

Innovative Funding Synergy for Optimizing Land and Building Waqf Utilization in Islamic Philanthropy Programs

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Abstract

One of the problems *Nazhir* faces in realizing the benefits of immovable asset *waqfs*, such as land and buildings, is funding. Not all asset *waqf* handed over by wakif are in top condition. On the other hand, *nazhirs* feel an obligation to facilitate wakif worship. It finally requires *Nazhir* to be able to raise funds to improve asset quality according to program planning, so that the *waqf* assets can be widely useful for the community and generate value that continues to flow. This paper reviews the asset-based *waqf* program funding model that is useful for realizing the *nazhir waqf* program. This study looked at three *nazhirs*, namely Baitulmaal Muamalat, Dompot Dhuafa, and BSI Maslahat, located in Jakarta. The research method uses an observational design with in-depth interview instruments. This research found that *Nazhir*, which also has *Zakat* institutions, strategically has a broad program funding model. In addition to the single *waqf* instrument model (direct-indirect) and the capital participation model by angel investors, one of the models that is also applied is to integrate *waqf* funds and ZIS (*Zakat*, Infak, Sadaqah) through the involvement of *Zakat* institutions. The three *nazhirs* implemented a policy of synergy and collaboration in funding the *waqf* program as part of the solution to generate benefits for the asset-based *waqf* program. The implementation of ZISWAF fund integration provides additional breadth of funding sources for *Nazhir* to realize its program, which in the end is not limited only to *waqf* instrument fund sources, such as *waqf* in the form of money, stock *waqf*, cash *waqf* linked to sukuk, and so on. Technically, *Zakat* institutions distribute ZIS funds to asset-based programs at their *nazhir* institutions while still paying attention to the principles of program accuracy, recipients, and *asnaf*.

Keywords: Funding Model, Asset *Waqf*, Land *Waqf*, Building *Waqf*, Collaboration.

Introduction

For the majority of Indonesian Muslims, *waqf* is an important part of the implementation of worship. In practice, *waqf* has not been run as it should, so in some cases, problems arise that lead to the non-maintenance of *waqf* property, which tends to be abandoned and does not provide the broad benefits as the essence of the benefits of implementing *waqf* worship itself. For the majority of Indonesian Muslims, *waqf* is an important part of the implementation of worship. In practice, *waqf*

has not been run as it should, so in some cases, problems arise that lead to the non-maintenance of *waqf* property, which tends to be abandoned and does not provide the broad benefits as the essence of the benefits of implementing *waqf* worship itself. In a study entitled *Waqf Asset Growth and Productivity Dilemma*, the growth of *waqf* assets in Indonesia, especially those in the form of land and buildings, has not been in line with their usefulness. It is due to several factors, including the quality of the assets handed over, the ability of *nazhirs* to manage their productivity, and funding.¹

Nazhir as a responsible stakeholder must be able to manage *waqf* assets in the form of land and buildings to be able to provide extensive benefits, because otherwise it will hurt the trust and stigma of professionalism which will also affect the habitat of the *waqf* itself, especially *Nazhir* may be exposed to the risk of asset loss or property that will later be hissed. A dilemma for *nazhir* is between receiving *waqf* assets, land and buildings whose conditions cannot be directly utilized for productive activities with the shadow of having to be able to develop and manage or take steps to reject *waqf*, such assets with the shadow of not being able to facilitate the intention of worship of a person or prospective wakif through *waqf*. Muslims in Indonesia must be optimistic about providing strategic innovations to strengthen *waqf* management. Historically, *waqf* has played an important role in developing various real sectors such as social, educational, economic, and cultural activities. Thus, its existence as part of the Islamic social instrument must continue to be preserved to play a role in the development of the ummah and its benefits.²

The fact states that based on information submitted by Sofyan Djalil (Minister of Agrarian and Spatial Planning) and data from the Indonesian *Waqf* Board in 2017, the total area of official *waqf* land throughout Indonesia was recorded at 420 thousand hectares with a valuation of Rp. 2,100 trillion, and only 10% has been used for productive activities. Optimizing it is a challenge in itself. The Islamic social sector, through *Zakat*, *Infak*, Alms, and *Waqf*, must synergize strongly as part of the instrument that supports economic growth in alleviating poverty. In September 2021, the Central Bureau of National Statistics released data on the number of poor people in Indonesia, reaching 26.50 million people.

