

PRODUCTIVE WAKAF AS A STRATEGY TO SUPPORT THE ECONOMY OF THE PEOPLE

Jumadiyah¹, Hamdani², Sutriani³, Nurdan⁴, Mustika Amri⁵

^{1,2,3,4} Universitas Malikussaleh

⁵ Politeknik Negeri Lhokseumawe

Email: jumadiyah66@gmail.com

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Abstract

Waqf is one of the economic instruments of the people that can be used for the economic empowerment of the people. Basically, waqf is productive in the sense that it must produce because waqf can fulfill its purpose if it has produced where the results are used according to its intended purpose (*mauquf alaih*). This research was conducted using a descriptive method with a qualitative approach based on data sources from literature studies and observations. The purpose of this study is to provide information related to waqf management. The results of the study show that the implementation of productive waqf to improve Islamic economic welfare can be carried out with various applications with development design models, including establishing mosques (places of worship), business shops, gas stations or gas stations, banking, offices, multi-purpose halls, photocopying, apartments or boarding houses, hotels, and others so as to achieve general benefits as a benefit for the people with social, economic, and cultural development of the community.

Keywords: *Productive Waqf, Islamic Economics*

INTRODUCTION

One alternative that can be done as an effort to alleviate poverty is through active community participation in efforts to create a productive economy. If the potential of the (rich) community can be coordinated and managed well, then this can provide an alternative contribution to a positive solution to the problem of poverty, namely by empowering productive waqf. Waqf institutions have been present in Indonesia, as regulated by the Waqf Law No. 41 of 2004 concerning Waqf and Government Regulation No. 42 of 2006 concerning its implementation. Both laws and regulations are urgent: in addition to serving the interests of *mahdhah* worship, they also emphasize the need to empower waqf productively for social interests (the welfare of the community).⁶ The concept of productive waqf has become an innovative solution to address various social and economic challenges when properly managed. Here's a clear explanation of productive waqf. Humanity, regardless of religion or belief, has actually known several forms of wealth management practices, the substance of which is not much different from the definition of waqf among Muslims. This is because, fundamentally, all people in the world, before and after Islam, have worshipped God through religious rituals in accordance with their beliefs. This has become a driving factor for each religious community to establish their own places of worship.⁷

¹ Dosen Fakultas Hukum Universitas Malikussaleh

² Dosen Fakultas ISIP Universitas Malikussaleh

³ Dosen Fakultas ISIP Universitas Malikussaleh

⁴ Dosen Politeknik Negeri Lhokseumawe

⁵ Dosen Politeknik Negeri Lhokseumawe

⁶ Achmad Djunaidi and Thobieb Al-Asyhar, *Towards the Era of Productive Waqf*, (Jakarta: Mumtaz Publishing, 2005), pp. 89-90

⁷ Muhammad Abid Abdullah Al-kabisi, *Waqf Law, The First and Most Comprehensive Contemporary Study on the Function and Management of Waqf and the Settlement of Waqf Disputes*, Dompot Dhuafa Republika, Jakarta. 2003, p. 13.

Productive waqf is a tangible manifestation of the Islamic values of sharing and kindness. By practicing productive waqf, Muslims learn to care for the needs of others and make a real contribution to society.⁸ Waqf, as an Islamic institution, has been instrumental in the development of Muslim communities. Most houses of worship, educational institutions, and other Islamic religious institutions are built on waqf land. When compared to the country's current crisis, including the economic crisis, the amount of waqf land represents a potential economic resource that can be further developed to help resolve the economic crisis. Amidst Indonesia's current social challenges and demands for economic prosperity, the existence of waqf institutions has become highly urgent and strategic. Besides being a spiritual aspect of Islamic teachings, waqf also emphasizes the importance of economic prosperity (the social dimension). Therefore, it is crucial to redefine waqf to make it more relevant to the realities of welfare issues. This condition is caused by the limited availability of waqf land, which is only sufficient for waqf purposes, such as for prayer rooms and mosques, without accompanying land or objects that can be managed productively. While there are indeed quite large waqf lands, due to the lack of creativity of the Nazhir, the land that could have been managed productively is ultimately not utilized productively or even not used at all. Even its maintenance requires seeking donations from the community. Based on the above description, the main problem is how productive waqf can support the Islamic economy.

