

## The Economic Contributions of Awqāf in Türkiye <sup>(1)</sup>

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**Abstract.** *Waqf* holds profound significance, extending beyond its economic role, rooted in the concept of qurbah—seeking closeness to Allah Ta’ālā. It embodies perpetual worship (*‘ibādah*) dedicated to serving the needy and virtuous causes while maintaining a vital nexus with the economy as a charitable endeavor for producing added value. This study descriptively explores this nexus by analyzing the Turkish *awqāf* sector and its economic contributions. In Türkiye, the *awqāf* **SECTOR** comprises fused (*mazbūt*), annexed (*mülhak*), new (*yeni*), community (*cemaat*), and state *awqāf*, along with corporate *awqāf*, *waqf* universities, and *waqf* healthcare institutions. Fused and annexed *awqāf* represent the Ottoman *waqf* tradition, while state *awqāf* redistribute the government revenue sources by providing aid to the poor and disadvantaged. Community *awqāf*, apart from their hospitals, have limited contributions. New *awqāf* represent contemporary models with diverse revenue sources, making the most substantial contribution to the Turkish economy. Turkish *awqāf* play a significant role in providing public services, notably in higher education, industrial manufacturing (especially for defense sector), research and development, healthcare, and social assistance, primarily through corporate *awqāf* and *waqf* universities. As a result, they foster economic growth by expanding capital stock and investments while aiming to improve income distribution and the welfare of the poor.

**Keywords:** Waqf, Turkish Awqaf, Economics of Awqaf, Ottoman Awqaf, Corporate Waqf, Waqf Higher Education Institutions, Waqf Healthcare Institutions, Islamic Economics, Türkiye.

**JEL Classification:** L30, L31

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## 1. Introduction

*Waqf* (plural *awqāf*) carries a delicate meaning much more than an economic institution, as it includes the meaning of qurbah—closeness to Allah Ta’ālā—at the first place. It is a kind of worship (*‘ibādah*) that is endowed on perpetual basis to serve the poor and any other goodly objectives through which reward from Allah Ta’ālā to its founder will continue pouring until the *waqf* perishes. At the same time, it has important links with the economy as it is an act of charity based on generating a flow of added value. As an increment to capital investment, *waqf* increases the production capacity of the economy for the objective of general welfare with a special emphasis on the poor and other benevolence (Kahf, 2000, p. 66). Hence, its economic functions should be examined without sacrificing its main character as a gentle worship (*‘ibādah*) through which its founder aims at the Pleasure of Allah Ta’ālā.

Notwithstanding there is no specific Verse in the Noble Qur’ān that mentions the legality of *awqāf*, the following Verse has always been associated with *waqf*<sup>(2)</sup>, as it encourages the charity and righteousness:

﴿لَنْ تَنَالُوا الْبِرَّ حَتَّى تُنْفِقُوا مِمَّا تُحِبُّونَ وَمَا تُنْفِقُوا مِنْ شَيْءٍ فَإِنَّ اللَّهَ بِهِ عَلِيمٌ﴾

“Never will you attain the righteousness until you spend [in the way of Allah] from that which you love. And whatever you spend - indeed, Allah is Knowing of it” (Qur’ān, 3:92).

The essence of *waqf* is defined in the *ḥadīth* of ‘Umar bin al Khattab, in which he sought the advice of the Prophet ﷺ for the land that was assigned to him as his right of booty in Khaybar, as Rasūlullah ﷺ stated that:

إِنْ شِئْتَ حَبَسْتَ أَصْلَهَا وَتَصَدَّقْتَ بِهَا

“If you like, you may keep its corpus intact and give its produce as *Ṣadaqah*” (Muslim, 2006, 800, *ḥadīth* no. 1632).

The *awqāf* reached a historical peak in the Ottoman Empire which was notable for its large and powerful *awqāf* sector for centuries, it was capable of satisfying various needs of people from cradle to grave. One may note that probably the Ottoman era represented a climax for *waqf* in terms of how an institution established by the beloved Prophet Himself ﷺ, was able to transform to a considerable economic sector that intensely contributed to social welfare.

(2) Al Bukharī, in his *Sahih*, dedicated a chapter (*bāb*) in the Book of Wills and Testaments (*Kitāb al Wasāyā*) named as “If somebody gives a piece of land as a *waqf* and does not specify its boundaries” and gave under it the occasion of Revelation (*sabab al nuzūl*) of this Noble Verse as follows:

حَدَّثَنَا عَبْدُ اللَّهِ بْنُ مَسْلَمَةَ، عَنْ مَالِكٍ، عَنْ إِسْحَاقَ بْنِ عَبْدِ اللَّهِ بْنِ أَبِي طَلْحَةَ، أَنَّهُ سَمِعَ أَنَسَ بْنَ مَالِكٍ، رَضِيَ اللَّهُ عَنْهُ، يَقُولُ كَانَ أَبُو طَلْحَةَ أَكْثَرَ أَنْصَارِيٍّ بِالْمَدِينَةِ مَالاً مِنْ نَخْلٍ، وَكَانَ أَحَبَّ مَالِهِ إِلَيْهِ بَيْرُخَاءَ مُسْتَقْبِلَةَ الْمَسْجِدِ، وَكَانَ النَّبِيُّ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ يَدْخُلُهَا وَيَشْرَبُ مِنْ مَاءٍ فِيهَا طَيِّبٍ. قَالَ أَنَسُ فَلَمَّا نَزَلَتْ ﴿لَنْ تَنَالُوا الْبِرَّ حَتَّى تُنْفِقُوا مِمَّا تُحِبُّونَ﴾ قَالَ أَبُو طَلْحَةَ فَقَالَ يَا رَسُولَ اللَّهِ إِنَّ اللَّهَ يَقُولُ ﴿لَنْ تَنَالُوا الْبِرَّ حَتَّى تُنْفِقُوا مِمَّا تُحِبُّونَ﴾ وَإِنَّ أَحَبَّ أَمْوَالِي إِلَيَّ بَيْرُخَاءَ، وَإِنَّمَا صَدَقَهُ لِلَّهِ أَرْجُو بَرِّهَا وَذُخْرَهَا عِنْدَ اللَّهِ، فَضَعَمَهَا حَيْثُ أَرَاكَ اللَّهُ. فَقَالَ " بَيْ، ذَلِكَ مَالٌ زَائِجٌ. أَوْ زَائِجٌ. شَكَ ابْنُ مَسْلَمَةَ وَقَدْ سَمِعْتُ مَا قُلْتَ، وَإِنِّي أَرَى أَنْ تَجْعَلَهَا فِي الْأَقْرَبِينَ ". قَالَ أَبُو طَلْحَةَ أَفَعَلْتُ ذَلِكَ يَا رَسُولَ اللَّهِ. فَحَسَمَهَا أَبُو طَلْحَةَ فِي أَقْرَبِهِ وَفِي بَيْ عَمِّهِ.

Narrated Anas bin Malik: Abu Talha had the greatest wealth of date-palms amongst the Ansar in Medina, and he prized above all his wealth (his garden) Bairuha', which was situated opposite the Mosque

(of the Prophet ﷺ). The Prophet ﷺ used to enter it and drink from its fresh water. When the following Divine Verse came: "Never will you attain the righteousness until you spend [in the way of Allah] from that which you love" (Qur’ān, 3:92) Abu Talha got up saying. "O Allah's Messenger (ﷺ)! Allah says, **Never will you attain the righteousness until you spend [in the way of Allah] from that which you love,** and I prize above all my wealth, Bairuha' which I want to give in charity for Allah's Sake, hoping for its reward from Allah. So, you can use it as Allah directs you." On that the Prophet (ﷺ) said, "Bravo! It is a profitable (or perishable) property. (Ibn Maslama is not sure as to which word is right, i.e. profitable or perishable.) I have heard what you have said, and I recommend that you distribute this amongst your relatives." On that Abu Talha said, "O Allah's Messenger (ﷺ)! I will do (as you have suggested)." So, Abu Talha distributed that garden amongst his relatives and cousins (al-Bukhari, *ḥadīth* no. 2769).

To express the economic size of *awqāf* in Ottoman era, it is worth mentioning that in each administrative unit called *sancak*, there were about 1000 *awqāf*, and the budgets of the Ottoman *awqāf* had reached roughly one third of the budget of the Ottoman state in the seventeenth century (Yediyıldız, 2012, p. 484). After the proclamation of Republic in 1923, many *waqf* assets were seized by the government and some even were sold, in effort of renouncing the Ottoman heritage. After the abolishment of *Evkâf Nezâreti* (Ministry of *Awqāf*), the Directorate General of Foundations (DGF) was established in 1924 to administer Ottoman and Seljukian *awqāf*. The name of “*vakıf*” was changed to “*tesis*” (establishment) in order to decontextualize the *awqāf* from their Islamic basis as a result of the harsh secularization of *awqāf*. In 1926, 1935, 1967 and 2008, laws that regulate *awqāf* were enacted which affected the current setting of Turkish *waqf* sector.

There are numerous studies on the economic aspects of *awqāf* in Ottoman period. Among a few of them, one can mention İnalçık (1969) that examines the role of Ottoman *awqāf* in capital formation, whereas Çizakça (1995) investigated the cash *awqāf* of Bursa during 16<sup>th</sup>-19<sup>th</sup> centuries. Kunt (1994) analyzes the *waqf* as an instrument of public policy in Ottoman period through Köprülü Family endowments. Genç (2014) elaborates the place of *awqāf* in the classical Ottoman social and economic system whereas Orbay (2017) investigates the role of imperial *awqāf* within the Ottoman *waqf* system. Notwithstanding the literature on Ottoman *awqāf*, the current economic state of Turkish *awqāf* has not been adequately explored academically. In the context of current state of *awqāf* in Türkiye, Babacan

(2011) presents an analysis of Turkish *awqāf* in terms of regulation, private provision of public goods, and governance. Shafii et. al. (2015) compares the governance regulatory framework of *waqf* with reference to different country examples including Turkey, Indonesia, Malaysia, India, and US. Mahamoud & Ab Rahman (2015) highlight the importance of *waqf* financing in higher education through sharing the experiences of Turkish and Malaysian *waqf* universities. In Abdel Mohsin (2016), Çizakça wrote a chapter regarding current administration of *awqāf* and the development of law of *waqf* together with cases of some contemporary Turkish *awqāf* (Abdel Mohsin, 2016, pp. 39-56). Saad et al. (2017) elaborates the contribution of selected *awqāf* in Turkey and Malaysia in improving the socio-economic conditions of the society. Aksoy Dursun (2019) analyzed the legal transformation of *waqf* as from Ottoman period to Republican era in Türkiye with particular reference to its Islamic status. Apart from these studies, this paper is a humble attempt to shed light on economic contributions of *awqāf* in contemporary Türkiye by using the latest available data. We used descriptive methodology for revealing the economic aspects of *awqāf* in Türkiye. In addition to this introduction, the paper has three more sections; section two briefly deals with the components of Turkish *awqāf*, and section three discusses their economic contributions with a focus on *waqf* universities, *waqf* corporations and *waqf* healthcare institutions while in section four we summarize the conclusions. In this paper we are not going to discuss the mosques in Türkiye and their economic contributions.<sup>(3)</sup>

<sup>(3)</sup> As of January 2024, there were in Türkiye, 89.817 masjids. In the Ottoman period, almost all masjids had a *waqf* for financing their needs, whereas in the Republic of Türkiye, this honorable task is mostly carried out by the state and local charities. Most of their needs are financed by the government and

local charities established by the masjid communities, which amounted to 17.941 in 2023. Their expenditures for cleaning, electricity for lightening and water are financed by the government, whereas gas and electricity for other

## 2. Components of Turkish *Awqāf*

*Awqāf* sector in Türkiye has an important role in the Turkish economy. Among their prominent economic activities, are the national defense industrial production, higher education, research and development (R&D), and healthcare. Through their activities, the Turkish *awqāf* contribute to capital input and production in these sectors, as well as the provision of public services (Maraşlı, 2022, p. 128). In addition, *awqāf* are active in provision of social services for the poor and needy, which have significant contributions in terms of poverty alleviation and income distribution. Hence, they influence the dynamics of production and distribution in Turkish economy concurrently.

