

Corporate governance of an institution managing charitable endowments

G. Mahed^{1,2} and Y. Xu²

1. Council for Geoscience, Private Bag X112, Pretoria, South Africa,
2. University of the Western Cape Department of Earth Sciences, Groundwater Group



Table of contents

- Introduction to waqf
- History of Waqf
- Waqf at work
- Case Study: Awqaf South Africa
 - Administration
 - Corporate Structure
 - Corporate Governance
- Conclusions



What is a charitable endowment?

“Charitable endowment (Waqf) is a sustainable development community driven initiative”



Forms of charitable endowments

- **Economic Assets:** These are generally fixed assets, income producing, include rentable shops, houses, farms, shares in companies or businesses; function facilities e.g. halls; etc
- **Social Assets:** These are also generally fixed or capital assets and include schools; masjids; madressahs; hospitals & clinics; **boreholes**, water & sanitation facilities; libraries; cemetaries; community centres; hostels etc.



How does it work?

“100% of a donation is invested in an income producing capital asset, which remains intact, and is never spent for any expense. *Only the income generated ie rental or profits from the capital investment is utilised for funding sustainable community and social development projects or programmes.* ”



History of Waqf

“And you will never attain true piety until you give from that which you love” (Quran 3:92).

After the revelation of the aforementioned verse the occurrence of waqf became more prominent



Charitable endowments and their history

- Waqfs find their roots in the MENA region
- Have been used for community development over the past 1400 years
- Aid in poverty alleviation and social upliftment



Great Waqfs

- Qarawayn (Masjid and University)
- Al Azhar
- Merton College (Oxford University)



Turkey

- 60% Agricultural land
- Entire medical system
- Housing complexes
- Water fountains



Waqf at work



WAREES

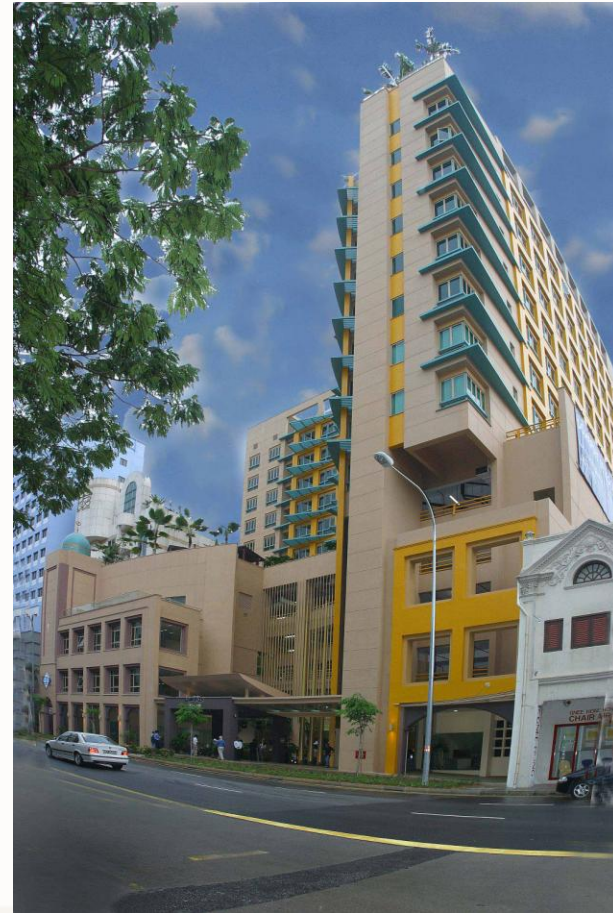
Extracted from a presentation done by the CEO of WAREES at a workshop after the International Waqf Conference of Southern Africa, Cape Town, South Africa, 19 August 2007



