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Strategy And Optimization of the Role of Productive Waqf in People's Economic Empowerment

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Abstract

Waqf is an Islamic economic instrument that has great potential in supporting social and economic development. However, in Indonesia, waqf management is still not optimal, with most waqf assets not being utilized productively. This article analyzes the strategy and optimization of productive waqf in community economic empowerment, highlighting the challenges faced and innovative solutions that can be applied. The research method used is a literature study with a qualitative approach. The results show that effective strategies to maximize productive waqf include strengthening regulations, increasing the capacity of nadzir, integration with Islamic financial institutions, and implementing waqf-based business models. Case studies from various countries show that well-managed waqf can have a significant economic impact, including in the education, health and micro-enterprise sectors. This study concludes that with the implementation of appropriate strategies, productive waqf can be an important instrument in economic empowerment and improving the welfare of the community, as well as supporting sustainable economic development.

Keywords: Waqf, Productive Waqf, Economic Empowerment, Welfare

Abstrak

Waqf merupakan instrumen ekonomi Islam yang memiliki potensi besar dalam mendukung pembangunan sosial dan ekonomi. Namun, di Indonesia, pengelolaan waqf masih belum optimal, dengan sebagian besar aset waqf belum dimanfaatkan secara produktif. Artikel ini menganalisis strategi dan optimalisasi waqf produktif dalam

pemberdayaan ekonomi masyarakat, dengan menyoroti tantangan yang dihadapi serta solusi inovatif yang dapat diterapkan. Metode penelitian yang digunakan adalah studi literatur dengan pendekatan kualitatif. Hasil penelitian menunjukkan bahwa strategi efektif untuk memaksimalkan waqf produktif mencakup penguatan regulasi, peningkatan kapasitas nadzir, integrasi dengan lembaga keuangan Islam, serta penerapan model bisnis berbasis waqf. Studi kasus dari berbagai negara menunjukkan bahwa waqf yang dikelola dengan baik dapat memberikan dampak ekonomi yang signifikan, termasuk dalam sektor pendidikan, kesehatan, dan usaha mikro. Penelitian ini menyimpulkan bahwa dengan penerapan strategi yang tepat, waqf produktif dapat menjadi instrumen penting dalam pemberdayaan ekonomi dan peningkatan kesejahteraan umat, serta mendukung pembangunan ekonomi yang berkelanjutan.

Kata Kunci: *Wakaf, Wakaf Produktif, Pemberdayaan Ekonomi, Kesejahteraan*

INTRODUCTION

Islam is a perfect, global, comprehensive, and time- and place-neutral religion built on two principles: the Quran and the Sunnah. Its disciples respect its teachings as sacred. However, when the teachings are actualized, every follower of the religion tries to convert their religious beliefs into religious actions. This process is influenced by various factors, including environment, customs, and knowledge base, which play a significant role in shaping the understanding and practice of Islam (Kurniawan & Maulina, 2023).

Waqf is a potential source of funding for society, but it must be developed, utilized, and managed professionally to maximize its impact on poverty reduction and social welfare improvement. To fully harness the potential of waqf, cooperation between government-established waqf bodies and community-driven waqf institutions is necessary. The members of the government waqf board include representatives from the government and professional nadzir within the community (Kasdi, 2017). However, many Indonesians are still unfamiliar with the concept of “productive waqf,” as it is often perceived as limited to immovable assets such as land and buildings designated for religious purposes, cemeteries, Islamic boarding schools, orphanages, and educational institutions. Due to this narrow perception, waqf assets are not fully optimized for economic impact, contributing to ongoing poverty challenges in Indonesia (Indriati, 2017).

Islamic economic principles emphasize social justice and economic empowerment through financial instruments such as waqf. Traditionally, waqf has been regarded as a religious donation, but the concept of productive waqf expands this role by integrating investment principles to generate sustainable economic benefits. When managed effectively, productive waqf has the potential to address socio-economic issues such as poverty and income disparity. Case studies from Egypt’s Al-Azhar University and Turkey’s waqf-based economic institutions provide empirical evidence of waqf’s role in fostering sustainable economic growth. Despite this potential, Indonesia faces challenges in optimizing waqf due to limited public awareness, legal constraints, and inefficiencies in waqf asset management. This paper explores strategies for enhancing the impact of productive waqf, highlighting the importance of collaboration between government

institutions, financial entities, and community stakeholders. By adopting modern financial techniques, waqf can be transformed into a crucial economic resource that benefits society at large.

