

Productive Waqf Development Model: A Comparative Study between Indonesia and Malaysia

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Abstract. *The development of the productive waqf model has become a topic of conversation for Muslim countries, especially Indonesia and Malaysia. This is because waqf is one of the Islamic social financial instruments that can move the economic sector of society. This research will examine the productive waqf development model between Indonesia and Malaysia and to see how the opportunities and challenges are being faced. The method used is qualitative, in which researchers conducted interviews with waqf academics and practitioners in both Indonesia and Malaysia. In addition to describing the opportunities and challenges researchers use SWOT analysis. The results of the study show that Indonesia and Malaysia have strengths and weaknesses in terms of productive waqf management. Furthermore, collaboration and initiative are needed as well as experience to overcome various existing problems. Efforts to increase awareness, transparency, and partnerships can promote sustainable waqf.*

Keywords: *Productive Waqf Model, SWOT, Indonesia, Malaysia*

Abstrak. *Perkembangan model wakaf produktif menjadi perbincangan bagi negara-negara muslim khususnya Indonesia dan Malaysia. Hal ini dikarenakan wakaf merupakan salah satu instrumen keuangan sosial Islam yang dapat menggerakkan sektor ekonomi masyarakat. Penelitian ini akan mengkaji model pengembangan wakaf produktif antara Indonesia dan Malaysia dan untuk melihat bagaimana peluang dan tantangan yang dihadapi. Metode yang digunakan adalah kualitatif, dimana peneliti melakukan wawancara kepada akademisi dan praktisi wakaf baik di Indonesia dan Malaysia. Selain itu untuk mendeskripsikan peluang dan tantangan peneliti menggunakan analisis SWOT. Hasil penelitian menunjukkan bahwa Indonesia dan Malaysia memiliki kekuatan dan kelemahan dari segi pengelolaan wakaf produktif. Selanjutnya diperlukan kolaborasi dan inisiatif serta pengalaman untuk mengatasi berbagai permasalahan yang ada. Upaya dalam meningkatkan kesadaran, transparansi, dan kemitraan dapat mendorong wakaf yang berkelanjutan.*

Kata Kunci : *Model Wakaf Produktif, SWOT, Indonesia, Malaysia*

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Introduction

Indonesia actually holds great potential for cash waqf. However, this potential has not been managed and utilized optimally. With the enactment of Republic of Indonesia Law No. 41 of 2004 concerning Waqf, the aim is to empower waqf as one of the instruments in building the socio-economic life of Muslims. This opens up significant opportunities for creating investment businesses, the proceeds of which can be utilized in the fields of religion, education, and social services. Cash waqf in Indonesia has not been fully socialized and professionally handled. However, this type of waqf holds greater benefits compared to immovable waqf assets (Suryadi and Yusnelly, 2019).

On another place. Waqf in Malaysia is closely tied to the role of the State Islamic Religious Councils (Majlis Agama Islam Negeri, MAIN) as the sole trustee of waqf assets. At that time, waqf mainly consisted of social and spiritual assets such as mosques, religious schools, and orphanages. As the journey progressed, the Malaysian government, through the Department of Islamic Development Malaysia (Jabatan Kemajuan Islam Malaysia, JAKIM), appointed the Property Development Coordinating Waqf (Jawatan Penyelaras Pembangunan Harta Wakaf) to assist MAIN. This coordination involved officers from private and government institutions with expertise and experience in their respective fields to develop land waqf at the national level (Rakhmat and Beik, 2022). Based on the issues presented, the author is interested in conducting a research study on Analysis of Productive Waqf Management: A Comparative Study between Indonesia and Malaysia.

A brief overview on Waqf in Indonesia and Malaysia

Before practicing cash waqf, generally, the Muslim community in Indonesia has practiced waqf in the form of land. Therefore, waqf practices in Indonesia are primarily associated with land waqf. It is the land waqf that is managed by the nazirs (waqf administrators) according to the purpose and allocation of the waqf. There are waqf lands managed for religious purposes, such as building places of worship like mosques or prayer halls, or establishing

educational facilities like madrasahs or schools. Meanwhile, for social purposes, waqf lands are used to develop healthcare facilities such as hospitals, maternity clinics, and others (Fahham, 2015).

From a regulatory perspective, the support is quite substantial. There are Fatwa Commission of the Indonesian Ulema Council on May 11, 2002, regarding cash waqf, Law No. 41 of 2004 concerning waqf, as well as Government Regulation No. 42 of 2006 on the Implementation of Law No. 41 of 2004 concerning waqf. The Indonesian Waqf Board (Badan Wakaf Indonesia, BWI), as an independent institution responsible for developing waqf in Indonesia, was established in 2004 and has started its activities. Among its efforts is equipping nazirs throughout Indonesia with various knowledge related to waqf empowerment. This is done with the hope that nazirs can develop waqf in their respective regions, fulfilling the trust given by the waqif (Zainal, 2016).

