Waqf institutions have played a pivotal socio-economic role in the Islamic history and financed many of the welfare services for the betterment of communities. However, currently, a vast majority of waqf assets are hoarded in banks and in the form of unproductive land which is hampering the circulation of wealth from the rich to the poor. This is in contrast to the role of waqf as a platform for the circulation of wealth in society.

As the inequality in the gap between the rich and poor has widened in the recent years, there has been a considerable increase in poverty, both in the developed and developing world. Therefore, there is a need to revitalise waqf in order to empower the socio-economy of marginalised communities and narrow the gap in wealth inequality between the rich and the poor.

This book goes back to the drawing book in order to provide insights into the fundamentals of waqf and uncover solutions from Islamic perspectives. It calls for investing waqf assets in social enterprise through good social entrepreneurship (SEE) practices, and outlines the roadmap of the waqf-SEE model. This is the foundation of waqf as a social enterprise.

by

THAMINA ANWAR
Author’s Profile

Dr. Thamina Anwar is the founder of Trade Not Riba dot Com (www.tradenotriba.com). She is a writer, researcher, educator, engineer, public speaker, social entrepreneur and consultant for various international educational institutions, governments, corporate/non-profit organisations and *waqf* (Islamic endowment) institutions.

She is the author of “*Waqf (Endowment): A Vehicle for Islamic Social Entrepreneurship*”, published in 2017 by IBFIM (Islamic Banking and Finance Institute Malaysia), Kuala Lumpur. The *waqf*-ISE model was developed as part of Thamina’s doctorate (PhD) studies and research. She is also one of the authors of the “*Financing the Development of Old WAQF Properties: Classical Principles and Innovative Practices Around the World*”, published by Palgrave Studies in Islamic Banking, Finance and Economics, USA.

She has written many academic papers and has presented her ideas at numerous international academic conferences around the globe.

Thamina has a Doctorate degree (PhD) from UKZN (SA) which she completed in 2015. In addition, she has a Masters in Islamic Finance and is a Chartered Islamic Finance Professional (CIFP), gained from INCEIF, The Global University of Islamic Finance (Malaysia). Thamina has a Master of Business Administration (MBA) from Europe’s best business school, Cranfield School of Management, Cranfield University (UK) where she specialised in Entrepreneurship and Strategy. Her engineering / technical qualification gave a head-start in problem-solving and empowered her with good analytical skills which she says helps her to “think outside the box”. She has a Master of Science (MSc) in Communications & Real-time Electronics from the University of Bradford (UK) and a Bachelor of Engineering (Hons.) in Electronic Engineering from Queen Mary, University of London (UK). She also has a Post-graduate Diploma in Teaching from the University of Auckland (NZ), which gave her
the knowledge on how to structure curriculums and practice good teaching methodologies.

Thamina has over 15 years of experience in varied sectors and positions ranging from research, teaching/lecturing, education management, problem solving, general management, leadership, public speaking, board management, business analysis/development, product development, relationship building, company/business start-ups, project management, consultancy, IT, Islamic Finance (IF), Islamic social entrepreneurship (ISE), engineering and philanthropy/ waqf strategy/investment/management.

Dr. Thamina Anwar can be reached via email: thaminaanwar11@gmail.com. Regular updates on the topic of ISE and waqf are posted @ Trade Not Riba dot Com (www.tradenotriba.com).
Chapter One

INTRODUCTION: SETTING THE SCENE

With your food basket and my food basket
The people will thrive.
— New Zealand Maori Proverb

1. INTRODUCTION

Societal challenges such as poverty and inequality are global issues where the financial and economic development of a country does not reflect the well-being of the poor. A large part of the world’s population is deprived of employment, the right to work, an adequate standard of living, healthcare and education, triggering poverty, which remains one of the biggest challenges to socio-economic development in developing countries. In the wake of the Global Financial Crisis (GFC), there is considerable rise in poverty, even in the developed Western countries primarily caused by large unemployment.

