A Maqasid Shariah-Based Framework for Improving Waqf Management in Malaysia: Lessons from Turkey and Egypt

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DOI: https://doi.org/10.47772/IJRISS.2026.101000173

Received: 12 October 2026; Accepted: 17 October 2026; Published: 31 October 2026

ABSTRACT

The waqf institution once financed a large share of public goods in Islamic civilization, yet the rise of the modern nation-state reshaped its position and function. This study aims to (i) analyze the policy trajectories of waqf asset management in Turkey, Egypt and Malaysia; (ii) compare how the three countries manage the tension between heritage conservation and asset commercialization; and (iii) propose an improvement framework for waqf management suited to Malaysia's federal structure, particularly in the context of implementing the National Waqf Master Plan (PIWN) 2025–2030. The study adopts a qualitative comparative case study design based on document analysis of legislation, policy documents, institutional reports and academic literature, analyzed thematically through the lens of historical institutionalism. The findings reveal three distinct trajectories. Turkey developed a centralized model that leverages public-private partnerships through Restore-Operate-Transfer (ROT) and Build-Operate-Transfer (BOT) schemes to revive historic assets. Egypt adopted a state-centralized model that abolished family waqf and placed charitable waqf under ministerial control, thereby weakening civil society initiative. Malaysia follows a decentralized model in which the State Islamic Religious Councils (SIRCs) act as sole trustees, supported by a federal Islamic finance ecosystem, but faces legislative fragmentation across states. Based on this synthesis, the study proposes a four-pillar conceptual framework: (1) legal harmonization through cooperative federalism; (2) financial engineering for productive waqf property development; (3) alignment with macroeconomic and social protection policy; and (4) heritage preservation anchored in a Maqasid Shariah Performance Index (MSPI). The study contributes to the literature by linking the institutional history of waqf to public policy design and offers a framework that policymakers and future researchers can test empirically, including through expert validation and actual performance data from waqf institutions.

Keywords: waqf, public policy, maqasid shariah, governance, comparative study

INTRODUCTION

Waqf (*awqaf*) is among the most resilient socio-economic institutions in the history of Islamic civilization. Grounded in the concept of *sadaqah jariyah* (continuous charity), waqf goes beyond individual benevolence: it builds social capital and provides public services autonomously, without full dependence on the state treasury (Çizakça, 2000; Kuran, 2001). In the classical and medieval Islamic periods, waqf financed educational institutions, hospitals (*bimaristan*), urban infrastructure, water supply and assistance programs for vulnerable groups (Singer, 2008).

However, the emergence of nation-states in the nineteenth and twentieth centuries radically transformed this ecosystem. The secularization of law, the centralization of executive power and the absorption of welfare functions by modern bureaucracies created a gap between the original philosophy of waqf and contemporary public policy practice (Kuran, 2016; Pioppi, 2004). The central question today is how this civilizational heritage

can be translated back into public policy designs that are pragmatic, sustainable and transparent without eroding the objectives (*maqasid*) for which waqf was established.

In Malaysia, this question is pressing for three reasons. First, waqf administration falls under state jurisdiction, resulting in divergent legislation and practice across states (Mahamood, 2006). Second, a substantial amount of waqf land remains undeveloped. Third, the government is preparing the National Waqf Master Plan (*Pelan Induk Wakaf Nasional*, PIWN) 2025–2030. As of July 2026, the PIWN had not been launched; it had been presented to all SIRCs and was scheduled to be tabled before the National Council for Islamic Religious Affairs Malaysia (MKI) and the Cabinet (Dewan Negara Malaysia, 2026). Its implementation requires an empirical basis and international comparison. Previous studies tend to examine a single country or a single instrument (for example, cash waqf or education waqf) in isolation, while studies that compare the policy trajectories of several countries and translate them into a framework suited to Malaysia's federal structure remain limited.

Accordingly, this study addresses three questions: (1) How have the policy trajectories of waqf asset management evolved in Turkey, Egypt and Malaysia? (2) How do the three countries manage the tension between heritage conservation and the commercialization of waqf assets? (3) What improvement framework is appropriate for waqf management in Malaysia? Turkey and Egypt were selected because both inherited large Ottoman-era waqf portfolios but took opposing policy directions, providing a useful contrast to Malaysia's decentralized model.