The history of waqf in Malaysia can be traced back to the last hundred years, and Selangor was the first state to enact the Selangor Administration of Muslim Law Enactment in 1952, establishing the Selangor Islamic Religious Council (SIRC) as the guardian of waqf assets (Selangor Administration of Muslim Law Enactment, 1952). This was followed by Kelantan in 1953 (Kelantan Malay Customs and Religious Council and Kathi Court Determination, 1953), Terengganu in 1955 (Implementation of Terengganu Islamic Administration Law, 1955), Pahang in 1956 (Implementation of Pahang Islamic Law, 1956), Melaka in 1959 (Implementation of Malacca Islamic Administration Law, 1959), Penang in 1959 (Implementation of Penang Islamic Administration Law, 1959), Negeri Sembilan in 1960 (Implementation of Negeri Sembilan Islamic Governance Law, 1960), Kedah in 1962 (Implementation of Kedah Islamic Administration Law, 1962), Perlis in 1963 (Implementation of Perlis Islamic Administration Law, 1963), Perak in 1965 (Implementation of Perak Islamic Administration Law, 1965), Federal Territory in 1974 (Federal Territory Administration of Muslim Law Enactment, 1974), Sabah in 1977 (Sabah Administration of Muslim Law Enactment, 1977), Johor

in 1978 (Johor Administration of Islamic Law Enactment, 1978), and Sarawak in 2001 [Harun, et al. (2016), Sukmana, (2021)].

Malaysia has developed waqf in accordance with Islamic regulations and laws. In the realm of Islamic legal epistemology (fiqh), waqf is often defined as the "detention (prevention) of property that can be utilized, without causing its existence to vanish, by not disposing of its substance, and directing it towards permissible concrete purposes." Studies on waqf in Malaysia are usually embedded within the broader coverage of popular family law studies, such as marriage, divorce, adoption, and inheritance laws (Rahmany, 2019).

Method

This research is qualitative in nature, following an interpretive paradigm, focusing on the phenomenon of productive waqf management. Qualitative investigation is highly suitable for studying processes as it allows for a comprehensive description of the interactions that occur among the involved parties and enables an understanding of the diverse experiences of individuals within these interactions. The qualitative approach provides a clearer picture of the dynamic elements in a process that cannot be captured through a single evaluative scale, considering that the process is actually perceived by the individuals involved (Patton, 2002). The research is specifically focused on a comparative study of waqf management in Indonesia and Malaysia.

To analyze the first research problem, according to Miles and Huberman (1992), data analysis involves data reduction, data display, and conclusion drawing/verification as an interconnected process before, during, and after data collection in a parallel form to build general insights known as analysis.

To identify the opportunities and challenges of waqf management in Indonesia and Malaysia as the second research problem, the researcher employs SWOT analysis. According to Ardy, et al., (2021) SWOT analysis compares external factors such as opportunities and threats with internal factors such as strengths and weaknesses

Results and Discussion

Basically, productive cash waqf in Indonesia is invested in three sectors of waqf property development, as stated by one of the administrators of the Indonesian Waqf Board, he said:

"The concept is that cash waqf can be invested in Islamic financial institutions that receive cash waqf, secondly, the real sector where the nazir has projects in the real sector, the third is invested in bmt, this is called indirect waqf." (Interview April 17, 2023)

Productive waqf management in Indonesia has begun to run in three management sectors, namely the financial sector through Islamic financial institutions, the real sector through investment in the Nazhir project and the third investment in financing at the BMT. According to Zainal (2016), the understanding and empowerment of waqf assets among Muslims has undergone significant changes. From time to time, the understanding of productive waqf is growing and comprehensive which aims to develop the economy, for the benefit of social society. Therefore, Muslims have found a new economic face that emerges from waqf, namely by establishing foundations or economic development institutions oriented towards community services. This shows how important it is to empower productive waqf assets to improve the economy of the ummah (Zainal, 2016).

One of the nazir of the waqf institution that researchers interviewed, he said that:

"The development of productive waqf carried out with cash waqf, then the money can be invested through shares of companies that are performing well to avoid the risks that will occur, at least the nazir can examine which investments are profitable and have minimal high risk, because we know that this waqf cannot run out of principal." (Interview April 28, 2023)

Based on the information conveyed by the informant above, the development of productive waqf in investment institutions needs to be studied by nazirs before investing their waqf. A nazir must be good at seeing which

investments are profitable and minimal risk. Here are some productive waqf development schemes carried out in Indonesia,

a. Cash Waqf Linked Sukuk (CWLS)

Efforts to increase the role of waqf as an alternative sector in providing community needs are carried out in various countries, both Muslim and non-Muslim countries. As a state institution handling waqf, BWI also continues to make efforts, one of which is collaborating with the Ministry of Finance and several other institutions (Yusuf, 2022). The collaborative program between BWI and the Ministry of Finance in increasing productive waqf is to develop cash waqf as an investment through sukuk known as Cash Waqf Linked Sukuk.

