

WAQF INVESTMENT: A CASE STUDY OF DOMPET DHUAFA REPUBLIKA, INDONESIA

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ABSTRACT

This paper discusses the method of waqf investment by Dompot Dhuafa Republika, Indonesia. The study analyzes the information gained from the interview sessions and the reports issued relating to the investment methods applied by Dompot Dhuafa Republika, Indonesia. The study revealed that waqf investment in Dompot Dhuafa Republika focuses on the development of the waqf assets used in helping the development of the socio-economy of the community. At Dompot Dhuafa Republika, the waqf assets are invested in the banking institution, Baitul Mal wat Tamwil (BMT) and capital for the needy who are involved in Small and Medium Enterprises based on muḍārabah and musyārah contracts.

Keywords: *waqf, waqf investment, waqf management, Islamic economic development*

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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.¹In 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's. 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, which can be used in providing free education and health needs, alleviation of poverty, creation of jobs and so on.²

In the last few decades, a re-examination of *waqf* asset investment has raised various issues among Muslims.³ This re-examination arose from a number of factors and challenges 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 inefficient administration and management of *waqf* institutions, the weak economy within the Muslim community 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, which contain vast potential if 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 service they could offer is squandered and the community is denied of any benefits that could be generated

¹ Monzer Kahf (1998), *al-Waqf fī al-Mujtama' al-Islāmī al-Mu'aşir*, Qatar: Markaz al-Buḥūth wa al-Dirāsāt, p. 21

² Asmak Ab Rahman (2009), "Peranan Wakaf dalam Pembangunan Ekonomi Umat Islam dan Aplikasinya di Malaysia", *Jurnal Syariah*, 17(1), pp. 113-152.

³ There are many discussions relating to the development of waqf assets, such discussions are held during international conferences, national conventions, or seminars, among others: Waqā' al-Ḥalāqah al-Dirāsiyyah li-Taṭmīr Mumtālakat al-Awqāf, 24 December 1983 until 5 January 1984 in Jeddah, Saudi Arabia. Seminar on Management and Development of Awqaf Properties, 4-16 August 1984 in Jeddah, Saudi Arabia, The Johor National Baitulmal and Waqf Development Seminar, 24-27 October 1987 in Johor Bahru, the National Waqf Convention, 12-14 September 2006 in Kuala Lumpur.

from the assets. This also means that *waqf* beneficiaries might be denied their rights.

According to ‘Alī Muḥyi al-Dīn al-Ghurrah Dāghī, *waqf* assets must be invested because investments are designed to generate returns on the capital, which are then used as a 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.⁴

Muhammad Anaz Zarqa revealed that the economic objective of direct *waqf* assets investment is to generate maximum cash returns, thus, augmenting the capital assets, resulting in the desired benefits for the community in line with Islamic principles.⁵ Based on this, there is a need to increase the awareness among various parties of the importance of expanding *waqf* assets productively, either through development or investment, so that it may help elevate the economic development in Muslim society, as was achieved in the early history of Islamic civilisation.⁶

During the early decades of Islam, *nazirs* invested in *waqf* assets through methods known at that time, such as the rental of buildings or shops designated as *waqfs*, cultivating *waqf* lands to produce crops, *istibdāl* and selling whatever is generated from the *waqfs*.

Nevertheless, the methods mentioned above were deemed unsuitable in the ensuing decades, particularly during the Othmaniah rule. As such, *nazirs* adopted more suitable methods at the time, namely, financing via *al-iḥkār*, *al-ijāratāni*, *al-murşād*, *al-khulū*, *ijārah ṭawīlah* contracts and so on.⁷ Based on this evolution, *waqf* asset investment should stay abreast of the times and the current economy.

In respect of the current economy, particularly in the area of finance and banking, it is recommended that *waqf* institutions and *nazirs* today respond

⁴ ‘Alī Muḥyi al-Dīn al-Ghurrah Dāghī (2004), “Aḥkām Istithmār al-Waqf wa Ghilātuhu: Dirāsah Fiqhiyyah al-Iqtisādiyyah”, *Majallah Shahriyyah al-Iqtisād al-Islāmī*. No. 277, Dubai, p. 30.

⁵ Muḥammad Anas Zarqa (1987), “Some Modern Means for the Financing and Investment of Awqaf Projects”, in Basar Hasmat (ed), *Management and Development of Awqaf Properties*, Jeddah: IRTI/IDB, p. 39.

⁶ Cizakca, Murat (1995), “Cash Waqfs of Bursa, 1555-1823,” *Journal of the Economic and Social History of the Orient*. Leiden: E.J.Brill, v.38, part 3, August 1995, pp. 313-354.

⁷ Nazih Hammad (1993), *Asālib Istithmār al-Awqāf wa Asāsu Idāratihā*, Kuwait: Markaz Abḥāth al-Waqf wa al-Dirāsāt al-Iqtisādiyyah, pp. 174-177.

accordingly so as to benefit from the developments in Islamic banking and finance.

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*. Under the *waqf* Act No. 41 (2004) section 42 specifies that:

“The Nazir is obliged to organise and develop it in accordance to its purpose, function and provisions”.⁸

There is also a body who is in charge of developing and cultivating *waqf* on the national level called the Badan Wakaf Indonesia (BWI). Under section 49, it is clearly stated that:

“Badan Wakaf Indonesia has a duty and authority: a) to train nazirs in the organisation and ways of developing waqf assets; b) to conduct the organisation and development of waqf assets on a national and international scale; c) to approve and/or permit changes in the provisions or status of waqf assets; d) to terminate and replace nazirs; e) to approve exchanges of waqf assets; and f) to suggest proposals and considerations to the Government in knowledge gathering for waqf management”.⁹

Many *nazir* institutions in Indonesia are already active in developing the potential of *waqf* assets productively. The most well known among them is Dompot Dhuafa Republika. This institution has succeeded in optimally developing *waqf* assets productively and, thus gained the trust of the Muslim community. Assets collected are invested in the industrial sector through Baitul Mal wat Tamwil (BMT). According to Herman Budianto, investment of *waqf* assets through BMT takes the form of equity participation in community projects, whereby returns from the investment are used for social activities.¹⁰ This is evidence of the efforts to utilise *waqf* assets in a productive manner by *nazirs* in Indonesia, particularly by Dompot Dhuafa Republika.

⁸ Waqf Act (Indonesian Republic), 2004, (Act No. 41, 2004).

⁹ *Ibid.*

¹⁰ “Tabung Wakaf Diluncurkan”, http://republika.co.id/koran_detail.asp?id=205598&kat_id=256, 15 July 2005.

