

The Waqaf of Money: An Islamic Financial Instrument for Empowering Economy Community

Diana Farid¹

¹Postgraduate Program, State Islamic University Sunan Gunung Djati Bandung, Indonesia

Email: dianafarid71@yahoo.com

Abstract:

Waqaf is basically seen as one of the religious institutions in Islam which is relevant and functionally efforts to solve socio-economic problems and humanity, such as poverty alleviation, human resource development, and economic empowerment. The endowments are absolutely an important role in achieving a just social order. From the perspective of shapes, endowment money is seen as one of the solutions that can make endowments to be more productive. Because the money here will no longer to be used as a means of exchange, but more than it, we can explore it as a commodity to produce in the terms of economic development. Therefore, the cash money in the form of waqaf of money can result any benefit for the community. Appearances distribution of endowments can be used to productive activity in the era of economic downturn of the Islamic community in Indonesia. Now it should become the primary choice. In another sense, it is a productive waqaf endowment that must be a priority and dedicated its efforts to more fruitful. Thus, the sizes of different paradigms are done by the consumptive waqaf, because it gives a new hope for the majority of the Muslim community. Endowments are not willing to lead in worship of mahdhah which is directed to the consumptive waqaf. Using the findings of waqaf has been prioritized to give benefit in a very broad, including for economic empowerment, such as public facilities and worship activities, social facilities and educational activities as well as health, aid to poor people, displaced children, orphans, scholarship, progress and economic improvement for the people who needs the advancement of public welfare other non-contrary to the sharia business law.

Keywords: *Waqaf, Endowment, Economic, Consumptive, Productive, Economic Benefit.*

A. INTRODUCTION

Islam came as rahmatan *li al-‘ālamīn*, not only to destroy the social imbalances that occur in the community, but also desires to the public welfare (Ulrika Mårtensson, 2014). Islam not only as a religion that is loaded with value-normative elitist who did not have a social conscience, but Islam is integrally a moral pretension building to participate in various social and community problems (Dusuki and Bouheraoua, 2011).

Moreover, Islam is also a religion of justice (Aidaros, Shamsudin and Idris, 2013). Labeling as a religion of justice more because it implies to the ideals of social justice that is manifest in its doctrines. Therefore, in the context of Indonesian society, neglect or lack of seriousness handling of the fate and future of tens of millions of *du'afā* scattered throughout the country is an attitude that even against the spirit of Islam and a commitment to solidarity and social justice (Ali and Ali, 1995: 209).

Waqf is a religious institution in Islam, which are of direct relevance functionally with efforts to solve social problems and humanity, such as poverty alleviation, human resource development and economic empowerment of the people (Saduman and Aysun, 2009). This so because endowments actually have an important role in achieving a just social order (Ali and Ali, 1995: 209).

As known, the endowment has taken root and become a tradition of Muslims throughout the world in general, Indonesia in particular. In the context of Indonesia, endowments have been recognized and implemented by Muslims since Islam entered Indonesia. As one Islamic institutions, endowments have become one of supporting the development of Islamic societies (Khan, 2015).

Islam has been recognized institute that is a source of asset endowments that provide usefulness all time. But the collection, management and productive *pandayagunaan* waqf property in our country is still a little bit and behind compared to other countries. Likewise, study of endowments in Indonesia is still focused on the legal aspect of *fiqh* (Fauzia, 2008), and have not touched on endowments management. In fact, the endowment should be managed productively and provide the results to the public, thus waqf property is really a source of funds from the public and intended for general public (Mubyarto, 1988: 6).

The economic outlook is still worrisome, indeed endowments in addition to the undeniable role and function Islamic economic instruments such as *zakāt*, *infāq*, *sadaqah* and others-a very important role in efforts to achieve a healthy national economy (Athoillah [a], 2013). In a wider range, the presence of endowments can also be provided benefits to improve people's lives in the economy, especially if the endowment is managed with the management of a neat, organized and professional with the quality of the managers.

However, endowments function specifically as a community economic empowerment is still very low, rare or even totally never disseminated to the general public (Ahmad, 2015). During this time, the distribution of endowment assets in Indonesia are less likely to lead to the economic empowerment of the people and just pretend for the sake of worship *maḥḍah* (relationship with Allah) activities (Hanapi, 2013). This is understandable, because in general there are limitations Muslims will never secure endowments, both regarding the property became endowments, allocation (distribution) and *nāzir* waqf.

