

Awqaf Properties Investment Fund (APIF) A Model for Sustainable Development

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- I. Background on Awqaf
- II. The Awqaf Properties Investment Fund (APIF)
- III. Relevance of APIF to Development and Humanitarian Needs
- IV. Financial Resources
- V. Project Cycle
- VI. Performance of APIF Since Inception
- VII. Success Stories
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I. Background on Awqaf

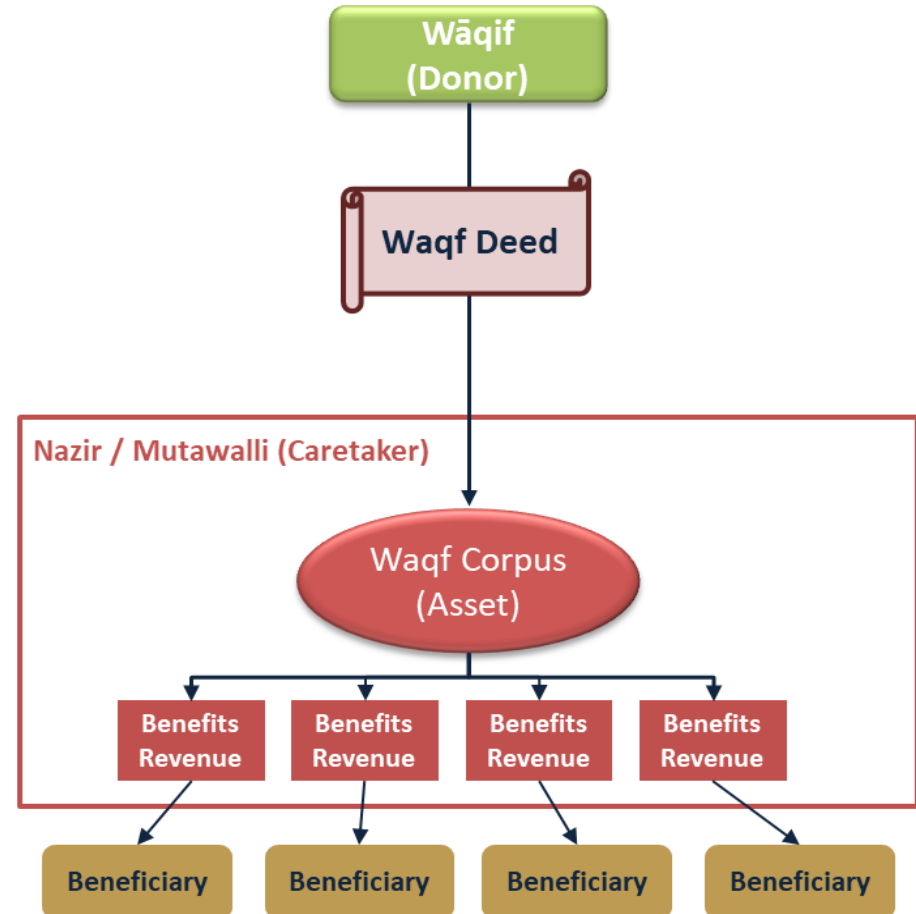
لن تنالوا البر حتى تنفقوا مما تحبون

ال عمران - 92

- Waqf (plural: Awqaf) is defined as a perpetual endowment. It is also known as Habs
- Creating a waqf involves setting aside certain assets and preserving them so that benefits continuously flow to the beneficiaries
- The corpus (endowed asset) of a waqf can be kind (e.g. real estate, shares etc.) or cash
- Major historical role in the Muslim World and major contemporary role in the West
- Religious and philanthropic incentives to give – capturing private savings and transmitting inter-generationally as social wealth

