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OPTIMIZING PRODUCTIVE WAQF AS AN INSTRUMENT OF SUSTAINABLE DEVELOPMENT IN INDONESIA

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Abstract

Digital productive waqf is one of the strategic alternatives in answering the challenges of financing sustainable development in Indonesia. With the potential for national waqf reaching Rp180 trillion per year, but with the realization still very low, optimization steps are needed so that waqf is not only a social worship, but also an economic instrument that supports the achievement of the Sustainable Development Goals (SDGs). The development of digital technology opens up new opportunities in waqf management, such as the use of online platforms, blockchain, and crowdfunding that can increase efficiency, transparency, and public participation. However, challenges such as low public literacy towards digital waqf and limited capacity of nazhir in professional asset management are the main obstacles. This research aims to formulate a strategy for optimizing digital productive waqf as a financing instrument for sustainable development in Indonesia. The method used is qualitative descriptive, with a literature study approach to various literature, scientific journals, data from official institutions, and relevant previous research results. The data analysis technique is carried out by selecting, grouping, and presenting data based on the theme: optimization of digital waqf, the role of technology, and sustainable development. The results of the study show that the digitization of waqf is able to answer various classic problems such as limited access, transparency, and effectiveness of fund management. Digital platforms such as Satu Waqf Indonesia, Dompot Dhuafa, and Al-Azhar Waqf are real examples of modern waqf initiatives. Public literacy is still low (50.48) and lack of nazhir competence are important concerns that must be addressed through training and public education. This research also confirms that collaboration between the government, Islamic financial institutions, and technology startups is key in building a

strong digital waqf ecosystem. Optimizing digital productive waqf can not only be a solution to the limitations of national development financing, but also be able to create an inclusive and sustainable Islamic economic system. With a holistic approach, digital waqf has the opportunity to become a driver of a just economy for the people of Indonesia.

Keywords: productive waqf, digitalization, sustainable development, sharia economy, alternative financing

1. INTRODUCTION

Sustainable development has become a global agenda adopted by many countries, including Indonesia. The Sustainable Development Goals (SDGs) emphasize the importance of inclusive economic growth, poverty alleviation, and environmental preservation (Fauzi & Oxtavianus, 2014). Challenges in financing sustainable development remain significant, especially in developing countries that face budget constraints and reliance on conventional financing. The Islamic economy in Indonesia offers alternative financing in accordance with Islamic principles. One of the instruments that has great potential is waqf, especially in productive waqf. Productive waqf can be a sustainable economic benefit if the management of wakaf assets is managed properly and this productive waqf can be used to finance social and development programs. Waqf governance that uses technology can provide benefits for parties involved in waqf management (Diniyah Sukma, 2021).

Productive waqf plays an important role in building sustainable economic resilience. A solid foundation for economic development can be realized through productive waqf, long-term economic development, and can also ensure sustainability for future generations (Diniyah Sukma, 2021). The development of digital technology has opened up new opportunities in waqf management. Digital platforms allow the public to participate in waqf more easily and transparently. Digitization of productive waqf can increase the efficiency of fund collection and distribution, as well as expand the reach of community participation in waqf activities. The development of productive waqf as financing sustainable development is not only based on the values of justice and sustainability, but also encourages active community participation, productive waqf development such as in the form of business, rental property or it can also be in investment (Mohammad Radwan, 2023). With the digital transformation, waqf is managed with a digital platform both in terms of collection, management, and waqf reporting. Examples of waqf digital platforms

such as *BWI Waqf Center*, *Domper Dhuafa*, *Waqf Al – Azhar* and initiatives *Crowdfunding sharia* (Selasi, 2021).