Unsustainable economic growth is causing ‘ripple effects’ and many countries are struggling from the consequences of the effects of unendurable economic growth on the climate, communities and natural resources. Detrimental environmental disturbances and degradation
particularly caused by the excessive consumption of resources, the destruction of ecosystems and the extinction of wildlife are affecting the sustainability of the planet’s resources for future generations.

With the widening of inequality, the cost of the basic necessities of life has increased significantly and these have become out of reach for many. The above, coupled with large-scale environmental devastation to the planet calls for rethinking the paradigm on which the present day economic principles are designed.

Despite a plethora of theoretical concepts, round table discussions, research, media debates and practical initiatives on sustainable socio-economic issues, which are mostly based on the conventional point of view, policy makers and economists still remain in the dark and have not been able to unveil solutions to major social challenges to humanity pertaining to poverty, community empowerment, sustainability and social injustice.

Past experiences have not lived up to promised expectations of solving socio-economic issues due to many issues. Firstly, due to the unbalanced focus on economic growth instead of community development and empowerment. Secondly, considerations are not given to factors affecting sustainability and moral integrity of economic systems and methods of including marginalised people in the economic pie. Thirdly, the economic systems have been modelled on individualistic rationale combined with private self-interest agendas whereby financial returns are given priority at the expense of social goals. It has been widely accepted that over emphasis on financial returns undermines the integrity of activities as a whole as well as the financial sustainability of communities.
Shifting the focus to the Muslim world, it can be observed that despite many Muslim countries having an abundance of natural, economic and human capital resources and although the Islamic doctrine emphasises the circulation of *māl* (wealth), particularly the surplus from the rich to the poor in order to provide a fairer economic system, “mass poverty is known to be widely spread in the Islamic world”.

2. **SOCIO-ECONOMIC INSTRUMENTS FROM AN ISLAMIC VIEWPOINTS**

It is known that the historical origin of philanthropic endowments is much older than Islam. Pre-Islamic Arabs were knowledgeable regarding philanthropy endowments and “it is most likely that Islam may have been influenced by earlier civilizations”.

Islamic teachings provide tools and mechanisms for fair and just circulation of *māl*. Looking back at Islamic history, we learn that the era between 717 CE and 720 CE is known as the Economic Golden Age under Caliph ‘Umar bin Abdul ‘Azīz. This was the period when the collection of *zakāh* (mandatory alms) was so efficient and effective that people would go to the *sūq* (market) looking for needy people to distribute the *zakāh* and would not find any.

---

2 Although the origin of *waqf* is pre-Islamic, Islam regulated and structured the *waqf* legal system.
Islamic socio-economic institutions such as zakāh, waqf (endowment) and other Islamic philanthropic mechanisms are designed to create a well-balanced economic system which is fair and just to society. These instruments and approaches are designed for the sustainable socio-economic advancement of a society and cover allocation, production, circulation and re-circulation of resources.

The above discussions highlight that a study on solving societal challenges is essential for the advancement of societies and has beneficial potentials. Bakar claims that the GFC has caused many Muslims to search for alternative economic and financial systems in the quest to find solutions as a ‘societal salvation’. He claims, metaphorically that the solutions offered by the current Islamic financial institutions (IFIs) are merely addressing the symptoms rather than treating the underlying causes. The contemporary IFIs have replicated the Western capitalism mind-set and are architected on the foundation blocks of the Western conventional system which is widely blamed for financial instability and ignoring communal interest and the common good.

So, the question then arises as to whether Muslims need their own economic models and solutions for solving the present day socio-economic issues or is it sufficient to just adapt and modify conventional Western models and implement them for the Muslim population?

