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Waqf Model of Madinah Mawaddah Waqf City: An Analysis

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ABSTRACT

The private endeavor to establish waqf has spurred the development of waqf worldwide. Corporations, companies, and Islamic financial institutions in several countries such as Turkey, Pakistan, and Malaysia have created, managed, and distributed waqf proceeds to the designated beneficiaries in various sectors, namely, health, education, and social. Recently, Pahang State Foundation (Yayasan Pahang), a subsidiary of the Malaysian state of Pahang, launched Madinah Mawaddah Waqf City (MMWC) with the dedication of 187 acres of land as waqf to Pahang Islamic Religious and Malay Customs Council (MUIP). The initiative to develop MMWC is considered one of the most significant waqf land development projects undertaken by a private company in Malaysia. The paper's objective is to examine and scrutinize the structure of the waqf model of MMWC, which includes the governance, management, and underlying Shariah principles applied to establish MMWC. This paper is conceptual, and the authors use content analysis, library research, and case study methods to reach the findings. The study's findings could provide some insight into applying the waqf model within the institutional framework of a corporate or private company. Future studies can specifically examine other aspects of waqf management, such as financial aspects.



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Introduction

Waqf is one of the voluntary charitable mechanisms in Islam and has provided considerable contributions to the development of Islamic society since the early days of Islam until now. The Prophet and His Companion have shown the practice of dedicating assets as waqf for funding almost all economic, education, health, and social sectors and followed by Muslims. The massive role of waqf institutions in the country's economic development is evidenced during the Ottoman Empire.

Waqf institutions play a vital role in economic development by helping and supporting efforts to develop various facilities, including educational facilities, health, places of worship, and other facilities for the people such as bridges and roads. With the importance of waqf and its benefits to Muslims, especially from the economic aspect, the issues and weaknesses related to the management of waqf should be an essential aspect to be addressed by Muslims. The problem of waqf management occurs in most countries that practice it, including Malaysia and neighboring Indonesia as well as Bangladesh including the issue of strengthening education and the overall inefficiency of waqf management which requires organizational structuring to increase the accountability of waqf institutions. Waqf management should be efficient. And by the needs of the times, especially from the aspect of governance and waqf distribution methods.

This study scrutinizes the model of waqf explicitly in terms of the sources of waqf fund, the development of waqf asset, the management of waqf assets, and the distribution of waqf proceeds (ghallah), specifically in Madinah Mawaddah Waqf City (MMWC) in the form of a case study to look in- depth at the four aspects mentioned earlier. The participation of a corporate body in this new model could bring along the corporate culture of professionalism, good administration which is free of corruption in the execution of waqf.

Literature Review

The leading writing of waqf in Islamic Sharia and latest advancement in Malaysia is briefly elaborates in this section. The involvement of private entities in the development and management of waqf.

Waqf Understanding

The literal meaning of waqf is detention or prevention. The scholars of Islamic jurisprudence define waqf as a gift in which the corpus is detained, and the usufruct is set free. The detention of the corpus means the exclusion of waqf assets from any disposition. In simple words the waqf assets can't be sold or gifted, rented out or mortgaged. The dedication of the usufruct denotes that there will be no financial return for the waqif (endower) is main purpose of it. Therefore, the technical meaning of waqf is a valuable entity that is dedicatedly and completely handover or give in the use for an infinite period of time. Moreover, the original endower or others have no right of disposition to a permissible existing party or by channeling its yields or proceeds to charitable and good purpose for the sake of Allah.

There are three categories of waqf based on the perspectives of the heiress, the waqf purpose, and the subject matter of waqf. The first category of waqf, namely, waqf beneficiaries, is divided into two groups; waqf khayri (charitable endowment) or waqf Ahli/dhurrie (endowment for offspring). The beneficiaries of waqf khayri are diverse, comprising individuals and institutions of various sectors, including education, health, and social. Meanwhile, the waqf Ahli/dhurrie beneficiaries are limited to relatives, blood relations, and their dependents. Suppose a waqf giver dedicated an asset for a particular purpose; for example, they dedicated a piece of land as a waqf to construct the religious school. In that case, the waqf manager is obliged to adhere to the condition. However, if the waqf giver mentions no specific situation, the waqf manager has the freedom to determine the land usage according to the need. The third category is the subject matter of waqf that could be classified into immovable assets (waqf al-'aqar) such as land or moveable assets (waqf al-manqul) Al-Quran and money.