Key features of a Awqaf

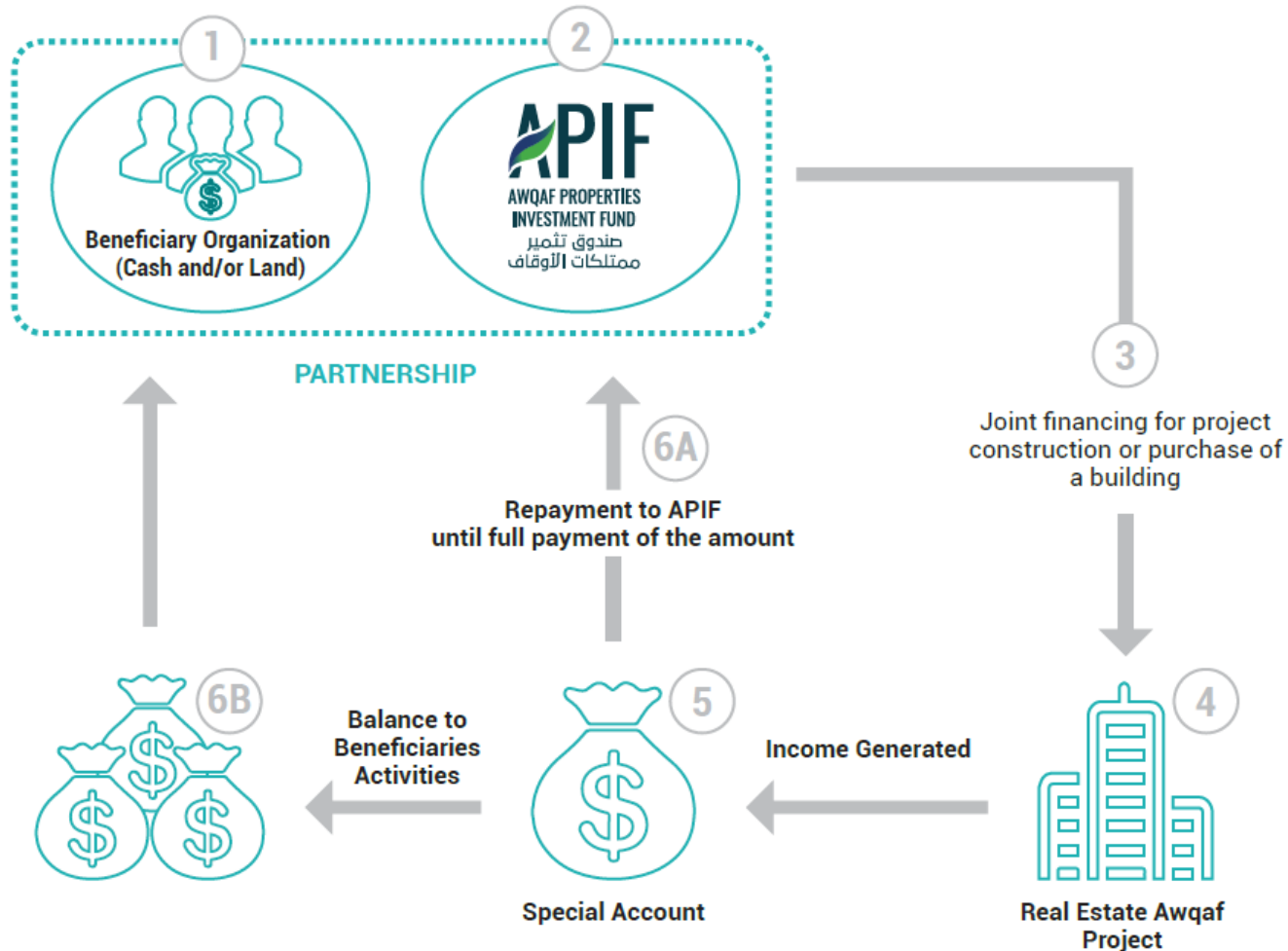
- Irrevocability – Waqf made normally cannot be taken back
- Perpetuity – Waqf corpus to remain intact
- Purpose – Objectives of waqf need to be clearly defined
- Permanence – Benefits to continue indefinitely
- Honesty and Integrity – Is critical in management of waqf



