

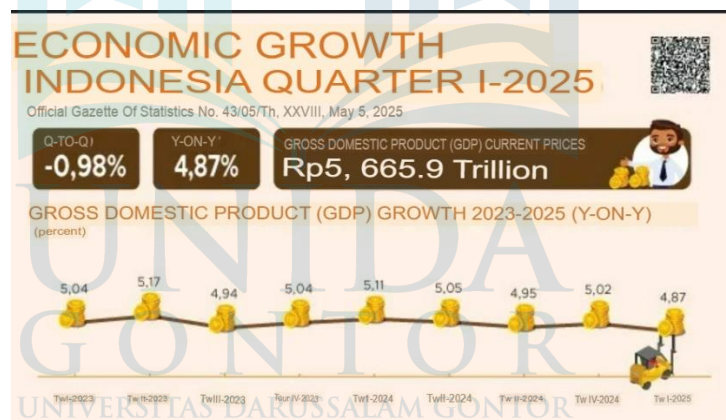
CHAPTER I

INTRODUCTION

1.1 Research Background

The rapid acceleration of economic growth in Indonesia has brought significant challenges, especially in ensuring that this growth is inclusive and benefits all segments of society. As productivity increases and new economic sectors emerge, the demand for decent work, fair wages, and equal access to economic opportunities continues to rise. Unfortunately, the reality shows that many communities still face structural barriers, including limited access to productive assets, uneven economic opportunities, and persistent inequality in employment and income distribution.¹

Figure 1: Economic Growth Indonesia Quarter 1 2025

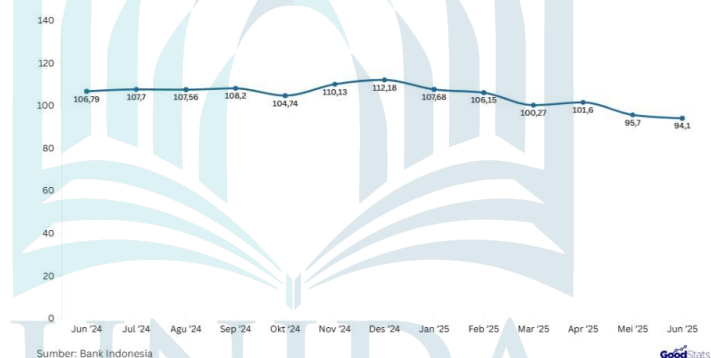


Source: <https://www.bps.go.id/id/pressrelease/2025/08/05/2455/ekonomi-indonesia-triwulan-ii-2025-tumbuh-4-04-persen--q-to-q---5-12-persen--y-on-y---semester-i-2025-tumbuh-4-99-persen--c-to-c-.html>

¹United Nations Department of Economic and Social Affairs, "Https://Unstats.Un.Org/Sdgs/Report/2024/Goal-11/," 2022. Accessed, 27 Agustus 2025

Economic challenges such as unequal access to productive resources, limited decent job opportunities, and disparities in income distribution are deeply interconnected and therefore cannot be addressed through sector-specific interventions alone. A comprehensive and integrated economic development approach is needed one that combines human capital development, inclusive financial systems, productive sector strengthening, and community empowerment so that economic policies implemented are mutually reinforcing and sustainable.²

Figure 2: The development of the employment availability index in Indonesia (June 2024–June 2025)



Source: <https://www.bps.go.id/id/publication/2025/02/28/8cfe1a589ad3693396d3db9f/statistik-indonesia-2025.html>

In this context, SDG 8 serves as a global development framework that promotes sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all. Through a cross-sectoral approach encompassing economic, social, and institutional dimensions, SDG 8 provides a strategic foundation for

² Oliver Lah, "Breaking the Silos: Integrated Approaches to Foster Sustainable Development and Climate Action," *Sustainable Earth Reviews* 8, no. 1 (2025).

addressing structural economic challenges holistically and for achieving long-term development that is equitable and sustainable.³

This situation reinforces the global urgency to ensure that economic growth not only increases aggregate output, but also creates fair opportunities, strengthens labor rights, enhances productivity, and expands access to decent livelihoods. Therefore, Sustainable Development Goal (SDG) 8 was formulated as a collective commitment to overcome economic inequality and promote inclusive and sustainable development grounded in the principles of justice and productivity.

