Challenges and opportunities in harnessing *waqf* for the provision of social services

Social Development Division
Economic and Social Commission for Western Asia (ESCWA)
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1. Introduction

In the past decades, the role of the public sector in the provision of social services has changed significantly. In European countries the previously dominant role of the state has increasingly been transformed into a partnership between different public, private and civil society actors in the provision of social services. Social progress and national development is regarded as a common responsibility, shared between the state, economic actors and the people at large.

The situation is different in Arab countries. A multitude of institutions and organizations is operating on the ground, actively involved in the provision of social protection and social services. Social institutions like *zakat*[^3] and *waqf* are deeply rooted in regional tradition, reaching far beyond the modern national state system.

ESCWA is currently studying the provision of social services by the state, market and civil society in order to assess the prevailing welfare mix in Arab countries and to contribute to the nascent debate about a new development paradigm for the region. This paper focuses on *waqf*, and aims at studying some of the challenges and opportunities facing *waqf* institutions in selected Arab countries with regard to their contribution to social development and to the provision of social services.

*Waqf*[^4] is a religious endowment, devoted to the benefit of the community. Throughout Islamic history, places of religious worship, but also schools, universities, hospitals, public wells and even infrastructure such as roads have been supplied by private persons through *waqf*. A famous example for such a private endowment is the Hidjaz railway[^5] and there is also an historic case of a private provision of a lighthouse, the prototype of a public good, through *waqf*.[^6] Today, the role of *awqaf* in many Muslim countries is limited to purely religious institutions, such as mosques, graveyards and some religious schools. These *awqaf* are typically administered by a *Waqf* Ministry, which was created for this purpose. However, in the countries of the Gulf Cooperation Council, *awqaf* still also play an important role for different kinds of social services. There are several initiatives, also promoted by the Islamic Development Bank, to

[^3]: Compulsory religious tax targeted towards clearly defined beneficiary groups, among them the poor.
[^4]: Please note that throughout the paper the term is used in different grammatical forms. The singular form is *waqf*, the plural form is *awqaf*.
[^5]: Ochsenwald, 1976, p. 1
[^6]: Kuran, 2001, p. 842
revive waqf as a tool for poverty alleviation and to include waqf in development strategies such as Poverty Reduction Strategy Papers (PRSPs).

A wealth of literature is available studying waqf from the perspective of Islamic Law. Similarly, ample discussions in the literature on Islamic Finance evolve around permissible tools to finance the development of waqf property and to increase its revenue. Several papers also discuss waqf administration by either evaluating and comparing existing waqf administration in different countries or making concrete suggestion how waqf administration would have to be reformed. However, there is relatively little literature available on waqf from a social development perspective. Exceptions are for example the study by Ahmed (2004), which studies the purposes of existing awqaf in Bangladesh, Pakistan, Malaysia and the Republic of South Africa and the study by Khan (2010) on Bangladesh.

This paper should be considered as a working paper based on preliminary desk research. After an introduction on waqf and its potential for the provision of social services, it will specifically look at new initiatives to mobilize waqf-donations and harness waqf as a tool for socioeconomic development. The working paper will, in addition to published literature, also draw from information published on websites by relevant waqf institutions.

Given the dearth of detailed data related to waqf, it will not be possible to provide a comprehensive assessment of the contribution of awqaf to the provision of social services in the ESCWA region. Some awqaf authorities from the region, as in Kuwait and the Emirate of Dubai, have already indicated their cooperation to provide data for a more detailed assessment in the future.

2. Background on the concept and conditions of waqf
2.1. Legal background
Different from zakat, which is mentioned in the Qur’an, waqf is a legal institution which is derived from a number of ahadith. Among those ahadith that are often quoted in this context is one which recommends to leave something behind as ongoing charity:

“The best things that a man can leave behind are three: A righteous son who will pray for him, ongoing charity whose reward will reach him, and knowledge which is acted upon after his death.”

Detailed legal stipulations about waqf such as what is allowed to be given as a waqf, who has the responsibility over the property, purposes and beneficiaries, are outlined in Islamic fiqh.

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7 See for example Hanefah, Jalil, Ramli, Sabri, Nawai, & Shahwan, no date; Sadique, 2010; Abdul Karim, 2010
9 Reported sayings of the Prophet Muhammad (pbuh), which is the second source, after the Qur’an, of jurisdiction in Islam.
10 Ibn Majah, no date
Several researchers mention that the first \textit{waqf} in Islamic history was the mosque of \textit{quba’} in Madina, which was built after Muhammad’s (pbuh) arrival. A historic precedent of revenue-generating \textit{waqf} that was used for social development, is mentioned in a hadith, according to which one of Muhammad’s (pubh) followers donated an orchard and the fruits – or the revenue from selling the fruits – were given as charity. There are also reports that Muhammad (pbuh) had advised some of his followers to donate wells, camels and horses which were supposed to be for public use. Most likely, \textit{waqf} was quite limited in the early period of Islam, but expanded during the Umayyad and Abbasid dynasties when new territories were conquered and Muslims encountered pre-existing endowments of churches, orphanages and the like.

\textbf{2.2. Legal characteristics of \textit{waqf}}

\textit{Waqf} implies that the founder gives away some of his or her property permanently, and determines the purpose and the beneficiaries of the donation. According to Islamic Law, the principle of the \textit{waqf} property must remain untouched, as in the legal precedent cited above. The beneficiaries will only receive usufruct, be it that they directly use the \textit{waqf} property, for example land or a building, or the revenues generated from the \textit{waqf} property.

Different from the legal construct of a public foundation or a German “Stiftung” which has similar connotations, \textit{waqf} does not imply a legal entity on its own, but is rather a legal institution. When the discussion is about \textit{awqaf}, it usually implies the property itself, while a legal entity, for example a charitable association, can be founded to fulfill the purpose of the \textit{waqf}.

In contrast to a one-time donation, \textit{waqf} is considered as an “ongoing charity” (\textit{sadaqa džariya}) because by generating continuous revenues it serves its beneficiaries continuously. The founder’s (\textit{waqif}) religious motivation is to receive divine support for one’s action and to receive ongoing religious rewards for the hereafter. The literature, however also mentions moreworldly motivations of donors such as gaining public support and recognition or sheltering one’s property from taxes or confiscation or even circumventing Islamic inheritance laws.

