

Cash Waqf Contribution to Islam's Socio-Economic Development in Perak

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Abstract

This article aims to discuss the role of cash waqf in the socio-economic development of Muslims in Perak. Cash waqf is a relatively new concept in Islamic jurisprudence. Traditionally, waqf discussions have focused on non-transferable assets ('iqar) and transferable assets (manqul). Waqf Perak Ar-Ridzuan (WPAR), launched in 2015, addresses the issue of insufficient cash waqf. This paper examines the implementation of WPAR cash waqf from 2016 to 2021. This research employs a qualitative approach, using semi-structured interviews with the management of the Perak Islamic Religious Council (MAIPk). The findings reveal that the implementation of cash waqf is focused on four main areas: economics, education, health, and religion. In the economic sector, both waqf funds and waqf business centers (WBC) contribute to improving the incomes and standard of living of Muslims. In the education sector, efforts are directed toward funding student dormitory buildings and the MUMTAZ program. In the health sector, facilities such as hemodialysis centers have been established, while in the religious sector, funds have been allocated for the development of maahad tahfiz and the advancement of Quranic studies. The results of this study demonstrate that increasing WPAR fund collection can significantly enhance the socio-economic development of Muslims in Perak. The implications of this research are expected to provide valuable contributions and serve as a guide for MAIPk in managing waqf to further empower cash waqf initiatives in Perak.

Keywords: *Waqf Tuani, Socio-Economic, Waqf Perak Ar-Ridzuan*

Abstract

Artikel ini bertujuan untuk membahas peran wakaf tunai dalam pembangunan sosio-ekonomi umat Islam di negeri Perak. Wakaf Tunai merupakan produk baru fiqh saat ini. Sebab, awalnya pembahasan tentang wakaf mengacu pada harta tak alih ('iqar) dan harta alih (manqul). Wakaf Perak Ar Ridzuan (WPAR) yang diluncurkan pada tahun 2015 bertujuan untuk mengatasi



permasalahan kekurangan dana wakaf tunai. Artikel ini menjelaskan pelaksanaan wakaf tunai WPAR tahun 2016 hingga 2021. Penelitian ini bersifat kualitatif melalui protokol wawancara semi terstruktur dengan pengurus Majlis Agama Islam Perak (MAIPk). Hasil penelitian menemukan bahwa pelaksanaan wakaf tunai berfokus pada empat bidang utama yaitu ekonomi, pendidikan, kesehatan dan agama. Di bidang ekonomi, dana wakaf bot dan pusat bisnis wakaf (WBC) membantu meningkatkan pendapatan dan taraf hidup umat Islam. Sedangkan di bidang Pendidikan, fokusnya adalah pada wakaf bangunan asrama mahasiswa dan program MUMTAZ. Sementara di bidang kesehatan telah dibangun fasilitas pusat hemodialisis dan di bidang keagamaan telah diciptakan dana untuk pengembangan maahad tahfiz dan perkembangan ilmu Al-Quran. Temuan penelitian ini membuktikan bahwa peningkatan penghimpunan dana WPAR dapat mengembangkan sosio-ekonomi umat Islam di negeri Perak. Implikasi dari penelitian ini diharapkan dapat memberikan kontribusi yang berharga dan sebagai pedoman bagi MAIPk, dalam pengelolaan wakaf sehingga mampu memberdayakan wakaf tunai di negeri Perak.

Kata Kunci: Wakaf Tuani, Sosio-Ekonomi, Waqf Perak Ar-Ridzuan

INTRODUCTION

Cash waqf, as practiced both locally and globally, can generate income for both society and the state. The concept of cash waqf represents a contemporary form of waqf aimed at increasing the volume of waqf in Malaysia, particularly in Perak. Cash waqf is a mechanism for the distribution of an individual's wealth to others. In economic terms, the presence of groups that redistribute wealth is crucial because it aids in achieving socioeconomic development within a country. The term waqf (plural: awqaf) essentially means "to prevent or restrain." Islamic legal terminology refers to the act of withholding ownership and the transfer of assets so that its benefits or proceeds can be used for charitable purposes as long as the item remains in existence (Mannan, 2001).

