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**Optimization of Productive Cash Waqf Funds on the Human Development Index****Isa Kholili**

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**Abstract**

*In this research, we will examine the optimization of cash waqf funds in order to increase the human development index of Ketawang Gondanglegi Village. The aim of this research is to find out the pattern of optimization (utilization) of waqf funds and to analyze the impact resulting from the utilization of cash waqf funds in increasing the human development index. This research was conducted in Ketawang Village, Gondanglegi District, Malang Regency with an implementation period of 8 months from May to December 2019. Data collection methods used interview, observation and documentation techniques while the data analysis tool used was Multiple Linear Regression. The research results show that cash waqf can have an impact on all areas including religious facilities, health, education and the economy if it is managed optimally and on target, namely in accordance with the proportion of needs or urgency of an area.*

**Keyword : Waqf Fund And Human Development Index**

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**INTRODUCTION**

Cash Waqf is a waqf made by a person, group of people and institutions or legal entities in the form of cash or cash. Productive Cash Waqf can be concluded as donating assets in the form of money or securities managed by banking institutions or sharia financial institutions whose profits will be donated to charity, while the collected waqf funds can then be channeled and invested in various halal and productive business sectors, so that The profits can be utilized for the development of the people and nation as a whole.

Productive cash waqf is property or fixed principal that is donated for use in production activities and the results are distributed in accordance with the objectives of the waqf, such as waqf land for use in farming, springs for selling the water and so on. Productive cash waqf for Indonesian Muslims is still relatively new. This can be seen from the underlying regulations. Productive Cash Waqf is a sunnah act of worship that has enormous social value because with the existence of productive cash waqf, the people who are entitled to it can receive their rights continuously while the money is still being managed and generating profits, unlike unproductive waqf which can only be consumed once. without any profit being generated. The problem is that the understanding of waqf as land and buildings is still very popular, so it is necessary to clearly explain to the public that waqf can be in the form of movable property. Mobile waqf can be interpreted as providing something that is more useful to society (managed productively).

Law No. 41 of 2004 has been enacted to regulate waqf and PP No. 42 of 2006 regulates guidelines for implementing waqf, or in other words, the pattern of waqf empowerment in Indonesia has now been formally accommodated by statutory regulations. We can understand the empowerment of waqf (productive waqf) with the term 'economic redistribution' which means the distribution of wealth from some groups to other groups, either in cash or not. Based

on data from the Indonesian waqf board, it shows that as of January 2018, total waqf assets in the form of property had reached  $\pm$  IDR 4.4 trillion.

Based on this data, the potential for waqf is very potential to be more productive in accordance with the function and objectives of the waqf itself. However, the existing potential cannot be maximized properly, due to various factors, so the steps that must be taken are to empower its potential by making the cash waqf assets more productive. Even if the waqf can be maximized in its use, it is very likely that the prosperity and welfare of the community will increase.

Human development index (HDI) is a single composite indicator used to measure the achievements of human development that have been carried out in a region. It cannot measure all dimensions of human development which are considered to reflect the status of the population's basic capabilities. The three basic abilities are a long and healthy life as measured by life expectancy at birth, knowledge and skills as measured by literacy rates and average years of schooling, and access to the resources needed to achieve a decent standard of living as measured by adjusted per capita income.

Life expectancy is measured by life expectancy at birth which is calculated using an indirect method (brass method or trussel variant) based on the variables of average live birth children and average surviving children per woman aged 15-49 years. The knowledge component is measured using two indicators, namely literacy of the population 16 years and over and average years of schooling. The literacy indicator is obtained from the reading and writing ability variables, while the average years of schooling indicator is calculated using three variables simultaneously, namely school participation, current or previous grade level, and highest level of education completed.

Components of a decent living standard are measured using adjusted real consumption indicators. For the record, the United Nations Development Program uses the adjusted real per capita Gross Domestic Product indicator as a measure of this component because there are no other better indicators available for comparison purposes between countries or regions. The calculation of the three components above shows that each component is the result of a separate calculation and is not the result of calculations from other indicators, so that a model cannot be formed consisting of indicators for the formation of each component. Therefore, the use of the Human Development Index in regional development planning must be complemented by a study and situation analysis of the indicators that influence the development of the Human Development Index value.

Development of the Human Development Index shows an increase in achievements in line with the improvement in the country's economy. So it can be said that, with an increase in the Human Development Index in Indonesia, it will have an impact on improving a country's economy. At this time, the condition of the Human Development Index in Indonesia tends to increase, the amount of achievement achieved by Indonesia in increasing the Human Development Index at the end of 2022 is 0.86 compared to 2021, namely 0.49. During the 2022 period, the condition of the Human Development Index in Indonesia tends to increase, namely 0.86% or reach 72.91 in 2022. This occurs due to changes in one or more components or a decrease in the HDI during that period. The changes in question can be in the form of an increase or decrease in the magnitude of the HDI components, namely life expectancy, literacy rate and per capita income of a community.