The property’s ownership is legally transferred to the public or to God. The question of who becomes the owner of a \textit{waqf} property has been subject to debate in Islamic \textit{fiqh}. According to

\begin{itemize}
\item[11] Islamic jurisprudence
\item[12] An eulogy usually mentioned when the name of the Prophet Muhammad is mentioned, meaning “peace be upon him”
\item[13] Kahf, 2003, 2
\item[14] Kahf, no date
\item[15] Esmaeili, no date, p. 6
\item[16] Kuran, 2001, pp. 853
\end{itemize}
some, especially from the Hanafi\(^{17}\) school of law, ownership is with God, while according to other law schools, ownership is with the beneficiaries.

Another typical legal characteristic is the perpetuity of the foundation. The *waqf* property is considered non-sellable and cannot be taken back by the founder and the family. Yet, the *waqf* ceases to exist with the property itself – for example if the *waqf* is made as livestock, it ends with the death of the livestock\(^{18}\).

The *waqf* is established through a foundation document in which the founder determines the property to be founded, the trustee (*mutawalli*) of the *waqf*, the purpose and the beneficiaries. These stipulations by the founder are considered as irrevocable.

The *mutawalli*’s task is to oversee investment of the property, its maintenance and the distribution of revenues to the beneficiaries. If the founder gives detailed instructions, the *mutawalli* is only the executor of the founder’s will. However, if instructions are less detailed, the *mutawalli* has some leeway in the distribution to the beneficiaries\(^{19}\). Traditionally, the *mutawalli* has both the role of administering the property as well as managing and developing its revenues. In Islamic Law, there are no provisions for accountability mechanisms of the *mutawalli* – religiously, accountability is only to God\(^{20}\).

There are also different views in Islamic law what kind of properties can be given as a *waqf*. Originally, *waqf* was supposed to be given only as immovable property such as land or buildings. However, over time, Islamic jurisprudence showed some flexibility what kind of goods could serve as *waqf* and later also plants, cattle, and, even cash were allowed\(^{21}\).

### 2.3. Permitted purposes of *awqaf*

There are only few restrictions in Islamic law what kind of purposes are allowed to be accepted as a *waqf*, neither are there any provisions on the beneficiary groups. The only requirement is that the purpose has to be a “good” cause (*birr*) and it has to be within the legal provisions of Islamic law.

Islamic law divides *waqf* by its purpose into two categories: family *waqf* and charitable *waqf*. In family *waqf*, the beneficiaries are the founder’s family members and the developmental impact of the *waqf* is relatively limited. However, in Islamic law it is already considered a good cause if a founder ensures the income of his/her family after death\(^{22}\). Charitable *waqf* means that the

\(^{17}\) One of the four Sunni schools of law (*madhab*), which is, among others prevalent in Bangladesh, Egypt, India, Jordan, Lebanon, Pakistan, Palestine, Syria, and Turkey as well as the Balkans and Central Asia.

\(^{18}\) Kahf, 2003, p. 7

\(^{19}\) Kuran, 2001, P. 843

\(^{20}\) Ihsan & Adnan, no date, p.3

\(^{21}\) Kahf, 2003, pp. 4

\(^{22}\) Kuran, 2001, pp. 858
beneficiaries are non-family members. A charitable *waqf* could be religious property such as a mosque, graveyard or religious school or any other public good or social service. There are also mixed forms between family and charitable *waqf* where a certain proportion of *waqf* revenues are reserved for family members and the rest for other beneficiary groups.

3. *Waqf* and its potential to contribute to socio-economic development

3.1. Contribution of *waqf* to community development in historical context

There is some evidence that during several époques of Islamic history there was a deliberate economic policy to use *awqaf* to finance social services, including education, hospitals, water and sanitation\(^{23}\). For example the rule of the Seljuqs (AD 1037) was marked by a construction boom, which led to expansion of cities, as well as to an expansion of education and health services. At the same time, the Seljuqs also abolished taxes, which were deemed as illegitimate by Islamic scholars. Investments in this period were financed by returns from land that was given as *waqf* and given as lease to peasants. These *awqaf* were largely made by the ruling class itself and increased their legitimacy as the ruling class\(^{24}\).

There is also some evidence that during several époques, the rulers gave some directions to the provison of services through *awqaf* by setting priorities and facilitating coordination. For example the founding document had to be approved by a judge who had to approve its legitimacy according to Islamic law. These judges also took the general interest as defined by the rulers into account. The Ottoman government also set priorities which services it provided publicly and referred communities to seek private funding of a service through the *waqf* system when it considered that a particular service or community was not within the Government’s priorities\(^{25}\).

Available historic statistics give some idea that *awqaf* played a large economic and social role in the Ottoman Empire. For example at the founding of the Republic of Turkey in 1923, about 75 percent of the country’s arable land were *waqf* properties. Similarly, in Algeria, in the middle of the 19th century, one half of the agricultural land were *waqf* properties as well as one third in Tunisia in 1883. It had been estimated that at the end of the 18th century, income generated from about 20,000 Ottoman *awqaf* in operation equaled one third of the total revenue of the Ottoman State. The *waqf* system also controlled a vast array of urban assets, including residences, shops and production facilities\(^{26}\). In some countries such as Algeria, colonial rulers abolished *waqf* titles. In other cases, *awqaf* were subsequently turned into state property.

\(^{23}\) Kuran, 2001, p. 877

\(^{24}\) Heidemann, 2009, pp. 163

\(^{25}\) Kuran, 2001, p. 877

\(^{26}\) Kuran, 2001, pp. 849
There is also evidence that in history, the main use of *awqaf* was for social development purposes. A study on the Turkish *awqaf* founded in the 18th century showed that only 29 percent of *awqaf* served a strictly religious function, while the rest were *awqaf* that financed purposes without a strictly religious function, such as non-religious education or health. A study on *awqaf* in Aleppo of the 18th century found that 65 percent of *awqaf* supported purposes that were not strictly religious and only 35 percent supported places of worship or religious schools\textsuperscript{27}.

In the Ottoman Empire, the rulers deliberately sought legal innovations in order to expand the basis for *awqaf*, such as allowing *awqaf* in cash. To keep the principle of perpetuity untouched, the principle was used for lending at a fixed interest rate. This innovation allowed at the same time establishing a credit system circumventing the Islamic prohibition of interest and allowed financing the running cost of existing *awqaf*, such as teacher’s salaries for schools, building maintenance and even cash transfers to the needy population\textsuperscript{28}.

### 3.2. Decline in the contribution of *awqaf* to socio-economic development since the 20th century

Many authors agree that the contribution of *waqf* to social-economic development has decreased over time. Studies on Bangladesh, Pakistan and Malaysia have shown that most *awqaf* are nowadays used for purely religious purposes. For example a study on Pakistan has shown that about 90 percent of *awqaf* were in mosques\textsuperscript{29}. Yet, Karim\textsuperscript{30} also points out that many schools in Bangladesh are still based on *awqaf* and make important contributions to socio-economic development.

