

A Comparative Analysis of Waqf Institution and Endowment Foundation: Determinants of Sustainability

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Abstract: It is unarguable that *waqf*, is an important Islamic economic tool that can be used for the eradication of poverty in the society. On the other hand, *waqf* is arguably aligned with sustainability. Numerous studies have examined the issue of poverty based on Western and Islamic perspectives. However, there is a dearth of study investigating the sustainability of Islamic *waqf* models for poverty alleviation in the Muslim countries. This study is an attempt to examine the sustainability of *waqf* models for poverty alleviation with a view to compare the Islamic *waqf* models with the Western endowment foundation in order to improve the practice of *waqf* as a poverty eradication tool in the contemporary abjectly poor Muslim societies. The study identified key factors essential for enhancing the sustainability of *waqf* and further gave recommendations for theory and practice.

Keywords: *waqf*, western endowment, poverty alleviation, content analysis, sustainability.

1. INTRODUCTION

It is not a gain say that *waqf*, as an Islamic economic tool, can be used for the eradication of poverty in the society. On the other hand, *Waqf* is arguably aligned with sustainability. Numerous studies have examined the issue of poverty based on Western perspectives and Islamic views (Obadan, 2001; Chitranshi, 2009; Obaidullah, 2008). However, there is a dearth of study investigating the sustainability of Islamic traditional *waqf* models for poverty alleviation in the Muslim countries. This study is an attempt to examine the sustainability of *waqf* models for poverty alleviation with a view to compare the Islamic traditional *waqf* models with the Western endowment foundation in order to improve the practice of *waqf* as a poverty eradication tool in the contemporary abjectly poor Muslim societies. The study identified key factors essential for enhancing the sustainability of *waqf* and further gave recommendations for theory and practice.

It has been observed that Western Foundation Model is doing better than Muslim *Waqf* institution. Is this statement true? If yes, then an inquisitive mind would like to find out about the success factors and also curious to know whether the factors are sustainable or not. The above statement on the Western Foundation Model is quite valid for the West. According to Open Society Foundation (OSF) (2010) the success strategies are traced to the ability of the Foundation to effectively invest the endowment funds and make use of the returns for poor needs, as well as including them in the decision making process so as to establish their core needs through the participation of the beneficiaries in the decision making process. In addition, Developing Community Foundation Models (DCFM) (2008) opined that the permanent funds under management grow due to effective investment of endowed funds, which leads to growth in fees earned, thus providing a community foundation with predictable funds to support core needs and infrastructure costs.

Other strategic factors of success that are of equal importance according to DCFMs are: The level of trust a community foundation has with both its donors and grantees, the level of connectedness a community foundation has with its

community through its Board that is reflective of the makeup of the community and a CEO and staff who champion the community needs, the ability of a community foundation to identify and clearly articulate the range of issues in the community it intends to support, the level to which a community foundation is ready to carry out its mission. This mission needs to be linked with positive social change within the target community and evidence of community foundation's good leadership and public convening role, as well as ability to tackle the community issues and needs.

The above factors of Western endowment foundation are sustainable in that the foundation generated returns from the investment of the endowed funds and make use of that as grants and as well as for community needs (OSF, 2010). In addition, to the investment approach, mentioned above, the inclusion of the beneficiaries into the decision making process according to Open Society Foundation, allowed for the establishment of the community core needs. By extension to the aforementioned, the good rapport of the community endowment foundation with both donors and beneficiaries is another secret to the sustainability. Furthermore, and according to DCFMs evidence of community foundation's first-class leadership coupled with public convening role as well as ability to effectively tackle the community issues and needs are other sustainability contributory factors. Do Muslim *Waqf* institutions meet up with these sustainability criteria?

On the other hand, Muslim *waqf* institutions appear not to match with the above mentioned sustainability factors. Muhammad (2010) mentioned the steady flow of funds of 1% from each member of an association salary on monthly basis account for the association financial strength and sustainability. The submission of Muhammad (2010) was not considered under the content analysis in this paper. This is because according to Muhammad investment is subjected to interest yielding financial instrument which is strange to Islam. Hence, the investment does not under the focus of this paper. However, Karim (2010) discussed investment as a sustainability factor in his study. Hence, noting the importance of investment he stated:

The expenditure has helped in financing student financing needs, faculty salaries and maintenance. In the case of the mosque, inflation and expanding needs of the society has changed therefore it is important that the concept of the Waqf expansion needs to be built into the Waqf overall investment strategy to ensure the sustainability of the Waqf is met (Karim, 2010 p.158)

2. OBJECTIVES OF THE STUDY

Subjecting *waqf* fund to investment will not only increase the capital base of the institution but also make funds available for the intended purpose or purposes (Obaidullah and Khan, 2008).

