

The Waqf between developmental horizon and entrepreneurial aspiration

الوقف بين الأفق التنموي والتطلع الريادي

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المخلص:

تستخدم كلمة الوقف -كما اتفق عليها العديد من العلماء في الإسلام- باعتبارها ملكية معينة، يتم الحفاظ عليها لفوائد محصورة أو بعض الأعمال الخيرية، ويحظر أي استخدام أو تصرف فيها، بخلاف الأهداف المحددة له. لعبت مؤسسات الوقف والتي تعتبر مؤسسات غير ربحية، أدواراً مهمة جداً من خلال توفيرها من السلع الاجتماعية، السلع العامة، الأعمال التجارية، المرافق، الخدمات الدينية، مساعدة الفقراء والأيتام والمحتاجين، إلى جانب خلق فرص عمل ودعم القطاعين الزراعي والصناعي، دون فرض أي نوع من تكاليف على الحكومات. يستطيع أن يكون الوقف وسيلة لريادة الأعمال من خلال مسعى تحقيق رفاهية الإنسان، وذلك يمكن أن يتأتى بفضل عملية دمج عنصر ريادة الأعمال ضمن نظام الوقف.

الكلمات المفتاحية: الوقف؛ المؤسسة الوقفية؛ الاستثمار الوقفي؛ تمويل الوقف؛ التنمية؛ ريادة الأعمال.

Abstract:

The word waqf, as also agreed by many scholars is used in Islam as holding certain property and preserving it for confined benefits or certain philanthropic acts and prohibiting any use or disposition of it other than the specific objectives given. The waqf institutions, which are non-profit institutions, have played very significant roles through their providing of social goods, public goods, commercial businesses, utilities, religious services, aid for the poor, orphans and the needy, creating employment and support for the agricultural and industrial sectors, without imposing any costs on governments. Waqf can be a means of entrepreneurship in the pursuit of human well-being, and this can be achieved through the integration of the entrepreneurial component into the waqf system.

Key words: Waqf Institution; Waqf Investment; Waqf Financing; Development; Entrepreneurship.

1-Introduction:

The waqf system in Islam is placed in a context independent of its rules and sources, it was not a foreign system or a compilation of customs that predated Islam, It is a system that derives its general framework from the Koran and its direct origins from the Sunnah, as for the details of its provisions came by Islamic jurisprudence and contributed to all the Islamic madhhab.

Waqf (or Islamic endowment) has been widely recognized as one of the most crucial third sector institutions in the Islamic heritage over the last few decades¹. Waqf plays a very important role in Muslim societies. It has grown steadily since its beginnings, and has benefited the people and defrayed public expenses. Examples include the funding of mosques, graveyards, hospitals, schools, orphanages, warehouses, bakeries, mills and other charitable, educational or religious foundations . It has been used to support the aged and infirm; to provide relief for poverty; and even to take care of animals, agriculture and horticulture, and water resources . All these instances of waqf were dedicated by their founders, irrespective of whether they were laymen or highly-placed functionaries.²

Through this study we will mainly try to provide an answer to the following fundamental question:

What is the developmental role of Waqf? And how to turn it into a entrepreneurial orientation?

The objective of this paper is to discuss and analyze the developmental role of waqf and its contribution in supporting entrepreneurship. In particular, the specific objectives of the paper are to:

- Demonstrate the need for wakf development;
- Highlighting the role of Waqf as a social and development finance institution, and its crucial contribution in the development;
- Explain aspects of the entrepreneurial orientation that can be played by the awqaf.

The paper has four sections. The first section presents definition, types and classical characteristics of Waqf .The waqf institutions is analyzed in the second section . The third section explains waqf investment and its financing modes, while the fourth section analyses he developmental role of waqf and its contribution in entrepreneurship supporting.

2- Waqf: definition, Types and classical characteristics

2.1- The definition of waqf

During the lifetime of Prophet Muhammad (PBUH), waqf was seen as an instance of charitable activities. He founded charity and relief efforts to assist Muslims with their properties by introducing waqf. Its aim is to leave the ownership of the property forever in their hands and spend it on public welfare. Although waqf is not specifically mentioned in the Qur'an, the concept of wealth redistribution is strongly emphasised.³ The nature of waqf is inextricably associated with development. In historical terms, poverty alleviation constituted one of the primary targets of awqaf. In addition to this, health care, education and infrastructure development are included in the list of major recipients of awqaf-benefits. The trend of targeting poverty elimination and socio-economic inclusion through waqf was set by

the very first philanthropic waqf of Islamic history which was made by the caliph Omar in the sixth year of hijrah. His deed contained benefit allocation for the poor and other needy individuals in the society.⁴

