The Effort of Selected Public and Private Universities to Develop Awqaf Property in Malaysia

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ABSTRACT

Waqf has been practised by Muslims since the time of the Holy Prophet Muhammad time. The practice continues today, covering various sectors and fields. One of the sectors in which waqf is practised is education. Education is one of the basic needs of people, but not all can afford to pursue their studies to tertiary level. In Malaysia, some public and private universities have initiated efforts to develop awqaf properties with the intention of helping poor and needy students, among others. In addition, waqf can also be used to finance other beneficial projects, the returns being channelled to other beneficial purposes that are allowed by Sharia. This paper is a conceptual paper, with data gathered from interviews and articles published in journals, conference proceedings, books and universities’ official website. The data show that among higher education institutions, five public and four private institutions had established a waqf fund. They established the waqf fund with the aim of helping poor and needy students. Usufructs or returns from awqaf funds have been channelled into scholarships and research grants, to build facilities and to find academic projects to benefit the universities.

Keywords: Higher education, public university, private university, waqf

INTRODUCTION

Waqf has been practised since the time of the Prophet Muhammad. For example, Caliph Umar dedicated the land he received in Khaibar for waqf (Ibrahim, Amir & Masron, 2013). Waqf is a sincere gift of private possessions made for the provision of Muslims (Rosnia & Zurina, 2013). The
Quran clearly encourages people to use money and property in the way of Allah as this will bring a good reward. Allah says in the Quran:

Believe in Allah and His Messenger and spend out of that in which He has made you successors. For those who have believed among you and spent, there will be a great reward. (Al Hadid: 7)

The example of those who spend their wealth in the way of Allah is like a seed [of grain] which grows seven spikes; in each spike is a hundred grains. And Allah multiplies [His reward] for whom He wills. And Allah is all-Encompassing and Knowing. (Al Baqarah: 261)

There are many rewards from Allah SWT that await the waqif\(^1\). This has encouraged many to dedicate their wealth, and waqf property is growing, covering various sectors such as healthcare, medical, land, building, agriculture and education.

In Malaysia, many instances of waqf donation have been seen in the education sector. A lot of property has been dedicated as waqf in various forms such as waqf scholarship, waqf hostel, waqf building, waqf equipment and others. Waqf property has a big potential to be developed and can bring a big impact on Muslim economies. Waqf property can create many educational and job opportunities as well as reduce/complement government spending. This potential can be achieved with efficient and professional management and good governance. However, there is still a lack waqf in the higher education sector due to various problems. Hence, the potential of waqf in this area is not fully realised.

\(^{1}\text{Waqif} \text{ is an Arabic term for the endower of waqf.}\)

\textit{Waqf} 

Waqf comes from the Arabic verb waqafa. The root word means “to prevent” or “to
The Effort Public Universities in Developing *Awqaf* Properties

stop” or “to restrain” or “to abstain from” (Ahmed & Khan, 1997; Bearman, 2003; Ibrahim et al., 2013). *Waqf* is continuous charity where the rewards continue to accrue even after the donor’s death (Hassan & Shahid, 2010). One Hadith of Prophet Muhammad (安宁) mentions continuous reward: “When the son of Adam (human being) dies, his deeds are stopped except for three things, namely, his good deeds, his knowledge, and his pious child who prays for him” (Muslim). There is no direct reference to *waqf* in the Quran. However, it is covered by the term *infaq*, which is highly enjoined by Islam.

The four Islamic schools of law attach different meanings to *waqf*. The Hanafi school of law defines *waqf* as custody of a specific thing whose ownership rests with the founder and the usufruct of such things is dedicated to charity in terms of a loan, through lending or by accommodating a loan (Siti, 2006). The Maliki school states that *waqf* is sharing the usufruct of things that belong to the founder for the duration of its existence and the ownership remains with the founder although he does not use the property anymore (Powers, 1993). The two other schools of law, Shafie and Hambali, are of the opinion that *waqf* refers to “tying up of the substance of a property and the devoting of its usufruct for the benefit of mankind, in such a manner that ownership of it belongs to God (Allah)” (Siti, 2006). The different interpretations of the four schools of law are acceptable as long as they do not go against the Quran and Sunnah.

