

# The Role of Waqf-Based Microfinance on Women's Empowerment: Qualitative Evidence of Egypt During COVID-19

Ali Hamid Irhoumah<sup>1</sup>, Abdullah Mohammed Ayedh<sup>2\*</sup>, Norhazlina Ibrahim<sup>3</sup>

<sup>1</sup> *Economy and Political Science, Azzaytuna University of Libya*

<sup>2,3</sup> *Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia*

\*Corresponding author; Email: [abdullah.mohammed@usim.edu.my](mailto:abdullah.mohammed@usim.edu.my)



**Received:** 10 July 2022

**Revision:** 20 August 2022

**Accepted:** 12 February 2023

**Available Online:** 27 March 2023

**Published:** 31 March 2023

**Volume-4, Issue-1**

✔ **Cite This:** *ICRRD Journal*, 2023, 4(1), 149-XXX

**ABSTRACT:** The COVID-19 pandemic has negatively the Egyptian economy and dramatically slow microfinancing programs for women empowerment. This triggered this paper to explore the applicability of microfinance based on waqf model for women's empowerment in Egypt. The study is adopting qualitative approach. Using semi-structured interview. Data was collected from five (i.e., academicians, practitioners, regulators) experts in Egypt on microfinance, women empowerment, and Waqf. The findings disclosed that there was consensus among the interviewees that the Waqf model can give women various advantages, which can be seen as important aspects of gender equality and access to funding. In addition, there are no legislation issues and obstacles to apply model, the legislations are clear to women empowerment. Lastly, the challenges are miss use of waqf-microfinance by women, the confidence by donors, how to maintain the Waqf assets and demographic challenges. While women are requiring awareness, concentration, and the responsibility, cooperation, and seriousness. The microfinancing Waqf-based model can provide a practical shariah compliances model to empower Egyptian women. Furthermore, this proposed model can fuel the gap of funding women entrepreneurs in Egypt. This is one of the earliest qualitative studies focusing on microfinancing Waqf-based model to empower Egyptian women. Therefore, this study could be an initial reference for the extension of future research on microfinancing Waqf-based model and empowerment of women.

**Keywords:** Women's Empowerment, Waqf-Based Microfinance

## 1. Introduction

Although the world is still in the stage of uncertainty over the control of the Covid-19 pandemic, especially with the emergence of new strains of the virus in 2021. However, the increase in vaccinated people in countries, as well as the economic policies of countries to address the negative consequences and impact of the pandemic, led the International Monetary Fund to expect recovery and growth in the global growth rate by 6% compared to the global economic contraction by 3.3% in 2020 (ECES, 2021). In Egypt, In Egypt, the economy is still suffering from the repercussions of this

pandemic. Egypt is the fourth largest Muslim country in terms of population with 87.5 million Muslim (World population view, 2021). Over the last thirty years, the dominance of the small and Medium sized enterprises (SMEs) in Egypt is growing. The SMEs is considered one of the main key drivers of Egyptian economy (Zaazou and Abdou, 2021). In addition, Egyptian women facing discrimination and inequality of financing apparitional compared to the Egyptian man (Irhoumah, Ayedh and Echchabi, 2020).

The Egyptian government has adopted macroeconomic and structural reforms to recover and stabilize the economy to face the economic repercussions of COVID-19. However, the negligent of the Egyptian government of the microeconomic (SEMs). In addition, the adverse repercussions of the pandemic have of have since weakened the private sector activity and job-creation recovery (World Bank, 2021). These include women entrepreneurs and women empowerment programs in Egypt.

In other hand, Muslims for centuries, have fulfilled their social obligations and served their respective societies through waqf institutions which the most important NGOs and civil society institutions in the Islamic world (Kazim & Haider, 2012; Nisser, & Ayedh, 2017). Previous studies on waqf have suggested that waqf can be successfully implemented for economic development, social welfare and women empowerment. This implementation will be beneficial to drive many humanitarian projects, particularly in health and education. Furthermore, the waqf resources through Islamic Microfinance institutions (MFIs) can provide services like Human resources development (HRD), project financing and Islamic insurance. Al-Jilali (2017) argued that Islamic MFIs are hardly ever engaged in any risky investment or project with the clients based on Musharakah or Mudarabah principle. This is because of their operational limitations and also for their sustainability. In order to address this problem, project financing by the MFIs and the sponsorship of waqf funds can assist both the borrowers and the financial institutions.

All those who engage in conventional banking have to face the matter or interest or riba. The Waqf model is therefore an opportunity to promote comprehensive economic development and social welfare serves and justice among the people and women's empowerment in Egypt. In addition, it will have a positive impact on society by specifically investing in human resource development as well as a timely opportunity to eliminate interest or riba which is forbidden in Islam. The truth is that Waqf funds can be used as *Qard Hassan* (benevolent loan) or through collection or cash-issuing funds. In the history, there is no doubt that the Waqf funds have contributed to the religious fields in Egypt such as for the building mosques and scholarships, and also through contributions to improve educational, health, social and other public facilities. However, nowadays the role of waqf in social financing is either wake or unobserved (Shaikh, Ismail and Shafiai (2017). Therefore, this research is aimed at investigating the applicability of microfinance based on waqf model for women's empowerment in Egypt.

The remainder of the paper is organized as follows: Section two reviews the past literature. Section three provides an overview on the methodology applied in the study and section four talk about the main findings and their implications. The final section provides a concluding discussion of the paper, as well as some recommendations and implications of this research.

## 2. Literature review

Numerous numbers of studies had been conducted on conventional microfinance and women empowerment. In addition, the nature of research approach of most studies was quantitative in nature. However, less studies on Islamic microfinance or Waqf microfinance. Here, this section focused on the studies on Islamic microfinance and women empowerment and mainly on qualitative studies.

