

## WAQF-ENDOWMENTS WORLDWIDE AND IN UZBEKISTAN: A COMPARATIVE ANALYSIS

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### ABSTRACT

This scientific article undertakes a comprehensive comparative analysis of waqf-endowments, examining the distinct characteristics and trends in the global market as well as within the specific context of Uzbekistan. Waqf, a traditional Islamic philanthropic practice involving the endowment of assets for charitable purposes, has gained renewed attention in the contemporary financial landscape. This study aims to provide insights into the structure, impact of waqf-endowments on economic and social development.

**KEY WORDS:** Waqf, islamic philanthropy, sharia-compliant investments, charitable endowments, community welfare, poverty alleviation, sustainable livelihoods.

### INTRODUCTION

The concept of waqf, an ancient Islamic philanthropic practice involving the endowment of assets for charitable purposes, has experienced a resurgence in contemporary global finance. Over the past decades, organizations and institutions have increasingly recognized the potential of waqf endowments as a powerful instrument for fostering sustainable development, poverty alleviation, and community welfare. This resurgence is particularly evident in the context of the International Waqf Fund (IWF) and other global players dedicated to reviving and modernizing waqf practices. Concurrently, the landscape of waqf in specific regions, such as Uzbekistan, presents a unique tapestry of historical, legal, and economic intricacies that shape its role in societal development. This scientific article undertakes a comprehensive analysis, both globally and within the specific framework of Uzbekistan, to illuminate the nuances of waqf endowments.

## MAIN PART

The literal meaning of the word Waqf (Arabic: وَقْف; plural أَوْقَاف, *awqāf*;) in Arabic means to prevent, to stop, to persevere. From an Islamic perspective, Waqf is a voluntary and permanent dedication of a portion of one's wealth—cash or any kind—to Allah.

Let's imagine that a field has been donated to a Waqf. Planting fruits and vegetables on the field would be a beneficial use of the land for the community. For instance, when the harvest is ripe, the entire community will benefit. The donation is ongoing and will help future generations because no one actually owns the field.

Allah (SWT) says in the Holy Qur'an: "Indeed, those men and women who give in charity and lend to Allah a good loan will have it multiplied for them, and they will have an honourable reward." [Surah-Hadid: 18]<sup>1</sup>

The individual to whom the donation was dedicated would benefit from the continued reward because donations to Waqf can also be given in the name of a deceased person (such as a family member or acquaintance).

### Its religious origin

The following hadith - a saying of the Prophet Muhammad ﷺ serves as the foundation for Waqf establishment: "When a man dies, his deeds come to an end except for three things: Sadaqah Jariyah (ceaseless charity); a knowledge which is beneficial, or a virtuous descendant who prays for him (for the deceased)." (*Reported by Abu Huraira, Sahih Muslim*).<sup>2</sup> People established Waqfs in the hope that they would continue to accrue sawab (spiritual merit), or good deeds, after they passed away.

"Ibn 'Umar reported: 'Umar acquired land in Khaibar. He came to Allah's Apostle ﷺ and sought his advice in regard to it. He said: "Allah's Messenger, I have acquired land in Khaibar. I have never acquired more valuable for me than this, so what do you command I do with it? Thereupon the Prophet ﷺ said: If you like, you may keep the corpus intact and give its produce as Sadaqah. So 'Umar gave it as Sadaqah declaring that the property must not be sold or inherited or given away as a gift. And 'Umar devoted it to the poor, to the nearest of kin, to the emancipation of slaves, to wayfarers/guests, and in the way of Allah. (*Sahih Muslim*)"<sup>3</sup>

