

Higher Education Waqf: Implementation Model for a Private Higher Education

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ABSTRACT

Higher education waqf is an important tool in developing knowledgeable intellectuals. The fact that many renowned universities around the globe that are waqf-based has proven its importance. Higher education institutions like Al-Azhar University have successfully produced many renowned scholars and intellectuals that no one could dispute. In Malaysia, serious attention on benefitting higher education waqf is heightened and a number of higher institutions are now operating based on waqf. One such example is University College Bestari (UCB) in Terengganu Malaysia. This case study examined the historical background, the development of waqf asset, contribution and beneficial distribution of waqf property as well as the challenges and prospects of UCB. It is found that UCB has successfully expanded the waqf funds through the waqf scheme of land lot by getting approval from the Terengganu Islamic Religious and Malay Customs Council (MAIDAM). The implementation of educational waqf by UCB can be a model to other educational institutions in developing waqf property and generating revenue.

Keyword: Higher Education Waqf, Waqf Property, Waqf Property Management

1. Introduction

Waqf institution plays a very important role towards the economic development of a country. This institution is able to provide various facilities such as education, health centers, place of worship, homestay, agriculture and poultry activities and the like. This can be proven through the historical evidence of the glorious Ottoman Caliphate governance that carried out most of their operations using waqf for the welfare of the Muslim community (Davut Gazi, 2014).

Waqf has a great potential to develop Muslims' economy and can assist in improving the living standard towards a more conducive life. Apart from that, waqf institution is able to provide a medical treatment at hospital, funding for educational activities in primary, secondary and tertiary levels as well as research activity and provide job opportunities (Alli Ahmed Khan, 2014).

In fact, if waqf property is effectively managed, it is able to reduce management expenses of the government and reduce the dependence on the government funds (Abdul Halim, 2007). Every year, during the tabling of the government budget, the allocation for educational program and training shows an increase. For instance, in the tabling of 2015 budget by the Prime Minister, Dato' Seri Mohd Najib Tun Haji Abdul Razak who is also the Finance Minister stressed that government had allocated RM56 billion to finance various educational programs and training (Bajet 2015) compared to RM54.6 billion in 2014 budget (Bajet 2014). This shows the increase of budget allocation for education including the provision for a higher education institution.

This study aimed at highlighting the implementation of higher education waqf. A model of University College Bestari (UCB) in Terengganu Malaysia is taken as a case study. The College does not receive funding from the government but it has proven to be equally capable of operation just like a public university that receives funding from the government. UCB development did not receive funding from the government in accordance with the East Coast Economic Region Development Plan (ECER) which was launched in October 2007. One of the cores in ECER development is educational development at *Taman Ilmu* in Besut covering 283 acres which will become a new university town to be occupied by 10,000 inhabitants (<http://www.epu.gov.my>).

This study covers the historical background of UCB, its waqf property development, contribution and distribution of the benefits of UCB as well as challenges and prospects of higher education waqf in

Higher Education Waqf: Implementation Model for a Private Higher Education general. This waqf model can be an example to improve existing waqf educational institutions in Malaysia.

2. Historical Background of University College Bestari

University College Bestari (UCB), formerly known as Smart Technology College (also known as Kolej Teknologi Bestari or KTB) started its operation on 14th June 1998 at a temporary campus located in Saujana Village, Setiu, Terengganu (www.ucbestari.edu.my/info) with the first intake involving 304 students. The college was indeed a brain-child of YM Dato' Dr. Tengku Mahmud bin Mansor, President of Malaysia Orphans Welfare Association (PEYATIM) who was also Chairman of KTB Executive. As PEYATIM President, he had the vision to have the ultimate objective of protecting orphans welfare in Malaysia and this will not become a reality if the focus is merely on the care and maintenance aspects (Utusan, 2010).

In pursuing this vision, YM Dato' Dr. Tengku Mahmud bin Mansor and the appointed committee members had initiated setting-up of a college with the aim to create a platform for the orphans to get opportunities to further their studies. In order to materialise the establishment of a permanent campus, a waqf scheme was launched with the aim of raising fund for construction of a permanent campus in Setiu, Terengganu. This matter had got the attention of YB. Dato' Seri Mohd Najib Tun Abdul Razak, then the Malaysia's Defense Minister by launching cash waqf scheme on 24th August 2000 at Hotel Istana, Kuala Lumpur (Utusan Online, 2002).

The permanent UCB campus was constructed in stages at Putera Jaya Village, Setiu Terengganu until finally, it commenced its full operation in 2004. The surrounding environment is peaceful and conducive for learning. Among the facilities provided are Administration and Academic Building, Theatre Hall, three dormitory blocks that can accommodate 2160 students, prayer room, sports courts, multipurpose hall and much more. It is located in the middle of the main road that links Kuala Terengganu and Kota Bharu; a 65-km distance from Kuala Terengganu that would take only about an hour ride. On August 2012, KTB was upgraded as Higher Education Institution known as College University Bestari (UCB) (www.ucbestari.edu.my/info).

