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Best practices of waqf: Experiences of Malaysia and Saudi Arabia

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Abstract

The main focus of this paper is to examine the best practices of selected waqaf entities in Malaysia and Saudi Arabia. The waqaf entities involved in this study include two corporate waqaf institutions namely Kumpulan Waqaf An-Nur Berhad and IUM Endowment Fund and five waqaf entities under Islamic Development Bank in Saudi Arabia. This study analyses projects and programs undertaken by these selected waqaf entities to achieve their respective objectives. Such a comparison is necessary considering the diverse experiences of these selected waqaf entities in view of the differences in their endowments and different corporate management models. The paper concludes that these waqaf entities have adopted an innovative approach developing waqf programs and experimenting new ways of managing and investing waqaf assets. They have created opportunities for the improvement of waqaf institutions and revitalize the potentials of these waqaf assets to yield greater benefits to the society.

Introduction

It is well documented that waqf institutions had played an important role in Islamic society since the beginning of Islamic civilization history. This Islamic institution was well spread and was accepted as one of the foundations to build the human society especially in providing the basic need and functions as system supporter as well as free infrastructure. History of Islamic waqaf goes back to the time of the Prophet (peace be upon him). The institution has always provided public goods that range from education and health care to water supply and highway facilities on a voluntary basis by the non-profit sector. But it has generally been considered as a religious and charitable provision. Emphasis on its socio-economic role is rather a recent phenomenon.

The institutions of waqf are among several instruments instituted by Islam to combat poverty and enhance welfare in the society. Waqf provides the material infrastructure and creates a source of revenue for use in, among others, social welfare enhancing activities both at family, community and state levels. Waqf is a voluntary act of charity that comes under the general terms of Sadaqah and Infaq. Linguistically, waqf means stand still, hold still, not to let go (H. Ahmed, 2004; Ismail, 2013). Technically, it may be defined as holding a Maal (an asset) and preventing its consumption for the purpose of 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 (Kahf, 2003).

To be successful in a financial business, financial service providers are required to deliver not only good quality products and services, but also to adopt best management practices to ensure a high level of efficiency in each department of the institution that will lead to increased customer's satisfaction and thus repeat business. Best practice in management context can be defined as "a method or technique that has consistently shown results superior to those achieved with other means, and that is used as a benchmark" (BusinessDictionary.com, 2011) or "the most effective and efficient method of achieving any objective or task" (Editors of Perseus Publishing, 2003, pp. 31–32).

According to Farrell and other subsequent literature, a producer is efficient if the producers' behavioral objectives are met; and inefficient if they are not (Färe, Grosskopf, & Lovell, 1985). Hence efficiency of the producer can be measured by comparing any given situation that satisfies



the producers' behavioral goal (Färe et al., 1985). Farrell (1957) defined efficiency as a term used to measure how well an organization is using its resources to meet its specific objectives. Governance, on the other hand, is defined as the manner in which the power is exercised in the management of an organization (United Nations Development Programme, 1997). Efficiency and governance are two important elements that make up the best management practices of an organization.

In the context of best practices of waqaf institutions, efficiency refers to how well the institutions are using its resources (e.g. the staff, expenditure, etc.) to meet its objectives of socio-economic justice (e.g. reducing poverty) while governance refers to the process and structure in directing and managing the affairs of the waqaf institution towards enhancing social welfare of the rightful waqaf recipients as well as demonstrating accountability to the waqaf donor. The ultimate objective is to seek the pleasure of Allah, whilst taking into consideration the requirements of the Shari'ah. According to El-Gari (2004), the Islamic civilization is capable of producing solutions and creating a vibrant society supported by institutions which manifest the core values of the Islamic system. The financial institutions arising from this Islamic root would reflect the features of justice, equity, and social peace. Zarqa (1988) defined that there are various institutions and structures that Islam has instilled to redistribute income and wealth for the fulfillment of the basic needs for all in the society. The institutions include, among others, zakah, waqaf and qardul hasan. Siddiqi (2004) asserts that the ingenuity of the Islamic financial sector would be to integrate the vision of a moral society and socially responsible finance into functioning institutions.

There is a significant research gap in the literature highlighting the best practices of waqf institutions, particularly, in a country like Malaysia, empirical research is lacking thus contributing to the need for new knowledge in this area. Studies focusing on Malaysia's waqaf institutions were rather limited with the available studies focusing more on the legal aspect of waqaf. This study will contribute to the dearth of empirical studies on waqaf especially on the efficiency and best practices of the institutions in managing the waqaf funds. The findings would make a contribution to waqaf managers and towards improvement of the administration and management of waqaf institutions.

Literature Review

Waqf in Socio-Economic Development

Waqf institutions have been known to play an important role in the socio-economic development of the Muslim ummah particularly in the middle period of the Islamic history. Kahf (2003) reported that in 1800s, waqf lands covered substantial proportion of land area in Egypt, Algeria, Turkey and Palestine. Most of the waqf revenues were spent on mosques, to pay for the salaries of imams, teachers and preachers, in addition to covering for the expenses on maintenance of the mosques. This independent source of financing enabled the religious leaders and teachers in the Muslim countries occupied under colonization to take social and political positions independent of that of the ruling class.

Another area that has been a major beneficiary from the waqf fund is education. According to Kahf (2003), education has been the second largest recipient of waqf revenues. At the beginning of 20th century, all schools in Jerusalem are waqf and were supported by waqaf properties. Similarly, waqf has been supporting the education sector in Turkey and Syria. Similarly in Egypt, the University of al-Azhar in Cairo which was founded in 972 was also financed by its waqf revenues.

With regards to funding education, while there is a popular belief that only religious education benefits from waqf funds, in actuality this is merely a misconception. Waqf funds have benefitted wide range of education, including the area of medicine. In the modern context of education today, waqf funds have been tapped for the building of Islamic schools in the western world such as in the US (Al-Hajeri & Thomas, 1999).

An excellent example of funding of the education sector through waqf fund is the Hizmet movement in Turkey. Indeed, for centuries, the Islamic schools (madrasa) was an institution that constructed the intellectual, political, and legal foundations of the Ottoman Empire. Its prominence in the rise of the Ottomans and Turkic-Islamic civilization cannot be downgraded. The madrasa was the most fundamental institution that shaped the Ottoman mindset, identity,

source of knowledge, and worldview, as well as its official and social organizational types. It was a kind of living organism that nurtured Ottoman thinking, the education system, and social life.