To achieve this, the participation of various socio-economic⁴ instruments, including waqf, is essential. In its development, waqf has become an important part of the Islamic social system, integrating both religious and societal elements.⁵ According to the studies of Abdullah (2018)⁶, Karimah et al. (2023),⁷ and Lahuri et al. (2021),⁸ waqf can

³ Noli Brazil Gulnara N. Nabiyeva, Stephen M., Jonathan K., "Implementation of Sustainable Development Goal 11 (Sustainable Cities and Communities): Initial Good Practices Data," *Sustainability* 15, no. 20 (2023), <https://doi.org/https://doi.org/10.3390/su152014810>.

⁴ Sofyan Sjaf et al., "Measuring Achievement of Sustainable Development Goals in Rural Area: A Case Study of Sukamantri Village in Bogor District, West Java, Indonesia," *Sodality: Jurnal Sosiologi Pedesaan* 9, no. 2 (2021), <https://doi.org/10.22500/9202133896>.

⁵ Rizki I. F. Saragih Syahrial Arif Hutagalung, Irvan Murizal, "'Productive Waqf: Solutions for Strengthening the Ummah's Economy and Social Empowerment,'" *Journal of Global Islamic Economic Studies* 1, no. 3 (2023), <https://journal.merdekakreasi.co.id/index.php/JGIES/article/view/84>.

⁶ Mohammad Abdullah, "Waqf, Sustainable Development Goals (SDGs) and Maqasid Al-Shariah," *International Journal of Social Economics* 45, no. 1 (2018): 158–72, <https://doi.org/10.1108/IJSE-10-2016-0295>.

⁷ Diva Azka Karimah, Mohammad Bintang Pamuncak, and Muhammad Khoerul Mubin, "The Role of Waqf in Supporting Sustainable Development Goals: Linking Theory and Its Practices," *Suhuf* 35, no. 2 (2023): 31–38, <https://doi.org/10.23917/suhuf.v35i2.23018>.

⁸ Setiawan Lahuri et al., "The Role of Zakat and Waqf in Sustainable

function as an Islamic socio-economic instrument that supports the achievement of the Sustainable Development Goals (SDGs) through the promotion of equitable welfare distribution and the strengthening of social and environmental sustainability in accordance with Sharia-based values.

In line with the statement of the Chairman of BWI (Indonesian Waqf Board), Indonesia has an estimated waqf potential of nearly IDR 400 trillion per year,⁹ with cash waqf reaching around IDR 181 trillion annually.¹⁰ The Secretary General of the Ministry of Religious Affairs, Kamaruddin Amin, added that only about 9–10 percent of waqf assets have been productively managed in sectors such as agriculture, fisheries, and forestry.¹¹ In this regard, waqf can play a significant role in providing productive economic facilities, supporting entrepreneurship, and strengthening community economic activities that contribute to inclusive and sustainable economic growth as envisioned in SDG 8.¹²

However, the reality of waqf management in Indonesia still faces major challenges. Data from the Indonesian Waqf Board (BWI) shows

Development Goals (SDGs)," *Albukhary Social Business Journal* 2, no. 2 (2021): 34–41.

