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**Abstract:** *Since the spread of Islam, Waqf funds have performed a certain function of the state by providing economic and material social protection to low-income 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 if we call it market economy or digital economy, they are all models that complement each other logically. These models are concerned with how a person can make more wealth. As a result, 827 million people are condemned to poverty today, which is more than 10% of the world's population.<sup>48</sup>*

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.

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.<sup>49</sup>

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

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<sup>48</sup> [www.worldbank.org](http://www.worldbank.org)

<sup>49</sup> Kenjaboeva R. M., Waqf issues in Movarounnahr Hanafi sources of the 10th-13th centuries, PhD dissertation, Tashkent - 2021, page 15

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 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) <sup>50</sup>. 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.

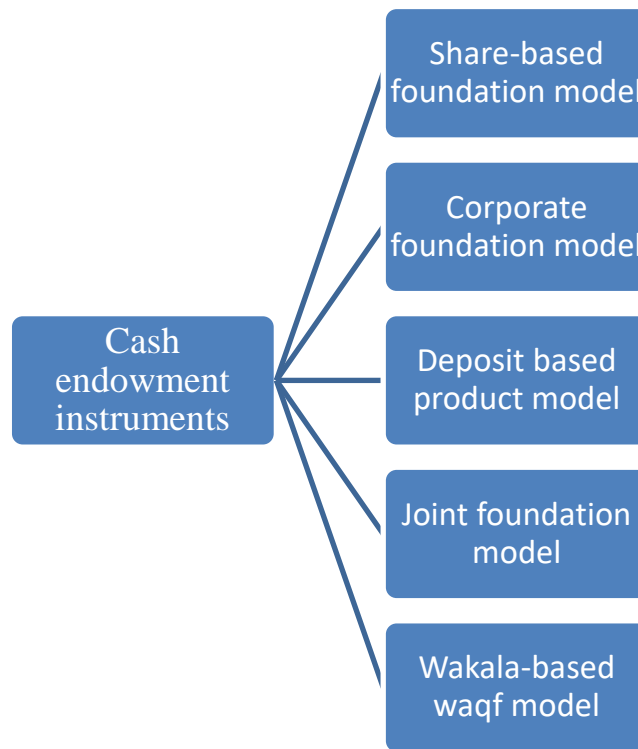
Non-governmental non-profit organizations can engage in production, service, trade and other types of services during their activities. The profit obtained cannot be distributed among the members or employees of the organization. However, workers and employees are not prohibited from receiving monthly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

According to the form of endowment, it is divided into two main types: immovable and immovable 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.

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<sup>50</sup> Law on non-bank credit organizations and microfinancing activities (O'RQ-765-son, 20.04.2022-y.)



**Figure 4. Application of cash waqf as a modern means<sup>51</sup>.**

British scholar Hall defined a non-profit organization as a private organization with at least one of the following goals:

- a) To assume public responsibilities on behalf of the government in a specific area not covered by states. In other words, non-governmental non-profit organizations should help reduce the burden of the government in terms of meeting public needs.
- b) If there is an interruption in the delivery of goods and services of high demand by the state or other institutions to the population, it is necessary to fill the gap.
- c) Making positive changes in state policy, etc.

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.

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 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

<sup>51</sup> Author's work

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, waqf 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.

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