The Role of Zakat and Waqf in Sustainable Development Goals (SDGs)

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ABSTRACT

The enormous potential of zakat and waqf in Indonesia can encourage and improve a sustainable development goals especially economy development. This study not only discuses zakat but also discusses waqf and its roles. Both zakat and waqf have characteristics that each other has a role in economic progress. The synergy of zakat and waqf has many benefits for the ummah and the country. So, this study aimed to explain and identify conceptual the role of zakat and waqf in sustainable development goals. And the method used in this study is qualitative approach by literature and documentation. The results showed that both zakat and waqf have an important role in the economy of society, which is zakat can guarantee the basic needs of society and waqf can increase the level of social welfare.

Keywords: zakat, waqf, sustainable development goals, welfare

1.0 INTRODUCTION

The economy of a country reflects the progress of a country. Indonesia is one of the developing countries that have economic problems. It has been included in the sustainable development goals (SDGs) which have been agreed at the general assembly of the United Nations. One of the aims is to improve the economic welfare of the society or to sustainable economic development.

Sustainable economic development based on Islamic principles is not only limited to economic variables but also has comprehensive characteristics include social, moral, material, and spiritual. In other words, sustainable economic development is closely related to improving people’s living standards.(Muliadi, 2020)

Economic development must solve the problem of poverty, such as adequate food, providing basic necessities of life, and even meeting society’s nutritional standards. A key tool for human development, including sustainable economic development, is zakat, infaq, and shadaqah, and waqf (ZISWAF). ZISWAF funds are generally provided as aid to solve social problems (education, health, housing, etc) as well as assistance for solving economic and financial problems.

Waqf is an Islamic financial instrument that has a direct functional relationship with efforts to solve social and economic problems, such as women's economic empowerment, poverty alleviation, and improving the quality of human resources. As Akram Khan has stated in one of his books, waqf institutions have great potential and can be utilized to improve the education, research, health, and defense capabilities of Muslim countries.(Khan, 1994)
From the percentage of the population, Indonesia has great potential in the field of waqf to solve problems related to the economy. If the Indonesian population is aware of waqf and routine waqf, then the results of the waqf are able to solve economic problems easily, at least the basic needs of the Indonesian population are no longer lacking. (Syamsuri, Perdi, et al., 2020)

One of the efforts to improve the economic development of the society is by making commodity goods and services that can be produced for the society. Therefore, increasing economic growth in the country is one form of successful economic development in society. Indicators of the success of economic development physically can be seen by the addition of the number of industrial production, improvement of infrastructure, increase and increase in the number of assets and increase in manufacturing products.

This research is library research, the data sources from books, journals, documents, and reports from previous research. From the data collected, the researchers analyzed by descriptive analysis method to answer the problems discussed in this study, it is the role of zakat and waqf in sustainable development goals.

After the explanation above and seeing the potential of zakat and waqf in Indonesia, this study aims to discuss further the role of zakat and waqf in sustainable development goals so that the welfare of the Indonesian people is realized. This research is expected to provide some consideration for the management of zakat and waqf in the future.

2.0 THE OVERVIEW OF ZAKAT AND WAQF

Zakat is one of the most important pillars of Islam. Zakat is based on qathí arguments that make zakat have clear laws. Zakat is part of the Islamic religion that must be known dharuri, it means that people who deny the obligation of zakat will become infidels. (Al-Bugha, Mushthafa & Asy-Syurbaji, 2018)

According to the syara term, zakat is the issuing of a portion of the property at the command of Allah, as an obligatory charity, given to those who have been determined by Islamic law. It can be understood with the same principle, namely, zakat is the granting of ownership rights to certain assets that have been determined by the Shari’a, only because of Allah. (Ismail et al., 2018)

Zakāt is a means of purifying wealth. When a person fulfills the obligation to pay Zakāt, he is able to purify his/her wealth. It may seem that the wealth decreases by payment of Zakāt, but, at the societal level, it helps in wealth circulation which eventually benefits everyone in terms of economic activity and strengthening of social safety. The spiritual benefit of Zakāt is even more significant. (Shaikh & Ismail, 2017)