LITERATURE REVIEW

A. Waqf as a Provider of Public Goods

The economic history literature shows that waqf was a principal mechanism for providing public goods in premodern Muslim societies. Kuran (2001) argues that waqf protected property from expropriation by rulers and enabled the wealthy to finance public services, but that the rigidity of founders' stipulations limited its adaptability to economic change. Çizakça (2000) traces the evolution of Islamic philanthropic foundations from the seventh century to the modern era, including the emergence of cash waqf in the Ottoman Empire. Sadeq (2002) highlights the potential of waqf as a perpetual instrument for poverty alleviation.

B. Waqf and the Modern State

The formation of modern states saw waqf assets taken over by the state in many Muslim countries. In Egypt, agrarian reforms after 1952 abolished family waqf and centralized charitable waqf under a ministry (Baer, 1962; Pioppi, 2004). Kuran (2016) links the weakness of civil society in the Middle East to the legacy of state-controlled waqf structures. In Malaysia, Mahamood (2006) describes the legal and administrative framework of waqf under the SIRCs, including the constraints that arise from the interaction between state Islamic law and the National Land Code 1965.

C. Contemporary Waqf Development and Maqasid Shariah

Contemporary studies focus on developing productive waqf through cash waqf, corporate waqf, education waqf and capital market instruments (Mahamood & Ab Rahman, 2015). At the same time, scholars emphasize that waqf development should be guided by *maqasid al-shariah*. Ibn Ashur (2006) extends the *maqasid* to general societal objectives (*maqasid ʿammah*), while Chapra (2008) and Auda (2008) relate the *maqasid* to development and systems design. On measurement, Mohammed et al. (2008) developed a *maqasid*-based performance index for Islamic banking, and Laldin and Furqani (2013) distinguish between objectives (*maqasid*) and means (*wasaʾil*) in Islamic finance.

D. Research Gap

Although the waqf literature is extensive, three gaps can be identified. First, cross-country comparative studies rarely link historical institutional trajectories to current policy choices. Second, *maqasid*-based indices have

mostly been developed for Islamic banking and have not been fully adapted to waqf asset management institutions. Third, proposals to improve waqf in Malaysia seldom take the constitutional constraints of federalism explicitly into account. This study seeks to address all three gaps.

METHODOLOGY

A. Research Design and Theoretical Framework

This study employs a qualitative multiple-case comparative design (Yin, 2018), with Turkey, Egypt and Malaysia as the units of analysis. The analysis is guided by historical institutionalism, which views current policy choices as the outcome of institutional decisions taken at critical junctures and of the path dependence that follows (Pierson, 2000; Steinmo et al., 1992). This perspective is appropriate because the three countries inherited similar waqf institutions but diverged after the critical juncture of modern state formation.

B. Case Selection

The cases were selected purposively on the principle of maximum variation: Turkey represents a centralized-secular model that actively commercializes assets; Egypt represents a state-centralized model that constrains civil society initiative; and Malaysia represents a decentralized model under constitutional federalism. This contrast allows the identification of institutional mechanisms that contribute to the success or failure of waqf asset development.

C. Data Collection and Analysis

Data were obtained through document analysis (Bowen, 2009) covering four categories of sources, as shown in Table I. The documents were analyzed thematically (Braun & Clarke, 2006) through initial coding, theme generation and theme review across four analytical dimensions: (1) legal evolution; (2) heritage conservation versus commercialization; (3) the institutionalization of social security; and (4) the integration of *maqasid al-shariah*. To enhance reliability, each key finding was cross-checked against at least two different sources (source triangulation). The documents cover the period from 1924 (the abolition of the Ministry of Shariah and Evkaf in Turkey) to 2026 (the Malaysian parliamentary debate on the PIWN), and the full list of documents appears in the References.

