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## CASH WAQF AND FINANCING ISLAMIC SCHOOLS

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### ABSTRACT

Many Islamic schools in some Islamic countries suffer from a lack of funding because they are considered private schools. They do not find sufficient support from the governments, so the cash Waqf can play an important role to solve this problem. Therefore, this study provides a general overview of the concept of Waqf, and an in-depth discussion of how cash Waqf can fund Islamic schools, their maintenance, teachers and students in need. It discusses jurists' opinions regarding the legal ruling of cash *Waqf* and points out predominant opinions relating to the issue at hand. The study also expounds proposed practical models for cash *Waqf* to fund Islamic schools. The study uses descriptive, inductive, and analytical methods. Based on the discussions, the study concludes that if cash *Waqf* is implemented in a proper way, it can play a significant and effective role in funding Islamic schools.

**Keywords:** *Role, Cash Waqf, Financing, Islamic schools, legal rulings.*

## Introduction

*Waqf* is one of the most important economic sources in Islam. Historically, it has played a very significant role in funding educational institutions such as Qur'anic schools, Islamic studies and medicine, and history and so on. The types of *Waqf* for these institutions included services that met their educational needs such as, the payment of salaries for staff, housing, health care and other daily expenses for students. These services have been provided to both the poor and rich, and males and females alike. For instance, in the 6th century Hijri, there were 300 schools in Baghdad and 20 schools in Damascus alone funded by *Waqf*. In the 9th century, *Waqf* funded more than 63 schools in Cairo and 11 schools in Mecca ('Adnān, 2017). However, there has been a decline in the role of *Waqf* in the 20<sup>th</sup> and 21<sup>st</sup> century, as there has been a reluctance of the public sector to provide funds to Islamic schools in many Muslim countries (Elasrag, 2012). Indeed, nowadays Islamic schools lack funding. Therefore, there is a need to revive the role of *Waqf* to fill this funding gap. This can be done through cash *Waqf*, since it is readily available for most Muslims, unlike immovable assets such as property, which are available to only a few. In addition to this, cash *Waqf* enables more people to contribute what surpasses their basic and necessary needs, which provides liquidity for *Waqf* institutions. This cash *Waqf* is then invested in Shariah compliant investments. The profits of such investments are then spent on Islamic schools in the form of grants for students, salaries for teachers and administrative staff, the establishment of new schools, the maintenance of existing ones, as well as other educational needs. The present study examines cash *Waqf* in details well as its practical application in funding Islamic schools. Finally, the study proposes a few approaches to overcome obstacles that may face this project.

## Historical background of *Waqf*

*Waqf* was known to ancient civilizations even prior to their knowledge of Islam. For example, in Egypt, the pharos used to allocate money to utilize its dividend to serve the gods, temples, graveyards, and to provide income for priests and servants. They did so to seek proximity to their gods and to do good. Ancient Greeks and Iraqis were also familiar with the concept of *Waqf* (Al-'Abdusalām, 2019). The Arabs also used *Waqf* prior to Islam. They were accustomed to having some of their money dedicated for clothing the Kabah (Ibn Khaldūn, 1984). In the Islamic history, *Waqf* became known after the Hijrah of the Prophet (S.A.W) to Medina. It is worth mentioning that there is no disagreement among the scholars (Ulama) on this issue. However, they disagree on who first practiced *Waqf* in Islam. Some scholars are of the opinion that the first to practice *Waqf* was the Prophet (S.A.W), who executed the will of a Jewish man named Mukhairiq, who entrusted the prophet with his properties to make use of them in the event that Al Mukhairiq was killed in the Battle of Uhud. The Prophet (S.A.W), made *Waqf* of the seven gardens at Mukhairiq's properties in Al-Madinah.