Study by Rahayu (2020) explore the Baitul Maal Wat Tamwil (BMT) role on women's empowerment in Yogyakarta Indonesia. Using a qualitative approach (focus group; interview). The findings indicated that the issues of loan swindlers and were the primary factors driving the inception of BMTs. Despite women being crucial clients, none of the studied There is no explicit statement on women's empowerment in BMTs' organizational vision. The BMTs' preference for women is not based on a knowledge of gender inequality, but rather motivated by practical business considerations.

Thaker and Asmy (2018) investigated the views and suggestions of different specialists on the integrated cash waqf microfinance investment (ICWME-I) model in Malaysia, particularly about appropriateness, applicability and prospects in the market. Therefore, findings showed that the specialists supported the appropriateness of the ICWME-I model in offering financial services to micro enterprises.

In other conceptual study by Shaikh, Ismail and Shafiai (2017), discussed the implementation of waqf in the social finance sector for sponsoring social and development projects and services. The research was qualitative and reviewed the literature provided descriptive data to show its primary idea. Nevertheless, this conceptual research highlighted the requirements and possibility of waqf no discussion of the supervisory and working procedures of how to efficiently institutionalise it in various regions.

A study by Kachkar (2017) examined cash waqf-based Islamic microfinance to create a conceptual model that could be employed to provide microfinance to refugees utilising a qualitative approach. Meanwhile a comprehensive review of the literature was done. Also microfinance was carefully investigated. The study indicated that numerous had marketable skills and talents that could be used to enhance their socio-economic status.

Atan and Johari (2017), carried out research in which they analysed the related literature on waqf for poverty alleviation and social well-being between 2006 and 2016. They revealed that of the various waqf issues or topics that researchers were most concerned with in the past decade the issues of cash waqf garnered 19.4%, waqf property (13.8%), and waqf concept (12.5%). In addition, issues that were concerned with poverty and poverty alleviation were the topics of 14 articles, while microfinance was discussed in 17 articles, Corporate Waqf was the focus of discussion in 13 articles.

According to Hassan and Saleem (2017), endeavored to confirm or disapprove a potential relationship of Islamic microfinance and socio-economic welfare of women and investigated the perspective of Islamic microfinance packages functioning in Bangladesh. The result indicated that progress in women's income and resources which contributed to the enhancement of women's financial freedom and sense of self-esteem.

A study by Sherun (2016), examined the contribution towards the activation of the role of cash waqf in development involving a case study of some Islamic countries - Turkey, Kuwait, Malaysia, and Algeria. In turn, it focused on the relationship between proposed mechanisms to promote the

contribution of monetary waqf through its three dimensions: waqf funds, waqf cheques (sukuk), waqf banks on development. Moreover, this research was confined to Islamic countries. The result showed that monetary waqf contributed to development and support the poor.

In a qualitative study of the socio-economic development of the Muslim community in Malaysian by Suhaimi, Ab Rahman and Marican, (2014), data were acquired through interviews whereas this research indicated that the endowment fund scheme played a significant role in the economic progress of the Muslim community in Penang and the Waqf Fund Scheme focused on the building and purchase of commercial properties to offer retail space that could be utilised by the Muslim community. Also, the Waqf Fund Scheme provided a financing facility to acquire waqf assets or through cash support channeled to associations or committees of a masjid.

Haneef, Muhammad, Pramanik and Mohammed, (2014), attempted to integrate waqf- based Islamic microfinance model in poverty reduction in Muslim countries. Their work employed mixed mode of quantitative and qualitative approaches for the development of their model. In contrast, the result showed that waqf fund could be used to eliminate riba and reduce poverty and, it could be able to offer takaful and project funding and make use of human resources, while. On the other hand, trained human resources could take part in project financing. In turn, project financing was a viable tool to help in poverty alleviation.

Kazim and Haider (2012) made a study of the Pakistan Islamic microfinance model and its viability and found that there is urgent need to provide shariah-compliant financial services in the country. Moreover, the results indicated that numerous possible clients rejected the conventional microfinance loans because they were not shariah-compliant.

In a different study on cash waqf for empowering of women by Muhammad (2011) the focus was on investigating the potential of waqf-based microfinance. In addition, the research used content analysis and interviews. The result revealed some important findings that most of the respondents (more than 50 %) believed that microfinance was needed and was the appropriate intervention in fighting poverty.

Abdeljawad (2013), studied the effect of microfinance on women empowerment in Egypt, in an exploratory study through measuring self-efficacy, identity, decision making, and learning where the data used for this study were interviews with five members in a group lending and three members in individual lending. The results showed that microfinance programmes appeared to be less empowering. While all women interviewed wished to grow continually and seemed to be constantly re-evaluating them in terms of how strong they felt. Nevertheless, it argued that ways to access to financing are not adequate where this provides evidence of the longitudinal nature of the development of empowerment. This research conclude that Egyptian females need more support and create other innovative solutions to access the financing process and financial and non-financial training in microfinance.

In recent conceptual research work by Nisser and Ayedh (2017) about the microfinance and women empowerment, the research has discussed conceptually the microfinance current role in women empowerment. In addition, this research has defined the microfinance based waqf model. However, the definition was isolated of farther discussion and empirical visualization of this concept.

There are worthily points to mentioned here as literature gab, first with mixed findings of the role microfinancing in women empowerment. Second, there is no qualitative study on Egypt studying the women empowerment and microfinancing except for Abdeljawad (2013). The results of Abdeljawad study indicated that the microfinancing role on women empowerment perceived negatively by Egyptian. Abdeljawad (2013) suggested to propose other innovative solutions to access the microfinance program to ensure effective role in enhancing women empowerment.