The UCB 128-hectare campus site was contributed by Terengganu State Government to meet the needs of orphans particularly in Terengganu and generally throughout Malaysia (Sinar Harian, 2014).

Although the initial establishment of UCB is meant for the orphans; the College had expanded its enrolment among students from Poor People Development Programme (PPRT), *Sahabat Amanah Ikhtiar Malaysia* (AIM) and those from rural areas who may not get access to Higher Learning Institution (IPTA) (www.ucbestari.edu.my/info). At present, a total of 1,500 students are taking nine programs offered by the College at Diploma, Degree, Master and Ph.D. levels. The management is planning to set up several branches throughout the country.

Various strategies have been devised by the management team to improve teaching effectiveness and administration efficiency to realize its goal of becoming a university college that produces quality and competitive graduates. Enormous efforts have been made to diversify courses and increase the number of Bachelor program. UCB is expected to provide a variety of new programs at diploma level such as Civil Engineering, Mechanical Engineering, Electrical Engineering and Nursing while Computer Science will be offered at bachelor's level.

Apart from educational development, students' personality development is also emphasised through students' society and co-curriculum activities in order to produce those who are academically and morally balanced. Students' welfare has become a priority by introducing the concept of 'learn first, pay later' until they get sponsorship. The synergy of the Board of Directors, management, administration, academic and support staffs of the college who are very concerned with the less fortunate became the strength of this college to continue its development and effort to produce qualified students in this country.

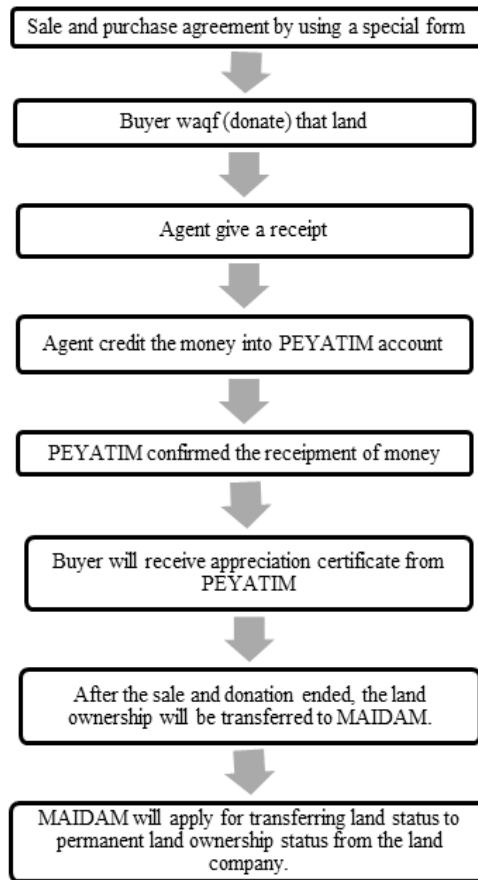
3. The Development of Waqf Asset in University College Bestari

Since the beginning of its establishment, UCB has aimed to become a university with waqf concept similar to Al-Azhar University (Zuarida, 2010). As a private higher education institution (IPTA), the only asset that belongs to UCB is a campus land site in Setiu, Terengganu which was awarded by the State Government of Terengganu. UCB aimed to make its campus site as waqf land. As waqf property is subject to the State Islamic Religious Council; efforts had been made to get the mutawalli's right and the effort was not in vain as the management was successfully honoured with the right on May 2009 (MAIDAM.03-003/46-(11) dated 13 July 2009). On December 2010 (Muharram 1431H), UCB waqf was officially launched by His Majesty Yang Di-Pertua Agong Al-Wathiqu Billah Tuanku Mizan Zainal Abidin Ibni Almarhum Sultan Mahmud Al-

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Muktafibilah Shah. The waqf units are sold at RM300/m³ to public since 2011 and are expected to complete in five years. For each purchase of this waqf land, the buyer will be exempted from income tax. The overall process of waqf scheme is shown in Figure 1.

Figure 1: Process of UCB Waqf Scheme



UCB expects to get a total of RM389.7 million from the waqf sale (Shafie, 2011). UCB had initiated various means of promotion via mass media, brochure, and website to collect fund. Agents are also appointed to collect the fund among 2,000 branches of Post Office, National Savings Bank, Islamic Bank, Maybank and CIMB throughout the country. The collected waqf fund will be used to develop various infrastructure projects that result in high-income earnings to sustain the

property in the future. UCB waqf is managed by Board of Trustees and Management Committee of University College Bestari (UCB) led by the CEO.