Other scholars opined that the first to practice *Waqf* was Umar al-Khattab, who put aside land which he owned after the battle of Khaibar (Al-'Abdusalām, 2019). Nonetheless, this study is more inclined towards the opinion which argued that the Prophet (s.a.w) was the first person who practiced *Waqf*. This is supported by the fact that Mukhairiq was martyred in the battle of Uhudin the 3<sup>rd</sup> Hijri year, whereas Umar ibnu al-Khattab allocated his land after the battle of Khaibar, which was in the 7<sup>th</sup> Hijri year. More specifically, this meant that the battle of Uhud took place prior to Khaibar.

The companions of the Prophet followed suit in this regard. Abu Bakr made *Waqf* of his house in Mecca for the benefit of his descendants. Similarly, Othman Ibnu Affan bequeathed a Romah, Ali Ibn AbiTalib donate spring for the poor and needy, Abu Addahdah allocated his garden for *Waqf*, and Abutalhah al-Ansari also donated a well in his gardens *Waqf* (Al-'Abdusalām, 2019).

The scope and categories of *Waqf* during the Khilafah period were no different from those in the

Prophet's era. That is, Waqf was mainly earmarked for mosques, houses, wells, animals, and weapons. The reason for this was the characteristics of the Muslim community and the prophet's era was almost similar. However, during the Umayyad period, Waqf witnessed a shift in scope. Its categories were expanded to include educational institutions, libraries and payments for students. During this period Waqf was under the purview of the judiciary, and the institution of Awqaf (endowments) had its own directorate. As a result, the administration of waqf was transferred from individuals to the state (Shalabī, 1982).

The concept of Waqf was further developed and expanded during the Abbasid period. It included hospitals, public libraries and housing for the poor and needy. During this period, Waqf was headed by a special officer named "Sadr Al-Waqf (Al-'Abdusalām, 2019).

The Ottoman Empire era was a period of flourish for Waqf. It was in this period that Waqf was further developed in terms of administrative restructuring and supervising. Additionally, laws and legislations were enacted to regulate and govern the administration of Waqf. Moreover, there was a special registry dedicated for Waqf (Al-Kubaysī, 1977).

Waqf witnessed a decline in the Muslim world during the colonial era and the post- independence period under despotic regimes. The concept of Waqf was subjected to nationalization, confiscation and termination. (Mahdi, 2002) This had and verse consequence on the Awqaf and became a major obstacle that prevented Waqf from playing an effective role in the Muslim World.

Nonetheless, during the last two decades of the 20th and 21st centuries, researchers began to pay more attention to Waqf issues. They doubled their efforts to develop Waqf and its scope. In this regard, several research centers and educational and financial institutions organized forums, workshops and competitions dedicated to the subject of Waqf. Many theses and studies were published in various Waqf journals. All of the various measures had positive results on the development of Waqf and its role in social and economic progress.

### **The Concept of *Waqf***

**Firstly**, *waqf* linguistically means to withhold and to restrict (Ibn Mandhūr, 1999). As for its technical meaning, many jurists have defined it differently. This difference was due to a few issues related to the rulings (*ahkām*) of *waqf*. The present study covers the most important scholarly definitions of *waqf*.

AbūḤanīfah defined *waqf* as, "withholding a subject matter (asset) to be under the exclusive ownership of the endower (*wāqif*), and to give in charity its usufruct or dispose of its usufruct to a party chosen by the endower (Ibn al-Humām, 2003).

Ibn'Arāfah defined it as "Giving the usufruct of an asset throughout the duration of its existence with the compulsory requirement of it remaining in the ownership of the benefactor even if symbolically (Al-Kharshī, 1998).

The author of *Mughnī al-Muḥtāj* defined it as "the restricting of wealth that can be used to derive benefit from it while it remains in its original form in order to restrict its disposal to a permissible avenue" Al-Shirbīnī, 1997). Al Bahwatī Defined *waqf* as "An outright owner restricting the usage of some of his wealth that is productive while the original form of the wealth remains intact and at the same time the owner's right to dispose of that wealth is terminated" (Al-Bahwatī, 1996).

MonzerQahf is, one of the modern scholars, defined it as, "A permanent or temporary dedication of some form of wealth with the aim of benefitting from it or from what it produces on a repeated basis and channeling such benefit to any form of private or public charity" (Qahf, 2019).

