



Pooled Funding – Islamic Finance

The Waqf Scene In Turkey

Islamic Financing In Social Action The Scene of Waqf in Turkey

Purpose

This paper aims at providing a set of analytical perspectives to illustrate areas of potential engagement with Waqf institutions in Turkey. In addition to organizational literature, information and data presented in this paper were obtained from interviews and meetings with scholars in the field as well as key people in each of the following institutions: Directorate General Of Foundations, Diyanet Waqf, World Disability Foundation and Darussafaka.

1.1.1. Directorate General Of Foundations [Turkey]

Contextual Overview - Waqf In the Islamic Civilization

The function of Islamic Waqf as a charitable endowment goes back into the Islamic history to the days of the first state of Islam. Islamic literature indicates that the Prophet Muhammad points out its foundation in the hadith¹.

The Ottoman empire had made the waqf system one of the main pillars in their social and economic structures. Some scholars tend to call the Ottoman civilization a 'Waqf Civilization', as waqfs played an instrumental institutional role in charity provision and public services. Official literature of the Turkish Directorate General of Foundation indicates that *'the first known Foundation in Anatolia was set up in 1048'*².

¹ Hadith literature refers to an incident when [Umar Ibn Al-Khattab](#) got land in [Khaybar](#), so he came to the prophet [Muhammad](#) and asked him to advise him about it. The Prophet said, 'If you like, make the property inalienable and give the profit from it to charity.' Ibn Hajar al-'Asqalani, *Bulugh al-marām*, Cairo n.d., no. 784. Quoted in Waqf, *Encyclopaedia of Islam*.

² <http://www.vgm.gov.tr/sayfa.aspx?id=78>

Regulatory Framework & Cultural Value

Established in 1924, the Turkish Directorate General of Foundations³ was founded to manage all foundations⁴ dating back to the Ottoman Empire including Waqf foundations⁵. Through archiving, preserving and maintaining the cultural and heritage of waqfs; the Directorate oversees tens of thousands of properties (an estimation of around 65,000 immovable properties) such as mosques, churches, Turkish baths, covered bazaars, bridges, mansions, palaces, clock towers and others.

The regulatory framework of these foundations⁶ looks after two main kind of foundations: those that are inherited from the Ottoman Empire period and the newer models that were established under the Turkish Civil Code that is derived from the Swiss Law.

Both practice and Law draw a line between an inherited Ottoman foundation and ones established later and combine them both under the modern legal system. As long as these old foundations comply with the modern law, they continue to function.

In public culture and history, the waqf concept takes not only religious but humanitarian and emotional social value. Dr. Ali AKYILDIZ, Professor of Law at Başkent University mentions that he finds a particular perspective of some jurists interesting, when they compared pledging a waqf to freeing an enslaved human being. *'Properties belong to Allah which makes them free by nature. Man's ownership enslaved them. When you establish a foundation (waqf), and endow the property to waqf to the use of humanity, you return the property back to its owner'.*

It's worth noting here that Turkey's Constitution asserts that Turkey is a secular and democratic, republic, so Shariaa compliance wouldn't be reflected in the regulations & written literature of the waqf, yet, in some cases it may strongly reflect in underlying philosophies and practices.

³ Official Website: <http://www.vgm.gov.tr/index.aspx?Dil=EN>

⁴ Foundation (English), Waqf (Arabic) and Vaqif (Turkish) indicate the same concept in different languages

⁵ <http://www.vgm.gov.tr/icerikdetay.aspx?Id=62>

⁶ Attachment I - Foundations Regulation and Attachment II - Foundations Code
Global Engagement Platform (GEP)

For example, courts at some cases considered the founding articles of foundations to be as binding as the public law, even if they are contrary to the public order. Such rulings have been criticized by some jurists at some points.

Governance & Sustainability

In terms of governance, most the old foundations are governed by the state except for the few that are still managed by the direct descendants of their founders.

A waqf in Turkey should be establish to sustain itself. In order for a waqf to be established, there must be some kind of reasoning or proportionality between the purpose and the endowed property (i.e. assets should be able to carry out the purpose). The foundation should endow the fund or asset needed to fulfill its own purpose.

External funding is welcome as long as the waqf does not depend on it. Yet, in practice, this is not always taken care of that waqfs in some cases turn into an association of individuals. In modern practice, foundations can be established according to the modern laws.

