

Waqf Practices and Its Sustainability: The Case of Universiti Sains Islam Malaysia

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Abstract: Waqf practices in the higher education has been adopted in the past centuries by well-known Islamic universities in the world for educational financial sustainability. In Malaysia, for the past few years, some of the government higher educational institutions have implemented the waqf system under the Malaysia Higher Education Blueprint 2015-2025 (MEB) to ensure the universities long-term sustainable funds. But before the MEB was implemented, the Universiti Sains Islam Malaysia (USIM) has developed its own Waqf Center in 2013 as a sustainable funding for the university's programmes and activities. The USIM Waqf and Zakat Centre (PWZ) has been well-developed through its Cash Waqf, Site Waqf and Education Waqf programmes. The objectives of this paper will explore the sustainability of the University waqf programmes and activities to the students and other target group of beneficiaries. For this purpose, analysis of the waqf implementation in other higher educational institutions in the Southeast Asia region will be undertaken. In this study, the data collection will include observation, interview and library documents and texts. The result of the research will analyse the impressive sustainability programmes and activities (students' residential college, health specialist clinic, mosques, hospital and mobile clinic.) that have been implemented by USIM as mutawalli. The paper forms a part of an ongoing research on the importance of waqf in enhancing the universities income generation.

1 INTRODUCTION

Background

The *waqf* development in the universities is not relatively new in the Muslim world. Its evolution can be found in the Muslim and non-Muslim countries in several decades prior to colonial era. Waqf in the educational institutions has a long historical roots that can be traced back at the time of the Islamic Golden Age. There are many old famous high educational institutions, such as Al Azhar University in Egypt (970 AD), the Al-Qarawiyyin University in Fez, Morocco (859 AD) and the Merton College, Oxford (1274) which were founded through the *waqf* system. Knowing the dynamics roles of *waqf* institution in the transformation of Muslim societies, particularly in the ASEAN region, there is a need to explore the sustainability of *waqf* programs in the Islamic higher education, particularly on its contribution to research, students'

scholarships as well as health and religious services to the Muslim communities.

Tracing the origin of *waqf* is not the prime concern of the study. Rather, it would be sufficient to recognize its development and sustainability in response to the increasing demand for contemporary education and research financial problems. The sustainable *waqf* system, which the higher educational institution had introduced is generally regarded as incomparable with other man-made institution i.e. charity, since its operation and management is deeply imbedded with Islamic worldview. *Waqf* becomes a holistic instrument in upgrading the legal, social and economic growth of Islamic educational institutions. In the olden days, waqf funds became the only financial source for Muslim schools maintenance, teachers and scholars sustenance by providing them a secure means of livelihood, and gave them the freedom to engage in research and produce considerable scholarly output that contribute to the development of the Muslim cultural and scientific activities. Another way of

fulfilling the functions of waqf was collecting cash from individuals and some private institutions to build schools or classrooms for disadvantaged students. It becomes an important part for educational institutions in fulfilling their responsibilities for the welfare of the society.

The waqf practices and its development in the higher education within the context of Malaysia as a secular state has always been an appealing subject to many researchers. The Malaysia Higher Education Blueprint 2015-2025 and the collaborative efforts of the universities are instrumental towards the development and sustainability of waqf practices in their respective campuses. The University Sains Islam Malaysia is one of the public universities that has been empowered in essence to become a *mutawalli* or waqf administrator in uplifting the socio-economic development of the *ummah*. The gradual success and sustainability of waqf practices in the Universiti Sains Islam Malaysia has no doubt, been inspired by other waqf educational institutions in the Muslim world. USIM becomes one of the pioneering forefront for waqf financing when Dato' Prof. Dr. Asma Ismail was the Vice Chancellor of the University. She was inspired to share the knowledge and experience of the Singapore Islamic Religious Council for the successful implementation of waqf management innovations (USIM, Website). USIM has also visited the Universitas Muhammadiyah and Universitas Darussalam in Indonesia which are fully established through waqf.

The Centre for Awqaf Financing Development of USIM started to operate on March 2013 with a total number of three (3) workers. On July 23, 2013, the Majlis Agama Islam Negeri Sembilan (MAIS) recognised the USIM Waqf Centre as a "*mutawalli*", where it was given a power to deal with the fundraising as well as the distribution of the waqf properties in Negeri Sembilan. The USIM academic staff and administrators are made to understand the concept behind *waqf* particularly the increasing realization of the need for support and subsidy for the poor university students and other purpose for the welfare of the needy people.

