DEVELOPMENT OF WAQF IN INDONESIA: THE SWOT ANALYSIS OF INDONESIA WAQF BOARD (BWI)

Prof. Dr. Mohamed Aslam Mohamed Haneef¹
Dr. Nazrol Kamil Bin Mustaffa Kamil²
Qurroh Ayuniyyah³

Abstract

Purpose – As the most Moslem populous country, Indonesia has a great potential in *waqf* assets and fund. The House of the Representatives has regulated *Waqf* Act No. 41/2004 as of 27 October 2004 to support the development of *waqf* in the country. Indonesia *Waqf* Board (abbreviated as BWI) was established by the President of the Republic of Indonesia as the implementation of this Act. The role is to become coordinating institution of existing *nazhir* (*waqf* managers) in managing and supervising *waqf* assets and fund.

This paper aims to evaluate *waqf* management conducted by BWI. The paper also identifies the issues of *waqf* management in Indonesia by using SWOT (strengths, weaknesses, opportunities, and threats) analysis.

Design/Methodology/Approach – The study employs both primary and secondary sources. The primary data is through the interview with the Vice Chairman of BWI, while secondary sources are through published regulation and reports, journal papers, and articles.

Findings – Since its establishment, BWI has faced several strengths, weaknesses, opportunities, and weaknesses. The strengths include an independent status of BWI and good cooperation with other interrelated institutions.

With regard to its weakness, the dualism between BWI and *Waqf* Directorate of Ministry of Religious Affair has been becoming further internal challenge for the Board. Moreover, lack of integration between BWI and other *waqf* institutions has also hampered BWI to achieve its objectives.

The opportunities are the high Moslem population in Indonesia and great potential of *waqf* cash and land. On the other hand, the threats comprise lack of awareness and knowledge of the Moslem in Indonesia. Besides, the biggest threat occurs on the capacity of *waqf* managers (*nazhir*). Meanwhile, *waqf* land status, change in *waqf* land location, and controversy of cash *waqf* are considered as the other threats.

Originality/value – This study is expected to provide the current condition in *waqf* management and its lesson learnt for the development of *waqf* in Indonesia, specifically, as well as in other countries, generally.

Keywords *Waqf*, Management, SWOT Analysis

¹ Professor at Department of Economics, Kulliyah of Economics and Management Sciences, International Islamic University Malaysia, mdaslam@iium.edu.my

² Assistant Professor at Department of Finance, Kulliyah of Economics and Management Sciences, International Islamic University Malaysia, nazrol@iium.edu.my

³ Ph.D Candidate at Department of Economics, Kulliyah of Economics and Management Sciences, International Islamic University Malaysia, ayuniyyah@gmail.com

Paper type General review

1. Introduction

Islamic economics has been growing immensely for roughly four decades since the First International Conference on Islamic Economics held in *Makkah* in February 1976. There are many prospective instruments in the discipline that play important role in achieving the betterment of people's life by attaining the ability to fulfill basic needs, rising standard of living, alleviating poverty, and creating brotherhood among Moslem. One of these instruments that need to be developed due to its huge potential is *waqf*.

According to Kahf (2002), *waqf* is "...holding certain property and preserving it for the confined benefit of philanthropy and prohibiting any use or disposition of it outside its specific objective". The concept of *waqf* has been recognized a very long time ago since the *Ka'bah* was built as worship center for people (Kahf, 2002).

Accordingly, the highlight of *waqf* idea is the perpetuity requirement of its capital, thus majority of *waqf* assets are in form of real assets like lands. Not only for the religious purposes, *waqf* lands have been used also for the education sector development. Al-Azhar University in Egypt, University of Cordova in Spain and *Universitas Islam Indonesia* in Jogjakarta, Indonesia are some instances of educational institutions that were originated and supported using *waqf* lands (Zaki *et al*, 2008).

However, as the *waqf* concept has developed over periods, financial assets are also possible for *waqf* purpose. As long as the principal is preserved, money, for example, can also be used as *waqf* assets. This idea has been practiced since the second century of *Hijriyah*, when a prominent Islamic scholar namely Imam az Zuhri advised dinar and dirham *waqf* for the purpose of religious and social development and education. Moreover, in Turkey, the word 'cash *waqf*' has been familiar among the society since fifteenth century ⁴.

In Indonesia, the attention towards *waqf* development was still limited. This is indicated by the slow progress of *waqf* institutions in the last decade, which results minimum research and literature on *waqf* as compared to other area such as Islamic banking and zakat (Ihsan and Adnan, 2010).