Since the *madrassa* was an independent institution free of state inspection and intervention, it was shaped by the dominant social and religious characteristics. That was why it was strong when the Ottoman society appeared healthy and vibrant. Society was stable because the state was powerful. Another important reason of social stability was religious and moral cohesiveness. As time passed, however, external and internal factors led to the decline of the Ottomans, and social bonds weakened. This social change caused the *waqfs* to destabilize. Because of economic and political instability, rich families no longer felt safe or secure. Therefore, they either did not donate their wealth or they began to form their own special foundations. In time, these families converted their foundations into a form from which they earned their living. Hence, foundations failed to retain their religious and social status. Family foundations became one of the factors that uprooted the *madrassa* system, as privileged classes and staff became more dominant in the *madrassas*. Foundation trustees began to appoint incapable people as managers and teachers, and *madrassas* were transformed from a center of learning where science was produced, to a place where merely the history of science was taught without analytical thinking; thus, old information was repeated. Eventually, politics penetrated the *madrassa* system, and it deprived the *madrassa* of its independence as an institution. While independent, the *madrassa* had reached its climax in terms of religious, social, and cultural influence.

Of course, there are other cultural, social, and cultural reasons that led to the collapse of the *madrassa*. Other factors included the emergence of European countries as superpowers, and the power of westernization movements influencing state policy during the Tanzimat period. This was the result of such movements importing and substituting a Western mind-set, and a goal to change social and socio-cultural life. Such developments necessitated that the *madrassa* and educational system be re-examined.

Realizing the big potential of waqf to support the educational development in a country, similar efforts are being undertaken in Malaysia by the Yayasan Iqra (Iqra Foundation). The foundation aims at promoting wealth creation through Muslim endowment principles and set to make corporate Islamic endowment Malaysia's third financial force. Islamic endowment principles ensured transparency and accountability in managing finance while weaning off reliance on the Government for funds. The foundation provides a platform for individuals and the corporate sector to commit shares or financial instruments as endowment with a portion of the profits returning to the principal sum and the remaining channeled to the community.

Issues in Management of Waqf

The perpetual nature of waqf resulted in the buildup of waqf properties in many Muslim countries, including Malaysia (Ab Hasan, Othman, Ibrahim, Md Shah, & Mohd Noor, 2015). Hasan & Abdullah (2008) stated that in Malaysia, waqf lands are reported to be over 32,000 acres. These lands have the potentials to be invested and generate income to benefit the Muslim society. They quoted an example of a large scale investment of waqf land in Malaysia involving the Federal Territories' Islamic Religious Council, Tabung Haji, TH Technologies Sdn. Bhd., and Bank Islam Malaysia Berhad to construct a 34-storey building at a cost of RM151 million. Despite this development, they observed that waqf land is under-utilized and under-developed.

In the case of Singapore, even though it is a small country with only 14% of the populations are Muslims, Abdul Karim (n.d., 2010) reported that there are 99 waqf institutions managing over 200 properties with assets worth approximately S\$300 million. Most of the waqf in Singapore are created with the intention of building and maintenance of mosques. Financing the religious schools is another popular objective of waqf. The third beneficiary of waqf revenues in Singapore is the poor and the needy.

According to Hassan and Abdus Shahid (2010), despite the important and great potential of waqf in the Muslim socio-economic development, the present state of waqf institutions are unsatisfactory. As a result of the poor management of the waqf institutions, the vulnerable segments of the Muslim society have lost cover of the waqf. In many countries, waqf institutions are not being given proper attention, resulting in a vast amount of waqf properties being ill-managed. Many of these properties have vast commercial potentials, but are not being maintained properly, resulting in these properties not yielding their greatest benefits to the society. Several factors have been identified as the source for the non-satisfactory waqf management, including

legislative lacunae, administrative lapses, lack of political will, indifferent attitude of the management of the awqaf, and lack of honesty and integrity. As a solution to the problem, the study suggests that the waqf institutions to be managed into a professional way of managing the assets within a modern administrative framework. In particular, the study suggests that the principles of stakeholders' to be introduced in the waqf management. Additionally, in efforts to revitalize the waqf assets, the study proposes two sources of funds, namely cash waqf and musharakah sukuk to provide the financial needs for the development of the waqf properties.

United Nations Human Settlements Programme (UN-HABITAT) (2005) highlight several factors that result in the decline of the waqf sector. This includes the impact of colonial powers which prefer a status quo with regard to endowments, the power base of the religious clergy which has some degree of economic independence by taking credit for the benefits of the endowment system, the issue of perpetual benefits of waqf has always been highlighted to a point that the benefits accruing to an individual were insignificant, and the issue of rigidity in managing the waqf, which many attribute as the main cause for the backwardness of the Muslim economy. The study provides several suggestions to revive the role of waqf in the contemporary setting, such as having an international support, particularly from the OIC, IDB and the ISESCO, bringing up innovation in the administrative structure of the waqf sector, and providing innovative approaches to waqf lands by releasing the potential of a high proportion of these lands in the public interest. With regard to modernizing the administration of waqf, the study suggests that waqf should be seen as a civil society institution providing public space, thus capable of promoting democratization and good governance. This includes relating the challenges of adapting modern management techniques to the prevailing economic relations among societies where waqf exists such as linking waqf funds to microfinance through the Islamic microfinance initiatives.

Research Methodology

The research will focus on several waqaf institutions in Malaysia and Saudi Arabia so as to understand the waqaf practices adopted by waqaf institutions in the selected countries. By learning from the experience of other country, the study would ultimately contribute towards highlighting best practices by waqaf institutions, thus enhancing the management and efficiency of waqaf institutions in Malaysia. The study uses secondary data obtained from the selected corporate waqaf institutions in Malaysia and Saudi Arabia. The data are used to identify and compare the organizational set up, channel of accountability, activities, and beneficiaries of selected waqaf institutions. The waqaf institutions involved in the study include two waqaf entities in Malaysia namely Kumpulan Waqaf An-Nur Berhad and IUM Endowment Fund and four waqaf entities under Islamic Development Bank (IDB) in Saudi Arabia namely World Waqf Foundation (WWF), Islamic Solidarity Fund for Development (ISFD), IDB Waqf (Special Account Resources Waqf Fund), and Awqaf Properties Investment Fund (APIF). In addition to this four waqaf entities, IDB also undertakes waqaf research and programs through its research arm, Islamic Training and Research Institute (IRTI).