Waqf Development – Bencoolen Street, Singapore



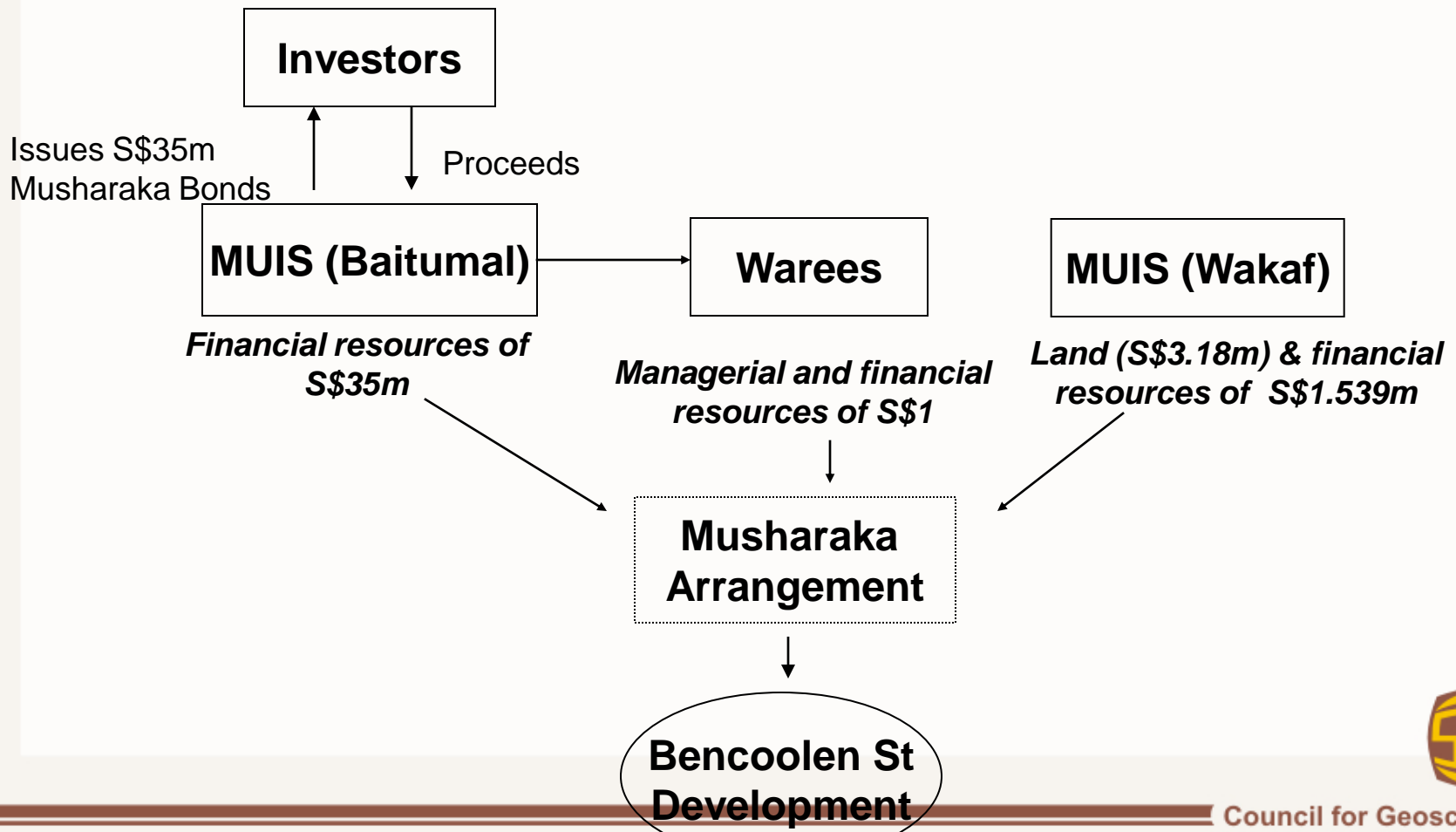
Before Refurbishment



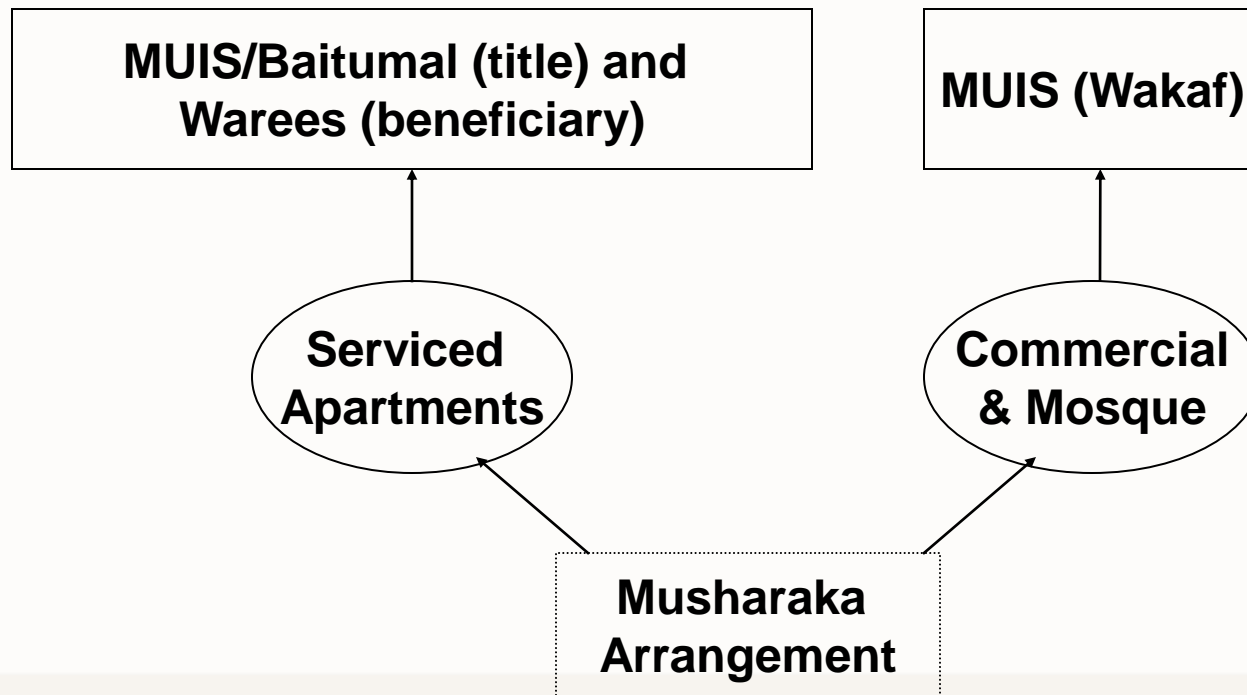
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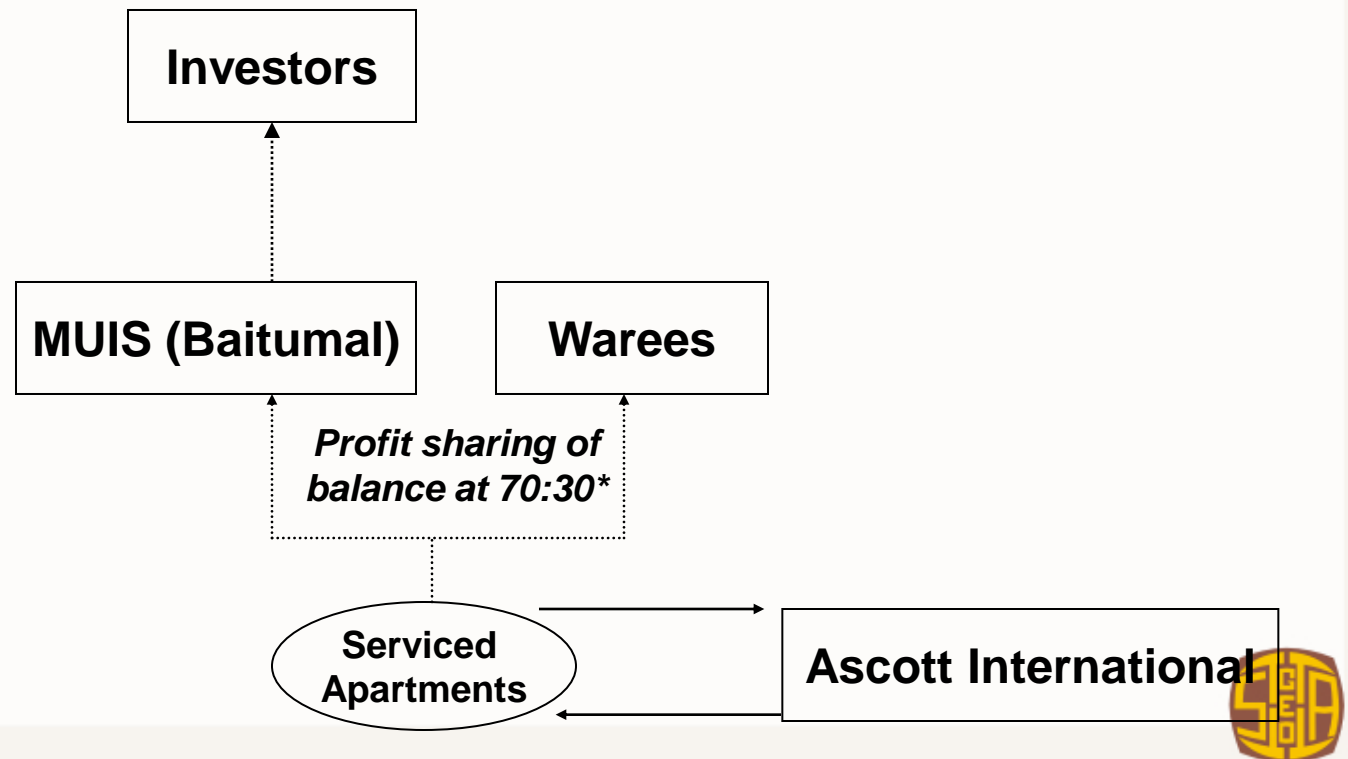
Waqf Development and Financing



Waqf Development and Financing



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Case Study: Awqaf South Africa



Awqaf South Africa

- Started in 2000
- Entirely driven by volunteers
- MOU's signed with various NGO's



Administration

- Historically waqfs were mismanaged (Mamluk and Ottomon empires)
- Modern accounting system allows better management (every cent is traced)



