

PROSPECTS FOR THE DEVELOPMENT OF THE WAQF CHARITABLE PUBLIC FUND

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Abstract: *Since islam is prevailed, Waqf institutions have performed a certain function of the state by providing social protection for economically and materially poor families in the society. Through waqf institutions, wealth was redistributed by the rich to the needy part of the population. That is, the rich donated their wealth to the waqf fund, and the needy section was financed from the waqf fund. As a result, the strong stratification between the rich and the poor was avoided. Based on the ideas of the modern capitalist concept, today the rich are getting richer and the poor are getting poorer. It doesn't matter whether we call it market economy or digital economy, it is a model that complements each other logically. These models are concerned with how a person can get more wealth. As a result, today 827 million people are condemned to poverty, which is more than 10% of the world's population.*

It has been said that it is good to go back to history. Accordingly, the topic is to conduct the research on the waqf fund, a financial institution that served humanity until the last century, but has lost its importance as a result of the collapse of Islamic empires and the weakening of Muslim societies, and today has great potential. we intended.

This article describes the organizational foundations of the waqf fund, its role in reducing poverty, and its importance in the organization of Islamic microfinance. Based on foreign experience, scientific and practical recommendations have been formulated for the radical improvement of the Waqf Fund.

Keywords: *Waqf, Islamic microfinance, poverty, debt hasan, zakat, Waqf charitable public fund, Islamic economy, non-governmental non-profit organizations.*

The word waqf is derived from the Arabic verb "waqafa" and literally means to hold, preserve. In istilah, waqf means property allocated by the state or certain individuals for religious needs or charity. That is, the waqf thing comes out of the property of the waqf donor and becomes the property of Allah. In fact, Allah is the absolute owner of all property, including people. The profit from the endowment is spent on the destination specified by the endowment (for example, students, foreigners, the poor) and the reward is eternal to the endowment, even after his death. A waqf is not sold, gifted, or inherited. Waqf is not charity, charity is done by giving something. Waqf is to keep that thing and spend its benefits in the most beautiful way.

Waqf has various forms, such as mosques, madrasahs, hospitals, hotels, residences for families and individuals who cannot build a residence due to poverty, cannot buy or rent a house, wells for distributing water to travelers and the needy, people charity kitchens that distribute various foods, enterprises that provide their services by repairing roads and bridges,

named for abandoned and orphaned children, feeding, drinking, clothing, providing them with a place to live, circumcision institutions for the blind, paralyzed and disabled, providing all the necessary things for their living, institutions that help prisoners, provide them with food and medicine, and help young men and women who have difficulty starting a family institutions, charitable institutions that provide milk and sugar to nursing mothers, help abandoned animals and may be in the form of charitable organizations.[14]

Literature review.

The foundation of the foundation dates back to the time of the Prophet (pbuh). There are places mentioned in the sources that the first waqf in the history of Islam were the waqfs made by the Messenger of Allah at the time of Muhairiq's death. According to the narrations, Muhayriq bequeathed "If anything happens to me, my property belongs to Rasulullah". Rasulullah took that property and gave it in charity. This is recognized as the first foundation in history books (Kenjaboyeva 2021).

It is narrated from Anas, may God be pleased with him: "When the Prophet, may God bless him and grant him peace, came to Medina and ordered the construction of a mosque, he said: "O Bani Najjar! "Evaluate your garden with me." "No! By God, we will only ask God for its price." So he took it and built a mosque. Here, it is seen that the Bani Najjar tribe donated their garden for the construction of a mosque.

The process of formation and development of the Waqf institution can be conditionally divided into 7 stages: 1) Prophetic period; 2) the era of the Companions; 3) the period of tobi'in and taba'a tobi'in; 4) golden age (IX-XIV acp); 5) the period of decline (XV-XVI acp); 6) the period of sharp reduction or termination of endowments (XVII-XIX acp); 7) the revival period of the foundation institution (XX-XXI acp).⁸⁵

This voluntary financial institution aims to create a charitable scheme to improve the welfare of the underprivileged such as the poor, the helpless, the needy, orphans, widows, etc. (Cizakca, 2002). In addition, the waqf financed public services such as the construction of mosques, religious institutions, libraries, hospitals, travelers' lodgings, and hotels (McChesney, 1991). In particular, waqf has played an important role in strengthening the spirit of brotherhood in Muslim societies, education and spreading the true spirit of Islam among Muslims (Siraj, 2012). The benefits of waqf funds are not limited to the use of Muslim communities and religious activities, but cover a wider range of activities aimed at improving and developing the social and economic conditions of society (Cajee, 2007). However, as Cizakca (2002) pointed out, the growth of assets of waqf institutions was not sustainable. The evolution of waqf has gone through various development trends, including periods of significant growth, stagnation and even recession. One of the main reasons for the decline of waqf funds was Western colonialism (Aun, 1975).