One example of productive waqf that can serve as inspiration is the waqf established by Al-Azhar University in Egypt for its employees. This model demonstrates how waqf can be effectively utilized to support education and welfare. Similarly, Indonesia has significant potential in developing cash waqf as a means to enhance economic empowerment and social welfare. The integration of cash waqf into financial and investment mechanisms could provide sustainable benefits for various sectors, ensuring long-term economic resilience and development (Don & Hussin, 2024). The university has existed for more than a millennium and has generated funds and productive returns from its core competencies. Egypt uses waqf land to separate buildings from buildings, which are then used for shops, offices, and other purposes. The proceeds from these land trusts are used for various religious, educational, social, and religious activities, thus providing greater and longer-lasting benefits to society as a whole (Mukri, 2004). Another example that can serve as inspiration is the currency exchange in Indonesia. The Indonesian government has established work schedules and set strict guidelines for allocating time for productive work. To finance various productive projects, such as investments in company shares, cash waqf can be used to generate profits for the benefit of Muslims or other non-Muslim communities (Hidayat, 2016).

The development of waqf for social activities, such as waqf for social justice and welfare, development, health facilities, public policy advocacy, legal policy, human rights, child protection, environmental preservation, women's empowerment, art and cultural development, is a pattern of productive waqf asset yield development that can be carried out by nazirs. Second, development that has a positive economic impact, including expanding trade, making financial investments, developing industrial assets, buying real estate, and so on. Challenges in productive waqf management in Indonesia include a lack of cooperation with Islamic economic and financial institutions, insufficient professionalism among nadzirs, and limited understanding of relevant laws and regulations. These factors create significant barriers to the effective utilization of waqf assets. Addressing these challenges requires targeted efforts, such as fostering stronger institutional collaborations, enhancing professional training for nadzirs, and improving public awareness of waqf governance. By overcoming these obstacles, Indonesia can unlock the full potential of productive waqf for sustainable economic empowerment, low management accountability, and lack of improvement in waqf administration (Muntaqo, 2015). In addition, the lack of active and passive cooperation from the government and the community as well as the low level of waqf empowerment are also obstacles (Muhammad & Sari, 2021). By understanding these challenges, productive waqf management in Indonesia can be improved to better empower Muslims (Muslich, 2017).

Contextual awareness has not received much attention in waqf today. One of the many aspects of Islamic economics is waqf. Waqf is an issue that has not received much attention. The current discourse still focuses on issues related to fiqh, Shari'ah philosophy, usury, finance, Shari'ah banking, and other related topics. Theoretical and

practical discussions are still rare. It seems that the topic of zakat is the main topic of discussion in terms of community income collection. Other areas have not received sufficient attention. To raise public funds, various operations of the Islamic economic system can be carried out. The funds can be obtained through zakat funds and also other sources such as waqf, infaq, sadaqah and others (Hadi, 2017).

The strategy to transform non-productive waqf into productive assets includes several practical steps. First, optimizing waqf land through modern agricultural technology, such as planting high-yield crops like oil palm, soybeans, and potatoes, can enhance its productivity and economic benefits. Second, developing waqf-based commercial enterprises, such as retail centers, office spaces, and rental properties, can generate sustainable revenue. Third, integrating waqf with Islamic financial institutions can facilitate investment opportunities and efficient management. Lastly, implementing transparent governance and professional management practices ensures accountability and maximizes waqf's long-term contributions to social and economic development (Veithzal Rizal Zainal, 2016). Second, the construction of waqf buildings and business centers for the professional and responsible management of waqf assets, utilizing the land for strategic businesses such as showrooms, internet cafes, and restaurants, as well as for social and religious activities (Aziz, 2021). Third, professional and transparent waqf management with supervision and guidance by the Indonesian Waqf Board to ensure the use of waqf assets in accordance with the objectives of the waqf (Hidayat, 2016). Fourth, cooperation between nazirs and Islamic Financial Institutions Receiving Cash Waqf (LKS PWU) to increase cash waqf raising and utilize existing resources and technology. Finally, developing waqf-based economic empowerment programs, such as educational scholarships and microcredit to orphans and the poor, to improve the welfare of the community. With this strategy, non-productive waqf can be transformed into productive ones, providing greater benefits to society and improving the welfare of Muslims.

The most relevant strategy to turn non-productive waqf into productive is the optimization of waqf land. This optimization can be done with modern technology in land management, such as planting oil palm, soybeans, and potatoes to increase productivity and benefits for the community. In addition, the construction of waqf buildings and business centers can manage waqf assets professionally and responsibly, utilizing the land for strategic businesses such as showrooms, internet cafes, and restaurants (Aziz, 2021). Waqf management must be professional and transparent, with supervision and guidance on human resources and technology by the Indonesian Waqf Board (Atabik, 2014). The cooperation between the nazir and the Cash Waqf Receiving Islamic Financial Institution (LKS PWU) in the cash waqf raising program can increase the productivity of waqf by utilizing existing resources and technology. Waqf also plays a role in empowering the economic assets of the community, such as through waqf-based economic empowerment programs, educational scholarships, and microcredit for orphans and the poor.