Despite the various definitions, *waqf* generally means religious charity in the way of Allah. *Waqf* property is non-transferable and received from private ownership. The usufruct of *waqf* property is dedicated to the Muslim society, specifically which goes beyond religious, cultural, racial and secretarial boundaries (Abu-Zahrah, 2007; Ibrahim et al., 2013; Mohammad, 2011; Mohsin, 2013; Siti, 2006).

Higher Education in Malaysia

In Malaysia, higher education institutions are divided into public Higher Education Institutions and private Higher Education Institutions.

Public higher education institution. Public higher education institutions (HEIs) are categorised into three entities: research universities, focused universities and comprehensive universities. Twenty public Higher Education Institutions have been established under the Universities and University Colleges Act 1971 comprising five research universities, four comprehensive universities and eleven focused universities. The research universities focus on research

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2In Islam, there are four different schools of law: Hanafi, Maliki, Hambali and Shafie. These schools of law are also known as *madhab*. These different schools of law exist due to having originated in different geographical areas that influenced the different interpretations.

3Sunnah is the saying and acts of the Prophet Muhammad安宁.
activities and teaching based on research and development (R&D). Among these universities are University of Malaya (UM), the National University of Malaysia (UKM), Putra University of Malaysia (UPM), the Science University of Malaysia (USM) and the Technology University of Malaysia (UTM). Comprehensive universities offer various courses covering various fields of study for all levels of education, including pre-undergraduate, undergraduate and postgraduate degrees. The four universities are MARA University of Technology (UiTM), International Islamic University Malaysia (IIUM), University of Malaysia Sabah (UMS) and University of Malaysia Sarawak (UNIMAS). Lastly, focused universities are universities that focus on specific fields such as technical subjects, science, management and defence.

There are 11 focused universities, which are the Northern University of Malaysia (UUM), Sultan Idris University of Education (UPSI), University of Malaysia Pahang (UMP), Tun Hussein Onn University of Malaysia (UTHM), University of Technical Malaysia Malacca (UTeM), University of Malaysia Perlis (UniMAP), Sultan Zainal Abidin University (UNISZA), Islamic Science University of Malaysia (USIM), University of Malaysia Terengganu (UMT), University of Malaysia Kelantan (UMK) and the National Defence University of Malaysia (UPNM).

Private higher education institutions. Another type of higher education institution in Malaysia is the private Higher Education Institution (Private HEIs). Private HEIs contribute to the development of higher education in Malaysia as they provide the opportunity for higher education, save money for the nation in foreign exchange and contribute to establishing Malaysia as a centre of excellence in international higher education.

Since the 1980s, Private HEIs have developed rapidly, offering courses at certificate and diploma levels in collaboration with foreign universities and professional bodies from the United Kingdom (UK), the United States of America (USA), Canada, Australia and New Zealand. The development of Private HEIs has continued over the years as more countries have entered into collaboration with Malaysia, including France, Ireland, Egypt, Indonesia and India. The number of institutions in Malaysia up to 31 August, 2016 is 45 private universities, 29 private university colleges, nine foreign university branch campuses, 37 polytechnics, 94 community colleges and about 500 private colleges.

METHODS

This paper is conceptual in nature. The data were collected from primary and secondary sources. The primary sources were interviews conducted with higher education waqf administrators from November 2015 to February 2016. The interviews were held in the interviewees’ office and tape recorded to ensure all important points were best captured. The secondary sources were reading materials such as articles published...
in journals, conference proceedings, books and universities’ official websites.

RESULTS AND DISCUSSION

This section discusses waqf efforts by public and private higher education institutions. Five public HEIs identified in this study, namely, USIM, UPM and UKM, have established waqf funds, while the other two, IIUM and UTM, have established endowment funds. Of the private HEIs, this study discovered that four have established waqf funds.