Nowadays, cash waqf is the most popular type of waqf asset that is structured for funding the development of existing assets, or the fund is channeled into purchasing new waqf assets. In contrast to immovable properties, for example, land and building, cash waqf is the easiest and the cheapest method of doing waqf without incurring a considerable amount of money. In Muslim

countries worldwide, government and private agencies have established cash waqf funds and channeled waqf proceeds for various sectors, particularly education, health, and social.

Private Entities Involvement in Waqf

The expansion of waqf entities in Malaysia is highly dependent over private and corporate bodies collaboration as per the latest updates in this field. The progress can be identified through such corporate culture where corruption free administration executes operations, better controls can be built through audits. Moreover, professionalism corporate properties' engagement in waqf activities could represent the corporate world's ethical dimensions. Considering several issues associated with waqf authorities, the involvement of corporate and private bodies in waqf affairs is noticeably imperative. The issues of underdeveloped and negligent waqf properties in some Muslim and non-Muslims are usually associated with the mismanagement of waqf authorities. For that reason, the new dimension of good governance of waqf affairs is expected to materialize with the cooperation between waqf agencies and corporate bodies.

Private entities such as corporations, companies, private higher learning organizations, and Islamic financial institutions have established and managed waqf assets. These institutions' involvement in waqf affairs depends on the approval granted by SIRC through the issuance of Mutawwali Khas or Nazir Khas status, considering all aspects of waqf assets are endow under the jurisdiction of State Islam Religious Councils (SIRC) in each state.

Table 1: Corporate and Private Entities Involved in Waqf

<i>Corporate/Private Entity</i>	<i>Type of Waqf</i>	<i>Purpose</i>
<i>Waqaf An-Nur Corporation (WANCorp)</i>	Corporate Waqf	Health & Social
<i>Tabung Haji</i>	Land	Commercial
<i>Uda Holdings</i>	Land	Commercial & Social
<i>IIUM, UKM, UPM, USIM, UTM</i>	Cash Waqf	Education
<i>College University of Bestari (CUB), Islamic Universiti of Malaysia (IUM), College of Professional Baitulmal (CPB)</i>	Cash Waqf	Education
<i>Bank Muamalat</i>	Cash Waqf	Education, Health & Social
<i>Awqaf Holdings Berhad</i>	Corporate Waqf	Health & Education
<i>Consortium of 6 Islamic Banks (Bank Muamalat, Bank Islam, . Maybank Islamic, CIMB Islamic, RHB Islamic)</i>	Cash Waqf	Education, Health & Social
<i>Labuan International Waqf Foundation (LIWF)</i>	Waqf Foundation	Social
<i>Khadijah International Waqf (L) Foundation (KIWF)</i>	Waqf Foundation	Social
<i>PMB Investment</i>	Waqf Unit Trust	Social
<i>ASNB Wakaf</i>	Waqf Unit Trust	Social

Table 1 depicts several corporate and private entities involved in the development and management of waqf assets in Malaysia. The first corporate entity that engages in the administration of waqf affairs is Wakaf Annur Corporation (WANCORP), a subsidiary of Johor Corporation (JCorp), owned shares with the total amount of RM200 mil as waqf. The proceeds generated from the stakes have been allocated to fund the designated beneficiaries in health and social . This type of waqf is also known as Corporate Waqf that several corporations apply in Turkey, Pakistan dan Bangladesh

. After twenty years of its establishment, as of 2020, WANCorp has expanded its clinic waqf chain that is also known as Rangkaian Klinik Wakaf An-Nur (RKWAN) to 21 and provided treatment to more than one million patients regardless of race and religion.

The bold initiative of waqf authorities and corporate bodies to cooperate for waqf development has attracted several companies to participate in this charitable activity. For instance, the development of Menara Bank Islam on a piece of waqf land located in Jalan Perak, Kuala Lumpur, involved the collaboration between Tabung Haji (TH) and Majlis Agama Islam Wilayah Persekutuan (MAIWIP). As the project's financier, TH was responsible for constructing the building and appointed its subsidiary TH Property to manage the property upon completion. Since its finalization in 2011, the property has been leased to Bank. The joint venture involving these two entities play a significant role in developing waqf asset, and at the same time, the rented income from the commercial lots becomes a new source of income for MAINPP.

The acceptance of the cash waqf concept by Malaysian religious authority is another milestone for the participation of private entities in waqf practice. Several private higher learning institutions, namely, CUB, IUM and CPB established a cash waqf scheme to fund their students' scholarship schemes. This arrangement has been successfully implemented in several public universities, such as IIUM, UPM, UKM, USIM, and UTM.

