

THE ROLE OF CASH WAQF TOWARDS PUBLIC GOODS IN YOGYAKARTA PROVINCE INDONESIA

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ABSTRACT

Waqf continues to grow and is no longer limited to land or buildings. There are cash waqf, stock waqf, cash waqf linked sukuk, and waqf takaful. Cash waqf could be utilized to finance and develop public goods. and commercial facilities where the results and commercial benefits are used to finance public services. This study aims to identify the role of cash waqf on public goods in the Special Region of Yogyakarta. One example of providing public goods through cash waqf program is the provision of clean water facilities by constructing borewells or other supporting infrastructure. Convenience sampling with a population of waqf institution in the province of Yogyakarta yielded two institution, namely BWA (Badan Wakaf Al Quran) Yogyakarta City and YBKB (Yayasan Bangun Kecerdasan Bangsa) Yogyakarta City. This research is qualitative research with primary data obtained from interviews. Respondents are *nazir* from the two waqf institutions and beneficiaries (*Mauquf Alaih*) of cash waqf program. Results of this study indicate that the BWA and YBKB has helped the community to fulfil basic needs regarding clean water. The cash waqf program implemented by YBKB Yogyakarta is a borewell, while cash waqf program implemented by BWA Yogyakarta is facility that enable beneficiaries get clean water easily. The program implemented by YBKB Yogyakarta also created jobs for local youth. They breed catfish by utilizing borewell. Meanwhile, beneficiaries of cash waqf program by BWA have not yet made plans for such economic productive activity. However, both institutions have been successful in providing clean water for the community.

Keywords: *Cash waqf, Clean water, Public goods*

INTRODUCTION

Waqf has certain characteristics that differ from other type of donation. Waqf objects cannot be used up by management and distribution activities. In Indonesia, waqf still needs to be managed optimally. The factors that influence the not-yet-optimal management of waqf in Indonesia are the limited understanding of the community regarding waqf worship which is the same as Zakat (Faisal A. , 2021). Waqf management institutions have also not been able to optimize existing waqf assets. For example, waqf management institutions have not been able to make optimal use of waqf land due to limited funds to manage the land.

Waqf can be either movable or immovable objects. In Indonesia, Law number 41 of 2004 concerning waqf states waqif (people who endow waqf) can endow in the form of movable waqf assets both tangible and intangible such as money, vehicles, gold or precious metals, securities, intellectual property rights, lease rights, and other movable objects.

Good management of waqf could be an instrument to help achieve Sustainable Development Goals (SDGs) because basically, the benefits of waqf can be enjoyed by all groups, not only those who are Muslim (Rini, 2020). Deputy Governor of Bank Indonesia, Dody Budi Waluyo conveyed the principles of Islamic economics and finance that can support sustainable development (SGDs). First, providing financing to supports real economic activity. Second, mechanism of profit and loss sharing will replace the reliance on the creditworthiness with value creation and the economic viability of investments while preventing speculation. Third, facilitating the redistribution of wealth and opportunities. These things can increase financial inclusion, reduce inequality and achieve prosperity (Waluyo, 2018).

Indonesia can learn from other countries such as Malaysia, Saudi Arabia, Egypt, Kuwait, Jordan, Turkey, Bangladesh, and Singapore. Cash waqf in those country is used to finance and develop waqf assets as public and commercial facilities where the proceeds and commercial benefits are used to

finance public services. Singapore has succeeded in managing its waqf assets to provide the welfare of its citizens (Kementrian Keuangan, 2021).

Indonesia should be able to develop its waqf potential because cash waqf activities support the distribution of waqf assets in more flexible ways. Cash waqf have been widely used for productive activities. Cash waqf helps the government in developing infrastructure and public goods. Public goods and infrastructure support the productivity and well-being of society. Cash waqf can solve economic problems in a country by utilizing public waqf assets such as property, land reclamation, agriculture, and other productive waqf assets. Cash waqf can also be an alternative for financing infrastructure in Indonesia. Waqf is not a loan so there is no need to think about profit sharing (Rahmasari et al, 2020).

