

CHAPTER I

PREFACE

A. BACKGROUND OF STUDY

The population of Muslims in the world's largest population of as many as 1, 6 Billion (23%) and Total assets waqf land in Indonesia is very large 2, 7 Billion/m².¹ Waqf land in Indonesia as many as 366.595 sites, with a land area of 2.686.536.565, 68 M².² Since the economic crisis and soaring poverty rate in the country, especially Indonesia, *zakat* and *waqf* increasingly considered vital role in tackling social and economic problems in the community. Therefore, management of *zakat* and *waqf* must be optimal in order to solve the poverty that plagued most of the people of Indonesia at this time.

Endowments are *harfiyah* means stop, detain or silent. However, the management of *waqf* by *waqf* property which endowed not be statis or not maintained but *waqf* property allocated to be used for the benefit of the people where the substance or subject matter of the *waqf* property

¹<http://nahimunkar.com/berapa-jumlah-umat-islam-di-dunia/>December 18, 2012.

² Prof. Dr. KH. M. Tholhah Hasan, on his article "*Pencanangan Gerakan Nasional (I)*" on Tuesday, Februari 23, 2010.

detained, while the results of the managed property benefits may be enjoyed in the public interest.

Indonesian society in general follower's mashab Syafii, where the management of *waqf* endowments commonly found in the form of land, mosques, *madrrasah* and other fixed assets. In contrast to the widening mashab Imam Malik on waqf land, the property can endow and may include items that are fixed and moving goods to others.³

With that kind of thinking opens wide opportunities to provide endowments in any asset types, including the most liquid assets are cash waqf which can be used to support⁴ the empowerment potential in a productive endowments.

Cash waqf is the most liquid asset, it is expected that the management of waqf can be easier to optimize the management of *waqf*. Because it can be distributed in any form, that is productive so that the results can be utilized.⁵ One of the efforts in the management of waqf money is by way of cash waqf investment. Investment activities carried out in an effort to develop, empower and provide economic value added, as well as increase the value of the social benefits of the waqf property. Of

³ Bowo Setiawan, *Investasi Wakaf Uang*. Set of lecture materials in the site, <http://artikel-bowo.blogspot.com/2011/12/investasi-wakaf-uang.html#comment-post-message>.

⁴ Prof. Dr. KH. M. Tholhah Hasan, on his article "*Pencanangan Gerakan Nasional (1)*" on Tuesday, Februari 23, 2010.

⁵ Jaih Mubarak, *Wakaf Produktif*, (Bandung: Refika Offset, 2008), p. ix.

the implementation of this investment is expected to obtain business advantage. To realize these desires, then the management must be optimal cash waqf investment. Therefore, managers must know the management and prerequisites that must be satisfied in cash waqf investment management.

The research concludes that management of endowment hasn't run perfectly. So that, the target of endowment investment hasn't be used well from this the research try to examined the management which done by IWB⁶ on cash waqf investment. So that runs as should have been perfectly.⁷

Thus, the researcher will describe the management of Indonesian Waqf Board to manage and develop cash waqf investment is in the title of the discussion; Management of Cash Waqf Investment in Indonesian Waqf Board Jakarta on 2011-2012.

B. PROBLEM FORMULATION

Based on the above background, the problem to be investigated here are:

1. How the cash waqf management schemes undertaken by Indonesian Waqf Board?

⁶ "IWB" is Indonesia waqf Board as in Indonesia called by Badan Wakaf Indonesia.

⁷Superman Ibrahim and Nani Al Mu'in, "Potensi Memproduktifkan Tanah Wakaf di Indonesia" in a *Journal Al-Awqaf: a Journal of Waqf and Islamic Economics*. (ISSN 2085-0824. Vol. IV No. 02, July 2011), p. 2.

2. What are the forms of cash waqf investment that can be implemented by Indonesian Waqf Board?

C. PURPOSE OF STUDY

And constituted with problem above, the purpose of this study are:

1. To explore the schemes of cash waqf investment undertaken by Indonesian Waqf Board.
3. To identify, describe and analyze the forms of cash waqf investment that can be implemented by Indonesian Waqf Board.

