

Potential of Islamic Debt Sale-based Financing in a Form of Bai’Bithaman Ajil (BBA) and Murabahah in Reconstructing and Rebuilding Marawi City after the Siege

Minombao Ramos-Mayo, Salma Esmael and Abdulkader M. Ayo
Mindanao State University, Marawi City, Philippines
www.msomain.edu.ph

Keywords: Islamic Debt Sale-based Financing, Bai’bithaman Ajil, Murabahah, Internally Displaced Persons.

Abstract: This study aimed to find out the views of the Internally Displaced Persons (IDP’s) regarding the potential of Islamic Debt Sale-Based Financing in a form of Bai’bithaman Ajil (BBA) and Murabahah in the reconstructing and rebuilding of Marawi City after the six months’ siege. The respondents of this study were 200 select professionals and Ulama of the known Islamic City of Marwari, LDS, Philippines. To collect the necessary primary data from the respondents the researchers utilized descriptive qualitative techniques with the help of a survey questionnaire. To determine the number of the participants, purposive sampling was used in determining the samples, and simple random sampling in actually selecting the number of the respondents involved in the study. The major findings of the study showed that some of the respondents belong to the poor families, unemployed, their livelihood was unsustainable for their needs, with less than 10 thousand monthly incomes, and no available microfinancing was they can engage themselves to do small enterprises or trading as a means of livelihood. Another significant finding is that the respondents of the study strongly believed that if there will be an Islamic Microfinancing Institution, it can help them so that their status of the economy will be improved. Also, most of the respondents believed that Islamic Debt Sale-Based Financing in the forms of Bai’ Bithaman Ajil (BBA) and Murabahah have potentials in reconstructing and rebuilding of Marawi City after the Siege. Findings further denote on the need to educate not just enlighten the people of Marawi City on the potential of Debt Sale-Based Financing in Marawi’s current situation. Additional findings highlighted were on the need to strengthen Islamic Finance in Marawi City through educating its people on their knowledge and understanding of the concept. Still, another important finding was Islamic legal documents and Islamic Finance Legal Framework were found to be part of the challenges and problems encountered by the respondents in the implementation of Islamic Debt Sale-Based Financing. In the light of that findings, it is hereby recommended that Islamic Finance should be implemented as it represents the true meaning of transactions in Islam; an emphasis on Bai’Bithaman Ajil (BBA) and Murabahah to be adopted as it will help IDP’s transform their status of living. Also, it is recommended for public officials, especially those who are in the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) to give full prioritization on the truest implementation of Islamic Finance in the Philippines. Finally, a massive education and information drive or campaign on the use and implementation of Islamic microfinancing institution’s as possible solutions for the reconstructions and rebuilding of Marawi City after the siege should be done so that Muslim and even Non-Muslim in the Philippines especially the Bangsamoro areas can help in the rebuilding of the place

1 INTRODUCTION

Islamic Finance is gaining momentum in the world as a financial system that promotes stability as well as economic development and growth. Islamic finance has an important potential to act as an engine of stability and inclusion, since investor are required to bear losses that may arise on loans. In fact, there is less leverage, and greater incentive to exercise strong risk management. These risk-sharing features

also served to help ensure the soundness of individual financial institutions, and help discourage the types of lending booms and real estate bubbles that were the prosecutors of financial crisis.

It can be recalled that the attempt of Islamic State of Iraq and Syria (ISIS), wellknown violent extremist movement, together with its local adherents – the Maute Group (MG), Bangsamoro Islamic Freedom Fighter (BIFF), and Abu Sayyaf Group (ASG), to establish an Islamic caliphate in

Southeast Asia through laying siege to Marawi City on May 23, 2017 evidently resulted to the longest and bloodiest urban battle in the modern history of the Philippines. Not to mention, this took government forces five (5) long months of intense urban warfare to evict the militant and desolately left the most built-up parts of Marawi City devastated with over P 18 billion worth of damage, over a thousand people dead and hundreds thousands of displaced families.

The Marawi siege made the center of Marawi as ground zero with all the structures being pulverized with bombs, guns and mortar by both the government and the ISIS Inspired Maute-Abussayap group. The devastating effect of the siege has left the city in a very pitiful situation. And it is sad that even after two years, the City still remain to be in ashes with the slow duckling promise of rehabilitation and recovery by the government.

Thus, countering violent extremism requires a holistic approach and a collective effort by the community to be successful. The researcher then is taking her part, sharing the same cause with the government on preventing and countering violent extremism campaign. That is why even with this very humble approach, the researchers hoped that this would contribute on raising awareness. For this study would not only be benefited by the local government, but by the entire community in the study area – Marawi City. Purposely, this study would give a timely reinforcement to the local government, other agencies concerned and stakeholders that needs input and aid in formulating measures and prioritizing programs which are more responsive, inclusive and evidence-based.

