



The Waqf's Potential and Difficulties in Enduring Economic Downturns and Crises

Erum Shaikhⁱ, Shuja Ahmed Mahesarⁱⁱ & Ali Siddiquiⁱⁱⁱ

- i) Department of Business Administration at the Shaheed Benazir Bhutto University, Sanghar campus, Pakistan.
- ii) Professor and Director, Pakistan Study Centre, University of Sindh, Jamshoro
- iii) PhD Scholar, Institute of English Language and Literature (IELL), University of Sindh, Jamshoro, Sindh, Pakistan

ARTICLE INFO

Keywords:

Waqf, recession,
Waqf projects, Waqf
development

ABSTRACT

This study looks at waqf's capacity to boost economies amid recessions brought on by crises. It provides an examination of the hypotheses put up by economists on the causes of recessions, focusing on elements like the distinction between the financial and genuine sectors and the impact of price speculation. The economic recessions of the 20th and 21st centuries are examined historically, emphasizing the enduring effects of slower economic expansion and activity. The research also explores the evolution of waqf in several nations, exposing notable asset values but constrained output. We discovered some waqf development models that provide paths forward and possible economic gains, such as more economic activity, better growth in the economy, price stability, higher productivity, lower unemployment, and less wealth inequality. Notwithstanding its potential, we discovered that waqf's worldwide influence is still constrained because of poor management, insufficient administration, and an absence of government backing. The study emphasizes how crucial it is to have supporting regulations and efficient waqf administration to realize the full potential of this asset and promote global economic stability.

Corresponding Authors: Dr. Erum Shaikh

Email: erumshaikh0@gmail.com

Received: 18th April, 2025

Received in revised form: 19th August, 2025

Accepted: 21st August, 2025

The material presented by the authors does not necessarily represent the viewpoint of the editor(s) and the management of the Khadim Ali Shah Bukhari Institute of Technology (KASBIT) as well as the authors' institute © KBJ is published by the Khadim Ali Shah Bukhari Institute of Technology (KASBIT) 84-B, S.M.C.H.S, off Sharah-e-Faisal, Karachi- 74400, Pakistan



1. Introduction

The prospect of a worldwide economic downturn in 2023 has prompted governments all over the world to be more cautious and ready to take on this problem head-on. Key reasons include rising global prices and a slowdown in economic growth that is limiting budget deficits. An illustration of this scenario was the dramatic drop in global growth in the economy, which came to a -3.1% growth rate in 2020 (The World Bank, 2023a). Significantly, during the past year, worldwide inflation has increased from less than 2% to over 6%, which is the largest increase since 2008. Moreover, price increases in 2022 were made worse by the recent surge in commodity prices linked to Russia's invasion of Ukraine (Ha et al., 2022). Global inflation is expected to rise to 8.3% in 2022, according to estimates from the World Bank (World Bank, 2023b). Governments worldwide must make increasing commodities production and distribution their top priority since inflation is a direct result of either insufficient production (output or services) or inadequate distribution (Yuliani, 2022). To prevent mass layoffs and protect people's purchasing power, this step is essential.

1.1. Problem Statement

According to J. D. Guénette et al. (2022), the world economy went through not less than five economic recessions after the 1930s "Great Depression": in 1975, 1982, 1991, 2009, & 2020. The consequences remain the same, despite the possibility that the underlying reasons are different: a significant decline in economic activity and growth across a wide range of sectors, which lowers levels of manufacturing and shipping and ultimately results in fewer employment possibilities and higher prices. Our research indicates that there is a significant number and value of waqf assets, including both liquid and real estate. Unfortunately, the productivity that comes with these assets is still far from ideal.

1.2. Research Gap

This study looks at how waqf-based programs could help economies recover from recessions spurred on by crises. Paper offers a thorough examination of the views held by economists on the two primary causes of recessions in the global economic system: the divergence between the financial and real domains and the impact of price speculation. Similar to ticking atomic bombs, these elements provide unanticipated shocks that destabilize the world economy. The earlier studies have not focused



as such on these; these effects have periodic economic effects that include soaring inflation, decreased business activity, stock market crashes, and a rise in unemployment

1.3. Significance of Study

Many options, such as waqf projects with the Istisna', leasing (Ijarah), cooperation (Musyarakah), Build Operate Transfers (the BOT), Sukuk, Money Waqf, Murabahah, and Mudharabah, are feasible for waqf expansion. We determined that waqf can impact the nation's economic situation during times of crisis by helping to propel the economy in a more favorable and sustainable direction. Waqf has the potential to bring about numerous developmental benefits, including improved economic activity, increased circulation of funds, price stability, higher production and distribution, lower unemployment rates, enhanced public amenities and facilities, and a reduction in wealth disparities. Furthermore, there are indirect impacts whereby the advantages derived from prosperous waqf initiatives are distributed to underprivileged individuals, scholars, academics, as well as other relevant stakeholders. Unfortunately, despite the huge potential, we have discovered that the impact has not yet materialized on a global scale, as there are few waqf development initiatives targeting current waqf assets. Many countries' poor management and administration of waqf, the large number of unusable waqf properties, particularly waqf lands, the lack of adequate planning for waqf growth, the lack of understanding among communities and waqf administrators, and the lack of government support and supervision of waqf assets and their management are some of the factors that the study found to be contributing to this situation.

