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Islamic Microfinance and Rehabilitation Model for the Slum and Floating Population by *Waqf* Funds, the Case of Bangladesh: A Proposal for Muslim Countries

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Abstract. This paper designs a conceptual model of Islamic microfinance and rehabilitation by using the *waqf* funds for the slum and floating population. It analyzes both the primary and the secondary data on the current status of Islamic microfinance coverage (in thirteen countries), *waqf* estates (in seven countries), and the slum and floating population in thirty five Muslim countries of the world. The primary data was accumulated on 150 microfinance borrowers and 100 non-borrowers of Bangladesh. This paper presents a multifunctional structure of an autonomous *waqf* management institution to execute the model of this paper. This institution will be formed by the joint venture of the government, the national, as well as international Islamic agencies. Furthermore, this model will be implemented through five stages, the revival and registration of the *waqf* estate, accumulation of funds, initiating the Islamic microfinance and rehabilitation for the slum population, and finally, forward linkage that may help the slum people to contribute to the society

***Keywords*:** Waqf, Islamic Microfinance, Rehabilitation, Slum population, Muslim countries.

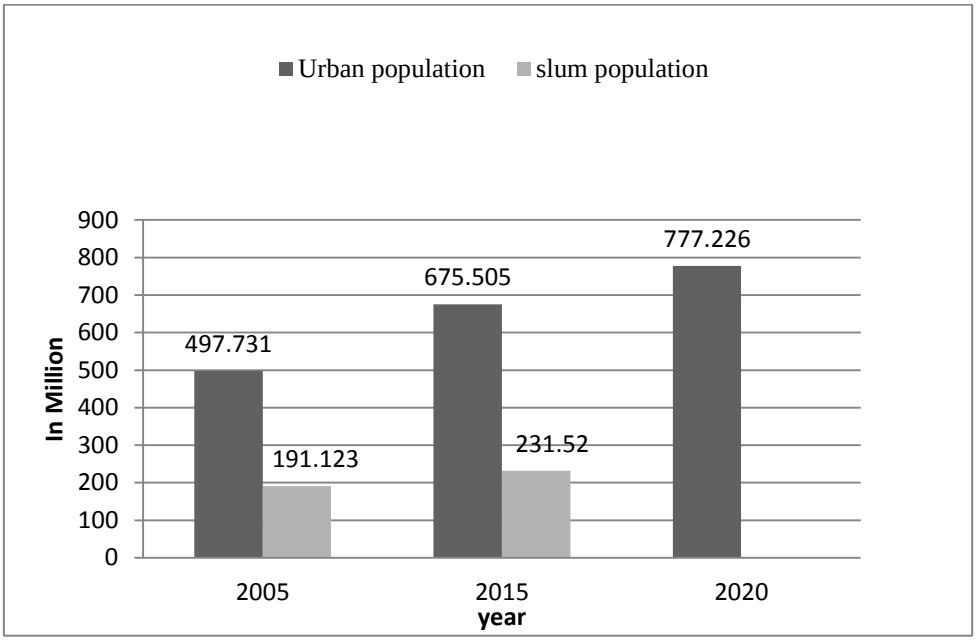
***JEL Classification*:** G21, O21, Z12

***KAUJIE Classification*:** E23, H15, S4

1. Introduction

The current population of the Muslim world is 1.84 billion which comprises about 24.38% of the total population of the world (The Royal Islamic Strategic Studies Centre [RISSC], 2017, p. 3). Associated with the Muslim population growth at 1.8% per year, the urban population in the 51 OIC countries has been increasing tremendously at the rate of 32.90% between 2005 and 2015 (UN-Habitat, 2015). The main causes of increase in the urban population are the migration of people from village to city for the job, displacement from houses, insecurity, poverty, education, natural disaster, etc. (Gimba & Kumshe, 2011, p. 171; Bangladesh Bureau of Statistics [BBS], 2015). However, due to the higher cost in urban areas, lower income people choose the slum and shanty for living where the basic rights and services for the citizen are hardly provided by the government or the respective authority. In addition, urban poverty associated with the large number of slum population has been experiencing rapid growth among Muslim countries (Zeinelabdin, 1996, p. 3; Moten, 2005, p. 105; Rahman, 2015). Figure1 shows the comparative scenario between the urban population and the slum population among the Muslim countries.

Figure (1) Urban and the Slum population among the 35 OIC Muslim countries between 2005 and 2020



Moreover, the situation has become complex as the formal financial institutions, including banks or investment companies, do not sanction loans or credit for the slum population because of having no collateral. As a consequence, the informal financial institutions, specially microfinance institutions (MFIs) provide microcredit to the slum people. But the MFIs do not approve loans for the extreme urban poor who have no wealth or no tenure security (Taylor, 2013; Hickel, 2015). Consequently, urban poverty still exists and creates a severe problem among the developing countries including the Muslim countries. However, Islam has some first rated charity tools including *zakāh*, *ṣadaqah*, *waqf*, etc. to solve these problem. In these circumstances, this paper introduces the application of *waqf* in the Islamic microfinance program. It presents a model of microfinance and rehabilitation for the slum and floating population that can be funded by the *waqf*. It is proposed that this model be implemented by a joint venture of the government and non-government organizations through an autonomous institution.

It should be noted that rehabilitation for the slum and floating population is the most important factor, because microfinance without rehabilitation will be totally ineffective and meaningless among the slum and floating population. Without rehabilitation, slum people may consume the microfinance fund instead of investment. The detailed concept of the slum and floating population, the concept and status of Islamic microfinance among the selected Muslim countries, and the concept of urbanization will be discussed below.

This paper comprises of 9 sections. After the introduction, sections 2 and 3 discuss the methodology and literature review. The rationale of the study is presented in section 4. Sections 5, 6 and 7 discuss the status of the Islamic microfinance industry, the *waqf* industry, and the slum population in the Muslim countries of the world. The proposed model is presented in section 8. Finally, section 9 provides the conclusion and scope for further research.

2. Methodology

The main objective of this paper is to propose a model to initiate the Islamic Microfinance and rehabilitation program by the *waqf* funds for the slum and the floating population among the Muslim countries. To do so, this paper discusses a descriptive model after analyzing the context of the *waqf* estates, Islamic microfinance, and the status of slum populations in Muslim countries by using quantitative statistics from both primary and secondary sources.

Primary data was accumulated through a semi-structured questionnaire that comprised both open-ended and close-ended questions. Besides, interviews of microfinance borrowers and observations from visiting the slums were other methods used for data collection. The respondents were selected through systematic random sampling by visiting seven slums of Bangladesh including six slums of Dhaka city, the capital, and one slum of Chittagong city. The data was collected during May-June 2017. The main question was: whether they receive Islamic microfinance or not? What is their eagerness to receive interest free microfinance? Detailed questionnaire is given in the appendix.

Background knowledge and secondary statistics were compiled from different books, articles, reports, brochures, newspapers, and websites of several institutions. The details of the secondary sources are given in the reference section.

3. Literature Review

A large number of studies have been performed on *waqf*, Islamic microfinance, and slum population separately. This section will discuss the relevant studies performed on the topic of this paper.

Mughal (2018) discusses the sources of funding for Islamic microfinance in his article. He proposes to use the *waqf* fund in Islamic microfinance. Also, Alpay and Haneef (2015, p. 21) in their edited book described an integrated *waqf*-based Islamic microfinance (IWIM) model for poverty reduction in Malaysia, Indonesia, and Bangladesh. Saad and Anuar (2009, p. 349), *in their research*, explore the opportunities of cash *waqf* and *Islamic microfinance*. Furthermore, Mohamed Ali (2014) presented three models for poverty alleviation integrating *zakāh*, *awqāf* and Islamic microfinance.

It should be mentioned that there are many other similar researches available, however, they did not relate the *waqf*-based Islamic microfinance program with rehabilitation and the slum population. This is the key point upon which this paper focuses, i.e., to present a model for the slum population.