II. The Awqaf Properties Investment

- Operationalizing Awqaf support via an Impact Investment Fund
- Uses an Islamic mode of financing to promote a form of Islamic social finance – Awqaf (Islamic Charitable Endowments)
- Commenced operations in 2001
- Started providing financing for the development of idle Waqf lands
- Has become a unique fund/development model in MDBs
- Helps achieve financial sustainability through financing the establishment of charitable endowments (Awqaf Ministries, NGOs, etc.) (2nd-degree development)

APIF Schematic and SDGs



FOCUSED SDGs :

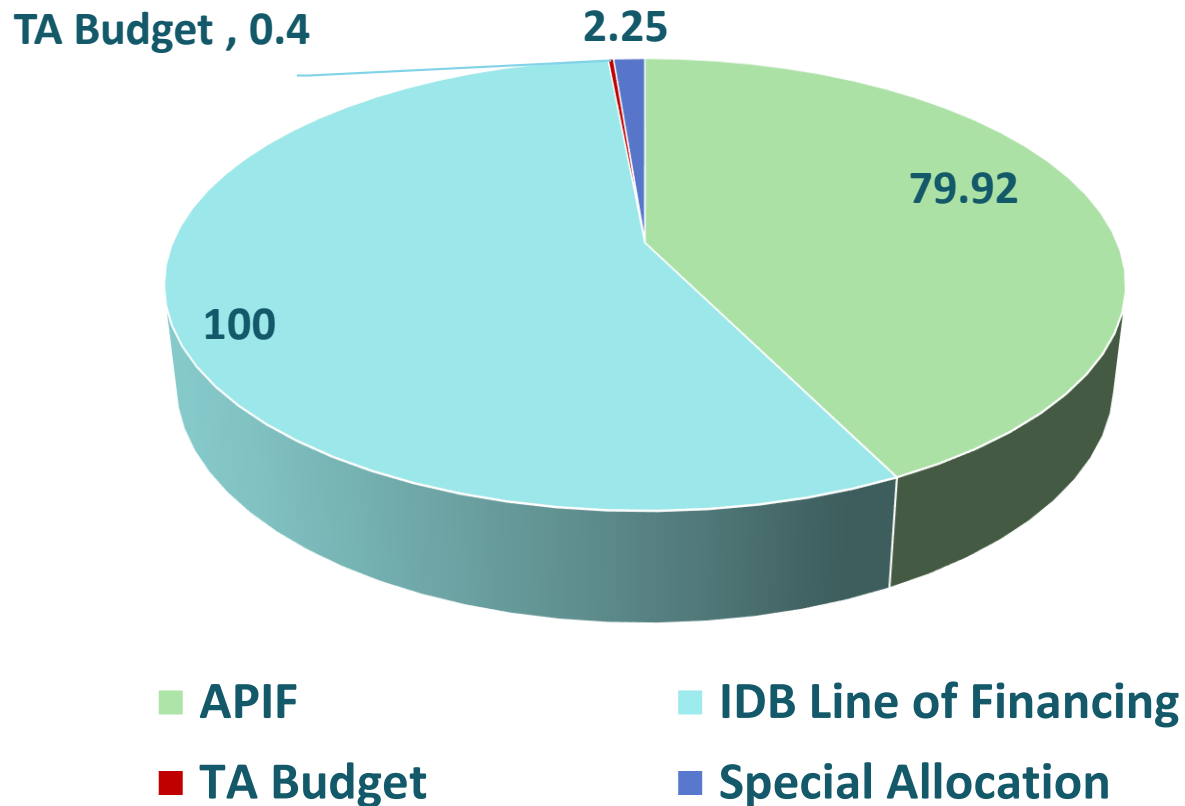


III. Relevance of APIF to Development

- Beyond the traditional scope of development projects, Awqaf decentralize the funding of post-completion operational expenses, relieving fiscal pressures
- There is great potential for Waqf as a component of education projects
- Private management and incentive structure to support public services – relieving fiscal pressures on governments
- APIF projects have successfully supported NGOs active in social infrastructure services in areas of fragility and conflict
- APIF, as an impact investment fund, can help mobilize private investment to ultimately support public services/social infrastructure otherwise unattractive to private investment (e.g. in Rural/distant areas)

