

The Role of Productive Waqf and Management Strategies Towards the Welfare of the Indonesian Community

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ABSTRACT Waqf is a portable or income-generating asset given for public (Islamic) benefit as a gift. The law of waqf in Islam is considered sunnah muakkadah, which is a highly recommended sunnah due to its extraordinary virtue and widespread benefits for the community. This research was completed using a qualitative descriptive research method with a literature study. Literature study is an activity of taking and collecting data from books, previous research journals, and trusted websites, then reading, recording, and reprocessing them. The results of this study show that the management of productive waqf can be seen in the waqf land in West Java which is rented out for agricultural land, where the results finance education and health programs, create jobs, and improve food security. Strategies that can be used are (1) long-term productive allocation in properties (MRT, commuter trains), agriculture, trade, and industry (2) investment in youth education for global human resources (3) digital literacy of waqf for millennials and Gen-Z as well as (4) consumptive assistance for the poor and persons with disabilities. The implementation of this strategy not only increases the number of *waqif* and waqf funds, but also accelerates the growth of the productive economy.

Keywords: *Productive Waqf, Waqf Management, Community Welfare, Islamic Economic Development.*

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INTRODUCTION

Waqf is an Islamic philanthropic institution with deep roots in Islamic jurisprudence, linguistic heritage, and modern socio-economic development discourse. Etymologically, the Arabic word *waqf* derives from the root *waqafa*, meaning “to stop,” “to hold,” or “to remain steady,” reflecting the principle that endowed property is removed from private circulation and dedicated to ongoing benefit for others rather than speculative or consumptive use. Classical Islamic legal scholars characterize waqf as an act of holding property in perpetuity while distributing its benefits to designated beneficiaries, with the donor refraining from reclaiming the principal asset (*tahbis al-’ashl wa tasbil al-manfa’ah*) (Mulyani et al., 2024). This linguistic and legal foundation situates waqf firmly within both Islamic ethical and socio-economic frameworks (Hafsah, 2025).

While the term *waqf* itself does not appear explicitly in the Qur’an, the conceptual basis for waqf is grounded in broader Qur’anic commands to spend in the way of Allah and pursue beneficence and charity (*sadaqah*, *zakat*, and *waqf*) for communal welfare. For example, Surah *Ali*

Imran (3:92) commands believers to spend from their best wealth, emphasizing that charity should be given without harm to basic needs, and that such giving aligns with righteousness within the Muslim community. The Prophet Muhammad (SAW) reinforced this ethic through numerous traditions encouraging Muslims to dedicate part of their wealth for the continuous good of society (Veronica et al., 2025).

In Indonesia, the formal legal basis for waqf is Law Number 41 of 2004 concerning Waqf, which represents a significant evolution from earlier regulations and aligns national policy with the dynamic potential of waqf instruments. The law encompasses both **movable and** immovable objects and explicitly recognizes *cash waqf* a transformative reform that expands waqf beyond the traditional focus on land and buildings into financial contributions that can be mobilized for wide economic application (Muthawalli et al., 2025).

Law No. 41 of 2004 was enacted to provide legal certainty, asset protection, and technical regulation for waqf institutions and trustees (*nazhir*). Among its innovations, the law broadens the definition of waqf property to include movable objects (such as vehicles, equipment, and cash) that yield sustainable benefits (Hafsah, 2025). This reform marked a departure from the older Law No. 28 of 1977, which was criticized for its static orientation and limited capacity to realize waqf's economic potential (Shobri, 2025).

Within this legal regime, *nazhir* the institutions or individuals entrusted with waqf assets play a central role in managing, investing, and distributing waqf revenues. The law also establishes the Indonesian Waqf Board (*Badan Wakaf Indonesia* or BWI) to oversee registration, supervision, and guidance of waqf activities. The strategic evolution of waqf law has aimed at professionalizing waqf governance and encouraging productive use of endowed assets for sustainable socio-economic benefit (Hafsah, 2025; Mulyani et al., 2024).