Moreover, this article is distinguished from previous researches in that it investigates the latest scenario of the *waqf* estates and regulators, the slum population in Muslim countries, and the status of Islamic microfinance in the Muslim world. Besides, it proposes a model to start the Islamic microfinance and rehabilitation program by spending the *waqf* funds for the slum and floating population in the Muslim countries. This model is a new addition to earlier researches. On the contrary, earlier researches only emphasized separately on *waqf* and Islamic microfinance. However, they did not present any proposal to use *waqf* funds for the slum and floating population through the Islamic microfinance program.

4. Rationale of the Study

4.1 The Rationale for Islamic Microfinance

The global Islamic finance industry has been growing tremendously during the last 40 years. However, the Islamic microfinance industry contributes only one percent to the overall Islamic finance industry. Moreover, there are more than 2420 microfinance institutions working in the world (Gonzalez, 2008), whereas there are only around 300 Islamic financial institutions, and only about 126 institutions offering Islamic microfinance services (Nimrah, Tarazi, & Reille, 2008, p. 7; World Bank & Islamic Development Bank Group, 2016, p. 57). As loan price, conventional or interest-based microfinance institutions charge about 8 percent to 32 percent interest rate while they offer only 6 percent to 8 percent interest on savings (Badruddoza, 2011). Conversely, Islamic microfinance institutions only take nominal profit rate (10-12 percent) and also share the profits as well as losses in their services (Mannan, 2015). Besides, Islamic microfinance institutions also provide buying and selling services as well as interest free loans. Both theory and practice have shown that the superiority of Islamic microfinance is beyond question and that it provides the maximum welfare for its recipients compared to the conventional microfinance institutions.

Moreover, the respondents of the primary survey in this study complained that the interest-based microfinance program has severe problems, including higher interest rate, no loan for the extreme poor, little time for investment, lack of education and training program, and unavailability of the interest free loan. Figures 2, 3, and 4, reveal this information.

Figure (2) Causes of Not Receiving Microfinance by 100 Non-Borrowers

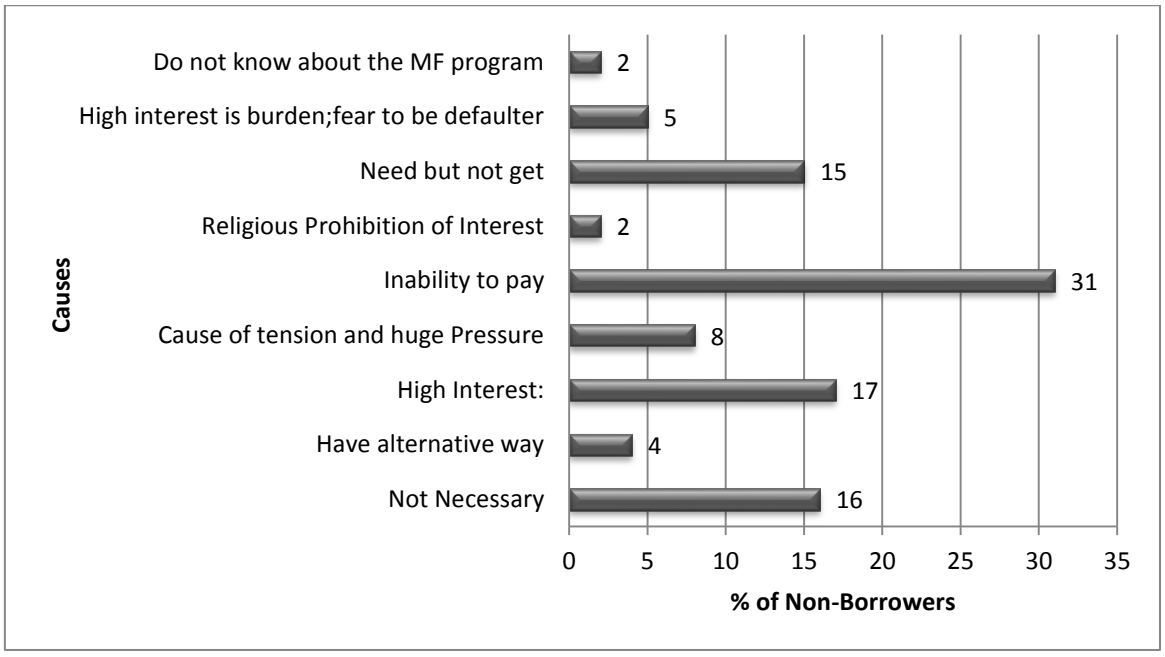


Figure (3) Open Comments of 100 Non-Borrowers about Microfinance and MFIs (%)

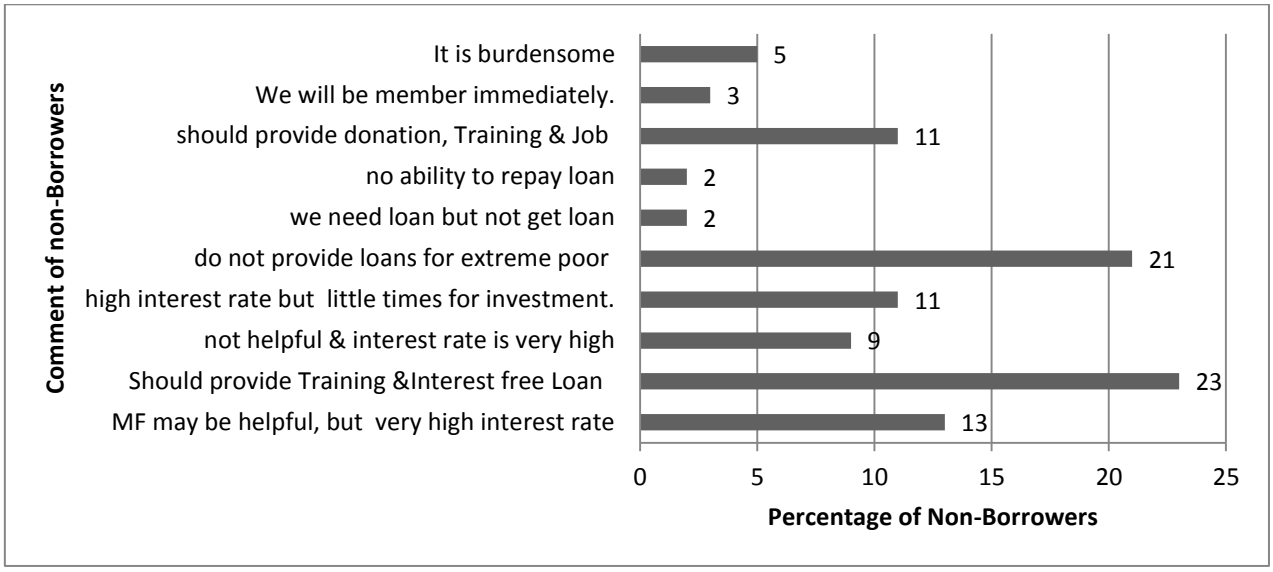
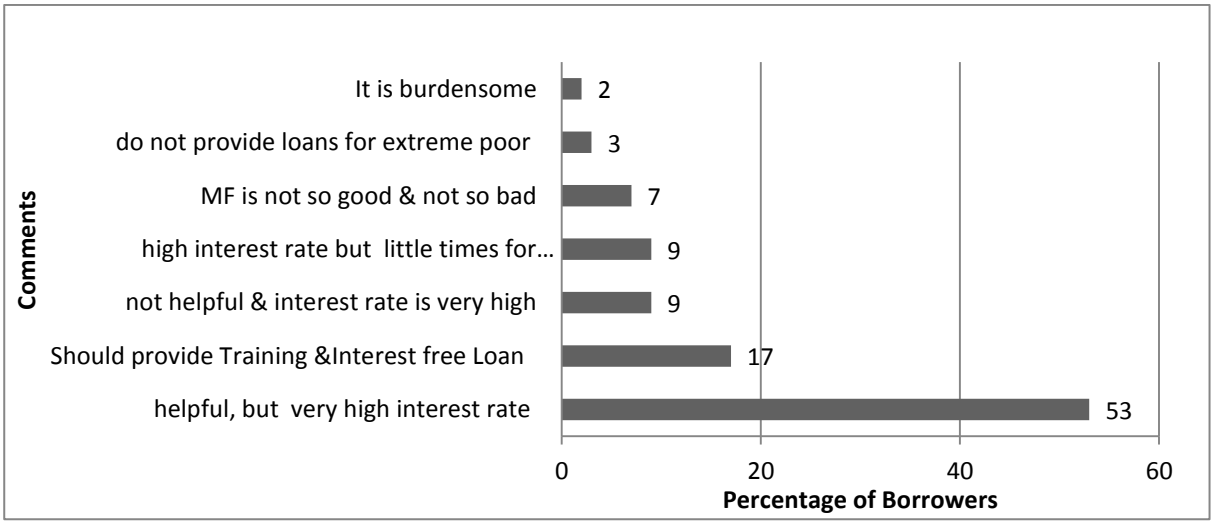


Figure (4) Open Comment of 150 Borrowers about Microfinance and MFIs (%)



Source: Survey conducted by the author.