THE IMPORTANCE OF THE INVESTMENT OF *WAQF* ASSETS

The importance of the investment of *waqf* assets is currently a much-discussed issue among researchers; Mohamad Akram Laldin *et al.*¹¹ suggested that *waqf* assets must be developed in order to achieve the *maqāṣid al-syarīah* of *waqf*. The *maqāṣid* of *waqf* is for the benefit of *ummah* because all *waqf* assets should be retained in order to generate returns for the benefit of those in need. In addition, Islam admonishes static, stagnant and undeveloped assets. As such, it is pertinent that *waqf* assets are invested in accordance with *maqāṣid* or the will of God who commanded the *waqf*.

According to Nik Mustafa Haji Nik Hasan,¹² the institution of *waqf* has great potential in providing support and encouragement to the economic development of the community. As such, efforts and campaigns to encourage Muslims to be involved in the practice of *waqf* should be pursued aggressively. In addition, *waqf* projects and the role of *waqf* institutions should be improved in order to develop the *waqf* assets.

Whilst getting more funds in developing *waqf* assets, Siti Mashitoh Mahamood insists that establishing a *waqf* fund is a way to develop *waqf* assets and the establishment of a *waqf* fund is in compliance with Malaysian and Islamic laws.¹³ Therefore, abandoning *waqf* assets should be avoided and a reform of *waqf* assets should be done by the authorities to ensure that *waqf* assets can be used in developing the society at large.¹⁴

Mohd Daud Bakar¹⁵ clarifies that *waqf* assets need to be developed as it is not appropriate that these assets are left stagnant with no benefits derived. It

¹¹ Mohamad Akram Laldin *et al.* (2006), “Maqasid Syari’ah dalam Pelaksanaan Wakaf” (Working Paper presented during the National Waqf Convention organized by the Prime Minister’s Department’s Waqf, Zakat and Hajj Department, Kuala Lumpur, 12-14 September 2006).

¹² Nik Mustafa Haji Nik Hasan (1999), “Sumbangan Institusi Wakaf kepada Pembangunan Ekonomi” in Nik Mustapha Hj Nik Hassan (eds.), *Konsep dan Pelaksanaan Wakaf Di Malaysia*. Kuala Lumpur: Institut Kefahaman Islam Malaysia, pp. 1-16.

¹³ Siti Mashitoh Mahamood (2007), “Pembentukan Dana Wakaf Menurut Perspektif Syariah dan Undang-Undang Serta Aplikasinya di Malaysia”, *Jurnal Syariah*, 15(2), pp. 61-83.

¹⁴ Siti Mashitoh Mahamood (2001), “The Legal Principles of Waqf: An Analysis”, *Jurnal Syariah*, 9(2), pp. 1-12.

¹⁵ Mohd Daud Bakar (1999), “Amalan Institusi Wakaf di Beberapa Negara Islam: Kajian Perbandingan”, in Nik Mustapha Hj Nik Hassan (eds.), *Konsep dan Pelaksanaan Wakaf Di Malaysia*. Kuala Lumpur: Institut Kefahaman Islam Malaysia, pp. 155-187.

is the responsibility of the *nazir* to develop assets so that they can benefit the *mawqūf ‘alayh* (those entitled to *waqf* benefits) and the Muslim community in general.

Murat Cizakca¹⁶ said that historical facts indicate that *waqf* can fulfil the need for community facilities such as health, education and so on, without reliance on the Government. In the current economy, *waqf* can help alleviate many existing problems, including easing the burden of the nation’s budget, reducing and eliminating the practice of *ribā*, providing better revenue distribution, and creating jobs. He believes that the *waqf* system can provide these functions because *waqf* assets are in perpetuity, and assets collected can be used as capital to generate returns that can be used to finance the facilities needed within the community. With the development of Islamic banking and finance he opines that cash *waqf* can be used as *muḍārabah* by the Islamic financial institution.

RESEARCH METHODOLOGY

The methods used in this research include interviews as well as the analysis of documents, and reports relating to *waqf* investment of Dompot Dhuafa Republika, Indonesia. We interviewed the Head of the Marketing Division of Tabung Wakaf Indonesia to understand and gather the necessary information concerning the investments by Dompot Dhuafa Republika. We conducted semi-structured interviews and the interview questions were sent to interviewees via email before the actual interviews commenced.

HISTORY OF THE ESTABLISHMENT OF DOMPET DHUAFa REPUBLIKA

In Indonesia, the management of endowment assets entrusted within Muslim communities, in the form of *zakāt*, *infāq* donations and *waqf* (ZISWAF) are managed by both Government and non-Government institutions. Government institutions that manage these assets are usually known as the Zakat Amil Body (*Badan ‘Amil Zakat* or BAZ), while the non-Government institutions are called the Zakat ‘Amil Board (*Lembaga ‘Amil Zakat* or LAZ). There are many BAZ and LAZ institutions in Indonesia and one of the most well-known non-Government institutions is Dompot Dhuafa Republika.

¹⁶ Murat Cizakca (1998), “Awqāf in History and Its Implication for Modern Islamic Economic”, *Islamic Economic Studies*, vol. 6, no. 1, pp. 43-70.

Dompét Dhuafa Republika (DDR) is a philanthropic institution that serves to help the poor using donated assets including ZISWAF, as well as other halal sources of assets received from individuals, groups, companies or institutions.¹⁷ This philanthropic institution is an autonomous non-profit organisation that receives financial support from various public community groups to be redistributed to those in need, and managed honestly and with dedication. It redistributes the funds received to support the many socio-community activities, including activities aimed at alleviating poverty, and activities that promote education, health and research.¹⁸

From a legal aspect, DDR was recognized as a *waqf* foundation by the Indonesian Republic's Social Ministry on 14 September 1994. Subsequently, the Indonesian Republic's Religious Ministry issued Notification Letter No. 439 in 2001 pertaining to the appointment of DDR as a national level Zakat Amil Institution on 8 October 2001.¹⁹ A merger took place between this institution and the National Zakat 'Amil Body (*Badan 'Amil Zakat Nasional* or BAZNAS) beginning 20 September 2006 resulting in the institution becoming known as Baznas Dompét Dhuafa Republika. According to Rahmat Riyadi, this merger with the Government institution was aimed at optimising the management of ZISWAF as BAZNAS possessed advantages in mobilising assets and finances and DDR possessed advantages in terms of a reputable image, good marketing and the confidence of the community.²⁰

The DDR institution was founded on 2 July 1993 as a branch of the Republika daily newspaper. The foundation of the institution was formed from an informal expression of four journalists – Parni Hadi, Haidar Bagir, Sinansari Ecip and Eri Sudewo – six months before the institution was established. These four journalists felt that there was a social obligation that needed to be fulfilled after they observed a food shortage within the community in Kidul Mountain, Jogjakarta. One of the journalists, Parni Hadi, who was the Republika newspaper's chief editor, worked to create the Republika Brotherhood Association. The purpose of this association was to identify and

¹⁷ Dompét Dhuafa Republika, "About DD", <http://www.dompétdhuafa.org/dd.php?w=indo&x=tentangdd&y=main>, 16 September 2006.