In the 21st century, after the public sector and the private sector, third sector institutions appeared. It was observed that the third sector, which does not belong to the state or the private sector, brings great benefits to the increase of social well-being and the overall development of society. These organizations provide services in areas where the state budget could not provide enough. The third sector is given different names in different regions, such

⁸⁵ ibid

as "Non-Profit", "Voluntary" and "Independent" (Salamon and Anheier, 1999), "Non-Governmental" (Salamon and Anheier, 1992: 268), the last introduced "Civil Society" termed as (Morris, 2000). In Islamic civil societies, it is still called waqf by its classical name. In recent history, Turkey, which was not a colonial state, has many endowment funds.

Based on the collected data, two types of non-state and non-commercial names are common in developed and developing countries. Non-governmental organizations are defined as non-governmental and non-profit organizations whose main purpose is not to make a profit. Article 2 of the Law on Non-Governmental Non-Profit Organization of the Republic of Uzbekistan defines it as follows: Non-Governmental Non-Profit Organization is a voluntary organization established by individuals and (or) legal entities, the main purpose of which is to obtain income (profit). is a self-management organization that does not make and does not distribute the received income (profit) among its participants (members) [1]. A non-governmental non-profit organization is established to protect the rights and legal interests of individuals and legal entities, other democratic values, to achieve social, cultural and educational goals, to satisfy spiritual and other intangible needs, to carry out charitable activities, and for other socially beneficial purposes.

Non-governmental non-profit organizations can engage in production, service, trade and other types of services during their activities. The profit obtained cannot be distributed among the members or employees of the organization. However, workers and employees are not prohibited from receiving monthly wages or incentives.

Al-Fauzan (1423) emphasized that waqf should not only be expressed verbally, but also depends on the intention and purpose of the waqf giver. Hence, it is said that waqf should be prohibited if the intentions behind the intentions lead to conflict or cause any harm or discord. An example of this situation is that during the time of our Prophet, a mosque was built under the name of waqf, and this mosque remained in the books of Sirat under the name of Ziror Mosque.

Currently, waqf institutions are well developed in Malaysia, Turkey and Arab countries. In this regard, the Cash Foundation is of particular importance. The word cash is derived from the English language and means cash. The definition of waqf that we have met so far is the introduction of a part of the property of the waqf (owner) in charity. Cash endowment is a form of donating money of a certain value for religious purposes. From the meaning of waqf in the form of cash, it can be seen that this is cash donated by the benefactor for the purpose of waqf. Currently, many people face financial difficulties, so not everyone may be able to endow real estate. It is easy and convenient to donate funds in the form of cash (including money on a bank plastic card). From the collected money, property is taken at the discretion of the foundation, and the income from it is used for the relevant activities. Unlike cash waqf zakat, the amount of charity for waqf is not fixed. Everyone donates based on their ability.

Cash waqf will benefit our country because it will reduce the level of poverty among Muslims. Most people in our country need a small amount of money to start or expand their small business. Financial support can be in different forms at the discretion of the foundation. In particular, it would be appropriate to implement it through Islamic microfinancing instruments.

