



Opportunities and Challenges of Waqf Management in Indonesia: A Narrative Review

Fivin Choerotun Nisa^{1,2}, Fahmi Medias^{1*}, Andi Triyanto²

¹Universitas Muhammadiyah Magelang, Indonesia

²Center of Research, Development, and Community Services, Universitas Muhammadiyah Magelang, Indonesia
Corresponding author's email: fahmimedias@ummgl.ac.id

ABSTRACT

Various countries have proven that waqf is an economic instrument to boost the welfare of the people. Indonesia is a country with a majority Muslim population of 87.18%. With a large Muslim population, Indonesia has a high chance of waqf. Cash waqf in Indonesia is even assumed to reach 3 trillion annually. In Indonesia, regulations have been regulated in the Waqf Law number 41 of 2004 and waqf must be managed productively. Unfortunately, waqf management in Indonesia has not been carried out optimally. As a result, the collection and actualization of waqf is not optimal. This study aims to determine the opportunities and challenges of waqf management in Indonesia. This study uses the library method with a narrative review approach. The search results obtained 180 articles but only 29 articles were used in the analysis. The results of this study indicate that the opportunity for collecting waqf in various regions in Indonesia is very large based on the large number of Muslim citizens in Indonesia. The challenges faced in various regions in Indonesia almost have similarities such as incompetent *nazhir*, lack of socialization in the community, lack of control and no evaluation of *nazhir*.

Keywords: *Waqf; Muslim; Management*

1. INTRODUCTION

Waqf is one of the important instruments in developing the economy and becomes a source of endowment funds that provide benefits for the welfare of the community [1], [2]. Several countries have proven that waqf is able to contribute in overcoming the country's economic problems [3], [4]. Egypt, Pakistan, Bangladesh manage waqf in property, agriculture and land reclamation, and economics. Meanwhile in the United States, productive waqf was developed in an apartment project worth US\$85 million on land owned by the Islamic cultural enter of New York (ICCNY) [5]. The success of these countries is proof that waqf has good potential if it is managed properly. Indonesia, which has a Muslim majority population, should be able to achieve the same thing as Muslim countries and other Muslim minority countries in terms of waqf management. Based on the results of the population census in 2021, Indonesia is a country with a majority Muslim population (87.18%) [6]. Mustafa Edwin Nasution assumes that if the Muslim population with an average income of 500,000-10,000,000 is 10 million people, the potential for waqf per year in Indonesia is around 3 trillion rupiah [7].

Unfortunately, currently the management of waqf in Indonesia has not been managed optimally [2], [8]. This is motivated by the management of waqf management which is not in accordance with the laws and regulations. Waqf management in the majority of waqf institutions still does not prioritize the principle of accountability [9]. In addition, *nazhir* waqf has not received adequate information in accordance with government regulations in managing waqf. Furthermore, socialization that is not optimal to the community results in the community not getting sufficient information about waqf law [10].

Law number 41 of 2004 concerning waqf has actually given support to waqf managers to maximize their performance in managing waqf. In this law, it is regulated how waqf must be managed productively with an institutional system [11]. This is the reason waqf must be managed in a more transparent, accountable and credible manner. The existence of regulations regarding waqf is expected to be a legal reference for various waqf issues. Thus, waqf management has one clear instrument to manage waqf better in the future [12].

Furthermore, Government Regulation number 42 of 2006 regulates the management of waqf more

specifically. In addition to the management of this government regulation, it also regulates the progress of *nazhir* in order to maximize the management of waqf in accordance with its objectives and functions, starting from coaching, monitoring, and evaluating waqf management. The purpose of this guidance and supervision is stated in the Government Regulation chapter 8 article 55, which is to improve ethics and morality as well as the professionalism of waqf management [13]. This regulation, apart from being a regulation, is also a reference for waqf management so that it is maximized and aimed at the prosperity of the community.

Despite the progress of existing research, there has not been much literature review on the opportunities and challenges of waqf management in Indonesia. Existing literature review has been directed at the general aspects of waqf. A review by Abas and Raji regarding the inefficiency of the use of waqf assets [14]; study by Ibrahim et al., concerning cross-sectoral cooperation in waqf institutions [15]; study by Arif et al., regarding waqf land and its development in Malaysia [16]. Meanwhile, Sukmana the most recent study, seems general, discussing the development of waqf literature [17]. In addition, recent research tries to reveal the socio-economic role of waqf in OIC countries [18].

This article examines the literature with a narrative approach about the opportunities and challenges faced by waqf institutions in Indonesia. Therefore, this study systematically synthesizes research data on the topic. This article contributes to two things. First, closing the knowledge gap about waqf. Second, it provides an overview of the opportunities and challenges faced by waqf in Indonesia. By utilizing the results of relevant research, this article provides input for the development of policies regarding waqf in Indonesia.