2 LITERATURE REVIEW

The study was anchored on several theories: First of these theories were Ayah from the Quraan:

﴿وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا﴾ البقرة: ٢٧٥

But Allah hath permitted trade and forbidden usury [2:275]

﴿وَأَشْهِدُوا إِذَا تَبَايَعْتُمْ وَلَا يُضَارَ كِتَابٌ وَلَا شَهِيدٌ وَإِنْ تَفَعَّلُوا فإِنَّهُ فُسُوقٌ بِكُمْ﴾ البقرة: ٢٨٢

But take witness whenever ye make commercial contract; and let neither scribe nor witness suffer harm. If ye do (such harm), it would be wickedness in you. [2: 282]

Other theories which this research were anchored were the following:

2.1 Emergency Management

Disaster relief (or emergency management) refers to the process of responding to a catastrophic situation, providing humanitarian aid to persons and communities that have suffered from some form of disaster. It involves dealing with and avoiding risks and preparing, supporting, and rebuilding society when natural or human-made disasters occur. In general, any emergency management is the continuous process by which all individuals, groups, and communities manage hazards in an effort to avoid or limit the impact of disasters resulting from the hazards. Effective emergency management relies on thorough integration of emergency plans at all levels of government and nongovernment involvement. Activities at each level (individual, group, community) affect the other levels. It is common to place the responsibility for governmental emergency management with the institutions for civil defense or within the conventional structure of the emergency services (Scott McNally, et al., 2000).

While disasters are by definition tragic, resulting in great loss of material goods and property, as well as injury and loss of life, disaster relief is a truly human response. When people see those in need, even far away and in circumstances entirely foreign, the desire to help comes from the empathy felt for human brothers and sisters. As technology and human consciousness continue to develop, the desire and ability to help others, crossing geographical distance and cultural and national boundaries, has also developed. In terms of humanitarian response, the world is increasingly become borderless (Scott McNally, et al., 2000).

Disaster Relief consists of monies or services made available to individuals and communities that have experienced losses due to disasters such as floods, earthquakes, drought, tornadoes, and riots. A disaster may also be defined in sociological terms as a major disruption of the social pattern of individuals and groups. Most countries have agencies that coordinate disaster relief and planning. Many have statutes that define appropriate procedures for disaster declarations and emergency orders. Such statutes also empower relief agencies to utilize local resources, commandeer private property, and arrange for temporary housing during an emergency (Drabek, Thomas E. ,1985).

The term disaster has been applied in a broad sense to mean both human-made and natural catastrophes. Human-made catastrophes include civil disturbances such as riots and demonstrations; warfare-related upheavals, including those created by guerrilla activity and terrorism; refugee crises involving the forced movements of people across borders; and many possible accidents, including transportation, mining, pollution, chemical, and nuclear incidents (Drabek, Thomas E., 1985).

The recovery phase starts when the immediate threat to human life has subsided. In this phase, it is recommended to reconsider the location or construction material of the property. In long term disasters, the most extreme home confinement scenarios like war, famine, and severe epidemics last up to a year. In this situation, the recovery will take place inside the home. Planners for these events usually buy bulk foods and appropriate storage and preparation equipment, and eat the food as part of normal life (Wisner et al., 2003).

2.2 Open System Theory Approach to Relief Operation

Effective emergency response and recovery are dependent on cooperation between local public agencies, business enterprises, and community groups. Shelters are often sponsored by public and private schools and operated by the American Red Cross. Evacuation efforts are often supported by community transportation agencies and school systems. Special needs shelters are often staffed by local medical facilities, volunteers, and community organizations. Traffic control and security is a collaborative effort between numerous local law enforcement jurisdictions. Coordination is critical in linking multiple organizational efforts in a seamless response and recovery effort.

An open system involves the dynamic interaction of the system with its environment. This theory is fundamental to understanding hazards and emergency management for it maintains that everything is related to everything else. Emergency management has a dynamic relationship with the environment and receives various inputs, transforms these inputs in some way, and exports outputs.

These systems are open not only in relation to their environment but also in relation to themselves; the interactions between components affect the system as a whole. The open system adapts to its environment by changing the structure and processes of the internal components. When organizations are defined as 'open systems' the focus shifts from

formal structures to interdependencies between the different parts of the organization and the reciprocal ties that connect the organization to its environment, which includes other organizations.

The environment consists of both the material-resource environment and the institutional environment which covers the human, political, social, and cultural systems that shape the material-resource environment. The environment is key to the survival of the organization since it is the source of energy, information and material that the organization needs to maintain itself (Scott, 2003).

The open system perspective on organizations highlights the diversity and complexity of groups and organizations making up the system as well as the looseness of connections between them, making them loosely coupled systems (Buckley, 1967). The open system approach to understanding organizations, in addition to its emphasis on the relationship of the organization to its environment, defines an organization in terms of interrelated subsystems which depict key patterns and interconnections between different units, groups, and departments within an organization (Morgan, 2006).