METHOD

The research method used in this writing is normative juridical research, namely legal research conducted by examining legal materials. Legal materials are obtained through library studies. (Soerjono Soekanto, 2013: 14), Legal materials in this research consist of primary and secondary legal materials. Primary legal materials consist of laws and regulations that are relevant to the problems to be studied. Secondary legal materials consist of references such as journals, books, proceedings, and so on that are related to the problems being studied. The data will later be used to support the completion of research material on productive waqf as a supporter of the Islamic economy.

RESULTS AND DISCUSSION

Productive Waqf

Productive waqf is a fixed asset or principal that is donated for use in production activities and the results are distributed according to the waqf's objectives. Such as land waqf for use in farming, springs for sale, and so on. Or production waqf can also be defined as assets used for production purposes, whether in agriculture, industry, trade, or services, where the benefits are not directly derived from the waqf object, but from the net profit from the development of the waqf, which is given to entitled people according to the waqf's objectives.⁹ Essentially, waqf is productive, meaning it must produce results. Waqf can fulfill its purpose if it produces results, where the results are utilized according to its intended purpose (*mauquf alaih*). The first person to perform a waqf was Umar ibn al-Khattab, who donated a fertile garden in Khaybar. The garden was then managed and the results were used for the benefit of the community. Certainly, this waqf was productive in the sense that it brought economic aspects and community welfare. Ironically, in Indonesia, many people assume that waqf refers to unproductive or even dead land that requires community funding, such as cemeteries, mosques, and so on.

Waqf Institution in Indonesia

As a religious institution with potential and economic benefits, the waqf institution must be managed effectively and efficiently for the benefit of worship and the advancement of the community. In 2004, the Indonesian government enacted a law to provide hope for waqf institutions. development of waqf Indonesia, especially for Muslims, namely Law Number 41 of 2004 concerning Waqf.¹⁰ Waqf aims to utilize waqf assets according to their function, by realizing the potential and economic benefits of waqf assets for religious purposes and to promote public welfare. The waqf law, which contains various formal regulations, serves as the basis for developing productive waqf. Production waqf is a waqf that produces something of economic value. In efforts to build a sustainable Islamic economy, productive waqf can play a very important role. Here are some of the main roles resulting from waqf.; 1. Reducing Socio-Economic Disparities, By allocating a portion of assets to productive programs, waqf can help reduce the socio-economic gap between the affluent and the less fortunate groups of society. 2. Encouraging Sustainable Investment, Productive waqf encourages investment in sustainable projects and

⁸<https://www.bwi.go.id/9081/2023/10/26/peran-wakaf-produktif-dalam-menopang-ekonomi-islam-berkelanjutan/>

⁹<https://www.bwi.go.id/4508/2020/02/24/makna-wakaf-produktif>

¹⁰<http://bukharistyle.blogspot.co.id/2012/01>. Access July 2025

has a long-term impact on society, such as micro and small businesses, which are the backbone of the ummah's economy. 3. Strengthening the Local Economy, Productive waqf focuses on developing the local economy, which can strengthen the competitiveness and economic resilience of the community in facing global challenges. 4. Upholding the Principle of Social Justice, In Islam, the principle of social justice is highly emphasized. Through productive waqf, this principle can be realized by equalizing opportunities and access for all members of society, 5. Teaching the Value of Sharing and Kindness.

Waqf is also a form of worship with significant potential for development. The value of the assets donated remains constant, while the proceeds from waqf management consistently provide benefits over time.