Hence, it can be said that, the faults and gaps of the interest-based microfinance program can be filled by the Islamic microfinance program. Also, Islamic microfinance institutions can facilitate the deprived poor of the Muslim world. For this reason, this paper proposes to initiate the microfinance program by the *waqf* funds.

4.2 The Rationale for Focusing on The Slum Population?

The slum is the anomaly of urbanization. There are more than 7.5 billion people living in the world (Worldometers, 2018) and about one third of the urban population is living in the slum (World Bank, 2014). Table-1 depicts the scenario of the slum population among the Muslim countries.

Table (1) The Status of Urban and the Slum Population among the Muslim Countries: 2005-2020

Country	Urban population (in millions)			Slum population (in millions)		% of total urban population	
	2005	2015	2020	2005	2015	2005	2014
Africa							
Algeria	20.80	26.41	29.19	-	-	-	-
Benin	3.40	5.04	6.08	2.26	2.836	71.8	61.5
Burkina Faso	2.56	4.23	5.42	1.762	3.327	59.5	65.8
Cameroon	9.66	13.38	15.29	4.585	4.637	47.4	37.76
Chad	2.56	4.20	5.20	2.312	2.603	91.35	88.2
Comoros	.223	.294	.343	.119	.148	68.9	69.6
Djibouti	.692	.852	.931		.449		65.6
Egypt	31.06	37.58	41.68	5.677	3.807	17.1	10.6
Gabon	1.08	1.31	1.42	.443	.550	38.7	37.0
Gambia				.373	.392	45.4	34.8
Guinea	2.97	4.37	5.37	1.390	1.913	45.7	43.3
Guinea-Bissau	.473	.671	.825	.362	.698	83.1	82.3
Ivory Coast	-	-	-	-	-	-	-
Libya	-	-	-	-	-	-	-
Mali	3.54	5.72	7.21	2.496	3.475	65.9	56.3
Mauritania	1.20	1.62	1.89		1.886		79.9
Morocco	16.76	20.76	22.07	2.205	2.619	13.1	13.1
Mozambique	7.08	10.47	12.40	5.714	6.789	79.5	80.3
Niger	2.16	3.29	4.21	1.787	2.399	82.08	70.08
Nigeria	65.27	93.77	109.77	42.783	42.067	65.8	50.2
Senegal	4.89	6.66	7.74	2.010	2.487	43.3	39.4
Sierra Leone	2.06	2.80	3.32	1.824	1.857	97	75.6
Somalia	2.88	4.36	5.29	2.161	3.108	73.5	73.6
Sudan	15.04	22.51	26.61	-	11.939	-	91.6
Togo	2.49	3.78	4.53	1.486	1.413	62.1	51.2
Tunisia	6.60	7.76	8.34	-	.593	-	8
Uganda	2.63	5.76	7.45	2.403	3.282	66.7	53.6
Asia							
Afghanistan	5.74	9.63	15.36	-	5.155		62.7
Azerbaijan	4.30	4.81	5.13	-	-	-	-
Bahrain	.641	.762	.820	-	-	-	-
Bangladesh	39.35	55.47	65.52	27.831	29.273	70.8	55.1
Brunei	-	-	-	-	-	-	-
Indonesia	108.83	147.20	163.85	24.777	29.212	26.26	21.8
Iran	46.47	57.05	62.38				
Iraq	18.73	23.25	26.34	9.974	11.383	52.8	47.2
Jordan	4.34	5.47	5.96	.689	.808	15.8	12.9
Kazakhstan	8.69	9.82	10.41	-	-	-	-
Kuwait	2.65	3.33	3.64	-	-	-	-
Kyrgyzstan	1.86	2.20	2.42	-	-	-	-
Lebanon	3.47	3.90	4.09	1.877	2.312	53.1	53.1
Malaysia	17.34	22.76	25.13	-	-	-	-
Maldives	.10	.165	.20	-	-	-	-
Oman	1.79	2.21	2.45	-	-	-	-
Pakistan	55.13	75.60	89.07	27.158	32.265	47.5	45.5
Palestine	-	-	-	-	-	-	-
Qatar	.76	.92	1	-	-	-	-
Saudi Arabia	19.12	24.33	27.02	3.442	4.384	18	18

Country	Urban population (in millions)			Slum population (in millions)		% of total urban population	
	2005	2015	2020	2005	2015	2005	2014
Syria	-	-	-	1.080	2.429	10.5	19.3
Tajikistan	1.73	2.11	-	-	-	-	-
Turkey	49.10	59.02	63.66	7.422	6.578	15.5	11.9
Turkmenistan	2.29	2.85	3.29	-	-	-	-
United Arab Emirates	3.19	4.15	4.62	-	-	-	-
Uzbekistan	9.76	11.66	12.99	-	-	-	-
Yemen	6.10	9.87	12.37	4.088	5.166	67.2	60.8
Europe							
Albania	1.41	1.71	1.86	-	-	-	-
South America							
Guyana	.209	.211	.218	.073	.076	33.7	33.1
Suriname	.334	.367	.379	.013	.026	3.9	7.3

Source: Compiled by the author from: (UN-Habitat, 2015).

According to the report of the UN, in 2015, on average, 46.25 percent of the urban population was residing in the slum areas of 32 Muslim countries in Asia and Africa (UN-Habitat, 2015). Also, almost all of the urban poor live in the slum of the cities. Unfortunately, the combined coverage of Islamic microfinance institutions in rural and urban areas is very little compared to the conventional microfinance institutions. More precisely, the coverage in the urban areas is totally dissatisfactory and meagerly mentionable. On the other hand, it is a matter of great hope that according to a report on the results from nine different surveys on the poor of Pakistan, Jordan, Syria, Palestine, Algeria, Yemen, and Indonesia, on average, approximately 40% of potential Muslim borrowers preferred Islamic microfinance over interest-based microfinance facilities (Mughal, 2017).

Considering the miserable condition of Islamic microfinance among the slum population, we collected primary data by conducting a survey on several slums of Dhaka and Chittagong cities of Bangladesh. Table-2 shows that, among the seven slums and about two hundred and fifty respondents, only two respondents in a slum received the Islamic microfinance services.

Table (2) The Coverage of Islamic MFIs among the slums in Bangladesh

City of Bangladesh	Name of the slum	Slum Population	Coverage of total MFIs in the slum	Borrower Respondents	Non-Borrower Respondents	Coverage of Islamic MFIs in the slum
Dhaka	Juraine Rail line slum	5,000	3	10	10	0
	Gendaria Rail line slum	7,000	6	20	10	2 (IBBL)
	Kamalapur Rail line slum	10,000	3	10	10	0
	Malibag Rail line slum	12,000	4	10	10	0
	Khilgaon Rail line slum	500	0	10	10	0
	Korail slum	80,000	15	40	30	0
Chittagong	Khalpar slum, Bahaddar hat	5,000	3	50	20	0
Total	**7**		**34**	**150**	**100**	**2**

Source: Compiled by the author.

