

## Islam's Perspective Towards the Sustainable Development Goals: The Role of Islamic Finance Industry in Achieving Sustainable Development Goals

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Part 1

### Glossary of Terms

Zakat	Obligatory alms, is one of the fundamental pillars of Islam and considered among one of the essentials forms of worship. It requires Muslims whose wealth exceeds a certain threshold (nisab) to distribute a percentage of their wealth and income among specified heads annually. The percentage of zakat varies from 2,5% paid on assets such as gold, silver, goods for trade, cash, etc. to 5% on agricultural products if the crops are irrigated or 10% if they use water from natural sources such as rain, rivers or springs (World Bank, 2015)
Nisab	The Nisab is the minimum amount of wealth a Muslim must possess, before they become eligible to pay Zakat. Two values are used to calculate the Nisab threshold – gold and Silver. The Nisab is the value of 87.48 grams of gold or 612.36 grams of silver. You can find the current values published or in jewelry stores (Islamic Relief).
Hawl	A Hawl [lunar year] is 354 days long. Some people may refer it to as an Islamic year (Islamic Relief).
Sadaqa	Sadaqa or giving alms means: "Giving something to somebody without seeking a substitute in return and with the intention to please Allah". Sadaqa usually refers to voluntary alms in particular. al-Khatib al-Shirbeeni says: 'Voluntary alms is what is meant when Sadaqa is mentioned out of a particular context'. Sadaqa can also be used to express the Waqf (endowment) as in the Hadith reported by al-Bukhari that the Prophet said, "If you like you can give the land as endowment and give its fruits in charity". So Umar gave it in charity as an endowment on the condition that would not be sold nor given to anybody as a present and not to be inherited" (Islamweb 2002).

Waqf (plural: Awqaf)	Waqf, in Arabic language, means to stop, contain, or preserve. In Islamic terms, waqf refers to religious endowment i.e. a voluntary and irrevocable dedication of one's wealth or a portion of it- in cash or kind (such as a house or a garden), and its disbursement for Sharia' compliant and charitable projects. Difference between waqf and charity: waqf is a permanent donation. Once a waqf is created, it can never be donated as a gift, inherited or sold. Distribution of its returns is done in accordance with the endower's wishes. Charity on the other hand is a broader concept; it encompasses alms, grant, inheritance, loan, waqf, etc. (UAE General Authority of Islamic Affairs & Endowments)
Qard Hasan	Alternatively spelled: Qard Hassan and Qard Al Hassan. It is an Interest-free loan.
Sukuk	Islamic bonds
Riba	Interest charged on loans
Gharar	Gharar is variously defined in English as 'uncertainty' or 'deceptive uncertainty'. The Qur'an uses the word "al-gharūr" to mean "deceptive". (Islamic-Finance.com)
Bahrainization	A strategy of nationalizing the labor force in order to increase their contribution to the economy.

### Islamic Banking and Sustainable Development Goals (SDGs)

Despite all the criticism and debates around Islamic Banking, I always believed that it can improve this world economically, socially and even environmentally.

However, it is worth noting that it is relatively a young industry and has not reached its full potential or Sharia' compliance yet. But, with efforts from decision makers, regulators, practitioner and researchers; this industry can contribute with tangible impact that would be realized on wide geographical areas and serve as role model.

Islam acknowledges the right for mankind to profit and gain wealth, however, it imposes on them a responsibility towards the needy and poor. In addition, it identifies their wider responsibility of developing society.

This paper looks at Islamic Banking contribution, potential and challenges to the Sustainable Development Goals.

At the United Nations Sustainable Development Summit on 25 September 2015, world leaders adopted the 2030 Agenda for Sustainable Development, which includes a set of 17 Sustainable Development Goals (SDGs) to end poverty, fight inequality and injustice, and tackle climate change by 2030 (UNDP 2015).

Exhibit 1: The Sustainable Development Goals identified by the United Nations



Source: UNDP

### Islam's Relationship to SDGs

Looking at Islam represented in Quranic Verses and Hadeeth, we find these goals embedded within the religion, as detailed in table 1.

Table 1: Relates the SDGs to Quranic verses, Hadeeth and concepts in Islam.

