Yayasan Waqaf Malaysia

Waqf: A Sustainable Engine for Dakwah and Mualaf Development

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1.0 INTRODUCTION

Waqf has remained a cornerstone of Islamic civilisation, developing economic value to community since 1400 years ago. To date, it is still perceived primarily through a traditional lens associated with 3M ie mosques, makam (cemeteries) and madrasah. This reflects **Waqf 1.0**, **a paradigm characterised as static, symbolic and largely confined to religious and welfare functions.** While this model has made significant contributions to preserving Islamic heritage and religious institutions, its transformative potential as a driver of sustainable socio-economic development remains underutilised.

Over time, this constrained interpretation has resulted in a structural mismatch between waqf assets and societal needs. Despite extensive waqf resources with more than 6,000 mosques and vast land holdings, many B40 households continue to face limited access to essential healthcare, while new converts and vulnerable groups remain lacking adequate transit accommodation.

The emergence of **Waqf 2.0 marks a pivotal shift** in this narrative, driven by progressive institutional innovation led by Yayasan Waqaf Malaysia (YWM). In this phase, waqf transcends its traditional boundaries through pioneering initiatives such as the world's first Waqf Exchange-Traded Funds (Waqf ETFs) listed on Bursa Malaysia, Waqf-based Shariah-compliant specialist hospital, waqf hotel model featuring The Grand Puteri Hotel, Terengganu and Puteri Bay Hotel, Melaka as well as Waqf Green Solar and Waqf Clean Water initiative. These initiatives signal a new era of financial and operational sophistication, positioning waqf as a structured, impact-driven system extending into capital markets and modern infrastructure for sustainable socio-economic development.

However, the demands of the present era require a deeper transformation. In July 2025, YWM introduces **Waqf 3.0** marks a paradigm shift that repositions waqf as a self-sustaining engine for asset and socio-economic development. Its re-architect waqf into a regenerative system that continuously generates value, strengthens community resilience and delivers intergenerational impact**.** In this framework, waqf evolves from an aid provider into an ecosystem builder. In essence, Waqf 3.0 reorients waqf from distribution to empowerment, digital and fintech engagement, intervention to system-building and short-term relief to long-term sustainability, thereby transforming it into a strategic instrument of civilisational development and sustainable dakwah.

This paper advances the proposition that when reimagined through a structured model, robust mechanisms and a forward-looking roadmap, waqf can serve as a transformative engine for holistic societal development.

2.0 WAQF DEVELOPMENT IN MALAYSIA

From Traditional Roots to Modern Innovation

Waqf originated during the time of Prophet Muhammad (PBUH) with early institutional examples emerging in Madinah, including Masjid Quba as one of the earliest mosque-based waqf. It was further institutionalised by the Companions, notably through the waqf of the well of Uthman ibn Affan (RA) which remains a symbol of sustainable waqf. Over time, waqf evolved beyond immovable assets into diversified applications. During the Ottoman era, it reached institutional sophistication through integrated waqf complexes (kulliye), combining religious, educational, healthcare and social functions. This model later influenced major waqf-supported institutions such as Al-Azhar University, Al-Qarawiyyin University, Fatih Sultan Mehmet Vakif University Istanbul and the Bayezid II Complex, thereby establishing waqf as a comprehensive socio-economic system.

In Malaysia, early waqf development prior to 2006 was largely traditional with State Islamic Religious Councils (MAIN) serving as the sole trustees of waqf. The development was predominantly focused on mosques, cemeteries and madrasah, reflecting a conservative interpretation aimed at preserving Islamic heritage and religious institutions. A significant shift emerged around 2011, driven by governance synergy between the Federal, the Department of Awqaf, Zakat and Hajj (JAWHAR), and YWM particularly under the Eighth (RMKe-8) and Ninth (RMKe-9) Malaysia Plans. This reform introduced more structured and innovative waqf development across key sectors including education, healthcare, agriculture, housing, religious infrastructure and also tourism, marking a transition towards a more productive and impact-oriented waqf management model in Malaysia.

