Malaysian Higher Education Waqf: Developmental Issues and Strategies

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Chairman, Hidayah Education Foundation, Malaysia
Contents of Presentation

Introduction • National Commitment to Education • High Cost of Higher Education • The Potential of Waqf Framework in Malaysian Higher Education • The Potential of Cash-Waqf for University Funding • Strategic Implementation Issues of Waqf in Public Universities • Waqf Governance Models in Malaysian Public Universities • Strategic Management of University Waqf • New Frontiers of Global Waqf • Conclusions & Recommendations •
Introduction: Waqf is a ‘Sleeping Giant’

The Waqf industry: The sleeping giant of Islamic finance

The Islamic endowment industry could be worth up to US$1 trillion according to some estimates; yet the majority of assets are poorly managed and earning little return. This week we take a closer look at the size and scope of this little-known market, and explore what the future may hold for what could be the unsung hero of Islamic finance.

How big is the market?
In 2010 Ernst & Young estimated the global Waqf sector to be worth over US$105 billion. Although much of these assets are donated and managed privately, making it almost impossible to obtain an accurate total figure, it is suggested however that the real value of the industry could be considerably larger.

Informal estimates by experts suggest that Waqf assets could be as high as SAR1 trillion (US$266.6 billion) in Saudi Arabia alone, while in Malaysia, Waqf assets have been estimated at RM1 trillion (US$325.4 billion). In Egypt a recent report by the Ministry of Religious Endowment estimated Waqf endowments of around US$82 billion.

What is Waqf?
Zakat, or the mandatory charitable giving by Muslims of 2.5% of net worth (if possessed of over 85 grams of gold or 600 grams of silver in one year), is the third pillar of Islam and the form of philanthropy that is most familiar to Islamic investors. Waqf, on the other hand, is a type of Sadaqa, or benevolence, which is a wider form of charity that is not obligatory but...
• Islamic finance is set to manage assets of USD 6.5 trillion globally by 2020 according to the Mehr News Agency. European investors, are watching its development in Muslim countries, such as the Gulf Region and Malaysia.

• Waqf created by philanthropic giving in Muslim communities remain an underused social development instrument, or a ‘sleeping giant’ according to The Gulf Times. They contain significant assets, estimated by some to exceed a value of USD 500 billion annually. (Source: The 3rd Global Islamic Economy Summit (GIES) Dubai 2016)
Introduction: Reviving the Waqf Culture

Long before the birth of the **doctrine of uses and trusts** in English Law, Islamic Law had developed and recognized a legal expedient under the name of **waqf**, which permitted an owner to settle his property for the use of beneficiaries in perpetuity. Since then, waqf had turned into an increasingly **important institution in the Islamic socio-economic system**, and played diverse and remarkable roles throughout of the civilization of the Islamic history.

Its function as a **source of funding and catalyst for socio-economic development** impel the non-Islamic community to adopt the model under various names such as **endowment, foundation, public trust, public land trust, conservation trust fund, environment trust fund, planning estate and philanthropy**.

In contrast to the growing acceptance of waqf by the non-Islamic community, Muslim society however seems to sideline this institution. They appear **unaware of the actual roles waqf** can play in fighting poverty, illiteracy and ignorance, illness and handicap, as well as being a primary redistribution mechanisms and provide a source of funding for scientific research in the creation of the necessary structures for the development of the ummah.
How do our Educational Waqf fair with the American Universities’ Endowment?

<table>
<thead>
<tr>
<th>University/School Name</th>
<th>End of Fiscal Year 2016 Endowment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harvard University (MA)</td>
<td>US$35,665,743,000</td>
</tr>
<tr>
<td>Yale University (CT)</td>
<td>US$25,413,149,000</td>
</tr>
<tr>
<td>Stanford University (CA)</td>
<td>US$22,398,130,000</td>
</tr>
<tr>
<td>Princeton University (NJ)</td>
<td>US$21,703,500,000</td>
</tr>
<tr>
<td>Massachusetts Institute of Technology</td>
<td>US$13,181,515,000</td>
</tr>
<tr>
<td>University of Pennsylvania</td>
<td>US$10,715,364,000</td>
</tr>
<tr>
<td>Texas A&amp;M University—College Stn.</td>
<td>US$9,858,672,136</td>
</tr>
<tr>
<td>University of Michigan—Ann Arbor</td>
<td>US$9,600,640,000</td>
</tr>
<tr>
<td>Columbia University (NY)</td>
<td>US$9,041,027,000</td>
</tr>
<tr>
<td>University of Notre Dame (IN)</td>
<td>US$8,748,266,000</td>
</tr>
</tbody>
</table>
Introduction: Waqf as the 3rd Sector Economy?