To achieve the central aim of this study, the researchers seek to meet the following objectives:

1. To examine the sustainability of waqf models for poverty alleviation in Muslim countries;
2. To compare the Islamic waqf models with the Western endowment foundation;
3. To identify key factors essential for enhancing the sustainability of waqf.

3. ENDOWMENT AS PANACEA TO POVERTY

The human population of the World has escalated to 7.1 billion as at April, 2013 with the majority lavishing in poverty. Poverty has eaten so deep to fibers of the poor. This is so much that majority are living below poverty line of \$1.25 dollar per day while fewer people are living above that for their survival (United States Census Bureau, 2011). World Hunger and Poverty Fact and Statistics (2011) reported that poverty has caused mental impairment, inability to learn and reason as well as the complete deprivation of poor group necessary basic needs. According to Sadeq (1996) absolute poverty income is a level of income which is below critical minimum income (CMY). Critical minimum income is what an individual poor who need to meet his/her basic requirements of life. Accordingly, these include: food; clothing; shelter; medical care; education; religious and obligations.

The Western world views poverty as inability of household to care for themselves instead, they get food stamps which is an indication of poverty and lack of assets by household (The Australian the health of nation, 2009; Bane, 2008). On the other hand, Islam views poverty as a threat to human beliefs and to the security and stability of Muslim countries. The objective of maqasid shari'ah in preserving faith; human soul; progeny; property and mind will be difficult in a state of poverty (Al-abdin, 1997). According to Al-abdin, Islam looks upon poverty as a socio- religious problem which pushes a

person to lowliness; sin and various crimes. Similarly, Prophet (pbuh) linked poverty to unbelief. He sought refuge in Allah against poverty, saying: ‘O Allah, I seek your refuge from poverty, insufficiency and lowliness (Abu Dawud). This is perhaps because of the inherent dangers noted by the Prophet Muhammad in it.

However, poverty is arguably caused by different governments of the world due to neglect of their socio-economic responsibilities. In view of these lapses, poor citizen who are head bent to survive most times get involved in social vices inimical to Islam (Serajzadeh, 2002). According to Chitranch (2009), global effect of poverty is much similar to the consequences of complete deprivation of human basic needs for survival. Thus he affirmed that the deprivation of human requirement of life could lead to emaciation, serious and dreadful sickness as well as untimely termination lives. It is apposite to note that poverty has no regard for religion; clan and ethnics group or culture (Ludwig & Mayer, 2006). The Western world comes up with endowment foundation in an attempt to alleviate poverty among the poor segment (Infinity 2007; JFW, 2011 and “Funding an Endowment “, 2011). An inquisitive mind may ask “how is the Western model practiced”. Also as earlier mentioned, poverty does not spare the Muslim world as well. This necessitates the need for the Muslim countries to introduce waqf as alternative tool for poverty alleviation (Binti Saiffuddin, Kayadibi, Polat, Fidan and Kayadibi, 2014; Olasupo, 2011; Muhammad 2010). Is *waqf* practice in Islamic tradition compatible with Western endowment practice?

4. AN OVERVIEW OF WAQF AND WESTERN ENDOWMENT FOUNDATION MODELS

“Waqf” and “Endowment” are key terms in this paper that the researchers conceptualized. Cowan (1960), defined waqf as Religious endowment, endowment fund, and unalienable property. The renowned Muslim jurists have different but similar views about the meaning of *Waqf*. Al-Hanafi considered said it is to preserve and upkeep the original wealth that belonged to someone else and give the profit to the need. On the other hand, Al-Maliki declared that *Waqf* is the ownership of the profit from the origin of wealth which was given for endowment and gives it to whomever the endowment was meant for or the needy. On his own, Al-Syafi’i stipulated that *Waqf* is to keep the wealth that can give benefit, and keep it remaining in the same form while the original owner cannot consume it. Finally, Imam Hanbali is also of the view that *Waqf* is keeping the original owner from consuming the wealth that he had endowed, wealth which produce benefit should remain in the same form.

