

The Role of Productive Waqf in Improving the Economic Welfare of the Community: Legal Study and Implementation in Digital Waqf Institutions Dompét Dhuafa

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Received: 20/03/2025

Revised: 31/03/2025

Accepted: 07/04/2025

Abstract

This study discusses how productive waqf plays a role in improving the community's economic welfare through a legal approach and its implementation in the digital era. Digital transformation has changed how waqf is collected, managed, and distributed. A descriptive qualitative study collected data through literature studies, regulatory documentation, and case studies of digital waqf institutions such as Dompét Dhuafa. A legal approach examines regulations, fatwas, and sharia practices that form the basis for the legality of productive waqf. This approach is used to explore and analyze data from various literature sources relevant to the study's focus, namely productive waqf and its role in improving the economic welfare of the community, especially from the legal side and its implementation in digital waqf institutions. This study examines the legal regulations governing productive waqf and analyzes the real implementation in digital institutions. The study results show that the digitalization of waqf can expand community participation and support the community's economic independence through productive waqf programs. However, challenges in terms of literacy, accountability, and strengthening regulations still need to be addressed.

Keywords

Productive Waqf; Economic Welfare; Waqf Law; Digital Waqf; Waqf Institutions; Dompét Dhuafa

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1. INTRODUCTION

Waqf is one of the Islamic economic instruments that has great potential in the community's socio-economic development and in creating social justice for the community's welfare. Unlike traditional waqf, which tends to be passive, productive waqf is developed so that waqf assets can be managed in a business manner for sustainable results. (Said & Amiruddin, 2019) Digital transformation has given birth to digital waqf institutions, such as Dompét Dhuafa, Rumah Wakaf, and the GoWakaf online platform. This study aims to examine how the implementation of productive waqf in digital format can contribute to improving the community's economy, both through the MSME sector, education, and social empowerment. (Khusaeri, 2015)



In practice, waqf is used for worship activities such as building mosques and graves and can also be managed productively to produce sustainable economic benefits. The development of waqf is no longer limited to fixed assets such as land and buildings. Still, it has spread to productive waqf, actively managed and producing sustainable economic benefits. In the digital era, digital waqf institutions have provided a new color in waqf management that is more modern, transparent, and easily accessible to the wider community. (Qahaf & Rido, 2005) The concept of productive waqf has become an important concern in contemporary Islamic economics because it is considered capable of broadly and strategically empowering society.

In the modern era, waqf management has undergone a significant transformation through digitalization. The presence of digital waqf institutions such as Dompot Dhuafa answers the challenges of the times by integrating information technology into collecting, managing, and distributing waqf benefits. This makes it easier for people to fulfill waqf and enables more transparent, accountable, and massive waqf fund management. (Medias, 2010)

Dompot Dhuafa is one of Indonesia's pioneers of digital waqf and has developed various productive waqf programs, such as hospital waqf, agricultural waqf, micro-business waqf, and waqf-based schools. These programs are oriented towards providing social facilities and encouraging the growth of economic independence of the community, especially the mustahik group. (Araniri, 2016) However, the effectiveness of the implementation of productive waqf through this digital platform still requires in-depth study from the legal, management, and impact aspects on community welfare.

In the legal context, regulations governing waqf in Indonesia, such as Law No. 41 of 2004 concerning Waqf and PP No. 42 of 2006, are still focused on the formal aspects of conventional waqf. (Tohor, n.d.) No specific regulations regulate the management of digital-based and productive waqf investment mechanisms in detail. On the other hand, fatwas and guidelines from the DSN-MUI and the Indonesian Waqf Board (BWI) are important references in developing productive waqf practices to remain within the Sharia corridor. (Rusydiana & Rahayu, 2019)

Seeing the urgency of waqf as an instrument of economic empowerment and the great potential of digital productive waqf, a comprehensive study is needed on how the implementation of productive waqf is carried out by Dompot Dhuafa, as well as how relevant and appropriate it is with Islamic law and regulations in force in Indonesia. This study is expected to provide academic and practical contributions to developing a more effective digital productive waqf system in improving people's welfare. The problem that then arises is how the existence and practice of this productive waqf are implemented according to Sharia and positive law and whether it has a real impact on the economic welfare of the people. This study aims to analyze this.