The distribution of cash waqf in infrastructure development, namely public goods, has been agreed upon by experts, scholars, MUI, and law in Indonesia. The legal basis are Article 22 point e of the Law of the Republic of Indonesia Number 41 of 2004 concerning Waqf and also Article 9 of BWI Regulation Number 4 of 2010 concerning Guidelines for the Management and Development of Waqf Assets. The regulation has stated that cash waqf funds can be used for infrastructure development activities, including public goods. However, this must be based on clear transparency to maintain the waqf's trust.

Public goods are defined as goods that, if and only if, are both non-rivalrous and non-excludable. Providing information to the public, waqf institutions, and government about waqf contribution to public goods is crucial. If the program is impactful, it will increase public awareness about cash waqf and hopefully increase the intention to do waqf. It also could be a lesson learned for waqf institutions and be an instrument to increase government attention regarded to the role of waqf. If the program is not impactful, it will still be a lesson learned and evaluation for the waqf institution.

This study aims to identify cash waqf programs and contributions to Public Goods in the Special Province of Yogyakarta. Researchers found two waqf bodies or Nazirs who had provided clean water by utilizing cash waqf, namely BWA (Badan Wakaf Al-Quran) dan YBKB (Yayasan Bangun Kecerdasan Bangsa). The people in the Yogyakarta Province, Indonesia, still have difficulty getting clean water in some areas. Jepitu Village in Gunung Kidul Regency and Dusun Gebang in Kulon Progo Regency are areas that find it difficult to get clean water and are prone to drought, especially in the dry season.

LITERATURE REVIEW

Waqf is no longer synonymous with land, but waqf can also be used as a source of strength to realize the welfare of the people and drive potential economic empowerment sectors. The more significant and diverse the waqf assets that can be managed professionally by the nazir with proper management, the more benefits derived from waqf management will be broader in designation so that it can strengthen the role of waqf in improving the economy and welfare of the people (Hazami, 2016).

Cash waqf is funds collected by agencies that already have the authority to manage waqf (nazir) through the issuance of cash waqf certificates which will later be given to the people who buy the certificates (Choirunnisak, 2021). Cash waqf can also be interpreted as an act of endowment of assets or assets in the form of money or securities that banking institutions and Islamic financial institutions manage to generate profits that can be used for charity without reducing their initial capital. Furthermore, the waqf funds that have been collected will be played in investment instruments by the nazir in the business sector that is halal and productive; thus, the profits from these investments can be used for the development of the people and creating prosperity.

Types of goods can be grouped into private goods, public goods, shared resources, and non-rival excludable goods. In economics, public goods are goods that have two characteristics, namely non-exclusive and non-rival. The first characteristic that distinguishes public goods from other goods is whether a person can be excluded from the benefits of these public goods. Because in the use of personal items, there will be very many possible exceptions. The opposite of these non-exclusive goods is the exclusivity in personal consumption goods such as smartphones or private vehicles such as motorbikes. Individuals who cannot pay to own these goods do not have the right to consume or enjoy the services produced from these goods. The non-rivalry of a public good is a good whose use can benefit additional

users at zero marginal cost. For example, additional viewers on one television channel will not increase costs because this action causes additional consumption (Prasetya, 2012).

Article 22 point e of the Law of the Republic of Indonesia Number 41 of 2004 concerning Waqf, clarified by article 9 of BWI Regulation Number 4 of 2010 concerning Guidelines for the Management and Development of Waqf Assets, cash waqf funds can be used for infrastructure development including public goods and facilities social (Faisal, 2020). Indonesia can use the cash waqf model to finance public goods by investing cash waqf through Islamic financial institutions or financial instruments. This model is following the model offered in Malaysia. Thus, the government can reduce spending, especially on financing pure and mixed public goods (Rini, 2020).

Waqf fund management should have a definite goal in allocating with an Islamic business orientation. Examples of models for managing and developing waqf funds that can be implemented include empowering the people's economy, the MSME program, establishing educational institutions accompanied by residential facilities, halal malls, and institutions that create employment, and revitalizing poor areas (Zainal, 2016).

(Arifin, 2020) formulates a waqf model that is invested in public goods and mixed public goods in Indonesia. The results of this research found that returns from the application of invested waqf can help the state treasury. Puspardini, Sobaya, & Lubis (2020) analyzed cash waqf management carried out by ACT Global Waqf in an effort to overcome drought in the Gunung Kidul region. The object of this research is cash waqf through the ACT Yogyakarta Global Well Waqf Program. The program is very helpful for people affected by drought. The use of drilled wells continues despite the long dry season and drought.