At the inter-organizational level, the open system approach focuses ... on understanding the relationships and interactions within and among aggregates of organizations (Baum and Rowley, 2002). One of the characteristics of open systems is that it is very difficult to determine their boundaries because they ... are made up of subsystems and are themselves subsumed in larger systems – an arrangement that creates linkages across systems and confounds the attempt to erect clear boundaries around them (Scott, 2003).

This is very relevant to the study of relief operations which are part of a global system; the organizations that participate in relief operations are parts of other organizations. As such, Scott's description of an open system as subsystems subsumed in larger systems perfectly fits the reality of relief operations. Given the nature of humanitarian action, it becomes clear that the open system approach is an appropriate approach to understanding relief operations and the organizations constituting them. It enables the researcher to take into account the interaction between participants in the relief operation and their environment and how each shapes the other.

2.3 Theories of Poverty

Poverty is the inability to secure minimum human needs in respect of food, clothing, housing,

education and health on account of insufficient income or property. As insufficient income does not allow an individual to cover basic necessities specifically in health and education and in turn results to poor health and inadequate education or more likely to have low general living standards (John Black, 1997)

Poverty is also dangerous for both body and soul. For the body, it stunts a person's growth in all aspects and causes serious ailments. Even death. For the soul, it generates envy of the rich who display their wealth, hatred of the government for its neglect and despair on god's providence. It is the root cause of many crimes (UNDP Human Development Report, 1997).

2.4 Theories on Development

Conquering poverty has been the fundamental development goal of every administration in many countries. The basic task of development is to fight poverty by building for the greatest number of the people (Manasan, 2010). According to Todaro (1981) development is a process of improving the quality of all human lives especially the majority who are poor on three equally important aspects. These are: (1) increase and widen the distribution of life sustaining goods like food, shelter, clothing and health. (2) improve the levels of living through higher income, employment opportunities and quality education and health services, and (3) increase people's freedom to choose by enlarging the range of their choice and promoting their self-esteem through the establishment of the social, political and economic institution and systems which promote human dignity and respect.

In the social dimension of development, the social development goals include eradication of poverty, standards of living, quality of education, and quality of health services, mortality and extent of literacy. From social development perspective, it means addressing poverty by focusing on developing the human capital. Investing in human development, particularly in education and health significantly improves a country's chances of achieving long-term progress. Health and education are integral part of social development (Todaro, 1981).

Another work written by Hammaraskjold entitled *Foundation Towards Another Development* (1975) defines and elaborates another type of development. According to the work, development must be: (1) need oriented focused on the satisfaction of human needs material and non-material; (2) endogenous

stemming from the heart of each society which defines in sovereignty its values and the vision of its future; (3) self-reliant relying on the strength and resources of the society which pursues it, rooted at the local level in the practice of each community; (4) Ecologically sound-utilizing rationally available resources in a harmonious relation with the environment; and lastly (5) based on structural transformations-originating in the realization of the conditions for self-management and participation in decision making it by all. In characterizing the need-oriented nature of another development, it was emphasized that, though human needs are material and non-material, the basic needs of food, shelter, health, and education should be satisfied on a priority basis. But whether in food, shelter, and education it is not the absolute scarcity of resources which explains the sub-satisfaction of needs, it is rather the distribution of resources. It was further emphasized that the development must come to the people. They must be active in development and it should be the people themselves who would identify their problem and not the other people.

2.5 Development Strategies

Poverty alleviation remains to be the most basic development goals of all countries. The Philippines government for past decades has always been conscious about its role in realizing development, which has poverty alleviation as a central concern. In the Philippines, poverty level is determined using the family income as indicator. A family poverty threshold income is set for a family of five (e.g. P5,000.00 per month) and then all those whose income falls below this indicator are considered poor (NSCB, 2009). Statistics show that majority of the Filipinos fall below the poverty level. A World Bank Study revealed that 55 per cent of the Filipinos who fall below manage to live on income that fails to meet their basic needs for food, clothing, and shelter (World Bank, 2013).

2.6 Social Reform Agenda

The Philippine government for the past decades has adopted different models and programs on various strategies of development. It started with the integrated area development, integrated rural development, and the launched of Social Reform Agenda (SRA) in 1995. The SRA is an integrated set of major reforms to enable the citizens to: a) meet their basic human needs and decent lives; b) widen their share of resources from which they can earn a

living or increase the fruits of their labor, and c) enable them to effectively participate in the decision-making process that affects their rights, interests, and welfare. These reforms are perceived to enhance democratic processes. The Social Reform Agenda (SRA) is composed of social reform packages providing programs and services for marginalized sectors of society in the country. It led to the integration of the nine flagship programs having impact on all target sectors and ecosystems. The nine (9) flagship programs of the SRA are headed by the championships- government agencies which have a critical role in ensuring the delivery of commitments to target beneficiaries located in communities targeted by the program. The first flagship program catering to social development is the Comprehensive Integrated Delivery of Social Services led by DSWD. These target persons with disabilities, the elderly, and victims of natural and man-made calamities. The second flagship is Socialized Housing Delivery for the urban poor under the Housing Urban and Development Coordinating Council (HUDCC). The third and fourth are Agricultural Development and Aquatic Reform under the Department of Agriculture and Fisheries (Bautista, 1990).