However, research shows that implementation consistently faces challenges. Case studies reveal mismatches between formal regulations and grassroots practice, including limited compliance with best governance principles, weak financial reporting systems, and unclear legal status of managed assets issues that could undermine accountability and sustainability (Veronica et al., 2025; Dikuraisyin & Yani, 2026). Institutional capacity building, digital reporting, and enhanced oversight are among the necessary reforms identified by scholars to strengthen waqf governance (Muthawalli et al., 2025).

A central theme in contemporary waqf discourse is *productive waqf* the idea that waqf assets can be actively managed to generate sustainable income that supports economic empowerment and public welfare (Zamzami & Andaryuni, 2025). Productive waqf differs from traditional waqf, which often focuses on enduring assets that yield passive or limited benefit. Under productive waqf schemes, waqf assets may be invested in income-generating ventures such as Islamic micro-finance institutions, entrepreneurial ventures, real estate leasing, and social enterprises thereby creating jobs, supporting small business development, and contributing to broader economic growth (Dliyaul Muflihini et al., 2025).

Several empirical studies illustrate the socioeconomic potential of productive waqf in Indonesia. For instance, research on productive waqf governance in mosque-based settings shows how waqf institutions can adopt social entrepreneurship models to revitalize underutilized waqf land and expand community benefits beyond religious functions (Dikuraisyin & Yani, 2026). Case studies emphasize that integrating mosque waqf with socio-entrepreneurial strategies helps generate sustainable revenue streams and enhances socio-economic impact at the local level (Zamzami & Andaryuni, 2025).

Similarly, scholarly analyses argue that productive waqf can be a viable alternative framework for long-term poverty alleviation. With an estimated **huge potential** in idle waqf lands and significant cash waqf contributions (including cash waqf-linked sukuk and other

financial instruments), professional waqf management could serve as a catalyst for micro, small, and medium enterprise (MSME) development, employment creation, and community empowerment in disadvantaged regions (Shobri, 2025; Mulyani et al., 2024). This potential aligns with sustainable development goals, particularly in reducing poverty and inequality (Hafsah, 2025).

Cash waqf represents a particularly promising domain within broader productive waqf strategies. Cash waqf allows donors to contribute liquid financial resources that can be pooled and invested in Sharia-compliant instruments to generate ongoing returns (Dliyaul Muflihini et al., 2025). This flexibility makes waqf more accessible to broader segments of Muslim communities, including middle-class donors who may not own significant immovable property (Veronica et al., 2025).

However, the implementation of cash waqf in Indonesia also faces significant hurdles chief among them low public awareness, limited literacy on waqf principles, nascent regulatory frameworks, and a need for stronger incentives and technical guidance to mobilize and manage these funds effectively (Shobri, 2025; Dikuraisyin & Yani, 2026). Surveys indicate that less than a quarter of the Indonesian population fully understands cash waqf concepts, suggesting that awareness campaigns and educational interventions are critical to unlocking its potential (Hafsah, 2025).

Despite its promise, waqf development in Indonesia confronts several structural and practical barriers. Research identifies persistent gaps in professional capacity among nazhir, incomplete compliance with governance standards, and limited technological adoption in management systems (Mulyani et al., 2024; Dikuraisyin & Yani, 2026). These challenges often result in low asset productivity and inefficiencies in resource utilization, undermining the anticipated socioeconomic benefits of waqf (Veronica et al., 2025).

Nonetheless, scholars and practitioners have articulated strategic opportunities. These include regulatory refinement to incentivize productive investment, digitalization of waqf management systems, capacity building for nazhir through training and professional certification, and stronger public education to elevate understanding of waqf principles and mechanisms (Shobri, 2025; Dliyaul Muflihini et al., 2025). Such strategies are envisioned as pivotal to transforming waqf into a dynamic instrument for community empowerment and sustainable economic development (Zamzami & Andaryuni, 2025).