According to a narration by Ibn Umar, he said: Umar received a piece of land in Khaibar, and he asked the Messenger of Allah: O Messenger of Allah, indeed I have acquired a piece of land in Khaibar, a property that I have never obtained anything better than this land. What do you advise me to do with it?" The Prophet replied, "If you wish, retain the land (as a waqf) and donate its benefits." So, Umar endowed the land with the condition that the land should not be sold, must not be donated, and must not be inherited. The proceeds from the land were to be donated for the benefit of the poor, relatives, the freeing of slaves, jihad in the name of Allah, wayfarers, and guests. There was no harm for the one who managed the waqf (Nazir) to benefit from it in a reasonable manner (without excess) and to feed others, provided it was not treated as a source of wealth. The term *wakaf* (plural *Awqaf*) essentially means "to prevent or restrain." Islamic legal terminology defines the act of withholding the use and transfer of an asset so that an individual can derive benefits or utilize its proceeds for charitable purposes as long as the item remains intact (Mannan, 2001).

DISCUSSION

Legal Basis of Waqf

The waqf established by Umar bin Al-Khattab with his land in Khaibar is considered one of the earliest waqf practices among the companions of the Prophet. Imam Nawawi stated that waqf is a specific act of worship in Islam, as it is dedicated to the benefit of the Muslim community. In line with the words of Imam Shafi'i: "As far as I know, no one during the pre-Islamic era (*Jahiliyyah*) ever withheld (through waqf) their property, whether it was a house or land." The legal aspects of endowments related to Sunnah are still limited. Most of the existing laws are based on the *ijtihad* of Islamic jurists and developed through the methods of *istihsan*, *istislah*, and *urf* (Az-Zuhaili, 1997).

Nevertheless, it cannot be denied that the Quran has also provided a solid foundation for promoting the practice of waqf through verses related to the concept of *infaq* (charitable giving). These texts have provided a strong foundation for the promotion of waqf among the Muslim community. Among them are His words:

You will never be able to attain (the truth of) virtue and (perfect) devotion until you contribute a portion of what you love. The legal basis for waqf is also clearly mentioned in several hadiths, including one narrated by Imam Muslim, where Abu Hurairah r.a. reports that the Messenger of Allah said, "When a person dies, their deeds come to an end, except for three things: ongoing charity, beneficial knowledge, or a righteous child who prays for them."

Furthermore, there is evidence indicating that the Prophet also endowed his wealth, even though he did not explicitly refer to it as a waqf. Although this hadith mentions the term charity, it still possesses the characteristics of a waqf, particularly in terms of its enduring benefits.

From Amr bin Al-Haaris r.a., he reported: "The Prophet Muhammad did not leave any inheritance at the time of his death—neither a dirham, nor a dinar, nor male or female slaves, nor anything else—except for a white donkey, his weapons, and the land that was designated for charity."

The virtues of the practices mentioned in the preceding hadith encompass the concept of waqf, which refers to actions that benefit the community and yield continuous rewards.

Cash Waqf

The term "cash waqf" has several meanings from a linguistic perspective. The word "cash" refers to a sum of money that is used for spending when needed ("Matlamat Wakaf Dalam Menggerak Ekonomi Umat Islam," 2006). According to the Arabic dictionary *Mu'jam Maqaayis Lughah*, Ibn Faris defines "naqd," consisting of the letters (nun, qaf, and dal), as something that indicates clarity, such as "*naqd al-dirham*," which signifies a good condition (Faris, n.d.).

An explanation of cash waqf by Sheikh Dibyan Muhamad Al-Dibyan, in his book *Fi Waqfi Al-Nuqud*, states that cash (النقد) refers to anything that can be used to acquire something else. Muhammad Amim Al-Ihsan, on the other hand, argues that (النقد) refers to the expression of gold and silver. The plural form is *nuqud* (نقود). (Ibrahim, 2002). In addition, the term naqđ is associated with the meaning of a fair measure for dinars and differentiating dirhams by solely accepting the authentic ones (*dirhams*). (Zamakhshari, n.d.). According to the *Dewan Bahasa dan Pustaka Dictionary*, the definition of cash is money used as an intermediary in buying and selling (*Kamus Dewan*, 2007).