2. Review of Literature

2.1. Problems with the Economic System

Islamic economists like (A. M. Belouafi, 2009), (Al-Masri, 2009c), (Ahmed, 2010), (el-Din, 2012), (Siddiqi, 2009), (Chapra, 2008), and (Parameshwara & Aneesh, 2022) all concur that there are two basic causes of economic crisis, recessions, and depressions in addition to moral issues. The initial one is the division of the real and financial sectors, which gives rise to the usury defect. In this scenario, a sizable amount of revenue and profit is derived from the creation of money with money (interest, for example), debt trading, and irrational lending. Excessive speculation, or maysir, is the second, especially in derivatives. Crises are unavoidable since these two components are now essential to the capitalist financial system. Lester Thurow (1996), an American economist, compared the



periodicity of the capitalist system to an earthquake in his work titled "The Future of Capitalism," which was released in 1996. He confirmed this idea while he was in China, saying that economic crises are unavoidable, just like earthquakes in San Francisco may happen tomorrow or maybe a century from now. What matters is that they are unavoidable (A. M. Belouafi, 2009).

2.2. Interest and Debt (Riba)

Debt financing helps lenders who want to make sure they are paid back, but because not all projects make money, it may not be viable in the long run. Interest-bearing debt repayment can result in wealth transfers from capital owners to entrepreneurs, escalating social unrest and inequality. Sustainable growth is hampered by reliance on debt finance and the economic imperative it involves, which worsens resource depletion and environmental deterioration. This problem is made worse by the existing monetary system, which is built on interest-bearing debt and feeds the downward spiral of debt and monetary growth (Siddiqi, 2009). According to As-Shofi and Matarneh (2009), when interest accrues on a principal debt that decreases over time, people and even entire nations sometimes find themselves unable to make repayments. This results in economic downturns and debt payment problems, making it harder for middle-class and upper-class people to manage their debt and manufacturing operations. The expansion of loans and the amount of debt have increased as a result of the effect on the capitalist system. Financial risk rises when banks compete to lend money using their reserves and finances. Additionally, banks provide funds to unprofitable market endeavors, therefore elevating the probability of debtor arrears and bankruptcy. Interest has an impact on the capitalist system by stimulating the economy in prosperous periods and decelerating it in recessions. Banks lend according to their requirements, which leads to a boom in lending during prosperous times and a freeze during poor times, creating cyclical economic cycles. Raising money to save failing banks rather than to help the underprivileged exposes capitalism's partiality to the affluent. Only when crises escalate and governments become uncontrollable do these problems get worse (Al-Masri, 2009a). Crises have historically been brought on by excessive debt, disparities in the value of money and assets, and speculative activity. It is, for example, the 1920s "roaring twenties" and the early 2000s subprime mortgage bubble that predicted periods of economic turmoil. Similar to America's rising borrowing throughout the 1920s, sovereign debt caused the Great Depression.

Alcidi and Gros (2011) stated that from 1929 onwards, the US debt-to-GDP ratio, both private and total, rose rapidly as debt levels stayed fixed and GDP shrank as a result of debt. The United



States has consistently kept debt levels below 200% of GDP, except for the depression that followed. According to Crafts & Fearon (2010), the United States was in charge of around 60% of all foreign loans, with Germany taking up about a third of those obligations. In addition, BIS found within its 78th annual statement that banks' reckless and exorbitant lending practices contributed significantly to the financial crisis of 2009 (Siddiqi, 2009). To promote swift economic expansion, the United States Federal Reserve has reduced the interest rate from 6.2% to 1%. The United States' real estate values increased by almost 85% between 1997 and 2006 as a result of the rush of people and businesses investing in real estate in response to this strategy (Sa'adan & 'Ammari, 2010). This led to people and businesses throughout America taking out enormous debts in the hopes of making large profits.

2.3. Speculation (Gharar and Maysir)

The mechanism used in exchanges and securities markets, which entails trading commodities, bonds, and stocks without exchanging products but rather via repeated purchases and sales without ownership transfer, is illogical and only makes issues worse. According to As-Shofi and Matarneh (2009), this mechanism increases non-contractual trading, which fuels speculation and market instability. In this system, speculating about prices is the lifeline of the stock exchange, just as interest is the vitality of banking in the capitalist system (Al-Masri, 2009a). According to Al-Masri (2009b), As-Saa'ati (2009) stated that speculation thrives on instability, it exacerbates price swings by resulting in economically unjustified price levels that do not represent the genuine worth of commodities or stocks, which makes market protection measures like monetary authority intervention necessary. Furthermore, changes in liquidity and actions by the monetary authority may make it difficult for them to regulate inflation. Profiting from the frenzy of speculation are brokers, large speculators, and knowledgeable people. Occasionally, they use deceit, conspiracy theories, and price manipulation to work together covertly and effectively dominate the media. However, tiny speculators also become victims as a result of their greed for profit, which results in an inefficient transfer of financial resources from smaller to larger speculators.

According to Kia, this causes stock prices to rise quickly and mislead investors who are unable to distinguish between price rises brought on by business expansion and those brought on by stock market speculation (As-Saa'ati, 2009). According to Chapra, one major cause of financial crises is excessive speculation, especially when it comes to derivatives like credit default swaps, or CDS (A. Belouafi and colleagues, 2015). Empirical data demonstrate that derivatives frequently encourage



speculative activity, despite assertions that they improve liquidity and market efficiency. The number of derivatives traded, which is significantly larger than the global GDP, suggests that the derivatives market is similar to a casino and is becoming like a zero-sum game where there are winners as well as losers (Siddiqi, 2009). The notional value of derivatives existing in the United States peaked in the initial quarter of 2008, at \$692 trillion (which includes CDS at \$62.2 trillion), then dropped to 600 dollars trillion (which includes CDS as \$54.6 trillion) during the remainder of the year, according to BIS statistics from 2008. Even with this decrease, though, the sum was still more than 10 times the \$57 trillion global production (Chapra, 2008).

