How Islamic Finance Powers Global Food Security and Ethical Supply Chains

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Prepared by:

DinarStandard
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Afdhal Aliasar
Senior Partner

DinarStandard

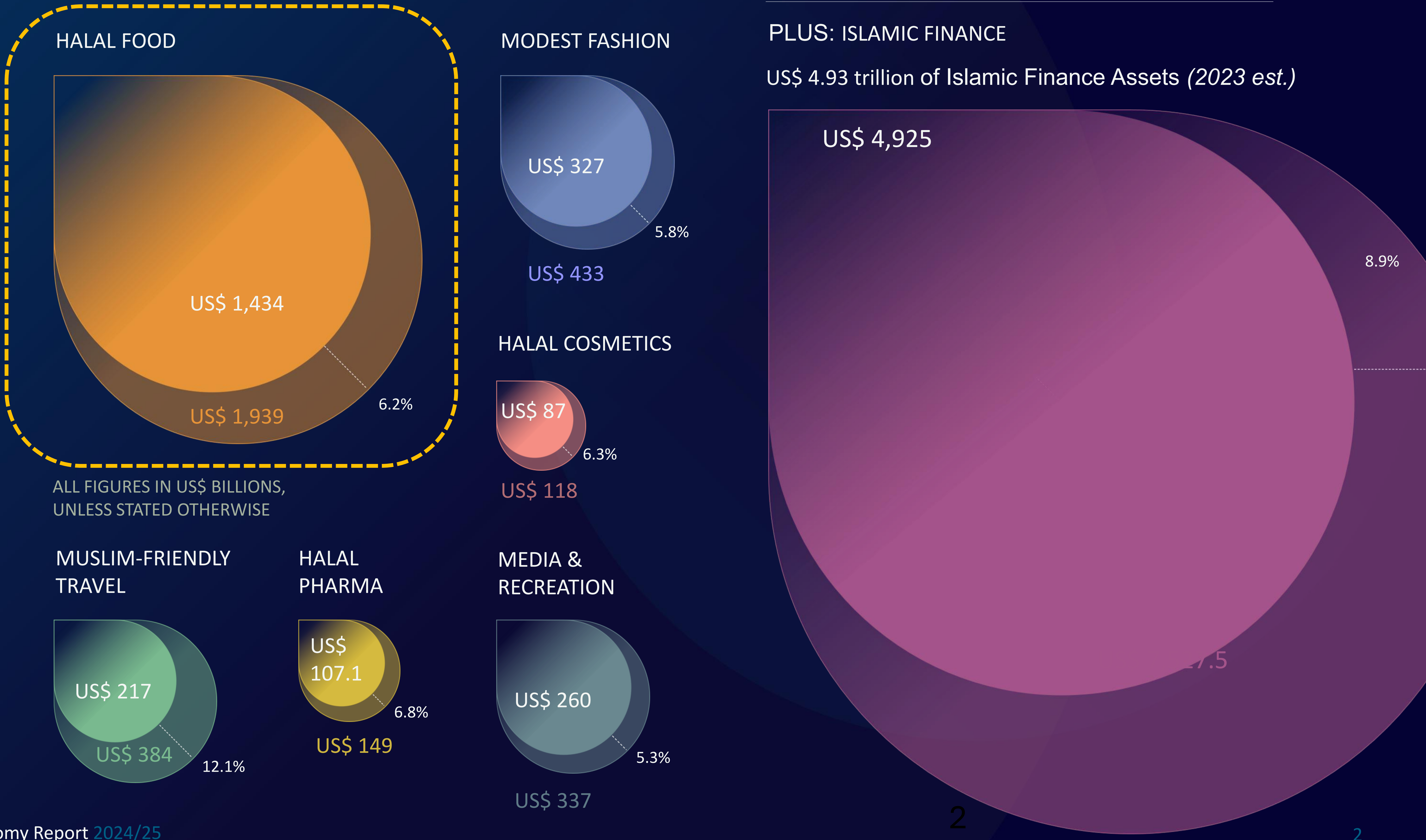
Halal food comprises the bulk of the Islamic economy spending

The Global Islamic Economy 2024/25 Overview

2023 2028 CAGR%

Consumer Opportunity

Represented by US$ 2.43 trillion of consumer spending by 2 billion Muslims across six real-economy sectors (2023). Reaching US$ 3.36 trillion by 2028 (5.3% CAGR).