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The purpose of this study is to explore the contemporary role of waqf as a strategic instrument for economic empowerment in Indonesia, focusing on productive and cash waqf mechanisms. By analyzing the legal framework, institutional governance, and practical implementations, this research aims to identify opportunities, challenges, and strategies to maximize waqf’s socio-economic impact. The novelty of this study lies in its integration of legal, economic, and managerial perspectives on waqf, particularly emphasizing cash waqf as an innovative vehicle for community empowerment and sustainable financial growth a topic that has

received limited empirical investigation in the last decade (Zamzami & Andaryuni, 2025; Shobri, 2025).

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METHOD

This research employs a qualitative descriptive methodology grounded in a literature study to explore how waqf possesses the potential to contribute to the development of community welfare. Qualitative descriptive research is widely used in social sciences to provide rich, contextualized descriptions of phenomena based on textual and documented sources (e.g., journal articles, books, and credible web sources). The core purpose of this approach is to deeply understand and interpret patterns, meanings, and insights that emerge from existing literature, enabling the researcher to synthesize diverse scholarly perspectives rather than measure variables statistically. Studies in Islamic finance and social welfare have used similar descriptive literature analyses to map the conceptual and empirical landscape of waqf and its roles in socio-economic development (Oktavia et al., 2024).

A literature study involves systematically collecting and examining secondary data from a variety of reliable sources, such as books, academic journals, conference proceedings, theses, and reputable electronic publications. This method requires identifying relevant literature, reading critically, taking structured notes, and interpreting findings to answer the central research question. Specifically, the literature study in this research focuses on identifying how contemporary scholarship defines waqf, what mechanisms and models have been associated with its productive deployment, and how authors link these with broader community welfare outcomes. Through comprehensive reading and analytical synthesis, the researcher can uncover key themes, trends, and gaps in the current body of knowledge (Setiawan & Wahyudin, 2023).

Compared with experimental or survey research methods, the qualitative descriptive approach is particularly suited for emerging or complex topics like waqf and welfare where conceptual clarity and theoretical understanding are still evolving. This methodology allows for an in-depth narrative analysis, enabling the research to contextualize waqf instruments within socio-economic frameworks and Islamic social finance discourse. The descriptive nature of the method supports the categorization of literature into coherent thematic areas, such as waqf literacy, governance, and management strategies, all of which have implications for how waqf may enhance community welfare (Akbar et al., 2026). In summary, by adopting a qualitative descriptive design with a literature study, this research systematically analyzes existing scholarly work from the last decade to construct an objective and comprehensive understanding of the ways waqf can foster community welfare. This approach ensures that findings are grounded in scholarly evidence and reflect the current academic discourse on the potential and limitations of waqf in social development.

RESULT AND DISCUSSION

This research synthesizes findings from a literature review of 17 academic sources and additional recent research on productive waqf in Indonesia and its socio-economic impact. The literature collectively shows that productive waqf development in Indonesia has been institutionally anchored by Law No. 41 of 2004 on Waqf, particularly Articles 47–161, and

operationalized through the Indonesian Waqf Board (BWI). BWI's institutional role includes coordinating national waqf development, capacity building for *naqirs* (waqf managers), and promoting innovative waqf models such as cash waqf and digital waqf platforms to increase economic welfare outcomes (Setiawan, Badina & Najib, 2021; Haliding et al., 2024).