### 2.1 Concept of Waqf-Based Islamic Microfinance

Waqf is an Arabic word literarily has meaning “to hold”, or “to stop”, prohibition or confinement. Waqf is singular while its plural form is awqaf. In the literature on Islamic law, waqf means-holding a certain property and maintaining it for the entire benefit of certain humanitarianism purposes and prohibits any use or disposition of it outside, which is its main goal (Mohammed & Ahmed, 2013). In other words, waqf is a monetary or asset legacy meant for charitable purposes (Al-Jilali, 2017). Waqf was also defined by Ahmed (2007) as “the confinement of the entity from the ownership of any person and the gift of its income or usufruct, either presently or in future, for some charitable purpose”.

Waqf is a property donated for the use of beneficial purposes as stipulated by the giver, for a charitable purpose, particularly to serve the community’s interests, for justice, equitable distribution of income in Islamic economics (Shaikh et al., 2017; Nisser, & Ayedh, 2017).

### 3. Research Methodology

This study explores the applicability of microfinance based on waqf model for women’s empowerment in Egypt during the COVID-19. To achieve this objective, a qualitative approach applied, using interview. One of the advantages of applying qualitative research is permitting better understanding on how people interpret their experiences, how they construct their worlds, and what meaning they attribute to their experiences (Merriam, 2009). The choice of qualitative research method enhances the researcher ability to gain comprehensive information about the microfinancing and Waqf experts in Egypt. Furthermore, this method (Weischedel, Matear and Deans, 2005). For the pursuit of enriching the discussion of interview content analysis, the researchers had performed basic descriptive analysis applying word cloud using Voyant Tools website to explore the interview content and analysis the content.

There are five main dimensions. First, the possibility of using Islamic microfinance based waqf model in empowering Egyptian women. Secondly, dimension is legal enactments related to microfinance and waqf in Egypt. Third the basic requirement to apply this microfinance based waqf. Fourth the challenges of using this microfinance model. Lastly the possible and the expected value added by applying this model in Egypt to empower women.

Table 1: Items Questions of Interviews

No	Dimensions	Questions	Sourced
1	The Possibility of Using Waqf Model	What is the possibility of using Islamic microfinance based on Waqf model in empowering women in Egypt?	(Thaker and Asmy 2018) (Mhaideb, 2012)

2	The legal Enactments	What are the legal enactments in using Islamic microfinance based on waqf model in Egypt?	(Muhammad, 2011)
3	Requirement of applying Waqf Model	What are the basic requirements to apply, Islamic microfinance based on waqf model?	(Costa et al., 2010)
4	The challenges of using Waqf Model	What are the challenges of using Islamic microfinance based on waqf model in Egypt?	
5	The Possible Contribution	What is your opinion on the possible contribution on Islamic microfinance based on waqf model positively to Poverty Reduction and empowering women?	

All the five interviewees were specialized in waqf with experience in their respective positions. Respondent A worked in the endowment's authority as an assistant in some charities, while respondent B worked as an assistant in the faculty of fundamentals of Religion, Al-Azhar university Cairo. Respondent C was a university graduate, employed in the ministry of Awqaf, while respondent D was with a faculty member and respondent E was with the endowment's authority.

#### 4. Analysis and Findings

##### 4.1. Possibility of Using Islamic Microfinance Based on Waqf Model in Empowering Women in Egypt.

The Islamic financial system promotes the eradication of poverty by helping the poor to escape their poverty with job opportunities that enable them to be self-sufficient to enjoy a reasonable level of comfortable life. The findings from the interviews provided important and useful insights into their work that highlighted various issue for theoretical and practical considerations as well as issue that could be addressed in future research.

All those who engage in conventional banking have to face the matter of interest or *riba*. The Waqf model is therefore an opportunity to promote comprehensive economic development and social welfare serves and justice among the people in Egypt. In addition, it will have a positive impact on society by specifically investing in human resource development as well as a timely opportunity to eliminate interest or *riba* which is forbidden in Islam. The truth is that Waqf funds can be used as *Hassan* loans (benevolent loans) or through collection or cash-issuing funds. There is no doubt that the Waqf funds have contributed to the religious fields in Egypt such as for the building mosques and scholarships, and also through contributions to improve educational, health, social and other public facilities. Interviewee A stated that:

*"The possibility of using Waqf funds in the form of small loans may have direct success in the short and long terms. In particular, the possibility of using Waqf funds for poor women will actually contribute to the nation's reform, as well as educating children and contributing to increasing the family income"*

This is in line with the findings of Muhammad (2011) and Mhaideb (2012), who concluded that the value of the waqf and its development and investment weight in Islamic societies are important in many ways. In addition, Islam has placed great importance on the waqf by encouraging the owners of

funds, and scholars to provide input in the form of guidelines to assist the management of waqf to plan towards helping the beneficiaries.

This study has found that the waqf occupies a place in the economy of Islamic countries and in Egypt particularly, although this significance has not received the attention it deserves although it is considered a part of the Islamic economy. While, the possibility of using this money according to Islamic microfinance and guidance to women will be successful in Egypt, as the Zakat and waqf foundations attempt to empower the poor and enrich them so that they have a source of income that enriches them instead of asking for help from others (Suhaimi et al., 2014).