The sharia basis for waqf is not explicitly stated in the Quran, but the meaning of the following verse can be used as a basis for waqf law. It is as stated in Allah's word:

You will never reach (perfect) virtue until you spend some of the wealth you love. And whatever you earn, Allah knows it. (QS Ali Imran (3): 92).

O you who believe, spend (in the way of Allah) from the good things you have earned and from what We have brought forth for you from the earth. And do not choose the evil and spend thereof, while you do not take it except by squinting at it. And know that Allah is Rich, Praiseworthy. (QS al-Baqarah (2): 267)

As well as this Hadith regarding waqf:

"If a person dies, then his deeds are terminated except for three things (namely): almsgiving, knowledge that is used, or the prayers of a pious child" (HR. Muslim)

Regarding the third legal basis that can be taken from ijtihad, the law of waqf can be understood as the development of thought from the existence of a stipulation that waqf, even though it is not directly mentioned in the qath'i text, namely in the Qur'an and as-Sunnah, there is no difference of opinion among scholars regarding the practice of waqf.¹¹

Waqf assets can only be endowed if they are legally owned and controlled by the Waqif, which consist of immovable and movable assets. Immovable assets are land rights in accordance with applicable laws and regulations, both registered and unregistered, and also those related to land, apartment ownership rights, and other immovable assets in accordance with sharia provisions. Article 15 and Article 16 of Law No. 41 of 2004 concerning Waqf state that assets that can be endowed are not only fixed assets, but also include movable assets, as long as the assets are not exhausted due to consumption. Waqf land represents a potential economic resource that could be further developed to help address the economic crisis. Unfortunately, despite the vast amount of waqf land, its use is generally consumptive and not yet managed productively. This is evident in the fact that waqf in Indonesia generally consists of mosques, prayer rooms, madrasas, schools, cemeteries, and orphanages. From a social and economic perspective, existing waqf has not yet been able to play a role in addressing the community's problems, particularly social and economic ones.¹²

Registration of waqf assets will be formalized through a waqf deed, which the waqif submits to the Waqf Pledge Deed Making Officer (PPAIW), an official appointed by the Minister to issue waqf pledge deeds. Article 47, paragraphs 1 and 2 of the Waqf Law state that the Indonesian Waqf Agency (BKI) was established to advance and develop national waqf. This agency is independent in carrying out its duties. As an Islamic institution, waqf has become a key pillar of the development of Muslim communities. Most houses of worship, educational institutions, and other Islamic religious institutions are built on waqf land. When compared to the country's current crisis, including the economic crisis, the amount of waqf land represents a potential economic resource that can be further developed to help resolve the economic crisis. From a social and economic perspective, existing waqf (Islamic endowments) have not been able to effectively address the community's social and economic problems. This is understandable, as most waqf are not optimally managed. This is due to the limited amount of waqf land available, which is only sufficient for the purposes declared by the waqif, such as prayer rooms and mosques, without accompanying land or assets that can be managed productively. While some waqf land is quite extensive, due to the lack of creativity of the Nazhir (Islamic administrator), this land, which could have been managed productively, is ultimately not utilized productively or even completely. Its maintenance requires community donations. The Waqf Agency established by the government must be able to develop waqf in Indonesia through its empowerment programs and in terms of collecting waqf funds or land. The Indonesian Waqf Agency is currently unable to develop waqf due to several obstacles, especially the problem of socialization to the community who do not understand the definition and procedures for waqf. This sometimes makes waqf donors who want to make a waqf