Table 1
Summary of public higher education institutions that have established waqf funds

<table>
<thead>
<tr>
<th>No.</th>
<th>University</th>
<th>Designation of Waqf Fund</th>
<th>Year Established</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Universiti Sains Islam Malaysia</td>
<td>Al-Abrar Waqf Fund USIM</td>
<td>2013</td>
</tr>
<tr>
<td>2</td>
<td>Universiti Islam Antarabangsa</td>
<td>IIUM Islamic Endowment Fund</td>
<td>1999</td>
</tr>
<tr>
<td>3</td>
<td>Universiti Putra Malaysia</td>
<td>Knowledge Waqf Fund</td>
<td>2011</td>
</tr>
<tr>
<td>4</td>
<td>Universiti Kebangsaan Malaysia</td>
<td>UKM Waqf Endowment Fund</td>
<td>2010</td>
</tr>
<tr>
<td>5</td>
<td>Universiti Teknologi Malaysia</td>
<td>UTM Endowment Fund</td>
<td>2010</td>
</tr>
</tbody>
</table>

Source: (Fadhilah, Zurina, & Mohammad, 2014)

Universiti Sains Islam Malaysia (USIM) took the initiative to focus on the waqf concept in financing the development of Islamic higher education. A unit was set up in 2013 known as the Centre for Awqaf Financing Development. This Centre worked closely with the Majlis Agama Islam Negeri Sembilan ( MAINS) and the Faculty of Medicine and Health Sciences to establish the USIM Specialist Clinic and also a hemodialysis center. The university established the USIM Medical Specialist Clinic. USIM has received RM2 million (RM1 million as outright waqf grant and RM1 million as Qardhul Hassan) from MAINS. The latter has also committed another RM1.5 million for the establishment of a hemodialysis clinic. The hemodialysis clinic, when in operation, will provide free treatment for the asnaf group and lower

Asnaf are the eight categories of people who have the right to receive zakat.
charges for other patients. MAINS had appointed USIM as a *mutawalli*\(^5\) to manage and develop the *waqf* fund. Not only that, USIM will also distribute the benefits to the targeted group as intended by the *waqif*\(^6\) (Mohammad, Fuadah, & Asma, 2014).

The IIUM Endowment Fund (IEF) was established in 1999 with the purpose of assisting poor and needy students in IIUM who have the potential to do well academically but lack financial resources. The IEF has initiated many fund-raising activities such as general donation drives among individuals, companies and organisations; the *Kajalah* Program; the RM1 Campaign; and a collection of zakat in collaboration with the Lembaga Zakat Selangor (LZS). Not only that, the IEF is also involved in business collaborations to add to the funds. The IIUM Endowment Fund had received RM7 million from the Ambank Group Chairman, Tan Sri Azman Hashim, and his foundation, Yayasan Azman Hashim. This money was used to build a complex, the Tan Sri Azman Hashim Complex, which houses branches of three banks, Bank Islam, Bank Muamalat and AmIslamic Bank, a bookstore, an exclusive café and a multipurpose hall. About RM500,000 of the annual rental income generated from this complex is used to sponsor needy and deserving students through the IIUM Endowment Fund. In 2008, more than 1,300 students benefitted from RM2.5 million of the endowment funds. In 2009, the number increased to 1,800 students, who received RM3 million in aid (Siti & Asmak, 2014).

The UPM *Waqf* Ilmu Fund is an effort of the university’s to collect funds in meeting the needs of academic activity in UPM. The fund is raised through various methods such as contribution from individuals, the corporate sector, cooperatives, non-government organisations, the returns of *waqf* investment, yield of agricultural, plantation and industrial activities and returns from the money market. The fund was established in February 2012 and a MoA was signed between UPM and the Selangor Islamic Religious Council (MAIS) to collect *waqf* fund for a period of three years until February 2015. After two years of the *waqf* establishment, the *Waqf* Ilmu UPM had collected about RM2.51 million from various sources, including corporate partners, the industrial community and the UPM community. The account is managed by the Bursar. The money collected is invested in Sharia-compliant financial institutions. Until March 2015, RM5.9 million was collected, including accumulated *mudharabah* returns. As of September 2013, *mudharabah* profit received was RM97,057. The funds received were used to aid in establishing infrastructure for facilities in universities and for academic activities and also research activities. Not only that, the fund also gives out scholarships to selected

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\(^5\) *Mutawalli* is the manager of *waqf* property. In Malaysia, the *mutawalli* is the Majlis Agama Islam Negeri (MAIN) and MAIN has the right to appoint other entities to act as *mutawalli* on its behalf.