The fifth is Protection of Ancestral Domain headed by Department of Environment and Natural Resources (DENR), this targets indigenous people. The sixth is Workers' Welfare and Protection under the Department of Labor and Employment (DOLE), the seventh is Expansion of Credit implemented by Department of Finance (DOF) and Land Bank of the Philippines, the eighth is Livelihood Program also dwell on workers in the informal sector under the Department of Trade and Industry (DTI) and Department of Labor and Employment, and finally Effective Participation in Governance led by the Department of the Interior and Local Government (DILG) (Bautista, 1990).

Based on the nine flagship programs, Bautista (1990) categorized the objectives of the SRA into four; these are: social equity which is supposed to achieve by three flagship program- Comprehensive and Integrated Delivery of Social Service (CIDSS), Socialized Housing and Workers Welfare and Protection; economic prosperity by ensuring that for members of other disadvantaged groups such as the women, children, youth, persons with disabilities, the elderly, and victims of natural and manmade calamities, workers in formal and informal sectors have access to productive assets that allow them to contribute to national growth; ecological prosperity which is addressed by the program on protection of

the ancestral domain; and self-governance which is addressed by the institution building and participation in governance.

3 ANALYSIS MODEL

3.1 Comprehensive and Integrated Delivery of Social Service (CIDSS)

In the case of Comprehensive and Integrated Delivery of Social Service (CIDSS) as a strategy for poverty alleviation, was adopted as the national machinery mechanism for the minimum basic needs approach upon issuance of the Executive Order 443 signed by the President Fidel V. Ramos. It aimed at empowering the disadvantaged communities to access services that addressed their minimum basic needs of certain disadvantaged groups such as the women, children, youth, and persons with disabilities, the elderly, and victims of natural and man-made calamities. The major programs under the CIDSS is economic self-sufficiency, provision of water and sanitation facilities, livelihood program, pre-school education, provision of housing of supplemental feeding and people empowerment. It also serves as the core requirement for all other sector prioritized by other programs (Bautista, 1997).

Moreover, on the selection of target areas, SRA initially commenced with twenty (20) priority provinces in 1995 when it was officially launched. It later included all provinces in 1996 including 5th and 6th class municipalities in the Autonomous Region in Muslim Mindanao. Bautista (1990) further made clear that the areas covered by the CIDSS were initially determined using the list of prioritized provinces as defined by the Presidential Commission to Fight Poverty (PCFP) and the Presidential Council for Countryside Development (PCCD). Selection of municipalities from the identified provinces was done using the following criteria: (a) most depressed municipality which has high poverty incidence, (b) accessibility, and (c) support of the municipal mayor.

Furthermore, Comprehensive and Integrated Delivery of Social Services (CIDSS) was implemented using the strategies on minimum basic needs approach. These strategies were the focused targeting, convergence, social mobilization, community-based approach, and installation of a local information system and financial management (Bautista, 1997).

These were the core strategy in all programs and poverty alleviation. The details of each strategy are discussed below:

Focused Targeting. This means zeroing attention in planning to the most deprived and poorest individuals and families as the primary beneficiaries of the services to be delivered at the local level.

Convergence. This means involving government and civil society in national and local development management to address basic needs of the people. This is done by setting up an inter-agency committee to enable the coordination functions and overall planning for the program.

Social Mobilization. This is the activation of local residents in such a way that they become aware of their situation, learn how to prioritize them, find ways and means of solving their problems by themselves, and getting actively involved in issues and activities that affect them. As a whole, the ultimate goal of social mobilization is people participation in development. People or beneficiary participation in development has become popular nowadays, because of the realization that most development projects and programs which are planned and implemented by agencies without the involvement of the beneficiaries do not suit their interest, needs, and these based are neglected and abandoned. It leads to misuse and a waste of resources. In the MBN approach, the aim of social mobilization is to convince all sectors at various levels to agree on and use a common framework, set of guidelines, monitoring tool, training packages, and even institutional arrangement for MBN (DILG, 1995)

Community-based Information System. This means that the responsibility for gathering, processing, and utilizing the information does not belong to government. Community residents are encouraged to take part in process. This ensures that they can access the information that has been gathered and effectively they can participate in decision-making as they are knowledgeable of the local situation. Thus, social mobilization is directly linked to setting up an information system since this turn on volunteers to assist in gathering information and people's organization to participate in local planning activities.