In contrast, the waqf funds help the unemployed and turn community members into productive individuals. In addition, it contributes to the harmony and affection among the members of the community. Egyptian women's access to the waqf funds is based on the recognition of women as members of a decent human society. They participate in building their society and become productive and effective members of the work force and thus aspire to help build a strong society free of the problems of corruption and crime and the society enjoys solidarity and security and women feel that they have duties to perform. Interviewee C explained that:

*“The waqf is a social tool for the creation of social and economic balance and for ensuring the needs of the poor, the needy and their families are met. Using the waqf funds through Islamic microfinance for women and the reduction of poverty will be hugely successful in Egypt”*

According to Haneef (2014), waqf is a donated fund that is used to achieve various worthwhile objectives, and the most important is to look after the needy and in this way waqf funds are the engine of the economy. In addition, the waqf projects pay attention to public interest and equality and lead to enhancing the level of income of the poor. Interviewee D mentioned that:

*“The use of Waqf funds to initiate various worthwhile projects will directly or indirectly benefit the poor women and needy”*

The proper use of the Waqf funds will have a positive impact in Egypt through investment in endowment funds and maximising the generation of cash income that allows the Waqf funds to provide its services to the community in the best possible way, and thus increasing the income to people of the community and alleviating poverty. Interviewee E agreed and stated that:

*“There is a big difference between conventional loans and Islamic loans. Conventional loans lack the spirit of human funds while the Islamic funds take into account all human needs without looking at profit. Meanwhile, the waqf funds can be used for women”*

In fact, Islamic financial organisations in Egypt can play a significant role in driving investment through the use of Waqf funds. These funds have the potential to succeed since they contribute to the reduction of poverty and help to raise the standard of education among the poor families and also help with the daily expenditure of poor families, especially when the Waqf funds are invested in profitable projects.

Many people are aware that Islam focuses on both material and spiritual development as well as on various other aspects of life. In the same way, Muslim scholars have set a number of goals for achieving justice based on Islamic principles (Budiman & Kusuma, 2011). Also, The funds can be used





Law No. 152 of 1957 as well as Law No. 44 of 1962 regarding the handing over of Waqf objects administered by the Ministry of Awqaf

However, in 1971, the President of the Republic of issued Law Egypt No. 80 of 1971 establishing the Egyptian Endowment Authority, which stated in Article 1 thereof that a public body called the Egyptian Endowments Authority shall be established and shall have the legal personality. In turn, there is no legal impediment to the use of money and investing it since Egypt was one of the first countries where the Waqf law was passed, and after that the other Arab countries started to pass laws for the Waqf which was largely influenced by the Egyptian law.

After this brief overview of waqf legislations, now it is appropriate to view the experts' opinion of the Legislations regarding the use of Islamic Microfinance based on Waqf Model in Egypt. Interviewee B stated that:

*"The laws and legislations are perfectly clear in terms of deployment of funds and benefits from them, but the administrative and financial corruption is the real obstacle to benefitting fully from this money"*

This shows that the legislation regarding Waqf in Egypt activities make them legitimate and clear, but the mechanism of its application is considered the real problem.

In this context, there is a forest of laws and subsequent executive regulations that make it difficult for the researcher or those who want to apply the legal provisions which govern the Waqf. According to Omer (2004) it requires re-issuing a law that collects the contents of the legislations in Egypt and avoids the negatives that have been criticised by the people and take into consideration the developments, variables and circumstances. It is not that there is a law prohibiting the use of Waqf funds for the purpose of micro financing. Interviewee B observed that:

*"There are many laws that encourage microfinance based waqf to contribute to economic and social development via increasing the contribution of microfinance projects to job creation to women in Egypt, poverty alleviation and social justice"*

In this regard, the interviews have shown that the enacting of the laws that are related to the use of Islamic microfinance and the use of Waqf funds is considered as a fait accompli (something established and done) but what is needed is to facilitate the access of microfinance services to vulnerable segments of women who are unable to access formal financial services, through electronic remittances, and rural agencies. In addition to work to underpin the confidence in the process of project quality, credit history, salaries and pensions to grants of the microfinance, in addition to enhancing the role of small savings to grant and recover the funding.

However, these laws are not well-organised and as a result it is difficult to take advantage of them. While there are many laws that refer to providing the funds for the projects of graduates, youth and women and work to establish the principles of social justice and distribute the wealth among groups and segments of the population and different geographical areas to encourage the reverse migration to the countryside and restore stability and integration and resettlement so that there can be eradication of poverty in general. The statement of interviewee C was that:

*"Some of the Waqf funds are lost due to the assault on them within the large number of laws and legislation where the intervention of the government in the Waqf produced a*

*sense to some people that the Waqf was acclimated by the government and therefore deviated from its role that is prescribed by Sharia”*

This is in line with Tammam (2008) who argued that the attempts to enact a law for the Waqf in Egypt were not new but were within the large number of laws and legislation that have existed since the beginning of the twentieth century. Egypt has known the Waqf as an Islamic state since the entry of Islam to the country and increase the size of Waqf to a large extent over the years. It is important here to point out that 40% of Egypt's agricultural lands were granted to the Waqf as well as many built-up properties and some movables. The Waqf included many land areas such as worship place (Mosque), education, health, social welfare, water, animal welfare, and others.

In addition, the Waqf management is mainly based on the jurisprudential rulings of the Waqf, which have settled in the modern era and in all countries to consider them as a form of laws that organise the Waqf and the parties entrusted with its administration and supervision are committed to comply with these laws.

Moreover, the work was carried out in light of laws where these Waqf are organised according to the jurisprudential provisions governing the Waqf is not codified because the jurisprudential heritage was the elementary reference on which the Muslims are based in the establishment of the Waqf and its management. The judges refer to the jurisprudential heritage in disputes and cases are then adjudicated.

The laws encourage the deployment of the Waqf funds and directing them to the poor through Hassan loans (benevolent loans) or through the deployment of these funds in improving the level of education and spending on some health facilities. For example, there were also some laws that refer to the handover of buildings and land belonging to the Waqf charity covered by the Ministry of Awqaf to the provinces for development or disposal for the Ministry of Awqaf as well as buildings and lands where the Waqf is located. Interviewee D stated that:

*“The legislations support the poor people and women in many areas, but these legislations have not been implemented in a correct way. Also, the laws do not contradict waqf based microfinance model in Egypt”*

According to Hassanain (2015), these models can be applied, while the rate of return of the investment of Waqf funds attributed to the volume of invested funds is small and many of which are invested in various economic, agricultural and industrial sectors, trade and real estate, which generate a very little return on investment.