After the presentation of these definitions of *waqf*, it can be said that the appropriate definition is the

one that comprises of all core elements of *waqf* namely: The endower of the *waqf*, the beneficiary of the *waqf*, the subject matter of the *waqf*, and the objective of the *waqf*. This study inclined to the definition used by Monzer Qahf, with some minor adjustments. Therefore, *waqf* is the dedication by an endower of a portion of his/her wealth in order to benefit from it or from what it produces in one of the many forms of righteousness.

### **The Ruling Regard to *Waqf***

The majority of jurists from Ḥanafī, Mālikī, Shāfi'ī and Ḥanbalī schools of jurisprudence have concluded that *waqf* is permissible and encouraged (Al-Kāsānī, 1997). Its permissibility has been established in the Qur'ān, Sunnah and Ijmā'. In the Qur'ān they referred to general verses that encouraged charitable giving, volunteering, spending money and doing good (Al-Kāsānī, 1997). As for the Sunnah, many ḥādīth have been narrated that clearly indicate and prove the permissibility of *waqf*. Moreover, it has been accurately recorded that the Ṣaḥābah (companions) and Tābi'in (followers) made *waqf* from their wealth, and none of them condemned the action. Thus, this constitutes as a consensus (*Ijmā'*) on the permissibility of *waqf* (Al-Jamal, 2007).

### **The Pillars of *Waqf***

The majority of jurists have agreed that *waqf* has four pillars. The pillars are: the endower of *waqf* (*wāqif*), the beneficiary of *waqf* (*al-mawqūfelaīhi*), the wealth/ asset being endowed (*al-māl al-mawqūf*) and the formula (*ṣīghah*) (Al-Bahwatī, 1996).

### **The Classification of *Waqf***

*Waqf* is classified into three types based on the differences between certain factors that must be considered:

First: In terms of the aims of *waqf*, there are three sub-types (Al-Maḥmadī, 2001):

1. Family *Waqf*: This sub-type of *waqf* is dedicated to the endower himself or his offspring or a combination of the two, or a specific person. Furthermore, it could be used for any philanthropic purpose.
2. Charitable *Waqf*: This sub-type of *waqf* is established for charitable purposes such as building schools, mosques and hospitals.
3. Combined/Multi-purpose *Waqf*: This sub-type of *waqf* is established for a combined purpose of serving offspring and philanthropy simultaneously. This happens in a situation where an endower allocates a portion of the *waqf* wealth/ asset for his children and at the same time, endows a portion for philanthropic purposes.

Second: *waqf* in terms of its location (Mashhūr, 1997): This branch has two sub-types:

1. *Waqf* of real estate (immovable assets): This *waqf* sub-type refers to the endowment of a wealth/asset that is immovable and non-transferable from one place to another (Al-Thamālī 2019). An example of this sub-type is land that has or has not been constructed upon. *Waqf* of real estate is permissible according to all Muslim jurists.
2. *Waqf* of movable wealth: This *waqf* sub-type refers to anything that is movable and transferable from one place to another without causing a change to its shape and form.

Third: *Waqf* in terms of its time duration (Al-Jamal, 2007): This has two sub-types:

1. Permanent *Waqf*: has no specific time duration, it is intended for an indefinite purpose. It is

- permissible according to the consensus of Muslim jurists.
2. Temporary *Waqf*: is when the endower of *waqf* has specified an amount of time for the wealth/asset to be endowed. After the specified time ends, the wealth/asset returns to the ownership of the endower.

### Cash *Waqf* and its Legality in Sharī‘ah

The technical meaning of cash is, “any physical existing thing that can possibly serve the purpose of being a medium of exchange, and a measure of value, and a store of value at the same time. Scholars have two different opinions in terms of the legality of cash *waqf*:

#### The First Opinion: Permissibility of Cash *Waqf*

The Ḥanafī and Malikī jurists have ruled that cash *waqf* is permissible (Ibn ‘Abdīn, 1998). Those who hold this opinion draw evidence from the Sunnah, ‘urf (customs) and logic. Narrated by AbūHuraīrah, the Prophet Muhammad (Peace be Upon Him) said, “If a person dies, all their deeds come to an end except for three things: ceaseless charity, beneficial knowledge, or a righteous child that prays for him” (The *ḥadīth* was authenticated by Muslim, Al-Nawawi, 1930).