Halal food comprises the bulk of the OIC Islamic economy import, but only 3 countries are among the top 10 exporters to OIC

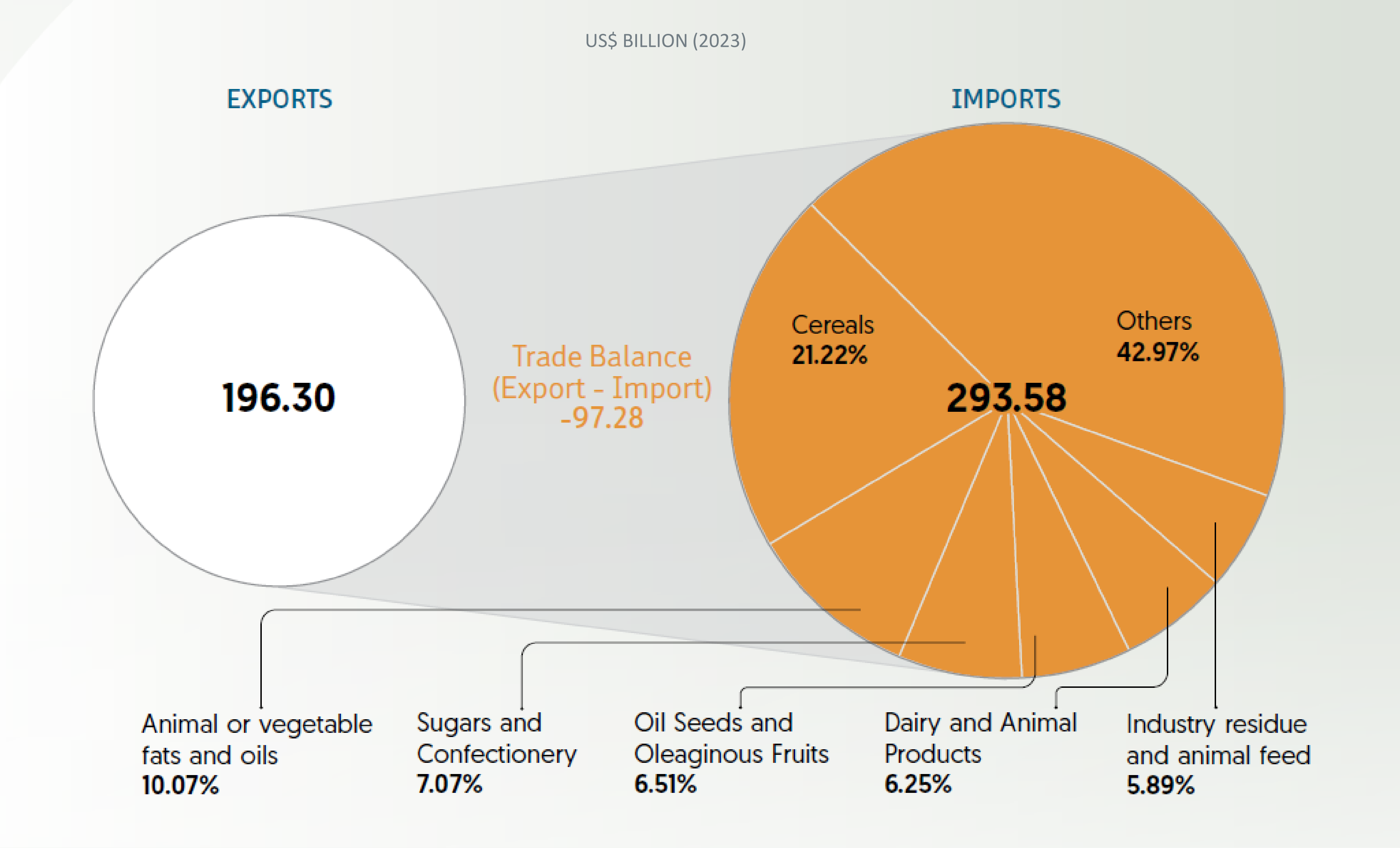
Trade Opportunity

$407.8 billion OIC imports in 2023

This total figure fell by 1.79% compared to $415 billion in 2022.