There are five different kinds of *awqāf* in Türkiye. These are fused *awqāf*, annexed *awqāf*, new *awqāf*, community *awqāf*, and state *awqāf*. As of July 2023, there were in Türkiye, roughly 52.000 fused *awqāf*, 4.835 new *awqāf* that established after 1926, 1.014 state *awqāf*, 249 annexed *awqāf*, and 167 *awqāf* of minority (non-Muslim) communities, in addition to 75 *waqf* universities and several corporate *awqāf*. The total number of *awqāf* employees was 398,351 including the paid and volunteer employees, as the share of the former was about %5 in total employees. The total non-interest revenues of Turkish *awqāf* sector corresponded to 0,83% of Turkish GDP in 2021, whereas their total expenditures constituted 0,67% of the GDP. Although the

share of *awqāf* sector is relatively small in Turkish economy, they play an important role in provision of national defense machinery and equipment production, higher education, R&D, and healthcare services.

### 2.1. Fused and Annexed *Awqāf*<sup>(4)</sup>

The fused<sup>(5)</sup> (*mazbūt*) *awqāf* represent the Ottoman and Seljukian *waqf* heritage, as they include most of the existing *awqāf* that had been founded from 1048 to 1926 within the borders of Türkiye. They include the *awqāf* that were managed by *Evkāf Nezâreti* before the Republic period, the public and private *awqāf* that were established before 1926, the *irsādî* (state) *awqāf* whose trusteeship was conditional on an official authority in Ottoman period, and the *awqāf* whose trusteeship was conditioned on someone other than their beneficiaries (Law of *Waqf* no:2762, 1935, Article 1). The fused *awqāf* are managed and represented by Directorate General of Foundations (DGF). Indeed, they are one of the prominent elements of *awqāf* sector in Türkiye, as there are about 52.000 fused *awqāf* within the borders of Türkiye<sup>(6)</sup>. Although we could not reach the total value of fused *awqāf* assets, there are almost 60,000 fused *awqāf* assets, including residences, commercial complexes, lands and various kinds of real estates.

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purposes are financed by the local charities established by the masjid communities. Throughout the country, there are 79.314 imams, 14.311 muadhdhins, 28.399 instructors of Noble Qur'an, and 3.359 preachers (Presidency of Religious Affairs, 2023). Their salaries are paid by the Presidency of Religious Affairs.

<sup>(4)</sup> Although they are two distinctive kinds of *awqāf*, fused and annexed *awqāf* are analyzed under the same section since they together represent the Ottoman *awqāf*.

<sup>(5)</sup> Notwithstanding DGF used the word 'fused' for the English translation of word '*mazbūt*', it is important to note that a more pointed translation of the term would be 'recorded' or 'registered' that refers to seizure of these *awqāf* by the state in administrative sense.

<sup>(6)</sup> Even though DGF does not disclose the official number of fused *awqāf* to public, we benefited from the Turkish parliament discussions in that regard, see "Turkish Grand National Assembly Budget Discussions for 2017". *tbbm.gov.tr*. 7 December 2016. Retrieved from: <http://archive.is/nCp9P>.

**Table 1**  
**Revenues and Expenditures of Fused and Annexed Awqāf in Türkiye (2019 – 2022, 000 TL)**

Revenue and Expenditure Items	2019		2020		2021		2022		
	Amount	%	Amount	%	Amount	%	Amount	%	
Revenues of Fused Awqāf	Rental Revenues	740.967	65,34	835.957	63,39	1.124.060	50,63	1.557.640	32,29
	Commercial Enterprise Revenues	93.595	8,25	112.495	8,53	2.536	0,11	639.893	13,26
	Sale of Fused Awqāf Assets	85.285	7,52	54.249	4,11	75.044	3,38	655.034	13,58
	Fused Awqāf Compromise Fee	10.213	0,9	11.300	0,86	110.372	4,97	44.673	0,92
	Admin. Revenues from Fused Awqāf	11.873	1,05	9.340	0,71	14.367	0,65	16.068	0,33
	Donations and Aids	1.913	0,17	1.024	0,08	1.517	0,07	3.762	0,07
	Bond and Certificate Yields	-	-	55.408	4,2	456.062	20,54	1.264.403	26,21
	Interest (Haram) Revenues	16.965	1,5	40.334	3,06	156.298	7,04	199.105	4,13
	Other Revenues	44.839	3,95	56.175	4,26	73.556	3,31	128.515	2,66
	<b>Total Fused Awqāf Revenues</b>	<b>1.005.650</b>	<b>88,68</b>	<b>1.176.282</b>	<b>89,2</b>	<b>2.013.812</b>	<b>90,7</b>	<b>4.509.093</b>	<b>93,46</b>
Revenues of Annexed Awqāf	Membership Fees	108	0,01	1.487	0,11	591	0,03	620	0,01
	Donations and Aid	8	0	405	0,03	463	0,02	72	0
	Revenues of Commercial Enterprises	8.260	0,73	11.448	0,87	16.307	0,73	18.920	0,39
	Financial Revenues	22.335	1,97	20.877	1,58	43.198	1,95	49.984	1,03
	Rental and Other Revenues	97.652	8,61	108.266	8,21	145.898	6,57	245.822	5,09
	<b>Total Annexed Awqāf Revenues</b>	<b>128.363</b>	<b>11,32</b>	<b>142.483</b>	<b>10,8</b>	<b>206.457</b>	<b>9,3</b>	<b>315.418</b>	<b>6,54</b>
<b>Total Revenues</b>	<b>1.134.013</b>	<b>100</b>	<b>1.318.765</b>	<b>100</b>	<b>2.220.269</b>	<b>100</b>	<b>4.824.511</b>	<b>100</b>	
Expenditures of Fused Awqāf	Income Transfers	91.094	9,76	90.543	9,66	119.087	9,42	163.693	3,91
	Procurement of Goods and Services	124.366	13,33	170.996	18,24	196.052	15,5	432.062	10,32
	Loan Given to Enterprises	-	-	-	-	16.000	1,27	1.197.617	28,60
	Repair, Renovation and New Real Estate Purchases	510.479	54,7	443.230	47,27	650.472	51,43	1.917.454	45,80
	Wages of DGF Employees	187.025	20,04	204.332	21,79	257.514	20,36	429.160	10,25
	Interest (Haram) Payments	-	-	636	0,07	-	-	-	-
	<b>Total Fused Awqāf Expenditures</b>	<b>912.964</b>	<b>97,82</b>	<b>909.737</b>	<b>97,02</b>	<b>1.239.125</b>	<b>97,98</b>	<b>4.139.986</b>	<b>98,88</b>
Expenditures of Annexed Awqāf	Health	566	0,06	14	0	-	-	25	0,00
	Social Service	891	0,1	900	0,1	884	0,07	2757	0,07
	Charity and Voluntary Activities	5.210	0,56	5.079	0,54	7.074	0,56	11.220	0,27
	Education and Research	3.301	0,35	4.450	0,47	5.060	0,4	6.288	0,15
	Culture, Art, and Sport	204	0,02	502	0,05	419	0,03	535	0,01
	Economic and Social Development	337	0,04	716	0,08	583	0,05	198	0,00
	Other Expenditures	9.814	1	16.289	1,74	11.546	0,91	25.852	0,62
	<b>Total Annexed Awqāf Expenditures</b>	<b>20.323</b>	<b>2,18</b>	<b>27.950</b>	<b>2,98</b>	<b>25.566</b>	<b>2,02</b>	<b>46.875</b>	<b>1,12</b>
<b>Total Expenditures</b>	<b>933.287</b>	<b>100</b>	<b>937.687</b>	<b>100</b>	<b>1.264.691</b>	<b>100</b>	<b>4.186.861</b>	<b>100</b>	

**Source:** Directorate General of Foundations, 2020; 2022; 2023a; 2024.

Revenues have been spent for the purposes indicated in their deeds (*waqfiyah*), such as recitation of the Holy Qur'an, food aid to the poor, needy and wayfarer, scholarships to the students in primary, secondary, and tertiary education, monthly allowances to the orphans, and

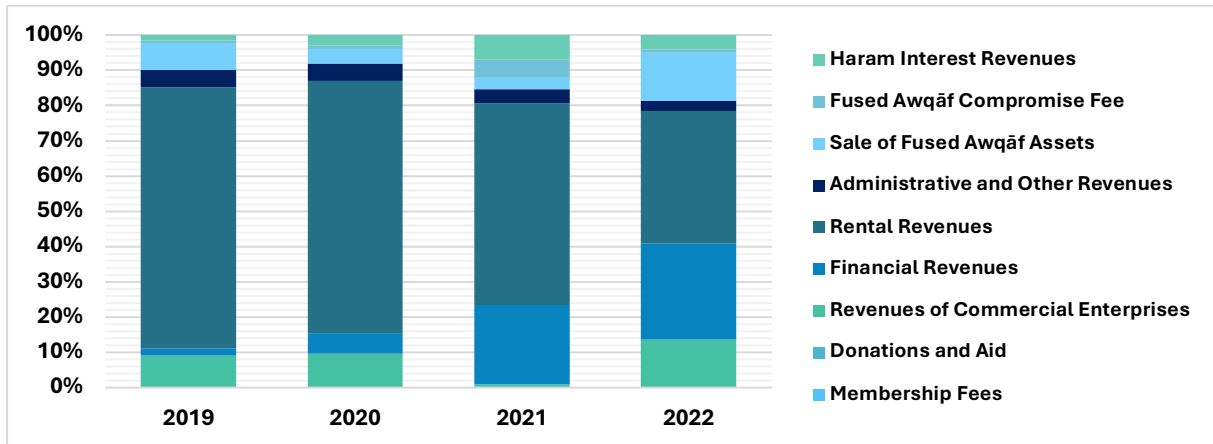
disabled. They are also used for establishing and operating education, health and social aid organizations and facilities, soup-kitchens for public, and treatment of poor foreign patients (Directorate General of Foundations, 2016, pp. 41-44). In that regard, fused *awqāf* would be deemed as the

most outstanding example of the classical *waqf* conception in the current setting of Turkish *awqāf* sector. The annexed (*mülhak*) *awqāf* is another part of the Ottoman *waqf* heritage, as they were founded before 1926 but their trusteeship was stipulated for the heirs of the founders. They have been managed by founders' offspring and supervised by DGF. As of July 2023, there are 249 annexed *awqāf*. The total value of annexed *awqāf* assets was 2,86 billion TL (\$1.73 million) in 2022. Most of the annexed *waqf* assets consists of properties operated on rental and other revenues (77,93% of their total revenues), whereas financial incomes and commercial enterprise revenues constituted 15,85% and 5,99% of their revenues respectively in 2022 (Directorate General of Foundations, 2023a). It should be noted that annexed *awqāf* have 5 companies operating in commerce, construction, and services sectors, whereas some annexed *awqāf* have

shares in different companies, including an interest-based conventional bank, Vakıfbank<sup>(7)</sup>. In addition to annexed *awqāf* there had been craftsmen (*esnaf*) *awqāf*<sup>(8)</sup>, as the only active craftsmen *waqf* is the Tannery Craftsmen *Waqf*, located in Hatay region.