Moreover, 62 % of borrowers and 22% of non-borrowers indicated higher interest rate as one of the main problems of microfinance. Also, 93% of non-borrowers and 98% of borrowers expressed their eagerness to become members of an Islamic microfinance institution if it provides interest-free loan, and education and training facilities (as can be seen from Figures 5 and 6). For this reason, this paper suggests to initiate Islamic microfinance among the slum population in the Muslim countries.

Figure (5) Comments of 100 Non-Borrowers on Islamic Microfinance

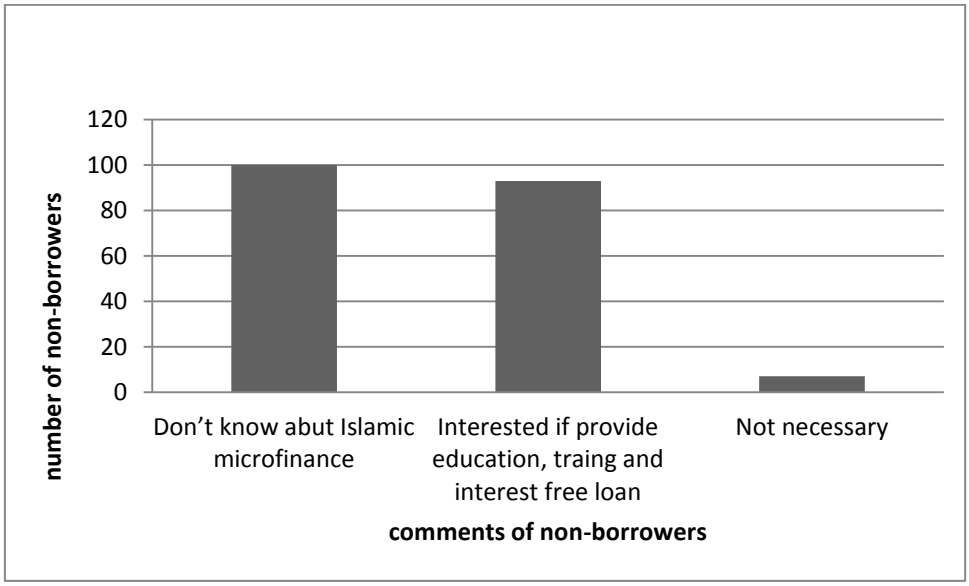
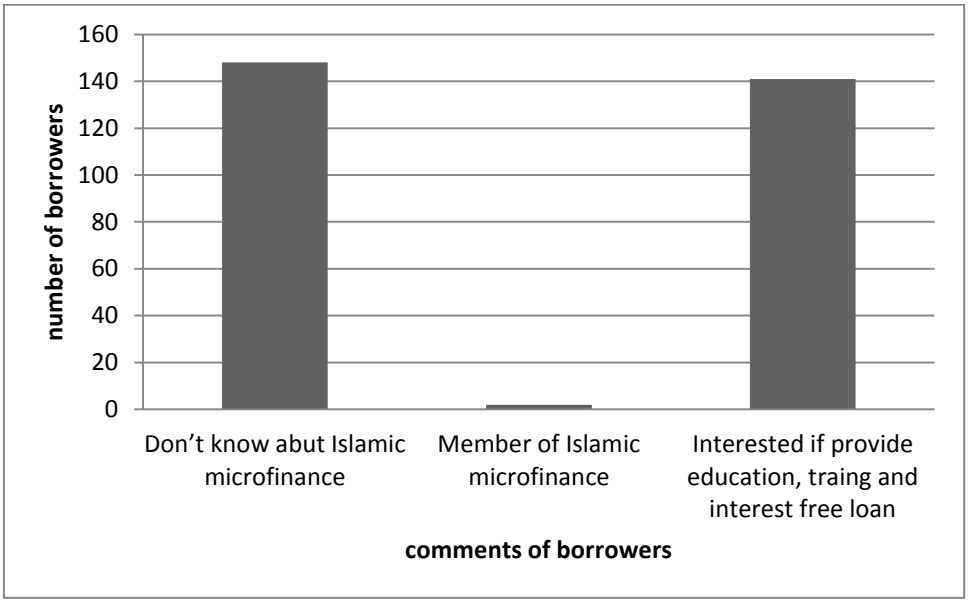


Figure (6) Comments of 150 Borrowers on Islamic Microfinance



Source: Survey conducted by the author.

4.3 The Rationale for Using *Waqf* as the Instrument of Islamic Microfinance

Islam has the best tools to eradicate the poverty of the extremely poor people. *Zakāh* and *ṣadaqah* are currently being used for alleviating poverty through multi-dimensional projects such as the *zakāh*-based group lending and microfinance program by elzawa in Indonesia (Sudirman, 2016; http://elzawa.uin-malang.ac.id), the *zakāh*-based group investment for the family by the center for *zakāh* management in Bangladesh (CZM, 2019), the *zakāh*-based community program in Brunei Darussalam (Jaelani, 2016), and many more. *Waqf* is another instrument of Islam for public and family welfare. The inherent goal of this paper is to revive the *waqf* through its multi-dimensional usage in Muslim countries, much like *zakāh* is being used. The investment of *waqf* funds in the microfinance program can also be another source of income for the *waqf* estates. This paper initiates these issues by presenting a model.

5. Nature, Services, and Status of Islamic Microfinance in the World

Microfinance consists of financial and non-financial services. Financial services are: microcredit, micro-savings, and micro-insurance products. The non-financial services offer healthcare services, education, skills and training program, enterprise development, development of self-confidence, marketing and management capabilities, and women empowerment (Ledgerwood, 1998, p. 1; Lendwithcare, 2019).

It should be mentioned that, the concept of modern microfinance was introduced by the Nobel Prize laureate economist, Muhammad Yunus in 1976 by establishing 'Grameen Bank' (Yunus & Jolis, 2006, p. 5). It should also be noted that, unfortunately, it was based on interest. However, modern Islamic microfinance started in Iran in 1967. It was known as *qarḍ ḥasan* fund that was used to provide interest free loans for marriage, providing trousseau, cure diseases, house repairing, educational subsidies, and subsidies for rural housing and for other needs (Bakhtiari, 2009, p. 102). However, modern microfinance is run on the principles of interest or usury, while Islamic microfinance is operated on the principles of profit-loss sharing and interest free loans.

According to the nature of the services, there are two kinds of services that are available in the Islamic microfinance program. The first one is the profitable services and second one is the non-profitable services (which may have some nominal fee). Profitable services are mainly concentrated on those Islamic modes of investments that are profitable in nature. For instance, *muḍārabah*, *mushārakah*, *murābaḥah*, and *bayʿ salam*. On the other hand, non-profitable services are mainly concentrated on the *qarḍ ḥasan* (benevolent loan) mode of investment (Asutay, 2010, p. 25).

Furthermore, Islamic microfinance institutions provide both financial and nonfinancial products and services for its members. Table-3 gives a list of some products and services of Islamic microfinance institutions. The funds of Islamic microfinance are accumulated from the capital of MFIs, lending, or charity, like *zakāh*, *ṣadaqah*, and *waqf* (Mughal, 2018). The most common Islamic modes of investment employed in Islamic microfinance industry are *murābaḥah*, *bayʿ mu'ajjal*, *ijārah*, *bayʿ salam*, *qarḍ ḥasan*, *muḍārabah*, and *mushārakah* (Dar & Azmi, 2017).

Table (3) Products and Services of Islamic Microfinance Institutions

Financial	Non-financial
Microcredit; Micro savings; Micro-insurance (*takāful*)	Health Services: Medical Camp, Circumcision Camp, Medical Assistance, Welfare Gift
Small industry: Handicraft	Education: Award & Scholarship, Distribution of educational materials program, religious education
qarḍ ḥasan	Training
Poultry/Bird and Livestock Fisheries	Environment: Nursery/Forestry; Plantation program
Agro-based products: Crops	-
Relief & Rehabilitation	-
Transport buying	-
Housing equipment	-

Source: (Mannan, 2015), compiled by the author.