In general, Muslims in Indonesia understand that the allotment of endowments is limited for the sake of worship and the things that are commonly implemented in Indonesia as reflected in the establishment of mosques, prayer rooms, schools, cemeteries and others, as has been mentioned above. Other designations that better ensure the productivity and welfare of the people seems to still not accepted as inherent in endowments (Athoillah [b], 2015).

Endowments distribution model, in the description above, it also looks very consumptive, in the sense that can be developed to achieve the results are better, especially for the sake of improving the welfare of the Muslims. And besides, such consumptive waqf orientation is clearly not mature race besides, it also tends to make them lazy and away from productive businesses (Mubyarto, 1988: 6).

Appearances distribution of endowments to productive use in the era of economic downturn the Islamic community in Indonesia now should be the primary choice. In another sense, that is a productive waqf endowments that must be a priority and dedicated its efforts more fruitful. Of course the sizes of different paradigms with consumptive waqf, because it gives new hope for the

majority of the Muslim community. Endowments are not willing to lead in worship *mahdlah* endowments alone, as directed consumptive waqf (Budiman, 2014).

Productive endowments had two visions at once; destroying social structures are unbalanced and provide fertile ground for the welfare of Muslims (Aziz, and Yusof, 2014). This vision is directly achieved when the totality dedicated to forms of productive endowments were subsequently forwarded to the tactical steps that lead to these achievements.

From the perspective of shapes, money endowment is seen as one of the solutions that can make endowments to be more productive. Because the money here will no longer be used as a means of exchange, but also more than that, it is a commodity that is ready to produce in terms of development to another. Therefore, the same as other types of commodities, cash waqf also seen to bring something more results (Rozalinda, 2015).

B. METHODS

This article uses case study (Moleong, 2000 and Cholid, 2003) based on preliminary research on consumptive waqf as described above, the agency distributes Tubes Indonesian Waqf (Tabung Wakaf Indonesia [TWI]) as endowments stationary object such to the fields of religion, education and health. For means of public worship, institutions TWI at Masjid al-Madinah build that has a building area of about 2,400 square meters with a total area of approximately 1,300-meter prayer hall square, and has a capacity of as many as 2,247 people pilgrims. Construction of the mosque located in the Zona Madina, Jl. Raya Parung Bogor KM 42 was started in January 2015 and will be inaugurated in September 2016 (10 Zulhijjah 1437 H) coincide with *'Id al-Adhā* prayers.

In addition to places of worship, institutions of TWI also build a variety of educational facilities for weak economic community by setting up various school buildings with the name Smart Ekselensia Indonesia, which have been built in various provinces in Indonesia (Mubyarto, 1988:11). And for public health facilities TWI as institutions to set up hospitals with Health Service was charity (LKC).

In addition to these two endowments above, TWI also manage endowments cash to invest in a productive asset that is set by the manager. Surplus on productive assets will then be utilized for social programs as intended benefits (education, health, empowerment). This cash waqf include: money, gold and silver bullion, dinar and dirham, gold and silver jewelry. Regarding large endowments in the form of conversion into rupiah value at the time submitted by *waqif*.

C. RESULT AND DISCUSSIONS

Waqf is one of the teachings of Islam, which has vertical and horizontal dimensions directly. As the vertical dimension teaching, waqf is an attempt to draw closer to God (Mubarok, 1998:38). Meanwhile, as the endowments horizontal dimension teaching benefits the people. Dimensions horizontal very strong endowments. Millions of people in various parts of the world have felt the benefits in various fields of life, worship, education, health, social cultural and economic. The amount of endowments in a more specific role is felt to trip the development of Islam. So great is the role of endowments, so it is difficult to describe Islam without waqf (Arnaut, 2000:7).

Waqf institution is one of the Islamic institutions, but as if already a consensus among jurists that *pewakafan* is a problem in the Indonesian Indigenous, because it receives comes from an institution in her social habits (Ahmad, 1977:13). Since the first issue of waqf only regulated in Customary Law that are not written to take away the source of Islamic law.

On May 11 2002, the Indonesian Ulama Council issued a fatwa allowing cash waqf (endowment cash / waqf al *nuqūd*) on condition that the principal value of endowments must be guaranteed sustainability. Precisely by giving explicit definitions lead to the permissibility of cash waqf. Waqf definition is as follows:

Restrain property that can be exploited without the disappearance of the object or substantially, by taking legal action against the object (to sell, give, or leave it), to be distributed (results) on something that is permissible (unclean) existing (Directorate of Wakaf Empowerment, 2006:1).

