Abstract: This paper investigates the socio-economic role of *waqf* in Bosnia and Herzegovina from the 20th century to date. Bosnia and Herzegovina *waqf* endured through various political fortunes and improved the social and economic circumstances of Muslims. A contemporary challenge is to reconstruct this *waqf*. A new development is the emergence of Islamic Economics. Since 1995, the *Waqf* Directorate of the Islamic Community of Bosnia and Herzegovina (WD-ICBIH), the main authority over *waqf*, initiated reforms to revive the socio-economic role of *waqf* and integrate it into Bosnia and Herzegovina development. The study identifies the challenges facing the *Waqf* Directorate and the development of Islamic Economics in Bosnia and Herzegovina. The emergence of Islamic Economics and Islamic Banking and Finance, in cooperation with the Bosnia Bank International, presents opportunities to the *Waqf* Directorate to achieve its vision and mission. Some avenues for *waqf* integration into Bosnia and Herzegovina development qualify as commendable efforts of reform, indicate a feasible future for the *Waqf* Directorate, and gradually address various challenges. The paper concludes with actionable policy recommendations.

Keywords: Bosnia and Herzegovina, Bosnia Bank International, development, integration, Islamic Economics and Banking and Finance, *waqf*.

Introduction

The institution of *waqf* plays an important role in the Muslim world. Many scholars point to the massive *waqf* institutions of the Osmanli1 Caliphate.2 Unfortunately, Muslim intellectuals neglected the institution of *waqf* for decades. In the middle of the 20th century, the Muslim world awakened. Intellectual efforts, like Islamic Economics, development, inspiring various missions to rescue the Muslim mind from the Western worldview and to reassert the Islamic perspective.3 With that, Muslims rediscovered *waqf*’s historical role. A few countries established ministries for religious affairs or *waqf*. *Waqf* authorities initiated agendas of *waqf* integration into the socio-economic fabric via Islamic Economics.4

During colonial times, Bosnia and Herzegovina *waqfs* became a source of foreigners’ development. Many were destroyed and forcefully converted into parks, cemeteries, houses, roads etc. In the 19th century, the development of
the Bosnian waqf reached its climax under the Osmanli Caliphate. However, as a result of ill-advised efforts at reform, it gradually declined. Under Austria-Hungary and subsequent regimes, which did not recognise the waqfs under a waqf authority, Bosnian Muslims had to close the waqf institution. Even the ongoing existence of Muslim Bosnia was thrown in doubt. The phenomenon of Bosnian waqfs’ history in the last century contrasts with the current state of WD-ICBIH. The revival of this neglected institution is a remarkable achievement. An overview of the evolution of Bosnia and Herzegovina waqf institution from 20th century to date should help highlight various abuses of this institution and help chart the way forward. It is likewise important to appraise the present WD-ICBIH waqf agenda from the perspective of Islamic Economics. This paper attempts to achieve these objectives. It also identifies various challenges facing WD-ICBIH and Islamic Economics and concludes with actionable policies.

WAQF IN BOSNIA AND HERZEGOVINA FROM 1887 UNTIL 1995

Bosnian Waqf Under Austria-Hungary Rule (1878-1918)

Osmanli control of Bosnia, established in 1463, ended in 1878, when the Berlin Congress delegated rule over Bosnia to Austria-Hungary. The Congress guaranteed religious freedom but the Austria-Hungary legislative system confined the Shari’ah and Osmanli Canonical law to personal affairs. This significantly affected the Bosnian Muslims. That was evident from the very beginning of Austria-Hungary rule in Bosnia and Herzegovina. Nonetheless, Bosniaks integrated into the Austria-Hungary system with relative ease, especially upon the establishment of the Islamic Community of Bosnia and Herzegovina (ICBIH) in 1882. But Austria-Hungary could not ignore the waqf institution; waqf properties under Austria-Hungary legislation became like any property. In response, Bosnian Muslims demanded recognition of waqf as distinct Muslim property. On 25 March 1883, a temporary waqf institution named the ‘Land Waqf Commission (Zemaljska Vakufska Komisija)’ was formed to register all waqfs in the country under the supervision of an Austria-Hungary Commissioner. Waqf property was actually defined as the property of the ICBIH in an 1883 document known as ‘Ordinance on the Organisation and the Competence of Shari’ah Courts’ (Naredba o Ustrojstvu i Djelokrugu Serijatskih Sudova). In 1894, the ‘Land Waqf Directorate (Zemaljska Vakufska Direkcija)’ was established under direction of an Austria-Hungary Government Delegate.

The Austria-Hungary government even determined the duties of the Land Waqf Directorate: to set waqf taxes, rules and regulation of managing waqf, select waqf personnel and resource managers. The waqf institution was headed by the Austria-Hungary government, followed by the Land Waqf Directorate.
Lower levels were composed of ‘kotars’ (similar to municipalities), each headed by a Shari’ah judge. Members of each kotar were imams of the local mosques, school mudarris (teachers, professors) and members of the majlises (see Figure 1).9

Even though Austria-Hungary treated the waqf institution as separate from the Islamic Community, Bosnian Muslims considered it part of the ICBIH and a centuries-long source of absolute autonomy.

