

OPTIMIZING PRODUCTIVE LAND WAQF TOWARDS FARMERS PROSPERITY

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ABSTRACT

Data of The Ministry of Religion of Indonesia show that the total number of land waqf is 4,359 billion m² in Indonesia (data of March, 2016). Based on this data, land waqf has a huge potential to be improved in Indonesia as community economic development. Land waqf, generally, is used to built a mosque, orphanage, and other public facilities. On the other side, the development of agriculture getting decrease because being converted into residence, especially in Indonesia as the agraris country. The use of land waqf is not maximum yet, therefore we have a big chance to cultivate the land waqf by using an Islamic concept of agriculture as one of the solution. Realizing the importance of land waqf management, this study aims ensuring that land waqf can be managed by the local government and to be used as farmland by involving farmers as workers. The concept of land waqf is *muzara'ah*, there is an agreement between the local governance (as the manager of land waqf) and farmers (as the workers) to cultivate the land, then at the end of this agreement, the total yield will taken by the local government in order to fulfill the needs of the farmers.

Keywords: Productive land waqf, *muzara'ah*, farmers prosperity

JEL Classifications: I31, Z12

INTRODUCTION

From an economic perspective, waqf management is defined as changing the usage of waqf assets, from consumption to production, so that the waqf assets can continue to generate returns in the future for the benefit of the waqf beneficiaries (Kahf, 1998). In principal, waqf assets become capital, the moment they are bequeathed as waqf. The uniqueness of waqf lies in its perpetuity and the ownership of waqf assets are deemed as Allah SWT. The waqf assets remain bequeathed forever and the beneficiary can take benefit from the waqf assets forever. From an economic perspective the waqf assets should be invested so that the return from the investment of these assets continues to generate benefits for the beneficiaries,

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which can be used in providing free education and health needs, alleviation of poverty, creation of jobs and so on (Rahman, 2009).

There was a re-examination towards waqf assets such as the role of waqf in the socio-economic advancement of the ummah in the past, the existence of vast amounts of waqf assets currently being neglected, the in-efficient administration and management of waqf institutions, and the current development in Islamic finance and economic systems. These factors have opened the minds of Muslims and created an awareness of the existence of waqf assets, when waqf developed and invested honestly and productively to generate returns that may help elevate the economic status of the ummah. In contrast, if waqf assets are left undeveloped and unproductive, their existence becomes pointless, the potential or services they could offer is squandered and the community is denied of any benefits that could be generated from the assets. This also means that waqf beneficiaries might be denied their rights. (Candra and Rahman, 2010)

Agriculture is one of the most important sector in our life. Recently, the local agriculture getting stuck because the total yield getting decrease year by year and its can not fulfill the demand, so the total amount of rice import getting increased by Indonesias Government to fulfill the needs. The other problem is government also can not protect the price of total yield of local product because the cost of plantation is very high especially the fertilizer. These problems make the land of agriculture leaved by the farmers and its converted into residence.

Indonesia's Government has made rice imports, in 2015, for about 1,5 million tons of rice. The policy to import rice from some countries (Thailand, Vietnam, and Pakistan) in order to fulfill the domestic needs of society and also to stabilize the market price in domestic market especially for some important food commodities. In 2016, government has made a policy to increase the number of rice imports becomes 2 million tons of rice. Its indeed that rice is the main commodities in Indonesia and absolutely the basic need that must be fulfilled by Indonesia's government. Indonesia, as the largest agraris country, has a big chance to develop the agriculture sector by maximazing the potential of the land in order to increase the number of total yield. Unfortunately, most of the agriculture in Indonesia converted into residence. Neither, the number of civilization increase year by year, nor the number of land.

Indonesia as the biggest Moslem country in the world has the big chance to maximizing the potential of waqf. The development of waqf in Indonesia increase year by year, not only for tangible asset of waqf but also for cash of waqf. Moslems of Indonesia are interested in land waqf because it can be used directly for the public benefit. The data of The Ministry of Religion of Indonesia show that the total number of land waqf is 4,359 billion m² in Indonesia (data of March, 2016).

Because of the potential of land waqf in Indonesia, it becomes one of the solution to gain the number of total yield of agriculture. The system that can be used to cultivate the land is a system in Islamic perspective that called *muzara'ah*. The *muzara'ah* system is a fairness concept between two parties, the local government and the farmers. This system also need a support system to create society empowerment in order to reach the final goal of this concept. If this system goings well, it will create the farmers empowerment and society empowerment that reflected by increasing number of *muzakki* in Islamic economic perspective.

LITERATURE REVIEW

The Potential of Land Waqf

Waqf is an act of holding certain property and preserving it for the confined benefit of certain philanthropy and prohibiting any use or disposition of it outside that specific objective (Kahf, 2002). Waqf has played a significant role through out Islamic history towards enhancing the social and economics status of the Muslim societies (Norhaliza and Mohammed, 2009). At the centre of this significant role is land. In fact, land was the first waqf in Islam. It was used to build the first mosque in Islamic history, the mosque of Quba in Madinah, located 400 kilometers north of Makkah, which still exists today, although rehabilitated and enlarged several times (Khalifah Institute).