For the support of government's political will in full one of which is the enactment of Act No. 41 of 2004 on Waqf and Government Regulation No. 42 Year 2006 on the implementation (Act No. 41 of 2004 on Waqf). Referring to article of this law has discourses raised about cash waqf and the reality of the response from various circles became the rationale importance of drafting of Act No. 41 of 2004 on Waqf in which includes rules about cash waqf. Due to Government Regulation No. 28 of 1977, as the only legislation on waqf did not cover the issue, the Act is expected to provide optimism and regularity in the management of waqf in general and cash waqf in particular in the Republic of Indonesia forward.

Various efforts productively managing endowments have performed well on the organization of the Islamic period, the management of waqf (*Nāzir*), universities, NGOs, and the government itself. The Act No. 41 of 2004 on Waqf and Government Regulation No. 42 Year 2006 regards the implementation is proof that the government is seriously working on endowments as legal basis for developing future endowments. Even the government's efforts to regulate the rules related to the matter is still underway that aims to empower religious institutions optimally for the benefit of improving the welfare of society at large. Despite the government's efforts should be supported cooperation, synergy, and the seriousness of all interested parties (stakeholders) in order to waqf truly positive impact on society.

The endowments of wealth had especially donations of land which has an area of more than 2.7 billion square meters and empower more optimally. Number of waqf land when collected into one exceeding the breadth of the city is indeed a very big potential. Of course, not all donated land must be managed in a productive, in the sense to make money, but at least of these about 10 percent can be managed productively. Thus, managed productive would be one of the pillars that need to be taken into account in dealing with the economic slump society and an alternative way to reduce poverty (Kementerian Agama RI, 2010: 28).

Cash waqf money is one form of innovation that allows the management of waqf endowments more flexible. The waqf models provide the possibility of participation of Muslims in the wider charity. It is more flexible because the object is in the form of movable and also symbolic that allows investments and use of more diverse. The level of public participation is therefore expected to be higher due to nominal cash waqf can be broken down into small pecahanpecahan accessible by all people. Presence allows cash waqf endowments become instruments charity for all people. Endowments of money not only for the rich but also for those who are economically not very well established.

Development of the management of waqf not evolves as expected. Management of waqf impressed walking in place. The slow development occurs especially when occurring in Indonesian Waqf Board (Badan Wakaf Indonesia [BWI]) as an independent body that handles the state of national endowments, administrators BWI was appointed and sworn in by the head of government, from central to provincial and district / city.

BWI is an independent state agency created by Act No. 41 of 2004 on Waqf. The body was created in order to develop and promote endowments in Indonesia. BWI was not established to take over the assets of endowments that had been managed by Nāzir (waqf asset managers) that already exist. BWI present to build endowments Nāzir ensure that assets are better managed and more productive so that it can provide a greater benefit to the community, either in the form of social services, economic empowerment, and public infrastructure.

BWI is domiciled in the State Capital and to establish representative offices in provinces, districts and / or the city as needed. BWI members are appointed and dismissed by the President. His term of 3 years and may be reappointed for one more term. BWI total membership of 20 to 30 people who represent the community. BWI members of the first period proposed by the Minister of Religious Affairs to the President. The next period proposed by the Selection Committee formed BWI. The BWI representative members are appointed and dismissed by the BWI.

BWI management structure consisting of the Advisory Council and the Executing Agency. Each headed by a chairman elected from and by the members. Implementing Agency is implementing elements of the task, while the Advisory Council is a supervisory element (<http://bwi.or.id/index.php/in/tentang-bwi/sekilas-bwi.html>, accessed 20th February 2016).

Pursuant to Article 49 Paragraph 1 of Act No. 41 of 2004 on Waqf, BWI has the duty and authority as follows: (1) guidance to Nāzir in managing and developing the waqf property; (2) property management and development of endowments national and international scale; (3) Approval or permit the change in designation and status of waqf property; (4) To dismiss and replace *Nāzir*; (5) Provide approval for the exchange of waqf property; (6) To advise the Government in policy development in the field of endowments.

Then, through BWI Regulation No. 1 Year 2007 on the Organization and Work Procedure of Indonesian Waqf Board, BWI lays out the duties and authorities as follows: (1) guidance to Nāzir in managing and developing the waqf property; (2) Creating guidelines for property management and development of endowments; (3) Conduct of property management and development of national and international endowments and endowment abandoned property; (4) Giving consideration, approval, and / or permit the change in designation and status of waqf property; (5) Giving consideration and / or approval of the waqf property exchange; (6) To advise the Government in policy development in the field of endowments; (7) Receiving, assessing, publishes a proof of registration Nāzir, and lift the back Nāzir that has outlived its tenure; (8) To dismiss and replace Nāzir if deemed necessary; (9) To advise the Minister of Religious Affairs in appointing the Receiver Waqf Islamic Financial Institutions Money (LKS-PWU); (10) Receives Deed of Pledge registration Waqf (AIW) moving objects in addition to the money from the Endowment Deed Official Pledge (PPAIW).