Today, ICBIH is the strongest organisation in Bosnia and Herzegovina. If this is true for the 21st century, one can imagine the strength and impact of ICBIH post-1882, recognised by Austria-Hungary. Muslims, generally, became individualistic under the new legislative system and antagonistic to the Osmanli Caliphate, which in their view committed treason. The above-explained formation of the waqf institution was quick. However, a few years of waqf absence was enough to worsen socio-economic conditions. Many family waqfs were abolished, leaving families without financial support. Waqf may not guarantee a good Muslim life but its importance to the community should not be underestimated. Waqf also stabilised the lives of non-Muslims who found shelter under waqf.11 In general, it served as a safety net for Bosnian Muslims. Once broken, they were left unprotected. They did all they could to strengthen the Islamic Community and waqf institution through educational reforms, publishing of journals, and even an attempt at establishing a waqf bank.

Education saw the preservation of medresas (high schools) and rushdiyye (Osmanli secular schools), the transformation of mektebs (elementary schools) into mekteb-i ibtidai, the formation of mekteb-i nuwwab (school of Shari’ah Judges) etc. Syllabi were adapted to circumstances. These reforms determined the future of the institution of waqf and produced its human capital. The quality
of the reforms motivated Muhammed Abduh (1849-1905) to apply similar reforms in Egypt. These reforms took place in parallel with the publication of journals like Bosnjak, Behar, Misak, whereby the public was educated about the waqf institution and ICBIH activities. A disadvantage faced by Muslims was their fragmentation into three groups: the traditionalists striving for the Osmanli Caliphate, the modernists striving for life under Austria-Hungary, and the moderates seeking balance.12

During these developments, Austria-Hungary interfered in waqf affairs with rising frequency. This hindered Muslims from acting according to Islamic principles. After a forced conversion of a young girl to Christianity, Fata Omanovic, in Mostar, the Muslims embarked upon a movement to pass the ‘Statute for Autonomous Administration of Islamic Religious and Waqf-Mearif Affairs’ under the leadership of the Mostar mufti, Ali Fehmi Dzabic. In 1909 the statute was signed, whereby all waqf properties were officially transferred to the Islamic Community, controlled and headed by a Waqf-Mearif Council (Vakufsko-Mearifski Sabor) (see Figure 2). This became the basis of the legal status of all future waqf institutions.13

A year earlier, in 1908, Austria-Hungary annexed Bosnia and Herzegovina. The new status of waqf gave Bosnian Muslims the satisfaction, security, and motivation to become active citizens under Austria-Hungary. In 1910 there were 10,463 landowners, 136,854 free peasants, 79,677 customary tenants, and 31,416 tenants of own land. Bosniaks made up 91.15 percent landowners, 55.65 percent free peasants and 4.58 percent tenants with own land. The Muslims attempted to open a waqf bank, an initiative first proposed in 1906, to revitalise the waqf in the new system. Due to riba in the conventional economic system, Muslim minority status,
and difficult conditions, Istanbul issued a fatwa permitting temporary payment of interest. Various events then led to the outbreak of World War I in 1914.\textsuperscript{15}

**Bosnian Waqf Under the Kingdom of Serbs, Croats and Slavs (1918-1930)**

Muslims experienced persecution after World War I, under the Kingdom of Serbs, Croats and Slavs. The name itself indicated non-recognition of Bosniak-Muslims as a community. Many waqf properties were confiscated and distributed, mainly to immigrant Serbs. The waqf-mearif statute was declared null and void. The Agrarian Reform Laws – Reform of Agriculture and Colonisation of Bosnia and Herzegovina, Section 3c\textsuperscript{16} – gave the state full control over all ICBIH property. Section 4 awarded the ownership of all buildings to the state. Section 8(1) and (2) restricted private ownership to 10 or 30 hectares.\textsuperscript{17} The director of WD-ICBIH, Senajid Zajimovic, warned that these measures would encourage more crime. Statistical records indicate that 393 waqf properties were appropriated and destroyed. This included 75 graveyards, 108 shops, 118 houses and gardens, 90 orchards, several plots of arable land, a number of valleys and 2 madrasahs.\textsuperscript{18}

**Bosnian Waqf Under Alexander Karadordevic’s Kingdom of Yugoslavia (1930-1943)**

Waqf under the Alexander Karadordevic’s Kingdom of Yugoslavia experienced severe destruction. The Islamic community was governed by the Constitution of the Islamic Religious Community of the Kingdom of Yugoslavia dated 9 July 1930 and 24 October 1936.\textsuperscript{19} However, the Ministry of Justice had jurisdiction over waqf. At this time, the Yugoslav Muslim Organisation struggled for Muslims to gain rights over waqf through government representation. Formally, waqf did not exist. Informally, however, it was financing the ICBIH. The Islamic community’s benefits from waqf had to be kept secret to forestall state persecution. A value of 16.5 million of waqf land (16.4 dunums), or 27 percent of the Bosnian land area, was forcibly appropriated under the Kingdom of Yugoslavia.\textsuperscript{20} The events included:

1. The confiscation of 95 percent of the land of large owners, based on the “Memorandum of the Associations of former owners’ serfdom-begluls’ counties in Sarajevo”, sent to Royal Governor Paul on 27 September 1938;
2. A Banja Luka decision in 1939, which deprived 107,000 dunums of the Gazija’s Waqf in the Teslic and Tesanj area of which 1/3 is arable land and 2/3 is forest land;
3. The destruction of 24 mosques, dating to the early Osmanli Caliphate, in Sarajevo;
4. Extensive Serb settlements took place and the land under the homes of seizers was privatised.