D. SIGNIFICANCE OF STUDY

The benefits of the research or writing of this paper is beneficial to several parties, those are:⁸

1. Theoretically/ Theoretical Term,

This research is expected to contribute thought of as a starting point in conducting scientific research and development. Further research in adding academic intellectual treasures, as well as materials further and detailed research in the case of waqf institution.

2. Practically/Practical Terms,

The results of this research can be used as information for the people and institutions involved in the implementation of cash waqf.

⁸ Hendri Tanjung and Abrista Devi, 2013, *Metodologi Penelitian Ekonomi Islam*. Bekasi: Gramata Publishing, p.25.

E. LITERATURE REVIEW

Research conducted by Sri Handayani, entitled "*Pelaksanaan Wakaf Uang dalam Perspektif Hukum Islam setelah berlakunya Undang-undang Nomor 41 Tahun 2004 tentang Wakaf di kota Semarang*"⁹ From the research he stated that, the implementation of cash waqf in terms of Islamic law was allowed home the money invested in the venture profit sharing (*mudharabah*), then profits distributed in accordance with the purpose of endowments, while those submitted to *mauquf'alah* is the result of the development of waqf money. Then by Law no.41 of 2004 cash waqf can be done through financing *mudaraba*, *murabaha*, *musharaka*, or *ijara*. In contrast to previous studies, the researchers here do not include *murabahah* contract to be used in the cash waqf investment.

The research of Maisyaroh, with the title "*Manajemen Dana Wakaf Tunai untuk Pengembangan Lembaga Pendidikan Islam (Studi pada Baitul Maal Hidayatullah Cabang Malang*"¹⁰ From her research, she concluded that cash waqf funds raised BMH Malang devoted exclusively to educational programs. While development in the form of land around the area Liberation institution. In fund management, having some problems, the main obstacle is the lack of optimal employees in carrying

⁹ Sri Handayani, Diponegoro University, in her thesis *Pelaksanaan Wakaf Uang dalam Perspektif Hukum Islam setelah berlakunya Undang-Undang nomor 41 tahun 2004 tentang wakaf di Kota Semarang*, (Semarang: UNDIP, 2008).

¹⁰ Maisyaroh, Foreign Islamic University of Maulana Malik Ibrahim, in her thesis "*Manajemen Dana Wakaf Tunai untuk Pengembangan Lembaga Pendidikan Islam (Studi pada Baitul Maal Hidayatullah Cabang Malang*" (Malang :UIN Maulana Malik Ibrahim, 2010).

out their duties and it is difficult to be invited to develop the organization. To overcome this, the manager made the initiative to conduct training in order to motivate employees. Differences researchers presented here, that the Indonesian Waqf Board in the distribution of waqf property not devoted to education alone but more devoted to *maslahah* or social.

Research conducted by Akbar Syarif, entitled "نقل الوقف وإبداله"

عند القانون الإندونيسي رقم 41 عام 2004 والفقہ الإسلامي (دراسة

"المقارنة)"¹¹ Researchers showed that there are some similarities and the

difference between the application of cash waqf fund which regulated in Law no.41/2004 article 28 and the Islamic Fiqh. The similarity in terms of the removal and transfer of property law of waqf (endowments), which allow them to move and shift waqf property because the needs are urgent and emergency situations as well as the value and benefits of redemption in accordance with the original waqf property. The difference, which is evident among both Islamic jurisprudence does not have any legal force in Indonesia, it is only as one of the cornerstones of Law 41 of 2004, in contrast to the Law no. 41 of 2004 is set to a positive law.

¹¹ Akbar Syarif, Darussalam Institute for Islamic Studies in his research "نقل الوقف وإبداله عند القانون الإندونيسي رقم 41 عام 2004 والفقہ الإسلامي (دراسة المقارنة)", (Ponorogo: ISID, 2004),

The study of Muhammad Ridwan, with the title " إدارة الوقف في "

ترقية المؤسسة التربوية الإسلامية (دراسة الحالة بمعهد دار السلام كونتور

¹²"فونوروكو سنة 2007) discussed from the study, researcher showed that

waqf property has a role no less important to the improvement of Islamic educational institutions, particularly in the field of education including boarding students to develop teaching and learning spaces and in the economy, such as waqf land for expansion and improvement of the welfare of the family cottage. Contrast to previous studies, here the researchers explained that an important role of waqf properties managed Indonesia Waqf Board not only for education, but also to develop the Indonesian economy as the construction of hospitals "Ibu dan Anak" Banten for community health improvement.

