

A Practical Comparison of Waqf (Islamic Endowment) in Indonesia and Other Countries

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KEYWORDS

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ABSTRACT

The definition of waqf in one of the results of this study is "Waqf functions to realize the potential and economic benefits of waqf assets for the benefit of worship and promote public welfare". In several discussions related to waqf, it is known that Indonesia as a country with the largest Muslim population in the world has very good waqf potential. One of the research articles it is known that: The research results describe a high level of awareness about cash waqf among millennials in Indonesia. The results further reveal a lower level of willingness to contribute to cash waqf in the sample population than their level of awareness about cash waqf. In general, challenges that can be managed better for increasing waqf include several things, namely; lack of socialization. In general, the community does not understand waqf law properly and correctly, both in terms of the pillars and conditions of waqf, as well as the legal intent of waqf, Management and Management, Waqf Objects and Nadzir Commitments, and the weakness of the control system. Waqf opportunities can still be developed in accordance with existing research results; Indonesia needs to encourage the practice of waqf experts and musytarok (such as CWLS) so that waqf practice in Indonesia is more dynamic; The method of expert waqf can be reserved for the rich as part of wealth management; The practice of musytarok waqf can be intended to help the poor to be able to meet their primary needs, such as housing, hospitals, etc.

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1. Introduction

The definition of waqf is as a term in Islamic sharia, waqf is defined as the detention of property rights over material objects (al-'ain) for the purpose of alms benefits or benefits (al-manfa'ah) (al-Jurjani: 328). As for other understandings in fiqh books, scholars differ in giving the understanding of waqf. In some research writing, these differences have different effects on the laws caused.

The definition of waqf in the Waqf Law states, "Waqf is the legal act of a wakif – a party who entrusts his property – to separate and/or hand over part of his property to be used forever or for a certain period of time in accordance with his interests for the purposes of worship and/or public welfare according to sharia."

Waqf managers (nadzir) are not allowed to use waqf money directly. However, the results of the waqf management can be utilized (Indonesia, n.d.). Waqf aims to benefit the property that is managed by the person who is entitled according to Islamic law. This is as stated in Article 5 of the Waqf Law which states, "Waqf functions to realize the potential and economic benefits of waqf property for the benefit of worship and to promote general welfare."

2. Materials and Methods

The method used in writing this article is a literature study from several studies in the form of journals, articles, information and scientific writing results delivered in several information media based on the results of writing in several print and digital media.

3. Results and Discussions

In several discussions related to Waqf, it is known that Indonesia as a country with the largest Muslim population in the world, has great waqf potential. This is because waqf is an instrument of goodness in Islam that has many virtues. Based on religious and social motivations, Indonesian people continue to compete to give their best wealth for endowments. Known from many writings, this is also supported by the publication of the Global Charities Aid Foundation in 2021 which states that Indonesia is the most generous country in the world, which is ranked first based on the 2021 World Giving Index (Khusaeri, 2015).

Based on the Indonesian Waqf Board (BWI), it was recorded that the acquisition of money endowments as of March 2022 reached 1.4 trillion rupiah, this figure has increased when compared to the acquisition of money endowments collected throughout 2018 – 2021 worth 855 billion rupiah.

1. Types of Waqf

a. Khairi Waqf (*Virtue Endowments*)

Waqf are used for continuous and long-lasting good. The party giving waqf goods (wakif) requires that waqf must be used to spread long-term benefits, for example mosques, schools, hospitals, forests, wells, and other forms for the welfare of the community.

b. Waqf ahli (waqf Dzurri/waqf 'alal aulad)

Waqf that Endowments intended for the benefit and social security of the family environment, and the environment of one's own relatives

c. Mustarak waqf

Mustarak waqf is combination waqf between khairi waqf and ahli waqf where the benefits or proceeds of the waqf are partly intended for the general welfare and some are intended for the wakif family. Musytarak is an example of waqf whose benefits are intended for the descendants of the wakif and the general public.

For example:

- Foundations built and standing on waqf land,
- Liberation of private wells for use by the community.

The practice of waqf as an instrument of Islamic social finance is essentially as old as the teachings of Islam itself. The history of waqf practices between one country and another is unique and adapts to the conditions of urgent socio-economic and political needs of its time. Reuniting fragments of the history of past waqf practices from various countries with current waqf practices will help map out the opportunities and challenges of waqf development in the future, especially in Indonesia.