**Bosnian Waqf Under Tito’s Yugoslavia (1943-1990)**

During this period, Shari’ah courts and law officially disappeared from the lives of Bosnian Muslims. As before, circumstances did not allow for a smooth management of the *waqfs*. In the recently-founded Socialist Federal Republic of Yugoslavia in 1943, the Bosnian Muslims were recognised as a constituent people and an ethnic group. However, religion and religious symbols, including the scarf and traditional wear, were prohibited in public. Nationalisation, expropriation and confiscation of *waqf* properties were all legalised under a number of severe laws.\(^{21}\) Even Islamic affairs were administered by the state. A new Constitution of the Islamic Religious Community of the Federalist People’s Republic of Yugoslavia replaced the old one as of 26 August 1947. The Constitution of ICBIH was adopted on 13 July 1959. Under Article 25, Paragraph 9 of the 1959 Constitution, *waqf* was placed under the jurisdiction of the Presidency of IC, which was to cooperate with the local community (*jama’at*). On 5 November 1969 a newer Constitution of the Islamic Community of the Socialist Federal Republic of Yugoslavia was passed to revise jurisdiction over *waqfs*.\(^{22}\) Transgressors against the state would be punished. The Sarajevo Process (Sarajevski Process) in 1971 sentenced several Muslim intellectuals to jail and death. Muslims were deprived of their *existenzgrundlage* (existential basis). Muslims survived but the *waqf* institution was temporarily closed due to a lack of financial support.\(^{23}\)

Available statistics indicate that from 1945 until 1990, the regime confiscated 11,342 *waqf* properties (shops, graveyards, houses and flats, buildings, construction areas). This amounted to 30,342.496 m\(^2\). The monetary value of confiscated flats alone amounted to 167,400,000.00 KM (85,846,153.85 EUROS). The value lost in the construction sector amounted to 576,600,000.00 KM (295,692,307.70 EUROS).\(^{24}\) These numbers reveal the scale of the damage inflicted on the *waqf* institution in Bosnia.

**Bosnian Waqf From 1990 Until 1995**

The 1990s marked the breakup of Yugoslavia into several nations. Bosnia and Herzegovina obtained independence in 1991, which led to genocide from 1992 until 1995. While the Constitution of the Islamic Community in the Socialist Federal Republic of Yugoslavia of 12 September 1990 defined *waqf* as a property of ICBIH, no formal *waqf* institution remained in existence. Moreover, the war destroyed all records of *waqfs*. After the war the ICBIH formed the *Waqf* Directorate, which revealed that during the 1990s, Serb and Croat war
criminals damaged 2191 and destroyed 875 waqf properties. The percentages of destroyed and damaged waqfs per building type were as follows: 80.68 percent congregational mosques, 46.50 percent small neighbourhood mosques, 9.12 percent Qur’an schools, 60.00 percent dervish lodges, 48.89 percent mausoleum shrines and 38.88 percent buildings of religious endowments. When the Osmanlis left, there were around 5,000 registered waqfs. When estimating the number of subsequent damaged and destroyed waqfs, it can be said that no waqf was left untouched.

**Bosnian Waqf From 1995 Until Today**

The waqf institution, known as the WD-ICBIH, was officially reinstated on 14 June 1996, by a decision of the Council of ICBIH (Sabor Islamske Zajednice u Bosnia and Herzegovina) no: 2486/96. Waqf was recognised as a foundation whereby international law protects any misappropriation or damage to waqfs, e.g. the Law on Associations and Foundations and the widely recognised Human Rights and Freedoms documents. Two additional laws were passed to protect waqf and prevent damage:

1. Laws on Prohibition of Sale of Common Property, although lease was permitted, and
2. Laws on Special Protection of Sacred Objects and Places.

The Constitution of the Islamic Community of 1998, in Article 28, identified waqf as a property of the ICBIH. Article 32 declared the Waqf Directorate as the manager of waqf properties. The function of waqfs was to contribute wherever they were functional. Some of the chief activities of the Waqf Directorate were to produce a waqf register (a new waqf database started in 2010 and data is still collected). Additional responsibilities were the stipulation of rules for doing waqf (this took place in 1889 and was updated in 2000 and 2011), and the initiation of the process of waqf restitution under a special Coordination Council (Koordinacijski Odbor) etc. On 22 May 1999, a Statute of the Waqf Directorate determined three organs to manage waqfs: Local Islamic Community, Special Judicial Waqf, and Mutawallis (see Figure 3).

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**Figure 3. Waqf Directorate Organs of Waqf Management in Bosnia and Herzegovina**
The Waqf Directorate is part of ICBIH’s organisational structure and one of the strongest institutions of ICBIH (see Figure 4). The highest authority of ICBIH is Raisu-l-Ulama (reisu-l-u’lema) who is the President of the Riyasat (the main executive body of ICBIH and the Grand Mufti or supreme authority in the ICBH). The Waqf Directorate is accountable to the Riyaset.

Waqfs, membership fees, zakah, sadaqat al-fitr, qurban, revenue of profit-generating agencies, funds, gifts, testaments etc. finance the above structure. The ICBH maintains contact and cooperates with Bosniak and other Islamic communities, institutions, and organisations the world over. Figure 5 shows the ICBIH organisational chart with institutional bodies outside of Bosnia and Herzegovina. It promotes the integration of peace and justice through religious dialogue. The institutional bodies in Figure 5 (muftiluks, majlises, jama’ahs) contribute to the waqf properties; usually through donations (cash).