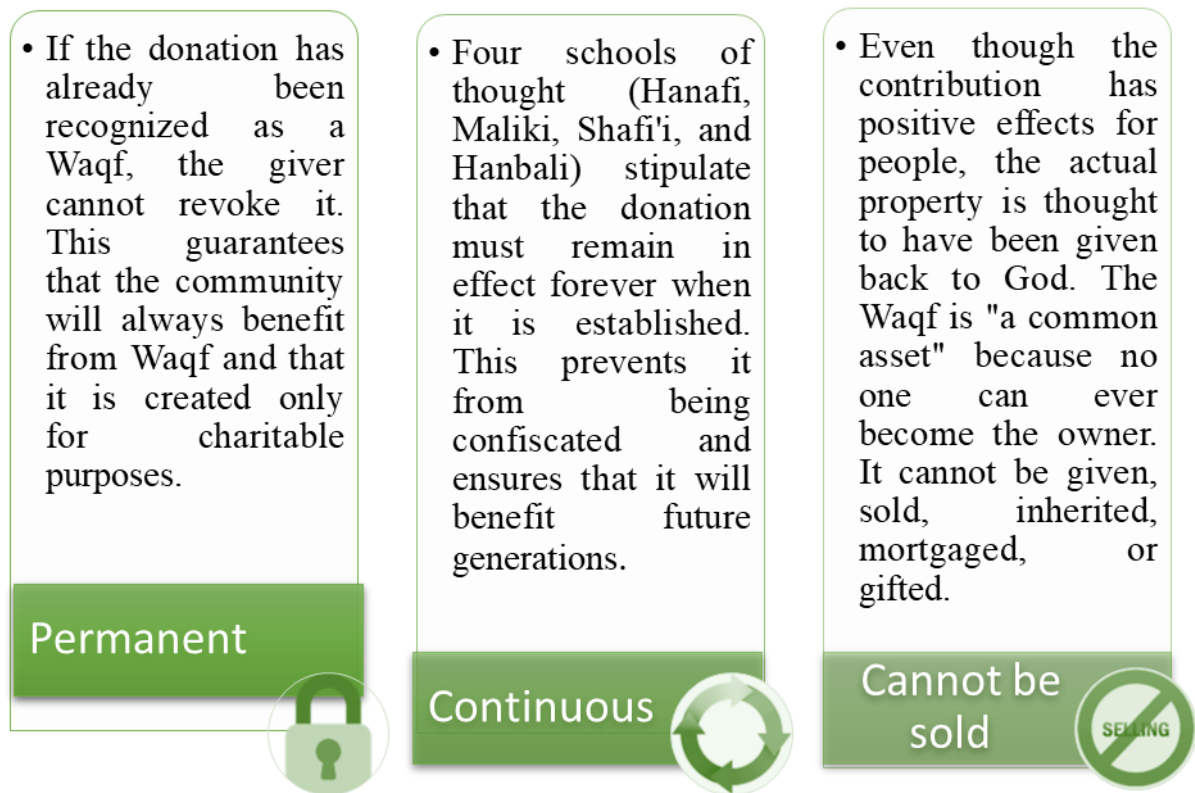
The aforementioned hadith established the standard for our honorable Sahaba r.a. and Muslims from all backgrounds to spread the Waqf system for any imagined Sharia-compliant purpose over the years. This command of the Prophet ﷺ and the action of 'Umar r.a. set into motion the first Social Development Waqf by means of an income producing economic asset.

<sup>1</sup> Translation by Dr. Mustafa Khattab: "The Clear Quran"

<sup>2</sup> Riyad as-Salihin 1383, Book 12, Hadith 8

<sup>3</sup> Sahih Muslim 1632a, Book 25, Hadith 21

The Waqf system promoted the spread of Islam and promoted economic development in the Middle East, South Asia, and North Africa.



**Figure 1.** General principles of Waqf<sup>4</sup>

### **The influence of Waqf on the West**

Oxford University appears to be the epitome of an English intellectual establishment. Oxford may, however, have owed a lot to the Islamic legal concept of Waqf, or charitable trust in its early stages of growth.

Most people agree that the present college system was established with the incorporation of Merton College in Oxford in 1274. The Regula Mertonensis was regarded as representing the ideal collegiate organization by the other colleges at Oxford, as well as Cambridge and numerous other universities. Merton College at the University of Oxford was established with the aid of financial endowments, beginning centuries of scholarships, education, and teaching.<sup>5</sup>

The idea of the Waqf system ensures that the socioeconomic cohesion of the community is more evenly distributed. When some people are opulently wealthy while others are starving and unable to provide for their families' fundamental needs, such as

<sup>4</sup> Developed by author

<sup>5</sup> Monica M. Gaudiosi: "The influence of the islamic law of waqf on the development of the trust in England: The case of Merton College".

food, shelter, and access to healthcare and education, a society cannot operate properly. The Ottomans believed in defending the rights and well-being of the individual, but because their empire was based on Islamic traditions, which place a great value on communal well-being, it was also necessary to safeguard the well-being of the community. High wealth disparity between the rich and the poor also has negative effects on the economy and social welfare.