Furthermore, Etymologically waqf means to hold back. Waqf (prevention), Tahbis (detention), Tazbil (donation for fisabillah) have the same meaning. Waqf according to language is holding back to do spend. In Arabic it says "Waqaftu kadza" (وقفت هذا) and the meaning is 'I hold it in. (Kamaluddin, 2018)

According to the law, waqf is a legal act of wakif to separate and/or surrender part of his property to be used forever or for a certain period of time in accordance with his interests for the purposes of worship and/or public welfare according to sharia. (Indonesia, 2020)

The main value of waqf must be guaranteed for its sustainability, it cannot be owned, and/or inherited. Only the results can be used for the benefit of the people. It also explains things related to waqf that cannot be separated from the implementation of the waqf and is a condition for the validity of a waqf. There are four (4) pillars of waqf, namely: (Kementrian Agama Republik Indonesia, Direktorat Jenderal Bimbingan Masyarakat Islam, 2006) Wakif (people who endow property); Mauquf bih (goods or property that is waqf); Mauquf 'Alaih (the party who was given the waqf/waqf designation); Shighat (statement or pledge of wakif as a will to endow part of his property).
3.0 SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Development is an effort process to structure a society towards advancing and improving the quality of human life individually and in society. The ultimate goal of development according to Islam is to glorify human dignity in this world and achieve happiness in the hereafter. (Ridwan, 2018)

Economic development is not only held by the government, but society can also play an active role in this. Not only in the public sector and trade, every individual, society, or certain institution also plays a role in this.

Development policy as part of the economic policy system, in general, is a complex matter and includes many factors. The policy must also influence and foster all forms of community activity. One of the important aspects of development is production, as a result of productive activities. That production will be sold and then reprocessed and/or used as final consumption. This is one of the roles of the State in production. (Rachim, 2015)

The United Nations (UN) has initiated Sustainability Development Goals (SDGs), it is a sustainable global development agenda that has received consensus or agreement from 193 UN member countries and is committed to its achievement. (Ismail et al., 2018) Including Indonesia, the society and the government work together to achieve these goals.

Economic growth is a macro development target in Indonesia. (SDGs Dashboard Indonesia, n.d.) The SDGs are a global and national commitment as an effort to improve the welfare of society which consists of 17 goals, namely (1) No Poverty; (2) No Hunger; (3) Healthy and Prosperous Life; (4) Quality Education; (5) Gender Equality; (6) Clean Water and Proper Sanitation; (7) Clean and Affordable Energy; (8) Decent Work and Economic Growth; (9) Industry, Innovation, and Infrastructure; (10) Reducing Gaps; (11) Sustainable Cities and Settlements; (12) Responsible Consumption and Production; (13) Climate Change Management; (14) Ocean Ecosystems; (15) Land Ecosystems; (16) Peace, Justice and Strong Institutions; and (17) Partnerships to Achieve Goals. (SDGs Dashboard Indonesia, n.d.)

4.0 ROLES OF ZAKAT AND WAQF IN SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Paying zakat is one of the most important religious duties of Muslims, and Islam encourages Muslims to be generous with their wealth, therefore, they must be careful and extra care should be taken to ensure that assets and revenues are not overstated and liabilities and expenses are not understated. (Mufraini, 2006)

Referring to the purpose of zakat distribution, zakat is closely related to sustainable economic development. Zakat also has short-term and long-term goals. Short-term goals are channeled to consumptive needs, namely meeting the needs of basic household needs, education, and health. While the long-term goal, zakat distribution is done in the form of providing productive business capital to small businesses so that it is expected that the results can be received continuously and improve the economy.