Productive waqf has a positive impact on society in terms of poverty alleviation and sustainable Islamic economic development. Productive waqf can provide additional income for the community, thus helping in poverty alleviation. For example, land can be used for vegetable plantations that generate profits that can be used to transform business

operations and growth, as well as social education programs for students. By dedicating most of its time to productive programs, waqf can reduce social and economic disparities. The positive impact of productive waqf Productivity growth increases awareness and access to the world economy. By investing savings in productive businesses and projects, Muslims can prosper economically and improve their standard of living. Productivity growth can open up employment opportunities, allowing people to build a stronger and fairer society. Productive waqf has an important role to play in the effort to build a strong Islamic economy (Budianto & Fanani, 2021).

Therefore, the only way to reduce economic disparity among the people is to utilize the functions of existing empowerment institutions. We recognize the institutions of zakat and waqf in Islam. Although still in its infancy, in reality, waqf has the same function as other instruments. If waqf is managed well, its benefits will improve people's lives, especially in the economic field. Muslims will understand waqf in terms of waqfed assets, waqf allocation, and waqf nazir. Waqf allocation in Indonesia, which tends to be only for the benefit of certain religious activities and less empowering for the people's economy, is more influenced by limitations. Most Muslims in Indonesia realize that waqf is mostly for the benefit of worship and customs prevailing in Indonesia. Mosques, cemeteries, madrasas, schools, boarding schools, and so on (Kasdi, 2014).

Productive waqf allows for continuous improvement and generates long-term benefits. This means that waqf assets are not only observed, but also actively worked to generate income that can be used for social and religious purposes (Anshori, 2018). If managed productively, waqf can aid the development of the global economy. The income generated from productive waqf assets can be used to support various community development projects, such as projects related to education, health, and infrastructure. Income from productive waqf can be used for various social welfare programs, such as poor relief, educational scholarships, and others. This helps to improve social welfare (Hidayat, 2016).

Therefore, it can be concluded that, in Indonesia to date, the potential of waqf as a tool that benefits society has not been fully managed and utilized within the framework of the state. Waqf forms certain perceptions of waqf based on real-world experiences. First, waqf usually takes the form of immovable objects, especially land. Second, a mosque or madrasa is built on land. Third, the waqf's decision on how to use it is final. A different view is that waqf land cannot be sold to preserve its permanence. As a result, banks in Indonesia do not accept donations of land as admirers. In reality, organizations such as NU and Muhammadiyah or universities/colleges can get loaned money that is turned around and earns something if the waqf land can be used (Al-Hadi, 2019).

There has been an important shift in the way Muslims view and utilize waqf assets, both in terms of conceptual framework and practical application. At the paradigm level, waqf has now developed into an effort to exploit various things or objects with economic value. Initially, waqf was only considered as a limited utilization for religious facilities such as mosques and musallas. Meanwhile, waqf has begun to take on a more useful and productive role at a practical level as a way to improve the economy. Examples are productive waqf for supermarkets, hospitals, schools, and other businesses (Hadi, 2017).

A broader understanding of waqf and financial empowerment is crucial, especially when it comes to the idea of creating productive waqf with the aim of achieving social justice and improving welfare. Thus, the two goals of productive waqf are to eradicate poverty and create a wealthy social environment for the community. This vision comes from a worldview that emphasizes the empowerment potential of waqf, which means that waqf has a heavenly dimension as well as being pro-humanity. It is a more welcoming picture of the realities faced by the poor, illiterate, and underdeveloped (Dikuraisyin, 2020).

Undoubtedly, waqf has supported the development of religious social institutions for Muslim societies for centuries throughout the history of Islamic civilization. This was done by donating money and providing facilities for religious rituals, healthcare, and education. In fact, waqf served an important social purpose at that time by building public facilities such as parks, cities, drinking water, roads, bridges, and public baths. In line with the maqasid ashari'ah approach, waqf has supported a number of social justice, health, and education initiatives, as well as other objectives in line with the paradigm. Lack of research affects Muslims' perceptions and ability to utilize waqf assets, which have undergone substantial paradigm shifts and operational practices. Improving people's welfare and realizing social justice are the objectives of productive waqf development. Thus, productive waqf simultaneously aims to change unjust social institutions and provide land that benefits the welfare of society.

