



**MALAYSIA
MADANI**



LZKN
LEMBAGA ZAKAT NEGERI KEDAH



CONCEPT OF COMMERCIAL WAQF: WAQF-BLENDED FINANCE PROGRAMME

SMART SAWAH BERSKALA BESAR ASNAF (SMART SBBA)

Table of Content

Exploring the Concept of Commercial Waqf	1
Background	4
Main Issues of Paddy Industry in Kedah	6
Rice Requirement	7
Action Plan	8
Justification for Collaboration	11
Upcoming Collaboration Opportunities	14
Collaboration Impact	15
Success Stories of SMART SBB Asnaf	16
Potential Rice Yield Near The Mill	17
Information About the Rice Mill	18





EXPLORING THE CONCEPT OF COMMERCIAL WAQF : WAQF-BLENDED FINANCE PROGRAMME

HOW IT WORKS?



MALAYSIA
MADANI



LZNK
LEMBAGA ZAKAT NEGERI KEDAH

Concept Of Commercial Waqf

WAQF-BLENDED FINANCE PROGRAMME

SMART SAWAH BERSKALA BESAR ASNAF (SMART SBBA)

SOURCES



CONTRIBUTION

TECHNOLOGY & FARMING EQUIPMENTS

With Islamic Financial Institutions, we established a new alternative to assist farmers from high cost burden, by providing machinery to facilitate farmers.

- 1. Drone**
SMART SBBA uses three drones to carry out the tasks of fertilizing, seeding, and pesticide spraying.
- 2. Tractor Massey Ferguson 388**
SMART SBBA uses four plowing machines, which are semi-track tractors and 4WD HESBs to carry out plowing work.
- 3. IOT System - Ummah Economic**
A feature within Zakat on Touch (ZOT) it serves as a technology that facilitates ZOT users in staying updated on SMART SBBA's progress.



MISSION



Targeted Waqf Fund
RM10 Million

IMPACT

BIL	DISTRIBUTION SCHEME	MARKET COST	COST INCURRED BY LZNK	SAVINGS
1	Paddy Harvester Machine	RM 381.94/Ha	RM 229.17/Ha	RM 152.77
2	Tractor	RM 416.67/Ha	RM 138.89/Ha	RM 278.78
3	Drone	RM 69.44/Ha	RM 34.72/Ha	RM 34.72
SAVING COST FOR 1 HECTARE PADDY FIELD			RM 466.27	
AMOUNT OF SAVINGS FOR 1 PARTICIPANT IN 1 SEASON (3 HECTARE)			RM 1,398.81	

*Ha - Hectare



Our Vision For The Next 10 Years

3 WAQF RICE MILL FACTORIES

"Towards Establishing A New Economic Cycle For Ummah"

THE SIGNIFICANT OF WBF VIA MAQASID AL-SYARIAH, ESG & SDG

ENVIRONMENTAL

Sustainable Agriculture

- The Smart Sawah initiative employs advanced agricultural technologies and practices to enhance productivity while minimizing environmental impact.
- It helps mitigate climate change by sequestering carbon and reducing greenhouse gas emission.

Climate Resilience

- By implementing climate-smart agricultural practices, the initiative helps build resilience against climate change.



GOVERNANCE

Transparent Management

- The management of the Smart Sawah initiative involves strict governance frameworks to ensure accountability and transparency.

Community Participation

- The governance model encourages community involvement in decision-making processes, ensuring that the benefits are equitably distributed and that the needs of the Asnaf are adequately addressed.



MAQASID
AL-SYARIAH

SOCIAL

Asnaf Support

- The project specifically targets the Asnaf (eligible zakat recipients), including the poor and needy, to ensure they benefit from the agricultural activities.

Opportunities for Employment and Income Generation

- By involving Asnaf in the cultivation and management of paddy fields, the initiative creates job opportunities and a steady income stream.
- It contributes to the income and livelihoods of Asnaf within Kedah.

Food Security

- Cushion food security of the nation.