In carrying out its duties and authorities BWI collaboration with the Ministry of Religious Affairs (c.q. Directorate of Endowments), the Indonesian Ulama Council, the National Land Agency, Bank Indonesia, the National Development Planning Agency, Islamic Development Bank, and other institutions. There is a possibility BWI also work closely with employers / investors in order to develop the waqf assets in order to be more productive (<http://bwi.or.id/index.php/in/tentang-bwi/tugas-dan-wewenang.html>, accessed 20th February 2016.).

The intention welcomed both from the government to issue regulations regarding endowments, TWI as *nadzhir* focuses on aspects of productive waqf asset management so as to produce a surplus as optimally as possible. These endowments surplus then submitted to Dhuafa Wallet for

distribution to needy communities in the form of programs of education, health, public social and economic empowerment.

With the experience of channeling zakat, donation and charity since 1993, has been very competent Dhuafa Wallet to ensure the distribution of the surplus to the poor endowments do with targeted, appropriate and accountability. Given the pillars of waqf requires *mauquf 'alaih* (beneficiaries) in the contract endowments, then the donor may request Tubes Waqf endowments Indonesia to direct beneficiary of the endowment in the program (Daud Ali and Ali, 1995): 1) Education for Dhuafa; 2) Health for Dhuafa; 3) Economic Empowerment for Dhuafa; or 4) Submit to Nāzir for distribution (Unrestricted) (<http://tabungwakaf.com/penerima-manfaat/> accessed 20th February 2016).

The realization of common prosperity in line with endowments function as stated in Article 5 of Law Endowments. According to Ali and David prosperous human life is a state of security, peace and can meet the needs of life (Ali and Ali, 1995:275). Mubyarto welfare indicators according to three, namely insufficient food, clothing and shelter are comfortable; health maintenance; educational achievement of children adequately; and the feeling of being treated fairly in life (Mubyarto, 1988:1). There is no explanation as to how endowments earmarked to realize the general welfare. Can be very broad in scope, embracing the need to support their well-being. It needs to be biased primary, secondary and tertiary.

Allocation to this area can be complementary to the designation of areas of economic improvement. This field is actually also including places of worship, education and health. However, because all three have been mentioned separately, then perhaps the designation of the latter could include housing and support facilities, such as sports facilities and entertainment as the designation of the other, if the management of waqf for the general welfare conducted in a productive it can only be enjoyed by certain people. People who are weak precisely difficult to access. As well as endowments to improve the economy of the people, endowments managed productively for the general welfare could also be considered in accordance with the concept of waqf, because generally improve welfare.

On the other hand, if the form-waqf endowments for public welfare is managed consumptive, who bears the cost of operations. The management of the productive is the best option. In this way the fair if those utilizing waqf property for public welfare, such as sports and entertainment free of charge. But keep in mind that this is a means of development, not entirely the same as endowments nature itself.

D. CONCLUSION

From the perspective of shapes, endowment money is seen as one of the solutions that can make endowments to be more productive. Because the money here will no longer be used as a means of exchange, but also more than that, it is a commodity that is ready to produce in terms of development to another. Therefore, the same as other types of commodities, cash waqf also seen to bring something more results.

In Act No. 42 of 2004 on Waqf no specific provisions regarding the distribution of the benefits / results management of waqf. Distribution rules are contained in the rules regarding the designation of waqf property set out in Part Eight of Article 22 of the Appropriation of Property Waqf. In the article mentioned that in order to achieve the objectives and functions of the waqf, waqf property can only be reserved for worship facilities and activities; infrastructure and health and education

activities; assistance to the poor, abandoned children, orphans, scholarships; progress and economic improvement of the people; and / or advancement of public welfare which are not contrary to the Shari'ah and legislation.

