

# **Cash Waqf to Alleviate Poverty Case in Rural Area of Afghanistan**

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## **I. Introduction**

Poverty is a common problem that approximately all developing countries are faced with this problem. Afghanistan is one of those countries which suffers from this problem. Afghanistan's poverty rate has worsened sharply over the past five years as the economy has stalled and the insurgency has spread, with more than half the population living on less than a dollar a day, a survey showed. The ALCS 2016-17 recorded a sharp deterioration in the welfare of the Afghan population. The proportion of the population living below the national poverty line (SDG indicator 1.2.1) increased from 38 percent in 2011-12 to 55 percent in 2016-17, (CSO, Afghanistan Living Conditions Survey 2016-17, 2018).

As stated by the Central Statistics Organization of Afghanistan, more than 54% population of the country live below the poverty line, (CSO, Afghanistan Central Statistics Organization (CSO), 2018). There is a high level of poverty due to war, unemployment, illiteracy and so on in Afghanistan especially in rural areas where there are less job opportunities and no more access to services which is one of the main problems for Afghan people because one out of three Afghans in 2012 could not meet their basic needs. Poverty is more concentrated in rural areas in Afghanistan. In every five poor people, four live in rural areas. They have the lowest levels of consumption in the immediate aftermath and most likely poverty. (BANK, 2019). Approximately fifty percent of the population are living under the poverty line and close to 16 million Afghans living in poverty, (RIGHTS, 2010).

Many countries experienced that cash waqf is one of the important instruments to alleviate poverty. So from the rural area of Afghanistan we can alleviate the poverty by using cash waqf.

Historically, there is clear evidence that Waqf has been used as one of the outstanding tools for reducing poverty in the community. In addition to religious purposes as construction of a mosque, waqf plays an important role in the social economy. During the Ottoman Empire, Waqf was the most important source of financing education, health, and general public welfare. This is very unfortunate because waqf is potentially one of the most important contributors to the social economic development of society, especially in terms of poverty alleviation, (Farhah Binti Saifuddin, 2014).

Many Muslim scholars in the world have proposed several ways to re-juvenile waqf into the activity of Muslim economic. One method which is the most populist is the transfer of cash waqf. This method is concerned more with returning investment and raising funds as the main source of waqf funds, (Mikail, 2013).

The main parts of this paper are organized in four parts. The first part is an introduction, part two is the literature review, part three is a discussion of the model proposed and part four includes conclusion and suggestions.

## **II. Literature Review**

### **2.1. The concept of waqf**

Waqf is an Arabic word, which means: 'preventing something from movement'. In Shariah, it refers to the act of making a property invulnerable to any disposition that leads to transfer of ownership and donating the usufruct of that property to beneficiaries. The legitimacy of Waqf is derived from the Holy Quran as thus; "by no means shall you attain Al-Birr (piety, righteousness - here it means Allah's Reward, i.e. Paradise), unless you spend (in Allah's Cause) of that which you love; and whatever of good you spend, Allah knows it well" (Al Quran 03:92). Similarly, the legitimacy of Waqf was corroborated by the hadith narrated by Abu Hurairah [May Allah be pleased with him (Ra)] which was considered as the origin of this institution in the Islamic world. "Abu Huraira (Ra) reported that Prophet Mohammad (Pbuh)] said: "when a man dies, all his deeds come to an end, except three (deeds); recurring charity (sadaqah jariyah) or knowledge (by which people fare benefited), or a pious offspring, who prays for him" (Mohammad Ridhwan Ab. Aziz, 2013).

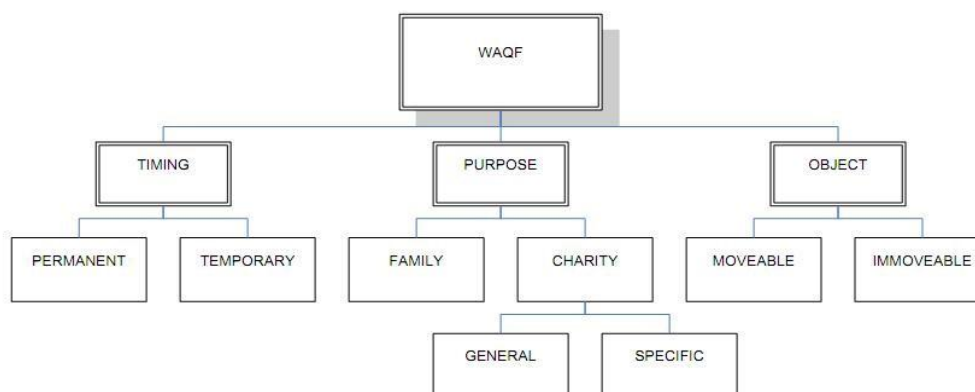
Ahmad stated in his book, that Waqf is "voluntary charitable action" and the word waqf he further defined in its technical and linguistic sense. In the language, "waqf" means standing up, still holding and do not