Waqf concept has been adopted by western society through the Endowment Fund. Nonprofits, universities, hospitals and churches often use endowment funded by donations, which are tax deductible for donors. An endowment fund is a permanent, self-sustaining source of funding. Endowment assets are invested. Each year, a portion of the value of the fund is paid out to support the fund’s purpose, and any earnings in excess of this distribution are used to build the fund’s market value. In this way, an endowment fund can grow and provide support for its designated purpose in perpetuity.

Waqf has a very huge potential which can be utilized to facilitate the welfare needs of the Ummah, especially in higher education sector.
Introduction: Wide-ranging Benefits of Waqf
Introduction: Waqf in Higher Education

16 November 2016 Launching of UniTP Purple Playbook
Enhancing University Income Generation, Endowment & Waqf
Malaysia’s Commitment to Education

Malaysian parents spend an average of US$25,479 (RM109,470) for their children’s education in Malaysia, according to a survey 2017 by HSBC Holdings. Spending comprised school and university tuition fees, educational books, transport and accommodation.

Global highest was Hong Kong with an average of US$132,161, followed by United Arab Emirates US$99,378.

Global higher education spending is falling as universities are increasingly reliant on funds from the private sector. OECD countries spent an average of 5% of GDP on education in 2015. Between 2010 and 2015 total spending fell in more than two-thirds of countries surveyed, as belts tightened after the financial crisis. (The Economist).

Malaysian Government’s expenditure on tertiary/higher education (% of government expenditure on education) was 27.26% as of 2015. Its highest value over the past 44 years was 36.97% in 2011, while its lowest value was 11.31% in 1971.

Malaysia’s commitment to education generally remains high given that the National Budget 2019 has set aside its biggest allocation to education. The Education Ministry receives the largest funding allocation for next year at RM60.2 billion, or 19.1% of the entire budget.
Higher Cost of Higher Education

- The world is ever changing. The world economy is suffering.
- The cost of higher education is increasing.
- Deficit Budget. The deficit covered by internal source – not sustainable.
- Many BIG initiatives that need BIG funding. e.g. Internationalisation.
- ‘Not so Prudent’ spending. There are also ‘Leakages’
- Potential income sources are not fully utilised by public universities.
A study (survey data 2005-2010) shows that 33 percent of U.S. colleges and universities have been on a financially unsustainable path in recent years. The Bain & Company analysis measures institutions' increase in expense ratios (expenses to revenues) and their decrease in equity ratios (assets to liabilities). Among those on the list with the worst ratios are CalTech, the CUNY Graduate Center, Dartmouth, Howard, Princeton, Notre Dame, and Yale.

Among the Russell Group of research-intensive universities, Imperial College London (6.9 per cent), the University of Leeds (6.6 per cent) and the London School of Economics (6.5 per cent) achieved the strongest results. Meanwhile, 17 universities were in deficit, compared with 19 last year. Three of them are Russell Group members: King’s College London, the University of Cambridge (both 0.4 per cent) and the University of Exeter (0.6 per cent).

“Current university models are living on borrowed time in Australia. Government funding is tight and is going to be tighter still in the next couple of political cycles,” said report author Justin Bokor, Executive Director in Ernst & Young’s Education practice.

“Others have been talking much earlier Australian universities will not survive under current business model, Ernst & Young report warns”
Is your University at Risk? Let us have a quick look

“If you are the president of a college or university that is not among the elites and does not have an endowment in the billions, chances are cash is becoming increasingly scarce—unless you’re among the most innovative.” (Jeff Denneen & Tom Dretler, “The financially sustainable university”, Bain & Company Inc., 2012)

Your university might be at risk if........