Waqf literally means to stay in perpetuity. Technically, it is holding a Maal (an asset) and repeatedly extracting its usufruct for the benefit of an objective representing righteousness and/or philanthropy for as long as its principal is preserved either by its own nature – as in land – or from arrangements and conditions prescribed by the waqf founder.⁵ Waqf (plural; Awqaf) is a type of endowment recognised under Islamic law and is as old as Islam itself. It is immediately created when a person who owns property dedicates such property to God and the ownership of such property is then divested from the waqf founder (waqif) and thereafter vests in God. Such property is then ‘locked’ or ‘frozen’ in that it cannot be sold, neither transferred during the founder’s lifetime, nor transmitted upon his death. Only the benefits from use of the property are conveyed to the waqf beneficiaries. Waqf is therefore described contemporarily as ‘the holding of certain property and preserving it for the confined benefit of certain philanthropy and prohibiting any use or disposition of it outside that specific objective’.⁶

The term Waqf refers to valuable property and tangible assets set aside by the legal owners as gifts to Allah and His cause and for the benefit of humanity.⁷ Waqf, a perpetual voluntary charitable act, is one of the mechanisms in the Islamic economic system set, among others, to promote equitable and just distribution of wealth. This form of charity assures the donor a continuous reward in the afterlife for as long as the useful years of the underlying asset remain⁸. waqf has a significant influence on poverty alleviation and indicated that strong waqf institutions can be used as mechanism for improvement of social well-being, income generation for the poor and productive distribution of property.⁹

Waqf is widely known as the Islamic equivalent to English trust. Waqf and trust not only have some noted similarities in their nature and structures, but they also have similar socio-economic implications to a certain extent. Waqf has been as instrumental and versatile property-conveyance tool in Muslim societies as is trust in English jurisdictions. There is no dispute of opinion among the researchers that the emergence of waqf predated the birth of English trust. Till the twelfth century CE, when the concept and practice of English trust was still into its infancy in England, waqf had already evolved into a vibrant and thriving socio-economic institution throughout the Middle-East and North Africa for almost half a millennium.¹⁰

Waqf is an Islamic voluntary contribution that was recommended by Prophet Muhammad (Peace Be Upon Him) during the early Islamic era. The word waqf literally means “restraining” and “stop” in Arabic. In Sharī‘ah (Islamic law), waqf, as defined by the National Awqaf Foundation of South Africa, means a voluntary, permanent, irrevocable dedication of a portion of one’s wealth, either in cash or in kind, to Allah. Waqf is recognized by the Sharī‘ah as one of the voluntary charitable acts that can be a source of funding for social and economic development. This voluntary instrument aims to establish a charitable scheme for improving the welfare of less-privileged segments such as the poor, insolvent, needy, orphans, widows and others.¹¹

According to Ibn Qudāmah, waqf means “withholding the corpus of an asset [without disposing of it] and distributing its return”. Under the principle of qurbah (piety), waqf is the act of endowing one’s property for charitable purposes to get rewards from Allah (SWT) in the hereafter . Apart from the relationship between human beings and their Creator, waqf also relates to people’s affairs among themselves in the spirit of love, brotherhood and cooperation.¹²

The word waqf, as also agreed by many scholars is used in Islam as holding certain property and preserving it for confined benefits or certain philanthropic acts and prohibiting any use or disposition of it other than the specific objectives given.¹³ Waqf is an instrument for the public’s benefit specifically aimed at a solution to poverty alleviation. There are many definitions of waqf. Waqf is derived from the root word “waqafa” which literally means “confinement and prohibition” or causing a thing to stop or to stand still .This means that waqf properties can be used as neither gift nor be sold as properties. On the other hand, waqf properties should be invested or developed to keep them to function.¹⁴

Waqf can be viewed as a pious endowment in Islam. Waqf, or iawqaf, means “holding certain property and preserving it for the confined benefit of certain philanthropy and prohibiting any use or disposition of it outside that specific objective” . From the economic perspective waqf is “diverting funds (and other resources) from consumption to investing them in productive assets which provide either usufruct or revenues for future consumption by individuals or group of individuals”.¹⁵

It may be argued that compared to waqf, in English trust the spirit and approach of property disposition is dominant over the spirit of charity. Other than this, the institution of waqf tends to guide the social behaviour of the given society as per the set precepts of Shariah. This philosophy is evident in the jurisprudential discourse of waqf which emphasises on allocating its benefits only for the purposes which are deemed righteous in the sight of Shariah. In historical terms, no doubt, waqf has been an effective socio-economic institution which successfully set forth an imitable framework for the modern social enterprises. However, during the process of transition between the pre-modern and post-modern periods, while in the West English trust progressed and prospered because of its dynamism, waqf, on the other hand, mired into the trap of stagnation and gradual decline across the Muslim world.¹⁶

2.2- Types of Waqf

Waqf are classified into two broad typologies, namely:¹⁷

2.2.1- The Waqf al-Ahli: is an endowment set aside for the family of the person making an endowment (Waqif). It is so-called because it guarantees the economic security and welfare of near relatives of the dedicator as well as his family. The Waqif wants to ensure that the relations and dependants get their needs as long as he/she lives and thereafter the property/fund reverts to the vulnerable members of the society.