Cash Waqf Linked Sukuk involves five stakeholders, namely: Bank Indonesia as an accelerator in encouraging the implementation of CWLS and the Custodian Bank, the Indonesian Waqf Board (BWI) as a regulator, leader and Nazir who manages CWLS, the Ministry of Finance as an SBSN issue and fund manager in the real sector, Nazhir Productive Waqf as BWI Partners who collect waqf funds, Islamic Banks as Islamic Financial Institutions Receiving Cash Waqf (LKS-PWU) and BWI Operational Banks (BWI, 2023).

Cash Waqf Linked Sukuk (CWLS) is an Islamic bond investment product provided as an alternative investment for nazirs (waqf administrators) in managing cash waqf and other social funds to support community economic empowerment programs and social activities. The objectives of issuing Retail CWLS are as follows: to facilitate the public in making cash waqf contributions more easily and securely, to support the development of the Islamic financial market, particularly in the area of cash waqf, to contribute to the development and innovation in the field of Islamic finance and social investment in Indonesia, to encourage diversification of Islamic banking businesses through the optimization of the role of waqf institutions, to promote the development of the national waqf ecosystem, particularly in strengthening the governance and institutional framework of national waqf, and to provide an alternative investment instrument for managing cash waqf funds for nazirs (KEMENKEU, 2023).

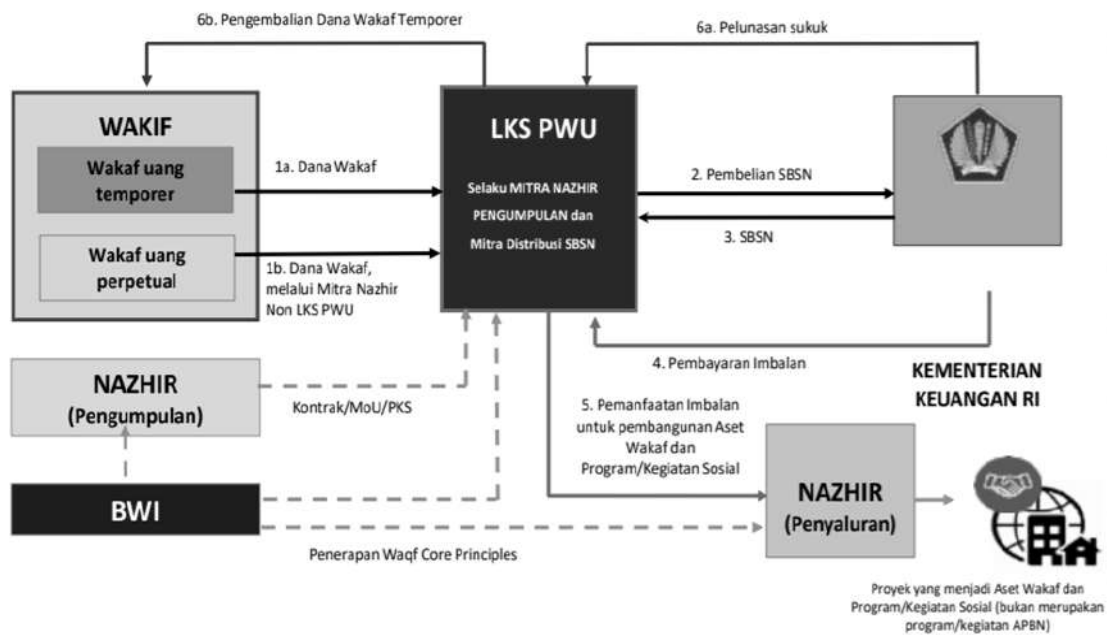


Figure 1: CWLS Scheme

The process of CWLS Distribution/temporary cash waqf fund collection is conducted through Distribution Partners (Islamic Commercial Banks which are LKS PWU). Any party, either individual or institutional waqif, can participate as Wakif. Wakif (individual/institution) submits temporary cash waqf participation. The per-unit nominal is IDR 1 million, with a minimum participation of IDR 1 million. Distribution Partners are only tasked with collecting temporary cash waqf without underwriting obligations, and it is possible to get a fee according to the amount of collection results with a single-fee system.

Clearing and settlement will be done through BI system after the allotment process. Indicative range of return rate will be submitted prior to the offering/collection period and set at the end of the offering period. The list of projects and social programs/activities that will be financed from the CWLS returns will be determined before the CWLS collection period, prepared jointly between the Government, BWI, and LKS -PWU. The returns are paid periodically every month to Nazir Partners for financing social programs/activities. Nazir is responsible for the distribution of investment

proceeds in accordance with the projects and programs that have been determined to investors through BWI and published on the BWI website.

b. Collaboration between Salman Waqf and West Bandung Bamboo Community

KBBB (Komunitas Bambu Bandung Barat) is a community of craftsmen & entrepreneurs of products using bamboo located in West Bandung Regency. One of KBBB's flagship products is a tumbler made of bamboo. The problem faced by KBBB is the unavailability of capital for production in large quantities. Therefore, there is a need for capital collaboration in the development of such production. Through the productive waqf program by Salman waqf, the community of craftsmen and entrepreneurs using bamboo products can be helped. In addition, the profits generated will be shared between KBBB and Salman Waqf. The profit is used by Salman Waqf in the benefit program for *mauquf alaih*.