The reasons for this decline can be manifold. Some authors simply attribute it to colonialism, as in some countries colonial rulers abolished the prevailing legislation and replaced it with colonial legislation which left no room for provision of social services through *awqaf*\textsuperscript{31}. In many cases, *awqaf* records got lost over time, and the *waqf* properties either subsequently became state properties or fell into the private property of other persons\textsuperscript{32}. Others attribute the decline of *awqaf* to being administered by the public sector and being exposed to “Government inefficiency”\textsuperscript{33}. Generally, many authors point out that poor management practices and lack of accountability further fostered the decline of *awqaf*. Some also point out that the institution of *waqf* and its modalities was not well known among Muslims and efforts to contribute *awqaf* for socio-economic development are often not encouraged\textsuperscript{34}.

\textsuperscript{27} Kuran, 2001, p. 850
\textsuperscript{28} Mandaville, 1979, pp. 289, Toraman & Tuncsiper, 2007, p.6
\textsuperscript{29} Ahmed, 2004, pp. 90
\textsuperscript{30} Karim, no date, p. 343
\textsuperscript{31} Ahmed, 2004, p. 119
\textsuperscript{32} Rashid, 2011, p.3
\textsuperscript{33} Kahf, 2003, p.6
\textsuperscript{34} Ali, 2009, p.19
In some countries, such as in Egypt, the role of private awqaf was deliberately reduced in the 1950s, but then again, attributed a larger role in socio-economic development in the 1980s. In 1954, all awqaf in Egypt, including charitable awqaf were placed under the newly created Waqf Ministry. The Ministry was no longer bound to the original stipulations and purposes of the founders. Most of the waqf revenues were then invested in the increasing public economy, such as food and chemical industries. After 1962, all waqf properties were divided into various public administrations and no longer treated as separate properties. Loss of autonomy of awqaf went hand-in-hand with expansion of state functions. The Awqaf Ministry became de facto a Ministry of Religious Affairs, administering only purely religious awqaf such as mosques. In the 1980s, the Ministry of Awqaf changed its policy and deliberately promoted the role of mosques as social services centers. This policy went hand-in-hand with the reduction on public social services.

3.3. **Risks in the provision of social services through awqaf**

When a Government wishes to decide how it could include awqaf in its welfare policy, it may have to take some risks into consideration and find ways to address these risks.

While provision of services by private persons through waqf may reduce the fiscal burden to the state, it can also reduce the state’s tax base, if there are taxes based on wealth and/or income. In addition, if the endowment is made in a productive asset that was subject to zakat before, by making an endowment, the founder can reduce his or her yearly amount of zakat duties.

If a Government relies on waqf as a tool for the provision of social services, there is a risk of misallocation of social services or concentration of services in certain sectors, if there is no regulation or direction from the Government. In traditional Islamic fiqh, it is normally the prerogative of the founder to determine the purpose and the beneficiaries of the waqf. However, individuals may not always have full information where services are most needed, or assess priorities different from the Government, or establish unrealistic objectives or conditions. For example some authors mention that in Istanbul of the Ottoman period, there had been an oversupply of soup kitchens which were all provided through awqaf.

Another difficulty in the provision of social services through awqaf can lie in the irrevocability of the founder’s stipulations. For example this can lead to misallocation of resources when conditions change. In history, this was for example the case when a waqf, that was established to build and support a caravanserai at a certain location, became idle two centuries later when

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35 Pioppi, 2007, p.3
36 Pioppi, 2007, pp. 5
37 Kuran, 2001, p. 863
trade routes changed\textsuperscript{38}. For this reason, some authors also propose allowing some flexibility in the stipulations of the founders or even allowing temporary \textit{awqaf} to fulfill a certain purpose\textsuperscript{39}.

Moreover, apart from misallocation of resources, the quality of provision of social services through \textit{awqaf} can also be in question, if the Government does not introduce regulatory measures with quality insurance mechanisms.

The ability of a \textit{waqf} property to sustainably provide social services largely depends on the property’s potential to generate continuous income. Indeed, surveys on Pakistan and Malaysia, for example, revealed that most \textit{waqf} properties barely generated enough income to maintain the properties\textsuperscript{40}. The property’s potential to generate income depends firstly, on the property itself, and secondly, on the \textit{mutawalli}’s ability to generate income from the property. In some cases, such as in Malaysia, the legal environment may not be conducive to use \textit{waqf} properties for income generation because the rental law of 1967 makes it difficult to raise rent on old buildings and real estate\textsuperscript{41}.

While some \textit{mutawallis} may simply not possess the necessary skills to manage and invest these properties, lack of accountability mechanisms also open room for corruption. Several authors report cases when \textit{mutawallis} managed \textit{awqaf} in a way that was in their own personal interest, but was actually detrimental for the value of the \textit{waqf} property\textsuperscript{42}. There were also cases of unlawful sale of \textit{waqf} properties\textsuperscript{43}. However, several authors argue, that although the \textit{mutawalli}’s final accountability is before God only, it would still be permissible to introduce accounting standards and reporting mechanisms\textsuperscript{44}. Indeed, several countries have addressed this issue, which will be discussed below.

3.4. Opportunities in the provision of social services through \textit{awqaf}

The most apparent opportunity in \textit{waqf} appears that it can mobilize private financial resources for services which would neither be provided at all nor would have to be provided by the state. The use of private funding can also leave some fiscal space for the state to concentrate on the provision of those goods and services for which private contributions through \textit{awqaf} cannot be mobilized.

\textit{Waqf} also leads to a certain extent of redistribution of assets and income as it is typically made by the top income quintiles\textsuperscript{45}. A study on Malaysia mentions that typically \textit{awqaf} are made by

\textsuperscript{38} Kuran, 2001, p. 865
\textsuperscript{39} Kahf, 2003
\textsuperscript{40} Ahmed, 2004, p.90 & 98
\textsuperscript{41} Ahmed, 2004, p. 90
\textsuperscript{42} Karim, no date, p. 331, Kuran, 2001, p. 847
\textsuperscript{43} Rashid, 2011, p.6
\textsuperscript{44} Ihsan & Adnan, no date, p.13
\textsuperscript{45} Kuran, 2001, p. 847
wealthy men above 50\textsuperscript{46}. Although there is some historic evidence that main beneficiaries of awqaf were mainly the urban middle-classes\textsuperscript{47}, it generates and strengthens social responsibility among the higher quintiles.