BACKGROUND

CONCEPT OF COMMERCIAL WAQF: WAQF BLENDED FINANCE PROGRAMME

The Smart Sawah Berskala Besar Asnaf (Smart SBBA) is a significant agricultural initiative covering 201 hectares of land which is directly monitored under Kedah's Royal and led by Lembaga Zakat Negeri Kedah.

At present, 82 asnaf participants are involved in managing planting activities and working as tractor, plow, and drone operators.

The main goal of this project is to improve the socio-economic conditions and living standards of local communities, particularly the asnaf and B40 groups in Kedah Darul Aman. Additionally, the Smart SBBA aims to create diverse economic opportunities for the asnaf community, enabling them to transition from village laborers to agricultural entrepreneurs and take on other roles such as factory workers and food stall operators.

Lembaga Zakat Negeri Kedah (LZNK) has established a Food Distribution Center that aids 585 mosques in Kedah, with an annual budget of RM13.97 million.

The organization is exploring the possibility of managing rice distribution through asnaf, which could lead to significant cost savings and strengthen community bonds through the 'From asnaf to asnaf' economic model.

To enhance food security and complete the agricultural cycle, LZNK is planning to expand the Smart SBBA by acquiring and subsequently operating a rice mill. Collaborating with Islamic banks under AIBIM, LZNK aims to raise RM10 million through the myWakaf platform to finance this mill. Located close to the Smart SBBA site, this mill will reduce transportation costs and time for farmers, increase their yields, and eliminate middlemen who can reduce their profits.

This approach ensures that the benefits of the harvest directly improve the welfare of the farmers and the community, highlighting LZNK's commitment to creating a fair and beneficial economic environment for all involved parties.

FOOD DISTRIBUTION CENTER (FOODBANK LZNK)

Lembaga Zakat negeri Kedah has established a Food Distribution Centers for the poor and needy in all 585 mosques across 12 districts throughout Kedah. Each mosque supplies 40 sets of food kits each month, involving an annual allocation cost of RM13.97 million.

Hence, it would result in significant savings if the distribution of essential items like rice could be managed by LZNK through the asnaf themselves and then redistributed to asnaf groups in need. This would promote a sustainable economic cycle known as “From asnaf to asnaf”.

REQUIREMENT TO ESTABLISH RICE MILL

After more than two years of running the Smart SBBA, LZNK has found that this project needs further development. They propose establishing a rice mill to help address food security issues for the people of Kedah, especially the asnaf group, while completing the process cycle for rice production.

With the establishment of this rice mill, the rice produced by asnaf participants in the Smart SBBA program can be processed and redistributed to the asnaf group through the Food Distribution Centers.





MAIN ISSUES OF PADDY INDUSTRY IN KEDAH

01

LAND
CONSERVATION

02

KUNCHU
PADDY
(PADDY MORTGAGE)

03

SEED QUALITY,
FERTILIZERS &
PESTICIDES

04

DOMINATION OF TRACTOR SYSTEMS,
PADDY MACHINES, TRANSPORTATION,
RICE MILL

05

DEPENDENCY ON
WATER AND
WEATHER SYSTEMS

06

MANIPULATION OF
PADDY AND RICE
SUBSIDIES

07

DETERMINATION OF SEED PURCHASE AND
PADDY SALES PRICING





RICE REQUIREMENT

THE ESTIMATED AMOUNT OF RICE NEEDED BY LZNK FOR ONE YEAR TO FULFILL THE BASIC FOOD OF THE ASNAF IN KEDAH.

NO	DISTRIBUTION SCHEME	TOTAL	TOTAL KILOGRAM (kg)	TOTAL ZAKAT DISTRIBUTION
1	585 Poor and Needy Food Distribution Centre	585 mosque x 40 set x 12 months = 280,800 set	2,808,000	RM 13,970,000.00
2	Monthly Financial Distribution for Asnaf	15,000 asnaf x 12 months = 180,000 set	1,800,000	RM 4,680,000.00
OVERALL TOTAL		460,800 set	4,608,000 kg	RM 18,650,000.00



ACTION PLAN

ESTABLISHMENT OF ECONOMIC OWNERSHIP ECOSYSTEM

COLLECTIVE OWNERSHIP OF ECONOMIC CHAIN

Ownership in every economic chain needs to be established together to create a sense of belonging towards the fate of the ummah



A RELIABLE SUPPORT FOR THE POOR & NEEDY FARMERS

When this chain is collectively owned, Muslim farmers especially the poor and needy, will have a place to seek support and rely on hope.