Yalawae and Tahir (2008) therefore commented that by Al-Hanafi’s comments on *Waqf*, “we can learn that waqf is to preserve and upkeep wealth or something that can give benefit or profit, without being consummated by the original owner and give that benefit or profit to the needy” furthermore he noted that Malik’s view as expressed above lead us to understand that “waqf is giving the right to consummate the profit of wealth that was given for endowment to whoever the endowment was meant for or the needy”. He also declared that As shafi’s comment, we can learn that *waqf* is to keep the wealth that can give benefits to the needy, and that wealth remain in the same condition while the original owner cannot consume it. As regards Hanbali’s view, he noted that *waqf* is wealth that was kept from the consummation of the original owner and give its benefit to the poor and needy, and that wealth must remain in the same condition without being consummated by the first owner.

It might be appropriate to conclude with Yalawae and Tahir’s (2008) assertion that “from these four eminent scholars’ views, we can learn that all scholars agreed that the *waqf* is to keep the origin wealth and use its profit for charity in order to help the poor and needy”. This conclusion is obviously in line with Al-Hilah and Khan (1995) which confirmed that the meaning of *Waqf* in the glorious Quran is synonymous to Religious endowment as also indicated by Cowan quoted earlier. According to Hornby (1974), endowing means to give money, property, in order to provide a regular income for a school, college, etc. The above interpretation is perhaps associated with the sustainability of *waqf* practice.

The practice of endowment in the West has been examined by different authors such as Cohen and Oejo (2001) which examined community based endowment foundation that distributes grants through income earned from invested endowment funds; the Annual Report to donors, (2010/2011) which addressed endowment finance by graduates’ students and friends of The University of Western Ontario for the benefits of the University and students as well as the Jewish Foundation of the West (2011) which analyzed the third endowment that provides permanent support for the important needs of Jewish community members. From the above, it is evident that the Western endowment model comprises of sustainability factors. It is considered necessary that these factors are examined briefly as shown in Table 1 below

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Table 1: Variables examined in the literatures for both Islamic and Western endowments

S/NO	1	2	3	4	5
Variables	Investment	Participation in decision making	Public Trust	Level of Commitments	Ability to tackle the need of the poor

The essence of the above is to enable the researchers analyze and show how many literature contents appear for Islamic and Western endowments respectively from eight literatures for each of the endowment.

Table 2: Islamic endowment

S/No	Articles	Year Of Articles	Authors	Contents
1.	<i>Waqf and its Social Aspects</i>	2002	Kahf, M.	1
2.	Contemporary Shari'a Compliance Structuring for Development and Management of Waqf Assets in Singapore.	2010	Karim, A.	1, 4 and 5
3.	Tackling Poverty: A Look At Cash <i>Waqf</i>	2012	Mohd Marzuki, M. U. et al.	1 and 5
4.	Introduction to Islamic Microfinance	2008	Obaidullah, M.	1, 4 and 5
5.	<i>Waqf investment: a case study of Dompot Dhuafa Republika, Indonesia</i>	2010	Candra, H. and AbdulRahman, H. (2010)	1
6.	Waqf as a Social Entrepreneurship Model in Islam	2010	Salarzehi, H. A. et al	5
7.	Waqf-Based Islamic Philanthropic Instruments for Micro-Funding of Micro-Finance.	2009	Tanim, L. and Ahmad Shafi, M.	1
8.	The Role of Islamic Institution in Achieving Equality and Human /Development: <i>Waqf or Endowment?</i>	2008	Yalawae, A. and Tahir, I.M.	1 and 5

Source: Table 2 sustainability factors of Islamic endowment were produced by authors based on relevant literatures.