The current size of the global Islamic finance industry was about $2.43 trillion at the end of 2017 (Dar & Azmi, 2017) and it is forecasted to reach around $4.362 trillion by the end of 2020 (World Bank, 2018a; Dar & Azmi, 2017). Also, the assets of the global Islamic finance industry increased by 280.28% during the 2007-2017 period and the average growth rate was 17.82 percent for the same period (Dar & Azmi, 2017). Moreover, there are more than 1500 Islamic financial institutions which are functioning in the world, out of which about 300 institutions provide Islamic microfinance services in 32 countries of the world (Mughal, 2017). The current size of the Islamic microfinance industry is about 1 billion USD (Mughal, 2017) which contributes about 1 percent of the market share to the total Islamic finance market in the world (Dar & Azmi, 2017). Moreover, Most of the Islamic microfinance institutions are concentrated in the East Asia and Pacific region (64 %) followed by the Middle East and North Africa region (28 %) (Nimrah et al., 2008; Dar & Azmi, 2017). Islamic microfinance institutions have been growing at a rate of around 20 percent. Table-4 reveals the latest status of Islamic microfinance in the world.

Table (4) The Status of Islamic Microfinance in the World

Country	Year	No. of Islamic MFIs (IMFIs)	No. of Total MFIs	Share in the market	Name of well-known Islamic MFIs
Afghanistan	2017	1	14	-	FINCA, WOCCU, Ariana Financial Services, IFIC, Islamic Relief
Bangladesh	2018	8	707	1%	Islami Bank Bangladesh Limited (IBBL), Muslim Aid Bangladesh, Islamic relief Bangladesh
Indonesia	2007	105	64 000	-	BPRS, Islamic Financial Cooperatives referred to as Bait Maal wat Tamwil (BMT)
Iraq	2017	6	14	10%	Al Takadum,
Pakistan	2018	15	31	0.9%	Akhuwat, Islamic Relief Pakistan (IRP), Farz Foundation, ASASAH, Muslim Aid, CWCD, HHRD, NRSP, NRDP, Naymet
Yemen	2017	2	12	-	Al-Hudaidah, Al Amal Microfinance Bank, Al Kurumi Microfinance
Syria	2017	-	-	-	Sanadiq project, Jabal al Hoss
Sudan	2017	7 9 banks	7	-	-
Malaysia	2017	2	-	-	AIM and Bank Rakyat, Amina Iftikhar, Tabung Haji
Iran	2008	7000	7000		Qard al-Hasan Fund
Maldives	2017	1	-	-	
Bahrain	2017	1	2	-	Family Bank
Algeria	2017	1	-	-	

Source: compiled by the author from (MRA, 2018; https://bit.ly/2NEqzwV; https://bit.ly/2G0hsQL; http://www.micra-indo.org; Alshebami, 2017; Bakhtiari, 2009; CBB, 2017; Mughal; 2017)

It should be mentioned here that, unfortunately, there are no latest compiled statistics and survey reports on the Islamic microfinance industry available in the world. Most of the data are incomplete and insufficient for research.

The performance of the Islamic microfinance industry is quite satisfying in several Muslim countries around the world. For instance, the performance of FINCA in Afghanistan, the Rural development scheme (RDS) of Islami bank Bangladesh Limited (IBBL) in Bangladesh, Akhawat and Wasil foundations in Pakistan are particularly mentionable. The participation of women varies from 60 percent to 80 percent and the average recovery rate is 99 percent (Mannan, 2015).

6. A discussion on the Concept of *Waqf* and *Waqf* Institutions in Muslim Countries

6.1 Cash *Waqf*

At present cash *waqf* is practiced among several Muslim countries of the modern world including, Saudi Arabia, Malaysia, United Arab Emirates, Oman, Bangladesh, Kuwait, etc. (Ahmad, 2015). Besides, Islamic financial institutions (including bank and non-bank financial institutions), make use of the cash *waqf* through investment projects. The *muḍārabah* cash *waqf* account is most common among the Islamic banks and Islamic non-bank financial institutions in Bangladesh and many other Muslim countries of the world. In Bangladesh, the profit of cash *waqf* has been spent for the rehabilitation of the destitute family, health, education, culture, and social utility services (https://bit.ly/2XwL51U). Table-5 illustrates this scenario.

6.2 *Waqf* Administration and Number of *Waqf* Institutions in Muslim Countries

It should be mentioned that, most of the *waqf* institutions are supervised and administered by the ministry of religious affairs of the Muslim countries. The exact data on *waqf* assets and institutions are not available for all Muslim countries. However, table-6 presents the information regarding the *waqf* authority and the number of *waqf* institutions in Muslim countries.

Table (5) Implementation of Cash *Waqf* in the World

Country	Institution	Cash Waqf Account
Bangladesh	Islami bank Bangladesh Limited	*Muḍārabah* Cash *Waqf* deposit account (https://bit.ly/2XwL51U)
Bangladesh	Al-Arafah Islami bank Limited	*Muḍārabah* Cash *Waqf* deposit scheme (https://www.al-arafahbank.com/CWD.php)
Bangladesh	EXIM bank	*Muḍārabah* Cash *Waqf* Deposit (MCWD) (https://bit.ly/2YGV9Ha)
Bangladesh	Social Islami bank Limited	Cash *Waqf* Deposit, (https://bit.ly/2YMaMNL)
Bangladesh	Shahjalal Islami bank Limited	*Muḍārabah* Cash *Waqf* Deposit (https://bit.ly/2LFjdX9)
Bangladesh	First Security Islami bank Limited	*Muḍārabah* Cash *Wakf* Deposit Scheme (https://bit.ly/2Xvnhka)
Bangladesh	Islamic Finance and Investment Limited	*Muḍārabah* Cash *Waqf* Deposit Scheme (https://bit.ly/2Xuyrkb)
Malaysia	May bank	*Waqf* solution by Maybank Islamic (https://bit.ly/2NxO2Q3)
Saudi Arabia	Alinma Investment Company	Alinma Wareef *Waqf* Fund ("Saudi Arabia's first …", 2018)

Source: Compiled by the author from the websites of the respective institutions.

Table (6) *Waqf* Authority and Number of *Waqf* Institutions in Muslim Countries

Country	Waqf Authority	Number of Waqf Institutions/Value of the Waqf Asset	Annual contribution to National Waqf Fund
Bangladesh	Ministry of Religious Affairs	20 536 (2014-15)	BDT 58.67 million
Pakistan	Ministry of Religious Affairs	-	-
Malaysia	-	9937 hectares of Waqf land worth RM1.9 billion	-
Indonesia	Ministry of Religious Affairs	Waqf land 4.2 million meters	-
Turkey	-	9000	
Yemen	Ministry of Waqf	10-15% land	-
Jordan	Ministry of Waqf	10 000	JOD 0.94 million (1998)

Source: Compiled by the author from (GOB, 2016) and from other sources.

7. A Discussion on the Concept of Slum, Slum Population, and Urban Population in Muslim Countries

A slum refers to the extremely congested housing units where 5 to 25 households live. It is characterized by crowdy, unhealthy environment with inadequate water and sanitation facilities, built upon public or private land with inadequate tenure security. The slum households usually work in the informal sectors (CUS-NIPORT & MEASURE Evaluation , 2006).

It should be noted that, between 2005 and 2015, with the growth of urbanization, the number of slum populations increased by 11.29% among the 32 Muslim countries. More precisely, the rate of increase in the slum population is higher among 9 Asian and 2 South American Muslim countries (14.29 %), compared to the 20 African Muslim countries (7.44 %). Actually, it is not urbanization but may be called as slumization. Because the data revealed that, among the 32 Muslim countries, on average, 46.25% of the urban population was living in the slum areas in 2015. This figure is 32.16% and 54.71% for 9 Asian and 20 African Muslim countries respectively (UN-Habitat, 2015). The latest status of the slum population in Muslim countries has already been discussed above (see table-1).