EXPANDING ECONOMIC OWNERSHIP

The objective is to broaden economic ownership within the rice industry to disrupt the monopoly held by third parties.

WHERE ARE OUR PARTS?



ROLE OF FINANCIAL INSTITUTIONS

- Collaboration in the form of capital/equipments/machinery assistances
- Development of financial literacy education
- Economic development program



ROLE OF LZNK

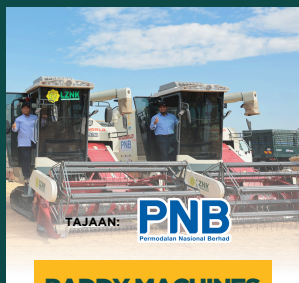
- Operating Large-Scale Smart Sawah Berskala Besar Asnaf (Smart SBBA)
- Participant recruitment among asnaf
- Supervising equipment and factory operations
- Offering initial financial assistance
- Providing rice to those in need
- Ensuring educational support for participants' children



ROLE OF ASNAF/PARTICIPANTS

- Participant who cultivates Smart SBBA Asnaf paddy fields
- Manage machinery, tractor and drone operation
- Lifting family from generational cycle of poverty
- Fulfilling the obligation to pay zakat after reaching the *nisab* and *haul* (a qamary year).

OUR STRATEGIC ENGAGEMENT



PADDY MACHINES

TOTAL : 3 UNITS
VALUE : RM 411,000.00



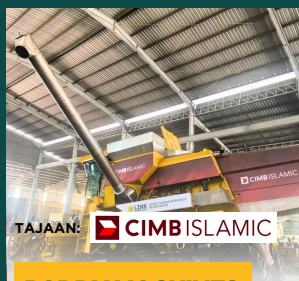
LORRY TIPPER

TOTAL : 2 UNITS
VALUE : RM 160,956.00 PER UNIT



DRONE

TOTAL : 2 UNITS
VALUE : RM 55,000.00 PER UNIT



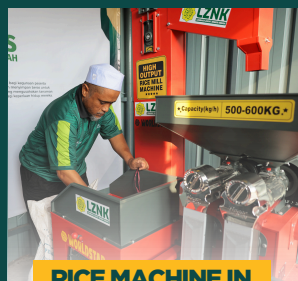
PADDY MACHINES

TOTAL : 1 UNITS
VALUE : RM 298,000.00



TRACTOR

TOTAL : 4 UNITS
VALUE : RM 577,038.00



RICE MACHINE IN THE MOSQUE

TOTAL : 2 UNITS
VALUE : RM 15,800.00 PER UNIT
1) MASJID AS-SALAM, KG CHEPIR, SIK
2) MASJID UBUDIYYAH, YAN



QARDHUL HASAN FINANCING

PARTICIPANTS : 44 PERSON
VALUE : RM 5,000.00 PER PERSON



LOADER CRANE

TOTAL : 1 UNITS
VALUE : RM 318,064.00

JUSTIFICATION FOR COLLABORATION



1

Improving the rice collection process and cutting down on harvest season expenses for farmers by strategically siting the mill close to the Smart SBBA LZNK project area. This strategy aims to increase farmer earnings.

2

Eliminating intermediaries in the rice harvesting process by enabling participants to sell their rice directly, bypassing service providers (rice brokers). This initiative aims to support farmers' well-being by freeing them from unjust systems, including rice allocation for asnaf.

3

Establishing an economic cycle through the "From Asnaf to Asnaf" concept aims to enhance the Ummah economic ecosystem. This involves redistributing rice processed at the mill to asnaf, and improving the income of asnaf farmers through a more equitable system by setting up this rice mill.

4

Innovating Zakat distribution by collaborating with multiple parties, including Islamic financial institutions via a waqf-blended finance programme.



