Temporary Waqf in Indonesia: Legal Basis and Implementation Challenges

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ABSTRACT

This research aims to analyze the concept and implementation of temporary waqf by Law Number 41 of 2004 and evaluate the experience of the Darul Waqf Al-Hadiy Foundation in managing such waqf. The research method used is qualitative with an Empirical Law type, involving data collection through interviews and observations and qualitative descriptive analysis of primary and secondary data. The research results indicate that based on Law Number 41 of 2004, temporary waqf is permitted and regulated. However, implementing temporary waqf at the Darul Waqf Al-Hadiy Foundation faces various challenges, including difficulties in creating sustainable programs, high rehabilitation costs, and administrative complexity. Although temporary waqf provides significant benefits for Islamic religious education and the welfare of the local community, its management requires better education and improved competency for nazhir. More effective and sustainable waqf management can be achieved if the nazir has adequate experience and capabilities.

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1. Introduction

Waqf is a form of Islamic philanthropy that has great potential in supporting social and economic development in Indonesia\textsuperscript{1}. Based on Law No. 41 of 2004, waqf can be carried out for a certain period or forever vide Article 1 number 1, which provides flexibility for wakifs (waqf givers) and nazir (waqf managers) in managing waqf assets. However, implementing Temporary Waqf in Indonesia still faces various challenges,

including program sustainability, rehabilitation costs, and administrative complexity.² Although the term waqf provides significant benefits, its management requires a deep understanding and adequate competence from the nazir.³,⁴,⁵

Various previous studies have discussed different aspects of waqf, including basic concepts, legal implementation, and socio-economic benefits. For example, Yuli Yasin (2017) conducted research regarding the urgency of term cash waqf in managing waqf assets in Indonesia.⁶ Then Hiyanti et al. (2020) conducted a study and analysis of the potential and realization of cash waqf in Indonesia during the 2014-2018 period.⁷ And by Ibnu Bahruddin (2020) examining term waqf from the perspective of Fiqh scholars. Besides that, waqf as an economic instrument for Islamic development was studied by Fuadi (2018),⁸ and in 2020, Syamsuri et al. disseminated the results of his study, which looks critically and analytically at the potential of waqf and its contribution to reducing poverty in Indonesia.⁹,¹⁰

However, from these various studies, there are still gaps in the literature regarding the practice of the term waqf and the challenges faced in its implementation. Several studies show that the management of term waqf faces various technical and managerial

obstacles. Still, no research has explicitly evaluated the practical experience of institutions managing the term waqf in Indonesia. Therefore, this research aims to fill this gap by assessing the practical knowledge of the Darul Wakaf Al-Hadiy Foundation in managing term waqf by Law No. 41 of 2004. The Darul Wakaf Al-Hadiy Foundation received and managed term waqf assets in one housing unit, which was donated for two years with the allocation for Islamic religious education activities for the surrounding community. During this period, the waqf provided significant benefits through free Al-Quran and science learning activities for children in the surrounding environment.

Even though it provides excellent benefits, the experience of implementing term waqf also teaches that the decision to accept term waqf must be carefully considered. Because there are various obstacles to its use, especially in planning sustainable programs and the need for rehabilitation funds, in addition, the success and usefulness of waqf assets, both term waqf and non-term waqf, are greatly influenced by the adequate competence and capacity of the nazhir.11,12 This can be seen from Supreme Court Decision No. 460K/AG/2019 dated June 26 2019 where the panel of judges granted the request to replace Nazhir because Nazhir was deemed incompetent.13 According to the panel of judges assessment, the nazir was negligent and did not use the waqf assets as desired by the wakif.14

On that basis, this research's novelty lies in its focus on evaluating the Darul Wakaf Al Hadiy Foundation's practical experience in managing term waqf. Thus, this research fills the gap in the existing literature and significantly contributes to understanding the technical and managerial challenges faced by term waqf management institutions in Indonesia.


14 “Supreme Court Decision Number 460 K/Ag/2019” (Directory of Decisions of the Supreme Court of the Republic of Indonesia, 2019).
This research is significant because "temporary waqf" has excellent potential to support social and economic development, especially in Islamic religious education and community welfare. By evaluating the practical experience of the Darul Wakaf Al-Hadiy Foundation, this research identifies the challenges faced and offers practical recommendations to overcome these obstacles. This is important to increase the effectiveness and sustainability of term waqf management in Indonesia.