The literacy factor and people's understanding of *waqf* is a taboo in itself (when compared to *Zakat*). *Zakat* is obligatory and part of the pillars of Islam, while *waqf* is sunnah. It eventually formed a mindset in the community that carrying out *waqf* can only be carried out when *Zakat* has been fully cashed, which finally also identifies carrying out *waqf* worship only for the rich who have high religiosity values. These understandings are part of the challenges faced by *nazhirs* in collecting cash endowments that have not been as popular as *Zakat*, *Infak*, and *Sadaqah*. This condition is strengthened by the results of research conducted by the Directorate of *Zakat* and *Waqf* Empowerment of the Ministry of Religion together with the Baznas Center for Strategic Studies and the Indonesian *Waqf* Agency in the form of the *Zakat* Literacy Index and *Waqf* Literacy Index in 2020 released in Ramadan 1441 H, it is known that the *Zakat* literacy level is better than the *waqf* literacy level. The *Zakat* literacy rate of the Indonesian people is at a score of 66.78 (moderate) while the *waqf* literacy rate is at a score of 50.48 (low category).

Based on the existing facts, of all *waqf* assets in the form of land, only 10% are used for productive activities, whereas on the other hand *waqf* assets if utilized properly are believed to be part of the solution in poverty alleviation, optimizing immovable *waqf* assets in the form of land and buildings into productive economic *waqf* assets is something that must be pursued. *Nazhir's*

¹ Arifin, Zainul. 2020. "The Growth Asset and Productivity." *Jurnal Bimas Islam* 8 (IV): 659–84.

² Waluyo Waluyo. (2017). *Pemberdayaan Ekonomi Masyarakat Berbasis Waqf*. Laporan Pengabdian Masyarakat, 44(Ii), 1–14. 2017.

professionalism is one of several factors that become obstacles in the development of *waqf* assets in Indonesia. Many *nazhirs* do not understand their obligations to develop and manage *waqf* assets.³

Capital availability is a common challenge faced in the development of asset endowments, acknowledged by Dr. Ir. Imam Teguh Saptono, MM as President Director of Global *Waqf* Corporation quoted from the *Republika Daily* April 16, 2019 entitled *Productive Waqf Constrained by Capital*, stating "*one of the obstacles in the development of waqf assets, especially land, is capital constraints*".

Based on previous research, "Finance or funds are factors that hinder the development of *waqf* into productive endowments. Based on the results of interviews, it was found that most of the interviewees stated that in the development of *waqf* assets for benefit, everything requires funds and some of them require many funds, because there are not enough funds, there are still many *waqf* lands that have not been cultivated".⁴ "In the development of *waqf* property, the main obstacle is financial capital. Networking and synergy between institutions are needed with each other in raising financial capital, because *nazhir* cannot run if it does not penetrate supporting cooperation networks".⁵ "Factors that also need to be considered in the development and empowerment of *waqf* assets (land and buildings) in order to provide value benefits are the category, location (rural, urban), sector (agriculture, plantations, shops, hospitals etc.) and its dressing".⁶ "Many *waqf* land and building assets are handed over in non-strategic circumstances, requiring extra development and management from *nazhir*".⁷ "Good programs and willingness are not enough to develop *waqf* property, especially in the form of land, more than that it also requires adequate financial support".⁸ In a research conducted with a case study in England, it was discovered that political power and financial power were determining factors in the realization of *waqf* projects.

In order to turn land and or building *waqf* assets into socio-economic productive endowments, contemporary is generally pursued through the same instrument, namely through *waqf*, including through money endowments and *waqf* through money (limited to the market only in the *waqf* sector). Other instruments are needed to realize its realization (wider or unlimited instrument penetration). If it is linked again to the social sector in Islamic finance, there are also *Zakat*, *Infak*, and *Sadaqah* (ZIS) instruments. The mixing of all instruments of the Islamic social sector has the potential to be an option that can be taken to realize *waqf* assets in the form of land and buildings to be productive and utilized and avoid *nazhir* from the risk of not being able to develop the wakif mandate to provide extensive benefits for the property entrusted.

Research Method

This study employed a qualitative research approach with a descriptive analysis technique to examine the funding model of land and building asset-based *waqf* programs managed by *nazhirs*. The research adopted an observational design, supported by in-depth interview instruments as the primary data collection method.

³ Hasanah, Uswatun. 2005. *Hukum Islam Zakat Dan Waqf Teori Dan Prakteknya Di Indonesia*. Jakarta: Papas Sinar Sinanti.

⁴ Purwanto (2017). 'Hambatan Dalam Pengelolaan Wakaf Produktif'. *Wahana Islamika: Jurnal Studi Keislaman*, Vol. 3: hh. 109.

⁵ Afandi, M (2014). 'Revitalisasi Manajemen Wakaf Produktif di Indonesia'. *Jurnal Et-Tijarie* Vol.1: hh.86-88.

⁶ Nizar, MA (2017). 'Development of Productive *Waqf* in Indonesia: Potential and Problems'. *MPRA Paper* No. 97967.

⁷ Arifin, Z (2015). 'Pertumbuhan Aset Wakaf dan Dilema Produktifitas'. *Jurnal Bimas Islam* Vol.8: hh. 16-20. Moses, C.J.J (2020). *Establishing a Waqf: space and the study of Islam*, University of Cambridge. Racial Studies.

