

**Implementation of Endowment as Arising Instrument of People's Economy**

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**Abstract**

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The appearance of poverty is caused by discrepancy or gap regarding to land and asset ownership in Indonesia. Rich people in Indonesia dominate almost 70 percent of land, whereas 99 percent of people acquire only 30 percents of and. In this case, the utilization of waqf/endowment land can become a solution to develop economy and poverty alleviation. The existence of the law Number 41 Year 2004 about endowment/waqf gives the juridical foundation for endowment implementation, either endowment of fixed asset and building, or form of money. Endowment implementation should encompass productivity factor ad consumptive factor in society, so it can give positive impact for public welfare.

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## A. Introduction

Islamic teachings is *rahmatan lil alamiin* teachings which is usually understood as universal dogma/ religious teachings. Universal Islamic teachings means that Islam descends as the religion of salvation and it is applied for all mankind on earth. The core of Islamic teachings can be applied every time and every circumstance. The perfection of Islamic teachings means that Islam sets all aspect of human life, not only spiritual aspects, but also *mu'amalah* aspects including economy, social, politic, law and so on.

One of *mu'amalah* aspects is economy. Islamic teachings about economic is sourced from Al-Qur'an and Hadits. Universal Islam gives the fresh air in other teachings aspects such as monotheism, justice, mercy, freedom and responsibility, and brotherhood. In the development, the basic of economic activity in Islam continues to have dynamic development. It is caused by times and civilizations faced by people.

During the development, there are several aspects of worship which can become Islamic teachings and suggestion in implementing namely endowment/waqf<sup>1</sup>. the discussion regarding to endowment certainly becomes the case which needs seriousness. It has many reasons because endowment implementation in Islam currently becomes phenomenal as the form and the implementation can follow current development. Therefore, it can become the source of economic empowerment. Moreover, the global economic development urges renewal in implementing Islamic teachings related to economic field. Thus, renewal in applying endowment should change, so that the role of endowment is also considered important for the development of people's economy.

Endowment/waqf as the form of fiqh product can be developed in sharia economy. It needs concern and should be developed so the process of people's economy will not stop in a circumstance. The role of endowment has not been built well, even though endowment has big potential in economy. It should be utilized as much as possible. Law/Act Number 41 Year 2004 about Endowment/Waqf gives juridical foundation legally positive for endowment development in the future, either in form of fixed asset such as land and building or the form of money.

The implementation of endowment needs to do with present method, thus, endowment will become benchmark for people's development in

the future. The implementation of endowment product can give extraordinary way, so endowment Endowment/waqf institution becomes important for life. The existence of endowment institution marks that implementation and management of endowment do not only become the item which stops just in one point/circumstance. However, the endowment may become impact in economic growth for Muslims. Thus, the idea of productive endowment becomes new effort/ *ijtihad* process in undergoing the endowment. It is because the endowment receivers will run endowment management for the development of people's economy. It is expected that endowment can support many social and religious activities. Based on this case, it shows that endowed treasure is the treasure which becomes funds source from society to society.<sup>2</sup>

Islamic university demands the realization of the Shari'a holistically. Islam should not be only faith but also as *manahij alhayahin* realizing *maqashid al syari'ah* namely *maslahah*.<sup>3</sup> Based on the concept, endowment of implementation is conducted for generosity in social and economic sectors. Economy becomes the most influential sector in human life, so Islamic teachings such as endowment which concerns in economic issues become parts that will be conducted immediately.

In endowment socioeconomic, it has not played role in overcoming people's problem. It is because endowment is not optimal in management.<sup>4</sup> the institutions of endowment management should be appeared immediately so they can manage the forms of productive endowment. In fact, the implementation of productive endowment together with *zakat*, endowment can become and instrument to reduce poverty<sup>5</sup>. the meaning of this endowment issue emphasizes in the application in endowment implementation which put forward the issue of people's economy productivity. Thus, law product formed in this endowment will not only emphasize less productive case.

## B. Endowment/Waqf Urgency

Endowment taught in Islamic Teachings, if it is contemplated and lived out, it has two dimensions which are religion dimension and social-economic dimension. Endowment as religion dimension is religious suggestion which needs to conduct in Muslims' life. Thus, people who give endowment (waqif) obtain reward/merit from Allah SWT because they obey His order. Whereas social-economic

dimension due to endowment sharia can contain social-economic element, if the implementation of endowment is conducted with the development process of economic and productivity, so it is possible that the benefit of endowment will be able to ease the burden of *dhu'afa* life (people with low economy).