However, due to its great potential, there has been good intention from the government to develop *waqf* since the launch of *Waqf Act No. 41/2004* that administers national *waqf* management. As the continuation of this Act, *Badan Waqf Indonesia* (BWI) was then established three years after, as the independent coordinating and supervising institution of *waqf* management for the national and international level.

In coherence with other private *waqf* managers such as Dompot Dhuafa, BWI has attempted to progress *waqf* development with the desire to optimize *waqf* asset in

⁴ Retrieved from <http://bwi.or.id/index.php/in/wakaf-uang-tentang-wakaf-57>

order to give better impact for the society. During the process, BWI has faced up and down sides in improving *waqf* potential in order to achieve its objectives. Therefore, the main purposes of this paper are to perform *waqf* management done by BWI and identify some unique issues by using SWOT (strengths, weaknesses, opportunities, and threats) analysis.

The paper comprises seven sections including introduction as the first one. The second section is literature review followed by methodology in the third section. Section four discusses the profile of *Badan Waqf* Indonesia (BWI), includes its brief history, vision and mission, and duties and authorities. Section five presents the potential and realization of *waqf* assets and fund in Indonesia. The following section deliberates some unique issues faced by BWI by using SWOT (strength, weakness, opportunities, and threat) analysis. Last section concludes the paper and presents some recommendations.

2. Literature Review

According to Kahf (2002), literally *waqf* means hold, confinement or prohibition. As mentioned earlier, the term *waqf* in Islamic economics is defined as "...holding certain property and preserving it for the confined benefit of philanthropy and prohibiting any use or disposition of it outside its specific objective". Hence, *waqf* has two major features namely perpetuity and permanence of stipulations of *waqf* founder.

Kahf (2002) classifies *waqf* into three types. Firstly, religious *waqf*, which comprises mosques and real estates to provide revenue for mosques' maintenances and expenses. Secondly, philanthropic *waqf* that targets in helping poor people in the society as well as providing public facilities. Thirdly, posterity or family *waqf*, which restricts to be given for one's own family and descendants.

In Indonesia, the theoretical concept of *waqf* is generally presented in *Waqf* Act No 41/2004. Accordingly, the function of *waqf* aims to realize economic potential and benefit of *waqf* assets for the purposes of worship, religious activities and prosperity. There are six elements of *waqf* namely *wakif*⁵, *nazhir*⁶, *waqf* assets, *waqf* pledge, *waqf* assets allocation, and *waqf* period. The assets of *waqf* can be in the form of real assets (lands, building, etc.) as well as financial assets (money, gold, etc.).

With regard to cash *waqf*, *Badan Waqf* Indonesia Regulation No 1/2009 clause 1.3 defines the term as *waqf* in the form of money (cash) that can be managed into productive sector which return is disbursed to *maufuq alaih*⁷. The return of cash *waqf* is used for social development, education, religious activities, and health sectors.

⁵ *Wakif* means *waqf* donator or legal owner of *waqf* assets, which can be individual, organization or corporation.

⁶ *Nazhir* means *waqf* manager, which can be individual, organization or corporation. It is sometimes called as *Mutawalli*. Both terms are used interchangeably.

⁷ *Maufuq alaih* means *waqf* return beneficiary.

Rashid (2014) studies about factors affecting the development and good governance of *waqf*. Accordingly, there are four global problems influencing *waqf*, include the fraudulent behavior of *waqf* managers, the absence of long-term planning on *waqf* development, the lack of survey on *waqf*, and the government inclusion that creates power misuse and bureaucratic ineffectiveness. The study suggests organizing a conference on Global *Waqf* Management in order to discuss common problem faced by *waqf* management over the world.

Ihsan (2007) analyzes accounting and management practice of two *waqf* institutions namely *Dompot Dhuafa*, as cash *waqf* administer, and UII *Waqf* Foundation, as land *waqf* manager. The study shows that *Dompot Dhuafa* presents a more publicly transparent and accountable report than UII *Waqf* Foundation does. In terms of *waqf* management, *Dompot Dhuafa* has a special division namely *Tabung Waqf* Indonesia (TWI) or Indonesian *Waqf* Deposit that administers the fund. They distribute the fund into two main programs include social and investment activities. The former provides free facilities such as health center and Islamic school, while the latter is allocated into various investment channels like *baitul mal*, trading and farming. As for UII *Waqf* Foundation, a *waqf* office takes over the management and majority of *waqf* asset is used for the educational purposes.

By taking case study of Indonesian *Waqf* Deposit (IWD), Affandi and Nufus (2010) examine its cash revenue, cash allocation on productive sector and cash return. Moreover, the research assesses the effectiveness of cash *waqf* allocation policy. The study shows that cash *waqf* collected by IWD was still far from its potential, that amounted to Rp2,303,511,246 from Rajab 1426H to Rabiul Akhir 1428H period, which is mostly channeled to the productive sectors. Besides, the urgency of cash *waqf* allocation is disbursed to rehabilitation of poor family, education and culture, victims of natural disaster, health and cleanliness, and social service facility.