Financing the sustainable development of productive waqf is very important because data from the Indonesian Waqf Agency (BWI) shows that the potential for money waqf in Indonesia reaches Rp180 trillion per year, but the realization is only around Rp831 billion or less than 0.5% of this potential. In addition, of the approximately 430,386 waqf land locations covering an area of 56,254.19 hectares, only about 60.22% have been certified, while the rest still do not have an official certificate. This shows that there is a gap between the potential and realization of waqf in Indonesia (Anggraini et al., 2024). The digitalization of waqf has the potential to offer solutions to overcome various major challenges in finding sustainable and inclusive alternative sources of financing with the largest Muslim population in the world.

Several previous studies have discussed the potential and challenges of digital waqf in Indonesia. For example, research by Anggraini et al. (2024) identified that digitalization can strengthen the benefits of waqf for the community, but there are still challenges in waqf regulation and literacy. Other research by Maisyarah & Hadi (2024) It shows that a digital-based waqf management model can support sustainable development goals, but data integration and collaboration between stakeholders are still needed. Research gaps still exist in research on how productive waqf can be definitively implemented as an instrument of financing sustainable development in Indonesia. This research aims to fill this gap by examining in depth the strategy for optimizing digital productive waqf, including an analysis of effective management models, the role of technology, and collaboration between the government, waqf institutions, and the community. The main objective of this study is to formulate a strategy for optimizing digital productive waqf as a financing instrument for sustainable development in Indonesia. Theoretically, this research is expected to contribute to the development of science in the field of Islamic economics and digital philanthropy. Practically, the results of this research can be a reference for the government, waqf institutions, and other stakeholders in designing effective policies and programs to optimize the potential of waqf in supporting sustainable development.

2. METHOD

This study uses a descriptive qualitative method, this method is used so that the process in the research produces descriptive data in the form of written words or lists from previous articles. The purpose of this study is to formulate a strategy for optimizing digital

productive waqf as a financing instrument for sustainable development in Indonesia. The use of qualitative methods makes it easier for researchers to obtain concrete data from various reliable sources. The researcher uses literature study techniques in conducting this research by taking sources from various journals, previous research, books, and scientific articles that are relevant to the research topic.

Data collection is carried out by collecting and analyzing official documents, books, scientific articles relevant to the research, then analysis used in this study by selecting, grouping data based on digital waqf optimization, sustainable development and instruments used by digital waqf as sustainable financing.

3. RESULT AND DISCUSSION

The potential of waqf in Indonesia is huge, with an estimated reach of Rp180 trillion per year and around 400,000 certified waqf land points. The use of waqf as an instrument of financing sustainable development is still not optimal. Most waqf assets have not been managed productively, and many waqf lands have not been certified, which has the potential to cause disputes and hinder their use for the benefit of the community (Smail, A. G., Abdullah, R., & Zaenal, 2022). This study examines the strategy of optimizing digital productive waqf as a financing instrument for sustainable development in Indonesia. With a descriptive qualitative approach and analysis of secondary data from various related institutions, this section presents the results of field findings and relevant literature reviews, then discusses them in the context of the implementation of digital waqf in Indonesia. The results of the study show that the potential of waqf in Indonesia is very large, but it has not been optimally utilized as a financing instrument for sustainable development. Based on data from the Indonesian Waqf Agency (BWI), the potential value of money waqf in Indonesia is estimated to reach IDR 180 trillion per year. Unfortunately, the realization of money waqf collection is still very low, only around IDR 831 billion. In addition, of the 430 thousand existing waqf land locations, most of them have not been certified and are not economically productive (Chusma et al., 2022). This fact indicates the need for reform and innovation in waqf management, especially through digital approaches that can expand the reach and efficiency of management. Waqf digitization is here as an answer to classic problems that have been faced in waqf governance, such as lack of transparency, weak management, and lack of public participation. The use of digital technology such as online platforms, blockchain, and crowdfunding systems allows the waqf process to be carried out more quickly, transparently, and measurably. Several platforms such as "Satu Waqf

Indonesia" have even been developed to unite waqf services nationally. However, the effectiveness of this technology still depends on the readiness of digital infrastructure and the level of public literacy towards waqf and technology itself (Pimada et al., 2022).