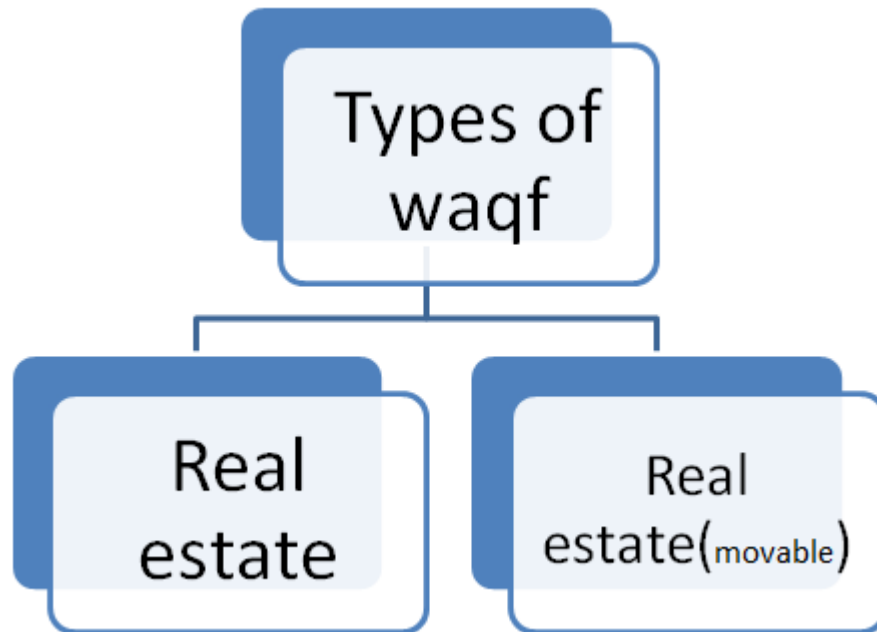


Figure 1. The main types of properties according to the form of endowment⁸⁶.

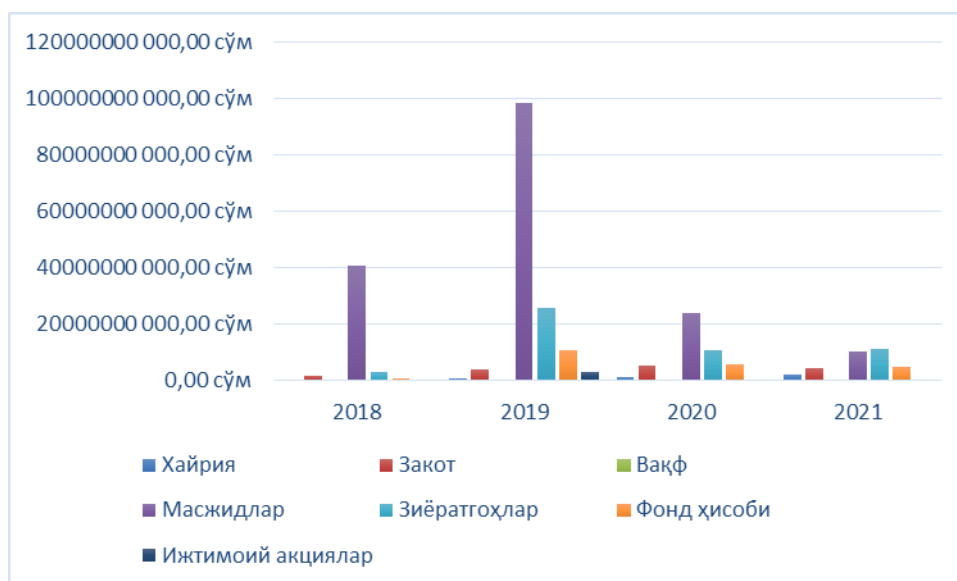
According to the form of endowment, it is divided into two main types: immovable and movable property. Any property owned by a waqf is a real property that can be donated as a waqf property. By developing the Waqf fund, they help to reduce poverty and fulfill certain tasks of the state in social protection of the population.

Research methodology

This article is written on the basis of available secondary data, in which relevant scientific articles, researches, waqf funds and Islamic microfinance organizations website information was used. Grouping, comparison, scientific abstraction methods were used in writing the article.

Analysis and discussion of results

We will analyze the financial changes of the Waqf Charitable Public Fund in each fiscal year from the time it was established until 2022.



⁸⁶ To'plangan ma'lumotlar asosida muallif ishlanmasi

Figure 2. 2018-2021 income from the financial sources of the Waqf Charitable Public Fund.⁸⁷

According to the source of income, in 2018-2022, income from mosques and shrines remains dominant. Revenues peaked in FY2019. But year after year, the decrease in the income of the Waqf Charitable Public Fund shows the need to make serious changes in the management structure of the fund.

We can see that the expenses of the Waqf Charitable Public Fund are decreasing year by year. In 2020, the separation of donations from mosques from the endowment had a serious impact on the income and expenses of the fund.