**Point of evidence:** the *ḥadīth* is general in permitting *waqf*, since there is nothing present that prevents the inclusion of cash *waqf* into the general category of ceaseless charity. Al-Bukhārī indexed this *ḥadīth* in his *ṣaḥīḥ* with the saying, “*Waqf* of riding animals, war horses and equipment, and gold and silver” (Al-Maḥmadī, 2001. Al-Bukhārī, 2006).

The majority of jurists have permitted the *waqf* of movable assets that can be benefited from when it remains in its original form. This applies to cash because it is among the list of movable assets.

Those who hold this opinion draw evidence from customary practices (‘urf). Muḥammad bin Ḥassan said, “What people have come to know as something that can be endowed from movable assets, is permitted to be endowed on the basis of *istiḥsān*, such as a hacksaw or an axe, and what people are not accustomed to endow, is not permitted to be endowed. For example, *waqf* of clothes, animals and other things (Abū al-Sa‘ūd, 1997).

Cash fulfils the objectives of *waqf* legislations required parameters are fulfilled and because endowing cash will achieve an intended permissible benefit (Al-Maḥmadī, 2001).

#### The Second Opinion: Impermissibility of Cash *Waqf*

The views of Abū Ḥanīfa, Abū Yusuf, al-Shāfi‘ī, and Ibn al-Ḥājjib and Ibn Shās from the Malikī School of jurisprudence consider cash *waqf* to be impermissible because benefits cannot be gained from it except by depleting it completely. This is because no benefit that can be gained from it except by utilizing it and this contradicts the principle of *waqf*, which is permanence of an endowed asset (Al-Muṭī‘ī, 1995. Ibn Qudāmah, 1996).

Those who held the opinion that cash *waqf* is impermissible have based their views on logical sources of evidence such as:

- a) The essence of *waqf* is for an original asset placed as *waqf* to remain in its original form and to benefit from its profit or produce. This does not happen in the case of cash, because it will be depleted when used (Ibn Qudāmah, 1996).
- b) Cash was created to be a measure of value, rather than to be a source of benefit in and of itself.
- c) Without a doubt, cash *waqf* did not happen in the time of the Prophet (peace be upon him) or the time of the *khilāfah*. Instead, what happened was the endowment of fixed assets such as land and real estate.
- d) Those who hold this opinion also take as evidence the custom of prohibiting cash *waqf* because it is inconsistent with the customs. It was transmitted by Muḥammad, “What people have

customarily accepted to be endowed from movable things is permissible to be endowed, and what they do not find as such cannot be endowed” (Abū al-Sa‘, 1997).

### Discussion of the Evidence and Deducing the Strongest Opinion:

In this section, the study discusses the evidence of those who say that cash *waqf* is not permissible.

Their opinion that cash is consumable and that *waqf* should be something then can be benefited from while it remains in its original state, seems to be a weak argument for the following reasons:

- a. Cash is not specifically identified. Therefore, even though a benefit cannot be derived from cash while it remains intact as an asset, it is fungible in nature. As a result, it can be replaced with a substitute, which is permissible according to Muslim jurists in the case of substitution and the case of encroaching upon an endowed asset in the form of usurping or destroying it (Ibn ‘Abdīn, 1998).
- b. Obtaining benefit from cash does not occur from consuming it per se, as it does with food and drink. The benefit derived from cash is in fact obtained by using its purchasing power and its financial valuation of goods and services.
- c. The investment of cash and the growing of it guarantees its continuity and permanence.
- d. Existence throughout the years, possibly to a higher extent than the permanence of land and real estate. The determining factor for the permanence of a *waqf* asset or pool of funds is the management, not the category of a *waqf* asset. Poor management destroys anything without regard of whether it is one type of wealth or another.