Some authors also point out that waqf and zakat are both instruments that complement each other in a religious system of social cohesion\textsuperscript{48}. Waqf thus does not have to target the poor only because its main purpose is community development, while zakat and sadaqa are instruments targeting the poor.

4. Revitalizing waqf for socio-economic development in the 21\textsuperscript{st} century
With increasing overall discussion on revitalizing Islamic instruments for development, voices to vitalize waqf are increasing. The Islamic Development Bank (IsDB) based in Jeddah actively promotes research on waqf and established a waqf development fund. Recent initiatives by the Islamic Development Bank are directed towards establishing a waqf development bank\textsuperscript{49}. Some authors also propose that countries should explicitly include waqf in their poverty reduction or other development strategies\textsuperscript{50}.

4.1. Rationale for re-vitalizing waqf
Several papers discuss how waqf should be revitalized to contribute to socio-economic development, some of them giving concrete recommendations which legal or administrative steps would have to be taken. Many of these papers do not raise the fundamental question whether it is at all desirable that public goods or basic social services should be provided by a private individual. Many authors implicitly assume that the system of waqf would be an adequate tool for the provision of social services as it is regarded as having been successful for hundreds of years\textsuperscript{51}.

Some authors argue that through awqaf, a vital non-profit sector could be created, which could increase social cohesion by mobilizing the responsibility of wealthy private persons or the corporate sector\textsuperscript{52}. They also argue that provision of social services through a waqf-based non-profit sector would be a better arrangement than provision of social services by both the public and the private sector. One argument supporting provision through waqf versus the profit-

\textsuperscript{46} Hashim, 2007, p. 67
\textsuperscript{47} Kuran, 2001, p. 863
\textsuperscript{48} Kahf, 2003, p. 23
\textsuperscript{49} see Al Muna‘I, 2012
\textsuperscript{50} See Ahmed, 2004; Khan, 2010
\textsuperscript{51} Al-Bayoumi, 2009, p.3; Rihan, 2009, p.5
\textsuperscript{52} Elasrag, no date, p.2
making private sector is that the service could be offered at a lower price if a non-profit element is involved. Others point at the religious motivation of waqf, implying that waqf would provide services where they are needed, while the private sector would only provide services where a profit could be made. Some authors also argue that the public sector had often not been able to provide social services effectively, while faith-based organizations had a high degree of trust and would be better able to reach beneficiaries in need.

Other authors express the view that in an Islamic Economy, provision of social services should not be the task of the state, but the state should rather encourage individuals’ responsibility and encourage the provision of social services by other actors without interference from the state.

Some researchers also give concrete suggestions what needs to be done to revitalize waqf. Several researchers agree that the key role in revitalizing waqf lies in its management. However, there are two opposite directions about to which extent governments should be involved in the management of waqf. Some others express the view that government control of waqf had led to their mismanagement. They thus suggest that, to revitalize waqf for socio-economic development, management should be made by individual managers at community level with a system of informal control mechanisms. Others suggest moving away from the model of individual administration, towards the model of a semi-governmental authority that manages all waqf and directs their purposes. There is also some agreement among different researchers that waqf management should be more institutionalized by waqf boards with clear accountability mechanisms. Some suggest that waqf boards should be more democratic with different stakeholders being represented.

4.2. Waqf administered in a charitable association

In countries of the Gulf Cooperation Council, a number of private foundations or charitable associations based on waqf directly deliver social services, or fund social services provided by other organizations. In that case, the waqf takes a similar shape as a trust known in Western legal tradition. When the waqf becomes a legal entity through a charitable organization or a private foundation, it is usually subject to modern management principles with accountability mechanisms. These private foundations are often based on the initial waqf of one wealthy

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53 Al-Bayoumi Ghanim, 2009, p. 2
54 Salarzehi, Armesh & Nikbin, 2010, p.180
55 Salarzehi et al, no date, p. 183; Dafterdar, no date, p.2
56 Cit in Pioppi, 2007, p.6
58 13 Kahf, 2003, p.13
59 Ihsan & Adnan, no date, pp. 15
60 Rashid, 2011, p.9
61 Hasan & Shahid, 2010, p.324
person, in some cases the ruler of a country or an Emirate. Some of these organizations also actively solicit and facilitate additional *waqf* contributions by private persons, for example offer a range of projects to which people can give their donations. Although there is a relatively wide range of projects to which people can make their endowments, it seems that *awqaf* for purely religious purposes, such as building mosques or printing Qur’an books are still dominating.\(^{62}\)

One such example is the Zayed bin Sultan Al Nahyan Charitable and Humanitarian Foundation from the United Arab Emirates, established in 1992 by a decree of the late Sheikh Zayed bin Sultan Al Nahyan, based on an original *waqf* of USD 1 million. The organization conducts projects in the United Arab Emirates (mainly the less wealthy Northern Emirates) and worldwide, focusing on health, education and the environment. As the organization highlights, one of its most important projects is the Social Services Centers in Ajman, Umm Al Quwain and Fujairah, providing services to persons with disabilities and older persons, which were built at a cost of AED 60 million.\(^{63}\) Its most important project outside the United Arab Emirates is the Zayed Hospital for Mother and Child in Yemen, built at the cost of USD 6 million and has a capacity of 130 beds. The organizations also funds medical treatment for people with chronic diseases. Emiratis as well as migrant workers having spent at least 10 years in the United Arab Emirates are eligible to apply for this programme.\(^{64}\)

There are several charitable organizations in the ESCWA region, especially in the countries of the Gulf Cooperation Council that operate through *awqaf* donations made both as real estate as well in cash. One of them is the International Islamic Charity Organization in Kuwait, which, in addition to *zakat* and *sadaqa*, also administers *waqf* funds for education, health, social development, religious development and a general fund. These funds are spent in projects worldwide. The organization publishes annual reports on its activities. According to the report, revenues generated from *awqaf* play an important role for the organization’s revenue. In 2008, the organization held investments worth USD 118 million, which generated income of about USD 4 million. In the same year the organization spent USD 11.2 million on projects, among them about 34 percent was spent for mosques and Islamic centers, 27 percent for “other projects” (not further specified) and the rest for economic development, social development, health, education and water.\(^{65}\)

Also Muslim charity organizations based in developed countries, for example the United Kingdom-based organization Islamic Relief, established cash-*waqf* funds, which are used for development projects in Muslim communities worldwide. Founders can donate either a whole

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\(^{62}\) Faath, 2003, pp. 40