¹⁸ Dompét Dhuafa Republika (2002), "Company Profile at A Glance" (Dompét Dhuafa Republika Profile Report), p.5.

¹⁹ Dompét Dhuafa Republika, "About DD", *op.cit.*

²⁰ Dompét Dhuafa Republika, "DD News", <http://www.dompétdhuafa.org/dd.php?w=indo&x=berita&y=detail>, 16 Sept 2006; Koran Republika, "Merger of Baznas and Dompét Dhuafa Republika", http://www.republika.co.id/koran_detail.asp?id=265451&kat_id=6, 21 September 2006.

collect a portion of roughly 2.5% of the employees and journalists' wages, as a fulfilment of their *zakāt* obligation. In fact, they also conducted a collection from the newspaper's readers who wished to contribute their portion of the *zakāt*. This was done in lieu of the amount initially collected but was insufficient to meet the needs of the community in Kidul Mountain.²¹

On 2 July 1993, the Republika Chairman dedicated a column for the Republika Brotherhood Association to feature articles aimed at soliciting funds from readers. This column was called "Dompét Dhuafa", which means funds for the poor. It achieved effective results as it succeeded in attracting funds totalling Rp425,000²² on the first day it was launched and by the end of 1993 it had managed to collect Rp88,000,000²³ in addition to Rp2,000,000²⁴ *zakāt* collected from the employees and journalists' wages each month.²⁵

The activities continued for a year during which the Republika Brotherhood Association gained public support and confidence. This support fuelled their determination to manage the collected assets professionally. Based on this reason, they were officially declared a foundation with the name Dompét Dhuafa Republika on 14 September 1994. The name was taken from the title of the column, and 'republika' was the name of the daily newspaper. The term 'dhuafa' was used to reflect the group's deep concern towards the grassroots communities in Indonesia. It was established on 2 July 1993 based on the date that the activities commenced. It was founded by a group of four journalists known as Badan Pendiri (Founding Body) and later referred to as Badan Wali Amanah (Trust Guardian Body) as they were entrusted by the community to perform such duties.

Since its inception, DDR's vision can be classified based on the history of its establishment and the current demands. Initially, DDR's vision was to become a premier *zakāt*, *infāq* and charity (ZIS) management institution that is trustworthy and professional.²⁶ This vision was created in consideration of the fact that *zakāt* organizing institutions in Indonesia only come alive in the

²¹ Dompét Dhuafa Republika (2002), *op.cit.*, p. 1.

²² Rp425,000 is equivalent to RM160.37736 based on RM1/ Rp2,650 conversion rate on 4 February 2008.

²³ Rp88,000,000 is equivalent to RM33,207.547 based on RM1/ Rp2,650 conversion rate on 4 February 2008.

²⁴ Rp2,000,000 is equivalent to RM754.71698 based on RM1/ Rp2,650 conversion rate on 4 February 2008.

²⁵ Dompét Dhuafa Republika (2002), *op.cit.*, p. 2.

²⁶ Parni Hadi (2002), "Mulanya Adalah" (Dompét Dhuafa Republika 2002 Annual Report), p. 4.

final ten days of Ramaḍān each year. The *zakāt* institution was not a permanent body then, only temporary secretariats managed by elderly individuals on a part time basis, using traditional and un-innovative methods. There were many misconceptions about the *zakāt* institutions due to the mismanagement of *zakāt* funds, so much so that the funds available were small and the role of the institution became meaningless to the Muslims. This situation reflected the small importance of the *zakāt* institution in the lives of Muslims at that time.

DDR faced a challenge caused by the misconceptions by the public of *zakāt* institutions and had to work hard to clear them. DDR had to work hard to convince the public that the *zakāt* institution was being professional. As such, DDR emphasised this factor and appointed a trustworthy foundation to ensure that each activity it engaged in, from collection to the organisation and asset distribution, was transparent to gain confidence from the public.

In the beginning, transparency was achieved through ongoing announcements to the public concerning the consolidation and distribution of funds through the Republika daily newspaper column. DDR believes that the integrity of a *zakāt* organizing institution lie in its funds utilization programmes, its transparency and responsibility. A *zakāt* organising institution must be able to maximise the use of its funds towards improving the welfare of communities in need, whilst giving donors the opportunity to gain the reward from the Almighty. As such, the public confidence and DDR's professional approach contributed to an advancement in the conventional trust asset management style towards a modern, transparent and responsible approach.

A decade later, DDR succeeded in becoming one of the first truly professional social institutions. Through time, DDR's vision changed to becoming a propagator of community independence based on local fund sources and a fair and just system.²⁷ Its vision in 2003 embodied three core ideas – independence, local sources of funds and a fair and just system. The vision change emphasises aid delivery to the poor through productive activities and long term direction. Funds collected were not only distributed directly, but also utilised to achieve economic development for *mustahiks* (groups with rights to *zakāt* funds). This became the basis and direction for every programme organised by DDR. When autonomy is achieved, it produces a positive influence over the development of *dhu'afā'*.

In addition, DDR not only wants to cultivate independence in *mustahik* groups, but also raise awareness in resolving macro economic problems,

²⁷ Rahmad Riyadi (2003), "Tiga Visi" (Dompot Dhuafa Republika 2003 Annual Report), p. 5.

particularly within the context of an economy that cares for the environment and other groups of people in a similar situation. DDR believes that funds should be utilised to offer the public ideal programmes that meet their needs and deliver social services to the community. Human resource should be treated professionally so that such social institutions can operate dynamically, creatively and innovatively.

WAQF ASSET MANAGEMENT OF DOMPET DHUAFA REPUBLIKA

Dompot Dhuafa Republika is one of the most active institutions in *waqf* asset management. This institution is not only well known as a national *zakāt 'amil* institution, it is also a pioneer of *waqf* liquid asset management in Indonesia. DDR began collecting *waqf* assets in 1999, before registering itself as a *waqf* foundation in 2001. Nevertheless, DDR's focus then was skewed towards the collection of *zakāt* funds, so much so that its management of *waqf* assets was impaired. As a result, DDR took the initiative to create a new Division charged with the separate management of *waqf* assets.