2.2.2- The Waqf al-Khayri: on the other hand refers to endowment set aside for general wellbeing of the poor, widows, orphans and other economically disadvantaged people. Apart from welfare, Cizakca (2004) recommends the use of Waqf as seeds capital for poor members of the society. Another proposition is the utilisation of proceeds from Waqf as interest free loan for supporting productive microenterprises by Islamic microfinance banks.

2.3- The Classical Characteristics of Waqf

There are three general characteristics of waqf under the classical law of waqf and these are seen (by some contemporary scholars) to form restrictions on waqf property, namely, irrevocability, inalienability and perpetuity:

2.3.1- Irrevocability: it means the lack of power of the donor to revoke his donation at any time; the declaration by the donor is binding and without any need for delivery of possession to the beneficiary. The property is transferred from the ownership of the donor to the 'ownership' of Allāh. The declaration of waqf is intended to take effect immediately and cannot be revoked.¹⁸

2.3.1- Inalienability: Inalienability means that after a valid declaration is made, the subject matter of the waqf passes out of the ownership of the waqif and it cannot be alienated or transferred either by the waqf founder or the waqf manager nor do their heirs can take it by way of inheritance.¹⁹

2.2.3- Perpetuity: This relates to the need to maintain the waqf property and keep it intact. It is important for the waqf trustee to control and maintain the waqf asset and prevent it from being damaged, lost or rendered idle and unproductive. According to a study of early works of classic jurists, the majority of Muslim jurists agree on the perpetuity of waqf – that it should exist forever, if possible (muabbad) . Thus, except for the Maliki school, the majority of jurists agree that waqf cannot be limited by time and so, cannot be temporary in nature . The literatures on waqf reveal that there are, however, contemporary views propounding that the perpetual nature of waqf should not be confined to the subject-matter of waqf (mawquf) but rather to perpetuate the waqf dedication itself, hence allowing for amortisation of the value of the mawquf while at the same time being able to honour the wishes of the waqif.²⁰

3- The waqf institutions

3.1- Definition

Waqf institutions have played a positive role in contributing to the socio-economic development of countries such as Kuwait, Malaysia, Egypt and others.²¹ The institution of waqf is one of the socio-economic institutions in Islam that encourages Muslims to be creative and innovative in generating revenues and providing various goods and services for Muslim societies. Waqf institutions are facing the paradox of having huge numbers of waqf properties, yet many are left idle and unproductive, despite the properties being located in prime areas. This issue has sparked the attention of waqf managers and policymakers as well as Islamic financial institutions of the need to transform unproductive waqf assets into high quality and income-producing properties. The recent call for waqf revival, as well as the renewed public attention and awareness of it, is indeed crucial factors for the rapid advancement of the Islamic philanthropy sector.²²

The institution of waqf has a proven track record of social welfare and development, and it is best suited to patronise the causes that can be served through philanthropy. Waqf combines and displays all what is required in an ideal philanthropic institution. It has a glorious history, flexible framework, pro-development agenda, financial capacity, pragmatism in approach, sustainability mechanism, value-based paradigm, inclusive character and comprehensive programme.²³

The waqf institutions, which are non-profit institutions, have played very significant roles through their varied and wide contributions to economic and social life since the early period of Islam. Throughout Islamic history and civilization, waqf institutions have played significant roles by providing social goods, such as education and health, public goods (roads, bridges and national security), commercial businesses, utilities (water and sanitation), religious services (building and maintenance of mosques and graveyards), aid for the poor, orphans and the needy, creating employment and support for the agricultural and industrial sectors, without imposing any costs on governments. It has been a significant movement in the Muslim world in various social and economic dimensions.²⁴

The institution of waqf primarily serves two objectives. First, in spiritual terms, waqf provides a vehicle for a perpetual reward for the donor. Second, it confers numerous socio-economic benefits to the community in general, particularly to the underprivileged. Therefore, waqf, which is referred to as *ṣadaqah jāriyah* (ongoing charity) in a ḥadīth, is more attractive to Muslims, as it provides them perpetual rewards in the afterlife as compared to conventional endowment where the benefits are only obtained in this world. The perpetual or continuous feature of waqf is further manifested through a progressive approach in developing waqf property. No waqf asset should be left idle; it must be attended to to ensure sustainable returns to the beneficiaries in addition to its survival. The recurring benefits generated from waqf can be used as a mechanism to increase the standard of living of the ummah and reduce poverty and difficulties among the poor and needy.²⁵

Waqf reflects one of the most important socio-economic institutions that ensuring the social and economic role could be established and uphold with fairness and justice . Waqf institution has played its significant role in the Islamic history and civilisation. It provides the social goods such as education and health, public goods (roads, bridge and national security), commercial business, utilities (water and sanitation), religious services (building and maintenance of mosque and graveyards), helping the poor, orphans and the needy, creating employment, supporting agricultural and industrial sector without imposing any cost on the government . It has brought a significant movement to the Muslims in various dimensions of social and economics.²⁶