4. The Development of UCB

University College Bestari (UCB) came into being as a result of contributions from various parties such as government agencies, private parties, corporate leaders, businessmen and public in the form of sadaqah and waqf (Hanida, 2003). The college undergoes phases of development that include:

First Phase

The college began its operation in 1998 at rented premises located at Saujana Village, Permaisuri Setiu, Terengganu. The campus was rented from Terengganu Family Development Foundation (YPKT) that comprised two dormitory blocks, offices, air-conditioned lecture rooms, a prayer room and a cafeteria. In 2004, UCB moved to a fully equipped campus in Putera Jaya Village, 5 km away from the previous location. The new campus provides facilities such as Administration and Academic Building, Theatre Hall, three Dormitory Blocks that can accommodate 2160 students, a prayer room, cafeteria, sports courts, multipurpose hall, computer/multimedia laboratory, nursing laboratory, hospitality complexes and much more.

Second Phase

In the second phase, UCB has made an effort to improve the existing infrastructure to accommodate more students' enrolment. The management expected students' capacity of 10,000 in the near future and the cost of construction will be funded by waqf.

Part of the collected waqf fund will be invested in various economic activities to generate income to UCB. Among the investment project that has been carried out by UCB is East Coast Economic Region (ECER) Development Project that involved Terengganu, Kelantan, and Pahang. In fact, UCB has the potential to involve in tourism industry like the construction of resort facilities and hotel, resort and homestay for the benefits of tourists under ECER Tourism development project. Terengganu aspires to become the hub for coastal activities, cruise

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terminal, marina, handicraft market, shopping complex, garden and several theme parks. By the year 2020, ECER is expected to attract 7.4 million foreign tourists and 21.4 million domestic tourists (<http://www.penerangan.gov.my>).

Apart from that, ECER also has paved the opportunity for UCB to spearhead small and medium enterprise (IKS) by getting involved in manufacturing industry such as batik, textile, embroidery and silk. UCB also has a potential to engage in an industrial sector based on palm oil, wood and rubber as well as other agricultural products.

UCB has also been involved in the modern agricultural sector planned by ECER such as 2,000 hectares agro-projects in Hulu Setiu, Terengganu which was an integration of goat and rubber plantation to produce precocious goats. Research and Breeding Center for Nucleus Goats in Hulu Terengganu produced 10,000 high-quality breeders like *Jamnapari*, *Boer* and *Anglo Nubian* in 2015. For the time being, UCB involved in the *trigons* bee breeders to produce honey as side income. Besides, *trigons* bee by-product honey such as *trigons* honey propolis, propolis soap and also facial cream would also be produced. The initiative that has been pursued by UCB indirectly becomes a tourist attraction to visit Terengganu and one of the sources to generate revenue for the development of UCB infrastructure.

5. Challenges and Prospects

Lack of awareness and understanding among the public towards waqf is among the challenges facing the waqf institutions. Many understand waqf to involve only land and building for public use such as mosque, schools, and graveyard (Razali, 2013). This tendency could be due to the assumption that such amenities give more rewards in the hereafter. Such understanding might lead to difficulty in raising funds for higher education purposes. The lack of funds has resulted in financial constraints and impedes the development of higher education waqf institution itself (Abu Bakar, 2007; Ahmad Zaki et al., 2008).

Most higher education institutions in Malaysia do not have their own assets. This can be seen through the dependence on government funding. Based on the 2015 budget, the government allocated RM56 billion to Ministry of Education to fund various teaching and learning programs (Sinar Harian, 2014). In addition, the problem faced by many higher education institutions is the rising costs of operations. This has led

to the dependency of the institutions on government funding (Siti Mashitoh, 2014).

In the midst of this scenario, UCB intends to emerge as the first university in Malaysia that use waqf concept. UCB has planned ahead in possessing its own campuses by purchasing Lot No. 3214 Mukim Tasik Setiu, Terengganu based on waqf. The 320 acres of land has great potentials in fulfilling its aspiration to be a waqf-based university.

In order to generate a return on assets of the land, UCB plans to develop facilities such as shop, printing services, laundry, bazaar, accommodation, rented houses for the locals and others. In addition, agricultural and livestock projects are also in the plan to provide more attractive returns to UCB.

The inclusiveness planning of UCB development is indeed parallel to the requirement of 2015 strategic budget plan with the theme "Economic Needs of the Citizens" (Rohami, 2014). This strategic planning has focused on the empowerment of human capital and entrepreneurship as well as the empowerment of indigenous people. This plan has been carried out by UCB to help improve the socio-economic status of the society and eventually make UCB as a private educational institution that contributes towards the country economic growth.

Overall, the implementation of waqf higher education in UCB is considered as a successful exemplary model in the future. The success of an educational institution is not for the benefit of the students only, but also for the benefit of the whole society. The institution can be a role model in implementing waqf at other educational institutions in the country.

6. Conclusion

Waqf has a high aesthetic value in materializing a magnificent and sustainable educational institution. In this context, waqf institution should be managed effectively and efficiently to ensure their sustainability. As Muslims, it is sensible for us to make waqf as a significant instrument in upholding the education and socioeconomic development of the Muslims. The waqf scheme of UCB is an example of pro-active steps in having higher education institution successfully without the government assistance. Independent concept through the development of the waqf scheme together with efficient management of waqf property is hoped to produce excellent graduates with an intellectual capability and moral quality.

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