⁹ Redaksi BWI, "Ketua Badan Wakaf Indonesia Ungkap Potensi Wakaf Rp400 Triliun" (Jakarta, 2025), <https://www.bwi.go.id/11361/2025/07/21/ketua-badan-wakaf-indonesia-ungkap-potensi-wakaf-rp400-triliun/>. (Accessed 20 Oktober 2025)

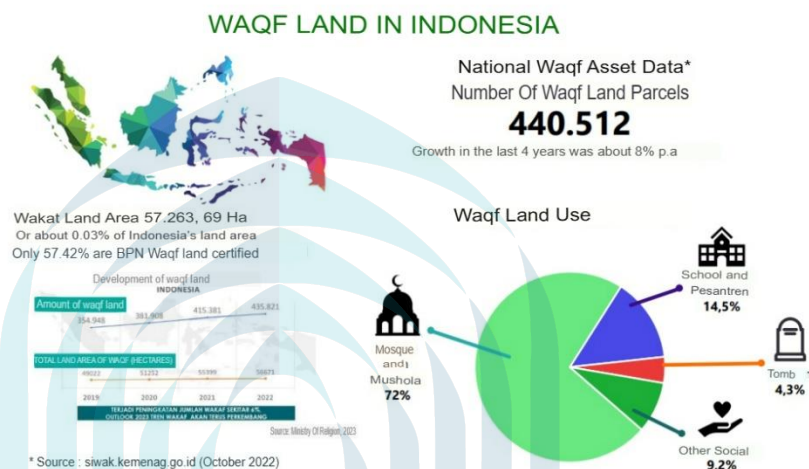
¹⁰ Dodo Murtado, "Ketua BWI: Indonesia Miliki Potensi Wakaf Rp181 Triliun Setiap Tahun," *Badan Wakaf Indonesia*, (Jakarta, 2025), <https://kemenag.go.id/nasional/ketua-bwi-indonesia-miliki-potensi-waqaf-181-triliun-setiap-tahun-wVsbc>. (Accessed 20 Oktober 2025)

¹¹ Folber Siallagan, "Potensi Wakaf Capai Rp181 Triliun per Tahun, Kemenag: Baru 10 Persen Yang Produktif," 2025, <https://indoposco.id/2025/07/28/potensi-wakaf-capai-rp181-triliun-per-tahun-kemenag-baru-10-persen-yang-produktif>. (Accessed 23 September 2025)

¹² Departemen Agama Republik Indonesia, *Dinamika Perwakafan Di Indonesia Dan Berbagai Belahan Dunia*, (Jakarta: Direktorat Jendral Bimbingan Masyarakat Islam Depag RI, 2003). p. 85-87

that as of 2023, out of more than 400,000 waqf land plots, only a small portion has been utilized productively. Most of these assets remain neglected, lack economic value, or are located in non-strategic areas.¹³

Figure 3 The Amount of Waqf Land in Indonesia



Source: "Perkembangan Perwakafan Nasional" oleh Dr. Ir. Imam T. Saptono

Many waqf assets in Indonesia remain abandoned because they are difficult to identify, record, and manage optimally.¹⁴ As a result, they are underutilized and unable to serve as instruments for generating economic value, supporting entrepreneurship, or strengthening community productivity, even though these roles are essential for promoting inclusive and sustainable economic growth as emphasized in SDG 8.¹⁵

¹³ Dr. Ir. Imam T. Saptono MM., "Perkembangan Perwakafan Nasional" (Jakarta, 2023).

¹⁴ Abdurrahman, *Masalah Perwakafan Tanah Milik Dan Kedudukan Tanah Wakaf Di Negara Kita* (Bandung: Citra Aditya Bakti, 1994). p.14-22

¹⁵ Redaksi BWI, "Wakil Presiden Sebut Wakaf Uang Rp 2,361 Triliun Dan Tanah Wakaf 57.263 Hektare," 2023, https://www.bwi.go.id/9194/2023/12/11/wakil-presiden-sebut-wakaf-uang-rp-2361-triliun-dan-tanah-wakaf-57-263-hektare/?utm_source. (Accessed 20 Oktober 2025)

Article 43, paragraph (2) of Law No. 41 of 2004¹⁶ on Waqf also stipulates that the management and development of waqf assets must be carried out productively; otherwise, the waqf assets cannot provide optimal benefits. In his book, Muhammad bin Ahmad al-Sarkhasi discusses the opinion of Sayyidina Umar ibn al-Khattab, who stated that land left uncultivated may be taken over by those capable of reviving it. This principle serves as a moral and legal foundation to ensure that assets, including waqf, are not left idle but are instead utilized for the welfare of the community.¹⁷