3.2- Accountability of waqf institutions

Accountability is the provision of account of the actions for which individuals or organisations are held responsible. Thus, accountability relates to the required expectations and values which have been determined and expressed through rules, procedures and standards. Similarly, in the context of waqf institutions, the waqf deed lays down the pre-established expectations of the waqif (donor or funder). Accordingly, the institutions are accountable for the management of waqf assets. for waqf, holistic accountability is most pertinent. This form of accountability balances between upward (donors, funders, regulators, etc.) and downward (beneficiaries, community, etc.) accountability. It leads to the engagement and participation of beneficiaries and other constituents in running the waqf . The bottom-line is that waqf accountability should not be discriminatory; it should encompass all related stakeholders . More importantly, holistic accountability encompasses the concept of self-accountability. This self-accountability is the result of the manifestation of primary accountability to Allah. As humans, we are primarily accountable to Allah for all entrusted

resources (vertical accountability) and also accountable to fellow humans (horizontal accountability) by virtue of our contractual relationships.²⁷

3.3- Cash waqf institution

The cash waqf institution manages cash funds and productive assets of an equivalent value to generate income allocated for the needy and social activity. In western countries, this institution is known as an endowment institution. It applies to universities and similar foundations. Historically, the prophet Muhammad PBUH practiced cash waqf by using dinar (gold money) and dirham (silver money). Cash waqf must be allocated for productive assets in order to generate income; otherwise, it is not cash waqf. Cash waqf must be productive. Otherwise, it is merely money waqf allocated to social activity. The productive assets can be in capital or money market and fixed assets. The risk comes from inflation, which can decrease the value of the waqf fund. Tabung Wakaf Indonesia (TWI) defines the meaning of cash waqf. This includes money, gold and silver, dinar and dirham, and jewelry . the cash waqf is a new instrument in the twenty-first century and has important social roles in society. In the USA, the management of the endowment institution is similar to other modern financial institutions, such as pension funds, insurance, and mutual funds. This is because endowment fund management needs professional management . In addition, the total amount of endowment funds in the USA is huge (almost USD12.1 trillion). It needs support and competent expertise.²⁸

3.4- Performance measurement system for waqf institutions

It is crucial to evaluate the performance of the waqf institutions given the fact that one of the characteristics of waqf is its perpetuity. may be measured the economic and operational efficiency of government and private administered waqf institutions in Iran by using two ratios, namely, disbursement to proceeds ratio and remaining balance from years to total earnings ratio. The former measures to what extent the institutions achieved their objectives, while the latter measures to what extent the institutions maximize the generation of waqf income and minimize the uncollectible earnings. Also performance efficiency ratio and operating expense ratio considered a good analysis tool to measure the efficiency of religious non-profit institutions in fulfilling their missions.²⁹

4- Waqf investment and its financing modes

the International Islamic Fiqh Academy in Resolution no. 140 (6/15) in Muscat spelled out some important guidelines for waqf investment strategies that can be summarized as follows:³⁰

- comply with Sharīah principles;
- generate stable income while preserving waqf capital;
- diversify the investment portfolio to minimize the risk of loss;
- use various hedging mechanisms to avoid decline or loss of waqf capital;
- conduct comprehensive research before investing in projects to ensure high success and great impact on the economy;
- use prudent investment tools and avoid high-risk investments;
- the investment method should be consistent with the nature of the waqf asset in maintaining the capital and ensuring the return to beneficiaries;

- the ownership of movable waqf properties should be preserved from loss of ownership or illegal transfer;
- if the movable waqf properties are in cash form, they should be invested in contracts such as muḍārabah, mushārahah, istiṣnā' and other contracts; and
- the investment manager should be transparent in terms of reporting the operations, revenues and benefits distribution.

There are few studies that discussed the existing model of financing waqf assets in different countries. there are six existing models of to develop waqf assets, namely, Waqf Share Scheme, Deposit Cash Waqf Scheme, Compulsory Cash Waqf Scheme, Corporate Waqf Scheme, Deposit Product Waqf Scheme and Co-operative Waqf Scheme:³¹