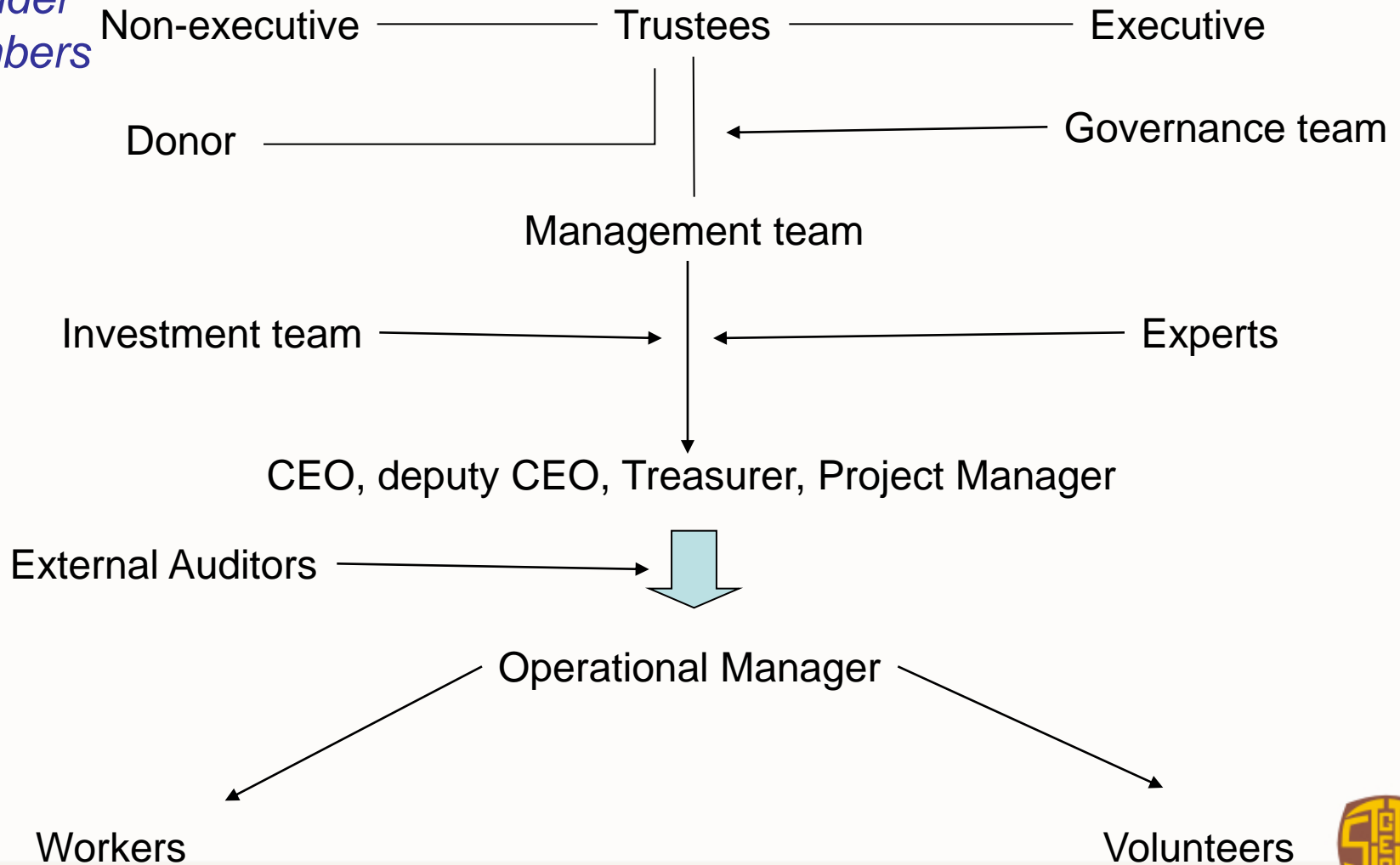
Products

- **1% per month:** this allows the individual to contribute a percentage of their earnings on a monthly basis
- **Lump sum:** any amount, (large or small) once off, regular or occasional
- **Al maal:** tangible goods eg: jewelry, coins, property, real estate
- **Al Wasiyyah:** bequeath a portion of your estate (up to 1/3) through your Islamic will
- **Al Tijarah:** a percentage of profits or equity in a business or specific business transaction



Corporate structure

*Founder
Members*



Corporate Governance of AWQAF

- Transparency (Annual financial report)
- Annual donor feedback means accountability
- Public funds are extremely carefully managed



Conclusions

- Waqf is a powerful financial instrument for social change
- Good corporate governance is critical for waqf management
- Companies or businesses should start their own waqfs:
 - shows good Corporate Social Responsibility (CSR)
 - excellent for marketing
 - returns can be spent as seen fit



Thanks for listening!



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