Experiences Of Selected Waqaf Entities

Waqaf An-Nur Corporation Berhad, Malaysia

Waqaf An-Nur Corporation (WANCorp) was established on 25 October 2000 to manage assets and shares of Johor Corporation (JCorp) formerly known as Johor Economic Development Corporation (Borham, 2011) which have been transferred to them as waqaf assets. A memorandum of understanding (MOU) was made between JCorp and Islamic Religious Council of Johor on 4 December 2009 whereby the Johor Islamic Religious Council has agreed to appoint WANCorp to act as a special Mutawalli to manage shares and assets which have been made waqaf assets by JCorp and transferred to WANCorp (Borham, 2011). In the MOU, the Mufti of Johor and his Deputy, the Director General of Johor Islamic Religious Council, and executives from Johor Islamic Religious Council who were in charge of awqaf were made directors of WANCorp while some selected executives from JCorp were appointed as mutawallis.

On 3 August 2006, JCorp announced that RM200 million of the company's shares were given away as waqaf assets and transferred these shares to WANCorp (Waqaf An-Nur Corporation, 2008). These shares were taken from JCorp's public listed subsidiaries consisting of 12.35 million unit shares in Kulim Malaysia Bhd, 18.60 million unit shares in KPJ Healthcare Bhd, and 4.32 million unit shares in Johor Land Bhd. On 29 June 2009, WANCorp had used the *istibdal* principle

to substitute waqaf share from Johor Land Bhd with share from Al-'Aqar KPJ REIT since Johor Land Bhd. was no longer listed in the Malaysian Bourse.

As a corporate waqaf entity, WANCorp strives to achieve the following objectives:

- a. Incorporating Islamic values in the management and administration of JCorp and its subsidiary companies.
- b. Undertaking research on contemporary approach and providing policy recommendations in making JCorp an Islamic corporate entity.
- c. Coordinating and managing the operation of Waqaf An-Nur Clinics to ensure that the objective of providing affordable health care and dialysis service to the poor is realized.
- d. Planning and coordinating Islamic activities and incorporating Islamic values in JCorp and its group of companies.
- e. Acting as the Secretariat for Mosque Committee and coordinating the management of mosques which belong to JCorp.
- f. To be a main centre of reference for business management from Islamic perspective.

All income earned by WANCorp is declared as dividend. In terms of distribution of benefits, 70% of the benefit goes back to JCorp for reinvestment and human capital development, 25% goes to WANCorp for Fisabilillah and 5% is distributed to Islamic Religious Council of Johor. The idea behind this 70:25:5 formula and JCorp receiving bulk of the dividend is that the core contributor (JCorp) to the awqaf must continue to grow to enable it to contribute more of its assets to awqaf in the future. For the distribution of benefits under Fisabilillah, it has been used to fund charity and social works, human capital development, and for treatment of sick patients.

One of the most outstanding contributions of WANCorp through corporate waqaf is offering health services to the poor through chain clinics known as An-Nur Waqaf Clinic and Hospital Waqaf An-Nur which started their operation in June 2007 (Waqaf An-Nur Corporation, 2008). This was made possible with the professional and financial support of KPJ Healthcare Berhad, a subsidiary of Johor Corporation Berhad. At the end of 2011, WANCorp owns and operates 16 branches of An-Nur Waqaf Clinic, 4 dialysis centres, and one waqaf hospital managed by KPJ Healthcare Bhd (Waqaf An-Nur Corporation, 2011). In addition to using its own resources, WANCorp also received cash donations and in kinds donations, such as medicine, dialysis machines, and medical equipment from the community members and also corporate donors. Since starting its operation, as of 2011 An-Nur Waqaf clinics had treated more than 765,000 patients from various ethnic groups and religious background with only a nominal charge of RM5 for each treatment. All An-Nur Waqaf clinics are equipped with dialysis machines to cater the needs of patients at subsidized rates. In some cases, for deserving patients, the services are given free of charge.

Besides operating waqaf clinics, WANCorp is also involved in management of mosques and development of waqaf land. As of 2011, WANCorp is managing 7 mosques and 2 Islamic schools as well as developing a piece of land for to be used as orphanage. With respect to socio-economic development, WANCorp has set up a fund called Waqaf Business Fund to give microcredit to small business using qardul hasan concept. At the end of 2011, WANCorp has disbursed a total of RM393,600 microcredit loans given to 250 micro-entrepreneurs (Waqaf An-Nur Corporation, 2011).

Table 1. Disbursement of Benefits

| | 2010 | 2011 | 2012 |
|------------------------------------|----------------|------------|------------|
| Beneficiaries/Activities | (Amount in RM) | | |
| I. Reinvestment in JCorp (70%) | 10,297,744 | 28,650,000 | 36,270,000 |
| II. Fisabilillah (25%) | 866,635 | 930,218 | 3,460,420 |
| Charity and health services | 192,027 | 132,000 | 509,000 |
| Community programs held at mosques | | 20,000 | 25,000 |

| | | | |
|---|---------|---------|-----------|
| Construction of mosques, suraus, and Islamic centre | | 223,825 | 647,083 |
| Community service, orphans, and other CSR activities | | 439,244 | 2,088,117 |
| Entrepreneurship and human capital development | 35,000 | 74,116 | 1,312,303 |
| Special projects | | | |
| Orang Asli | | 41,034 | 60,000 |
| Imam Bukhari Theater | 659,608 | | |
| Johor Islamic Religious Council, MAIJ (5%) | 380,000 | 718,076 | 2,861,700 |

Source: Waqaf An-Nur
Corporation (2011).

On the humanitarian side, WANCorp has established waqaf brigade to provide emergency and relief works for victims of earth- quake, flood, tsunami, etc. In 2011, a total of RM127,414 has been channeled to provide relief for victims of natural disasters.

Table 1 shows details of distribution of benefits in 2010 until 2012 according to 70:25:5 formula as agreed between Johor Corporation and Johor Islamic Religious Council in 2006. In general, it can be seen from Table 1 that disbursement of proceeds to the three categories of beneficiaries increased significantly from 2010 to 2012. The amount reinvested in JCorp in 2011, for example, is more than doubled (RM28.65 million) compared to that of in 2010 (RM10.30 million). In 2012, the amount reinvested increased steadily to RM36.27 million. Proceeds allocated for Fisabilillah has also increased rapidly from RM0.93 million in 2011 to RM3.46 million in 2012. Furthermore, the beneficiaries under the category of Fisabilillah have also been expanded from 3 subcategories in 2010 to 6 subcategories in 2011 so that the allocation can cover more activities. It is also shown in Table 1 that the amount given to MAIJ has also increased significantly from only RM0.38 million in 2010 to RM2.86 million in 2012.

