

## The Role of Cash Waqf Model in Education Development- Evidence from Afghanistan

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### ABSTRACT

Cash waqf is a trust fund established with money to support services to mankind in the name of Allah. It is recognized that there is no ample study in the area of cash waqf. Again literature is very scanty relating to the cash waqf area, especially for the establishment of Islamic financial institutions for financing in education. This article aims to attempt to make an Innovative Financing education through Islamic Finance. In Afghanistan, most people do not get substantial education and there is a lack of financial support for the students in Afghanistan. We want to use cash waqf Islamic financial instruments to give efficient and sufficient education to Afghan people. we introduce this cash waqf model (CWM) or framework to help education in Afghanistan. This study has developed the (CWM) model as a source of financing for education in Afghanistan. This model is expected to provide financial services by using cash waqf funds for poor families to support their students to study. This model incorporates Musharakah, Murabaha, and mudarabah Islamic products to gain profit and support education. The methodology of this paper is qualitative research through document analysis of relevant references about cash waqf models. The general finding of this project shows that there is a possible structure for cash waqf instruments that can be implemented in the future for financing education in Afghanistan.

**Keywords-** Waqf, Cash Waqf, Islamic Banking, Islamic Financial Institutions, education.

### I. INTRODUCTION

The word waqf is derived from the Arabic root verb "waqafa" which means 'causing a thing to stop and standstill. It also takes the meanings of 'detention', 'holding', or keeping. Waqf which (pl. Awqaf) is called Boniyad in Iran and Habs (pl. Ahbas) in North and West Africa. However, by taking its different meanings into consideration waqf can be applied to non-perishable property whose benefit is extracted without consuming the property itself. Although waqf is not specifically mentioned in the Holy Quran, the concept of wealth distribution is strongly emphasized therein (Chowdhury et.al., 2011). The distribution of wealth is a key issue in

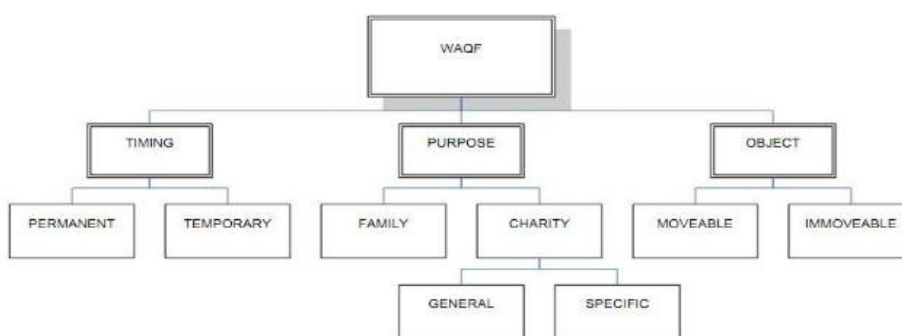
the modern economy to make it more dynamic, prejudice-free, and entrepreneurial. However, a hadith narrated by Abu Hurairah [May Allah be pleased with him (Ra)] is considered the origin of this institution in the world of Islam. "Abu Huraira (Ra) reported Prophet Mohammad [Peace be upon him (PBUH)] as saying: when a man dies, all his acts come to an end, but three; recurring charity (sadaqah jariyah) or knowledge (by which people are benefited), or a pious offspring, who prays for him" (Reported by Muslim, No. 4223).

Generally, waqf can be classified into several categories on the basis of three diverse aspects that is, timing, purpose, and the object of waqf (Jalil and Ramli, 2008). In Islamic law, waqf must be permanent. But, it

could be temporary in accordance with the Malikiyyah (AlZuhayli, 2000). Meanwhile, the purpose of waqf is for charity purposes. Waqf can be for the public generally, for instance; propagation of religion, the advancement of education, etc. Or it can be for specific purposes, for instance, for the economic or welfare of the family. On the other hand, waqf assets can also be moveable or immovable (e.g. cash waqf). In Cash Waqf, the donor can donate cash rather than real estate (Chowdhury, 2011).

cash waqf is more important since it is more productive compared to land, buildings, books, castles, and so on, as it is testified by the existing research

studies, and has been found profitable in the practices of the modern Islamic financial system. In fact, in cash waqf the amount or value of the waqf is not an important issue, rather it is worth involving the whole ummah in the process of waqf so that everyone irrespective of financial condition could be involved by contributing as little as a cent within the prescribed systems of institutionalizing the concepts under government or private initiatives and guidelines provided by Islamic doctrines. Because, it is not only the preserve of the wealthy (Chowdhury et al, 2011). That is anyone, subject to certain Shariah conditions, can be al-waqif (donor) through cash waqf.