¹² Muhammad Ridwan, Darussalam Institute for Islamic Studies in his research إدارة الوقف في ترقية المؤسسة التربوية الإسلامية (دراسة الحالة بمعهد دار السلام كونتور "فونوروكو سنة 2007), (Ponorogo: ISID, 2007).

Research from Roni Jamal, research titled " **نظرية الوقف** "

researcher argue, ¹³" **الاستثماري في الاقتصاد الإسلامي (دراسة مكتبة)**

that waqf investment is one of the Islamic economic instrument with high potential to improve the economic life of the people. In the other hand, the Treasury Endowments have a high attention to the needs and concerns of Muslims, also known as investments of waqf property capable of solving major problems, such as issues relating to *ubudiyah* and *syi'ar* religion, education, health, and other minor issues over looked, in improving the welfare of the people and the role of humans in this earth.¹⁴ Different from the objectives of the establishment of Indonesian Waqf Board in solving the problem is not just *ubudiyah* and symbols of religion but also the small matter like health and education are also considered as the initial objective is to improve the welfare of the *ummah* after the commandments of Allah.

A thesis conducted by, Syamsiah Bte Abdul Karim, entitled "*Contemporary Shari'ah Compliance Structuring for The Development*

¹³ Roni Jamal, Darussalam Institute for Islamic Studies in his research **نظرية** (Ponorogo:ISID, 2008). **الوقف الاستثماري في الاقتصاد الإسلامي (دراسة مكتبة)**

¹⁴ Suhrawardi K. Lubis, *dkk.Wakaf dan Pemberdayaan Umat*, Ed. 1st. (Jakarta: Sinar Grafika, 2010), p.119.

*and Management of Waqf Assets in Singapore*¹⁵ she stated that, the research will then conclude by offering the possible new structuring of waqf assets using the instruments of Real Estate Investment Trust (REITs) and the various policy changes require to move waqf to the next level of its management in order to realize its full potential. In contrast to this study, researchers stated here that one of the IWB management strategies in order to realize the potential of waqf in totality at the start of the fund being gathered by LKS-PWU are then deposited into an account to be managed and developed IWB to Nazir than more productive in waqf.

F. THEORITICAL FRAMEWORK

There are two types of waqf, namely land waqf and cash waqf. Land waqf is already well known in the society however cash waqf is not so familiar. Cash Waqf is also utilized to fund project which beneficial for the society. The endowed cash used to be invested or loaned out to earn income, and target project were financed by earned income.¹⁶

The waqf funds halal and productive are invested by *Manager* or *Nazhir* rolled into various business sectors are halal and productive.¹⁷ Then, the profits can be used to empower the people and the nation as a

¹⁵Shamsiah Bte Abdul Karim, Durham University, on her thesis *Contemporary Shari'ah Compliance Structuring for The Development and Management of Waqf Assets in Singapore*, (Singapore: Durham University, 2010)

¹⁶Rininta Nurrachmi, in her thesis, *The Implication of Cash Waqf in the Society*, (Malaysia: Departement of Economics, HUM, 2012), p.5.

¹⁷"Nazhir" is the person authorized to maintain and develop waqf and to deliver the result to the person entitled.

Then, the profits can be used to empower the people and the nation as a whole. Development of cash waqf can also be through by way of waqf land and productived under capitalized for the management and development. Cash waqf easily develops waqf land less than the maximum in its management, either in the village or in the city according to their economic potential.