MAIN and YWM have further advanced through the introduction of community-focused and income-generating initiatives such as Bazar Wakaf Rakyat, Wakaf Mart and Souvenir Kiosk projects. These small-scale but high-impact initiatives are designed to generate sustainable income streams that support continuous benefit distribution to the community. In addition, Imarah Waqf Tower in Kuala Lumpur and and Waqf Setee Aisah in Pulau Pinang serve as key examples of waqf property development, providing reference models for strengthening waqf towards a more productive and economically driven orientation.

The advancement of technology and globalisation has further expanded new frontiers for waqf innovation, particularly in Islamic finance and capital markets. Among the most notable initiative is the introduction of Waqf ETFs and Social Exchange, positioning waqf as a globally relevant and scalable instrument within contemporary Islamic social finance ecosystems.

3.0 WAQF REGULATION

The State Islamic Religious Council (MAIN) as the Sole Trustee of Waqf

The Federal Constitution of Malaysia clearly states that the King is the ultimate authority in Islam for every state headed by a King or Sultan. In states within the Federation that do not have a King or Sultan such as Sabah, Sarawak, Malacca and Penang, the Chief Authority in Islamic matters is the Yang di-Pertua Negeri of the respective state. Consequently, matters relating to waqf fall under the jurisdiction of the State Government as stated under List II, State List, Ninth Schedule of Federal Constitution where waqf has been listed along with matters of Shariah and personal law for Muslims.

Within this framework, MAIN serves as the sole trustee for all waqf properties as provided under the respective State Islamic Administration Enactments, Ordinances, and Waqf Enactments. MAIN is responsible for the administration and management of all waqf assets whether movable or immovable, encompassing general and specific waqf, general vows and other charitable trust instruments established for the benefit of Islam and the Muslim community in accordance with Shariah principles.

To ensure consistency, efficiency and best practices across jurisdictions, waqf legislation has been introduced in all states in Malaysia as well as through the relevant Act for the Federal Territories and Ordinance for Sarawak. Recognising the decentralised nature of waqf governance, coordination and standardisation efforts are supported by JAWHAR under the Prime Minister's Department. JAWHAR plays a strategic enabling role in strengthening the national waqf ecosystem by providing policy guidance, technical support and capacity building to state authorities. JAWHAR also develops reference frameworks such as the *Waqf Legal Model Management Manual* which serves as a national guide to enhance legal coherence, operational efficiency and governance best practices.

Waqf administration in Malaysia has evolved towards a more professional and structured model through the establishment of dedicated entities at the state level including Yayasan Waqaf Sarawak (YWS), Perbadanan Wakaf Selangor (PWS), Wakaf Pulau Pinang (WPP) and more. These entities represent a significant shift towards more professional, efficient and impact-oriented waqf management models while remaining anchored to Shariah principles and the fiduciary authority of MAIN as sole trustee of waqf.

4. 0 THE ROLE OF YAYASAN WAQAF MALAYSIA (YWM)

The involvement of the Federal Government in waqf development in Malaysia commenced under the RMKe-8 through the establishment of JAWHAR, Prime Minister’s Department in 2004, followed by YWM in 2008. The empowerment of waqf has since been elevated as a national agenda with dedicated federal funding aligned with the National Waqf Master Plan (PIWN) 2025–2030. Under this framework, waqf is envisioned to contribute 10% to the Islamic Social Finance sector by 2030, positioning it as a potential third pillar of the national economy.

YWM was established as the National Waqf Entity under the initiative of JAWHAR, on July 23rd 2008 under the RMKe-9. It is governed by a Board of Trustees chaired by the Minister in the Prime Minister’s Department (Religious Affairs) with the Director-General of JAWHAR serving as Deputy Chairman. The Board further comprises fourteen (14) representatives from MAIN, the Federal Government and selected corporate members, reflecting a multi-stakeholder governance structure.