Historically, Awqaf have been very important in providing sustainable financing for a variety of social services, including but not limited to health and education. In fact, it has been claimed that more than 60% of public services were provided through the system of Waqf during the Umayyad and Abbasid Caliphates. First, awqaf provided funding for the essential social services (and infrastructure) of health, education, and sustenance or social security for the poor. Second, in addition to meeting these necessities, awqaf contributed significantly to the advancement of culture and science by funding the publication of books, the building of libraries, and the support of researchers in both secular and religious fields.

In contrast to today, when people are left at the whim of the free market, the Ottomans considered the Waqf system as a means to help society thrive together rather than leaving individuals isolated and alone. Although some affluent nations offer "Band-Aid solutions" in the name of having a welfare state, the neoliberal system's problem of the free market prevents those who are less fortunate from catching up. In the end, the crisis widens the divide between the wealthy and the poor, as well as between established and emerging nations.

### **Global Waqf Industry**

The analytical data of the Waqf industry is greatly under-researched. The most reliable and precise data was provided by the Islamic Finance News report on September 26, 2012.

According to that, the global Waqf sector was worth over \$105 billion. Although a substantial portion of these assets are privately owned and managed, making it nearly impossible to determine a precise amount, it is suggested that the industry's true worth may be much higher.<sup>6</sup>

Waqf assets have been projected to be worth RM1 trillion (\$325.4 billion) in Malaysia and SAR1 trillion (\$266.6 billion) in Saudi Arabia alone, according to informal estimations given by specialists a decade ago. According to a report by the Ministry of Religious Endowment, Egypt's Waqf endowments are estimated to be worth over \$82 billion.

John Sandwick, an Islamic finance specialist and asset manager, is quoted as saying that: "This market is just too big to ignore, but conventional asset managers

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<sup>6</sup> Islamic Finance news, redmoney publication, Volume 9 Issue 38, 2012.

have spent their time selling derivatives and hedge funds rather than make efforts to unlock this sleeping giant.”

Several international organizations and institutions have been involved in global waqf initiatives, contributing to the development and implementation of waqf projects.

**Table 1.** Waqf organizations around the globe<sup>7</sup>

No	Organization	Description
1	<b>International Waqf Fund (IWF)</b>	Recognising the need for sustainable charity, International Waqf Fund began offering Waqf as a way to donate under our previous name Islamic Relief Waqf. The Waqf pot has been collecting and investing donations since the year 2000.
2	<b>Islamic Development Bank (IsDB)</b>	Awqaf Properties Investment Fund (APIF) participates in the financing of waqf/endowment income generating commercial and residential real estate properties to enhance the financial sustainability of its beneficiaries and support their social and charitable activities. APIF is established as a U.S. Dollar denominated fund managed by the Islamic Development Bank
3	<b>Indian Auqaf Foundation</b>	It is a ‘Not for Profit’ organisation being set up to carry forward the implementation of “Bengaluru Declaration on Auqaf in India”.
4	<b>National Awqaf Foundation of South Africa</b>	Awqaf SA is the leading charitable endowment (Waqf) institution in Southern Africa. It was pioneered in 2000 as an independent community-based and owned trust, dedicated to the

<sup>7</sup> Developed by author

		establishment of the institution of Waqf and the empowerment of communities.
5	<b>Awqaf New Zealand</b>	Focused on the New Zealand region, it is engaged in promoting Islamic endowments for community development, education, and charitable purposes.
6	<b>Yayasan Waqaf Malaysia (YWM)</b>	It is a national waqf entity. It was officially established on 23 July 2008 under the Trustees Act 1952 through Legal Affairs Division of the Prime Minister's Department. Its establishment was initiated by the Department of Waqf, Zakat and Hajj of the Prime Minister's Department ("JAWHAR").
7	<b>Qatar Charity</b>	A group of Qatari philanthropists, alarmed by the rising number of children orphaned by wars and conflicts in neighboring countries, came together to form a community initiative called "The Committee of Qatar for Orphan Sponsorship". Eight years later, an international NGO was set up under the name "Qatar Charity" to scale up the initiative, broaden its range of activities and augment its outreach

These organizations vary in their scope, focus areas, and regional influence. Additionally, governments and financial institutions in various Muslim-majority countries often play a role in supporting and regulating waqf activities.