Table 3: Western Endowment foundation

S/No	Articles	Dates	Authors	Contents
1.	Is Endowment Building a Good Non-Profit Development Strategy in Developing Countries?	2001	Cohen, R. & Ocejjo, A.	1,2,3 and 5
2.	Structuring an Endowment Fund	2011	Colorado Episcopal Foundation	1 and 5
3.	Principles of Endowment Management: The Seven Key Issues facing Trustees and Financial Officers.	2011	Common Fund Institute	1,2, 4 and 5
4.	Pro and Cons of Different Models.	2008	DCFMs	1,2, 4 and 5
5.	An analysis of the Jewish Community Liabrary Report.	2011	Funding an Endowment	1 and 2
6.	Good granting a New Playground for the Whole Community Newsletter.	2007	Infinity	1,2 and 5
7.	Permanent Endowment	2011	Jewish foundation of the west	1 and 5
8.	Foundation Western Annual Report to Donors	2011	The University of Western Ontario	1, 3 and 5

Source: Table 3 sustainability factors of Western endowment were produced by authors based on relevant literatures.

Tables 2 and 3 show the number of times literature contents appear on each paper. These give comparative illustration of some of the sustainability factors of *Waqf* and Western Endowment Foundation. The contribution of this study is to ascertain the number of times variables 1 to 5 as shown in Table 1 (representing investment, participation in decision making, public trust, level of commitment and ability to tackle the need of the poor) appear on each literature and for both endowments. The objective is not to generalize but to demonstrate that it is possible to measure sustainability of the two institutions used in this context.

5. SUSTAINABILITY OF WAQF AND WESTERN ENDOWMENT FOUNDATION

For the purpose of the above Meta-analysis, eight literatures each were critically examined for both Islamic endowment and Western endowment foundation and analyzed accordingly. Tables 2 and 3 show the number of times the literature contents of 1 to 5 appeared on each review, and comparison between the two institutions. The literature content analysis that appeared for each review in the context of Islamic endowment was in the following number of times: 1, 3, 2, 3, 1, 1 and 2 (See table 2 above). In the same manner, the reviews on Western endowment appeared thus: 4, 2, 4,4,2,3, 2 and lastly 3. However, investment that symbolizes (1) appears in all eight Western endowment reviews, while only appeared on seven literatures in Islamic endowment. The above is followed by the ability to tackle the need of the poor which denotes (5); that appeared seven times in Western endowment but only five times in Islamic endowment.

Further to the above, participation in decision making which represents (2) appeared five times for Western endowment and showed no appearance for Islamic endowment. Another crucial factor public trust which indicates (3) appeared twice in Western endowment but showed no appearance for Islamic endowment. However, both institutions showed two appearances each for level of commitment which was indicated as (4) in Table 1 above.

The essence of the Meta analysis as earlier stated is not to generalize issues but rather to demonstrate the spirit of sustainability measurement of the two institutions in this context. Though the result of the above analysis appears not to favour the Islamic endowment however, it would do better if the participation of beneficiaries are allowed in the decision making process. Thus, it would give opportunity to *waqf* institution to determine the core need of the poor members of *Ummah* and tackle the problem accordingly. Also, investing of *waqf* fund effectively is necessary so that public trust will not be eroded. More so, such effective investment will ensure increase in *waqf* capital base as well as making available revenue for *waqf* intended purpose.

Furthermore, being a public fund and in order to repose confidence to the donors and beneficiaries the fund needs to be jealously guided. If the highlighted issues are incorporated into Islamic endowment model (*waqf*) it will improve and become competitive.

6. WAQF AND WESTERN ENDOWMENT FOUNDATION PRINCIPLES

Waqf and western endowment foundation comprise of similar but unique principles. However, below Tables 3 and 4 depict the principles of *Waqf* and Western Endowment respectively.

Table 4: Waqf Principles

Authors	Year	Principles
Kahf	2003	Perpetuity
Kuran and Liebeskind	2011	Irrevocability and inalienability
Kahf	2002	Appointment of <i>Mutawalli</i>
Yalawae and Tahir	2008	Payment
Jonathan	2011	Altruistic and charitability

Sources: Table 4 Principles of *Waqf* was produced by the authors based on relevant literatures.

Table: 5 Western Endowment Principles

Authors	Year	Principles
Colorado Episcopal Foundation	2011	Generating returns, permanence and spending.
Vignerou	2010	Own money loan, time horizon and diversification.
Common Fund Institute	2011	Objective, payout policy, assets allocation, managers selection, risk management, costs and responsibilities.

Sources: Table 5 Principles of Western Endowment was produced by the authors based on relevant literatures.