Figure 4. Organisational Chart of the ICBIH from 1995 until today

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The activities of the Waqf Directorate revived the institution of waqf, and repaired or rebuilt many damaged and destroyed waqfs. However, not much has been achieved in the development of waqf institutions, largely due to a lack of funds.

When Nezim Halilovic was the director of the Waqf Directorate, statistical information from 1995 until 2007 indicated losses of confiscated flats at 64,350,000.00 KM (33,000,000.00 EUROS). The losses for confiscated construction areas amounted to 221,650,000.00 KM (113,666,666.70 EUROS). The amounts would have been higher if all confiscated or destroyed properties were included. Comparable up to date statistical information is not yet available. However, the main reason for focusing on the period 1995 to 2007 for selected waqf properties is to emphasise the damage caused to the Waqf Directorate. Based on statistical information during the time of the previous director of Waqf Directorate in 2008, the waqf properties consisted of 1144 mosques, 570 masjids, 1030 shopping lots, 3027 graveyards, 1570 houses and apartments, 886 buildings and 4829 parcels of land. Summed up, there were 13056 waqf units.

As of 2015, the total number of waqf units is 19,236. From those, 1560 were entered into the new database of the Waqf Directorate. For easier analysis and clearer overview, eight general categories were created: lands, valleys, orchards (9,500 units), religious objects (4,653 units), parks, streets, gardens and other habitats (1,928 units), houses and flats (1,610 units), business objects and offices (892 units), shops, and stores (599 units), utilities (28 units) and educational objects (26 units). Compared to waqf units in 2008, there were 6,180 additional waqfs in 2015. A significant rise in the number of waqfs is evident but the contributions and benefits from those waqfs are not known. The categories reveal that the potential in Bosnian waqf resides in the agricultural and industrial sectors due to a large...
number of land parcels, valleys, and orchards. Based on the statistics, different waqf lands, as of 2015, totalled 39,481,894 m². As most land areas are not utilised, the Waqf Directorate incurs significant losses annually. Religious objects constitute a considerable part of waqfs and less emphasis may be given to the development of this category. Renting and other business related activities could be profitable ventures considering the number of houses, flats, business objects and offices. Lastly, education seems to be an underdeveloped sector. The supply of human capital is not sufficient to develop the waqf institution faster, which partially explains the perception that waqf properties tend to be underutilised.

The partially realised plan of the Waqf Directorate in Bosnia and Herzegovina in 2011 helped establish detailed tasks for the future. These include protecting the waqf in Bosnia and Herzegovina and its diaspora, preserving the continuity of the waqf, the digitalisation of the waqf registry, intensification of efforts for waqf restitution, setting all waqfs into function, assisting the ICBIH in utilising waqfs in the country for socio-economic development, raising the performance of waqf to international levels, improving and monitoring the waqfs, integrating waqf into the economy, (for example via leasing ijarah), re-activating dormant waqfs, increasing political participation, and promoting research and development of the waqf through education.39

THE INSTITUTION OF WAQF AND ISLAMIC ECONOMICS IN BOSNIA AND HERZEGOVINA

Ignorance About the Bosnian Waqf Tradition

Most Bosnians are ignorant of Bosnian waqf history. History is not particularly interesting for many Bosnians. Foreigners show greater interest in Bosnia’s traditional treasures. Most Bosnians perceive mosque-complexes as ordinary architecture while foreigners wonder with awe about the philosophy behind such architectural design. For example, foreigners are impressed that the shops, hamams, coffee houses, trade checkpoints etc., surrounding the 16th century Ferhadija mosque sustained social needs through the waqif, Ferhat Beg Sokolovic. This is only one among many other complexes like the famous Ghazi Husrev Bey Mosque, library, shops, madrasa etc. in Sarajevo. This enabled Bosnian Muslims to live harmoniously with neighbours of different religious denominations for centuries. Lack of awareness about this tradition prevents waqf integration in Bosnian development today. It blurs the link with Islamic Economics and prevents the understanding that principles of Islamic Economics guided such waqf development. The systematic, unified and integral method of socio-economic life is an objective of Islamic Economics and the need for Muslims to learn from their waqf tradition is essential for Islamic science.40
Political Conditions in Bosnia and Herzegovina

The Dayton Peace Agreement is the constitutional arrangement of Bosnia and Herzegovina. It is unique and complex with its tripartite system of representation for all three Bosnian ethnic groups. This system must accommodate everyone’s interests. It efficaciously settled the conflict, established workable socio-economic relations under the supervision of the Office of High Representative. Though not the best solution, it was the only one possible.

While this political system enables greater waqf involvement in the socio-economic development of Bosnia and Herzegovina, legislative impediments prevent the waqf properties’ restitution. Public satisfaction as well as the pace of development remain low. There is little political will to return the government owned waqfs to the Waqf Directorate through legislation on restitution that would be in accord with international law. This law would spur the WD-ICBIH with powers to claim compensation for forcibly taken, damaged and destroyed waqfs to boost waqf development. But rising political complexities make it unlikely for this to happen.