A study done by Isa *et al* (2011) compares *waqf* management practiced in Malaysia includes Kedah, Penang, Perak, Selangor, Johor and Wilayah Persekutuan, and outside Malaysia includes Brunei, Singapore, Indonesia, and Agama Islam Kedah. The research shows that the methods and strategies implemented in those states varied one to another. It suggests several recommendations namely involving local management such as mosque management to the *waqf* management, constructing national *waqf* management standard, developing ICT system and facility, certificating the status of land *waqf*, giving Trustee exposure about *waqf* status and purpose, and producing bond.

Norhaliza (2011) attempts to classify and order land *waqf* according to several aspects such as socio-economic and religious factors and locations with the desire to synchronize its importance and resources. Besides, the study uses Analytic Hierarchy Process (AHP) model to prioritize the land *waqf*. The research shows three major findings. Firstly, it reveals three prospective land *waqf* area namely Gombak, Kuala Selangor and Hulu Langat. Secondly, base on the survey, the land *waqf* should be developed into commercial, religious, agriculture and residential sectors in order.

Lastly, MAIS as the *waqf* administrator should be balance in considering profit aspect as well as spiritual factor for developing land *waqf*.

3. Methodology

The present study extracts data both from primary and secondary sources of the literature. The former is based on the interview, while the latter are taken from published regulation and reports, journal papers, and articles. The interview with the vice head of Badan *Waqf* Indonesia (BWI), Ir. Muhamad Nadrattuzaman Hosen, M.Ec., Ph.D, was conducted on 19 February 2015 at Masjid Alumni, Jalan Pajajaran, Bogor, Indonesia, with the purpose to obtain direct information related to the issues faced by BWI.

The paper aims to analyze current practice of *waqf* management done by BWI in general. The study does not test any hypothesis. It provides general review of *waqf* management in Indonesia and gives some analysis on that matters. Besides, SWOT (strength, weakness, opportunities, and threat) analysis is employed to identify some unique issues faced by BWI.

The SWOT analysis is a business analysis technique that an organization can implement for each of its products, services, and markets when deciding on the best way to achieve future growth (Team FME, 2013). The process of this analysis includes classifying the strengths and weaknesses of the organization, and opportunities and threats originate from the external environment.

From this definition, strengths and weaknesses are the internal factors that support and hinder the organization in realizing its goals, while opportunities and threats are the external factors that are favorable and unfavorable for the organization in achieving its objectives. The difference between internal and external factors is the controlling power of organization. Over the former, the organization has some measure to control, while over the latter there is no ability to control from the organization.

By identifying positive and negative factors, it can be analyzed some helpful and harmful components for the organization, which results the organization's ability to synchronize its resources and capability with the external environment where the organization operates. However, SWOT is only the first step of analyzing advantages and disadvantages that the organization faces. It still needs a more complex and deeper analysis in order to extract more comprehensive conclusion.

	Helpful	Harmful
Internal Origin	Strengths	Weaknesses
External	Opportunities	Threats

Figure 1: SWOT Diagram

4. Result and Discussions

4.1. Brief History of Badan Waqf Indonesia (BWI) Establishment

Waqf in Indonesia has been formally institutionalized in the state domain for around one decade. This is signified by the issuance *Waqf* Act No 41 2004 on 27 October 2004 by the house of the Representatives of Republic of Indonesia. This Act has initiated *waqf* to play more significant role in the country development process. On 15 December 2006, the government then passed regulation No 42/2006, which controls the implementation of *Waqf* Act⁸.

As the implication of this Act, Badan *Waqf* Indonesia (BWI) was finally established on 13 July 2006 as an independent institution, with objective to develop and improve *waqf* in Indonesia. In doing so, BWI has tasks to supervise and coordinate existing *waqf* managers, called as *nazhir*, to optimize their responsibilities in managing *waqf* asset. This expects a more productive *waqf* asset management that results greater socio-economic impact for the society. This establishment was based on Presidential Decree No 75/2007 and selected KH. Tholhah Hasan as the first head of BWI. BWI is mainly located in the capital city of Indonesia and has some branches in the province, city, or regency level.

For the first period, the members of BWI were selected by the President of the Republic of Indonesia with the recommendation from the Minister of Religious Affair. In the subsequent periods, the President obtained reference from the BWI selection committee. The members consist of 20 up to 30 people that represent many elements of the society with three years of tenure.