Guide lines for the Management and Development of Cash Waqf.¹⁸

First, Cash Waqf can be invested in the Islamic Financial Institution products, special cash waqf within a certain time should be invested in the products of Islamic bank. The Cash waqf investment on principally for lost and profit sharing (*mudaraba*)¹⁹ or by leasing manager. Endowments invested money in the form of *mudaraba / wadi'ah* (deposits) in particular Islamic bank or other investment units. At such a time, the assigment of Nazhir waqf endowments invest money and make a profit from cash waqf to distribute the proceeds to eligible people (*mauquf 'alaih*). As *nazhir*, can also move the cash waqf investment from a bank to bank Islam. However, Nazhir cannot cash waqf investment decisions by

¹⁸ According to the Indonesian Waqf Board Regulation No. 4 Year 2010.

¹⁹Based on the principle of *mudharabah*, Islamic Banking will servecas a partner, either by savers and the entrepreneurs who borrow funds. By depositors, the bank will act as *mudharib* 'manager', while savers act as *shahibul maal* 'funder'. *Mudharabah* held between the states sharing the benefits of eachparty. While the entrepreneurs/borrowers, the bank acts as *shahibul maal* (fundlers, both derived from savings/ deposit/ deposits/ bank's own funds or in equity share holders), are entrepreneurs/ borrowers *mudharib* acts as a 'manager' for doing business with how to play and manage bank funds. See: Muhammad Shafi Antonio; *Bank Syariah Dari Teori ke Praktik*, (Jakarta: Gema Insani Press, 2006), p. 137.

itself, because the authorities to invest the money endowments are limited to the procedure and choose the type of investment.²⁰

Second, the form of the waqf investment a lot of people do at this point in the project build productive waqf. Simple form of the waqf system is to establish a way to work with a third, by developing waqf land. Waqf Board can allow himself to accept cash waqf to fund specific projects, such as the construction of the factory computer, and then give the results to a specific purpose such as for waqf foundation, orphans and so on.²¹

Management and development of waqf money in the form of investment in addition to the Islamic banks must be insured in *Takaful*. Similarly, distribution of property investment in the form of cash waqf (endowments portfolio money) to do with the provision of 60% (sixty percent) of investing in instruments of Islamic Financial Institutions (LKS) and 40% (forty percent) outside the LKS.²²

²⁰ M. Cholil Nafis, "Aplikasi Wakaf Uang di Indonesia" in a Journal *Al-Awqaf: a Journal of Waqf and Islamic Economics*. (ISSN 2085-0824. Vol. IV No. 02, July 2011), p. 48.

²¹ Mundhir Qahaf, *Manajemen Wakaf Produktif*, (Jakarta: Khalifa, 2005), p.199.

²² M. Cholil Nafis, *Op.cit*, p. 48.

In performing duties, *Nazhir* may receive compensation (salary/*Ajr al-Mithl*)²³ taken from the net result of the management and development of waqf property whose does not exceed 10% and the distribution of the results and benefits to the designation *waqf (mauquf 'alaih)* not less than 90%.²⁴ A provision of the Act is to maximize function endowments.

IWB is an independent agency that does not belong to the government in charge of promoting and developing waqf in Indonesia nationally and internationally.²⁵ In order to manage cash waqf optimally, two things are needed: the acquisition of cash waqf significantly and professional management of Nazir. So, not all Nazir can be trusted to manage the cash waqf, but there must be a professional Nazir standard that can be assigned with responsibility to manage cash waqf.²⁶

²³ *Nazir* may receive salary based on the hadith narrated by Bukhari and Muslim, which states, "there is no prohibition for *waqf* assets manager to eat the result with a good manner." While the basis for determining salary by *waqif* is based on the principles of *usul al-fiqh* rule: "In principle, the rights of management of waqf is under *waqif*." While according to Maliki School, the source of *nazir* salary is not from the *waqf*, but from the state cash. According to Hanafi School, the amounts is one-tenth or one-eighth of *waqf* property result. Even Muhammad Abu Zehreh allow up to 15% of the *waqf* result as practiced in Egypt.

²⁴ Jafril Khalil, "Standardization of Cash Waqf Professional Nazir" in *a Journal Al-Awaqif: a Journal of Waqf and Islamic Economics*. (ISSN 2085-0824. Special Edition, September 2011), p. 92.