2. METHOD

The Narrative Review approach in this study was used to analyze and synthesize developments on the topics raised, namely the opportunities and challenges of waqf management in Indonesia. By using scientific papers that have been published by previous studies, the Narrative Review approach is applied in this study. The type of data used in this study is secondary data obtained from internet access with the help of the Mendeley Web and Google Scholar databases. The focus of data tracking in this study is about the opportunities and challenges of waqf management in Indonesia. This data search uses internet access with Mendeley Web software and Google Scholar. Observations used in this research are "opportunities AND challenges AND waqf", by adding the keywords "potential AND waqf", "problematics AND waqf", "obstacles AND waqf".

2.1. Data Analysis

The first step is to search research data related to the Opportunities and Challenges of Waqf Management in Indonesia. Based on access and completeness, this study uses the Mendeley Web and Google Scholar databases. To ensure article quality and review validity, 4 inclusion criteria are used, namely in the form of scientific journals, published in 2015 to 2021, in Indonesian or in English, and published by Indonesian publishers or written by Indonesian authors, and full text is available. The data synthesis in this study was carried out with a narrative approach, namely grouping the extracted data and mixing various meanings to become a single unit. Meanwhile, data extraction was carried out using content analysis which refers to the concept of Milles and Huberman which was carried out in four stages [19]. First, identify the specific theme for each scientific journal based on the abstract, research objectives, research questions and findings. Second, the identified themes were further investigated on the opportunities and challenges of waqf management in Indonesia, identified patterns and developed discussion topics that matched the themes to represent these patterns. Third, the researcher assessed the scientific journals to identify the plausible among the patterns and concluded further discussion topics within each theme. Thus, each theme in each scientific journal is added to the cluster, and the discussion topic cluster is used as the basis for further interpretation.

3. RESULT AND DISCUSSION

This study aims to examine the literature that has developed in the last 6 years on the topic of opportunities and challenges of waqf management in Indonesia. Based on search data using the keywords, 180 articles were found. Each consists of 115 articles found through Google Scholar and 65 articles from the Mendeley Web database. In the identification process, 26 articles have duplicates (same title). Furthermore, screening was carried out based on the exclusion criteria on 154 articles published in the 2015-2021 period. In this process, 78 articles were found which were included in the final project, proceedings, and books so that the remaining 76 articles could be filtered based on the availability of articles. In this screening process, 48 articles were found that were not available in full text and were not in accordance with the topic so that 29 articles were found that were ready to be used as research.

3.1. Opportunities for Waqf Management in Indonesia

Cash waqf is one type of waqf that has a large enough opportunity to collect in Indonesia, especially if it is explored more seriously. In 2018 Mustafa Edwin Nasution in Perdi Fauji Rohman and Ari Stianto [20], predicted cash waqf in Indonesia with the assumption

that if the Muslim population in Indonesia has an average income of between Rp. 500,000-Rp. 1,000,000 per month with a population of 10 million people, it can be calculated that cash waqf in Indonesia will reach IDR 3 trillion annually.

Cholis Nafis in Abdul Wahab also has a view of the potential for cash waqf. According to him, if 20 million Muslims donate as much as Rp. 100,000 per month, then Rp. 24 trillion of funds will be collected every year [21]. Another assumption to calculate the potential for cash waqf in Indonesia, as conveyed by Abd Kadir Arno, uses 3 scenarios with the following waqf amount of Rp. 10,000/month: a) low, i.e., the assumption that the population who is waqf is only 10% of the total Muslim population in Indonesia. this scenario generates waqf per month as much as Rp. 197 billion or Rp. 2.36 trillion/year. b) moderate, namely wakif only 25% of the total Muslim population in Indonesia. with this assumption, it generates Rp.492.5 billion/month or around Rp. 5.91 trillion/year. c) optimistic, that is, wakif is 50% of the Muslim population in Indonesia. this scenario generates waqf worth Rp.985 billion/month or Rp.11.82 trillion/year. From this scenario, it is known that 98.89% come from middle-income and 1.11% from high-income [22].

Other than that, the potential assets of cash waqf recorded by the Indonesian Ulema Council (MUI) Waqf Institution per year reach more than Rp. 100 trillion, the realization in 2018 reached around Rp. 400 trillion. The latest data on the realization of cash waqf in Indonesia is around Rp. 500 billion from a potential of Rp. 300 trillion [23]. Meanwhile, the realization of waqf known from charities and *nazhir* institutions in Indonesia, namely Dompot Dhuafa, and Aksi Cepat Tanggap in 2018 only reached Rp. 1.7 billion. This figure is the smallest number compared to previous years which was never less than Rp90 billion [24].