**Figure 1: Categories of Waqf**

The importance of education or the quest to gain knowledge in Islam is emphasized by the very first word of the first verse revealed in the Quran, “Iqra” which means read. Islam has always promoted knowledge as evident from the many revelations in the Quran on the importance of knowledge (Chowdhury et.al., 2011). The Prophet PBUH did not only preach on the importance of knowledge, but he also set examples of promoting knowledge (Reported by Muslim, No. 4223).

Deeply compromised by wars and conflicts that have lasted for more than thirty years, Afghanistan’s education system remains fragile (Khawajamir, M. 2016).

Afghanistan’s education system had already been severely damaged during the country’s armed conflicts (World Bank, 2019). This paper will attempt to explore and advocate an active role of cash waqf in the education development of Afghanistan. In addition, through this cash waqf model, I want to aware all Afghans that education is important for the development of the country. This model which uses cash waqf through NGO for supporting education from its benefits the Islamic product will help many afghan to obtain free and sufficient knowledge from cash waqf endowments.

**II. ONCEPT OF WAQF AND CASHWAQF**

The word waqf is derived from the Arabic root verb “waqafa” which means ‘causing a thing to stop and

standstill (Chowdhury et.al., 2011). It also takes the meanings of ‘detention’, ‘holding’, or keeping.

The plural of the term is “Awqaf” and “wuquuf”. waqf refers to a property or asset donated by its owner for the cause of Allah in perpetuity (forever), to be used for philanthropy for the benefit of the community or the public. Once the asset is made a waqf, it cannot be revoked, meaning that the donor of the waqf property cannot cancel this act and repossess or take back this property (Jalil and Ramli, 2008). Also, once the asset becomes a waqf asset, it can no longer be inherited or sold. However, by taking its different meanings into consideration waqf can be applied to non-perishable property whose benefit is extracted without consuming the property itself (Tahir, 2011). Although waqf is not specifically mentioned in the Holy Quran, the concept of wealth distribution is strongly emphasized therein (Chowdhury et.al., 2011).

Waqf is a permanent form of endowment. Another thing to note is that the act of performing a waqf is voluntary, and it is not compulsory as compared to zakat (giving alms), which becomes compulsory for a Muslim when his or her wealth reaches a certain minimum amount (Nisab).

The property or asset selected for waqf (termed mauquf) must be a Syariah-allowed asset of value that is identifiable, quantifiable, and non-perishable. In a waqf, the donor/benefactor or waqif can also be one of the recipients of the benefits of the asset he/she made a waqf (Mohammad Ridhwan Ab. Aziz, 2013).

Previously, waqf is utilized only for religious purposes such as for building mosques, and orphanages, and also for burial matters. The roles of waqf become obvious recently and extended to other social purposes like supporting the education system, relief of poverty, taking care of animals, agriculture, horticulture, and water resources (Mahamood & Ab Rahman, 2015).

Three pillars of waqf are as follows:

- 1- Irrevocability
- 2- Perpetuity
- 3- Inalienability (Wan Kamal 2016).

This feature originates from the concept that the property of waqf is transferred to Allah, although the usufruct derived from it can benefit mankind.

From the shariah point of view, waqf may be defined as holding a maal (an asset) and preventing its consumption for the purpose of repeatedly extracting its usufruct for the benefit of an objective representing righteousness or philanthropy (Chowdhury *et.al*, 2011).

Cash waqf is charitable endowments established with cash capital. What distinguishes these from the standard real estate endowments is the nature of their capital, corpus, which is in the form of cash (Monzer Kahf, 1998). Muslims normally endow their real estate and channel their rent revenue for charity, in the case of a cash waqf, not real estate but cash is endowed and the revenue generated out of the investment of this cash is then channeled for charity (Murat Cizakca, 2004). Cash waqf can only be distributed and allocated for anything not against Shariah Law.

Therefore, many Muslims did not get a chance to participate in the waqf endowment because there is a wrong perception among Muslims that there may be waqf endowment through only land not in cash. They believe land can fulfill the three conditions of waqf such as perpetuity, irrevocability, and inalienability (Cizakca, 2004, 2010).

### III. LITERATURE REVIEW

The study of cash waqf was done by several researchers in recent times. Murat Çizakça (1998) explains that historical evidence indicates that the real exciting potential lies in the cash waqf. Waqf is a philanthropy activity that can be used in the education sector that helps many people to improve their intellect. In addition, waqf has been practiced in the education sector widely in the Muslim world where the establishment of a school, remunerating the teacher, and providing scholarships to students are funded by waqf funds (Mohammad Ridhwan Ab. Aziz, 2013). The main reason why education is the right sector financed by waqf is that firstly, education will foster people to have a good capability in conducting their daily activities.

