

# Role of Money Waqf and Its Contributions in Minimizing Government and External Debt Poverty in Indonesia

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**Abstract:** Waqf is known in Islam as the Jariyyah charity worship that will be carried out after the death of a Muslim, but in this study, the writer discusses that waqf not only contributes to the worship of Islam alone even for the benefit of a country where it can prosper the Indonesian people to pay the country's debt. In 2019, the Government has established a Sukuk cash waqf link in cooperation with 2 Islamic banks, Muamalat Bank and BNI Syariah Bank, both banks collect funds from the public in the form of certified cash waqf. This is certainly very beneficial for the State of Indonesia where every Muslim and non-Muslim who has excess or no excess assets makes cash waqf at the bank. In this study, the authors explain the important role of cash waqf or money waqf which is very different from previous research. In this study, there are several important roles of waqf money in minimizing government foreign debt and minimizing poverty that occurs in Indonesia.

**Keywords:** Cash Waqf, Government Foreign Debt, Poverty.

## I. Introduction

Indonesia is a developing country where there is still a lot of poverty in this country. Poverty is a measure of increasing or decreasing economic growth in a country, therefore the Indonesian government must continue to pay attention to economic growth so that poverty rates can be reduced continuously. According to Ruben (2018) in his article on the website, moneysmart.com explained that Indonesia ranks 71th in poverty, very far behind that of neighboring Malaysia, which ranks 41st. Besides, the level of infrastructure progress is also far behind that of the country.

Although the achievement of poverty rates tends to decrease from 2018 the Indonesian government must not stop and quickly be satisfied in the welfare of its people. According to Syafrudin (2010), The potential for cash waqf in Indonesia is extraordinary. That we know from existing data. Based on data available at the Department of Religion, the number of waqf land in Indonesia is 430,766 locations with an area of 1,615,791,832.27 square meters spread over 366,595 locations throughout Indonesia. Judging from the natural resources or land (resources capital) the amount of waqf property in Indonesia is the largest amount of waqf property in the whole world. This is a challenge for Indonesian Muslims to make full use of the properties of waqf so that these lands can prosper Muslims in Indonesia by the functions and objectives of the actual waqf teachings. Unfortunately, this potential is still not optimally utilized, due to various factors. So, the non-negotiable step is to empower its potential by producing waqf assets. If this nation can optimize the potential for such a large waqf, certainly the prosperity and welfare of the people are more secure.

In Syafrudin (2010) Waqf etymologically is al-habs (holding) ". It is a masdar word (gerund) from the expression waqf al-syai 'which means to hold something. Thus, the meaning of waqf in a language is giving up land for the poor to be detained. Interpreted this way because the property is held and held by other people, such as holding livestock, land, and everything. Grammatically, the use of the word "auqafa" is combined with the words of all kinds of goods including unusual expressions (bad). The truth is to use the verb "waqftu" without using hamzah (auqaftu). As for the meaning of the word "habitū" is like the phrase "waqftu al-syai 'aqifuhu waqfan".

"Waqf is no longer only associated with waqf objects in the form of land, but it has penetrated other waqf forms, as stipulated in Law Number 41 of 2004 concerning Waqf. In detail, the object of waqf in the Republic of Indonesia State Gazette Year 2004 Number 159 is explained that waqf property can only be represented if it is legally owned and

controlled (article 15). Waqf property consists of immovable and movable objects. Movable property is a property that cannot be consumed by consumption, including a) Money; b) Precious metals; c) Marketable securities; d) Vehicles; e) Intellectual property rights; f) Lease rights, and g) Other movable objects by sharia provisions and applicable laws and regulations (article 16). Thus, waqf property has experienced significant development so that one does not need to wait to become a landlord first to make endowments. He can even set aside a few thousand rupiah to perpetuate wealth in the form of cash waqf or also called cash waqf ". (Sudirman: 2010).

According to Nur Rianto (2012), Waqf money can be collected in a container, so it becomes a large business capital. The endowment funds collected can be managed productively with management institutions that have competence and capability and can work professionally. Optimizing Islamic financial resources including endowments of money as one of the sub-systems that can support community empowerment programs carried out by the government related to alleviating poverty problems that exist in society, especially in developing countries like Indonesia.