The revenues and expenditures of fused and annexed *awqāf* for the years 2019-2022 are given in Table 1. Their primary income sources are rental revenues, financial revenues, revenues from commercial enterprises, and revenues from sale of their assets (see Figure 1). The presence of interest revenues of fused *waqf* violates the Shari'ah compliance of fused *awqāf* in vital sense, as a general condition implicitly stipulated in their deeds. Hence, they should be completely avoided and addressed by responsible authorities.

**Figure -1- Revenues of Fused and Annexed Awqāf in Türkiye (2019-2022, %)**



**Source:** Directorate General of Foundations, 2020; 2022; 2023a; 2024

On the other hand, as seen in Figure 2, the main items of expenditures are repair, renovation and new real estate purchases for fused *awqāf*, wages of DGF employees, income transfers of fused *awqāf*. During

last years, the share of financial revenues has increased significantly at the expense of the share of rental revenues. Most of the financial revenues are attained through sukuk that was issued due to the sale of all

<sup>(7)</sup> Thus, besides their financial income, other revenues of annexed *awqāf* also include an income acquired through haram activities grievously.

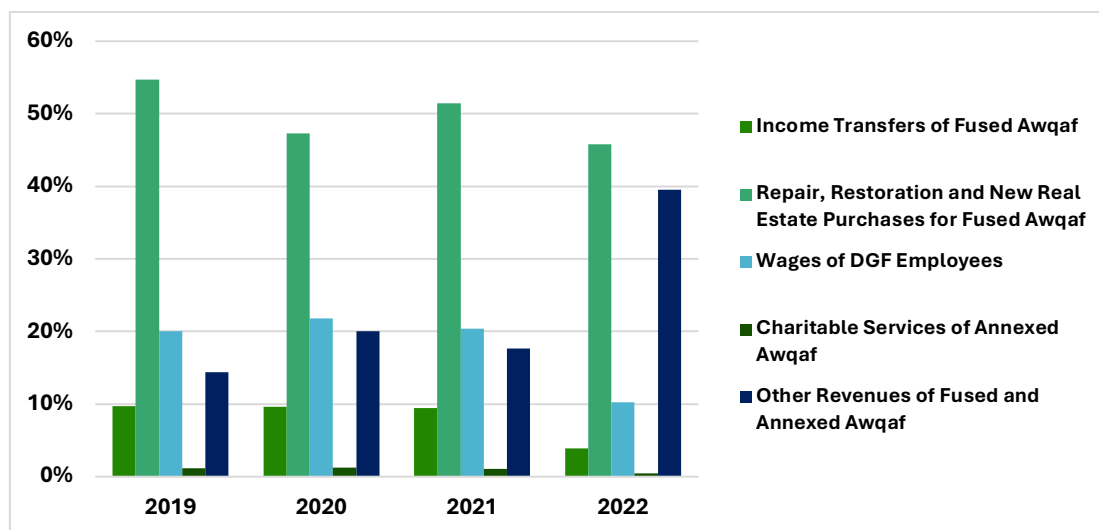
<sup>(8)</sup> The *awqāf* established before the enactment of the Foundations Law No. 2762 dated 1935 and

managed by a board of directors elected by the craftsmen of a specific district are called *esnaf* (craftsmen) *awqāf*.

DGF shares in Vakıfbank (a conventional bank) and purchase of Vakıf Participation Bank (an interest-free bank) from the Turkish Treasury. Notwithstanding this fact, the figures reveal that fused *awqāf* still represent the classical *waqf* conception as

they are operating on the basis of return on their assets in financing their expenditures, most of which was allocated for the repair and maintenance of the *awqāf* assets and wages of *waqf* employees.

**Figure -2- Expenditures of Fused and Annexed Awqāf in Türkiye (2019-2022, %)**



**Source:** Directorate General of Foundations, 2020; 2022; 2023a; 2024

## 2.2. New Awqāf

New *awqāf* are those founded in Türkiye by natural and legal persons since 1926. They are called “new” because they were founded after the enactment of Civil Code numbered 743 in 1926 (Arslan, 2022, p. 125). New *awqāf* make the highest economic contribution to the Turkish economy mostly through their corporate *awqāf* and *waqf* universities. As of July 2023, in Türkiye there were 4835 new *awqāf* with 5,9% increase from 4566 in 2001, only 300 of them are tax exempted. Activities of new *awqāf* focused on social aid and social work (23,92%), education (13,74%), and health (7,66%). Beneficiaries are mostly youth and children (25%), the poor (15%), women (15%), elderly (13%), and the disabled (11%). As the leading segment of *awqāf* sector of Türkiye, the total value of assets of new *awqāf* reached to almost 174.82 billion TL (\$10.56 billion) in 2022.

The revenues and expenditures of new *awqāf* can be seen in Table 2. Their main sources of income consist of donations (29,60% of their total revenues), other revenues (15,47%), membership fees (16,48%), and financial income (30,13%) in 2022. Because the Shari‘ah definition of *awqāf* is the confinement of corpus and devotion of its usufruct as *ṣadaqah* that was clearly indicated in the *ḥadīth* of Rasūlullah ﷺ above, the real meaning of *waqf* in Shari‘ah comprises that the revenue source of *awqāf* should consist of return on asset, as it does not involve any membership fees or donations, which are ascribed to *awqāf* in contemporary Turkish practice. Hence, contrary to the essence of *waqf*, they are operating mostly based on donations and membership fees, whereas their return on assets is lower. Figure 3 shows the changes in the revenue items of new *awqāf* by year.

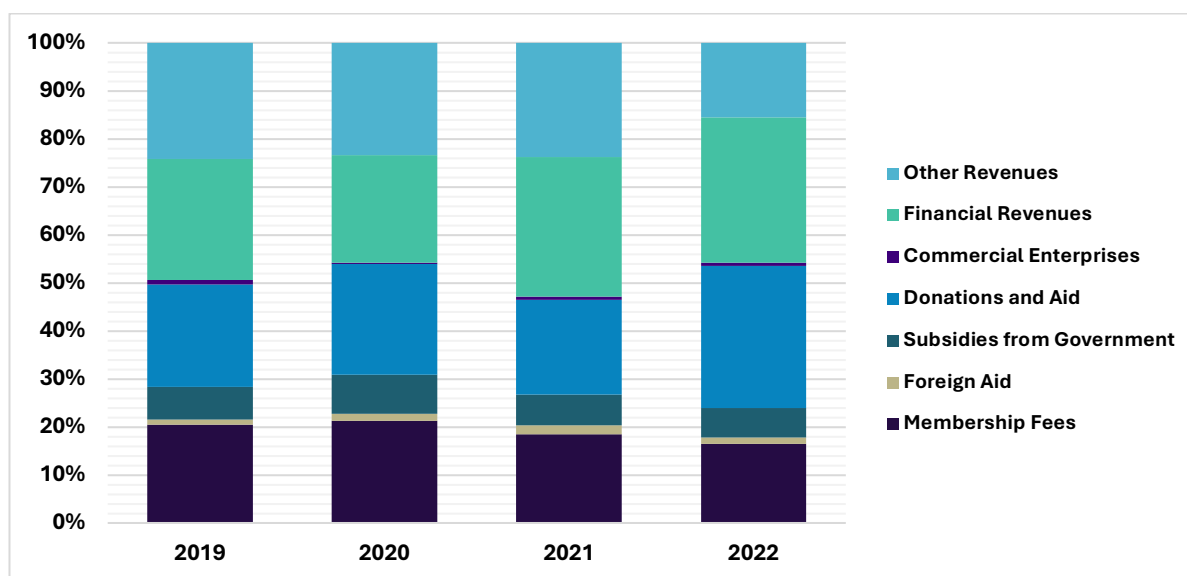
**Table -2- Revenues and Expenditures of New Awqāf in Türkiye (2019 – 2022, 000 TL)**

Revenue and Expenditure Items	2019		2020		2021		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Revenues Items</b>								
Membership Fees	5.621.000	20,48	6.674.958	21,23	7.990.324	18,5	14.805.935	16,48
Foreign Aid	291.000	1,06	482.536	1,53	767.183	1,78	1.202.136	1,34
Subsidies from Government	1.863.000	6,79	2.566.194	8,16	2.804.492	6,49	5.535.739	6,16
Donations and Aid	5.850.000	21,31	7.224.890	22,98	8.535.964	19,76	26.594.599	29,60
Commercial Enterprises	264.000	0,96	113.696	0,36	237.487	0,55	565.611	0,63
Financial Revenues	6.938.000	25,27	7.007.528	22,29	12.598.309	29,17	27.232.088	30,31
Other Revenues <sup>a</sup>	6.624.000	24,13	7.374.343	23,45	10.253.725	23,74	13.902.492	15,47
<b>Total Revenues</b>	<b>27.451.000</b>	<b>100</b>	<b>31.444.145</b>	<b>100</b>	<b>43.187.484</b>	<b>100</b>	<b>89.838.600</b>	<b>100</b>
<b>Expenditure Items</b>								
Health	1.375.000	13,99	1.388.139	8,41	1.882.107	9,12	3.243.630	8,88
Social Service	3.226.000	32,81	4.044.288	24,49	4.508.642	21,84	8.199.057	22,45
Charity and Voluntary	576.000	5,86	747.741	4,53	987.503	4,78	2.053.029	5,62
Education and Research	2.141.000	21,78	1.921.141	11,63	2.450.897	11,87	5.056.611	13,84
Culture, Art, and Sport	436.000	4,43	355.476	2,15	488.422	2,37	871.056	2,38
Econ and Social Development	539.000	5,48	595.058	3,6	737.983	3,58	1.196.499	3,28
Law, Human Rights, Policy	10.000	0,1	5.523	0,03	12.341	0,06	22.306	0,06
Environment	61.000	0,62	62.204	0,38	152.578	0,74	199.415	0,55
International Activities	471.000	4,79	598.012	3,62	842.816	4,08	1.691.039	4,63
Other Expenditures <sup>b</sup>	996.000	10,13	6.794.292	41,15	8.576.290	41,55	13.991.472	38,31
<b>Total Expenditures</b>	<b>9.831.000</b>	<b>100</b>	<b>16.511.874</b>	<b>100</b>	<b>20.639.579</b>	<b>100</b>	<b>36.524.114</b>	<b>100</b>

<sup>a</sup> Other revenues of new *awqāf* mostly consist of rental revenues and revenues from corporate *awqāf*.