There is an argument that cash was invented to be a measure of value rather than to be a source of benefit in itself. This opinion, although accurate in general, cannot be accepted because cash *waqf* is not utilized using cash outside the scope of its intended purpose, which is to be a measure of value. In fact, endowing cash actually makes use of such a feature. Indeed, without that feature it would not be possible to endow it. In other words, the reason why cash can be endowed is a result of it being a measure of value. As for generated profit and benefit, they are attributed to work and effort, which are based on the feature of cash being a measure of value. However, in the case where cash is given as a loan, the matter is clear because one who takes it as a loan will use it to pay the price of meeting his needs, then he will return the cash (back to *waqf*).

The argument that cash *waqf* never happened during the time of the Prophet peace be upon him, or during the period of the four rightly guided Caliphs, is unacceptable. This is because the belief that only immovable assets were endowed during that period does not by itself suffice as evidence to prove the impermissibility of the act of endowing other types of assets. Moreover, the act of endowing assets during that period was not limited to immovable assets, despite the fact that they mostly constituted of endowments. For example, Khālīd bin al-Walīd endowed his armor and weapons which were movable types of wealth, and the Prophet Muhammad (peace be upon him) approved this action.

The argument based on customs is rejected, because customs change when times and places change. Therefore, if customs change, and people begin to endow cash, the ruling that changes follow the change in custom. Therefore, cash *waqf* would become permissible. In addition to this, those who prohibit cash *waqf* have built their argument on a rule introduced by Muḥammad bin Ḥassan al-Shaybānī, which stated that it was permissible to endow whatever people have customarily agreed to be endowed among the category of movable assets. It is permissible based on *istiḥsān*. Moreover, what people have not customarily agreed upon to be endowed shall not be permissible for endowment (Abū al-Sa‘ūd, 1997). However, this principle is evidence against them, not in favor of them, because cash *waqf* has become a custom, so it is permissible because of its inclusion in the category of movable assets.

### Deduction of the Strongest Opinion

After reviewing the opinions of the two groups and discussing the evidence of their arguments, it appears that the preponderant opinion is that held by those who argue that cash *waqf* is permissible, for the following reasons:

There is no text within the Qur'ān or Sunnah that relates to the ruling on cash *waqf*, neither on its impermissibility nor its permissibility. Therefore, this issue is one of *ijtihād* (legal analysis and deduction) and every group has its own evidence. Those who argue for its impermissibility rely upon evidence of logic that permanence is a required condition for the pronouncement of *waqf*, and that the asset needs to remain in its original form while meeting other required conditions of *waqf*. However, cash *waqf* does not contradict these two conditions. This is because both the endower and the beneficiary of the *waqf* will realize the benefit derived from the cash *waqf*. Moreover, the consumption of cash *waqf* will not take place, it will actually remain because of its investment and growth (Al-Thamalī, 2019).

All the objectives and wisdom for which *waqf* was ruled permissible are realized in cash *waqf*. In fact, they are realized to a higher degree than they would in the *waqf* of immovable assets. In this regard, the most important objective of *waqf* is the realization of benefits by the endower of the *waqf*, the beneficiary of the *waqf* and society. The endower realizes his benefit since he is able to contribute to the *waqf*, whereby every person within the society is able to contribute to it with whatever extra funds available to him or her, be it a small or large contribution. Each donor attains a degree of success by gaining the heavenly reward for perpetual charity, which is unending even after the death of the donor, as long as support for the *waqf* continues. When it comes to the benefit of the *waqf* beneficiary, it is realized through cash *waqf* to a greater degree compared to immovable assets. This is because cash *waqf* can provide sponsorship and financing for many big projects. As for the societal benefit, it is realized by stimulating the economy from stagnancy to the creation of job opportunities. This occurs through stimulating investment projects in various sectors, such as agricultural, manufacturing and service-based projects.