¹¹<https://www.bwi.go.id/4508/2020/02/24/makna-wakaf-produkti>

¹²<http://jelita249.blogspot.com/2009/08/.html>, Waqf Dispute Settlement, accessed July 2025

reluctant to do so because they do not know the procedures. The law enforcement officers for waqf are the Waqf, Nazhir, and the Waqf Pledge Deed Making Officer (PPAIW). Meanwhile, in Law Number 41 of 2004 concerning Waqf, there is a new institution as a supervisor for waqf administration in Indonesia, namely the Indonesian Waqf Agency.¹³ Furthermore, the role of the nazhir (manager) in productively managing waqf land is crucial. A nazhir is one of the pillars of waqf, responsible for maintaining, safeguarding, and developing the waqf, as well as distributing the proceeds and benefits of the waqf to its beneficiaries. Often, waqf assets are managed by nazhirs who lack sufficient capacity, resulting in underutilization and underutilization of the waqf assets. According to Islamic jurisprudence (fiqh), among the requirements for a nazhir, in addition to being a Muslim and a mukallaf (Islamic jurisprudence), are the ability to manage waqf (professionally) and the characteristics of trustworthiness, honesty, and fairness. When waqf assets are optimally managed and the nazhir, as the waqf manager, possesses sufficient capacity, government political support is needed to empower civil society. The government has politically encouraged the enormous potential of waqf as a key variable in empowering community welfare through waqf legislation, ensuring that waqf can function productively. Dompot Dhuafa Republika, an innovation from civil society, is a manifestation of this public concern. In this case, Muslims have the freedom to manage their wealth in accordance with the Islamic financial system. This system not only benefits the community but also supports government programs. This situation will open up opportunities for the empowerment of productive waqf as an effort to improve community welfare. To realize the primary goal of waqf, namely optimizing the function of waqf assets as infrastructure to improve the quality of life and the livelihood of human resources, it is necessary to change the understanding of Muslims who consider waqf assets to be

Waqf Development Strategy

As stated in Article 43 paragraph (2) of Law Number 41 of 2004 concerning Waqf, the management and development of waqf assets as referred to in paragraph (1) is carried out productively. Basically, the development of this waqf is under the Indonesian Regional Agency (BWI) in each province and district which has an extension of the central BWI, with the aim of To expand reach, manage waqf assets productively, improve the welfare of the community, accelerate the certification of waqf land, and empower nazhir (waqf managers). This is done so that waqf can provide maximum benefits, especially at the local level through specific programs tailored to regional needs. In a study with sWaqf Development Strategy that develops productive waqf based on mukhabarah, namely a form of cooperation in the agricultural sector where the land owner gives land to the farmer, and the farmer bears all production costs including seeds, which among them;

First, A strategy for developing productive waqf using the concept of profit-sharing in agriculture. Waqf land, particularly rice paddies, is given to the community to manage, resulting in two harvests per year. The implementation of this concept has yielded excellent results. In addition to increasing the productivity of the waqf assets, it has also increased the income of local farmers who have the opportunity to manage the waqf rice paddies. The proceeds from the waqf can be reinvested for the prosperity of the mosque and the well-being of the community. *Second*, The strategy for developing productive waqf involves providing training to nazhir to enhance their competencies, as implemented by Baitulmal by sending nazhir to participate in training, hoping to provide them with more education on productive waqf. *Third* The establishment of the district BWI is expected to assist in the management and development of productive waqf based on mukhabarah. Based on this model, it can be implemented in the area of community welfare.

CONCLUSION

The results of the research and discussion indicate that productive waqf with a mukhabarah-based strategy can improve the welfare of the community, thus providing an opportunity to help improve community welfare and requiring progressive strategies. The strategies implemented include internal and external factors, as well as the urgency of handling the problem. The mukhabarah (agricultural profit-sharing) agreement can increase community income. It is important for farmers to be religiously literate, honest, and hardworking to achieve appropriate waqf yields. However, the strategy for developing productive waqf based on mukhabarah can be affected by seasonal changes, climate change, and irrigation. Future development efforts regarding productive waqf strategies will require collaboration between nazirs and farmers, utilizing technology in management. Furthermore, public awareness of waqf is needed, and the government needs to conduct outreach to ensure the continued growth of waqf.

¹³ <http://Bukharistyle.blogspot.co.id/2012/01/html>, access, July 2015.

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