This study also explains the concept and legal framework of productive waqf in Islamic law and national law, analyzes the implementation practices of productive waqf in the digital era, and assesses the contribution of productive waqf to the empowerment of the people's economy. Theoretically, this study adds to the literature on waqf transformation in the modern economy, and practically, this study provides input to digital waqf institutions to be more optimal, and legally, this study provides a basis for consideration for strengthening digital productive waqf regulations.

2. RESEARCH METHODS

This study uses a descriptive qualitative approach with a library research method. Data were collected through literature studies, regulatory documentation, and case studies of digital waqf institutions such as Dompot Dhuafa. The legal approach is used to examine regulations, fatwas, and sharia practices that form the basis for the legality of productive waqf. This approach is used to explore and analyze data from various literature sources that are relevant to the focus of the study, namely productive waqf and its role in improving the economic welfare of the people, especially from the legal side and its implementation in digital waqf institutions.

The data used in this study comes from library materials, including: primary literature such as the Qur'an, Hadith, and DSN-MUI fatwas, laws and regulations such as Law No. 41 of 2004 concerning Waqf, PP No. 42 of 2006 and related regulations from the Indonesian Waqf Board (BWI). Secondary literature in the form of scientific journals, books on sharia economics and Islamic law, as well as articles from trusted media and the official website of the digital waqf institution Dompot Dhuafa.

The data analysis process is carried out descriptively-analytical, namely by describing the concepts, theories, and regulations found in the literature, then analyzed critically to answer the problem formulation. The results of this study are not intended to be generalized, but rather to provide an in-depth picture of productive waqf within the legal framework and developing digital practices.

3. RESULTS AND DISCUSSION

3.1. The Concept Of Waqf

The word waqf comes from the Arabic "waqf - waqif - waqf," which means to hold, stop, or stay in place. In Islamic law, its meaning has developed into holding property so that its ownership is not transferred, but the results are used for certain purposes. According to the term in Islamic jurisprudence, waqf is holding an object that can be used without the object disappearing and making its benefits for good. (Khosyi'ah, 2010) Waqf is permanent, meaning that the donated property cannot be sold, inherited, or given but is used according to the purpose of the waqf.

According to Article 1 Paragraph (1) of Law No. 41 of 2004 concerning Waqf, waqf is a legal act of a waqif to separate and/or hand over part of his property to be used continuously for the interests of worship or public welfare by Sharia. According to Abu Zahrah, an Egyptian scholar, waqf is holding property and distributing the results or benefits for good and social purposes without changing the ownership of the principal property. According to Hasan Langgulung, waqf is a form of social worship in Islam, which has a long-term goal to prosper the lives of the community, both in the fields of education, economy, and religion. (Suganda, 2014)

According to M. Ali Hasan in the Principles of Islamic Law, waqf is holding assets that are eternal in substance. Still, the benefits are used for the public interest and goodness according to Islamic law. (Putra, 2022) Waqf is an instrument of worship and social in Islam, which is eternal, has economic value, and aims to empower the community. In its development, waqf is not only in the form of land or buildings but can also be in the form of cash waqf, productive assets, and digital, according to the times. (Asri et al., 2020)

Productive waqf is a form of asset management carried out actively and professionally to produce sustainable economic benefits. Unlike consumptive waqf, whose benefits are immediately used up (such as building mosques or graves), productive waqf directs waqf assets to the business sector or investments that generate income without reducing or selling the principal value of the waqf. The main goal is that the results of this management can be used for the economic empowerment of the community, education, health, and other social welfare. (Purwaningsih & Susilowati, 2020)

According to experts and institutions, here are definitions from trusted figures and institutions; for example, according to the Indonesian Waqf Board (BWI), productive waqf is the management of waqf assets that are permanent and cannot be directly utilized but are managed through productive activities to generate profits which are then distributed for waqf purposes. According to Mardani, productive waqf is the utilization of waqf assets in the form of investment or other economic activities that do not reduce the principal of the waqf assets. Still, the results can be used for the welfare of the community. According to Hasanuddin AF, productive waqf is an effort to empower waqf assets by managing them to generate continuous economic benefits for the community. (Tohor, n.d.)

