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BOOK REVIEW

ISLAMIC ECONOMIC APPROACH TO SULU DEVELOPMENT: AN ALTERNATIVE MODEL

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I. INTRODUCTION

With the improvement of peace and order in Sulu today, development bottlenecks can be easily addressed. Lack of investment, lack of corporate skills of doing business, widespread poverty, and poor delivery of basic services are the major bottlenecks standing against the development growth in Sulu. Basic services and local investment programs of the local government units require effective implementation to create employment and improve the welfare of the poor. Market cannot prosper if poverty persists among the Tausug. Poverty perpetuates itself if traders, leaders, and the people in general practice *riba*. Sulu's economy is viewed as peasant economy. Family is still the economic unit of production. It follows a traditional culture of farming which is limited only to family consumption. The people suffer under dog position.

This paper rides on the view that application of the Islamic economic approach to development is the appropriate alternative policy model relevant to the improvement of the Sulu economy. The objective of this paper is to leapfrog the development process of Sulu. Focus group discussion is the main research instrument use in this study. Participants are local experts with varied background both Islamic and secular knowledge.

II. TOWARDS SULU DEVELOPMENT

Sulu is predominantly agricultural area with large fishing ground known as the Sulu Sea. Before the rise of the MNLF rebellion in the 1970s, Sulu was self-sufficient in terms of food supply from rice, cassava, vegetables, various varieties of fruits to cattle supply. Fishing is the most important industry since the Sulu Sea is the richest fishing ground in the country. The Tausug elites were at the forefront in trading activities which included smuggling putting Sulu as the center of trade connecting Singapore, Sabah, Celebes and Mindanao and major cities in Visayas and Luzon.

Governance at that time was responsive and provided relevant condition for enterprises to grow. Since the independence of the Philippines in 1946, Sulu still managed to sustain its economy, put up schools around the province and turn itself into source of supply of abaca, coconut, fruits and cattle to nearby provinces. Factors of poverty incidence never existed as Sulu enjoyed peace and security.

Pushing for Sulu development, Prof. Hannbal H. Bara argued that local leaders and planners should have clear understanding of the dimension of development which is the development of spiritual, political, economic and social life of the people. If the spiritual strength of the leaders is weak, we cannot expect a strong economy. The weight of these four elements is equal, where the absence or weakness of the other weakens the entire development.

It is believed that instituting good governance is very crucial to Sulu development. Good governance is the pivot of development process. The immediate needs of Sulu today are strong good governance, strong bureaucracy and creation of a strong

university. Strong university produces good leaders, good graduates, technicians, scientists, economists, leaders, etc. Strong university is an institution whose courses are fully accredited and updated with the trend of smart education. Only strong university can produce smart people who have mastery of the technology of the 21st century.

The progress of development in Sulu will also depend on the quality of leadership and the orientation of the masses. If leadership is failure, then development will fail. Good leaders are those who can deliver their trust and they are true to their words.

The major factors that hamper the development in Sulu are *riba*, business and political monopoly. Governance is monopolized by few families, by political dynasties. Businesses are likewise monopolized by the same political elites.

Sulu development is also affected with lack of effective governance. Without effective governance, development cannot take place. Without effective governance, peace and order cannot also happen. The welfare of the whole masses is also affected as can be seen with the Tausug people today. The idea of Sulu development follows the dictum of the old Tausug saying – “*Bang lubug in uhan lubug da in sikan.*” If the source of water is disturbed and so the downstream. Logically, Sulu development should start with the reformation of the local leadership and the local governance. It is understood that whatever changes the key to reform is always leadership.

In retrospect, the era of the Sulu Sultanate had brought development to Sulu because the leaders succeeded to establish peace and justice which provided favourable condition for the growth of trade and business in the past.

The kind of development in Sulu today inclines to perpetuate the influence of the elites. Rich people become richer and poor becomes poorer. In Islam the attainment of development should be inclusive. Poor people should be the object and subject of development. The government is organized in order to help the people to prosper. It is the duty of the leaders to educate the masses with the teachings of Islam and to provide them relevant skills in order they can contribute to development. Development is where people live in contentment, where there is peace and harmony in the community. Development is about addressing the problems affecting the life of the people. The common problems facing the Tausug today are lack of Islamic knowledge, skills, lack of moral orientation, lack of industries capable to create employment, lack of peace and order and poor governance.

The foundation of development should revolve around and should focus on strengthening of *iman* or Islamic faith. It is the virtue of *iman* that produces moral values like *taqwa*, *ikhlas*, *ihsan* and *sabar* which are necessary to development growth.

Ignorance of one's religion should be cured so that the level of awareness in different aspects will improve. When we put our spirituality at its best condition, then the economic, social, and political status will follow. Islam enjoins what is good and forbids what is bad. This commandment is mandatory to all mankind.