The core mandate of YWM is to support MAIN as the sole trustee of waqf at state level in developing waqf properties and Muslim-owned assets, both domestically and internationally for socio-economic and charitable purposes. This includes initiatives in economic development, healthcare, education, social welfare and innovation in waqf instruments. YWM operates in a systematic, integrated, and impact-driven manner to enhance the socio-economic well-being of the Muslim community through waqf as a Shariah-compliant development instrument.

In 2022, the Federal Government approved RM10 million in funding for YWM to implement key programmes under Waqf Halal SMEs, Agricultural Waqf and Disaster Waqf initiative that aimed at developing agropreneurs, strengthening the halal ecosystem and supporting communities affected by disasters. This commitment was further reinforced in 2025 with an allocation of RM35 million announced by the Prime Minister of Malaysia, YAB Dato’ Seri Anwar Ibrahim during the National Waqf Month Opening Ceremony to further strengthen and sustain the national waqf ecosystem.

To ensure more efficient and targeted waqf management, YWM has developed strategic initiatives aligned with Maqasid Shariah and mapped against the Sustainable Development Goals (SDGs) and Environmental, Social and Governance (ESG) frameworks. These initiatives focus on optimisation of waqf assets and generation of sustainable income streams that deliver continuous social impact. They are structured under the 1H3E framework: Healthcare, Education, Economic Empowerment and Environment as key sectors of waqf-driven development.

YWM is administered by a professional team underpinned by strong governance and integrity-based management practices. It has contributed significantly to the development of contemporary waqf frameworks, particularly through innovative and impact-oriented models. **Key milestones include**:-

1. Waqf ETF (economic empowerment and social welfare)	• delivers capital growth and income distribution through a Shariah-compliant portfolio, allocating 50% of income to education, healthcare, economic empowerment and environmental development.
2. MyWaqafPTPTN (education)	• a higher education waqf initiative supporting students from B40, M40 and asnaf groups regardless of religion to promote inclusive access to education.
3. Green Mosque Waqf (environmental)	• integrates green technology in mosque development, improving energy efficiency and reducing utility costs by up to 50%
4. Waqf-based Shariah Compliant Specialist Hospital, Semenyih (healthcare)	• provides affordable healthcare services for B40 communities through Shariah-compliant medical services and sustainable waqf model.
5. Waqf Media (Communication & Knowledge)	• strengthens Islamic storytelling, waqf awareness and dakwah outreach through broadcast and digital platforms.

The international recognition received by YWM has significantly enhanced the global visibility of Malaysia's waqf ecosystem, positioning the country as a recognised leader in contemporary waqf innovation and sustainable Islamic social finance. Prestigious awards including the Malaysia Industry Awards (MINDA) 2025, Asia Pacific Enterprise Awards (APEA) 2025 category Inspirational Brand, and the Cambridge Excellence Award for Waqf Fund Management in Malaysia 2026, underscore YWM's leadership in pioneering innovative and globally recognised waqf models. YWM's CEO, Dr Ridzwan Bakar, is recognized recently, to provide advisory role to few waqf institutions and Islamic Banks of The Sultanate of Oman. He also received the Global Islamic Philanthropy Leadership Award in 2025, reflecting Malaysia leadership in global waqf.

5.0 PROPOSED MODEL FOR WAQF DAKWAH & MUALAF

Dakwah has traditionally relied on charity (*sadaqah*) and short-term fundraising to finance religious programmes and community outreach. While these mechanisms provide immediate relief, their impact is often temporary and dependent on continuous donor contributions. Once funding ceases, many dakwah initiatives, educational programmes and welfare services inevitably come to a halt. In contrast, waqf offers a fundamentally different model. Rather than financing one-off activities, **waqf preserves its principal asset while generating perpetual returns, transforming dakwah from a project-based approach into a sustainable institution**. This reflects the Prophetic tradition: *"When the son of Adam dies, all his deeds come to an end except for three: ongoing charity (sadaqah jariyah), beneficial knowledge or a righteous child who prays for him."* (Riwayat Muslim:1631)