2. Legal Materials and Research Methods

This research is empirical legal research that examines law as a social phenomenon that can be observed and measured. Empirical legal research focuses on how the law functions in practice, how the law influences society, and how culture influences the law.\(^\text{15}\) This method uses empirical facts from human behaviour, both verbal behaviour through interviews and actual behaviour observed directly. Empirical research also includes observing the results of human behaviour in the form of physical remains or archives\(^\text{16}\).

Data collection techniques include interviews and observation. Interviews were conducted directly with respondents and sources relevant to the research to obtain in-depth verbal information regarding the research subject. Observations were carried out to observe the actual behaviour of research subjects in the field, collecting empirical data on behaviours and activities relevant to the research object.

This research uses two types of data, namely primary and secondary data. Primary data is obtained directly from the field through interviews with respondents and resource persons. Meanwhile, secondary data was obtained from library studies and other documents related to the research object. Literature research is carried out by studying and collecting data from books, laws and regulations, especially Law no. 41 of 2004 concerning waqf and its implementing regulations, namely Government Regulation no. 42 of 2006, scientific journal articles, the internet, and other documents. The data analysis technique was carried out descriptively and qualitatively. This analysis process involves grouping and selecting data obtained from research based on its quality and correctness.


\(^{16}\) Mukti Fajar dan Yulianto Achmad, 2010, Dualisme Penelitian Hukum Empiris & Normatif, Pustaka Pelajar, hlm.280
The grouped data is then connected to theories, laws, and regulations obtained from document studies. After that, the data was analyzed to answer the problems raised in this research. Thus, this research method provides an in-depth understanding of the phenomenon being studied through an empirical approach and qualitative descriptive analysis.

3. Result and Discussion

3.1 Waqf Period According to Law Number 41 of 2004

Historically, waqf regulation in Indonesia can be traced back to the Dutch East Indies government, the period of independence, and reform. During the Dutch East Indies government, significant developments occurred in the regulation of waqf. In 1905, in the Circular from the Government Secretary (Circular issued by the Secretary of State) was published on January 31 with Number 435. This circular instructs the Regents to list Islamic houses of worship built on waqf land. This regulation aims to ensure that waqf land does not conflict with public interests, such as for building roads and markets. After 26 years, another Circular Letter was issued on June 4 1931 with Number 1961 which required official permission from the Regent for people who wanted to form waqf. In this circular, the Regent is given the authority to assess the permit request based on the purpose of the waqf and the location of the donated assets. This regulation provides the Regent with a significant role in supervising and regulating waqf, ensuring that waqf is carried out by applicable regulations and does not interfere with the public interest.\(^\text{17}\)

After Indonesia became independent or at the beginning of independence, the regulation regarding waqf did not yet have a strong legal basis in a separate provision at the level of law. Still, the regulation was stated in Law Number 5 of 1960 concerning Agrarian Principles. The regulatory portion is also minimal, it is only regulated in one article, namely Article 49 paragraph 3 which regulates that regarding waqfation, property rights are protected and regulated by government regulations. The government then followed up this provision with the issuance of Government Regulation Number 28 of 1977 concerning the Endowment of Owned Land. Apart from that, the government also

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published the Compilation of Islamic Law (KHI)\textsuperscript{18} which aims to serve as a guide in resolving problems related to waqf, marriage, and inheritance.\textsuperscript{19} In Government Regulations and the Compilation of Islamic Law, it is stated that the term of waqf is "forever" meaning that there is no specific period. This can be seen in Article 1 number 1 of the Government Regulation and Article 215 paragraph 1 of the Compilation of Islamic Law which contains the phrase "...institutionalize it forever....".

After the reform, Law No. 41 of 2004 concerning Waqf was passed. This law explicitly regulates waqf, consisting of 11 chapters and 71 articles.\textsuperscript{20} The presence of waqf laws in the legal system in Indonesia is based on various considerations, including Waqf practices in society are not yet wholly orderly and efficient, often resulting in waqf assets not being maintained, neglected, or changing hands illegally. This is caused by Nazir's negligence or inability to manage waqf and the community's lack of concern and understanding about the importance of protecting waqf property for public welfare through the aims and functions of waqf. In addition, although waqf has long been practiced in society, its regulation is still incomplete and spread across various laws and regulations. Therefore, as religious institutions with significant economic potential, waqf institutions must be managed effectively and efficiently to support worship and improve general welfare.