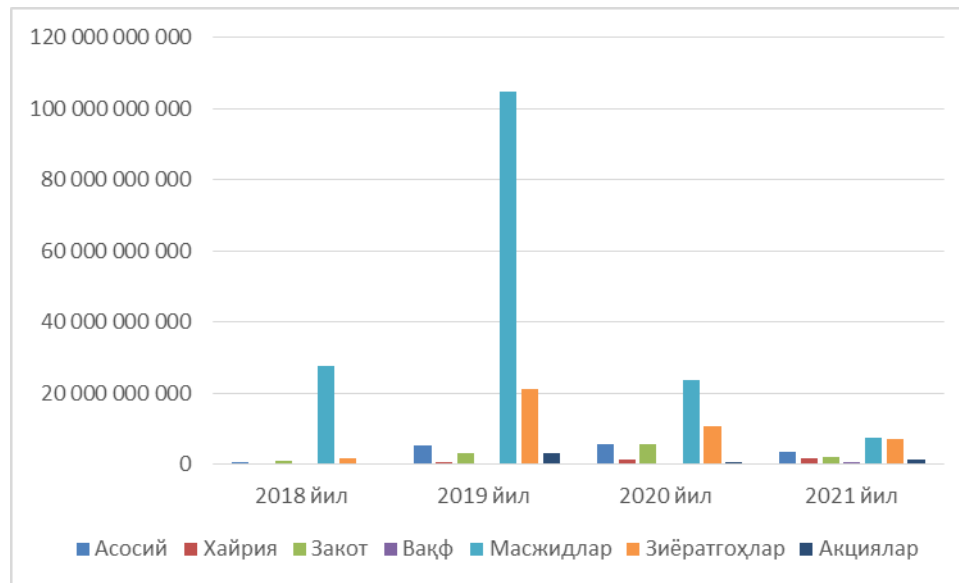


Figure 3. Ways of spending funds of the Waqf Charitable Public Fund in 2018-2021.⁸⁸

Another noteworthy point is that the donations made by citizens for the purchase of the foundation property were not used properly. In fact, the most expenses should be directed to the purchase of foundation property and potential investment projects. Nevertheless, we can see that the main resources of the Waqf charitable public organization remain dependent on donors. Of course, the increase in expenses will directly depend on the income, taking this into account, the fund should strive to regularly increase income by means of modern instruments.

The development of the system of Islamic microfinance, creation of jobs and reduction of poverty with the help of radical reform of the Waqf Public Charitable Fund has been the experience of countries such as Malaysia, Turkey, and Bangladesh. By implementing this in our country, the expected effect will be achieved. Below we will consider several models using foreign experience to increase fund income.

The economic recession and financial difficulties of the 21st century have created the need to rebuild waqf institutions in Muslim countries. One of the methods of waqf funds to increase their sources of income or assets was to introduce the practice of accepting cash and real estate. Although previous scholars issued a fatwa saying that immovable property is not suitable for waqf, with the change of times, trade between people has improved and even with

⁸⁷ It was prepared by the author based on the information from the website of the Waqf Charitable Public Fund

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the emergence of special monetary institutions, i.e. banks, current scholars allowed to accept properties as waqf.

In this regard, in order to introduce cash waqf in the Waqf Charitable Public Fund, we will consider modern models of cash waqf creation that exist and are in practice in Muslim countries. This includes waqf share model, corporate cash waqf model, deposit product model, waqf mutual fund model and wakala waqf fund. In order to find a solution to many socio-economic problems faced by the Muslims of our country, we will get to know the working mechanism of the models.

Foundation share model. The waqf share model system is known as public waqf and is used in countries such as Malaysia, Sudan, Kuwait and Great Britain. In practice, the endowment share model is a system in which the founders purchase an agreed amount of shares from the endowment fund. The price can range from \$10 to \$100, for example, and the financier receives a cash endowment certificate to show that the buyer has purchased endowment shares. The waqf shares are then managed by a mutawalli, i.e. waqf fund, to manage the collected funds. The total amount of funds collected will be used for charitable activities determined by the institution concerned, such as construction, renovation of mosques, construction of schools or renovation of schools, and other useful and religious works.