The term "cash waqf" (وقف النقود) is well-known in contemporary times but was not developed during the early days of Islam. The emergence of the fatwa regarding the legal status of cash waqf originated from Imam Al-Zuhri, a prominent scholar in the field of hadith. He issued a fatwa stating that waqf in the form of dinars and dirhams was obligatory for the purposes of da'wah, community welfare, and education of the Muslim ummah. He passed away in 124 Hijrah. According to him, waqf is permissible when one uses dinars or dirhams (currency) as capital for business, with the profits then distributed as waqf. He passed away in the year 124 Hijrah. According to him, waqf is permissible when using dinars or dirhams (currency) as capital for business, and profits are then distributed as waqf.

Recently, in the 8th century, cash waqf re-emerged when Imam Zufar, a prominent scholar of the Hanafi school, was asked how cash waqf could be implemented using liquid funds. He responded: "It can be implemented through the *mudharabah* method between the waqf party and the borrower." The profits will then be donated to the recipients of the waqf. (Cizakca, 2000)/ Scholars currently agree to accept the practice of cash waqf by considering the fatwas issued by the relevant authorities. The Fatwa Committee of the National Council for Islamic Affairs of Malaysia, during its 77th meeting held from April 10-12, 2007, at Primula Beach Resort in Kuala Terengganu, agreed on the necessity of implementing cash waqf. (Jabatan Wakaf dan Haji, 2021)

Implementation of WPAR Cash Waqf Fund

The Perak Islamic Religious Council (MAIPk) The enactment of the Waqf Enactment (Perak) 2015, which came into effect on February 15, 2016, marks a new milestone in the administration of cash waqf in the state of Perak. Through this implementation, MAIPk has a clearer authority to manage waqf assets through various methods and waqf instruments that can be executed in accordance with law. The 193rd Conference of the Perak Islamic Religious and Malay Customs Council, held on December 18, 2015, agreed to establish a waqf fund scheme named "Waqaf Perak Ar-Ridzuan" (WPAR) and to determine several projects to be implemented.

The WPAR fund is offered in three forms of waqf schemes: general cash waqf, special cash waqf, and investment cash waqf. The WPAR fund report for the years 2016-2021 consists of three main components: general cash waqf, special cash waqf, and investment cash waqf. The general cash waqf represents the highest amount collected since the launch

of WPAR in 2016 until 2021, totaling RM11,713,755.66, followed by special cash waqf at RM9,120,429.61, and investment cash waqf at RM2,853,219.23. Table 1.1 illustrates achievements in collecting general cash waqf from 2016 to 2021.

Tabel 1.1 Report on General Cash Waqf Collection for the Year 2016 to 2021

Year	Collection (RM)
2016	1,360,701.01
2017	1,673,480.17
2018	2,683,319.93
2019	1,670,921.46
2020	1,965,272.15
2021	2,360,060.94
Total	11,713,755.66

The special cash waqf fund was designated for financing seven main projects: the Waqf for Student Accommodation, the Waqf for MUMTAZ Program Education, the Waqf for the Development of Al-Qur'an Education, the Waqf for Business Center, the Waqf for Boat Construction, the Development of Hemodialysis Waqf Center, and the Development Fund for Maahad Tahfiz. The WPAR funds will be used to finance specific projects selected by the donors. Acceptance of cash waqf funds is presented in the following table:

Tabel 1.2 Report on Special Cash Waqf Collection for the Year 2016-2021

Year	Collection (Rm)
2016	1,675,619.47
2017	4,619,514.99
2018	595,423.36
2019	688,238.93
2020	920.785.37
2021	620,910.49
Total	9,120,394.11

Investment cash waqf is offered through a collaboration project between MAIPk and Maybank. Maybank Islamic, under the MyWakaf program, has centralized Islamic financial institutions in the country by allocating funds to finance the development of waqf projects in specific locations. This scheme offers a cash waqf that matches every cash value invested for waqf purposes. A simple example of the equivalent value of this investment cash waqf is that every RM10 invested becomes RM20. The initial fund allocated by Maybank Islamic for investment cash waqf is RM5 million, which will create an accumulated value of RM10 million when community contributions are sufficient. Table 1.3 shows that the total accumulation of investment cash waqf from 2016 to 2021 is RM2,853,219.23.