Based on the Tables of principles, both Islamic and Western endowments embrace the following principles: fund generating, permanency, allocation of funds and appointment of managers. *Waqf* or Islamic endowment is based on religious philosophy of social justice derived from the concept of Khilafah. By virtue of this concept, man is a trustee of Allah on his endowed wealth hence, is expected to display perpetual generosity through *waqf* for seeking ultimate pleasure of Allah in the hereafter (Salarzehi, Armesh and Nikbin, 2010 and Tanim and Ahmad Shafi, 2009).

Conversely, modern Western endowment though also related to Christian religious teaching is grounded in secular capitalism which does not recognize reward for life after. Hence, its regulation is based on secular rationality. *Waqf* on the other hand, combines both revealed and rational knowledge for its principles and practice which is conspicuously missing in western endowment.

Researches are diverse on the practice of both *Waqf* and Western Endowment models. Some scholars from Islamic angle such as that of Olasupo, (2011); Karim, (2010); El-gari (2004); Khalil, Ali and Shaban (2014) discussed various models ranging from mosque financing, *waqf* for religious purposes such as building and maintenance of mosque and *madrasah*. Khalili et al. (2014) focused on joint venture. This is usually between the *waqf* institution and the financier or developer and takes the form of *Mudarabah* or *Musharakah* model. El-gari Model proposed the establishment of non-profit drive financial intermediary, using cash *waqf* voluntarily donated by the rich and meaningful Muslims to form *qard hasan* financial institution.

7. SUSTAINABILITY OF WAQF MODEL IN THE MUSLIM WORLD

It is considered necessary that the paper looks at the sustainability of *waqf* models in the Muslim world used as samples in this study. In his paper, Olasupo (2011) posited that *waqf* funds need to be invested. However, he declared that in the Ife model this was not adhered to in the disbursement of funds for the building of mosque in one of the ancient Universities in Nigeria (OAU). Hence with respect to this first model by Olasupo (2011), raising of income from Muslim Members' salaries at source for the purpose of financing mosque might not be healthy and economical. However, if part of the funds is invested efficiently and returns on it are used for the mosque purpose this could make it to be sustainable.

Also as regards the second *waqf* model discussed by Karim (2010), financing of mosque and its maintenance as well as *madrasah* without investing such funds and making use of the income for the aforementioned purposes may not be economically viable and sustainable as well. Thus the two models above appear to be at variance with the sustainability of *waqf* (Obaidullah, 2008). The major weakness of the models is the absence of the investment of *waqf* funds before disbursement.

In the third model, El-gari (2004) addressed the use of *waqf* fund for *qard hasan* financial institution. According to him, the institution will offer zero interest loans (*qard hasan*) to enhance the financing of the basic consumption needs of the poor thereby alleviating poverty among the teeming poor population in the Muslim community. Especially, in the areas of fulfillment of the poor individuals necessities of life such as food, shelter and clothing.

Unarguably, *Qard hasan* is a crucial tool in poverty alleviation among the poor individuals in the society. This is tantamount to benevolent loan which may be done through *waqf* fund. It may however, be claimed that *Qard hasan* is normally prone to default since peer group that stands in the position of social collateral to pressurize for repayment of *waqf* fund is obviously missing (Bascom, 1952). The absence of pressure group could pose threat to sustainability when such fund is applied in alleviating poverty among the poor. The *Qard hasan* approach does not bring any return except for the repayment of the borrowed sum representing the original value might have been eroded by inflation as at the time of repayment. This is contrary to the principle of *waqf* sustainability (Kahf, 2002). Hence, if *Qard hasan* is the sole approach

for the use of *waqf* funds, it is very certain that such economic practice will not be sustainable. It should be noted that, once there is no sustainability, *waqf* will tend to lose its focus of poverty alleviation among poor *Ummah* in the society and therefore, deprive them of benefitting from the *waqf* funds. The weaknesses in this model are the absence of investment of *waqf* funds before disbursement and application of alternative and better Islamic mode of financing such as (*mudarabah*, *musharakah* etc.) that will probably promise returns and repayment of loaned sum. Also, the model introduced by Khalil et al which is joint venture it basically centered on building construction. In this case one of the parties will be the developer while the other party provides the money. This consumes a lot of money to accomplish as it takes long time to recoup not only this if its built on disadvantage area actually money as well as the expected income may not be realised.