The Minimum Basic Need Approach, as a strategy for development, revolves around the satisfaction of basic needs of a Filipino family pertaining to survival (food and nutrition; health; water and sanitation; clothing), security (shelter, peace and order; public safety; income and livelihood) and enabling (basic education and

literacy; participation in community development; family and psychosocial care). A total of thirty three (33) requirements had formulated to fulfill these ten basic needs through regional consultations spearheaded by various institutions such as the presidential commission to fight poverty (PCFP), Philippine Institute for Development Studies (PIDS), Department of Social welfare and Development (DSWD), department of the interior and Local Government-Local Government Academy (DILG-LGA), university of the Philippines National College of Public Administration and Governance (UP-NCPAG), United Development Program (UNDP) and the United Nations Children's fund (UNFPA).

3.2 Component of Islamic Financial System

Islamic Financial System component are: Capital Market which is divided into Sukuk and Equity; Banking; Takaful; money market; other Market which involve development institutions, micro-financing, venture Capital and private Equity and derivatives as discuss by Razi Phlavi (2018) in a crash class for MSU officials on Islamic Finance. Further, including in the discussion are the rules to be observed on what to avoid in engaging into financial transaction such as: riba (interest), gharar (uncertainties), impure or prohibited goods, gambling and no values/use.

Murabahah, according to Mohd Johan Lee (2017) the word 'Murabahah' derives from the word 'ribh' which means profit or gain. Technically Murabaha is a sale of commodity at the cost price with the addition of mark-up price which is also considered as a profit. The profit is known to both the seller and the buyer.

Also Murabahah (Cost-Plus Financing) is one of the most common modes used by Islamic Banks. This is a deferred lump sum payment. It refers to a sale where the seller discloses the cost of the commodity and amount of profit charged. Therefore, Murabahah is not a loan given on interest rather it is a sale of a commodity at profit. The mechanism of Murabahah is that the bank purchases the commodity as per requisition of the client and sells him on cost-plus-profit basis Masorong, (2019). Under this arrangement, the bank is bound to disclose cost and profit margin to the client. Therefore, the bank, rather than advancing money to a borrower, buys the goods from a third party and sell those goods to the customer on profit. A question may be raised that selling goods on profit

(under Murabahah) and charging interest on the loan (as per the practice of conventional banks) appears to be one of the same things and also produces the same results. The answer to this query is that there is a clear difference between the mechanism/structure of the product Masorong, (2019).

Al-Bai Bithaman Ajil (BBA) is a differed installment Sale. This is a contract in which the payment of the sale price is deferred and payable at a certain time in the future. BBA is a mechanism of payment settlement. BBA linguistically means Salewith subsequent payment or deferred payment. It refers to a transaction where the transfer of ownership is done at the time of Aqad, yet the consideration sum is to be paid in the future. However, the buyer and the seller must determine the mechanism of payment during the aqad (Mohd Johan Lee, 20 17).

3.3 Problem and Challenges on Islamic Finance Regulatory Framework

Generally, legal and regulatory framework is always a problem in Islamic accounting integration. Although Islamic banks are recognized as a distinct category of banking institution in the Philippines under the General Banking Law of 2000, it is sad to note that nothing comes out concerning Islamic banks. Under the said law, the BSP, if minded to act accordingly, can already authorize the establishment of Islamic bank other than AIIBP, as well as Islamic units within conventional banks. Additionally, Morales, 2017 as cited by (Masorong, 2019) in his article state that the absence of a legislative framework as well as implementing rules that will govern the operation, regulation and organization of entities that will be authorized by the BSP to perform banking, financing and investment operations designed to promote and accelerate the socio-economic development of the country, particularly the BARMM based on Shari’ah principles makes the problem even worse. The Al-Amanah Bank Charter created the Bank but not a framework for Islamic bank per se. No such enabling law has so far been passed. In fact, the General Banking Law (GBL) of 2000 defines Islamic bank as specifically pertaining to Al-Amanah Bank only. The GBL does not provide for the creation of other Islamic banks. To date, there was no central authority in the Philippines responsible for ensuring that transactions and products are Shari’ah compliant.

3.4 Methodology

This study aimed to find out the views of the Internally Displaced Persons (IDP’s) regarding the potential of Islamic Debt Sale-Based Financing in a form of Bai’bithaman Ajil (BBA) and Murabahah in the reconstructing and rebuilding of Marawi City after the six months’ siege. The respondents of this study were 200 select professionals and Ulama of the known Islamic City of Marawi, Province of Lanao Del Sur, Bnagsamoro Autonomous Region for Muslim Mindanao, Philippines. To collect the necessary primary data from the respondents the researchers utilized descriptive qualitative techniques with the help of a survey questionnaire and validated through follow-up interview to some key informant.

To determine the number of the participants, purposive sampling was used in determining the samples as only internally displaced Ulama and professional were considered as respondents of the study. And simple random sampling utilizing the systematic fish ball techniques in actually selecting the number of the respondents involved in the study. Informed consent was done by letting the respondent filled up the informed consent form when the conceded to be part of the research after seeking their permission.