1. You are not a top-ranked institution
   - Your admissions yield has fallen and it’s costing you more to attract students
   - Median salaries for your graduates have been flat over a number of years
   - Your endowment is in the millions not billions, and a large percentage is restricted

2. Your financial statements don’t look good as they used to
   - Your debt expense has been increasing far more rapidly than your instruction expense
   - Your property, plant and equipment asset is increasing faster than your revenue
   - Tuition fees represents an increasingly greater percentage of your revenue
   - Your bond rating has gone down
   - You are having trouble accessing the same level of government funding

3. You have had to take drastic measures
   - You are consistently hiking tuition to the top end of the range
   - You have had lower admissions standards
   - You have had to cut back on financial aid
   - You have reduced your faculty head count

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
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<tbody>
<tr>
<td>Are you not a top-ranked institution?</td>
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<tr>
<td>Your admissions yield has fallen and it’s costing you more to attract students</td>
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<tr>
<td>Your graduates’ median salaries have been flat over a number of years</td>
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<td>You are having trouble accessing the same level of government funding</td>
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<tr>
<td>Have you had to take drastic measures?</td>
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<tr>
<td>You have reduced your faculty head count</td>
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The impact of the economic crisis has somehow changed higher education at both the micro and macro levels.

Increased debate about students getting ‘value for money’ and a ‘return on their investment’ in a ‘service provider-customer’ model of higher education. Higher education institutions now have to pursue plans to create diversified alternative streams of income more aggressively, while imposing severe cuts on their provision.

Financial sustainability will be one of the key challenges for universities in the next decade: only those institutions that have sound financial structures and stable income flows will be able to fulfill their multiple missions and respond to the current and future challenges.

Universities need to rapidly evolve their funding strategies, adopt more diversified income portfolios, and shift to a more commercial mindset in order to ensure financial sustainability.

One of the major sources of revenue streams for universities is corporate philanthropy. Philanthropic income is particularly appealing to universities as it provides a flexible income stream to support the projects and activities that shrinking core funding cannot finance.
Potential of Waqf in Higher Education

In 2016, realizing the big potential of waqf to support the educational development in the country, efforts have been undertaken by the then Ministry of Higher Education (MOHE) to establish the higher education waqf framework called Waqf@UA (or Waqf Framework at Public University).

Wakaf@UA is put forth as a brand to institutionalise waqf at Malaysian public universities. It is aimed at streamlining waqf initiatives through collaborations with State Islamic Councils under the auspicious of the Ministry of Higher Education (MOHE) Malaysia.

The initiatives carried out by the Waqf@UA have successfully brought together the two institutions whereby the University is awarded the nazir khas or mutawalli status by the Council and thus allowing for the joint waqf board to be established in the University. Through this framework, the University is appointed as the waqf administrator, thus empowered to collect, raise, use, manage, invest, and develop waqf funds, as well as distribute waqf proceeds as agreed in the agreement between the University and the State Islamic Council.
### Potential of Waqf in Malaysian Higher Education: Example of Waqf process model in a public University

<table>
<thead>
<tr>
<th>The Giver (Al-Waqif)</th>
<th>Sole Trustee (Mutawwalli)</th>
<th>Waqf Administrator (Nazir Khas)</th>
<th>Beneficiaries (Al- Mauquf Alaihi)</th>
</tr>
</thead>
</table>
| A Giver (al-waqif) is a party that willingly gives movable or immovable, lawfully-owned assets (Al-Mawqaf) for an intended purpose (niyyah) to benefit others (beneficiaries). Waqf allows a Giver the opportunity to demonstrate his/her submission to Allah through good deeds. In addition, waqf provides an avenue for the public to perform perpetual deeds with confidence. | In Malaysian context, a State Islamic Religious Council (SIRC) is the sole trustee (Mutawallii) of waqf in its respective state. UTM has been approved to be a waqf administrator (Nazir Khas) by the Johor State Islamic Religious Council. | As a waqf administrator, UTM is empowered to establish a sustainable infrastructure which allows UTM to collect, raise, use, manage, invest, and develop waqf funds, as well as distribute waqf proceeds as agreed in the agreement between UTM and the Johor State Islamic Religious Council. UTM will use all of the expertise, tools, strategies to ensure the growth of waqf and that the waqf is sharia-compliant. This can only be achieved by having a proper waqf office and governance structure at the university. Waqf administrators can adopt various strategies to monetise waqf assets. | The proceeds from waqf investment may be distributed to Muslims or non-Muslims. The benefits to the beneficiaries can be in various forms, including:  
- Scholarships and other academic financial support,
- Grants for research,
- Academic or professorial chairs,
- Traveling allowances for conferences etc.,
- Sponsorships for academic and research programmes,
- Healthcare support,
- Micro-credit for students entrepreneurship, etc. |

**Waqf@UTM**
Potential of Waqf in Higher Education

The potential of waqf in higher education is even more promising for some big public universities, which have large pool of assets in their possession. The possibilities are plenty as these assets/properties can be turned into monetized waqf assets.