The findings of the study show that the main challenge in the development of digital waqf lies in the low literacy of waqf in the community. Data from the 2023 National Zakat and Waqf Literacy Index shows that waqf literacy is at 50.48, far below zakat literacy which reaches 66.78. This low understanding has a direct impact on public participation in digital waqf (Sugianto & Fadhel Mohammad, 2024). A massive and sustainable educational approach is needed, both through social media, schools, and religious institutions, to increase awareness of the importance of waqf as a tool of social contribution and development. Apart from the community side, the role of nazhir or waqf managers is also a major concern (Andini et al., 2024). The results of the study revealed that most nazhir do not have adequate capacity and competence to manage waqf assets productively and digitally. The government and related institutions such as BWI need to actively provide training and coaching to improve the professionalism of nazhir, including in terms of the use of technology and digital financial reporting in order to be able to attract public trust (Selasi, 2021).

In the previous study, this study broadened the horizon by combining technological, social, and institutional approaches in the context of digital productive waqf. For example, research by - Scarlet Witch (2024) highlighting the importance of integration between stakeholders, but has not discussed the technological aspects in detail. This research fills this gap by explaining how blockchain technology and digital platforms can improve the accountability and efficiency of waqf. Cross-sector collaboration is an important factor in optimizing digital waqf. Collaboration between the government, Islamic financial institutions, zakat institutions, technology startups, and civil society can strengthen the digital waqf ecosystem. This research shows that the integration of waqf with Islamic banking, Islamic capital markets, and fintech can create inclusive and sustainable social investment instruments, in line with the principles of the SDGs (Adolph, 2016). The relevance of digital waqf in sustainable development is also seen in its contribution to priority sectors such as education, health, and community economic empowerment. Productive waqf projects managed digitally are able to have a significant economic impact, both through the provision of micro business capital, the development of health facilities, and the development of waqf-based education (Sundari, 2023). The case studies analyzed

in this study show that productive waqf projects managed digitally are able to have a significant economic impact, both through the provision of micro business capital, the construction of waqf hospitals, and the development of waqf-based education (Choirunnusak, 2022).

The main contribution of this research is to the formulation of a comprehensive digital productive waqf optimization strategy. This strategy includes strengthening regulations and institutions, utilizing technology for efficiency, public education at large, and strengthening the capacity of nazhir. The suggested approach is holistic and systemic, so that it is able to answer challenges while maximizing the potential of waqf in the digital era (Mochammad Masrikhan, 2019). Overall, the core results of this study confirm that digital productive waqf has a great opportunity to become a financing instrument for sustainable development in Indonesia. However, the success of its implementation is highly dependent on the synergy of various parties, strengthening regulations, and adopting technology that is adaptive to local needs. With strengthening on various fronts, digital waqf is not only an instrument of religious philanthropy, but also a driving force for a just economy in the future.

4. CONCLUSION

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Based on the results and discussions that have been studied, it can be concluded that digital productive waqf has great potential to become an alternative financing for sustainable development in Indonesia. With the potential for national waqf reaching hundreds of trillions of rupiah every year, digital transformation in waqf management is a strategic step to increase efficiency, accountability, and public participation in waqf. The use of digital technology can answer classic challenges in waqf management, such as low transparency and lack of public literacy. The digital transformation of waqf also strengthens the synergy between the government, Islamic financial institutions, waqf institutions, and technology players. Obstacles such as low waqf literacy and limited nazhir capacity are still challenges that need to be seriously addressed. This study concludes that the optimization of digital productive waqf is not enough with a technological approach alone, but also requires institutional reform, improvement of the quality of human resources, and massive public education. In addition, the importance of cross-sector collaboration is the main key in creating a sustainable and inclusive digital waqf ecosystem. Digital-based optimization of productive waqf is an important step in answering the challenges of development financing in Indonesia, especially in the context of limited

government funds and the financing needs of social sectors. This research provides policy directions and implementable strategies for stakeholders in encouraging the digitization of waqf more effectively and effectively.

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