IIUM Endowment Fund

The IIUM Endowment Fund (IEF) was established on 15th March 1999 as a division of the IIUM. Structure-wise, the IEF is identical to Al-Azhar University Waqf and endowment fund of eminent universities in the UK and USA. It is overseen by the executive board chaired by the honorable Rector while the deputy rector of student affairs is the deputy chairman along with six other members. The IEF is managed by the management team headed by a Director. The IEF has three units comprising of the Corporate Communication Unit, Investment and Business Development Unit and Zakat and Training Services Unit.

In particular, the specific objectives of the IIEF are as follows:

- a. to solicit and receive contributions in the form of movable and immovable properties, cash, shares, negotiable instruments etc. from Malaysian and international donors for the purpose of education and research;
- b. to provide scholarships, loans and assistance to the needy students of IIUM;
- c. to promote and develop academic activities in IIUM, including research and publications;
- d. to fulfill specific wishes of a donor in so far as they relate to a particular objective within the parameters of IIUM; and to invest in investment avenues permitted by the Shari'ah.

Activities, Products and Services. Since its establishment, IEF has initiated various activities to raise funds for the students, involving both internal and external parties. It includes the general donation from individuals, companies and organizations; Kafalah programme; RM1 Campaign; and collection of Zakat through the collaboration with Lembaga Zakat Selangor (previously known as Pusat Zakat Selangor). IEF has also involved itself to a few business collaborations to increase the capacity of the funds.

Kafalah (Foster Parents). One of the main projects of the IEF is Kafalah or Foster Parents program. Kafalah is initiated to help the University to provide financial assistance to about 900 international students from all over the world. With an initial gift of at least RM350, a donor will be able to foster a student studying in the IIUM. The Endowment Fund simply allows donors to concentrate on choosing the foster students according to their preferences. **It is hoped that this will help to promote cross cultural appreciation and learning. In terms of method of contribution, the Kafeel (Foster Parent) may opt to be a full sponsor to a student or combination of partial Kafeel of two, three, four or five.** The payments can be made on a monthly, half yearly or yearly basis. Table 1 shows that from the year 2008 until 2012, the yearly collection of fund under Kafalah program ranges from RM45,000 to RM100,000.

RM1 Campaign. Another product designed by the IEF to raise funds from the IIUM community and the public at large is RM1 Campaign. Under this product, individuals or institutions are motivated to donate at least RM1.00 to the fund. In order to encourage the IIUM community to donate through this RM1 Campaign, IIUM staff can just fill in a form provided in the website of IEF, submit it for processing, and IEF will make arrangement for monthly salary deduction with IIUM Finance Division. The figures on funds collected by IEF under RM1 Campaign in Table 1 shows a steady increase from just RM48,000 in 2008 to RM73,000 in 2012.

Specific Donations

IIUM Perpetual Cash Fund. IIUM Perpetual Cash Fund is a specific donation product innovated by IEF. Contribution received under IIUM Perpetual Cash Fund is invested in Shariah compliant investment avenues. Returns from these investments are distributed in the form of financial aids to students.

IIUM Perpetual Property Fund. Contribution received will be used to purchase or construct any types of property. The returns, usually through the rental, will be used to assist the students financially. An example of this activity is the construction of the Azman Hashim Complex, a commercial complex built within the IIUM campus area, it is expected to generate a steady income flow into the IEF. The project costing RM6.4 million was fully funded by the Yayasan Azman Hashim, comprising of business premises (including banks, executive café, and bookstore) and a multi-purpose hall. Estimated rental income from the complex is expected to provide RM0.51 million per year, which is intended to be used to sponsor poor but excellent students for the whole period of their studies in IIUM.

In 2008, the IEF endowed to physical properties that are used as investment to create or earn a consistent flow of income for the fund. In this regard, the IEF has invested in 12 units of Putra Villa Condominium which are to be rented out at rental rates ranging from RM2,000 to RM2,100 monthly. The steady flow of rental income of these properties would add up to the endowment of the IEF, apart from the fact that this investment would also benefit IEF in the form of capital gain due to the appreciation of the properties. In addition, this investment is an effective hedge against inflation compared to merely accumulating cash as what is normally the case. Several possible arrangements can be implemented in terms of renting out these properties to interested parties so as to ensure highest rental return that could increase the ability of the IEF to become self income-generating that would ultimately benefit the beneficiaries.

Table 1 shows that IEF has been able to attract comfortable amount of donation from these two products. For example, in 2008, IEF was able to raise RM1.94 million under IIUM Perpetual Cash Fund and IIUM Perpetual Property Fund. The fund received in 2012 (RM7.88 million) had almost quadrupled the amount received in 2008. Figures in Table 1 also show that IEF has benefitted substantially from the income of cash and property investment activities. For example, income derived from cash and property investment activities was recorded to be only RM333,000, however, the amount had increased to RM1.59 million in 2009. Even though the figures in 2010 and 2011 show significant drop of investment income (RM627,000 and RM930,000, respectively), the year 2012 registered a commendable increase of investment income to RM2.44 million.

General Donation. From time to time, general donation drive is conducted to generate income. For example, in April 2012, the IEF Mega Fund Raising Carnival was launched and the carnival was able to raised more than RM100,000 to be contributed to the IEF fund. For the past five years, IEF has managed to attract substantial amount of general donations compared to specific fund raising products like RM1 Campaign and Kafalah. Even though the amount of collection has been decreasing in 2012 and 2012 compared to collections from 2008 until 2010. The figures

in Table 2 display that collection under general donation for the past five years ranging from RM1.76 million to RM2.79 million.