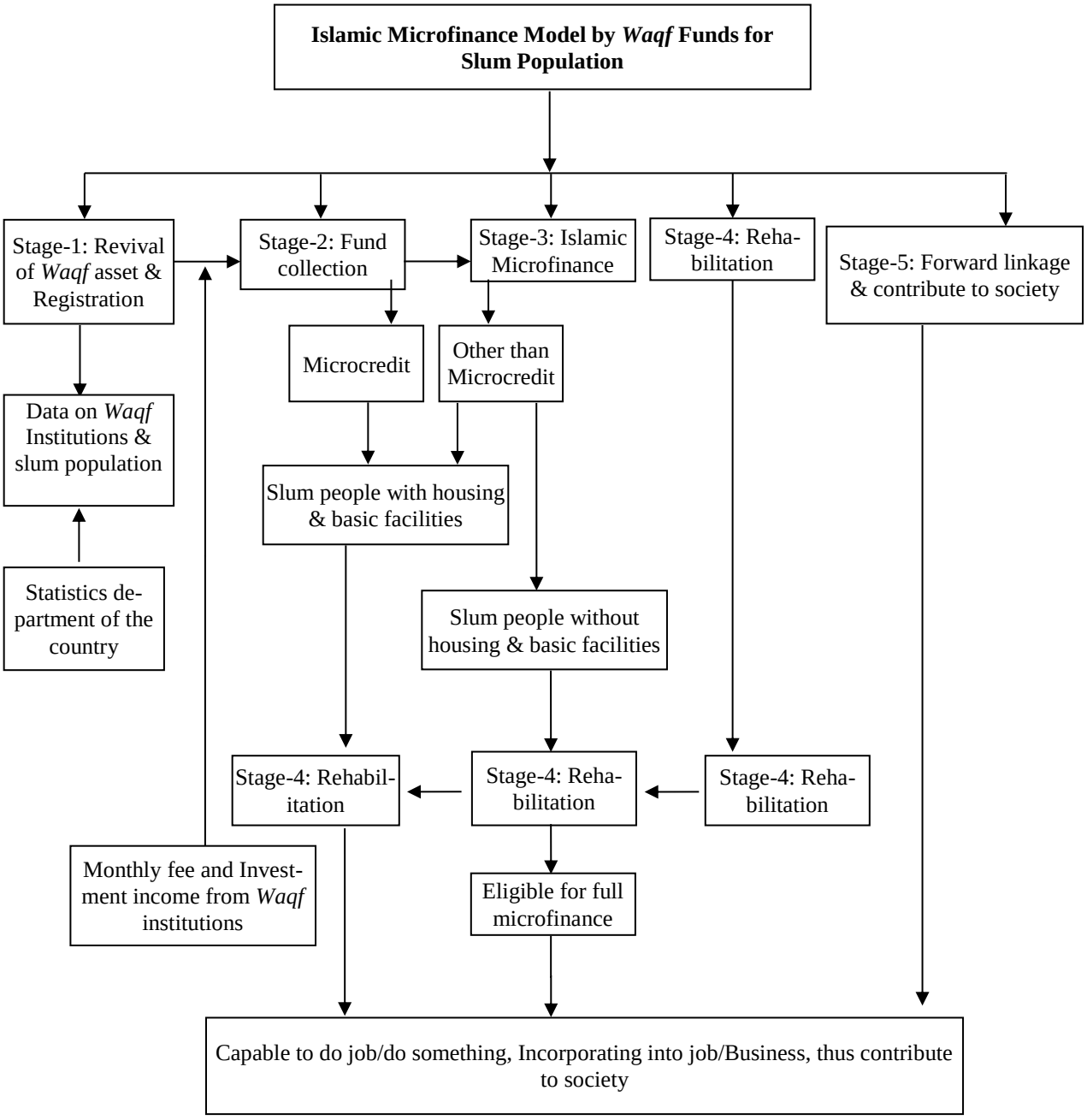
8. The Proposed Islamic Microfinance and Rehabilitation Model for the Slum and Floating Population by *Waqf* Funds

8.1 The Model Framework

This section presents the structure of the model (Figure-7) and discusses the implementation method of the model. The aim of this model is to initiate the Islamic microfinance and rehabilitation program for the slum and floating population with the *waqf* funds.

The reason for proposing this model is that in most of the Muslim countries the *waqf* estates are operated and managed under the ministry of religious affairs (see table-6). Consequently, the *waqf* estates get the same concentration as other (large number of) programs or activities under the ministry of religious affairs, such as the development of religious institutions, training for the *imāms* of mosques, publication of Islamic books, *zakāh* collection, etc. (GOB, 2018). Besides, the ministry only preserves and maintains the *waqf* estates. On the other hand, this model emphasizes on the multi-dimensional usage of the *waqf* estate through the microfinance programs to alleviate the poverty of the slum and floating population.

Figure (7) The Schematic Presentation of the Model



This model will be implemented by the formation of an independent and autonomous institution through the following five stages:

Stage-1: Revival and registration of the waqf estate and institution: This stage will ensure the registration of the *waqf* asset in the respective country.

Stage-2: Fund Accumulation: This stage will design the sources and processes of collecting funds from the *waqf* institutions.

Stage-3: Islamic microfinance by the waqf fund: This stage will start the Islamic microfinance program by using the *waqf* fund.

Stage-4: Rehabilitation of the slum people by the waqf fund: This stage will make the plan of rehabilitation and execute the rehabilitation program for the slum and floating population.

Stage-5: Slum people contribute to the society: This stage will introduce the way that may help the slum people to engage and contribute to the society.

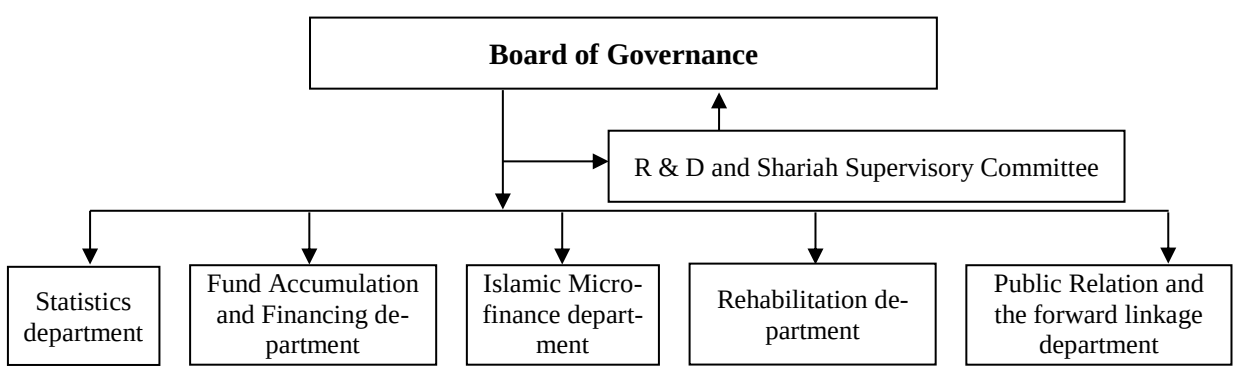
8.2 Implementation of the Model

To implement this model, the responsible institution will be formed by the joint venture of the government and private Islamic authority. It must be an independent and autonomous institution (may be called the *Waqf* Management Authority) that will be formed by the joint committee from the government of the respective country and the national as well as international Islamic institutions (such as the Islamic Development Bank [IDB]). The idea of the joint venture between the government and the private authority is taken from the concept of public-private partnership (PPP) projects. PPP can be defined as a long-run agreement between a private and public authority to manage a project of the government by the private entity by using the public assets. The private authority must bear the operational risk and accountability, and they will be rewarded by the level of output or performance (World Bank, 2018b). Since, both private and public *waqf* estates are available in the Muslim world, hence, a *waqf* management institution cannot be run without government support. This is why this model follows the public-private partnership (PPP) idea. There are a large number of evidences available on the joint venture project between the government and the private authority in different countries, including Bangladesh, Pakistan, Saudi Arabia, and many other Muslim countries (GOB, 2019; GOP, 2010; http://pppsaudi.com/).