On 14 July 2005, DDR created a Division called the Indonesian *Waqf* Fund (Tabung Wakaf Indonesia or TWI) to act as DDR's *waqf nazir* charged with developing *waqf* assets. TWI is led by an appointed Director who is responsible for the Division. Tabung Wakaf Indonesia is a structural unit under DDR's administration and management.

Dompot Dhuafa Republika created Tabung Wakaf Indonesia (TWI) to take on the role of *waqf nazir* based on current developments in *waqf* implementation and developments in the *Shari'ah* banking and finance institution in Indonesia. According to the TWI Director, Herman Budianto, the nation's socioeconomic status has continued to improve ever since the Indonesian Government announced Waqf Act Number 41 in 2004. The development of economics among the society required a few alternatives and one of them was the development of *waqf* institutions that resulted in the development of the economics of *ummah*. One of the alternatives suggested was to mobilise and optimise the role of *waqf* institutions more effectively and professionally. *Waqf nazirs* act as the receiver, organiser and distributor of *waqf* asset benefits and must implement this role accurately, professionally and honestly, taking into consideration the needs of the community.²⁸

²⁸ Herman Budianto, "Harus Ada Sinergi Antara ZIS Dan Wakaf" http://www.republika.co.id/kirim_berita.asp?id=270452&kat_id=105&edisi=Cetak, 3 November 2006

Indonesian *Waqf* Fund's (TWI) Vision And Mission

From the legal perspective, TWI was established in line with *Waqf* Act Number 41 (2004), as a *waqf nazir* statutory body. TWI is an independent unit branch of Dompét Dhuafa Republika, which is a statutory body foundation that meets all the criteria of a *waqf nazir*. This statutory body is involved in the social, education, community and Islamic religion fields. Its vision is to increase the role of *waqf* in the development and expansion of the *ummah*'s economy. The institution has a mission to encourage economic development of the *ummah* and to optimise the role of *waqf* in the social sector and increase productivity in the economy.²⁹

Objectives of Indonesian *Waqf* Fund Institution (TWI)

TWI's objective is to create a *waqf nazir* institution that works like a financial institution that is able to manage the collection and administration of *waqf* assets in order to meet the needs of the community whilst contributing towards social and economic development. In addition, TWI also formulated its future direction:³⁰

1. Cultivate strong human resource for all functions and levels of management in TWI, as well as staff members who are professional, trustworthy and *kafā'ah* (capable).
2. Become the premier pioneer of the *Waqf* Bank in Indonesia.
3. Create *waqf* facilities and accurately fulfil the intent of the *waqf* donor whilst considering the needs of the community, particularly users of *Shari'ah* and community financial institution services.
4. Expand *waqf* funds for community social services, and investment in productive economic sectors based on *Shari'ah*.
5. Distribute investment profits in the interest of the *ummah*.

Dompét Dhuafa Republika's *Waqf* Asset Investment Methods

As mentioned previously, DDR manages *waqf* assets through a body of *waqf nazir* known as Tabung Wakaf Indonesia (TWI). Although the DDR has specified that TWI is the administrator and manager of *waqf* assets, DDR is still involved in *waqf* asset management, specifically in accepting or receiving

²⁹ "About TWI", www.tabungwakaf.com, 14 December 2006.

³⁰ "TWI Vision and Mision", www.tabungwakaf.com, 14 December 2006.

assets bequeathed as *waqf*. This is mainly because most donors are more familiar with DDR compared to TWI.

Types Of *Waqf* Asset In TWI

The types of *waqf* assets received by TWI are as follows:³¹

1. Non-movable *waqf* assets such as real estate or ownership of real estate, building or part of a building, crops, ownership of an accommodation in accordance to the prevailing law, and other non-movable assets in line with *Shari'ah* law and the prevailing law. In addition, TWI also receives *waqf* in the form of fixed assets, with the condition that the *waqf* asset can benefit the community and can be utilised for projects and be distributed to *mawqūf 'alayh* (*waqf* recipients). This is done to avoid spending of *waqf* assets while its benefits or returns are still unclear.
2. TWI *waqf nazir* also receives movable *waqf* assets including cash, jewellery such as gold, silver and so on, valuable notes, vehicles, intellectual rights, rights over rents, and other movable assets in accordance with *Shari'ah* law and the prevailing law.

***Waqf* Asset Management Activities At TWI**

TWI's main activity is to receive *waqf* assets, either movable or non-movable. It also manages the development of *waqf* assets and the distribution of returns derived from this expansion to appropriate recipients, in accordance with the conditions that have been specified by the person who bequeathed the *waqf* and in the interest of the *ummah*.

Methods Of Receiving *Waqf* Assets At TWI

As a *nazir*, TWI receives assets bequeathed as *waqf* from donors. In general, TWI focuses on receiving cash *waqf* from donors who have confidence in the institution. According to Hendra Djatnika, Head of Marketing Division Tabung Wakaf Indonesia this is done in order to ease the expansion and development of *waqf* assets in line with programmes that have been planned. However, this does not prevent *waqf* donors from bequeathing non-movable assets with consideration to its manageability and its benefit for the *ummah*, like the land

³¹ “Types of Waqf Assets at TWI”, www.tabungwakaf.com, 14 December 2006.

and building *waqf* in Depok Jakarta. TWI is more widely known for collecting monetary *waqf* due to the regularly held promotion for cash *waqf*, so much so that it has not received any non-movable *waqf* assets in recent times.³²

Waqf can be handed directly to DDR or TWI, delivered to DDR/TWI or via a bank service. In terms of cash *waqf*, TWI can receive cash *waqf* directly or indirectly and cooperate with *Shari'ah* financial institutions. *Shari'ah* financial and banking institutions operate by cooperating with TWI in creating products in the form of community *waqf* fund savings. To facilitate *waqf* implementation, DDR has opened accounts with several Islamic banks.³³

Cash *waqf* assets range in value, from small amounts to millions of Rupiahs. For every cash *waqf* bequeathed, a cash *waqf* certificate is issued by DDR. TWI issues two types of cash *waqf* certificates: cash *waqf* certificates for amounts less than Rp5,000,000³⁴ and cash *waqf* certificates for amounts greater than Rp5,000,000. Cash *waqf* certificates issued by TWI bears the signatures of Taufik Ridho Lc, the Head of the *Shari'ah* Council, Herman Budianto who is the chairman of TWI, and Rahmad Riyadi who is the President of DDR.³⁵

Statistics of *waqf* assets collection at TWI show dynamic dips and rises. In 2001, its largest collection amount was recorded at Rp61,000,000³⁶ and in 2002 the figure reached Rp822,450,000.³⁷ The year 2003 saw a dip in collections to Rp624,360,000.³⁸ In 2004 a collection totalling Rp389,300,000³⁹ was recorded. This figure rose to Rp518,910,000⁴⁰ in 2005 and for 2006, collections up to

³² Hendra Djatnika, Head of Marketing Division Tabung Wakaf Indonesia, Interview held on 23 December 2006.