Islam indeed provides the inner resources from the spiritual, religious and epistemological viewpoints required to cater for institutions which can provide justice for human

---

5 In this context, 'societal salvation' means a society's state of health and wellbeing which is deemed necessary and sufficient for ordinary human beings or average citizens to attain his/her posthumous salvation. See Bakar, O. (2010), “Economics as Science: Insights from Classical Muslim Classifications of the Sciences”, Pluto Journals, 1(3), p. 425.
beings. Islam has its own economic system which provides instruments and unconventional approaches which can lead to poverty reduction and reduce māl (wealth) inequality. Islamic teachings based on the Qur’ān, ḥadīth (Prophetic traditions) and sunnah (the way of life prescribed as normative for Muslims on the basis of the teachings and practices of Prophet Muhammad (peace be upon him), lay down the pathway and foundation for a fair and just economic infrastructure of the Islamic civilization. Therefore, this book is aimed at formulating solutions pertaining to the societal challenges and socio-economic issues from an Islamic perspective, particularly from the Islamic sources. This book seeks to contribute to the growing body of knowledge on waqf and social entrepreneurship (SE) from an Islamic perspective.

Based on the author’s own doctoral dissertation entitled *Islamic Gift Economy: Waqf (Endowment), a Vehicle for Social Entrepreneurship in Muslim Minority Countries (The Case of Australian, New Zealand and South Africa)*, submitted in 2015, this book attempts to explore how waqf can be a vehicle for SE and apply the practices of SE, particularly in terms of investment of the waqf funds, focused on community empowerment, poverty alleviation, social justice and sustainability. This book is intended to make an original contribution to the field of Islamic Social Entrepreneurship (ISE) and create an impact in the following manner:

Firstly, in order to find solutions for the current economic and financial societal challenges from an Islamic

---


7 Submitted to and accepted by KwaZulu Natal University under the supervision of Prof. Suleiman Dangor and Dr Adi Setia.
perspective, it is paramount to go back to the drawing board and explore solutions from the fundamental teachings of Islam. This book aims to demonstrate that SE is not a new economic and financial phenomenon in the Islamic worldview by exploring Islamic sources.

Secondly, although the concept of SE from the Western experience and SE from Islamic perspectives stem from totally different pathways, on examining both the concepts, it is found that both share certain similarities in terms of values and principles such as social values, solidarity, community empowerment, social justice, sustainability, poverty alleviation, entrepreneurship, common good, communal interest, profit generation, circulation of surplus, and so forth. However, one important dimension in finding solutions from an Islamic perspective which differentiates it from the Western perspective is the source of knowledge. Unlike the SE from the Western experience, the foundation of ISE is based on maqāṣid al-sharī‘ah (the higher objectives and intents of Islamic law), fiqh al-‘ibādah (Islamic jurisprudence on ritual devotion), fiqh al-mu‘āmalah (Islamic jurisprudence on commercial and social transaction), the creed of tawḥīd (unity), notion of māl in Islam, Islamic Gift Economy (IGE), structure of sūq during the era of Prophet Muḥammad (peace be upon him) and Ibn Kaldūn’s concept of ‘asabiyyah (social cohesion). All the above is a melting pot of different yet related Islamic concepts that can contribute towards the notion of waqf as a vehicle for SE.

Thirdly, this book is intended to unveil a new avenue for waqf investment by designing the waqf-SE model. The rationale behind the waqf-SE endowment investment model is to improve the well-being, sustainability and economic performance of the communities by engaging in SE practices
and circulating the māl. It is aimed at self-reliance through provisioning for earnings and livelihood.

3. OUTLINE OF THE BOOK

Considering the above issues, the author has divided the focus of this book into three parts, consisting of seven chapters, as exhibited in ‘Figure 1: Layout of Chapters’ (p. 10). The author has not included four chapters from her doctoral dissertation that are related to research and research findings in this book. The reason for this is because this book is designed to give a theoretical background to waqf, ISE and waqf-SE model. It is anticipated that the author will write another book designed for the practical implementation of the waqf-SE model for waqf and ISE practitioners where she will include the research results and related information.