2.4. Waqf's Potential to Address the Problems

The ban on debt trading, as stated by Siddiqi (2009) & Seidu (2009), will lower the total amount of debt and improve the bond market's correlation between debt as well as real assets, which will lessen speculation and volatility. Rather than escalating the debt cycles and possible future crises, a more successful strategy would entail transactions backed by actual assets, giving immediate funds to consumers, small enterprises, and homeowners to satisfy their financial commitments or encourage new purchases. Waqf-based initiatives are thus anticipated to be the means of putting this into practice. Waqf must be operated in conformity with Sharia principles, notably the ban on *riba* (interest), *gharar* (ambiguity), and *maysir* (gambling). For this reason, the real sector needs to be the foundation of all waqf investment projects. Non-Islamic countries have unique endowments, but they are not bound by the prohibitions on *maysir*, *gharar*, and *riba*. Waqf investments are therefore in opposition to the traditional banking system, which is the cause of economic disasters. The enormous and organized expansion of waqf will help sustain the real sector's growth. Furthermore, by using wealthy people's voluntary donations to pay for social services for the community, waqf can provide necessary social services without incurring government expenses, which might help progressively eradicate *riba* (Çizakça, 1998). The Islamic ban on *riba* seeks to combat financial inequities caused by shady moneylenders who take advantage of debt payback obligations without taking on the corresponding commercial risks. Avoiding *gharar* reduces knowledge asymmetry and immoral asset appropriation while improving transaction certainty. In contrast to undeserved profits from gambling, which are renowned for their detrimental anti-social repercussions, the prohibition on *maysir* promotes constructive work ethics (Ayoub, 2012). Justice is facilitated by a stable financial system. Two requirements must be satisfied to do this: the accessibility of funding for the underprivileged and an equitable distribution of risks among investors and businesses. The goal of the Islamic finance system



is to incorporate justice within the financial system to promote sustainable development. The "no risk, no gain" tenet of Islamic finance is adhered to satisfy the first prerequisite of justice. The goal of risk and profit sharing is to incentivize financial institutions to properly evaluate risks and guarantee that borrowers or company owners utilize their assets responsibly (Chapra, 2008). Waqf's Potential to Mitigate the Effects of Economic Crises

3. Methodology

This study's qualitative research approach entails a review of earlier instances about waqf, recessions, and economic crises. Next, we looked for correlations between other event variables, such as the origins and effects of recessions and any possible link to the development of waqf. A phenomenological method was then taken, which included a thorough investigation of the realities (events, facts, and data) related to the growth of waqf and the occurrence of recessions. The phenomenological study is distinctive and significant that characterizes details and grabs the public's interest and has an impact on society, leading to the selection of this strategy. Drawing upon insights from a range of economic theories, we examined the phenomenon of global economic recessions that result in negative growth in output. These recessions included those known as the "Great Depression," "Great Recession," as well as the 2020 recession. Additionally, we examined the potential for the 2023 recession, which is expected to be caused by the ongoing COVID-19 pandemic and the Russian invasion of Ukraine. Next, we discussed some possible ways to deal with these issues, most notably waqf development.

4. Results and Discussion

4.1. Economic Downturn and Crisis

Recessions and economic crises are comparable to a river flowing into impediments and floods. The water becomes dammed when the flow of the river is impeded by mud, debris, or other obstructions, making it harder for the water to flow toward the estuary. Water levels rise above the surface of the area as a result of this. Flooding happens as the water level rises and submerges everything above the surface. Similar to these crises, economic recessions result from crises that occur inside the economy. These crises affect different industries and happen around certain times, resulting in a general decrease in revenue that affects economic agents and suggests that the global economy is going through a recession. A recession is defined as a significant drop in economic activity that affects



all facets of the economy and persists for longer than a few months by the NBER's Business Cycle Dating Committee. Real income, employment, output, and other metrics are usually the ones that show this reduction. According to Claessens et al. (2009), a recession starts when the economy achieves its highest level of activity and ends when it hits its bottom.

So, the issue is: What is the real course of economic crises and recessions?

4.2. Waqf's Potential to Address the Roots of the Economic Crisis

4.2.1. Conduct of Problems

Moral dilemmas in because the main causes of all these disturbances are human behavior, individual or collective, and wants. One of the tenets of Islam is waqf, which calls on individuals who possess money to pledge it for the benefit of the community in order to appease Almighty 'azza wa jalla. According to what Allah subhaanahu wata'ala has declared, "Until you invest [in the cause of Allah) from what you love, you will never acquire righteousness. And Allah is aware of all you spend, in fact." (Imran Ali: 92). In his commentary on the verse, "Until you spent (in the name of Allah) from what you love," Shaykh Abd al-Rahman al-Saadi may God have compassion on him explained that the reference was to one's valuable riches, that which one's soul values. It is because you will use it to seek Allah's pleasure if you put your love for Him over your passion for earthly things. This shows your genuine faith, your heart's sincerity, and your conviction in your righteousness (As-Sa'adi, 2007).