In response to this issue, Islam offers a management concept for waqf assets whose benefits have diminished, known as *istibdal al-waqf*, the process of exchanging or replacing waqf assets that are no longer productive or no longer meet the needs of the community with other assets considered to provide greater benefit and public interest.¹⁸

This approach has evolved in response to the challenges of waqf management amid social changes¹⁹ and the increasingly complex spatial needs of urban areas. Through *istibdal*, waqf assets can be

¹⁶ Pemerintah Republik Indonesia, "Pasal 43 Ayat 2 Undang-Undang Republik Indonesia Nomor 41 Tahun 2004 Tentang Wakaf" (2004). "The management and development of waqf assets shall be carried out productively through activities such as collection, investment, capital placement, production, partnerships, trade, agribusiness, mining, industry, technology development, construction of buildings, apartments, flats, supermarkets, shopping centers, office buildings, educational facilities, or health facilities, as well as other business activities that do not contradict sharia principles. The term "sharia guarantor institution" refers to a legal entity that conducts guarantee activities for a business operation, which may be carried out through sharia insurance schemes or other mechanisms in accordance with the applicable laws and regulations."

¹⁷ Shams al-A'immah Muhammad ibn Ahmad al-Sarakhsi, *Al-Mabsut*, Beirut: Dar al-Ma'rifah, 1906, vol. 14, p. 55.

¹⁸ Moh. Mujibur Rohman, "The Benefit Principles of *Istibdāl* on Wakaf Objects (Analysis of Dhawābith Al Mashlahah Sa'id Ramadhān Al Būthi)," 2021.

¹⁹ Zubair Amir et al., "WAKAF PERKHIDMATAN: PERSPEKTIF FIQH DAN CADANGAN PELAKSANAAN Service Waqf: Fiqh Perspectives and Recommendations on Implementation," *Jurnal Syariah* 32, no. 1 (2024): 74–99, <https://doi.org/10.22452/syariah.vol32no1.3>.

optimized to remain relevant and deliver greater benefits, such as being used to develop of commercial facilities, entrepreneurial centers, vocational training hubs, or productive economic spaces that support inclusive and sustainable economic growth in line with SDG 8.²⁰

In the concept of *istibdal al-waqf*, the Hanafi²¹ and Hanbali schools agree that waqf assets that are no longer beneficial may be exchanged for the sake of public good, including through the sale or replacement of waqf property (except for mosques). The Hanafi school further holds that *istibdal* may be carried out by the *waqif* (donor), other parties, or a judge, without distinction regarding the type of property involved.²² Meanwhile, the Shafi'i school holds that once a property has been endowed as waqf, it becomes permanent and its ownership may not be transferred, to preserve the integrity of the asset and ensure its use remains consistent with the original purpose of the waqf.²³

On the other hand, Indonesian regulation, specifically Article 40 of Law No. 41 of 2004 on Waqf²⁴, stipulates that waqf assets may not be transferred, sold, inherited, donated, seized, or used as collateral. However, Article 41 of Law No. 41 of 2004²⁵ provides an exception,

²⁰ Muhammad Abid Abdullah al Kabisi, *Hukum Wakaf: Kajian Kontemporer Pertama Dan Terlengkap Tentang Fungsi Dan Pengelolaan Wakaf Serta Penyelesaian Akta Sengketa Wakaf*, (Jakarta: Dompot Dhuafa Republika dan IIMaN Press, 2004).