Part One: consists of setting the roadmap of this book and consists of one chapter as follows.

Chapter One: In the introductory chapter, the author provides the background to the societal challenges and the importance of research in the topics of waqf and ISE, in order to explore solutions to resolve the issues. The outline of the book is laid down in this chapter.

Part Two: In this part, a synthesis is first provided of existing literature in order to present insights on the theme of waqf and SE from both the Western experience and
Islamic perspective. The aim of the literature review is to investigate existing information on the theme in order to identify gaps in the research. Additionally, the purpose of this exercise is also to illustrate relationships between theories and to provide a conceptual framework for this study. This part is composed of four chapters as detailed below.

3.1 **The Waqf Institution**

Since the dawn of Islam, Islamic philanthropy has proliferated globally in parallel to the spread of Islam. One such philanthropic institution is waqf, which is instrumental in funding sophisticated community empowerment initiatives, and has the potential of solving many of the present day challenges such as poverty, sustainability and social justice.

The institution of waqf has played a pivotal role in fulfilling most of the community and social service needs. For centuries, waqf institutions stood strong as financially self-sustainable voluntary charitable public institutions that were legally irreversible and semi-autonomous in their administrative structure.\(^8\) The endowment provided a platform through which various public welfare services were provided to communities and was solely focused on the common good.

Waqf is designed for the socio-economic development of both the Muslim and non-Muslim communities. It is a

---

system for financing community development. Waqf provides a socio-economic system whereby the endowed capital is preserved in perpetuity while the income generated from investing the bequeathed capital is used as a perpetual donation for the designated beneficiaries.

Both Kahf and Kuran have argued that the unique waqf characteristic of perpetuity has hampered the growth of waqf due to its lack of flexibility and inefficient utilization of resources. However, many scholars like Lev have emphasised that the permanent nature of waqf coupled with the perpetuity legally privileged in waqf and thereby perpetual benefits, makes waqf a much superior form of charity.

Chapter Two presents a literature review of waqf, providing an overview of waqf. It also gives an understanding of charity and philanthropy in Islam. This chapter showcases the historical journey of waqf institutions and how waqf institutions flourished during the Ottoman era, including women’s contribution towards waqf. Divergences from Islamic teachings and corruption of waqf are also presented together with brief details of the challenges faced by waqf organisations presently during the recent revival of waqf in Muslim majority countries and introduction of waqf in Muslim minority countries.

---


3.2 Social Entrepreneurship in the Western Experience

In the West, social entrepreneurship (SE) has been identified as an essential economic platform to solve many of the world’s socio-economic problems. It is increasingly taking a critical role in improving welfare and promoting the overall development of society by providing social goods and services that governments often fail to provide, in both developing and developed countries. Developing countries have embraced SE practices, with many noticeable SE innovations that have blossomed,\textsuperscript{13} such as the provision of low-cost cataract surgeries, sanitary facilities in rural areas,\textsuperscript{14} microcredit, housing and so forth.

\textbf{Chapter Three} is designed to provide a literature review of SE in the Western experience, concentrating on the origin of social enterprise, the social enterprise sectors and continuum, the characteristics of social enterprise, the characteristics of social entrepreneurs, the myriad of meanings of SE, the characteristics and stimulants of SE, collaboration triggering SE, the social impact approaches and strategies through SE, locating sustainability in SE, community empowerment using SE practices, sustainable community empowerment, locating poverty alleviation in SE, locating social justice in SE, and the global trend lines for the growth of social enterprise.

\textsuperscript{14} Santos, F. (2009), \textit{A Positive Theory of Social Entrepreneurship} (No. 2009/23).
3.3 Social Entrepreneurship in the Islamic Worldview

Social entrepreneurship (SE) from the Islamic viewpoint is not new and has strong foundations in the teachings of Islam. Islam has a rich culture and tradition of giving and the majority of domains of exchange were voluntary, devotional and communal. This can be demonstrated from the history of Islamic economics, especially from the concepts of *waqf*, *waṣīyah* (bequest), *ṣadaqah*, *hibah/hadiyyah* (gift), *zakāh*, *qarḍ ḥasan* (goodly personal loan) and *farāʾid* (estate division).