LZNK'S STRATEGIC PARTNERS



IN COLLABORATION WITH

MIFC
MALAYSIA INTERNATIONAL
ISLAMIC FINANCIAL CENTRE

AIBIM
ASSOCIATION OF ISLAMIC BANKING AND
FINANCIAL INSTITUTIONS MALAYSIA


myWakaf

INCEIF
UNIVERSITY



**SEWING WORKSHOP FOR ASNAF
IN SIK AND KULIM**



**Maybank
Islamic**



PROGRAM HIJRAH ASNAF FERTIGASI MEJA

AGRO BANK



BUSINESS GRANT

BANK ISLAM



UPCOMING COLLABORATION OPPORTUNITIES



PLANTER MACHINE



**STRAW BALER
MACHINE**



PALLET MACHINE



FORKLIFT



LOADER CRANE



RICE MILL



COLLABORATION IMPACT

Savings for participants in SMART SBBA
for 1 season (6 Months)

NO.	DISTRIBUTION SCHEME	MARKET COST	COST INCURRED BY LZNK	SAVINGS
1	Paddy Machine	RM 381.94/Ha	RM 229.17/Ha	RM 152.77
2	Plowing Machine (Tractor)	RM 416.67/Ha	RM 138.89/Ha	RM 278.78
3	Agriculture Drone	RM 69.44/Ha	RM 34.72/Ha	RM 34.72
SAVING COST FOR 1 HECTARE PADDY FIELD				RM 466.27
AMOUNT OF SAVINGS FOR 1 PARTICIPANT PER SEASON (3 HECTARE)				RM 1,398.81

*Ha = Hectare

THE SUCCESS STORIES OF SMART SBB ASNAF

FOR SEASON 2/2023

PARTICIPANT:

NAZMI BIN KHAMIS

DEPENDENTS

2 Persons

OPERATIONAL AREA (HECTARE)

2.25 Hectare

**OUTCOME AFTER HARVEST
(TONNE/HECTARE)**

8.04 Tonne

**MONTHLY INCOME BEFORE
PARTICIPATED IN SBBA PER SEASON**

RM 1,900.00

**INCOME AFTER PARTICIPATED IN SBBA
PER SEASON**

RM 27,361.40

**MONTHLY INCOME AFTER
PARTICIPATED**

RM 4,560.23

*one season = 6 months



POTENTIAL RICE YIELD NEAR THE MILL

ITEM	TOTAL
AREA OF SBBA YAN PADDY FIELDS (HECTARES)	80
SBBA YAN RICE YIELD SEASON 1/2023 (TONNE)	409.25
AREA OF PADDY FIELDS IN YAN OUTSIDE OF LZKN (HECTARES)	13,548
ESTIMATED RICE YIELD OUTSIDE OF SBBA YAN (TONNE)	69,365.76
TOTAL ESTIMATED RICE YIELD (TONNE)	69,775.01
ESTIMATED RICE YIELD (TONNE/HECTARE)	5 tonne/ hectare

*1 metric tonne = 1,000 Kilogram

RICE PRODUCTION CAPACITY AT THE MILL

600,000 packs
of 10 kilogram rice per year



INFORMATION ABOUT THE RICE MILL

LZKN established rice purchasing center as a pioneering project towards the establishment of a rice mill in an effort to provide food security among community in Kedah, especially to the poor and needy.



**Lot 1966, Jalan Dulang Tengah,
Kampung Ulu Dulang, 06900 Yan, Kedah**





COST NEEDED

FACTORY PURCHASE

RM 4,176,000.00

ESTIMATION COST FOR
FACTORY UPGRADING

RM 5,824,000.00

TOTAL COST

**RM 10
MILLION**





CONTACT US
FOR FURTHER
INFORMATION



- ✓ Smart SBB Asnaf
- ✓ Kedah International Zakat Academy
- ✓ IJZIP
- ✓ Zakat on Touch (ZoT)
- ✓ Zakat on Job
- ✓ Social Impact Report
- ✓ Zakat Scoreboard
- ✓ AsnafCare
- ✓ LZNK Transformation Journey
- ✓ Corporate Video
- ✓ Concept of Commercial Waqf: Waqf-Blended Finance Programme



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LZNK
LEMBAGA ZAKAT NEGERI KEDAH