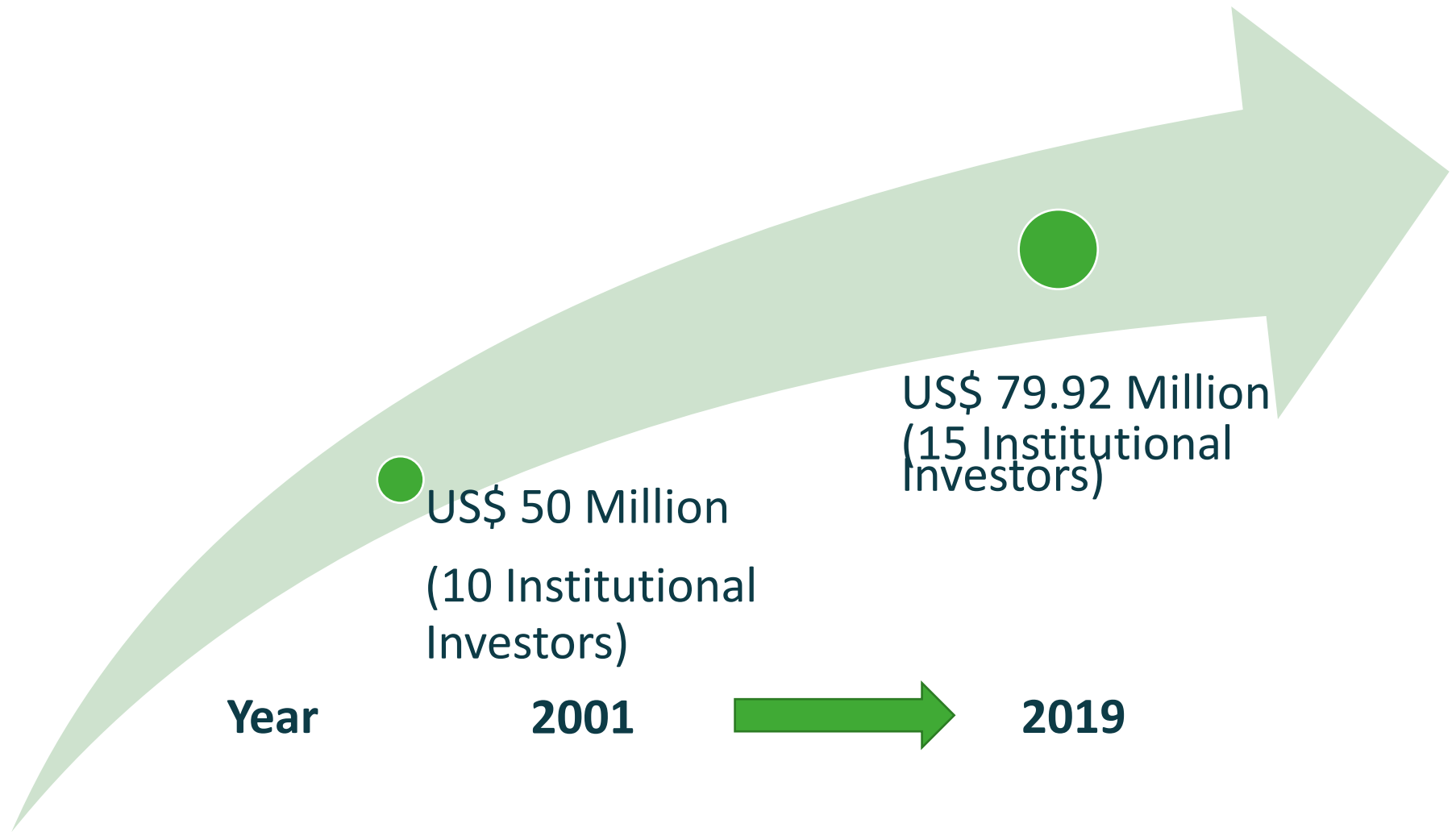
IV. Financial Resources

Financial Resources Allocation (US\$ Millions)