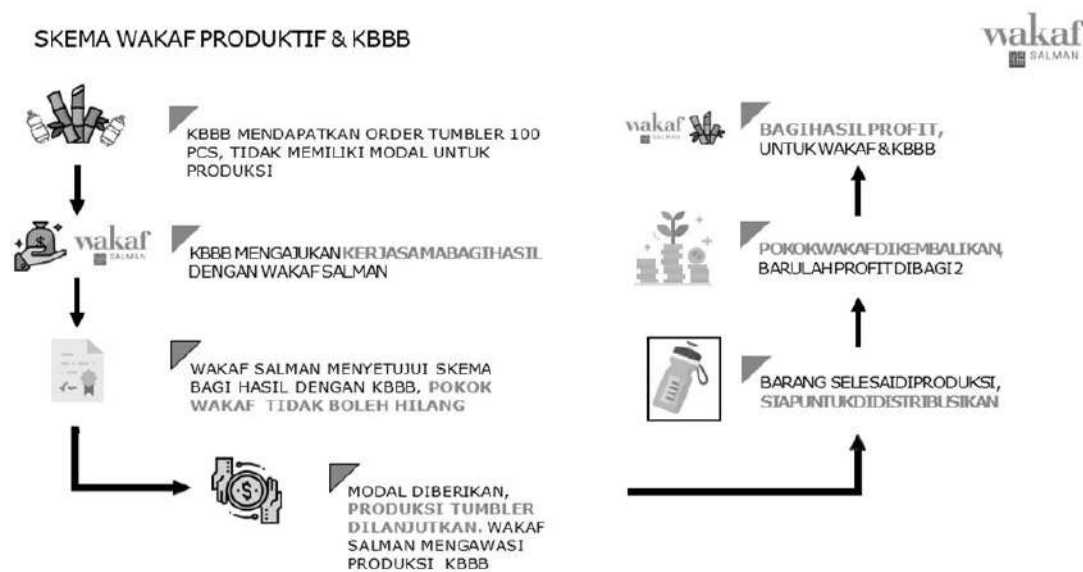


Figure 2: Waqf Salman Scheme

The Figure 5 show the scheme which are explain that is follows: *First*, MSMEs propose cooperation with Salman Waqf. *Second*, Wakaf Salman analyzes and approves the profit-sharing scheme with the waqf principal not being lost. *Third*, capital is given and *waqf salman* supervises production.

Fourth, the goods are produced and distributed by MSMEs. *Fifth*, the waqf principal is returned and the profit sharing between Salman Waqf and MSMEs.

Productive Waqf management: Malaysia Experiences

In terms of waqf management model in Malaysia, the country basically has made notable advancements in waqf development and management. The government has implemented various strategies to encourage the optimal utilization of waqf assets for both social and economic progress. Furthermore, the Malaysian government has established numerous organizations to foster waqf development, such as the Malaysian Waqf Foundation.

The Malaysian government has outlined numerous steps to develop waqf in Malaysia, even though governance falls under the State Islamic Religious Council (SIRC), as the sole trustee of waqf property in Malaysia. To more efficiently implement the development of waqf, the Prime Minister Office established the Department of Awqaf, Zakat, and Hajj (JAWHAR) in 2004 and Yayasan Waqaf Malaysia (YWM) in 2008. As a result, the Master Plan for National Waqf, which will be prepared in accordance with the government's budget for the year 2021. According to the claims made by YWM and JAWHAR, just 13 percent of the 30 000 hectares of waqf property in this country have been fully developed, and the remaining 87 percent remain underdeveloped. the basic size of waqf property is 4,836 hectares while 6,255.32 hectares of special waqf property making the total amount of 11 091.82 hectares of waqf property in Malaysia still deserted and failed to be developed (Interview, April 30, 2023).