The structure of BWI comprises two main components namely Supervisory Council and Executive Body. The former has task in controlling the organization, while the latter is responsible in the operational matter of BWI. Chairman of each body is selected by the members of BWI.

On 9 June 2011, the former members were replaced by the second period of BWI members that based on the Presidential Decree No 111/M 2011. KH. Tholhah Hasan was once again elected as the head of BWI for that period. The latest period started on 19 October 2014 of which Mr. Maftuh Basyuni was selected to replace KH. Tholhah Hasan according to the Presidential Decree No 177/M 2014. During these three periods, BWI has been focusing more on the development of *waqf* regulation infrastructure.

⁸ Retrieved from <http://bwi.or.id/index.php/in/tentang-bwi/sekilas-bwi>

Figure 2. Timeline of *Badan Waqf* Indonesia

4.2. Vision and Mission of *Badan Waqf* Indonesia

According to the *Waqf* Act No 41/2004, the vision of *Badan Waqf* Indonesia is to realize an independent and trusted institution that has ability and integrity to develop both national and international *waqf*. The mission of the board is to become a professional institution that develop *waqf* potential and its economic advantages for the sake of the worship to God (*ibadah*) as well as society empowerment.

4.3. Duties and Authorities of *Badan Waqf* Indonesia

According to *Waqf* Act No 41/2004 article 49 clause 1, duties and authorities of BWI are as below:

- a. To guide *nazhir* in managing and developing *waqf* asset.
- b. To manage national and international *waqf* asset.
- c. To give authorization of the changes of *waqf* status or the changes of the benefit allocation of *waqf* asset.
- d. To terminate or change *nazhir* if necessary.
- e. To give agreement on the exchange of *waqf* asset.
- f. To give advise or recommendation to the Government for the *waqf* policy making process.

Specifically, the regulation of BWI No 1/2007 states the details of duties and authorities of BWI are as follows:

- a. To guide *nazhir* in managing and developing *waqf* asset.
- b. To construct a guidance of *waqf* asset management and development.
- c. To manage and develop national and international *waqf* asset and neglected *waqf* asset.

- d. To give authorization of the changes of *waqf* status or the changes of the benefit allocation of *waqf* asset.
- e. To give agreement on the exchange of *waqf* asset.
- f. To give advise or recommendation to the Government for the *waqf* policy making process.
- g. To evaluate the performance of *nazhir*, to publish application form for *nazhir*, and reselect *nazhir*.
- h. To terminate or change *nazhir* if necessary.
- i. To give advise or recommendation to the Minister of Religious Affair in selecting Islamic finance institution as the recipient of cash *waqf*.
- j. To receive the application of '*Akta Ikrar Waqf*' of moving objects from the officer of '*Akta Ikrar Waqf*' publisher.

4.4 Potential and Realization of *Waqf* Assets and Fund in Indonesia

As the Moslem majority country, Indonesia has a huge potential in the number of land and cash *waqf*. In terms of land *waqf*, there are 2,171,041,349.74-meter square of *waqf* land area, which spread in 414,848 locations across the country (Ministry of Religious Affair of Republic of Indonesia Report, 2010). Unfortunately, only 5 percent of the land has been well managed for productive sector, while remaining 95 percent has not been optimally occupied yet.

The potential of cash *waqf* is also very promising. According to Nasution (2006) as cited in Nafis (2012), there are 10 million generous Moslem in Indonesia with average income lay between Rp500 thousands to Rp10 million per months. With that number, at least Rp3 trillion per year can be collected from cash *waqf*. Unfortunately, the realization of cash *waqf* is still far from its expectation (Affandi and Nufus, 2010).

In Indonesia, cash *waqf* has become a massive action since 8 January 2010 when the former President of Republic of Indonesia, Prof. Dr. Susilo Bambang Yudhoyono, inaugurated cash *waqf* national movement in the presidential palace. Since that initiation, there have been 15 Islamic financial institutions⁹ and 100 *Shariah* Financial Services Cooperatives¹⁰ that receive cash *waqf* from the public. Nonetheless, only 7 Islamic financial institutions and 6 *Shariah* Financial Services Cooperatives report the collection of cash *waqf* to BWI.

⁹ Muamalat Indonesia Bank, Syariah Mandiri Bank, Syariah BNI Bank, Syariah Mega Bank, Syariah DKI Bank, Syariah BTN Bank, Syariah Bukopin Bank, BPD Yogya Syariah, BPD Kalbar Syariah, BPD Jateng Syariah, BPD Kepri Riau Syariah, BPD Jatim Syariah, BPD Sumut Syariah, Syariah CIMB Niaga Bank, and Syariah Panin Bank.