²¹ Masykur Muhammad Jawad Mughiniyah and Idrus Al Kaff A.B., Afif Muhammad, *Fiqh Lima Mazhab, Penterjemahan* (lentera, 2007).p. 57-60

²² Muhammad Abid Abdullah al Kabisi, *Hukum Wakaf: Kajian Kontemporer Pertama Dan Terlengkap Tentang Fungsi Dan Pengelolaan Wakaf Serta Penyelesaian Akta Sengketa Wakaf*,. p. 120-122

²³ Muhammad ibn Idris al-Shafi'i, *Al-Umm* (Beirut, Lebanon: Dar al-Fikr, 1990), p. 53.

²⁴ Pemerintah Republik Indonesia, "Pasal 40 Undang Undang Republik Indonesia Nomor 41 Tahun 2004 Tentang Wakaf" (2004). "*That waqf assets which have been endowed are prohibited from being used as collateral, confiscated, granted, sold, inherited, exchanged, or transferred in any other form of rights transfer.*"

²⁵ Pemerintah Republik Indonesia, "Pasal 41 Undang Undang Republik Indonesia Nomor 41 Tahun 2004 Tentang Wakaf" (2004). "*(1) In the event that a waqf asset that has been endowed can no longer be used in accordance with the purpose of the waqf for certain reasons, the waqf asset may be exchanged for another asset that has equal or greater*

allowing the transfer or exchange of waqf assets when it is genuinely necessary for the public interest and does not conflict with Sharia principles. This provision serves as an important legal foundation for the practice of *istibdal al-waqf* in Indonesia.²⁶

In the studies conducted by Muhtar and Aziz (2022)²⁷, Musyifikah Ilyas (2016)²⁸, and Prihanto and Faizah (2020)²⁹, Faizatu Almas (2022)³⁰ and Amal Hayati (2025)³¹ it is explained that *istibdal* is permissible as long as it brings public benefit (*maslahah*) and complies with applicable legal provisions, both from the perspective of *fiqh* and statutory regulations. However, these findings are not entirely consistent with other studies. Research by Afiffudin et.al (2023)³², Amal

value and benefit. (2) The exchange of waqf assets as referred to in paragraph (1) may only be carried out with written permission from the Minister based on the recommendation of the Indonesian Waqf Board."

²⁶ Ahmad Djunaidi. Dkk, *Fiqh Wakaf* (Jakarta: Direktorat Pemberdayaan Wakaf Direktorat Jenderal Bimbingan Masyarakat Islam Departemen Agama RI, 2007). p. 84-88

²⁷ Fathoni Muhtar and Fikro Shulkhu Aziz, "Istibdal Harta Benda Wakaf Perspektif Masalah Mursalah," *Jurnal Pendidikan Tambusai* 6, no. 2 (2022): 16345–52.

²⁸ Musyifikah Ilyas, "Istibdal Harta Benda Wakaf Perspektif Hukum Islam," *Jurnal Jurisprudentie* 3, no. 2 (2016): 138–50, <https://journal.uin-alauddin.ac.id/index.php/Jurisprudentie/article/view/2822/2666>.

²⁹ Yoga Rizki Prihanto and Siti Inayatul Faizah, "Implementasi Wakaf Istibdal Pada Mushola Wakaf (Studi Kasus Pembangunan Tol Gempol Pasuruan Seksi I Dan Seksi Ii)," *Jurnal Ekonomi Syariah Teori Dan Terapan* 7, no. 3 (2020): 513, <https://doi.org/10.20473/vol7iss20203pp513>.

³⁰ Faizatu Almas Hadyantari, "Realizing SDGs in Indonesia Through Productive Waqf," *Jurnal of Middle East and Islamic Studies* 9, no. 2 (2022), <https://doi.org/10.7454/meis.v9i2.148>.

³¹ Amal Hayati Ishak et al., "Social Sciences & Humanities Open The Critical Success Factors of Waqf Land Development for Sustainable Agriculture," *Social Sciences & Humanities Open* 11, no. December 2024 (2025): 101244, <https://doi.org/10.1016/j.ssaho.2024.101244>.