Legislation of Islamic Economics For Waqf Development

There is no legal framework for Islamic bank operation in Bosnia and Herzegovina. Islamic Economics cannot be legally recognised due to the constant exercise of veto powers in parliament. The Bosnia Bank International and ICBIH are potential bodies to develop waqf. This challenge facing the Islamic Economics industry in Bosnia and Herzegovina is similar to that in Kuwait, Qatar, or Malaysia in the past. Once Bosnia and Herzegovina resolves this, waqf may be integrated more fully into development.

Problem of Nationalisation, Restitution and Registration

Waqf restitution is politically complicated. The Waqf Directorate had the opportunity to recover many waqf properties from their owners but the new owners often did not know their apartment was waqf. The lack of alternative solutions temporarily permitted owners to stay in the waqf. The Waqf Directorate asked for other ways of compensation but the lack of financial resources kept the issue of most flat ownership cases unresolved.

Vakufnama (Waqf Certified Document) Dilemmas

Many vakufnamas were lost during the 20th century. This complicated the process of waqf restitution. Some vakufnamas, mostly those of confiscated waqf
properties, did not suffice to return the waqf. There are even those vakufnamas whose waqf was destroyed and damaged. No funds exist to rebuild those waqf and the state refuses to take responsibility for the actions of previous regimes.\textsuperscript{43}

**Human Resources**

Human resources are crucial for every institution. Inadequate skills cause slow waqf development, thus the Waqf Directorate’s projects cannot be implemented. Elsewhere, personnel are technologically more advanced and exposed to global trends. This enables more efficient and effective engagement, trainings via group discussions, seminars, conferences etc. whereby new trends and experiences are exchanged. Zajimovic and Halilovic identified this as one of the major drawbacks of the Waqf Directorate.\textsuperscript{44} The same accounts for development of Islamic Economics in Bosnia and Herzegovina.

**Management of Waqf**

Abuse of waqf properties by mutawallis (managers) was common in all Muslim societies. During the 16\textsuperscript{th} to 18\textsuperscript{th} centuries when waqf complexes were built, mutawallis treated waqf like personal property. No oversight existed, no cooperation with and no feedback was given to anyone. That led to the gradual decline of the waqf institution. Good tanzimat reforms found resistance from mutawallis. The formation of Ministries of Awqaf (including the Waqf Directorate in Bosnia and Herzegovina) also did not resolve the problem. No substantial change since 1995 is evident in Bosnia and Herzegovina. Policies that foster restitution of waqf properties in Bosnia and Herzegovina and its institutional integration, nationally and internationally, with multiple projects of waqf reparation, rebuilding, expansion, innovation, modernisation etc. must also improve efficiency and effectiveness of waqf management and overall control of waqf.\textsuperscript{45}

**WAQF INTEGRATION IN BOSNIAN DEVELOPMENT**

Waqf integration into Bosnia and Herzegovina development requires effort by the Bosnian Muslim population to revitalise the institution of waqf. This requires a dynamic approach. The potential is present but the question is whether available resources are utilised efficiently. A variety of options to integrate the waqf into the development of a country is available.\textsuperscript{46} Education is the the starting point of every change. Suitable education can raise the awareness of the public concerning waqf and Islamic Economics as a framework for waqf development in Bosnia and Herzegovina.
**Waqf Integration via Education**

The statistics of waqf properties in Bosnia and Herzegovina indicate that the educational sector has been neglected since the 1990s. Personnel well-versed in the field of contemporary waqf are, however, required to plan, direct and execute development. Herein lies the future of Bosnia and Herzegovina waqf. The educational platform for waqf integration through Islamic Economics and vice versa may be intensified via “The Centre for Islamic Economics, Banking and Finance” of the Sarajevo School of Economics and Business. Muslim awareness about the Bosnian waqf tradition gets promoted in this way.

The European Association for Islamic Economics, Banking and Finance recently organised a conference in collaboration with the Centre, named “New Challenges for Islamic Economics and Finance Development,” at the Gazi Husrev Bey Library, itself a waqf. This points to ICBIH’s interest in exploring Islamic Economics as well as banking and finance. Both the ICBIH and the Centre want waqf assets to be fully utilised to achieve the objectives of Shari’ah (maqasid Shari’ah). This would be the result of proper education. The integration of waqf within the educational process enhances the development of waqf, promotes greater justice and contributes to healthier socio-economic relations.

**Complementarity Potentials of Waqf Integration via Islamic Economics**

Islamic economic thinking in Bosnia and Herzegovina requires proper understanding of Islamic economic principles. This requires familiarity with the Islamic worldview, which shapes the Islamic economic worldview. This is not new to Bosnians. These principles motivated the attempt to establish a waqf bank in 1906. However, the historical circumstances distorted the peoples’ mentality and blurred their direction in life. That is why integration of waqf needs an educational platform like the centre mentioned above, to instil the basic principles of Islamic Economics found in the Islamic worldview and familiarise the public about the scope, content and potential of the two fields of study.

The current leadership of the Waqf Directorate strives to make waqf the socio-economic basis of ICBIH. Islamic Economics’ socio-economic welfare objectives do not differ from that of waqf. Therefore, the Waqf Directorate and Bosnia Bank International should become partners in furthering socio-economic development. This relationship of Islamic Economics and waqf reveals a potential of complementarity. The WD-ICBIH can exploit this relationship to develop waqf via Bosnia Bank International through, for example, agricultural projects. However, such partnerships should differentiate waqf assets from other assets of the bank, as in reality banks are profit-oriented.
Magnitude of Bosnian Waqf

The historical development of waqf in Bosnia reveals the magnitude of Bosnian waqf and its significant potential for education and the economy. Waqf cannot be fully integrated without fulfilling the Islamic economic criteria of internal-integrity and relational-unity. This would improve waqf management, human capital, and raise public knowledge about waqf and Islamic Economics.