¹⁰ Some of them are Badan *Waqf* Sultan Agung Foundation Middle Java, Nahdlatul Ulama Jakarta, Haji Sepanjang Hayat Foundation Jakarta, Pondok Indah *Waqf* Foundation Depok, Baitul Mal Muamalat (BMM) Jakarta, Waqf Al-Azhar Jakarta, Rumah Waqf Indonesia West Java, Bina Nurul Fikri Jakarta, Waqf Bangun Nurani Bangsa (ESQ) Yatim Mandiri East Java, Pos Keadilan Peduli Umat Jakarta, Griya Yatim and Du'afa Banten, *Waqf* Pro 99 West Java, Global *Waqf* ACT Jakarta, Dompet Dhuafa TWI, etc.

Table 1 presents the total cash *waqf* collection from 7 Islamic financial institutions. From Table 1, it can be concluded that the total cash *waqf* collected by Islamic financial institutions per 31 December 2014 was Rp4,115,823,569. *Shariah Mandiri Bank*, as the largest Islamic bank in Indonesia, contributed more than 50 percent of the total cash *waqf* collection. Moreover, *Shariah BNI* added the second largest contribution of 17 percent, while *Mualamat Indonesia Bank*, *Shariah DKI Bank*, and *Shariah Mega Bank* gave 10, 8, and 7 percent of contribution respectively. Lastly, *Shariah Bukopin Bank* and *Shariah BTN* equally contributed the remaining 2 percent.

Table 2 informs the cash *waqf* collection from 6 *Shariah* Financial Services Cooperatives. Per December 2014, the total number of cash *waqf* collection amounted to Rp224,337,079. The largest collection from January to September 2014 was contributed by *Al-Huda Cooperative* (Rp69,718,500), followed by *L-Risma Cooperative* (Rp19,103,100) and *Melati Cooperative* (Rp10,000,000). During January to August 2014, *BMT An-Najah* and *Tamzis Baituttamwil* have contributed Rp17,328,000 and Rp24,224,000 respectively to the total collection. Lastly, *Marhamah Cooperative* has given Rp83,963,479 since July 2011 up to July 2014. These six institutions are formally listed cash *waqf* recipients.

The procedures of cash *waqf* flow from *waqf* donator (*wakif*) to *waqf* beneficiary (*mauquf alaih*) are as follows. *Wakif* can go to an Islamic finance institution (IFI), which is a formal cash *waqf* recipient, in order to fulfill and sign *Akta Ikrar Waqf* (AIW). After that, the IFI issues cash *waqf* certificate, called as SWU, and give it to *Wakif*. Subsequently, *Wakif* transfer some amount of money to the *nazhir* bank account to be managed. The return of the cash *waqf* deposit is then disbursed to the *mauquf alaih* (Bahan Data BWI, 2015).

In terms of distribution, the return on cash *waqf* investment is allocated to several sectors including education. The aids are in form of school renovations, Indonesian-Arabic dictionaries disbursement, and tuition fee assistantship for poor and needy children. Currently, BWI has been mostly focusing to help hospital construction for Mother and Children in Serang, Banten Province (*Badan Waqf Indonesia Data*, 2015).

Table 1: The Collection of Cash *Waqf* from Islamic Financial Institutions (IFIs) per 31 December 2014

Name of IFIs	Balance up to 31 December 2014 (Rp)	Credit 2014 (Rp)	Debit 2014 (Rp)	Balance up to 31 December 2014 (Rp)	Percentage of Contribution (%)
<i>Muamalat Indonesia Bank</i>	389,874,114	8,000,000		397,874,114	10
<i>Shariah Mandiri Bank</i>	2,497,743,014	72,661,841	265,000,000	2,305,404,855	56

<i>Shariah BNI</i>	559,163,708	160,080,000		719,243,708	17
<i>Shariah DKI Bank</i>	326,826,595	14,287,686		341,114,281	8
<i>Shariah Mega Bank</i>	251,090,063	25,481,300		276,571,363	7
<i>Shariah Bukopin Bank</i>	41,433,259	6,225,000		47,658,259	1
<i>Shariah BTN</i>	27,056,984	900,006		27,956,990	1
Total	4,093,187,736	287,635,832	265,000,000	4,115,823,569	100

Source: *Badan Waqf Indonesia* Data (2015)

Table 2: The Collection of Cash *Waqf* from *Shariah* Financial Services Cooperatives (SFSCs) per 31 December 2014