Table I. Categories of Data Sources Analyzed

Category	Example documents	Use in the analysis
Legislation	Federal Constitution (Ninth Schedule); state waqf enactments; Law on Foundations No. 5737 (2008); Egyptian Laws No. 180/1952, 247/1953 and 80/1971	Dimension I: legal evolution and power structures
Policy documents and fatwas	MKI Fatwa Committee rulings on waqf; Waqf-Featured Fund Framework (SC); PIWN 2025–2030	Dimensions II–IV: instruments and policy direction
Institutional reports	YWM annual reports; JAWHAR documents; VGM data; corporate information from Bank Islam and WANCorp	Dimensions II–III: case data and asset performance
Academic literature	Books and peer-reviewed articles on waqf, Islamic economic history and *maqasid*	Theoretical framework and triangulation of findings

D. Framework Development

The improvement framework in the Discussion section was developed inductively from a synthesis of the comparative findings. The framework is conceptual and has not yet been validated empirically; validation through expert-based methods such as the Fuzzy Delphi technique is proposed for future research.

RESULTS

A. Dimension I: The Evolution of Waqf Policy from Imperial Heritage to the Nation-State

1) Turkey: Secularization and the Realignment of the VGM

Under the Ottoman Empire, waqf became the backbone of public service provision, financing mosques, schools, hospitals, soup kitchens and urban infrastructure, to the extent that the period has been described as a *Vakıf Medeniyeti* (waqf civilization) (Kuran, 2001; Singer, 2008). Efforts to centralize waqf administration began with the establishment of the *Evkaf-ı Hümayun Nezareti* (Imperial Ministry of Waqf) in 1826 (Çizakça, 2000). After the founding of the Republic of Turkey, the Ministry of Shariah and Evkaf was abolished in 1924 and waqf administration was transferred to the *Vakıflar Genel Müdürlüğü* (Directorate General of Foundations, VGM) under the Prime Ministry. The Civil Code of 1926 and the Law on Foundations No. 2762 of 1935 subsequently converted waqf into civil foundations. Modern reform came through the Law on Foundations No. 5737 of 2008, which modernized VGM operations, returned some properties of non-Muslim minority community foundations, and provided commercial instruments to restore historic assets (Türkiye, 2008). Under Presidential Decree No. 4, published on 15 July 2018, the VGM is now an affiliated entity of the Ministry of Culture and Tourism (TÜSEV, 2018).

2) Egypt: State Centralization and the Abolition of Family Waqf

Egypt inherited an extensive waqf portfolio from the Fatimid to the Ottoman periods, divided into waqf khayri (charitable waqf) and waqf ahli (family waqf). The critical juncture came after the 1952 Revolution. To break the landholding dominance of the aristocracy, Law No. 180 of 1952 abolished waqf ahli and returned the properties to heirs as private ownership. Law No. 247 of 1953 placed the administration of waqf khayri under the Ministry of Awqaf, and Law No. 80 of 1971 established the Egyptian Awqaf Authority (Hayʾat al-Awqaf al-Misriyyah) to manage agricultural land and waqf real estate (Baer, 1962; Pioppi, 2004). This centralization transformed waqf from a civil society institution into a branch of the state bureaucracy, a shift associated with managerial stagnation and a decline in the culture of new endowments (Pioppi, 2004).

3) Malaysia: Constitutional Federalism and SIRC Autonomy

Unlike Turkey and Egypt, Malaysia's trajectory has been shaped by constitutional federalism. Item 1 of List II (State List) in the Ninth Schedule of the Federal Constitution places Islamic affairs, including waqf, under state jurisdiction (Malaysia, 1957). As a result, the SIRC (*Majlis Agama Islam Negeri*, MAIN) in each state and in the Federal Territories acts as the sole trustee of waqf assets (Mahamood, 2006). Section 4(2)(e) of the National Land Code 1965 excludes Islamic law relating to waqf from the application of the Code, a provision that creates particular complications in the registration and development of waqf land (Malaysia, 1965).