TAUSUG PERSPECTIVE OF DEVELOPMENT

The Tausug perspective of development is *kasannangan* of the people where *kahatulan* reigns and the people enjoy *kalimayahan*. Development means complete *kalimayahan* to choose to charter the destiny of the Tausug. Development is not only about *pamaybay marayaw*; it is about the preservation and implementation of the *adat* law as the uniting factor of the Tausug solidarity. Dr. Hannibal Bara described *adat* as unifying force of the Tausug society and is the basis of the Tausug right to self-determination. He further said that development perspective of the Tausug is the vision and practical steps to promote the Tausug concept of state expressed in the dictum of *hula-bangsa-agama*. All development programs must be geared to promote the spirit of *hula-bangsa-agama*.

Specifically, development for the people of Sulu means the delivery of basic services to the constituents. Adequate water supply, electricity, access to quality education, employment opportunities are the basic priorities to realize the Sulu development.

DEVELOPMENT GOALS

In the light of the issues of development the FGD participants discussed development goals for Sulu to focus on modernization of agriculture, fisheries, human development and infrastructure facilities. They believed that addressing these concerns will allow Sulu to undergo development take off for the next decade.

The Sulu provincial government in cooperation with the 19 municipalities should provide adequate tractors for every municipality, seedling, fertilizers and technical support to the farmers. Modernization is aimed at making Sulu self-sufficient on rice and cassava supply and to capacitate the farmers to generate mass production in rice, corn, vegetables, etc.

Storage system for fish catch must be put in place in all municipalities. Modern fishing gear must be extended to the local fishermen.

Polytechnic university is also needed in Sulu in order to improve the skills and technology of the Tausug labour force. The school curricula should integrate the teachings of Islam in order to produce graduates who are enlightened about Islam and to make them responsible citizens of the state.

Effective Administration of Justice

People of Sulu has been suffering injustices. Numerous human right violations have been recorded but justice has not been served. The justice system in the province is very slow that only the powerful and wealthy are being favoured, while the indigents have no access to speedy administration of Justice.

There are only three (3) branches of Regional Trial Courts and one (1) *Shari'ah* courts in the province situated in Jolo, Parang and Siasi. But many crimes committed have not been brought before the jurisdiction of the courts because the trust of the people to the judicial system is very low, lack of awareness and lack of legal practitioners

in the province. Many Tausug lawyers reside in other cities thus their services are not right-away accessible. Perhaps, even lawyers are not feeling secured in the province.

Pursuing swift and fair administration of justice is one of the development goals that should be in place in the province.

Ensuring Security, Public Order and Safety

Peace and order situation in Sulu is improving but still vulnerable to sabotage and abuse of power by the powers that be. Criminality, drug trafficking, poverty, high unemployment rate, and lack of infrastructure facilities are not properly addressed.

Ensuring security, public order and safety is very essential to the attainment of the development goals of Sulu. The government should enable the people to live in peace by securing the safety and public order of every community. Police visibility is necessary.

COMPONENTS OF DEVELOPMENT

The desire for economic development in Islam comes not only from the problem of scarcity of resources but also from divine persuasion of the Qur'an and the Prophets' *Sunnah*. Development is a complex process: economic, political, religious, and cultural condition must be favorable.

1. Spiritual Development. According to the Qur'an, the ultimate goal of human life is the achievement of *falah* which is success both in this world and in the hereafter. Success in this world leads to the success in the hereafter. There are five conditions of spiritual development:

1. Humility in prayers (*khushu*)
2. Consciousness of God (*taqwa*)
3. Remembrance of God (*zikr*)
4. Repentance for sins (*tawbah*)
5. Inner purification (*tazkiyyah*)

2. Economic Development. There are five conditions of economic development:

1. **Infraq.** This refers to spending on others and on the social needs of the community merely to seek God's pleasure. Islam has broadened the concept of charity in a number of ways. First, it has made obligatory a bare minimum of social spending called *zakat* on all those who have a surplus over and above their needs. To that extent, it is not voluntary. Second, in its broader meaning, *infraq* covers expenditure on one's own family as well which is not so in the case of charity. Third, Islam recognizes the right of the poor and the needy to receive a share from the wealth of the rich. The poor do not owe any obligation, moral or social, towards those who spend something on them. Fourth, *infraq* has to be done purely for the sake of Allah *Subhanahu wa Ta'ala* who has promised reward in the hereafter. There are three types of spending being seen as prohibited. These are *israf* (extravagant spending) *itraf* (ostentatious) and *tabzir* (wasteful spending).

