

## LITERATURE ON CURRENT DEVELOPMENT OF WAQF PRACTICES IN MALAYSIA

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### ABSTRACT

*The waqf instrument is a combination of a form of charity and a means for economic development and possesses its own unique characteristics. Waqf is a precious instrument of the Islamic civilization legacy that has been practiced for a long time. In Malaysia, the total waqf land area is about 11, 091.62 hectares and of this, 6,255.12 hectares are specific waqf whereas the remaining 4,836.50 hectares are general waqf. This amount is quite considerable in terms of its potential in the economic development of the nation. An integrated and proactive approach has transformed from a traditional system to its contemporary form today, while keeping closely to shari'ah principles. Seeing that waqf can substantially contribute towards the country's economy, the Malaysian government has taken significant steps in the management of all existing waqf assets and included it in*

*the national economic development agenda. This article aims to highlight the current state of waqf development in Malaysia by providing relevant literature on this topic. This study applies a qualitative method by using a library research approach. The discussion is divided into several important areas of waqf development namely contemporary innovations and products development, management and governance as well as the government initiatives. Thus far, the state of waqf in Malaysia is very dynamic and not remain just a religious commitment but it is fully utilized to ensure the economics, human and social development of the society as a whole.*

**Keywords:** *waqf, product development, governance, current development*

## **INTRODUCTION**

Waqf is one of the many acts of charity that is advocated in Islam. Waqf has long existed in other parts of the Islamic world. Waqf or “wakaf” (in Malay), which literally means “religious endowment” is one of the religious, pious or charitable donation that recognised in Islamic law. It has been practiced in the Muslim world since the early ages of Islam and widely accepted in the modern Muslim countries with different terms. Like in Tunisia, for example, it is known as hubus, in France habous, in Turkey vaqf and boniyad in Iran. In Arab countries it is known as waqf while in Malaysia it is wakaf (Siti Mashitoh Mahamood, 2001: 27). The waqf system has been practised in Malaysia since the early advent of Islam in the Malay Archipelago in 17th century. However, most of the endowed/waqf assets were managed by religious individual until a couple of years after the Malaysian independence when the religious authorities took an initiative to manage the assets.

Malaysian government, in its national economic development agenda provides pro-active solution to assure the waqf assets in Malaysia are well managed and able to contribute to the development of Muslim particularly. Given this background, this paper offers a discussion on the current waqf development in Malaysia by providing the challenges and achievements of waqf as the most possible roles in ensuring an economic development to the Muslim in Malaysia. The paper is divided into six sections. The first section provides an introduction, then the second section discusses the classical concept of waqf, followed by the legal framework of Waqf in the third section. Then the fourth section explains briefly about the institutional framework by highlighting the role of the Islamic Religious Council in waqf management and fifth sections provides recent development of waqf practice in Malaysia

which is the main discussion of this paper. Finally, the last section concludes the whole points of this article.

## **THE CLASSICAL CONCEPT OF WAQF**

Semantically, wakaf refers to al-habs (Ibn Manzur, 1990: 359). Among others, it means prohibition, forbidence, withhold. It refers to the prevention of any acts of tasarruf (Wahbah al-Zuhayli, 2004, 7599). According to the Dewan Bahasa dan Pustaka dictionary, wakaf is used to mean a contribution from someone for the benefit of others or a gift from a person for the general public or to be used for the teaching or pronotion of Islam (Noresah Baharom, 2002: 1542). The term as used in Islamic jurisprudence, means a form of dedication of one's asset either overtly (*sarih*) or covertly (*kinayah*); whereby the said property is to be held and only its returns are to be taken or used for a specific or collective good (Siti Mashitoh Mahamood, 2006: 16). Commonly, waqf refer to a pious foundation, which is defined in various ways in the Shari'ah by different schools of laws. The term waqf refers to things which are intact in themselves and yet produce an income or benefit, the owner of which foregoes his right of ownership on condition that the product serves charitable purpose. However, this legal process of dedication is not according to the popular meaning of the term, but rests on the endowment itself, which is properly called *mawquf*, *mahbus*, *muhabbas* or *habis*. Based on the terminology as discussed above, wakaf is a form of physical retention or control (*cain*) over an asset that has been given wakaf status and its proceeds or returns are to be used for charity. Wakaf should also be performed in accordance with the syariah be it for the benefit of certain individuals or for the collective benefit of all Muslims.