Name of SFSCs	Status	Amount of Cash <i>Waqf</i> (Rp)	Description
<i>BMT An Najah</i>	Listed in BWI	17,328,000	January – August 2014
<i>Tamzis Baituttamwil</i>	Listed in BWI	24,224,000	January – August 2014
<i>L-Risma</i>	Listed in BWI	19,103,100	January – September 2014
<i>Al-Huda</i>	Listed in BWI	69,718,500	January – September 2014
<i>Marhamah</i>	Listed in BWI	83,963,479	July 2011 – July 2014
<i>Melati</i>	Listed in BWI	10,000,000	January – September 2014
Total		224,337,079	

Source: *Badan Waqf Indonesia* Data (2015)

4.5 SWOT Analysis

1. Strengths

In accordance with the *Waqf* Act No 41/2004, although the President of Republic of Indonesia has the right to appoint and terminate *Badan Waqf Indonesia*'s (BWI) membership, the institution is independent in performing its role. This independent status is definitely a favorable factor for BWI to prevent any interest collides while executing its duties. Nevertheless, BWI has to still regard the recommendation and consideration from Indonesian Council of *Ulama* (*Majelis Ulama Indonesia*) and the Ministry of Religious Affair.

Moreover, BWI has tied a good cooperation with other interrelated institutions in doing its authorities. Not only with the Indonesian Council of *Ulama* (*Majelis Ulama Indonesia*) and Ministry of Religious Affair, BWI has also had collaboration with National Land Agency, National Development Planning Agency, Central Bank of Indonesia, Islamic Development Bank, and other institutions. Besides, it is also possible for BWI to have partnership with the investors in order to develop *waqf* asset to become more productive.

2. Weaknesses

The dualism between BWI and *Waqf* Directorate of Ministry of Religious Affair has caused some confusion in the area of national *waqf* coordinator roles. Both BWI and *Waqf* Directorate of Ministry of Religious Affair have duties to guide and control

nazhir and administer *waqf* properties applications and publicly announce it. As a consequence, the mix-up position of the two institutions is inevitable. Besides, both institutions have fund from the government but with an unequal amount.

Moreover, the internal unfavorable factor results from the lack of integration between BWI and other *waqf* institutions. There are many *waqf* institutions including private sector that do not regularly report their performances in terms of the collection as well as the management and disbursement to BWI as the national coordinator of *waqf* management. According to *Waqf Act No 41/2004*, *nazhir* has the responsibility to report its operational activities to BWI. Likewise, there even exist *waqf* institutions that have not been given any operating licenses from BWI. However, the current regulations have not managed the punishment of such cases.

3. Opportunities

As mentioned earlier, Indonesia is the most populous Moslem country in the world. With Moslem majority of 237 million people (Statistic Center Board, 2010), this huge number is a great external favorable factor that supports *waqf* development in Indonesia. Besides, the nature of the establishment of Islamic institutions in Indonesia such as Islamic banks and insurances, majority is based on the initiations from the society. For instance, *Ikatan Cendekiawan Muslim Indonesia (ICMI)* commenced the launching of *Muamalat Indonesia Bank* in 1992 as the very first Islamic commercial bank in Indonesia. As a result, this movement had inspired the government to launch the first regulation related to Islamic bank in Indonesia seven years later. This bottom-up style of approach is a good opportunity for BWI to develop *waqf* as a massive movement.

With the great number of Moslem people, comes the great potential on *waqf* cash and land. According to Ministry of Religious Affair of Republic of Indonesia Report (2010), as mentioned earlier, the number of land *waqf* is very promising. There are 414,848 locations of land *waqf* with land area of 2,171,041,349.74-meter square. However, 95 percent of it has not been optimally managed yet.

In terms of cash *waqf*, Nafis (2012) assumed if Rp100 thousand can be collected from 20 million Moslem per month, there would be Rp24 trillions of cash *waqf* that can be used for the sake of *ummah*. It can be imagined how useful it would be for poverty mitigation, economic empowerment, *ummah* independence achievement, and many more.

4. Threats

Although Indonesia has potential of its Moslem majority, there has been lack of awareness and knowledge of people towards *waqf*. People recognize *waqf* is limited only to land, mosques, and graveyard. Therefore, such cash *waqf* and its derivatives have not been acknowledged and hence its development is quite stagnant as compared to its potential.

Furthermore, the most problematic aspect that has been faced stems from *waqf* managers (*nazhir*) part, which can be individual, organization, or corporation. There are many *waqf* managers that are lack in knowledge and competencies on *waqf*. Their activities are limited to only maintain the lands, without having any vision and ability to develop the land becomes more productive. On the other words, the current image of *nazhir* portrays its responsibility only to take care of the lands, which results the absence of future plan on the land improvement. This might be caused by the current position as *nazhir* is only inherited from the parents and the previous generation. Therefore they just take the roles for granted and do not fully understand what their functions are.