Objective

The main objective of the study is to explore and examine the sources and factors that contributed to the development and sustainability of USIM Waqf Centre and its activities, particularly on education and health matters. It will determine the growing need for an innovative waqf financing mechanism for socio-economic development. It will also identify the appropriate level of sustainable waqf

financing for other programs and activities in USIM campus. Issues and challenges faced by the Waqf centre as a *mutawalli* will be identified. The study will assess the persistence participation of the University stakeholders and the engagement of local financial institutions in providing quality services to the Muslim *ummah*. The goals and missions by the University on waqf management are mostly achieved particularly after zakat has been integrated to the USIM Waqf centre. The USIM Centre for Awqaf Financing Development has been restructured and renamed as the "Pusat Wakaf dan Zakat (PWZ)". But the contribution for zakat and its distribution will not be discussed in this study.

2 LITERATURE REVIEW

Islamic Relevant Sources

The important concepts for waqf management and development are based on the principles of perpetuity, inalienability and irrevocability of waqf properties. As the Qur'an says to the effect, O ye who believe! Give of the good things which ye have (honourably) earned, and of the fruits of the earth which we have produced for you, and do not even aim at getting anything which is bad, in order that out of it ye may give away something, when ye yourselves would not receive it except with closed eyes. (Surah Al Baqarah, 2:267), Another important Qur'anic verses on waqf provides "And spend of your substance in the cause of Allah, and make not your own hands contribute to (your) destruction; but do good; for Allah loveth those who do good" (Surah Al Baqarah, 2:195. During the time of the Prophet (s.a.w), it was reported that Umar ibn al-Khatab had a land in Khaibar. He consulted the Prophet on what to do with it. The Prophet said, "If you like you can give it in charity (as an endowment). So Umar gave it in charity as an endowment on the condition that it should neither be sold, nor given to anybody as a gift. (Dar al kotob al Ilmiyyah, 2008) Another Hadith was reported by Muslim from Abu Huraira (r.a) that the Prophet (saw) said: when a son of adam dies, so does their deeds except for three things: alms giving, benefited knowledge and pious son who pray for them (Shaḥīḥ Muslim 1631). It has been narrated that Mukhairiq made his will that his seven orchards in Madinah be given after his death to Prophet (saw). After his death, the Prophet distributed the property to the poor and the needy .

One of the famous story on waqf at the time of the Prophet (saw) was the case of a water well bought by Uthman (*Radiyahallahu 'anhu*) in Madinah during first year of Hijra. The well was originally belonged to a Jew who used to sell the water to the poor and needy people of Madinah at an exorbitant price. The Prophet (saw) promised Paradise to the person who would buy the well and donate it to the residents of that city. Upon hearing this, Sayyidina Uthman at once set out for the owner and purchased the well in two instalments, paying a total sum of 38,000 silver dirham, which was a hefty sum of money at the time. He then registered the well as *waqf* and allowed everyone, Muslim and non-Muslim, to draw water for free (Nazrin Muizuddin Shah, 2018). The well became a sustainable waqf property that has been used by the people until the present time in watering the surrounding farmlands and other trees including the date palms. In fact, the *mutawalli*, have invested the money or the income of fifty millions (Saudi Riyal) from the products produced by the farm and other waqf investment related to the use of the water well.

Related Studies

Waqf practices today may not be totally the same with the previous traditional practices by considering the present requirements and innovations needed for a corporate and professional waqf management like in the case of Singapore experience. The Majlis Ugama Islam Singapore (MUIS) through its subsidiary Warees Investments Pte. Limited successfully developed the wakaf land on Bencoleen Street from an abandoned wakaf site to a commercial residential building (USIM Website). Another example to be considered that has been practiced is the cash transfer funds and the concept of a *sukuk musyarakah* by involving mutual funds between investors and MUIS. This practice provides a huge returns for the MUIS and able to finance the needs of the *ummah*.