According to Indonesian Positive Law in DSN-MUI Fatwa No. 106/DSN-MUI/X/2016 concerning Cash Waqf, it is explained that productive cash waqf is a waqf fund that is managed productively, and the results are used for social programs, education, preaching, and other public welfare, by sharia principles. (*Keputusan Fatwa Majelis Ulama Indonesia*, n.d.) Productive waqf is the transformation of waqf towards a sustainable economy. Waqf assets are not only left behind but are actively managed so that their benefits can continue to flow. This model makes waqf a modern and strategic tool for empowering people, especially when combined with digitalization, as done by Dompot Dhuafa.

Examples of Productive Waqf Forms

- a. Waqf of land used for modern agriculture
- b. Waqf of buildings for rent (such as boarding houses, shophouses, or hotels)
- c. Waqf of money invested in the real sector and Sharia finance
- d. Waqf of digital assets or technology-based business platforms whose profits are used for community welfare

Productive waqf is a form of waqf in which waqf assets are stored or used statically and managed productively to produce sustainable economic benefits. The results of this management are then used for social, religious, and community welfare purposes. (Hamidi, 2015) According to Law Number 41 of 2004 concerning Waqf, waqf is a legal act of a wakif (a person who makes a waqf) to separate and/or hand over part of his/her property to be used continuously for the interests of worship or public welfare by sharia. (Asytuti, 2012)

Meanwhile, productive waqf in terminology refers to waqf assets that:

- a. Are managed productively through halal businesses or investments that do not conflict with sharia principles
- b. Maintain the principal value of waqf assets
- c. Generate a surplus or profit that is used for the welfare of the community

Forms of Productive Waqf

- a. Waqf land that is rented or used as commercial agricultural land
- b. Cash waqf invested in the real sector or sharia finance
- c. Business assets such as shops, apartments, hospitals, schools, or other properties that generate fixed income
- d. Waqf-based business incubators for MSMEs and sharia start-ups

Objectives of Productive Waqf

- a. Improve the welfare of society economically and socially
- b. Create independence for the community
- c. Strengthen the role of Islamic socio-economics
- d. Make waqf an alternative source of financing for development without relying on the APBN/APBD

Differences Between Productive Waqf and Consumptive Waqf

Waqf in Islam has two main forms: consumptive and productive. Both have noble goals but differ in how they are managed and the benefits they generate. Consumptive waqf is a waqf whose benefits are used directly without going through a business management or investment process. Usually, consumptive waqf assets are given in the form of goods or facilities that can be directly utilized by the community, such as the construction of mosques, schools, hospitals, wells, or public graves. These waqf

assets are generally static, and their benefits do not develop economically. Consumptive waqf management does not require complex managerial strategies because it aims to provide direct benefits. (Ihsan et al., 2017)

This differs from productive waqf, which is managed actively and professionally through economic or business activities per Sharia principles. The goal is for waqf assets to generate sustainable profits without reducing their principal value. The profits from this management are then distributed to the entitled parties (*mauquf 'alaih*), such as people experiencing poverty, education, health services, or economic development of the community. (Mulyadi, 2012)

Examples of productive waqf include waqf land used as commercial agricultural land, shophouse buildings rented and the rental income used for social activities, or cash waqf invested in Islamic financial institutions. This model requires professional waqf management because it is dynamic and long-term oriented.

Thus, consumptive waqf is more suitable for meeting short-term worship and social needs, while productive waqf is more effective in creating sustainable economic impacts and empowering the community.