LITERATUR REVIEW

Waqf

The Arabic word 'al-waqf', which means to hold back, stop, silence, restrict, or obstruct, is the source of the word 'waqf'. According to Islamic law, waqf is the withholding of property ownership rights (al-'ain) from the waqf donor with the intention of donating its benefits (al-manfa'ah) to the waqf recipient specified by the waqf donor or for the benefit of Muslims or religious interests.

According to (Purwaningsih & Susilowati, 2020) in the context of Islamic law, waqf is the granting or transferring of ownership rights over an asset for a predetermined use, usually for benevolent or public purposes. Waqf assets can be real estate, buildings, or other assets. Waqf is intended to help society or fund various humanitarian endeavours. In other words, waqf means holding an asset until it produces the desired results. When a person makes a waqf, he or she gives up ownership of a valuable asset without diminishing its value to be transferred to a specific person or organisation for use in accordance with Sharia law.

The Law of Waqf

The Qur'an and hadith establish the law of waqf in Islam. The Qur'an encourages Muslims to do good deeds and discusses the idea of waqf. The following are some verses from the Quran that discuss waqf:

O you who believe, spend some of the good of your labour and some of what We bring forth from the earth for you. If there is something you do not wish to take, do not

choose to give it away unless you are forced to do so by self-imposed compulsion. Know that Allah is All-Rich, All-Praised.’ Al-Baqarah, Q.S. [2]: 267

‘(Those) who believe in the unseen, establish prayer, and spend some of the sustenance We bestow upon them.’ (Al-Baqarah, Q.S. [2]: 3)

The Pillars of Waqf

In the book *Raudhatut Thalibin*, Imam Nawawi outlines the four pillars of waqf, which are as follows:

1. Al-waqif, the person who donates the waqf.
2. Al-mauquf, or the property being waqfed
3. Al-mauquf ‘alaih, the group that the waqf is intended to help,
4. Shighah (waqf statement from the waqf holder).

Waqf assets can only be used and utilised without ownership rights, and this is an important point to remember. This is in contrast to zakat, which is something that people can sell and own. Asshidiqqi et al., (2023) Muslims who give waqf will be rewarded both at the time of giving the waqf and after the death of the giver, when others use the waqf assets. In the framework of Islamic civilisation, waqf plays an important role in enhancing economic empowerment and community welfare. Therefore, waqf is both a sustainable in-kind investment and an act of charity.

Economics

Economics is the study of how societies use scarce resources to produce valuable commodities and distribute them among different people. Economics is a branch of science that studies how individuals and societies formulate choices to allocate scarce resources to fulfil non-trivial needs and wants (Muchtar Anshary Hamit Labetubun, 2021). Economics is divided into two main categories: microeconomics and macroeconomics. Microeconomics focuses on the performance of individuals and businesses and their interactions in the current market, while macroeconomics focuses on overall economic phenomena, such as economic growth, inflation, and unemployment.

Economic knowledge has evolved over the years and has been affected by many sceptics and misguided opinions. The foundation of classical economics was laid by Adam Smith, who introduced the concept of the ‘invisible hand’ to explain how private citizens can make a comprehensive contribution to economic growth. Neoclassical economics, which emerged in the late 19th century, emphasised mathematical analysis and the concept of marginal utility to understand consumer and producer behaviour (Muslihati, S, & Hamiruddin, 2021).

Furthermore, Keynesian economics, developed by John Maynard Keynes during the Great Depression, advocated government intervention to curb extreme economic fluctuations. In addition, Milton Friedman's monetarism highlighted the importance of controlling the amount of reserve currency to manage inflation and maintain economic stability (Indah, Hutagalung, & Purba, 2023).

The concepts of economic theory include elasticity and welfare, as well as scarcity, trade-offs and decision-making, opportunity costs, incentives, and expectations

and desires. Scarcity is a term from the field of economics, where fluctuating data sets make it difficult for individuals and the general public to make decisions about how to use those data sets efficiently. Every choice considered must always be balanced against an alternative choice; this is known as a trade-off. Opportunity cost is the cost of the best option not being taken; also economic actions and decisions are incentivised (Tri kunawangsih & Antyo, 2006). There is no longer a method to increase one's productivity or level of happiness without affecting the happiness of others, as stated by the principles of supply and demand, which determine how much and what kind of goods and services are offered in the market. However, efficiency occurs when daily savings are utilised.

