
Waqf and Sustainability Efforts: Islamic Philanthropy Against Global Change

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Abstract

Waqf, as an instrument of Islamic philanthropy, has great potential to contribute to social and economic welfare. This research aims to explore the role of waqf in supporting sustainability as a form of Islamic philanthropy in the context of global change. The findings of this research examine waqf's contribution to sustainability efforts in the face of global change and identify key barriers to effective waqf implementation. The lack of clear and uniform regulatory standards regarding waqf in different countries, leading to difficulties in management and enforcement and a lack of knowledge and skills in waqf management among managers and stakeholders. Blockchain technology offers a solution that can improve the efficiency and effectiveness of waqf management, by creating a more transparent, accountable and secure system. Therefore, international collaboration and the implementation of modern technologies such as blockchain are necessary to maximize waqf's contribution in facing global change and achieving sustainability goals.

Keywords: *Waqf, Global Change, Sustainability*

1. INTRODUCTION

In recent years, the topic of global change has grown in importance and urgency. Global challenges in economics provide an in-depth look at the complexity and variety of challenges faced in the context of the global economy. These include diverse factors such as economic instability, social inequality, climate change, and rapid population growth (Prahara et al., 2023). For example, muamalah contracts or transactions carried out by Muslims must change with this new system without leaving the principles of shari'a (Fitrianto, 2023). Amid global changes, it is important to ground Islamic philanthropy in solving socio-economic problems. One of the well-known and practiced instruments of Islamic philanthropy is Waqaf.

Waqf has played a major role in improving the welfare of Muslims in classical Islamic history, both in the fields of education, health, social services and public interest, religious activities, development of science, and Islamic civilization as a whole. There are two distinct types of Islamic philanthropy. The first is the individual dimension, which is the desire for personal transformation, demonstrated by rejecting vice. The second dimension is the social dimension, which is the change in social structure to foster a culture of shared prosperity and social responsibility (Nazah, 2022).

According to information released by the Ministry of Religious Affairs in 2024, there is a potential for cash waqf in Indonesia to reach Rp180 trillion, while the realization of cash waqf in 2023 was Rp2.3 trillion. There are various situations where waqf assets are not effectively preserved. This occurs due to several factors, namely first, the gap between potential and reality. Second, the lack of Muslim participation and low literacy. Of the total 238 million Muslim population in Indonesia, the number of waqf participants until 2023 is 14.8 million waqifs or 6% of the total Muslim population. Third, the lack of capitalization of the impact of zakat waqf, as there are currently 25.9 million poor people, but only 4% of the total economically productive

waqf land. Fourth, negative publicity about the misuse of waqf is rampant. Society is experiencing a crisis of confidence in the management of zakat waqf. In this case, nazir in Indonesia is considered to be less innovative in managing waqf. With the vast potential of land waqf that should have and hold enormous economic potential, it is currently not managed optimally. However, waqf assets in Indonesia in the form of land in the management and allocation are still intended for mosques amounting to 44.64%, musholla 28.23%, schools 10.63%, social 8.58% and cemeteries 4.50% (Hisyamuddin & Halim, 2023).

Waqf has the ability to significantly improve people's quality of life and support initiatives that aim to promote environmentally and socially responsible sustainable growth. Sustainable Development Goals (SDGs) is a long-term global development agenda to optimize all potential and resources owned by each country. According to a study by (Zawawi et al, 2023), sustainable development is a term used in the international socio-economic context. As the organization that started this goal, the United Nations (UN) has triggered global progress in the social, economic, and environmental fields (Firdaus et al., 2024).

The ultimate goal is to raise the standard of living of every member of society, create means and techniques of production, and manage them so as not to deplete the natural resources already available (Syarifullah et al., 2023). Waqf has great promise, especially for Indonesia's predominantly Muslim population. The amount of waqf assets in Indonesia is the highest in the world in terms of land or natural resources (resource capital). The implementation of waqf is regulated by Law Number 5 of 1960 concerning: Basic Agrarian Regulations and Government Regulation No. 28 of 1977 concerning: Land Trust (Suryadi et al., 2019).