## **REGULATORY FRAMEWORK OF WAQF IN MALAYSIA**

In Malaysia, under Article 4 (1) of the Federal Constitution, this Constitution is the supreme law of the Federation and any law passed after Independence Day which is inconsistent with this Constitution shall, to the extent of the inconsistency, be void. Constitution provides two main areas of Federal and States under the Federal level List 1 and List 2 for the Federal and State legislature. The federal Constitution of Malaysia provides the interpretation of Islamic law under the Ninth Schedule, List II State List for the state level. One of the provisions that have been stated under List 2 covers the matters relating waqf, the appointment of trustees and the incorporation of persons in respect of Islamic religious and charitable endowments operating wholly within the states. Nowadays, laws governing the administration of waqf in Malaysia

are promulgated in every state. They are as follows Perak- Administration of Islamic Law Enactment, 2004 (No.4/2004), Johor- Administration of Islamic Law Enactment, 2003 (No.16/2003), Selangor- Administration of Islamic Law Enactment, 2003 (No.1/2003), Melaka- Administration of Islamic Law Enactment, 2002 (No.7/2002), Terengganu- Administration of Islamic Religious Affairs Enactment, 2001 (No.2/2001), Kelantan- Council of The Religion of Islam and Malay Custom Enactment, 1994 (No.4/1994), Pulau Pinang- Administration of Islamic Religious Affairs Enactment of the State of Penang, 2004 (No.4/2004), Sarawak- Majlis Islam (Incorporation Ordinance, 2001, Pahang- Administration of Islamic Law Enactment, 1991 (No.3/1991), Perlis- Administration of Muslim Law Enactment, 2006 (Enactment 4/2006), Kedah- Administration of Muslim Law Enactment, 2008 (En. 5/08 / En. 9), and Sabah- Administration of Islamic Law Enactment, 1992 (No.13/1992).

At present, it should be noted that only some of states in Malaysia have the specific enactments on waqf which has been firstly introduced at the state of Selangor in 1999 namely the Wakafs (State of Selangor) Enactment, 1999 (No.7/1999) amendment 2015 through Wakafs (State of Selangor) Enactment, 2015 (No. 15/2015). Then, it followed by two other states; which are Negeri Sembilan, wakafs (States of Negeri Sembilan) Enactment 2005 (No.5/2005) and Malacca, wakafs (States of Malacca) Enactment 2005 (No. 5/2005). Among the latest specific enactments on waqf are Negeri Perak, Wakaf (State of Perak) Enactment, 2015 (No.9/2015) and Negeri Terengganu (State of Terengganu) Enactment, 2016 (No. 1/2016).

For the rest of the states, generally the provisions of waqf in those legislations are not unified and are less elaborated, confined to the administrative and procedural aspects rather than the substantive aspects for the creation of a waqf. Having specific enactments of the matters relating to waqf shows a very positive development in the legal aspects of waqf in Malaysia. Furthermore, these specific laws also become a guidance to practitioners in the administration and management of waqf in view of existing provisions that are covers substantive and administrative.

## **INSTITUTIONAL FRAMEWORK OF WAQF IN MALAYSIA**

In Islam, a person who administers and manages waqf assets is called a *mutawalli*, *nazir*, or *qayyim* (Mohd Zain Haji Othman, 1982: 21). In the conduct of his duties, this person must exercise extreme caution because he has to constantly bear in mind the rights and interests of the society; namely in fulfilling of the benefactor's wishes. Among his primary duties are to safeguard

the asset and ensure that it is kept in good condition and at the same time generate some form of gains from it to be given out to deserving beneficiaries. At the same time the administrator must ensure that the asset is kept safe and is free from any forms of misuse.

In Malaysia, the State Islamic Religious Councils are the institutions that are responsible for the administration of waqf. All state enactments have provisions for the state to act as sole trustees for waqf assets. Awqaf assets in Malaysia are entrusted in the State Islamic Religious Councils of each state. They were appointed as the sole trustees of these assets. Therefore, the State Islamic Religious Councils have the power to take all necessary steps like convert, lease, or engage another party to work the land on a profit-sharing basis to develop and obtain returns from the properties as long as the acts comply with the *shari'ah* (Mahmood Zuhdi Abd Majid, 1999: 17-29).