From the explanation above, it can be seen that money waqf has the potential to overcome disparities in the country's poverty level and can raise funds for payment of government debt in infrastructure. This study aims to determine the important role of money waqf in overcoming the problem of poverty and foreign debt of the Indonesian State.

## **II. Literature Review**

Literature on waqf is numerous. However, the main emphasis appears to have been placed on the legal, historical and administrative perspectives. Recently little effort has been made by some researchers to examine its role as a financial institution. For example, Kahf (Monzer Kahf, 2000) in his book tried to discover new techniques for financing the development of waqf properties especially, the investment of waqf properties by resorting to the private sector's sources in a manner that is compatible with Islamic law. Cizakca (Murat Cizakca, 2000) in his book highlighted the practices of cash-waqf during Ottoman period and during the present time in some Muslim countries. Magda (Magda Ismail A. Moh- sin, 2009) in her book shows nine schemes for cashwaqf as financial institutions which are practiced in Muslim and Muslim minority countries today. Since the current application of waqf-share is new, data collection for this paper is based on published and unpublished papers presented in international conferences and local seminars, besides using pamphlets, reports and websites.

Waqf-share is a movable waqf that has been established with liquid money to promote perpetual services to mankind in the name of Allah (s.w.t). For the creation of waqf-shares, any institutions can issues waqf-shares with different value so that different founders can purchase these shares each according to his budget. The accumulated money from selling these shares will then be channeled to the beneficiaries. The beneficiaries can be any projects that can promote the well-being of Muslim society such as building schools, hospitals, clinics, providing water supply, electricity, open jobs etc. In return founders will receive waqf certificate showing their contribution in developing such projects.

Muslim scholars agreed that once a property, movable or immovable, is created as waqf it should be placed under three key restrictions. Irrevocability, once the founder created a waqf he cannot revoke it. Perpetually, once the property has been declared as waqf it must be perpetual to ensure the regular and the continual support to the beneficiaries on the one hand and the compound rewards for the founder in the hereafter on the other hand. The last one is its inalienability, once the property has been created as a waqf it becomes like a 'frozen asset' it cannot be given as a gift, or inherited, sell or any alienation whatsoever. All these conditions and restrictions are very important to be observed while creating the immovable and the movable waqfs including waqfshares. The main objectives for these restrictions are to secure a continual benefit for the present and for the future generations; besides, ensuring continual rewards to the founders until the Day of Judgment.

The establishment of cash waqf in Indonesia was lead by a non-profit organization, i.e. Dompet Dhuafa Republika. This organization, which was established in 1993 by a group of journalists, is driven by a mission to help the needy through zakat, infaq, sadaqah and waqf (Dodik Siswantoro, 2007). Dompet Dhuafa Republika established a dedicated body to participate in waqf programs and to ensure the efficiency and the effectiveness in the implementation of its waqf known as the Indonesia Waqf Board. Recognizing that cash waqf has the potential to provide the necessary funds for charitable projects, including poverty alleviation, the Indonesia Waqf Board launched a cash waqf scheme known as Tabung Wakaf Indonesia or the Indonesian Waqf-shares (Annual Reports of State Islamic Councils, 2006).

The main objective of these waqf-shares is to accumulate capital that can be used for purposes benefiting the Muslim community in Indonesia, such as financing, poverty alleviation programs, the provision of free medical services, the implementation of educational programs, and entrepreneur development programs. Similar to the schemes implemented by the State Islamic Councils in Malaysia, this is a waqf-share scheme. In this scheme, the founder can make contributions once or regularly, depending on his financial abilities. To ensure regular contribution, the Indonesia Waqf Board encourages the founders to give standing instruction to their banks for regular transfers from their accounts to the designated bank account of the Indonesia Waqf Board waqf-share scheme.

### **III. Methodology**

This research is a literature study and the results of observations of researchers in the field in which there is useful knowledge for readers about the endowments of money that began to develop in all walks of life to alleviate poverty in Indonesia.