Contract in Productive Waqf

A waqf contract is a statement of the will of the wakif (the person who makes the waqf) to hand over part of his assets as a waqf to the nadir (waqf manager), to be managed by sharia objectives. This contract is permanent (cannot be canceled) and is a valid requirement for waqf. The productive waqf contract still refers to the principle that waqf assets may not be withdrawn, and their management must generate sustainable benefits. (Qahaf & Rido, 2005)

The contract in productive waqf is a permanent agreement between the wakif and nadzir that is binding according to sharia and positive law. Meanwhile, the objects of productive waqf are very broad in scope, ranging from land, buildings, and money to digital assets. The main key is that the waqf object must not be used up but must be managed so that it produces continuous benefits for the community. (Asytuti, 2012)

Pillars of the Waqf Contract (based on Islamic law and Law No. 41 of 2004):

- a. Wakif: Donating assets (individual, legal entity, or institution).
- b. Nadzir: Recipient and manager of waqf (individual, organization, or institution).
- c. Waqf property: Objects that are donated.
- d. Waqf wording (*shighat*): Waqf pledge or statement (verbally or in writing).
- e. Waqf purpose (*mauquf 'alaih*): Beneficiary of waqf.

Contract in Modern Productive Waqf

In modern practice (such as cash waqf), the contract is carried out:

- a. Directly verbally (in front of the nadzir or related official).
- b. Written through a notary form or document.
- c. Digital: Using an online waqf application or platform (e.g., Dompot Dhuafa, BWI Digital, etc.).

Productive Waqf Object

The object of waqf is the property that is donated, whether fixed or movable, as long as it meets the requirements for a valid waqf. Based on Article 16 of Law No. 41 of 2004, waqf objects can be:

a. Immovable Objects:

- 1) Land (rice fields, gardens, business land)
- 2) Buildings (school buildings, hospitals, shophouses)
- 3) Rented apartments or hotels
- 4) Waqf infrastructure (eg, communication towers, warehouses)

b. Movable Objects

- 1) Cash Waqf: Funds invested through sharia instruments (sharia mutual funds, sukuk, etc.)
- 2) Precious Metals: Such as gold and silver.
- 3) Sharia stocks and securities.
- 4) Digital assets: Including intellectual property rights, productive website domains, or digital businesses (by sharia principles).

Waqf Law in Islam

Most scholars agree that the law of waqf is sunnah muakkadah, a highly recommended practice. Waqf is not an obligation (fardhu) but has great rewards and blessings that continue to flow (jariyah) as long as the donated property is still used. However, if someone has legally declared a waqf, fulfilling it becomes obligatory, and the waqf property may not be withdrawn or sold. (Thoâ & Prastiwi, 2015)

a. The Qur'an

Although the term waqf is not explicitly mentioned in the Qur'an, many verses form the basis for the principle of waqf, including:

QS. Al-Baqarah: 267

"O you who believe, spend (in the way of Allah) some of the good results of your efforts..."

QS. Ali Imran: 92

"You will never reach (perfect) virtue until you spend some of the wealth you love..."

This verse emphasizes the importance of donating the best assets—a concept that aligns with waqf.

b. Hadith of the Prophet SAW

Hadith from Muslim history:

"When a person dies, his deeds are cut off except three: charity, useful knowledge, and pious children who pray for him." (HR. Muslim no. 1631)

Many scholars interpret almsgiving in this hadith as waqf.

Hadith of Umar bin Khattab (HR. Bukhari, no. 2772)

When Umar obtained land in Khaibar, he told Rasulullah SAW that he had never received such good property. The Prophet said:

"Retain the principal and give alms to the proceeds."

This was the first waqf in Islam, which became the basis for subsequent waqf laws and practices. (Syakir, 2016)

3.2. Implementation of Productive Waqf in Digital Waqf Institutions (Dompot Dhuafa)

Waqf is a form of philanthropy in Islam whose management in Indonesia is still not optimal. There are still fewer waqf institutions implementing a modern management system than zakat institutions. In addition, waqf has not been fully seen as a philanthropic instrument that significantly contributes to helping people experiencing poverty. If waqf assets can be managed optimally, the potential benefits are very large.