BWI's initiatives, notably the National Movement for Cash Waqf launched in 2010, reflect a strategic shift from traditional waqf assets solely tied to religious infrastructure (e.g., mosques and cemeteries) toward productive assets with economic value that can generate sustainable income streams (Sunjoto et al., 2024). This strategic pivot has been further reinforced by the adoption of technology-enabled waqf platforms, which allow donors to contribute small amounts of capital and have these pooled funds invested in Sharia-compliant instruments. Digital waqf platforms also facilitate transparency, real-time reporting, and broader donor engagement, making waqf contributions more accessible to younger and urban populations who might otherwise be excluded from traditional waqf schemes (Haliding et al., 2024; Akbar & Putra, 2024). Despite these institutional developments, the literature consistently identifies a lack of public understanding and professional capacity as a core challenge in realizing the potential of productive waqf (Akbar & Putra, 2024; Medan, 2025). Surveys conducted in multiple Indonesian provinces indicate that many community members still perceive waqf primarily as a religious obligation for endowing mosques or burial grounds, rather than a strategic instrument for economic development. This limited awareness reduces both the volume of contributions and the scope of waqf utilization in productive sectors, such as microfinance, agriculture, and education, where waqf could have a transformative socio-economic impact (Setiawan et al., 2021).

Moreover, the capacity of *naqirs* to manage productive waqf remains inconsistent across regions. While some urban waqf institutions have adopted professional financial management practices and partnered with banks and microfinance institutions, many rural *naqirs* operate with minimal training, limited access to market information, and weak institutional support (Sunjoto et al., 2024; Medan, 2025). These disparities contribute to underutilized waqf assets, reduced income-generation potential, and missed opportunities for community empowerment. Scholars argue that structured capacity-building programs, including training in financial literacy, investment strategies, and digital management, are critical to unlocking the full potential of productive waqf (Haliding et al., 2024; Akbar & Putra, 2024).

On the positive side, examples of productive waqf in Indonesia illustrate its transformative potential. Agricultural waqf initiatives, for instance, involve leasing waqf land to farmers under revenue-sharing agreements, generating income for educational scholarships, healthcare funding, and community infrastructure (Sunjoto et al., 2024; Arif et al., 2022). Similarly, cash waqf collected through digital platforms has been invested in halal-compliant microfinance projects, providing working capital to small and medium enterprises (SMEs) while generating sustainable returns for reinvestment into social programs. These case studies demonstrate that productive waqf can be aligned with national development objectives, including poverty alleviation, food security, and employment generation, if effectively managed (Rao, 2023; Zulfuaedah et al., 2024).

Finally, the literature highlights several strategic recommendations to optimize productive waqf in Indonesia. First, enhancing public literacy and awareness campaigns is crucial to encourage broader participation in cash and productive waqf. Second, strengthening institutional governance, including clear regulations, accountability standards, and standardized reporting systems, is necessary to build trust and attract larger-scale contributions. Third, integrating technology into waqf management can improve transparency, efficiency, and scalability. Collectively, these measures could transform waqf from a traditionally religious instrument into a dynamic socio-economic tool capable of supporting sustainable development, reducing inequality, and empowering communities nationwide (Shobri, 2025; Dliyaul Muflihah et al., 2025; Zamzami & Andaryuni, 2025).

Secondary data from the Ministry of Religion contextualizes the distribution of waqf land in Indonesia, showing that the majority remains allocated to traditional purposes: mosques (43.93%), prayer rooms (28%), schools (10.70%), social facilities (9.12%), cemeteries (4.42%), and pesantrens (3.83%). This distribution highlights the historically conservative utilization of waqf assets that has limited economic development despite wide geographic spread across the archipelago (Setiawan et al., 2021; Sa'adah et al., 2024). The predominance of traditional allocations reflects both socio-cultural norms and a historical lack of structured governance systems capable of mobilizing waqf assets toward broader socio-economic objectives. While religious and social functions are essential, this conservative orientation has constrained the potential of waqf as a strategic financial instrument for community development and economic empowerment.