\(^6\) *Wakif* means *waqf* giver.
students in UPM. In 2013, eight students received scholarships from the the waqf fund and in 2014, another 12 scholarships were given. The donor and waqf giver is entitled to tax exemptions under section 44(6), Income Tax Act 1967 (Ahmad, 2015).

The waqf fund raised by UKM in 2010 is known as the Islamic Endowment Fund (Tabung Pemberian Islam) and is placed under the Chancellor’s Holdings. The objective of the establishment is to be a platform for staff and alumni of UKM to donate money based on the concepts of waqf and infaq. The endowment fund is used to fund teaching and learning, research, publications, establishment of Chairs of Excellence, community service and industrial relations (Ahmad, 2015). The waqf fund offers two schemes to encourage staff to contribute to waqf. The schemes are the UKM Cash Waqf Scheme and UKM Waqf-Takaful Scheme. Under the UKM Cash Waqf Scheme, donors may contribute a certain amount of money, either as a lump sum or by instalment, while under the UKM Waqf-Takaful Scheme, UKM cooperates with licensed takaful institutions to provide a fund donation scheme through waqf practice. This scheme allows the contributor to gather funds in instalment basis for the preferred duration of at least five years. UKM acts as the waqf recipient institution while the licensed takaful institution acts as the scheme manager. At the maturity period, the dividend will be directly paid by the takaful institution to UKM as the waqf recipient. In the event of accidents or calamities, the waqf contributor has the option to receive a portion of the takaful benefit. UKM signed a memorandum of agreement with the Selangor Islamic Religious Council for a period of two years (already lapsed) allowing the university to raise waqf funds. About RM280,000 was collected by the waqf fund though salary deductions or one-off waqf contributions from academic and administration staff of UKM. In the next phase, the Chancellor’s Holdings plans to raise waqf funds from UKM’s Alumni and students. UKM is also collaborating with Perbadanan Wakaf Selangor (PWS) to collect waqf funds that will be handed over to PWS to be invested, with the profits to be shared between UKM (70%) and PWS (30%). UKM will distribute the profits as specified by Wakaf Ilmu UKM (Mohammad et al., 2014).

Universiti Teknologi Malaysia (UTM) set up an endowment fund in 2010. UTM is planning to provide scholarships to all outstanding undergraduates through the endowment fund by the year 2020. Not only that, the endowment fund will also provide sponsorships for the establishment of a professorial chair and finance publication of scientific materials and the implementation of high impact programmes to inculcate knowledge culture in UTM. In order to raise funds, UTM will be carrying out book sponsorships with UTM Press as publisher. Other programmes that will benefit from the endowment fund is a professorial chair, the Abadi Endowment Tower, a golf tournament and investment in financial industries and trust funds. The university has two endowments viz. the Merdeka
Endowment and the Menara Endowment. The Merdeka Endowment Fund finances academic activities in UTM that impact the nation’s growth and UTM’s progress. The Menara Endowment Fund is collected through the sponsoring of selected premises in UTM by donors made up of individuals, organisations or companies, with the premises displaying the names, images or brands of the donors. In 2013, the fund collected about RM50 million, enabling 206 students to receive scholarships (Ismail, Aminah, & Julaida, 2015).

**Waqf Efforts in Private Higher Education Institutions**

In addition to efforts by public higher education institutions to develop awqaf property, private higher education institutions have also done their part. This study discusses five private HEIs as shown in Table 2 below.