### **IV. Results**

According to Syafrudin (2010), The behavior of a type of waqf was known to mankind before Islam came. Human beings apart from religion and beliefs that they profess to have known several forms of the practice of the utilization of property, the substance of which is not much different from an endowment in Islam. This is because basically, humanity has worshiped God through religious rituals according to their beliefs. This then becomes a motivating factor for every religious community to erect their respective worship buildings. Those who have concern and concern for the continuity of their religion are willing to give up some of their lands or donate part of their property for the benefit of a religious house. The most obvious example of the practice of waqf before Islam is the construction of al-Ka'bah alMusyarrakah by the Prophet Ibrahim as. It's just that, with time, the Kaaba was once used as a place of worship of idols, whereas before it was a place of worship to Allah SWT.

If the practice of waqf was known before Islam, then what distinguishes it from waqf in Islam is that the practice of waqf practiced by the ignorance is done solely to seek prestige (pride). Whereas in Islam aims to seek the pleasure of God and as a means of getting closer to Him. In the history of Islam, waqf was known since the time of Rasulullah Sollahahu Alaihi Wasalam because waqf was prescribed in the second year of Hijriyah. Two opinions developed among Islamic jurisprudence experts (fuqaha') about who first implemented the endowments. According to some opinions, the scholars say that the first time carrying out the waqf was Rasulullah Sollahahu Alaihi Wasalam namely waqf land belonging to the Prophet Shallallaahu Alaihi Wasalam to build a mosque. Some scholars say that the first to implement the endowments is Umar bin Khatab. This opinion is based on the hadith narrated by Ibn Umar R.A, as stated above. The practice of waqf was also widespread during the Umayyad and Abbasid dynasties and later dynasties, many people flocked to implement waqf, and waqf was not only for the needy and poor, but waqf became capital to build educational institutions, build libraries and pay salaries. its staff, the salaries of teachers, and scholarships for students and students. Public enthusiasm for the implementation of waqf has attracted the attention of the state to regulate waqf management as a sector to build social and economic solidarity of the community.

"Cash waqf (cash waqf) was first used during the time of Uthman in Egypt, at the end of the 16th century (1555-1823 AD). During the Ottoman era in Egypt, the use of Hanafi Jurisprudence in carrying out its business and social activities. Imam Muhammad as-Syaibani explained that even though there was no strong hadith support, the use of movable property as waqf was permitted if indeed it had become a common practice in certain areas. Even for Imam Muhammad alSarakhsi, general habits are not always a requirement in the use of a movable property as endowments. In fact, according to Crecelius, He stated: "No Islamic State was more energetic in its production of statistical records, more systematic in its record-keeping, and more assiduous in preserving these records than the Ottoman Empire." It means: "There is no Islamic state that is more energetic in producing waqf and its statistical records, more systematic in maintaining these records, and more stringent in overseeing these records than the Ustman Dynasty." There are three fundamental reasons why Ottoman-era fiqh experts compiled a cash waqf building: first, the view that movable assets can become waqf property. Second, the valuation and acceptance of money as a movable asset. Third, approval for giving cash. "(Syafrudin: 2010).

In Syafrudin (2010) In principle, to achieve the goals and functions of waqf, waqf property can only be intended for:

- a. Religious facilities and activities;
- b. Educational and health facilities and activities;
- c. Assistance to the poor, neglected children, orphans, scholarships;
- d. Progress and improvement of the people's economy; and / or
- e. Other public welfare advancements that are not in conflict with sharia and statutory regulations.

**Issues of Waqf in Indonesia** According to Uswatun (2006), several factors cause waqf in Indonesia and have not yet played a role in empowering the economy of the people: 1. Problems Understanding the Community about Waqf Law. During this time, many Muslims still think that waqf assets can only be used for religious purposes. For example, the construction of mosques, cemetery complexes, orphanages, and education. The value of worship does not have to be direct like that. It is possible that on a waqf land a shopping center will be built, the profits of which will later be allocated for scholarships for needy children, free health services, or scientific research. This is also part of worship. Also, the understanding of waqf items is still narrow. Treasures that can be represented are still understood to be limited to immovable objects, such as land. Though waqf can also be in the form of movable objects, including money, precious metals, securities, vehicles, intellectual property rights, and rental rights. This is reflected in Chapter II, Article 16, Law No. 41 of 2004, and also in line with the MUI fatwa regarding the issue of the endowment of money. 2. Management and Management of Waqf.