The transition from the traditional practice of the Malay community, which typically endowed land for cemeteries, mosques, prayer halls (*surau*) and religious schools, to productive asset management has been constrained by a lack of legal uniformity. Several states have enacted dedicated waqf enactments, including Selangor (1999, replaced by the Waqf (State of Selangor) Enactment 2015), Melaka (2005), Negeri Sembilan (2005), Perak (2015), Terengganu (2016), Pahang (2022) and Sabah (2018, amended 2023). Johor has the Johor Waqf Rules 1983, while Perlis, Kedah, Kelantan, Penang, Sarawak and the Federal Territories still administer waqf through their respective Islamic administration laws (JAWHAR, n.d.). To narrow capacity gaps between states, the Federal Government established the Department of Awqaf, Zakat and Hajj (JAWHAR) on 27 March 2004 and Yayasan Waqaf Malaysia (YWM) in 2008 (Jabatan Wakaf, Zakat dan Haji [JAWHAR], 2021a).

Nevertheless, differences in law and priorities across states remain a challenge to building a uniform national waqf ecosystem.

B. Dimension II: Heritage Conservation versus Commercialization

All three countries face the same dilemma: the need to preserve the physical authenticity and historical value of waqf assets, and the need to generate cash flow to finance the purposes of the waqf. Each country has approached this dilemma differently.

1) Turkey: Public-Private Partnerships through ROT and BOT

The VGM administers tens of thousands of historic assets, including mosques, külliye (mosque complexes), caravanserais, medrese and hamam. Because public allocations are insufficient to cover restoration costs, Law No. 5737 allows the VGM to use two public-private partnership models. The Restore-Operate-Transfer (ROT) model is used for historic monuments: the private party bears the cost of restoration according to conservation standards, operates the premises for commercial purposes such as boutique hotels or restaurants, and pays rent to the VGM throughout the concession period before the asset is returned. The Build-Operate-Transfer (BOT) model is used for vacant land or structures without heritage value. According to VGM data, between 1 January 2002 and 31 December 2021, 392 properties were restored under the ROT scheme (including 118 socio-cultural, 110 commercial and 54 tourism facilities), while 484 properties were developed under the BOT scheme (including 177 commercial facilities, 75 dormitories, 75 tourism facilities and 45 educational facilities) (Vakıflar Genel Müdürlüğü [VGM], n.d.-a, n.d.-b). Under Article 20 of Law No. 5737, the lease term is determined by the cost of construction or repair: up to 20 years with the approval of the Director General, or up to 49 years by decision of the Foundations Council (Vakıflar Meclisi) (VGM, n.d.-b; see also Iskandar et al., 2025).

2) Egypt: The Old Rent Constraint in Historic Cairo

In Egypt, the conservation challenge is concentrated in Historic Cairo, a UNESCO World Heritage Site containing a dense concentration of Mamluk and Ottoman waqf structures. The old rent laws froze rents at nominal levels for decades, leaving rental income insufficient to cover maintenance costs and contributing to the structural deterioration of buildings. The old rent system was based on Law No. 52 of 1969, Law No. 49 of 1977 and Law No. 136 of 1981 (Thabet, 2025). The situation began to change when the Supreme Constitutional Court ruled on 9 November 2024 that parts of Articles 1 and 2 of Law No. 136 of 1981 were unconstitutional. This was followed by Law No. 164 of 2025, which repealed the 1977 and 1981 laws, raised rents in stages, and set transition periods of seven years for residential and five years for non-residential premises (Thabet, 2025). The impact of this reform on waqf revenue and conservation has not yet been studied and represents an avenue for future research.

3) Malaysia: Istibdal and High-Value Land Development

In Malaysia, conservation concerns collide with high urban land values, particularly in George Town and central Kuala Lumpur. Some waqf sites suffer from small lot sizes, dilapidated structures and long-standing hereditary tenancies. Institutional solutions have relied heavily on the doctrine of *istibdal* (substitution of waqf assets). The Fatwa Committee of the National Council for Islamic Religious Affairs Malaysia (MKI) has ruled that *istibdal* is permissible when the original asset no longer yields benefit, is compulsorily acquired by the authorities, or when the substitution produces an asset of greater benefit to the beneficiaries (JAWHAR, 2021b).