Financial Resources

APIF Capital



V. Project Cycle for Waqf Projects

Identification and
Official Request
(Sovereign or not)



Legal Clearance



Concept
Clearance



Preparation &
Appraisal



Approval of IsDB
Management



Signing of
Financing
Agreements



Declaration of
Effectiveness



Implementation
& Disbursement



Completion &
Closure



Post Evaluation

Official Request could be:

- Sovereign from MCs
- Non-sovereigns (e.g. charitable organizations)

Types of Projects Financed by APIF

- ✓ Revenue-generating real estate endowment projects, including:
 - Residential buildings
 - Commercial buildings
 - Mixed-use development

- ✓ Projects may be:
 - New construction
 - Extension of existing buildings
 - Renovation/rehabilitation of existing buildings
 - Purchase and conversion of existing buildings to waqf properties

General Terms of Financing and

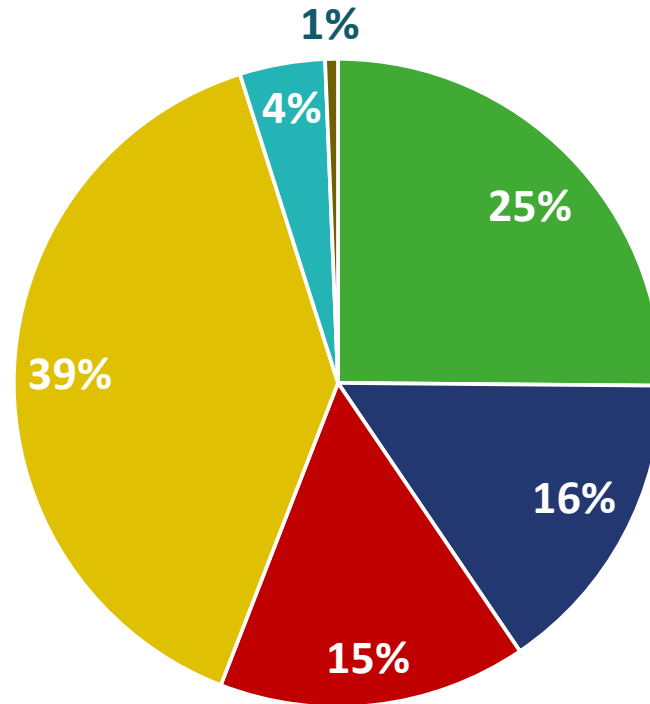
- Project size - US\$ 5.0 million (minimum)
- Minimum contribution by beneficiary - 25% of total project cost or project land
- Financing Tenor – Between 5-15 year
- Acceptable IRR and DSCR