Umat

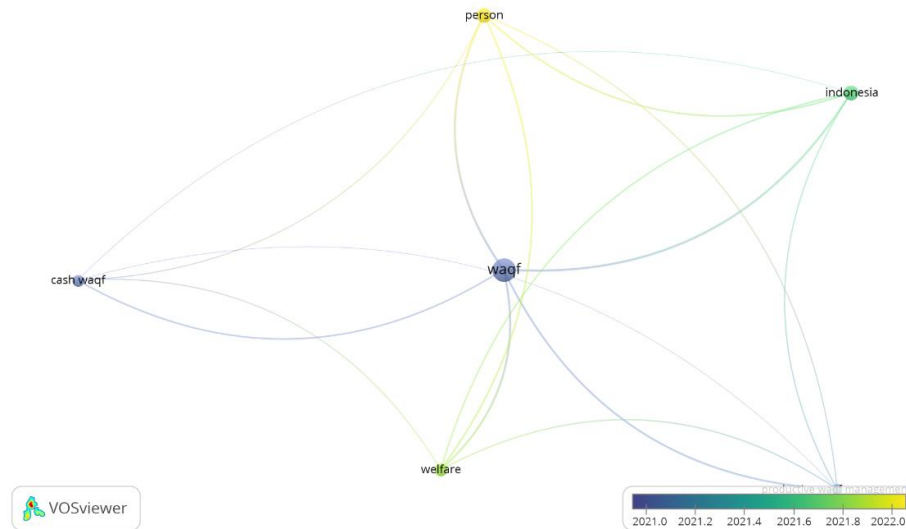
The word 'ummah' comes from the Arabic 'ummah', which refers to a community or group of people who share a common belief, sense of trust, or a common purpose. In the Islamic context, ummah refers to a group of people who practice Islam and follow the teachings of the Prophet Muhammad (SAW) (Syakir, 2016). The concept of religion not only reflects religious aspects, but also reflects social, political, and cultural aspects that affect community members in a particular situation. According to (Utami, 2019) in addition to religious values, society also has social and cultural values that uphold the beliefs, customs, and identities of its members. Humans develop a strong collective identity based on trust, mutual understanding and shared experiences. This identity helps unite members and conveys a sense of shared purpose and solidarity. Qualities such as honesty, integrity, solidarity and a strong sense of social responsibility become assets in the daily lives of participants. People often engage in many social activities, such as education, marriage, and community service, which strengthen their commitment to understanding each other and making positive contributions to society.

On the other hand, the concept of humanity also has a political dimension, especially in the Islamic context, where there are discussions about the role of humans in politics and society (Bambang, 2014) Islam teaches the concept of khilafah, or caliphate, which describes a government headed by a caliph who is fully committed to ruling the people in accordance with Islamic law (sharia). The core values of Islam are to be humble in overcoming political and social challenges and to work together to achieve common goals that are aligned with Islamic teachings. Each member of the community has moral and ethical values that must be upheld to promote harmony and unity within the community, including active participation in social and community activities and the dissemination of knowledge and education to members and the surrounding community (Cahyani & Afifa, 2024).

RESEARCH METHODS

This research uses a literature study methodology, is conceptual, and qualitative in nature. Data collected without conducting field research is referred to as secondary data or literature study. This method will include library and internet searches (Hague, 2006). The study includes statistical data on the potential of zakat, waqf, productive waqf and people empowerment. The information is collected from various sources, including books, journals, theses, working papers and laws.

Figure 1
The results of the same research



Based on figure 1, it can be known that there is still little research on waqf in Indonesia. Research on waqf in Indonesia began to exist from 2019 to 2022. In order to provide innovative strategies to improve people's empowerment in the community, this study examines a number of current models relating to the involvement of Zakat and Waqf in improving people's empowerment in the hope of improving the welfare of the lives of existing people.

DISCUSSION

Productive Waqf Empowerment

The phenomenon mentioned above has encouraged waqf managers, government officials, and scholars to further explore and implement strategic approaches to waqf development. According to (Swadjaja, Sawarjuwono, & Ludigdo, 2019), waqf is not only understood in a spiritual dimension but also in a socio-religious framework that contributes to economic growth and public welfare.

To optimize the function of waqf and increase productivity, several actionable strategies can be adopted. First, waqf assets can be developed into revenue-generating projects, such as educational institutions, healthcare facilities, and commercial enterprises. Second, partnerships between waqf institutions and Islamic financial organizations can enhance investment opportunities and ensure sustainable income streams. Third, capacity-building initiatives for waqf managers (nazir) can improve governance and accountability, ensuring professional management of waqf assets (Suyatno, 2023).

By implementing these targeted strategies, waqf has the potential to become a significant driver of social and economic development. This approach not only supports religious activities but also strengthens community welfare through education, healthcare,

and entrepreneurship programs. The integration of multiple scholarly perspectives further reinforces the viability and impact of productive waqf as a transformative economic tool (Firdaus, Pradhana, & Anhar, 2022).