Waqf sustainability has been widely and deeply discussed in some previous studies and research program. Rashed Al-Jayyousi explained that waqf fund can promote partnerships among all relevant players within and between countries of the world. In Malaysia, the state of Negeri Sembilan succeed in putting forward the waqf agenda to higher educational institutions. It supports the social and economic activities and other research and educational programs by the local government.

George Makdisi (1981) discussed all the rights and duties pertaining to the administration of waqf including the rebuilding and preservation of waqf

properties, distributing the proceeds among the objects of the waqf, paying its beneficiaries, taking all precautions to preserve the properties and handling all disputes and litigations. As an instance are the rights and duties which was delegated by the Majlis Agama Islam Negeri Sembilan to USIM as an administrator and *mutawalli* for the state's waqf properties. He defines the *mutawalli's* authority over the waqf properties and its proceeds. This is in accordance with the practices of the Prophet (saw) by appointing others somewhere else. But *mutawalli* must be established as responsible and with integrity as well as transparent and rational.

The special features of waqf properties ownership has been explained by Muhammad Nejatullah Siddiqi (1996) by clearly emphasizing that it is not a private or public property but vested on the Almighty. Therefore, it has to be guarded against irregularities such as, fraud, misappropriation and mismanagement by individuals or organisations. It should be the subject for public welfare and Shariah objectives under *maqasid As-Shariah*. Other universities in the West were successfully established through endowment or waqf properties which are not only favourable to the Muslims but also other people with different religions.

According to Hussein Elasrag, prudent waqf management requires preservation and development of waqf assets, investment and generation of returns, ensuring that the returns or benefits flow to the beneficiaries as intended by the *waqif*. He pointed out that investment of waqf assets can be a necessity to generate an income which can be avail of for other matters related to the real intent in creating the waqf.

As the high educational institutions are currently working for a long-term sustainable financial funds due to an increasing cost and financial constraint, the government provides in 2015 the Malaysia Education Blueprint (MEB) for the universities that laid out some shifts to spur continued excellence in Malaysia's higher education. It is a blueprint that provides the tools that can be used and develop by the public universities to acquire an income generations from collaborative activities. One of the important sources for income generation is waqf collection funds. MEB highlights the necessary elements to be achieved for sustainable waqf funds for government universities. The basic concepts and challenges on waqf practices have been discussed to guide the stakeholders.

The State Islamic Religious Council (SIRC) has been recognized under the State List, Ninth

Schedule of the Federal Constitution the right to govern and develop the *waqf* management of the state. The SIRC of Negeri Sembilan can be a *khalifa* or vicegerent to supervise the *waqf* institutions and create partnership with the higher educations to enhance good governance. The *waqf* management in the state is governed by the Waqf Enactment (Negeri Sembilan) 2005 (Enactment No. 5). This enactment has been utilized and implemented to enhance the management of Negeri Sembilan waqf institutions, including the USIM Waqf and Zakat Centre. The enactment is a state law that defines the appointment of *waqf* registrar, the establishment of waqf management committee, the creation of a wide range types of *waqf*, such as *waqf ahli*, *waqf irsod* and, *waqf muabbad* including stocks, cash *waqf* and *waqf* funds.

With the power vested on SIRC as a sole trustee of waqf properties in Negeri Sembilan, a Memorandum of Understanding was signed between them and USIM on 21 January 2014 to jointly develop a number of projects to nurture the waqf culture especially through the establishment of the USIM Medical Specialist Clinic and the Haemodialysis Clinic (M, 2018). SIRC assigned the amount of RM1 million through USIM as a waqf grant. Another RM1 million was allocated for *qardhul hassan* to cover the costs of renovation and to purchase medical equipment for the medical, haemodialysis and special eye clinic. This loan has been already been paid after its few years operation.

3 ANALYSIS MODEL

The study utilizes the qualitative research methods. Inspired by the philosophy of integration of *Naqli* and *Aqli*, current literatures on Islamic and conventional social finance are consulted to understand waqf practices and its sustainability in the higher education. Various practices that had contributed to the development and sustainability of waqf centre in USIM are examined intensively. In-depth interviews with the officers of Pusat Zakat and Waqf in USIM had been conducted to assess the innovative financing mechanism and to understand the challenges faced the waqf centre as mutawalli. In addition, the blue print of Malaysian government in enhancing university income generation through endowment and waqf is examined to determine the sustainability of the programs and activities of waqf centers in USIM.