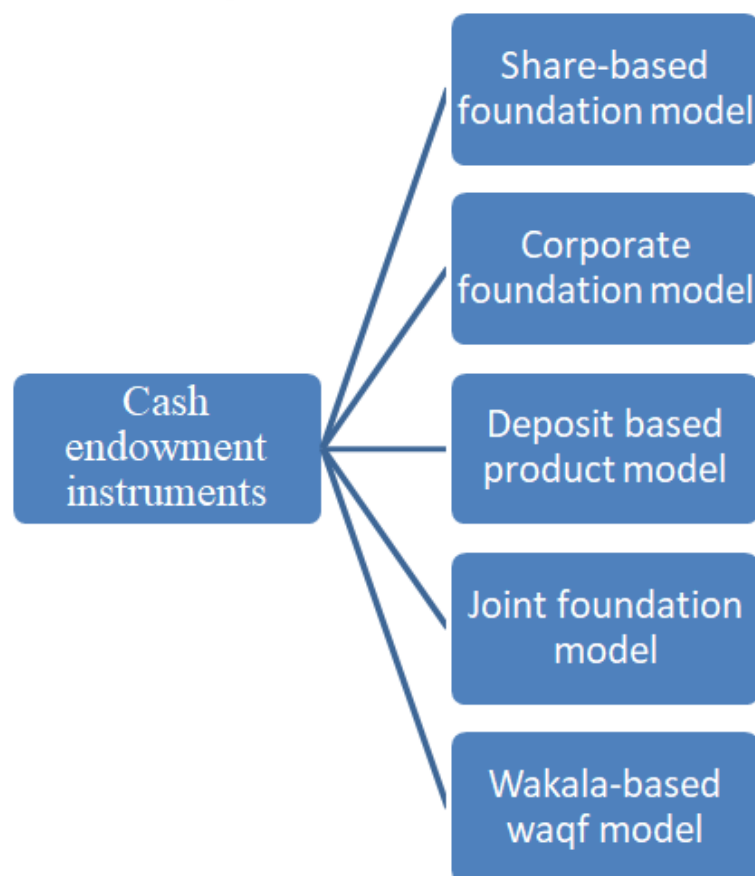


Figure 4. Application of cash waqf as a modern means⁸⁹.

This model can be used in Uzbekistan. For example, the Waqf Charitable Public Fund should issue ordinary shares and try to sell them to Muslims with good financial conditions. As a result, the collected money is bet on any potential business. The profit will be used for

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good and meritorious works. Usually, shareholders receive dividends according to the amount of their share. The shareholders of the Waqf fund will receive rewards instead of dividends. This is the feeling that prompts them to buy shares of the endowment fund.

In the waqf share model, each state's waqf institution plays the role of a mutawalli and tries to encourage Muslims who can afford to buy shares and invest the money raised in profitable businesses. The profits are then used to help Muslims in need. For example, if 2 million Muslims buy waqf shares at 10,000 (ten thousand soums) each, the total accumulated amount will be 20 billion soums. If the amount of 20 billion soums is well managed by an honest and pious manager, this amount can be diversified and put into profitable businesses that can meet the needs of needy Muslims. If the model of waqf shares is launched in every region of Uzbekistan, the level of poverty among the Muslims of our country will decrease significantly. Shares can be sold through mosques, Islamic centers or by hosting special Islamic programs and events. The two Eid prayers are the occasion when the largest number of Muslims gather, so it is not difficult to sell shares worth 10,000 soums to each Muslim. A part of the received funds can be used to finance small business and entrepreneurship, especially for women to start their own businesses.

Another option is to call the Waqf Charitable Public Fund actions to Muslims during the month of Ramadan, when most Muslims like to donate their wealth to the poor. It is not the same as zakat, which is mandated by Allah as one of the pillars of Islam, but is similar to voluntary charity. If the money is distributed among people below the poverty line in the amount of 2 million soums per person, more than 10,000 people will have enough capital to cover at least 1 month's expenses.

The performance of the proposed Waqf model for a poverty alleviation program for needy Muslims is depicted in the figure below.