Potentials & Prospects of Engaging with Waqfs in Turkey

International collaboration of the Directorate remains within the cultural and museums contexts, which the case in their engagement with the EU⁷. However, potentials for expanding international collaboration to different areas is there for a variety of reasons. On one hand, both humanitarian and development aid are incorporated deeply with the waqf inherited and modern cultures and practice depending on the nature & activities of each waqf.

On the other hand, the Directorate's literature clearly identifies foundations (waqfs) *'the institutions services produced (...) for the purpose of meeting human needs which formed in all areas of social life'* including *'social solidarity, donation and production of public'*⁸, where Waqf can serve economic activities, health, education, environment and culture.

⁷ More about EU projects could be found on: <http://www.vgm.gov.tr/sayfa.aspx?id=101>

⁸ Attachment III - Services - General Directorate Of Foundation.

It is also worth considering the wider political context of Turkey's support to international efforts in humanitarian aid and assistance within and beyond the context of the Syrian crisis. Being the second biggest donor country of the world following the USA in 2015 with an official humanitarian aid of USD\$3.2 billion⁹, Turkey has been extending humanitarian assistance both on a bilateral and multilateral levels to UN systems as well as regional and international networks through its governmental channels and traditional institutions.

⁹ Global Humanitarian Assistance Report 2016:
<http://reliefweb.int/sites/reliefweb.int/files/resources/Global-Humanitarian-Assistance-Report-2016.pdf>

1.1.2. Turkiye Diyanet Foundation [Turkey]

Contextual Analysis

Established in 1975 and founded by the President of Religious Affairs Dr. Lütfi Dogan and his vice-presidents along with other influential leaders from the same sectors, Turkiye Diyanet¹⁰ Foundation operates locally through 1,000 local branches and internationally in 108 countries.

Mission has been to address & expand religious (Islamic) education and to reach out to Turkey's neighboring countries with historic & demographic ties to Turkey. In addition to religious teaching peace, social and cultural activities are on the mandate of the foundation. Over the years, in times (and places) of hunger, wars or natural disasters, Diyanet provided help to *'millions of people regardless of their religion, race, color or gender'* as indicated by their literature. Main areas of intervention are education, culture, mosque services, relief and charity.

Governance structure is comprised of general assembly that selects a board of trustees headed by a president. Operational team is lead by a general manager and deputy.

The largest part of their resources come from donors, while a smaller come from the investment of their Waqfs and real estate projects including events management transportation and mosques constructing services.

Majority of the recourse allocation goes to Islamic education, still there's an existing and growing interest in expanding other humanitarian & charitable activities.

Most of their program including the culture, mosque services and education still have an Islamic focus. For example, their education program provides a diverse set of educational support addressing different levels of Islamic education including masters and PhDs, Scholarships, student's accommodations & other (generic or specialized) Islamic training programs.

¹⁰ Official Website: <http://www.diyagnetvakfi.org.tr/>
Global Engagement Platform (GEP)

Their charity and social program provides food assistance in and outside Turkey using Zakat and Fitra money as well as Qurbani¹¹ donation through different projects and activities. For example, the "Sacrifice of Qurban by Proxy" program have sacrificed on behalf of 686,920 people between 1993 and 2014 which means thousands of tons of meat delivered in food assistance locally and internationally at specific holy occasions.

Prospects & Recommended Engagement Potentials

The foundation identifies itself as an international non-governmental not-for-profit religious organization. It is worth noting that the literature sees serving the humanity as part of their religious mission, a value that was vivid both in personal communication and in written literature¹². The foundation takes pride in extending 292 million Turkish lira's worth of humanitarian support between 2010-2014.

This makes them a strong potential partner to start exploring areas of potential collaboration in the field of humanitarian support. Food Security looks like the a very valid starting point as it constitutes large part of their operations. The organization has already extended services to people in affected by crises and disasters in Turkey, Pakistan, Haiti, Somalia, Mali, Syria, Palestine, Gaza, Philippines, Bosnia, Afghanistan, Iraq and most of the African countries. Nonetheless, collaboration potentials look to be higher if the focus will be on Turkey's neighboring countries demographics of Turk origins, as presence there and interest are much stronger.