In this way, the abundance of laws and regulations has adversely affected many of the Waqf funds, especially those used in agricultural reform, as well as a lack of awareness of the importance of Waqf funds, which in turn stopped the establishment of new Waqf despite its importance in the lives of Muslims. Interviewee E explained that:

*“The legislations are clear and explicit in terms of the poor and women in Egypt, whether they were through subsidies or loans or through microfinance based waqf model, in my opinion there is no difference between them”*

This supports the opinion that legislations are clear and explicit as they support the economic activities which will help citizens wherever and the social disadvantages and marginalised groups in

general, and women (Tammam, 2008; Nisser, & Ayedh, 2017). However, the empowerment of women relies on unique elements which are: women are diverse groups of individuals intersected with all these other categories and that marital and family relations are a central reason for not empowering women in a way that is not available to other disadvantaged groups. The empowerment of women requires mainly stereotyped changes in organisations that support patriarchy.

Now, we shall explore the word cloud and links analysis to explore the interview content and analysis the content with regards this dimension. The findings show that the, Waqf, laws, legislation, women, Egypt, and microfinance were the most frequent terms used by all interviewees.



**Figure 2: Word cloud and links of the interviewees content about Legislations on using Islamic microfinance based on waqf model in Egypt**

In summary, based on the basic content analysis above and the interview discussion above, there are no legislation issues and obstacles to apply microfinance based waqf model to empower women in Egypt. In turn, they stated that the waqf law is perfect and there is an issue of so many laws in waqf and the legislations are clear to women empowerment, but these legislations have not been implemented in a correct way.

#### **4.3. Women's Basic Requirements to Apply the Islamic Microfinance Based on the Waqf Model.**

The women's basic requirements to implement this model the topic that reveals the reason behind the weakness of the Waqf and its limited size which are represented by the state's intervention in the Waqf and the imposition of its guardianship on it. The topic also proves that the best use of the Waqf can contribute to alleviating the burden on many poor families by providing services and public goods in the community and giving good loans, thus reducing the burden and achieving development (Nilsen, 2012). Interviewee A observed that:

*"The women should be fully aware of the use of Waqf funds in real projects. Some women believe that these loans are given as gifts. Women also need to reduce the process of reproduction so that this will create harmony between the utilization of the loan funds and the organisation of family affairs"*

On the other hand, Interview B considered that:

*“Women are unreasonably affected by poverty in many countries, while they should be more aware of the responsibility to take advantage of these loans, and it is also significant to use this money for investment rather than for daily consumption”*

According to Shil (2009), women in many countries have shown that they are less defaulting on loans, while, women benefit more from microfinance services. At the same time as women earn income and begin to manage their loans and savings, their status in the family and society is improved, and they can develop themselves. After meeting the basic needs of their families, women begin to invest their resources in education, health care, and healthy food, which increase the likelihood of future generations being freed from the poverty cycle. The opinion of Interviewee C was:

*“It is necessary for women to direct their Waqf funds to invest them in projects and things that come as a tangible return to the family and not consumables which end with the end of the funds obtained, and to achieve the best return or interest in accordance with the priorities that need to be taken into account”*

Actually, women are the most thoughtful of the needs of the family and improve the quality of life of their families and when funds are available for women, there should be investment in the education of their children, in the health care of their families, in improvements to their homes and in the development of their projects. The provision of microfinance is very important to poor families who are unable to obtain loans from the banking sector. In turn, women are required to engage and use money in productive activities or to develop their microenterprises. Interviewee D indicated that:

*“There is a need to raise awareness among women who want to obtain Waqf funds and the need for coordination and cooperation between the authorities which are responsible for the Waqf and the financial and Islamic organisations which are specialised in the field of granting loans in Islamic form”*

However, the organisations can preserve all their rights with wisdom and justice where Waqf funds help to ensure love, rapprochement, stability, cooperation, and coexistence among members of society.

The women should be aware of the solidarity and social solidarity among them so that material benefits can be realised and go beyond to meet the community's moral needs. Therefore, women must be ready to make full use of this money within society (Ahmed, 2002).

The Waqf is an important means of solidarity among the people of an Islamic nation to find a balance within their respective societies, which is a factor in organising life and raising the status of the poor. Furthermore, it strengthens the disabled and turns the unemployed into productive individuals and brings hope into the lives of families. The women must also be taught about Waqf funds and play their desired role to indicate their importance as players in the collective development and building of their lives. Interviewee E clarified that:

*“There are three basic things women should do: awareness, sustainability, and seriousness. On the other hand, the issue of Waqf is encouraged and deserves to be enhanced. It is important that the conditions should be met well and closely in view of the enormous benefits that would ultimately be earned”*



such as agricultural lands, space, and buildings which constitute the bulk of Waqf funds. Then, there was the report of returning the Waqf funds to the Egyptian Waqf Association only to find that it was difficult to recover all the Waqf funds because most of these funds have been used for other purposes when they were needed to help the poor help the poor or for establishing educational organisations and other worthwhile projects. Interviewee A had this to say:

*“There are many challenges that face the activation of the role of the Waqf organisation in the eradication of poverty and partially women empowerment using the financing behaviour in Egypt. One of the most important of these challenges is to direct the Waqf funds to investment and productive areas instead of using them for consumption-based purposes that do not generate any misuse of microfinance returns”*

The policies and procedures that some Arab countries have pursued at the economic level in general and in Egypt in particular are not enough to eradicate poverty (Omer, 2004). The challenges are massive and difficult since the problem revolves around how to activate the role of the Waqf organisation to fund small and medium cost projects which suffer from a lack of fund as well as to help in achieving modern economic development and social justice instead of depending on foreign investments methods which are far from our communities (Tammam, 2008).