4.3. Increasing Growth and Economic Activity

The manufacturing and shipping sectors are necessarily impacted by the success of waqf initiatives. The significant waqf assets offer an exceptional opportunity to stimulate the economy, regardless of whether they are in the form of cash or real estate (land and structures). In a similar vein, the government may boost the economy and generate jobs by starting worthwhile initiatives. This stimulates every economic sector, from mining, which supplies raw materials, to manufacturing, stores, the service delivery industry, contractors, technological advances, and even the labor-intensive food sector. Everything functions as a single unit, much like a chain with links. Under these circumstances, the problem can move from a shortage to an abundance of shared resources (Çizakça, 1998).



There is more to waqf development than just building massive projects. Small and medium-sized firms (SMEs) account for a considerable portion of the production in some nations, including Indonesia, where they generate up to 60.4% of the total investment and contribute around 61.07% of the GDP (Limanseto, 2021). Waqf can help SMEs' manufacturing and shipping sectors by offering facilities and infrastructure or collaborating on finance. As an illustration, consider the creation of marketplaces, retail establishments, machinery, and rental buildings placed in prime locations, as well as financial sources like qardhul hasan. If there is little excess capacity in this industry, price increases would have a detrimental influence on the development of additional properties (Nienhaus, 2018).

4.4. Preserving Stability in Consumer Prices

Recent events have made inflation worse. Inflation is usually brought on by economic instability, which might range from decreased production growth to fewer employment possibilities. For example, the dramatic drop in output during the 2020 recession brought on by COVID-19 is what led to current inflation, which is now being exacerbated by the situation in Ukraine, which is upsetting the global manufacturing and distribution sectors. The World Economic Outlook's report (2022–2023) states that the world's production shrank in 2022 from 4.5 percent in 2021 to 2%. It is anticipated that global inflation will soar from 4.7 percent in 2021 to 9.2 percent in 2022. The volume of global trade in goods and services fell from 10.1 percent to 5.1% (the International Monetary Fund, 2022, 2023). Wheat prices have increased by almost 40%, coal prices by 60%, and natural gas prices in Europe by over 30% since the start of the Ukrainian crisis. According to J. Guénette et al. (2022), since January 2021, the price of oil has doubled, and gas prices have increased 400% in the European region. Waqf is expected to affect price stability if its development and advantages are distributed in a balanced manner. As a result, while expanding, current production variables and local or national economic changes must be taken into account. The plentiful waqf assets have significant potential to make up for shortages in goods whose production and distribution have drastically decreased, especially necessities like food and energy. Important food commodities like wheat and rice may be produced more abundantly via the use of monetary and agricultural waqf. Waqf can aid in the advancement of renewable energy in the energy industry, particularly in the context of the current green waqf project.



4.5. Taking Over the Workforce

In the past, the waqf structure has been very helpful in resolving the job problem. The percentage of people in Turkey who work under the waqf system as opposed to those who are hired directly by the government has changed throughout time. It was estimated to be 8.23% at the start of the century, 12.68% in the year 1931, and then decreased to 0.76% in the course of the 1990s. This fall may be ascribed to a purposeful governmental policy to lessen its influence as well as the general collapse of the waqf framework in Istanbul before the 1967 Act (Çizakça, 1998). According to Limanseto (2021), 97% of Indonesian workers are employed in small and medium-sized enterprises, demonstrating the critical role that SMEs play in the country's economy by providing jobs for almost all workers. The proverb "Give an individual a fish, and you'll feed him for a day" is well-known. A guy can be fed for life if he learns to fish. Consequently, the handing out of waqf benefits need not always take the form of perishable items; in fact, it might be even better if the distribution allows recipients to profit from waqf sustainably. Microenterprise waqf funds have funded about 3,905 micro-entrepreneurs, engaged 167 assistants and hired 1,661 people, according to statistics from ACT's World Waqf as of July 2021 (Hamdi & Candra, 2022). Furthermore, the infrastructure and public amenities projects that waqf organizations undertake are in line with attempts to increase employment.

4.6. Creating Prospects for the Growth of the Stock Market

Waqf can help the stock market expand in addition to maintaining market stability by reducing speculation. The State of the World Islamic Economic Report (2022) projected that Islamic financial assets rose from a total of \$ trillion in 2020 to a total of \$ trillion in 2021; a 7.8% growth. By 2025, this amount is expected to increase to \$4.9 trillion. From \$11.8 billion in 2019–20 to \$25.7 billion in 2020–21, a 118% increase in investments in the Islamic economic sectors in both OIC and certain non-OIC nations (Dinar Standard, 2022).

Islamic bonds, or sukuk, are a significant component of the Islamic financial sector (Elasrag, 2012). Global sukuk issuances hit an all-time high of \$100 billion in the first six months of 2021, and by the end of the year, this amount was predicted to grow even more (Dinar Standard, 2022).

Sukuk issuance is a common way to finance the construction of waqf properties, especially given the abundance of real estate-based waqf assets (Hasan, 2014). Rafay et al. (2017) stated that Sukuk-based financing has already been used for several waqf projects. For example, the \$35 million mixed-use assets construction venture in Singapore was completed by MUIS via its subsidiary alongside Istisna'



as well as Ijarah agreements through the musyarakah sukuk funding scheme, and it was built in Mecca under the sukuk intifa' plan, which successfully raised 390 dollars millions.