8. SUSTAINABILITY OF ENDOWMENT FOUNDATION MODELS IN THE WEST

At this juncture, the authors examine the sustainability of the Endowment Foundation Models in the West used as samples for analysis in this paper. As regards the first model by Cohen, R and Ocejo, A (2001) raising of funds from the community without investing them and make use of the accrued income for the need of the community will be at variance with sustainability (Obaidullah, 2008). On the other hand, if such funds are invested efficiently and the accruable returns are used to address the need of the community could make it sustainable to a greater extent. There is a need to note the deficiency of the second model of the Jewish Community Foundation which attempted to provide permanent support to the poor members of the community but does not allow for the participation of the local residents in order to establish their various needs. Investing the foundation funds efficiently and using the returns to tackle the address the need of the poor in the community is tantamount to institutionalizing sustainability which is lacking in the Jewish model. Lastly, it would do University of Ontario good if funds generated from the graduates' students and friends are invested in diversify portfolio in order to minimize risk while maximizing returns for the benefits of the higher school and students. This could be seen to be compatible with sustainability and continuity of the endowment.

9. FACTORS OF SUSTAINABILITY

According to some scholars such as that of Dangayach (2011) and (Thomas and Thomas 2009) the main factors for sustainability are ethics, developing need related policies, developing strategies manageable within the available limited resources, developing self-reliance, efficiency, cost effectiveness, technical skills, transparency, participation of stakeholders, accountability, supervisory ability and high motivation. These factors which are briefly analyzed below could be true for both Islamic and Western endowment foundation. The aforementioned factors are classified into primary and auxiliary factors in this paper based on the inter-relationship and for ease of application in the analysis of the selected models.

10. PRIMARY FACTORS

The primary factors as captioned above and as relate to the present study comprise of ethics, management strategy and developing self-reliance. All these will be discussed accordingly in the following subsections.

10.1 Ethics

The issue of ethics relates to the question of social justice which *Waqf* in particular, and by extension endowment foundation, apparently stands for. Without doubt, sustainability of *Waqf* or Western endowment institution will be endangered in the absence of ethics on the part of the management on one hand and the beneficiary on the other hand. The researchers consider accountability and transparency as part and parcel of ethical considerations for the sustainability of *Waqf* or Western endowment foundation models.

10.2 Management Strategy

In this paper, management strategy is used to describe the factor of sustainability which some researcher described as developing strategies manageable within the available limited resources. This implies the need to manage scarce resources at the disposal of the organization in order to achieve the philosophy of endowment as well as its objectives. The researchers consider developing need related policies as part of management strategy rather than as a separate factor as in Thomas and Thomas (2009). In the same vein, efficiency, cost effectiveness and technical skills are seen as parts of management strategy which can also serve as competitive weapons for the investing *Waqf* or endowed funds.

10.3 Developing Self-Reliance

This paper also takes self-reliance as comprising the ability of foundation of the west or *Waqf* to sustain itself from the accruable profit from investment of its funds in profitable ventures.

The use of *Waqf* or endowed funds for loan granting purpose only cannot support the principles of self-reliance. On less, the endowed funds is subjected to investment with commensurably returns on investment first, that is when it may fall in line with perpetuity aim or permanence which both *waqf* and foundation stand for (Colorado Episcopal Foundation 2011). The next section examines the auxiliary factors.

11. AUXILIARY FACTORS

Three factors are considered as auxiliary factors for the sustainability of *Waqf* or Western endowment foundation in particular and any other organizational endeavour in general. These are stakeholders’ participation, supervisory ability and high motivation.

11.1 Stakeholders Participation

For *Waqf* or Western endowment foundation to be sustainable, it is crucial to involve the stake- holders who constitute the different elements in the society where the *waqf* or endowment institutions are being established. The key stakeholders’ participatory efforts in terms of creating awareness about such institutions, donations as well as forming part of the disbursement team will enhance transparency and credibility on part of the institutions.

11.2 Supervisory Ability

Waqf or Western foundation cannot be expected to be sustainable. For instance, if the supervisory ability of institutions of the Western endowment foundation as well as *waqf* do not conform to the best practice. Such as effectively managing the staff and *mutawalli* in the case of *waqf* institution. *Mutawalli* is the custodian of *waqf* assets (property and cash) and his activities need to be checked from time to time to avoid abuses.