\(^{63}\) United Arab Emirates Dirham; according to the UN exchange rate of 1 December 2012, this would be about USD 16.3 million

\(^{64}\) Zayed bin Sultan Al Nahayan Foundation, no date

\(^{65}\) International Islamic Charity Organization, 2010

\(^{66}\) Please note that the organization’s relationship with the Kuwait Awqaf Public Foundation still has to be explored.
project (for example a health clinic or school), part of a project or can buy cash-shares, which will be invested and the profit of the investment used for charitable purposes. The organization also takes in-kind awqaf such as real estate. In its annual waqf report 2011, the organization highlights some of its disbursements from waqf revenue,\textsuperscript{67} according to which total disbursements for projects amounted to EURO 170,000\textsuperscript{68} and were used for emergency supplies, water and sanitation, orphans, education and direct food aid. Among the disbursements highlighted in the report is a contribution of EURO 21,467\textsuperscript{69} to equip health clinics in Palestine of which 33,450 patients benefitted.\textsuperscript{70} Compared to the importance of waqf-financed development projects from GCC countries, these are rather small-scale but important contributions.

4.3. Reforms in waqf administration
Several countries have undertaken administrative reforms of awqaf, however with varying purposes and results.

In Pakistan, for example, waqf properties were traditionally managed by local voluntary organizations. However, as many waqf properties were mismanaged and income used for personal benefits of the mutawallis, the Government of Pakistan passed the Waqf Properties Ordinance of 1959, which required administration of all awqaf under a central authority. The authority manages income generated from awqaf as well as expenditure required to maintain awqaf and their running costs\textsuperscript{71}.

Similarly, Bangladesh passed the Waqfs Ordinance of 1962, according to which all awqaf had to be registered with the Office of the Administrator of Awqaf, which is under the Ministry of Religious Affairs. According to the Ordinance, this registration is compulsory and the Ordinance prescribes a penalty for mutawallis who fail to enroll the awqaf under their administration. The purpose of this law was to address cases of mismanagement\textsuperscript{72}. The main advantage with registration is to protect the property from unlawful sale by the mutawalli. However, this was not fully successful in addressing cases of mismanagement. Firstly, many mutawallis still do not enroll the awqaf they are entrusted with. Secondly, the central authority only oversees waqf registration, while management and development of awqaf still remain with the mutawallis, and has limited mechanisms to control the way the mutawallis manage awqaf.

Some authors point out that waqf authorities in Bangladesh and Pakistan are overburdened to actively invest awqaf and to ensure their sustainability. Both individual mutawallis as well as

\textsuperscript{67} Islamic Relief Worldwide Waqf Programme, no date
\textsuperscript{68} According to the official UN exchange rate of 1 December 2012, USD 220,779
\textsuperscript{69} According to the official UN exchange rate of 1 December 2012, USD 27,879
\textsuperscript{70} Islamic Relief, 2011
\textsuperscript{71} Ahmed, 2004, p. 98
\textsuperscript{72} Karim, no date, p.331
staff in \textit{waqf} authorities often do not possess adequate knowledge or skills, for example in Islamic Finance, which would be required to increase the income generation potential of \textit{awqaf}\textsuperscript{73}.

Some literature highlights \textit{waqf} management in Singapore as a good practice example, because Singapore not only reformed administration of \textit{awqaf}, but also found ways to increase the potential of \textit{awqaf} for income generation\textsuperscript{74}. After having experienced poor management of \textit{awqaf}, Singapore also took steps to improve administration and management of \textit{awqaf}. It passed the Administration of Muslim Law Act (AMLA) in 1968 according to which administration of all \textit{awqaf} created since then had to be transferred to the Islamic Religious Council of Singapore (MUIS). However, even after that date, many \textit{awqaf} were still managed by private trustees and many of them were poorly managed. To address this issue, AMLA was amended in 1995, requiring that all \textit{awqaf}, even those under individual management, had to be registered by MUIS. As a result, MUIS now has a complete database of all \textit{waqf} properties it administers, including information on their revenue, expenses and disbursement. Detailed information on real estate \textit{waqf} assets as well as cash \textit{waqf}, is also made publicly available on the website of MUIS. All \textit{awqaf}, even those managed by private trustees have to be audited and have to submit the audited accounts every year\textsuperscript{75}.

Singapore took further steps to enhance the income generating potential of \textit{awqaf}. Before the Waqf Administration Act (AMLA) was passed, most \textit{awqaf} were in a poor state because they lacked financial resources for their maintenance. The administrating authority, MUIS, thus actively created new financial instruments to develop \textit{waqf} properties, such as allowing long-term lease of \textit{waqf} properties\textsuperscript{76}. For example, MUIS leased out some of the \textit{waqf} properties for 99-years and used the revenues to finance the renovation of less income-yielding properties such as mosques. Through partnership agreements it also managed to raise funds for the refurbishment of \textit{waqf} properties in prime locations in Singapore\textsuperscript{77}.

\section*{4.4. Introduction of central \textit{waqf} authorities to coordinate \textit{awqaf} for the provision of social services}

In the countries of the Gulf Cooperation Council (GCC), \textit{waqf} assets are still of important size. For example in Qatar, the value of total endowments in Qatar flourished in 2011, reaching a value of approximately USD 1.2 billion, altogether made by 94 endowers. 80 percent of

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{73} Karim, no date, p. 346
\item \textsuperscript{74} Harun, Isa & Ali, 2012, p.118
\item \textsuperscript{75} Majlis Ugama Islam Singapura (MUIS), no date
\item \textsuperscript{76} Majlis Ugama Islam Singapura (MUIS), no date
\item \textsuperscript{77} Karim, 2010, pp.5
\end{itemize}
\end{footnotesize}
endowments are made in real estates, while the rest comes in shares and stocks of Islamic companies.

Some of these countries have thus started to manage *awqaf* in a more holistic way, introducing central authorities that actively mobilize *awqaf*, invest *awqaf* and channel them into different priority sectors. These authorities are usually managed by a board with clearly established reporting and accountability mechanisms.

The Kuwait *Awqaf* Public Foundation (KAPF) is often highlighted in the literature as a good practice example and the model for other *waqf* authorities under modern management. The KAPF was founded in 1993 as a semi-governmental agency to administer and to invest *awqaf* and to actively identify projects to spend *waqf* revenues in coordination with the Government. It is one of the organization’s strategic goals to mobilize *awqaf* for social development. To this end, the authority maintains four *waqf* funds: Qur’an, Social and scientific development, health development and Islamic propagation. The *waqf* fund also publishes on which social services *waqf* revenues are spent. These services range from orphanages to support for poor families and water and sanitation. KAPF also promotes research related to *awqaf* and funds surveys on *awqaf* assets in other Muslim countries. In 1994, KAPF managed 40 percent of *awqaf* properties in Kuwait and in 1997 only 2.3 percent of *awqaf* properties by KAPF were mosques, while 70 percent had the potential to generate revenues.