The distinction between charity and waqf is not merely financial but structural. Waqf establishes a self-sustaining system that generates perpetual benefits through recurring returns. Beyond supporting individuals, waqf builds enduring institutions that strengthen dakwah, empower communities and drive long-term civilisational development. A sustainable dakwah ecosystem requires productive, self-financing assets rather than periodic funding. Waqf provides this foundation through four (4) strategic dimensions: -

a. **tangible assets** such as mosques, specialist hospitals, transit homes for new converts, educational institutions and digital surau which provide permanent infrastructure for community development;

b. **financial assets** such as Waqf ETFs, Sukuk and Shariah-compliant equities which generate recurring returns to finance dakwah activities without depleting the waqf capital;

c. **Intangible Asset** such as Intellectual Property Rights (IPR) such as patent and innovation; and

d. **human capital assets** comprising scholars, da'i, convert counsellors, researchers and digital content creators, sustainably funded through waqf income, ensuring continuity in knowledge dissemination and community engagement.

The future of dakwah lies in building a self-sustaining waqf ecosystem that continuously generates resources, strengthens institutional capacity, and amplifies societal impact. Waqf must therefore be repositioned not merely as a philanthropic instrument but as a strategic enabler of dakwah financing, community resilience, and sustainable socio-economic development through a regenerative, impact-driven system.

Waqf Dakwah Model represents a structured transformation of waqf from traditional charity into an integrated dakwah ecosystem. Inspired by Ottoman waqf traditions, global endowment models and YWM practices, this framework repositions waqf as a multi-dimensional instrument for faith preservation, human development, economic empowerment, infrastructure and narrative transformation, shifting from fragmented interventions to an integrated, system-driven model for sustainable Islamic outreach and community resilience.

a. **Waqf for Faith** - Aqidah Protection

i. **Aim**: to establish waqf as a preventive and protective instrument for safeguarding faith integrity, particularly among new converts and vulnerable Muslim communities.

ii. **Limitation:**
- Political fragmentation disrupts continuity of dakwah programmes across administrations.
- Divergent Shariah interpretations including bid'ah concerns and financial hesitancy, constrain innovation in dakwah development.

iii. **Solution:**
- A National Waqf Act establishing a unified legal framework for waqf governance, ensuring regulatory consistency and long-term sustainability of waqf programmes across administrations.
- A National Waqf Council comprising muftis, Islamic economists, bankers, and industry leaders to enable coordinated, Shariah-compliant decision-making and accelerate innovation in waqf development.

iv. **Support System (physical dan spiritual guidance)**:
- Waqf 24/7 Hotline delivers immediate peer and spiritual assistance towards convert to address isolation, rejection and emotional vulnerability by ensuring continuous community support.

- Waqf hospitals with dedicated Convert Care Units provide integrated healthcare, spiritual counselling and psychosocial support to address the interconnected physical, emotional and spiritual needs of new converts towards strengthening faith resilience and holistic well-being.

- Waqf Shariah Legal Aid offers accessible legal protection for converts facing custody, inheritance, family rights and property disputes, safeguarding their rights, enhancing religious security and supporting long-term integration into the Muslim community.

v. **Key Intervention:** Waqf Professional Network

Waqf-supported professional network pools qualified converts from various fields such as law, accounting, healthcare and engineering. The waqf fund supports professional accreditation costs including licensing and registration fees, enabling full workforce participation.

It operates as a certified vendor for government and GLC contracts, enabling high-skilled employment and shifting converts from income dependency to professional and leadership-level participation.

b. **Waqf for Tarbiyah** - Human Capital and Knowledge Development

i. **Aim**: to position waqf as a long-term enabler of human capital formation through structured education and capacity-building systems.

ii. **Limitation**: Fragmented charitable support systems result in short-term, ad hoc, and inconsistent assistance, limiting long-term impact and sustainability for beneficiaries.

iii. **Solution:** Integrated Waqf Ecosystem Model that consolidates education, welfare and economic support into a coordinated, long-term development framework to ensure sustained and holistic impact.

iv. **Support System (education empowerment)**:

- Waqf Digital Madrasah delivers free, certified structured Islamic education supported by waqf-funded infrastructure and educators, enhancing equitable access at scale by removing geographic and socio-economic barriers to learning.