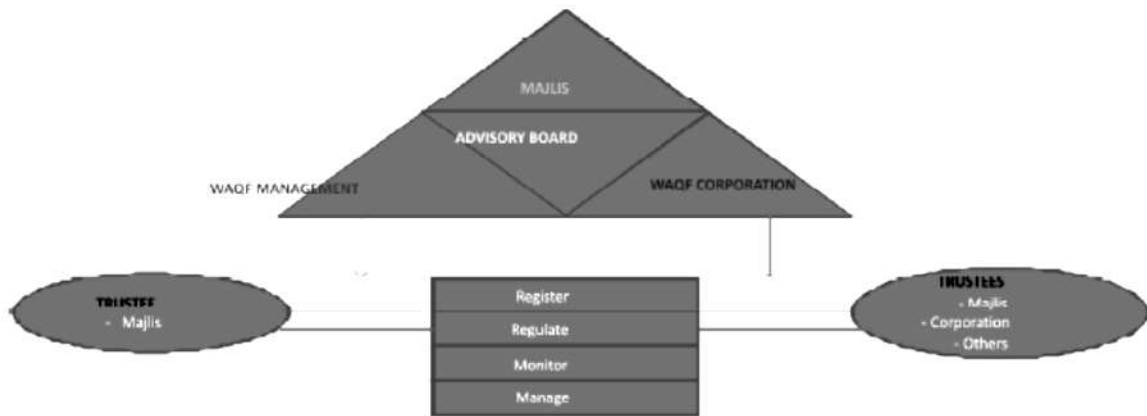


Figure 3: Organizational Structure of Waqf Institution in Malaysia

One of the main features of the Malaysian waqf management model is the establishment of a centralized waqf management structure. The Department of Waqf, under the Ministry of Religious Affairs, is responsible for managing all waqf assets in the country. The department has set up a comprehensive database of waqf assets and their beneficiaries, which enables efficient management and utilization of waqf assets.

In Malaysia, there are several wakaf models that have been developed to manage wakaf assets. These include:

- a. Corporate Wakaf Model: This model involves the management of wakaf assets by a corporate entity established specifically for this purpose. For example, the Malaysian Wakaf Foundation (Yayasan Wakaf Malaysia or YWM) established in 2008. Figure 3 in this corporate waqf model illustrate that there are three (3) sections involved in the framework which are; fund accumulation, management and the distribution of waqf fund.

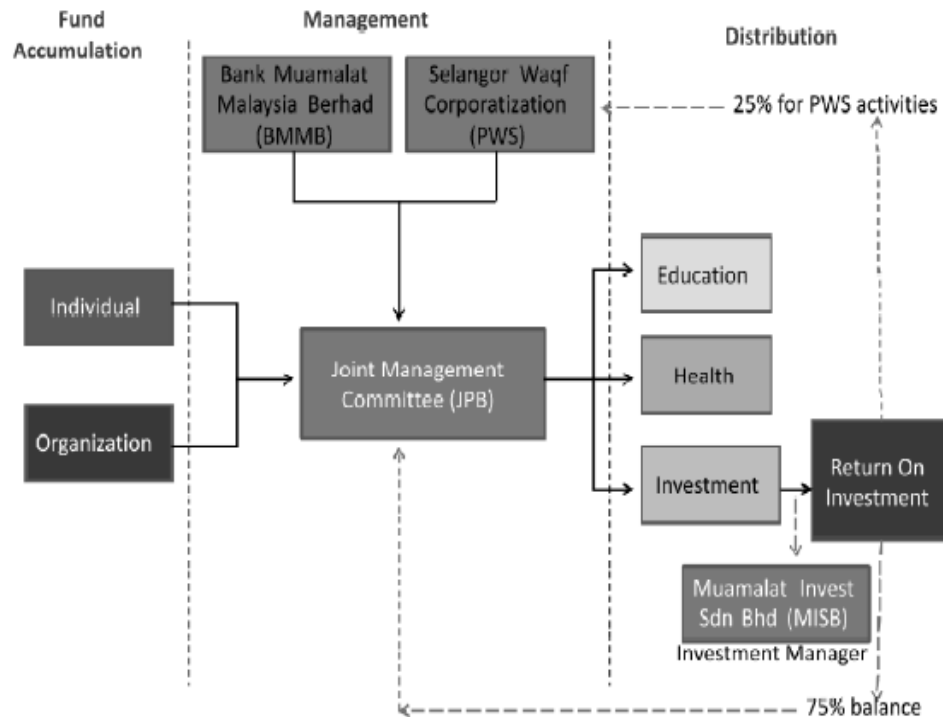


Figure 4: Corporate Waqf Model – Selangor Waqf Corporation and Bank Muamalat Berhad

- b. **Planned Wakaf Model:** This model covers various types of wakaf assets that are managed in a planned manner with a long-term strategy to maximize the use of the wakaf assets. For example, the Selangor Islamic Religious Council (Majlis Agama Islam Selangor or MAIS) has a Wakaf Unit responsible for managing wakaf assets in Selangor.
- c. **Hybrid Wakaf Model:** This model combines elements from various existing wakaf models. For example, the hybrid wakaf model in Malaysia involves the management of wakaf assets by corporate bodies collaborating with local authorities and government agencies.
- d. **Venture Capital Wakaf Model:** This model involves the use of wakaf assets for business and investment purposes to obtain maximum returns. For example, the Skim Amanah Saham Bumiputera (ASB) Wakaf Fund and the Rakyat Wakaf Fund.
- e. **Social Wakaf Model:** This model involves the use of wakaf assets for social welfare purposes such as building welfare homes and helping the poor. For

example, the Chow Kit Foundation manages wakaf assets to help neglected children.