<sup>b</sup> The scope of other expenditures for the new *awqāf* is not specified by DGF.

Source: Directorate General of Foundations, 2023b.

**Figure -3- Revenues of New Awqāf in Türkiye (2019-2022, %)**

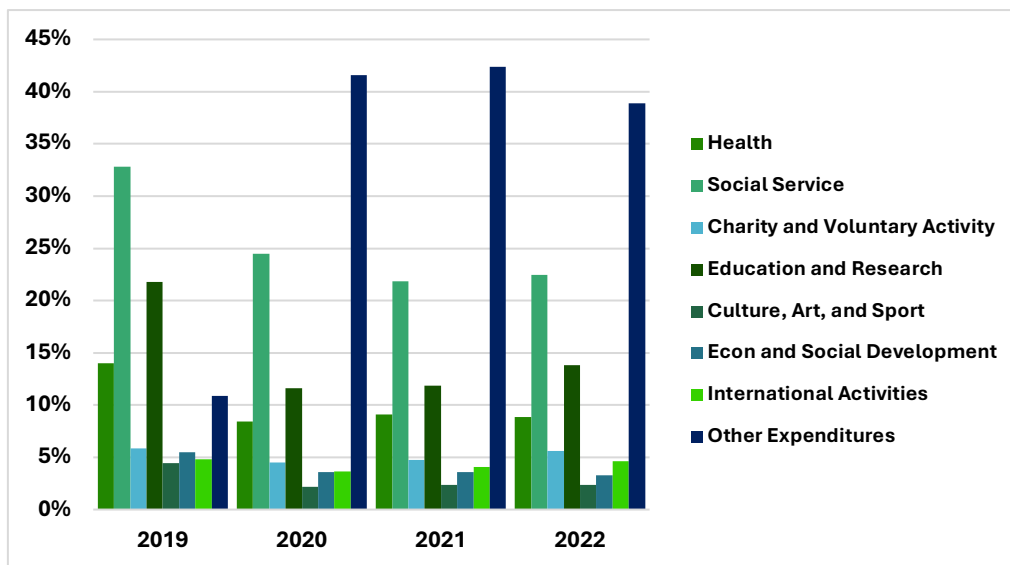
Source: Directorate General of Foundations, 2023b



Moreover, it should be noted that, based on the telephone interview made with officials of the DGF statistics department, roughly 80–90% of new *awqāf* financial revenues consist of interest-based *harām* revenues. Since the *awqāf*, as Islamic institutions, cannot have a revenue source that is based on haram activities, this situation must be deemed as

unacceptable. Hence, the responsible bodies should take action to avoid all the interest-based financial revenues and use the resources of fused *awqāf* in permissible activities, especially in risk-averse commercial enterprises in order to comply with the Shari‘ah requirements.

**Figure -4- Expenditures of New *Awqāf* in Türkiye (2019-2022, %)**



**Source:** Directorate General of Foundations, 2023b

In terms of expenditures of new *awqāf*, despite other expenditures whose scope is not specified by DGF, the main expenditure items are social service (22,45%), education and research (13,84%), and health (8,88%) in 2022. As seen in Figure 4, there is a decreasing trend for health, education and social service expenditures between 2019-2021, whereas there is a slightly rising movement for these items in 2022.

### 2.3. Community *Awqāf*

Community *awqāf* represent the *awqāf* that were founded by non-Muslim communities within the borders of Türkiye before 1926. As of July 2023, there were 167 community *awqāf* most of which belongs to Greek-Orthodox, Armenian-Orthodox, Catholic, and Jewish communities. Most of these *awqāf* are endowed for either churches, monasteries, or

schools. They have been subjected to various debates in Türkiye, especially in terms of rights of minorities. The total value of their assets was 6.12 billion TL (\$370 million) in 2022.

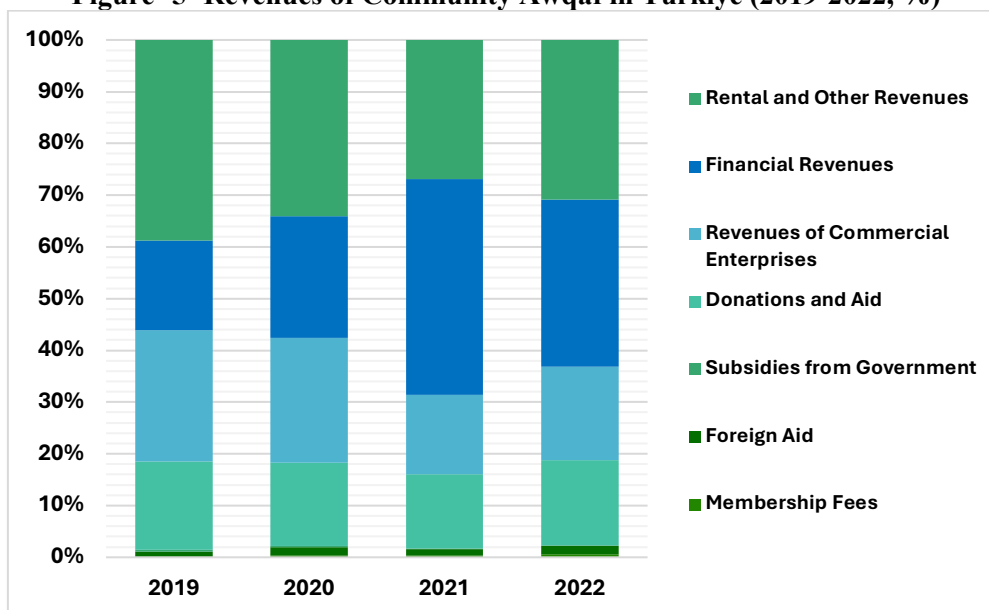
As shown in Table 3 below, their main income sources are financial income (32,35%), rental and other revenues, (30,82%), commercial enterprise revenues (18,02%), and donations and aid (16,55%) in 2022. Although their primary income in last few years was rental and other revenues, their financial income has become their dominant source of revenue, just as the other kinds of Turkish *awqāf* during last years (see Figure 5). A considerable portion of their commercial enterprise revenues came from the healthcare sector, as community *awqāf* have several hospitals in Istanbul.

**Table -3- Revenues and Expenditures of Community Awqāf in Türkiye (2019 – 2022, 000 TL)**

Revenue and Expenditure Item		2019		2020		2021		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
<b>Revenues Items</b>	Membership Fees	512	0,10	2.041	0,39	3.531	0,35	8.940	0,64
	Foreign Aid	4.794	0,96	7.949	1,53	11.824	1,18	21.882	1,57
	Subsidies from Government	2.046	0,41	1.272	0,25	1.352	0,13	656	0,05
	Donations and Aid	85.222	17,05	83.375	16,07	144.933	14,43	230.197	16,55
	Revenues of Commercial Enterprises	127.010	25,41	125.529	24,20	153.843	15,32	250.687	18,02
	Financial Revenues	86.744	17,35	122.154	23,55	418.928	41,71	450.112	32,35
	Rental and Other Revenues	193.534	38,72	176.463	34,01	270.056	26,89	428.861	30,82
<b>Total Revenues</b>	<b>499.862</b>	<b>100</b>	<b>518.783</b>	<b>100</b>	<b>1.004.467</b>	<b>100</b>	<b>1.391.335</b>	<b>100</b>	
<b>Expenditure Items</b>	Health	3.511	2,91	3.793	4,15	4.961	4,52	5.677	2,92
	Social Service	24.515	20,31	31.866	34,86	49.802	45,42	80.549	41,40
	Charity and Voluntary Activities	9.838	8,15	11.496	12,57	10.999	10,03	13.683	7,03
	Education and Research	26.873	22,27	22.858	25,00	20.806	18,97	43.562	22,39
	Culture, Art, and Sport	169	0,14	10	0,01	0	0,00	2.524	1,30
	Economic and Social Development	59	0,05	39	0,04	1	0,00	1.925	0,99
	Law, Human Rights and Policy	129	0,11	102	0,11	128	0,12	44	0,02
	Environment	12	0,01	185	0,20	1.065	0,97	86	0,04
	International Activities	0	0,00	0	0,00	22	0,02	1.189	0,61
	Other Expenditures <sup>a</sup>	55.579	46,05	21.074	23,05	21.866	19,94	45.340	23,30
	<b>Total Expenditures</b>	<b>120.685</b>	<b>100</b>	<b>91.423</b>	<b>100</b>	<b>109.650</b>	<b>100</b>	<b>194.579</b>	<b>100</b>

<sup>a</sup> The scope of other expenditures for the community *awqāf* is not specified by DGF.

Source: Directorate General of Foundations, 2023c

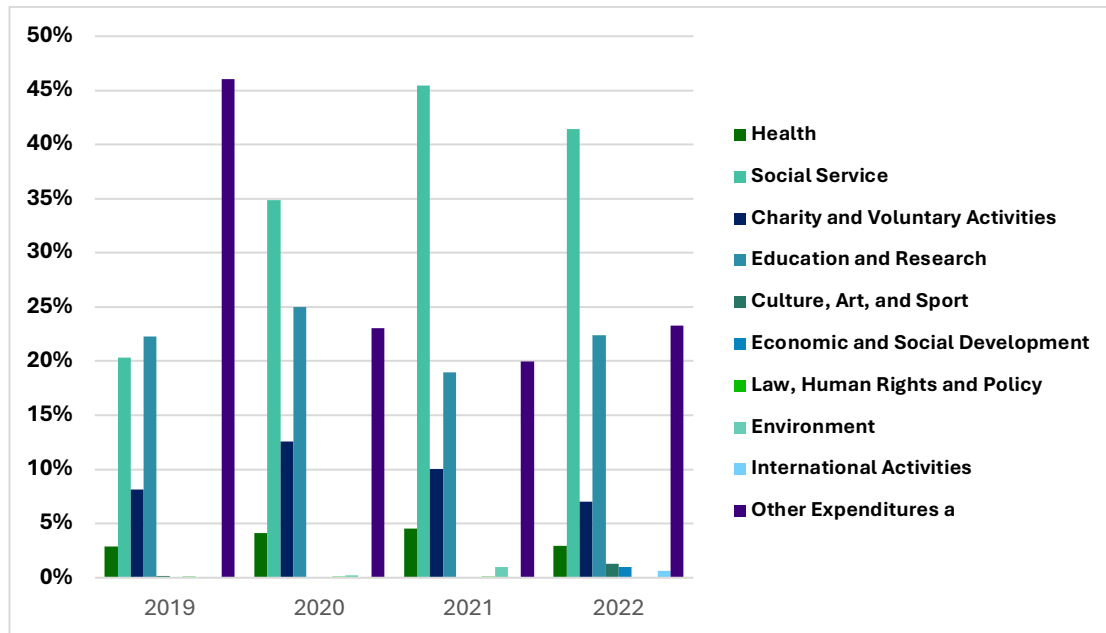
**Figure -5- Revenues of Community Awqāf in Türkiye (2019-2022, %)**

Source: Directorate General of Foundations, 2023c

As given in Figure 6, their main expenditure items are social service (41,40%), education and research (22,39%), and charity and voluntary activities (7,03%), and the other expenditures (23,30)

whose scope is not given by DGF. During recent years, the share of social service in their expenditures significantly increased against a decline in their other expenditures.