8.3 *Waqf* Management Authority (WMA) and Its Functions

The *Waqf* Management Authority (WMA) will be responsible to raise the funds and execute the model. To run the functions smoothly and properly, national as well as international Islamic institutions and the government authority will provide the manpower, logistic support, and also monitor its activities. The accumulated fund will be added to the Central *Waqf* Fund (CWF). The final disbursement and accomplishment will be run by the WMA. This paper suggests the 'multifunctional structure' for the WMA that is given in figure-8. The multifunctional structure of an organization can be defined as a structure where an organization performs its operations through several functional departments by centralized controlling (Brooks, 2006, p. 184). This institution will have five departments to implement the goals and the five stages of the model.

Figure (8) The Schematic Presentation of the Structure of the The *Waqf* Management Authority (WMA)



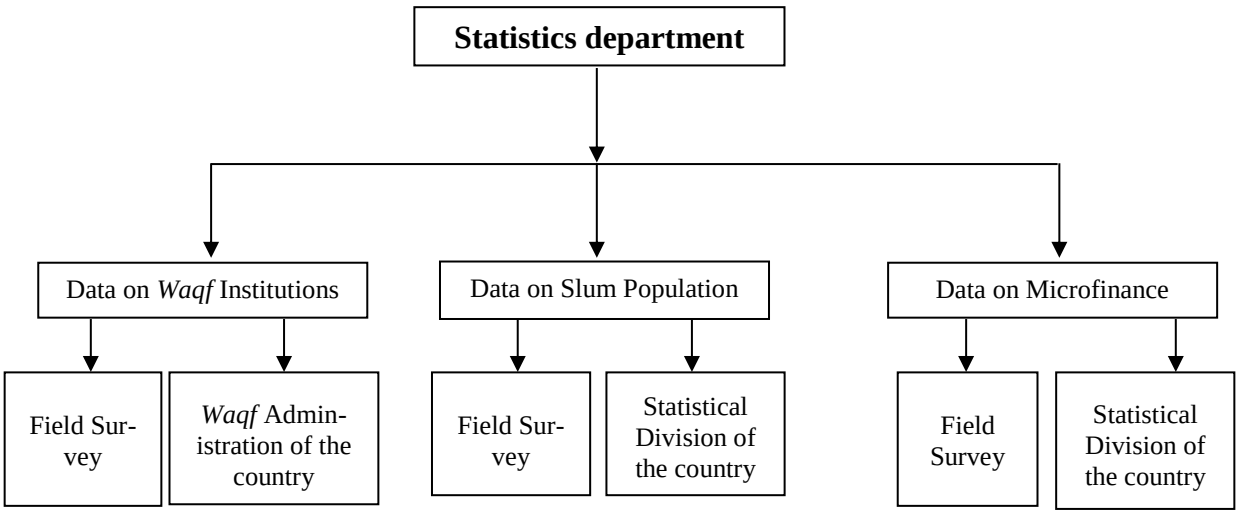
The board of governance will be formed by members from the national as well as international Islamic institutions and the government authority. The Sharīʿah supervisory committee will be formed by approval of the board of governance. The Sharīʿah supervisory committee will be responsible for the Sharīʿah audit, guiding the *waqf*-based projects to strictly follow the Sharīʿah guidelines, and research and development such as innovation of new ideas on the multi-dimensional usage of the *waqf*. Moreover, the board of governance will not take any decision on any project unless and until it is approved by the Sharīʿah supervisory committee. Besides, this institution will have five departments:

a. Statistics Department
b. Fund Accumulation and Financing Department
c. Islamic Microfinance Department
d. Rehabilitation Department
e. Public Relation and the Forward Linkage Department

a. Statistics Department

The statistics department will fulfill the goal of the first stage. The statistics department will have two functions. The first function is to collect the data on the *waqf* estates and *waqf* institutions in the respective country. In most of the countries, the ministry of religious affairs collects data and supervises the *waqf* institutions (table-6). The second function is to collect the data on the number of slums, slum population, floating population, and landless slum population in the respective country. In addition, it has to collect the data on the number of microfinance recipients, slum people eager to become members of Islamic microfinance institutions, educational and occupational status of the slum people, etc. Usually, the national statistics divisions, *waqf* authority, and the microfinance regulatory authority collect and preserve these data. This department may take help from these respective offices.

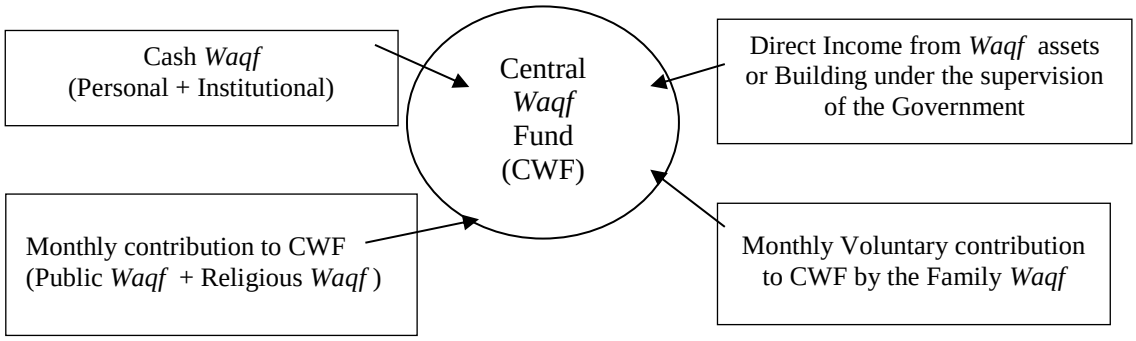
Figure (9) Functions of the Statistics Department



b. Fund Accumulation and Financing Department

The fund accumulation department will achieve the objective of the second stage. This department will be responsible to collect the funds from the respective country and international agency. The statistics department will help the fund accumulation department by providing relevant data and information. Funding can be accumulated through integrating income and contributions from the *waqf* estates and institutions. The detailed sources of funding are given below:

Figure (10) Sources of Funding for the Central *Waqf* Fund



Cash Waqf (Personal + Institutional): The fund from cash *waqf* may be collected from the person who is willing to donate his *waqf* funds. In addition, this fund may be raised by the financial institutions such as the *waqf* account in Islamic banks, and Islamic non-bank financial institutions. The investment procedure of cash *waqf* has already been discussed (see section 6.1 above).

Monthly Contribution to the CWF (Public Waqf + Religious Waqf): The *waqf* administration of Bangladesh imposes a compulsory fee or contribution on the *waqf* estates and institutions. The yearly contribution was BDT 56.87 million in 2017. In Bangladesh, about 1.392 million *waqf* estates are waiting to be registered. Such kind of *waqf* fee may be introduced to raise the *waqf* funds in other countries as well.

Direct Income from the Waqf Asset or Building: The investment income from the *waqf* assets under the supervision of the government will also be included in this fund.

Monthly Voluntary Contribution to the CWF (Family Waqf): It would not be wise to impose any fee on family *waqf* institutions. However, the CWF may receive any voluntary donation from the family *waqf* estates and institutions.

c. Islamic Microfinance Department

The Islamic microfinance department will implement the goal of the third stage. The key functions of this department are to innovate and execute the Islamic microfinance services to the slum and floating population. To determine the targeted slum and floating people for the Islamic microfinance program, the nature and characteristics, and the housing and residential status of the slum people should be explored. For this purpose, it should be mentioned that, there are two kinds or groups of the slum people. The first group lives in rented government or private land and they have some basic facilities of water, sanitation, and electricity. In contrast, the second group lives in vacant government land or the land adjacent to the rail line, etc., and have no facilities of water, sanitation, and electricity.

The first group may be qualified for the full-fledged Islamic microfinance services including microcredit investment. After becoming the members of the Islamic microfinance program, they will be rehabilitated gradually. On the contrary, the second group should be rehabilitated first and then they may become the members of the full-fledged Islamic microfinance services including microcredit investment. But they may be the recipients of services (education, health care, etc.) of Islamic microfinance rather than the microcredit investment.