- **Waqf Share Scheme:** is practised in several Muslim and Muslim minority countries such as Malaysia, Indonesia, Kuwait and UK. The objective of this scheme is to collect money from the public and to channel the funds for upgrading the society's welfare and financing the specified projects. In this scheme, the appointed trustee or Mutawali will issue waqf shares in different values and sell the shares to donors for a specific project;
- **Deposit Cash Waqf Scheme:** is a public waqf which has been practised in Singapore, Bahrain and South Africa. In this scheme, the donors contribute directly to waqf institution by depositing money as cash waqf into a specific bank account. Later, the bank is responsible to invest the cash waqf into certain projects according to the agreement with the waqf institution;
- **Compulsory Cash Waqf Scheme:** is a public waqf which has been practised only in Singapore. The Muslim employee's salary is deducted through the Central Provident Fund Board, i.e. Singapore's national social security organisation. The collected amount is to finance charitable purposes such as building and maintaining mosques, educational programmes and building Dah'wah centre;
- **Corporate Waqf Scheme :**is a public waqf, which has been practised in Malaysia, Turkey, India, Pakistan and Bangladesh. In this scheme, the first founder, either a private or public corporation known as the mother corporation/main founder will establish an associated waqf institution as the trustee. Later, the main founder will ask all its subsidiaries to contribute part of their profit or dividends to the corporate waqf as for waqf development on a regular basis, besides calling other donors such as individuals, companies and institutions contribute cash waqf to this associated waqf institution;
- **Deposit Waqf Product Scheme (DWPS) :** scheme is where the bank acts as the trustee. this scheme has been practised by two banks in Bangladesh, the Social Investment Bank Limited (SIBL) and the Islamic Bank Bangladesh Limited (IBBL). Also, DWPS is practised in Malaysia by Bank Muamalat Berhad (BMMB) who acts as the special trustee appointed by the Selangor state waqf institution. In this scheme, the donors can deposit the cash waqf directly to bank account. Later, the bank is responsible for investment the pooled of deposit money and return on investment will be channelled for various activities.

- **Co-Operative Waqf Scheme** is a public waqf which has been practised in Uzbekistan . This scheme has been established in 1992 to provide the basic needs for each district. Each district acts as the trustee to manage its own cash waqf and to offer the services needed in their districts. In this scheme, the people contribute cash waqf by endowing money for different projects required by their communities.

5-The developmental role of waqf and its contribution in entrepreneurship supporting

5.1- The need for waqf development

Literature is replete with the evidences that there has been strong connection between waqf and development. The role of waqf has been instrumental in developing societies in the past, and potentially it can be a catalyst in resolving the menace of under-development in the contemporary times . However, in the available literature on waqf what is missing is the proper framework of development within the global context. There is no dearth of literature on what waqf has achieved in the past and what it can do in the future. Nonetheless, the most important question of “how” it would repeat its historical role in the current scenario remains the most neglected aspect of modern waqf studies. Arguably, on practical side of it, it is not only the potentiality of waqf which needs special discussion, but how this potentiality can be materialised requires a fresh re-examination.³²

The agenda of waqf development as well as of waqf-based development may consist of various sub-set of goals, but primarily divided into the following two themes:³³

- **Waqf development goals:** these may include a list of generic goals with concrete strategies on the development of dormant and unproductive awqaf. An initiative to this end should ideally gear up the key awqaf stakeholders of different jurisdictions towards a common agenda of devising integrated goals for awqaf development within a fixed timeframe. In this phase, the legal, regulatory, jurisprudential, financial and institutional roadblocks towards the development of awqaf should be assessed as per the available data from different jurisdictions and a composite roadmap be schematised to overcome these hurdles.
- **Waqf-based development goals:** the aim of these goals include achieving various developmental targets through the deployment of awqaf resources. A model of these goals need to be prepared in line with the SDGs. In designing the waqf-based development goals, there might be a plethora of challenges. For instance, most of the existing awqaf might have their own defined objectives which do not necessarily match with the given list of SDGs. Nevertheless, there is still plenty of scope for converging the path of waqf-based development plan with the SDGs. This can be possible by identifying the existing awqaf which contain a few or even one of its objectives amenable to the SDGs and to the preservation of human dignity. Additionally, the awqaf with loosely defined objectives such as “for charitable causes” can be well directed to serve the purpose of preserving human dignity in various forms. Similarly, there are examples of many awqaf which either do not have their defined objectives or the objectives for which they were created has become obsolete. In such cases, the underlying revenues and resources of these awqaf can be definitely

employed for the purpose of alleviating the most immediate forms of human suffering. In addition, with a view to incorporate the spirit of the maqasid in waqf-based development, there may be propositions to steer the partial benefits of those awqaf which may have implicit indication of serving the charitable causes in general, towards the given objectives of preserving the human dignity. For instance, a waqf deed, which holds the objective of serving the community in general terms can be utilised for the purpose of alleviating the deprivation and suffering of people. Over and above, from the prism of the maqasid, there is a greater need to emphasise the creation of new awqaf with the aims which can provide for the immediate needs of different sections of the vulnerable groups such as widows, divorced, orphans, women, elderly, children and poor, and compliment the achievement of inclusive development.

The existence of principles that accord flexibility in the Islamic law relating to waqf further fortifies the view that waqf property can and should be developed and not left idle. For example, the Hanafi school provides stipulations that can be used to provide flexibility in the development of waqf property as described in following table;

Table 1: Flexible Stipulations for Waqf Development.