SDG	Quran, Hadeeth or Islamic Practice	Reference	Comments
1-4,6, 10, 11 and 17	Zakat and Sadaqa	Zakat (wealth tax) is one of the five pillars of Islam and Sadaqa (charity) is a highly encouraged practice	Both concepts could directly contribute to the listed SDGs. They may also indirectly contribute to other SDGs.

<p>قال تعالى: ( كي لا يكون دولة بين الأغنياء منكم ) ( in order that it may not become a fortune used by the rich among you ).</p>	<p>الحشر، الاية ٧ Al-Hashr ( The Gathering ), 7</p>	<p>Though Islam acknowledges the right for ownership and making profit, it emphasized on the concept of wealth distribution and narrowing the gap of income inequality.</p>
<p>قال تعالى: ( : إِنَّمَا الصَّدَقَاتُ لِلْفُقَرَاءِ وَالْمَسْكِينِ وَالْعَامِلِينَ عَلَيْهَا وَالْمُؤَلَّفَةِ قُلُوبِهِمْ وَفِي الرِّقَابِ وَالْغَارِمِينَ وَفِي سَبِيلِ اللَّهِ وَأَبْنِ السَّبِيلِ فَرِيضَةً مِّنَ اللَّهِ وَاللَّهُ عَلِيمٌ حَكِيمٌ ) ( As-Sadaqat ( here it means Zakat ) are only for the Fuqara ( poor ), and Al-Masakin ( the poor ) and those employed to collect ( the funds ); and for to attract the hearts of those who have been inclined ( towards Islam ); and to free the captives; and for those in debt; and for Allahs Cause ( has been historically understood as funding the physical defense of community* ), and for the wayfarer ( a traveller who is cut off from everything ); a duty imposed by Allah. And Allah is All-Knower, All-Wise )</p>	<p>التوبة، الاية ٦٠ At-Taubah ( The Repentance ), 60</p>	<p>* Contemporary scholars have suggested a much broader interpretation that looks at 'protecting' human life and society against other vulnerabilities and deprivations, which could include funding for communal welfare projects like health and education services and irrigation facilities ( Islamic Relief: Lessons from Islamic finance for socially, economically, and environmentally just outcomes in the Financing for Sustainable Development process, p. 8 ).</p>

<p>SDG 6</p>	<p>روى الإمام أحمد وغيره عن سعد بن عبادة قال : قلت : يا رسول الله إن أمي ماتت، أفأتصدق عنها؟ قال : نعم، قلت : فأي الصدقة أفضل؟ قال : سقي الماء.</p> <p>Sa'd ibn 'Ubada (radi allahu anhu) said: "Messenger of Allah! Umm Sa`d my mother died, what is the best charity (on her behalf)?" The Prophet (sallallahu alaihi wasalam) replied: "giving water to drink."</p>	<p>رواه أبو داود وأحمد والنسائي وحسنه الألباني</p> <p>( Narrated by Abu Dawud, al-Nasai, (At-Tabaraanee), and Ahmad with a sound chain. See; Mulla `Ali al-Qari, Sharh al-fiqh al-akbar (pg194-197) )</p>	<p>Islam encouraged providing clean water as the best mean of charity "Sadaqa"</p>
<p>SDG 12</p>	<p>قال تعالى : ( والذين اذا انفقوا لم يسرفوا ولم يقتروا وكان بين ذلك قواما )</p> <p>( And those, who, when they spend, are neither extravagant nor niggardly, but hold a medium (way) between those (extremes) )</p>	<p>الفرقان، الاية ٦٧</p> <p>Al-Furqan ( The Criterion ), 67</p>	
	<p>قال الله تعالى : ( ولا تجعل يدك مغلولة إلى عنقك ولا تبسطها كل البسط فتقعد ملوما محسورا )</p> <p>( And let not your hand be tied (like a miser) to your neck, nor stretch it forth to its utmost reach (like a spendthrift), so that you become blameworthy and in severe poverty )</p>	<p>الاسراء، الاية ٢٩</p> <p>Al-Isra' ( The Journey by Night ), 29</p>	