⁸ Arifin, J (2014). 'Problematika Perwakafan di Indonesia (Telaah Historis Sosiologis)'. *Jurnal ZISWAF*, Vol.1: hh. 264-270.

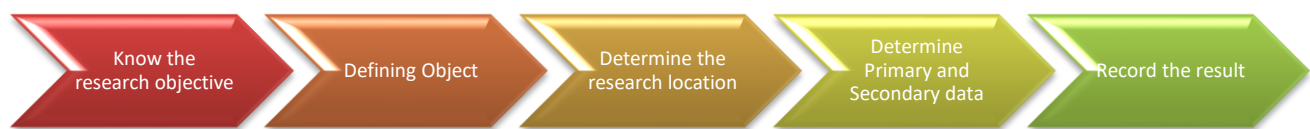


Figure 1: Observation Design Stages Chart
Source: Author (2023)

The research was conducted between October and December 2022 in Jakarta, involving three prominent *waqf* institutions: Baitulmaal Muamalat, Dompot Dhuafa, and BSI Maslahat. These institutions were selected based on the following criteria: (1) formal legal status as *nazhir*; (2) implementation of professional governance; (3) ownership of *waqf* land and building assets; and (4) dual role as licensed *Zakat* management institutions, allowing for the observation of synergies in managing land and building-based *waqf* programs.

The primary data in this study were obtained through an in-depth interview instrument. As a resource person in this study, it was determined that the direct perpetrators of *nazhiran* activities who knew the ins and outs of operations and strategic management, then it was determined that the resource persons were *nazhir* personnel at least at the middle management level or manager level at the three institutions, the goal was to obtain accurate information and data as needed in this study. The live interview was conducted in the October-December 2022 period in Jakarta, and the average duration was 70 minutes. Recording interview data is carried out using direct recording techniques during the interview, and then the results of the recording are subject to final checking by the source as a form of validity. Meanwhile, secondary data are obtained from observations through official digital channels owned by *Nazhir* and through supporting literature as an effort to validate or cross-check the primary data obtained previously.

Related to theoretical perspectives, this study also explains the theoretical explanation of the concept of asset *waqf* in the form of land and buildings, *waqf* institutions in Indonesia, and the construction of the asset *waqf* program funding from books, journals, and previous research sources that support research topics.

The nature of the study is qualitative. McMillan & Schumacher (2003) said that the investigative model approach is identified with qualitative research as researchers generally carry out the data collection process in a direct face-to-face way and establish interaction with people in the research site. The analysis technique used is descriptive analysis, which is interpreted as describing and explaining. Qualitative data in the form of words obtained from direct interviews and literature are further elaborated and associated with research objectives so as to produce findings based on facts and reality that can benefit a wide audience both practically and scientifically.⁹

Discussion

Immovable Asset-Based *Waqf* (Land and Buildings)

Property as an object in the implementation of *waqf* worship, at least must have the following conditions: "*the property has value (there is a price), clear form, clear ownership (formal legal), in the form of immovable objects such as land (or objects adapted to existing waqf customs)*".¹⁰ Based on Government Regulation Number 42 of 2006 concerning *Waqf* in article 18, it is stated that

⁹ McMillan, JH & Schumacher, S (2003). *Research in Education*. New Jersey: Pearson.

¹⁰ Al Kabisi, M (2004). *Hukum Wakaf (Kajian Kontemporer Pertama dan Terlengkap Tentang Fungsi dan Pengelolaan Wakaf serta Penyelesaian atas Sengketa Wakaf)*, Jakarta: IIMAN Press

immovable *waqf* includes land rights, rights to part of buildings or intact buildings on the intended land, plants and other objects on the land in question, property rights over apartment units or flats are also included in the category of immovable object *waqf*.

In the product of the Compilation of Islamic Law can be found the term *waqf* immovable objects in article 25 paragraph 1 which states that, "*waqf is a legal act of a person or group or legal entity that consciously separates itself from part of its property and then institutionalizes it for a certain period or period (including forever) for the benefit of worship or other interests in accordance with Islamic teachings*".