³³ *Ibid.*

³⁴ Rp5,000,000 is equivalent to RM1,886.7925 based on the exchange rate of RM1/Rp2,650 on 4 February 2008.

³⁵ Hendra Djatnika, Head of Marketing Division Tabung Wakaf Indonesia, Interview held on 23 December 2006.

³⁶ Rp61,000,000 is equivalent to RM23,018.868 based on an exchange rate of RM1/Rp2,650 on 4 February 2008.

³⁷ Rp822,450,000 is equivalent to RM310,358.4950 based on an exchange rate of RM1/Rp2,650 on 4 February 2008.

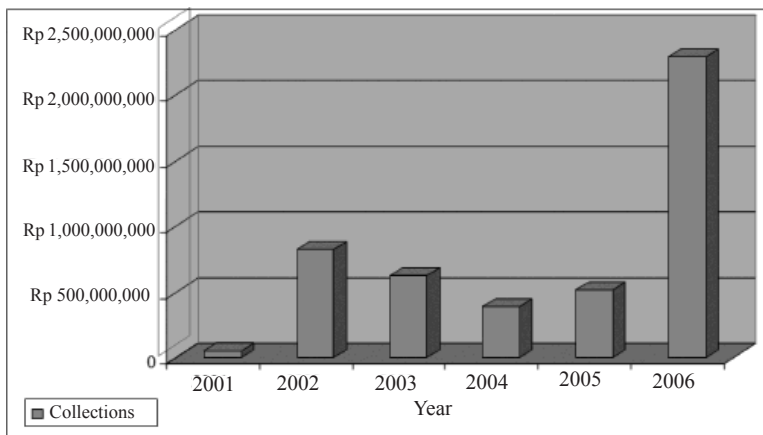
³⁸ Rp624,360,000 is equivalent to RM235,607.5471 based on an exchange rate of RM1/Rp2,650 on 4 February 2008.

³⁹ Rp389,300,000 is equivalent to RM146,905.6603 based on an exchange rate of RM1/Rp2,650 on 4 February 2008.

⁴⁰ Rp518,910,000 is equivalent to RM195,815.0943 based on an exchange rate of RM1/Rp2,650 on 4 February 2008.

the middle of December indicated a total of Rp 2,289,000,000.⁴¹ In view of the amounts of cash *waqf* collections at TWI, 2005-2006 saw a huge increase in cash *waqf* collections following several years' decline.

Figure 1: TWI *Waqf* Asset Collections Statistics in 2001-2006



Source: Dompot Dhuafa *Waqf* Fund Resource and Usage Report 2006

***Waqf* Assets Administration And Development Methods At TWI**

As a *waqf nazir*, TWI is responsible for maintaining and expanding *waqf* assets that have been collected in line with the purpose, function and provisions they were intended for. The development management and expansion of *waqf* asset at TWI can be categorised into two types of approach:⁴²

1. Productive Approach

A productive approach means the management of *waqf* assets that will generate returns in the future. For example, the construction of an apartment block on a *waqf* land to enable the collection of rent.

2. Non-Productive Approach

A non-productive approach means TWI will manage *waqf* assets in ways that do not generate profit. Benefit from such *waqf* assets is derived through the asset benefits the community receives as part of the

⁴¹ Rp2,289,000,000 is equivalent to RM863,773.7358 based on an exchange rate of RM1/Rp2,650 on 4 February 2008

⁴² Hendra Djatnika, Head of Marketing Division Tabung Wakaf Indonesia, Interview held on 23 December 2006.

waqf's benefits. With this approach, for example, TWI constructed a free hospital on *waqf* land for the community.

***Waqf* Asset Distribution At TWI**

TWI has organised the administration of *mawqūf 'alayh* as follows:⁴³

1. Benefits for the good of an individual within a community.
2. Benefits for the good of family members (in this life and in the hereafter). This is one of the social responsibilities towards parents, wife, children or other family members.
3. For social development, cash *waqf* can create more opportunities for the community. Profits from cash *waqf* can provide valuable support to the construction or activities for schools or mosques, help in projects such as educational projects, research, religious, social harmony, medical and health checkups for indigent groups and the alleviation of poverty.
4. The development of a harmonious community, social security for the poor and the rich, to ensure harmonious co-existence and sharing.

Forms Of *Waqf* Asset Investment At TWI

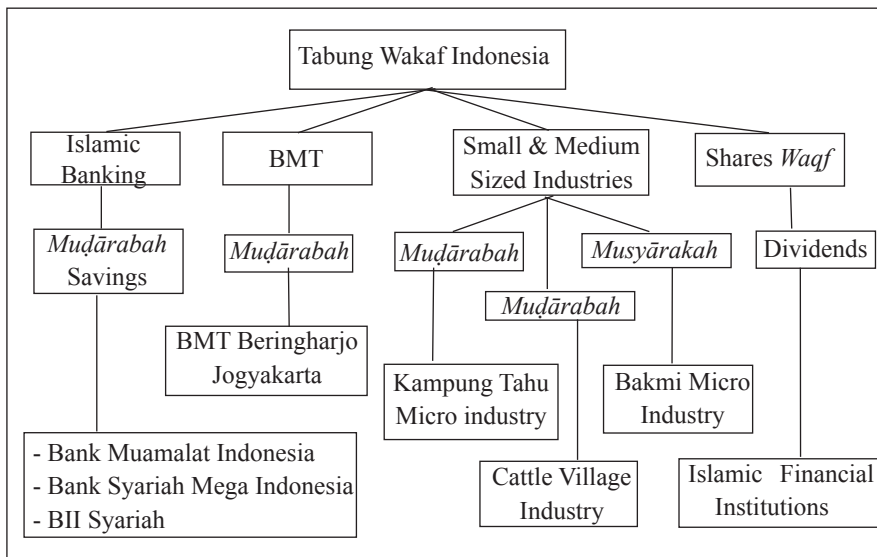
Tabung Wakaf Indonesia strives to manage *waqf* assets in productive ways that generate profits, distribute the profits from *waqf* assets for the social benefit of the community, maintain the value of the capital asset, and provide capital for its other investment activities. TWI prioritises the collection of cash *waqf* so that it is easier to implement productive asset development. *Waqf* assets received are commercially invested in various forms of productive investment in line with the purpose, function and provisions under *Shari'ah*.