The recent development of waqf products and instruments are the introduction of waqf foundation and waqf unit trust. LIWF is the first waqf foundation established in 2015 that is governed by the Labuan Foundations Act 2010. LIWF offers the endower (waqif) to dedicate Shariah-compliant properties such as real estate and money as waqf. In 2018, another waqf foundation known as Khadijah International Waqf Foundation was established and governed by Labuan Islamic Financial Services Act 2010. Meanwhile, waqf unit trust is a new milestone for waqf development with the introduction of PMB An-Nur Waqf Income by PMB Investment and ASNB Wakaf by Permodalan Nasional Berhad (PNB) in March and October 2021, respectively. These instruments offer opportunities for the endowers to involve in waqf activities by purchasing waqf unit trust.

The preceding paragraphs elaborate on the participation of corporate and private entities in charitable activities through waqf. It is found that the collaboration between these two bodies contribute to the expansion of cash waqf instruments consisting of the cash waqf scheme, waqf foundation, and waqf unit trust. The proceeds of the cash waqf fund are channeled for funding several sectors, including education, health, and social.

Research Method

The research method used in this research was content analysis and library research. The study also adopted the case studies method. It is beneficial when the investigation is in-depth and focuses on individual units of analysis such as individuals, communities, or organizations. It provides an opportunity for research to be conducted with a holistic perspective on the problems of the study and the ability to describe the problems and phenomena being studied. Thus, this study is appropriate to adopt a relevant case study to answer the questions of "how" and "why".

This study applies the purposive sampling method in selecting the studied organizations. The organization chosen is Madinah Mawaddah Waqf City. The selection of this organization is based on the criteria and privileges of MMWC as the first waqf city project in Malaysia. This project is initiated by Yayasan Pahang and get the approval from Pahang State Islamic Religious and Malay Custom Council (MUIP) as the sole trustee of waqf assets in Pahang.

Model of Madinah Mawaddah Waqf City: An Overview

Madinah Mawaddah Waqf City (MMWC) is the first waqf city model in Malaysia. Yayasan Pahang is the key player in the development of MMWC as it is the main waqf funder (waqif) of this project and has been later appointed by Pahang State Islamic Religious and Malay Custom Council (MUIP) as the mutawalli of MMWC.