The form of *waqf* of immovable assets in Indonesia is generally dominated by land. Based on research conducted by Sa'adah and Wahyudi (2016), *waqf* assets in Indonesia tend to be used for worship activities such as mosques, prayer rooms, madrasas, and funerals. People in Indonesia first recognized the concept of social *waqf* as consumptive, but this type of *waqf* should also incur costs in terms of its realization and sustainability. Some well-known examples of asset-based *waqfs* include the following:¹¹

1. The Great Mosque of Demak is one of the oldest *waqf* mosques in Indonesia.

It is the *waqf* of Raden Patah, who was the first sultan of the Islamic Demak kingdom in the 15th century. In addition to the Great Mosque of Demak, another recent example is the BSI Mosque *waqf* in the Bakauheni port area of Lampung, which was a result of collaboration between Bank Syariah Indonesia and PT. ASDP Indonesia Ferry and wider community involvement through the money *waqf* movement, with a total budget of Rp. 25 billion. Not only that, BSI Maslahat previously also had mosque *waqf* on Cipularang Toll km 88 and Cipali Toll km 166. The Great Mosque of Demak is one of the oldest *waqf* mosques in Indonesia. It is the *waqf* of Raden Patah, who was the first sultan of the Islamic Demak kingdom in the 15th century. In addition to the Great Mosque of Demak, another recent example is the BSI Mosque *waqf* in the Bakauheni port area of Lampung, which was a result of collaboration between Bank Syariah Indonesia and PT. ASDP Indonesia Ferry and wider community involvement through the money *waqf* movement, with a total budget of Rp. 25 billion. Not only that, BSI Maslahat previously also had mosque *waqf* on Cipularang Toll km 88 and Cipali Toll km 166.

2. Education Facilities

Asset-based *waqf* programs are also used to develop skills, for example, Khadijah Learning Center in Serpong area, South Tangerang, owned by *Nazhir* Dompot Dhuafa, an entrepreneurial laboratory to create women's independence. *Nazhir* Baitulmaal Muamalat also has an asset *waqf* in the form of an Executive *Tahfizh* Center with a commercial concept in the Taman Siswa area of Jogjakarta, whose use is as an educational facility to print the *Hafizh* Quran.

3. Health Facilities

Speaking of *waqf*-based health facilities, *Nazhir* Dompot Dhuafa is one of the pioneers in Indonesia. On July 4, 2012, he established an Integrated Health Hospital in Parung, Bogor Regency. This type C hospital was established with a joint venture of community funds, namely *Zakat* and *waqf*, which aims to provide professional and Islamic health services, especially for people experiencing poverty. Not only that, *Nazhir* Dompot Dhuafa, in collaboration with the Tebuireng Foundation, established Hasyim Asy'ari Hospital in Jombang, East Java. Another example is the collaboration between

¹¹ Sa'adah, N. & Wahyudi, F. (2016). 'Manajemen wakaf produktif: Studi analisis pada baitulmaal di Kabupaten Kudus'. *Equilibrium: Jurnal Ekonomi Syariah*, Vol.4: hh. 334-352.

Baznas and BWI in producing land *waqf* assets at the Great Mosque of Central Java, September 8, 2021, and then the groundbreaking of the Hospital on *waqf* land with a budget of Rp. 62 billion.

4. Other Commercial

Muhammadiyah is one of the mass organizations that is quite active in practicing *waqf*. One of the most phenomenal asset-based *waqf*s is the establishment of a *waqf*-based gas station in Lumajang. The gas station is busy serving 32 tons per day. The commercial profits are used to fund the operations of the Muhammadiyah da'wah movement and provide compensation for needy communities (*mauquf alaih*). *Nazhir* Baitulmaal Muamalat also has an asset-based *waqf* program in the form of an MSME Center in Tegalwaru, Bogor, with the concept of a souvenir shop or marketplace and digital marketing. This *waqf*, in the form of land and buildings, stands in a villa and agro-tourism area that houses local MSMEs. There are at least 20 local MSME players who can market their products in these MSME centers, including digital marketing up-skilling assistance for them.

In 2006, the government issued a regulation through PP Number 42 concerning the implementation of Law Number 41. In the chapter on general provisions, article 1 contains important definitions related to *waqf*, including:

1. *Waqf* is a legal act carried out by a wakif to hand over the assets he owns to be used forever or within a certain period for worship and general welfare according to the guidance of the Shari'a. The party that donates its assets is called a *wakif*.
2. The party who hands over his assets for *waqf* is called a *wakif*.
3. The will of the wakif expressed verbally and/or in writing to hand over his assets to the *nazhir* is called the *waqf* pledge.
4. The party that receives the mandate from the wakif to manage and develop the *waqf* assets and allocate them according to their designation is the *nazhir*.
5. The party appointed to benefit from the distribution of *waqf* assets in accordance with the agreement contained in the *waqf* pledge deed is called mauquf alaih.