let it. "The technical meaning of waqf is not to be consumed or sold and should not be allowed. Azliza, Rose, and Zurina put true meaning as waqf as arrest, in order to prevent or contain it, in the true sense. In the technical sense of the waqf, they define the term "waqf" as the allocation of property, either expressly or implicitly for any benevolent or religious object, or to provide any benefit to man (Farhah Binti Saifuddin, 2014).

## 2.2. Categories of WAQF

Generally, waqf can be classified into several categories based on three diverse aspects that are, timing, purpose and the object of waqf. In Islamic law, waqf must be permanent. But it could be temporary in according to Malikiyyah (AlZuhayli, 2000). Meanwhile, the purpose of waqf is for charity purposes. Waqf can be for the public generally, for instance; propagation of religion, the advancement of education, etc. Or it can be for specific purposes, for instance, for economic or welfare of the family. On the other hand, waqf assets can also be movable or immovable (e.g. cash waqf). In Cash Waqf, the donor can donate cash rather than real estate (Chowdhury, 2011).

**Figure 1: Categories of Waqf**



## 2.3. Concept and Importance of cash waqf

Cash waqf by Lahsasna (2010) is defined as “mobilization of funds from donors based on perpetuity and investing them in productive assets that provide either usufruct or revenues for future consumption by individuals or groups by taking into account the policy and guideline provided by the donors and receivers” (Lahsasna, 2010). In another vein, Cash waqf is charitable endowments established with cash capital (Cizakca, 2004).

Cash waqf plays an important role in providing public services needed by the community. It can be directed to achieve these ends under the condition that it must be organized in such a way that reflects good governance so that the donor/waqif would be willing to participate in donating the funds. Cash waqf can only be distributed and allocated for the goods and services that is not contrary to Sharia Law. Cash waqf enables everyone to donate as waqf, whereby the poor and needy can benefit from the abundance of resources. Cash waqf is capable of creating a more economic incentive, and it can be a welfare fund used to sponsor many educational, social and health projects. This form of waqf provides opportunities for facilitating its participation in social development (Mohammad Ridhwan Ab. Aziz, 2013).

Cash waqf is known as one of the most promising dimensions of the Poverty Reduction Strategy. Poverty reduction programs require a significant amount of money, and the government cannot be the only source of financing; so this is the place where cash waqf can play an important role. The mutawalli or who trust on Cash waqf Funds will collect funds of cash waqf from waqif or waqf Founder and invest this fund or money based on Islamic instructions or invest in the real sector. From this investment, the benefit can be used in financing the initiatives which would be useful for the general public, including poverty reduction programs. Most people express their views on the concern of cash waqf, especially at current times. Cash waqf features appear to be generally “more friendly,” especially those who do not have any assets, such as land or buildings. There are four benefits of the performing of cash waqf they are;

- Cash waqf is easy and just needs a small amount of wealth that allows a group of people to participate.
- Cash waqf is capable of generating more funds that can be used to develop assets.
- Cash waqf can help educational institutions by creating a fund for them
- Cash waqf is capable of reducing the dependence of Islamic institutions on the state that at the same time empowering them for being more independent (Farhah Binti Saifuddin, 2014).

## **2.4. Types of poverty**

Poverty is a very common issue in all developing countries. According to the definition of the word bank, poverty usually means deprivation of well-being (F, 2015). Poverty in all over the world is a multi-dimensional portion which is an obstacle for the development of economic and for improving the poor people live. Poverty defined as an unfair practice by SEA that stops and prevents people to have the attainment to the basic things of their life, for example, housing, water, health good diet and so on. According to Islam definition poverty is a situation in which one individual doesn't have these basic requirements like religion, knowledge, physical self and wealth (Butt, 2017).

There are more kinds of poverty but based on location there are two kinds of poverty which are rural and urban poverty. Rural poverty happens in rural areas where there are less job opportunities, no more access to services, no more support for disabilities and less quality opportunities for education. The second one is urban poverty which happens in the urban areas (Vale, 2019). Most rural households rely on agriculture, about 80% population of Afghanistan lives in a rural area where poverty is very higher than urban area so, poverty is more concentrated in rural areas in Afghanistan. In every five poor people, four are living in rural areas. They have the lowest levels of consumption in the immediate aftermath and most likely poverty (BANK, 2019).