Furthermore, the State Islamic Religious Councils have the right to not only administer but also conduct the appropriate activities for the sake of developing the properties to generate incomes which later are distributed to the needy. The State Islamic Religious Councils or the “Majlis Ugama” of all states, which has been appointed to aid and advice the ruler on matters relating to Islam and Malay customs in the State functions as the policy maker for Islamic matters including waqf as provided under the Ninth Schedule of the Federal Constitution. In order to coordinate the management of zakat throughout the states in Malaysia, the Department of Waqf, Zakat and Haj – JAWHAR was set up. JAWHAR was established on 27 March 2004 by the fifth Malaysian Prime Minister, Tun Abdullah Ahmad Badawi (JAWHAR, 2007: 4). Among the missions of JAWHAR are to enhance the quality system to world class standard, upgrade the socio-economic status of the ummah through the empowerment of waqf, zakah, mal and haj institutions and strengthening the governance of waqf, zakah, mal and haj institutions towards attaining world class standards (Sohaimi Mohd Salleh & Syarqawi Muhammad, 2008: 15).

## **RECENT DEVELOPMENT OF WAQF PRACTICE IN MALAYSIA**

This section provides current literature on the development of waqf practices in Malaysia. For the sake of better understanding, this section is divided into several sub-section on the latest literature of waqf practice which includes several issues namely management and governance, contemporary product development of waqf, and government incentives.

## **Contemporary Innovations and Product Development of Waqf**

It is crucial to understand that the scope of waqf assets is not narrowly interpreted to just land and premises only. Following this, it is also practical to extend our range of waqf assets beyond the specific places of worship or cemeteries only. The range of benefits and services could be extended to other services like commercial, education and even medical facilities which are equally valuable and effective forms of contribution to the well-being of the ummah. Malaysia continues to make efforts to further develop and strengthen wakaf funds to become as competitive as Singapore, Kuwait and other Muslim countries. In Singapore for example, the Islamic Council (MUIS) developed the waqf bond. Islamic bonds were created to develop wakaf land and this is done through the application of Islamic muamalah contracts like ijarah, mudarabah, musyarakah, istisna', muzara'ah, murabahah among others (Ahmad Zaki Hj. Abdul Latiff, 2005: 25). Dr. Monzer Kahf proposed a few models for the financing of wakaf involving various instruments like ijarah bonds, muqarradah bonds, mudarabah and shares based on the hukr method (long lease) (Kahf, Monzer, 1998: 45-46). Another example is the Kuwait Awqaf Public Foundation (KAPF) which has successfully generated more wakaf out of returns from the original ones. Various strategies and investment policies have been planned and executed in the best way possible in line with shari'ah principles. The values of returns in 1996 exceeded KD 10.1 million (USD 33.7 million) and this is 294% of the 1994 income (al-Fadhli Dhahi, 1998: 5).

In Malaysia, various efforts have been made by the government to ensure that wakaf assets are properly managed and optimally developed. It would be detrimental if these assets which are full of economic potential for the nation are not well managed. New developments in modern economics provide various economics instruments for the wakaf to be developed. Consequently, traditional forms of wakaf like the setting up of mosques, Islamic schools, musolla and cemeteries have to be complemented with contemporary forms of wakaf. Malaysia is no exception in terms of the availability of a wide range of contemporary wakaf products like cash wakaf, wakaf shares, wakaf sukuk, REITwakaf (Mahamood et al, 2018:12) and wakaf in the form of Takaful Wakaf Plan (Rosele & Johari, 2016: 28-38). This has been a positive development in the light of the current unpredictability surrounding the world economy which calls for newer and more effective methods to ensure the nation's economic development agenda is not hampered and economic growth can continue to be enjoyed by the people.

This seems to be just the right strategy for the religious councils in elevating the status of the wakaf institution. Another example worth mentioning is the

collaboration between the Johor state religious council and Johor Corporation in setting up the An-Nur Wakaf Clinic. The clinic has been successful in attracting further wakaf contributions in the form of cash as well as equipment. The clinic is run on the concept of wakaf. A dialysis centre has been built next to it. HRH the Sultanah of Johor herself presented a dialysis machine to the centre (Mahamood et al, 2007: 1-32). The wakaf funding for the clinic was spent on its construction and operations. It is the first wakaf clinic in the country situated at Pasir Gudang in Johor. In Malaysia, there is an increasing awareness among the corporate sector in their social responsibility and wakaf is yet another form in which they can partake. Wakaf is an alternative form of philanthropic exercise in Islam which fits in well with corporate social responsibility. This is also practised in Turkey (Melsa Ararat, 2007: 271-285).