Table 2. General and Specific Donations Received by IEF, 2008 – 2012 (in Ringgit, RM)

| Year | General Donation | RM1 Campaign | Kafalah | Perpetual Endowment Cash/Property Fund | TOTAL |
|------|------------------|--------------|---------|--|-----------|
| 2008 | 2,100,000 | 48,000 | 45,000 | 1,940,000 | 4,133,000 |
| 2009 | 2,790,000 | 40,000 | 80,000 | 5,090,000 | 8,000,000 |
| 2010 | 2,750,000 | 47,000 | 93,000 | 18,000 | 2,908,000 |
| 2011 | 1,840,000 | 58,000 | 101,000 | 960,000 | 2,959,000 |
| 2012 | 1,760,000 | 73,000 | 56,000 | 7,880,000 | 9,769,000 |

Source: IIUM Endowment Fund

| Year | LZS Zakat | Sub-Amil Income | Business Activities Income & Other Income | Cash and Properties Investment Income | Corporate Zakat | TOTAL |
|------|-----------|-----------------|---|---------------------------------------|-----------------|-----------|
| 2008 | 1,790,000 | 111,000 | 68,000 | 333,000 | 613,000 | 2,915,000 |
| 2009 | 2,330,000 | 145,000 | 104,000 | 1,590,000 | 505,000 | 4,674,000 |
| 2010 | 2,730,000 | 170,000 | 79,000 | 627,000 | 615,000 | 4,221,000 |
| 2011 | 2,830,000 | 178,000 | 1,800,000 | 930,000 | 631,000 | 6,369,000 |
| 2012 | 3,070,000 | 191,000 | 20,000 | 2,540,000 | 590,000 | 6,411,000 |

Source: IIUM Endowment Fund

Zakat. IIUM, through the IEF division, has been quite active in seeking the corporates to pay zakat through the IEF, particularly those companies that practise the zakat return program. By doing so, the companies are able to directly choose the recipients of their zakat payment. In recent years, many companies, particularly the Islamic banks are giving zakat return to the academic institutions for the benefit of funding education for the needy students. For example, recently Affin Islamic Bank Malaysia Berhad contributed RM300,000 of zakat return to the IEF. The figures in Table 2 show that IEF received quite a significant amount of zakat return from companies and corporations. From 2008 to 2012, IEF has received zakat return from business entities ranging from RM505,000 to RM631,000.

In addition to corporate zakat, IEF has been appointed as an Amil to collect zakat from IIUM community. In order to encourage IIUM staff to pay their zakat through IEF, salary deduction scheme is practiced whereby 2.5% of staff income is deducted by IIUM Finance Division and credited to IEF account. Zakat collected from the IIUM community is forwarded to Lembaga Zakat Selangor (LZS). LZS will then return back 50% of the collection to IIUM through IEF to be distributed to deserving students and staff. Table 2 shows an increasing trend in zakat collected by IEF from the IIUM community. The amount of zakat collected in 2008 was RM1.79 million and it has significantly increased to RM3.07 million in 2012. Since the total collection of zakat from IIUM staff has increased, the amount of sub-Amil income that IEF has received from LZS has also been increased to reflect the increasing trend in the amount of zakat collection. For example, figures in Table 2 show that in 2008, the amount of sub-Amil income was RM111,000. In 2012, the amount has steadily increased to RM191,000.

Disbursement of Funds. Funds collected by IEF have been distributed mainly to students in the form of scholarships or partial loans. Only recently IEF has extended the distribution of the fund to deserving staff which includes those in the lower ranking salary scheme, staff who are faced natural calamities, etc. Table 3 shows the number of recipients who benefitted from the financial assistance given by IEF has steadily increased from year to year. For example, the number of recipients recorded in 2008 was 1,319 with the amount spent equal to RM2.35 million. By the year 2012, the number of recipients has almost doubled to 2,437 with the amount disbursed equal RM4.91 million.

Table 3. Number of Students Assisted by IEF, 2000 – 2012

| Year | Undergraduate | Postgraduate | Total No. of Students | Total Amount (RM) |
|------|---------------|--------------|-----------------------|-------------------|
| 2006 | 802 | 152 | 954 | 1,760,000 |
| 2007 | 1033 | 138 | 1171 | 1,600,000 |
| 2008 | 1133 | 195 | 1319 | 2,350,000 |
| 2009 | 1329 | 335 | 1844 | 3,160,000 |
| 2010 | - | - | 1,572 | 4,640,000 |
| 2011 | - | - | 2,715 | 4,250,000 |
| 2012 | - | - | 2,437 | 4,910,000 |

Source: IIUM Endowment Fund

Waqf entities under Islamic Development Bank (IDB) in Saudi Arabia

World Waqf Foundation (WWF)

The World Waqf Foundation (WWF) was established in 2001 (1422H) to enable waqf to support the socio-economic activities and social progress of its member countries and Muslim communities in non-member countries and to boost the efforts undertaken by IDB to promote waqf as an international financial and developmental institution, in compliance with the Shariah principles of waqf and the conditions of the waqifs (IDB Group Business Forum). The WWF is managed by the Council of Waqifs which consists of individuals and institutions who contribute to the resources of the foundation an amount of at least one million US dollars. The President of the IDB acts as the chairman of this foundation. The Council of Waqifs have the power to elect the Board of Trustees, which is also the Board of Directors of the WWF.

The IDB acts as the waqf trustee (Nazer) of the foundation and the Board of Trustees composed of the President of the IDB who acts as the chairman and six members elected by the Council of Waqifs. This Board of Trustees performs the business and affairs of the foundation.

The WWF seeks to use waqf as an alternative model to finance development programmes and projects. It also seeks to work as a strategic partner with various institutions, chambers of commerce, philanthropists and non-governmental organizations (NGOs). The existence of a healthy partnership among governments, NGOs, businessmen and various social organizations enable the WWF to execute projects and plans without much wastage of the resources. It also tries to cooperate with banks and other financial institutions in order to facilitate participation in the WWF. In addition, it invites private economic operators, government bodies, NGOs and civil society institutions concerned with waqf the opportunity to contribute to the WWF with the objective to gather support for waqf and promote its developmental role. It also sets the objective to restructure some NGOs to act as WWF's executive arm with regard to waqf programmes and activities.

In addition to the foregoing objectives, the WWF ensures that the investment of the foundation's liquid assets is invested in accordance with the principles of Shariah. The investment of these awqaf assets proceeds are placed in the programmes and activities with high returns. The WWF is financially independent from the IDB and keeps separate accounts and balance sheet. It is hoped that the strategies adopted by the WWF would be able to support the activities and programmes undertaken by the IDB and promote waqf as a viable alternative to contribute to the socio-economic development of Muslim people and communities.

Islamic Solidarity Fund for Development (ISFD)

The Islamic Solidarity Fund for Development (ISFD) was established in 2005 (1426H) and commenced its operation in February 2008. The salient features and areas of priority of ISFD include eradication of extreme poverty, building the productive capacities of member countries and elimination of diseases such as malaria, tuberculosis and HIV/AIDS (Report and recommendations of the President of IDB on first five-year strategy (2008-2012) for the ISFD). Although it is established under IDB, similar to the WWF, the ISFD is financially independent from the bank and keeps separate accounts and balance sheet. It seeks to work as a strategic partner with others, particularly in the areas of health, education, food security, microfinance,

and capacity building. The various partners include Earth Institute (Columbia University), MDG centre (Nairobi), World Congress of Muslim Philanthropists (WCMP), World Assembly of Muslim Youth (WAMY) and The Arab Bank for Economic Development in Africa (BADEA).