The schema that shows the conceptual paradigm of the study is shown below (Figure 1)

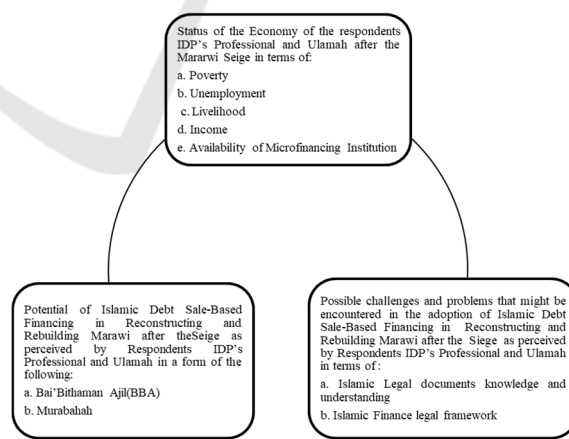


Figure 1: Conceptual Paradigm.

4 RESULTS AND DISCUSSIONS

Result and Discussion As to the findings on the status of economy of the respondents shows that a

great majority (70%) of the respondent IDP's professional and Ulama belong to marginalize poor after the siege. Another finding was that most (90%) of the IDP's professional and Ulama were unemployed. Likewise, most (90%) of the respondents IDP's professional and Ulama lacked proper livelihood which to provide the basic need of the family. Also, most (90%) of the respondents IDP's professional and Ulama claimed that they have no sustainable income as most of them were relying on the goods distributed by both GO's and NGO's for their family daily sustenance. And finally, most (95%) respondents IDP's professional and Ulama were frustrated on the unavailability of financing institution for which to loan in order to engage in entrepreneurships. The findings, indicate that the respondents are living on a poverty line. This means that the respondents were in need of livelihood with less income. This also implied that the respondents were poor. Accordingly, Poverty is the inability to secure minimum human needs in respect of food, clothing, housing, education and health on account of insufficient income or property. As insufficient income does not allow an individual to cover basic necessities specifically in health and education and in turn results to poor health and inadequate education or more likely to have low general living standards (John Black, 1997)

Another important finding was that almost all (98%) of the respondents IDP's professional and Ulama believed and strongly recommend that both Bai' Bithaman Ajil (BBA) and Murabahah had the great potential as a Debt-Based Financing in reconstructing and rebuilding Marawi City after the Siege. According to Mohd Johan Lee (2017), Murabahah and BBA is a kind of financing that are both Shariah compliant. He adds that the validity of Murabahah is based on the general permissibility of sale and trade in Islam as propagated by The Holy Prophet (pbuh) as stipulated in some Quranic verses that promote trade.

However, the respondents IDP's professional and Ulama saw the Islamic Documents Knowledge and Understanding as well as Islamic Finance Legal Framework as a challenges and problem to be encountered in the adoption of Islamic Debt Sale-Based Financing in Reconstructing and rebuilding Marawi City after the Siege. This implied that respondents saw the concrete policy or legal framework in the Philippines as a problem in adopting Islamic finance system in the country. It has to be recalled that although Amanah Bank was established in the Philippines way back in 1973 under Republic Act 6848 however, its progress is

very slow, principally because Muslims in our country do not understand and appreciate the essence and the value of Islamic banking and finance. In fact, it is a reality that Al-Amanah Islamic Investment Bank of the Philippines some 40 years ago marks the Philippine recognition of Islamic banking and finance. This bank was established largely for the benefit of the Muslim people in the Philippines. But the bank did not achieve its objectives as up until now it is still mostly operating as a conventional bank more than an Islamic Bank. This is basically due to the fact that not only the country lacks local experts, but it also lacks religious people who are knowledgeable in the field of banking and financing. In the same vein as this can also be attributed to the lack of a clear and workable legal framework. Another reason is due to the lack of awareness and perspective of Muslim people and most especially academician and professional in this field of endeavor Morales, 2017 as cited by (Masorong, 2019).

In the same manner as the passage of Republic Act No. 11054, otherwise known as the Bangsamoro Organic Law for the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) is expected to boost Islamic banking and finance, considering that Article XIII Section 32 of this law state that the Bangsamoro Government, the Bangko Sentral ng Pilipinas, the Department of Finance, and the National Commission on Muslim Filipinos were mandated jointly to promote the development of Islamic banking and finance to include among others the establishment of a Shari'ah Supervisory Board and the promotion and development of Shari'ah compliant financial institutions Morales, 2017 as cited by Masorong (2019).