**Figure -6- Expenditures of Community Awqāf in Türkiye (2019-2022, %)**



Source: Directorate General of Foundations, 2023c

#### 2.4. State Awqāf

The state *awqāf* are a sub-category of *awqāf* because they are founded by the governments. This is because *waqf* can be established out of private property and governments do not own but act only as agents of the society. This kind of *waqf* means allocation by a government of a property in favor of certain public interest.<sup>(9)</sup> The well-known examples of such kind of *waqf* in Türkiye are Social Aid and Solidarity *Awqāf*, Turkish Environmental Protection *Waqf* and Turkish Maarif Foundation, as there are 1014 state *awqāf* in Türkiye in 2022.

In 2022, there were 1003 Social Aid and Solidarity, SAS, state *awqāf*, with branches in all districts of the country (Ministry of Family and Social Service, 2023, 144). Their main function is provision

of direct cash and in-kind transfers to the poor and needy as charity to fulfill their food, shelter, education, health, and other kinds of need. The total number of households that received social aid from SAS *awqāf* was 4.419.286, and 86% of the resources was allocated to regular aid (Ministry of Family and Social Service, 2023, 144). The total number of employees was SAS *awqāf* is 8.779, and the ratio of cash transfers to the total aid was 93% (Ministry of Family and Social Service, 2023, 144). The expenditure items of state *awqāf* in 2021 and 2022 are given in Table 4. In 2022, the primary expenditure item of SAS *awqāf* is Türkiye Family Support Program with a share of 41,62% in total expenditures. It is followed by aid for foreigners (19,25%) electricity

<sup>(9)</sup> Due to the classification of data by DGF, it should be noted that the *irsādī awqāf* founded in Ottoman and Seljukian times are given under fused *awqāf*

section. Thus, this section includes only the state *awqāf* founded during Turkish Republic period.

consumption aid (15,11%), lunch for primary education students (4,87%), pregnancy and birth aid (3,24%),

conditional education aid (3,11%), food aid (2,49%), and aid to widows whose husbands died (2,08%) (see Figure 7).

**Table -4- Expenditures of State Awqāf in Türkiye (2021-2022, 000 TL)**

	2021		2022	
	Amount	%	Amount	%
<b>Expenditures of State Awqāf</b>				
Türkiye Family Support Program <sup>a</sup>	-	-	13.000.000	41,62
Aid for Foreigners <sup>b</sup>	3.919.774	35,60	6.013.180	19,25
Electricity Consumption Aid	1.749.873	15,89	4.720.000	15,11
Conditional Education Aid	898.610	8,16	971.390	3,11
Pregnancy and Birth Aid	896.160	8,14	1.012.010	3,24
Lunch Aid for Primary Education Students	853.500	7,75	1.520.000	4,87
Food Aid	752.604	6,84	777.940	2,49
Conditional Education Aid for Foreigners	419.900	3,81	457.810	1,47
Aid to the Widows Whose Husbands Died	332.100	3,02	649.300	2,08
Free Textbook Aid	314.910	2,86	610.000	1,95
Natural Gas Consumption Aid	-	-	516.700	1,65
National Household Visit Program <sup>c</sup>	-	-	509.480	1,63
Project Grants <sup>d</sup>	162.543	1,48	340.890	0,01
Disaster Relief	149.305	1,36	102.900	0,33
Aid to the Needy Families of Soldiers	143.900	1,31	166.000	0,53
Shelter Aid	119.600	1,09	144.940	0,46
Soup Kitchens	91.804	0,83	139.970	0,45
Aid to the Orphans	74.090	0,67	178.400	0,57
Aid for Chronic Diseases	41.600	0,38	68.260	0,22
Education Material Aid	38.777	0,35	83.120	0,27
Fuel Allowance <sup>e</sup>	23.587	0,21	45.910	0,15
Terror Damage Aid	17.928	0,16	3.040	0,01
Aid to Needy Children of Soldiers	4.070	0,04	3.680	0,01
Aid to Martyrs' Relatives and Veterans	2.965	0,03	13.270	0,04
Aid for Dormitory Construction	1.090	0,01	84	0
Council Estate Housing Aid	1.054	0,01	7.680	0,02
Transportation and Housing Aid for Students	325	0,00	2.800	0,01
Aid to Higher Education Students	-	-	16.800	0,05
Death Assistance <sup>f</sup>	-	-	9.820	0,03
<b>Social Aid and Solidarity Awqāf Total</b>	<b>11.010.069,00</b>	<b>100</b>	<b>31.235.854</b>	<b>100</b>
<b>Expenditures of Turkish Maarif Foundation</b>				
Education Activities	599.753	86,60	-	-
Administrative Expenses	67.409	9,73	-	-
Foreign Currency Losses	23.164	3,34	-	-
Other Expenses	2.254	0,34	-	-
<b>Turkish Maarif Foundation Total</b>	<b>692.581</b>	<b>100</b>	<b>-</b>	<b>-</b>
<b>State Awqāf Total</b>	<b>11.064.359,960</b>		<b>31.235.854</b>	

<sup>a</sup> Türkiye Family Support Program aid was provided to households in need whose monthly income per person in the household is less than 1/3 of the net minimum wage (1,833.45 TL for 2022).

<sup>b</sup> Aid for foreigners includes aid for foreigners of the Ministry as well as Social Adaptation Aid Program and Supplementary Social Adaptation Aid Program funded by European Union. In Türkiye, there are many

refugees mostly consisting of Syrian, Afghan, Pakistani, and Iraqi people.

<sup>c</sup> It was launched in 2022 to identify and address the needs of citizens benefiting from social assistance across Turkey.

<sup>d</sup> It shows the total amount of resources allocated for project grants. These projects include the projects that target disabled and elderly people, family support center project, social solidarity center project, project

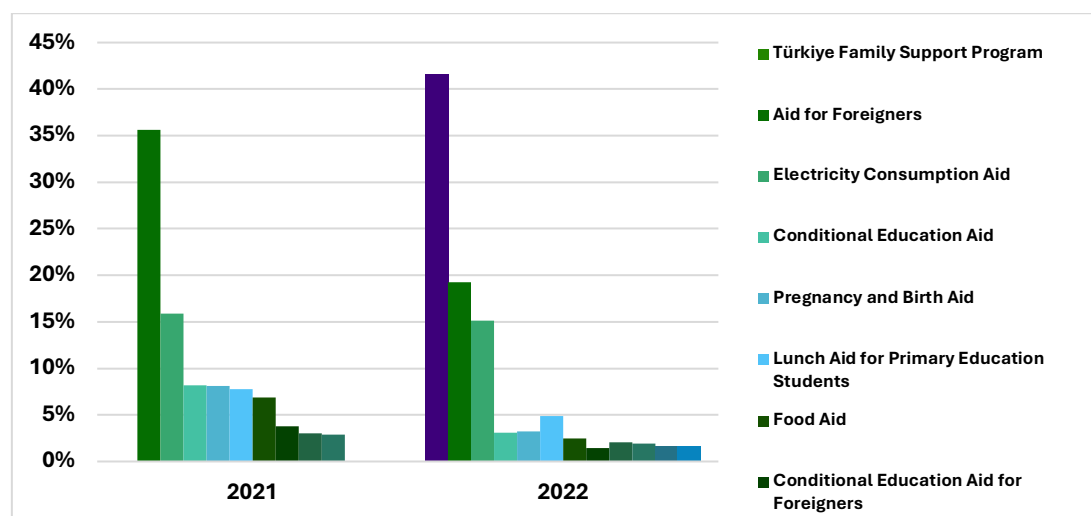
for supporting orphans after their education life, sheltering projects for homeless and modernization of physical conditions of SAS *Awqāf* Buildings.

<sup>e</sup> Fuel allowance aid shows the total amount of resources allocated for that purpose not the actual amount of aid, due to the unavailability of data at the release date of the report.

<sup>f</sup> Starting from 2022, Turkish citizens whose relatives passed away have been eligible for death assistance.

**Source:** Republic of Türkiye Ministry of Family and Social Service, 2022; 2023; Turkish Maarif Foundation, 2022

**Figure -7- Main Expenditures of Social Aid and Solidarity *Awqāf* (2021-2022, %)**



**Source:** Republic of Türkiye Ministry of Family and Social Service, 2022; 2023

Moreover, Turkish Maarif Foundation constitutes another example of Turkish state *awqāf*, however it distinguishes itself from the others through its international education activities. It engages in activities in 67 countries, most of which located in Africa, Balkans, Caucasus, and Latin America, with 446 education institutions and 36 dormitories that serve 50.669 students. In 2021, its total operating income was 1.038.806.498 TL, of which 65,16% comes from allocations made from the government budget, 29,74% from foreign currency gains, 3,57% from aids and donations, and 1,41% from interest revenues (Turkish Maarif Foundation,

2022, p. 80). Its operating expenses in 2021 were about 692.580.657 TL — corresponded to exactly two-third of its operating income— of which, 86,60% was spent to education activities, 9,73% to administrative expenses, and 3,34% to foreign currency losses. It should be noted that data for 2022 is not available for Turkish Maarif Foundation. Despite its significant role in education and diplomacy throughout different regions, its interest revenues raise vital questions and concerns about its *waqf* status, as these kinds of investments should be divested, and the resources should be redirected to permissible economic activities.

### 3. Economic Contributions of *Awqāf* in Türkiye

The five components of Turkish *awqāf* sector contribute to Turkish economy not only their own, but mostly through the *waqf* universities and corporate *awqāf* that they established. These institutions have made remarkable contributions to the economy with their high value-added activities that influence various sectors including higher education, R&D, manufacturing, national defense, finance, security, energy, construction, and healthcare. There are several *waqf* institutions in Türkiye that were founded by fused, annexed, new, and community *awqāf*. This section highlights only *waqf* universities, *waqf* companies and *waqf* healthcare institutions in terms of *waqf* contributions in higher education, national defense, R&D, and healthcare due to their relative economic significance.

#### 3.1. *Waqf* Institutions for Higher Education

In Islamic world, the public education services had been provided by *awqāf* since the institutionalization of madrasahs. In that sense the *awqāf* have always fostered the education, whereas the Turkish *waqf* sector has important links with the education, especially the higher education. In that regard, the *awqāf* makes significant contributions to the education sector in Turkish economy through their higher education institutions, namely *waqf* universities. They conduct research and education activities at tertiary level. In accordance with the current legislation in Türkiye, all private universities in higher education can only be established by *awqāf*. As of the school year 2022-2023, there are 79 *waqf* higher education institutions (75 universities and 4 higher vocational schools) which is 32% of total Turkish higher educational institutions. They have 680,599 students which correspond to 8,3% of total university students in Türkiye (Higher Education Information Management System, 2023). *Waqf* universities make significant economic contribution by increasing the

physical and knowledge productive capital stock of Türkiye.