This can be happened via engaging Non-Governmental organisations, poor women as well as the unemployed women in the developing operation through create trust between them through and establishing and funding the small and meddle projects. In this context, interviewee B commented thus:

*“The big challenge encountered by Islamic microfinance based waqf funds is the lack of confidence by donors to create cash waqf to the poor women in Egypt”*

The activities of the Waqf organisations (non-governmental organisations) are focused on serving the interests of the community; especially the poor and they need to establish a feeling of trust between the organisations and the community. Waqf organisations function like charities and their aim is to use their funds for various charitable purposes.

One of the challenges faced by the Waqf Organisations is how to direct their funds to the poor people and invest these funds in productive ways instead of using them for consumption purposes that are not sustainable. It has been proposed that this can be done by engaging the NGOs and unemployed youth their operations and exploiting the potential of the marginal groups in the community by making them feel that they have a great responsibility towards their community and county. Interviewee C explained that:

*“How to maintain the Waqf assets and develop their sources by microfinance based Waqf, and to what extent the women benefits from these funds and puts them into productive activities that generate income”*

This opinion is in line with Ahmed (2007) who stated that the challenges are big especially because some of the poor consider these funds as gifts and not as loans. In addition, other challenges that need to be faced are that the Waqf organisations should train their employees in order for them to help ensure the success of the organisations programmed. There should also be engagement and cooperation with responsible parties in different countries in the Islamic world particularly in the area

of information exchange and experience and facilitate the transfer of capital through small loans in the Islamic way and without riba.

Sometimes, the small Islamic loans may not be suitable in some circumstances since there can be serious challenges to repayment of the loans. For example, the people who live in the remote regions or those who have serious health problems may not be suitable as good agents to obtain loans. In these cases, direct gifts and improving the basic construction or the training programmes are the more effective things to do. The agents should be able to repay the loans according to agreed schedules and other conditions that make the small Islamic loans more effective. Interviewee D commented:

*“Due to demographic challenges or they may be within the social structure or within the level of education, prevailing norms and habits in the community here, microfinance based waqf funds may clash with these challenges in women's empowerment”*

The families which have low income are exposed to many challenges such as the danger of disease, sudden death and full or partial disability. Although, they may be just a small part of the population, nevertheless they are people in dire need of assistance and should be helped. Consequently, the affected families' in their attempts to cope with these unexpected crises find themselves facing a new crisis. Interviewee E comments on such circumstances thus:

*“There is no project without challenges, and one of these challenges is the ignorance & awareness of women, if the women are not literate, of course, and the women will not get benefit from the Waqf funds”*

Since one of the main obstacles that stand in the way of programmes involving small funds in the Islamic model is the people's ignorance due to lack of awareness. Sometimes it is due to a lack of initiative on the part of the women who use such funds for non-sustainable purposes like daily expenditure instead of putting the funds to productive use.

Further, the Islamic economic system has ethical foundations which are based on achieving prosperity and fair distribution of income and wealth among Muslims. However, ignorance and poverty are widespread in most of the Islamic world (Hassanain, 2015). The alleviation of ignorance and poverty is considered a major challenge while the misuse of funds which are supposed to be seed capital for productive projects is another of concern. In addition, at national and international levels the management of Waqf funds has been plagued by serious losses of Waqf funds.

Generally speaking, there is still a huge economic discrepancy among Egyptians which can be noted in many areas. For example, the poor distribution of the wealth is in the community. In general, Egyptian society is still suffering from ignorance, especially among women.

Figure 4 below shows the word cloud and links analysis to explore the interview content and analysis the content with regards the challenges facing the use of Islamic microfinance based on the waqf model. The findings show that the Waqf, women, challenges, microfinance, Waqf, microfinance, women, challenges, confidence, demographic, education, donors, assets, cash, and maintain were the most frequent terms used among the five interviewees.



**Figure 4: Word cloud and links of the interviewees content about challenges facing the use of Islamic microfinance based on the waqf model**

In summary, based on the basic content analysis above and the above discussion of the interviewee's answers, it can be concluded that the challenges are mainly five. First, miss use of waqf-microfinance by women. Second, the confidence by donors on cash waqf and microfinance is very weak. Third, how to maintain the Waqf assets and develop their sources by microfinance based Waqf. Fourth, demographic challenges or they may be within the social structure. Fifth, it is education of women.

#### **4.5. The possible contribution of Islamic microfinance based on waqf model to alleviate poverty and empower women**

Section five discusses the contribution of Islamic microfinance based Waqf model to the reduction poverty and empowerment of women. And notes how the Waqf organisations have played a significant role in developing education in Islamic societies as well as in the scientific progress that the Islamic nation has witnessed during the long history, when the funds allocated to education were spent in many different ways that serve the teaching and learning process. The most significant of these contributions was the establishment of schools and the encouragement of students to engage in the process of education through facilitation. Interviewee A argued that:

*“As we all know, women are part of the society and spending the Waqf funds on education will have an indirect impact on the family since the women are part of the family”*

The funds were not limited to the establishment of schools but included the maintenance of schools and equipping them with furniture and other supplies and paying salaries and operating expenses.



Some of the endowment funds included providing housing to students and providing their important needs (Hassanain, 2015).

In contrast, giving the money directly to women may have a positive impact when this money is invested in projects that are profitable or spent on things that generate income to society or to the country by giving non-interest loans to the poor. Interviewee B commented:

*“Waqf organisations are more consistent with the poor people since they have many mechanisms that help the poor and women empowerment in Egypt. The distribution of funds in the form of liquid loans will have a lot of positive effects on women and it plays a major role in achieving justice in the distribution and redistribution of income and wealth so that the use of funds for the poor and the needy is a kind of redistribution of income and wealth in the community to achieve equality and harmony among the members of society”*

In this regard, Haneef et al. (2014) have shown that the Waqf organisations also have suitable formulas for the distribution of wealth in the form of basis of those organisations in the traditional economy. On the other hand, aid provided in cash to the deserving has a significant effect in increasing an individual's income, and achieves the economic role of the Waqf.