The reality of present time *waqf* is different from previous endowers because the great riches of today are not in the form of immovable assets such as residential buildings and farmlands. In fact, the riches of today's world are movable assets in the form of bank notes, securities, bonds, shipping fleets, service-based companies and activities of professionals such as doctors, accountants, lawyers and engineers. The rich people of today are the owners of these movable assets, and they are the ones who are able to endow, bear related costs, and ensure that *waqf* achieves its intended objectives (Umar, 2018).

There is evidence from the Sunnah of the Prophet (peace be upon him) that supports the argument for the permissibility of cash *waqf*. One such evidence is that Khālid ibn al-Walīd (May Allah be pleased with him) endowed his armor and weapons as *waqf*, and the Prophet (peace be upon him) approved of this action when he said, "As for Khālid, you all are committing oppression on him, he has dedicated his armor and weapons for the sake of Allah" (Hadīth from Al-Bukharī, Ṣaḥīḥ al-Bukharī, Kitāb al-Zakāh, Bābwafīriqābiwafīqārimīnwafīsabīl Lilah, ḥadīth no. 1468). Armor and weapons are movable forms of wealth, and cash is included in the category of movable forms of wealth.

### Financing Islamic schools through applied mechanisms of cash *waqf*

In the past, *waqf* played an important role in financing Islamic schools by providing educational supplies, fulfilling the payment of teachers and workers' salaries, providing housing and covering living, medical and clothing expenses (Ḥarīrī, 2001). Today *waqf* can reclaim its important role in supporting education and Islamic schools with the application of cash *waqf* in financing Islamic schools. However, on how cash *waqf* can be used in financing Islamic schools, it is necessary to determine what we mean by Islamic schools. In this regard, it refers to all educational institutes before

the stage of university education, which teaches sciences of Sharī'ah. The term includes nurseries, kindergartens, schools for the memorization of Qur'ān, primary, secondary and high schools.

In the present time, many institutions around the world make announcements about endowment projects that need huge amounts of funds which cannot be easily collected except through the mechanism of cash *waqf*. For example, in the kingdom of Saudi Arabia, five endowment projects were inaugurated in the Al-Mithnab province with a total cost of 16, 300,000 Saudi Riyal for each project (Al-Riyadh Newspaper, 2012). Furthermore, the committee for developing financial resources in Ras al-Khaimah institute for Qur'ān and its sciences in the United Arab Emirates started a campaign to participate in a charitable *waqf* project, whose aim was to construct a residential building and rent it with the aim of utilizing the rental proceeds for activities that served the Qur'ān. The total expected cost for the project was approximately six million dirhams. In Iraq, the Kurdish Islamic League, which is one of the pioneering charitable organizations in the field of education and the memorization of Qur'ān, opened ten centers for teaching and memorizing Qur'ān in its six branches between the years 1995 and 2001. The total annual expenses for one center stood at 21,000 USD, while the total annual expenses for all the ten centers combined stood at 221,000 USD (Al-Riyadh Newspaper, 2012).

A *waqf* institute can choose one of the following two methods to finance Islamic schools:

**The first method:** A *waqf* institute can grow all the cash it has collected by utilizing various investment modes that are Sharī'ah compliant, such as *muḍārabah*, *mushārahah*, *ijārah* and other modern and contemporary investment modes that have been developed by the Islamic banking sector. The expenses of the beneficiaries will be covered from the profit of the investment only, while the capital of the *waqf* would remain protected and undiminished (Al-Zarqā, 2006). It is important to note that when *waqf* funds are invested, especially when such funds are in the form of liquid assets, certain investment parameters have been proposed by some studies which should be followed. These parameters are as follows (Al-Thamālī, 2019):

1. The investment mechanism must be Sharī'ah-compliant.
2. Conducting feasibility studies for selected investments.
3. Weighing the economic benefit and the social benefit of the investments.
4. Weighing between the risk and return of the investments.
5. Weighing between direct investments and indirect investments.
6. Diversification of investments.