Share by sector

Halal Food	72.00%
Halal Pharma	12.12%
Modest Fashion	10.83%
Halal Cosmetics	5.06%



Top 10 Food Exporters to OIC

Country	2023 (US$ Billion)
Brazil	26.53
India	21.90
Russia	19.45
United States of America	13.19
Türkiye	12.98
United Arab Emirates	12.64
China	11.22
Indonesia	11.05
Australia	10.41
Argentina	9.02

OIC food security is linked to global food system developments

Food System Drivers >

Environmental Drivers
e.g., environment degradation, natural catastrophes, etc.

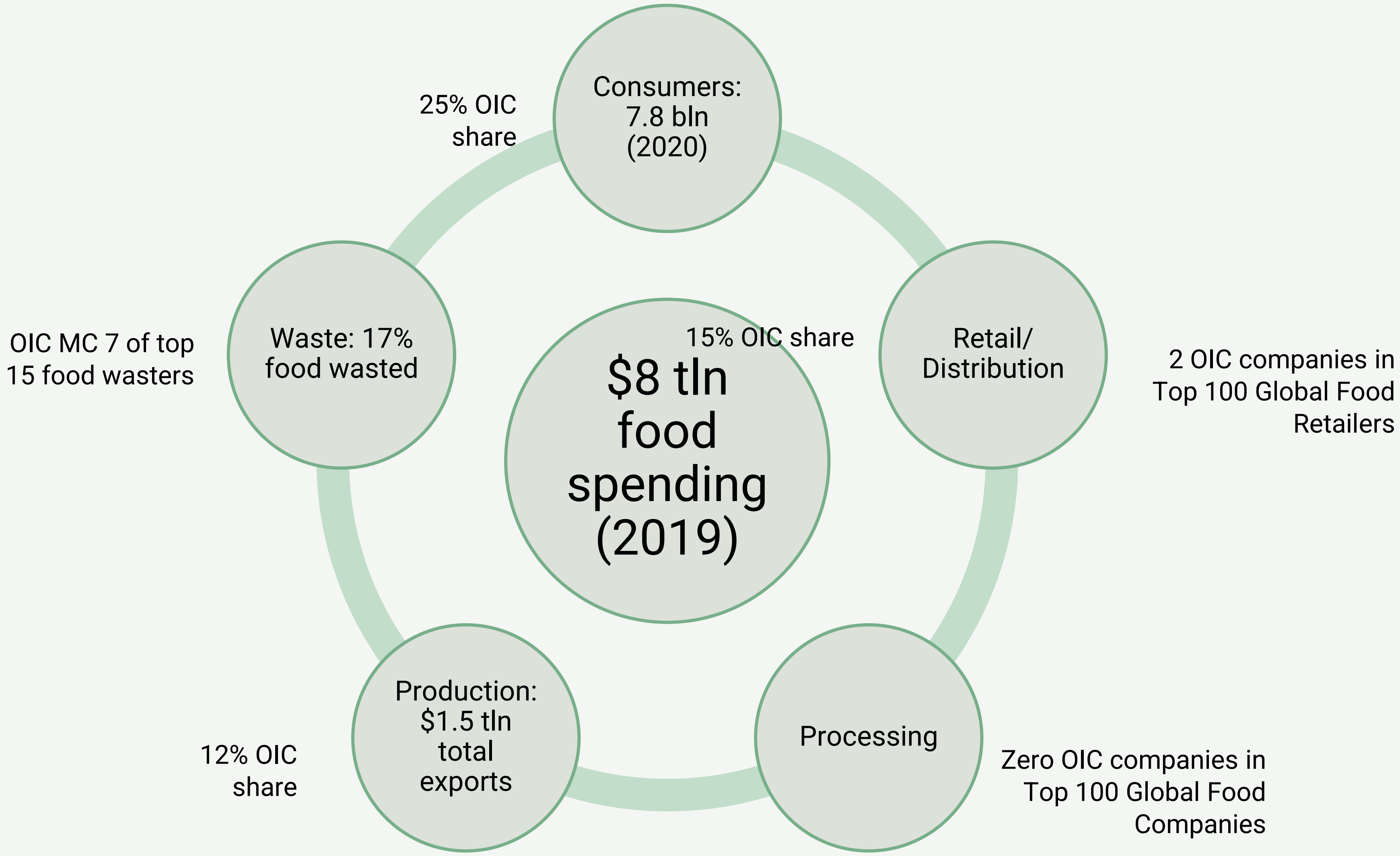
- 26% of greenhouse emissions
- 71% of global freshwater withdrawals