<p>SDG 15</p>	<p>قال صلى الله عليه وسلم: " ما من مسلم يغرس غرسا أو يزرع زرعاً فيأكل منه طير أو إنسان أو بهيمة، إلا كان له به صدقة " [ رواه البخاري ( ٢ / ٨١٧ ) ]، وعند مسلم: " ما من مسلم يغرس غرسا إلا كان ما أكل منه له صدقة، وما سرق منه صدقة، وما أكل السبع فهو له صدقة، وما أكلت الطير فهو له صدقة، ولا يزرؤه أحد إلا كان له صدقة " [ أخرجه مسلم ( ٣ / ١١٨٨ ) ، رقم ( ١٥٥٢ ) ].</p> <p><b>If a Muslim plants a tree or sows seeds, and then a bird, or a person or an animal eats from it, it is regarded as a charitable gift ( sadaqah ) for him." – Muslim.</b></p>	<p>البخاري ( ٢ / ٨١٧ ) أخرجه مسلم ( ٣ / ١١٨٨ ) ، رقم ( ١٥٥٢ ) .</p> <p><b>Muslim</b></p>	<p>Islam has also tackled the concept of environment conservation. The following narrations from the Prophet ( peace be upon him ) Hadeeth corresponds to this concept and also directly addresses SDG 15, Life on Land.</p>
	<p>وفي سياق الحفاظ على البيئة الطبيعية وما فيها من حيوان و طير وردت جملة من نصوص الوحي تؤكد هذه المعاني، وينبه بعض الباحثين إلى سبق الإسلام إلى المناذرة بمفهوم المحميات الطبيعية بصورة أكثر شمولاً مما تعارفت عليه البشرية اليوم، من حيث إنه لا يقتصر على حماية الطير أو الحيوانات فحسب، بل يشمل أموراً كثيرة؛ مستشهداً لذلك بجعل الرسول صلى الله عليه وسلم المدينة المنورة محمية طبيعية؛ حيث قال: " اللهم إن إبراهيم حرم مكة، وإني أحرم المدينة، حرام ما بين حرّتها، وحماها كله، لا يختلى خلاها ( لا يقطع نباتها )، ولا ينفر صيدها، ولا تلتقط لقطتها إلا لمن أشار بها، ولا تقطع منها شجرة، إلا أن يعلف رجل بغيره، ولا يحمل فيها السلاح لقتال ... " ،</p>	<p>[أخرجه أحمد في المسند ( ١ / ١١٩ )].</p> <p><a href="http://www.ecomena.org/tag/hadith/">www.ecomena.org/tag/hadith/</a></p>	

The Prophet (Sallallahu Alaihi Wasallam) recognized that natural resources should not be overexploited or abused. In order to protect land, forests and wildlife, the Prophet created inviolable zones, known as Haram and Hima, in which resources were to be left untouched. Haram areas were drawn up around wells and water sources to protect the groundwater from over pumping. Hima applied to wildlife and forestry and designated an area of land where grazing and woodcutting was restricted, or where certain animal species (such as camels) were protected.

	<p>Prophet Muhammed (Sallallahu Alaihi Wasallam) established a hima to the south of Madina and forbade hunting within a four mile radius and destruction of trees or plants within a twelve mile radius. The creation of inviolable zones shows the importance placed by Prophet Muhammad (Sallallahu Alaihi Wasallam) on sustainable use of natural resources and protection of wildlife and agricultural land.</p>		
	<p>عن أنس رضي الله عنه قال : قال رسول الله صلى الله عليه وسلم : " إن قامت الساعة وفي يد أحدكم فسيلة (نخلة صغيرة) فإن استطاع أن لا تقوم حتى يغرسها فليغرسها "</p> <p>"If the Hour (the day of Resurrection) is about to be established and one of you was holding a palm shoot, let him take advantage of even one second before the Hour is established to plant it."</p>	<p>[أخرجه أحمد (١٩١/٢)، والبخارى في الأدب المفرد (١٦٨/١)]</p>	