Islahi (1992) stated that the internationalization of the voluntary institution of cash waqf is needed

nowadays, by setting up a non-government Muslim foundation that should provide public goods on large scale and attempt to combat illiteracy, sickness, and lack of technical know-how. Chowdhury *et al.* (2011) explain that cash waqf would also help to reform the present institutional setup and their networking throughout the country to increase their performances. According to Muhammad Ridhwan Ab. Aziz (2013), waqf in education is not a new development in Islam. Looking at history, it can be observed that since the beginning of Islam, in the early seventh century, many educational activities were financed by waqf and voluntary contributions.

### IV. METHOD

The methodology of this project is qualitative research through document analysis of relevant references pertaining to cash *waqf* models. This project is primarily based on studies that I did on methods of how to support education in Afghanistan through cash waqf. Furthermore, this project is made from the official governmental website of Afghanistan. Moreover, in consideration of the Afghanistan situation, this project is made on the advice of those people who are helping Afghan to get sufficient knowledge.

In this project, the terms “child” and “children” are used to refer to anyone under the age of 18, consistent with usage under international law.

### V. EDUCATION IN AFGHANISTAN

The Afghan education system includes primary education, secondary education, higher education, vocational education, teacher training, and religious education. The Education Law of 2008 mandates nine years of compulsory education (primary education and lower secondary education). Free education through the bachelor’s level is a constitutional right in Afghanistan. However, capacity is lacking in public institutions, and in the last decade or more, dozens of for-fee private institutions, most of them also for-profit, have sprung up to absorb young Afghani’s growing demand for higher education. The costs of private education are variable and largely unregulated (Khvajamir, M. 2016).

Statistics on the number of children in—and out of—school in Afghanistan vary significantly and are contested. Statistics of all kinds—even basic population data—are often difficult to obtain in Afghanistan and of questionable accuracy (Ministry of education, 2019). In April 2017, a Ministry of Education official told Human Rights Watch that there are 9.3 million children in school, 39 percent of whom are girls. All of these figures are inflated by the government’s practice of counting a child as attending school until she or he has not attended for up to three years (CSO, Afghanistan Central Statistics Organization (CSO), 2018).

According to even the most optimistic statistics, the proportion of Afghan girls who are in school has never gone much above 50 percent. In January 2016 the United Nations Children’s Fund (UNICEF) estimated that 40 percent of all school-age children in Afghanistan do not attend school. In Afghanistan, only 37 percent of adolescent girls are literate, compared to 66 percent of adolescent boys. Among adult women, 19 percent are literate compared to 49 percent of adult men (CSO, Afghanistan Central Statistics Organization (CSO), 2018).

In addition, some barriers face the education system with challenges. These barriers are discriminatory attitudes; child marriage; insecurity and violence stemming from both the escalating conflict and from general lawlessness, including attacks on education, military use of schools, abduction and kidnapping, acid attacks, and sexual harassment; poverty and child labor; a lack of schools in many areas; poor infrastructure and lack of supplies in schools; poor quality of instruction in schools; costs associated with education; lack of teachers, especially female teachers; administrative barriers including requirements for identification and transfer letters, and restrictions on

when children can enroll; a failure to institutionalize and make sustainable community-based education; and corruption (World Bank, 2019).

## VI. CASH WAQF MODEL FOR DEVELOPING EDUCATION IN AFGHANISTAN

According to this model, the proper utilization of the cash waqf mechanism as a source of financing can play the role in providing sufficient funds for education in Afghanistan.

CWM Model (cash waqf model for developing education) is suitable in that it can address or minimize the illiteracy of people in Afghanistan. This is due to the fact that, in this way, we can provide efficient education for Afghanistan people, it is free from third-party intervention, enhance extension services and improve the education system in Afghanistan. Under the CWM Model, it will be compelled to provide free education for needy people and protect the capital invested.

As we can see CWM Model looks like below:

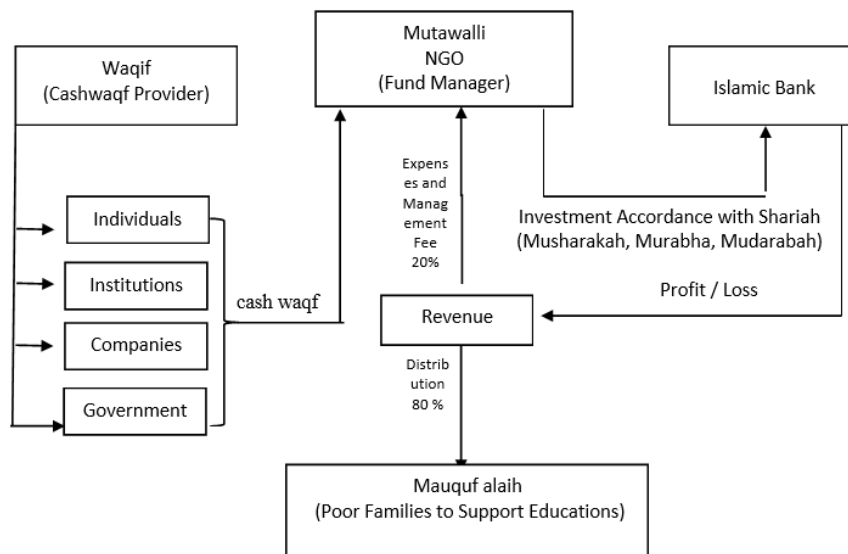


Figure 2: Cash Waqf Model

In doing so, the mechanism of this figure is as follows;

First, the NGO becomes a Mutawali (trustee) of the fund. The fund manager now would be responsible for making the necessary investment decisions for the fund. It will supervise and monitor the collection of cash waqf funds, and invest and distribute the profit to poor families to support their education. Although, NGO will monitor all activities of cash waqf, actual financing, investment, and profit distribution will be done under proper management of its cash waqf windows.

This NGO can be entrusted with cash waqf or collect cash waqf from waqif (cash waqf provider).

According to special purposes disclosed people are easily available to the donating this NGO. As a rule, productive cash waqf must be kept invested and income generating, which can be best achieved by going into the business of banking. The contemporary Islamic banking practice provides evidence of successful cash investment methods that are not only good for expecting good returns on the investment but also for protection the capital.

Once such deposits are made, the NGO can disburse the cash, which is dedicated to the cost of education in Afghanistan. According to this Model, contributors are as follows: Individuals, institutions,

industries, and government. All the money first comes to the NGO financial management or into the NGO's bank account.

Second, the NGO can be entrusted with investment deposits. The NGO has to operate the entrusted capital in an income-generating business. The financial management of the NGO invests this money in an Islamic bank account in accordance with shariah principles. For this case, the NGO financial management will use Musharakah, Murabahah, and Mudharabah products of the Islamic bank. This is because that invest in different products of banks reduces the risk of investing and provides a safe return. This will be repeated whenever an amount is available in the given fund. This capital is not to be used for purposes other than investment; its protection and growth will be the main function of the NGO. Such funds are established to use their income for the benefit of girls' education or the purpose for which the donors have dedicated them. Therefore, the capital has to be invested in any permissible transaction capable of generating income.

The NGO will benefit waqifs (cash waqf providers), and its beneficiaries, as it can provide adequate and efficient education to all needy girls. It can attract a large sum of individuals and entities either to donate or to support this NGO.

Then through publicity by television, radio, or newspaper, it is always easy to raise donated funds. So, through proper marketing policy, it is possible to encourage people to endowed more cash waqf.

Third, of the revenue that comes from our NGO investment in the bank 20% goes for the expenses and management cost of the NGO, and the remaining 80% will be distributed to the mauquf aliah or poor families for their education expenditures.

**6.1 Impact on the society and economy.** The model is also anticipated to bring benefits to society. As this model emphasizes financing, it creates an environment of innovation and diversification of educational activity. It also helps to stimulate all good people to participate in a good cause for society. This model provides seed capital to develop the education sector in Afghanistan and gives them access to finance. In addition, as this model incorporates cash waqf, it can play an intermediary role in assisting the corporate sector in doing their CSR by donating to cash waqf.

**6.2 Impact on the education system.** For the education system, the proposed model adds to the existing education system more variety and free effective education without the support of the government. This study provides a new way to provide knowledge for poor people on the avenue for effective utilization of cash waqf for education in Afghanistan. This is because cash waqf had played a significant role in the educational development of Muslims or non-Muslim countries. This model is expected to positively change the education level in Afghanistan.

## VII. CONCLUSION

From the discussion above, the general finding of this project shows that there is a possible structure for cash waqf instruments that can be implemented in the future for education financing. The main objective of this project is to for Sustainable Development Goals (SDGs) through Islamic Finance which I have chosen to support Afghan education through cash waqf.

Because education is very important for the development of human capital and the achievement of economic well-being for oneself, society, and the nation at large. In doing so, the idea of establishing a cash waqf Model designed for education financing is very attractive. The permissibility of cash waqf and suitability of capital of Islamic banks can be considered as waqf as well as business with good structure to solve the problem of students in their education financing.

As this model incorporates the use of cash waqf for education, it brings benefits to illiterate people in Afghanistan. This integration of cash waqf with the bank's Islamic products will be useful in achieving a higher profile for the education involved and enhance the image of the cash waqf endowment for all people. Furthermore, this model can increase the success of students' education by assisting in their development.

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