According to Hendra Djatnika, the principle of perpetuity in asset investment is based on the idea of utilising an asset so that it continues to generate benefits for the public. The derivable benefits of an asset are more valuable compared to the maintenance of an asset without utilising it to generate benefits. However, TWI *waqf nazirs* carefully study the viability of investment projects and the qualifications of investment partners before investing *waqf* assets. The purpose of this is to avoid any mistakes in asset investment.⁴⁴ Currently, the forms of investment undertaken by TWI are as follows:

⁴³ *Ibid.*

⁴⁴ *Ibid.*

Figure 2: Forms of *Waqf* Asset Investment at TWI, Dompot Dhuafa Republika



Source: Extracted From Information Gathered Through Interviews And Issued Reports On The Forms Of *Waqf* Asset Investment In TWI, Dompot Dhuafa Republika.

1. *Muḍārabah* Savings in Banking Institutions

TWI utilises a form of partnership investment savings with several *Shari'ah* banks and financial institutions such as Bank Indonesia International Syariah (BII Syariah), Bank Muamalat Indonesia (BMI), Bank Syariah Mega Indonesia (BSMI), Batasa Capital, and other similar institutions.⁴⁵

2. Equity Participation at Baitul Mal wat Tamwil (BMT)

TWI invests *waqf* assets in the form of equity participation in BMT, hence, BMT uses the equity participation to directly finance BMT's entrepreneur clients. This equity participation comes in the form of a *muḍārabah* contract whereby TWI acts as a *ṣāhib al-māl* (depositor). In 2006, TWI invested cash *waqf* assets totalling Rp175,000,000⁴⁶ in BMT Bina Dhuafa Beringharjo.

⁴⁵ Abdul Aziz Setiawan (2004), "Wakaf Tunai untuk Pemberdayaan dan Kesejahteraan Umat", *Majalah Hidayatullah*, edisi 06/XVIII, Oktober 2004, h. 50.

⁴⁶ Rp175,000,000 is equivalent to RM66,037.73584 based on an exchange rate of RM1/Rp2,650 on 4 February 2008.

TWI receives profits each year for its social programmes' fund, whilst the principal capital remains in trust at BMT Beringharjo.⁴⁷

BMT Beringharjo is one of the five largest BMT's in Indonesia. The choice to invest in institutions such as this depends not only on economic profit, but also because it in turn attracts more than 7,000 BMT clients and its funds amount to Rp10,000,000,000.⁴⁸ In addition, this BMT has been committed to asset development since its inception in 1994 with micro entrepreneur clients who needed interest-free financing (*qard*) totalling less than Rp1,000,000.⁴⁹ BMT also strives to strengthen the sense within the community likewise brotherhood for the sake of development, particularly among market traders in Beringharjo.

3. Development of Small and Medium Sized Industries for the Improvement of the *Ummah*'s Economy.

TWI invests cash *waqf* assets for the purpose of developing small and medium sized industries. Generally, investments in small and medium-sized industries are implemented through joint financing either using *muḍārabah* or *musyārahah* financing. In *muḍārabah* financing TWI acts as the depositor, whereas in *musyārahah* financing TWI acts as a partner in the entrepreneur's business. Among the small and medium-sized industries financed by TWI are as follows:

a) Injection of Capital in Kampung Tahu

Kampung Tahu (Tofu Village) is the entrepreneurial centre for the community living in and around Kampung Iwul Desa Bojong Sempu Parung, Bogor. There are more than one hundred home-based tofu industry owners here who produce tofu that is renowned for its soft texture and for being free of preservatives. TWI chose to invest its cash *waqf* in the Desa Bojong Sempu Parung tofu producers in Bogor. These home-based tofu industry producers are provided with capital to enable them to develop their business and increase their revenue.⁵⁰ In addition, TWI cooperates with a division of DDR known as the Independent Community (Masyarakat Mandiri or

⁴⁷ Ahmad Juwaini (1427), "Dari Tabligh ke Pemberdayaan", *Majalah Tabung Wakaf Indonesia*, Ramadhan 1427, p. 14.

⁴⁸ Rp10,000,000,000 is equivalent to RM376,222.2372 based on an exchange rate of RM1/Rp 2,650 on 4 February 2008.

⁴⁹ Rp1,000,000 is equivalent to RM377.35849 based on an exchange rate of RM1/Rp 2,650 on 4 February 2008.

⁵⁰ Herman Budianto (1427), "Kampong Tahu", *Majalah Tabung Wakaf Indonesia*, Ramadhan 1427, p. 10.

MM) group to develop the entrepreneurs in this village. The entrepreneurs receive advice from TWI on marketing aspects and its vision, individual skills such as writing for those who are illiterate, book keeping, spiritual advice and advice on management. To ensure high product quality, TWI and MM conducted formalin tests at the Centre for Agro-Based Industry in Bogor and trained the entrepreneurs on product packaging and labelling. Initially, 22 individuals were certified as entrepreneurs in the tofu industry in Iwul. They were divided into four groups whereby the first two groups received financing schemes varying between Rp400-500,000,⁵¹ and the next two groups received capital of around Rp350-500,000.⁵² Currently, the number of entrepreneurs has increased to 55 individuals grouped into ten Independent Groups (Kelompok Mandiri or KM). Collectively, this group required financial assistance amounting to Rp22,000,000.⁵³ Last June, another Rp4,000,000⁵⁴ in funds was given to eight more partners. TWI's involvement in investment had a significant effect in the expansion of the home-based tofu industry in Iwul, as well as on the continuity of these small industry players, helping them to compete with imported products backed by large investments.

b) Investment in Cattle Village (Kampung Ternak)

Kampung Ternak is a combination of various cattle rearing programmes that practice organised management. The scope of activities at this cattle village covers strategies including intensive development and administration for ranchers, improvement and development of local seed stock, creation of a network of community ranchers and development of a marketing network.⁵⁵ Through this cash *waqf* investment, TWI also plays a role in supporting the rancher development programme and in efforts to sustain Cattle Village. The cooperation between the Cattle Village organisation and TWI has resulted in financing being awarded to seven ranchers in 16 districts in Indonesia. They conduct activities based on important calendar dates, such

⁵¹ Rp500,000 is equivalent to RM195.3125 based on an exchange rate of RM1/Rp2,650 on 4 February 2008

⁵² Rp350,000 is equivalent to RM136.71875 based on an exchange rate of RM1/Rp2,650 on 4 February 2008.

⁵³ Rp22,000,000 is equivalent to RM8,301.886792 based on an exchange rate of RM1/Rp2,650 on 4 February 2008.

⁵⁴ Rp4,000,000 is equivalent to RM1,509.433962 based on an exchange rate of RM1/Rp2,650 on 4 February 2008.