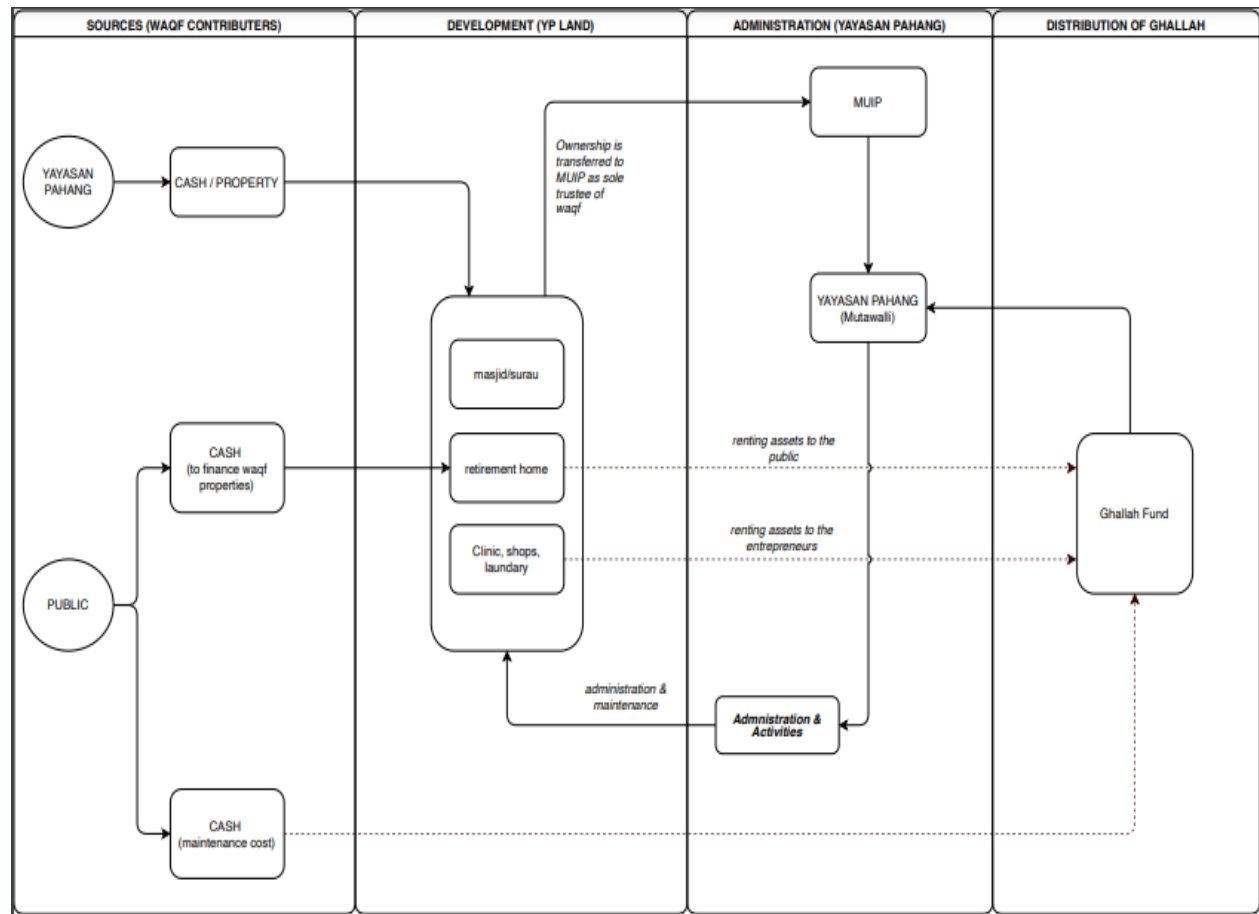


Figure 1. Model of Madinah Mawaddah Waqf City

Figure 1 shows the model of MMWC that is based on the primary waqf contributions by Yayasan Pahang in the forms of land and cash. Yayasan Pahang has contributed its 187 acres of land to MUIP as a waqf asset, and it has become the project site of MMWC. Apart from the ground, Yayasan Pahang has also contributed a cash waqf value of RM30 million to initiate the development of the waqf city. Sources of waqf funds may also come from the public. YP Land Sdn Bhd, a subsidiary company of Yayasan Pahang, was appointed as the leading developer for this project. YP Land will build a mosque, retirement home units, and essential commercial premises during the initial development phase. Once the construction of these buildings is completed, the ownership of these properties will be transferred to the sole trustee of waqf in Pahang, the MUIP.

Yayasan Pahang has been awarded the status of mutawalli on 10 November 2020 by Pahang State Islamic Law Consultative Committee, Pahang State Islamic Religious and Malay Custom Council (MUIP) to manage all waqf properties in Madinah Mawaddah Waqf City . It is proposed that MUIP and Yayasan Pahang will form a committee to oversee and monitor MMWC. In the meantime, a corporate entity (Perbadanan MMWC) will be formed by Yayasan Pahang to run the day-to-day operation in the waqf city. Perbadanan MMWC would rent the retirement home and the commercial units, and all the rental proceeds will be accumulated in the challah fund. The challah fund provides a sustainable stream of income for Perbadanan MMWC to manage the entire

city. Perbadanan MMWC will use the fund to cover the administration expenditures (idari), to support the expenses for social or community programs (ijtima'i), and to finance educational projects ('ilmi) such as financial education helps for asnaf group of students to further their studies.

Governance of MMWC

Governance is one of the essential elements in corporate and public practices. Previous studies indicate that waqf governance and reporting structure of waqf institutions may vary and still be undeveloped, requiring special attention.

MMWC is envisaged to lead Malaysia's modern city. Due to its uniqueness, it is proposed that the city is managed by two parties ie Pahang State Islamic Religious and Malay Custom Council (MUIP) and Yayasan Pahang (YP). A committee named Madinah Mawaddah Joint-Committee (MMJC) will be established as a policymaker and a key player in running the city until a new entity such as Perbadanan Wakaf MMC is registered.

The structure of MMJC of MMWC will be led by a Chairman, two representatives from MUIP, three representatives from YP, and two external professionals. Upon approval of Perbadanan Wakaf MMWC, the new structure will follow the standard corporate management structure presented in Figure 2 below.