As mentioned above, within the many provisions of Law No. 41 of 2004 on Waqf, there are several points that need to be noted, including Article 1, paragraph 1; Article 6, letter f; and Article 21, paragraph 2, all of which refer to the "time period".\textsuperscript{21} The presence of phrases related to the "time period" distinguishes this law from previous regulations. This can be seen in the table below.

\begin{table}
\caption{Comparison of Waqf Time Period in Various Regulations}
\begin{tabular}{|c|c|}
\hline
Regulation & Time Period \\
\hline
Government Regulation & Forever \\
\hline
Compilation of Islamic Law & Institutionalize forever \\
\hline
Law No. 41 of 2004 on Waqf & Special Time Period \\
\hline
\end{tabular}
\end{table}

\textsuperscript{18} Presidential Instruction Number 1 of 1991 concerning the Compilation of Islamic Law
\textsuperscript{20} For its implementation, the government followed up with the issuance of Government Regulation no. 42 of 2006
Definition of Waqf in various provisions

<table>
<thead>
<tr>
<th>PP No. 28 of 1977 Article 1 paragraph 1</th>
<th>Compilation of Islamic Law Article 215 paragraph 1</th>
<th>UU no. 41 of 2004 And PP no. 42 of 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waqf is a legal act of a person or legal entity that separates part of its assets in the form of land and institutionalizes it forever for worship or public needs by Islamic teachings.</td>
<td>Waqf is a legal act of a person, group of people, or legal entity that separates part of their property and institutionalizes it forever for worship or other public purposes per Islamic teachings.</td>
<td>Waqf is a legal act performed by a Wakif to separate and/or hand over a portion of their property to be used permanently or for a certain period according to their interests for religious purposes and/or public welfare by Sharia.</td>
</tr>
</tbody>
</table>

Source: Processed by the author

According to Law no. 41 of 2004 concerning Waqf Article 1 paragraph 1, what is meant by Waqf is the legal act of waqif to separate and/or hand over part of one's property to be used forever or for a certain period in accordance with one's interests for worship and/or general welfare according to sharia.\(^{22}\) This definition provides an understanding that waqf has two parts in terms of time, namely waqf which is valid forever and waqf which is limited to a specific time. This is different from the previous provisions which only recognized waqf that was valid forever. The waqf that is valid forever is when the Waqif has stated his will for waqf according to the assets donated at the waqf pledge assembly and attended by the nazhir, mauquf alaih\(^ {23}\) and at least two witnesses. The ownership status of the mauquf is terminated forever. At the same time, the meaning of waqf with a specific time limit is waqf that is temporary, during the grace period determined by Waqif. When it is due, the mauquf ownership returns to the waqif in its entirety.

Furthermore, the phrase "waqf period" is mentioned in Article 6 letter (f) of Law no. 41 of 2004. Article 6 letter "f", is one of the elements of waqf which must of course be fulfilled. This is strengthened and reaffirmed through Article 32 paragraph 4 PP No. 42 of 2006 concerning the implementation of Law no. 41 of 2004 concerning waqf. In this norm, it is stipulated that the Waqf Pledge Deed (AIW) must at least contain (i) The name and identity of the waqif, (ii) the Name and identity of the nadzir, (iii) the Name and identity of the witness; (iv) Data and information on waqf assets; (v) Allocation of waqf assets, and

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\(^{22}\) Law Number 41 of 2004 concerning Waqf, Article 1 Paragraph 1.

\(^{23}\) Mauquf alaih adalah pihak yang ditunjuk untuk memperoleh manfaat dari peruntukan harta benda wakaf sesuai pernyataan kehendak Wakif yang dituangkan dalam Akta Ikrar Wakaf (Pasal 1 angka 5 PPNo. 42 Tahun 2006)
(vi) Term of waqf. The term here is for a limited time (mu'aqqat) or unlimited (mu'abbad).  