The General Authority of Islamic Affairs and Endowments of the United Arab Emirates was established in 2006 by decree by H.E. Sheikh Khalifa ibn Zayed AlNahyan as an independent legal authority which reports directly to the Cabinet. The Authority plans to be the central authority where all *awqaf* should be funneled through and promotes *awqaf* into other sectors than mosques. However, as to date, the majority of *awqaf* are still administered by individual administrators and in 2012 still 80 percent of endowments managed by the authority were mosques. The Authority’s vision is “… promoting social awareness and progress according to the tolerant teachings of Islam that recognize the current realities and understand the future challenges”.

The Authority also solicits cash *waqf* online for purposes entitled “mosques”, “health”, “education”, “social” and “general” (not further specified). The Authority’s website informs mainly about its religious activities, such as in its monthly journal “Al-Manar”, while information on social services has not been made publicly available.

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78 Qatar Tribune, 2012
79 Kuwait Awqaf Public Authority, no date
80 Kuwait Awqaf Public Authority, no date, b
81 Ahmed, 2004, pp. 73
82 Simpson, 2012
83 It has to be noted that the Kuwait Awqaf Public Foundation provided more recent and detailed data, which could not yet be included in this paper, but will be included in an updated version of the paper after the Arab Forum “Towards a New Welfare Mix”.
84 General Authority of Islamic Affairs and Endowments, no date
In the Emirate of Dubai of the United Arab Emirates, the Awqaf and Minors Affairs Foundation is, on the one hand, a property management agency for endowments, including development and investment of endowments and spending awqaf revenues according to the founder’s instructions. On the other hand, it initiates and implements charitable projects, mainly targeting orphans and children. It currently plans to build the “family village”, where orphans can live in family-like structures. According to its own information, in the past 5 years, AED 62 million were spent in health and education funds\textsuperscript{85}. Among the endowment properties it manages, 746 are related to mosques, 253 are commercial buildings and 666 are residential buildings\textsuperscript{86}. Information on the value and revenue of these properties has not been made publicly available. Endowments can start with a value of 100 Dirham which simply have to be transferred to the Authority’s bank account.

Qatar also set up a centralized authority to manage Awqaf, the Qatar General Directorate of Endowments. The General Directorate has six distribution channels for awqaf, that should support more equitable distribution of awqaf into different sectors, covering all aspects of social life\textsuperscript{87}. These distribution channels are “service of Qur’an and Sunnah”, mosques, family and childhood care, scientific and cultural development, healthcare, and “charity and piety”. The General Directorate also facilitates cash waqf contributions which can also be made online with contributions as small as Qatari Rial (QR) 50\textsuperscript{88}. The General Directorate publishes some information on its expenditure as in table 1. However, from publicly available information it is not clear if this breakdown reflects all or only a part of the expenditures of the Directorate. According to this breakdown, most funds were spent on charity in the closest sense, such supporting of persons in debt and aid relief in Somalia.

<table>
<thead>
<tr>
<th>Expenditure position</th>
<th>Category</th>
<th>Amount (Qatari Rial) \textsuperscript{89}</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supporting of debtors in cooperation with the Zakat Fund</td>
<td>Charity and piety</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Supporting of aid relief work in Somalia</td>
<td>Charity and piety</td>
<td>500,000</td>
</tr>
<tr>
<td>Supporting Aljazeera Children Channel</td>
<td>Scientific and cultural development</td>
<td>500,000</td>
</tr>
</tbody>
</table>

\textsuperscript{85} Awqaf and Minors Affairs Foundation, no date
\textsuperscript{86} Awqaf and Minors Affairs Foundation, no date
\textsuperscript{87} Qatar General Directorate of Endowments, no date
\textsuperscript{88} According to the official UN exchange rate of 1 December 2012, USD 13.73
\textsuperscript{89} According to the official UN exchange rate of 1 December 2012, 1 QR = USD 0.2746
<table>
<thead>
<tr>
<th>Sponsoring of the Qur’anic competition No. 28 in Croatia</th>
<th>Qur’an and Sunnah</th>
<th>164,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsoring of academic scholarships in Croatia</td>
<td>Scientific and cultural development</td>
<td>144,000</td>
</tr>
<tr>
<td>Supporting the project of childhood and environment</td>
<td>Family and childhood</td>
<td>50,000</td>
</tr>
<tr>
<td>Supporting the assistance of treating a heart damage of a patient</td>
<td>Healthcare</td>
<td>50,000</td>
</tr>
<tr>
<td>Supporting a project of facilitating a medical and food convoy</td>
<td>Healthcare</td>
<td>50,000</td>
</tr>
<tr>
<td>Contributing in assisting medical treatment</td>
<td>Healthcare</td>
<td>10,000</td>
</tr>
<tr>
<td>Supporting a project for providing medical equipment for disabled people</td>
<td>Healthcare</td>
<td>10,000</td>
</tr>
</tbody>
</table>


4.5. **Ensuring the sustainability of *awqaf*: investment options for the development of *awqaf***

Proponents of social services provision through *awqaf* point out that *awqaf* could sustainably ensure social services, unaffected from change in political priorities. However, the pre-requisite for a *waqf* to continuously ensure the provision of a service would be the property’s continuous ability to generate revenues. As mentioned in sections above, revenue generation of *awqaf* has become a key issue for the sustainability of many *waqf* projects.

There is a difference between productive and unproductive *awqaf*: productive *awqaf* can generate enough revenue to support themselves, while unproductive *awqaf* need a second *waqf* that generates resources to support the first *waqf*. In the Ottoman Empire, cash *awqaf* were mainly used to support unproductive *awqaf*.

Even if the *waqf* generates returns, investments may be needed to maintain the property and to increase its value, e.g. to build a building on *waqf* land. For this, a number of instruments have been developed. The examples discussed below are by no means exhaustive.

