



Book Review: Waqf, Effective Arrangement and Governance

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Waqf is one of the Islamic social financial instruments that has great potential in supporting social and economic development, especially in countries with a majority Muslim population. In the context of modern development challenges—such as structural poverty, income inequality, and limited public financing—waqf offers an alternative to sustainable financing based on Islamic philanthropic values. This article develops and synthesizes the main idea of the book *Waqf: Effective Regulation and Governance* (Bank Indonesia & Department of Sharia Economics FEB, Universitas Airlangga, 2016) into a comprehensive review. The discussion included the socio-economic conditions of Muslim countries, the theory and practice of waqf, legal and regulatory frameworks, nazhir governance, waqf support systems, and comparisons of waqf practices in various countries. This article emphasizes that the success of productive waqf is highly determined by the quality of governance, professionalism of nazhir, the strength of regulations, and the integration of waqf in national development policies. With this approach, waqf has the potential to become a strategic instrument in achieving inclusive and sustainable economic development.

OPEN ACCESS

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Received: 11 October 2024
Accepted: 3 January 2025
Published: 19 February 2025

Citation:
(2025) Book Review: Waqf,
Effective Arrangement and
Governance.
International Journal of Waqf
5.1.

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Keywords: Waqf; Productive Waqf; Governance; Nazhir; Islamic Economic Development

INTRODUCTION

Economic development in many Muslim countries still faces the classic problems of poverty, income distribution inequality, and limited access to basic services such as education and health. Data released by the Islamic Development Bank (IDB) shows that most member countries of the Organization of Islamic Cooperation (OIC) have relatively lower human development indicators than developed countries. High poverty rates, low per capita expenditure on health and education, and weak research and innovation capacity are common characteristics that are still inherent in many Muslim countries.

In this context, alternative sources of financing are needed that do not solely depend on the state budget or public debt. One of the instruments that has great potential but has not been optimally optimized is waqf. Historically, waqf has played a significant role in the development of Islamic civilization, especially in classical times, when educational institutions, hospitals, and social infrastructure were heavily funded by waqf assets.

The book *Waqf: Effective Regulation and Governance* published by Bank Indonesia and Universitas Airlangga in 2016 is a systematic effort to re-examine the role of waqf in the context of the modern economy. This book not only discusses waqf from the perspective of fiqh, but also relates it to economic theory, institutional governance, and public policy. This article aims to develop the content of the book into a comprehensive scientific article, so that it can be an academic reference for researchers, policy makers, and waqf practitioners.

The socio-economic conditions of OIC member countries show considerable disparities both between countries and compared to developed countries. Human development indicators—such as life expectancy, literacy levels, and access to health services—are generally still below the global average. High infant mortality rates, low health expenditures per capita, and limited health infrastructure are the main challenges.

Poverty in Muslim countries is multidimensional, not only linked to low incomes, but also limited access to education, health, clean water, and sanitation. The IDB report shows that most of the poor in OIC countries are in the low income and lower middle income categories, indicating high economic vulnerability.

In addition to poverty, income inequality is also a crucial issue. The Gini Index in a number of Muslim

countries shows relatively high levels of inequality, even in countries with large levels of gross domestic product (GDP). This phenomenon indicates that economic growth is not yet fully inclusive.

High inequality has the potential to cause various social problems, such as social jealousy, political instability, and rising crime rates. Therefore, an effective redistribution mechanism is needed to ensure that the benefits of development can be felt by all levels of society. In this context, waqf can function as an instrument of sustainable wealth redistribution.

Concept and Theory of Waqf

Waqf is terminologically defined as the detention of property that can be used without depleting its substance, with the aim of public interest or good in accordance with Islamic law. The main characteristic of waqf is its perpetual nature, where the principal assets must not be reduced or transferred, while the benefits can be used sustainably.

The concept of Waqf, an Islamic endowment, has played a significant socio-economic role throughout Islamic history. It involves the dedication of a property or asset for religious, educational, or charitable purposes, with the benefits derived from it being used for the public good (El-Basyoni, 2011).