In order to further develop the waqf properties and assets in Malaysia, (Zain and Sori, 2020:301-314) explored a sustainable and responsible investment (SRI) sukuk model based on Musharakah that could be implemented to develop waqf properties and assets under the SRI sukuk framework in Malaysia. The study adopted interviews and it proposed that the most feasible SRI sukuk model could be implemented in the Malaysian context for the development of waqf properties/assets, which is a Musharakah-based sukuk model.

Effort to develop idle waqf was also discussed by (Pitchay et al 2018:225-236), where they proposed developing idle waqf lands using the concepts of cooperatives and waqf. The proposed approach is unique because it incorporates a new level of membership into the waqf project. Donors are considered members of the waqf project, which is sponsored by the monetary waqf received, and donors are thus given the opportunity to gain from commercialised projects. This model is an improvement of the traditional ways of donation via cash waqf structures whereby the donors only make a cash waqf contribution with no knowledge of how the funds will be utilised. As such, lack of mutual communication between cash waqf donors and waqf institutions would normally causes the problem.

Again, with the effort to fully utilize the waqf land, (Thaker and Pitchay 2018:448-456) offered other proposals on waqf and crowdfunding especially from the Malaysian context. The study offered a viable alternative approach for waqf institutions to develop waqf land utilizing crowdfunding as a source of funding. This approach combines the donation-based and reward-based crowdfunding models into one. This concept differs from the current method of raising cash waqf, which is also done online by financial institutions and state government organizations. Later, the cash waqf fund is converted into illiquid assets, such as the construction of hospitals and educational institutions, as

well as the purchase of machinery and assets. However, the nature of the proposed model in this study is to assist waqf institutions to develop waqf land. Crowdfunding model is used to raise funds to develop waqf land in Malaysia. The fund collected via crowdfunding model is donation and reward based, not on the nature of cash waqf.

Furthermore, (Iman and Mohammad 2017:419-440) argued that waqf-based entrepreneurship as an alternative socio-economic framework of society's well-being. They promote waqf as a framework for entrepreneurship. It has identified certain opportunities and obstacles in developing waqf as a framework for producing economic outcomes that may be used to improve society's well-being. Malaysia has a state-based waqf institutional set-up and waqf models, but the financial structure, which incorporates the waqf, has yet to mature which requires immediate attention for the establishment of a waqf bank.

Recently as Malaysians are occasionally affected by the floods due to uncertainty of the climate, the role of waqf was perceived to have great potential in assisting the flood victims. (Salleh et al 2020:1941-1952) presented an alternative Takaful approach for flood victims in Malaysia based on the waqf principle. This study is the beginning step in proposing the Takaful model and discusses the theoretical background of the model, which includes identifying the suitable Islamic principles and roles of parties involved in the model framework. In order to accommodate businesses and individuals which were impacted by floods to cope financially, the Takaful sector must offer a specific Takaful scheme to flood victims and ultimately would realize its main goal of providing financial security for social well-being. There is no reason why the various institutions (Takaful operators and the State Islamic Religious Council) should not work together to bring the waqf-based Takaful model to ensure it is done in its original form to achieve the *maqasid Shariah*.

As such, more holistic and effective development of wakaf assets is expected with the existence of collaborative efforts between various parties. Although the State Islamic Religious Councils are the sole trustee of wakaf assets, as provided under the governance of state Islamic affairs; however, this does not prevent the Council from engaging in collaborative work with other parties namely in the area of research and development of wakaf assets. This is because growth and development of wakaf assets require readiness and willingness on the part of the Councils to collaborate with the corporate sector for instances the Takaful companies and the financial institutions.



## **Regulation, Management and Governance of Waqf**

A discussion under this section highlights the importance of regulation, management and governance of waqf development in Malaysia. Issues related to accounting and accountability are also argued as they serve as an important aspect to ensure the effectiveness and efficiency of waqf which ultimately relates to sustainability of waqf not only as a religious tool, but as instruments for human, economics, and social development.