SDG 16	<p>قال تعالى: ( يَا أَيُّهَا الَّذِينَ آمَنُوا ادْخُلُوا فِي السَّلَامِ كَافَّةً وَلَا تَتَّبِعُوا خُطُوَاتِ الشَّيْطَانِ إِنَّهُ لَكُمْ عَدُوٌّ مُبِينٌ )</p> <p>(O you who believe! Enter perfectly in Islam (by obeying all the rules and regulations of the Islamic religion) and follow not the footsteps of Shaitan (Satan). Verily! He is to you a plain enemy.)</p>	<p>البقرة، الآية ٢٠٨</p> <p>Al-Baqarah (The Cow), 208</p>	
	<p>قال تعالى: ( وَلَا تَجْعَلُوا اللَّهَ عُرْضَةً لِأَيْمَانِكُمْ أَنْ تَبَرُّوا وَتَتَّقُوا وَتُصْلِحُوا بَيْنَ النَّاسِ وَاللَّهُ سَمِيعٌ عَلِيمٌ )</p> <p>(And make not Allahs (Name) an excuse in your oaths against your doing good and acting piously, and making peace among mankind. And Allah is All-Hearer, All-Knower)</p>	<p>البقرة، الآية ٢٢٤</p> <p>Al-Baqarah (The Cow), 224</p>	
	<p>قال تعالى: ( مَنْ يَشْفَعْ شَفَاعَةً حَسَنَةً يَكُنْ لَهُ نَصِيبٌ مِنْهَا وَمَنْ يَشْفَعْ شَفَاعَةً سَيِّئَةً يَكُنْ لَهُ كِفْلٌ مِنْهَا وَكَانَ اللَّهُ عَلَى كُلِّ شَيْءٍ مُقْبِتًا )</p> <p>(Whosoever intercedes for a good cause will have the reward thereof, and whosoever intercedes for an evil cause will have a share in its burden. And Allah is Ever All-Able to do (and also an All-Witness to) everything)</p>	<p>النساء، الآية ٨٥</p> <p>An-Nisa' (The Women), 85</p>	

Table constructed by this paper's author, English translation of Quran and Hadeeth from Dr. Muhammad Taqi-ud-Din Al-Hilali, Ph.D. & Dr. Muhammad Muhsin Khan.

## Islamic Banking Relationship to SDGs/Islamic Banking Role in SDGs

Exhibit 2: Areas that provide Islamic finance

with the potential to contribute to SDGs

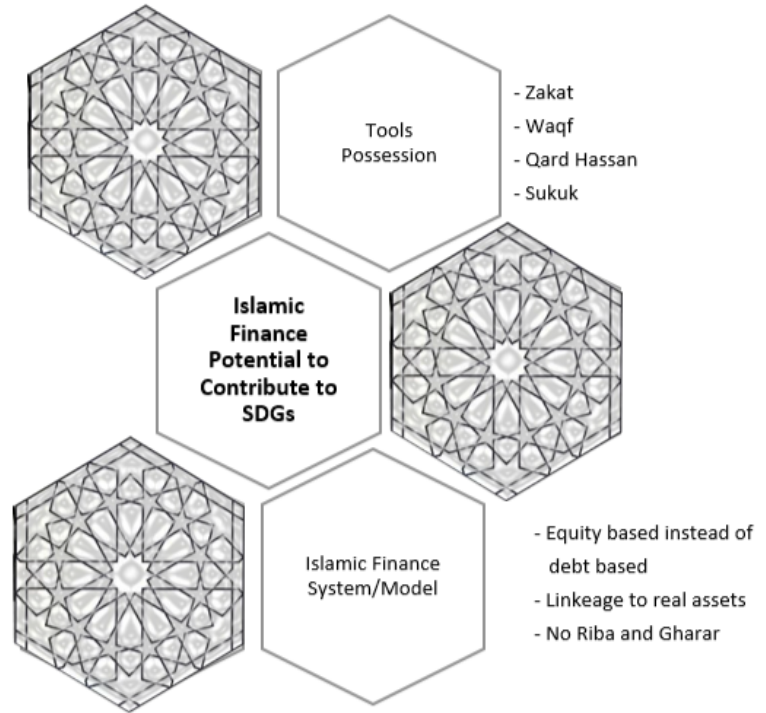
Islamic Banking vision and practices are aligned with the SDGs. In addition, the industry possesses the tools and means of serving many of these goals, e.g. Zakat, Waqf, Qard Al Hassan, Sukuk, etc.

Zarrouk from Islamic Development Bank (IsDB) supports this argument by using Sukuk as an example of a potent instrument to promote domestic resource mobilization. He also refers to Zakat and Waqf as social welfare tools to leverage concessional finance.

A critical source of development finance available for most countries is domestic resource mobilization to fund national development plans.