The concept of endowment is the source to increase people's productivity because endowment can have potential as one of sources of social fund which has potential related to people's welfare beside *zakat*, *infak* and alms. Endowment is worship which still has reward from Allah SWT and it gives benefit to waqf because the reward of endowment keeps exist until it still uses. Beside, endowment gives benefit for society as the development.<sup>6</sup> even more, religious teachings becomes the main motivation for people to endow. In Indonesia, endowment has known and implemented by Muslims since Islam came to Indonesia. One of popular endowment done in Indonesia is the form of land. The habitual of endowment has existed in Indonesia, even though the management has not been maximum yet. Thus, it needs the development of endowment potential as the support of Islamic da'wah.<sup>7</sup> As one of religion institution which is closely related to social-economic, endowment has been helped the development in Indonesia, either in the development of human resource or in the development of social resource.

The forms of endowment which is often conducted in Indonesia are worship facilities, school and many other facilities which are built with endowment result, but they are not managed to be able to increase people's economy. In general, the implementation still focuses on the introduction for Muslims who just understand endowment as land and building and only for religious activities. Thus, it can be seen endowment object of asset. From the development of modern economy, community empowerment is very needed so people are ready in facing the development. From this case, endowment object must be changed so the role of endowment as social community empowerment can be optimized.

Based on Central Bureau of Statistics, total of poor people in Indonesia reach 25.99 millions of people.<sup>8</sup> one of parts of the poverty is discrepancy/gap in land and asset ownership in Indonesia, in which 99 percents of people only acquired the remaining 30 percent of the land. Furthermore, the use of waqf/endowment land can be a solution for economic development and poverty alleviation. Data collected by the

Ministry of Religion of the Republic of Indonesia, presenting the amount of waqf land in Indonesia reach 4,359,443,170.00 square meters (four billion three hundred fifty nine million four hundred forty three thousand one hundred seventy point zero square meters) or 435.768 hectares (four hundred thirty five thousand seven hundred sixty eight hectares) in Indonesia.<sup>9</sup>

Based on the explanation above, the large land in endowment implementation will be certainly very contributive in socio-economic empowerment if it can be managed with appropriate and professional management with the orientation of the implementation of endowment to advance the economy of the people and to worship with Allah SWT. This endowment foundation is not only aimed at providing various religious and social facilities, but also has very high economic potential, especially in improving the economy of the people, so that the application of waqf/endowment implementation needs to be improved in accordance with its benefits without having to abandon the principles of shari'ah.

The use of endowment land in Indonesia is still identical with the form of religious social places such as mosque and graves. If they are managed well, it can manage as profitable economic assets and the profit can be applied for people's interest. In New Zealand, for example, waqf land is managed as sheep farms, the results can be enjoyed by the community. The lack of utilization of endowment land is also stated by the Endowment Management & Empowering Division of the Indonesian waqf agency (BWI). Robbyantono in his discussion gave an example, there was 2.4 hectares of land in the Tanah Abang area, Central Jakarta. The land, which is worth around Rp. 4 trillion, only records revenues of IDR 4-6 billions per year from the results of parking rentals.<sup>10</sup>

The concept of the change of endowment instrument to empower the economy, the community is immediately encouraged by changing the paradigm of Endowment objects which use to be like buildings and land to be transformed into the form of money or economic facilities of citizens in the form of fields or places of business, because the Ulama Council has issued a fatwa that is permissible as Endowment. Even in the content of the fatwa, the Indonesian Ulama Council defines money as waqf as waqf by a person, group of people, institution or legal entity in the form of cash, including in this sense are securities (shares and bond). The definition is strengthened by Law Number 41 Year 2004 about Endowment and Government Regulation

Number 42 Year 2006 about endowment which explain that money includes in part of endowment. The definition of the kind of endowment in Law Number 41 Year 2004 about Endowment Article 1 Clause (1) Endowment/Waqf is "legal action of waqif to separate an/or hand over part of his/her treasure to be utilized forever or or for a certain period of time in accordance with its interests for the purposes of worship and / or general welfare according to sharia ". This shows that in the current modern era the form of implementing a representative is not only dwelling in the form of land or buildings.