2. **Prohibition of Interest.** The Qur'an declares *riba* or interest on loan as *haram* because it is hindrance to development. The Prophet (peace be upon him) declared all forms of interest or *riba* as unlawful. He took various preventive measures as well so as to forestall the infiltration of interest into the economy in disguised forms. The road to success would remain blocked until *riba* is completely eliminated from the economy.
3. **Fulfillment of Covenants and Trusts.** Fulfillment of covenants and trusts is a necessary condition for development. In its simple meaning it stands for honoring personal commitments and promises. The society cannot achieve development, until its inhabitants fulfil their covenant.
4. **Justice.** The Qur'an has pleaded for justice at a number of places. It has linked success with the observance of justice in all affairs. The Qur'an uses the term *zulm* (inequity) as an antonym of justice. The Qur'an repeats that the *zalim* (one who perpetrates *zulm*) shall not achieve development. A society in which one's lawfully acquired wealth is appropriated by others without any compensation or consideration shall suffer from wide inequalities, impaired incentives and social waste.
5. **Enterprise.** God speaks of enterprise and struggle for livelihood as seeking His bounty. Enterprise and effort to harness natural resources are an essential condition to achieve development. The Qur'an says: "And when the prayer ends disperse freely on earth and seek to obtain (something) of God's bounty, but remember God often, so that you might attain success." (Qur'an, 62: 10). Productive economic activity contributes to the development of the society as well as of the individual.
3. **Cultural Development.** The Qur'an visualizes the cultural pattern for the Muslims. Unless the society follows its own cultural pattern, it will not succeed. We shall describe the cultural conditions of development briefly since details have been amply illustrated in the writings of the Muslim economists:
 1. **System of Prayers (*Iqamat al-Salah*).** It covers the establishment of *masajid*, arrangement for congregational prayers – both daily and weekly and the appointment of the *masjid* staff, etc. The Islamic system of prayers five times a day is the manifestation of highly disciplined activity. Prayers are a mechanism to teach discipline to the individuals.
 2. **Knowledge (*'Ilm*).** The knowledge factor or K-Factor is highly regarded by the Qur'an. Ignorance is highly condemned by the Qur'an. The Qur'an visualizes a society where people would base their actions on knowledge rather than superstition and myth.
 3. **Sexual Chastity.** The Qur'an has enumerated sexual chastity and modesty as one of the characteristics of those who attain success. Legitimate sexual relations are a foundation stone of a stable family life. However, when the sexual desire exceeds its legitimate limits, it leads to anarchy, broken homes, juvenile delinquency and venereal diseases.
 4. **Prohibition of Drinking Alcohol and Gambling.** Drinking of alcohol and other intoxicants and playing games of chance lead to numerous social evils. The Qur'an holds them to be obstacles to development.
 5. **Purification of the Environment.** The Qur'an speaks of inner purification (*tazkiyyah*) as a major condition for development. Although this is often taken to mean inner purity (or *zakah*) from wealth, some scholars have extended it to the purification of the environment. This interpretation seems plausible if we were to look at the Qur'anic emphasis on cleanliness of body and clothes. The pollution of the environment caused by excessive use of technology does not fit well into the Islamic concept of development.

6. **Enjoining the Proper and Forbidding the Improper.** One of the distinctive features of the Islamic economy is that every individual is responsible for enjoining the proper behavior and forbidding the improper one. The Qur'an considers this to be an important condition for attaining development. The Islamic society builds a social conscience which tends to prevent people from improper behavior. The members of one's family and the people around in the community keep an eye on the undesirable conduct of the individuals and try to control it.
7. **Keeping Away from Frivolousness.** The Qur'an enjoins that wasting time on frivolous pursuits is a hurdle to achieving development. This implies utilizing one's time, effort and resources on useful and productive avenues.
4. **Political Development.** Islam relates not only to a religious affair it also relates to a political affair, there are two conditions of political development:
 - a. **Striving in the Cause of Allah (*Jihad*):** The main political condition for development is striving in the cause of God. In its narrow sense, striving in the cause of God stands for armed struggle against injustice and to protect the weak from the powerful. In its broader sense, it covers all efforts to propagate and enforce justice and fairly and the sovereignty of God. It includes help and solace to the people in distress anywhere in the world.
 - b. **Role of State:** Another condition on the political front is the commitment of the government to provide basic necessities of life to its entire population, to protect life, honor and property of the people. The state should involve the people in the affairs of the state and to inculcate a sense of accountability both to man and to God for its policies and programs.

DEVELOPMENT ISSUES

Poor Knowledge and Awareness

The Tausug are very poor in corporate knowledge and technical know-how including knowledge in Islam. Corporate values is actually knowledge that gives awareness to a person to build industry and to engage in development process.

Poor Human Behaviour

The persistent poor human behaviour among Tausug in Sulu affects development growth. The practice of deception in business, fraud, hoarding and *riba* are examples of negative behaviours which are prevalent among the vendors, traders and local entrepreneurs. With this, traders and investors are reluctant to make business in Sulu.

There are Tausug, though they are honest, could not gain the confidence and trust of the capitalists in pursuit of their business activities.