01 Turning Existing Buildings into Waqf

Existing assets (buildings, lecture halls, bus stops, cafeterias etc) may be put up as waqf. Al-Waqif (the Giver) will take full responsibility of an asset that is turned into a waqf – maintenance and any or all costs involved in the operation/running of the assets is covered by the amount of proceeds from the money given by the al-Waqif.

02 Turning Existing Lands into Waqf

The land asset that is endowed as waqf can be developed according to its suitability such as the construction of buildings for students accommodation, labs and training facilities. The waqf lands can also be utilized or developed for agricultural projects.

03 Turning Facilities and Equipment into Waqf

This waqf is specifically designed to benefit universities through the setting up of facilities such as laboratory equipment, audio-visual equipment, air-conditioning units and prayer mats placed at various premises. In fact, such facilities may be set up inside a waqf building.

04 Turning Money/Cash into Waqf

Universities may setup cash waqf to receive cash contributions from their alumni, staff members, strategic partners or members of the public. Contributions from various givers are made through the selling of coupons, on-line transactions or cash handed at office counters.

05 Turning Intangible Assets into Waqf

Universities may also capitalize their intangible assets as waqf such as through proceeds from patents, industrial designs, copyrights, trademarks and other forms of intellectual property (IP).
Potential of Cash-Waqf for University Funding

The practice of waqf using money (cash waqf) is considered to be the most influential and the key contributor to the success of the institution of waqf today. The more financial methods that are available to the public, the better the chances of developing waqf properties will be.
Strategic Implementation Issues of Waqf

The main challenges in implementing sustainable waqf initiatives at public universities include the lack of awareness on waqf concept, different understandings of waqf implementation, and the different legal frameworks. Particular attention is to be given to levels of awareness as this is deemed to be the main challenge in waqf implementation. A heightened awareness shall open windows of opportunity for people to properly participate in waqf ventures.
Strategic Implementation Issues:
Key Success Factors for Sustainable Waqf

Documentation of all waqf activities must be reported on a regular basis. The Waqf Management Committee must demonstrate transparency and accountability. Both internal and external audits are required.

Market surveillance and intelligence is necessary for the effective promotion of waqf products and donor cultivation must be carried out on a continuous basis.

The Waqf Management Committee must possess knowledge and skills in Sharia-based investment to ensure the tenets and pillars of waqf are upheld.

Universities must provide financial support as an initial outlay for the operation of waqf management. The use of waqf money can be apportioned to cover administrative expenses, including salary, subject to consent or agreement by al-waqif. Some staffing positions may be supported by a waqf bequeathed for it.
Strategic Implementation Issues: Governance is Central

Most challenges encountered by charities have their roots in governance issues (ACEVO). From financial crises to personnel problems and risk management to strategy-setting, effective governance is central to managing charities (such as waqf).

<table>
<thead>
<tr>
<th>Key Issues</th>
<th>Sub-Issues</th>
</tr>
</thead>
</table>
| Governance | 1. Governing Documents  
            2. Board of Trustees  
            3. Risk Management Best Practice  
            4. Annual Return and Internal Controls |
| Income     | 5. Fundraising – VAT and Tax Implications and Social Investment  
            6. Gift Aid Declaration |
| Costs      | 7. Business Rates Relief and the Risks  
            8. Key Management Personnel |
| Strategic  | 9. Collaborative Working or a Full Merger?  
            10. Acquisition and Disposal of Property |

MHA UK listed the governance factor as top on the list of key issues facing No-for-Profit organisations.
Model 1: A university that has been awarded the administrator status sets up a department within the university itself. A University Waqf Committee is set up under the University Board of Directors (UBoD) as one of the Board committees. All decisions on waqf programmes and activities are made upon approval by university management. All accounts and financial management of waqf are under the jurisdiction of the university management.
Waqf Governance Models in Malaysian Public Universities: Model 2