Specifically focusing on International Waqf Fund, based on their annual report 2022, it has raised more than £8 million with an annual average return of around 7 % from waqf shares. In 2022, they implemented projects in sectors such as Health and Nutrition, Education, Qurbani, Water and Sanitation, and Sustainable Livelihoods. The



Fund aims to facilitate a better life for communities in need to thrive, by uplifting themselves out of poverty through long-term sustainable projects.<sup>8</sup>

In 2022, IWF worked in the following 14 countries: Niger, Gaza, Afghanistan, Iraq, Yemen, Kenya, Kosovo, Bangladesh, Lebanon, Sudan, Indonesia, Mali, Bosnia and Herzegovina, Pakistan.

**Table 2.** Donations by sectors.<sup>9</sup>

<b>№</b>	<b>Sector</b>	<b>Amount</b>
<b>1</b>	Health and Nutrition	£40,000
<b>2</b>	Orphan and child welfare	£65,314
<b>3</b>	Water and sanitation	£68,250
<b>4</b>	Sustainable livelihood	£75,000
<b>5</b>	Emergency and disaster preparedness	£25,000
<b>6</b>	Ramadan	£17,832
<b>7</b>	Education	£167,717
<b>8</b>	Qurbani	£15,048
<b>Total:</b>		£474,161

With the Emergency and disaster preparedness project alone, in Afghanistan 360 of the most vulnerable households (2,538 individuals) were provided with humanitarian assistance. With the Waqf share returns, we were able to provide 190 households with a one-month ration food pack and 170 households with hygiene kits.

In the case of Lebanon through Orphan and child welfare project, the intervention has given micro-finance conditional cash grants to business owners and skillful workers (orphans mothers and widows) to help them start or restart their businesses. The project targeted 50% from the Lebanese host community, 35% Syrian refugees and 15% Palestinian refugees.

Regarding Water project, Mali is one of the poorest countries in the world with over 50% of the population living in poverty. Instability and poor governmental structures have led to unavailability of basic social services, such as access to clean and safe drinking water. Therefore, also increasing the risk of water-borne diseases. In each of the three intervention villages, a borehole was built, equipped with a solar system. In each village, there is now four drinking water collection points to serve 2,000 people at a rate of 500 people per collection point. This practice will allow women to collect water easily and in a short time allow them to better devote themselves to their activities of production, maintenance of the children and to exempt the girls who will be able to concentrate on their studies. The communities of each beneficiary