Turkish *waqf* universities have been founded by new *awqāf* and fused *awqāf*, since Bilkent University, the first *waqf* university in Türkiye, was established in Ankara in 1984 by the İhsan Doğramacı *Waqf*—a new *waqf*. The *waqf* universities in Türkiye operate in various cities including Ankara, Antalya, Bursa, Gaziantep, İstanbul, İzmir, Kayseri, Kocaeli, Konya, Mersin, Nevşehir, and Trabzon, whereas 59% of them located in İstanbul and 17% in Ankara. In addition, in 2021 DGF declared that 19 fused *waqf* assets were designated to the use of various universities (Directorate General of Foundations, 2022a, 49). *Waqf* universities are supervised and regulated by Council of Higher Education of Türkiye (CHE). Notwithstanding *waqf* universities have significant contributions to Turkish economy, secular content of higher education and coeducation in Türkiye is a serious issue for Turkish *waqf* universities being a result of the secularized institutional framework, although a few *waqf* universities have departments of Shari‘ah or Islamic economics and finance.

*Waqf* universities charge tuitions for higher education services. In addition to tuition revenues, they use their *waqf* property revenues to spend on education, granting scholarships on merit and need bases and to spend on research and development. While public universities are financed by taxes that are imposed virtually on all households in Türkiye whether they have members pursuing higher education or not, *waqf* universities are mostly financed through tuitions, rental revenues and their commercial enterprises. In 2021, the 75 *waqf* universities, *waqf* universities owned 13,80% of total higher education fixed capital investment and finance 14,63% of the higher education services in the country (TurkStat, 2022a). These numbers reflect the significance of Turkish *waqf* institutions in provision of higher education services.

*Waqf* universities are legally required to spend their revenues only for the development of their own facilities in the form of procurement of goods and services, physical and knowledge capital investments, new faculty recruitment, and other related expenditures. No spending on external activities such as charity and donations are permitted. In the academic year 2019-2020, the total revenues of *waqf* universities were 16,7

billion TL, of which 96,61% was spent on their activities including capital investment increases and the remainder is saved for use in the following years. *Waqf* universities are self-growing institutions that spend their revenues for the continuous enhancement of higher education and R&D services and their commitment to the principle of perpetuity and growth.

**Table -5- Revenues and Expenditures of Waqf Universities in Türkiye (2018-2019 & 2019-2020, 000 TL)**

Revenue and Expenditure Items		2018-2019		2019-2020	
		Amount	%	Amount	%
Revenue Items	Tuition Fees <sup>a</sup>	8.300.000	55,82	9.535.557	57,09
	Rental Revenues	194.957	1,31	151.584	0,91
	Other Revenues <sup>b</sup>	6.373.664	42,87	7.015.308	42
<b>Total Revenues</b>		<b>14.868.621</b>	<b>100</b>	<b>16.702.449</b>	<b>100</b>
Expenditure Items	Scholarships <sup>c</sup>	3.771.160	25,8	4.737.955	29,36
	R&D Expenditures <sup>d</sup>	620.053	4,24	739.191	4,58
	Wages of Faculty	3.557.986	24,34	3.872.532	24
	Library Expenses	85.499	0,58	100.171	0,62
	Advertising Expenses	214.075	1,46	122.671	0,76
	Rental Expenses	574.642	3,93	640.028	3,97
	Other Expenses <sup>e</sup>	5.792.274	39,63	5.923.377	36,71
<b>Total Expenditures</b>		<b>14.615.689</b>	<b>100</b>	<b>16.135.925</b>	<b>100</b>

<sup>a</sup> The account covers tuition fees, publication sales revenue, student dormitory/hostel service sales revenue, certificate programs revenue, sponsorship and contribution revenue.

<sup>b</sup> Other revenues include the revenues of the companies and hospitals of *waqf* university, and donations together with various income sources that are not specified by the CHE.

<sup>c</sup> Scholarships cover various rates of discount (the total current service cost of the student equivalent to the

discount) and other kinds of expense such as food, housing, and transportation assistance.

<sup>d</sup> R&D expenditures include the R&D expenditures funded by the internal resources of Turkish *waqf* universities, domestic grants, and international grants.

<sup>e</sup> Covers taxes, wages of administrative staff, transportation costs, procurement of goods and services, cleaning and maintenance costs and other costs.

**Source:** Council of Higher Education, 2020; 2021a

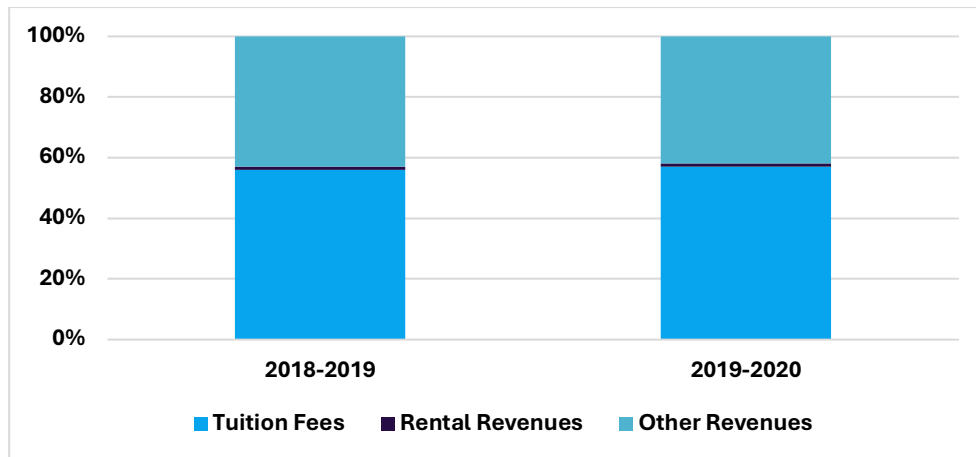
The revenue and expenditure items of *waqf* universities are shown in Table 5. In the academic year 2019-2020, their revenues mostly consisted of tuition fees (57,09%), whereas their rental income remained limited to almost 1% of their total income. The revenue structure is almost same for 2018-2019 and 2019-2020 academic years (see Figure 8). The revenues from *waqf* university companies and hospitals are vital resources as well since their contribution would dominate the other revenues account. Moreover, donations constituted another important source

of income, as for financial year 2020, the total value of donations made to *waqf* universities was 1,058 billion TL, which equals 6,33% of their total revenues (Council of Higher Education, 2021b, p. 119). For the 2019-2020 academic year, as given in Figure 9, the main expenditure items of *waqf* universities were scholarships 29,36%, wages of faculty 24,00%, and R&D expenditures 4,84%. For financing the latter, i.e., R&D *waqf* universities spent 1,29% of their own resources and the remaining 3,55% is received as special R&D grants from government and corporations. In

addition, CHE requires *waqf* universities to provide full scholarship to at least 15% of their total students. The students who were granted scholarships constituted 18,56% of total *waqf* university students in 2019-2020 academic year (Council of Higher Education, 2021b, p. 123). The item ‘other expenses’ that makes

36,71% of their total expenditures include taxes, wages of administrative staff, transportation costs, procurement of goods and services, cleaning, and maintenance costs, together with the others whose scope is not specified by CHE.

**Figure -8- Revenues of Waqf Universities in Türkiye (2018-2019 & 2019-2020, %)**

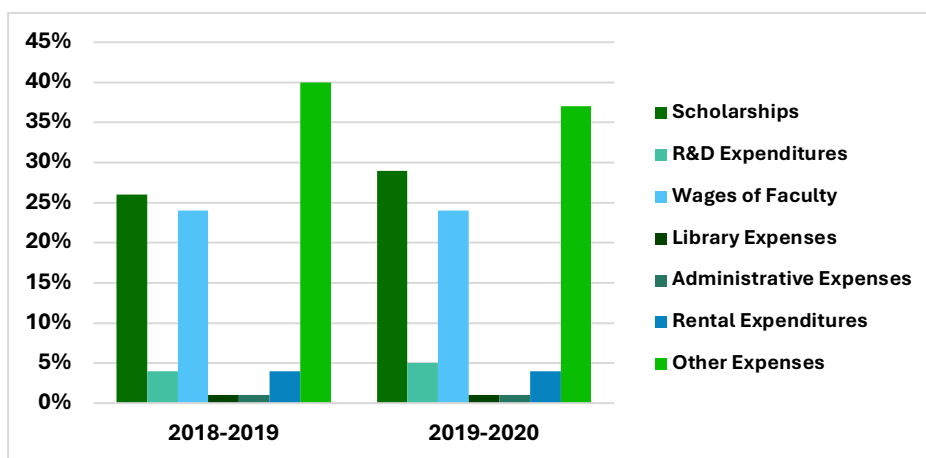


Source: Council of Higher Education, 2020; 2021a

In addition, there are also several *awqāf* that provide higher Islamic education by adapting classical curriculum of Ottoman madrasahs. Most of these *awqāf* offers higher Islamic education to the university students parallel to their formal education. Among the

prominent examples of these *awqāf* are İlim Yayma *Waqf*, Hüdayi *Waqf*, Abdullah Tivnikli İSAR *Waqf*, İFAM *Waqf*, Türkiye Diyanet *Waqf* Center for Islamic Studies, and Ankara Center for Thought and Research *Waqf*.

**Figure -9- Expenditures of Waqf Universities in Türkiye (2018-2019 & 2019-2020, %)**



Source: Council of Higher Education, 2020; 2021a



### 3.2. *Waqf* Corporations for National Defense and Other Industries

The most important economic contribution of *awqāf* in Türkiye comes from the corporate *awqāf*. In general, corporate *awqāf* operate in the sectors of machinery and equipment, energy, construction, automotive, transportation, tourism, and finance. The most noteworthy *waqf* companies are the subsidiaries of Turkish Armed Forces Foundation (TAFF), which are ASELSAN, TUSAŞ, HAVELSAN, ROKETSAN, İŞBİR and ASPİLSAN together with Bilkent Holding, Koç Holding, and Eksim Holding. There are also other *waqf* companies such as the subsidiaries of the Directorate General of Foundations (DGF) that represent some assets of fused *awqāf*, which Vakıf Participation Bank, 1048 Vakıf Energy Co., and Vakıf Construction Restoration Co., as well as *waqf* participation companies including KuveytTürk Participation Bank, Turkish Engine Industries (TEI), Mercedes Benz Turk, NETAŞ, DİTAŞ, İstanbul Deniz Otobüsleri (İDO) Maritime Transportation, TAV Airport Holding, TAV Investment Holding, Taksim Otelcilik A.Ş., Türkiye İş Bankası, and Travelex Türkiye. As a precautionary note, although they are *waqf* companies, most of these companies conduct their financial transactions based on interest, and the main activity field of some of these companies is *harām* operations such as alcoholic beverages in hotels and interest-based conventional banking. In this regard, it is of vital importance to emphasize that all these *harām* activities and operations of *waqf* companies should be ceased and all their activities should be run in accordance with the *Sharī'ah* provisions.<sup>(10)</sup>

Among these corporate *awqāf*, there are certain companies that immensely contribute

to the development of Turkish national defense industry through manufacturing of wide range national industry goods and services including fighter aircrafts, unmanned aerial, ground, and surface vehicles, autonomous land and aerial vehicles, rockets, air defense systems, heavy weapons, engines of aviation, radar and communication systems, laser systems, and national military and defense software. Among those *awqāf*, one can mention TAFF companies, Meteksan Defence of Bilkent Holding, as well as Otokar of Koç Holding.