According to Jaih Mubarok, productive waqf is the transformation of professional waqf management to increase the benefits of waqf professionally to increase the benefits of waqf. Productive waqf can also be interpreted as the process of managing objects to produce maximum goods or services with minimal capital (Mubarok, 2008). According to Mundzir Qahaf, productive waqf diverts assets from consumptive towards production and investment in the form of production and capital that can produce and produce something that can be utilised in the future, either by individuals, groups, or the public. Thus, productive waqf performs saving and investment activities simultaneously (Qahaf, 2006).

Said and Lim (2005: 6-7) conducted a study on how to empower waqf assets to be productive, and found that there are five steps to empower waqf strategies to become productive waqf, namely: First, recognising the potential turnover of waqf assets by looking at the history or existing waqf model and making improvements to the waqf system. Second, supporting the current waqf model through a management approach that complies with sharia principles. Third, developing Islamic philanthropy through waqf, with the aim of making it the backbone of society and possibly playing a key role in public services. In times of crisis, productive waqf can be an alternative solution to fulfil people's needs when the government is unable to do so. The fourth step is to modernise waqf administration to improve efficiency, transparency, and responsiveness. This includes establishing technical cooperation and exchanging experiences with educational institutions, international organisations, and other countries to encourage investment. The fifth objective is to increase the productivity of previously unproductive waqf by gaining the commitment of waqf, nadzir, investors, and community members who understand the benefits of waqf.

When faced with acute poverty, the productive waqf paradigm is often the first choice. With productive waqf, existing waqf is prioritised and directed towards more productive initiatives. Compared to consumptive waqf, this approach offers new hope for many Muslim communities. This waqf aims to solve community problems through productive endeavours, rather than focusing on mahdah worship (Sukma, Rahayu, Risdayani, Sagita, & Hendra, 2024).

Of course, this productive waqf has a social component. Productive waqf dedicates itself to Muslims in need. This shows that waqf is pro-humanity and not just focused on piety. Waqf offers a more inclusive approach to Muslims who experience poverty, ignorance, and backwardness (Setiawan, Badina, & Najib, 2021).

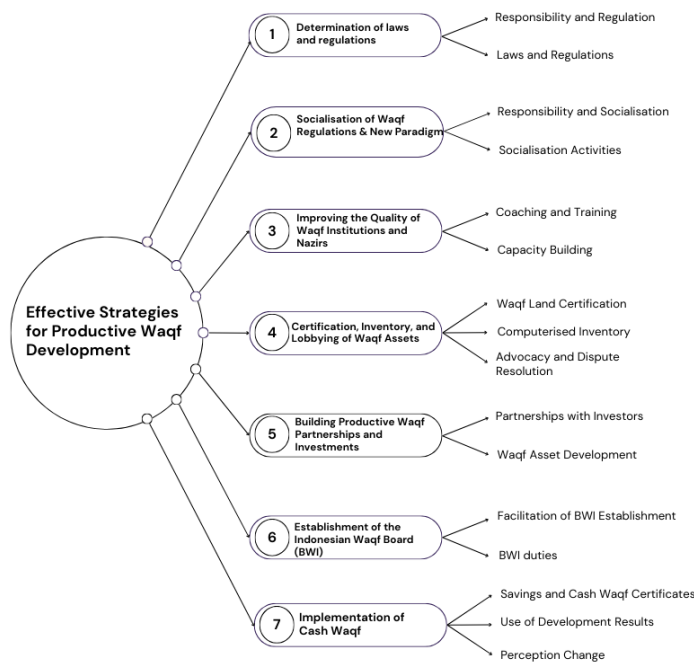
Globally, productive waqf has emerged as the dominant asset management paradigm. Egypt, Algeria, Sudan, Kuwait, and Turkey have long managed their waqf productively. For example, in Sudan, the Sudan Waqf Board established a Waqf Bank to handle unproductive waqf assets. Financial institutions support waqf development programmes by establishing business and industrial ventures. To increase the productivity of waqf assets, the Turkish government established the Waqf Bank and

Finance Corporation. This institution uses waqf resources to finance joint venture initiatives (Ardiyansyah & Kasdi, 2021).

Productive Waqf Development Strategy

Effective Strategies for Waqf Development To implement productive waqf, strategies are needed that can create productive waqf. There are several things that can be contributed to productive waqf:

Figure 2
Productive Waqf Development Strategy



a. Legislation

The Directorate General of Islamic Public Guidance is still responsible for waqf legislation.