Waqf immovable assets in the form of land and buildings in Indonesia institutionally involve several parties, including: *Nazhir* (official *waqf* institution), the Indonesian *Waqf* Board, the Ministry of Religious Affairs (*waqf* pledge-through the local Head of Religious Affairs) and the Ministry of Agrarian and Spatial Planning (issuance of *waqf* land certificates). In administering immovable *waqf* property in the form of land, the following steps must be taken:

1. The *wakif* or legal power of attorney faces the Head of Religious Affairs (Kantor Urusan Agama-KUA) as the appointed officer for the *waqf* deed, or often referred to as the *Waqf* Pledge Deed Making Officer (Pejabat Pembuat Akta Ikrar Wakaf - PPAIW), by including the permanence of documents in the form of:
 - a. Proof of the validity of ownership of assets (land);
 - b. The certificate is not in dispute or case, is not burdened with any confiscation, or is not guaranteed by the competent authority;
 - c. name and identity card of Wakif, *Nazhir*, and the witness
2. The *wakif* or legal assignee performs the pronunciation of the *waqf* pledge to the *nazhir*, which is also witnessed by two witnesses in the presence of the authorized land *waqf* pledge deed making officer, in this case, the head of the KUA.

3. PPAIW issues a *waqf* pledge deed (akta ikrar wakaf - AIW) in duplicate of 7 (seven) to be submitted to:
 - a. *Wakif*,
 - b. *Nazhir*,
 - c. *Mauquf alaih*,
 - d. Head of the Regency or City Ministry of Religion Office,
 - e. Regency or City Land Office
 - f. Indonesian *Waqf* Board, and
 - g. Other authorized agencies.
4. PPAIW issues a *Nazhir* attestation letter.
5. PPAIW or *Nazhir* submits the *Nazhir* registration to the Indonesian *Waqf* Board.
6. PPAIW or *Nazhir* registers *waqf* land at the local District or City Land Office.

In order to realize the benefits of the immovable objects *waqf* program in the form of land and buildings, the *nazhir* must have the ability to develop and manage these assets, one of the factors is the ability to obtain funding. *Nazhir* must also be proficient in raising *waqf* funds, both money *waqf* and *waqf* through money, including other alternative forms such as stock *waqf*, which are gaining popularity in the modern era through various channels such as digital platforms, as well as the involvement of Islamic commercial financial institutions. However, for *Nazhir* in Indonesia, it is a challenge to conduct the collection for developed countries.

According to Paksi, Manzilati and Ekawaty (2018), the mindset that is still inherent in the community related to *waqf* is assets in the form of land with traditional management models, a type of *waqf*, and traditional *waqf* management models, which are the obstacles in the implementation of money *waqf* and stock *waqf*. In fact, *waqf* land assets still need funds to be able to provide benefits to the ummah, both socially, religiously, and economically sustainably.¹²

Nazhir, before receiving the *waqf* of immovable objects such as land and buildings, should conduct a careful assessment related to the condition or quality of assets adjusted to the accuracy of the program through careful planning. Including in this case, seeing the ability of the *nazhir* in realizing and developing its program, considering that the paradigm of *waqf* which is interpreted as a whole is to understand the essence and distribute the results, interpreting the reward that continues to flow from the *waqf* is from the running of its benefits and sustainability.



Figure 2: Realization of Immovable Objects *Waqf* Program

Source: Author's Illustration (2023)

¹² Paksi, G.M. Manzilati, A & Ekawaty, M (2018). 'Kajian Hukum dan Implementasi Wakaf Harta Bergerak di Indonesia: Wakaf Uang dan Saham'. *Jurnal Ekonomi Islam*, Vol. 9: hh. 184-185.

Waqf Institutions in Indonesia

Islamic philanthropy in Indonesia is synonymous with ZIS instruments (*Zakat*, infak, sadaqah) and *Waqf*. Institutionally, the two instruments are managed by two different entities, but supervised, both are under the auspices of the Ministry of Religious Affairs of the Republic of Indonesia.

Waqf is part of Islamic religious teachings about social life related to social worship. The implementation of *Waqf* is carried out with *Lillahi ta'ala*, worship that is solely based on a sense of faith, sincerity, and devotion to Allah SWT. The development of *waqf* in Indonesia is regulated in Law No. 41 of 2004 on *Waqf* and Government Regulation No. 42 of 2006 on *Waqf*, an initial step where *waqf* began to receive serious attention. Currently, the Indonesian *Waqf* Board (BWI) is also present as an independent government institution established under *Waqf* Law No. 41 of 2004. This agency was established to develop and advance *waqf* in Indonesia.

The establishment of the Indonesian *Waqf* Board was to avoid the expropriation of *waqf* assets managed by the current *nazhir* (*waqf* trustee). The Indonesian *Waqf* Board is here to support and provide guidance to the *nazir* in order to better and productively manage *waqf* assets so that they can provide more benefits to the community, both in terms of social services, economic empowerment, and public infrastructure development. At present, at least 303 official *Nazhirs* are registered with the Indonesian *Waqf* Board. Based on Article 49 (1) of the *Waqf* Law No. 41 of 2004, the Indonesian *Waqf* Board has the following duties and authorities:

1. Assist *Nazirs* in the form of guidance for the development and management of *waqf* assets.
2. Manage and develop *waqf* assets at the national and international level.
3. Give permission and/or agree to a change in the use and status of *waqf* assets.
4. Dismissal and replacement of *Nazhir*.
5. Approve the exchange of *waqf* assets.
6. Submit suggestions and input to the government in formulating *waqf* policies in Indonesia.