Although some parties manage waqf assets, most still do it with a conventional approach so that its function is limited to a social waqf. Social waqf itself refers to waqf assets handed over by the wakif to the nazir for social activities. In Indonesia, the most common practice is waqf in the form of buildings used as mosques, prayer rooms, or public burial areas. This type of waqf is usually directly utilized by the community without any prior economic management process. (Araniri, 2016)

To be utilized sustainably, waqf assets require routine maintenance, the costs of which usually come from donations, either from users or from other sources of donations. However, in practice, the collected alms funds are often insufficient to cover the maintenance needs, so many waqf assets are damaged or neglected and ultimately cannot be used anymore. If we look at the advice of the Prophet Muhammad SAW regarding waqf as conveyed in the hadith, what is meant is a form of productive waqf. In a narration, it is told that Umar bin Khattab obtained a plot of land in Khaibar and then asked for direction from the Prophet Muhammad SAW regarding its use. Based on the hadith narrated by Ibn Umar RA, the Prophet advised that the land not be sold, given as a gift, and not bequeathed, but rather the results of its management be given in charity. Furthermore, Umar also distributed the results of the land to the poor, enslaved people, people who fought in the way of Allah, travelers, and guests who came.

"And it is not forbidden for those who manage waqf to eat from the results in a good (appropriate) manner or to feed others without intending to accumulate wealth." (HR. Muslim).

The funding approach through productive waqf is now an alternative source of finance for Dompot Dhuafa, in addition to existing ones such as zakat, infaq, and sedekah. Previously, this institution also received funds from the Corporate Social Responsibility (CSR) program and profits from social enterprise units. Innovation in exploring new funding sources is not solely to pursue profit, but profit is still needed to maximize benefits for the dhuafa. This innovative effort is needed by Dompot Dhuafa to maintain the sustainability of the waqf assets they manage, while ensuring that the institution's operations continue to run sustainably. In Indonesia itself, waqf management has developed over time. The practice of Islamic philanthropy has been present along with the entry of Islam into the archipelago. Zakat, alms, and waqf were introduced through the process of Islamization which took place peacefully, gradually, and adapted to the social and economic context of the local community. The tradition of waqf at the beginning of the arrival of Islam in the 13th to 16th centuries was generally manifested in the form of building mosques. In addition, other forms of waqf also include land used for religious schools, irrigation, cemeteries, and plantations. However, the proportion of waqf in the form of agricultural land is relatively small when compared to practices in countries such as Egypt at the same time. (Najib et al., 2021)

Along with the increasing influence of Islam, including among the government elite, the types and forms of waqf have become increasingly diverse. In the 18th and 19th centuries, rulers in several regions began to donate lodging or boarding houses. Still, these properties were generally not built in the Nusantara region but in holy cities such as Mecca and Medina.

The management of waqf began to transform when, in the 1990s, various non-governmental institutions began to emerge that were engaged in managing Islamic philanthropy, including waqf. These social institutions that manage zakat, infak, sedekah, and waqf (ZISWAF) have increased in number approaching the era of political reform. However, of the many existing institutions, only a small number manage waqf professionally and are well organized.

Dompot Dhuafa, founded in 1993, is one of the few institutions that manage waqf assets professionally. Gradually, this institution began to manage waqf assets distributed by waqifs, although the number of waqf donors is still relatively small compared to zakat, infaq, and alms donors. Unlike conventional waqf management, which is generally limited to receiving assets in the form of land or buildings to be used as mosques, schools, or burial grounds, Dompot Dhuafa has developed a new approach by collecting funds in the form of cash waqf to support the implementation of large-scale programs. One form of cash waqf implementation carried out by Dompot Dhuafa is the establishment of LKC (Free Health Services), a clinic specifically designed to serve people experiencing poverty. In

addition to initiating cash waqf, Dompot Dhuafa also innovates by introducing the concept of productive waqf to the community. Unlike social waqf whose benefits are directly felt from using assets, productive waqf emphasizes more on asset management to generate surplus or profit. This profit is then used to help people experiencing poverty. (Mahary et al., 2022)

Dompot Dhuafa distributes the surplus from waqf management through various philanthropic programs. To maximize the results of productive waqf, a special strategy was designed by establishing PT Wasila Nusantara as an entity responsible for managing the waqf assets received. Thanks to these innovations, Dompot Dhuafa can be considered one of the pioneers in developing productive waqf.