At present, the management and management of waqf in Indonesia are still concerning. As a result, quite many Waqf assets were neglected in its management, even some waqf assets were lost. One of the reasons is that Muslims in general only make waqf land and school buildings, in this case, waqif does not think much about the operational costs of the school, and ultimately it is less professional. Therefore, the study of waqf management is very important. The lack of the role of waqf in empowering the economic community in Indonesia because waqf is not managed productively. To overcome this problem, endowments must be managed productively using modern management. To manage waqf productively, several things need to be done beforehand. In addition to understanding the concept of waqf fiqh and laws and regulations, Nazir must be professional in developing the assets he manages, especially if the waqf property is in the form of money. Also, to develop waqf nationally, a special body is needed to coordinate and conduct Nazir training. At the time in Indonesia, the Indonesian Waqf Board was formed. Objects represented and Nazhir (endowment manager). In general, the land represented by Muslims in Indonesia is only enough to build a mosque or mushalla, making it difficult to develop. Indeed there is some quite extensive waqf land, but Nazhir is not professional.

In Indonesia, there are only a few people who donate assets other than land (immovable objects), whereas, in fiqh, assets that can be represented are very diverse including securities and money. In navigation, one of the most important elements is Nazir. Whether or not the endowment is very dependent on Nazir's ability. In various countries where waqf can develop and function to empower the economy of the ummah, waqf is managed by Nazir who is professional. In Indonesia, there are still few Nazir professionals, and there are even some Nazir who do not understand waqf law, including lack of understanding of their rights and obligations. Thus, waqf is expected to provide welfare to the people, but on the contrary, the cost of managing it depends on the charity, infaq, and shadaqah from the community. Also, in various cases there are some Nazirs who do not hold the mandate, such as carrying out deviations in management, lacking the protection of waqf property, and other frauds, thus allowing the endowment to change hands. To overcome this problem, the prospective waqf candidates before speaking in advance pay attention to what is needed by the community, and in choosing Nazir it is better to consider their competence.

According to Mustafa Edwin Nasution in Nurianto Al Arif (2012) about the potential for waqf in Indonesia with a generous Muslim population estimated at 10 million with an average income of Rp. 500,000 to Rp. 10,000,000, then at least 3 trillion funds will be collected annually from endowments. In minimizing poverty levels In Article 34 of the 1945 amendment it is said that the state develops a social security system for all people and empowers weak and incapable people by human dignity'. Based on the amendments to the 1945 Constitution explicitly that the State must be able to empower the community. The terminology of empowerment is to help the community so that they can become independent in welfare themselves. Money Waqf as a new movement in the world of representation especially in Indonesia can take a significant role in designing community empowerment programs. The task of empowering the community is not merely the duty of the government, but it is the responsibility of every element of the community, which, therefore, must participate in empowering the community. The community empowerment program can be carried out with a membership system, this is by Law no. 41 of 2004 concerning endowments that have mandated the Indonesian Waqf Board to manage waqf property on a national and international scale. The main nature of the representation requires that the eternal and eternal principal of the property, then managed and the results distributed by the designation is very appropriate and in line with the social security system or insurance program. In the representation, the waqf party can determine the allotment of the results of the management of the waqf property.

In minimizing foreign debt, in 2019 it can be seen that BWI (Indonesian Waqf Board) has collaborated with Bank Muamalat and BNI Syariah Bank to collect cash waqf Sukuk link funds from all Indonesian people where the funds can be used for foreign debt needs as well as has been exemplified by the State of Saudi Arabia in building a Town Square in Jeddah. Therefore, in this case, the Indonesian government has progressed information and links in developing cash waqf in Indonesia (in Amrial: 2017).

## **V. Conclusion**

Waqf has the meaning of withholding, which is widely known among Indonesian Muslims, where Muslims must hold their wealth for the benefit of the State and the environment, which was originally in Indonesia only in the form of land now in 2019 has formed cash waqf Sukuk link, so that it can help the government in the welfare of its poor people and paying off foreign debt in the context of building a useful infrastructure for the people of Indonesia.

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