Trust as a Condition of Waqf Implementation

Trust is essential for development. Trust has played a vital role in Bosnian socio-economic development via waqf since Bogumil times. The adoption of Islamic economic reasoning (with criteria of internal-integrity and relational-unity) can increase knowledge about Bosnia’s waqf tradition, improve management and human capital, expedite waqf restitution and recovery of many vakufnamas, and promote Islamic Economics among others.

The Waqf Directorate’s Role in Complementing Waqf and Islamic Economics

Since the 1990s the Waqf Directorate in Bosnia and Herzegovina has reminded the people of the role of waqf in the lives of Bosnian Muslims and non-Muslims via periodical activities and projects. The Waqf Directorate Council constantly works on identifying priority areas in Bosnia and Herzegovina for projects of waqf revival, ultimately aiming at national and international integration of Bosnian waqf through policies that meet social needs, provide better management and cooperate with waqf institutions elsewhere in the Muslim world. It calls for potential stakeholders to join its mission to help society by strengthening the waqf and to raise Muslim awareness of the hereafter. The vigour of the waqf institution is again evident due to its present-day ambitions. It has the potential to bring about a vibrant Islamic socio-economic transformation.

Understanding the Bosnian Muslim Tradition: Tolerance, Dialogue and Integration

Islamic Economics and waqf have the potential to benefit from the Bosnian Muslim tradition, where the waqf plays an important role. People of different religious denominations lived harmoniously in Bosnia, as recorded by historians, even prior to the advent of Islam. It was when Islam spread in Bosnia that communal solidarity reached its climax. This treasure trove of experience of peaceful co-existence in a multiethnic, multilingual or multiracial environment was depleted by decades of conflict. However, from 1995, this tradition has begun to revive. It has now reached the stage where, for example, the Bosnian tradition
of Islam is viewed as an exemplar of the so-called ‘European Islam’ by Alibasic, having the following four characteristics: (1) secularised Islam – since Austrian-Hungarian rule in 1878; (2) power sharing; (3) democracy and pluralism; and (4) nationalised Islam. However, there is room for a fuller integration between the West and East. For this reason the Grand Mufti, Mustafa Ceric (b.1952), called for a religious dialogue in Europe. He proposed the formation of a European Muslim Authority to bring Muslims and non-Muslims together by endorsing the Draft Law on Freedom of Religion and Legal Status of Churches and Religious Communities in Bosnia and Herzegovina. Karcic defied the ‘Clash of Civilisations’ hypothesis of Samuel Huntington, being antithetical to the ‘fault lines’ between religions, favouring instead peaceful and fruitful coexistence.\textsuperscript{56} These are just a few examples of how the Bosnian Muslim tradition contribute to multifaceted integration.

**Potential Within Islamic Banking**

A study of Islamic Banking in Bosnia and Herzegovina using the SWOT matrix showed the general performance, prospects, and extent of Islamic economic reasoning (see Table 1.1).\textsuperscript{57}

The strengths of Islamic banking in Bosnia and Herzegovina (see Table 1.1) match the Islamic economic objectives of interest elimination, faster and better customer service, and God conscious educated personnel. The weaknesses of Islamic banking are in line with the drawbacks of Islamic Economics more generally: limited competitiveness compared to conventional banking due to extra costs, weak efforts at development, and aversion to high-risk borrowing and investing for faster expansion. The opportunities of Islamic banking in Bosnia and Herzegovina reflect the Islamic Economics emphasis on innovation and creativity, conducive to a large Muslim population, a growing economy and a stable banking system.

The strengths and opportunities of Islamic banking create a favourable environment not only for Islamic Economics development but also for \textit{waqf}. \textit{Waqf} can play a major role in realising the aims of Islamic Economics. For example, a good \textit{waqf} framework may replace microcredit organisations and enhance employment. \textit{Waqf} and microcredit organisations provide various strategies for development by means of socially-beneficial projects. If that succeeds, partnership contracts (\textit{murabahah}, \textit{musharakah} and \textit{mudharabah}) may be utilised to mitigate the risk factors. The \textit{Waqf} Directorate and Bosnia Bank International organise periodical seminars and conferences to attract investors. Meetings between the two are often reported in the Bosnia Bank International monthly newspaper. For example, the \textit{Waqf} Directorate organised a forum in 2015 to envision models
of waqf integration in development and called for the establishment of a waqf bank.\textsuperscript{59}

**Conclusions and Recommendations**

This paper discussed the 20\textsuperscript{th} century fortunes waqf and the prospects for a 21\textsuperscript{st} century revival. Over the coming years, 19,236 waqf properties 39,481,894 m\textsuperscript{2} in land size and the emergence of Islamic Economics with Bosnia Bank International may have an integrative future in Bosnia and Herzegovina. The WD-ICBIH aims again to make waqf the socio-economic basis of Islamic life. Gradual waqf integration into Bosnia and Herzegovina development addresses some challenges and shares the story of Bosnia and Herzegovina waqf with other Muslim and non-Muslim countries.