However, some issues on management of productive wakaf in Malaysia as challenges for its development addressed as below:

Different State Regulation of Wakaf

In Malaysia, wakaf is under the authority of the State Islamic Religious Council (MAIN). However, the enactments used to manage wakaf differ according to each state. Only four states have established special enactments for wakaf, such as Selangor, Perak, Melaka, and Negeri Sembilan. For other states, wakaf matters are included in the general state administration enactment.

The laws concerning wakaf in Malaysia include a comprehensive and clear law regarding property, compared to laws regarding inheritance, wills, *baitul mal*, and insurance. These enactments aim to regulate and direct the management of wakaf assets with a management system that does not differentiate between the types of wakaf, whether it is wakaf 'am, wakaf khas, or *nazar 'am*. The authority to regulate it is in the hands of the Syariah Court, although it can also be entrusted to the State Court (Secular). The parameters of wakaf assets are considered correct and valid if they comply with the provisions of Islamic law.

Low awareness among the community can also affect the management of waqf institutions. This is because the community has a limited understanding of the dynamic characteristics of waqf (Mohamad, 2012). Most people assume that waqf only serves religious and educational purposes. This illustrates that the concept of waqf among the community has not yet reached a clear understanding. One misunderstanding is the use of waqf land for only one purpose, while the *istibdal* method of waqf land can be used to develop the land for a better purpose. For example, people may be concerned about the development of waqf land for purposes that violate Islamic law, such as a gambling center. This situation has also had an impact on the development of

waqf land and at the same time created constraints for its management. Therefore, there is a need for strict monitoring of activities carried out in the development of waqf land.

Furthermore, the community also thinks that waqf is only for Muslims (Puad, 2014). This perception is also a misunderstanding that exists in the community due to a lack of understanding of the real concept of waqf. In fact, waqf is also allowed for non-Muslims. The community needs to be aware of the significant role that waqf plays in developing the economy, and it is not only intended to reduce the gap between the rich and the poor.

Inconsistency Data of Wakaf

Data management is an important aspect in serving as a reference for any event or transaction that occurs. Proper data storage will facilitate future references if it is managed correctly. In addition, systematic data storage is also one of the aspects that can help an institution's management run smoothly. On the other hand, any deficiencies that occur in the data storage of a transaction will have a negative impact on the institution itself.

The problem of data inconsistency in the wakaf database is an ongoing issue that remains unresolved to this day. This situation arises due to the lack of a systematic database system in the old system, and also because the trustees who were responsible for managing the wakaf lands have passed away. Furthermore, the old wakaf system involved *kadis* or village chiefs as trustees for the wakaf lands. As a result, when these trustees pass away, there are issues with the wakaf land records, including incomplete records and some with no records at all.

An issue with registration and insufficient data in the waqf land is one of the problems that have prevented land development. No person or particular body is entitled to use unregistered land in this country, according to Section 340 of the National Land Code of 1965 (Act 56). The survey participants talked about these topics the most frequently: disclosure difficulties for waqf, zakat, and Baitul mal activities. For the following reasons,

the SIRC is unable to act to register old waqf land that has not been transferred and has not been registered in the SIRC name:

- a. Waqif has passed away.
- b. Grant on behalf of *Penghulu* and *Kadis*.
- c. Verbal without supporting document
- d. Focus on additional stakeholders.
- e. Agricultural land less than 1 acre

The consequences of this situation have been far-reaching, and to this day, when individual heirs claim their wakaf land, the State Islamic Religious Councils are unable to take any action due to the lack of complete information regarding the land. Moreover, this can have negative consequences, such as land encroachment and some irresponsible parties claiming the land as their own.

Lack of professional expertise in Wakaf Management

According to Puad (2014), one of the constraints faced by the Selangor Islamic Religious Council (MAIS) is the lack of technical and professional expertise in various areas such as Shariah, legal, investment, and land development. The management of wakaf will face challenges if there is a shortage of skilled personnel in land planning and development. Azha (2013) also highlighted that the constraints in managing wakaf education are due to weaknesses in land planning and development, as well as a lack of expertise in wakaf management and understanding among the education wakaf institutions. These constraints have led to limitations in developing the wakaf institutions, which could potentially hinder their effectiveness and sustainability. There for, here we summarize some differences on waqf development in Indonesia and Malaysia