The development of behaviour takes time in an underdeveloped places like Sulu. These places should either abandon their development programs in the face of unfavourable social, economic and political institutions or adopt coercive measures to achieve targets of economic development.

Insufficiency of Business Capital

Lack of business capital is an utmost resource of a person to engage in all forms of business activities. While it is true that learning the mode and nature of business activities, a businessman must have the necessary capital to particular business activity. The lack of investment in the region has left its economic resources and largely untapped to the economic disadvantage of Sulu communities. This situation aggravates unemployment and underemployment problems among the population.

Poor Means of Communication

In Sulu areas, communication facilities are poor and yet to be improved. Only in the town and some *poblacións* where communication facilities are considerably available. In various municipalities, some do not have telephone lines. They use two-way radio instead. Only very few people have cellular phones because not all of these areas have electricity and cell sites.

Means of communication together with the directory of business establishment are imperative for business for businessmen to prosper their business activities in both domestic and international. Among the communication facilities are radio, television, internet, telephone, cellular phones, and others. These are the important means and channels of communications that can facilitate economic development.

Poor Means of Transportation

Airplane service is not available in Sulu at this point of time. This is a great factor for the outside investors not interested in putting up business in Sulu. Ships plying in Sulu to other places are not enough. Most of the time especially on peak season all ships are fully booked.

Unstable Peace and Order Condition

Peace at present improves in Sulu. The whole province is declared ASG-free. But the order condition is still problematic. People are not disciplined in garbage disposal. Land use is not organized. Smuggling and drug trafficking are rampant. The presence of these problems can be attributed to several factors. Among them are the considerable number of poor and needy people who eventually act according to their carnal desire, and the political rivalry among politicians to gain power. In the electoral process, they even went to the extent of terrorizing the civilian population.

Poor Government Financial Support

Banks are available in Sulu but they are hesitant to provide capital to Tausug businessmen. Beside the banking system is not quite relevant to the way of life of the Tausug. Loans with fix interest is being imposed upon the borrowers which is actually

forbidden to Muslims by Islamic law. Religious Tausug stick to Islamic law and may decide not to borrow from the government banks.

Leadership Crisis

Leadership in Islam influences the socioeconomic development of the society. The leader is viewed as vicegerent of Allah and his role is to accept and carry out the laws of Allah on earth. The objective is to establish a balanced society – the pursuit of spiritual and material development. But the local political leadership does not follow the concept of balanced approach to development.

Leadership crisis affects businesses in the Muslim areas. This is usually seen before, during and after the election of local and national leaders. It is obvious that electoral process in the country is actually the source of corruption. Leaders spend for election and once in power they will take back what they spent.

III. ISLAMIC APPROACH TO DEVELOPMENT

The Qur’anic prayer asking “O ye our Lord! Grant us *hasana* or goods in this world and also grants us good in the hereafter and save us from the hellfire, is the basis of model approach to development. This *ayat* encourages the Muslims to hope for paradise in the hereafter by conducting a good life submitting to the will of Allah but such paradise should be partly experienced on earth. The Islamic approach to achieve the *falah* is adoption of the balanced approach.

BALANCED APPROACH

In his book, Dr. Hannbal H. Bara asserted that development should satisfy the nature of man composed of physical and spiritual. This dual nature of real and ideal, human and divine, secular and sacred, worldly and other worldly, may generate diverse unpredictable behavior. Development, therefore, is the attainment of balanced growth of physical and spiritual progress through systematic planning, empowerment and effective utilization of resources for the eradication of poverty. Dr. Bara has outlined the three cores of development from the standpoint of Islam:

1. **Faith.** Faith is the foundation of knowledge and the entrance to the door of divine guidance. It gives a person the courage and hope to advance forward and to liberate himself from ignorance, heedlessness and servitude. It gives a person the inner strength that keeps him to stand up to any vicissitude in life. It generates in man loyalty and obedience to the state. A person endowed with faith shall develop a norm of commitment, dedication and patience, which are important in human life. A man of faith is free as he is not required to obey others except obedience to Allah. He will have tasted the true freedom, which is basic to human life.
2. **House to Live In.** A family needs privacy and self-esteem. This need can be satisfied with the provision of a housing project. It is the duty of the government to help the poor to own a house. Through a house, each family will have the chance to build an ideal home. In a house, the head of family will learn the art of management, leadership and care. The house is the family’s launching pad for its future growth. It is the symbol of family-esteem. It helps to stabilize and tranquilize the life of the whole family members. An ideal shelter for the Muslim family should consist of adequate living rooms, kitchen, comfort rooms, spacious *salah* and ample ground for play and gardening.

- 3. Self-Sustenance.** Every family should build its own self-sustenance by making the members productive in order they have the capacity to generate income for food, medicine, clothing and education. The subsistence farmers, for instance, should be helped to increase their productivity and be motivated to produce surplus farm production for sale in the markets. The theme here is the promotion of “making the poor productive.”