Tabel 1.3 Investment Cash Waqf Collection Report for the Years 2016-2021

Projek	2016-2021
Investment Cash Waqf	RM2,853,219.23

Socio-economic Development through Waqf Cash WPAR

The focus of WPAR on developing the socio-economic conditions of Muslims in Perak revolves around four main areas: education, economy, health, and religion. This approach represents a strategic and effective step toward cash funding within Perak. Sultan Azlan Shah University (USAS) was one of the first to benefit from cash waqf in Perak. The construction of this building features a five-story apartment concept with two blocks, comprising 75 units. This first building is on waqf land, Lot 14120 Mukim Sayung, Kuala Kangsar District. The building is equipped with facilities and amenities designed to provide comfort for students, costing RM13.5 million, and was completed in December 2017. (*Perkembangan Projek Wakaf Bangunan Kediaman Pelajar Universiti Sultan Azlan Shah Usas Di Kuala Kangsar*, n.d.)

The second cash waqf for education was introduced in the form of the MUMTAZ knowledge cash waqf fund. This fund has facilitated various programs to meet learning needs at the school level, such as the *Seminar Unggulan UPSR* and *Seminar SPM Jaya*. Cash waqf plays a vital role in developing the economy of local Muslim communities. The Cash Endowment Fund builds and purchase commercial buildings to provide business spaces for the Muslim community. The Waqf Business Center (WBC) is a waqf fund project designed to establish business premises for Muslim traders in Perak. The development of a WBC in a strategic location has been completed and is now operational in Perak, specifically at a WBC in Masjid al-Hidayah, Behrang, 2020, which comprises six business units, each with an area of 150 square feet. This facility is located on Lot 12293 in Mukim Hulu Bernam Timur, Muallim District, Perak.

This building is adjacent to the Al-Hidayah Mosque in Bandar Behrang, 2020, and its name is taken from that mosque. However, the collection of cash waqf funds by WBC until May 2022 amounted to RM 331,075.27, which has not yet reached the target of RM 20 million. The collection of cash waqf funds by WBCs needs to be further enhanced to provide broader benefits to Muslim traders, particularly by improving the economy and living standards of the community. In the health sector, the WPAR Hemodialysis Center was built on October 17, 2018, and it began operations on December 13, 2021. It is in Masjid Alang Iskandar Syah, a neighborhood in Kg. Dato Seri Kamaruddin, Manjung. This Hemodialysis Center covers an area of 584.2 square feet and is equipped with all the necessary equipment. For its initial operation, 12 dialysis machines are provided, capable of accommodating up to 36 patients per day. The total cost for constructing the waqf hemodialysis center was RM3.3 million.

Cash waqf in the religious sector includes funding for the *Tahfiz Maahad* Program and the development of Quranic knowledge. Funding for the *tahfiz* development provides assistance to religious educational institutions such as *tahfiz* schools and *pesantren*. Some of the land allocated for waqf by MAIPk was developed for a boarding school and *tahfiz* to fulfill the wishes of the donors. Considering the high operational and maintenance costs, a cash waqf fund was established to alleviate the financial burden on the institution by allocating funds for development and necessary equipment. The accumulation of cash waqf collections specifically for the *tahfiz* amount to RM1,324,991.66. The collection has not yet reached the established target. The Institute of Quranic Studies (IPaQ), Academy of Islamic Studies, University of Malaya, has been appointed as the project manager to conduct a study related to Quranic knowledge in collaboration with MAIPk.

CONCLUSION

Cash waqf is an act of worship that is encouraged to draw individuals closer to God. At the same time, it plays a direct role in socioeconomic development through the provision of healthcare, education, and places of worship. When societies are provided with facilities for healthcare, education, and skills development, it signifies, from a humanitarian perspective, that they have also progressed. When they are healthy, educated, and possess skills, opportunities arise to enhance the economic conditions of the Muslim community. Likewise, the existence of places of worship allows individuals to gather, pray, seek knowledge, and engage in spiritually enriching activities, all of which contribute to socioeconomic development.

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