Dual stipulations	Benefitting
1. <i>Ziyadah</i> (increase) and <i>nuqsan</i> (decrease)	Waqf beneficiaries
2. <i>Idkal</i> (addition) and <i>ikhraj</i> (removal)	Waqf beneficiaries
3. <i>Iqta'</i> (granting) and <i>hirman</i> (dispossession)	Waqf beneficiaries
4. <i>Taghyir</i> (replacement) and <i>tabdil</i> (conversion)	Waqf assets
5. <i>Istibdal</i> (substitution) and <i>ibdal</i> (exchange)	Waqf assets

Source: Adapted from Kader, S. and Mohamad, N., "Creating Security to Finance Waqf Property Development in Malaysia: Issues and Solutions", Oseni, U., Hassan, M. and Hassan, R. (Ed.) *Emerging Issues in Islamic Finance Law and Practice in Malaysia*, Emerald Publishing Limited, 2019, p59

5.2- Waqf as a social and development finance institution

The welfare states in Europe usually have high tax collection. On the other hand, the governments in Muslim-majority countries have weak tax collection, and the public institutions are generally poorly governed. The World Bank reveal that OIC countries have very poor governance performance. None of the OIC countries features in the top 50 countries with strong governance in 2015 on a composite index which includes voice and accountability, political stability, government effectiveness, regulatory quality, rule of law and control of corruption. In this scenario, third sector social finance institutions could fill the gap in providing effective social intermediation within the country. In addition to that, across countries, we know that there is huge disparity in economic conditions between oil-rich and industrializing countries in the Gulf Cooperation Council and East Asia, respectively, and the rest of the OIC member countries in Africa and South Asia. With transnational waqf and country-to-country support programmes among the Muslim-majority countries, waqf-based social intermediation can help to improve the underdevelopment problems of the Muslim ummah (community).³⁴

The study of Masudul Alam Choudhury and all (2014) illustrates the positive role that the Penang Waqf Fund Scheme plays in the economic development of the Muslim

community in Penang. This is evident in the role that the Waqf Fund Scheme plays in providing facilities for human resource development within the Muslim community in the areas of spirituality, economy, social and welfare. The infrastructure established by the Waqf Fund Scheme for the purpose of worship, business premises, education and social activities are fully used by the Muslim community for various beneficial activities. In addition, these facilities contribute towards the improvement of the quality of life within the Muslim community, which is the main objective in a comprehensive development of the economy.³⁵

5.3- The Awqaf contribution to the development

Awqaf have played historic role in the socio-economic development of Islamic communities and nations . The awqaf institutions have provided adequate financial assistance to the poor and the needy as well as led the spread of mosques, books and Islamic education. Even in today's world, Islamic centres, religious schools (madrasa), libraries, Quranic schools and mosques in many countries are principally funded from waqf . To enhance the capabilities and welfare of the poor, it is important to ensure access to public goods such as access to education, health, physical facilities and social services. To this end, waqf can be one of the potential sources of funds Awqaf may be of two types, viz. religious and philanthropic. Both religious and philanthropic awqaf have two types of beneficiaries, viz. family members and general community; In order to ensure meaningful socio-economic development, a society needs to emphasize on the philanthropic awqaf for general public.³⁶

The three most common types of awqaf are: religious waqf, philanthropic waqf and family waqf. Among these, the aim of philanthropic waqf is to provide social support for the poor, i.e. health and education services. Prophet Muhammad (PBUH) originated this type of waqf at the dawn of Islamic civilization with the objective of reducing the inequality and disparity in the society .In addition, waqf can provide many services to the different sectors such as health care, education, transportations, jobs, shelter and food for the poor and needy besides providing some of the basic infrastructure services.³⁷

A myriad of previous case studies, drawn from Bahrain, Malaysia, Indonesia, Turkey and Bangladesh, have confirmed that the utility of establishing awqaf as a mechanism for contributing effectively to economic prosperity.³⁸ In Bahrain, Islamic banking began in 1979 with the establishment of the Bahrain Islamic bank . In the aftermath of the emergence of Bahrain as the Middle Eastern hub of the Islamic financial sector, the Central Bank of Bahrain (CBB), in partnership with Islamic Financial Institutions (IFIs) in Bahrain, established the Waqf Fund in 2006 . Each of the "22 Member institutions made a one - time contribution to the Waqf Fund's corpus which is then invested in Islamic money market instruments and the return is used to finance the Fund's initiatives".³⁹ (CBB, 2018)