⁵⁵ Iqbal Setyarso (1427), "Kampoeng Ternak Mulai Ditaksir Investor", *Majalah Tabung Wakaf Indonesia*, Ramadhan 1427, p. 11.

as Aidil Adha. Ranchers not only focus on rearing stock cattle because the breeding cycle is long, they also embark on ways to make the cattle grow faster in order to speed up revenue generation. In addition, they also receive aid in terms of medicine, supervision and monitoring to check the quality of cattle to be slaughtered during Aidil Adha. These efforts are hoped to improve the abilities of ranchers and their management skills to an extent that they are able to improve their venture.

c) Bakmi Micro Industries

Bakmi Tebet and Bakmi Langgara micro industries in Jakarta are the fastest growing small and medium-sized industries in Indonesia. The success of these micro industries has motivated TWI to venture into cash *waqf* investment in the form of *musyarakah* partnership financing. Bakmi Tebet was chosen for investment for its potential in doubling the return on the investment. This expectation is based on news that the bakmi business has successfully expanded into Palenbang, Bandar Lampung, Bandung and Yogyakarta. In Kalimantan, the bakmi business has sprouted in Palangkaraya, Banjarmasin, and now in Pontianak. This expansion continued into capital cities in neighbouring countries such as Kuching, Kuala Lumpur and even as far as Mecca. The total capital for the bakmi business reaches one million rupiah a month. In addition, TWI is committed to investing cash *waqf* assets into this bakmi industry with the intent to bolster and maintain the perpetuity of the cash *waqf* invested. This way, returns from this *waqf* fund investment cycle for this permanent industry can be collected and used for various social programmes.⁵⁶ On this basis, investments into real or business sectors can be enjoyed by not only *mawqūf* 'alayh but also by small and medium-sized industry entrepreneurs in terms of capital for the businesses expansion and the creation of job opportunities. The Government also benefits from productive *waqf* asset investment, whereby it assists in various social and economic developments for the public.

Shares *Waqf* Administration

Share *waqf* is categorised as a form of cash *waqf* that is permissible, in line with a fatwa issued by the Indonesia Religious Council in 2002. Shares are a form of valuable certificate. When shares are bequeathed as *waqf*, only the dividends generated by these shares are used for the purpose of the investment, leaving the principal investment intact. Investment assets as capital for the

⁵⁶ Diah Handayani (1427), "Bakmi Langgara Melekati Bisnis Sektor Mikro dengan Dana Wakaf", *Majalah Tabung Wakaf Indonesia*, Ramadhan 1427, p. 13

purchase of shares can produce good returns. The first share *waqf* at TWI was received from Mus Kusmanti who bequeathed shares from 39 companies, from which dividends can be put to use for the benefit of those in need. The total value of these shares, that were originally purchased in 1980, was around Rp250,000,000⁵⁷ in addition to shares *waqf* from other individuals.⁵⁸ TWI distributed the dividends to a number of programmes directly related to *mawqūf ‘alayh*, including a school for the poor, financing entrepreneurs from Institut Kemandirian and free health checkups for indigent groups.

ANALYSIS ON METHODS OF *WAQF* ASSET INVESTMENTS AT DOMPET DHUAFARA REPUBLIKA

DDR is one of the institutions in Indonesia that administers and manages Muslim endowment assets using a modern approach. From the aspect of administration, compared to other institutions in Indonesia, DDR has some advantages in managing Muslim endowment assets since it has management capabilities formed by individuals who are highly trained in professional work, apart from being honest, visionary, concerned with current developments and responsible towards the interest of the public. From the aspect of management, DDR plans not only to collect, administer and distribute assets, but also to develop human resources and social assets. They have taken the initiative to optimally utilise endowment assets and involve *mustahik* groups as well as improve their economic standing, so that both assets and the *mustahik* groups become more productive.

Karlina Helmanita believes that the professional work ethics and transparency in DDR has made it into the leading charity institution even though it is relatively new. In addition, DDR has delivered its responsibility in an honest and trustworthy way, such that they have managed to gain public confidence.⁵⁹ According to the DDR President, Rahmad Riyadi, DDR has not only succeeded in collecting endowment assets from the Muslims, but has also won public confidence.⁶⁰ With its professional work ethics and the public's confidence, DDR has also contributed towards elevating the social status of

⁵⁷ Rp250,000,000 is equivalent to RM94,339.62264 based on an exchange rate of RM1/Rp2,650 on 4 February 2008.

⁵⁸ Kusnandar (1427), "Wakaf Saham, Berbagi Keuntungan dengan Allah", *Majalah Tabung Wakaf Indonesia*, Ramadhan 1427, p. 12.

⁵⁹ Karlina Helmanita (2005), *op. cit.*, p. 97.

⁶⁰ Rahmad Riyadi (2003), "Kami Bukan Fundraiser Yang Sukses" (Dompot Dhuafa Republika Annual Report 2003), p. 8.

the poor and indigent, thus, alleviating poverty, and improving the quality of education and health in Indonesia.

In managing *waqf* assets, DDR has created Tabung Wakaf Indonesia (TWI) as its *waqf nazir*, charged with the expansion of *waqf* products. Although there is plenty of *waqf* land in Indonesia, this institution prefers cash *waqf* because of its ease of development. Based on the statistics, by the end of 2006 the amount of cash *waqf* received by TWI reached Rp4.69 million in its six years of operation. A relatively small amount compared to the total potential of *waqf* in Indonesia. For this reason, DDR endeavours to develop cash *waqf* assets productively in order to generate more returns in the future.

Efforts undertaken by TWI are effective in developing cash *waqf* assets, inasmuch as within a short period of time, the cash *waqf* can be distributed into various commercial and innovative investments. Generally, TWI invests in equity participation using *muḍārabah* or *musyārakah*, then TWI invests in the economic development for the community. This can be seen in the utilisation of cash *waqf* to finance the expansion of small and medium-sized industries, and equity participation in BMTs to finance its clients in the business sector. *Waqf* asset investments are not only productive, but also aim to increase socio-community development.

The *waqf* asset investment methods at TWI aim to expand or develop *waqf* assets commercially so that the returns can be used for the purpose of developing other *waqf* assets and to help meet the needs of the *ummah*, to the point that it produces benefits for socio-community needs. TWI, in addition to developing *waqf* assets, also strives to improve the economic standing of indigent groups by awarding entrepreneurial capital, for example, through investments in small and medium-sized businesses. From the aspect of asset perpetuity, TWI uses commercial cash *waqf* asset investments to ensure asset perpetuity. There is more value in the benefits derived from these assets than if they are left unutilised. Nevertheless, TWI works hard to study the viability of investment projects and the capabilities of project partners before it commits to an investment. This is to avoid any mistakes in undertaking asset management.