Socioeconomic Drivers
e.g., economy, demographic, technology, government etc.

- Growth in global middle class driving meat intake
- Online/Healthy post-pandemic

Technology Drivers
e.g., Blockchain/IoT, vertical farming, Alternative proteins

GLOBAL FOOD SYSTEM



Key Stakeholders: FAO, WFP, IFAD, IOFS, UN Global Compact, UNEP, UN SDG Goals, National Food Banks

> Food System Outcomes

Environmental Welfare

- 2016 and 2020 were warmest years; against global Paris Agreement goal to limit rise to 2°C in century

Food Security
e.g., access, availability, utilization

- Global Food Security Index: ONLY 10 of 56 OIC MC in top half of Index. Kazakhstan tops at #32/113

Social Welfare

- 1 billion people employed
- Obesity has tripled since 1975; OIC MC 48% higher than global average

Source: DinarStandard analysis; Framework adapted from Oxford University, Program on the Future of Food; * ITC Trademap; World Bank data, World Food Program

Key mega-trends driving future of global food security

Food Security 7 MEGA-TRENDS	Context	Global Solutions
Climate change & natural resources	**26%** of greenhouse gas emissions from food	▪**Global** initiatives (UN Food Systems) ▪**OIC**/Intra-regional initiative/ Global trade/partnerships
Macroeconomic factors	**-3.5%** Global economic growth rate – worst level since World War 2	▪Increased **M&A** ▪**Foodtech** investments ▪**Retail collaborations**
Hunger & malnutrition	**155m** people facing acute hunger in 55 countries in 2020, a 5 year high	▪**Stimulus packages** ▪**Digital charity platforms** & **Self-help** groups
Food reserve schemes	**74 days** is how long global food reserves would last	▪**Restaurmar:** grocery/ restaurant hybrid ▪**E-Commerce** platforms
Food supply dependency & disruptions	**-26%** year on year drop in global air cargo capacity in mid-May 2020	▪**Covid 19 Global Port Restrictions Map**
Food consumption & wastage	**17%** of food produced globally is never eaten	▪**Consumer awareness** drives ▪Improved **storage** methods
Bio & agri-tech	**$17.4bn** size of global agri-tech market in 2019; Projected to Reach **$41.2bn** in by 2027	▪**Blockchain**-enabled traceability

Source: DinarStandard analysis. ITC Trademap, World Bank, WFP (World Food Program) data