³² Mohd Afandi Mat Rani; Muhamad Rozaimi Ramle Afiffudin Mohammed Noor; Fathullah Asni, "Analysis of Issues and Solutions on the Implementation of Istibdal Waqf Property in States of Peninsular Malaysia," *Qualitative Research in Financial Markets* 15, no. 3 (2023): 423–44.

Hayati (2025)³³, and Ahmad Dahlan (2025)³⁴ for instance, criticizes the practice of *istibdal* because it may open space for misuse, threaten the perpetuity of waqf assets, and create potential conflicts of interest if not strictly supervised by sharia authorities and state regulators.

For example, the Dompét Dhuafa Foundation allocates the proceeds from *istibdal* practices to develop productive waqf programs. In 2024, Dompét Dhuafa managed waqf receipts amounting to approximately IDR 18.4 billion,³⁵ with total accumulated waqf assets of around IDR 222 billion and a productive waqf surplus of about IDR 3 billion.³⁶ The organization implements productive waqf schemes such as agricultural and livestock centers, as well as facilities including schools, hospitals, mosques, and other community services.³⁷

Based on these conditions, this study aims to analyze the *fiqh* perspective on *istibdal al-waqf*, examine its relevance as a sustainable waqf asset management strategy, and assess its potential. In supporting the implementation of SDG 8 at Dompét Dhuafa, the practice of *istibdal* can serve as a strategic solution to challenges such as underutilized waqf assets, limited economic productivity, and the need for facilities that generate sustainable income. This enables the benefits of waqf assets to be maximized while aligning with the objectives of the Sustainable Development Goals (SDGs), particularly SDG 8: “Decent

³³ Amal Hayati Ishak et al., “The Critical Success Factors of Waqf Land Development for Sustainable Agriculture,” *Social Sciences and Humanities Open* 11, no. January (2025), <https://doi.org/10.1016/j.ssaho.2024.101244>.

³⁴ Ahmad Dahlan et al., “Comparative Analysis of Waqf *Istibdal* Fatwas and Their Implementation,” *Journal of Hunan University* 52, no. 9 (2025).

³⁵ Maya Silvana, “Laporan Tahunan Wakaf 2024 Dompét Dhuafa” (Jakarta, 2025), <https://publikasi.dompstdhuafa.org/download/laporan-tahunan-wakaf-dompstdhuafa-tahun-2024/>.

³⁶ Dompét Dhuafa, “Surplus Wakaf Produktif” (Jakarta, 2025), <https://www.dompstdhuafa.org/?s=surplus+wakaf+produktif>. Accessed 15 Oktober 2025

³⁷ Dompét Dhuafa, *Programs*, Accessed 20 Oktober 2025, <https://www.dompstdhuafa.org/program/>

Work and Economic Growth.”³⁸

1.2 Research Scope

The scope of this study focuses on the practice of *istibdal al-waqf* within the Dompét Dhuafa Foundation as the research object. The material coverage includes a *fiqh* analysis of the *istibdal al-waqf* concept, an evaluation of its implementation at Dompét Dhuafa, and its relation to sustainable asset management and the achievement of SDG 8.

This research is conducted at Dompét Dhuafa using an empirical qualitative approach combined with normative analysis. The framework of this scope is further strengthened by previous research findings relevant to the themes of *istibdal al-waqf* and sustainable asset management.

1.3 Problem Formulation

Based on the background described above, this study aims to formulate issues related to waqf asset management strategies through the *istibdal* method in a productive and sustainable manner. The focus of this research is to examine the concept of *istibdal* from a *fiqh* perspective, analyze its implementation practices in Indonesia, and evaluate its contribution to achieving the Sustainable Development Goals, particularly SDG 8. Therefore, the research problems underlying this study can be formulated as follows:

1. How is the implementation of *istibdal* of waqf properties carried out as a theory for sustainable asset in achieving SDG 8 at Dompét Dhuafa?
2. What are the challenges and solutions in implementing *istibdal* of waqf properties as a theory for sustainable asset at Dompét

³⁸ Amir Shaharuddin & Al Amirul Mukmin Al Amin Che Zuina Ismail, Dalila Daud, “Istibdal Method for Sustainable Development: Analyses of Jurisprudence and Implementation on Waqf Properties,” *Islamiyyat* 45, no. 1 (2023): 81–92, <https://doi.org/10.17576/islamiyyat 2023 4501 08>.