<table>
<thead>
<tr>
<th>No</th>
<th>Private Institutions</th>
<th>Year Established</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Islamic University of Malaysia (UIM)</td>
<td>2013</td>
</tr>
<tr>
<td>2</td>
<td>International Islamic University College Selangor (KUIS)</td>
<td>1995</td>
</tr>
<tr>
<td>3</td>
<td>Bestari University College</td>
<td>1998</td>
</tr>
<tr>
<td>4</td>
<td>Sultan Azlan Shah Islamic University College (KUISAS)</td>
<td>1999</td>
</tr>
</tbody>
</table>

*Source:* (Mohd & Hasan, 2016)

The Islamic University of Malaysia, established in 1955, was formerly known as the Muslim College Malaya (KIM). *Waqf* contributions or endowments from Muslim communities in the Federation of Malaya, Singapore, Sabah, Sarawak and Brunei were used to establish KIM. There were also contributions from non-Muslim communities. The late HRH Sultan Hishamuddin Alam Shah Al-Haj generously donated one of his palaces to the college. The college operated its campus in the former Istana Jemaah located in the royal town of Klang, Selangor (Abd, 2015).

The International Islamic University College Selangor (KUIS) was established in 1995 and fully owned by the Selangor Islamic Religious Council (MAIS). KUIS has made an attempt to promote *waqf* by establishing a *waqf* fund. This *waqf* fund is aimed at helping the University College to develop educational facilities such as a library, an academic building and student facilities. Various parties have contributed to the *waqf* fund, including individuals, associations and corporate companies.

Bestari University College is the first University College that made an effort to elevate the poor, needy and orphaned
through education. Thus, the establishment of Bestari University College was not only as a non-profit making institution but also to provide orphans and the rural community the opportunity to pursue tertiary education. This University College is owned by Pertubuhan Kebajikan Anak-anak Yatim Malaysia [PEYATIM]. In developing Bestari University College, PEYATIM assigned two bodies to collect and manage the waqf fund, Yayasan Pendidikan Anak Yatim atau Miskin Malaysia (YAWATIM) and CIFP Consultants Sdn Bhd (CIFP). For every RM30.00 donated, the donor is entitled to 0.1 m² land on which Bestari University College sits. The donor’s name is registered and the donor then dedicates the land as waqf to PEYATIM. This type of waqf is known as ‘wakaf kaki’. The money collected is used to build infrastructure and facilities in Bestari University College (Baharuddin, Mohd, Muhammad, & Azri, 2016).

Sultan Azlan Shah Islamic University College (KUISAS) was known at one time as Kolej Islam Darul Ridzuan. This University College is owned by the Perak state government and registered under the Ministry of Higher Education of Malaysia. KUISAS was the brainchild of His Royal Highness the Sultan of Perak, Sultan Azlan Muhibuddin Shah, in 1986. The institution was realised in 1999 with a temporary campus located at Ipoh, Perak. In 2006, Sultan Nazrin Shah, the present Sultan of Perak, endowed a piece of land in Kuala Kangsar to KUISAS that became its permanent campus.

Other Financing Instruments
Mohammad et al. (2014) identified seven instruments that have great potential in waqf. The first is cash waqf. This is a popular mode in countries such as Malaysia, Syria, Turkey, South Africa, Singapore, Pakistan and Egypt. According to the Muzakarah of the Fatwa Committee No 77 held on 10-12 April, 2007, cash waqf is allowed in Islam (JAWHAR, 2012). Through this instrument, the public can dedicate an amount of money to the Council as waqf. This money can be used for social and welfare activities. In order to encourage people to participate in charity, the government has provided tax incentive donations as given in section 44(6) of the Income Tax Act 1967 (Hasan & Abdullah, 2008).

The second instrument is waqf shares. Waqf shares are sold by the Islamic Religious Council at minimum value to individuals or organisations. The waqf shares purchased can be dedicated as charity and therefore, the purchaser will not be entitled for a dividend or profit (Mohammad et al., 2014). The third instrument is waqf in financing microfinance. This instrument is introduced as an alternative to conventional microfinancing institutions. Waqf in microfinancing acts as a support system for entrepreneurs for developing their business (Ahmed, 2007). The fourth instrument is waqf in social banks or trust funds. The current banking system has failed to deal with the poor. Thus, the waqf’bank can be the bank for the poor and needy. According to Mohammad et al. (2014), it is permissible in Islam to have waqf banks based on the
validity of cash waqf and the need of waqf and its beneficiaries.