In addition, the policy for the second group may also be applied to the floating population who live on the footpath or roadside and rehabilitate them in the same way.

Moreover, the Islamic microfinance program should provide the primary services of water, sanitation, education, health care, training and skill development, for the slum and floating population, and then it may offer the microcredit services for the floating population.

d. Rehabilitation Department

The rehabilitation department will fulfill the goal of the fourth stage. The rehabilitation department will have two functions. The first function is to rehabilitate the landless slum people who have lost their houses due to river erosion or any other reason and have migrated from the villages. The land for rehabilitation may be acquired or bought by the WMA with the help of the government. The houses will be constructed with the help of the international Islamic institutions under the supervision of the WMA. The rehabilitation department will design or form the different family units. Each unit may consist of five families and rehabilitate them gradually. The rehabilitated family will have to pay a nominal rent for the housing unit. This rent will be added to the central *waqf* fund (CWF). The number of the units and families may be fixed based upon the availability of the fund. Besides, this department will educate them about the future prospects of their life. The second function of the department will be to rehabilitate the floating poor who live on the footpath or roadside and rehabilitate them in the same way as mentioned in the first function.

e. Public Relation and the Forward Linkage Department

The public relation and the forward linkage department will accomplish the goal of the fifth stage. The main function of this department is to develop relationships with several institutions, centers, companies, firms, industries, etc., where it can incorporate the microfinance members as trainees for part-time or full time jobs. Besides, it may create linkage with the local and international market and agencies to sell the handicraft products (for example) which are produced by the microfinance borrowers.

This department may develop linkages with several sectors. These sectors may include garment industries, security companies, shopping centers, educational institutions, home service companies, financial institutions, small and medium enterprises (SME), non-government organizations (NGOs), and development agencies.

Examples of some positions that can be filled by the microfinance members which require minimal education are, third or fourth class workers such as a peon, bearer, workers in motor repairing and washing center, electronic product making and repair centers for refrigerators, televisions, computers, mobile servicing, salesmanship, tailoring, etc. Furthermore, affiliations with different institutions will train and make the participant capable for the job. In this way, he/she will become capable to contribute to the society.

9. Summary and Conclusion

Islam has several first-rated charity tools for public welfare and the alleviation of poverty. Besides *zakāh* and *ṣadaqah*, *waqf* is another superb instrument that is considered as a religious will – a gift of personal property by will. This paper presented a model to start the Islamic microfinance and rehabilitation program by spending the *waqf* funds for the slum and floating population in Muslim countries. This paper has been prepared by collecting both the primary and secondary data. The proposed model will be accomplished by establishing an independent and autonomous *waqf* management institution by a joint venture of the government of the respective country and the national as well as international Islamic agency such as the Islamic Development Bank (IDB). Likewise, this model will be executed through five stages, which are: the revival and registration of the *waqf* estate, accumulation of funds, introducing the Islamic microfinance program, rehabilitation for the slum people, and forward linkage that may help the slum people to engage in the job market and contribute to the society. It is high time to reduce the burden of the slum population among the Muslim countries, because the tremendous growth of the slum population warns the Muslim countries about the upcoming hazard in urbanization. Hence, any kind of policy failure in managing this problem may create severe difficulties in the Muslim world.

9.1 Scope for Further Research

The application of *waqf* in Islamic microfinance is an extensive field of research. This article only highlighted the topic that how to use the *waqf* funds for the slum population. In addition, the *waqf* estates can also be used for charitable investment fund, which is another strong tool for sustainable development. Further studies may be done on the multi-dimensional uses of *waqf* in Islamic economics and finance.

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Appendix

QUESTIONNAIRE

Islamic Microfinance Survey in the Slum areas of Bangladesh-2017
Proliferation of Islamic Microfinance in Bangladesh

Note: I ensure that, this survey data will be used only for academic purposes, these are confidential and will never be used for commercial purposes. Respondents are safe and will never face any difficulties with data.

	Section-1: Household Information Roster	
	1.Household ID	0. Non-borrower 1. Borrower
	1.1.Name of Respondent:	
	1.2.Gender of Respondent:	1. Men 2. Women
	1.3.Age:(0 to 99) (Write) :	
	1.4.Marital status:	1. Married 2. Unmarried 3. Widowed 4. Divorced 5.Separated

Section-2: Microfinance	
1. If Non-Borrower, then why? (Specify & write) 1. Not applicable 2. Not necessary: 3. Have alternative way 4. High interest 5. Cause of tension and huge pressure 6. Inability to pay 7. Religious prohibition of interest 8. Need but not get 9. High interest is burden; fear to be a defaulter 10. Do not know about the MF program	**2. What are the alternative sources of finance of non-borrowers:** (insert 0-if not applicable) 1. Private bank 2. Govt. bank 3. Local co-operative 4. Job place **5.** Govt. department 6. Friends 7. Neighbour 8. Relative 9. Money lender
3. Are you interested in becoming a member of Islamic microfinance 1. Don't know about Islamic microfinance 2. Member of Islamic microfinance 3. Interested if provide education, training, and interest free loan 4. Not necessary	
4. Any comment regarding microcredit, livelihood strategies, expenses in education and health care, etc.? (Open Remarks)	

1. Helpful 2. Need but not get loan 3. If provide training; then I will participate 4. Not helpful: High interest 5. Burden 6. No ability to repay the loan 7. Not so good; Not so bad 8. Amount of Money (to be paid) should be reduced in each instalment; OR Instalment should be increased 9. Helpful but interest rate should be reduced 10. I need loan and I will become member immediately 11. If interest is reduced; then I will participate again 12. Few opportunities for investment; high interest rate; and continuous instalments; if these are solved; then I will take 13. MFIs should provide training and interest free Loan 14. MFIs do not provide loan to extremely poor people. this is bad rule 15. No tenure security; hence no regular loan 16. Instalment should be done monthly instead of weekly 17. We need donation; training and job 18. We do not know saving interest rate 19. Others

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نموذج التمويل الأصغر وإعادة التأهيل الإسلامي للأحياء الفقيرة والعائمة من قبل صناديق الوقف ، حالة بنغلاديش: اقتراح للدول الإسلامية

بشارت حسين

أستاذ مساعد في الاقتصاد ، قسم إدارة الأعمال

الجامعة الإسلامية الدولية شيتاغونغ (IIUC) ، بنغلاديش

المستخلص. هذه الورقة تقدم نموذجًا مفاهيميًا للتمويل الأصغر الإسلامي وإعادة التأهيل من خلال استخدام أموال الوقف لصالح الأحياء الفقيرة والعائمة. وتحلل كلاً من البيانات الأولية والثانوية عن الوضع الحالي لتغطية التمويل الأصغر الإسلامي (في ثلاثة عشر دولة)، وعقارات الوقف (في سبع دول)، والأحياء الفقيرة والعائمة في خمسة وثلاثين دولة إسلامية في العالم. تم تجميع البيانات الأولية عن ١٥٠ من المقترضين في مجال التمويل الأصغر و ١٠٠ من غير المقترضين في بنغلاديش. تعرض هذه الورقة بنية متعددة الوظائف لمؤسسة إدارة الوقف مستقلة لتنفيذ نموذج هذه الورقة. سيتم تشكيل هذه المؤسسة من خلال مشروع مشترك بين الحكومة والهيئات الإسلامية الوطنية والدولية. علاوة على ذلك، سيتم تنفيذ هذا النموذج من خلال المراحل الخمس: إحياء وتسجيل عقار الوقف، وتجميع الأموال، وإنشاء التمويل الأصغر الإسلامي وإعادة التأهيل لسكان الأحياء الفقيرة، وأخيرا الربط الأمامي الذي قد يساعد سكان الأحياء الفقيرة على المساهمة في المجتمع.

الكلمات الدَّالة: الوقف، التمويل الأصغر الإسلامي، إعادة التأهيل ، سكان الأحياء الفقيرة ، الدول الإسلامية.

تصنيف KAUJIE: E23، H15، S4

تصنيف JEL : G21، O21، Z12