commission Malaysia; Bank Negara Malaysia; COEISF/INCEIF presentation

Saudi Arabia

endowment capital gets an environmental mandate .

What was built

- Namaa Endowment Fund: initial SAR 100m, directed to environmental, water and agricultural sustainability
- Ehsan Waqf Fund: open-ended public waqf investment fund approved by the Capital Market Authority in 2024
- Over 11,000 endowments registered

Limits and lessons

- Registration is infrastructure, not achievement
- Registration precedes aggregation, and aggregation precedes investability
- Binding constraint: building a deployment pipeline
- Climate resilience is a primary but still emerging focus

Sources: General Authority for Awqaf; Saudi Third Voluntary National Review, July 2026

Türkiye: continuity of the vakıf tradition

An unbroken waqf tradition now meets a national green finance policy.

What exists

- The vakıf tradition never broke, so institutions and trust are already in place
- VakıfBank intermediates US$200m for post-earthquake housing and US$100m for SME climate investment
- National Green Finance Strategy and Action Plan 2026–2029, published 4 July 2026
- Türkiye holds the COP31 presidency (Antalya, 9 November 2026)

Limits and lessons

- Climate resilience is a primary aim
- Binding constraint: scale of the transition
- Model is development intermediation through vakıf-linked banking rather than a dedicated climate waqf product
- Lesson: institutional continuity is an asset other markets must rebuild

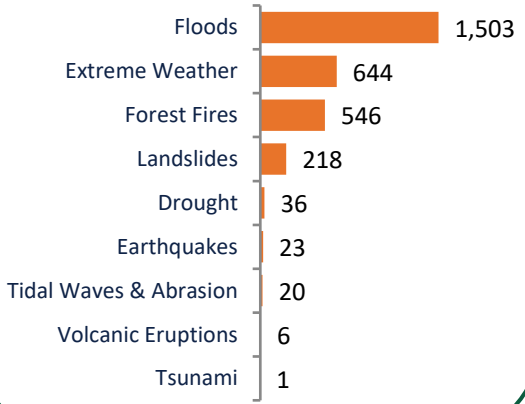
Sources: Official Gazette 33300; AIIB project documentation; UNFCCC

Critical Issues regarding Climate Change in Indonesia

Current **mass forest fires** caused by deforestation, expansion into peat, and governance gaps create severe **climate vulnerabilities and transboundary haze across ASEAN** (Malaysia, Singapore, Brunei, Philippines, Thailand). Climate risks are now acute financial and intergenerational risks.

Disaster Frequency - 2025

Total Incidents: 2,997



Economic & Health Toll - 2026

IDR 123.1 Tn

estimated economic losses.

IDR 93.56 Tn

estimated health costs.

17.4 Million

people affected by respiratory health problems.

Ecological Scale

366% increase in fire incidents (Jan-Aug 2026)

38,310

Hectares burned in West Kalimantan

25,838

Hectares burned in Papua Selatan

Indonesia

IDR185.6tn

≈US$ 10.320bn raised via Green Sukuk

IDR694bn

≈US$38.8m raised via Cash Waqf Linked Sukuk, 2020–2025

Instruments in use

- CWLS: waqf placed in state sukuk (SBSN); returns fund social programmes
- Green Waqf Framework (2022): four stages from pre-condition to mainstreaming
- Many proposed cash waqf models, from pure green CWLS, ZISWAF and commercial blended finance, to takaful-backed blended finance

Waqf Forests

Grassroots Validation: The National Footprint

Headline Metric
Total Area: 68.1 Hectares
(Initiated across various independent institutions)



Program Hutan Wakaf Aceh
4.8 Ha
- Flat/sloped, dozens of tree species
- Run by Conservation Initiative



Program Hutan Wakaf Bogor
2.5 Ha
- Sloped/steep topography
- Run by HWB Foundation



Program Hutan Wakaf Az-Zikra
27 Ha
- Gunung Sindur/Sentul, tree vegetation



Program Hutan Wakaf Mario Wajo
30 Ha
- Tasikmalaya, tree vegetation
- Run by BWI Wajo

Institutional Scaling: The Muhammadiyah Model

Headline Metric
Total Area: 7,281 Hectares
(Progressive Forest Initiatives by Muhammadiyah)



Palangkaraya
Central Kalimantan, 4,900 Ha

Status: KHDTK.
Manager: Universitas Muhammadiyah Palangkaraya.