Model 2: A university sets up a waqf office under the University Board of Trustees. The University Waqf Fund is put under the Board of Trustees as a project under the University Foundation, and will have a separate account and financial management. All decisions on waqf programmes, and activities, are conducted upon approval by the University Board of Trustees.
Model 3: A University Waqf Board (UWB) is established as a separate and independent entity from the University. Collaboration and coordination, as well as roles and responsibilities of the UWB are spelled out in a written agreement or Waqf Deeds. UWB members comprise of representatives from both the University and State Islamic Council.
Recommended roles and scopes of authority of the **University Waqf Board** include:

- To uphold all stipulations in the Waqf Deeds.
- To give direction for the administration of waqf.
- To establish scheme of management for waqf.
- To provide guidelines on registration, collection, investment and distribution of waqf that complies with Sharia.
- To scrutinise and approve the budgets submitted by the University Waqf Office.
- To sanction any transfer of immovable property of waqf by way of sale, gift, mortgage, exchange or lease.
- To monitor performance of Waqf Office, including collections, investments, financial returns, and activities.
- To inspect or call for inspection of waqf properties, accounts or relevant deeds and documents.

<table>
<thead>
<tr>
<th>Proposed Membership of University Waqf Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Member of university BoD</td>
</tr>
<tr>
<td>• Deputy Vice Chancellor</td>
</tr>
<tr>
<td>• Director of University Waqf Office</td>
</tr>
<tr>
<td>• One Representative from the university (e.g. Society of Academic Staff, Society of Administrators)</td>
</tr>
<tr>
<td>• Registrar of Waqf, SIRC</td>
</tr>
<tr>
<td>• CEO of SIRC Waqf Corporation</td>
</tr>
<tr>
<td>• Head of Economics Division, SIRC</td>
</tr>
<tr>
<td>• SIRC Legal Advisor</td>
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</tbody>
</table>
Strategic management in non-profit and charitable organisations is the process of selecting an organization's goals, determining the strategic programs necessary to achieve specific objectives in route to the goals, and establishing the methods necessary to assure that the policies and strategic programs are implemented.

A strategic plan is used by any organization -- for-profit or nonprofit -- to establish goals as well as to review operations.

The goal of a for-profit company is to return dividends to shareholders or profit to owners over time. The goal of a nonprofit is to further its mission, which includes making enough money to continue to operate.

Selection of most appropriate strategic management concepts is not so straightforward for the charitable organisations, but the use of these methods is important for waqf to ensure its growth and sustainability.
Strategic Management of University Waqf
Example of University advancement strategy map incorporating waqf fundraising initiatives

UTM Advancement Vision: To be recognised for a leadership role in building UTM’s advancement enterprise, fostering engagement and philanthropy, in support of the University’s quest for excellence.
UTM Advancement Mission: To contribute to UTM’s financial sustainability mission by raising philanthropic income of RM XMyil in 2019, in support of the University’s strategic priorities.

Synergised Advancement Function | Management Commitment to Advancement | Strong Advancement Culture
---|---|---

S1: Improve Affordability

F1: Grow revenue from major gifts/donations

F2: Increase fundraising returns

F3: Increase bequests & gifts to University

P1: Grow support from current donors

P2: Effective governance, accountability & stewardship

P3: Strengthen culture of giving through annual giving programme

L1: Develop good advancement talents

L2: Effective ICT-enabled fundraising capabilities

Improving our core processes & delivery effectiveness

Valuing and developing our sustainable workforce

Excellent ICT enabler and infrastructure

University advancement functions include those that engage external audiences to promote the university and its accomplishments. This typically includes fundraising for waqf, alumni relations, data management or advancement services, communications and marketing, and government relations.
Strategic Management of University Waqf
Incorporating Waqf initiatives into the University’s Financial Sustainability Strategies

**Financial Sustainability Mission:** To safeguard and strengthen University’s long-term financial capability that supports attainment of institutional mission and objectives.