VI. Performance

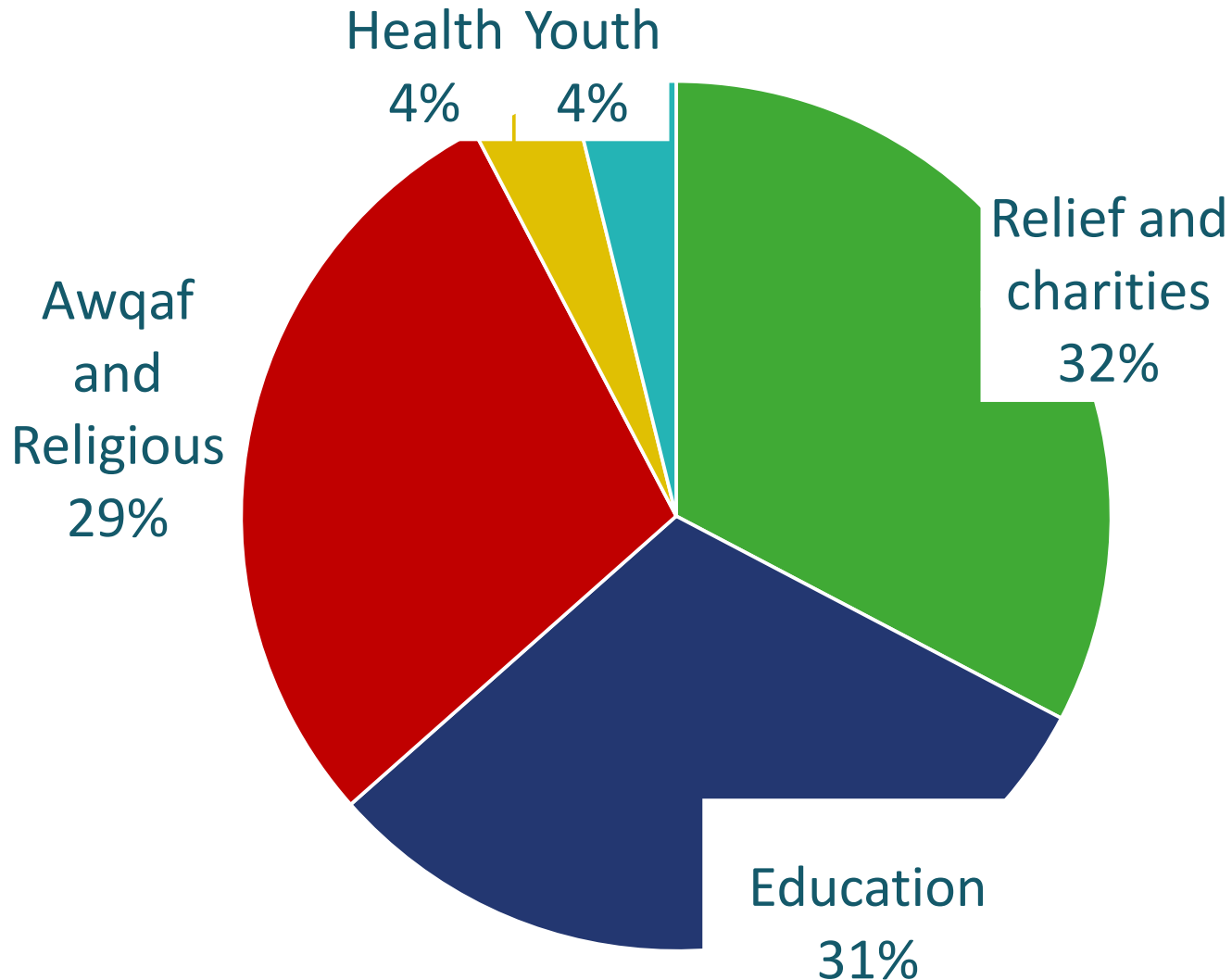
APIF Approvals Since Inception



Summary of APIF Projects by Region



Summary of APIF Projects by Beneficiary



Financial Performance of the Fund

- Average Yield of the Fund since Inception: 5.5%
- Dividends paid: Average 3.5% p.a. of the paid-up capital for the last 16 years with a minimum of 2.5% p.a. (including during the financial crisis of 2008-2009)

VII. Success Stories (1) IsDB-BISEW

Project: Bangladesh Islamic Solidarity Education Waqf (IsDB-BISEW)

Approval date: 1997

Financial assistance to enhance technical & educational capabilities of youth

INPUTS

- Land from the Government
- US\$ 10 Mn IsDB Grant
- US\$ 3.2 Mn IsDB Ordinary Financing

OUTPUTS

1. Office Building
2. Computer Mall/City

IMPACT

- >12,000 Student sponsored for IT scholarship alone
- >7,000 successful job placements

OUTCOMES

Providing the following:

- IT Scholarship
- Vocational Training
- Madrasah Support
- Orphans Care



(2) Daras Senegal

Project: Mixed-use Waqf Building in Dakar Senegal
for the benefit of Daras Schools

Approval date: 2019

**Financial assistance to the activities of Daras Schools
in Senegal**

INPUTS

- US\$ 0.3 Mn from Government of Senegal
- US\$ 3.7 Mn land from Government of Senegal
- US\$ 16.2 Mn IsDB Ordinary financing