11.3 High Motivation

High motivation for management, staff and beneficiary of *Waqf* or Western foundation can never be under emphasized as a factor for sustainability. The motivation can be inform of competitive salary and honorarium for staff and management respectively. As regards the beneficiary in the host community, high motivation can be in form of using profit from the investment of *waqf* or foundation of the west to take care of the poor people’s needs such as medical services, religious development or structures and empowerment such as small and medium business. Training of staff and community members may also constitute can also be considered as motivation.

12. COMPARATIVE ANALYSIS OF WESTERN ENDOWMENT FOUNDATION AND ISLAMIC ENDOWMENT

Based on the literature on the models below in Figures 1 and 2 from the aforementioned tertiary institutions, the first model receives donations from the graduates of the University and their friends. These funds are invested and the income from the investment is used for the benefits of the institution and students.

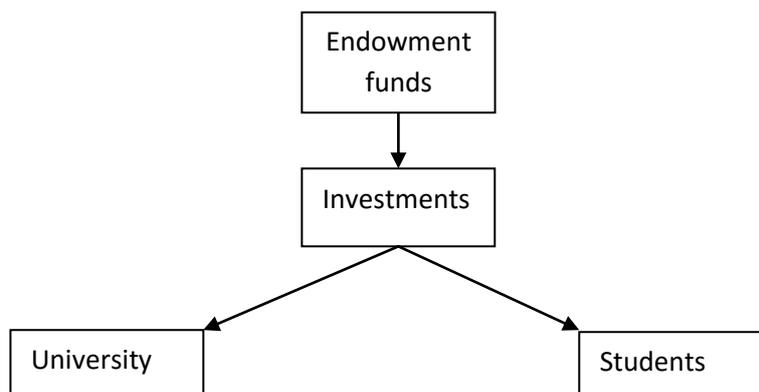


Figure 1: Model Extracted from UWO Report 2010/2011

On the other hand, the second model as displayed Figure 2 below, also receives voluntary donations from the graduate of the University who are also working in the same University. The contribution is deducted at source from their respective salaries on monthly basis. However, it took the human resource of the Muslim community of the University of Ife Nigeria a lot of persuasions to convince the donors and the University authority to achieve this aim of steady monthly income for the purpose of a Mosque edifice in the University campus for the use by Muslim *Ummah* in the campus as well as from outside the campus.

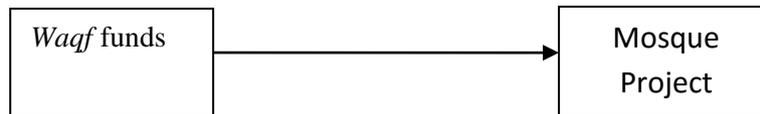


Figure 2: Model Extracted from OAU Waqf Practice, Olasupo 2011

The major difference in the two models is that University of Western Ontario invested the donations received and made use of the income for the benefits of both the University and students. While the other model in this context channel the funds direct for the construction of the edifice. In view of the above, the University of Ontario model appears to be compatible with sustainability of *waqf* whereas, the other model from University of Ife, Nigeria appears not to display the trait of sustainability feature of *waqf*. Table 3 shows the details of assets and disbursement of the endowment foundation of the University of Western Ontario.

Table 6: University of Western Ontario total fund disbursed as at 2011

Total Assets and Cash		Amount (\$)		
Total Assets		173,567,989		
Total Donations		12,117,688		
Disbursement	Amount (\$)	Allocation of Grants	% of Allocation of Grants	Amount of allocation of Grants
Grants	6,084,265	Academic Enrichment	10	608,426
Fundraising Transfer	1,130,736	Research	8	486,741
Operations	584,066	Discretionary fund	6	365,056
		Chairs & Professorship	21	1,277,696
		Students award	43	2,616,234
		Other incentives	12	730,112
		Total	100	6,084,265

Source: Extracted from University of Western Ontario Annual Report to Donors (2010/2011)

In Table 6 above, total assets figure, total donations and disbursement amounts are displayed accordingly. From disbursement side grants took the lion share among others. The grants which were meant for various purposes are then allocated according to the Institution disbursement policy. The allocations are done in the following order: Academic Enrichment 10%, Research 8%, Discretionary fund 6%, Chairs and Professorship 21%, Students Award 43% and other Incentive 12%.