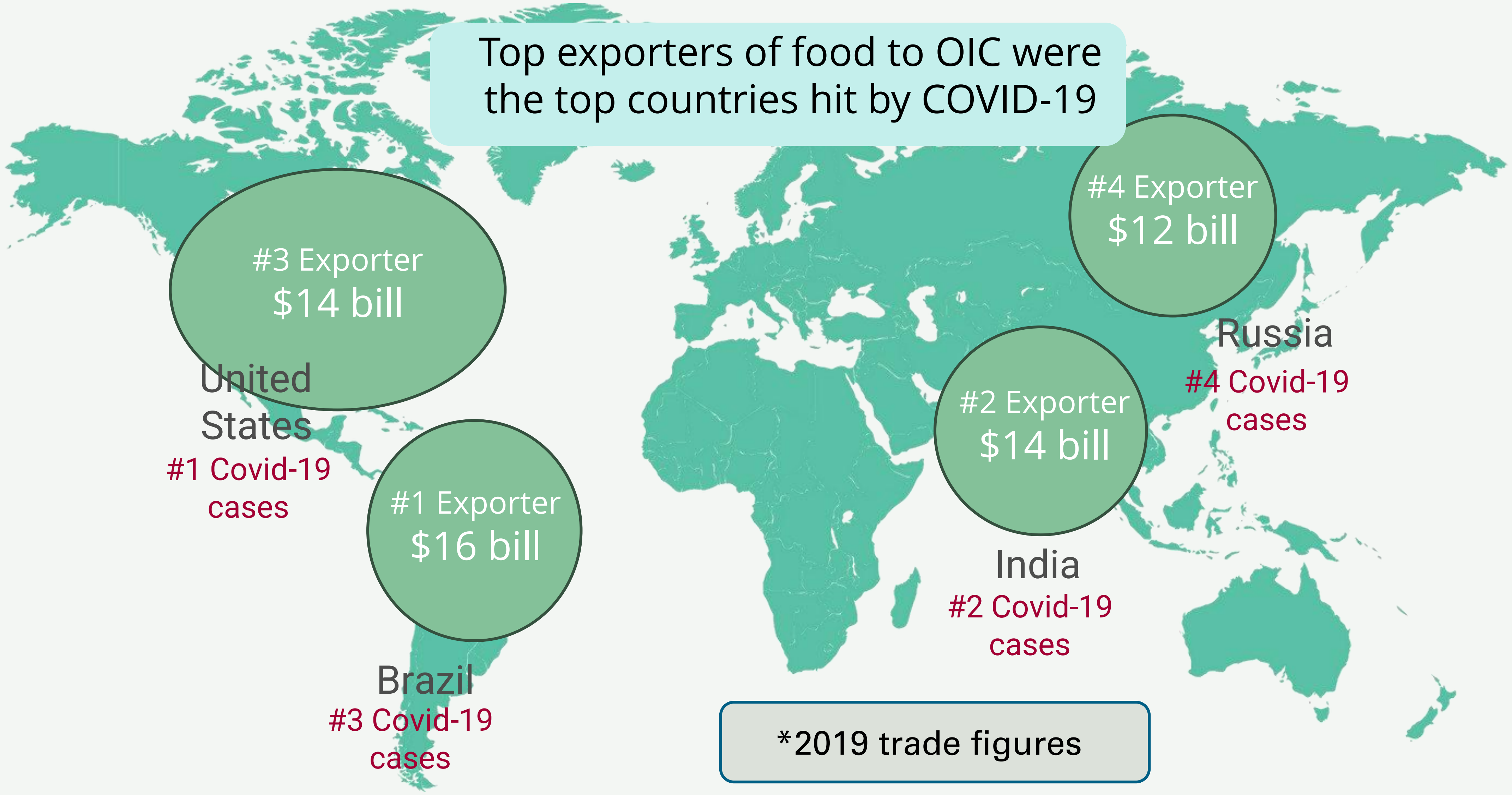
Post-COVID-19 and Ukraine war, rethinking OIC food security is crucial as it showed that dependency can be dangerous

While OIC countries net-food trade deficit of $65 bill (2019) severely impacts food security…

…COVID-19 disrupted the non-OIC dependent food supply chain

Ukraine-Russia crisis further disrupted the food supply chain, and Black Sea Grain Initiative was undertaken

Top exporters of food to OIC were the top countries hit by COVID-19



*2019 trade figures

*2022 trade figures

Sources: Nov 26, 2020, Covid-19 tracker, Johns Hopkins University Center for Systems Science and Engineering; Trade data (ITC Trade Map) DinarStandard analysis

