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Transforming Waqf as a Sustainable Financing Instrument for Education in Indonesia: Opportunities and Challenges

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Abstract
Waqf, as a unique and sustainable Islamic financial instrument, has historically played a critical role in advancing various aspects of societal welfare, particularly in funding essential social sectors such as education and healthcare. Its role goes beyond mere charity and embodies a mechanism that promotes equitable distribution of resources and long-term socio-economic development. In Indonesia, although waqf is deeply rooted in the religious traditions of the Muslim community, its potential to support the education sector remains underutilized and largely untapped. This article highlights the need for innovative models, such as productive waqf and cash waqf, which can serve as alternative solutions to address the chronic challenges of education financing in Indonesia. Drawing inspiration from successful case studies in countries such as Turkey and Malaysia, where waqf has been effectively mobilized to improve educational outcomes, this study extracts valuable insights that can be contextualized and applied in the Indonesian setting. Using a narrative analytical approach, the article explores the latent potential of waqf in addressing systemic funding gaps, while identifying key challenges such as the lack of professional management, limited public awareness, and inadequate regulatory frameworks. The analysis highlights the importance of modernizing waqf management practices to ensure transparency, accountability, and alignment with contemporary socio-economic needs. By fostering collaboration among stakeholders, including government agencies, waqf institutions, and educational institutions, waqf can evolve into a robust mechanism not only for funding education, but also for alleviating poverty, reducing inequality, and improving the overall well-being of society. Effective implementation of these models holds the promise of transforming waqf into a sustainable financial tool that can drive social progress and contribute significantly to national development goals.
Keywords: Waqf, Education, Sustainable Finance, Productive Waqf Model, Regulation.

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1. Introduction

Education is a fundamental human need that ranks alongside food, clothing, and shelter. As a crucial pillar of civilization, education plays a strategic role in improving the quality of life for individuals and society (Wahid & Ismail, 2021). With the rapid advancement in modern times and the increasingly sophisticated industrial revolution, the urgency of education has become even more apparent as the modern world demands a competent and skilled workforce. Education is believed to be a powerful tool for social transformation, enabling individuals to improve their quality of life not only economically, but also socially and culturally. Japan, for example, is an example of the successful use of education as a tool for national recovery after the devastation of World War II. By investing heavily in the education sector, Japan has become a developed country with cutting-edge technology (Nasution, et. al, 2024). In Indonesia, education is expected to play a similar transformative role; however, the sector continues to face fundamental challenges that hinder significant progress.

Indonesia faces significant challenges in its education sector. According to UNESCO's 2020 report, Indonesia ranks 107th out of 189 countries in the Human Development Index (HDI), reflecting serious difficulties in providing equitable and quality education. One of the main problems is the disparity in educational opportunities between urban and rural areas (Yasin, et. al, 2023). In rural areas, many children are unable to complete basic education due to factors such as poverty, limited accessibility, and inadequate educational facilities. Conversely, in urban areas, while access is generally better, the quality of education often falls short of global standards. This disparity is exacerbated by inadequate educational infrastructure, particularly in rural schools, where a lack of libraries, laboratories, and information technology facilities are significant barriers (Rashid, et. al, 2022). Addressing these challenges requires a more inclusive and sustainable approach to ensure that education is accessible to all segments of society.

Funding for education is a pressing issue in Indonesia. Although the government allocates 20% of the national budget to the education sector, this funding is insufficient to meet the diverse and widespread educational needs. A large portion of the budget is spent on operational costs and teacher salaries, leaving limited resources for infrastructure development and quality improvement initiatives (Kemenkeu, 2021). As a result, many schools in remote areas lack adequate facilities such as adequate classrooms, modern learning tools, and access to technology. This disparity further exacerbates the accessibility of education, especially in geographically challenging regions. To overcome these challenges, alternative funding sources that are more flexible and sustainable are needed to support the development of education across Indonesia (Haryati, 2020).

Waqf, as an Islamic financial instrument, offers a relevant and sustainable solution to Indonesia's educational challenges. Historically, waqf has been used extensively to support social sectors, including education. Countries such as Turkey and Egypt demonstrate the success of using waqf to fund universities, schools and various educational institutions. In Indonesia, despite its significant potential, waqf remains underutilized, particularly in supporting education. Most waqf assets are still managed traditionally, which limits their impact. Optimizing waqf assets for education requires a more modern approach, including professional and innovative management, to fully realize waqf's potential in addressing Indonesia's educational challenges (Rashid, et. al, 2022).