Generally, the statutes and regulation of waqf in Malaysia are not uniform. On the legislation of waqf, not all states apart from Selangor, Melaka dan Negeri Sembilan have an enactment specifically on waqf. The rest merely have a generalized enactment on the governance of Islamic affairs in the states and these legislations are in need of improvement and refinement so that they are more orderly and balanced in terms of administration and substantive laws on waqf. It is imperative therefore that the states formulate a more specific enactment regarding waqf because it can substantially facilitate the administration of waqf in the states and indirectly, Malaysia. Besides, the definition of waqf needs to be broadened in view of the latest economic developments where concepts like waqf shares, shares that are given to waqf and cash waqf. A broader interpretation may be able to avoid misunderstandings and able to convince the public that waqf in those forms are also permissible by the shari'ah.

The legal provision for the principles of Islamic waqf also needs to be emphasized and prioritized whereas provision for the kinds of investment that are allowed in Islam for waqf assets also needs to be made. In addition, the provision for the istibdal waqf also need to be updated. The lack of sound provision can lead to confusion which requires holistic and clear legislations. These efforts are in line with current concerns about ensuring that waqf assets are not only developed to their fullest potential so that the society can reap and enjoy the benefits, but also that the efforts remain consistent with the benefactor's wishes. Provisions for offences, penalties, prosecution and enforcement have to be made for all states in order to ensure the effectiveness of waqf assets management will continue to benefit the recipients. The issue of invasion of waqf land has to be made a top priority in the formulation of waqf legislation in order to prevent invasion and illegal occupation of the said lands. In addition, provision in the current legislation that supports or facilitates asset development should be optimally exercised by the states' religious councils so that waqf assets and funds could be further expanded from time to time.

The state religious councils in this respect may appoint certain organizations to manage some of their assets. However, this should be accompanied by close

monitoring and control to avoid any form of deviations from the shari'ah. In other words, this would also affect the credibility and reputation of the state religious councils in terms of public confidence in managing the assets. It also conveys to the public that other interested parties are also given the opportunity to contribute to the development of wakaf. Participation and assistance from various competent parties also help to ease the pressure on the councils in terms of administration and management, finances, legislation, public involvement, the status of non-Muslim clients and many more (Kamarudin Ngah, 1992: 39-56; Megat Mohd. Ghazali Megat Abd. Rahman, 2006: 1-6).

Moreover, the issue of governance is very crucial. Khamis and Salleh 2018 highlighted that the majority of Waqf institutions have made efforts in promoting cash waqf based on its regulation, financial sources, collaboration, duration of cash waqf implementation and its strategic planning. However, the current practices of human resource, documentation and reporting are not suitable with the current pace of evolution to fully realise the benefit of cash Waqf. This research revealed the loopholes in the management of cash Waqf and suggested several ways for improvement as a reference for Waqf institutions in order to improve their cash Waqf implementation. It is a significant endeavor for Waqf institutions in Malaysia to develop knowledge on cash Waqf management as well as provoking speedy development progress of cash Waqf implementation in Malaysia.

Kamaruddin and Haneefah (2021: 455-473) further highlighted the need for all waqf institutions in Malaysia, especially for non-corporate waqf institutions, to enhance their waqf governance practices by disclosing all relevant information to the public. This is because the success of waqf fund management can be portrayed through the management's transparency in waqf governance practices on how they deliver and use their resources to attain socio-economic objectives. The good management of waqf includes the adoption of proper accounting and reporting. Dalila (2019: 392-406) further pointed out the need for Islamic governance to have transparency in waqf reporting. A section on Islamic governance is given as it is believed to be appropriate to explain how Islamic governance is important to implement waqf reporting. There is no specific framework for waqf governance at the moment. As mentioned earlier, each council is governed by the state governments and the policies implemented in individual governments are different. Thus, it is suggested that Islamic council should implement Islamic governance with some Islamic supervision strategies.

Due to non-uniformity of the regulations, it is undeniable that the waqf institutions faces great challenges to have a good and common practice of

waqf reporting and accounting, Talib et al. (2020) found that coercive pressure such as government regulation contributes to challenges in the adoption of waqf accounting and reporting. Normative pressures contribute to challenges in formulating standardised waqf accounting and reporting, whereas mimetic pressure contributes to challenges in the comparability of the waqf accounting and reporting among the state Islamic religious councils in Malaysia. In the efforts towards the standardisation of waqf accounting and reporting practice, a similarity of the process of the standard implementation or the institutional isomorphism of the State Islamic Religious Council in Terengganu is strongly influenced from the result of the mandate of its Board members and Fatwa council members (coercive isomorphism and religion logic) and minor influence from the normative isomorphism (the result of the participants' education and profession) as well as the result of imitating other State of Islamic Religious Councils (SIRCs) because of the ambiguity of the process or certain practice.