Furthermore, the Waqf organisations help to empower the poor with a source of income which frees them from dependence on others, including the state. The granting of money through hassen loans benefits many poor families.

In turn, the Waqf funds lead to convert the unemployed women to productive women and converting them after a while from women who are entitled to Waqf funds to women who contribute to the Waqf properties (Hassan & Saleem, 2017). In general, the Waqf mechanisms help to close the gap between members of the same society in terms of wealth and the monopoly of means of production for greater economic and social equality.

The uniqueness of Waqf is in its ability to convert the poor and dependent into productive individuals who in turn contribute towards the sustainability of the Waqf organisations for them to continue their good work to empower other disadvantaged members of society and provide them with the opportunity to change their lives for the better and enjoy harmony and acceptance as equal members of their respective communities. Amidst such a positive scenario these transformed and empowered individuals can aspire to build a better society of equals that is free of corruption and strife. Interviewee C believed that:

*“There will be a real contribution and a positive impact on the lives of the poor, especially women, through positive influence on children's education, scientific research in Islamic sciences, physical and human sciences, and providing care to the basic social interests and contribution to provide health care to families”*

In light of what has been mentioned so far, it can be seen that Waqf organisations help the poor to improve their income and standard of living through the endowment funds as well as providing job opportunities.

However, Waqf money investment cost is low, which makes it the best way to reduce unemployment, and alleviate poverty, and in the process contribute to the development of the national economy, raising the level of knowledge by enabling many women to complete their



### **Figure 5: Word cloud and links of the interviewees content about the possible contribution of Islamic microfinance based on waqf model to alleviate poverty and empower women**

Figure 5 above reveals the word cloud and links analysis to explore the interview content and analysis the content with regards the possible contribution of Islamic microfinance based on waqf model to alleviate poverty and empower women. The findings show that the contribution, education, children's, health, wealth, distribution, income, positive, care, and sciences were the most frequent terms used among the five interviewees.

Based on the basic content analysis above and the above discussion of the interviewees opinion there is a huge potential contribution of waqf based microfinance through children's education, scientific research in Islamic sciences, physical and human sciences and health care of women. Also, it gives self-confidence to the women and also supports the internal psychological spirit. The waqf based microfinance plays a major role in achieving justice in the distribution and redistribution of income and wealth. Finally, it has a direct effect on the lives of women through participating in decision-making.

### **5. Discussion and Conclusion**

The aim of this research is to explore the applicability of microfinance based on the Waqf model for women's empowerment in Egypt during the COVID-19. All the experts interviewed in this research believed that the empowerment of women as embedded in the Waqf model is positive. There was also general consensus among the interviewees that the Waqf model can give women various advantages, which can be seen as important aspects of gender equality and access to funding. Collectively, the interviewees perceived the Waqf funds investment in microfinance as a positive contribution to social welfare development of the Muslim community which impacts all family members of those involved. Moreover, the results have shown that microfinance based waqf has a very significant impact on the economic status, decision making power, knowledge, and social matters for women in Egypt. According to the results, traditional microfinance and Islamic microfinance using the waqf model are accepted as key strategies for long-term economic and social empowerment.

Further, there are no legislation issues and obstacles to apply model, the legislations are clear to women empowerment, but these legislations have not been implemented. In addition, it can be concluded that the challenges are miss use of waqf-microfinance by women, the confidence by donors, how to maintain the Waqf assets and demographic challenges. While, women are requiring awareness, concentration and the responsibility, invest of Waqf funds, coordination, and cooperation, seriousness. Nevertheless, various studies in different countries have yielded different results but it can be acknowledged from the current study that despite some drawbacks and delays, microfinance based on Waqf is capable of helping the poor to upgrade their lives to a higher level and to be able at some point to escape from their poverty through the empowerment of women.

This paper focuses on examining the role of waqf-based microfinance on women's empowerment, and how such role can be enhanced. The research argues that despite the rapid growth of waqf institution, their provision of pro-poor financial products and services is still limited. To boost this role, it is suggested that IFIs can benefit from the academic contributions of specialized scholars, the experiences of financial institutions specialized in women's empowerment, and national and international organizations which have significant achievements in fighting poverty and women's

empowerment. In addition, waqf funds have an important role to play in social-economic development.

The implications of this study could be corresponded to the three following points: First, from a practical point of view, an initiative collaboration between the private sector (i.e., Islamic banks), Waqf organization, microfinance NGO) to form for microfinance waqf-based mainly for Egyptian women empowerment. Second, the related institutions of microfinance and women empowerment required to give more attention to training, educational program to ensure women's readiness, capability, and enthusiasm to efficiently apply and use the loan and create value and enhance the empowerment. Third, set up an initiative of crowd funding locally and internationally to source the microfinancing waqf-based for Egyptian women.

### CONFLICTS OF INTEREST

There are no conflicts to declare.