2. Cash waqf from the millennials' perspective: a case of Indonesia

In one of the research articles "Cash waqf from the millennials' perspective: a case of Indonesia; It was conveyed that this study was to explore the level of awareness and willingness of the millennial generation in Indonesia towards cash waqf. Money endowments received great attention in Indonesia due to their flexibility, especially after the Indonesian Ulema Council (MUI) officially announced in 2002 that the practice of money endowments in the country was in accordance with sharia. Millennials comprise 33.75% of Indonesia's total population. Therefore, it is very important to analyze money endowments from an Indonesian perspective. This study provides important information for all institutions concerned with increasing cash waqf contributions in Indonesia.

The research was conducted using a methodology/approach in the form of a structured questionnaire conducted by itself and distributed on Java Island to collect data. The data is checked using the appropriate statistical tools. In addition, post-interview fact-finding was conducted with money waqf experts from various relevant institutions in Indonesia to achieve a deeper understanding of the money waqf issue.

In this study, it is known that: The results of the study illustrate a high level of awareness about money endowments among millennials in Indonesia. The results further revealed lower levels of willingness to contribute to money endowments of the sample population compared to their level of awareness about money endowments. In addition, the promotion of cash endowments should focus on providing a deeper understanding of the concept and its differences with other types of Islamic philanthropy. The results suggest that waqf trustees in the country should be more transparent. In addition, the Indonesian Waqf Board should implement stricter rules to monitor waqf trustees. Research limitations/implications – This study limited the sample population to Indonesian Muslims born between 1980 and 2000. Practical implications – As a Muslim-majority country, it is expected that Indonesia can make a lot of progress in cash endowments. By providing an understanding of the willingness and awareness of the Indonesian people on money endowments, this research can help in designing appropriate educational marketing campaigns for future money waqf givers to ensure money waqf institutions provide efficient services (Nour Aldeen, Ratih, & Sari Pertiwi, 2022).

Based on the research and results presented in this article: it is therefore very important to analyze cash endowments from an Indonesian perspective; by conducting post-interview fact-finding with money waqf experts from various relevant institutions in Indonesia to achieve a deeper understanding of the issue of money endowments. Based on the findings – The results obtained illustrate a high level of awareness about money endowments among millennials in Indonesia. In addition, subsequent results revealed lower levels of willingness to contribute to money endowments of the sample population compared to their level of awareness of money endowments. For this reason, the promotion of cash endowments should focus on providing a deeper understanding of the concept and its differences with other types of Islamic philanthropy. It is hoped that by providing an understanding of the willingness and awareness of money endowments among the Indonesian people, this research can help in designing the right educational marketing campaigns for money waqf givers in the future to ensure money waqf institutions provide efficient services. This will add to the reputation of nazir (waqf trustee), thereby increasing the share of national waqf by ensuring proper allocation of cash endowments.

This research presents valuable information for policymakers, practitioners and researchers. According to the information presented in this article, many donors are unable to donate assets as a whole to participate in waqf activities. Since cash waqf allows all Muslim segments to contribute to the practice of waqf, its potential is quite high if it is promoted and managed properly. It is very important to seek a deeper understanding of cash waqf from the perspective of the millennial generation so that waqf institutions can implement appropriate procedures to increase millennial participation in waqf activities that encourage economic development (Irhas, Zaki, & Aziz, 2023).

The earliest waqf experience in Indonesia began when Islam was introduced in the country in the mid-13th century (Ihsan and Ibrahim, 2011). The Indonesian government has carried out major reforms to revitalize waqf institutions through the enactment of the Waqf Law. It is known in this study, the socioeconomic impact of waqf is ignored, while waqf assets can be managed more efficiently to extend their benefits to those in need (Suhadi, 2002). In terms of numbers, a total of 190 nazir institutions (waqf managers) have been established by the end of 2018 (Indonesian Waqf Board, 2020). In the same year, the total amount of waqf money reached Rp255 billion (US\$17.5 million), while the estimated value of waqf land was Rp2,050 trillion (US\$141.3 billion) (Indonesian Waqf Agency, 2020).

Given the potential for waqf development in Indonesia and the significant number of millennials in the country, the main objective of this study is to critically evaluate the level of awareness and willingness of Indonesian millennials related to cash endowments. In addition, the study aimed to evaluate their perceptions of the promotion of cash endowments and their trust in nazir institutions in the country. This research is important because it will explain the possibility of involving millennials in waqf activities.