Table 1. Differences on waqf development in Indonesia and Malaysia

Aspect	Malaysia	Indonesia
Legal Framework	Well-established legal framework for waqf development.	Legal framework in place, but implementation and enforcement may vary across regions.
Awareness and Understanding	Generally higher awareness and understanding of waqf among the public.	Limited awareness and understanding of waqf among the general population.
Institutional Capacity	Relatively stronger institutional capacity with dedicated waqf management bodies and expertise.	Decentralized and fragmented waqf management structures, leading to challenges in coordination and standardization.
Governance and Transparency	Generally higher levels of transparency and accountability in waqf management.	Limited transparency and accountability in some instances, leading to concerns about mismanagement and misuse of waqf assets.
Islamic Finance Industry	Well-developed Islamic finance industry that supports waqf initiatives.	Growing Islamic finance industry, but still relatively smaller compared to Malaysia.
International Collaboration	Active collaboration with international waqf institutions and organizations.	Opportunities for increased collaboration with international waqf institutions and potential for knowledge exchange.
Financial Resources	Availability of financial resources from wakaf funds and potential investments.	Limited access to financial resources for waqf institutions and projects, requiring further development.
Government Support	Supportive government initiatives and policies for waqf development.	Growing government support with efforts to promote waqf development, but further implementation is needed.
Technological Advancements	Adoption of technology for waqf management and fundraising.	Increasing use of technology, but further integration and utilization can be explored.

It's important to note that the above matrix provides a general overview and may not capture all the complexities and nuances of waqf development in Malaysia and Indonesia. The development of waqf in both countries is influenced by various factors including historical context, cultural norms, and socio-economic conditions. Further research and analysis are recommended to gain a more comprehensive understanding of the similarities and differences in waqf development between the two countries.

B. SWOT Analysis for waqf development in Indonesia and Malaysia

SWOT analysis provides an overview of the strengths, weaknesses, opportunities, and threats related to the current waqf development in Indonesia. It serves as a starting point for understanding the factors that influence the growth and effectiveness of waqf in the country. Here, some SWOT analysis for waqf productive development for both country:

Table. 2. SWOT Analysis for waqf development in Indonesia

Strengths	Weaknesses
Strong Islamic culture and heritage that supports waqf practices.	Lack of awareness and understanding of waqf among the general public.
Availability of waqf assets such as land, buildings, and cash. The potential waqf assets in Indonesia reach Rp. 2000 trillion per year, with a total land area of waqf reaching 420 thousand hectares and the potential for waqf funds reaching 180 trillion per year	Limited transparency and accountability in waqf management and administration. The regulations and coordination between the central government and regional authorities are not well synchronized, especially considering that many regions still lack understanding of waqf management. Therefore, an approach that incorporates local wisdom through regional regulations is needed
Established legal framework and regulatory support for waqf development.	Inefficient and outdated waqf management systems and processes.
Growing interest and participation from the Islamic financial industry.	Fragmented and decentralized waqf management structures.

Increasing involvement of non-governmental organizations (NGOs) and private sector in waqf development.	Limited access to financial and technical resources for waqf institutions and projects
Opportunities	Threats
Economic growth and expanding Islamic finance industry in Indonesia.	Mismanagement, corruption, and misuse of waqf assets.
Technological advancements that can enhance waqf management and fundraising.	Competition for resources and funding from other charitable causes.
Potential partnerships with international waqf institutions and investors.	Lack of standardized waqf accounting and reporting practices. The financial accountability of productive waqf management handled by the nazirs should ensure that the purpose of waqf development for the <i>mauquf alaih</i> (beneficiary) does not shift into the personal interests of the nazirs.
Increasing awareness and interest in social and impact investing.	Political and regulatory uncertainties that may affect waqf operations.
Support from the government and regulatory bodies for promoting waqf development.	Social and cultural barriers that may hinder the expansion of waqf initiatives

The analysis emphasizes the low public understanding of productive waqf. Many people still associate waqf solely with mosques, madrasahs, and graveyards, which limits the perception of its broader potential and impact. The analysis highlights the need for improved financial accountability in the management of productive waqf. It emphasizes that the purpose of waqf, which is to benefit the *mauquf alaih* (beneficiary), should not be compromised for the personal interests of the nazirs (waqf administrators).

Overall, this SWOT analysis for waqf development in Indonesia underscores the importance of addressing weaknesses, enhancing public understanding, improving financial accountability, and fostering coordination between different stakeholders to unlock the full potential of waqf and drive its sustainable development in the country.

Table. 3. SWOT Analysis for waqf development in Malaysia

Strengths	Weaknesses
Rich Islamic heritage and culture that supports waqf practices.	Lack of awareness and understanding of waqf among the general public.
Availability of waqf assets such as land, buildings, and cash.	Limited expertise and capacity in waqf management and administration.
Legal framework and regulatory support for waqf development.	Inefficient and outdated waqf management systems and processes.
Strong network of Islamic institutions and organizations.	Inadequate transparency and accountability in waqf management.
Potential for collaboration with international waqf institutions.	Relatively low financial literacy and investment skills among waqf administrators and beneficiaries.
Opportunities	Threats
Growing interest and demand for Islamic finance and ethical investments.	Economic and political instability that may affect waqf investments and returns.
Supportive government initiatives to promote waqf development.	Competition for resources and funding from other charitable causes.
Technological advancements that can enhance waqf management and fundraising.	Risk of mismanagement, corruption, and misuse of waqf assets.
Potential partnerships with private sector and development organizations.	Social and cultural barriers that may hinder the expansion of waqf initiatives.
Increasing awareness and interest in social impact investing.	Legal and regulatory challenges in optimizing waqf assets for commercial purposes.