An alternative approach to developing domestic capital markets is to expand the role of Islamic finance in equity-based markets in both stock and Sukuk (Islamic bond) markets. The Sukuk market has been particularly instrumental for fund raising and investment activities. Although most Sukuk rely on fixed income instruments, Sukuk can be structured as a partnership instrument to channel capital into productive activities (real economy). Sukuk suit well infrastructure financing and can help fill the funding gap for infrastructure and support the development of sustainable infrastructure. Sukuk when appropriately structured have been widely used in financing infrastructure upgrades, for example, airports, roads and ports in Malaysia and the GCC countries (Zarrouk 2015).

With regards to the welfare tools Islamic finance has, Zarrouk states that traditionally, Islamic finance possesses models for solidarity-based financing with important features of social sustainability. For example, Zakat (wealth tax), obligatory for all who are able to do so, is an essential Islamic redistribution mechanism considered to be a



Source: Constructed by author

personal responsibility for Muslims to ease economic hardship of the poor. Zakat has great potential to mobilize additional untapped resources for poverty alleviation. However, its impact on reducing the vulnerability of the poor depends on the Zakat collections and the allocation of its disbursements.

Further, Waqf (a charity endowment in Islamic law), typically a plot of land or even cash for charity purposes, can be used as a key instrument for promoting poverty alleviation and increasing the resilience of the poor. Real estate-based Waqf generates proceeds through the rental of properties, which then finance social development needs. Cash and commodity based Waqf provides interest-free loans (Qard Hassan) to the needy in sectors like education, health and agriculture. There has been new Waqf initiatives (e.g. Waqf Singapore, Awqaf Capital Common funds, Waqf Structure partnership and Alfalah Consulting) to harness the potential of Waqf for sustainable development (Zarrouk 2015).

Waqf as a tool has proved its effectiveness since early years of Islamic. According to (Ahmed, 2007), the history of awqaf is very rich with prominent achievements in serving the poor in particular and enhancing the welfare in general. Various kinds of awqaf were established including those for public utilities, education, research and healthcare. Awqaf were not restricted to Islamic studies, but there were awqaf assigned specifically for research in science, physiology, pharmacology, mathematics, astronomy, etc. hospitals and medicine are examples of the most famous sub-sectors of awqaf. Muslims continued to establish awqaf hospitals and healthcare centers until early 20<sup>th</sup> century when the Waqf Children Hospital of Istanbul was founded. Similarly, there were agricultural awqaf to provide seeds and forms of awqaf that provides loans (qard hassan microfinancing) to persons who need financing, in addition to services and supplementary income to low income people.

Besides Islamic Banking possession of the tools to contribute to SDGs, this banking system can enhance stability and resilience of the financial sector, therefore the economy.

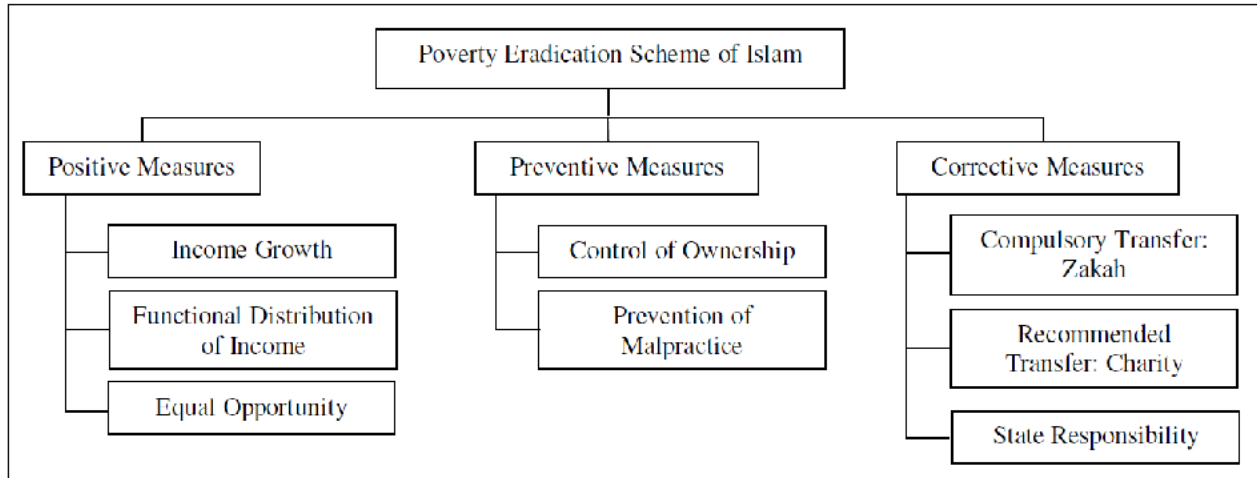
World Bank (2015) argues that the financial sector is vulnerable and has the potential to reduce output and welfare, as witnessed during the global financial crisis. While, on the other hand, Islamic finance system is deemed to improve the stability of the financial sector.