Nazhir generally carries out three *nazhiran* activities, namely activities related to *waqf* literacy, collecting *waqf*, and developing and managing *waqf* property. Institutionally, the basic principles of good *nazhir* are clear in legality (having official permission), understanding sharia *waqf* and legislation on *waqf*, and there is clear management. Djamil (2011) explained that in the management of a professional *waqf* institution, at the level of management, there are at least the following conditions:¹³

1. Have strong leadership skills.
2. Have a vision and think far ahead.
3. Intellectual, social, and empowerment.
4. Have skills in the field of asset management.
5. There is a periodization related to the *Nazir's* service period.
6. There are short and medium-term strategic plans and clear work programs.

Funding Model for the Asset *Waqf* Program in Foundations That Have *Nazhir* and *Zakat* Managers

Based on in-depth observations and interviews with three speakers from *Nazhir* Baitulmaal Muamalat, Dompot Dhuafa, and BSI Maslahat, several things are known as follows:

1. In terms of institutional positioning, *Nazhir* becomes more strategic because the Foundation or Institution entity also has a license as a *Zakat* operator from the Ministry of Religion (bearing in

¹³ Fathurrahman, Djamil (2011), 'Standarisasi dan Profesionalisme *Nazhir* di Indonesia'. *Al Awqaf Jurnal Wakaf dan Ekonomi Islam*, Vol. 4: hh 13-18.

mind that not all Nazir in Indonesia have this positioning). These three entities are professional institutions in the field of *nazhiran* and *Zakat*. Baitulmaal Muamalat (started as an Amil *Zakat* Institution in 2000), Dompot Dhuafa Republika (started as an Amil *Zakat* Institution in 1994), and BSI Maslahat (started as a BSMU Amil *Zakat* Institution in 2001). This uniqueness allows for wisdom and creativity in synergy at the institutional governance policy level. Based on the results of interviews, the three institutions view this as a privilege where, with synergy and collaboration at the management level carried out by both of them, they can optimize the benefits for the people. The *waqf* and LAZ entities can complement, support, and strengthen each other. This positioning is a strength in itself compared to other Nazirs.

2. The alignment of top management administration at the foundation in this case plays an important strategic management role in synergizing the two entities to provide mutual benefits for their existence within the Foundation. From Nazir's perspective, the existence of the *Zakat* Institution in one foundation, which has been active for a long time and is widely known by the public, really helps Nazir accelerate its existence.
3. Synergy and collaboration between the two entities that can be carried out in real terms include: operational synergy (including asset sharing), program funding collaboration, collaboration and cross selling programs, cross skill or enrichment through cross tour of duty, Job Enlargement (for example: the function of one Marcomm covering Laz and *nazhir* entities, the function of one HR covering LAZ and *nazhir* entities).
4. *Nazhir* Baitulmaal Muamalat, Dompot Dhuafa, and BSI Maslahat all received *waqf* of land and building assets. During the interview, the three were in a position to have immovable *waqf* assets in the form of land and buildings. The process of receiving *waqf* in the form of assets from prospective *waqfs* through a very proper and prudent mechanism with an emphasis on legal certainty, asset legality, asset quality, and development planning (program). *Nazhir*, in principle, ensures that all *waqf* property managed must be utilized and productive, and the goal of benefit must be achieved. The three-member committee's decisions involve top management in deciding the receipt of *waqf* in the form of land and building assets. The three *nazhirs* also said that funding the asset-based *waqf* program is one of the challenges in realizing it.
5. There are various types of asset-based *waqf* program funding models (land and buildings) used:
 - a. *Waqf* in the form of assets such as land and existing buildings is then realized through its benefit program through instruments with the same source of funds in the form of a single instrument *waqf* (Direct-Indirect Model) through the involvement of Islamic Financial Institutions.
 - b. *Waqf* of existing land and building assets is then realized through instruments with the same source of funds in the form of *waqf* with capital participation from angel investors with a surplus or profit-sharing model to investors (this model is used for economic productive *waqf* programs that are usually commercially oriented) and partly distributed to *mauquf alaih* (*waqf* surplus beneficiaries). The challenge lies in the strength of the program and the management of the program to generate a business surplus to attract investors.
 - c. *Waqf* of existing land and building assets is then realized as a benefit program through instruments with ZIS and *waqf* sources. This model is relatively easier to apply to the three *nazhirs*, considering that positioning is very possible to integrate funding. The *Zakat* Institute, in this case, took steps to distribute ZIS funds to the asset *waqf* program in the *Nazhir* institution,

with a note that the program in the asset *waqf* was right and brought the right benefits. Its implementation must also be in line with the Fatwa of the Indonesian Ulema Council dated February 2, 1982, concerning Performing *Zakat* Funds for Productive Activities and Public Benefit. The involvement of ZIS funds in realizing the asset-based *waqf* program is also considered very possible when viewed from the achievement of raising funds that are larger than the *waqf*. In Dompet Dhuafa, for example, the collection of *waqf* is 10% of the total collection of ZIS, while in Baitulmaal Muamalat, the collection of cash *waqf* is no more than 5% of the total collection of ZIS.