One model is, for example, a partnership where the *waqf* brings in the asset, while the other partner builds on the land. This second partner could be the Government in a form of a public-private-partnership or another private investor. A variation of this option is the decreasing partnership model (*musharaka mutanaqisa*) in which the *waqf* and another partners, for example a

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90 Sadique. 2010, p. 76
91 Sadique. 2010, p. 79
bank, undertake a profit making venture with an agreement on the returns. With the returns, the *waqf* subsequently purchases the bank’s share until the partner’s shares are completely phased out and the *waqf* gains total ownership.\(^{92}\)

Build-operate-transfer (BOT) or build-lease-transfer (BLT) schemes and variations of these schemes are further financing options which are often used. The gist is that the property is temporarily given to the developer who, after having developed the property with profits, will transfer the property back to the *waqf*.\(^{93}\) Box 1 illustrates how different financing modalities are contemporarily used to build properties on *waqf* land and in some cases how they are used for social development purposes.

The variety and increasing complexity of financial tools for the development of *waqf* shows that *waqf* management increasingly needs specialized skills. For example in Singapore, the Muslim Religious Council (MUIS) addressed this issue in 2000 by creating a privately owned subsidiary, Warees Investments Pte Ltd., whose responsibility was solely to generate income from *waqf* properties through Islamic Financing instruments, while administration of *awqaf* remained with MUIS. As a result of good management practice, the income from *awqaf* in 2005 constituted about 15 percent of all *waqf* assets by MUIS.\(^{94}\)

**Box 1: Innovative financing tools and *waqf*: Waqf Projects in Makkah, Kingdom of Saudi Arabia**

Islamic scholars allowed leasing of *waqf* land by reasoning that leasing did not violate the principle of perpetuity of the *waqf*, because it does not involve transfer of ownership. A *waqf* project involving innovative financing mechanisms is the Zamzam Towers in Makkah, Kingdom of Saudi Arabia. The purpose of the *waqf* is to provide accommodation for pilgrims, which is, although they pay for it, considered as a legitimate purpose of a *waqf*. The project land, which was originally given as a *waqf*, was leased to the Binladin Group on a Build-Operate-Transfer (BOT) agreement for 28 years. Under this agreement, the constructor will build a shopping complex, four towers and a hotel. The Binladin Group in turn has leased the Zamzam Tower Project to the Kuwait-based Munshaat Real Estate Projects KSC. Munshaat financed the construction of the project, operates it and will then transfer it back to the *Waqf* at the end of the 28-year lease period. For the financing of the development, Munshaat issued Islamic bonds (*sukuk al-idjara*), which can be traded on the internet on a global basis. These bonds are considered as safe because they are backed by the Government of the Kingdom of Saudi Arabia (Arab News, 2004).

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\(^{92}\) Sadique. 2010, p. 91

\(^{93}\) Mohammad, no date, pp. 9

\(^{94}\) Karim, 2010, p. 9
Projects with similar financing tools arrangements were also started in Makkah by the International Islamic Relief Organization (IIROSA) as social development projects. Based on cash waqf contributions by philanthropists, the organization purchased land in Makkah at a cost of about USD 125 million with expected annual returns of USD 12 million. The land will be leased in order to build hotels and other revenue-generating projects in Makkah, with each of the waqf complexes dedicated to a certain purpose as follows (Khaleej Times, 2010):

1. Bayat Allah Waqf: to be used to build 370 mosques in 18 different countries
2. Orphans Waqf in Ajyad: proceeds to sponsor 265,000 orphans in 28 countries
3. Educational Care Waqf in Al-Misfalah: to finance the activities of 30 educational institutions around the world
4. Social Development Waqf: to be used to finance rehabilitation programs and give vocational training to provide jobs for about 1 million people in 97 countries
5. The Dawa Waqf in Al-Maabdah district: to be used to train male and female students and preachers in Islamic centers around the world
6. The Health Care Waqf in Al-Aziziah: to provide health care to about 33 million people in 285 hospitals run by the organization.

4.6. Mobilizing awqaf by Islamic Banks to finance social activities
There are some examples of banks seeking to mobilize waqf funds. With these waqf funds they increase their overall capital to conduct banking operations and use the returns for social projects.

The Islamic Development Bank based in Jeddah, Kingdom of Saudi Arabia, established an Awqaf Investment Fund, which is a trust fund to which Awqaf Ministries or Directories and Islamic Banks and Financial Institutions can subscribe. Subscribers can hold certificates with a value of USD 10,000 per certificate. The Islamic Development Bank invests awqaf from the fund according to market profitability principles. According to the Islamic Development Bank, ‘[t]he beneficiaries supported by Awqaf are not limited to a finite list but mainly include poverty alleviation programmes, disaster relief, free health services, imparting religious and contemporary education, heritage, culture, and environment’. The Awqaf Fund is regularly monitored and submits an annual report to its subscribers.95

The Central Bank of Bahrain established a cash waqf fund in 2006, where several member banks pooled cash, which in turn is invested in Islamic money market instruments. The returns of these investments are used to finance training, education and research activities related to

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95 Islamic Development Bank, 2012
Islamic Banking and Finance\textsuperscript{96}. With the scholarship programme it also addresses the skills shortage for the Islamic Banking sector, thus financing its own training needs.

The Social Islamic Bank Limited in Bangladesh, has a formal, a non-formal and a voluntary banking sector. The voluntary banking sector manages two \textit{waqf} schemes, one is a mosque development scheme and the other a cash \textit{waqf} scheme. In the cash \textit{waqf} scheme, the donors of cash \textit{waqf} contributions have to deposit the money permanently with the bank without options for withdrawal. The bank will invest cash \textit{waqf} contributions through \textit{mudaraba}\textsuperscript{97} contracts in businesses. The annual profit share that the investor receives will be disbursed for a charitable purpose\textsuperscript{98}. In 2011, the cash \textit{waqf} fund included the equivalent of about USD 650,000 and grew by 20 percent compared to 2010. However, compared to the overall bank operations, its significance is rather small with only 0.08 percent of all deposits\textsuperscript{99}. A breakdown of the cash \textit{waqf} deposits by beneficiary has not been made publicly available.

In Malaysia, one insurance company, Syarikat Takaful Malaysia Berhad, introduced a new tool in 2001, the “Takaful \textit{Waqf} Plan”. This was a savings plan where clients would make regular monthly contributions with the aim of accumulating enough funds to make a \textit{waqf} at the end of the savings plan. These monthly contributions were supposed to be invested in Islamic \textit{mudaraba} schemes and the returns were supposed to be added to the \textit{waqf} fund. The saver had to determine the institution that was eventually supposed to receive the \textit{waqf}. To determine the beneficiaries, the bank provided a list of institutions that were entitled to receive these \textit{waqf} donations, such as mosque building funds, orphanages, education funds and others. Over the first three years, the plan attracted 5,000 participants, most within the age of 30 to 40 years, the majority of them with middle income. At the end of December 2004, there was a total of about USD 200,000 in the \textit{waqf} fund\textsuperscript{100}. However, the product was withdrawn from the market in 2010. It appears that the demand was relatively high during the first three years, but then decreased\textsuperscript{101}. A legal difficulty of the scheme was that by Malaysian law, only the Supreme Religious Council can be the \textit{mutawalli} of a \textit{waqf} while in this case, the insurance company became the \textit{mutawalli}.