In addition to successfully becoming top of mind among other philanthropic institutions that manage waqf, Dompot Dhuafa is often used as a reference and example of success in waqf management in Indonesia. However, this achievement was not achieved instantly. Dompot Dhuafa's journey in managing productive waqf involves various strategies, including reaching out to the millennial generation and initiating the Sejuta Wakif Movement to increase public awareness of productive waqf. Thanks to serious and innovative management, waqf began to show positive results. Two years after strengthening the management of productive waqf began in 2011, there was a significant increase in surplus income from waqf. (Ihsan et al., 2017)

The use of surplus waqf proceeds by Dompot Dhuafa is regulated in a policy that divides it into three main portions. The first portion is allocated to mauquf 'alaih or beneficiaries, who receive the largest portion, namely 60% of the total surplus. The funds are distributed through Dompot Dhuafa and used by the objectives of the waqf agreement, whether in health, education, or other social programs. The waqf manager does not distribute these funds directly to maintain focus on increasing professionalism in managing waqf assets. In addition, this step is also taken to avoid technical obstacles in the direct distribution process to people experiencing poverty. Dompot Dhuafa has various methods for collecting social funds in its function as a professional philanthropic institution. In addition to receiving direct donations from donors, funds are obtained through various business lines managed independently. Specifically for waqf management, there is a Waqf Mobilization Directorate, which acts as a waqf asset collection unit under the auspices of Dompot Dhuafa Filantropi. The waqf assets received from the donors are collected and selected. Assets that are productive and have the potential to generate income will be managed through collaboration with other units in Dompot Dhuafa, including those under Dompot Dhuafa Social Enterprise.

The achievements achieved by Dompot Dhuafa cannot be separated from the contribution of the donors, who are generous and have an open mindset in welcoming various waqf innovations, such as cash waqf and productive waqf. Each donor certainly has their considerations in donating their assets, including the reasons they entrust the management of the waqf to Dompot Dhuafa as nazhir.

Dompot Dhuafa continues to strive to explore new potential from waqf because the application of the productive waqf concept has been proven to have a significant impact on the dhuafa. Not only does it allow the underprivileged to directly access waqf assets for free, but it also allows the surplus generated from managing these assets to be reused to fund various philanthropic programs aimed at them.

Many concepts have been prepared to explore the potential of various types of waqf received from the donors. One sector with great potential to be developed is the health sector. It is important in influencing a person's economic status, either plunging them into poverty or helping them out. Poor health conditions can reduce productivity, which in turn reduces income. If a catastrophic case is faced, greater funding is needed to cover medical expenses. In this condition, the impact of poor health will be more pronounced for people with low incomes because their main asset is labor. This condition will quickly trigger them to be trapped in a cycle of poverty or worsen their existing poverty status.

Another innovation that Dompot Dhuafa will seriously develop is the Waqf Land Bank. This concept is based on the fact that land ownership is an important factor in every development effort. The state is also trying to expand land ownership, because every development project requires the availability of land in large quantities. The urgent need to implement this land management is triggered by the increasing world population so that limited land must be able to meet the basic needs of its residents.

Then, the idea arose to collect land that could later be used to build facilities that would benefit the lower class and people with low incomes. Given that there is still ownership of indigenous people's assets in suburban areas or quiet areas expected to develop into developed cities, Dompot Dhuafa approached Muslim landowners to offer them the concept of productive waqf. For landowners who do not have the capital to manage their land to make it productive, Dompot Dhuafa offers to manage the land. On that land, productive facilities will later be built. The landowners and Dompot Dhuafa will mutually agree on the distribution of profits from using the land for productive development. The most important thing is that the land owned by indigenous people will not be transferred to another party that only focuses on commercial profit from the land. (Araniri, 2016)

Dompot Dhuafa has a dynamic nature and always adapts to the times. Amid an era of disruption that affects various industries, Dompot Dhuafa sees this as an opportunity to make various changes. The philanthropic sector is also not immune to change pressure, especially in collecting waqf. The management of waqf carried out by Dompot Dhuafa has also transformed. Around 18 years ago, waqf management was still carried out conventionally, but it shifted to productive waqf over time.