Diyanet is very much aspiring to be visible on the regional and international scenes. An engagement and/or an affiliation with an international UN-like type of networks would be much welcome.

¹¹ Qurbani, or Udhiyah as it known in Arabic, is the word that describes the sacrifice of an animal to Allah (swt) during the period of Eid ul Adha. On Eid Ul Adha, which marks the completion of the annual Hajj pilgrimage, the Muslim world celebrates and honours the tradition of the Prophet Ibrahim (Alahi Salaam) by sacrificing an animal and distributing the meat to those in need.

¹² Their motto "The best of the people are those who are most beneficial to others" is derived from a saying by the Prophet Muhammad ﷺ

1.1.3. World Disability Foundation (Dünya Engelliler Vakfı) [Turkey]

Contextual Analysis

World Disability Foundation (WDF) was established in Istanbul in 2010 as a modern foundation¹³ (Civil Law Waqf) by three philanthropists, two of whom are still very active as the President and Vice President¹⁴.

The foundation utilizes strong relationships with philanthropists, celebrities, the government, private sector and relevant UN & international systems to mobilize endowment, donation, support and advocacy to persons with disabilities. Most of its board members are persons with disabilities including the President, Mr. Metin Şentürk who is famous visually-impaired Turkish musician¹⁵.

WDF's approach to waqf that started with mobilizing support from celebrities and business people in the board then developed in 2010 to invest in products and services to generate sustainable income.

The foundation operates on a minimized fixed and admin costs by incorporating volunteers both in their management and project operations (engagement with the business and governmental sectors). These volunteers, academics, engineers, or subject matter experts, would engage in the implementation of a projects and be compensated for their contribution in share from the project's proceeds, which the

¹³ Foundations Code of Turkey. There were no complications for WDF. The World Disability Union (WDU) which is the international network cofounded spearheaded by this waqf, was registered under a different law & took longer since it included members from different countries.

¹⁴ WDF co-founded the World Disability Foundation (WDF) was an association as a qualified International status, established with the Council of Ministers Decision, inclusive, an organization is solution oriented project development and practice, under the chairmanship of the visually impaired artist Metin Şentürk.

¹⁵ President of WDF, Metin Şentürk, broke the world record as the world's fastest unaccompanied blind driver in a Ferrari F430 (303 km/h). This was a publicity stunt to promote WDF.

<http://www.nydailynews.com/life-style/turkish-singer-metin-senturk-breaks-guinness-world-record-fastest-unaccompanied-blind-driver-article-1.162769>

foundation calls it a surplus and invested in development activities that related to their mandate¹⁶.

In terms of resource mobilization, WDF does not have fundraising activities and does not accept conditional grants that are vague in nature (e.g. “to help persons with disabilities in need). They have substantial cash assets that are endowed by the founders, and income-generating activities (standards, certifications, etc..).

One of the main line of products uses a combination of project consultants and universities to develops standards, certification schemes and accreditation systems, which are most of the time registered as intellectual property and leased to private sector. Example of such projects\ products are World Bar Association, Barrier Free City Project, Barrier-free Olympic Sports Complex, Healing and Rehabilitation Centers, and others.

There is a strong belief in partnership with (and the efficiency of) the private sector that represents one of their strongest alliances. Private sector’s companies and contractors are the main vehicle that implement the foundations’ activities that support the organizational sustainability and reduce dependency on external funding.

Prospects & Recommended Engagement Potentials

One of the most notable opportunities represented by this waqf is the access to the private sector, with which WDF have formed a strong alliance based on trust and mutual benefits. Companies, who play key roles commercializing the foundation’s products by integrating them into their business models, usually become promoter of the foundation and its activities.

Moreover, there seems to an interest both in expanding international networks and in supporting best practices & program development (products, standards, services, etc..). There has been a time, for example, when the foundation funded government

¹⁶ When asked about existing potential involvement in humanitarian or development activities, the foundation mentioned that development could be relevant to their line of work but not humanitarian aid.

official's technical visits with the purpose of exploring best practices for inclusion of students with disabilities in the educational system.

The foundation has had previous experience working with the EU as well as with and through local organizations and they would welcome engagement that would strongly take their mandate and expertise into consideration.