METHODOLOGY

This is qualitative research. Convenience sampling is used. As the name implies, the sample is identified primarily by convenience. Samples such as volunteer panels for consumer research are also convenience samples (David R. Anderson et al., 2011). Population is the waqf institution in the area of Yogyakarta Province. Yogyakarta province consisted of five City/Regency, namely Gunung Kidul Regency, Sleman Regency, Kulon Progo Regency, Batul Regency, and Yogyakarta City.

Waqf institution that are willing to be sampled and has implementation of cash waqf program to public goods are two institutions, namely BWA (Badan Wakaf Al-Qur'an) and YBKB (Yayasan Bangun Kecerdasan Bangsa). Both institutions are located in Yogyakarta City.

The object of this research is the Clean Water Facility Waqf Program implemented by BWA Yogyakarta and the Borewell Waqf Program implemented by YBKB Yogyakarta. The two programs were implemented in two different areas: Jepitu Village, Gunung Kidul Regency and Gebang Hamlet, Kulon Progo Regency. Data collection was carried out through interviews with respondent consist of waqf beneficiaries (mauquf alaih) and nazir. There are 6 respondents from beneficiaries from both cash waqf program.

RESULTS AND DISCUSSION

Utilization of Cash Waqf in Provision of Clean Water Facilities by BWA Yogyakarta City

The Jepitu Village area is an area of limestone hills and stretches of karst nature which is barren and lacks water. Jepitu Village is located at an altitude varying between 250 to 300 meters above sea level. The land in Jepitu Village has varying degrees of slope. The average daily temperature is 25.5° C, the minimum temperature is 18.2° C, and the maximum is 33.4° C. The area is potential for dryland crops (rice and pulses), fruit crops (bananas, mangoes), aquaculture of inland waters (ponds) and marine fisheries, as well as for cattle and goat livestock business, both fattening and breeding (LPPDes Jepitu, 2016).

The waqf for clean water facilities, a BWA Yogyakarta program, is vital for residents in the Jepitu Village, Gunung Kidul Regency. Previously, the residents had trouble accessing clean water, especially during the dry season. For daily activities, residents use lake water as a source of water. The lake water has dried and cannot be used again since mid-2015.

Another alternative is to collect rainwater and use water from River Puring. Each resident's house has a rainwater storage tank that collects rainwater and can later be used for daily activities. However, the rainwater storage tanks can only be used to meet the needs of residents for about two weeks. In addition, rainfall is unpredictable, which hinders residents from fulfilling their need for clean water. Residents can use other water sources, namely from the Puring River, but the limited water discharge requires residents to find other sources of water (Rubiyanto, 2022).

In Jepitu Village, there is a community of nature lovers called Komunitas Merangkul Bumi (KOMBI- Community Embracing the Earth). KOMBI found another water source in Jepitu, namely a water source in Pulejajar Cave, which is currently the residents' primary water source. In exploring water sources, KOMBI is assisted by the TNI (Indonesian National Armed Forces) and other nature lovers' communities. They are trying to extract the water in the cave so could be used by community. The obstacle they face is the difficulty of access in and out of the cave, so it takes quite a long time (Rubiyanto, 2022).

BWA city of Yogyakarta is here to help deal with the problem of clean water difficulties experienced by Jepitu residents. BWA does not make drilled or dug wells but helps by donating pipes, storage tanks, generator engines, and tank trucks used to deliver water to residents' homes. Until now, the water in the cave has helped the residents of Jepitu Village. The water discharge from Goa is enormous. The pipe from inside the cave to the holding tank is capable of delivering 6.6 liters of water per second (Rubiyanto, 2022).

The water source from the cave cannot be channelled directly to residents' homes due to the long distance. The water from the cave is collected in a 6x6 meter water holding tank near the cave. Residents who wish to use water must buy water from KOMBI, which manages the waqf for clean water facilities in the BWA program. One tank truck containing around 6,000 liters of water costs around Rp. 80,000 to Rp. 150,000, depending on the distance to the residents' houses. Water will be collected in a water tank in each resident's house. One tank truck containing 6000 liters can meet the clean water needs of each family for approximately two weeks.