The vulnerability mainly comes from the extensive use of instruments such as mortgage backed securities (MBS), collateralized debt obligations (CDO) and credit default swaps (CDS), which contributed to the global financial crisis (BIS 2008). While some of these instruments are used for hedging purposes, the fact that the notional amounts of derivative contracts were more than 10 times the size of global GDP indicates that most of them were used for speculation. Some of the derivatives do not

have links to any real transactions or assets, creating risks that are complex and difficult to understand (LiPuma; Lee 2015). According to Swiss Banking (2001), certain types of derivatives such as futures, forwards and options can introduce risks of loss that go beyond the original investment.

Sadeq (1995) has illustrated the poverty eradication framework in Islam in the following diagram that summarizes many of the discussed concepts:

Exhibit 3: Poverty Eradication Scheme of Islam



Source: A.M. Sadeq, 1995, Poverty Alleviation: An Islamic Perspective

## Case Studies

### Case 1: Bridging the Gap of Financing to Micro-Enterprises

#### *The Case of Tamkeen, Bahrain*

#### Fast Facts

- SDG Served: SDG 1. No poverty and SDG 8. Decent work and economic growth.
- Organization: Tamkeen in collaboration with Family Bank and Ebdaa Bank.
- Mean of financing/support: Microfinancing using mix Islamic Banking tools.
- Program Date: 2010 and ongoing.
- Total Funding: \$ 1.2 million (Tamkeen subsidy) and \$ 14.4 million (total finance amount).
- Number of Beneficiaries: 2,492 (As of May 2016)

#### Overview

Established in 2006 as part of Bahrain National Reform initiatives to support Bahrain's private sector and position it as a key driver of economic growth. Tamkeen's two primary objectives are: 1) Fostering the creation and development of enterprises, and 2) Providing support to enhance the productivity and growth of enterprises and individuals.

Tamkeen itself is not a bank and does not possess the infrastructure for financing, but since the beginning it partnered with Islamic banks in Bahrain to encourage financing to micro, small and medium enterprises (MSME). Being restricted by its mandate to engage with Islamic finance only has encouraged conventional banks in Bahrain to establish Islamic windows and also supported existing Islamic banks.

This case study discusses the microfinance scheme only, however, it is worth noting that Tamkeen provides various other types of support schemes.

According to *Islamic Microfinance News*, microfinance is an important instrument to help a large number of “unbankable” members of society to reduce poverty and encourage economic growth. Islamic microfinance has traits to emphasize ethical, moral and social factors to promote equality and fairness for the good of the society.

Microenterprises and smaller firms do not have any access to funds from traditional financial institutions. The underlying theoretical explanation for this phenomenon lies in the traditional problems of asymmetric information in financial intermediation. A financial institution raises funds and invests these in activities that yield return in the future. In doing so, the financial institutions face number of information related problems and risk inherent in financing (Ahmed 2007).

Given the problems in financing microenterprises and also the fact that these small-scale enterprises are important means to increase employment and reduce poverty, there is a need for a social financial intermediation of funds for the micro-entrepreneurs (Ahmed 2007).

Tamkeen has played this intermediation role by subsidizing 50% of the profit rate charged by the financier, which helps in making the microfinance more affordable to the micro enterprises.

### Success

Tamkeen has conducted a comprehensive impact assessment of this scheme and the following is based on the Study “Tamkeen’s Microfinance Scheme Impact Assessment and Effectiveness Study” conducted in August 2014:

- 74% of the surveyed sample of micro business owners stated that their micro business is their sole source of income.
- 49% noticed improvement in their income, while 49% stated that their income remained the same and 2% said their income has decreased.
- The top three elements improved in the business are product development, improvement in productivity and increase in production capacity.