Although still new, TWI's achievement in the development of *waqf* assets has been impressive. Its efforts have contributed towards the entrepreneurs' advancement from small and medium-sized industries within the Muslim community in terms of financing business ventures, cooperating with BMT institutions through equity participation despite the commercial nature of this investment. In addition, TWI delivered much needed social facilities using *waqf* cash, including health and education services. This is because DDR

believes that education and health are a public responsibility, and, as such, *waqf* can help pull them out of poverty.

As the body responsible for *waqf* assets at Dompét Dhuafa Republika, Tabung Wakaf Indonesia has done all it can in its effort to develop and expand *waqf* assets productively in Indonesia. In the past few years, *waqf* asset development and expansion efforts in this institution, particularly in cash *waqf*, has opened the mind of the people to the importance of *waqf* in its contribution to provide services and meeting the collective needs of the community. The public is becoming aware that every asset they own carries an element of social responsibility that must be fulfilled in order to create a secure and fair community.

Nevertheless, Tabung Wakaf Indonesia needs to implement continuous quality improvement in order to become a professional and trustworthy *waqf nazir* institution. TWI needs to update the quality of its administration and management through the use of digital technology so as to become more professional. The application of computer advancements and in information and communication technologies (ICT) can help reduce the burden of *waqf* asset administration and management. This institution can use ICT facilities and services to accurately publicise information on the collection, administration and distribution of *waqf* assets. For example, TWI can use geographic information systems as a form of database with geographical references to illustrate the types and forms of *waqf* assets. The public can easily find information on the amount of *waqf* assets collected, how the assets are managed, the methods used in developing the assets, the distribution of the *waqf* assets, and indeed, it can also encourage the involvement of the public in developing *waqf* assets in a productive manner. Such efforts should be undertaken to increase public confidence in this religious institution, and also to increase the interest of *waqf* donors towards the importance of *waqf*.

In addition, TWI should not focus and only give priority to cash *waqf*. In future, this *waqf* institution will also need to focus on other forms of *waqf* assets. This is because land *waqf* and other forms of *waqf* hold huge potential if optimally invested, such that it can generate benefits for the general public, namely, developing the education, health, business, agricultural sectors as well as other sectors that meet the needs of the community. This *waqf* institution needs to collaborate synergistically with both Government and non-Government *waqf* institutions to develop and expand *waqf* assets, especially through *waqf* asset investment. For example, if Government and non-Government *waqf* institutions have plenty of land *waqf* that are not currently being developed, TWI can help by collaborating to develop and expand these assets through

investment. In fact, this can be easily achieved by TWI because it has an impressive track record of cash *waqf* asset management. For this reason, TWI should embark on synergistic collaborations with other *waqf* institutions in order to maximise the benefits for the general public.

Furthermore, TWI needs to polish its plans for innovative programmes to sustain investment of *waqf* assets. The fact is that efforts to improve sustainable investment methods often ensure that the principal capital remains intact and that the profits and returns from these investments are optimised. There are several methods of *waqf* asset investment that have not been implemented at TWI. For example, involving the community directly with *muḍārabah* and *musyārahah* through public listing, or using bonds and REIT with *murābahah*, *ijārah*, *musyārahah*, *muḍārabah*, *intifā'* bonds, trying out Prof. M.A Mannan's test in creating a "Waqf Bank" with the concept of Temporary *Waqf* in Bangladesh, and many other methods. There are still many *waqf* asset investment methods that can be explored by this institution and such efforts can be made possible through consultation and exchanging ideas and suggestions with *waqf* institutions abroad such as those in Saudi Arabia, UAE, Malaysia, Sudan, Jordan, Singapore and other Muslim countries. By continually planning and updating ventures in *waqf* asset investment, the potential of *waqf* can be further developed through more innovative and contemporary ways.

As such, it is indeed true that within the scope of Indonesia, Dompot Dhuafa Republika has succeeded by entrusting its Division, Tabung Wakaf Indonesia, to administer and manage *waqf* assets, particularly in its effort to develop *waqf* assets through investment within a short span starting from the year 2000. The efforts it has undertaken have opened the minds of the Indonesian public towards the importance of developing and expanding *waqf* assets in a productive manner. Nevertheless, this *waqf* institution needs to update its administrative and management quality to become more professional, through the use of digital technology, through collaboration with other *waqf* institutions in Indonesia in order to achieve and provide maximum benefit for the public, and to continually refine its plan and update its methods of *waqf* asset investment taking into consideration the achievements gained by other *waqf* institutions abroad. It is most important to consider options in improvement methods in both the administration and management of *waqf* assets, particularly efforts to invest *waqf* assets productively to ensure optimum success in developing socio-community economy in the future.

CONCLUSION

DDR is a charitable institution in the field of charity, *infāq*, *zakāt* and *waqf* (ZISWAF) that administers and manages ZISWAF assets using modern methods in a transparent, responsible and professional manner, so much so that it has succeeded in gaining public confidence. The administration and management of DDR aim to improve the lives of *dhu'afā'*, promote brotherhood and improve work ethics. These objectives are implemented in every management activity including the management of *waqf* assets. DDR management activities are divided into several institutional networks known as Multi Corridor Networks (Jaringan Multi Koridor or JMK). JMK is divided into the social asset network, the reform asset network, the business network, the *zakat* management institution network and the operator network.

Dompot Duhafa Republika created TWI to act as its *waqf nazir* that actively works to develop and expand *waqf* assets commercially whilst holding close to Islamic principles. Generally, TWI will only receive cash *waqf* assets, even though non-movable *waqf* assets can produce great benefit to the community and can be utilised for projects and provisions that benefit *waqf* recipients. In ensuring asset perpetuity, TWI strives to find investment activities with a low risk of loss through a careful and thorough study of each investment project it chooses to finance.

At DDR, *waqf* asset is not only valued for its potential as productive assets, but also in its contribution towards socio-community economy development by fulfilling social, educational and health facilities, and in human resource development. Investment projects undertaken by TWI, thus far, include *wadī'ah* in Banking Institutions and Equity Participation with Baitul Mal wat Tamwil (BMT) using *muḍārabah* contract whereby TWI acts as a partner; partnerships through *muḍārabah* or *musyārahah* contracts in small and medium-sized industries such as bakmi micro industry, cattle village and other business sectors; and the administration of share *waqf* from which only the dividends are acquired for use leaving the principal capital asset untouched. In the past few years, efforts that have been undertaken have succeeded in creating changes in *waqf* asset administration and management and making it more productive. Nevertheless, the institution needs to keep improving upon these successes in the future so that benefits can be perpetually generated for public through productive *waqf* asset development and the implementation of more innovative and contemporary methods of asset investment.

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