TAFF was established in 1987 by a law enacted during the late president Turgut Özal; the law unified three already existing new *awqāf*: Turkish Land Force Support *Waqf*, Turkish Maritime Force Support *Waqf* and Turkish Air Force Support *Waqf*. All these three *awqāf* were established through cash funds collectively donated by the Turkish people in order to financially support the development of Turkish army and national defense production (Özel, 2022, p. 40; Tokyürek & Kaya, 2022). Hence, it is not a kind of state *waqf*, instead it is a new *waqf*. Before combining them in 1987, these three *awqāf* had already established their subsidiary companies starting from the early 1970s. In 1973 Turkish Aerospace Industry (TUSAŞ) was established for design, development and production of aircraft platforms, which was followed by the foundation of other companies such as ASELSAN for production of communication and information technologies, radar and electronic warfare systems in 1975, İŞBİR for production of generators in 1978, ASPİLSAN for mobile energy through cells and batteries in 1981, HAVELSAN for military software engineering and cyber security in 1982, Turkish Engine Industries (TEI) for producing aviation engines in 1985, and ROKETSAN for national rocket and

<sup>(10)</sup> Although Turkish *waqf* sector played an important role in Turkish economy, it should be cautiously noted that Turkish *awqāf* and their companies violate the fundamental *Sharī'ah* principles through their interest revenues, and this intolerable violation raised big concerns in terms of their *waqf* status. In 2021, the share of prohibited

revenue sources of TAFF constituted 13,25% of its total revenues, excluding the interest revenues of its subsidiary and participation companies. In addition, as the owner of Yapı Kredi bank—which is an interest-based conventional bank— Koç Holding besmirches its *waqf* company status.

missile research and production programs in 1988. In 2020, four of these companies were among the top 100 national defense companies in the world, as ASELSAN was the 48<sup>th</sup>, Turkish Aerospace Industry the 53<sup>rd</sup>, ROKETSAN the 91<sup>st</sup>, and HAVELSAN the 99<sup>th</sup> rank in the Top 100 ranking released by Defense News (Top 100, 2020).

These *waqf* companies produce national defense and material & equipment products and sell them in domestic and international markets. In 2018, their net sales constitute 40% of total net sales in Turkish national defense sector, and they made about 38% of total Turkish national defense exports. Their employees made more than quarter of total national defense employees in Türkiye (Şahin, 2020). Although TAFF was founded by a law, it is a new *waqf* like all other new *awqāf* in Türkiye. Although it has no organic ties with any public institution, its board of mutawallis consists of President and Vice President of Türkiye, Minister of National Defense, and President of Defense Industry<sup>(11)</sup>. Since their establishment its subsidiary companies have been highly subsidized and endowed with grants by the Turkish government for supporting the development of independent national defense industry.

Meteksan Defence, one of its subsidiaries, produces independent and unique high-tech products and subsystems for the Turkish Armed Forces for command control, communication, unmanned marine vehicles, and intelligence purposes. All the revenues of Meteksan Defence are transferred to Bilkent University in order to provide higher level of scholarships, and enhancement of R&D and education quality. In addition, Koç Holding contributes to national defense industry through Otokar, which is the land systems manufacturer of Türkiye, as nearly 33 thousand military vehicles are actively used by the armed forces and security forces of Türkiye

and more than 40 friendly and allied countries on five continents. (Otokar, 2022, p. 12).

### 3.3. *Waqf* Contributions to Research and Development (R&D)

R&D is one of the outstanding economic activities that corporate *awqāf* and *waqf* universities substantially contribute to. Eight of top ten Turkish companies in terms of R&D expenditures were either *waqf* subsidiary companies or *waqf* participation companies of TAFF and Koç Holding in 2020 and 2021 (Turkish Time R&D Top 250, 2021, p. 26; 2022, p. 26). R&D expenditures done by those *waqf* companies corresponded to 13,64% of total Turkish R&D expenditures in 2020, and to 14,70% in 2021. Data for contribution of *waqf* universities to R&D expenditures was available only for 2020, which corresponded to 1,07% of total Turkish R&D expenditures. This gives *awqāf* a share of 15% of total Turkish R&D expenditures for 2020. This significant share of *waqf* institutions in total R&D expenditure shows the high-level adaptation of *awqāf* to emerging fields of critical importance in a frequently changing environment.

As a significant contribution, the R&D expenditures of TAFF's four national defense companies constitute 10,03% of total Turkish R&D expenditures in 2021 (Turkish Time R&D Top 250, 2022; TurkStat 2022c). Through their revenues, they further develop their production activities, R&D activities, and physical capital investments. In this mechanism, they first use some part of their revenues for their activities and transfer respective part of their revenues to TAFF as dividend, in accordance with the share of the latter in these subsidiaries. Then, TAFF places contingency reserve as 20% of these revenues and reinvest 65% of the remaining —65% of 80%, which is 52% of total dividend paid to TAFF — to these companies for sustainability and capacity development of the subsidiaries in

<sup>(11)</sup> For more information, see <https://www.tskgv.org.tr/en/about-us/administration>.

terms of their production and R&D activities (Şahin, 2020). Through this practice, TAFF becomes a self-growing institution that spends a significant amount of its revenues for the continuous enhancement of national defense industry and R&D activities. This mechanism has become a sustainable cycle that gradually increases the contribution of the *waqf* sector in the economy. In addition, they decrease the cost of national defense and machinery & equipment products for domestic markets and to gain competitive advantage in international markets, as they also provide a significant advantage in terms of national security, which correspondingly increases the welfare of society. Even with such considerable contributions, their interest-based financial transactions still raise concerns from the point of view of being *waqf* institutions.

R&D expenditures of *waqf* universities have an important role, despite the fact that their contribution to R&D fell short of expectations. The share of *waqf* universities in the total Turkish R&D expenditures in 2020 was 1,07%, whereas the share of R&D expenditures done by public universities was 17,57% (Council of Higher Education, 2021a, pp. 53-55; TurkStat, 2022c). R&D expenditures of *waqf* universities constituted 4,58% of the total expenditures in 2019-2020 academic year.

Furthermore, there are a few of new *awqāf* that significantly contributes to R&D activities in Türkiye, especially in terms of enhancing knowledge in Sharī'ah, social sciences, humanities, and medicine, such as Türkiye Diyanet *Waqf* İSAM Research Center, Abdullah Tivnikli *Waqf* İSAR Research Center, İLKE *Waqf*, and BİSAV. In that sense, as mentioned above, the education and research expenditures of new *awqāf* was about 2,45 billion TL in 2021, which corresponded to 11,87% of their total expenditures. Hence, besides *waqf* universities and *waqf* companies, new *awqāf* made considerable contributions to R&D activities in Türkiye.

### 3.4. *Waqf* Healthcare Institutions

Another significant economic contribution of *awqāf* in Türkiye comes from *waqf* healthcare institutions. *Waqf* healthcare institutions consist of the hospitals established by fused, new, and minority *awqāf*, as well as *waqf* universities. Although we could not access the exact number of hospitals of new *awqāf*, we reached the information that currently there are 48 *waqf* hospitals in Türkiye, of which 33 were established by *waqf* universities, 2 hospitals by fused *awqāf*, 9 by new *awqāf*, and 4 by minority *awqāf*. In addition, there are 13 private hospitals which have been affiliated with different *waqf* universities in Istanbul, Ankara, İzmir, and Konya. In legal terms, the *waqf* hospitals in Türkiye have the legal personality of a joint stock company and they fall within the scope of the Regulation on Private Hospitals (Bakkal, 2014, p. 47). Since *waqf* healthcare institutions in Türkiye are commercial enterprises of the *awqāf*, they do not provide free health services for the poor except a few hospitals. Instead, they constitute one of the important revenue items for Turkish *awqāf*, especially for the *waqf* universities. In addition to that feature, they provide the required infrastructure for the medicine education of *waqf* universities.

As an extension of being a welfare state, the government is the main provider of healthcare services in Türkiye. 78,80% of current final healthcare expenditure is done by the government in 2021, whereas the finance provided by the households was 16,27% and by the insurance companies was 3,30% (TurkStat, 2022b). In 2021, the portion of non-profit institutions serving to households that include *awqāf* and associations (*dernek*) in final current healthcare expenditures was 2,32%, whereas their portion in healthcare fixed investments was 1,5% (TurkStat, 2022b). These numbers show that the provision of public healthcare services by *awqāf* is very limited and inadequate, since Turkish *waqf* healthcare institutions mostly operate in a profit-oriented scheme as being commercial enterprises of *awqāf*.

DGF established a department of health services that is responsible for meeting health charity conditions in the deeds of fused *awqāf*, providing inpatient, outpatient, mobile healthcare services, taking measures to provide effective and efficient service to healthcare facilities (Directorate General of Foundations, 2022a, p. 57). The DGF states that efforts are underway to detect the fused *awqāf* and their related assets that contain health-related charitable stipulations in their deeds (Directorate General of Foundations, 2022a, p. 58). Moreover, in 2021, DGF declared that 4 of fused *waqf* assets were designated to the use of Ministry of Health (Directorate General of Foundations, 2022a, p. 49).

Fused *awqāf* have provided health services during centuries for public. The Sultan Bayezid II *waqf* is one of the first and good examples of *awqāf* for health services in Ottoman era. As an extension of this culture, fused *awqāf* have two active hospitals that belong to the Bezmiâlem *Waqf*, Silahtar Abdullah Agha *Waqf*, and AbdulHamid II *Waqf* (Solmaz Bilici, 2019, 115). *Bezmiâlem Gurebâ-I Müslimîn Hospital* (Bezmiâlem Hospital for the Poor of Muslims) was endowed by the wife of Mahmud II, Bezmiâlem Valide Sultan in 1845. It was the first modern hospital in İstanbul, as it has been one of the leading healthcare institutions of Türkiye until today (Solmaz Bilici, 2019, pp. 90-91). In 2010, the hospital, together with another *waqf* endowed by Bezmiâlem Valide Sultan on education, was converted into a *waqf* university with its hospital, through a change in stipulations took place in the deed of three founding *awqāf* done by Majlis of *Awqāf* (Solmaz Bilici, 2019, p. 115). The hospital is still required to treat the poor of Muslims on free basis, whereas these kinds of patients should constitute at least 20% of total patients of the hospital in a year. However, in 2020, the Turkish Court of Accounts detected that the number of poor that was treated in the hospital did not reach even to 1% of the total patients, and issued an official warn for the hospital to comply with requirements of the stipulation (Turkish Court of Accounts, 2021, pp. 39-41).