Based on a cost-benefit analysis conducted to measure the scheme effectiveness, as of the study date (2014), average increase in enterprises’ income has been calculated as listed in table 2.

Table 2: Impact of the microfinancing on enterprises' income

	Per Micro-Enterprise	Total Micro-Enterprises (674)
Average increase in monthly income (USD)	374	252,454
Average increase in annual income (USD)	4,496	3,029,443

Margin of error is +-4.6% with 95% confidence level

Source: Tamkeen's Microfinance Scheme Impact Assessment and Effectiveness Study

As illustrated above, it is evident that in an economic sense, and given the above parameters, the estimated total income to be generated from the beneficiaries under this Scheme based on current population size would equal to BD 10,998,393 in six years (i.e. 2019). It is also worth noting that the USD 10.6 Million budget allocated by Tamkeen is intended to cover over 1,000 micro-enterprises rather than the current population used for calculation, hence, multiplying the income contribution even more. Therefore, and based on the above income generated cost-benefit approach, benefits surpass its costs (Tamkeen 2014).

In addition, the study looks into employment created by these micro-businesses. The study outlines a positive contribution towards the Bahrainization and employment vehicle of the economy. Given the analysis, the estimated employment to be generated by the population (i.e. 675 micro-enterprises) equals to 820 full-time Bahrainis including the business owners themselves. This thereby, relates the benefits of the benefits of the Scheme with regards to not only local employment but also contributes to the overall household income of Bahrainis. As such, microfinance businesses, if successfully sustained, would represent an influx into the SME sector in Bahrain. This perpetual employment of Bahraini contributes to the relevance of such Schemes and their indirect benefits. Moreover, it is evident that the Microfinance Scheme had significantly boosted overall growth of the Microfinance sector in Bahrain, with the majority outlining their satisfaction with the Scheme. Moreover, most beneficiaries are currently applying or considering another financing to continue on developing their business operations. It is however, worth noting that the demand for such microfinancing was existent prior to the introduction of Tamkeen's subsidy, although, Tamkeen's support helped in increasing and encouraging the inflow of beneficiaries as per the Banks feedback (Tamkeen 2014).

## Challenges

Ahmed (2007), highlighted some challenges faced by microfinance institutions (MFI), which apply to this case. He stated that while a large literature exists that shows success of MFIs, some recent studies show failure of these institutions in reaching some of their objectives<sup>1</sup>. The problems relevant to sustainability and reaching the poor are given below.

a- Mitigating Credit Risk: This has an implication of increasing the profit rate charged by the financier to compensate for the higher risk.

b- Solving Moral Hazard Problem: As money is usually given out to the poorer sections of the population, it has been observed that in some cases funds taken from MFI are often used for purposes other than those the financing is sanctioned for (Rahman 1999, p. 75). When loans are used for non-productive purposes, the chances of default increase. Buckley (1996, p.390) reports that in 1993, 46 percent of the Malawi Mudzi Fund's (a MFI in Malawi) borrowers were in arrears (did not pay instalments between 1 to 4 times) because they diverted the funds for consumption purposes. Among the defaulters (those who did not pay more than 4 installments), the corresponding number was 33%.

c- Economic Viability: Ideally microfinancing would be a "win-win" situation, if the MFI operates a profit and the customer benefit from the credit program. This, however, is not the case for most of MFIs (Morduch 1999). Due to lack of fund mobilization and the high administrative cost most MFIs are not economically viable.

This is a challenge if Tamkeen decides to stop injecting money in the scheme and leave MFIs independently provide the microfinancing. Besides, the profit rates may increase imposing economic viability issues for the micro-enterprises.

## Lessons Learned

Microfinance is an effective way to support the low income segment of the economy. ■

It is more sustainable in comparison to business or charity grants. ■

It can be combined with the concept of waqf, by utilizing the money generated from the waqf in microfinancing rather than cash disbursements only. However, this will require more logistics and administration. ■

Relying on governments funds solely is not sustainable and relying on commercial institutions only is not feasible. ■

## References

<sup>1</sup> For accomplishments of MFIs see Bornstein (1996), Fuglesang and Chandler (1993), Goetz and Gupta (1996), Hashemi, et. al. (1996), and Hossain (1983, 1987).

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