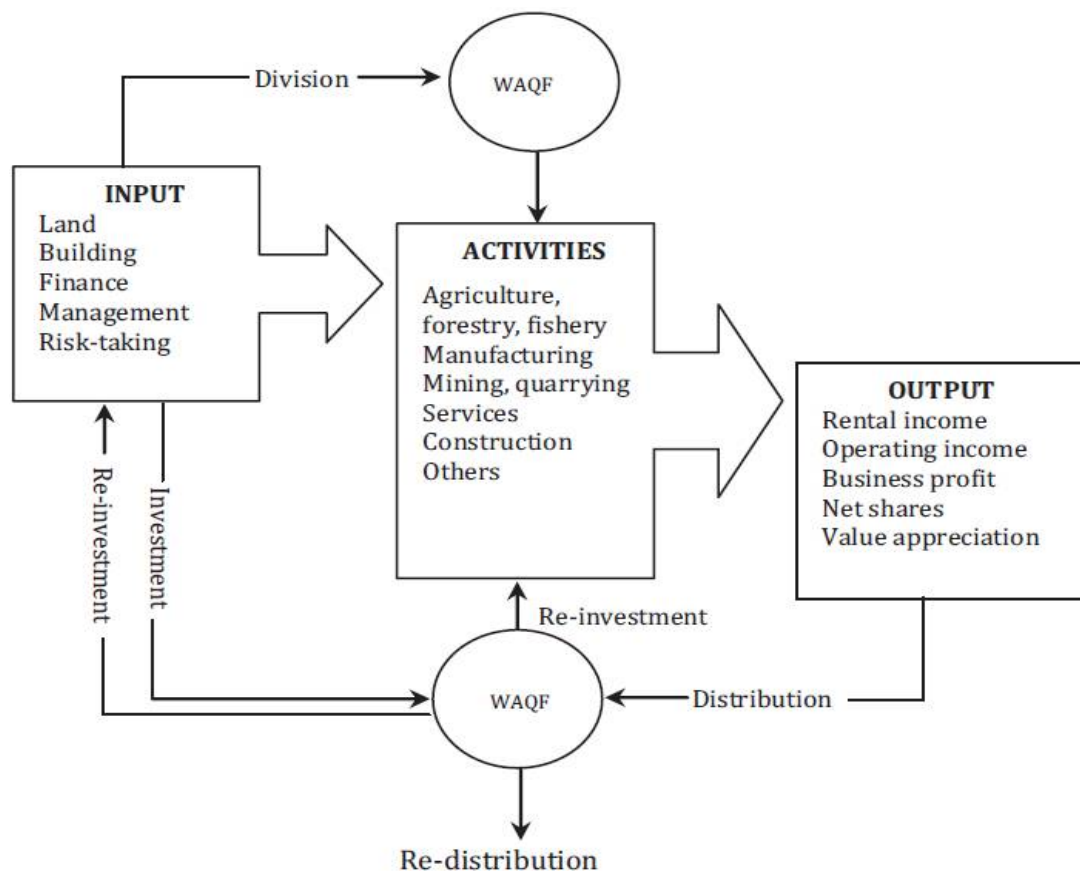
Awqaf in Malaysia is mostly utilized for religious purposes with more than 81% of waqf assets being earmarked only for building mosques. In a related study highlighting waqf regulation and capitalization, Razak et al., (2016) admonish that in every state in Malaysia, "different rules and strategies (manifest) to collect waqf from Muslim society" at large. However, no such regime prevails tantamount to the alternative model presented by Haji Mohammad (2015) who envisions the operation of the current banking sector in the guise of social Islamic waqf banks.⁴⁰

In Indonesia, waqf funds, in contrast, have been availed to finance education in such innovative initiatives as the Pondok Modern Gontor Darussalam (PMGD) programme, which evinces sustainability, inasmuch as the alumni, whose tuition having been financed by waqf funds, returns capital in the form of labor by contracting to teach in the PMGD programme, in so doing contributing to society in general and the economy in particular . In Turkey, likewise, waqf funds are largely earmarked to support the educational sphere. in Bangladesh, awqaf, absent effective institutional governance tools and mechanisms, exhibit information asymmetries resulting in misallocation of resources speaking for the need for reform of awqaf as a platform to contribute, to the maximum extent feasible, to sustainability and economic development in the country.⁴¹

5.4- Waqf-based entrepreneurship

There needs to be a greater inter-institutional collaboration for developing waqf. For this to happen, the basic structure of the waqf system needs to change for better. Modification of the basic structure of waqf system is required whereby entrepreneurship component is incorporated into the system, again, using input-output model .Considering business entrepreneurship as an input-output model, waqf can be possibly linked to it on its both sides. Waqf aims at both social and economic goals, and thus, waqf can be a vehicle of entrepreneurship in pursuit of wellbeing of the mankind:

Figure 1. Possible link between entrepreneurship and waqf



Source: Iman, A. and Mohammad, M., "Waqf as a framework for entrepreneurship",
 Humanomics, Vol. 33 No. 4, 2017, p. 422

Waqf-based entrepreneurship can be developed by focusing on three essential aspects, namely, financial framework, activities and institutional setting.⁴²