Development and Achievement of USIM Waqf Centre

The Universiti Sains Islam Waqf Centre has a great potential to achieve its own goals and missions because of having a dynamic nature in providing a continuous benefit to the social and economic development of the Muslim *ummah*. Although, waqf financing has been practiced in the past, but it is considered as something new in the context of USIM as a higher education. For the past few years, USIM was able to develop the best and most competitive model of financial development that gives a positive impact to education and health development. With the dedicated support of the SIRC to the USIM's waqf programs, right incentives in collecting the waqf endowment has been successfully implemented in the following ways:

- a. The *Wakaf Tunai* (Wakaf Al-Abrar Fund) or cash waqf has been practiced by collecting cash money from those who donated and who cannot endow a land or immovable properties. It is known as "*waqf musytarak*", which means, the gathering of several waqf endowment including money waqf. The cut-off salary and deduction from other claims are part of cash-waqf scheme. It provides an opportunity for the academic and administrative staff to take part in a charity as a kind of good deeds that will be rewarded in the Hereafter. The cash money has been used to fund the USIM Health Specialist Clinic for its medicinal, dental, primary care and haemodialysis. Other parts of the cash waqf has been used towards the development of mosques, hospitals, specialist clinics, student accommodations, Islamic kindergartens, playgrounds and many other aspects, all for the benefits of current and future generations (USIM Website).
- b. *Wakaf Tapak* or waqf site, refers to the endowed rental double-storey shop lots that accommodate the USIM Health Specialist Clinic (formerly named as USIM Eye Specialist Mobile Clinic) that provides health services among the needy people. It operates since 2015 to treat the asnaf patients who need a haemodialysis treatment due to an end-stage-renal disease.
- c. Education Waqf Programme is an endowment that has been contributed by different agencies beyond the USIM campuses and other donation from private individuals for the benefit of USIM undergraduate students who are not financially capable of maintaining their studies.

The main focus of the funding is for USIM to distribute and share the benefits for collective use. The scholarships are allocated for study fees, allowances, and other relevant financial assistance (USIM Website).

For the past few months, the PWZ was able to succeed in promoting the Wakaf and Zakat Boost by scanning the QR Code in a particular assigned strategic places around the main University campus. The cashless contribution from individual through Boost Application has increased the waqf collection from the past few months. Table 1 shows the amount collected from individuals by using the Boost QR Code from January-May 2019.

Table 1: Report on the contribution of individual waqf through BOOST.

Month	Contribution/Donation
January	-----
February	RM47.00
March	RM102.20
April	RM109.09
May	RM310.94

Source: *Al-Abrar Bulletin 2019*.

Cash wakaf scheme has been stated in Section 11 of Wakaf Enactment of Negeri Sembilan 2005. One of the methods to implement this Cash Wakaf Scheme is by salary deduction (*potongan gaji skim wakaf*). This scheme was introduced by USIM Wakaf Centre after it was established in 2013. The applicant staff needs to fill-up the application form and determine the amount to be deducted from the staff's monthly salary. Table 2 shows the amount deducted from the salary of 421 staff (out of 1,455 USIM staff) from January to May 2019.

Table 2: Report on Waqf collection from USIM staff's salary deduction.

Month (2019)	Contribution/Donation
January	RM12,238.00
February	RM13,722.00
March	RM14,411.00
April	RM14,956.00
May	RM15,659.00

Source: *Al-Abrar Bulletin 2019*.

Table 3: Report on Annual Waqf collection from USIM staff's salary deduction.

Year	Contribution/Donation
2015	RM68,280.00
2016	RM89,020.00
2017	RM123,040.00
2018	RM165,210.00
2019	RM85,629.00 (January-June 2019)

Source: *Al-Abrar Bulletin 2019*.