To remain relevant in the era of the Industrial Revolution 4.0, Dompot Dhuafa also utilizes technology to make it easier for Muzakki and Wakif to distribute their ZISWAF through digital transactions. Almost all sectors have utilized digital convenience that allows transactions with just one touch on a smartphone or computer screen. This convenience is felt in shopping and zakat, infaq, alms, and waqf (ziswaf) transactions.

In addition to providing benefits from the technical side, this digital charity donation platform can also indirectly increase public awareness, especially the millennial generation, to give to charity. The concept applied is that doing good becomes easier. The use of digital assets also simplifies management, making it more targeted and can be monitored through the transparency of institutional reports.

3.3. The Impact of Productive Waqf on the Economic Welfare of the Community

Utilization of Waqf for Empowering the People's Economy: An Innovative Solution in Realizing Equitable Welfare

Empowering the people's economy is one of the important goals in waqf management that can have a broad positive impact on society, especially in creating more equitable welfare. The concept of productive waqf is now increasingly receiving attention as a solution to improve the people's standard of living by targeting several sectors that directly impact the people's economy. In this context, several main programs that can be initiated include providing revolving capital to MSMEs, developing economic infrastructure, improving the quality of human resources (HR), and utilizing the multiplier effect generated by managing waqf assets in a business manner.

Providing Revolving Capital to MSMEs

Micro, Small, and Medium Enterprises (MSMEs) are very important in the Indonesian economy. As a sector that absorbs a lot of labor and is the backbone of the people's economy, MSMEs often face obstacles in terms of capital. Therefore, providing revolving capital through waqf is a very relevant solution. Through productive waqf, the managed funds are saved and used to provide capital for MSMEs in need. The revolving capital provision helps MSMEs expand their businesses, increase productivity, and create more jobs.

Waqf, as a source of financing based on asset ownership and management, can provide funds that are used only once but can be rotated continuously. This makes waqf a sustainable source of funds to support MSMEs. In addition, with the revolving funds originating from waqf, MSME actors are not burdened with high interest rates, which are often obstacles to obtaining loans from formal financial institutions.

Development of Economic Infrastructure for the People (PT Wasila Nusantara)

Adequate economic infrastructure is key to creating a healthy and growing economy. The development of markets, cooperatives, and clinics are examples of infrastructure that can support improving the welfare of the people through productive waqf. Markets built with waqf funds can provide a place for small traders to develop their businesses at affordable rental costs. In addition, markets are also centers of the local economy that allow transactions to occur that strengthen the people's economy.

Cooperatives, which act as a forum for communities to gather and work together in managing joint businesses, can also be built by utilizing waqf funds. Well-managed cooperatives can be a place to develop small businesses with the principle of mutual benefit, where cooperative members can get access to products and services at better prices and benefit from managing joint businesses.

In addition, the development of waqf-based clinics can provide access to affordable health services for the community, especially those less fortunate. Health services provided through waqf can improve the community's quality of life, reduce poverty rates, and mitigate the negative impacts of health problems that often become a financial burden for low-income families. (Candra & Ab Rahman, 2010)

Human Resources Development Through Waqf Education

Quality human resources (HR) are the most important asset in economic development. Therefore, improving HR through education is a very important step in realizing the welfare of the people. Waqf scholarships for education, free schools, and job training are examples of programs that can be carried out to improve the quality of HR. Waqf scholarships allow children from underprivileged families to continue their education to a higher level so that they have the opportunity to improve their skills and knowledge, which in turn can increase competitiveness in the job market.

In addition, free school programs funded by waqf provide access to education for children who cannot afford school fees. Affordable and quality education will provide greater opportunities for children from low-income families to change their fate and escape poverty. On the other hand, waqf-based job training can also improve workforce skills and open up wider job opportunities, especially for those who have grown up and need practical skills to enter the workforce.

The Role of Multiplier Effect in Job Creation

Productive management of waqf assets can create a significant multiplier effect on the economy. New jobs will be created by managing assets invested in productive sectors, such as businesses or enterprises. For example, if a waqf asset is used to build a business center or market, not only the capital owner will benefit, but also the workers involved in the business's construction, management, and operation.