Not only from *nazhir*, the threats also occurs on *waqf* land status. Majority of the lands have not been certified yet and hence the lands are taken by other parties. For instance, in Semarang, Middle Java Province, the initial of *waqf* land area was 140 hectares and now is only 35 hectares left, due to the absence of *waqf* land certification. Besides, over 1 million hectares of *waqf* land of Muhammadiyah organization, only 10 percent of it has been certified.

Furthermore, the *waqf* land area in the middle of city has hugely decreased from time to time, and being moved to some rural areas. According to *shariah* law, the changed location of *waqf* law from one to another is actually allowed as long as the wide-scale remains, and called as '*gislah*'. However, the problem emerges when the movement of the land does not consider any religious and socio-economic aspects. For example, there are some mosques of *waqf* land in Jakarta that were moved to Sukabumi for the purpose of business activities. Although the physical traits remained the same, but the Islamic landscape and its *syiar* impact disappeared in the big city.

In terms of mosques as *waqf* assets, since December 2014, the national *fatwa* commission has agreed that the lands where the mosque is built must become *waqf* land. As the consequence, the building is considered as mosque only if the land is from *waqf*. This definitely has become a very big challenge, as many mosques in Indonesia were not built in the *waqf* land, such as *Istiqlal* Mosque in Jakarta, which was built in the land that belongs to the state. In this case, the certification issue has again become very essential.

Another threat arises from cash *waqf*, which people has not widely recognized. Due to its capital perpetuation requirement, currently, most of cash *waqf* is only deposited in the Islamic banks. According to the national *fatwa* commission (2001/2002), cash *waqf* can be in the form of stocks and investment as long as the capital is preserved. However, many Islamic banks in Indonesia have not been interest to develop this *waqf* because it is difficult to make cash *waqf* as investment products. Moreover, the existing regulations have not really supported on the cash *waqf* development.

	Helpful	Harmful
Internal Origin	<p>Strengths</p> <ol style="list-style-type: none"> 1. Independent status of BWI 2. Good cooperation with other interrelated institutions 	<p>Weaknesses</p> <ol style="list-style-type: none"> 1. Dualism between BWI and <i>Waqf</i> Directorate of Ministry of Religious Affair 2. Lack of integration between BWI and other <i>waqf</i> institutions.
External Origin	<p>Opportunities</p> <ol style="list-style-type: none"> 1. The amount of Moslem in Indonesia 2. Great potential of <i>waqf</i> cash and land 	<p>Threats</p> <ol style="list-style-type: none"> 1. Lack of awareness and knowledge of Moslem in Indonesia towards <i>waqf</i> 2. Problem of <i>waqf</i> managers (<i>nazhir</i>): biggest challenge 3. Problem of <i>waqf</i> land status 4. Problem of the change of <i>waqf</i> land location 5. Controversy of cash <i>waqf</i>

Figure 3: SWOT Diagram of *Badan Waqf* Indonesia (BWI)

5. Conclusions and Recommendations

5.1. Conclusions

The current research aims to achieve two main objectives. Firstly, it attempts to present the performance of *waqf* management in Indonesia, by taking case *Badan Waqf* Indonesia (BWI), as an independent coordinator of national *waqf* management. The study shows that the huge potential of land and cash *waqf* unfortunately has not been followed by its realization. In terms of land *waqf*, only 5 percent of the total land area has been optimally managed. As for cash *waqf*, the collection per December 2014 has only accomplished around 10 percent of its potential.

Secondly, the paper examines some unique issues faced by BWI using SWOT (strengths, weaknesses, opportunities, and threats) analysis. This tool is useful in order to investigate some helpful and harmful factor coming from both internal and external organization. The independent status of BWI and good cooperation with other interrelated institutions like Indonesian *Ulama* Council and Ministry of

Religious Affair are the two internal factors that support BWI in executing its role. On the other hand, there still occur some weaknesses at many sides, which hamper BWI to realize its objectives. The problem emerges on dualism phenomenon between BWI and *Waqf* Directorate of Ministry of Religious Affair in performing coordinator role of *waqf* management in Indonesia. Moreover, lack of integration between BWI and other *waqf* institutions has become an internal unfavorable factor.

In terms of the opportunities, BWI benefits from the huge population of Indonesian Moslem, which results great potential of *waqf* cash and land. Unfortunately, this potential amount comes together with the lack of awareness and knowledge of people towards *waqf*. Moreover, there have been some problems on *waqf* managers (*nazhir*) as the major challenge. Besides, problem of *waqf* land status, problem of the change of *waqf* land location, and controversy of cash *waqf* are also other threats that BWI has faced.