An example of high-value waqf land development is the Menara Imarah Wakaf project, now known as Menara Bank Islam, on Jalan Perak, Kuala Lumpur. The site of about 1.2 acres forms part of the waqf property of the late Ahmad Dawjee Dadabhoy, which was vested in the Federal Territory Islamic Religious Council (MAIWP) by order of the Kuala Lumpur High Court on 18 September 1991 (Nuruddin et al., 2019). MAIWP entered into an *istisnaʿ* agreement with Lembaga Tabung Haji on 11 December 2006; Tabung Haji fully financed the RM151 million construction of the 34-storey building, which was completed in 2011 and officially launched on 19 October 2011, with Bank Islam Malaysia Berhad as the anchor tenant (Bank Islam Malaysia Berhad, n.d.;

Nuruddin et al., 2019). Under the BOT structure, Tabung Haji operates the building for 25 years and pays MAIWP total rent of RM56.6 million over 2011 to 2036, after which ownership of the building passes to MAIWP. The rental income is recorded in a dedicated Ahmad Dawjee Dadabhoy Waqf account, while the religious function is retained through the Ahmad Dawjee Dadabhoy Waqf *Surau* (Nuruddin et al., 2019).

C. Dimension III: Waqf in the Architecture of Social Security

1) Higher Education

Al-Azhar University is a classic example of an educational institution financed by waqf for centuries. However, Law No. 103 of 1961 placed Al-Azhar under government supervision, while its waqf assets had earlier been transferred to ministerial administration, eroding its financial autonomy (Pioppi, 2004). In Malaysia, public university waqf funds were established to reduce dependence on government allocations, pioneered by the IIUM Endowment Fund (1999) and followed by other universities (Mahamood & Ab Rahman, 2015; JAWHAR, 2024). Because the SIRCs are sole trustees, universities have no automatic statutory authority to administer waqf; this is resolved by the SIRC appointing the university as mutawalli (manager) or nazir (JAWHAR, 2024).

2) Healthcare

The *bimaristan* tradition, such as *Bimaristan al-ʿAdudi* in Baghdad (tenth century) and *Bimaristan al-Mansuri* in Cairo (thirteenth century), provided free treatment financed by waqf revenue (Singer, 2008). In Malaysia, this ethos has been revived through the corporate waqf of Johor Corporation (JCorp). Waqaf An-Nur Corporation Berhad (WANCorp), a company limited by guarantee, manages shares of JCorp group companies that have been endowed as waqf, and 25 percent of the dividends it receives are allocated to *fi sabilillah* purposes, including healthcare (Mohamed @ Haji Daud & Ab Rahman, 2015). The first Klinik Waqaf An-Nur opened in 1999 and was upgraded to Hospital Waqaf An-Nur in Pasir Gudang in 2006, with operations supported by KPJ Healthcare Berhad. Outpatients are charged RM5 for consultation and medication, and treatment is provided regardless of race or religion (Mohamed @ Haji Daud & Ab Rahman, 2015). The model has also been extended through partnerships with other SIRCs, for example a Wakaf An-Nur clinic in Penang and a waqf dialysis center in Negeri Sembilan (Daud et al., 2024). Johor's corporate waqf model, including share waqf, shows that financial assets, not only land, can serve as the basis of productive waqf.

3) Financial Intermediation

Turkey established Türkiye Vakıflar Bankası (VakıfBank) on 11 January 1954 under Law No. 6219 to mobilize and invest the surplus funds of foundations, with the VGM as the principal shareholder. This structure changed in December 2019, when the 58.51 percent stake held by the VGM was transferred to the Ministry of Treasury and Finance; following capital increases in 2020 and 2022, the Türkiye Wealth Fund (*Türkiye Varlık Fonu*) now holds 64.85 percent of the bank's shares (VakıfBank, 2024). This development shows that financial instruments originally owned by waqf can shift to state fiscal control, an important lesson for policy design in Malaysia. In Malaysia, the Securities Commission (SC) launched the Waqf-Featured Fund Framework (WQ-FF) in 2020, allowing investors to endow part of their fund returns to waqf projects (Securities Commission Malaysia, 2020). On November 28 2022, the framework was expanded to cover listed funds such as Islamic REITs and Islamic ETFs (Securities Commission Malaysia, 2022). The listing of the Eq8 FTSE Malaysia Enhanced Dividend Waqf ETF on the Main Market of Bursa Malaysia on 10 December 2024, described as the world's first waqf ETF, demonstrates the integration of the capital market with waqf (Bursa Malaysia, 2024).