### **Incentives and Encouragement from the Government**

The Malaysian government has taken various steps to increase the wakaf assets in realizing the potential and opportunities in the development of wakaf assets in Malaysia. In 2004 Dato' Seri Hj Abdullah Ahmad Badawi, the former Prime Minister set up JAWHAR (The Department for Wakaf, Zakat and Haj) under the Prime Minister's Department. Its main objective is to monitor and coordinate the management of wakaf, zakat and haj activities for better efficiency and effective delivery system. As far as the management of wakaf and zakat are concerned, JAWHAR is also expected to facilitate coordination efforts made by the various state level religious authorities as far as the management of wakaf and zakat are concerned. Establishment of the Wakaf Foundation of Malaysia on 14 February 2008 was another effort by the government to further boost development on wakaf assets and raise the socio economic level of the Muslims. The setting up of this division able to assist the management and development of wakaf assets by the state religious councils. This government initiatives evident from the allocation of RM250 million fund in 2006 under the 9th Malaysia Plan (RMK9) (Sohaimi hj Mohd Salleh & Syarqawi Muhammad, 2008: 15).

As a result, Wakaf Hotel in Melaka costing RM25.60 million was established, the Al-Mashoor education complex in Penang was constructed at a cost of RM41 million and the construction of another wakaf hotel in Perak costing RM19 million. Under the 10th Malaysia Plan the government has allocated RM1.9 billion for the development of waqf land throughout

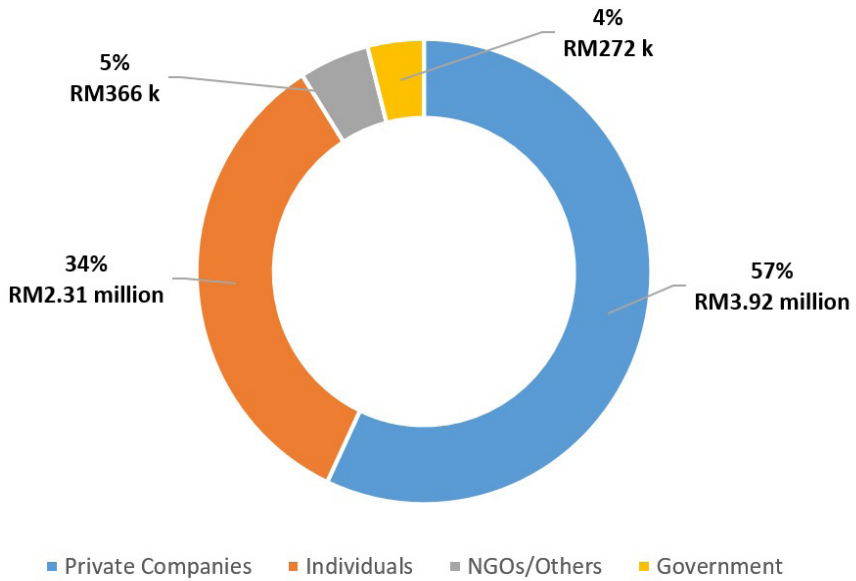
the country. Therefore, these efforts definitely marked a huge impact on the development of waqf assets especially in an effort to overcome various issues and problems that plague the state religious councils in managing waqf assets. These assets can be mobilised in a variety of sectors like education, entrepreneurship, health, medicine, economy among others. Waqf in Islam is not restricted to merely charity but it is also meant for economic advancement. In Pakistan for instance, thousands of Islamic schools and private buildings have been successfully financed by waqf funds and donation from the society (Farooqi, 1990: 27). Utilising waqf assets as an instrument for the development of the Iskandar region in Johor is a commendable effort in promoting waqf in the economic sector. Various proposals were put forth, for instance property development, a waqf Halal Commercial Complex, waqf Hotel, a mosque, a waqf medical centre and a waqf recreation centre. These efforts can ultimately balance physical development and spiritual enrichment along with shari'ah principles. The support and encouragement from JAWHAR in empowering the wakaf institution reflects the government's commitment in developing waqf in this era of globalisation (Siti Mashitoh Mahamood et.al., 2007: 1-32).