5.2. Recommendations

The study suggests there are several recommendations to be drawn from the findings. These are expected to give valuable input for the betterment of *Badan Waqf* Indonesia (BWI) in the future.

Firstly, as *nazhir* play a crucial position in the process of *waqf* development process, it is important to educate them so that they have sufficient knowledge and competency as *nazhir*. BWI can conduct a continuous education program for *nazhir* with the desire to realize capable *nazhir* in performing their roles.

Secondly, the certifications of land *waqf* urge to conduct in order to clarify the status of the lands that prevent other parties to take over it. This needs competent notaries that understand well about *waqf*. Therefore, BWI should have collaboration with other related institutions as well as Government to prepare some qualified notaries, because this needs funding that state has to provide.

Thirdly, when it comes to land *waqf* location movement, it should consider other aspects include religious missions and socio-economic factors. As a result, *waqf* can fully give positive impact to the society.

Fourthly, as the coordinator of national *waqf* management, BWI has the right to receive reports from other private *waqf* institutions. Therefore, these institutions are required to frequently report their performances to BWI, which can result more comprehensive and complete national *waqf* data. This can be effectively implemented if there is supportive regulation that manages legal punishment for the disobedience.

Fifthly, there is a need to create better cooperation and collaboration between BWI and the Directorate of *Waqf* of Ministry of Religious Affair to relieve the dualism functions. This can be done by appointing the members of Directorate of *Waqf* of Ministry of Religious Affair to be part of BWI members. As a consequence, the roles of both institutions can be more integrative and encouraging one to another.

Lastly, there is a need to deliver a comprehensive education to people about *waqf* to give clear understanding of the concept that aims to increase people's

knowledge and awareness about *waqf*. Moreover, a creative promotion can also be done in order to introduce *waqf* to the public. These methods shall help BWI in creating *waqf* as national mass movement.

References

- Affandi, A. and Nuffus, D.N. (2010). Analysis on Cash *Waqf* Return Fund Allocation in Indonesia: A Case Study in Indonesian *Waqf* Deposit. [Proceeding]. Seventh International Conference – The *Tawhidi* Epistemology: *Zakat* and *Waqf* Economy, Bangi 2010
- Badan *Waqf* Indonesia Data. (2015).
- Badan *Waqf* Indonesia Regulation No 1/2007
- Badan *Waqf* Indonesia Regulation No 1/2009
- Ihsan, H. (2007). An Explanatory Study of *Waqf* Accounting and Management in Indonesian *Waqf* Institutions: The Cases of Dompét Dhuafa and UII *Waqf* Foundations. [Dissertation]. Kuala Lumpur: International Islamic University Malaysia.
- Ihsan, H. and Adnan, M.A. (2010). *Waqf Accounting and the Construction of Accountability*. Retrieved from <http://www.iefpedia.com/english/?p=4484>
- Isa, Z.M., Ali, N., and Harun, R. (2011). A Comparative Study on *Waqf* Management in Malaysia. *2011 International Conference on Sociality and Economics Development IPEDR*, vol.10. IACSIT Press, Singapore.
- Kahf, M. (2002). *Waqf and Its Sociopolitical Aspects*. Retrieved from http://monzer.kahf.com/papers/english/WAQF_and_its_Sociopolitical_Aspects.pdf
- Ministry of Religious Affair of Republic of Indonesia Report. (2010).
- Nafis, M.C. (2012). *Aplikasi Wakaf Uang di Indonesia*. Retrieved from <http://bwi.or.id/index.php/in/publikasi/artikel/974-aplikasi-wakaf-uang-di-indonesia>
- Norhaliza. (2011). Categorization and Prioritization of *Waqf* Lands based on Sectors, Strategic Locations, Socio-Economic and Religious Factors: The Case of Selangor. [Thesis]. Kuala Lumpur: International Islamic University Malaysia.
- Rashid, S.K. (2014). Factors Affecting the Development and Good Governance of *Awqaf*. [Proceeding]. *International Conference on Waqf Management: Turkish Experience, 18-20 June 2014*. Retrieved from <http://iimu.org/waqf/presentation/factors-affecting-the-contemporary-revival-and-management-of-awqaf/>
- Statistic Center Board. (2010).
- Team FME. (2013). *SWOT Analysis Strategy Skills*. Retrieved from <http://www.free-management-ebooks.com/dldebk-pdf/fme-swot-analysis.pdf>
- Waqf* Act No 41/2004
- Zaki, A.A.L., Norzaidi, M.D., & Che Zuina, I. (2008). Pengurusan Harta Wakaf dan Potensinya ke Arah Kemajuan Pendidikan Umat Islam di Malaysia. *Jurnal Pengurusan JAWHAR*.