D. Comparative Summary

Table II summarizes the comparison of the three countries across the analytical dimensions.

Table II. Comparison of Waqf Asset Management in Turkey, Egypt and Malaysia

Parameter	Turkey	Egypt	Malaysia
Governing authority	VGM (now affiliated with the Ministry of Culture and Tourism)	Ministry of Awqaf and the Egyptian Awqaf Authority	SIRCs as sole trustees in each state and the Federal Territories
Principal legislation	Law No. 5737 (2008); Civil Code	Laws No. 180/1952, 247/1953, 80/1971	Federal Constitution (Ninth Schedule); state waqf enactments or Islamic administration enactments
Structural model	Centralized-secular	State-centralized	Decentralized federalism
National coordination	Hierarchical through the VGM	Full ministerial control	Policy coordination through JAWHAR and YWM
Property development	ROT and BOT concessions	Conventional leasing; agricultural land management	Istibdal; joint ventures with Islamic institutions; Malaysia Plan allocations
Financial integration	VakıfBank; Vakıf Katılım Bankası	Limited, under government control	WQ-FF; waqf ETF; sukuk
Heritage orientation	Active, tourism-oriented conservation	Constrained by old rent laws and urbanization	Urban site redevelopment through selective istibdal
Social security	Scholarships, soup kitchens (*imaret*), social assistance	Mosque maintenance, support for Al-Azhar	University endowments, corporate healthcare waqf (WANCorp)

Source: Author's analysis based on the documents in Table I.

DISCUSSION

A. Interpreting the Three Trajectories through Historical Institutionalism

The findings show that the critical juncture of modern state formation determined the institutional path of waqf in each country. In Turkey, secular centralization in 1924 created a single agency that, decades later, had the capacity to implement large-scale concession schemes. In Egypt, centralization driven by an agrarian agenda produced a path dependence that weakened innovation and public trust. In Malaysia, constitutional federalism preserved the religious legitimacy of the SIRCs but produced legal fragmentation. Any reform in Malaysia must therefore work within these structural limits rather than against them.

B. Balancing the Maqasid: Between Hifz al-Mal and Communal Welfare

Contemporary waqf management faces two risks: bureaucratic inefficiency that leaves assets idle, and excessive commercialization that marginalizes the charitable function. In classical *fiqh*, waqf is associated with *hifz al-mal* (preservation of wealth) through the retention of the principal asset and its investment to generate benefit. Within the broader *maqasid* framework, however, *hifz al-mal* serves as a means to achieve societal objectives (*maqasid ʿammah*) (Ibn Ashur, 2006; Laldin & Furqani, 2013), including *hifz al-nafs* (preservation of life) through healthcare, *hifz al-ʿaql* (preservation of intellect) through education, *hifz al-nasl* (preservation of lineage) through family welfare, and *hifz al-din* (preservation of religion) through the protection of religious functions and the founder's stipulations.

The maxim *shart al-waqif ka-nass al-shariʿ* (the founder's stipulation is equivalent to a text of the Lawgiver) requires that charitable purposes not be subordinated to commercial goals. Yet *istibdal* itself is a controlled exception to this maxim, permitted when the welfare (*maslahah*) of the beneficiaries requires it. This tension shows that commercialization is not inherently contrary to waqf, but that it must be governed by mechanisms of governance and measurement that ensure the benefit ultimately reaches the beneficiaries (*mawquf ʿalayh*).

C. An Improvement Framework for Waqf Management: The Malaysian Model

Based on the synthesis above, this study proposes a four-pillar conceptual framework that maintains state sovereignty over Islamic affairs while leveraging the strengths of federal institutions and the Islamic capital market.

1) Pillar 1: Legal Harmonization through Cooperative Federalism

Since centralizing waqf authority at the federal level would conflict with the Constitution, reform must be based on cooperative federalism:

- **Model waqf enactment:** JAWHAR, together with a Technical Committee under the MKI, prepares a draft model waqf enactment for voluntary adoption by the states, covering definitions of contemporary assets (shares, securities and digital assets), transparent *istibdal* procedures, investment governance and the appointment of fund managers.