IMPLEMENTATION OF ZAKAT

Zakat is an Islamic financial obligation for every well to do Muslim and forms part of the financial tool of the Islamic economic system to cater for the Muslims’ social welfare. One of the primary objectives of *zakat* is to eradicate poverty among Muslims. Furthermore, the institution of *zakat* has been given the responsibility to ensure that the rightful recipients (the *asnaf*), mainly the poor and needy could attain a minimum quality of life from the *zakat* received. To ensure that such quality of life is possible, a more proactive mechanism for *zakat* distribution is a must.

In Sulu, *zakat* is not totally implemented. Tausug paid their *zakat* individually to the people whom they wanted to pay such as their imams or *ustadz*. Those imams are given *zakat* annually. It seems that *zakat* is not necessarily given to all *asnaf* thus the purpose of *zakat* has never been attained. Sayyid Sabiq mentioned in his famous book *Fiqhus Sunnah*: one of the purposes of *zakat* is to eradicate poverty among Muslims. Prophet Muhammad (S.A.S.) considered poverty as a serious matter. His stand on poverty could be seen when he reminded his companions that *zakat* must be disbursed to assist the poor. Similar stand was held by Imam Abu Hanifa who declared that the wealth of *zakat* must be used to protect the welfare of the poor (Al- Qardhawi, 1987).

The general principle of *zakat* distribution is laid down clearly in the Qur’an as underlined in the *Sura al-Tawbah* verse 60 that states: “Alms are for the poor and the needy, and those employed to administer the (funds) for those whose hearts have been (recently) reconciled (to truth) for those in bondage and in debt, in the cause of Allah and for the wayfarer: (thus is it) ordained by Allah, and Allah is full of knowledge and wisdom.” From the above verse, there are eight categories of people defined in the Qur’an as those who are entitled for *zakat* payment: the indigent, the poor, those in-charge of the distribution of *zakat* (*amil*), the new Muslim converts, those who are freeing themselves from bondage, those who are in debt, those who serve the cause of Islam and the wayfarer.

Monzer Khaf (1999) argues that *zakat* is an instrument to eradicate poverty among the members of the Muslim society. To obtain this objective, *zakat* fund must be utilized to develop the economy of the Muslims so that the wealth of *zakat* could be regarded as productive assets to build public welfare.

The institution of *zakat* up to this day contains an enormous human potential for communal betterment. We should utilize *zakat* in a systematic manner through government agency for financing social welfare and social security schemes such as housing for the poor, free medical service for the indigent, money relief for the employees, aged, widows and orphans, grant of relief to the innocent dependents of persons who are suffering imprisonment from crime, etc.

According to Imam Nawawi (n.d.), the *zakat* proportion for the poor must take into account the recipient’s occupation and living circumstances. If a person works as a mason, then the proportion of *zakat* given must be enough to cater for the recipient’s necessities. Distribution of *zakat* fund differs according to the recipients’ job and current living expenses that they need to shoulder. For those who are physically unable to work to support their lives, *zakat* fund must be given enough to cater their needs for the rest of their lives. The proportion of *zakat* is also based on the average expenditure of present

local society. Concerning this matter, al-Dusuqi from the Maliki school of thought and the majority of Islamic scholars from the Hanbali school of thought asserts that the *zakat* distribution for the poor and needy *asnaf* should be in the form of living support for one *Qamariyah* (*Kifayah al-Sanah*) for the recipient and his dependents. The recipient is entitled to be given *zakat* until he is freed from want. Among the form of aid that could be distributed are basic necessities such as food, clothing and shelter. Gifts in the form of capital for industry such as tools for the craft and others are also encouraged. Al-Syirazi from the Shafii school of thought, on the other hand, argues that sufficient *zakat* must be given to the poor and needy as long as they remain poor (*Kifayah al-Umr*).

The *Kifayah al-Umr* concept has been implemented as poverty cannot be eradicated within a short time as such action requires careful planning. *Kifayah al-Sanah* is a yearly support concept that needs annual planning. In the context of identifying proper forms for *zakat* distribution, Qardhawi asserts that this issue goes hand in hand with defining what is poor and needy. According to Qardhawi, the poor and needy can be categorized into two—those who are able to work and find work on their own but need support to provide for their family. This group of people includes the craftsmen, farmers and traders. Support can be given in the form of capital, tools and equipment to enable them to operate their means of living so that they will no longer become the recipients of *zakat* in the future. The second category is the poor and needy who do not have the capacity to work such as those who have prolonged illness, the elderly, widows and children. This group of people deserves to be given enough *zakat* for a period of one current year. *Zakat* distribution can be paid out to them either all at once or in monthly instalments (al-Qardhawi, 1987).