However, several local case studies show promising examples of productive waqf. For instance, waqf land in West Java has been leased for agricultural production, generating revenue that funds education, healthcare, job creation, and enhanced food security (Sunjoto et al., 2024; Arif et al., 2022). Such initiatives exemplify the principle of productive waqf, where endowments are actively managed to create sustainable economic benefits rather than merely serving as passive religious or social infrastructure. In these cases, waqf managers have collaborated with local communities to implement revenue-sharing models that ensure transparency, fairness, and reinvestment into communal welfare. These practices align with broader Islamic economic principles, emphasizing that wealth should circulate within the community and promote social justice (Rao, 2023).

Effective productive waqf in community contexts aligns with scholarly findings that professional waqf management and governance increase income, strengthen institutional sustainability, and enhance social outcomes (Rao, 2023; Zulfuaedah et al., 2024). Professional governance encompasses formal record-keeping, strategic asset utilization, and adherence to Sharia-compliant financial management principles. Institutions that adopt such approaches are better equipped to attract donors, optimize returns on endowment assets, and ensure that waqf funds contribute meaningfully to long-term development goals. Research also indicates that integrating technology, such as digital management systems for waqf registration and monitoring, significantly enhances transparency and efficiency, reducing leakage and increasing public trust (Shobri, 2025; Hafsa, 2025).

Despite these successes, limited public knowledge, inadequate regulatory frameworks, and suboptimal human resource capacity remain persistent obstacles. Assril, Hidayatullah, and Saiin (2025) note that many stakeholders continue to view waqf from a traditional perspective, focusing on religious endowments rather than leveraging waqf assets for long-term financing and productive investment, which could be catalytic for economic empowerment if managed professionally. This limited awareness reduces the mobilization of potential waqf assets, particularly cash waqf, which could otherwise be pooled and invested in Sharia-compliant financial instruments to generate sustainable community income. Enhancing public education about productive waqf and offering incentives for professional management are essential strategies to expand the economic impact of waqf in Indonesia (Zamzami & Andaryuni, 2025).

Furthermore, the potential of productive waqf extends beyond financial outcomes. When waqf assets are allocated strategically, they contribute to broader societal development, including social inclusion, poverty alleviation, and capacity building. For instance, productive waqf initiatives can support micro, small, and medium enterprises (MSMEs) by providing low-cost financing, business training, or infrastructure support, creating a multiplier effect that stimulates local economies (Dikuraisyin & Yani, 2026). Such initiatives also resonate with Sustainable Development Goals (SDGs), particularly Goal 1 (No Poverty) and Goal 8 (Decent Work and Economic Growth), highlighting waqf as a viable instrument for integrated socio-economic planning.

Finally, the Indonesian context demonstrates that the transformative potential of waqf depends heavily on institutional innovation, regulatory support, and community engagement. Encouraging public-private partnerships, fostering professional *nazhir* institutions, and introducing cash waqf products that are compliant with modern financial systems are critical steps to maximize waqf's contribution to national development (Dliyaul Muflihah et al., 2025; Shobri, 2025). With strategic planning and capacity building, waqf can evolve from a historically religious instrument into a powerful mechanism for economic empowerment, poverty reduction, and sustainable community development across Indonesia.

The literature underscores the critical role of human resource development and capacity building for *nazirs* in the effective management of productive waqf. According to Sundari (2023), economic empowerment through waqf is strongly contingent upon the presence of competent leadership, financial literacy, and robust management skills within waqf institutions. The professional development of *nazirs* enables them to manage waqf assets strategically, ensuring that resources are utilized efficiently to generate sustainable social and economic benefits. This not only maximizes the productive potential of waqf assets but also cultivates trust and accountability between *nazirs* and the community. Enhanced trust encourages greater participation from donors (waqifs) and increases the flow of waqf contributions, which can, in turn, amplify the socio-economic impact of waqf programs (Assril et al., 2025; Akbar & Putra, 2024).