## **2.5. How to alleviate poverty through cash waqf**

This is a big concern for the world how to control poverty because it is a big problem especially in developing countries. There are many approaches to solve poverty problems. Islamic economic system has a comprehensive approach to avert poverty from the society. Like charity has a fine role in poverty alleviation, there are several types of charity but we mention just three of them.

- a) Compulsory charity: zakat
- b) Optional charity: sadaqah
- c) Perpetual charity: waqf

These all three elements of poverty alleviation is fair to avert the threats, which brings poverty to society. Cash waqf plays a vital role in poverty alleviation and to empower the poor people economically to support their different needs like education, health, and physical facilities and so on (Sadeq, 2002).

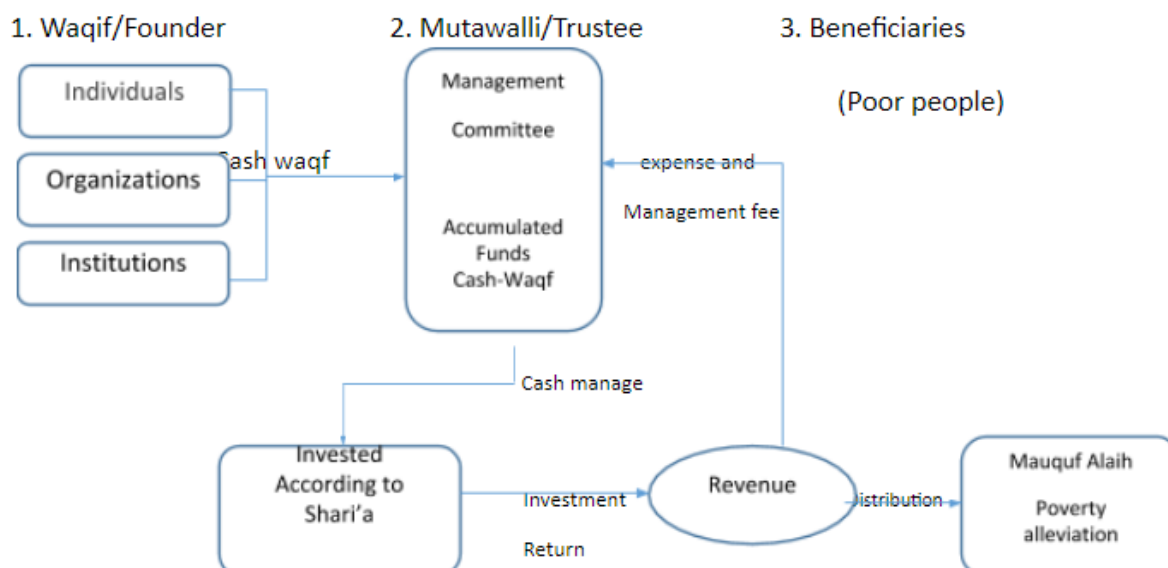
There are many waqf institutions in the current Muslim world, these all institutions are financed by cash waqf to alleviate the poverty from the community. In Bangladesh, there are 8000 institutions of education 123,000 Mosques which provide educational and social facilities all are based on waqf. Cash waqf is a useful instrument which is recently has been established, created some endowments and serves in different parts. In current time the existing of these all types of waqf show how match potentially waqf operates for socioeconomic development and for alleviating the poverty (Ahmad, 2015).

In Indonesia, cash waqf has good future prospects if the money of cash waqf fund is collected systematically by any organization in Indonesia from 10 million Muslim Indonesians it will be reached to Rp3 trillion each year. The estimation is supported by Marsyita and Febrian (2004) they are the people who suggested that the fund of cash waqf might increase to Rp7.30 trillion each year, this is an assumption on which this estimation is based, that 20 million Indonesians those who are Muslims contributed Rp1.00 per day or Rp30.00 each month (Haslindar Ibrahim, 2013).

The construction of the Al Azhar University was done through that money which was collected via cash waqf fund. In Malaysia, the cash waqf for the development has the potential. Muhammad Salleh (2009), stated that to promote the development of ummah, cash waqf has the potential for these developments. According to his estimation if RM1 donated by each Malaysian Muslim adult citizen a day or RM30 a month to the cash waqf fund, the collection of cash waqf in Malaysia might reach RM4.3 billion a year. That might gain many employment and investment opportunities for the Muslim community (Ahmad, 2015).