- **Registered* mutawalli *framework: Statutory guidelines for appointing corporate bodies and higher education institutions as* mutawalli* under SIRC supervision, including a transparent revenue-sharing formula. The exact distribution ratios should be determined through a study of governance costs and stakeholder consultation.

- **Integrated waqf land database:** Data integration between the State Land and Mines Offices, the Department of Director General of Lands and Mines (JKPTG), JAWHAR and the SIRCs, which could reduce record inaccuracies and encroachment. Technology options (including distributed ledgers) should be assessed against existing systems such as e-Tanah.

2) Pillar 2: Financial Engineering and Productive Property Development

- **Adapting ROT and BOT schemes:** SIRCs open the development of idle assets to private parties and government-linked investment companies (GLICs) through long-term concessions, with land ownership remaining as waqf. Concession periods should be set on the basis of a feasibility analysis for each project.

- **Waqf REIT:** Using the WQ-FF to pool mature commercial waqf assets into a REIT portfolio, with the capital raised reinvested to develop new waqf land. Shariah feasibility, particularly regarding the transfer of beneficial interest, should be examined by the SC's Shariah Advisory Council.

- **Digital cash waqf and impact investment:** YWM and the SIRCs strengthen micro cash waqf and crowdfunding platforms for affordable rental housing and green energy projects at mosques.

3) Pillar 3: Alignment with Macroeconomic Policy and Social Protection

- **Operationalizing the PIWN 2025–2030:** Ensuring that the four pillars of the PIWN, namely (i) transforming waqf-related institutions, (ii) strengthening waqf legislation, (iii) increasing waqf income and financing sources, and (iv) raising waqf awareness and culture (Dewan Negara Malaysia, 2026), are translated into the programs of relevant ministries under the Thirteenth Malaysia Plan. PIWN pillar (ii) aligns directly with Pillar 1 of this framework, while pillar (iii) aligns with Pillar 2.

- **Tax incentives:** The Income Tax Act 1967 (Malaysia, 1967) already provides several deduction routes for waqf contributions: subsection 44(6) for approved institutions, 44(11C) for programs of national interest approved by the Minister (capped at 7 percent of aggregate income for individuals and 10 percent for companies), and 44(11D) for waqf funds, including public university waqf funds supported by the SIRC (Ismon & Hingun, 2020; Lembaga Hasil Dalam Negeri Malaysia [LHDNM], n.d.). The main issue is not the absence of incentives but confusion over eligibility across the subsections (Ismon & Hingun, 2020) and the requirement for public universities to obtain authority from the SIRC before applying for approval

(LHDNM, n.d.). An integrated LHDNM–JAWHAR–SIRC guideline is therefore proposed to simplify the approval process and to review the deduction caps.

- **Public university endowment consortium:** Collective management of the endowment funds of several public universities to achieve economies of scale, with returns channeled to scholarships for low-income students and to research.

- **Expanding the waqf healthcare network:** Collaboration between the Ministry of Health (KKM), the SIRCs and corporate waqf operators to expand mobile clinics and subsidized hemodialysis centers.

4) Pillar 4: Heritage Preservation and the Maqasid Shariah Performance Index

- **Urban waqf heritage zones:** For historic sites such as those in Penang and Melaka, commercial development on waqf land should be required to retain architectural identity through consultation with the National Heritage Department, and to allocate part of the floor space for community use or for rental at subsidized rates to beneficiaries consistent with the founder's stipulations. The quota (for example, 30 percent) is presented as an illustration and requires a feasibility study.

- **Maqasid Shariah Performance Index (MSPI):** Assessing the performance of waqf institutions beyond financial metrics, as described below.