### Human Development Index Indicator

Conceptual approach to human development includes four main elements, namely; productivity, equity, sustainability and community empowerment. Improving the quality of life will be broader and guaranteed if the basic abilities which include living a long and healthy life, knowledge (and mastering science and technology) and having access to the resources needed to live a decent life (purchasing power) are owned by the population. Productivity means that humans must be able to increase their productivity in an economic sense, namely to earn income and participate in the labor market. Equity means that everyone has the same opportunity to participate in all activities, including economic, social and political. The meaning of sustainability is that all activities in the context of human development are carried out continuously, while empowerment means that all levels of society participate fully in the development process so that in the end, human development targets are prioritized on three basic goals:

#### 1. Literacy Education and Years of Schooling

Human dignity will increase if the person concerned has adequate intelligence. A person's level of intelligence at a certain point in time is a combined product of heredity, education and experience. Community development achievements will be measured by seeing how far the people in the area have utilized their resources to provide facilities for their citizens to become smarter. It is believed that living a healthy and intelligent life will increase a person's productive capacity, while living a long life while remaining healthy and intelligent will also extend the productive period, which in turn will improve the quality of the citizen's role as a development agent.

#### 2. Health

Life expectancy is an important indicator in measuring longevity. The length of a person's life is not only a product of the efforts concerned but also the extent to which a society or country with the use of available resources tries to extend the life or lifespan of its population. In theory, a person can survive longer if he is healthy and if he is sick he must make arrangements to help speed up his recovery so that he can survive longer (visiting a facility or health worker). Therefore, community development is said to have not been successful if the use of community resources is not directed at health development so that "residents die earlier than they should" can be prevented.

#### 3. Economic

Purchasing Power Parity is an economic indicator used to compare real prices between regions. To measure the dimensions of decent living standards (purchasing power), the United National Development program uses an indicator known as real per capita Gross Domestic Product adjusted. For calculating the national Human Development Index (province or district/city) we do not use Gross Regional Domestic Product per capita because Gross Regional Domestic Product per capita only measures the production of a region and does not reflect the real purchasing power of the community which is a concern of the Human Development Index.

To measure the purchasing power of residents between provinces in Indonesia, the Central Bureau of Statistics uses average consumption data for 27 selected commodities from the National Socio-Economic Survey which are considered to be the most dominantly consumed by Indonesian people and has been standardized so that it can be compared between

regions and over time according to the index. purchasing power parity with the following stages (based on the provisions of the United National Development Program)

## **RESEARCH METHODS**

### Data Analysis Techniques

The data analysis model used in this research is exploratory descriptive analysis, namely by looking for data sources related to productive cash waqf on the Ketawang Gondanglegi village community development index which is then translated into research.

Data analysis is the process of systematically searching and compiling data obtained from interviews, field notes and documentation, by organizing the data into categories, describing it into units, synthesizing it, arranging it into patterns, choosing what is important and draw conclusions so that they are easily understood by yourself and others

## **RESULTS AND DISCUSSION**

Implementation of the cash Waqf financing process actually stems from efforts to optimize the function of waqf as an Islamic economic instrument. Muslim economists in Indonesia are starting to study this problem more deeply. Moreover, legalization was marked by the birth of Law no. 41 of 2004 has been in place for quite a long time. so that there is no longer a need to worry about the existence of a legal umbrella that oversees it. A person who donates his assets no longer needs to worry about his assets because he has the protection of the law. Waqf managers will be more careful because every act that is considered deviant will be subject to criminal threats.

Law of the Republic of Indonesia No. 41 of 2004 concerning waqf which was directly ratified by the President of the Republic of Indonesia has provided a separate space for cash waqf. In terms of application, which includes Article 28 of the Law. It is stated that wakifs can donate movable objects in the form of money through Sharia Financial Institutions Receiving Cash Waqf appointed by the Ministry of Religion. Furthermore, in Article 29 Paragraph (1) it is stated that the waqf of movable objects in the form of money as intended in Article 28, is carried out by the wakif with a written statement of will. In paragraph (2) of the same article it is stated that movable objects in the form of money as intended in paragraph (1) are issued in the form of money certificates. Meanwhile, in the next paragraph, the same article states that the cash waqf as intended in paragraph (2) is issued and delivered by the Sharia Financial Institution to the wakif and nadzir as proof of delivery of waqf assets.

Potential of Cash Waqf 1) Cash waqf makes it easier to mobilize funds from the community through money certificates. This is based on several aspects, including the target scope of waqf givers (waqif can be wider than ordinary waqf. Apart from that, with this certificate, various types of denominations can be created that are tailored to the target Muslim segment who are likely to have a high awareness of charity. Lastly, a person does not need to wait to become rich to donate waqf because it is easier to make money into denominations through collective waqf. With the various conveniences offered in cash waqf, it will be easier for people to make their contribution to waqf without having to wait for very large amounts of

capital. 2) Indonesia is the country with the largest number of Muslims in the world. A reality that is certainly very profitable in terms of quantity. If we make an analogy, for example, there are one million Muslim communities who donate funds amounting to Rp. 100,000, then you will receive a collection of waqf funds of Rp. 100 billion every month (Rp. 1.2 trillion per year). And if invested with a return rate of 10 percent per year, you will receive additional waqf funds of IDR. 10 billion every month (Rp. 120 billion per year). If you look at the various conveniences offered in cash waqf, this does not rule out the possibility. Another fact is that Indonesia's total population is around 230 million people, with the majority being Muslim. You can imagine if the role of the community and waqf managers can be optimized well.