OIC food security needs are high, yet segmented

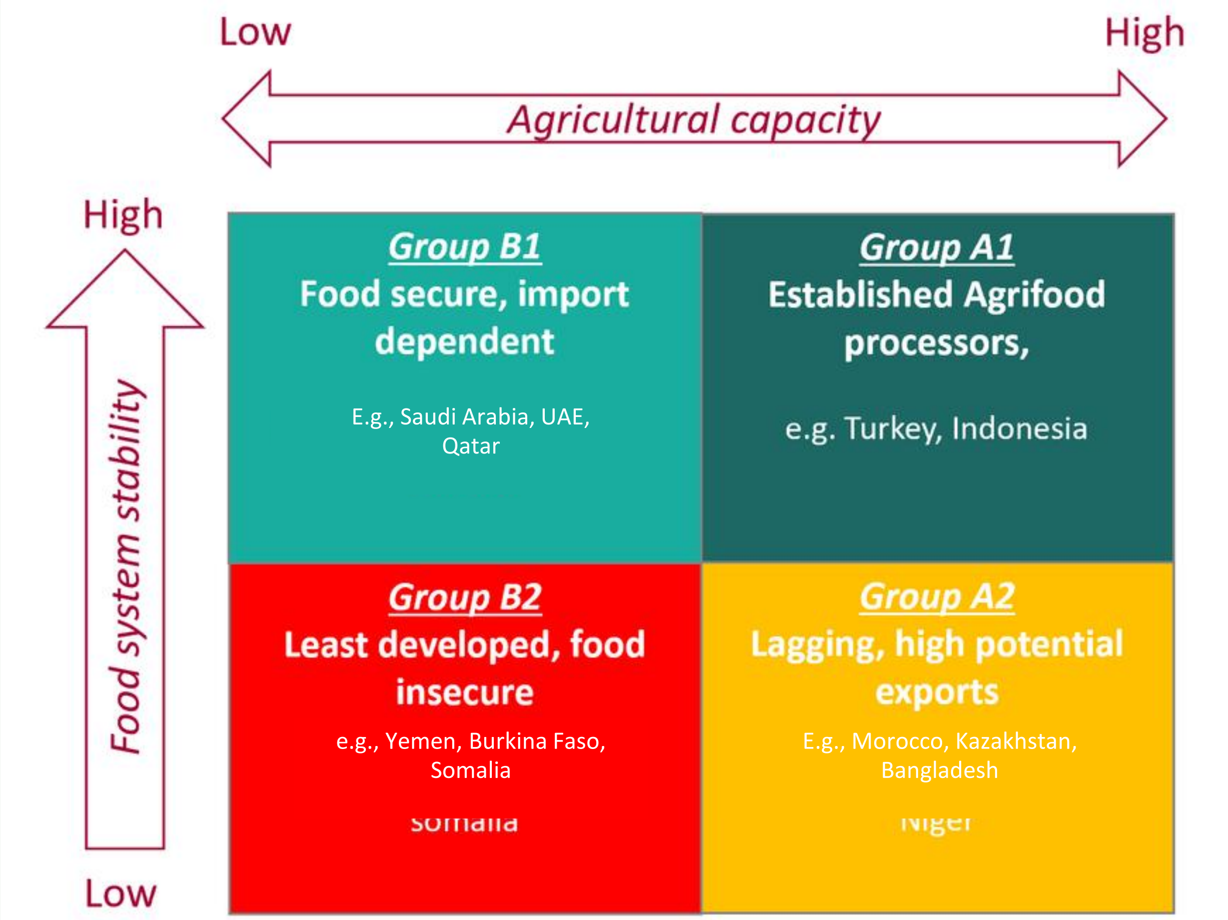
Core OIC food system needs

- Needs segmented by **4 OIC food security quadrants**
- OIC countries **net-food trade deficit of $65 bln** (2019) severely impacts food security
- High **Famine/Disaster** relief needs

Ecosystem needs

- **Agri-Tech in OIC is in its infancy** of development
- **Islamic Finance with $2.88 tln** in assets with limited links
- Talent: **Only 4 of top 100** food sciences univ's in OIC

Segmenting the OIC Member Countries by Level of Food System Stability



Source: COMCEC- Increasing the Resilience of the Food Systems in Islamic States in Face of Future Food Crises