D. The Proposed Maqasid Shariah Performance Index (MSPI)

Adapting the *maqasid* index approach used in Islamic banking (Mohammed et al., 2008), the MSPI is proposed as a weighted composite of four normalized components:

$$MSPI = w_1 \cdot CPA + w_2 \cdot DRR + w_3 \cdot SEI + w_4 \cdot HCI \qquad (1)$$

subject to:

$$w_1 + w_2 + w_3 + w_4 = 1, \quad w_3 + w_4 \geq w_1 + w_2 \qquad (2)$$

Each component is normalized to a 0–1 scale using min-max normalization:

$$x_i^* = (x_i - x_min) / (x_max - x_min) \qquad (3)$$

Constraint (2) ensures that the social and heritage dimensions (SEI and HCI) receive at least as much weight as the financial dimensions (CPA and DRR). The actual weights are proposed to be determined through expert judgment using the Analytic Hierarchy Process (AHP) or Fuzzy Delphi. The definitions of the components and their *maqasid* mapping are summarized in Table III.

Table III. MSPI Components and Maqasid Shariah Mapping

Component	Definition	Maqasid	Example indicators
CPA (Capital Preservation & Asset Growth)	Preservation and growth of the value of the waqf principal	*Hifz al-mal*	Change in fair value of assets; ratio of idle assets
DRR (Distributed Return Ratio)	Share of net income distributed to beneficiaries	*Hifz al-mal* (distributive dimension)	Income distributed ÷ net income; consistency of annual distribution
SEI (Socio-Economic Impact)	Impact on beneficiaries' health, education and welfare	*Hifz al-nafs, hifz al-ʿaql, hifz al-nasl*	Number of patients treated; scholarships awarded; households assisted

Component	Definition	Maqasid	Example indicators
HCI (Heritage & Civilizational Integrity)	Compliance with founders' stipulations, religious functions and heritage conservation	*Hifz al-din*	Audit score for compliance with stipulations; conservation status of buildings

Source: Author's proposal; adapted from Mohammed et al. (2008) and Ibn Ashur (2006).

E. Implementation Matrix

Table IV. Implementation Matrix of the Improvement Framework

Pillar	Key initiatives	Implementing agencies	Proposed timeframe	Maqasid justification
1. Governance and legislation	Model waqf enactment; integrated waqf land database	SIRCs, MKI, JAWHAR, JKPTG, State Mufti Departments	Medium term (3–5 years)	Preserving the principal (*hifz al-mal*)
2. Property financing	ROT/BOT concessions; waqf REIT	SC, Bursa Malaysia, YWM, Islamic banks, GLICs	Medium term (2–4 years)	Value growth without eroding waqf ownership
3. Macro policy and social protection	PIWN; endowment consortium; waqf healthcare network	Ministry of Economy, JAWHAR, YWM, Ministry of Higher Education, KKM, public universities	Short term (1–3 years)	*Hifz al-nafs* and *hifz al-ʿaql*
4. Heritage and ethics	Urban waqf heritage zones; MSPI audit	Local authorities, National Heritage Department, SIRCs, independent audit panel	Ongoing	*Hifz al-din* and communal welfare

Note: The timeframes are indicative and require stakeholder validation.

CONCLUSION

This comparative study shows that the waqf institution can adapt to the modern state, but that outcomes depend on the institutional path chosen at historical critical junctures. Turkey shows that the conservation of historic assets can be financed through public-private partnerships, while Egypt illustrates the costs of state centralization, which weakened innovation and civil society participation. Malaysia has distinctive advantages: the legitimacy of the SIRCs as sole trustees and a mature Islamic capital market. The proposed four-pillar framework of legal harmonization, financial engineering, macro-policy alignment and *maqasid*-based performance measurement offers a direction for translating the waqf heritage into twenty-first-century public policy.

Theoretically, this study demonstrates the usefulness of historical institutionalism in explaining the diversity of waqf trajectories. Practically, the framework and the MSPI can inform policy deliberations on the implementation of the PIWN. The study has several limitations. First, it relies entirely on secondary data. Second, the proposed framework has not yet been empirically validated. Third, access to waqf asset performance data for each country is limited. Future research should validate the framework through the Fuzzy Delphi method with experts, determine the MSPI weights through AHP, and test the MSPI using actual data from several SIRCs.

Ethics, Conflict Of Interest And Data Availability Statements

Ethics: This study did not involve human or animal subjects and used only publicly available documents; ethical approval was therefore not required. **Conflict of interest:** The author declares no conflict of interest. **Data availability:** All documents analyzed are publicly available and are listed in the References.

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