In addition, improving this economic sector can also encourage other sectors, such as the transportation, hospitality, and trade sectors, which in turn create more jobs. Therefore, effective waqf management not only impacts certain individuals or groups, but has a broader positive effect on the economy as a whole.

Reducing Inequality with Equal Distribution of Waqf Benefits

One of the main objectives of waqf utilization is to reduce social and economic inequality. One way to achieve this is by distributing waqf benefits evenly to all levels of society, especially those less fortunate. Through waqf-based programs, such as providing capital to MSMEs, building infrastructure that supports the community's economy, and improving the quality of human resources, the benefits of waqf can be felt directly by the community in various sectors.(Setiawan et al., 2021)

In addition, this even distribution of benefits can help reduce inequality between the rich and the poor. With greater access to education, health services, and economic opportunities, the poor can improve their welfare and escape poverty. This process will accelerate the creation of a more just and prosperous society where everyone has the same opportunity to develop.

Dompot Dhuafa Health Service Hospital

One of Dompot Dhuafa's largest endowment assets, built using cash endowment funds, is the Integrated Healthy Home Hospital. Initially, the health facility under Dompot Dhuafa that served people experiencing poverty for free was the Free Health Service (LKC). The clinic, which was inaugurated on November 6, 2001, provided services managed by ZIS funds. The idea was to build a hospital that provides free services to people experiencing poverty but has facilities as complete as other large hospitals.

However, it was not easy to realize because, in the beginning, this idea was met with doubts, considering that building a health facility of the same class as a large hospital requires a very large cost. However, all parties at Dompot Dhuafa were convinced that the project could be carried out by optimizing the cash endowment program. Many people have recovered and been helped by the existence of this hospital. There are many testimonies from underprivileged people who have enjoyed the benefits of the Dompot Dhuafa program. One of them is from Adik Riduwan. (Setiadi & Sulistiani, 2021)

Holidah (36) and Dalim (39) holding baby Riduwan after receiving treatment from AKA Medika Sribhawono Hospital Little Riduwan was born to Mrs. Holidah (36) in the sixth month of 2017. However, happiness did not seem complete when the family's third child was diagnosed with a heart defect. Even though he is a fisherman in Muara Gading, East Lampung, Dalim (39), the father still tries to ensure his child receives medical treatment. He remained optimistic even though his income was only IDR 50,000, and that too if he was fighting the sea. Like it or not, Riduwan was referred to AKA

Sribhawono Hospital, East Lampung, Dompot Dhuafa. The endowment-based hospital provided HCU and outpatient care. Now, Riduwan's heartbeat has brought a smile. AKA Medika Sribhawono Hospital is the second hospital based on Dompot Dhuafa's Endowment, which has treated 9,517 poor patients. Its construction was the result of fundraising from community endowments. The presence of AKA Medika Sribhawono Hospital, in Sribhawono District, East Lampung Regency is part of the DD Hospital Network program, where Dompot Dhuafa wants to build many hospitals in the area to be able to serve the dhuafa more widely. AKA Medika Sribhawono Hospital was established with a capacity of 80 beds with state-of-the-art equipment such as laboratories, radiology, and operating rooms. Until now, AKA Medika Sribhawono Hospital has become a reference for many health centers and general clinics in Sribhawono District and areas bordering Sribhawono District. (Dompot Dhuafa)

4. CONCLUSION

Productive waqf is a Sharia economic instrument with great potential to improve people's standard of living. Implementation in the digital era expands reach, accelerates the distribution of benefits, and increases transparency. However, the role of regulation and public literacy greatly determines the success of digital waqf in the future. Utilizing productive waqf in empowering the people's economy offers a potential solution to create more equitable welfare. By providing revolving capital to MSMEs, building people's economic infrastructure, improving human resources through education and job training, and utilizing the multiplier effect, waqf can effectively overcome poverty and social inequality. In addition, the equitable distribution of waqf benefits will ensure that all levels of society, especially those less fortunate, can feel the benefits and improve their quality of life. With these strategic steps, productive waqf can become one of the main pillars of realizing sustainable public welfare.

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