The contribution of zakat to support the SDGs is supported by Law no. 23 of 2011 concerning the management of Zakat, which states that zakat is a religious institution that aims to improve justice and community welfare. In addition, specifically in Article 3 of the same Law, it is explained that the management of zakat aims; 1) Improving the effectiveness and efficiency of services in the management of zakat, 2) Increasing the benefits of zakat for realizing community welfare and poverty alleviation.

Based on the group of zakat recipients, zakat is distributed to eight asnaf, three of which are highlighted as the goals most relevant to the SDGs. What is meant is for the needy (al fuqara’), those who live without a livelihood, the needy (al masakin) those who cannot fulfill their basic needs, and those who struggle in the Way of Allah (fii Sabiillah) those who strive for the cause. noble includes spending to promote Islam and other charitable purposes Asnaf fii sabiillah can also
be related to the availability of service needs such as health programs, clean water, and sanitation. (Noor & Pickup, 2017)

The first sustainable development goal is to have no poverty by 2030. If we look at the institution of Zakat, we find that the payer of Zakat and the receiver of zakat belong to two different income classes. The payer of zakat is non-poor with surplus wealth above nisab. And the other, the receiver of Zakat is usually a poor person with no surplus wealth above nisab. Thus, the threshold wealth of nisab makes a distinction between the payer and receiver and helps to achieve targeted income and wealth transfer to the people who are usually the poor people. (Shaikh & Ismail, 2017)

The results of the study by National Amil Zakat agency (BASNAZ) as an institution that manages zakat funds stated that BAZNAS has 5 (five) focus categories for distributing funds, namely (i) economics; (ii) social and humanitarian; (iii) health; (iv) education; and (v) da’wah. Each of these focuses is in accordance with the maqasid sharia dimensions, namely (i) Assets; (ii) Descendants; (iii) Soul; (vi) Education; and (v) Da’wah. This needs to be maintained and even adapted continuously to the times. As well as maqashid sharia which is actually very flexible in its application to the current developments. (Pusat Kajian Strategis Badan Amil Zakat Nasional (Puskas Baznas), 2017)

Based on the results of the BAZNAS study, it can be said that zakat is one of the instruments of Islamic economic development and supports the goals of the SDGs. Zakat places maqashid sharia as the basic goal of its implementation. The objectives of maqashid sharia are broader than the goals of sustainable development. Not only in the economic field, zakat also fulfills the needs of education, social humanity, health, and da’wah. So it can be concluded that there is a relevant relationship between maqashid sharia as a framework for zakat goals and the SDGs. Thus, zakat plays a role in sustainable economic development in Indonesia.

The instrument of Islamic economic development is not the only zakat as in the previous explanation. Compulsory zakat is also supported by sunnah waqf. Waqf is also an instrument of economic development in Indonesia and other countries that apply the concept of waqf. Waqf has a wider coverage characteristic than zakat.

Waqf has two main elements, the first is a spiritual element because waqf is a branch of worship that can bring the wakif closer to Allah SWT. The two elements are material because waqf is understood as an effort to turn assets from consumption interests into investment capital that can produce goods and services for the benefit of the future. (Ridwan, 2018)

Waqf is proven to be able to reduce poverty and improve people's living standards in all fields. With professional management, the value of waqf is maintained until it is hundreds or even thousands of years old. As implemented at Al Azhar University, Cairo, Egypt, which succeeded in empowering waqf in the field of education which was founded in 950 AD and provided educational scholarships for students from all over the world. Until now, Al Azhar is not only focused on education but also developing home management hospitals, plantations, hotels, and other businesses that benefited more than 400 thousand students at no cost, paid 11 thousand lecturers wages, and sent scientists and scholars in various countries around the world. Apart from being used for internal purposes, the university also manages several companies in the Suez Canal whose proceeds are only for educational purposes. Even the Egyptian government borrowed the results of the Al Azhar university waqf funds for the operation. (Syamsuri & Manaanu, 2021)

Al-Azhar with its waqf system is the main reason Darussalam Gontor Modern Pondok makes it one of Gontor's syntheses. The success of al-Azhar in managing waqf is evidence that waqf plays a role in improving welfare, the economy, education, and other fields.