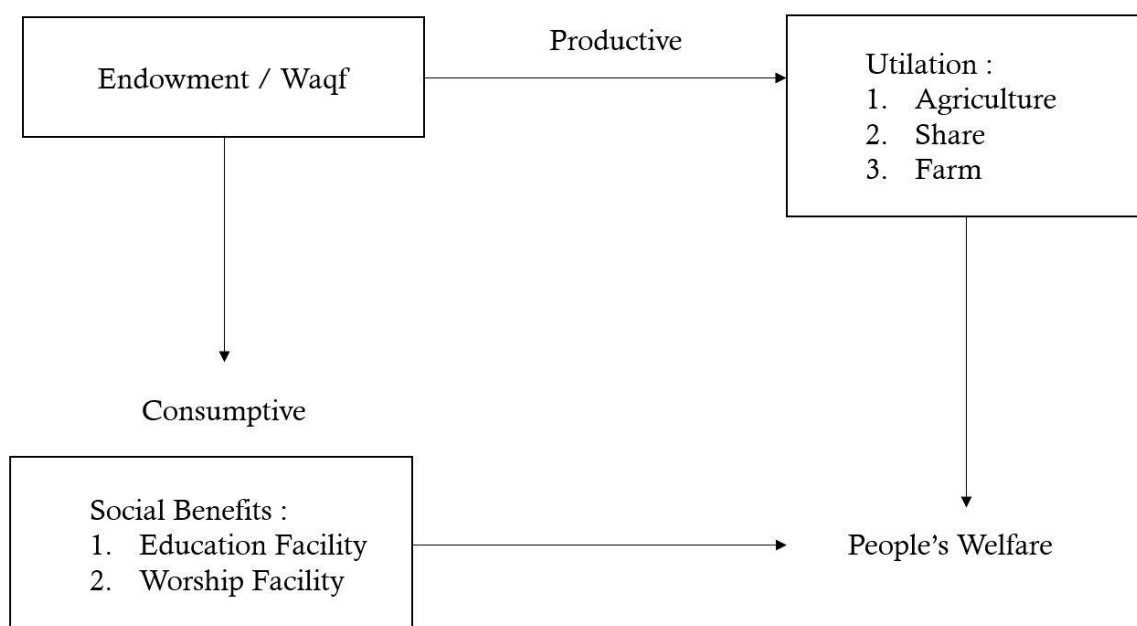
### C. Waqf/Endowment Management

Endowment management is only stagnant in giving asset used to build mosques, graves or road should be improved, because this kind of endowment activities are considered very traditional. The form of endowment implementation like this makes stagnation in the endowment application in Indonesia, so that the position of endowment is considered not urgent to be discussed to improve the economy of the people. On the one hand, when the Endowment discussion in economic development is considered to have violated religious teachings, the waqf/endowment problem becomes irrelevant if it is discussed intensively. Muslims almost forget the activities of originating from the

institution of representation. Mis-management and corruption problems are considered to be the main causes, so that the activities of the institution of representation are less desirable or even abandoned by Muslims less than a century ago.<sup>11</sup> Based on this case, the implementation of managerial management of endowment items begins with intent and seriousness to increase obedience to Allah by increasing the economy of the people.

The stagnancy of endowment development began to change in 2001, some Islamic economic practitioners began to bring a new paradigm to the community regarding the concept of managing cash endowment to improve the welfare of the people. The management of endowment land can be used as people's farm or business. In fact, the form of waqf/endowment can be used as capital to open a business so that the current waqf model focuses on land or buildings for schools or religious organization buildings can be changed by empowering the economy of the community by opening agricultural land, business space, and optimizing the use of waqf goods implemented well when the source of profit and productivity of the people can be used for the welfare of the people. Based on the explanation, it can be seen that the map concept of endowment implementation in improving the economy of the ummah, as a means of renewal in the implementation of endowment

### The Concept of Endowment in Increasing People's Economy



Based on the picture above, it shows that endowment implementation in modern era must cover productivity factor and the consumptive of people so endowment management pattern in modern era can adjust current development without leaving Sharia values and it is not only stagnant in form which can't give positive impact to people's welfare, so endowment teachings as a Islamic law product can give solution for people's economy.

As the instrument of Islamic economy, the process of endowment development in Indonesia certainly implicates in optimum endowment management processin giving the benefit for people. Therefore, it needs endowment management which is trustworthy, transparent, accountable and good for worship to Allah SWT without seek personal gain in implementing waqf/endowment for Muslims.

#### **D. Conclusion**

The change of endowment instrument to Community empowerment must be conducted immediately by changing the paradigm of endowment objects that was used as buildings and land to be transformed into the form of money or economic facilities of citizens in the form of fields or places of business. The endowment implementation must cover productivity factor and people's consumptive. Thus, endowment implementation pattern in this modern era can adjust current era without leaving sharia values and it is not only stagnant in form of things which can't give positive impact for people's welfare.

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