The fifth instrument is waqf and Mudharabah investment. Cash waqf can be invested through Mudharabah to generate returns. Cash waqf is raised from savings for charity. The money collected can be invested into partnership contracts between cash waqf corporations and Islamic banks (Cizacka, 2014). The sixth instrument is waqf and Mudharabah investment. Sukuk is the best practice for developing awqaf property (Mohammad et al., 2014). There are two projects that develop waqf property through sukuk. The Islamic Religious Council of Singapore issues sukuk musyararakah to develop waqf property for commercial use. Another project is the Zam Zam tower complex in Saudi Arabia that was built using sukuk intifa’ financing (Shamsiah, 2010). The seventh and final instrument is waqf in business growth and economic development. Waqf can contribute a lot to business growth and development. Zakaria, Samad and Shafii (2013) proposed a model with characteristics of waqf practice that can be used in Malaysia. The characteristics are: (1) low price of essential goods and services, (2) creation of employment opportunities, (3) growth stimulation of Islamic financial institutions and (4) waqf-based financing.

The success of waqf development is due to awareness within the Muslim community of waqf, especially its role in Ummah, and proper implementation of waqf as well as an effective delivery system (Mohammad et al., 2014).

Critical Success Factors
Mohammad et al. (2014a) highlighted three critical success factors for waqf development based on the speech by HRH Dr. Raja Nazrin Shah (Khairulrijal, 2016). The factors are legislation, efficiency and professional management and capital, all of which highly impact waqf development.

Legislation
In Malaysia, the respective State Islamic Religious Councils (Majlis Agama Islam Negeri [MAIN]) are the sole trustee for the awqaf assets of each state. For example, the Negeri Sembilan Wakaf Enactment 2005 states that the Majlis Agama Islam Negeri Sembilan (MAINS) is the sole trustee for any waqf property in the state of Negeri Sembilan (Negeri Sembilan Wakaf Enactment, 2005). MAIN is responsible for managing waqf property and has the right to manage it according to Syariah and Islamic law. In the Canon of State Land 1965 (KTN), section 4(2)(e) highlighted that anything under KTN in relation to awqaf property is to be managed according to Islamic law (Ahmad, 2012). Therefore, this clause gives MAIN a platform to systematically manage awqaf property for the benefit of the Ummah.

Efficient and Professional Management
Another factor that contributes to the success of waqf development is good governance coupled with efficient and professional

Trustee in waqf is called as Mutawalli
management. This gives confidence to donors to continue making contributions. The establishment of *waqf* bodies such as the Malaysian Waqaf Foundation (Yayasan Wakaf Malaysia [YWM]) is expected to encourage the public to contribute towards *waqf* (Mohammad et al., 2014). The YWM focuses on the commercial aspects of *waqf* in collaboration with the State Islamic Religious Councils.

**Capital**

Capital contribution is an important factor in developing *waqf* property. The capital can be collected from diverse parties such as individuals, corporate bodies and the public sector. For example, the government allocated about RM256 million under the Ninth Malaysia Plan and RM20 million under the Tenth Malaysia Plan to the Department of Awqaf, Zakat and Hajj (Jabatan Wakaf, Zakat dan Haji [JAWHAR]) to develop *waqf* land. Many projects have been developed such as orphanages, shop lots, education complexes, hemodialysis centres, shelter houses for women, hotels in Malacca, Perak, Terengganu and Negeri Sembilan and many more that benefit society (Hassan & Shahid, 2010).

**CONCLUSION**

The relevant higher education institutions have done a good job of establishing a *waqf* fund. This effort needs to be emulated by other higher education institutions to promote the practice of *waqf*. *Waqf* funds will not only ease the burden of the government, they will also provide a platform or opportunity for the public to contribute towards charity for the sake of Allah. In developing *awqaf* assets, capital is the main factor in ensuring the success of projects. In addition, legislation and efficient and professional management also contribute to the success of *awqaf* projects.

It is agreed that this paper is limited by data availability. There is need for more research into the roles of higher education institutions in promoting *waqf*.

**ACKNOWLEDGEMENT**

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