Another example is Pondok Modern Darussalam Gontor (PMDG) productive use of waqf land assets, namely for the agricultural sector. There are three systems of cooperation carried out by the Waqf
Maintenance and Expansion Foundation of the Pondok Modern (YPPWPM) Gontor Ponorogo as the nazhir implementing the Gontor waqf. First, the land lease system. Second, it is planted by the manager of YPPWPM Gontor, and third, a profit-sharing system with rice cultivators. The results of the SWOT analysis explain that the development of waqf land in the agricultural sector implemented by YPPWPM Gontor is very strategic. So that through the results of the sector it can be developed for the development of other sectors such as education, health, economy and also the expansion of waqf land.(Cahyo & Muqorobin, 2019)

In addition, cash waqf also supports SDGs, cash waqf has enormous potential in the socio-economic development of the community given that cash waqf has more opportunities for people to become waqf because of the flexibility of individual participation. Cash waqf can be developed through economic activities such as business and investment. Then it can be managed to generate profit and can then be allocated to the development of economic and social development of the community.(Tamimah, 2021)

The potential of waqf in Indonesia is very large, this potential will have a positive impact if the waqf is managed properly and vice versa, this potential will be lost if it is not used properly. Therefore, waqf management must be considered and always improved to realize sustainable economic development.

Regarding efforts to create stability in waqf management, increasing responsibility through good governance in waqf institutions (Nazhir) is a major factor. For this reason, the application between the principles of good Corporate Governance and Islamic Corporate Governance is important, according to responsibility, it builds high correlation in building public trust between Nazhir (waqf corporate) itself to the community and stakeholders. Responsibility contains elements of compliance with laws, regulations and internal provisions of the institution to the community and the environment.(Syamsuri, Arif, et al., 2020)

Another function, waqf is a source for the Yatim Mandiri Foundation (YM) in trying to empower orphans. The endowment funds are managed and designated for fixed assets or substances that are managed with a sustainable system. The assets referred to are the facilities and infrastructure that support the programs of the Independent Yatim Foundation which aim to make orphans independent, such as not having to think about land acquisition and so on related to program implementation.(Yudha et al., 2021)

Waqf has many wisdoms and benefits that are good for wakif and for the general public. Some of them, such as: 1) Show concern and responsibility for the needs of society. Waqf can create awareness for people who are able to help each other in helping the surrounding society for the benefit of the people. 2) The moral benefits of wakif to get merit will flow continuously, even though wakif has died. This is because the objects that are saved can still be used for the benefit of the people. 3) Increase assets used for public interest in accordance with Islamic teachings. Muslims can be more independent with their Waqf, which is to build assets that are beneficial to society. 4) This is a potential source of funds for the benefit of improving the quality of people, such as education, health.(Syamsuri et al., 2021)

Based on the previous description regarding zakat and waqf, it can be said that both are instruments of economic development that can solve problems if zakat and waqf are managed properly and correctly.

5.0 CONCLUSION

Waqf is an effort to turn assets from consumption interests into investment capital that can produce goods and services for future interests, whether for the benefit of community groups or individual interests. Meanwhile, zakat is the purification of one's personal property which is issued to ensure the basic needs of the lower classes of society, reduce unemployment and increase employment.

Therefore, zakat and waqf are Islamic financial instruments that can help with
economic problems. The potential for zakat and waqf is very large considering the total population of Indonesia is Muslim. Broadly speaking, the roles of zakat and waqf are: (1) assisting the Government in improving social services for the community, (2) lowering the cost of the economy in general, (3) supporting income distribution, and inclusive growth. (4) reduce poverty and hunger, (5) support the SDGs program. Especially for SDGs, the functions of zakat and waqf can realize the goals of SDGs. Almost all of the 17 SDGs goals can be realized with the good management of zakat and waqf, distributed with proper zakat and waqf management as well.

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