ELIMINATION OF RIBA

Riba is one of the most controversial issues in Muslim countries. The advent of western banks and capitalist system has made the issue even more difficult to resolve. Sulu province is not being spared with its proliferation, manifested with the existence of establishments that offer usurious services. The prevailing complex problems in Sulu like poverty, weak governance, graft and corruption which in one way or another resulted to the open practice of *riba*, remain unattended. There is no such regulation in the province of Sulu that condemns the practice of *riba* or if it does exist it is not known to the public and is not implemented and followed.

Controlling the proliferation of *riba* will always redound to the power of elected officials and law enforcers partnered with the collective effort of the Tausug community. *Shari'ah* in the province should be given strong political will to carry-out the mandate. Strong rules and regulations designed to combat *riba* should be strictly implemented.

In the event of implementing Islamic laws, the local government units (LGUs) should serve as the initiating force. Without the integration of laws imposed by the government to the existing *Shari'ah*, the possible control mechanisms to stop *riba* will not work and therefore cannot be eradicated. Local leaders and learned men of the Tausug Community with strong participation of religious leaders are therefore defaulted to do the campaign for educating and informing the public.

Establishing Alternative Financial Scheme

The establishment of *riba*-free community is almost impossible to attain without the establishment of alternative financial scheme. People cannot right away divorce from usurious acts if it will mean financial losses for them, loss of their business or loss of their source of living. In Tausug Community, there is scarcity in alternative financial scheme. It becomes inevitable for entrepreneurs to transact in banks or any government financial institutions and invest their money to earn by means of interest-based transactions.

Likewise, ordinary people are most likely to pawn their properties in pawnshops or any institution knowing that they do not have much choice. Business establishments like pawnshops cannot readily remove their interest rates because they are legally operating, and people are patronizing their businesses.

Establishment of alternative financial scheme is one way to control the proliferation of *riba* to encourage the Tausug people to stop practicing *riba*. Instead of engaging into usurious act they can resort to *riba*-free transaction. The different stakeholders of Tausug community should come up with a financial scheme that is bounded by the *Shari'ah*.

Providing access to capital is seen as one workable solution to stop *riba* practice. When the government will regulate and implement laws that can provide capital to the constituents and simplify the processes, perhaps people will not choose to engage in usurious transactions.

There is a need to empower people by providing enough skills development trainings and equal opportunities for employment. If people have enough skills, there is a high probability that they will be employed or put-up their own businesses.

Improving livelihood opportunities for the Tausug is believed to be one effective way to control the proliferation of *riba*. When there are enough job opportunities for every household then Tausug families will no longer engage in *riba* since they are also aware that it is forbidden in Islam. Agriculture and fisheries are main sources of income of the Tausug. However, residents of far-flung areas especially those affected with military operations cannot peacefully gain their living.

Improving livelihood is the main instrument to combat poverty. In order for the leaders to control the perpetuation of poverty, they should implement mechanism to control *riba* and vice versa. Leaders should deliver the basic goods and services that the constituents are expecting from them since they pay taxes and contribute to the society. Including in the goods and services is the improvement of livelihood of the Tausug by providing full support to agriculture and fisheries, and provision of skills training both for the out-of-school-youths and graduates.

Religious Intervention

In Sulu, *da'wah* is still the best instrument to educate people about Islam. *Da'wah* which is not only limited to Friday sermon but also *da'wah* in schools and in social media. Inclusion of *riba* as one of the major topics of our learned preachers is one effective tool to raise the awareness of the Tausug of the gravity of sins when engaging in *riba*. *Riba* is seldom included in different sermons or when included it is only a portion of it. *Riba* is a very sensitive topic for it does not only touch the economic condition of the people but the societal disease.

Strengthening the *madaris* institution is seen as one of effective intervention to raise the Islamic consciousness of the community. When the *madaris* are increased in numbers and its population continually increases, the recipient of Islamic teaching is likely to heed to Islamic laws. The *mudir* should also be oriented that they should highlight the circumstances and danger of engaging in *riba* in their teachings so that learners will not resort to it when they will be part of the economic activities of the community or they will avoid it. The message of prohibition should be strong enough to instill fear to the people and prevent them from *riba* practices.

Masjid plays a vital role in raising Islamic consciousness. Sermon is a basic tool sending strong message of prohibition of the *riba* and continuously remind the people about the dangers of *riba*. Every *masjid* in Sulu should act as center for development growth and give enough time to tackle the socio-economic condition of Tausug.

Darul Ifta should be further organized capable to issue *fatwa* on various issues inimical to Islam and the community. It must work together with the local government units by providing legal advices to local officials.

Educating the People

Educating the people is one way to control the proliferation of *riba*. It should be constituted in the strong regulations that are to be carried by the LGUs, and massive campaign should be launched to let everyone enjoin the cessation of *riba* practices.