Previous studies have shown that cash waqf as an alternative is one of the best ways to build and develop waqf assets. Therefore, implementing cash waqf as an alternative to waqf is considered to be able to help complete the development of waqf asset development in Malaysia. Furthermore, according to (Zoni & Mubarak, 2020), global changes will bring about the digitalization of waqf, now there is a technological application for waqf management called Blockchain. As stated by Raditya Sukmana, that productive waqf management with Blockchain allows for increased efficiency and effectiveness. (Mazuin, 2017) states that waqf is not only intended for worship purposes, but also for the welfare of society. In this case, waqf can provide health services, education, and employment, so that when waqf is managed optimally, it can help reduce poverty (Firdaus et al., 2024).

Innovative Waqaf Solutions for Sustainable Development, Productive Waqf: Developing waqf that generates income, such as waqaf of land used for agriculture, commercial property, or other investments that provide returns to finance social and environmental projects. Digital Waqaf: Utilize digital platforms for the collection, management, and distribution of waqaf funds, increasing accessibility and public participation in waqaf donations. Collaboration with Private Sector: Inviting the private sector to participate in waqf projects through public-private partnerships, contributing funds, expertise, or other resources to support sustainable projects. Waqf has great potential to help address the challenges of global change and improve people's quality of life, as well as contribute to efforts to develop community-based and environmentally sustainable development. Therefore, this study will discuss waqf and sustainability efforts, and how Islamic philanthropy can play a role in addressing global change.

2. RESEARCH METHODS

In this research, using a qualitative method with a type of library research or library study (library research) is used to explore Waqaf and sustainability efforts: Islamic philanthropy against global changes. The object of study in this type of literature study is library data consisting of books and journals as data sources. This research was conducted by reading, reviewing, and analyzing pre-existing literature. As stated by (Ridwan et al, 2021), a literature review is a type of research in which information collected from sources relevant to the research topic is studied.

Literature review has an important purpose to strengthen research ideas, improve understanding of the issues discussed, and provide a strong foundation for the thesis and research results.

3. RESULTS AND DISCUSSION

Waqf's Contribution to Sustainable Development (SDGs)

The specialty of waqf is that they distinguish between ownership and use rights. According to the Waqf Law Number 41 of 2004, waqf is defined as a legal act of a person to separate part of his/her property (Purwatiningsih, 2021). The separated property will later be used according to the agreed designation, either for the purposes of worship or public welfare which is permitted in Islamic law. Islamic law first introduced the concept of perpetual waqf, which is different from previous waqf concepts. Scholars agree that the Jariyah charity mentioned in Imam Muslim's hadith, "When the son of Adam dies, all his deeds are cut off except three: Jariyah charity, useful knowledge, and a righteous son who prays for his parents", refers to the practice of waqf. The entity of waqf is inherently "sustainable" because it is governed by the fundamental principles of being fixed, non-transferable, and irrevocable.

The concept of sustainable development fits within the framework of waqf which accumulates wealth through investments that generate perpetual returns over time. According to Abdul Haseeb Ansari et al, since Allah SWT asks mankind to take care of the surrounding nature without doing damage (fasad) on this earth, the concept of sustainable development is based on concepts such as khalifah, ukhuwwah, amanah, masalah mursalah (public interest), and sadd al-dhara'i. According to Mohamad Tahir, waqf is one of the areas responsible for ensuring the sustainability and stability of human life (human survival), and the ever-changing interaction between the process of socio-economic development and the virtue of preserving the surrounding nature is also a way to fulfill the demands of Maqasid al-Syari'ah (Sulaiman & Hasan, 2016).

The annual Global Waqf Conference (GWC2019), held in Malaysia from 10 to 13 November 2019, has covered a lot of ground, including alternative solutions for waqf development through the use of new technologies, discussions on the standardization of waqf regulations around the world, and the prospect of waqf applications to meet the needs of millennials. Even the World Congress of Muslim Philanthropists (WCMP), based in America, also held its Global Donor Forum 2012 in Malaysia, which took place from April 26 to 28, 2012. Muslims must manage waqf in the future in a professional, honest, and accountable manner (Muya et al., 2024).

Empowering the potential of professional waqf includes things such as management, nadzir labor, partnership models, money, shares, and other securities, as well as government support (Siregar & Setiawan, 2020). When it comes to empowering waqf productively, there are three basic philosophies emphasized in professional waqf management, at least, namely: First, its management pattern should be part of an "integrated project" and not a separate expense. With a project framework, waqf funds will actually be allocated to empowerment programs that include all costs. Second, the principle of nadzir welfare, for too long the nadzir has been positioned to work by utilizing the remaining time and not being the main concern. Therefore, it is time to make nadzir a profession that gives hope to the best of the people and a profession that provides welfare not only in the hereafter but also in the world. Third, in accordance with the principles of transparency and accountability, waqf boards and the institutions they support should submit audited financial reports to the public every year on how the waqf funds have been managed,

along with an explanation of the reasonableness of all expenditures. Fourth, a nadzir must be a businessman who has expertise in running an Islamic business. Fifth, the nadzir should be a person dedicated to Islamic business who has the experience, and adequate network, and is able to see market opportunities and business opportunities (Rohim, 2021).