Effective management principles form the backbone of successful productive waqf strategies. These principles encompass transparent financial reporting, strategic asset development, mobilization of cash waqf funds, and strict compliance with Islamic sharia law. Setiawan, Badina, and Najib (2021) emphasize that *nazirs* must master these comprehensive management functions to maintain harmonious relationships with donors and beneficiaries. Proper governance and accountability ensure that waqf institutions not only comply with legal and religious requirements but also demonstrate measurable social impact, which strengthens institutional legitimacy and encourages long-term investment in waqf programs. Other studies reinforce the importance of transparency, highlighting that open reporting on waqf fund utilization significantly enhances community confidence and supports sustained engagement (Rao, 2023; Zulfuaedah et al., 2024).

Beyond traditional land and property management, emerging models of productive waqf are increasingly innovative and diversified. For instance, integrating waqf into forestry conservation and community development projects demonstrates a novel approach to combining environmental sustainability with economic empowerment. This integration not only contributes to the protection of natural resources but also provides additional livelihood opportunities for local populations, aligning productive waqf with broader Sustainable Development Goals (SDGs) (Salsabila & Puspita Sari, 2025). Similarly, waqf-based education programs, small-scale entrepreneurial support, and healthcare initiatives illustrate the expanding scope of waqf as a tool for holistic community development.

Digitalization represents another strategic frontier for optimizing waqf contributions. Literature highlights the potential of digital platforms, blockchain technologies, and online crowdfunding to improve operational transparency, facilitate wider participation, and mobilize cash waqf at scale (Haliding et al., 2024; Aminullah & Adinugraha, 2024). For example, mobile applications can allow donors to track how waqf funds are used in real time, increasing accountability and donor confidence. However, challenges remain, particularly regarding limited digital literacy among beneficiaries and *nasirs*. Without adequate training and awareness programs, the adoption of digital solutions may remain underutilized, limiting their transformative potential for both financial growth and social empowerment. Therefore, capacity building in digital skills is increasingly recognized as an essential component of modern waqf management (Sunjoto et al., 2024; Aulia & Triyawan, 2025). In conclusion, the literature demonstrates that the success of productive waqf is deeply intertwined with human resource

capacity, strong governance, innovation beyond conventional asset management, and effective use of digital technologies. By addressing these areas, waqf institutions can significantly enhance both economic empowerment and community welfare, transforming waqf from a traditional charitable mechanism into a modern instrument of sustainable development.

Several specific models illustrate productive waqf's impact. Case studies from Islamic educational institutions in Indonesia show that diversified waqf ecosystems combining physical assets, human resource waqf (*waqf basyari*), and business units have generated stable revenues, supporting operational costs, scholarships, and community empowerment programs. These models demonstrate that professional waqf governance based on transparency and accountability can yield economic resilience and social welfare improvements (Aulia & Triyawan, 2025). Furthermore, productive waqf is increasingly linked with social entrepreneurship approaches. Research on family-based waqf asset management illustrates how organizing waqf land through collaborative relationships between *nazirs* and waqifs can boost family income, strengthen social solidarity, and transform mosque properties into socio-economic catalysts rather than solely religious spaces.

The role of waqf in sustainable development is corroborated by systematic literature reviews, which identify a wide range of waqf management strategies that contribute to community welfare, including poverty alleviation, education funding, microenterprise support, and increased financial capacity among vulnerable populations (Sa'adah et al., 2024; Judijanto et al., 2024). In summary, this research demonstrates that while Indonesia possesses vast potential for productive waqf to drive socio-economic development, actualization of this potential hinges on improving public understanding, bolstering regulatory frameworks, enhancing *nazirs* competence, adopting innovative digital tools, and implementing strategic management practices. If addressed, these elements could significantly elevate waqf's role from a traditional charitable practice to a transformative instrument for national development and community welfare.

These findings can be clearly seen in the following table.