Educating the people on the prohibition of *riba* is not an easy task. The strategies to be used for the campaign should be smart. In giving information to the public, the Islamic law should be highlighted especially on the punishment that awaits to people who engage in *riba*. The massive information drive should be included on Friday *khutbah*, in teaching curriculum especially social ethics/religion subject and on economic subjects. To inculcate to learners how usury affects the society should be emphasized.

People need to be aware that *riba* does not carry benefits but rather harm and danger to one's living. The youth who has still weak foundation should be informed that *riba* is included in the major sins in Islam. And parents who think highly of the welfare of their children, on their education expenses, should be reminded frequently that *riba* creates more problems than solution and will only bring miseries.

The challenge of educating the people now lies on the hands of the local leaders, religious professionals and other stakeholders of the community. It is observed that there are no regulations existing on the laws created by the government that directly condemns *riba* practices and even *fuqaha* have not defined comprehensive punishments that can be given to a person who is guilty of *riba*. The lawmakers, particularly Muslims, are therefore obliged to create and impose local laws that will help the Islamic faith grow by condemning prohibited transaction that mainly revolves around *riba*.

Islam enjoins every Muslim to give alms or charity to the poor and prohibits *riba* because it is oppression to the poor. When we educate people on how grave the sin, we should enlighten our brothers and sisters in faith the beauty and benefit of giving *sadaqa* to the poor. With this, people will enliven the spirit of brotherhood and love each other.

IV. ALTERNATIVE MODEL FOR SULU DEVELOPMENT

Experience world-wide shows that development model coming or imposed from the outside is destructive because of lack of commitment and irrelevance to the condition of the community. There are many development models available for adoption such as the socialist model, capitalist model, growth stages model, Harrod-Domar approach, Solow growth model, dual economy model which were applied in the third world countries but ended in fiasco due to its attached usury-oriented financial system. Since, *riba* or usury financial system is irrelevant to the Tausug society consequently the alternative development model is the *riba*-free economic model.

RIBA-FREE ECONOMY

Riba practices in Sulu hamper the development because engagement in *riba* is a major sin and the community who is openly and widely practiced it will taste the wrath of

Allah (SWT). The proliferation of *riba* such as usurious activities, deception in business activities, loans with interests, pawnshops, and lending businesses both small-scale and large scale, is a deterrent factor that aggravates the Sulu's long-term goal on development. The elimination of *riba* in the province is the key towards development growth because people can freely engage in pure living. Unity and harmony will prevail because when every Muslim earns a *halal* living then the *haram* will automatically be eradicated.

A *riba*-free economy is an ambitious undertaking but it is impossible when the level of *iman* of each individual is not strengthened. It is a pre-requisite that before the elimination of any *haram* deeds, the constituents should recognize and abide with the commandments of Allah (SWT) expressed in enjoining what is good and forbidding what is wrong.

The impact of *riba* to Tausug community is very grave. Poverty is perpetuated because *riba* worsens the condition of the families who engage in this sinful activity. The poor becomes poorer. A community which openly practices *riba* is vulnerable to divine calamity and civil disturbances.

Mismanagement of economy and oppressive leadership are part of the *riba* machinery. Moral reform has to be maximized in order to correct the mismanagement and oppressive leadership in Sulu. Reforming leadership of Sulu is essential to the success of the promotion of the *riba*-free economy. The impacts of *riba* can be seen in the perpetuation of poverty, suffering from curse, misappropriation of people's property, and decline of the Islamic brotherhood. Indeed, economy is greatly affected because *riba* robs the people their liberty to engage in clean-living and their peace of mind cannot be attained. (Abayan, 2013)

To control the proliferation of *riba*, there is a need for strong regulation with strong leaders who have strong faith. To create good leaders, Sulu should have a long-term goal to produce suitable leaders in the future. Education should be given focus because when people are well-equipped with proper knowledge and skills then they will have the political will to assert for their rights and be part of a productive community. Improving the economy will likewise eliminate *riba* because people will have enjoyed full employment and basic services.

ISLAMIC BANKING

In order to boost the Sulu economy and attain development, the establishment of Islamic bank is a must. Islamic bank will become a financial trust of the community to pool the resources of the local people that their hard-earned money will be utilized in the *halal* investments and production. It is common that in western banks, we are not aware of where our money is invested in because there is no transparency in transactions and the stipulations of the contract entered into do not specify the list of businesses where money is invested.

Islamic banking is the alternative financial model to improve the economy of Sulu. This is in line with the strengthening of faith of Sulu since Sulu is a Muslim-

dominated province. When the spiritual consciousness of the constituents and its leaders will become strong then the sincerity to fight *haram* deeds will be spontaneous.

Islamic banking, in this sense, will strictly adhere to the *Shari'ah*. According to Mohammed Waseef, there are three major types of Islamic finance operating under the Islamic banking system such as *mudarabah*, *musharakah*, and *murabahah*.