- Waqf Scholarships develop B40 and convert students into certified educators with rural service commitments, ensuring sustained knowledge transfer and strengthening grassroots Islamic education capacity.

- Waqf Mobile Library deploys a mobile learning unit equipped with books and digital tools to Orang Asli villages, FELDA settlements and urban low-cost housing areas, expanding educational access and promoting inclusive lifelong learning at community level.

v. **Key intervention**: The Waqf Mobile Library

The Waqf Mobile Library rotates between hubs weekly, delivering books, tablets and guided learning sessions to convert learners. After 24 months,

selected learners progress into the Da'i pipeline programme, ensuring continuous talent development.

c. **Waqf for Economy** - Empowerment and Dignity Restoration

i. **Aim:** to integrates waqf into inclusive economic development strategies aimed at reducing dependency and enhancing livelihood sustainability.

ii. **Limitation**:

- Severe financial insecurity during the early stages of conversion, with an estimated 60–70% of converts experiencing economic stress within the first 1–3 years.
- Labour market discrimination limits employment opportunities, resulting in constrained income generation and weak long-term financial stability.

iii. **Solution**:

- Waqf Micro-Enterprise such as YWM Waqf Halal PKS as revolving financing mechanisms and productive asset support.

- Waqf Skill-Tech & Professional Placement Programme providing structured job matching through waqf-backed employer linkages.

iv. **Support System (economic empowerment)**: -

- Waqf Micro-Business enhances economic inclusion by enabling converts to generate sustainable income through productive assets under a revolving capital model, strengthening financial independence and dignity.

- Waqf Skill-Tech Training builds employability and future-ready capabilities by equipping beneficiaries with digital and vocational skills aligned with evolving labour market demands.

- Waqf Community Store promotes local economic resilience by combining income generation through waqf assets with employment opportunities for converts, fostering self-reliance and community stability.

v. **Key Intervention**: Waqf Mall/Store

Waqf fund establishes 20 kiosks in high-traffic areas such as PPR, universities and hospitals. Each kiosk is operated by a convert under a zero-rent model for 24 months, enabling low-risk micro-businesses such as food stalls, tailoring and retail services with minimal startup capital (RM1,500) and potential net income of RM2,000 per month.

After the support period, 20% of profits are channelled back into the waqf fund to finance other convert, creating a self-sustaining revolving capital model that promotes financial independence, dignity, and continuous community reinvestment.

vi. **Summary of the Economic Waqf Model for Converts:** Waqf, Empower, Circulate is as follows:

	Layer	Waqf Mechanism	Example	Outcome
1.	Survival Waqf	Capital asset support with 0% rent	Waqf provides stalls, e-bikes or sewing machines for converts to use free for 2 years	Removes startup barriers; converts begin earning immediately
2.	Skill Waqf	Human capital development fund	Full sponsorship for skills training (coding, baking, salon, welding, delivery certification)	Produces job-ready, skilled earners instead of aid recipients
3.	Enterprise Waqf	Revolving micro-waqf financing	RM5,000 qard hasan financing with RM100/month repayment recycled to new converts	Sustainable funding cycle supporting multiple beneficiaries over time
4.	Equity Waqf	Cooperative-based asset pooling	Consolidation of convert businesses under a waqf cooperative for bulk purchasing and joint marketing	Transforms isolated micro-businesses into a scalable economic ecosystem

d. **Waqf Infrastructure** – Integrated Community Development Platforms:

i. **Aim**: to redefines waqf infrastructure as multi-functional community development platforms which promotes the transformation of mosques and surau into integrated service hubs.

ii. **Limitation:** Family disconnection and economic exclusion leave converts without access to housing, financial support or emergency safety nets, increasing vulnerability during early transition.

iii. **Solution:** Waqf Transit Housing & Emergency Support Fund as structured reintegration support to enhance stability and social reintegration.

iv. **Support System (community and social empowerment):**

- Waqf Surau strengthens community service delivery by integrating religious, educational, healthcare, and social support functions within a single waqf-based infrastructure hub.