²⁵ Badan Wakaf Indonesia, *Himpunan Peraturan Badan Wakaf Indonesia*, (Jakarta: BWI, 2012). Ed. III, p. 3.

²⁶ Ir.M. Syakir Sula, editor in Chief of *Awaqif and Islamic Economy Journal*, (Jakarta: IWB, 2011), Special Edition. September 2011, p. iv.

G. RESEARCH METHOD

1. Research Design

- a. Research Type viewed from this goal is applied research. Applied research conducted with the aim of implementing, testing and evaluating the ability of a theory that is applied in solving practical problems.²⁷
- b. Characteristic of Research from this research is descriptive qualitative, that is described and explained how to explore the management of IWB toward on Cash waqf (endowment) Investment. Descriptive research is a research to know the value of independent variables, whether one or more variables without making comparisons or connect with other variables.²⁸

2. Source of Data

In order to write the research, the writer needs some data sources which are classified into:

- a. Primary source of data which are taken in the form of an opinion on the subject individually collected from the respondent he is the head of personality at Indonesian Waqf Board at Jakarta.
- b. Secondary source of data which are obtained from the institutions under investigation, the data consists of data about general outlook of

²⁷Sugiyono, *Metode Penelitian Bisnis*, (Bandung: Alfabeta, 2004), p.6.

²⁸*Ibid*, p.11.

the company,²⁹ the data of *Investment* volume during 2011 - 2012, and about Mechanism of IWB, and from book, journals, and related articles.

2. Technique in Collecting Data

To collect the data that is needed in research, than applied the methods are written as below:

a. Interview

It is done by direct interview with the personality manager of IWB Jakarta about the history of the development of Islamic Board.

b. Documentation

It is done by looking at the inscription about data that has relation with the company research.

H. DATA ANALYSIS

To analyze the data, researcher uses inductive method and analytical method to present this study.

1. Deductive method: it is reasoning method to compile the special explanation and application that based on general definition and meaning of case or from the general understanding of case through the

²⁹ Prof. Dr. Sugiono, "*Metode Penelitian Kuantitatif, Kualitatif, dan R&D*" (Bandung: ALFABETA, 2010), ed. XI, p. 146.

special one. And according to Sartono Kartodiharjo, deductive method is an analogy, to process of reasoning from the general to particular.³⁰

This method is to expound the meaning of cash waqf the purpose of this management, its management system and advantage of developing cash waqf investment at Indonesia Waqf Board.

2. Inductive method: it is processing or reached by the logical method of generalizing from instance.³¹

According to Prof. Dr. Sutrisno Hadi, inductive method of collecting in certain number, where they obtained thoughts or comprehension from those data are formulated in to general definition.³²

The researcher will apply this method to conclude about its management and to explain about cash waqf investment at Indonesia Waqf Board.

I. SYSTEM OF STUDY

To simply the study, the researcher divides system and procedures of this study into fourth parts, those are chapter one that gives introduction research. By outlined the background of study, problem formulation,

³⁰Sartono Kartodiharjo, "*Method-Method Penelitian Masyarakat*" (Gramedia, Jakarta, 2004) Ed. IV. Page, 63.

³¹Bakker, "*Method Penelitian Masyarakat*"(Yogyakarta: Ganesius, 2002), Third Edition. Page, 73.

³²Sartono Kartodiharjo, *Op.cit*, page, 65.

purpose of study, significance of study, literary review, theoretical framework, and system of study. For the literary review consists of an overview of preceding research, general view of Implementation of supervision on cash waqf.³³

And then some explain about the management scheme of cash waf investment that will be written by the researcher in chapter two.

After all the researcher wants to discuss about general view of IWB, its vision, mission and purpose, its organization chart, its personnel, its products, its development, and LKS monitoring toward Investment in IWB. Also presentation of data analysis about the correlation of variables in chapter three.

In the last chapter it is chapter four consist of closing, that consist of the conclusion of the research and then the suggestion for the next researches in order to make this research more complete and perfect than previews.

³³Hendri Tanjung and Abrista Devi, 2013, *Metodologi Penelitian Ekonomi Islam*. (Bekasi: Gramata Publishing, 2013), p.18.