Mudarabah is an equity-based contract offered by Islamic banks, which is based on the *Shari'ah*. It is a special kind of partnership, where one partner provides money to another and the latter manages the money by investing it in commercial projects in order to earn profit which is shared among the two in a predetermined ratio. The first partner who provides the money to the second is called *rabb al-mal* or capital provider while the second partner is known as *mudarib* or entrepreneur.

Musharakah is a partnership-based contract or an investment product with a partnership structure for sharing profits and losses, which is based on the *Shari'ah*. It involves investment from all the partners and an agreement to share profits in a predetermined ratio and to share losses in the ratio of contribution. Parties to the contract of *musharakah* is referred as *musharik* which literally means partner.

Murabahah is another product based of the *Shari'ah*. It refers to the sale of goods at a price which includes a profit margin, i.e., cost plus. This product is predominantly offered by Islamic banks in asset financing, property, microfinance and commodity import and export. A *murabahah* contract has an honest declaration of cost and the expenses incurred on the product, along with the profit mark up being taken by the seller, which is the bank in this case.

Islamic finance also has a bond like conventional financial system as a medium of investment. The word *sakk* refers to a single bond and its plural is *sukuk*, which is a famous word in the world of Islamic finance. *Sukuk* are Islamic bonds that are structured in a way to generate returns to the investors, without any transaction involving *riba*.

By definition, *sukuk* are shares in the ownership of tangible assets with reference to a particular project or an investment activity. Conventional bonds require the investor to pay the bond holder the amount owed, along with interest on a specified date. In case of *sukuk*, the element of debt is non-existent, bond holders share the beneficial ownership of the asset or the project that the bonds represent.

ISLAMIC INSURANCE

Islamic insurance is also part of the component of the *riba*-free economy. This Islamic insurance is possible when there is an established *waqaf* system in Sulu. The *waqaf* system will handle the *zakat* of the constituents and the disposal of such can be in the form of Islamic insurance.

Islamic insurance will assist the Muslims in the different contingencies such as death and injury. Islamic insurance will strengthen the brotherhood of the Muslim community and through this insurance, support to *madaris* sectors, *masajid*, and religious preachers will be sustainably carried-out.

HALAL INDUSTRY

Halal Industry should be established in Sulu so that the livelihood of the people of Sulu will improve further. Through *halal* industry Sulu will become integral part of the global *halal* market which worth 600 billion dollars within the Muslim Ummah. *Halal* food is free from *haram* ingredients and is slaughtered according to the rites of Islamic law, good, wholesome, healthy, untainted during the stages of processing, packaging, storage, transportation and cooking. All good and clean foods especially organic or naturally-raised animals are those that are truly *halal*.

Cattle raising is very potential for Sulu. The local government units can invest in this industry in order to attain mass production for sale in the global market. The infrastructure facilities needed for the *halal* industry are standard slaughtered house, laboratory for chemical inspection, food storage, packaging equipment, etc. The government should also send professionals for training on *halal* industry.

V. CONCLUSION

Islamic economics approach to development is about eliminating the tentacles of *riba* from all enterprises and to purify the social life of the people from social injustices by creating the environment for the introduction of the *halal* industry and the *riba*-free economy. Islamic economics approach also includes moral reform with the view that people with strong faith is an effective deterrence from committing *riba*. Only people imbued with sound heart in believing the lordship of Allah, are willing to abstain from the prohibitions stipulated in the *Shari'ah* of Allah.

The vision of Sulu development is the development of spiritual, political, economic and social life of the people in accordance with the teachings of Islam. The Tausug perspective of development is *kasannangan* of the people where *kahatulan* reigns and the people enjoy *kalimayahan*. Development means complete *kalimayahan* to choose to charter the destiny of the Tausug. Development is not only about *pamaybay marayaw*; it is about the preservation and implementation of the *adat* law as the uniting factor of the Tausug solidarity.

FGD participants argued that development should satisfy the nature of man composed of physical and spiritual. This dual nature of real and ideal, human and divine, secular and sacred, worldly and other worldly, may generate diverse unpredictable behavior. Development, therefore, is the attainment of balanced growth of physical and spiritual progress through systematic planning, empowerment and effective utilization of resources for the eradication of poverty.

Riba-free economy offers a relevant alternative development model suitable for Sulu. It is about eliminating *riba* from the social life of the people by establishing Islamic bank, the *waqaf* system and the *halal* industry. Islamic bank can offer the Islamic financial scheme such as the *mudarabah*, *musharaqah*, and *shirqa* which will outrightly prevent *riba* to exist in all enterprises of the Muslims.

Reorienting business enterprises in Sulu, promotion of Islamic finance through educational system and morality and business for development growth are the possible

areas for future research that can augment this existing study on promoting the Islamic approach to Sulu development.

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