Now, as one of the leading hospitals, Bezmiâlem *waqf* university hospital serves to public with its two branches in Fatih and Dragos, İstanbul.

We could reach the information that currently there are 9 active *waqf* hospitals established by new *awqāf* in İstanbul, Ankara, Antalya, Muğla, and Kocaeli. Although Semiz (2007) mentioned that there were 18 active new *waqf* hospitals in 2004, half of them closed during last 18 years. Some of these hospitals offers general healthcare services in several fields of medicine, whereas some others are specialized in ophthalmalgia, diabetics, and leukemia. The most important contributions of new *waqf* healthcare services made by Vehbi Koç Foundation, which owns and manages three hospitals, one medical center and nursing and education research center together with the medical units of Koç University, as these healthcare institutions constitute the largest healthcare investment managed by a *waqf* in Türkiye. Exceptionally, Anadolu Foundation makes significant contributions in providing free health services with its developed healthcare facilities to children, disabled and elderly individuals under state protection, persons identified by the state as in need, persons receiving disability and old age pensions, veterans, relatives of veterans and martyrs, and persons identified as needy by the municipalities (Anadolu Foundation, 2023, p. 39).

Furthermore, community *awqāf* have various hospitals in İstanbul that were established since the second half of 18<sup>th</sup> century. Their hospitals include Surp-Pirgiç Hospital and Surp Agop Hospital that were established by Armenian community, Balat Or-Ahayim Hospital by Jewish community and Balıklı Rum Hospital by Greek community. The hospitals constitute one of the most important revenue item of community *awqāf*. Magnitude of their effect can be seen in the commercial enterprise revenues of community *awqāf*; it was about 15,32% of total community *awqāf* revenues in 2021, whereas the commercial enterprise revenues of fused

and annexed *awqāf* was about 0,65% and that of new *awqāf* was 0,55%.

The *waqf* university hospitals are the most important component of Turkish *waqf* healthcare institutions. They are dominantly administered by the faculties of medicine of *waqf* universities. Currently there are 32 faculty of medicine belong to *waqf* universities; of which 21 faculties established their own hospitals, whereas the others affiliated with 13 private hospitals. CHE has decided that in order to maintain a strong medical education, it is necessary for *waqf* universities to have their own hospital with a minimum of 200 beds. Currently, only 10 *waqf* university hospitals satisfy this requirement. The bed availability of first ten *waqf* university hospitals was 3568 beds in 2020 (Council of Higher Education, 2021a, p. 44). More than offering medical studies programs, some of these *waqf* universities focus mainly on healthcare, as they have numerous hospitals in different cities throughout Türkiye.

Eighteen among top twenty-five *waqf* universities in terms of total revenues in 2020 have faculty of medicine and hospitals that constitute one of their prior revenue sources (Council of Higher Education, 2021a, p. 66). Although CHE does not disclose the healthcare institution revenues of *waqf* universities, their other revenues item provides insights in that regard. In 2019-2020 academic year, excluding the *waqf* universities that are affiliated with other hospitals and high levels of corporate income, other revenues of *waqf* universities with a hospital constitute 61,77% of their total revenues, whereas for the ones without hospital this ratio is 35,90% in average. These percentages show that there is a remarkable effect of hospitals in the revenues of *waqf* universities. However, this remarkable effect only manifests itself as a partial provision of higher education and R&D services through being a revenue item for *waqf* universities, instead these hospitals would do more than being a revenue source for *waqf* universities by providing free healthcare services to public as well. This issue is one of the most important

challenges that should be addressed by the *waqf* administrators and policy makers. The policies that address the facilitation of free healthcare provision on full or partial basis by the *awqāf*, have a vital importance for them to comply with the real meaning of *waqf* that involves giving for the sake of Allah Ta'ālā. Similar to financial restrictions legally imposed to *waqf* universities, *waqf* hospitals can be restricted to spend all their revenues for the provision of public healthcare services on free basis, at least through imposing a minimum level of patients for free treatment.

#### 4. Conclusion

Turkish *awqāf* exhibit different concepts of *waqf* from economic point of view. The fused *awqāf*, managed by the Directorate General of Foundations in Turkey, encompass a significant portion of the Ottoman and Seljukian *waqf* heritage, consisting of approximately 52,000 *awqāf* with diverse assets including real estate. These *awqāf* generate revenues used for various charitable purposes outlined in their deeds, despite some issues regarding Sharī'ah compliance due to interest revenues. Similarly, annexed *awqāf*, overseen by descendants of founders, possess assets primarily from rental incomes and commercial enterprises, with a notable presence in various sectors. New *awqāf*, established in Turkey since 1926, contribute significantly to the economy, particularly through corporate *awqāf* and *waqf* universities, with nearly 4835 entities existing as of July 2023. Despite their economic impact, their revenue sources primarily consist of donations, membership fees, and interest-based financial income, contradicting the Sharī'ah principles of *waqf*. Additionally, their expenditures predominantly focus on social services, education, and health, with fluctuations observed in spending trends over recent years. Community *awqāf*, established by non-Muslim communities in Turkey before 1926, predominantly consist of Greek-Orthodox, Armenian-Orthodox, Catholic, and Jewish endowments primarily allocated for churches, monasteries, or schools, with their main

income sources evolving to financial income, rental revenues, and commercial enterprise revenues, particularly from the healthcare sector, while witnessing an increase in social service expenditures. State *awqāf*, established by governments, such as the Social Aid and Solidarity *Awqāf* and Turkish Maarif Foundation, serve public interests through various programs like direct cash transfers to the needy and international education activities. Notwithstanding their contributions in Turkish economy, the reliance of *waqf* components on interest revenues raises concerns about their adherence to Islamic principles, necessitating a redirection of resources to permissible economic activities.

*Waqf* universities in Turkey, established by both new and fused *awqāf*, significantly contribute to the education sector and economy by providing tertiary education, conducting research, and utilizing their revenues for development purposes, although they face challenges regarding secular content and funding mechanisms, relying primarily on tuition fees and *waqf* property revenues. Corporate *awqāf* in Turkey play a crucial role in various sectors including defense, energy, construction and participation finance industries, with notable contributions to the development and production of national defense products, although concerns arise regarding their involvement in activities contrary to Shari'ah principles such as interest-based transactions and non-compliant operations. On the other hand, corporate *awqāf* and *waqf* universities in Turkey contribute significantly to research and development (R&D), with *waqf* companies accounting for almost %15 of total Turkish R&D expenditures. *Waqf* healthcare institutions in Turkey, including hospitals established by fused, new, and minority *awqāf*, as well as *waqf* universities, play a significant role in providing healthcare services, though primarily operate in a profit-oriented manner; while efforts are underway to detect and utilize fused *awqāf* assets for

healthcare, the provision of free healthcare services remains limited, with the issue being one of the most important challenges facing *waqf* administrators and policymakers.

Hence, while contributing to the growth of Turkish economy via increasing capital stock and investment on one hand, Turkish *awqāf* conduce to ameliorate the distribution of income on the other hand. It should be noted that all these aspects are nothing more than the economic reflections of a religious institution that is essentially founded for the sake of Allah Ta'ālā. *Awqāf* have their unique characteristic that builds the public service provision on the basis of qurbah or *attempt to please Allah Ta'ālā* while they are not a tool for economic development or progress.

Turkish *awqāf* make significant contributions to the provision of public goods in the fields of higher education, industrial production—especially in the defense industry—, R&D activities, healthcare, and social assistance mostly through their *waqf* companies and *waqf* universities. It can be said that contemporary Turkish *awqāf* have a much more modest impact on social and economic life compared to their functions in the Islamic history in general and in the Ottoman period in particular. The sole source of legal and economic infrastructure, on which the *awqāf* had developed throughout the history was the Shari'ah, and this infrastructure resulted in an unprecedented public but civic finance of crucial services for the development of societies, such as education, healthcare, social assistance, and many others. However, mostly through the transformations began by the harsh secularist and westernization policies, Turkish *awqāf* do not operate within this infrastructure in the current state, and this situation resulted in crucial violations of some fundamental Shari'ah principles by the *awqāf*, such as harām interest revenues and harām activities which are completely unacceptable. Further studies may be needed to reveal the contemporary aspects of *awqāf* sectors in other countries as well as to compare them with

economic contributions of Turkish awqāf sector from different perspectives, especially in terms of financing the public services. Notwithstanding the transformations that awqāf in Türkiye have experienced from the

Ottoman period until today, they still influence the lives of people to a considerable extent.

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## المساهمات الاقتصادية للأوقاف في تركيا

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المستخلص. يتمتع الوقف بأهمية كبيرة تتجاوز دوره الاقتصادي، فهو يتجذر في مفهوم القرية إلى الله تعالى. إنه يجسد العبادة المالية الدائمة المخصصة لخدمة المحتاجين والقضايا الفاضلة في المجتمع مع الحفاظ على صلة حيوية مع الاقتصاد كمسعى خيري لإنتاج قيمة مضافة. وتحاول هذه الدراسة أن تستكشف هذه العلاقة من خلال تحليل قطاع الأوقاف التركي ومساهماته الاقتصادية. ففي تركيا يتألف قطاع الأوقاف من الأوقاف المضبوطة والملحقة والجديدة والمجتمعية والحكومية إلى جانب أوقاف الشركات والجامعات الوقفية ومؤسسات الرعاية الصحية الوقفية. وتعكس الأوقاف المضبوطة والملحقة تقاليد الوقف العثماني، في حين تقوم الأوقاف والحكومية بإعادة توزيع الدخل من خلال تقديم المساعدة للفقراء والمحرومين. أما الأوقاف المجتمعية وهي أوقاف الأقليات فلها مساهمة ملحوظة في بناء وإدارة المستشفيات كما لها القليل من النشاط خارج القطاع الصحي. وتمثل الأوقاف الجديدة نماذج معاصرة ذات مصادر إيرادات متنوعة، مما يساهم بشكل كبير في الاقتصاد التركي. تلعب الأوقاف التركية دورًا مهمًا في تقديم الخدمات العامة، لا سيما في التعليم العالي، والقطاع الصناعي (خاصة في صناعات الدفاع)، والبحث العلمي والتطوير، إضافة إلى قطاعي الرعاية الصحية والمساعدة الاجتماعية، وتأتي أوقاف الشركات والجامعات الوقفية في المقام الأول من حيث العمل على تعزيز النمو الاقتصادي من خلال توسيع مخزون رأس المال البشري والمادي وزيادة الاستثمارات فضلًا عن دورها في تحسين توزيع الدخل.

الكلمات الدالة: الوقف، الأوقاف التركية، اقتصاد الأوقاف، الأوقاف العثمانية، وقف الشركات، مؤسسات التعليم العالي الوقفية، مؤسسات الرعاية الصحية الوقفية، الاقتصاد الإسلامي، تركيا

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