**The second method:** The *waqf* institute can divide the endowed funds into two portions. The first portion can be invested using the modes of investment mentioned in the first method to ensure the continuity of the *waqf*, while the second portion can be allocated for the financing of Islamic schools (Al-Zarqā, 2006). In the following sections, the current study will attempt to discuss a few proposed practical mechanisms for the financing of Islamic schools. In this regard, a *waqf* institute can implement one of the following two mechanisms to finance Islamic schools (Umar, 2018):

### **The first mechanism: Donations**

A *waqf* institution has the option of allocating certain amounts to be donated to Islamic schools in the form of scholarships. These scholarships should be given to the needy segment of a student population such as the destitute, poor and orphan students, in addition to overachieving students. The scholarships can cover tuition fees, housing and living expenses, medical costs and all schooling necessities. As for private donations that target the establishment of Quran memorization schools in



addition to primary, secondary and high schools, these donors should be directed to areas where Islamic educational institutions are few in number or to areas where they are nonexistent due to a lack of human resources or marginalization arising from political, religious or ethnic conflicts. As for the financing of existing Islamic schools, it can be done with the aim of enhancing and developing such schools. For example, *waqf* institution can donate an amount of money to build students' hostels, classrooms, computer labs or construct new schools, maintain student hostels, computer labs and classrooms. Donations can also be directed to support and finance research and studies that can facilitate the development of Islamic schools.

### **The second mechanism: Benevolent *qard***

*Awqaf* institution may not have adequate financial resources to finance Islamic schools via donations. Therefore, it may resort to financing through the mechanism of benevolent *qard* for individuals and institutions that are willing to do so. Financing through the mechanism of benevolent *qard* differs from the mechanism of financing through donations. Therefore, a *waqf* institution should follow certain procedures to ensure full payment of the *qard*. In this context, the present study indicates the procedures of applying for a benevolent *qard* that have to be followed by applicants who are specializing in one of the Islamic sciences.

Procedures for providing financing through the mechanism of benevolent *qard* (Zayd, 1996):

- The student submits an application to a *waqf* institution which includes all his/her personal details.
- The financial and marital status of the applicant is mentioned.
- The certificates and academic documents are attached.
- The student identifies the educational institute and program of study in which he/she wants to enroll in.
- The *waqf* institution studies the application, verifies the authenticity of the certificates and documents, assesses the need of the applicant for the *qard* and his academic ability to enroll in the selected program of study.
- After studying the application, the *waqf* institution announces the results, which could be either to accept the application if the applicant fulfills the conditions for receiving the *qard*, or reject the application if the conditions are not fulfilled by the applicant. Subsequently, the applicant will be informed of the result.
- In the event that an application is accepted, the contract of *qard* will be signed between the *waqf* institution and the student. The contract will include the payment schedule and the periodic installments that need to be paid.
- After the student completes his/her studies and begins working, he/she starts paying back the *qard* in accordance with the signed contract.
- It is important to point out that a benevolent *qard* is not only given to students. On the contrary, a *waqf* institution can also donate it to Islamic schools to build new schools or develop existing schools by including new academic specializations or enhancing library facilities, labs, classrooms and other facilities such as clinics and sports halls.

### **Conclusion**

Based on the definitions provided in Islamic jurisprudence books, and research relevant to the subject, the study concludes that:

- Waqf is best defined as “the allocation of property (whether moveable and immovable assets) by the owner for the purpose of benefiting others from it or from its proceeds in any kind of good deeds”

- Waqf had and still has a significant role in supporting the field of education and its development in the Muslim world.
- Cash Waqf is “any asset which can be a tool for exchange, measurement and keeping of value at the same time”. The study is more inclined towards the opinion that argues the permissibility of cash Waqf. It also concludes that Waqf institutions may opt for either of the following to fund Islamic schools:
  1. Investing all of the cash Waqf and then funding Islamic schools from the investment’s dividends and revenues.
  2. Dividing the cash Waqf into two portions, one portion to be invested as a backup and to ensure the continuity of that Waqf, and the other portion is to be earmarked to fund Islamic schools
  3. Waqf institutions can fund Islamic schools through fund-raising or through *al-Qard al-Hassan* (interest-free goodwill loans).

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