Thus, the legal status of waqf with a time limit based on positive law is clearly permissible, even as a very important element, as proven by the necessity to include it in waqf declaration deed which shows that the legality of the waqf for a certain period is beyond doubt. Therefore, it needs to be underlined and understood that the waqf period according to Law no. 41 of 2004 concerning Waqf emphasizes the importance of separating property by the Waqif to be used forever or for a certain period of time in accordance with the interests of worship and/or general welfare according to sharia.  

And it is concluded that this law recognizes two types of waqf based on time, namely waqf which is valid forever and waqf which is limited to a certain time.

A waqf that is valid forever occurs when the waqif clearly states his will for waqf before the waqf pledge council with certain conditions. After that, ownership of the donated property is lost forever. Meanwhile, waqf with a specific time limit is valid for a period determined by the waqf, and after that time ends, ownership of the waqf assets returns to the waqif.

3. 2 Implementation of Temporary Waqf at the Darul Wakaf Al-Hadiy Foundation

Waqf is an essential instrument in the social and economic development of the people. Waqf can also be interpreted as a form of social financing aimed at developing the people. Even though the validity of waqf is not mentioned directly in the Qur'an, Allah SWT recommends almsgiving, spending for good causes (infaq), and other charities, such as Qs. Al-Baqarah; 215, Qs. Al-Baqarah; 261, Qs. Al-Baqarah; 267, Qs. Al Imran; 92, and Qs Al Hadid; 18. And in principle, waqf was also practised by the Prophet Muhammad SAW. In essence, the practice of waqf reflects a person's submission and devotion to Allah, whose rewards are guaranteed in this world and the hereafter.  

Therefore, the implementation of waqf, both time-term and perpetual, requires in-depth understanding.

24 Explanation of PP No. 42 of 2006 concerning the implementation of Law No.41 of 2004 concerning waqf, article 32 paragraph 4.
25 Ajlaa Ali and Markom, “The Challenges in Implementing Cash Waqf in Malaysia.”
and appropriate management in order to provide optimal benefits for society. Because it is not uncommon in practice to find that waqf property has not yet achieved the shariah goals attached to it. For this reason, in the context of this research, the implementation of term waqf needs to be studied and make the Darul Wakaf Al-Hadiy Foundation the focus of the research. This is because the foundation is one of the pioneers in managing term waqf, especially in the field of Islamic religious education. The Darul Wakaf Al-Hadiy Foundation received a term waqf in the form of one housing unit, which was donated for two years.

According to Dr. Mayurida Nasution, M.Pd the house is used for Islamic religious education activities for the local community, especially for children to learn the Koran and science. The use of this waqf house is very beneficial, providing a positive impact on the local community. However, there are a number of challenges and lessons that can be taken from this experience.

Furthermore, Dr Mayurida Nasution, M.Pd, said that the challenges faced in implementing term waqf management at the Darul Wakaf Al-Hadiy Foundation were related to creating sustainable programs and relatively high rehabilitation costs, often equivalent to rental expenses.

“We face several challenges in managing it, such as difficulties in creating sustainable programs and rehabilitation costs that are often equivalent to rental expenses.”

From the results of the interviews, it is known that there are two main challenges faced in managing the Temporary Waqf, which are "houses or buildings." First, there is difficulty in ensuring that the programs created can continue to run in the long term. Program sustainability is a critical element in waqf management, considering that the main aim of waqf is to provide long-term benefits to society. Second, the costs for rehabilitation or maintenance of waqf assets are often equivalent to the cost of renting those assets. This shows that there are significant challenges in the financial management of waqf assets,

30 Mayurida, Waqf Practitioners, Interviews, Medan June 23 2024
31 Mayurida, Waqf Practitioners, Interviews, Medan June 23 2024
where high operational costs can reduce the economic benefits generated from these assets. This problem can be caused by a lack of good planning in asset management, the physical condition of assets that are old or damaged, and the absence of adequate funding allocation for routine maintenance.

This experience shows the importance of careful thought before accepting temporary waqf. That doesn't mean it can't be managed and utilized well. From this experience, they remain confident and optimistic that better education in the management of term waqf and increasing the competence of nazir can increase its effectiveness. Because based on empirical experience in the field, "a certain period of time for waqf assets" can hinder, threaten or even stop the continuation of the program. On the one hand, rehabilitation costs to create a comfortable and clean place to study also require quite a bit of money. In terms of rehabilitation, for example, the Darul Waqaf Al-Hadiy Foundation spends funds equivalent to rental costs.\(^{32}\)

As in Article 1 number 1 of Law No. 41 of 2004 and Article 28 PP No. 42 of 2006, which regulates the waqf declaration deed, temporary waqf is permitted. However, in its implementation, temporary waqf must be indeed known and understood by the wakif and nazir. Nazir must also consider his ability to manage long-term waqf. If he is not capable, then it is better not to accept it because he is afraid it will cause problems.