Waqf plays a crucial role in enhancing socio-economic welfare in Muslim communities. It supports various sectors, including education, healthcare, and infrastructure, thereby addressing critical social needs. The integration of waqf with modern financial instruments has facilitated greater financial inclusion and sustainability, allowing for innovative funding solutions to tackle poverty and promote community development.

Implications for Modern Governance: The management of waqf institutions faces challenges such as lack of transparency, bureaucratic inefficiencies, and regulatory ambiguities. Addressing these issues is essential for maximizing waqf's potential in contemporary governance and ensuring its alignment with national development goals. Effective governance frameworks are necessary to enhance accountability and operational efficiency within waqf management (Zaib et al., 2025).

In contrast to zakat which is mandatory and consumptive, waqf is voluntary and productive. Waqf also differs from alms and grants because it emphasizes the sustainability of long-term benefits. This characteristic is what makes waqf very relevant as an instrument of development. From an economic point of view, waqf can be seen as an efficient resource allocation

mechanism for social benefits. Productive waqf allows waqf assets to be managed professionally to generate income which is then used for community welfare.

This book relates waqf to modern economic concepts, such as production possibility frontier (PPF) and price stabilization. Through proper management, waqf can expand economic production capacity and help stabilize the prices of basic necessities, especially for low-income groups.

The legal basis of waqf is sourced from the Qur'an, hadith, and the practices of the companions of the Prophet Muhammad SAW. Although it is not explicitly mentioned in the Qur'an, the concept of waqf is reflected in the recommendation to do *jariah* alms. The scholars of the various sects—Hanafi, Maliki, Shafi'i, and Hanbali—have relatively uniform views on the legitimacy of waqf, although there are differences in the technical aspects of its management.

In Indonesia, waqf is regulated through Law Number 41 of 2004 concerning Waqf and various derivative regulations. The establishment of the Indonesian Waqf Board (BWI) is a strategic step to strengthen waqf governance nationally. BWI acts as a regulator, coach, and supervisor of *nazhir*. However, the implementation of waqf regulations still faces various challenges, such as low *nazhir* capacity, weak reporting system, and lack of integration of waqf with the national financial system.

Nazhir is a key actor in waqf management. This book emphasizes that the success of productive waqf is highly dependent on the professionalism and integrity of the *nazhir*. The principles of good governance—transparency, accountability, responsibility, independence, and justice—must be the main foundation in the management of waqf. Waqf asset management includes the process of collecting, developing, utilizing, and distributing benefits. Risk management, internal and external supervision, and the implementation of waqf accounting standards are important elements to maintain public trust.

The development of waqf cannot be separated from an adequate support system, including Islamic financial institutions, accounting and reporting systems, research and development, and the role of universities. Synergy between waqf and Islamic financial institutions opens up opportunities for social financing innovations, such as cash waqf linked *sukuk*. Universities have a strategic role in producing research, innovation, and competent human resources in the field of waqf. With strong research support, waqf can be developed more productively and sustainably.

This book also examines the legal framework and practice of waqf in various countries, such as Malaysia, Sudan, Kuwait, Egypt, and Singapore. This comparative study shows that countries with strong regulations and professional governance tend to be more successful in optimizing productive waqf. The experiences of these countries provide important lessons for Indonesia and other Muslim countries in designing effective waqf policies.

Different countries have adopted various Waqf models to address local socio-economic needs. For instance, Malaysia has a long history of educational Waqf, while countries like Indonesia and Türkiye have developed cash Waqf governance models. Comparative studies highlight the importance of localized models that reflect socio-cultural and institutional diversity.

Waqf remains a powerful instrument in Islamic social finance, with the potential to address contemporary socio-economic challenges through innovative models and effective governance. Its historical significance and evolving applications underscore its role in promoting social welfare and economic equity (Antonio et al., 2021).

CONCLUSION

Waqf has great potential as an instrument of sustainable socio-economic development. However, this potential can only be realized through good governance, strong regulations, and professionalism. This article emphasizes that the transformation of waqf towards productive waqf is a strategic agenda in the development of the modern Islamic economy.

The integration of waqf into national development policies, supported by an adequate support system, will enable waqf to play a role as an alternative source of financing that is inclusive and equitable. Thus, waqf can contribute significantly to realizing community welfare and sustainable development.

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