5 CONCLUSIONS

It can be concluded that study showed that some of the respondents belong to the poor families, unemployed, their livelihood was unsustainable for their needs, with less than 10 thousand monthly incomes, and no available microfinancing were they can engage themselves to do small enterprises or trading as a means of livelihood. Another significant finding is that the respondents of the study strongly believed that if there will be an Islamic Microfinancing Institution, it can help them so that their status of economy will be improved. Also, most of the respondents believed that Islamic Debt Sale-Based Financing in the forms of Bai' Bithaman Ajil (BBA) and Murabahah have potentials in

reconstructing and rebuilding of Marawi City after the Siege. Findings further denote on the need to educate not just enlighten the people of Marawi City on the potential of Debt Sale-Based Financing in Marawi's current situation. Additional findings highlighted were on the need to strengthen Islamic Finance in Marawi City by means of educating its people on their knowledge and understanding on the concept. Another important finding, was Islamic legal documents and Islamic Finance Legal Framework were found to be part of the challenges and problems encountered by the respondents in the implementation of Islamic Debt Sale-Based Financing. In the light of that findings, it is hereby recommended that Islamic Finance should be implemented as it represents the true meaning of transactions in Islam; an emphasis on Bai' Bithaman Ajil (BBA) and Murabahah to be adopted as it will help IDP's transform their status of living. Also, it is recommended for public officials, especially those who are in the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) to give full prioritization on the truest implementation of Islamic Finance in the Philippines. Thus, the Bangsamoro Autonomous Region for Muslim Mindanao (BARMM) is expected to play a major role in the establishment of Islamic financial institutions. Coupled with this was the possible passage of Islamic Finance and Banking Law in the Congress of the Philippines which is giving the Muslim a high hope for the use of this system for financing and Banking. Finally, a massive education and information drive or campaign on the use and implementation of Islamic microfinancing institution's as possible solutions for the reconstructions and rebuilding of Marawi City after the siege should be done so that Muslim and even Non-Muslim in the Philippines especially the Bangsamoro areas can help in the rebuilding of the place.

ACKNOWLEDGMENT

To Almighty Allah (SWT) the Most Gracious and the Most Merciful, the researcher recognized that without your guidance and mercy, this study would not be possible. Thank you for giving the researcher strength and wisdom that made this work possible. In addition, the researchers also recognized that behind all great endeavor are kind people whose assistance and support be it moral, technical and financial contribute to the quality of this research output. Indeed the researcher will be forever

indebted to you especially to the MSU President Habib W. Macaayong, DPA for always encouraging the academe to soar high in research.

REFERENCES

- Alhabshi, S. (2018). Accounting for Islamic Financial Services. *Al-shajarah Journal*. 2015
- Arata, Catalina M., J. Steven Picou, G. David Johnson and T. Scott McNally. (2000). Coping with technological disaster: An Application of the Conservation of Resources Model to the Exxon Valdez Oil Spill. *Journal of Traumatic Stress*.
- Bakar, M. D. (2016). Shariah Minds in Islamic Finance.
- Bankoff, G. (2007). Dangers To Going It Alone: Social Capital And The Origins Of Community Resilience In The Philippines. *Continuity and Change*, 22(02), pp.327-355.
- Baum, J. A. C. and T. J. Rowley, (2002), 'The dynamics of network moves and network strategies,' paper presented at the Academy of Management, Denver CO, August.
- Bautista, Cynthia Banzon, ed., 1993, In The Shadow Of The Lingerin Mt. Pinatubo Disaster: Quezon City, College of Social Sciences and Philosophy, University of the Philippines Faculty Book Series No. 2, 291 p.
- Bollettino V, Dy P, Alcayna T, Vinck P. (2015), USA: Harvard Humanitarian Initiative DisasterNet Scoping Study.
- Buckley, W. (1967). *Sociology and modern systems theory*. Prentice-Hall.
- Cabacungan. Gil C. (2013). Relief aid distribution a problem, says official. Unpublished Article, Philippine Daily Inquirer.
- David Keen. (2008). Complex Emergencies. *Journal of Refugee Studies*, Volume 21, Issue 3, 1 September 2008, Pages 408-410
- Denis, Hélène. (1997). Technology, Structure, and Culture in Disaster Management. *International Journal of Mass Emergencies and Disasters*.
- DILG, (1995). Dropping from the rolls of atty. Jacob f. Montesa, director iii, legal services, department of interior and local government. Manila: Malacañang Records Office
- Drabek, Thomas E. (1985). Managing the Emergency Response. *Public Administration Review*.
- Drabek, Thomas E. and David A. McEntire. 2002. Emergent Phenomena and Multiorganizational Coordination in Disasters: Lessons from the Research Literature. *International Journal of Mass Emergencies and Disasters*.
- Dynes, Russell R. (1970). *Organized Behavior in Disaster*. Lexington, Mass.: Heath Lexington Books.
- Dynes, Russell R. and Thomas E. Drabek. (1994). The Structure of Disaster Research: Its Policy and Disciplinary Implications. *International Journal of Mass Emergencies and Disasters*.
- Dynes, Russell R., Bruna De Marchi and Carlo Pelanda