Hanifah Lubis explained that the opportunity for cash waqf is very large, it can be collected and is maximally efficient if it is managed by two institutions, namely Islamic Banks and Private Institutions [23]. Salsabila, et. Al, explained that the potential for waqf in Daarul Rahman 3 Islamic Boarding School reaches Rp. 172 million per month or about 2 billion in one year. The funds are obtained from waqf contributions for students, employees and teachers. Each student is charged a waqf rate of Rp. 30,000, employees of Rp. 40,000, and teachers of Rp. 50,000 [25], [26]. This potential can be maximized with contributions from the government to coordinate with related institutions in order to realize cash waqf to the fullest [27].

In addition to cash waqf, land waqf also has a great opportunity in Indonesia [28]–[34]. The waqf land has great potential in developing religious, educational, health and social facilities. On the other hand, share waqf, in Indonesia, is also currently another option in the

development of waqf [35]. This can be seen from two indicators, namely the very large number of Muslims in Indonesia and the majority of the significant increase in the number of sharia stock investors since the launch of the Indonesian Sharia Stock Index (ISSI) and the Sharia Online Trading System (SOTS), as well as an increase number of issuers registered as Islamic stock issuers. Loko Zein and Diba Anggraini revealed that share waqf in Indonesia experienced slow growth [36]. This is due to low literacy and education, governance, and institutional strengthening related to share waqf.

3.2. Challenges of Waqf Management in Indonesia

Based on the presentation of waqf opportunities, waqf management also has challenges in Indonesia [1], [37]. This challenge is caused by several things, namely: First, the lack of public understanding of waqf, society only has a paradigm that waqf is only limited to immovable objects. Second, there are many waqf *nazhir* who manage waqf conventionally so that waqf has not been managed productively. Afdi Nizar added that the lack of activities directed at educating the *nazhir* paradigm also affected *nazhir's* professionalism [38]. Third, the trust and accountability of waqf management has not been maximized so that reporting and control cannot be carried out thoroughly. The four land certification processes that take a lot of time and the fifth the lack of cooperation with Islamic Financial Institutions and Indonesian Waqf Boards are unevenly distributed in various regions.

The management of waqf land is hampered by managers who are carried out only by individuals and not legal entities. The surrender of waqf assets is only carried out based on the principle of trust without going through an administrative process and looking at the statutory aspects. This is due to the lack of public understanding of waqf, lack of awareness of wakif and *nazhir*, weak government waqf institutions and inadequate quality human resources [39], [40]. Even mosque-based waqf managers do not escape the challenges of waqf management. Mosque-based management of productive waqf land has obstacles to the legal substance of waqf land which is difficult to implement, *nazhir's* understanding of productive waqf management is still low, people who have not been educated about productive waqf management, lack of awareness of implementing laws both from management and society, and community culture that is not encourage the implementation of productive waqf. Apart from that, the management of waqf based on Islamic boarding school also encounters obstacles in carrying out waqf practices based solely on the principle of trust [41]. In the end, the principle of trust creates disputes and becomes an obstacle to the continuity of waqf management. So it takes accountability and clear administration to unravel the waqf problem in Islamic boarding schools [42].

Public knowledge about cash waqf is very low and results in people's preferences in waqf [43]. Other problems that stand out are juridical problems, including [44]: a) Legal substance in view of the articles in the waqf law and government regulations. b) The legal structure of waqf *nazhir* can only be carried out by legal entities and foundations that have a clear structure. c) legal culture in which there are habits, opinions, ways of acting and thinking, which direct social forces towards or away from the law in certain ways.

4. CONCLUSION

The purpose of this study is to find out the analysis of articles on the topic of opportunities and challenges of waqf management in Indonesia. The articles found through Google Scholar search data and Mendeley Web were 180 articles. After screening based on inclusion criteria, the articles that can be analyzed are 29 articles. Based on the results of the research from these 29 articles, it can be concluded that the opportunity for waqf in the form of collection, both money, land waqf and other waqf such as stock waqf is very large based on the number of Muslims in Indonesia. This waqf collection is a bigger and comprehensive opportunity in various regions in Indonesia because cash waqf can be carried out by the government and also other institutions such as Islamic boarding schools or mosques. The challenges of waqf management are in the form of *nazhir* who is incompetent in terms of professionalism of waqf management, people who are less educated about waqf law. The government has not played a maximum role in waqf management such as educating the general public and also providing training, control and evaluation of waqf management to *nazhir*.

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