By April 2012 the fund had approved 25 projects with cumulative costs of US\$821.535 million of which US\$146.913 million was contributed by the fund and the balance amount was leveraged from partners and donors (ISFD 4th Annual Report, 2011). As of May 2014, 35 projects have been approved with cumulative costs of US\$1.2 billion. ISFD financing was US\$198.53 million while the IDB and other donors and partners contributed US\$984.55 million (ISFD corporate presentation).

Currently, there are three flagship programmes of ISFD which aim at poverty eradication namely Vocational Literacy Programme (VOLIP), Microfinance Support Programme (MFSP) and Sustainable Villages Programme (SVP). The objective of VOLIP is to reduce poverty especially among women in rural areas by equipping them with relevant vocational skill and functional literacy competencies. The projects approved under VOLIP amounted to US\$62.3 million (ISFD). Meanwhile, the MFSP provided loans to the poorest of the poor, enabling them to be employed and generate income activities, which breaks the vicious circle of poverty. The projects approved under MFSP amounted to US\$149.4 million (ISFD). For both VOLIP and MFSP projects, only US\$46.29 million were supported by ISFD funds while the remaining amount was leveraged from other sources and partners. The last flagship program, i.e. SVP is an innovative, integrated and inclusive approach to tackle extreme poverty in selected communities by helping them with low-cost, sustainable and community-led action plans. Each community is made up around 45000 to 80000 people. The total cost of the program is between US\$120 to US\$150 per beneficiary per year with an average cost per cluster is estimated to be around US\$20 million per country. The SVP is implemented in three phases with Chad and Sudan in the first phase, Mozambique and Kyrgyz in the second phase and Niger, Mali and Burkina Faso in the last phase (ISFD).

The other programmes in the pipeline include Basic Education for the Poor (BEP), Renewable Energy for the Poor (REP) and IDB-Grameen Social Business Initiative. These flagship programmes are hoped to further ISFD mission of alleviating poverty in OIC member countries and Muslim communities in non-member countries (ISFD).

IDB Waqf (Special Account Resources Waqf Fund)

The IDB has also established a Special Account Resources Waqf Fund on 1 Muharram 1418H based on the Board of Governors' Resolution. The Board of Governors has also decided that a certain percentage of the income for the Waqf Fund resources and the same percentage of the banking returns from the Bank's investments in the international market shall be transferred to the principal amount of the Waqf

Fund until it reaches one thousand million Islamic Dinars. The Waqf Fund is managed in accordance with its regulations by the Bank through a Board of Trustees. The regulations provide that the Bank's Board of Executive Directors shall be the Board of Trustees. Its business activities are carried out through the Bank's headquarters in Jeddah, Saudi Arabia. The financial statements of the Waqf Fund are expressed in thousands of Islamic Dinars. Islamic Dinar (ID) is the unit of account of the Waqf Fund and is equal to one Special Drawing Right (SDR) of the International Monetary Fund.

Revenue generating activities of the fund comes from i. commodity placements with banks; ii. Loans, which are disbursed from the Waqf Fund resources, are income free, except for a service fee calculated to recover part of the administrative costs of the loans; iii. Murabaha and other funds - income from investments in Murabaha and other funds is accrued on a time apportionment basis over the period from the date of actual disbursement of funds to the scheduled repayment dates of instalments; iv. Managed investments - Changes in the market value of managed investments are recorded as gains or losses in the statement of activities; and v. Investments in Islamic Ijarah Sukuk - Income from investment in Islamic Ijarah Sukuk is recognized as declared by the investee banks and includes accretions of any discounts, net of amortization of any premiums on acquisition.

In terms of the allocation of Waqf Fund income, as stipulated in the Waqf Fund's regulations, the net income of the Waqf Fund is allocated to the Waqf Fund Resources as in Table 8. The allocation of percentage of income from the Waqf Fund resources is reviewed each year on the basis of

annual income earned for that year.

Table 8: Allocation of IDB Waqf Fund (% of total amounts in 000 Islamic Dinars)

| No | Project Name | 1428H | 1427H |
|--------|--|------------|------------|
| 1 | Waqf Fund principal | 15% | 15% |
| 2 | Special Assistance | 65% | 65% |
| 3 | Special Account for Least Developed Member Countries | 20% | 20% |
| Total: | | 100 | 100 |

Investment of the IDB Waqf Fund is made by the Unit Investment Fund which was established to participate in the economic development of member countries through the pooling of the savings of institutions and individual investors, and to invest these savings in producing projects in the said member countries. The units of UIF are quoted on the Bahrain stock exchange and the Bank supports the market in these units by agreeing to purchase units available for sale in the market.

Awqaf Properties Investment Fund (APIF)

Another component of the waqf initiative undertaken by the IDB is the awqaf properties investment fund (APIF) (APIF, 2013). APIF was established by the IDB to assume the responsibility of developing the waqf properties in various parts of the world. The idea to establish APIF was mooted during the 6th Conference on Awqaf and Islamic Affairs of the OIC held in Jakarta, Indonesia on 29th October 1997 which saw the need to create a fund that could provide the financing support for development of awqaf real estate properties in the IDB member countries as well as in the Islamic communities in non-member countries. Generally, the objective of the APIF is to develop real estate properties on waqf land and renovate existing waqf properties so that these projects would generate income to assist the beneficiaries including the poor, needy and orphans. The specific objectives of the APIF are to:

1. play a leading role in the development and promotion of the waqf sector;
2. contribute to the revival of the sunnah of waqf;
3. develop new products for the waqf sector; and
4. invest in viable waqf real estate projects in accordance with the shariah.

Following the inaugural meeting on 3 February 2001, ten founding members had agreed to provide an initial capital amounting to US\$50 million being divided into 5,000, having a value of US\$10,000 each. Currently, the number of contributors has increased to 15 with total contributions reached US\$76.41 million. Contributors come from nine Muslim countries, namely Saudi Arabia, Kuwait, Egypt, Iran, Bahrain, Sudan, Jordan, Palestine and Malaysia. The list of the APIF members and their respective contributions is provided in Table 4 below. In addition, the IDB has also provided a line of financing of US\$100 million to APIF to undertake the waqf development projects.