Based on the results of the study, it is known as follows. :

- A total of 190 nazir institutions (waqf managers) have been established by the end of 2018 (Indonesian Waqf Board, 2020).
- In 2018: the total amount of waqf money reached Rp255 billion (US\$17.5 million),

- The estimated value of waqf land is Rp2,050 trillion (US\$141.3 billion) (Indonesian Waqf Agency, 2020).

3. Development of *Waqf* in the Middle East and its Role in Pioneering Contemporary Islamic Civilization: A Historical Approach

The discussion presented in this article focuses on the history of the development of waqf in the Middle East, and its role in pioneering contemporary Islamic civilization. In the results of the writing, it is informed that waqf has been a pillar supporting the establishment of socio-religious institutions of the community for centuries. The method taken in this study is a historical phenomenological approach. The results also showed that waqf began to be known and practiced since the Prophet Muhammad built Quba and the Prophet's Mosque. Later the same was further promoted by the Just Caliphs (Khulafa al-Rashidin) and the Caliphs afterwards. In the following period, endowments developed rapidly in Middle Eastern countries, such as Egypt, Turkey, Saudi Arabia, Jordan, Sudan, Kuwait, and Syria. In this study, it was informed that the development of waqf is not only in worship facilities but also in agricultural land, plantations, educational institutions, flats, money, and stocks. All of them are productively managed, and their use varies greatly. It is explained that Waqf played an important role even in pioneering contemporary Islamic civilization (Sofyan, 2013).

At this writing, it is stated that the Sudanese Waqf Board empowers waqf assets through Waqf Banks that were previously unproductive. The establishment of the Waqf Bank was carried out as a financial institution that aims to assist waqf development projects, establish business and industrial enterprises. There are two patterns of waqf asset management for the development of Islamic civilization, namely the first, the development of waqf for social activities, such as waqf for social justice, people's welfare, education development, health facilities, public policy advocacy, legal aid, environmental preservation, cultural arts development and other programs; second, the development of economic value, such as for the development of trade, industry, property purchases, and other economic activities.

It is also known at this writing that ; Islamic civilization has found a new face emerging from waqf, which is a productive waqf institution for economic development and oriented towards community service. Researchers say that Waqf then experienced rapid development during the Umayyad Caliphate. At that time Muslims flocked to perform waqf. The results of the study were delivered after Muslims realized how great benefits can be obtained from waqf institutions, they formed waqf institutions to regulate and manage these waqf assets well, namely managed in groups or in simpler contexts. So that the development of waqf during the Umayyad and Abbasid dynasties occurred, and waqf had a positive influence on the lives of Muslims. For this, the positive impact of the development of waqf in his era was the expanding role of waqf and the spirit of waqf at that time. This resulted in the establishment of special institutions on waqf, the involvement of the caliph and the government in the development, monitoring, and supervision by judges in the implementation of waqf.

4. Issue of Waqf in the Context of Establishment of Muslim Institutions in the Post-Soviet Tatarstan

In this article it is explained that there are ways presented and offered to legitimize the separate principles of the Waqf institution within the framework of Russian legislation. In this article presents results showing historical experience of the functioning of Waqf among Tatars in the past, it is submitted that the existence of quite successful Waqf in sovereign Tatarstan in the 1990s within the framework of local legislation, as well as unsuccessful attempts of local authorities to solve the issue of Waqf property at the federal level and throughout Russia. In the results of this writing, it is known that Waqf is an inalienable and non-taxable property that is withdrawn from circulation and inherited for religious and charitable purposes, providing material assistance, and supporting Islam. For centuries, Waqf has always been the only regular source of funding for higher education in the Muslim world; that is, in one of the leading Muslim regions of the state in the Republic of Tatarstan. In those days the revival of the Waqf system was impossible without corresponding changes in the legislative sphere, which was not yet ready to meet even insignificant concessions about the needs that its Muslim citizens had long felt (Akhunov, 2015).

It is submitted that by the end of 1990 there were two official religious structures in Tatarstan, both claiming to lead the spiritual world: founded in 1992, MSB RT (Muslim Spiritual Council of the Republic of Tatarstan), headed by Gabdulla Galiullin and MSB T (Tatarstan Muslim Spiritual Council), of which in 1997 Farid Salman was appointed as chairman. It is known that it is quite understandable desire when the state authorities