As a financial instrument, waqf is unique in its social and sustainable characteristics. Unlike other sources of funding, waqf assets cannot be sold or inherited, but are managed to generate ongoing benefits. This makes waqf highly relevant as a stable and long-term source of funding for education. Research shows that waqf can support various social activities, including the funding of educational institutions in many Islamic countries (Nadia, et. al, 2022). Therefore, professional and innovative management is essential to ensure that waqf assets have a significant impact. By leveraging digital technology and transparent governance, waqf can become a reliable financial instrument to support the sustainability of the education sector in Indonesia.

This article aims to propose a waqf model that addresses various educational challenges in Indonesia. Using a descriptive and analytical approach, this study focuses on exploring the potential, challenges, and opportunities in developing waqf as a solution for education financing. The findings are expected to contribute significantly to formulating sustainable solutions for education financing in Indonesia. In addition, this research aims to provide broader social benefits by encouraging public participation in the productive management and use of waqf to improve the quality of national education.

2. Literature Review

Waqf Empowerment

Etymologically, waqf refers to the act of withholding property or assets so that they can be used according to specific rules. This concept establishes the principle that waqf property cannot be transferred or sold, but is preserved to ensure that its benefits can be accessed continuously. Zaldi dan Tanjung (2023) emphasize that waqf provides an opportunity to generate long-term benefits without diminishing the principal value of the assets. This unique feature positions waqf as an essential tool in Islamic finance that provides sustainable benefits to society. From the perspective of Islamic law, waqf is understood as a legal act undertaken by individuals or groups to permanently dedicate their assets for public welfare (Maulina, et. al, 2024). This permanence makes waqf an important mechanism for addressing social and economic needs in a structured and sustainable manner.

Mundzhir Qahf defines waqf as the allocation of productive assets or resources without the expectation of personal gain. The proceeds of waqf are used for broader social, religious, or community purposes. Similarly, Abu Bakar emphasizes that the primary goal of waqf is to maintain the sustainability of assets by ensuring that these assets cannot be sold, inherited, or gifted. In practice, waqf assets are often managed to generate income that supports productive activities, such as funding education or providing health services (Anggraini, et. al, 2024).

In classical fiqh, waqf is encapsulated in the concept of "ḥabs al-ʻayn wa tasbīl al-manfaʿah," which means to preserve the main assets and channel their benefits to the beneficiaries (Supriana et al., 2024). This principle remains highly relevant in creating sustainable financial solutions. In Indonesia, the potential of waqf is vast, but its use is often limited to traditional activities such as building mosques. By optimizing the management of productive waqf assets through modern approaches, innovative solutions can be developed to address pressing social issues, including the financing of education (Yumna, et. al, 2024). This shift toward modern waqf management not only unlocks the untapped potential of waqf, but also aligns with contemporary financial and social development strategies.

Sustainable Financing

Sustainable finance is a strategic approach that integrates environmental, social, and governance (ESG) factors into financial decision-making. As explained by Kumar, et. al, (2022), the concept aims to create long-term value for society and the environment while ensuring economic stability. In the context of sustainable development, sustainable finance ensures that economic activities do not compromise ecological systems or disrupt social equilibrium. This holistic approach addresses the growing demand for financial practices that prioritize both economic and ethical considerations. By aligning with ESG principles, sustainable finance paves the way for investments that support global sustainability goals.

(Cunha, et. al, 2021) note that the application of social finance in microfinance programs has had a significant impact on the economic empowerment of rural communities. This approach not only increases financial inclusion, but also reduces social inequality. Institutions that implement sustainable

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finance principles demonstrate competitive investment returns without compromising sustainability goals (Zeng, et. al, 2024). As a result, this approach has tremendous potential to create financial solutions that focus on long-term development. By prioritizing investments that balance profitability with ethical and environmental concerns, sustainable finance offers a model for inclusive growth.

(Joshipura, et. al, 2024) emphasize that social finance provides an innovative framework for managing long-term risks, including those associated with climate change and social crises. In this context, the management of waqf funds through sustainable finance principles can deliver substantial benefits to society. Properly managed waqf funds can be utilized to finance social projects, such as education and healthcare, which contribute to sustainable development. This integration of waqf and sustainable finance principles is predicated on the dual objectives of maximizing the social impact of waqf and ensuring the efficient use of resources for enduring societal benefit.

Educational development

Education is defined as a deliberate and methodical endeavor to establish a learning environment that facilitates the optimal development of individuals' potential. (Damayanti & Masduki, 2024) posit that education endeavors to cultivate individuals who are endowed with intelligence, personality, and the proficiencies necessary to contribute meaningfully to society. In a broader sense, education is also a process of changing attitudes and behaviors through interaction between educators and learners (Hasanah & Rofiq, 2024). This dynamic interaction fosters the holistic development of individuals, equipping them with the capacity to navigate and contribute to an increasingly complex world.