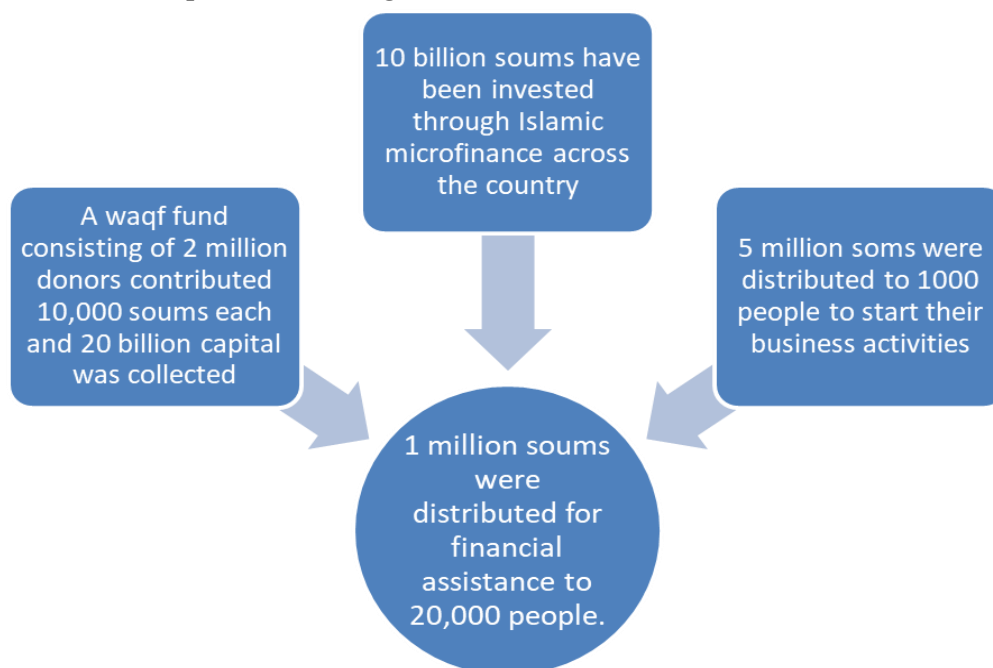


Figure 5. Foundation model for poverty alleviation program⁹⁰

⁹⁰ Muallif ishlanmasi

In this scheme, Waqf Charitable Public Fund is selling 2,000,000 shares worth 10,000 to Muslims. As a result, it has a capital of 20 billion soums. This investment is divided into 2 parts and used in 2 directions. First, 10 billion soums are being distributed to 10,000 people from 1 million soums per person. The list of these people includes the sick, disabled, elderly, orphans and people in need of help. The second half of the collected funds, i.e. 10 billion soums, is for those who want to engage in business activities but do not have initial capital, have a monthly salary to take a loan from the bank and property to pledge. Each of the 1000 people will be financed with 10 million soums on the basis of a mudarabah contract from Islamic microfinance services. These funds are invested in business based on partnership. So, the income from businesses to the foundation fund will be distributed to 10,000 people who need help in the amount of 1 million soums.

If this developed model is implemented in ten consecutive years, about two hundred thousand low-income people will receive financial assistance, and about 10,000 people will have a source of income by starting a business.

Conclusions and suggestions.

Foundation foundations are founded on the Holy Qur'an and the Sunnah of our Prophet Muhammad (pbuh). Until recent centuries, waqf funds performed the functions of social protection and social protection of the population, which are currently performed by the state, and played a very important role in the well-being of society.

Analyzing the activities of the Waqf Charitable Public Fund established in our country in 2018, we came to the following conclusion:

1. It is necessary to increase the income of the Waqf Charitable Public Fund by introducing Islamic microfinancing. The fund's sources of income are as follows: mosques, zakat, charity, shrines, social actions, endowment and main activity funds. The main source of income of the fund depends on the income from mosques and shrines, which makes up more than 60% of the total income. Currently, the relevant law on the organization of Islamic microfinance organization has been issued, and the Fund has all the opportunities to engage in this activity.

2. In order to increase the income of the foundation, it is necessary to use modern mechanisms, applying the experience of leading developed countries. In this case, it is necessary to introduce the cash waqf system and use methods such as issuing shares, capital waqf model or issuing sukuk in the formation of funds.

3. It is necessary to organize the provision of hasana (interest-free loans) to the poor through the Islamic microfinance system. It is necessary to help the poor people to engage in business activities or at least to be self-employed by organizing trainings. According to the saying "Don't give a fish, teach it to catch", giving a loan is more useful and rewarding for a person and society than giving a donation.

4. It is necessary to establish a law institute under the Waqf fund. In this case, it is necessary to systematically collect zakat on the scale of the Republic. For this, it is necessary to penetrate into every organization (enterprise, firm) in cooperation with trade unions and regularly raise awareness among people about the importance of zakat.

Poverty reduction is achieved through the development of Islamic microfinance system. The role of waqf funds in the development of this system is incomparable. By developing the Waqf Charitable Public Fund, the burden of the state on social security of the population will be eased.

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