4.7. Minimizing Inequality of Wealth

A notable dark side of the capitalist system is the accumulation of riches in the control of a global minority of people or organizations. According to studies conducted by Michalopoulos and colleagues (2016), empirical evidence demonstrates that Islam was able to handle multiple interests in areas with agricultural differences during the seventh century AD when trading routes emerged. This was due to its economic principles, which prioritized wealth diffusion over concentration and aimed to balance production factors. It is not the same as socialism, which usually respects the right to private property. In a similar vein, Islamic conceptions of inheritance, such as the waqf dzurri (such as family waqf) provide answers. They guarantee that prosperous companies may survive and grow in the face of fair profit sharing. This approach departs from individuality and selfishness in favor of justice and the larger common well-being. Reducing wealth disparity may be achieved by advancing waqf and aiming to profit from its assets. The waqf system of development has contributed to a just and equitable distribution of wealth through its social distribution and investment components. It may be simpler to achieve fair development, especially for emerging and underdeveloped countries, when global waqf collaboration is put into practice. Certain initiatives have previously been carried out thanks to support from international waqf organizations, such as APIF, for example.

4.8. Inadequate Management and Ineffective Administration

(Shalihah, 2018) lists seven requirements for good waqf management: accountability, decentralization or institutionalization, empowerment and enablement, fighting corruption, transparency, responsive governance, and protecting the rights of waqif donors. (Rashid, 2018) suggested the creation of a global waqf organization, such as the Worldwide Waqf Development Corporation (WWDC), with departments devoted to quality control, auditing, construction supervision, and research to facilitate effective and organized global waqf management. The complexity of modern life systems, the improvement of waqf financing capabilities, especially for large projects, the necessity of such large-scale projects, readily available communication channels, historical attempts to weaken the waqf system throughout the colonial era, the importance of Islamic waqf in charitable and global disasters, the need for the Muslim community to engage in cross-border



social endeavors, and the need to re-globalize Islam after it faded behind the curtain of contemporary nationalism are some of the factors that, according to Abdulrahman (2021), a number of factors motivate the globalization of waqf. One major problem that waqf managers continue to have is their lack of competency. For example, just sixteen percent of nazhirs in the nation of Indonesia engage full-time, while eighty-four percent work part-time, according to the results of a CSRC survey (Rozalinda, 2016). As a result, waqf administration frequently comes out as unprofessional and mundane. But nazhirs are essential to the growth of waqfs. Thus, there needs to be a way to improve nazhirs' professionalism in waqf asset development and management. Furthermore, Rashid suggests splitting up the administration of waqf into two departments: the Department of Secular Awqāf, which handles awqaf investments, and the Council of Religion Awqāf, which oversees mosques, cemeteries, and Imāmbārgāhs, among other things (Rashid, 2018). Experts in their respective disciplines would supervise and guide each section to guarantee adherence to Shariah principles, all under the guidance and supervision of religious scholars.

A total of US\$ 1 billion worth of completed or ongoing initiatives is included in the APIF portfolio as of the end of 2021. Of this total, beneficiaries provide the remaining US\$ 486 million, with contributions from APIF, APIF Line, & IsDB (APIF, 2021). The yearly reports from APIF provide thorough documentation of the organization's recent extensive data-gathering initiatives. With this arrangement in place, it's been envisaged that eventually, at least in the nations that make up the Organization of Islamic Cooperation (OIC), there would exist an agency that can fully supervise and record waqf assets globally.

4.9. Numerous Unused Waqf Properties, Particularly Waqf Lands

Waqf was formerly a sophisticated and essential part of the economies of Islamic nations, according to history. For this reason, the word "revitalization" of waqf is increasingly used by Islamic economics to characterize the evolution of waqf in the contemporary period. For example, 54% of the waqf land in Saudi Arabia is left idle. According to Volker Nianhaus (2018), certain Muslim-majority countries may no longer see value in their social welfare programs, but this is undoubtedly not the case for all of them. Citing an OECD study on societal and welfare concerns, he demonstrates that public social expenditure in Turkey has increased from 5.5 percent to 13.5% of GDP over the last 25 years, although it is still much less than the 21% GDP average for the OECD (Nienhaus, 2018).

First, measures include enacting pertinent legislation as well as Shariah guidelines and norms, which facilitate the expansion of waqfs. Secondly, the plans concentrate on increasing the waqf sector's



influence by increasing its magnitude and enhancing waqf's efficacy, productivity, and efficiency (the United Nations Saudi Arabia, & ICD, 2021). The absence of modernity in waqf management is still a barrier. Waqf projects using the Build Operation Transfer (also known as e or Modernize Operation Transfer (MOT) contract systems, or similar forms, are one way to handle financial concerns while improving competency and modernizing waqf administration. Under these partnerships, commercial businesses and waqf administrators work together to construct projects on waqf property or update project equipment and oversight practices that are already in place. The landowner receives ownership of the business in its intended operating condition after that time (International Islamic Fiqh Academy, 2009).

4.10. Lack of a Well-Arranged Road Map for Waqf Development

We note that extensive and organized worldwide planning of projects for waqf development is still lacking. This hasn't been applied really and systematically, not even in many nations with a majority of Muslims. The multitude of organizations or persons in charge of waqf without a single entity to supervise and plan the growth of waqf, has prevented this sector's development from having a defined direction or structure. Waqf, however, has enormous social potential if it can be carefully and cooperatively organized. According to Zarqa (1994), in accordance with legally mandated Shariah norms, waqf should give more weight to the financial viability of money from waqf projects. Waqf administrations in the majority of Muslim nations, if not all of them, do not make enough money to perform their core duties in society. Consequently, there are fewer and lower-quality waqf services available.