In Islamic philanthropy, the role of waqf can be used to achieve sustainability in several areas. These include the field of education: Waqf can be used to build and maintain educational institutions such as schools, universities, or training centers. Funding from waqf can ensure sustainable access to education for the community, strengthen the education system, and improve the quality of education. the existence of waqf in Indonesia has facilitated many postgraduates, and students to conduct research and education thus reducing dependence on government funds. 2. Health sector: Waqf can be used to support the construction and maintenance of health facilities, such as hospitals, clinics, or health centers. Resources from waqf can strengthen the health system, provide high-quality health services, and support sustainable disease prevention and treatment programs. 3. Economic Empowerment: Waqf can be used to support sustainable economic initiatives, such as micro-enterprise funding, skills training programs, or capital assistance for health centers. 4. Environment: Waqf can be used to preserve and improve nature. Encouraging forest preservation, replanting, or the development of renewable energy projects using waqf can help preserve the environment and mitigate the effects of climate change (Dosen et al., n.d.)

In terms of regulations, the Fatwa Commission of the Indonesian Ulema Council on May 11, 2002, on Cash Waqf, Law No. 41 of 2004 on Waqf, as well as Government Regulation No. 42 of 2006 on the Implementation of Law No. 41 of 2004 on Waqf. The Indonesian Waqf Board (BWI) as an independent institution responsible for developing waqf in Indonesia was also established in 2004 and has begun to carry out activities, including equipping nazirs throughout Indonesia with various knowledge related to waqf empowerment. This is done with the hope that the nazir can develop waqf in their area which is a mandate from the waqf.

Barriers to Sustainable Waqf Development

According to (Purwanto et al., nd) Waqf has enormous potential in the socio-economic field, Waqf Barriers to Economic and Social Development,

- a) Inefficient Asset Management: Many waqf assets are not managed properly, causing a loss of potential income that could be used for social and economic projects. this is due to the lack of public knowledge about waqf law.
- b).Lack of Social Impact: Lack of optimal utilization of waqf assets means that many programs that should be funded by waqf are not implemented, reducing waqf's contribution to poverty alleviation and welfare improvement.
- c). Obstacles to Economic Growth: The inability to manage waqf funds professionally hinders their potential to support economic growth through productive investment.

Policies and Implementation Strategies to overcome these obstacles are: Increased Public Education: Organizing educational campaigns about waqaf and its potential for social and economic welfare, as well as changing public perception that waqaf is not only for worship purposes. Standardization of Regulations: Develop clear and uniform waqaf regulatory standards across Indonesia to ensure effective and efficient waqaf management. Nazir Training and Certification: Conduct training and certification programs for nazirs so that they have the knowledge and skills needed to manage waqaf assets professionally. Blockchain Technology Implementation: Adopting blockchain technology to increase transparency and accountability in

waqf management, as well as facilitate cross-border waqf management. Public-Private Partnerships: Encouraging partnerships between the government, private sector, and communities to optimize the management and utilization of waqf assets.

Global Collaboration Opportunities: Optimizing Waqf Benefits on a Global Scale

The current evolution of waqf is a reflection of its expanding function and diversity as a socio-economic tool. The Islamic notion of waqf, or charitable giving, has changed significantly to reflect the needs of contemporary society: In waqf management, international cooperation provides a number of opportunities to optimize social and financial benefits (Syaifulloh et al., 2023). The following are some of the advantages of international cooperation: Knowledge and Experience Exchange: Countries can exchange best practices and lessons learned on waqf management, especially how to utilize information technology to improve asset management. Collaborative Investment in Global Initiatives: Waqf funding can be allocated to important worldwide initiatives involving many countries, including those related to infrastructure development, health, and education. Building a Global Network of Waqf Institutions: By collaborating on training and research, countries can support each other and enhance the capabilities of waqf institutions. Development of International Cooperation: Cooperation between countries and international organizations can help improve the efficiency and effectiveness of waqf management. For example, the Islamic Development Bank (IDB): The IDB has started several initiatives to promote waqf as an instrument of social finance, including the development of international standards and training programs. Global Waqf Conference: This conference brings together experts, researchers, and practitioners from around the world to discuss innovations and best practices in waqf management (Mulyono, 2022).