Malang
East Java, 79 Ha

Status: KHDTK.
Manager: Universitas Muhammadiyah Malang.



Makassar
South Sulawesi, 2.29 Ha

Status: KHDTK.
Manager: Universitas Muhammadiyah Makassar.



Nusa Tenggara Barat (NTB)
NTB, 93 Ha

Status: KHDTK.
Manager: Universitas Muhammadiyah NTB.

Energy Waqf Initiatives

Solar for Pesantren

Cash waqf investments are converted into solar panels at Islamic boarding schools such as Pesantren Al Qolam, overcoming high installation costs.

Energy independence and less reliance on fossil fuels

Community Biodiesel

Guided by the Green Waqf Framework, pilots use restored waqf land to grow Nyamplung trees (Calophyllum inophyllum).

Processed into sustainable biofuel

The National Green Waqf Movement

Launched by MUI in June 2026, backed by climate fatwas including MUI Fatwa No. 86/2023 on Climate Change. Five core pillars:

Tree Waqf	Reforestation of degraded and critical lands
Water Waqf	Borewells and clean water in drought-prone areas
Mangrove Waqf	Mitigating coastal erosion, restoring marine ecosystems
Eco-Masjid & Eco-Pesantren	Waste management and clean energy systems
Green Waqf Fund	Public cash donations for green projects

BWI's role in climate resilience

An independent body under Law No. 41 of 2004 acts as regulator, convener and catalyst.

Statutory duties

- Nazhir development, appointment and dismissal
- Approving exchange and change of status of waqf property
- Permission to change purpose or allocation
- Managing waqf property nationally and internationally
- Advising government on waqf regulation

Climate-resilience actions

- Green Waqf Framework with UNDP and IPB
- Certified training for nazhir
- CWLS with the Ministry of Finance and Bank Indonesia
- Waqf forests, climate-smart farming and off-grid renewables
- Digital cash waqf and religious literacy on environmental stewardship

Source: Badan Wakaf Indonesia

New Paradigm in ISF for Climate Change Resilience

Shift one: from fragmented instruments to an ecosystem

Connect the instruments without blurring the Shariah principles that govern each one.

Zakat

immediate livelihood protection

Waqf

longer-term social infrastructure

Sadaqah

emergency response and community initiatives

Islamic finance

investment, financing and enterprise development

Why integration

- Climate resilience is multidimensional, so the financing response must be multifaceted
- The aim is better coordination and complementarity among instruments

Shift two: from reactive support to proactive resilience

Think before the crisis, so the same disaster is not met with the same response again.



Design questions for institutions

- How can waqf support climate-resilient infrastructure?
- How can zakat programmes build in livelihood preparedness?
- How can Islamic social finance support food security, skills and community-based adaptation?
- The role is not only to help communities recover, but to help them prepare and adapt

Measuring success

Success is not only resources mobilised; it is whether resilience is finally achieved.

Lives
strengthened

Vulnerabilities
reduced

Capabilities
developed

Resilience
achieved

- How many lives are strengthened,
- How many vulnerabilities are reduced,
- How many capabilities are developed,
- And, how resilience is finally achieved.

Allah SWT says in Surah al-Baqarah, verse 30:

وَاِذْ قَالَ رَبُّكَ لِلْمَلٰٓئِكَةِ ۖاِنِّيْ جَاعِلٌ فِى الْاَرْضِ خَلِيْفَةً

“Indeed, I am going to place a successive authority on earth.”

Alhamdulillah

Thank you