In education sector, the Ministry of Higher Education has promoted and supported the implementation of waqf as one of the sources of income generation for the Malaysian public universities. The Malaysia Education Blueprint 2015-2025 (Higher Education), or MEB (HE), outlined ten changes that will help the country maintain its high standards. Higher education in Malaysia. *5th Shift: The goal of financial sustainability is to secure long-term success higher education's financial viability system of education.* To accomplish this, the Ministry of Education and the public universities will improve appropriate governance frameworks in place at the universities. Universities, on the other hand, are expected to increase their revenues while being in charge of their primary educational missions.

In line with this, the UniTP Purple Book Enhancing University Income Generation, Endowment & Waqf was developed, which serves as a relevant guide to navigating activities related to university income generation. In addition, the UniTP Green Book Enhancing University Board Governance and Effectiveness that was published earlier, had identified three entities that will play a big role in this initiative: the university holding companies, endowment, and waqf entities. As such, waqf is treated as one of a potential source of income of the universities. It was proved by the total waqf fund collected by universities from 2012 to 2015 was about RM6.873 million. The biggest contributions came from private companies (57%), followed by individuals (34%) which is depicted in Figure 1. Besides, there are several models of

waqf implementation that already operated successfully in several Malaysian Universities. Figure 2 depicted the waqf implementation in selected Malaysian universities which the data includes information of the programme, method of collection and beneficiaries.

Figure1: Waqf Contribution and Sources, January 2012-June 2015



Source: University Transformation Programme Purple Book, Ministry of Higher Education 2017

**Figure 2: Waqf Implementation in Selected Malaysian Universities**

<b>University</b>	<b>Programme</b>	<b>Collection Method</b>	<b>Beneficiaries</b>
UPM	Dana Wakaf Ilmu was set up in UPM in 2011, offering opportunities for campus communities and the general public to contribute to the waqf fund. The waqf fund has several schemes: General Waqf, Kitab Waqf, Facility Waqf, and Special Needs Waqf.	Waqf contributions are made through the UPM waqfcounter, waqf collection boxes placed at various offices in UPM, CIMBClicks, monthly salary deduction, and staff claims facility (e-claim).  A total of RM7.1 million has been collected as of May 2016.	The proceeds from the waqf funds benefit UPM students.
USM	The Centre for Islamic Development Management Studies (ISDEV) Cash Waqf was granted approval by the Majlis Agama Islam Pulau Pinang on 24th Nov., 2009. The fund is managed by Yayasan Universiti Sains Malaysia.	Waqf contributions are collected through cash coupons or bank transfers, which are later converted (badal) into fixed assets once the fund reach the eligible amount for the conversion.  A total of RM50,000 has been collected as of May 2016.	The proceeds from the waqf funds are used for education and research development.
USIM	A specialist clinic was set up as a waqf clinic through a collaboration between USIM and Majlis Agama Islam Negeri Sembilan. The clinic was set up in Nilai Square and started operating in April 2014.	The Waqf Clinic is fully funded by the Negeri Sembilan State Government.  A total of RM4.25 million has been contributed by the State Government as of May 2016.	The clinic provides health services to the asnaf, such as the community of the poor and less fortunate living in USIM's surrounding area.

University	Programme	Collection Method	Beneficiaries
UKM	Dana Waqf UKM was launched in 2010.	Collection Method: Waqf contributions are collected through personal communications and internal advertisement.  A total of RM365,000 has been collected as of May 2016.	Beneficiaries: student education and welfare, student development, academic research & development, industry & community networking 62

Source: University Transformation Programme Purple Book, Ministry of Higher Education 2017.

## CONCLUSION

The institution of waqf which was Islamic in origin, denotes the concept of retaining the substance of an asset and devoting its usufruct for the benefit of mankind or of an institution in a manner that retains the ownership of the asset for Allah. The validity of the creation of a waqf depends on its permanent character whether inherent or because of converting it into something else which could yield permanent benefit to the socio-economic circumstances of the Muslim community. As such, waqf is one of the forms that can give a highly potential economic tool for the Muslims. Nevertheless, it needs to be planned and managed strategically to ensure and obtain maximum benefits. Utilisation of waqf assets to the fullest potential and a proper management and governance with contemporary potential products provides a great prospect to the economic development which ultimately could benefit the society as a whole. Besides government initiatives, adequate and proper regulations and governance which includes good practices of accounting and reporting should also be in place to accommodate the development of waqf in Malaysia.

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