4.11. Insufficient Knowledge Between the General Public & Waqf Managers

The general public's ignorance about waqf is one of the factors contributing to its restricted role in economic growth. The National Waqf Literacy Index (ILW) in Indonesia obtained an overall score of 50.48, placing it in the poor category, according to the National Waqf Literacy Survey Report (2020). The waqf literacy rating is 57.67, divided into two parts: advanced knowledge and a basic understanding (Badan Waqf Indonesia (the BWI) et al. 2020). Following the colonial era, causing waqf to diminish globally, a large number of waqf assets were misplaced, disappeared without documentation, or were abused by careless people. For instance, according to Obaidullah and Shirazi (2017), Macedonia lost more than half of its waqf assets or around 7,006,909 acres of land. This left



6,412,013 square meters. Unknown to the secretariat, 323 unlicensed waqf properties were found in Kuwait (Al-Anba, 2021). Waqf possessed 70% of Delhi's land in India; however, due to according to Stibbard et al. (2012), dubious administration of property has led to loss. Approximately 252,937 hectares, or 43% of waqf land in Indonesia, are still without the necessary certification (SIWAK, 2023).

5. Recommendations for Academics and Researchers

- a.** Establishing precise guidelines for efficient waqf management, such as accountability, openness, and anti-corruption measures, is necessary to address this problem.
- b.** Proposals to establish international waqf organizations, such as the world's Waqf Development Corporation (the WWDC), have potential as long as they are not impeded by political and bureaucratic factors.
- c.** Raising the professionalism of waqf management requires improving the skill set of waqf managers through programs of certification and standardization. A worldwide problem is the underuse of waqf holdings, especially waqf fields.
- d.** Governments have a crucial role to play in waqf asset growth through public-private partnerships, waqf asset transfer from incompetent administrators to skilled ones, and waqf management digital transformation. The financial benefits of large, unused waqf assets can be unlocked by these initiatives.

5.1 Guidelines for Government/ Governmental Policies

- a.** Waqf, a traditional Islamic charitable tool, has come back to prominence in the modern world because of its significant ability to address these pressing issues. Through its promotion of altruism and communal well-being, waqf plays a critical role in reducing the moral problems that underlie financial crises, such as materialism and greed.
- b.** Waqf also conforms to Islamic economic concepts that tackle structural defects in the world economy, such as the separation of the financial and real sectors, the negative consequences of interest-based debt, and excessive speculation.
- c.** Waqf investments are intrinsically linked to the actual economy and uphold Sharia values, promoting economic stability and long-term prosperity. Nonetheless, this recovery is accompanied



by many challenges that need calculated reactions and cooperative efforts by governments, the waqf institutions, and the general public.

- d. The main issue is the inefficient management and bad administration of waqf assets. Another issue is the lack of a well-organized strategy for waqf development. Waqf development initiatives are more likely to be well-managed, precisely focused, and long-lasting when they follow a defined roadmap.

To sum up, tackling these issues necessitates a multimodal strategy that includes creative collaborations, regulatory changes, capacity building, and awareness campaigns. Waqf is an effective tool for socioeconomic development, but it can only operate to its fullest capacity if all parties involved work together to support its ethical and effective management. Waqf revitalization is more than just historical preservation; it is a modern necessity for promoting social cohesion and sustainable economic development in countries with a majority of Muslims and other predominantly Muslim populations.

6. Conclusion

The impending risk of a worldwide economic slump in 2023, fueled by rising prices and economic downturns, emphasizes the critical need for preventative action. Recurring exceptional incidents have been identified by economists throughout the world as a sign of underlying problems with the existing global economic system. This system, which appears to be unfair and is primarily driven by materialism, greed, and individualism, favors some groups in society more than others, leading to a variety of negative effects that exacerbate social instability.



References

- Abdelrahman, M. (2021). Contemporary Challenges of Waqf and the Role of Blockchain in Their Solutions. *Majallah Al-'ulum Al-Islamiyyah Ad-Dauliyah*, 1, 257–285.
- Ahmad, I. (2019). Potentials of The Institution of Waqf Towards Economic Growth and Development. 1–14.
https://doi.org/https://www.academia.edu/40799054/POTENTIALS_OF_THE_INSTITUTION_OF_WAQF_TOWARDS_ECONOMIC_GROWTH_AND_DEVELOPMENT
- Ahmed, A. (2010). Global financial crisis: an Islamic finance perspective. *International Journal of Islamic and Middle Eastern Finance and Management*, 3(4), 306–320.
<https://doi.org/10.1108/17538391011093252>
- Al-Anba. (2021). Muhandi Sayir: Kam 'adada Al-Aradhi Al-Mawqufah wa Ghaira Al-Mustagholah wa Laa Tuhaqqiqu Al-Maqashid As-Syar'iyyah. Al-Anba.
<https://www.alanba.com.kw/ar/kuwait-news/parliament/1062848/10-08-2021>
- Al-Masri, R. Y. (2009a). Al-Azimah Al-Maliyah Al-'Alamiyah: Man Yatahammal Masuliyataha? In *Al-Azimah Al-Maliyah Al-'Alamiyah: Asbab wa Hulul min Manzhuri Al-Islamy* (pp. 365–382). Scientific Publishing Center KAU.
- Al-Masri, R. Y. (2009b). Speculation between Proponents and Opponents. In *Issues in the International Financial Crisis from an Islamic Prespective* (pp. 43–55). Scientific Publishing Center KAU.
- Al-Masri, R. Y. (2009c). The Global Financial Crisis: Its Causes and Solutions from an Islamic Perspective. In *Issues in the International Financial Crisis from an Islamic Prespective* (pp. 287–295). Scientific Publishing Center KAU.
- Alcidi, C., & Gros, D. (2011). Great Recession Versus Great Depression: Monetary, Fiscal and Banking Policies. *Journal of Economic Studies*, 38(6), 673–690.
<https://doi.org/10.1108/01443581111177385>
- APIF. (2021). APIF Annual Report 2021.
- As-Sa'adi, A. (2007). *Taysir Al-Karimi Ar-Rahman fii Tafsir Kalam Al-Mannan*. Muassasah Ar-Risalah.
- As-Saa'ati, A. A. (2009). Al-Mudhorabah wa Al-Qimar fii Al-Aswaqi Al-Maaliyati Al-Mu'ashirah: Tahlil Iqtishodiy wa shar'iy. In *Al-Azimah Al-Maliyah Al-'Alamiyah: Asbab wa Hulul min Manzhuri Al-Islamy* (pp. 183–217). Scientific Publishing Center KAU.