**STRATEGIC OBJECTIVES**

**FINANCIAL PERSPECTIVE**

**Productivity Strategy**
- F1: Prudent Financial Management

**Long Term Financial Sustainability**

**Growth Strategy**
- F2: Diversified Income Base
- F3: Unlocking of Assets

**CORPORATE KPIs**

**F1.1 - % of Internal Income Generated to Cover OPEX**
- Other important prudent financial KPIs

**F2.1 – Income generated from academic-based programmes**
- F2.2 – Endowment/Waqf
- F2.3 – Contribution from business entities

**F3.1 – Income from unlocking of assets**
- Other important income-generation KPIs
Strategic Management of University Waqf
Example of Strategy Map for Waqf Foundation
### Strategic Objectives and Key Performance Indicators (KPIs) for Waqf Foundation

<table>
<thead>
<tr>
<th>Strategic Objective</th>
<th>KPI</th>
<th>Target 2019</th>
<th>Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-Performing Waqf Foundation</td>
<td>• Tax-Exemption</td>
<td>• June 2019</td>
<td>• BOT Structure &amp; Statement of Member Responsibilities</td>
</tr>
<tr>
<td></td>
<td>• Clean Audit</td>
<td>• Dec 2019</td>
<td>• BOT Code of Conduct</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Tax-Exemption Status</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>• Fundraising Policy</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Risk Profile</td>
</tr>
<tr>
<td>Top-Funding Priorities</td>
<td>• Annual Fund Raised</td>
<td>• RM XX mil</td>
<td>• ABC Scholarship Programme</td>
</tr>
<tr>
<td></td>
<td>• Scholarship</td>
<td>• RM YY mil</td>
<td>• ABC Endowment</td>
</tr>
<tr>
<td></td>
<td>• Endowment</td>
<td>• RM ZZ mil</td>
<td>• ABC Infrastructure</td>
</tr>
<tr>
<td></td>
<td>• Capital Development</td>
<td>• RM xyz mil</td>
<td>• Development</td>
</tr>
<tr>
<td>Engagement and Outreach</td>
<td>• Nos. of Fundraising Campaigns</td>
<td>• 2 majors</td>
<td>• Gala Dinner 2019</td>
</tr>
<tr>
<td></td>
<td>• Nos. of volunteers</td>
<td>• 10 minors</td>
<td>• ABC Waqf Friends</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 50</td>
<td>• Social Media Marketing</td>
</tr>
<tr>
<td>Strategic Partnerships</td>
<td>• No. of ABCi-Partner joint</td>
<td>• 2</td>
<td>• MoU with Partners</td>
</tr>
<tr>
<td></td>
<td>fundraising</td>
<td>• 2</td>
<td>• CSR Co-Branding (Banks etc)</td>
</tr>
<tr>
<td></td>
<td>• No. CSR joint-projects</td>
<td>• 2</td>
<td>• Partnering NGOs, Relief Orgs etc</td>
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<td></td>
<td>• No. of NGOs engagement</td>
<td>• 5</td>
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UTM’s Educational Waqf Fund

A joint-waqf initiative between UTM and the Johor State Islamic Religious Council.

Dana bantu siswa

UTM ambil inisiatif tubuh DWP-UTM ringankan beban pelajar kurang berkemampuan

Noraznah Nasiruddin
arm@inetm.com.my

Johor Bahru

 Bertujuan membantu pelajar yang kurang ke- mampuan dan miskin, Universiti Teknologi Malaysia (UTM) mengambil inisiatif memublikah Dana Waqaf Pendidikan UTM (DWP-UTM) bagi meringankan beban mereka sekali gus memajukan diri dalam pendidikan dan kepentingan ilmu sebagai.

Dana yang mempunyai per- samaan dengan Tabung Endow- meni Universiti dirubukih pada 2009 itu menggunakan konsep waqaf yang membolehkan orang bucan Islam menjadi pewa kaf dan penerima sejarah de- ngan melalui adanya untuk memberi bantuan tanpa mengira agama.

Nabzul Canselor UTM Profesor Da- tuk Ir Dr Wahid Omzar berkata, pen publikan dana waqaf ini sebagai pelajaran dengan Pelan Strategi Pengajian Negara yang menyasarcan Universi- serti Awam (UA) menjana pendanaan bagai menanggapi keperluan lewangan masing-masing selain merancak- kan aktiviti kesatuan ini di UTM.