Besides religious porposes, land waqf has also been used for infrastructure development, education sector, healthcare and public amenities, among others. For example among the prominent education institutions that were founded and maintained using land waqf are the Al Azhar University in Egypt, University of Cordova in Spain, and Universitas Islam Indonesia in Jogjakarta, Indonesia (Zaki et al, 2008).

While in the healthcare sector, one of the famous hospitals built on land waqf is Al

Noori Hospital in Damascus, which has been in operation for seven centuries and, in fact, some parts of the hospital are still in use today (Islamic Relief UK). Furthermore, many mosques in Islamic countries are built and operated using land waqf (Sadeq, 2002). The central roles of the waqf lands were also prominent during the last Muslim Caliphate in Turkey. Waqf lands were used extensively, among others, for infrastructure development, agriculture, education, and public amenities (Hoexter, 1998).

Currently, Indonesia has been establishing the formal council for waqf affairs since 2004 as the concrete form of the mandate within the Undang-undang Nomor 41 Tahun 2004, namely *Badan Wakaf Indonesia* (BWI). This council has an authority to take hold the whole affair regarding waqf in Indonesia. Generally, BWI provides three categories of waqf services, that are (1) waqf in moving objects, (2) waqf in land, and (3) waqf in cash. In facts, the main concerns of BWI are more likely in waqf of land and cash.

Most of the land waqf assets that exist, has not been being cultivated productively. Most of *nadzhir* only use the land waqf only to build mosque, cemetery, orphanage, and so on. (Djunaedi, 2013) According to Chowdhury (2012) since the *waqfis* not only related to spiritual and religious aspect but also an important issue which can influence on the economic, political, community, educational and social development. Therefore, such an important issue cannot be free to run itself on the whims without following any pre-determined policies, rules, and scientific management systems within the purview of the overall guidance of the Islamic rule.

The colonization of Muslim nations after the Second World War has greatly undermined the importance of the waqf system to Muslim societies (Heyneman, 2004). The colonial masters and their puppet governments usurped land waqf from Muslim societies and disrupted their smooth management. This ultimately has led to gross mismanagement of various waqf resources in Muslim countries (Raissouni, 2001).

As a result, much of Muslim lands, which were previously used for productive income generating activities have been converted for religious and social activities such as mosques, graveyards, orphanage, and religious schools. The converted uses of land waqf for these activities have also affected the attitudes of both the donors and managers of waqf properties towards land waqf. That is, land waqf should be reserved only for religious and social activities (Norhaliza and Mohammed, 2009).

The Islamic Development Bank (IDB) describes, in its organization profile, that as an international body, it has established the World Waqf Foundation (WWF) in 2001, in collaboration with waqf institutions, governmental organizations, NGOs, and philanthropists from the private sector, to promote waqf to contribute to the development of cultural, social, and economic of the member countries, as well as to alleviate poverty and to extend technical assistance and support to waqf institutions (Norhaliza and Mohammed, 2009).

Norhaliza and Mohammed (2009) stated that there are many managerial and financial issues in such categorization of the land waqf. In addition to the existing categories of land waqf should also be classified according to the use and the location of the lands, so it would be able to avoid developing the land waqf inappropriately. For example, if the land waqf was an agriculture land, it should be managed with plantation projects, or if necessary, apply for the change of category of land use, to optimize the utilization of the land waqf. Once these land waqf have been categorized according to their uses and strategic locations, there is a need to match them with appropriate Islamic investment modes, this will help in enhancing efficiency and in attracting investments to the waqf landed properties.

Society Empowerment

The enhancement of the capability and empowerment of the human resources indicated by having a great access or an opportunities for those higher level or education and longer years of schoolings. Another important factor that contributes directly to enhancing of the capability is the access to professional training and higher use of information and communication technologies. The poor, in general, are subject to so many types of vulnerabilities including lower income and saving levels, less rewarding sources of income and greater involvement in risk-prone agriculture. Thus, the overall living conditions and easy access to markets and the microfinance institutions have implications for the productive allocation of resources (Haneef et al, 2015).

Based on Santoso and Meera (2015) stated that Credit Cooperatives and Credit Units (*Koperasi Simpan Pinjam & Unit Simpan Pinjam*) are the server for financial services to Small and Medium Enterprises (SMEs) which is strategically for the economic *ummah*. These financial inclusion focus on society empowerment based on management, infrastructures, and principles which distinct to the value. The empowerment of financial

assurances to develop a business, especially Small and Medium Enterprises (SMEs) were indicate the success of poverty alleviation programs in order to create a society empowerment.

According to Pailis et al (2016), there is an influences of *maqasid al-sharia* which includes several factors such as religion understanding, knowledge, and family caring have influences to the recipients of productive zakah (*mustahiq*) empowerment. *Mustahiq* empowerment influences both individual and community welfare. Empowerment is meant through empowerment program which is run by zakah manager (*amil*), *mustahiq* could receive an assist in a form of capital for venture or investment. In purpose, it will efficiently and effectively useful for *mustahiq* whom receive the assist and in other occasion give in return as a *muzakki*.