- As-Shofi, W., & Matarneh, B. (2009). Al-Iqtishod Al-Islamy fii Muwajahati Al-Azimah Al-'Alamiyah baina An-Nazhariyah wa At-Tathbiq. *Journal of Baghdad College of Economic Sciences University*, 2(20), 141–174. [https://www.iasj.net/iasj/search?query=au:%22 % الدكتور بشار المطارنة](https://www.iasj.net/iasj/search?query=au:%22%20الدكتور%20بشار%20المطارنة)
22
- Ascarya. (2017). The Root Causes of Financial Crisis in Islamic Economic Perspective. *Jurnal Ekonomi Islam*, 8(November 2017), 136–149. <https://doi.org/DOI:10.13033/isahp.y2013.086>
- Ayoub, S. (2012). The Global Financial Crisis, Securitization and Islamic Finance: An Opportunity for Inward and Outward Reform. *ISRA International Journal of Islamic Finance*, 4(2), 53–87. <https://doi.org/10.12816/0002748>
- Badan Wakaf Indonesia (BWI), Pusat Kajian Startegis BAZNAS, & Direktorat Pemberdayaan Masyarakat dan Wakaf Kemenag RI. (2020). Laporan Hasil Survey Indeks Literasi Wakaf 2020.
- Belouafi, A., Bourakba, C., & Saci, K. (2015). Islamic finance and financial stability: A review of the literature. *Journal of King Abdulaziz University, Islamic Economics*, 28(2), 3–44. <https://doi.org/10.4197/Islec.28-2.1>
- Belouafi, A. M. (2009). Azimatu 'Aqor..Am Azimatu Nizhom? In *Al-Azimah Al-Maliyah Al-'Alamiyah: Asbab wa Hulul min Manzhuri Al-Islamy* (pp. 249–273). Scientific Publishing Center KAU.
- Chapra, M. U. (2008). The Global Financial Crisis: Can Islamic Finance Help Minimize the Severity and Frequency of Such a Crisis in Future. *ICR Journal*, 1(2), 226–245. <https://doi.org/10.52282/icr.v1i2.745>
- Çizakça, M. (1998). Awqaf in History and Its Implications for Modern Islamic Economies. *Islamic Economic Studies*, 6(1), 43–70.
- Claessens, S., Kose, M. A., & Terrones, M. E. (2009). What happens during recessions, crunches and busts? In *Economic Policy* (Vol. 24, Issue 60). <https://doi.org/10.1111/j.1468-0327.2009.00231.x>
- Crafts, N., & Fearon, P. (2010). Lessons from the 1930s Great Depression. *Oxford Review of Economic Policy*, 26(3), 285–317. <https://doi.org/10.1093/oxrep/grq030>
- Dinar Standard. (2022). State of the Global Islamic Economy Report: Unlocking Opportunity.
- el-Din, S. I. T. (2012). From the great depression to the 2008 global financial crisis: Systemic flaws in investment financing. *Journal of King Abdulaziz University, Islamic Economics*, 25(2), 173–191. <https://doi.org/10.4197/Islec.25-2.6>



- Elasrag, H. (2012). Global Financial Crisis and Islamic Finance. In SSRN Electronic Journal (Issue October). SSRN Electronic Journal. <https://doi.org/10.2139/ssrn.1591563>
- Guénette, J. D., Kose, M. A., & Sugawara, N. (2022). Is a Global Recession Imminent? Equitable Growth, Finance, And Institutions Policy Note, 4(September), 1–45.
<https://www.worldbank.org/en/research/brief/global-recession>
- Guénette, J., Kenworthy, P., & Wheeler, C. (2022). Implications of the War in Ukraine for the Global Economy. In Equitable Growth, Finance, And Institutions Policy Note (Issue April, pp. 1–31). World Bank Group.
- Ha, J., Kose, M. A., & Ohnsorge, F. (2022). From Low to High Inflation: Implications for Emerging Market and Developing Economies (CAMA Working Paper 29/2022).
<https://ssrn.com/abstract=4074459>
- Hamdi, B., & Candra, D. (2022). The Impact of MSME Waqf On Economic Recovery During the Covid-19 Pandemic: Case Study of Global Waqf-ACT. *Jurnal Ilmiah Ekonomi Islam*, 8(2), 1229–1236. <https://doi.org/http://dx.doi.org/10.29040/jiei.v8i2.4510>
- Hasan, S. M. (2014). Contemporary Waqf Development through Sukuk. *Global Islamic Economics Magazine*, 25, 14–17.
- IMF. (2022). Overview of the World Economic Outlook Projections. In *World Economic Outlook*, Oct. 2022 (pp. 9–10). International Monetary Fund.
- IMF. (2023). Overview of the World Economic Outlook Projections. In *World Economic Outlook*, Apr. 2023 (pp. 9–10). International Monetary Fund.
- International Energy Agency. (2022). Oil Market Report July.
https://iea.blob.core.windows.net/assets/d54cfc69-ed0f-44ed-b1fe-ad63b2259456/-13JULY2022_OilMarketReport.pdf
- International Islamic Fiqh Academy. (2009). Resolution No. 182 (8/19): Application of B.O.T (Build-Operate-Transfer) Financing Method in the Development of Awqāf Properties and Public Utilities. International Islamic Fiqh Academy. <https://iifa-aifi.org/en/32993.html>
- Limanseto, H. (2021). UMKM Menjadi Pilar Penting dalam Perekonomian Indonesia. Kementerian Koordinator Bidang Perekonomian Republik Indonesia.
<https://ekon.go.id/publikasi/detail/2969/umkmmenjadi-pilar-penting-dalam-perekonomianindonesia>