Dhuafa?

3. How is the implementation of *istibdal* of waqf properties in achieving SDG 8 viewed from the fiqh perspective?

1.4 Research Purpose

Based on the research problems outlined by the author, the objectives of this study are as follows:

1. To analyze the implementation of *istibdal* of waqf properties as a sustainable asset management strategy in achieving SDG 8 at Dompét Dhuafa.
2. To identify the challenges and formulate solutions in the implementation of *istibdal* of waqf properties as a sustainable asset management strategy at Dompét Dhuafa.
3. To examine the implementation of *istibdal* of waqf properties in realizing SDG 8 from the fiqh perspective.

1.5 Research Contribution

In general, the benefits of this research cover two aspects, namely theoretical and practical:

1.5.1 Theoretical Contribution

- a. To contribute to the development of studies in fiqh muamalah, particularly regarding the concept and implementation of *istibdal* of waqf properties in the context of sustainable asset management.
- b. To enrich the academic literature on the integration of sharia principles with the objectives of the Sustainable Development Goals (SDGs), particularly SDG 8, through a case study of a waqf management institution.

1.5.2 Practical Contribution

The practical benefit of this research is to serve as a reference for Dompot Dhuafa and other waqf management institutions in optimizing the istibdal strategy for waqf properties to support sustainable asset management, while also providing recommended solutions to the challenges encountered in order to enhance the effectiveness of waqf asset management and utilization.

In addition, the findings of this study can serve as a reference for policymakers in formulating regulations or technical guidelines that support the implementation of istibdal in accordance with sharia principles and sustainable development goals. This research may also serve as a policy reference for the government in drafting regulations on istibdal, particularly in the management of waqf assets involved in the development of public facilities and urban infrastructure.

1.6 Writing Systematic

1. **CHAPTER I:** This chapter explains the background of the problems that form the basis for the importance of studying istibdal waqf in the context of sustainable waqf asset management. The research problems are formulated and serve as the main focus of the study, followed by the research objectives that outline the direction and goals of this study. The chapter concludes with an explanation of the writing structure, which serves as a roadmap for the overall structure of the thesis.
2. **CHAPTER II:** This chapter discusses previous studies to identify research gaps that have not been widely explored. It also presents the theoretical foundation and the conceptual framework to be used. The chapter provides a theoretical

discussion on the concept of waqf, the provisions of istibdal waqf according to various schools of thought, as well as the principles of sustainability and their relevance to SDG 8 (Sustainable Cities and Communities).

3. **CHAPTER III:** This chapter outlines the research methodology used, which employs a qualitative approach with normative analysis of fiqh texts and legal regulations. Data collection techniques include literature review and documentation. Data analysis is conducted through descriptive-analytical methods, examining scholars' opinions and the practice of istibdal waqf in Indonesia, along with an explanation of source selection, data validity, and analytical procedures.
4. **CHAPTER IV:** This chapter presents the findings and analysis regarding the application of the istibdal concept in waqf management, examined from a fiqh perspective and its relation to the principles of sustainability. The study also includes an examination of contemporary istibdal waqf practices in Indonesia as real-world examples, analyzed for their conformity with fiqh and SDG 8 principles. The discussion compares theoretical frameworks with practical realities and evaluates the benefits and risks of implementing istibdal within the context of urban sustainability.
5. **CHAPTER V:** This concluding chapter presents a summary of the main findings related to the permissibility and conditions of istibdal waqf according to fiqh, as well as its potential role in supporting sustainable waqf asset management. Recommendations are provided to encourage the implementation of istibdal practices that align with sharia principles and are relevant to the needs of sustainable urban development. Suggestions for future research are also offered to broaden the scope of the study in subsequent works.