want to work with a loyal body and this leads to the fact that the question of the new Muslim leader of Tatarstan, and about the muftiat of the Republic comes up on the next agenda. This resulted in a decision being made that only the Muslim Spiritual Council of Tatarstan was allowed as a single muftiat (MSB RT). The results of the study also wrote that in the Muslim Spiritual Council of Tatarstan there appeared a special person who was responsible for all matters related to waqf property. It was submitted that Tatarstan's Muslims could only count on the donations of parishioners, sponsors and patrons of individuals, the episodic stage of the local budget, which, of course, could not solve the problem. In those days, the only way out indicated by the chairman of the Muslim Spiritual Council was the practical application of Article 18 of the Law of the Republic of Tatarstan adopted in 1999: "On Freedom of Conscience and Religious Associations", which included items on the right of religious organizations to own waqf property and the fact that it cannot be revoked (Materialy, 2002). It is known that the Waqf treasure is already in the center of Kazan de-facto: it is written that a series of buildings and facilities have been transferred for Muslim use, but contrary to federal law (Fa-Yusuf, Busari, & Shuaibu, 2021).

Another explanation of this paper is that the importance of the problem under study is determined by the growing importance of religious factors in the social and political life, religion and culture of the global community and Russia in the 21st century. This article aims to know and analyze the trend of the development of the waqf system among Tatars in the late 20th and early 21st centuries, to determine the possibility of financing religious institutions by involving and adapting traditional instruments such as waqf to modern conditions. In the results of this writing the main methods of this study are historical and comparative methods, on the example of the successful existence of endowments in the Russian Empire until 1917. The results of the writing and the material of the article are likely to be useful in further study of the institutional history of Russian Islam, as well as in modern social discussions about the role of religion in the secular space, and also in shaping scientific and methodological, regulatory and legal frameworks for improving government policy. About religion.

5. The Chronicle of Waqf and Inception of Mosques in Malabar: A Study Based on Qissat Manuscript

This article discusses the history of early waqf lands and the nature of mosques, based on a manuscript kept in a British library entitled Qissat Shakarwati Farmad, which provides detailed records of the first ten mosques, which were erected in various port cities of Malabar and beyond. It is stated in the results of this writing that the exact measurement of the land granted and waqfed (waqf) for these mosques is the early history of waqf and the first mosque is the history of the entry of Islam in the region and its strategic social engagement, including building bridges with other communities. The first mosques in South and Southeast Asia have been built in Malabar and on waqf land. It was also explained that the government had given all the necessary facilities to a group of Arab preachers to spread the teachings of Islam as requested by King Cheraman Perumal, the king who converted to Islam in Mecca. It is informed at this writing that the exact Day and Date as well as the features of the land chosen for the construction of these mosques in several cities are documented in the Qissat manuscript; where they are well-known Islamic scholars and contribute much to the intellect of the world Malabar Muslim community. It is explained that the early history of waqf and the first mosques in Malabar is part of the history of the emergence of Islam in the area. In this history it is known, the mosques built were developed as a mobilizer and involved social strategies that connected the Malabar community. It is informed as a major source in the early history of Waqf and the construction of early mosques in South and Southeast Asia; where in popularity and thousands of years can answer the question of why the first mosque in South and Southeast Asia was built in Malabar is because of the explanation mentioned above.

6. Adopting *Al-Hikr* Long-Term Lease Financing For *Waqf* And State Lands In Malaysia To Provide Affordable Public Housing

The study discusses how the federal government, state governments, state Islamic religious councils (SIRC = *state Islamic religious councils*) and pension and investment institutions can participate, by examining affordable public housing under the Ottoman long-term lease structure (*al-Hikr*) and then adopting it into waqf land development in Singapore and Malaysia. The research uses case studies, library research, documentary analysis and descriptive statistics related to housing affordability and construction costs, to provide Islamic

social finance solutions by adopting/using al-Hikr for waqf and state land in Malaysia, to provide affordable public housing to the bottom 40% (B40) of households with median incomes. This policy paper examines a new national public housing initiative for Malaysia involving the provision of affordable low-cost housing under the long-term al-Hikr lease structure and the use of state endowments (Abdullah & Meera, 2018).