References

- Ahmad, Azhar Baasyir. (1977). *Hukum Islam tentang Wakaf: Ijarah-Syirkah*. Bandung: PT. Al-Ma'arif.
- Ahmad, Masoud, (2015), "Role of Waqf in Sustainable Economic Development and Poverty Alleviation: Bangladesh Perspective" in *Journal of Law, Policy and Globalization*, Vol.42, pp. 118-130.
- Ali, Muhammad Daud and Ali, Habibah. (1995). *Lembaga-lembaga Islam di Indonesia*, Jakarta, Radja Grafindo Persada.
- Arnaut, Muhammad. (2000). *Daur al-Waqf fi al-Mujtama' al-Islamiyah*. Damaskus: Dar al- Fikr.
- Athoillah, M. Anton. (2013). "Zakat as an Instrument of Eradicating Poverty (Indonesian Case)", in *International Journal of Nusantara Islam*, Vol. 1. No. 1, pp. 73-85, <http://dx.doi.org/10.15575/ijni.v1i1>
- Athoillah, M. Anton. (2015). *Ekonomi Zakat*, Bandung: Pustaka Aura Semesta,
- Aziz, Muhammad Ridhwan Ab. and Yusof, Mohd Asyraf. (2014). "An Initial Study on Student's Need towards Islamic Waqf Bank for Education" in *International Conference on Arts, Economics and Management (ICAEM'14)* March 22-23, Dubai (UAE), pp.71-74, <http://dx.doi.org/10.15242/ICEHM.ED0314027>
- Budiman, Mochammad Arif. (2014). "The Significance of Waqf for Economic Development" in *Equilibrium: Jurnal Ekonomi Syariah*, Vol. 2 No. 1, pp. 19-34, <http://dx.doi.org/10.21043/equilibrium.v2i1.718>
- Cholid. (2003). *Metodologi Penelitian*. Jakarta: PT. Bumi Aksara.
- Departemen Agama. (2006). *Proses Lahirnya Undang-undang Nomor 41 Tahun 2004 Tentang Wakaf*. Jakarta: Direktorat Jenderal Bimbingan Masyarakat Islam.
- Direktorat Pemberdayaan Wakaf. (2006). *Pedoman Pengelolaan Wakaf Tunai*. Jakarta.
- Dusuki, Asyraf Wajdi and Bouheraoua, Said. (2011). "The Framework of Maqasid al-Shariah (Objectives of the Shariah) and Its Implications for Islamic Finance", in *Islam and Civilisational Renewal*, the International Institute of Advanced Islamic Studies (IAIS) Malaysia, Volume 2, Number 2, pp. 316-336.
- Fauzia, A. (2008). *Faith and the state: a history of Islamic philanthropy in Indonesia*. PhD thesis, Faculty of Arts, Asia Institute, The University of Melbourne.
- Hanapi, Mohd Shukri. (2013). "The Conceptual Elements of the Development Worldview in the Qur'an: A Study of Thematic Exegesis", in *American International Journal of Social Science* Vol. 2 No. 3, pp. 40-55
- Hasan, Sudirman. (2011). *Wakaf Uang Perspektif Fiqih, Hukum Positif, dan Manajemen*. Malang: UIN Press.

- Kementerian Agama RI. (2010). *Model Pemberdayaan Wakaf Produktif*. Jakarta: Dirjend Bimas Islam.
- Mårtensson, Ulrika. (2014). "Introduction: 'Public Islam' and the Nordic Welfare State: Changing Realities?" in *Forfatteren og Tidsskrift for Islamforskning*, publiceret 23. Februar.
- Moleong, Lexy J. (2000). *Metode Penelitian Kualitatif*. Bandung: PT. Remaja Rosda Karya.
- Mubarak, Jaih. (1998). *Wakaf Produktif*. Bandung: Simbiosis Rekatama Media.
- Mubyarto. (1988). *Etika Keadilan Sosial Dalam Islam, dalam Mubyarto dkk, Islam dan Kemiskinan*, Pustaka, Bandung.
- Munawir. A, Warson. (1997). *Kamus Arab Indonesia Al-Munawir*, Surabaya: Pustaka Progresif.
- Rozalinda, Syamsir. (2015). "The Economic Empowerment of the Ummah on the Basis of Productive Waqf in West Sumatra, Indonesia" in *International Journal of Nusantara Islam*, Vol .03 No. 01, pp. 33–46, <http://dx.doi.org/10.15575/ijni.v3i1.314>
- Saduman, Sazak and Aysun, Eyuboglu Ersen. (2009). "The Socio-Economic Role of Waqf System in the Muslim-Ottoman Cities' Formation and Evolution" in *Trakia Journal of Sciences*, Vol. 7, Suppl. 2, pp 272-275,

Weblinks:

- <http://bwi.or.id/index.php/in/tentang-bwi/sekilas-bwi.html>, accessed 20th February 2016.
- <http://bwi.or.id/index.php/in/tentang-bwi/tugas-dan-wewenang.html>, accessed 20th February 2016
- <http://tabungwakaf.com/penerima-manfaat/> accessed 20th February 2016.