The price set is considered reasonable by residents. According to Sukadi (2022), as a village official in the Jepitu, the program by BWA is very helpful because residents can obtain water at a price that is not too expensive. The money residents pay used to finance water delivery operations such as fuel for trucks. Tank trucks selling water have also been around for a long time, so the existence of the BWA program has not killed off the tanker truck business (Sukadi, 2022).

Apart from paying for tank water, water used around the cave can be used free of charge. Residents can use public bathrooms near the shelter outside the cave for free. Residents with land nearby for farming and gardening can use clean water facilities free of charge. The Waqf for Clean Water Facilities also provides free water for prayer rooms and mosques in Girisubo District. When this research was conducted, there were no plans to utilize the Clean Water Facility Waqf to become a productive activity (Sukadi, 2022).

Utilization of Cash Waqf in Provision of Clean Water Facilities by YBKB Yogyakarta City

The Borewell Waqf, part of the Cash Waqf program by YBKB, has a crucial role for the residents of Gebang Hamlet in Kulon Progo Regency. The residents' daily activities are gardening, raising livestock, and working as laborers far away in Yogyakarta. In addition to daily needs (drinking, bathing), water is needed for gardening and livestock.

Before the borewell existed, residents had difficulty getting clean water, especially during the dry season. To meet their daily needs for clean water, residents rely from a river located about 5 km from the residential area. In addition to long distances, water is not enough to meet daily needs. Residents were only able to transport a few jerry cans of water due to limited road access and terrain that required walking. Besides relying on river water, residents also usually get clean water from tank trucks. However, this is also quite inconvenient because apart from the water that must be ordered in advance and cannot come immediately, tank truck water can only last a few days. (Maryatno, 2022).

The Waqf of Borewell by YBKB has many contributions because water from the well is channelled directly to residents' homes using the pipeline method. Residents do not need to order or wait in line. The drilled well is channelled into a holding tank near the well. Water is stored in two tanks that

can hold about 600 liters of water. From the storage tanks, water is channelled to residents' homes in Gebang Hamlet using the piping method (Sugimo, 2022).

Gebang Hamlet consists of approximately 100 family, but for now, only about 20 family have piped water directly from drilled wells. Due to the limited fund for buying pipes, residents' houses that are close together the pipes will be combined. Each house that gets the piping has a water meter that calculates how much water the group of residents uses.

Residents pay water dues monthly to the youth as the manager of the drilled well. The water fee is calculated based on the amount of water counted from the water meter. The money collected is used to pay for electricity, and some will be saved to buy a water pipe so that pipes from drilled wells can go directly to homes. The amount that the community must pay for water use is IDR 3,000 per cubic water (1,000 liters), and a burden payment of IDR 3,000. (Sugimo, 2022).

The role of the Boring Well Waqf carried out by YBKB Yogyakarta City in Gebang Hamlet for residents includes:

- 1) Fulfilling basic needs regarding clean water for the residents of Gebang Hamlet.
- 2) Residents have productive economic activities in utilizing this cash-waqf-based borewell. This productive activity, namely catfish cultivation carried out by youth. According to the Lurah (headman) of Gebang Hamlet, the harvested catfish are sold to local catfish restaurants and residents to meet the nutritional needs of the residents due to the long distance between the residents' settlements and the market. The head of the youth in Gebang Hamlet said that the youth used the money from selling the catfish so that they could add to the assets of the waqf well.
- 3) Help the residents of Gebang Hamlet to transform from being beneficiaries to becoming donors and helping other programs using money generated from catfish farming.

This research is in line with Pusparini, Sobaya & Lubis (2020) which states that the Nazhir waqf well program contributes to assisting the government in overcoming drought problems.

CONCLUSION

1. The Water Action for People program implemented by BWA is a program to build clean water facilities. It differs from the cash waqf program by YBKB that builds a borewell. In selecting locations for the waqf program, BWA prioritized locations with aspects prone to Aqidah. Meanwhile, the location chosen by YBKB starts from the reports of residents and observations of the field team from YBKB.
2. The waqf program to fund public goods that BWA Kota Yogyakarta has implemented and YBKB Kota Yogyakarta has contributed to helping approximately 5,000 residents in Jepitu Village and 100 Family Cards in Gebang Hamlet to overcome the problem of lack of clean water. In addition, the waqf program to fund public goods helps the community to live a more clean and productive life.

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