RESEARCH METHODOLOGY

The qualitative paradigm is used in this paper to explain the problem based on the real situation that holistic, complex, and detailed. The aim of this paper is to reveal the potential of land waqf in Indonesia in order to increase the prosperity of society. The waqf of land has been managed by the local goverment (district in Indonesia) and used for public purposes such as mosque, orphanage, and others, but not for productive purpose yet. The potential of land waqf is one of the solution to increase the farmers prosperity by maximazing society empowerment to get *falah*.

FINDINGS

How land waqf will increase the farmers prosperity? And what is the importance of society empowerment to support it? According to Ali Muhyi al-Din al-Ghurrah Daghi and Zarqa in Candra and Rahman (2010), waqf assets must be invested because investments are designed to generate returns on the capital, which are then used as source of income, thus ensuring that the principal investment remains intact and produces returns that can be utilised to fulfil the needs of the community. Based on the research of Zarqa stated that the economic objective of direct waqf assets investment is to generate maximum cash returns, thus, augmenting the capital assests, resulting in the desired benefits for the community in line with Islamic principles lead to economic development and prosperity of the ummah.

In Indonesia, the enforcement of waqf is based on an act relating to waqf, known as the Law of The Republic of Indonesia No. 41 (2004). The waqf Act permitted changes in the implementation of waqf in Indonesia through which waqf implementation must potentially lead to the economic development and prosperity of the ummah.

Data of The Ministry of Religion of Indonesia show that the total number of land waqf is 4,359 billion m² in Indonesia (data of March, 2016). Based on this data the total amount of land waqf is quite fantastic. However the reality said the opposite thing. Most of the land waqf assets that exist, has not been being cultivated productively. Most of the *nadzhir* (people who received benefit from waqf) have no idea about how to utilize and manage the land waqf in proper ways.

The potential of land waqf in Indonesia is one of the solution to increase the total yield of agriculture. The Islamic system will be used to cultivate the waqf of land called as *muzara'ah*. *Muzara'ah* is agreement between two parties, first is the local government as the parties who manage the waqf of land and the second is the farmers who will cultivate the land from the beginning until the harvest time and the total yield will be divided (shared) into two parties based on the agreement has made.

The local government, as the first party, makes the data base of land waqf from all the *waqif* in the district. The data base, as the data resources of land waqf, shows the width of the land, the name of the institutional farmers group, and the total amount of yield. All the data base can be accessed by the institutional farmers group and also the local government as the process of monitoring and evaluation.

The land will be divided as many as the institutional farmers group who cooperate with the local government. Each institutional farmers group will cultivate a particular area of land waqf which the seeds will be prepared (subsidized) by the local government so the farmers only cultivate the land until the harvest time is coming. When the harvest time is coming, all of the total yield will be sold to *Koperasi Unit Desa* (KUD), an Indonesian Institutional Government office called *Koperasi* which manage all the total yield at the district.

Why all of the total yield supposed to be sold to KUD? Because KUD as an Institutional Government office which has its own system to protect the basic price of the the total yield. KUD will buy the total yield from farmers with the basic price which represent a fairness of

a fair price. Fair price created by KUD because its cut the distribution chain of *tengkulak* (broker). As a result, KUD can sold the total yield with the market price that create the lowest margin between market price and the basic price (fair price).

Finally, the result of the lowest margin between market price and basic price is creating farmers prosperity because the main purpose of waqf is increasing public benefit to create *falah*, a happiness not only in the world but also hereafter. Enhancement of farmers prosperity reflected from the increasing of farmers income. Therefore, farmers not only can fulfill their basic needs but also they can create another jobs besides cultivate the land. If the system going well, few years later, it can create a society empowerment.

Empowerment in Islamic perspective is reflecting from *mustahiq* becomes *muzakki*. The enhancement of farmers prosperity measured by the increasing of farmers empowerment. Farmers empowerment means they not cultivate the land as a workers anymore, but they have their own land or create another jobs. When farmers as a workers to cultivate the land, they usually receive the zakah (*mustahiq*). However, after getting this empowerment, farmers can play role as a person who pays zakah (*muzakki*) that reflect enhancement of farmers prosperity.

CONCLUSION

Land waqf by muzara'ah system is a qualified system in order to enhance the farmers prosperity. Farmers prosperity will be realized if the role of KUD (*Koperasi Unit Desa*) maximized, especially in the distribution chain of the total yield. KUD can make its own distribution system that will make the lowest margin between market price and the basic price (fair price).

The enhancement of farmers prosperity reflected when its can create the society empowerment. This empowerment of society can be seen if farmers not cultivate the land as a workers anymore, but they have their own land or create another jobs. The success of this society empowerment reflected by increasing the number of muzakki rather than the number of mustahiq.

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