Based on the experience of the Darul Waqaf Al-Hadiy Foundation in managing waqf, when compared between managing perpetual waqf and temporary waqf it is better to manage waqf forever because the benefits are extended. The program is sustainable, daring to innovate in management, reduces the risk of failure in management, spends lots of time in program development planning, the administration system is more accessible, Nazir is not anxious when managing, and so on. This was said in the interview as follows\(^{33}\):

"From our experience in managing temporary waqf and perpetual waqf, we are of the opinion that the management of temporary waqf is not optimal. Education is needed to manage term waqf, and the Darul Waqaf Al-Hadiy Foundation, as Nazhir, must continue to improve its competence in managing temporary waqf. Management of temporary waqf and perpetual waqf can be assessed as optimal or not if the nazir has experience in managing waqf, whether term or perpetual."

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\(^{32}\) Mayurida, Waqf Practitioners, Interviews, Medan June 23 2024
\(^{33}\) Mayurida, Waqf Practitioners, Interviews, Medan June 23 2024
The results of these interviews show that there are several essential aspects of the experience and challenges faced in managing waqf, both term and perpetual waqf.

First, experience in managing term waqf and perpetual waqf. Experience in managing both types of waqf is a valuable asset. However, the previous description shows that the management of term waqf is not optimal when compared with perpetual waqf. This is influenced by several factors, especially related to program sustainability and enormous renovation costs comparable to rental expenses. Or caused by a lack of understanding or specific knowledge about future waqf management.

Second, The need for education. Education is the key to improving the management of term waqf. Education can include special training for nazir and dissemination of information regarding best practices in waqf management. With proper education, it is hoped that the nazhir's competence will increase so that they can manage long-term waqf well.

Third, Nazir's role in increasing competence. The Darul Waqaf Al-Hadiy Foundation, as nazhir, is expected to continue to strive to improve its competence. This can be done in various ways, such as undergoing training, certification, and collaborating with other institutions that have more experience in waqf management. This increase in competency will have a direct impact on their ability to manage waqf effectively and efficiently.

Fourth, Evaluation of Waqf Management. Evaluation of Waqf management, whether for a period of time or in perpetuity, is very important to determine whether the management is optimal or not. This evaluation must be based on clear indicators, such as success in achieving Waqf objectives, efficiency in the use of funds, and the positive impact produced on beneficiaries.

Fifth, Experience is a determining factor for success. Experience in managing waqf is one of the critical factors in determining management success. This experience allowed Nazir to understand the various dynamics and challenges that may be faced and develop effective strategies to overcome them. Therefore, Nazirs need to continue to learn from experience, both from previous successes and failures.

Apart from that, if we look at its impact, it is also recognized that the term waqf has significant benefits because it can increase the participation of people who have financial limitations (waqf in the form of money, for example), facilitate the management of waqf with guaranteed funds on a regular basis, and increase the potential for developing waqf.
for programs. However, several negative impacts need to be considered, such as uncertainty in value due to inflation, high administrative complexity in management, potential misuse of funds, and the risk of changing the purpose of waqf. Apart from that, term waqf is also vulnerable to fluctuations in investment value and the risk of investment failure in the projects being carried out.

4. Conclusion

This research found that Law No. 41 of 2004 recognizes the legality of the temporary waqf, providing flexibility for waqifs to hand over assets according to their interests. The implementation of temporary waqf at the Darul Wakaf Al-Hadiy Foundation shows significant benefits for Islamic religious education and the welfare of local communities despite facing challenges in creating sustainable programs, high rehabilitation costs, and administrative complexity. Researchers emphasize the importance of education and increasing Nazhir's competency to manage temporary waqf effectively. Limitations of this study include the focus on a single institution and the lack of in-depth quantitative data. Further research could expand on these findings by evaluating more institutions and using quantitative methods for more comprehensive data.

5. Reference