<sup>8</sup> International Waqf Fund Annual Report 2022

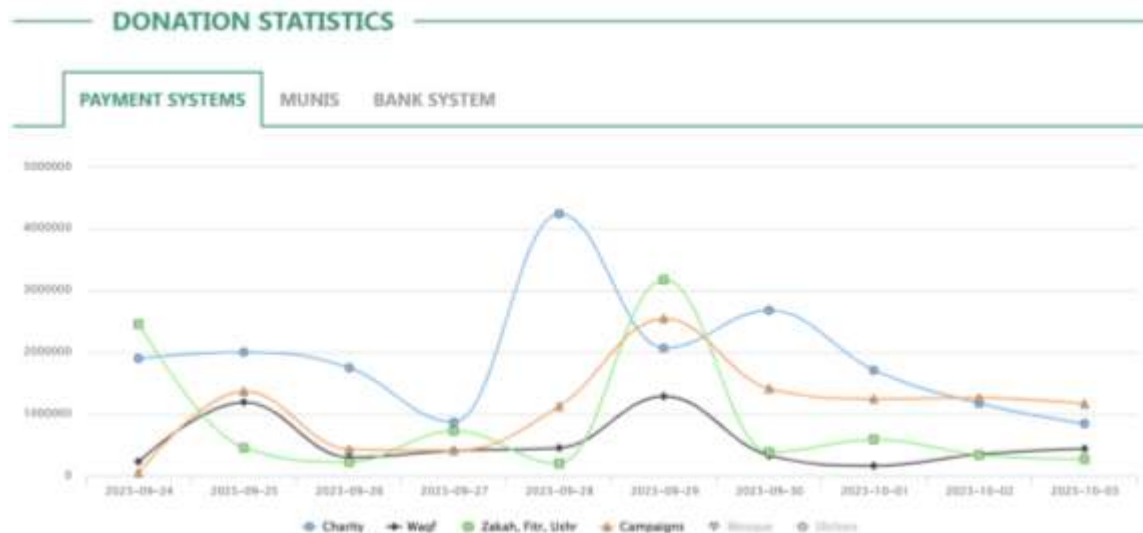
<sup>9</sup> Developed by author

village have democratically installed a management committee. The committee members will be trained in their roles and responsibilities and will ensure that the communities' access to water is sustainable and inclusive.

Inspired by Islamic values, IWF envisages a world in which thriving communities help everyone achieve their God-given potential.

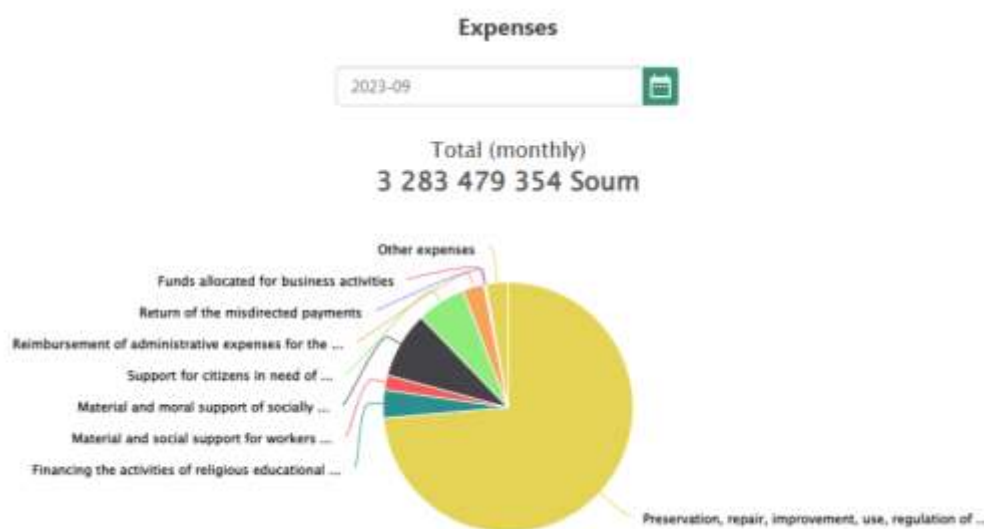
### Waqf in Uzbekistan

Public charity foundation 'Waqf' is currently the only and central foundation in Uzbekistan. It has 13 branches all over the country. In the official website at <https://vaqf.uz> daily updated donations statistics are presented.



**Figure 1.** Donation statistics of 'Waqf'.<sup>10</sup>

Briefly analyzing the figures, in September alone, 3 billion and 283 million soums were spent to cover the needs of the underprivileged, preservation, repair and improvement of mosques, schools, etc.




<sup>10</sup> <https://vaqf.uz/en>



**Figure 2.** Expenses pie chart of 'Vaqf'.<sup>11</sup>

The system is so transparent that the data regarding each transaction, receiver, the sum of the payment, its type, etc. are provided in a chart.