### REFERENCES

- [1] Abdeljawad, J. 2013. —Female Empowerment Through Social Entrepreneurship in Egypt: An Exploratory Study. (Master Thesis). Oklahoma State University.
- [2] Ahmed, H. 2007. —Waqf-Based Microfinance: Realizing the Social Role of Islamic Finance|. Paper written for the International Seminar on Integrating Awqaf in the Islamic Financial Sector. Singapore, March 6-7, 2007.
- [3] Ahmed, H. 2002. —Financing Microenterprises: An Analytical Study of Islamic Microfinance Institutions|. *Islamic Economic Studies*. Vol. 9. (2): p. 27-64.
- [4] Al-Jilali, D. 2017. —Role of endowment in the Culture and Scientific Renaissance- A study in the Islamic and western experiences|. *International Journal of Social and Human Studies*. Vol. (17): p. 139-151.
- [5] Atan, N. A. B., & Johari, F. B. 2017. —A Review on Literature of Waqf for Poverty Alleviation between 2006-2016.
- [6] Budiman, M. A., & Kusuma, D. B. W. 2011. —The Economic Significance of Waqf: A Macro Perspective|. *International Conference on Tawhidi Methodology Applied to Islamic Microenterprise Development*.
- [7] Costa, V., Makhlof, H., & Mazaud, P. 2010. —Women's Empowerment through Islamic Microfinance in Egypt|. *MESCI 2009-2010*, p. 1-14. *Countries in the world by population (2021)*,
- [8] Haneef, M. A., Pramanik, A. H., Mohammad, M. O., Amin, F. B., & Muhd, D. 2014. —Integration of Waqf - Islamic Microfinance Model for Poverty Reduction: The Case of Bangladesh. *International Journal of Islamic and Middle Eastern Finance and Management*, Vol. 8. (2): p. 246-270.
- [9] Hassan, A. and Saleem. S. 2017. —An Islamic Microfinance Business Model in Bangladesh: It's Role in Alleviation of Poverty and Socio-Economic Well-Being of Women. *International Journal of Ethics and Systems*. Vol. 33. (1): p. 15-37.

- [10] Hassanain, K. M, 2015. —Integrating Zakah, Awqaf and IMF for Poverty Alleviation: Three Models of Islamic Micro Finance||. *Journal of Economic and Social Thought*. Vol. 2. (3): p. 193-211.
- [11] Irhoumah, A. H., Moh'd Ayedh, A., & Echchabi, A. 2020. —Determinants of Microfinance Factors Affecting Women's Empowerment: Evidence from Egypt. *FWU Journal of Social Sciences*, 14(4), 1-11.
- [12] Kachkar, O. A. 2017. —Towards The Establishment of Cash Waqf Microfinance Fund for Refugees||. *International Journal of Islamic Finance*. Vol. 9. (1): p. 81-86.
- [13] Kazim, S. S., & Haider, S. E. 2012. —Islamic Microfinance Models and Their Viability in Pakistan||. *Pakistan Microfinance Network*. Vol. 15. (6): p. 1-10.
- [14] Merriam, S. 2009. —Qualitative research: A guide to design and implementation San Fransisco: John Willey & Sons Inc.
- [1] Mhaideb, K. B. H. 2012. —The Impact of the Waqf in Achieving Sustainable Development||. *International Conference of Salman bin Abdulaziz University*. P. 10-37
- [15] Mohammed, B., & Ahmed, K. 2013. —The Role of Waqf in Achieving Sustainable Development in Algeria". *Second International Conference on the Role of Non-Profit Islamic Finance in Sustainable Development Algeria*. P. 1-15.
- [16] Muhammad, A. D. 2011. —The Potential of Waqf-Based Microfinance in Nigeria||. P 115.
- [17] Nilsen, A. 2012. —A Qualitative Study Exploring How Social Norms and Empowerment Influence Female Leaders Related to Represent Organisations Externally. (Master Thesis). University of Stavanger Norwegian.
- [18] Nisser, A. H. I., & Ayedh, A. M. A. 2017. —Microfinance and women's empowerment in Egypt. *International Journal of Business and Economic Affairs*, 2(1).
- [19] Omer, A. 2004. —The experience of the management of A wqaf in Egypt: paper presented in a symposium on contemporary application of waqf, the Republic of Tatarstan, 14-17/6/2004.
- [20] Rahayu, N. S. 2020. —The intersection of Islamic microfinance and women's empowerment: a case study of Baitul Maal wat Tamwil in Indonesia. *International Journal of Financial Studies*, 8(2), 37.
- [21] Shaikh, S. A., Ismail, A. G., & Shafiai, M. H. M. 2017. —Application of Waqf for Social and Development Finance. *International Journal of Islamic Finance*. Vol. 9. (1): p. 5-14.
- [22] Shil, N. C. 2009. —Microfinance for Poverty Alleviation: A Commercialized View||. *International Journal of Economics and Finance*. Vol. 1. (2): p. 191-205.
- [23] Suhaimi, F. M., Ab Rahman, A., & Marican, S. 2014. —The Role of Share Waqf in the Socio-Economic Development of the Muslim Community the Malaysian Experience||. *Emerald Group Publishing Limited*. Vol. 30. (3): p. 227-254.
- [24] Tammam, A. 2008. —Egyptian Endowment Laws a critical field study||. *Al-Azhar University*.
- [25] Thaker, M. A. B. M. T., & Mohammed, M. O. 2018. —The Challenges of Micro Enterprises in Malaysia and the Prospect for Integrated Cash Waqf Micro Enterprise Investment (Icwm-e-I) Model.

- [26] Tohirin, A. 2010. —The Cash Waqf for Empowering the Small Businesses]]. Universiti Kebangsaan Malaysia. p. 1-16.
- [27] Weischedel, B., Matear, S., & Deans, K. R. 2005. —A qualitative approach to investigating online strategic decision making. *Qualitative Market Research: An International Journal*.
- [28] Zaazou, Z. A., & Abdou, D. S. 2021. —Egyptian small and medium sized enterprises' battle against COVID-19 pandemic: March–July 2020. *Journal of Humanities and Applied Social Sciences*.



© 2023 by ICRRD, Kuala Lumpur, Malaysia. All rights reserved. This article is an open access article distributed under the terms and conditions of the Creative Commons Attribution (CC BY) license (<http://creativecommons.org/licenses/by/4.0/>).