Chapter Four presents SE from Islamic perspectives and provides the foundations of ISE. It includes topics such as *maqāsid al-sharīʿah*, *fiqh al-ʿibādah*, *fiqh al-ʿamalah*, the creed of *tawḥīd* and notion of *māl* in Islam. Additionally, this chapter introduces the topic of IGE and the structure of *sūq* during the era of Prophet Muḥammad (peace be upon him). The concept of IGE shifts the paradigm in human behaviour and attitude in relation to the values, norms and beliefs regarding *māl* and embeds the concept of mutual giving and sharing based on Islamic doctrine. This concept forms the essential foundations of the ISE framework.

3.4 The Path towards a Conceptual Islamic Social Entrepreneurship Framework

Chapter Five is the continuation of chapter 4 on the Islamic perspectives of SE. Chapter five focuses on Ibn Khaldūn’s concept of *aṣabiyah*. The argument for applying Ibn Khaldūn’s concept of *aṣabiyah* to ISE is that both
‘aṣabiyyah and ISE promote positive values and norms such as the sense of belonging, teamwork, cooperation and trust, all encapsulated within the religious teachings of Islam which are the core of the foundations of ISE. Ibn Khaldūn’s concept of ‘aṣabiyyah highlights the sense of social solidarity and cohesion.

Ibn Khaldūn’s work can be used as the basis of Islamic perspective of SE as the notion of aṣabiyyah is deeply rooted in community empowerment, social justice, sustainability and poverty alleviation, which can provide an efficient and effective mechanism to create both social impact and profit. In order to reflect on the concept of ‘aṣabiyyah, it is essential to gain insights on the foundations of ‘aṣabiyyah, especially in terms of the application of ‘aṣabiyyah for social development, and the role of ‘aṣabiyyah in providing an environment of support fostering a strong bond between members of groups.

**Chapter Five** introduces the conceptual ISE framework by consolidating all the concepts and theories presented in chapter 4 and adding on Ibn Khaldūn’s concept of ‘aṣabiyyah. Therefore, ISE framework is formulated based on the teachings of maqāṣid al-sharī‘ah, fiqh al-‘ibādah, mu‘āmalah, the creed of tawḥīd, Islamic concept of māl, IGE and Ibn Khaldūn’s concept of ‘aṣabiyyah. Towards the end of chapter five, the author presents the topics of provisioning of earnings and livelihood and sūq structure which are pivotal in providing an economic framework of common good.

**Part Three:** The focus of this part is to discuss the waqf-SE endowment investment model and the concluding issues
presented in this book. Part three consists of two chapters as described below.

3.5 Engaging SE into waqf: The Waqf- Social Entrepreneurship Model

Many waqf institutions face the paradox of having enormous māl but are not even able to meet their own maintenance expenses. Large amounts of cash and assets are invested in waqf institutions, globally, but the majority of the assets are hoarded in investments that do not even generate enough money for the financial sustainability of the waqf institution and have been unproductive in mobilising resources for socio-economic development and distribution to the designated beneficiaries. There are many waqf properties around the globe which have been left neglected and even abandoned.

The waqf-SE model provides a mechanism to invest in ventures that provide both social impact and profit.

Chapter Six unveils the waqf-SE investment model, the waqf-SE framework, the waqf-SE model investment approach and the modus operandi of the waqf-SE. This chapter also touches on the topic of balancing social impact and profit making, risk mitigation and rearticulates the definition of waqf.

Chapter Seven is the last chapter, which summarises the key points in this book.
Figure 1: Layout of Chapters
Bibliography