- Waqf WiFi and Solar Initiatives reduce the digital divide by improving connectivity and access to learning resources for Orang Asli communities, enabling inclusive digital participation.

- Waqf Transit Housing supports social integration by providing safe, structured temporary accommodation and mentorship for new converts during early stages of transition.

v. **Key Intervention:** Waqf Agro-Kariah Project

Idle waqf land is developed into fertigation or hydroponic farms operated by converts using container-based systems. The produce is supplied directly to waqf linked institutions such as hospitals, surau, and cafes under a guaranteed buyer market. This ensures halal income, strengthens food security and provides a stable working environment that supports convert livelihood resilience.

e. **Waqf Revert** - Strategic Communication and Perception Management

i. **Aim**: to addresses the strategic positioning of waqf and Islam through structured narrative development and knowledge dissemination.

ii. **Limitation:** Economic vulnerability undermines spiritual resilience and community integration among converts.

iii. **Solution:** Holistic Waqf Convert Support System that integrates economic empowerment, psychosocial care and spiritual mentoring to ensure faith stability and social inclusion.

iv. **Support System (communication empowerment)**: -

- Waqf Media Studio enhances narrative outreach by producing digital content such as podcasts that strengthens public engagement, awareness, and contemporary understanding of Islam.

- Waqf True Stories Programme builds empathy and public awareness by documenting and disseminating convert experiences through structured storytelling in publications and films.

- Waqf Endowed Academic Chairs strengthens intellectual discourse by advancing interdisciplinary research on Islam, promoting academic engagement and global knowledge exchange.

v. **Key Intervention:** Waqf Quranic Talent Development

Waqf-supported media initiative in collaboration with YWM-TV Alhijrah featuring a dedicated weekly segment that showcases converts learning basic Quran and Hadith under structured guidance from qualified teachers.

5.0 CONCLUSION AND WAY FORWARD

Yayasan Waqaf Malaysia (YWM) proposes mapping the above conceptual discussion into five broad practical solution currently geared by YWM.

1. Digitalize waqf institution
   YWM Smart Devices and Waqf GoLearning

2. Economy and Human capital development- Waqf Halal PKS and Waqf Armalah

3. Food security- YWM food security masterplan

4. Waqf high impact asset development - Kompleks Warga Emas/ Revert

5. National Waqf Investment Gateway- to maximize return on investment/savings

The Waqf Dakwah framework repositions waqf as a transformative socio-economic instrument that extends beyond traditional charity into a structured ecosystem of empowerment, resilience and sustainable impact. By integrating economic development, human capital formation, infrastructure support and narrative transformation, waqf becomes a catalytic platform for addressing both material and spiritual dimensions of community development in a holistic and scalable manner.

In the context of dakwah, this framework advances a fundamental reorientation from a purely faith-based intervention to a structured socio-economic empowerment system. It envisions a long-term institutional ecosystem where spiritual guidance is reinforced by sustainable mechanisms of social protection, skills development and income generation, ensuring full integration of converts into both faith and society. Within a ten-year horizon, the intended outcome is a measurable transformation in the conversion experience—where converts are defined not by loss but by restored dignity, capability and belonging, reflecting the principle of Dakwah Bil Hal.

Moving forward, the success of this model depends on strong governance, strategic partnerships and outcome-driven implementation guided by clear principles of accountability, inclusivity and maqasid al-shariah. With the right institutional support, waqf has the potential to evolve into a globally relevant framework that not only strengthens dakwah sustainability but also advances long-term socio-economic transformation for the ummah.

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