Table 3 shows the waqf contributions of USIM staff from 2015-to June 2019. The waqf funds have been used for USIM Specialist Health Clinic, the maintenance of the students' residence college and the Qur'anic Study Centre for Disabled people. Aside from funding those projects mentioned above, the PWZ has been providing financial funds and services to a number of educational and social activities such as:

- a. The Annual ASEAN Seminar on Muktamar Waqf Iqlimi, the "Waqf sustainability and Islamic Social Finance in Empowering Global Ummah Development". This seminar was held four times in Malaysia and Thailand for the past years. It disseminate information on the sustainability of establishing waqf that will strengthen the global community development by expanding the levels of teaching, research and industrial networking activities. The annual seminar was used to be co-sponsored by the Majlis Agama Islam Negeri Sembilan and other organisations and agencies.
- b. There are workshop sponsored by PWZ such as, Bengkel sumbangan projek pendanaan wakaf (Februari 14, 2019), Bengkel Pelan strategic dan Garia Panduan Zakat PWZ (March 28-30, 2019) and Bengkel Pemurniaan GARis Panduan Agihan Zakat (April 26-28, 2019). These workshops were able to gather some experts on waqf and zakat to contribute their expertise to produce waqf products on education.
- c. One hundred deserving USIM students were given a free rebate and free prepaid on March 2019 for the purpose of helping them financially.
- d. With the help of Petronas in Bandar Baru Nilai, PWZ provided the free petrol for some motorists on May 2019.

Since January 2019, the USIM Wakaf and zakat centre have received the contribution from Perumaham Kinrara Berhad, Tenaga Nasional

Berhad, Etiqa General Takaful Berhad, Bank Islam Malaysia Berhad, Maybank Islamic Berhad and Swiss Retakaful as well as Syarikat Takaful Malaysia (Al-Abrar Bulletin, 2019).

Analysis

The increasing amount of waqf contribution every month through Boost and also the salary deduction from the USIM staff implies the growing awareness on the importance of waqf and its benefit to the beneficiaries and the *waqif* or donors. It shows that Muslims are encourage to cultivate the Islamic culture of sharing for charitable purposes for the sake of the *Ummah*. Through Boost and deduction from the staff's salary, they are able to practice the waqf in their lifetime based on the concept of *mahabbah* or love and brotherhood, although they cannot afford to provide a high-valued waqf properties such as, lands, houses, and others.

With the trust and transparency that have been shown by PWZ as a *mutawalli*, the government and private agencies have extended their support to the different activities sponsored by PWZ. The health services brought by USIM Specialist Medical Clinic to 2,690 patients over the period 1st January 2016 to 8 June 2018 may have developed an effort to trust the waqf system in a higher educational institution. In fact, the observed success of PWZ in providing the medical and dental services has brought the attention of Perbadanan Nasional Berhad to contribute the RM700 thousand waqf fund for the purchase of two intermediate shop-lots, premises for the USMC and USIM-MAINS Haemodialysis Centre (Muhd. Fadzli Rosli, 2018).

The PWZ was able to sponsor the activities with a high positive impact to the development and sustainability of University. It becomes a dedicated unit that support the income-generating programmes and incentives of the University. In 2019, PWZ has given much attention and planning in developing the students' comfort as part of intellectual capital through the building of students' hostel, the Ummi Maktum Research Centre and the students' medical hospital (Al-Abrar Bulletin, 2019).

In spite of those increasing amount of contribution and additional number of people joining the waqf practices, there are other normal issues to be considered that usually associated with waqf management in SIRC including the PWZ, such as, the workforce is still at a low level compared to other states (Johor and Selangor) with a more systematic management. There is a need to increase the number of staff and experts in relation to the different programs and activities handled by the

institution. Another challenging issue, is how to maintain the participation and cooperation given by the public in continuing their waqf contribution. In order to overcome this problems, the SIRC and the PWZ must work hard in promoting more awareness as to the benefits of waqf and also to develop more sustainable activities for public purposes.

4 CONCLUSION

Conclusion

The study shows that creation of waqf funds in a higher educational institution can increase its dynamic and sustainable programs for social and economic development. The PWZ strategies and initiatives for the past years have assisted the Universiti Sains Islam Malaysia to expand its economy and also promote the marketing agenda in attracting more agencies and organizations to provide financial assistance to the objectives and missions of the PWZ. In conclusion, the PWZ has provided an alternative for a long-term and sustainable source of income to the University's programs related to education, health and other activities.

Recommendation

This study strongly recommends that PWZ has to adopt the funding expansion mission provided in the Malaysia Education Blueprint 2015-2025. The University has to increase its global prominence through the waqf financial fund providing assistance to deserving international students, especially those who are coming from Muslim minority countries to attract international collaborations.

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