

The Role of Waqf in Socio-Economic Development: Case Studies of Waqf Organizations in the UK

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Introduction

One of the most successful non-profitable institutions is waqf, which functions as an act of benevolence and in providing services as a third sector voluntary institution. The significance of waqf as a philanthropic institution throughout history and in modern times can hardly be exaggerated. The waqf sector has remained the most trusted for delivering public goods in Muslim communities as it effectively institutionalises the Islamic values of charity and continues to develop socioeconomically for the past centuries. According to Cizakca (2002: 264), history has shown that waqf has managed to provide social welfare services that many current states struggle to offer. The establishment of waqf organizations all over the Islamic world was indeed the result of benevolence as an act of devotion towards God. As reported by Baskan (2002:18), this was practiced during the Ottoman period, where the financing of health, education and welfare was entirely entrusted to the waqf system. Related costs cannot be afforded by prosperous Western states where the concept of *riba* is not prohibited; thus, a welfare state will not be sustainable (Cizakca, 2002: 264). Consequently, the growing significance of the non-profitable or third sector will be inevitable. Therefore, it should be acknowledged that the role of the state in Islamic societies should focus on defence and other social welfare services to be catered by means of voluntary institutions, in particular waqf. Currently, the potential of waqf organizations are substantially underutilised. Rather, the conventional philanthropic institutions are functioning more effectively. Therefore, there is a dire need to re-evaluate the current waqf institution and its needs. Accordingly, this research is aimed at identifying the extent of development for the waqf system and its role and contribution towards the socio-economic aspects of the society.

The motivation for this research originates from the fact that Islam effectively established benevolent institutions years ago to enhance