IMPACT

- >12,500 Students supported
- > Financial sustainability ensured
- Paved way for Waqf regulatory framework

OUTPUTS

1. 16 Floor Residential Building in prime location in Dakar

OUTCOMES

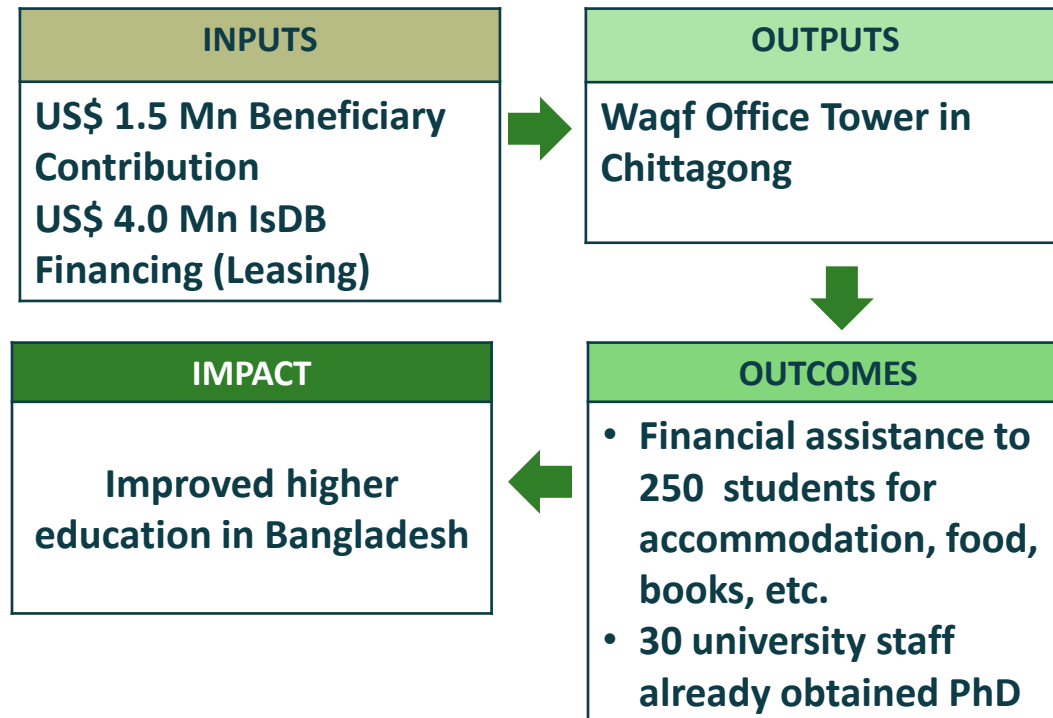
- Providing financial support for:
- 64 Quranic Schools (Daras)



(3) IIUCT Bangladesh

Project: Waqf Office Tower for the benefit of International Isl. University Chittagong, Bangladesh
Approval date: 2006

Opening the doors for needy students to brighten their future



(4) Towfiq Welfare Society (TWS)

Project: Purchase of Office Building in Kenya for the benefit of TWS, Somalia

Approval date: 2015

Financial assistance to the educational and health activities of Al-Tawfeeq Charity Organization, Somalia

INPUTS

- US\$ 0.75 Mn from TWS
- US\$ 2.75 Mn IsDB Ordinary financing

OUTPUTS

1. Purchase of 7 Floor fully rented Office Building in Nairobi, Kenya

IMPACT

- > 4,000 Students supported
- > 1,130 Orphans helped
- 200 Wells drilled
- Model for supporting regions of fragility

OUTCOMES

- Providing financial support for:
- 5 Schools in Kismayo
 - Al-Ansar Orphanage
 - University and Hospital
 - Drilling of Wells



Proposed Areas of Cooperation

- Investment in APIF's capital – receive financial and social-impact dividends
- Co-financing Awqaf (endowment) projects especially via grants to relieve the debt burden
- Including a Waqf component in the design of social infrastructure development projects
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Thank You!