5. Conclusions

5.1. Summary findings

\begin{itemize}
  \item Central Bank of Bahrain, no date
  \item A modality of Islamic Finance, where one partner makes a financial contribution only and the other partner in-kind contributions.
  \item 10 Social Islami Bank Limited, no date; Khademolhoseini, no date, p. 10
  \item Social Islamic Bank Limited, 2011
  \item Hashim, 2007, p. 70
  \item Rahman & Ahmad, 2011, p. 216
\end{itemize}
In Islamic history *waqf* was an important tool for the provision of social services. Hospitals, schools and universities were typically founded through *awqaf*. There is even evidence of the provision of infrastructure projects such as the Hijaz railway or a lighthouse through *waqf*. Thus, private provision of infrastructure and social services has a long history in Arab countries.

However, in many countries the importance of *awqaf* to the provision of social services has decreased over time. Many *awqaf* records are even lost and their original purposes became unknown. In many countries, *awqaf* are nowadays reduced to religious buildings and many of these properties barely generate enough income to cover administrative costs.

In the countries of the Gulf Cooperation Council, the economic value of *awqaf* is still high, with *awqaf* values reaching several billion dollars. There have also been innovative approaches using *awqaf* as a financing tool. Yet, their contribution to social development is currently difficult to assess due to lack of detailed data. Through charitable associations and foundations, *awqaf* from the GCC countries also contribute to providing social services to other Muslim communities in Arab and other countries. Palestine is a large recipient of social services provided through *awqaf* from the GCC countries. It would have to be explored whether and how these investments and services are coordinated with the Palestinian Authority.

As *waqf* typically tends to be made by the richer strata of society as in most cases only the rich can afford to give some of their properties away, *waqf* also has redistributitional effects and strengthens social cohesion.

Several efforts have been made to develop the tool of *waqf* to increase its potential as a financing tool for socio-economic development. Institutions with different motivations such as banks, insurance companies and civil society organizations developed cash *waqf* funds where founders will donate cash as a *waqf* which will be either used directly to finance a project or invested and the returns are used to fund social services. In that case, banks or civil society organizations become the administrator of *awqaf* and in some cases directly the provider of social services.

Some countries in the ESCWA region such as Kuwait, Qatar and the United Arab Emirates have established a centralized semi-governmental *waqf* authority which aims at managing all *awqaf* in the country in the long run and direct *awqaf* into priority development sectors. These authorities and their role in socio-economic development need to be further studied as currently little information is available that allows assessing their contributions to socio-economic development.

The provision of social services through *awqaf* bears some risks if no mechanisms are set in place to mitigate these risks. If founders are free to determine the purpose of the *waqf*, there is a risk that *awqaf* could lead to concentration of resources in certain sectors, while other sectors could remain underserved. The quality of a service provided of *awqaf* could also be a risk where no
quality assurance mechanisms are in place. Lack of sustainability in revenues achieved through waqf could be another risk which could also negatively affect the quality of the service provided.

5.2. Research and knowledge gaps

This paper has also shown that there are significant data and knowledge gaps regarding the contemporary role of waqf in the provision of social services. Even from countries that have a centralized waqf authority with modern management, little data is made publicly available on existing waqf assets, the founders, the way the assets are invested and their returns, as well as the purposes of the awqaf and who is targeted as beneficiaries, and the actual beneficiaries. However, some central waqf authorities, especially those of Kuwait and the Emirate of Dubai have already indicated their willingness to cooperate with ESCWA in providing data.

More data and information would also be required about which role governments attribute to awqaf in the overall welfare mix. The question arises whether and how far Governments factor in the contribution of services funded through awqaf when deciding which services should be provided by the public sector. The question also of how governments could regulate services provided through awqaf and how they ensure the quality of services provided through awqaf comes up.

5.3. Recommendations

If Governments want to further harness the potential of awqaf to contribute to the provision of social services, the first requirement would be to have a strategy in place how awqaf could contribute to social services and how these services could be regulated. In order to be able to assess the potential of awqaf, Governments would need an inventory of existing waqf assets and their purposes. A first step to this would be the registration of all assets and a comprehensive survey.

In such a strategy, management of awqaf will have a key role for two reasons:

1. There could be value in creating a mechanism to give guidance which social services could be provided through awqaf and make efforts to direct awqaf into priority development sectors;
2. There is also a need to actively invest awqaf so they generate revenues. If awqaf are not adequately developed, awqaf will not be a sustainable income source for the provision of social services. Adequate financing tools have already been developed and are practiced in several countries.

To address both angles, introducing a centralized authority such as created already in Kuwait, Qatar and United Arab Emirates might be an option. This central authority would have to
closely cooperate with the government to identify priority development needs. Further, the government would have to regulate the standard and quality of services provided independently through awqaf. This authority also has to be staffed with personnel knowledgeable in financing and investment tools in order to be able to make full use of awqaf. Another option is the model of Singapore, where investment and financing of waqf properties was given to a privately-owned entity, which led to increasing returns of the waqf properties.

When introducing such a centralized authority accountability mechanisms to all stakeholders, which include the Government, the founders and the beneficiaries of the waqf, it would be important to minimize the possibility of mismanagement which had been a concern with many awqaf in the past.

The waqf authority could also play an active role in promoting awqaf for social development purposes, and provide guidance to potential founders on suitable purposes for awqaf or offer a portfolio of planned or existing waqf projects where waqf donations could be given to.

In a strategy that includes waqf in the provision of social services, the Government could also consider entering public-private-partnerships with the waqf and jointly deliver services. For example a school could be built on waqf land, while running costs could be paid from Government funds.

However, it can also be expected that requiring that all awqaf be managed by an authority would meet resistance from existing waqf administrators, as they often do not want to give up authority over awqaf they administer, as it sometimes provides them with benefits and power. In some cases, there is also lack of trust in government capacity to adequately manage awqaf. Moreover, many consider the independence of awqaf from the state as the strength of the system per se.

In the long run, if a centralized authority would prove to handle awqaf more effectively than individual administrators, future founders might be more inclined to designate the centralized authority as the administrator than individual administrators, which would reduce the issue of fragmentation in the long run.
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