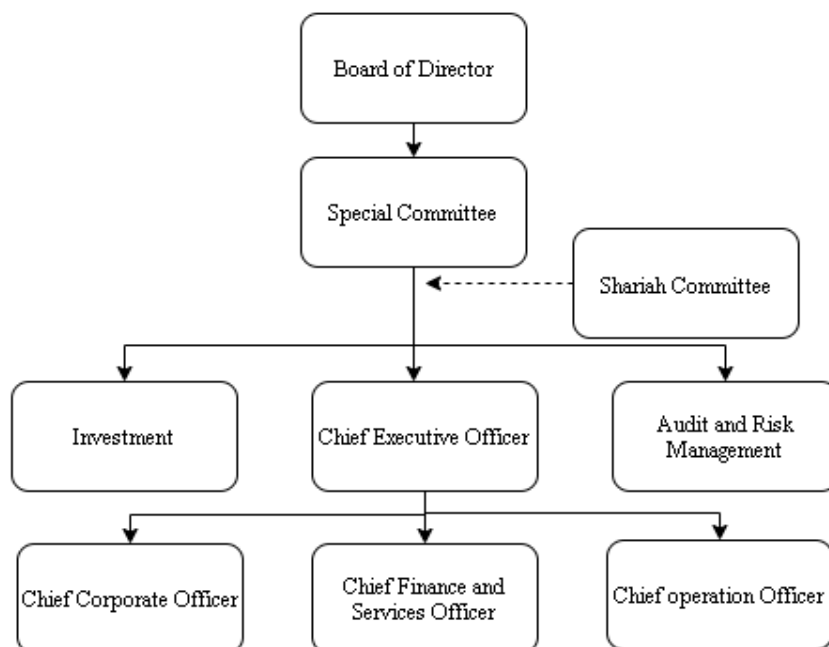


Figure 2: The Proposed of The Governance Structure of MMWC

The new institution will follow current Companies Law, shall be run by its Board of Directors (BOD). The BOD comprises one Chairman, one Mufti office, one representative from MUIP, three representatives from YP, and two independent professionals.

To ensure proper governance is in place, the MMWC will be supervised by three crucial portfolios. Investment, Audit & Risk Management, and Syariah Committee. Each portfolio will be headed by one of the Board Members.

Shariah Considerations of MMWC

This section deals with the authors' endeavor to justify the Shariah framework of Madinah Mawaddah Waqf City is based on the program's modus operandi depicted in Figure 1. In terms of

the classification of waqf based on the subject matter, MMWC is a form of waqf musyarak through the combination of land and cash waqf handled by a team of corporate bodies and state authorities representatives. Therefore, the involvement of a corporate institution, namely, Yayasan Pahang, in the establishment and management of MMWC could be considered corporate waqf. Meanwhile, the donor of this type of waqf consists of institutions and individuals. The management of MMWC is assigned to Perbadanan MMWC as the manager or mutawwali of waqf assets and is responsible for managing the fund and channeling the fund's proceeds to the beneficiaries. By looking at MMWC waqf's purpose for education, healthcare, and social purposes, it is clear that it is a form of waqf khairi (charitable waqf) and not a waqf dhurri. The summary of MMWC's Shariah consideration defects in the following table:

Table 2: Shariah Consideration of Madinah Mawaddah Waqf City

No	Aspect	Shariah Consideration
1	Subject Matter of Waqf	Waqf musyarak through the combination of land and cash
2	Purpose of Waqf	Waqf Khairi (Charity)
3.	Beneficiries of Waqf	Waqf 'Amm (General) and Waqf Khass (Specific); Needy party in the areas of education, healthcare and social
4	Waqf donors or Waqif	Consists of Individuals and Institutions
5	Manager of Waqf or Mutawwali	Yayasan Pahang
6	Type of Waqf Management	Corporate
7	The Timing of Waqf	Perpetual

Conclusion

The involvement of corporate entities in waqf exercise could signify the corporate world's ethical dimensions. Considering several issues associated with waqf authorities, for instance, lack of management, mismanagement, and accountability, the collaboration between corporate and private entities in waqf affairs is imperative significantly. Thus, this study examined the model of MMWC established by Yayasan Pahang from the perspectives of sources of waqf assets, the development, the administration, and the distribution of waqf proceeds or ghallah.

From the results of the study, MMWC was found to be a very well-structured waqf model developed by a corporate body. The collaboration between MUIP and YP could bring a new dimension to the development of hybrid-waqf in the country. The success of this project could motivate other corporate or private entities to involve in waqf projects. Future studies can examine in more depth other aspects of waqf management in a more specific manner, such as financial aspects and other management aspects.

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