5.4.1- Financial framework

Finance is the main vehicle of business and a major task in entrepreneurship. Cash or money-equivalent instruments are used for investment purposes and both can be sourced from waqf. Cash waqf, for example, can be acquired in many forms such as revenue or revenue reserves from waqf property, baitulmal, rental/lease of waqf property, organizational charity, public donations and loan without interest. Waqf Bank is an impending source of financing to support entrepreneurship, and it is an extension of the concept of cash waqf. In Turkey, Vakıflar Bankası has been existing as a Waqf Bank for long time. The simplest structure of Waqf Bank is proposed to be based on input-output model of waqf-based entrepreneurship mentioned earlier, but here, the concept is applied to the financial system. On the input side, Waqf Bank receives fund in cash, sukuk/bond, share certificate, etc. Besides rich philanthropists such as billionaires, business corporations can contribute to the paid-up capital of Waqf Bank to enable it to operate immediately. Their donations could be combined with public funds, and they would receive tax benefits and naming opportunities. The fund will then be allocated to productive activities through entrepreneurship systems such as mudarabah, musharakah and ijarah. Finally, the revenues or profits from these activities could be channeled to social projects and causes such as school, library, hospital and social services.

5.4.2- Entrepreneurship activities

5.4.2.1- Agriculture:

The cultivation of the land can be made through traditional methods of muzara'ah (as permitted by the majority of fiqhi schools) or mudarabah (as permitted by Hanbali School). Muzara'ah or share-cropping method is a form of classical mudarabah, whereby some percentage/share of the produce goes to the land owning waqf, while the rest goes to the cultivator. New forms of entrepreneurship can be formed on these lands; some may be related to the agricultural produce of waqf lands and others may be outsourced. A whole lot of agriculture industries may be introduced where small entrepreneurs may or may not work in collaboration with each other to have unique or traditional output of agricultural products and service. Each of these products and services may have a distinctive attribute that could enable them to compete in the neoliberal markets.

5.4.2.2- Construction and real estate:

Similar to the abovementioned agricultural innovation, new winning market niche has to be identified that not only could make waqf real estate projects successful but also to make them unique and waqf compatible. Historically property development is an area where waqf has excelled throughout the past centuries. But it is time to take the real estate development further.

5.4.2.3- Services – education:

Education has been the traditional beneficiary sector of waqf system that witnessed educational institutions in Egypt, Turkey, the Balkans, Kuwait, India, Indonesia, Pakistan, Bangladesh, Malaysia, Thailand and Singapore being developed and maintained from waqf

assets. Thus far, the traditional system of waqf is implemented. However, the utility of this system seems to be limited to a special area of education in terms of effect and outcome. In other areas, the educational waqf is less visible and less effective in terms of Islamic values. Additionally, a comprehensive approach to the educational sector in a country, if taken by waqf institutions, is not sustainable, as the current and future resources acquired through donations to waqf institution may not be sufficient. Therefore, there is a need for a self-sustaining mechanism. This can be achieved through an educational entrepreneurship.

5.4.3- Waqf institutional reorganization:

The historical development of waqf organizational structures shows that waqf has changed from an autonomous entity to Court-controlled and then State-controlled organization. Where semi-autonomous waqf institution is created the possibility of waqf entrepreneurship may be expedited. This may take a variety of forms depending on the wisdom of the institution within the given environment. Waqf organizational structure may undergo fundamental change, where no governmental body controls it except for the purpose of audit and regulation. Or some functions and duties of the nazir may be delegated to a different entity. The entity which is appointed by the Nazir then has to be autonomous in its daily transactions including planning and execution of its objectives and aims. This entity has to be 100 per cent dedicated to the cause of waqf and maximization of income and profits. Such dedication for the delivery of waqf benefits to the needy public will require innovation and changes of business models.

4-Conclusion:

The Waqf is a system that has emerged in the shadow of the era of the prophecy of Muhammad peace be upon him. The waqf has spread to cover various aspects of life from the religious, scientific, cultural, health, humanitarian, political, economic, social and service sides. So Waqf is one of the important activities in activating the economic cycle, achieving growth, addressing economic problems, and mitigating the obstacles and deviations affecting the economy. The subject of Waqf has received increasing attention for nearly four decades, successive research has spread from researchers and thinkers calling for the revitalization of the role of Waqf in development at all levels to carry out its important social and civilizational function that was carried out during the boom of Arab-Islamic civilization.

The Waqf in Islamic countries plays an important role throughout history as an effective tool in social life by strengthening the cohesion and solidarity of society. In light of the problems of Islamic societies in terms of poverty, disease, ignorance and underdevelopment, it seems important to develop a funding system by waqf.

Among the waqf objectives id to achieve many social and economic goals, in this sense, the waqf can be a means of entrepreneurship in the pursuit of human well-being, and this can only be achieved by modifying the basic structure of the endowment system so that the element of entrepreneurship is integrated into the system.

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