Table 4: List of APIF Participants and Their Contributions

| No. | Participants | Country | Paid-up Capital (US\$ Million) |
|-----|---|--------------|--------------------------------|
| 1 | Islamic Development Bank | Saudi Arabia | 29.5 |
| 2 | OIC-Solidarity Fund | Saudi Arabia | 15.51 |
| 3 | Ministry of Islamic Affairs, Awqaf & Da'wah | Saudi Arabia | 7.5 |
| 4 | | | 5.0 |
| | Kuwait Awqaf Public Foundation | Kuwait | |
| 5 | Kuwait Finance House | Kuwait | 5.0 |
| 6 | Faisal Islamic Bank | Egypt | 3.0 |
| 7 | Iran Endowment Fund | Iran | 2.9 |
| 8 | Al-Baraka Islamic Bank | Bahrain | 1.0 |
| 9 | Bahrain Islamic Bank | Bahrain | 1.0 |
| 10 | Shamil Bank of Bahrain | Bahrain | 1.0 |

| | | | |
|----|-------------------------------------|-----------|-------|
| 11 | Islamic Tadamun Bank | Sudan | 1.0 |
| 12 | Jordan Islamic Bank | Jordan | 1.0 |
| 13 | Arab Islamic Bank | Palestine | 1.0 |
| 14 | Ministry of Awqaf & Islamic Affairs | Jordan | 1.0 |
| 15 | Amanah Raya Berhad | Malaysia | 1.0 |
| | | | 76.41 |

With the contributions from member countries, APIF played the role as the mudharib in managing the funds in order to achieve the objectives stated earlier. Total assets stood at US\$85.8 million as at end-2013, an increase of 6.2% compared to the US\$80.7 million recorded in 2012 (Table 5). A major proportion of APIF asset is in the form of investments, contributing 65.5% or US\$56.12 million of the total asset of US\$85.8 million. This is followed by receivables which contribute 17% or US\$17 million of the total asset. Financing, in the form of musharakah contributes about 3% or US\$2.5 million of the total assets. Investments largely come in the form of ijarah sukuk (44.6% of total asset) followed by ijarah muntahia bittamleek (18.8%) and Islamic lease fund (2.1%).

Table 5: Asset Composition as at end of 1434H (US\$ '000)

| | 1434H | | 1433H | |
|--|--------|------|--------|------|
| | Amount | % | Amount | % |
| Cash & Cash Equivalent | 1,168 | 1.4 | 30,566 | 37.9 |
| Investments–Ijarah Muntahia Bittamleek | 16,084 | 18.8 | 17,079 | 21.2 |
| Investments–Islamic Ijarah Sukuks | 38,226 | 44.6 | 17,926 | 22.2 |
| Investments–Islamic Lease Fund | 1,806 | 2.1 | 1,950 | 2.4 |
| Receivables–Murabaha Syndications | 14,368 | 16.7 | 1,385 | 1.7 |
| Receivables–Istisna'a | 298 | 0.3 | 348 | 0.4 |
| Financing-Musharakah | 2,486 | 2.9 | 3,204 | 4.0 |
| Accrued income and other assets | 11,325 | 13.2 | 8,261 | 10.2 |
| Total Assets | 85,762 | 100 | 80,719 | 100 |

In terms of financial performance, several indicators point towards sustained performance in 2013 compared to 2012 (Table 6). Net assets increased by 8.5% to US\$84.5 million in 2013 from US\$77.88 million in 2012, while dividend edged up slightly to US\$1.9 million from US\$1.8 million. In view of the slight increase in dividend, declared dividend remained at 2.5% in 2013. Despite this, net asset value per certificate improved to US\$11.063 in 2013 compared to US\$10.85 in 2012.

Table 6: Financial Indicators (US\$ '000)

| Financial Indicators | 1434H | 1433H |
|--|--------|--------|
| Net Assets | 84,532 | 77,878 |
| Net Income before Mudarib's share | 1,837 | 2,599 |
| Mudarib's share of net income | 184 | 260 |
| Transfer to General Reserve | 83 | 169 |
| Dividend | 1,910 | 1,795 |
| Dividend/Paid-up Capital – Declared Dividend | 2.5% | 2.5% |
| Average LIBOR (%) | 0.72% | 1.03% |
| Net Asset Value Per Certificate | 11.063 | 10.846 |

Currently, a total of 40 projects valued at over \$805 million have been completed or on-going in 22 member countries and Islamic communities in non-member countries (IDB 2012). In 2013 alone, a total of eight projects have been approved in terms of development of waqf properties. Total cost of financing to develop of these awqaf real estate properties amounting to US\$214.44 million, of which, APIF provided US\$35 million (or 16.3% of the total financing requirements), the IDB provided US\$48.7 million (or 22.7%) and the rests are covered from various other sources. With the collaboration efforts by APIF, various awqaf projects in the IDB member countries and in the Islamic communities in non-member countries are able to be developed. Specific projects being developed include construction of commercial and residential complex in Morocco, the

USA, Egypt, Germany, Indonesia, Macedonia, UK and Kingdom of Saudi Arabia.

Table 7: List of APIF Projects Approved During 1434H (Amounts in US\$ million)

| No | Project Name | Total Cost | APIF | IDB Line | Others |
|---------------|---|---------------|-------------|-------------|---------------|
| 1 | Construction of a student hostel Mohammadiyah, Morocco. | 15.75 | 4.0 | 1.65 | 10.1 |
| 2 | Construction of CAIR Plaza in Washington DC, USA | 30.60 | 5.0 | 11.0 | 14.6 |
| 3 | Construction of waqf commercial complex in Cairo, Egypt. | 38.10 | 4.0 | 6.15 | 27.95 |
| 4 | Purchase of an existing building (Elyas Ar Rumi) in Dresden, Germany. | 13.44 | 3.0 | 3.40 | 7.04 |
| 5 | Construction of office building in Jakarta Indonesia. | 48.00 | 5.0 | 10.5 | 32.5 |
| 6 | Construction of waqf commercial center in Gostivar, Macedonia. | 13.33 | 3.0 | 4.0 | 6.33 |
| 7 | Construction of commercial and residential waqf project in Manchester, UK | 28.92 | 5.0 | 6.0 | 17.92 |
| 8 | Construction of commercial and residential complex in Jeddah, KSA | 26.30 | 6.0 | 6.0 | 14.30 |
| Total: | | 214.44 | 35.0 | 48.7 | 130.74 |

In terms of geographic distribution of projects finance by APIF, a majority of 54% of the projects are in the MENA region, followed by Sub-Saharan Africa 31%, Asia 10%, Countries in Transition 3% and others 2%. There are clear procedures of project cycle for waqf projects financed by the APIF (Ahmed, 2014). This includes i. Identification and preparation of the project; ii. Evaluation and appraisal by the IDB; iii. Approval by IDB management; iv. Preparation of financing agreements by the Legal Department; v. Signature and declaration of effectiveness of financing agreements; vi. Implementation and disbursement; vii. Repayments; and viii. Completion and closure.