Fakta

Sumberkan individu atau organisasi akan diberikan sijil dan layak mendapat pengesahan cukup pendapatan

Dana waqaf UTM adalah ini- siatif yang sama cuma perbe- zaannya ialah penjanaannya berkompleks wa- kaf dan dana yang terkumpul akan dilaburkan un- tuk membina pendapatan. Mereka yang memberi sum- bangan sama ada individu atau orga- nisasi akan diberikan sijil dan layak memperoleh pe- ngambilan cukup pendapatan. “Dana ini juga adalah program penjanaan dana berlandaskan

An MPV vehicle donated by a company as waqf to UTM

Plantation lands donated as waqf to UTM

Houses donated as waqf to UTM

Waqf investment in a commercial project
Heartfelt Appreciation to Yayasan Azman Hashim for contributing RM 30 Million to the UTM Endowment fund for the establishment of Tabung Biasiswa Endowmen Azman Hashim.
Advancement: UTM’s Zakat Fund

1. Bayaran sumbangan zakat boleh dibuat atas nama BENDAHARI UTM secara cek/bank draf/wang pos/kiriman wang

2. Sila majukan surat rasmi yang menyatakan bayaran sumbangan zakat dari syarikat/agensi tuan beserta dengan salinan transaksi bayaran ke e-mail islamiccentre@utm.my atau boleh dihantar terus ke alamat berikut:

   Unit Zakat & Kebajikan
   Pusat Islam
   Universiti Teknologi Malaysia
   81310 Johor Bahru

3. Bendahari UTM akan menghantar resit rasmi beserta cop pengecualian cukai kepada syarikat/agensi tuan

4. Laporan akan dihantar kepada syarikat/agensi tuan setelah sumbangan selesai diaghikan.

Receipt for tax exemption

Johor State Islamic Religious Council

100%

31.5%

Asnaf from among Students & Staff of UTM

- Financial assistance to students
- Tuition fees waiver
- Healthcare support to students & staff
- Books/Equipment Aid
- Food Aid
Proposed Roadmap for Sustainable Global Excellence of Waqf

Conception and Development

- Understanding waqf concept
- Embracing waqf as viable alternative income stream
- Institutional acceptance of waqf as a strategic initiative
- Key stakeholders engagement
- Top mgmnt & Board buy-in

Establishment

- Waqf Educational Fund
- Institutional policy on waqf
- Clear governance and structure
- Well-resourced & dedicated office
- Manpower – right talents
- University as Waqf center of excellence

Operationalisation

- Operating procedures
- Good accounting
- Strategic plan & operational plan
- Promotion & marketing
- Fundraising Plan
- Implementation of cash waqf
- Investment of cash waqf
- Basic investment returns

Enhancement

- Resource & manpower enhancement
- Specialised professional talents
- Major fundraising
- Higher end strategies
- Major investment
- Expansion of waqf

Growth

- Major ROI
- Asset monetisation
- Major ventures
- Financially independent

Sustainability

- Financially sustainable waqf
- ‘Billions not millions’
- Waqf greatness
- Global Waqf
- Global excellence
# New Frontiers of Global Waqf

<table>
<thead>
<tr>
<th>New Global Factors</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Waqf Synergy</strong></td>
<td>The integration of complementary intervention between Waqf solutions to address the challenges of the Muslim economic, social and scientific-technological challenges. The synergy of both, the Islamic banking and finance sector as well as the Islamic capital market in providing solutions and alternative financing modes in developing Waqf properties all around the world.</td>
</tr>
<tr>
<td><strong>Waqf Interface</strong></td>
<td>The consolidation of current spiritual economic institutions and good injunction to achieve the higher objectives of faith and virtuous conduct in the daily life of a Muslim for both, this world and the Hereafter. E.g. Interfacing of zakat with the institution of Waqf to address immediate, essential basic needs of the poor in new cities.</td>
</tr>
<tr>
<td><strong>Waqf Co-Creation</strong></td>
<td>The collaboration between all relevant stakeholders at institutional sectorial, governance and global lower level to address the design, structure, process and outcome of Waqf initiatives across the world and target community to build a clouding platform.</td>
</tr>
<tr>
<td><strong>Waqf Innovation</strong></td>
<td>The identification of new strategies, programs, processes and systems of enhancing Waqf as the new mainstream alternative at the global, regional, national and community level in changing the destiny of its constituent.</td>
</tr>
</tbody>
</table>

Source: GLOWAQF
Conclusions

Waqf funds are an important source of income to universities in the light of financial constraints faced by universities worldwide and shrinking government funding, which pressured them to seek alternative diverse revenue sources.

The role of the Board is crucial in driving fundraising efforts, and providing leadership for the identification and solicitation of significant gifts (waqf, endowment) to the university. The corporate culture of accountability, prudence and transparency applied in corporate waqf concept is expected to bring new dimension into current waqf practice.