- Michalopoulos, S., Naghavi, A., & Prarolo, G. (2016). Islam, inequality and pre-industrial comparative development. *Journal of Development Economics*, 120, 86–98.
<https://doi.org/10.1016/j.jdeveco.2016.01.002>
- Nienhaus, V. (2018). Awqāf : Social Spending, Development Strategy and Financing. *Journal of King Abdulaziz University, Islamic Economics*, 31(2), 91–99. <https://doi.org/10.4197/Islec.31-2.7>
- Obaidullah, M., & Shirazi, N. S. (2017). IRTI Islamic Social Finance Report.
<https://doi.org/10.13140/RG.2.2.26825.44645>
- Parameshwara, & Aneesh, A. K. (2022). Islamic Finance - A Best Solution to the Global Financial Crisis. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.4153491>
- Rafay, A., Sadiq, R., & Ajmal, M. M. (2017). Uniform Framework for Sukuk al-Ijarah-A Proposed Model for All Madhahib. *Journal of Islamic Accounting and Business Research*, 8(4), 420–454.
<https://doi.org/10.1108/JIABR-09-2015-0042>
- Rashid, S. K. (2018). Potential of Waqf in contemporary world. *Journal of King Abdulaziz University, Islamic Economics*, 31(2), 53–69. <https://doi.org/10.4197/Islec.31-2.4>
- Rozalinda. (2016). Nazhir Wakaf Profesional. In *Manajemen Wakaf Produktif* (2nd ed., pp. 39–51). Rajawali Pers.
- Sa'adan, A., & 'Ammari, S. (2010). Tanaamiy A-Tamwil Al-Islamy Fi Zhilli Al-Azimati Al-Maaliyati Al-'Alamiyati Ar-Rahinah: Dirasatu Haalati Duwali As-Syarqi Al-Awsath wa Syimaali Ifriqiya. Al-Mu'tamar Al-'Ilmiy Ad-Dauliy: Al-Azimah Al-Maliyah Wa Al-Iqtishodiyah Al-'Alamiyah Al-Mu'ashirah Min Manzhuri Iqtishadiy Islamiy, 341–371. <https://iefpedia.com/arab/wp-content/uploads/2010/12/تنامي-التمويل-الإسلامي-في-ظل-الأزمة-المالية-العالمية-المعاصرة-،-دراسة-حالة-دول-الشرق-الأوسط-وشمال-أفريقيا-آسيا-سعدان-و-صليحة-عماري-1.pdf>
- Seidu, A. M. (2009). Current Global Financial Crisis: Cause and Solution. In *Issues in the International Financial Crisis from an Islamic Prespective* (pp. 25–41). Scientific Publishing Center KAU.
- Shalihat, S. M. H. (2018). *Hukumatu Al-Awqaf wa Idaratu 'Amaliyatiha Ar-Raisiyah* (1st ed.). Muassasah Sa'i Li Tathwir Al-Awqaf.
- Siddiqi, M. N. (2009). Current Financial Crisis and Islamic Economics. In *Issues in the International Financial Crisis from an Islamic Prespective* (pp. 3–9). Scientific Publishing Center KAU.
- SIWAK. (2023). Jumlah Tanah Wakaf Seluruh Indonesia. Indonesian Ministry of Religion.
https://siwak.kemenag.go.id/siwak/persen_jumlah_tanah_wakaf.php



- Stibbard, P., Russell, D., & Bromley, B. (2012). Understanding the waqf in the world of the trust. *18*(8), 785–810. <https://doi.org/10.1093/tandt/tts087>
- UN Saudi Arabia, & ICD. (2021). The Role of Awqaf in Achieving the SDGs and Vision 2030 in KSA. United Nations Saudi Arabia, 1–99. <https://saudiarabia.un.org/en/146145-role-awqaf-achieving-sdgs-and-vision-2030-ksa>
- World Bank. (2023a). World GDP Growth (Annual%). <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>
- World Bank. (2023b). World Inflation, Consumer Price (Annual%). <https://data.worldbank.org/indicator/FP.CPI.TOTL.ZG>
- Yuliani, I. (2022). Inflasi dan Solusi Mengatasi Inflasi. In *Pengantar Ilmu Ekonomi* (p. 117). CV. Azka Pustaka.
- Zarqa, M. A. (1994). *Financing And Investment in a Waqf Projects: A Non-Technical Introduction*. Islamic Economic Studies, The Islamic Research and Training Institute (IRTI), 1, 55–62.