**Daily expenses**

2023-10-04 

#	Тўланган сана	Қабул қилувчи	Болганиш учун	Бдан суммаси	Мақсади	Харажат тури
1	2023-10-04	Қасим Шайх		2 648 986	НАВОЙ Ш	Зиёратчи даромадларидан мўлурин харажатлари
2	2023-10-04	"VAQF" XAYRIYA JAM'IAT FOND BOSHLANISH KASABA UYUSHMASI QO'MITASI		15 000 000	Олмасар тулани	Фонд касба уюшмасини қасбас учун тўловлар
3	2023-10-04	"VAQF" XAYRIYA JAM'IAT FOND BOSHLANISH KASABA UYUSHMASI QO'MITASI		5 000 000	Олмасар тулани	Хидматлар иш юртига боллиқ бўлан солонлар ва нажбурин акратмалар
4	2023-10-04	Қасим ота		1 678 552	НАВОЙ Ш	Зиёратчи даромадларидан мўлурин харажатлари
5	2023-10-04	Масжидлар		5 200 000	Тошкент шарри	09510
6	2023-10-04	Чашма маъмури		7 291 626	НАВОЙ Ш	Зиёратчи даромадларидан мўлурин харажатлари
7	2023-10-04	Султон Увайс бобо		37 051 030	НУКУС Ш	Зиёратчи даромадларидан мўлурин харажатлари
8	2023-10-04	Қасим Шайх		2 648 986	НАВОЙ Ш	Зиёратчи даромадларидан мўлурин харажатлари
13	2023-10-04	КОМПАЛПОГИСТОН РЕСПУБЛИКАСИ ФУТБАЛЛА		10 884 113	НУКУС Ш	Зиёратчи даромадларидан мўлурин харажатлари
14	2023-10-04	МирСалд Бахром		542 506	НАВОЙ Ш	Зиёратчи даромадларидан мўлурин харажатлари
15	2023-10-04	Абул Хасан Харақоний		1 085 011	НАВОЙ Ш	Зиёратчи даромадларидан мўлурин харажатлари
16	2023-10-04	Махмома Ориф Дегароний		542 506	НАВОЙ Ш	Зиёратчи даромадларидан мўлурин харажатлари
17	2023-10-04	Хужа Хасан Андроний		839 776	НАВОЙ Ш	Зиёратчи даромадларидан мўлурин харажатлари
18	2023-10-04	Бокрид Бахтовий		3 848 374	НАВОЙ Ш	Зиёратчи даромадларидан мўлурин харажатлари
19	2023-10-04	Навоий экспорт филмаси		10 841 830	НАВОЙ Ш	Зиёратчи даромадларидан мўлурин харажатлари
20	2023-10-04	Навоий экспорт филмаси		9 613 954	НАВОЙ Ш	Зиёратчи даромадларидан мўлурин харажатлари
21	2023-10-04	Toshkent shahar 11		3 000 032	ТОШКЕНТ Ш	Зиёратчи даромадларидан мўлурин харажатлари
Жами (кун давомиди):				142 905 803		

**Figure 3.** The table of daily expenses of 'Vaqf'.<sup>12</sup>

Look at the chart; it can be seen that on October 4th, by 15:07 there were 21 expenses totaling 142 million 905 thousand soums.

In conclusion, this comprehensive exploration of waqf endowments on both a global scale and within the context of Uzbekistan unveils the multifaceted nature of this ancient philanthropic practice. The resurgence of waqf, exemplified by organizations like the International Waqf Fund (IWF), underscores its potential to transcend cultural and geographical boundaries, serving as a dynamic force for positive change. The comparative analysis has shed light on the diverse legal frameworks,

<sup>12</sup> <https://vaqf.uz/en/transactions/statistics>

cultural influences, and economic conditions that shape waqf practices globally and, more specifically, in Uzbekistan.

The implementation of waqf initiatives in sectors such as Health and Nutrition, Education, Qurbani, Water and Sanitation, and Sustainable Livelihoods underscores its capacity to address a spectrum of societal needs. The impact assessment reinforces the vital role that waqf plays in facilitating sustainable development, poverty alleviation, and community welfare.

In essence, this study contributes to the broader discourse on Islamic finance, philanthropy, and economic development, emphasizing the resilience and adaptability of waqf endowments as a powerful tool for fostering positive societal transformation. It is our hope that this research inspires further inquiry and action, fostering a deeper understanding of waqf's potential to uplift communities and contribute to a more equitable and sustainable world.

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