1. After the enactment of the Waqf Law Number: 41 of 2004.
2. A Draft Regulation of the Minister of Religious Affairs on Guidelines for the Implementation of Waqf in Indonesia is currently being prepared.
3. and Government Regulation No. 42/2006 on the Implementation of Law No. 41/2004 on Waqf.

It is hoped that this PMA will enable waqf to operate effectively for the benefit of public welfare.

b. Socialisation of regulations under the Waqf Law and the new waqf paradigm

The Directorate General of Islamic Public Guidance in Indonesia is responsible for socialising the regulations under the Waqf Law and the new paradigm of waqf. Various local and national activities, including:

1. Waqf workshops in the university community
2. Socialisation of cash waqf in regional BMTs and LKSs; and
3. Waqf management training within nazirs, among others, were used to promote socialisation.

The objective of this socialisation is to enlighten the government and the general public on waqf management in Indonesia. In addition, this socialisation also aims to make the mass media a partner of the government in the effort to strengthen waqf.

c. Improving the quality of Waqf institutions and Nazir; Waqf and Nazir

As the frontline in the development and management of waqf assets, guidance and inspiration are provided in order to improve management professionalism through various orientations and trainings. The quality of nazir in Indonesia continues to be directed and motivated to improve, both in terms of managerial skills and personal talents that are very important in order to effectively empower waqf.

d. Certification, inventory, and lobby of waqf assets

In order to carry out tasks related to the protection of waqf assets in Indonesia in accordance with Law No. 41/2004. A number of policies are outlined in the Community Guide, including:

1. Completing the waqf land certification process in locations that do not yet have waqf certificates. The certification of waqf land is a legal measure to protect waqf assets in Indonesia from any outside interests. Using a computerised system, an inventory of waqf assets is maintained throughout Indonesia.
2. Mapping the potential of waqf assets, which enables the identification of development potential. Advocating, defending, and resolving waqf land disputes with outside parties.

e. Building partnerships and productive waqf investments

The Directorate-General of Islamic Public Guidance organised a number of events to inspire and help establish relationships with investors in various locations, including the Chamber of Commerce and Industry (KADIN) and the Investment Coordinating Board (BKPM), to enable waqf productively. The large waqf assets in Indonesia have the potential to be exploited by bringing in a number of outside organisations interested in waqf development.

f. Assisting the establishment of the Indonesian Waqf Board (BWI)

The Directorate General of Islamic Public Guidance supports the growth and management of waqf in Indonesia by facilitating the establishment of the Indonesian Waqf Board (BWI) as an organisation tasked with promoting the resistance of nazirs across the country (Khairani, 2013).

Therefore, there are six ways to strengthen productive waqf, ranging from creating partnerships to building networks through legal products. Cash waqf is one of them, and it can provide special opportunities to generate investments for the provision of social, religious, and educational services. The savings of the wealthy

can be converted into Cash Waqf certificates. The proceeds from the development of these waqf certificates can be used for various purposes, just like the waqf itself. Another benefit of Cash Waqf Certificates is their ability to change the long-held belief that opportunities are reserved only for the wealthy (Indriati, 2017).

Productive Waqf and People's Economic Empowerment

Waqf is an issue that has not received much attention. This is due to the fact that the early activities of waqf organizations were almost forgotten by Muslims. It is thought that issues of corruption and poor administration will take centre stage, leading Muslims to ignore or even reject the efforts of waqf institutions that date back less than a century (Kasdi, 2017; Umam, Mafaza, Arif, & Ahmad, 2024).

However, several countries have successfully implemented productive waqf systems that serve as global models. In Turkey, waqf institutions have played a significant role in financing public infrastructure, such as hospitals, schools, and social housing (Puspita & Tanjung, 2024). Sudan has leveraged waqf assets to support agricultural projects, creating employment opportunities and boosting food security (Abdu, Lamido, & Jibir, 2023). Egypt, particularly through Al-Azhar University, has demonstrated how waqf can sustain educational institutions for centuries while providing scholarships and research funding. These examples illustrate the potential of waqf as a powerful economic tool, offering valuable insights for local implementations in Indonesia and other Muslim-majority countries (Rohmana, 2023).

Waqf is essential to improving the economy of the ummah. Throughout its existence, waqf has played an important role in the cultural, social, and economic growth of society. The main function of waqf institutions is to finance Islamic healthcare and education. Sustainability: The benefits of waqf will probably result in productive waqf that will finance various religious and social initiatives (Ahmad, bin Lahuri, & Jamal, n.d.). Generally, productive waqf consists only of buildings, forests, or agricultural land that have been managed to provide the benefits that can be derived from these activities. Waqf assets are now a source of income for many people (Indriati, 2017).

