CONCEPT AND APPLICATION OF
SHARIAH FOR THE
CONSTRUCTION INDUSTRY

Shariah Compliance in Construction Contracts,
Project Finance and Risk Management

Editors

Khairuddin Abdul Rashid
International Islamic University Malaysia, Malaysia

Kiyoshi Kobayashi
Kyoto University, Japan

Sharina Farijah Hasan
International Islamic University Malaysia, Malaysia

Masamitsu Onishi
Kyoto University, Japan
Contents

Acknowledgments ix
About the Editors xi
Contributors' Biographies xiii
Preface xix
List of Tables xxvii
List of Figures xxix
List of Text Boxes xxxi
List of Appendices xxxiii
List of Abbreviations xxxv
List of Surahs (Chapters) in the Quran xxxix

Part 1: Shariah 1
1 Shariah and Its Meaning in Islam 3
   M. KAMAL Hassan
2 Understanding of the Shariah in Regards to Construction  
MOHAMAD AKRAM Laldin

3 Promoting Efficiency in Construction Practices: 
Lessons from Shariah  
AINUL JARIA Maidin

4 Shariah-Compliant Construction Marketing: 
Development of a New Theory  
KHAIRUDDIN Abdul Rashid and Christopher 
Nigel PREECE

Part 2: Shariah-Compliant Construction Contract: 
Concept and Application

5 Shariah-Compliant Contract: Concept and 
Application for Construction Works  
KHAIRUDDIN Abdul Rashid

6 Istisna' Model for Construction Works' Contracts  
KHAIRUDDIN Abdul Rashid

7 Validity of Istisna' for Construction Works Contracts  
KHAIRUDDIN Abdul Rashid

8 The Application of Limited Liability in Construction 
Contracts from the Malaysian Law and Shariah 
Perspectives  
ZUHAIRAH ARIFF Abdul Ghadas

9 The Application of Shariah Principles of ADR 
in the Malaysian Construction Industry  
ZUHAIRAH ARIFF Abdul Ghadas, ROZINA 
Mohd Zafian and ABDUL MAJID TAHIR Mohamed
Part 3: Shariah-Compliant Project Finance and Risk Management 167

10 The 3 Rs in Islamic Project Finance: Its Relevance Under Maqasid al-Shariah 169
Etsuaki YOSHIDA

11 Islamic Home Financing Through Musharakah Mutanaqisah: A Crowdfunding Model 181
AHAMED KAMEEL Mydin Meera

12 Proposed Model on the Provision of Affordable Housing via Collaboration Between Wakaf-Zakat-Private Developer 205
KHAIRUDDIN Abdul Rashid, SHARINA FARIHAH Hasan and AZILA Ahmad Sarkawi

13 Shariah Compliance Risk-Sharing in Islamic Contracts 223
Masamitsu ONISHI and Kiyoshi KOBAYASHI

14 Takaful for Construction Works’ Contract: Concept and Application 253
PUTERI NUR FARAH NAADIA Mohd Fauzi and KHAIRUDDIN Abdul Rashid

15 Hibah Mu’Allaqah (Conditional Gift) and Its Application in Takaful 271
AZMAN Mohd Noor

16 Managing the Risk of Insolvency in the Construction Industry with Equity Financing: Lessons from Nakheel 287
ABDUL KARIM Abdullah

Index 299