... and others

Sources: UN ICP data, DinarStandard OIC company database

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Islamic-Finance value-chain lens for Halal food

Inputs & Primary Production	Processing & Manufacturing	Distribution & Cold Chain		Trade & Export		CUSTOMERS
• Seed / livestock procurement • Contract farming	• Plant & machinery upgrades • R&D / product development	• Warehousing, packaging, 3-PL • Quality & safety testing	• Asset-backed Sukuk for hubs • Revenue-share PPPs	• Letters of credit, FX cover • Market-entry certification	• Murabaha LC + Takaful export cover • Wakala trade-finance lines	Domestic retailers / industries / Exporters GCC / ASEAN importers
Seeds, fertiliser, working capital	Plant & machinery, energy efficiency upgrades	**LOGISTICS**	Transportation & Freight (fund via Ijara fleet leasing, Istisna' cold-boxes)			
• Salam crop-purchase • Mudaraba input funds	• Ijara or Istisna' plant finance • Green Murabaha for energy tech	**ECO-SYSTEM**	Marketing, Technology, Financial Services, FinTech, Legal, Regulation, Compliance, Training Institution (supported by Waqf revolving funds & Qard Hasan micro-loans)			

Low Halal Relevance
High Halal Relevance

Activities Need Solution

- Access to concessional loans and grants
- Investment opportunities
- Structuring of blended finance for halal-certified businesses and infrastructure

Source: DinarStandard Analysis

Islamic-Finance use cases for food security

Nigeria (Kano) — Dairy value-chain milk collection centres (IsDB/LLF, 2024–2025)

- Concessional Islamic financing under the Kano State Agro-Pastoral Development Project to build multiple milk collection centres.
- Expands cold-chain capacity, improving milk quality, hygiene and formal market access for smallholders.
- Supports regional food and nutrition security while lifting rural incomes through structured offtake.

Senegal — Emergency staples during COVID (Murabaha via BIS, 2020)

- ITFC extended a Murabaha line via Banque Islamique du Sénégal to finance urgent food-staple imports during the pandemic.
- Eased liquidity constraints for importers and kept priority commodities flowing despite border and shipping disruptions.
- Aligned with the national COVID-19 response plan.

Malaysia — Paddy Crop Takaful Scheme (STTP) (2024–2025)

- Government-backed Sharia-compliant takaful for rice farmers, covering natural disasters and pests/disease per hectare per season.
- Rapid, parametric-style payouts reduce income shocks and stabilise domestic rice supply.
- Premium support and simple enrolment drive nationwide adoption and climate resilience.

Pakistan — Sharia-compliant e-Warehouse Receipt (eWHR) finance (2022)

- First Islamic eWHR lending disbursed by Bank Islami against electronic warehouse receipts for stored grains.
- Provides post-harvest credit, reducing distress sales and incentivising quality storage.
- Enabled by accredited collateral managers and exchange infrastructure.

See Appendix for details

Source: DinarStandard Analysis

Potential future Islamic finance instruments for food security

Need

01 **Stabilise staple supplies & prices** with ethical pre-harvest finance that avoids speculation.

02 **Protect smallholders from climate and disease shocks** to keep planting decisions and local supply stable.

03 **Cold-chain & processing gaps** (slaughtering, chilling, reefer logistics) driving losses and food-safety risks.

04 **Cross-border halal traceability** so buyers (and financiers) trust provenance, animal welfare and labour standards.

05 **SME working-capital & market access** without costly collateral; faster cash conversion on halal exports.

Solution

01 Sovereign/Agency *Salam Sukuk* for Strategic Grain Reserves

02 Parametric Micro-Takaful Pool with *Qard Hasan* Liquidity Backstop

03 Green *Istisna–Ijarah* Sukuk with Sustainability-Linked Coupons

04 Halal-Provenance Trade Finance (*Wakala/Murabaha*) with Data-Linked Pricing

05 Sharia-Compliant Receivables & e-Warehouse Receipt Securitisation (Sukuk al-Wakala)

Source: DinarStandard Analysis

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Terima Kasih!

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