The application of productive waqf in empowering the people's economy can be seen through some concrete examples from various countries. In Egypt, Saudi Arabia, Turkey, and several other countries, the results of waqf development have been used to finance the construction and provision of education and health facilities (Medias, 2015). The sustainability of the benefits of waqf is made possible by the implementation of productive waqf established to support various social and religious activities (Hadi, 2017). The country of Indonesia is facing two obstacles in its ongoing development. There is a growing gap between the rich and the poor. The poor have a greater tendency to become capital owners, and Indonesia is dependent on developed countries. Sasono went on to say that the Islamic dakwah movement has at least four fundamental problems. Firstly, poverty, defined as the lack of financial resources or the inability to fulfil basic needs, which gives rise to a culture of poverty. Second, poverty is the cause of indicators of underdevelopment. Thirdly, exclusiveness and involutiveness are emerging. Fourth, there are insufficient collaboration mechanisms to defuse conflict and insufficient development to accommodate participation (Kasdi, 2017).

One of the anticipated substitutes to offer problem-solving techniques is Waqf. Therefore, management is indispensable, and this is best for waqf assets. However, many waqf assets are not managed properly. Data from the Ministry of Religious Affairs shows that the Last Religion has endowed land in 403,845 places totalling 1,566,672,406 M2 in Indonesia. Of these, 75% have been legalised as waqf, 10% have significant economic potential, and many more have not been recorded. This shows a lack of knowledge about waqf assets being movable objects and only used for places of worship, such as madrasah, mosques, musholla, cemeteries, and other events. In fact, waqf can be managed effectively. Examples of organisations that manage waqf assets effectively are the Waqf Board of the Islamic University of Indonesia and the Foundation for the Maintenance and Expansion of Waqf of Gontor Islamic Boarding School, East Java.

Waqf land will bear fruit if managed well, and the nazir of waqf is the individual or organisation in charge of overseeing the waqf. One of the foundations of waqf is the nadzir, who has the duty and commitment to uphold, develop, and preserve the waqf as well as allocate its proceeds and benefits to the intended waqf. Often, the nadzir of waqf does not have the capacity to manage waqf assets optimally, so that the target of waqf cannot benefit from the managed waqf assets. According to legal provisions, in addition to being Muslim and mukallaf, a nadzir must also have the ability to manage waqf, be trustworthy, fair, and honest (Kasdi, 2017).

If the nazir is able to manage the waqf assets and they are handled optimally, then political support from the government is needed to strengthen civil society. The government supports waqf's capacity to empower society through politics by enacting laws and regulations that enable waqf to operate effectively. Consider Dompot Dhuafa. One type of issue that comes from society is republican innovation from civil society. Muslims are free to manage their wealth according to the principles of Islamic finance. In addition to being a profitable community, this system also helps fund government initiatives. This condition will create an avenue for constructive waqf empowerment in an effort to improve the welfare of the Community (Kasdi, 2014).

The misconception that waqf assets are only immovable objects such as cemeteries, mosques, foundations, and Islamic boarding schools that cannot be produced must be eliminated to maximise waqf assets to achieve the purpose of waqf, which is to improve the quality of life and human resources. Law No. 41/2004 on Waqf and Government Regulation No. 42/2006 on the Implementation of Waqf are the laws and regulations on waqf. Besides emphasising the importance of mahdhah worship, both regulations also emphasise the importance of empowering waqf for the public interest, namely the welfare of the people. The challenges in productive waqf development are complex and involve various aspects. One of the main challenges is the lack of competence and professionalism of the nadzir, the waqf manager. Nadzirs often lack the ability to manage waqf assets effectively and productively, which results in the lack of returns that can be achieved from the waqf management. In addition, there are external challenges in the form of a lack of public understanding about waqf and its regulations. This results in low public participation in waqf as well as uncertainty in the application of waqf-related laws and regulations (Selasi, 2021).

KESIMPULAN

Productive waqf has a significant role in community economic empowerment and improving the welfare of the people. Despite its great potential, waqf optimization in Indonesia still faces various challenges, such as limited public understanding, regulations that have not been maximized, and lack of professionalism in waqf management. Therefore, effective strategies are needed to transform unproductive waqf into assets that generate sustainable benefits.

Some of the main steps that can be implemented include increasing the capacity of nadzir through training and certification, integrating waqf with Islamic financial institutions, and developing waqf-based business models to support the education, health and entrepreneurship sectors. Case studies from countries such as Egypt and Turkey show that good waqf management can be a key instrument in sustainable economic development. Therefore, collaboration between the government, financial institutions and the community is needed to maximize the potential of productive waqf as a solution to socio-economic challenges in Indonesia.

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