In order to ensure smooth execution of the development of the waqf projects, the following documents are essential (D. K. Ahmed, 2014): i. Waqf deed; ii. Detailed information on the waqf including profiles of nazer/mutawalli and its administration, activities, operation and investments; iii. Audited accounts of the waqf for the past 5 years; iv. Copy of the land deed showing full ownership by the waqf (or trust) and the land is free from encumbrances; v. Building permit; vi. Detailed feasibility study covering all aspects of the project (economic, financial, legal and technical).

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and technical).

Waqf Programs in IRTI

Since IRTI is the research arm of IDB, awqaf sector development programs under IRTI is focused on advisory, training, research and knowledge sharing. The ongoing waqf programs and activities are divided into five following areas:

- a. Creating enabling environment – developing model waqf law
- b. Strengthening information flow
- c. Capacity building - preparing awqaf training package (manual and courses)
- d. Knowledge creation – conducting awqaf research studies and events
- e. Knowledge and information sharing – developing awqaf database and publications

With regard to developing model waqf law, an agreement was reached in 2004 between the General Secretariat of Awqaf, the State of Kuwait, IRTI and WWF to develop Model Waqf Law, and the first seminar was held at IDB headquarters to deliberate in the issue. The draft text of the Model Waqf Law was produced in 2013. In addition to this, the explanatory memorandum of the law and the executive regulations of the waqf law were also drafted.

Final review of the three documents has been undertaken in the current year, 2014, by circulating the documents to Awqaf boards in the Muslim world and to some legal and Shari'ah scholars to seek their views. Feedback sessions at the IDB headquarters in Jeddah has been organized to study and discuss the remarks and views given by the Awqaf boards, experts, and jurists.

Preparation of the final version of the Model Waqf Law, the Explanatory Memorandum of the Law, and the Executive Regulations of the Waqf Law has been undertaken and the Law and its attachments were sent to the Secretariat of the Executive Board of Awqaf Ministers for approval and dissemination to Muslim countries.

In terms of capacity building, IRTI focuses on building professional cadre for Awqaf. Nineteen courses (5 in English, 2 in French, and 12 in Arabic) on awqaf have been conducted since 2009. The latest course conducted was Awqaf Development for Professionals in 2013 at Johannesburg, South Africa. In addition to conducting awqaf training courses, IRTI also prepares training manual on awqaf development and management.

Pertaining to knowledge creation and sharing, IRTI organizes and participates in conferences on waqf held in South Africa, Bangladesh, Singapore, and Indonesia. Furthermore, IRTI is also quite productive in producing literature on waqf. Thus far IRTI has produced 4 publications on awqaf in English, 1 in French, and 2 in Arabic.

On the way forward, IRTI hopes to widely disseminate the Model Waqf Law and related documents and to translate the documents into multiple languages. Moreover, IRTI will also identify research and training gaps in Awqaf, plans to re-launch the Awqaf Database project, as well as to publish proceedings of previous Awqaf conferences.

Conclusion

This study examines the best practices in waqaf management of selected waqaf institutions in Malaysia and Saudi Arabia. It discusses the role of waqaf in socio-economic development of Muslim ummah, the effectiveness of the management of waqaf institutions and the experiences of selected corporate waqaf entities namely Waqaf An-Nur Corporation, IUM Endowment Fund and five waqf entities under IDB.

Waqaf institutions have been known to have the ability to contribute to the economy and could play an important role in the socio-economic development of the Muslim society. However, as in many countries, waqaf institutions are not being given the proper attention, resulting in a vast amount of these properties being ill-managed. Many of the waqaf properties have immense commercial potentials, but are not being maintained properly, resulting in these properties do not yield their greatest benefits to the society. Among the factors identified include: legislative lacunae, administrative lapses, lack of political will, indifferent attitude of the management of the awqaf, and lack of honesty and integrity.

This study also discusses the best practices of selected waqaf entities in adopting different models in waqaf management. The first corporate waqaf entity is Waqaf An-Nur Corporation

(WANCorp) which was set up on 25 October 2000. It was established to manage assets and shares of Johor Corporation (JCorp) which have been transferred to them as waqaf assets. WANCorp declares all income earned as dividend and distributes the benefits with 70:25:5 formulae of which 70% of the benefit goes back to JCorp for reinvestment and human capital development, 25% goes to WANCorp for Fisabilillah and 5% is distributed to Islamic Religious Council of Johor. This formula enables the company to sustain its growth and enable it to contribute more of its assets to awqaf in the future.

Another example of waqaf entity is IIUM Endowment Fund (IEF) which was established on 15 Mac 1999 as a division of the International Islamic University Malaysia, under the Office of the Rector. It was established with the main aim of assisting excellent IIUM students who could not afford the tuition fees and living costs of studying in the university. In addition, it also has several specific objectives which among others, is to maintain the characteristics of a perpetual endowment fund. IEF has been innovative in generating income by introducing the Kafalah program which happens to be one of its major cash collection activities. It also has purchased 12 units of Putra Villa Condominium which are to be rented out at monthly rental rates ranging from RM2000 to RM2500 per unit. In addition, the Azman Hashim complex is also expected to generate a steady income flow of RM0.51 million per year to IEF.

The experience of Islamic Development Bank in developing and administering waqaf sector in the Muslim as well as Muslim minority countries has been quoted as a success story and best examples in many forums. Through one of its waqf entities, APIF, IDB has been able to develop 40 waqf projects in 22 member countries and Islamic communities in non-member countries. In addition to developing waqf projects, IRTI, the research arm of IDB focuses on capacity building by providing trainings to build professional cadre of awqaf. Another waqf entity under IDB, ISFD, undertakes waqf programs with the aim to eradicate poverty. One of the flagship program of ISFD is Sustainable Villages Program (SVP). SVP is an innovative, integrated, and inclusive approach to tackle extreme poverty in selected communities. These innovative programs undertaken by waqf institutions in Saudi Arabia and Malaysia could be replicated and adopted by waqf institutions in other countries to achieve commendable results in waqf projects and better serve the waqf beneficiaries.

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