We end this paper with several actionable policy recommendations. The Waqf authorities should:

- Engage with others internationally via seminars, conferences, publications, inter-institutional exchange of employees and students.
- Promote the idea of waqf diversified usage such as waqf-financed education (like Turkish waqf-financed universities).
• Establish strong networking with alumni of all Bosnia and Herzegovina Islamic educational institutions as an avenue of cash \textit{waqf} mobilisation, exchange of experience and communication in general.

• Develop an integrated IT \textit{waqf} system.

• Have an industry approach, like that of Western institutions part funded by endowments e.g. Oxford, Harvard.

• Raise social awareness via research projects on \textit{waqfs}.

• Most importantly, re-evaluate the use of current resources to maximise socio-economic benefits through more frequent consultation with experts of diversified educational backgrounds for eventual greater \textit{waqf} development.
Appendix A

_Waqq_ Properties in Bosnia and Herzegovina Based on Type, _Waqq_ Directorate, 2015

<table>
<thead>
<tr>
<th>No</th>
<th>Category</th>
<th>Details (Type)</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lands, Valleys, Orchards</td>
<td>Construction Lands (Građevinsko Zemljište) Valley from 1&lt;sup&gt;st&lt;/sup&gt; to 6&lt;sup&gt;th&lt;/sup&gt; Class (Livada od I do VI klase) Non-Fertile Lands (Neplodno zemljište) Fields (Njiva), Fields from 1&lt;sup&gt;st&lt;/sup&gt; to 8&lt;sup&gt;th&lt;/sup&gt; Class (Njiva od I do VIII klase) Arable Land (Oranica), Arale Land from 1st to 8&lt;sup&gt;th&lt;/sup&gt; Class (Oranica od I do VIII klase) Other non-Fertile Land (Class Ostalo neplodno zemljište) Pašnjak od I do VI klase (Pastures from 1&lt;sup&gt;st&lt;/sup&gt; to 6&lt;sup&gt;th&lt;/sup&gt; Class) Plum Orchard (Šljivik) Forests from 1&lt;sup&gt;st&lt;/sup&gt; to 8&lt;sup&gt;th&lt;/sup&gt; Class (Šuma od I do VIII klase) Wineyards (Vinograd) Orchards (Voćnjak) Orchards from 1&lt;sup&gt;st&lt;/sup&gt; to 6&lt;sup&gt;th&lt;/sup&gt; Class (Voćnjak od I do VI klase) Garden 1&lt;sup&gt;st&lt;/sup&gt; and 2&lt;sup&gt;nd&lt;/sup&gt; Class (Vrt I I II klasa) Land with Business Building (Zemljište uz privrednu zgradu) Land with non-Business Building (Zemljište uz vanprivrednu zgradu) Land with Building (Zemljište uz zgradu) Land with Building for Physical Culture (Zemljište uz zgradu fizičke kulture) Land with Building of Islamic Community (Zemljište uz zgradu vjerske zajednice)</td>
<td>9500</td>
</tr>
<tr>
<td>2</td>
<td>Religious Objects</td>
<td>Mosques (Džamija), Worship Houses (Bogomolja) Charnel Ghusl Room (Gasulhana) Turbah (Turbe) Graveyards (Groblje) Maktab Remnants (Ruševine mejtefa)</td>
<td>4653</td>
</tr>
<tr>
<td>3</td>
<td>Parks, Streets, Gardens and other Habitats</td>
<td>Walls (Zidine) Parks (Perivoj) Pasars (Pijaca) Streets (Ulica), Gardens (Bašća) Hill (Brdo) ?? (Do) Gardens (Dvorište) Economic Gardens (Ekonomsko dvorište) Ravines (Jaruga) Hiatus (Jaz) Canals (Kanali) Local Pathways (Lokalni put) Storrage Area (Magazište) Maydan Stones</td>
<td>1928</td>
</tr>
<tr>
<td>Category</td>
<td>Description</td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------</td>
<td>-------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Houses and Flats</td>
<td>(Two-Room Flat) Dvosoban stan, Economic Court (Ekonomski dvor) Public Dwellhouses (Javne zgrade) Commesariat (Karaula) Houses (Kuća) Houses and Gardens (Kuća i dvorište) Houses and complementary Buildings (Kuća i zgrada) Houses and Land (Kuća i zemljište) Flats Building (Stambena zgrada) Flats (Stanovi) Three Room Flat (Trosoban stan), Buildings-Zgrada Building and Housing Area (Zgrada i kućište), Housing (Kućište) Buildings and Gardens (Zgrade i dvorišta)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
WAQF IN BOSNIA AND HERZEGOVINA IN 20TH AND 21ST CENTURY

6 Shops, and Stores

- Shops (Dućan), Garages (Garaža) Storerooms (Magaza), Complementary Room (Pomoćna prostorija) Complementary Buildings (Pomoćna zgrada) Complementary Complex (Pomoćni objekat) Cattle House (Štala) Parking (Parking)

599

7 Utilities

- Wells (Čatrnja), (Water Taps) Česma, Fountains (Fontana) Bathrooms (Kupatilo) Mill with mill machine (Mlinište sa mlinom) Other complementary buildings (Ostale pomoćne zgrade) Monument (Spomenik) Concrete Foundations (Temelj) Toilet (Toalet) Water Mill (Vodenica) Watersupply Reservoir (Vodovod rezervoar) Water Trough (Pojilo)