- d. *Waqf* of existing land and building assets is realized through instruments with ZIS sources, and *waqf* is collaborated with funding from angel investors with a profit-sharing model (this model is used for economically productive *waqf* programs).

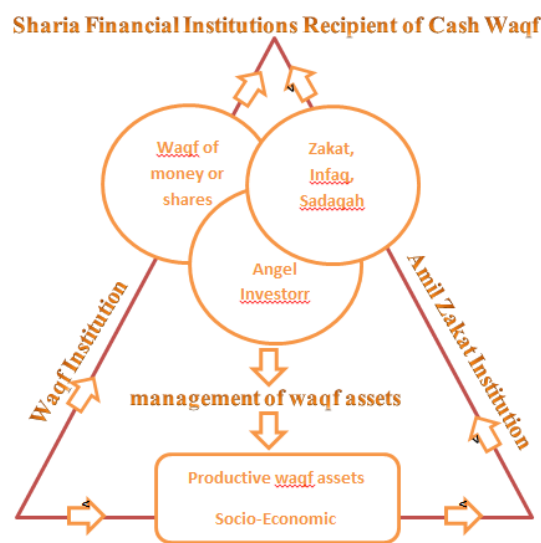


Figure 3. Asset *Waqf* Program Funding Model
Source: Author's Analysis (2023)

Zakat, *waqf*, and *sadaqah* are central components of Islamic finance, each playing distinct yet interconnected roles in socio-economic welfare in Muslim communities.¹⁴ *Zakat*, an obligatory almsgiving, is mandated by Islamic law to support eight categories of recipients known as *Asnaf*. This financial contribution holds immense significance in promoting social justice, providing a safety net for people experiencing poverty, and facilitating economic empowerment within the community. Conversely, *waqf*, which is an endowment in Islamic tradition, can be managed for either consumptive or productive purposes, thus holding significant potential for community development when optimally utilized.¹⁵

Effective management of *waqf* assets is crucial to realizing their potential benefits. Various studies have highlighted that many *waqf* institutions still struggle with ineffective asset management practices, often failing to develop these assets for productive economic use. For instance, a study noted that in Magelang Regency, *waqf* assets were largely directed towards consumptive sectors rather than productive investments, hampered primarily by a lack of understanding and promotion of

¹⁴ Burhanudin Burhanudin, "Waqf Land in Productive Management for Community Welfare," *Proceeding of the International Seminar on Business Economics Social Science and Technology (Isbest)* 3, no. 1 (2023), <https://doi.org/10.33830/isbest.v3i1.1490>.

¹⁵ Fahmi Medias and Eko K Pratiwi, "Evaluation of Muhammadiyah *Waqf* Assets Utilization in Magelang Regency," *Iqtishadia Jurnal Kajian Ekonomi Dan Bisnis Islam* 12, no. 1 (2019): 101, <https://doi.org/10.21043/iqtishadia.v12i1.3208>.

waqf's economic potential by *Waqf Nazhir* (managers).¹⁶ The presence of professional management is fundamental, as it significantly influences the productivity and yield of *waqf* assets.¹⁷ In regions like Indonesia, independent bodies such as the Indonesian *Waqf* Board (BWI) have been established to strengthen the management framework for *waqf* assets.¹⁸

Furthermore, recent innovations in *waqf* management—such as the integration of blockchain technology and smart contracts—promote transparency and improve operational efficiencies.¹⁹ Additionally, there is a call for a paradigm shift towards integrating social and commercial finance in *waqf* management to ensure that these assets serve not just immediate needs but also contribute to long-term economic sustainability.²⁰ This approach aligns with the characteristics of effective *waqf* management, which should ideally ensure that assets remain productive and continuously support socio-economic development initiatives.²¹

Sadaqah, a voluntary form of charity, complements *Zakat* by providing an alternative means of financing community projects, including the development of land and buildings. This additional funding source can enhance the productive capacity of *waqf* assets, bridging financial gaps that may exist due to the stringent guidelines governing *Zakat* distribution.²² The operational synergy between *Zakat* and sadaqah can create sustainable economic benefits, thereby fostering an environment conducive to the empowerment of the eight *Asnaf* as delineated by Islamic law.