Assuming a leadership role in the sector locally and internationally¹⁷, prospects to involve this waqf in an international endeavor are promising¹⁸, especially that WDF and WDU has international outlook in regards to its beneficiaries as expressed by them and incorporated in their literature¹⁹.

¹⁷ In 2011, World Disability Foundation cofounded & spearheaded the establishment of the World Disability Union (WDU), an international umbrella organization for individuals, NGOs, federations, and government ministries working in the field of disability. It is especially significant that only 1 year after its establishment, WDF formed WDU. WDU has more than 300 members from 75 countries.
<http://www.worlddisabilityunion.org/>

¹⁸ They believe that their mandate that is defined by the statute is a very sufficient one that covers all activities for People with Disabilities. They do not believe there is any room for expanding it.

¹⁹ When asked about their targeted beneficiaries, they were identified as '*Persons with disabilities in Turkey (through WDF) and in 75 member countries (through WDU)*'.

1.1.4. DARÜŞŞAFAKA [Turkey]

Contextual Analysis

The history of Darüşşafaka (DŞ) goes back to the year 1863 when it was founded as an association²⁰ that provides children who lost their fathers with access to education²¹.

Extending educational support to orphans and economically-underprivileged children, DŞ society started attracting politicians and community leaders who and mobilizing volunteers, resources and endowments as the first “*civilian organization for education in Turkish history*”²² “.

Governed by the general assembly, the board of directors, the supervisory board and the advisory board, DŞ Society operates under the Associations Law. In 2010, the law allowed their school settlements be assessed commercially without hindering the educational activities. Along with the quality of education provided in the school, this attracted others students to join and contribute to the suitability of the operations.

Supporting academic education through its schools, programs and scholarships from year five till the end of high school²³ and through post-high school education²⁴, DŞ’s alumni of scholars and leaders contributed back to the association through different types of social, political and financial support. In 1958, DŞ established an entertainment and shopping center in Istanbul as an investment to secure an additional sustainable income. Retirement residences have been another interesting model that was pioneered in 1997 by DŞ for the first time in Turkey according to their Deputy Secretary General, Ms. Burçak Karakaya.

Residences such as such Yakacık²⁵, Maltepe²⁶, Şenesenevler²⁷ are well-reputed for providing elderly people with higher financial capabilities with life-time access to

²⁰ Although this legal status didn’t exist back then, DŞ was established by a Sultan decree from the donation received from the founders

²¹ Statutes amended in 2012 to include students who lost their mothers

²² <https://www.darussafaka.org/about-us/society/history>

²³ Today nearly 1,000 children from all over Turkey who qualify by passing an entrance exam can continue their education in Darüşşafaka Schools with full scholarship for 9 years from the first year of secondary school through to the end of high school. <https://www.darussafaka.org/about-us/society>

²⁴ During the third and fourth years of high school, students are sent to private teaching institutions specifically to study for the university entrance exam. (..) scholarships continue during their university education. <https://www.darussafaka.org/schools>

²⁵ <https://www.darussafaka.org/residences/yakacik-residence>

²⁶ <https://www.darussafaka.org/residences/maltepe-residence>

²⁷ <https://www.darussafaka.org/residences/senesenevler-residence>

peaceful, comfortable and high-end accommodations, along with social activities and unlimited healthcare. Such donations are allocated to sustain the residences while other parts fund the rest of DŞ activities.

Prospects & Recommended Engagement Potentials

Though Darüşşafaka did not identify itself as a waqf, neither through the literature or during the conducted meetings, key parts of their funding model has been relying on assets and financial resources endowed by their supporters and alumni of beneficiaries as described in the previous section.

It is worth noting that DŞ stands in a strong point in terms of being a recipient of wills which constitutes a major part of DŞ's income while it acknowledges the donor's effort and memory in a model that is very similar conventional endowment. For example, when a donor pledges half a million TL (almost USD \$283k), the capital would carry the donor's name and memory, while the capital will be *'preserved as a security while the interest would be spent on the needs of our students along the year'*²⁸.

That facts that the association is exempted from all kinds of taxes and fees by law gives the association great flexibility to utilize this support effectively and to serve the main purpose.

There are a few examples of engagement with international networks²⁹, academic institutions outside Turkey³⁰ and international NGOs³¹ that support their mandate. There is also an interest to push the mandate further both in Turkey and abroad and enhance the integration of their students regionally and internationally³². DŞ are very interested in spreading their know-how of supporting both orphans' education and exporting their operational models to other countries.