It is recommended that higher education waqf management be supported by the modern best practices in professional strategic management framework to ensure its growth and sustainability.
Recommendations

Recommendation 1
Improve the level of autonomy of the University and with increased transparency and accountability in the management of waqf.

Recommendation 2
Strengthen buy-in from campus community for institutional acceptance on waqf fundraising.
Increase awareness on the potential and viability of waqf as a sustainable revenue stream for the University.

Recommendation 3
Enhance the role and commitment of leadership and top management in focusing on the waqf fundraising strategies and activities.
Engagement of University Board in philanthropic waqf fundraising.
Enhancing University Fundraising for Philanthropic Income (Including Waqf)

All the four models are usually present in institutions that have a tradition of philanthropic fundraising. It is not necessary for universities attempting to raise funds from philanthropic sources for the first time, to devote equal amounts of effort to all four modes simultaneously, but it is advisable for universities to have a long-term vision that eventually accommodates all these models.
Recommendation 4
Engage Alumni effectively to get support for waqf.

Recommendation 5
Develop and enhance the University advancement function. Consolidate all fundraising programs (waqf) under the University advancement.

Establish a clear governance system for advancement (waqf) and provide a well-resourced advancement office (waqf).

Recommendation 6
Adopt professional best practices for management of waqf and its growth strategies.
Fundraising promises great financial benefits to universities. The inherent intricacies and daunting tasks involved in fundraising calls for a more focused attention and commitment from the management. The responsibility to raise funds for institutional support should be under the purview of institutional advancement structure.

‘University advancement functions can be defined as those that engage external audiences to promote the university and its accomplishments. This typically includes fundraising, alumni relations, data management or advancement services, communications and marketing, and government relations. Some institutions also include community relations or management of campus facility....’

(Ref: University Leadership Council, ‘Structuring University Advancement Operation’ – Custom Research Brief; The Advisory Board Company, Washington DC, 2011)
4 Fundraising Models applicable to Waqf

(European Commission, 'Engaging Philanthropy for University Research', Report by an Expert Group, European Communities 2008.)

1 The Major Gift Model

This model is geared towards large donations or 'major gifts':
- targets wealthy individuals and businessmen
- approached either directly or through foundations
- works best through personal relations and the networking of university leaders.

2 The Foundation Research Model

This model typically prevails when individual researchers or university authorities target large foundations (including corporate foundations):
- involves formal procedures, rules and criteria preset by the foundations; and
- donations can be for research projects, or scholarships of PhD programmes.

3 The Multi-Mode Model

This model leverages on the interaction between a university and various foundations and corporations.
- uses a mix between: structured and unstructured (or formal and informal) interactions;
- communication patterns;
- application procedures; and
- selection processes.

4 The Alumni Model

This model applies whenever large groups, such as the members of alumni associations or university staff, are targeted:
- aims at getting small donations from a large pool of individuals;
- more personalised to evoke emotional responses.
Recommendations

Recommendation 7
Develop an effective marketing and networking programme for Waqf fundraising.
Enhance networking for ‘friend-raising’ to widen the reach to potential Waqf Givers.
Promote Waqf concept to corporate figures in University’s network of partners and clients.

Recommendation 8
Use creative and new trends in promoting waqf to raise philanthropic giving through crowdfunding.
Utilize best practices in financial planning and investment management strategies to ensure growth.
Use modern management tool to develop strategic plan for waqf fundraising and growth to ensure sustainability over long term horizon.
In recent years, universities have been taking steps to modernize their giving structure through the use of crowdfunding. Crowdfunding is an online tool utilizing peer-to-peer relationships to help gain funds for different aspects of university culture.

Crowdfunding websites are an emerging business strategy that allow people to donate money directly toward university projects. Alumni, as well as non-university affiliated donors, can make philanthropic contributions, some of which are tax-deductible, to specific research, entrepreneurship and development projects that require full or additional funding.

Crowdfunding typically enlists the use of social media such as Facebook, Twitter, or LinkedIn increasing the virality of a project to make it more successful.

The 4 Main Types of Crowdfunding
The hand which gives is better than which takes and start giving first to your dependents. And the best object of charity is that which is given by a wealthy person (from the money which is left after his expenses) [out of surplus].
thank you