While Malaysian household debt represents 67% of GDP, in recent years, the residential sector has continued to dominate the Malaysian property market, representing about 64% of the total real estate market by value. While nominal house prices grew by 9.4% p.a. since 2010, in real terms, house prices have remained constant over the long term, implying that aggregate interest, money creation, and borrowing have combined to trigger a real estate asset bubble. Meanwhile, B40 with an average monthly income of MYR 2,848 is below Malaysia's average monthly income of MYR 5,228; with an average multiple of 5.0 for Malaysia, housing has become very unaffordable (and almost severe). It is also known in the results of research that house prices continue to increase, while construction costs are fixed. Against this backdrop, and the absence of short-term monetary and financial reforms, the paper, has established that the long-term lease financing structure (al-Hikr) can provide affordable low-cost public housing to B40 for MYR 125,625 in installments of MYR 570 per month depending on the average income of B40. However, this will deliver a cash-to-cash income yield of 6.3%, which will encourage GLICs' participation as equity investors in the new public housing board (PHB) for Malaysia. The researcher informs that by adopting face value rather than market value of land in the form of al-Hikr rent in advance due to the lender, since the beneficiaries of public endowments and state land are the needy ones (B40), thus reducing monthly installments, it does so while maintaining the corresponding income yield. In addition, B40 can use their EPF account to pay installments including SOCSO, healthcare, homeowners and lifelong takaful protection, thus truly increasing disposable income, so it is hoped that a holistic Islamic social finance solution can provide affordable housing to those in need. The study recommends developing a pilot project consisting of the construction of a new self-sustaining city in one of the states, which would also involve a feasibility study relating to land allocation and location, breakdown of construction costs, design and rent-holding prices, as a template for a national public housing plan.

4. Conclusion

Based on some writing results and some literature it can be seen that: a. The Indonesian Waqf Board (BWI) was not formed to take over the waqf assets that had been managed by the existing nazir; rather, the purpose of BWI is to foster nazir so that waqf assets are managed better and more productively, so that they can provide greater benefits to the community in the form of social services, economic empowerment and public infrastructure development. b. When waqf managers are well distributed in the country, awareness gaps are expected to be reduced among the community. c. The credibility of the nazir has been a critical issue of concern to many contemporary scholars. d. The credibility of the nazir plays an important role in the collection of cash endowments; contributors are willing to donate waqf money ketika_ they consider nazir honest (Yusof et al., 2013; Aziz and Yusof, 2014; Indahsari et al., 2014). e. In Indonesia, the more accountable organizations are, the more donations they dapat_ receive (Siswantoro et al., 2018). Nazir must also show transparency in achieving the objectives of the waqf in accordance with the wishes of the waqf. They must ensure that waqf will be beneficial for the progress of the ummah (Muslim nation) (Ihsan and Ibrahim, 2011). Stahlke and Loughlin (2003) argue that the issuance of financial statements of public funds can increase public confidence.

Opportunities and challenges of waqf development in Indonesia. 1. The practice of waqf in Indonesia is still dominated by waqf khair. This makes the practice of waqf less attractive. 2. Indonesia needs to encourage expert and musytarok waqf practices (such as CWLS) to make waqf practices in Indonesia more dynamic. 3. Expert endowment practices can be reserved for wealthy individuals as part of wealth management. 4. The practice of waqf musytarok can be intended to help poor people to be able to meet primary needs, such as housing, hospitals etc..

In general, challenges that can be better managed for the improvement of waqf include the following things. : a) Lack of Socialization. In general, people do not understand the waqf law properly and correctly, both in terms of harmony and waqf requirements, as well as the purpose of the declaration of waqf. b) Management and Management. c) Objects of Waqf and Nadzir Commitments. d) Weak Control System.

In the discussion that has been conveyed by several researchers, it can be informed that: Waqf is an economic institution of the people whose role is very large in overcoming problems, especially in the economic field. The existence of waqf in most Islamic countries is less desirable because the existing form is fairly difficult which is the cause of less interest, so that the overhaul of the form of waqf with a cash, collective and temporary waqf system is legally valid religiously and can be applied in the Indonesian context with the issuance of Law of the Republic of Indonesia No. 41 of 2004.

Waqf is a solution for the development of productive property in the midst of society and a solution to personal greed and government arbitrariness simultaneously. Waqf in particular can help the activities of the general public as a form of concern for the Ummah, and future generations, such social activities have been legalized in Islamic shari'a as human needs, not only limited to Muslims, but also for non-Muslim communities for their descendants, but hinted as descendants of Muslims not to benefit from the waqf.

Related to the existing challenges for increasing waqf, some things that can be done more optimally are; socialization of the understanding of waqf to the community in order to know, understand and better understand the correct waqf law and its benefits; In addition, it also conveys the management process carried out, information in a clear and clear manner related to the object of waqf, provides training to increase the commitment of nadzir, and improves the control system over the process and activities of waqf which is carried out transparently, one way to provide periodic reports to parties related to waqf. Processes and activities that are carried out transparently and clearly are expected to increase public trust and will increase interest in the waqf process.

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