28

8 Educational Objects

- Madrasah at Mosque (Medresa uz džamiju), Maktabs (Mektebi) Schools (Škola)

26

TOTAL UNITS (UKUPNO) 19236

1560 Entered Waqf Units into the Data Base (Information System) of Waqf Directorate (1560 Unešenih u Informacioni Sistem Vakufske Direkcije)

Source: Waqf Directorate of Islamic Community of Bosnia and Herzegovina (ICBIH), 8th August 2015

Appendix B

Highlights of Waqf Land Registered in the Data Base of Waqf Directorate as of 2015 (Zbirni Prikaz Vakufske Imovine u Bosnia and Herzegovina Unesene u Informacioni Sistem Vakufske Direkcije u 2015 Godini)

<table>
<thead>
<tr>
<th>Type of Waqf Land</th>
<th>Land size in m²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land in Use (IMOVINA U UPOTREBI)</td>
<td>39,146,187 m²</td>
</tr>
<tr>
<td>Nationalized Waqf (NACIONALIZOVANA)</td>
<td>326,252 m²</td>
</tr>
<tr>
<td>Transformed Waqf (TRANSFORMISANA)</td>
<td>882 m²</td>
</tr>
<tr>
<td>Muqata Waqf (MUKATA)</td>
<td>4,379 m²</td>
</tr>
<tr>
<td>Destroyed Waqf (UNIŠTENA)</td>
<td>3.738 m²</td>
</tr>
<tr>
<td>Erased Waqf (BRISANO)</td>
<td>456 m²</td>
</tr>
<tr>
<td>Total (Ukupno)</td>
<td>39,481,894 m²</td>
</tr>
</tbody>
</table>

Source: Waqf Directorate of Islamic Community of Bosnia and Herzegovina (ICBIH), 8th August 2015
Notes

* Jasmin Omercic PhD Candidate in Economics (Islamic Economics, Banking and Finance), Kulliyyah of Economics and Management Sciences (KENMS), International Islamic University Malaysia (IIUM).

1. The term Osmanli is preferred over Ottoman due to the fact that the Caliphate was named in honour of ‘Osman’. This is a correction of the terminology used in research on the Osmanli Caliphate. Unfortunately, even native Turks still use the name Ottoman due to the widespread usage of the word by Western scholars. However, authentic scholars of Osmanli history and history in general attempt to correct this misuse of terms.


7. ‘Bosnia and Herzegovina’ has been the name of the country since 1878. During the Osmanli Caliphate, it was Bosnia only.


16. This statute was published in No.2 Official Gazette of Federal Republic of Bosnia and Herzegovina on 9 January 1945.
21. Law on Nationalisation of Private Economic Enterprises dated December 6, 1946, with amendments of December 12, 1948, for legal basis seizure of waqf mills, hotels, spas and similar establishments, Law on Nationalisation of Leased Buildings and Plots on December 28, 1958 Laws on Confiscation of Property and...


24. Halilovic, ‘Historijat Vakufa u BiH (History Highlights about Waqf in BIH).’; ICBIH-Waqf Directorate, ‘Waqf in Bosnia and Herzegovina.’


29. The Constitutional Court is the main judiciary body while the Council of the ICBIH (Sabor or the ICBIH’s assembly) is the main legislative body of ICBIH. Major educational institutions of the ICBIH are listed in the table below. In
general, the institutions date from the early 15th century to the 20th century. Each institution has a programme. Other centres and institutions of the ICBIH are also listed in the table below. Those date from the early 16th century to the 21st century. Each has a certain autonomy and reports to the ICBIH authorities. Some known publications of the ICBIH are mentioned in the table as well. All started publication in the 20th century. There are other smaller publications by listed educational institutions and other centres of the ICBIH. The local, cantonal and municipality structure of the ICBIH has 8 muftiluks (or mufti districts) in Bosnia. Each muftiluk has several majlises, a group of a number of jama’ahs (each having a mosque). Jama’ah is the smallest body of ICBIH present in almost every village, and city in BIH. Some villages and cities have more than one jama’ah.

30. *Reisu-l-u’lema* is the highest Bosnian Muslim religious authority and spiritual leader.

31. The local cantonal, municipality and international structure of the ICBIH constitutes 8 muftiluks in Bosnia and one in Slovenia, Croatia, Sandžak (Serbia), Germany and other Bosniak Islamic Communities in the world.


34. Ibid.

35. Halilovic, ‘Historijat vakufa u BiH (History Highlights about Waqf in BIH).’


37. For more details on each category of components, please refer to Appendix A.

38. For more details about types of waqf land, please refer to Appendix B.

39. ICBIH-Waqf Directorate, ‘Waqf in Bosnia and Herzegovina.’ Zajimović, Petnaest Godina Rada Vakuške Direkcije (Fifteen Years of Waqf Directorate),’ 4-11.


44. Halilovic, ‘Historijat vakufa u BiH (History Highlights about Waqf in BIH).’


49. Açıkgenç, Islamic Science, 20-75; Al–Attas, Prolegomena to the Metaphysics of Islam, 1-64.


55. Malcolm, Bosna (Bosnia), 10-260.


ISLAM AND CIVILISATIONAL RENEWAL