The SWOT analysis highlights Malaysia's strengths in terms of awareness, legal framework, institutional capacity, and the Islamic finance industry, which provide a favorable environment for waqf development. Addressing weaknesses, seizing opportunities, and mitigating threats will be crucial for the sustainable growth and impact of waqf in Malaysia. Continued efforts to improve transparency, strengthen coordination, and enhance financial accountability will contribute to the advancement of waqf development in the country.

C. Policy Recommendation for future Waqf Development in Indonesia and Malaysia

Indonesia and Malaysia have significant untapped potential in waqf development. By formulating effective policies, governments can harness this potential to promote economic growth, social welfare, and the overall well-being of their respective societies. Here, some policy recommendations for its future development:

Enhancing Awareness and Education

Implement educational programs and campaigns to raise awareness about waqf among the general public, including its benefits and potential impact. Collaborate with educational institutions, religious organizations, and community leaders to integrate waqf education into formal and informal learning platforms.

Strengthening Institutional Capacity

Provide training and capacity-building programs for waqf administrators and stakeholders to enhance their expertise in waqf management, administration, and investment. Establish a centralized body or institution responsible for overseeing waqf affairs, ensuring transparency, and promoting best practices in waqf governance.

Modernizing Waqf Management

Develop and implement efficient and transparent waqf management systems and processes, leveraging technological advancements to streamline operations and enhance accountability. Encourage the adoption of digital platforms for waqf fundraising, asset management, and reporting, facilitating wider participation and engagement from donors and beneficiaries.

Strengthening Collaboration and Partnerships

Foster partnerships between waqf institutions, private sector entities, and development organizations to leverage resources, expertise, and networks for sustainable waqf development projects. Explore collaborations with

international waqf institutions and organizations to exchange knowledge and best practices, and attract foreign investments in waqf projects.

Enabling Regulatory Environment

Continuously review and update the legal and regulatory framework for waqf to address any existing gaps, ensure protection of waqf assets, and facilitate the optimal utilization of waqf properties for commercial purposes. Provide incentives and tax benefits for individuals and corporations to encourage waqf contributions and investments, promoting the growth of waqf funds.

Monitoring and Evaluation

Establish a robust monitoring and evaluation system to track the performance, impact, and effectiveness of waqf initiatives. Regularly assess the utilization of waqf assets, financial sustainability, and social impact generated by waqf projects, enabling evidence-based decision-making and accountability.

These policy recommendations aim to address the weaknesses identified in the SWOT analysis, capitalize on the strengths, seize opportunities, and mitigate potential threats to ensure the sustainable development of waqf in Malaysia and Indonesia. Implementation of these policies requires the collaboration and coordination of various stakeholders, including government agencies, religious institutions, civil society organizations, and the private sector.

D. Conclusion

From the discussion and SWOT analysis of waqf development in Indonesia and Malaysia, several key observations can be made, such as; Firstly, both countries share common strengths such as a strong Islamic culture and heritage that supports waqf practices, availability of waqf assets, and established legal frameworks for waqf development. However, Malaysia exhibits certain strengths that give it an advantage, including higher awareness and understanding of waqf among the public, stronger institutional capacity with dedicated waqf management bodies, and a well-developed Islamic

finance industry that supports waqf initiatives. On the other hand, Indonesia faces weaknesses such as limited awareness and understanding of waqf, decentralized waqf management structures, and challenges in transparency and accountability.

In terms of opportunities, both countries benefit from economic growth and expanding Islamic finance industries. Technological advancements present opportunities for enhancing waqf management and fundraising. Both countries can also explore potential partnerships with international waqf institutions and investors. However, Indonesia faces threats such as mismanagement and misuse of waqf assets, limited access to financial and technical resources, and the need for standardized waqf accounting and reporting practices. Malaysia, on the other hand, faces threats such as competition for resources from other charitable causes and social and cultural barriers that may hinder the expansion of waqf initiatives.

However, while both Indonesia and Malaysia have potential for waqf development, Malaysia currently demonstrates more favorable conditions due to higher awareness, stronger institutional capacity, and a well-developed Islamic finance industry. Indonesia, however, presents opportunities for growth through improving awareness, strengthening governance and transparency, and leveraging its expanding Islamic finance industry. Both countries can learn from each other's experiences and collaborate on initiatives to overcome weaknesses and capitalize on opportunities. Further efforts are needed to enhance awareness, improve governance and transparency, and foster partnerships to promote sustainable and impactful waqf development in both countries.

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