The Students award took the highest share value of \$2,616,234 out of \$6084265. This shows the commitment of University of Western Ontario endowment foundation towards development of human development. However, giving grants to the poor with the view to alleviate poverty among them do not appear to be consistent with the sustainability of endowed funds. This is so because the grant neither generates return which is against fund generating principle nor repayment of such grant which is in variance with principle of permanence.

Based on Table 7 below, the funds generated directly from OAU Muslim community members' salaries for 2004 and 2005 respectively totaled #2,266,512.12 was meant for the mosque edifice in the campus as at then. The total cumulative figure displayed was in local currency this could be converted to dollar at the rate in the period mentioned above #153 to a dollar (\$1). It would be observed from this Table 4 that funds were not allocated rather they were used for specific purpose which is in this context mosque unlike the previous Table 3 that allocated fund for several purposes which of

course did not include mosque. The disbursement of fund in this manner negates the principle of fund generating and hence, could be a huge threat to *waqf* sustainability.

Table 7: *Waqf* Contributions for the Mosque Project in OAU Ife, Nigeria

Months	Amount (2004) (#)	Amount (2005) (#)	Cumulative Amount (#)
Jan	-	127,275.32	127,275.32
Feb	-	128,375.32	128,375.32
March	-	128,375.32	128,375.32
April	-	128,375.32	128,375.32
May	-	127,275.32	127,275.32
June	-	126,575.32	126,575.32
July	126,245.32	-	126,245.32
Aug	126,855.32	126,075.32	252,920.64
Sept	125,375.32	127,075.32	252,450.64
Oct	122,375.32	121,675.32	244,050.64
Nov	127,275.32	122,120.00	249,395.32
Dec	127,075.32	123,195.00	250,270.32
Total	754,151.92	1,512,360.20	2,266,512.12

13. SUMMARY AND CONCLUSION

As earlier discussed in the body of this paper, the findings of this study suggests that the Western model of endowment being practiced by University Western Ontario appears to be more compliant with sustainability than the *waqf* model of OAU Muslim community. This is because the formal utilized the investment approach which is in line with the fund generating principle and sustainability factor as earlier mentioned whereas; the latter is yet to consider such. On the other hand, the *waqf* model of the OAU Muslim community needs to be commended for the spirit of commitment of its members which has so far sustained it. It also necessary here, to note the risk to sustainability posed by the grants practice of the University Ontario endowment foundation as observed in Table 3. This is because such practice is not in good spirit of the principle of fund generating as enunciated by (Colorado Episcopal Foundation 2011).

For an endowment of either Islamic or Western to be viable and sustainable, there is need for commitment, transparency and accountability on the part of the organization. The donors would be happy to donate more where they observe that the organization is transparent, shows a lot of commitment as well as rendering the account of their stewardship to stakeholders on a regular basis. Also local residents who are the beneficiaries of the endowment should be co-opted into the decision making process so as to determine their needs in the community and address it squarely (Cohen, R. and Ocejo, A. 2001).

Furthermore, in order to have a vibrant endowment institution of both (Islamic and Western) donations should be efficiently invested and distinct battle drawn between high risk and low risk investments knowing fully well that the funds belong to the public. Investment of such funds in high risk security or any investment of whatsoever might jeopardize the chances of poverty alleviation. Efficient investment could also mean diversification of investment portfolio in such a way that yields could be maximized and the proceeds used to address the needs of the community effectively (Common fund Institute 2011). At this juncture, the researchers suggest the involvement of financial experts on voluntary basis in the endowment project so that they can offer their candid opinion on the investments.

Rendering the accounts of their stewardship on regularly basis to the donors would allow for the appraisal of the organization's levels of honesty, transparency as well as their activities at any particular time. In this paper, suggestion is also made for the training and re-training of the endowment officials in an attempt to fully equipped them with technology, preparation of accounts and managerial skills. On the other hand, the beneficiaries of funds should be re-oriented on the better use of the funds or public goods provided for the community such as convenience, bore hole, library

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and others. The organization must not also relent in its efforts to monitor the various activities of the beneficiaries just to check abuses. The researchers recommend that other future researchers may find it useful to examine the ethics and morals in Islamic and Western endowment.

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