## **III. Cash waqf model for poverty alleviation**

Since cash waqf has given a good result in the alleviation of poverty in many countries like Malaysia, Indonesia, and Bangladesh, so we can use cash waqf for reducing poverty in the rural area of Afghanistan. Since there is no advanced banking system in Afghanistan to manage cash waqf, here in this paper it is attempted to propose a model for reducing poverty according to others countries special according to the Mohammad Aly Fikry, Mohamed Serilkhetim Mohamed Hadary & Aishath Muneeza model.



**Figure 2:** Cash waqf model for poverty alleviation

Source: (Mohammad Aly Fikry, 2019).

The management committee will act as a mutawalli or trustee for cash waqf. This management committee in Afghanistan is called Hajj and Religious Affairs which governs waqf in Afghanistan and act as a trustee for a cash waqf, this administration supervises the cash waqf collection, investment, and distribution of profit to the activities of the charity. First, they collect the cash waqf fund from Waqif. Waqif maybe individuals, organizations or maybe institution. The founders give cash waqf to the management committee. The Hajj and Religious Affairs located in every province that the Waqif can easily go and directly give cash waqf to this administration. This management committee manages the cash waqf which is accumulated from different founders in such a way to become more productive the collected fund. They invest the collected cash waqf according to Islamic Shariah. They try to have more return from the waqf investment to give more benefit to Mawquf 'alaih from Waqf fund. Only net profit from the investment delivered to poor people or Mauquf 'alaih and Fund investments are being made on potential investment opportunities. The management committee invests the fund based on Islamic shariah complain in the rural area in different factors. As we mentioned before that the rural people are more reliant on agriculture, it is an indubitable fact that the agricultural sector has a vital role and plays an important part in many pivotal social issues like the occurrence of poverty, food security, and rural development. In fact, the unused land problem is often connected to the high occurrence of poverty in rural areas in Afghanistan. The fund managers invest the fund in agriculture like green housing, Poultry farming, Cows farming and so on. The fund manager also gives Qard al-hasan (interest-free loan) to the rural people. All qard al-hasan which is a gratuitous loan offered to people who needs money for investing. This is for a specified period of time. After the specific period of time, people must pay the asl al-qard. From one side increases employment because more people get jobs from other hand people can gain benefits from this investment. Meanwhile, the fund manager also gains from this investment. The profit distributes to management for maintenance and managerial expenses and to the poverty alleviation program,

### 3.1. Challenges

One big challenge is that waqif or cash waqf founders are not present to give cash waqf because most people of Afghanistan are uneducated and don't have awareness about cash waqf and they are not aware that Waqf has advantages which can change the society's living standard and improve their economy as well. The awareness about Waqf is very low and they are not aware of how Waqf has the potential to reduce their economic problems and there is still the concept that Zakat is the only and most essential element for the reduction of the economic gap of the society. And also Waqf is known as an Islamic element for social benefits and is a kind of worship, but do not have information about Waqf social and economic advantages and its potentials that how it alleviates the poverty from society and they are not aware that Waqf has socio-economic, agricultural, and other benefits. Another challenge is the cash Waqf collection system. This hajj and religious affairs don't have a good system to collect cash Waqf from the funders. Moreover, there are not skills human resource employed in this administration to sufficiently manage the Waqf affairs. Also, people think that there is high corruption in this management

committee and think that their money will not be used for specific purposes. Furthermore, there is the problem of security or war. Especially rural areas are not safe so the investment is difficult to apply there.

#### **IV. Conclusion**

Based on the above information we can conclude that Afghanistan has a high rate of poverty especially in rural areas, so we can alleviate this poverty through cash waqf. For reducing poverty and social benefits cash waqf is a significant program. Cash waqf plays an important role in providing public services needed by the community. These practices of cash waqf help to fulfill religious needs through various activities and mobilize resources from the rich to the poor, create job opportunities to improve the social and economic conditions of the poor and the whole society as the final results. That in every five poor people four are living in rural areas in Afghanistan and most of them are engaged in agriculture, which is a vital part of the livelihoods of many poor people and the growth of this sector is an essential prerequisite for common poverty reduction. So by using cash waqf they can solve these problems and alleviate rural poverty.

#### **4.1. Recommendations**

Since most people of Afghanistan are not aware of cash waqf and do not have information about Waqf's social and economic advantages and about its potentials in alleviating the poverty from society, and they are not aware that Waqf have socio-economic, agricultural, and other benefits; therefore, it is important for religious scholars to show and describe the importance of cash Waqf. The Hajj and Religious Affairs should clearly show the report that the fund is used for specific purposes, offer policies to motivate people for giving cash waqf and employ skilled persons in this kind of administration to manage the fund better.

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