Tabel 1 Findings

No.	Key Findings	Reference / Case Study	Supporting Theory / Concept
1	Majority of waqf in Indonesia is allocated to traditional purposes (mosques 43.93%, prayer rooms 28%, schools 10.7%, social facilities 9.12%, cemeteries 4.42%, pesantrens 3.83%), limiting economic development.	Setiawan et al., 2021; Sa'adah et al., 2024	Social conservatism in asset management; classical waqf theory
2	Productive waqf, such as leasing waqf land for agriculture or cash waqf initiatives, generates sustainable income for education, healthcare, job creation, and food security.	Sunjoto et al., 2024; Arif et al., 2022; Rao, 2023	Islamic economic empowerment; resource optimization for social welfare
3	Indonesian Waqf Board (BWI) coordinates national waqf development, trains <i>nazirs</i> , and promotes innovative models like cash waqf and digital platforms.	Setiawan, Badina & Najib, 2021; Haliding et al., 2024	Institutional governance; capacity building and organizational management theory
4	Challenges include low public awareness, limited professional capacity of <i>nazirs</i> , and underutilization of digital tools.	Akbar & Putra, 2024; Medan, 2025; Sunjoto et al., 2024	Human resource management theory; financial literacy and digital governance
5	Effective waqf management (professional <i>nazirs</i> , transparency, strategic asset use) improves income, institutional sustainability, donor trust,	Sundari, 2023; Zulfuaedah et al., 2024; Assril et al., 2025	Governance, accountability, and social capital theory

6	<p>and social impact. Integration of waqf with education, health, entrepreneurship, and environmental projects, supported by digitalization, aligns with SDGs and amplifies socio-economic empowerment.</p>	<p>Salsabila & Puspita Sari, 2025; Haliding et al., 2024; Aulia & Triyawan, 2025</p>	<p>Sustainable development theory; integrated social entrepreneurship and innovation</p>
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Waqf in Indonesia has historically been predominantly allocated for traditional religious purposes, which has limited its potential to contribute to broader socio-economic development. However, productive waqf initiatives, such as agricultural leasing and cash waqf programs, illustrate that waqf assets can generate sustainable income to support education, healthcare, job creation, and community welfare. The role of the Indonesian Waqf Board (BWI) and the professional management of *naZirs* are critical in ensuring that these waqf assets are utilized efficiently and strategically. Despite these opportunities, challenges remain, including low public awareness, limited managerial capacity, and underutilization of digital platforms, which hinder the full realization of productive waqf's benefits. By integrating waqf with education, health, entrepreneurship, environmental projects, and digital innovations, it is possible to enhance socio-economic empowerment and align waqf management with broader sustainable development goals.

CONCLUSION

As an Islamic economic instrument capable of providing tangible benefits for the wider community, waqf has been successfully managed in various countries such as Egypt, Malaysia, Turkey, and the United States, resulting in a positive impact on the welfare of their citizens. Indonesia also has enormous waqf potential to address the problem of poverty and realize prosperity. Based on its usage, waqf is divided into two main types, namely direct waqf (*mubashshir*) and productive waqf (*istimrari*), which are currently widely implemented in the country. Spiritually, the *waqif* (donor) receives eternal reward because the waqf property continues to be utilized by the public, so that the reward flows endlessly even though the donor has passed away. From a relational perspective, waqf strengthens the bonds of brotherhood; the *waqif* helps many people through their wealth, while the recipients feel the ease of that assistance. Ultimately, the goodness of waqf touches the overall social bond, not just the individual donor or recipient. From an institutional perspective, the government is more appropriate to play the role of facilitator rather than direct implementer. This is where the Indonesian Waqf Board (BWI) plays a key role as the regulator, guide, and supervisor of waqf management at the national level. Meanwhile, Zakat Collection Institutions (LAZ) and *naZir* (waqf managers) can handle the operations of productive waqf more professionally and autonomously, including establishing partnerships with Islamic financial institutions for financing, investment, and asset management. This research reveals that productive waqf plays a crucial role as a strategic solution to address socio-economic challenges in Indonesia, with a management strategy focused on optimizing assets through professional *nazir*, Islamic investment innovations, and collaboration with government policies.

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