- (eds.). (1987). *Sociology of Disasters: Contribution of Sociology to Disaster Research*. Milano, Italy: Franco Angeli.
- El-Asher, A. and Wilson R. (2006). *Islamic Economics A Short History*. Clearance Center, 222
- Enarson, Elaine, Cheryl Childers, Betty Hearn Morrow, Deborah Thomas, and Ben Wisner. (2003). *A Social Vulnerability Approach to Disasters*. Emmitsburg, Maryland: Emergency Management Institute, Federal Emergency Management Agency.
- Farmbry, Kyle M. E. (2013). *Crisis, Disaster and Risk. Institutional Response and Emergency*. Kyle Farmbry M. E. Sharpe Armonk, New York, London, England.
- George D. Haddow, Jane A. Bullock, Damon P. Coppola. (2014) *Introduction to Emergency Management, USA*.
- Gineva, K. and Hamid A. (2015). *Property Finance An International Approach*. United Kingdom: John Willey and Sons Ltd, The Atrium, Southern Gate, Chichester, West Sussex, P0198SQ.
- Jenkins, Philip. (2003). *Image of Terror: What We Can and Cannot Know about Terrorism*. New York: Aldine de Gruyter.
- John Black, (1997). *A dictionary of economics*, Oxford; New York : Oxford University Press
- Kettell, B. (2011). *Case Studies in Islamic Banking and Finance*.
- Kramer. William, M. (2009) *Disaster Planning and Control*. Fire Engineering, USA.
- Kreps, Gary A. and Susan Lovegren Bosworth with Jennifer A. Mooney, Stephen T. Russell, and Kristen A. Myers. (1994). *Organizing, Role Enactment, and Disaster: A Structural Theory*. Newark, Delaware: University of Delaware Press.
- Kreps, Gary A. and Thomas E. Drabek. (1996). *Disasters Are Non-Routine Social Problems*. *International Journal of Mass Emergencies and Disasters* 14:129-153.
- Lee, M. J. (2017). *Islamic Banking in Malaysia*.
- Lin, Leo. (2017) *Preparing for Disaster in the Philippines*. Unpublished Article. *The Diplomat*.
- Mabee, Michael. (2013). *Prepping for a Sub-urban or Rural Community: Building a Civil Defense Plan for a Long-Term Catastrophe*. South Carolina.
- Manasan, R. (2010). *Financing the MDGs and Inclusive Growth in the Time of Fiscal Consolidation*. Philippine Institute for Development Studies (PIDS) Discussion Paper Series No. 2010□34.
- Marifa Academy. (2014). *Islamic Banking and Finance: Principles and Practices*.
- McLaughlin, M.W. & Talbert, J.E, (2001). *School Teaching in Context*. Chicago: University of Chicago Press.
- Meyer, J.W. & Rowan, B. (1978). *The Structure of Educational Organizations*. In M.W. Meyer (Ed.), *Environments and organizations* (pp. 78-109). San Francisco: Jossey-Bass.
- Morgan, Gareth. (2006) 3rd EDITION *Images of Organization*, Newbury Park, CA: Sage Publications.
- Morni, G. and Mazza, A. (2015). *Property Finance An International Approach*. United Kingdom: John Willey and Sons Ltd, The Atrium, Southern Gate, Chichester, West Sussex, P0198SQ.
- NSCB (National Statistical Coordination Board), (2009). *Human Development Report*, UNDP
- Pahlivi, R. (2018). *ICIFE Islamic Finance Programme*.
- Papala P. Masorong (2019) *Awareness of Islamic Accounting among First Year Accountancy Students in Marawi City*. Mindanao State University
- Pfeffer, J. & Salancik, G.R. (2003 [1978]). *The External Control of Organizations: A Resource Dependence Perspective*. Stanford: Stanford University Press
- Rosewood Drive, Suite 911, Danvers MA 01923, USA: Hoteli Publishing, IDC Publishers, Martinus Nijhoff Publishers and VSP.
- Salem, R. A. (2013). *Risk Management for Islamic Banks*. 22 George Square, Edinburgh E#8 9LF Edinburgh University Press Ltd. Edinburgh University Press.
- Shafili, Z. ((2011). *Auditing and Governance for Islamic Financial Institutions*. T.E. Weckowicz (1989). *Ludwig von Bertalanffy (1901-1972): A Pioneer of General Systems Theory*. Working paper Feb 1989. p.2
- Sulaiman, M. (2016). *Accounting for Islamic Financial Transactions*.
- Todaro, Michael P. (1981). *Economic Development in the Third World*. Longman
- Tran, Mark. (2014). *Typhoon Haiyan Disaster Response Philippines Relief Effort*. Unpublished Article, *Philippine Daily Inquirer*.
- UNDP. 1997. *Human Development Report 1997: Human Development to Eradicate Poverty*. <http://www.hdr.undp.org/en/content/human-development-report-1997>.
- World Bank, (2013), *The World Bank Annual Report 2013*, <http://hdl.handle.net/10986/16091>