Blockchain Implementation in Support of Sustainable Waqf

Waqf management has undergone dramatic changes in the digital era. Waqf management is one of the Islamic financial instruments in the social aspect that can be improved by using digital technology 4.0, such as blockchain. With the help of blockchain technology, waqf can manage its finances more effectively and efficiently from both sides. Blockchain technology, according to (Mutmainah et al, 2021), can make waqf fund management more secure, transparent, credible, accountable, and difficult to manipulate. According to Mutmainah et al.'s research, blockchain in waqf will contain various data, including contracts, identities, assets, and transactions, which can be stored in a digital format. These documents are easily searchable, transparent, and durable.

Waqf management can be made more effective and efficient by utilizing blockchain technology, which will also increase public trust in the waqf fund management process. The creation of a platform by Finterra in Singapore, which uses blockchain to create and enable transactions related to waqf projects, is an illustration of how blockchain technology can be applied to waqf management. This technology has the potential to increase public trust in waqf fund management and streamline the implementation of waqf projects that contribute to the Sustainable Development Goals (SDGs) due to its decentralized approach and irreversible transaction records (Urfiyya, 2021).

(Habib, 2018) The United Nations Development Program (UNDP) Indonesia, together with the UNDP Innovative Financing Laboratory team in Jakarta, launched blockchain waqf on April 23, 2019. The Indonesian Waqf Board (BWI), which oversees the administration of waqf funds in Indonesia, was present at the discussion (Guntoro & Kurnialis, 2021). Blockchain is described as a magical computer that can be uploaded by anyone and can operate on its own. The decentralized status of the program is always visible to the public, providing strong crypto security as well as economic assurance that the program is operating and will continue to operate according to the blockchain protocol (Buterin, 2015).

Blockchain consists of blocks and chains. Blocks are digital data or information that are connected to each other and stored on a public database, which is called a chain. Blockchain is also known as a distributed shared ledger, which is permanent, where data or information that has been stored in a block cannot be changed by anyone without the consent of the majority of users of the blockchain network. Blockchain technology is used to record and manage waqf data. This increases security and transparency in digital waqf management. Fintech and blockchain play a vital role in optimizing efficiency, transparency, and security in digital waqf management. Security Policies Implemented are: a) Data Encryption: All waqf transaction data is encrypted to protect sensitive information from unauthorized access; b) Distributed Consensus: Consensus mechanisms such as Proof of Stake (PoS) or Proof of Work (PoW) are used to ensure data integrity and prevent malicious attacks; c) Audit Trail: Blockchain provides a complete audit trail, allowing waqf managers and third parties to track every transaction and verify its authenticity.

(Elasrag, 2019) states that there is considerable potential for the application of blockchain qualities and concepts in the Islamic Economic system. These reasons include: 1. Transparency: source, traceability, and transparency in transactions are provided and displayed by the blockchain. 2. Control: Only authorized users can access the network. 3. Security: Once financial data is entered into the digital bookkeeping system, it cannot be altered or tampered with. Fraud is much less likely and easier to identify. 4. Real-time information: when any changes are made, they instantly and automatically affect all users connected to the network at the same time.

4. CONCLUSIONS

The implementation of waqf has the potential to benefit various sectors such as education, health, and the environment. It is a very important tool in mitigating the impact of environmental, social, and climate change. waqf's contribution to sustainable development and community welfare, while highlighting the challenges faced in waqf management in Indonesia. The main findings show that although waqaf has great potential, its utilization is still hampered by various factors such as non-standard regulations, low quality of human resources, and lack of transparency and accountability.

The Integration of Blockchain Technology in Waqaf Management as one of the innovative contributions of this research is the introduction of blockchain technology as a solution to improve transparency and accountability in waqaf management. Blockchain enables secure recording of transactions, the use of smart contracts for process automation, and distributed verification of data, all of which contribute to improving the efficiency and effectiveness of waqaf management. This research offers policy recommendations and implementation strategies that can be adopted by the government and society to overcome barriers to waqaf management. These recommendations include increased public education, standardization of regulations, nazir training and certification, application of blockchain technology, and public-private partnerships. Another innovative approach is the use of productive and digital waqf to support sustainable development.

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