Conclusion

In order to obtain optimal marketing results, marketers are responsible for compiling market segmentation for the products to be offered. *Nazhir* needs a broad funding model to realize the *waqf* program based on land and building assets, so as to avoid the risk of not being able to manage and develop *waqf* assets properly. In addition to the single *waqf* instrument model (direct-indirect) and the capital participation model by angel investors, one of the models that is also applied in an effort to realize the program is by integrating *waqf* funds and ZIS (*Zakat*, *Infak*, *Sadaqah*) through the involvement of *Zakat* institutions. In order to obtain optimal marketing results, marketers are responsible for compiling market segmentation for the products to be offered. *Nazhir* needs a broad funding model to realize the *waqf* program based on land and building assets, so as to avoid the risk of not being able to manage and develop *waqf* assets properly. In addition to the single *waqf* instrument model (direct-indirect) and the capital participation model by angel investors, one of the models that is also applied in an effort to realize the program is by integrating *waqf* funds and ZIS

¹⁶ Tri Astuti, Junarti Junarti, and Irma Novida, "Muhammadiyah *Nazhir* Organization: Is That Productive *Waqf* Literacy Needed?," 2022, <https://doi.org/10.4108/eai.10-8-2022.2320810>.

¹⁷ Rozihan Rozihan, "The Dynamics of *Waqf* Asset Management in Indonesia," *International Journal of Law Reconstruction* 6, no. 1 (2022): 62, <https://doi.org/10.26532/ijlr.v6i1.16294>.

¹⁸ Agus Setiawan and Mohamad S Nurzaman, "Application of Blockchain and Smart-Contract on *Waqf* Asset Management: Is It Necessary?," *El Dinar Jurnal Keuangan Dan Perbankan Syariah* 10, no. 2 (2022): 85–101, <https://doi.org/10.18860/ed.v10i2.15529>.

¹⁹ Syamsuri, "New *Waqf* Paradigm: Integration of Islamic Commercial Finance and Islamic Social Finance," *Iqtishadia Jurnal Ekonomi & Perbankan Syariah* 11, no. 1 (2024): 18–36, <https://doi.org/10.19105/iqtishadia.v11i1.10758>.

²⁰ Bayu Sudrajat and Ainul Imronah, "Productive *Waqf*: Concepts and Its Impact on Improving Community Economy," *Ieibzawa* 1 (2023): 127–40, <https://doi.org/10.24090/ieibzawa.v1i1.784>.

²¹ Beebee S Sairally, "Editorial," *Isra International Journal of Islamic Finance* 13, no. 2 (2021): 158–61, <https://doi.org/10.1108/ijif-09-2021-197>.

²² MS Apriantoro, J Herviana, Y Yayuli, "Sharia Financial Literacy: Research Trends and Directions for Future Inquiry"; Alam, "Analysis of Consumption Behaviour of Millennial Housewives: A Case Study in Pacitan Based on Al-Ghazali's Consumption Theory"; Kharis Nugroho, Universitas Muhammadiyah, and Surakarta Indonesia, "Conceptual Analysis of Food Safety Based on Ethical and Legal Perspectives in the Qur'an and Hadith" 4, no. 2 (2024): 135–47, <https://doi.org/10.12928/taqaddumi.v4i2.12484>.

(*Zakat, Infak, Sadaqah*) through the involvement of *Zakat* institutions. Through the integration of funding for the *waqf* program, land and building assets with the involvement of *Zakat* Institutions, can be part of a marketing strategy that increases segmentation and expands the target market for *nazhirs* so that the potential results are more optimal. Today, *Nazhir* increasingly has various funding models to realize its *waqf* program. However, in accepting *waqf* of immovable objects such as land and buildings, *nazhir* must really carefully consider the legality and quality aspects of its assets in accordance with its development planning.

Especially in a foundation that has a license as a *Zakat* operator and a license as a *nazhir*, the application of ZISWAF fund integration to realize land and building-based *waqf* programs is very feasible to be applied through the alignment of the Foundation and senior management to synergize and optimize existing resources in order to create benefits that can support each other for the benefit of the people. Such positioning, not without notes, can be counterproductive if there is a "silo mentality" between the *nazhir* and his *Zakat* Institute.

For *waqf nazhirs* who do not have the same positioning (only standing as *nazhirs*), in the end they also have the opportunity to make prospects or invitations for cooperation to the *Zakat* Institute to be able to participate in participating in realizing the *waqf* program through the distribution of ZIS funds into the *waqf* program in accordance with the principles and designation. Furthermore, once the most suitable funding source models are identified, the key to the success and sustainability of the program will rest on the professionalism and expertise of the *nazhir* in managing the *waqf* assets.

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