²⁸ <https://www.darussafaka.org/your-donations/donation-campaigns/everlasting-story>

²⁹ DŞ is an observer at ECOSOC, since 2015

³⁰ An example of which is an understanding with Columbia University –where CU has agreed to give preference to admitting DŞ alumni among similar applicants.

³¹ An example of which is a collaboration with MATTEL Foundation, that provide in-kind donation in shape of toys, computers, tablet, PCs.

³² An example of which is a global internship program agreement with Siemens

1.1.5. Turkish Red Crescent [Turkey]

Contextual Analysis

Founded in 1868, the Türk Kızılayı is one of the oldest red cross and red crescent societies. It shares same fundamental principles of humanity, impartiality, neutrality, independence, volunteer service, unity and universality.

It identifies itself as a *“not-for-profit, volunteer-based social service institution providing unconditional aid and service and is a corporate body governed by special legal provisions”*³³.

The original mandate, that started with bringing assistance with no discrimination to those wounded in the battlefield, expanded over the course of history to address additional areas of humanitarian and development aid on a local, regional and international level.

The organization coordinates closely with the Turkish government both on the leadership and programmatic levels. It takes pride in activities that provide social solidarity through contributing to the development of social welfare. Areas of operations include providing services to poor and the needy in addition to addressing nutrition and health care, international aid, immigration and refugee, first aid, education and youth empowerment.

Prospects & Recommended Engagement Potentials

Türk Kızılayı enjoys millions of dollars’ worth of assets that provide sustainable funding to its activities. The organization has a strategic focus to enhance its international outreach which was highlighted in the second main objective of the its strategic plan for 2016-2020 that indicated using *“30% of budget for the International Humanitarian Aid Activities”*³⁴.

In the last three years, the Turkish Red Crescent has been operating in dozens of countries including; Montenegro, Somalia, Myanmar, Bangladesh, Pakistan, Palestine, Central Africa, Mozambique, Seychelles, Tunisia, Azerbaijan, Cameroon, the Philippines, Afghanistan, Bosnia and Herzegovina, Kosovo, Iraq, Kenya, Niger, Senegal, Mauritania, Chad, Nepal, Bulgaria, Macedonia, Ethiopia, Somaliland, Djibouti, Senegal, Serbia, Kyrgyzstan, Guinea, Sierra Leone, Liberia and Syria contributing to the relief of human suffering, reaching 137 countries since our establishment.

For example, TRC’s Syria Operations by mid-2016 has extend a equivalent of more than 1.5 billion TL of humanitarian relief items sent to Syria under the sub-sectors of shelter, education, food, NFIs, logistics, health and WASH. The recent Community

³³ Turkish Red Crescent Website: <http://www.kizilay.org.tr/Kurumsal/history>

³⁴ Turkish Red Crescent’ Strategic Plan 2016-2020 can be downloaded from <http://www.kizilay.org.tr/Kurumsal/strategic-plan-2016-2020>

Center initiative has been providing psychosocial support, vocational trainings and referral services to Syrian people under the temporary protection status in Turkey. 4 centers currently serve the urban population in Şanlıurfa, Istanbul, Konya and Ankara through the financial support of the International Federation of Red Cross and Red Crescent Societies (IFRC). Turkish Red Crescent is planning to open 20 more community centers until the end of 2017.

The fact the organization is willing to become “An International Player That is Preferred For International Cooperation Projects” leaves the door wide-open to explore potentials of engagement on a international level.

Areas of such engagement are best-described in the strategy paper, which was referred to “*international programs, strategic partnerships, bilateral and multilateral relationships, external aids, humanitarian diplomacy, International Humanitarian Law, relationships with governmental and intergovernmental bodies and non-governmental organizations*”, as areas of focus between 2016 and 2020.

Thematically, TRC’s ‘strategic tendencies’ were identified by the following:

- Providing safe blood and decreasing vulnerability
- Providing aid for needy and defenseless people in disasters and usual periods worldwide
- Support innovative initiatives worldwide that has lasting impact and decrease vulnerability with focus on health programs
- Seek and foster more global partnerships with all relevant global partners needed to serve humanity everywhere they need our collective support for relief and long term sustainable programs