



LAUNCH OF THE WORLD BANK-INCEIF-ISRA WAQF REPORT

12 July 2019, Friday • 2.30pm - 4.30pm • Conference Hall 2, Sasana Kijang, Bank Negara Malaysia

**Keynote address for Minister in the Prime Minister's Department
(Religious Affairs), Dato' Dr Mujahid Yusof**

Friday, 12 July

Salutations

Bank Negara Malaysia Assistant Governor, Adnan Zaylani Mohamad Zahid

*The World Bank Group Country Manager for Malaysia, East Asia and Pacific,
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Islamic social finance tools have been instrumental in the alleviation of poverty and socio-economic development for over 1,400 years. Some of these instruments have been adopted and applied even outside the Islamic world. One instrument in particular - Waqf (endowment) – has been utilised even at the establishment of the Oxford University's Merton College in 1264.

Without diving into the argument of whether the existence of waqf predated the modern concept of trusts or not, allow me to quote Imam

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Shafie (may the mercy of Allah be upon him), “the concept of waqf was not known to the *Jahiliyyah* (the pre-Islamic era), but a brainchild of Islam.” Certainly, waqf in Islam is the result of revelation when Sayyidina Umar Bin Al-Khattab came to the Prophet (may peace and blessing of Allah be upon him) and said: “I have acquired wealth that is precious to me more than any other wealth I have.” “How do you advise me to spend it”? The Prophet (may the peace and blessing of Allah be upon him) said: “If you like, you tie up the origin as inalienable and give up as *fi sabillah* (for Allah’s sake) the fruits.” The overall content of this hadith had remained the indelible source of rulings of waqf till the Judgment Day, setting the principles that guides the terms and conditions of a waqf founder.

The companions of the Prophet had refused to allow Sayyidina Umar to leave them behind in doing this unprecedented Islamic charitable deed. They flourished Madinah with waqf to the degree described by Jabir Bin Abdullah as follows: “I do not know any companion of the Prophet that had something to give as waqf except he did so.” Its importance in the general socio-economic affairs led to the transformation of trusteeship. Previously, its founder used to be the waqf trustee, or his appointee. This basic structure later transformed to state intervention through the Shariah court judges throughout the Umayyah and Abbasid Caliphates, and later such intervention transformed to having a specific chamber, named Chamber of Awqaf in the Ottoman Era and now under the modern ministries of Awqaf.

Throughout the Islamic history, waqf had provided free education that produced great scholars from Al-Azhar University in Egypt, University of

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Ez-Zitouna in Tunisia and University of Al Quaraouiyine in Morocco, to mention but few. Ottoman history had it that it was possible for person to be born in waqf home, fed with waqf property and educated by waqf schools. They collected their rural income from different regions and channelled them into the town economy, redistributing it through the food and material purchases for the fulfillment of charitable services and for the upkeep of waqf buildings, as well as through salaries of their employees. Waqf provided employments for skilled and unskilled people in the labour market.

Today, despite the widespread presence of waqf institutions and the significant strides in waqf property management and development, waqf faces a number of issues and challenges. Prominent among these is the need to create public awareness and acceptance, to create comprehensive and enabling regulatory frameworks, and to empower professional waqf management. Currently, there is a lack of professional management culture among waqf administrators, and the lack of transparency in managing the waqf funds in a number of jurisdictions.

Another critical challenge is the collection of cash waqf through online platforms. There is still no regulatory framework to ensure transparency and integrity of such collections vis-à-vis the stakeholders. Nevertheless, recent developments in the digital economy can play a crucial role in addressing the issue of transparency and trust. These include facilitation of payments through digital wallets and the possible use of blockchain technology.

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With Industrial Revolution 4.0, integrating blockchain into the waqf system could go a long way to address the problem of transparency and trust that currently hamper broad-based public participation in waqf. Waqf managers need to embrace digital finance in order to enhance the efficiency of waqf collection and distribution. A strong governance and professionalism in waqf management are necessary to gain public trust in the Islamic collective endowment system.

It is high time for all stakeholders to come together to discuss, innovate, design, develop and ultimately execute application of contemporary waqf instruments that is in line with the spirit and letter of Shariah.

Ladies and gentleman,

With the fatwa of contemporary Shariah scholars that permitted cash waqf, all of us can play a vital role in reviving the waqf institution to its full glory. More so that the dissenting opinion on this has been relaxed by the OIC Fiqh Academy Resolution no. 140 (16/6) of 2004. Here in Malaysia many of the State waqf laws are in parallel with this fatwa. For example, the Selangor Waqf Enactment 1999 provides for waqf shares. Also, Malacca Waqf Enactment 2005 and Negeri Sembilan Waqf Enactment 2005 contained similar provisions. While in the realm of Islamic capital market, the Malaysian Securities Commission in 2017 had approved the issuance of the first waqf shares by Larkin Sentral Bhd, an innovative product of Islamic social finance instruments.

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Waqf application in today's dynamic world should be looked in a more holistic way. The application should have a more widespread impactful results as it embeds the spirit of Maqasid Shariah and in line with the United Nation's Sustainable Development Goals. In addition, it is also in line with the concept of rahmatan lil 'Alamin (Mercy to all mankind) propagated by the Government of Malaysia.

We, the policy maker, in addition to the establishment of JAWHAR which collaborates with the State Religious Councils on zakat, hajj and waqf, would continue to work on building the ecosystem that encourages and nurtures the waqf development. In building such ecosystem for instance a number of waqf frameworks or guidelines can be made as reference for example Malaysia's Labuan International Waqf Foundation and Bank of Indonesia, Indonesia Waqf Board and Islamic Research and Training Institute's Core Principles for Effective Waqf Operation and Supervision. This framework or guideline clearly enumerates the roles and responsibilities of the waqf trustee and the waqf authority, as well as a code of conduct outlining the need for the trustees to act in good faith, with prudence and fiduciary care, in the best interest of the donors and beneficiaries.

Education and research institutions the likes of The World Bank, INCEIF and ISRA could work with state religious councils to develop capacity building and enhance the professionalism of the waqf workforce. Shariah Scholars and IT experts could develop innovative models for waqf in line with the advancement of technology. Corporate bodies, meanwhile,

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should lead the way in contributing towards the funding of waqf institutions.

I would like to congratulate World Bank, INCEIF and ISRA for coming together and organising the roundtable on waqf and coming up with the report. I look forward to more such collaborations. Together, we can create an enabling environment for technological innovation to attain the highest level of waqf efficiency, and presenting this social finance instrument as a viable, sustainable funding option for socially beneficial projects, thereby reducing dependency on public funds.

It is with great pleasure that I hereby launch The World Bank-INCEIF-ISRA Report on Maximising Social Impact Through Waqf Solutions.

Thank you.

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