**Management and Optimization** The management of cash waqf has provided an important breakthrough by providing cash waqf certificates. By positioning cash waqf as a source of cash funds, at the same time implementing a temporary waqf system which makes the use of waqf goods based on a certain period of time. Please note that the principal waqf funds will be returned to the wakif, which of course is in accordance with the initial nominal amount as per sharia regulations. This pattern provides an opportunity to maximize the potential of the people in their contribution to waqf.

Cash waqf opens up unique opportunities for investment creation in the fields of religion, education and social services. By utilizing the savings of high-income residents through exchanging cash waqf certificates. Furthermore, the income obtained from managing cash waqf can be spent for various different purposes such as maintaining the waqf property itself. Cash waqf collection in Indonesia has started since its launch which was declared directly by the President of the Republic of Indonesia at the State Palace on January 8 2010.

The Indonesian waqf board continues to campaign for the collection of cash waqf on a national and international scale. Meanwhile, cash waqf at the local and national levels is handed over to waqf institutions managed by people who have been active and active in managing waqf for a long time.

**Role of Waqf in Economic Empowerment of the People** It cannot be denied that waqf is an additional source of new income. This will cause an increase in demand for goods. Meanwhile, the production sector will lead to increased productivity, so that existing companies move further forward, even giving rise to the establishment of new companies to deal with this demand. On the other hand, the capital entering the company is increasing. Every item is very important and is a basic need, the demand for each item will not change. This is what causes the company's productivity to continue and the invested capital is guaranteed. An increase in demand can be proven when waqf assets are distributed to those who are entitled to receive them. And this increase in purchases will not occur unless there is additional income, one of which is waqf. When waqf is taken and collected from those who have high incomes and given to those who have limited incomes, the consumptive tendencies of those who have high incomes will be less than those who have limited incomes. The optimistic influence of waqf is the exception of the level of difference between consumer tendencies and existing income to create a balance between expenditure and income. This means that the consumer tendency will become greater when waqf is implemented compared to before.

There are several productive uses or empowerment of waqf, including the following: 1) The orientation of waqf development is given not only to certain parties, but hopefully waqf can be useful for the public interest. As for what is donated for production, if it is replaced with something better, such as a waqf for a house, shop, garden or village whose production is

small, then it is replaced with something that is more useful for the waqf. 2) The most common waqf objects are immovable waqf objects, especially owned land. However, due to rapid economic development, people who want to give waqf (wakif) are increasingly growing, they donate objects other than land, also in the form of movable objects such as cash, shares or other securities, it can also be cars, motorbikes, boats and various types. other items. However, to overcome this, the objects can be well maintained so that they can be managed optimally and can then be turned into productive waqf. Apart from that, other social institutions have also handled the project.

funds collected can be used to improve the physical and spiritual welfare of the community, including:

1. Worship Facilities Sector a) Help build/rehabilitate mosques, langgars and prayer rooms. b) Encourage and help with equipment for other mandatory worship activities.
2. Education Sector a) Establishing and/or assisting in the construction/rehabilitation of madrasas and integrated Islamic boarding schools. b) Development of infrastructure and skills facilities. c) Increasing da'wah. d) Islamic Research. e) Publications about Islam, both academic and popular scientific in nature. f) Establishing an Islamic library and assisting existing Islamic libraries.
3. Health Sector a) Establishing an Islamic hospital. b) Establishing a Community Health Center. c) Establishing maternity homes.
4. Economic Sector a) Providing employment opportunities for the poor according to their skills and abilities. b) Providing education and skills training to drop out teenagers. c) Providing working capital and means of work for the poor and drop out teenagers. d) Develop agricultural, plantation, fishing and craft businesses for poor farmers, fishermen and craftsmen. e) Assisting in the preparation and implementation of transmigration. f) Establishing an Islamic study center (Pusstudis). g) Establishing a museum of Islamic cultural heritage. h) Providing aid funds to religious institutions engaged in education, da'wah, health, social services, places of worship and others. Strategies that can be developed to empower productive waqf include legal products to building networks in the form of productive investment partnerships. One of them is cash waqf which can open up unique opportunities to create investments to provide religious services, educational services and social services.

## CONCLUSION

results of the research above, it is clear that optimizing cash waqf has the potential to improve the welfare of the community, especially in aspects of religious facilities, education, health and the economic sector. Therefore, it is very necessary to manage waqf optimally so that it has an impact on society

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