(Fathoni, et. al, 2022) education serves not only as a means of knowledge transfer but also as a medium for preserving cultural values across generations. Individuals adapt to their social and cultural environments through the process of education. Furthermore, education plays a crucial role in shaping character and personality, enabling individuals to take active roles in their communities (Putri, et. al, 2023). The cultivation of critical thinking and ethical values through education establishes the foundation for societal progress and cohesion.

In the context of waqf, waqf-based education offers innovative solutions to address the challenges of educational funding. The utilization of waqf has been demonstrated to facilitate the construction of educational facilities, the provision of scholarships, and the support of research initiatives. (Iqbal, et. al, 2024). underscore that, with effective management, waqf in education can function as a strategic instrument to enhance the quality of education in Indonesia. They further underscore that waqf-based education not only enhances access to education but also ensures sustainability in the provision of educational services. This dual benefit underscores the potential of waqf as a transformative force in the educational sector, bridging resource gaps while fostering long-term societal advancement.

3. Research Methods

This study employs a qualitative descriptive approach, emphasizing theoretical and empirical analyses related to the application of waqf in the education sector. This approach was selected because research on waqf in Indonesia, particularly in education, remains limited to theoretical studies without substantial practical implementation in the field. Consequently, this study aims to address this knowledge gap by integrating extant theories with empirical evidence derived from the latest literature and reports indexed in reputable international journals. The descriptive analysis provides a framework to explore the potential, challenges, and solutions for implementing educational waqf in greater depth.

The primary data for this research were collected through a literature review, including academic studies published in Scopus-indexed international journals, as well as official reports from Islamic financial institutions such as the Islamic Development Bank (IDB), Bank Indonesia, and the Indonesian Ministry of Finance. These sources were then subjected to a narrative analytical approach. This methodological decision was made to assess the potential of waqf to function as a sustainable solution for funding education in Indonesia, particularly within a structured management framework supported by adequate regulations. The narrative analysis enables the presentation of data that is not only descriptive but also evaluative, offering critical insights into the role of waqf in addressing educational funding challenges.

To bolster the analysis, this study employs a comparative approach by examining the waqf-based education funding systems in Indonesia and other countries that have successfully implemented such systems. This comparative approach facilitates the identification of pivotal success factors in the management of educational waqf, such as governance structures, government involvement, and community participation. By examining practices in various countries, the research offers strategic recommendations for the development of educational waqf in Indonesia, including efforts to foster synergy between waqf institutions, the government, and the public. Consequently, this study is expected to contribute to the creation of an effective and sustainable educational waqf model in Indonesia.

4. Results And Discussion

Waqf Model in Education

Waqf constitutes a form of permanent voluntary endowment, wherein assets donated by the waqif (donor) are irrevocable and must be managed for sustainable social purposes. Within the context of education, waqf functions as a strategic instrument to support educational financing by providing sustainable resources. These assets can encompass various forms, including land, buildings, cash, or other assets that adhere to Sharia principles (Fathoni, et. al, 2022). The utilization of waqf assets in education facilitates the funding of various educational needs, including the construction of school or university infrastructure, the provision of scholarships, and the enhancement of teaching quality.

A particularly salient model for implementation is cash waqf. Cash waqf offers a high degree of flexibility, allowing individuals or institutions to endow a specific amount of money without physical or geographical constraints. These endowed funds are then meticulously managed by competent waqf institutions, such as the Indonesian Waqf Board (BWI) or other independent waqf entities. These institutions strategically invest the endowed funds in Sharia-compliant financial instruments, including sukuk and Sharia deposits, to ensure optimal returns and impact. The investment returns are then allocated to support the education sector, including teacher salaries, procurement of educational facilities and infrastructure, and scholarships for underprivileged students. (Maulina, et. al, 2024), cash waqf holds significant potential to strengthen educational funding capacity due to its liquidity and the ability to be collectively accumulated.

In addition to the cash waqf model, the productive waqf model is another highly relevant model for supporting educational financing. In this model, waqf assets, including land, buildings, and other properties, are managed productively to generate income. For instance, land owned by the waqf can be used for agricultural purposes, plantations, or commercial developments, thereby generating a sustainable revenue stream (Rashid, et. al, 2022). The income from these assets is then allocated towards financing educational needs, such as school operations, infrastructure renovation, or the development of teaching programs. Examples of productive waqf implementation can be found in several educational institutions in Turkey and Malaysia, where income from productive waqf assets successfully funds scholarships and campus development on a sustainable basis (Fathoni, et. al, 2022).

In Indonesia, the implementation of productive waqf models faces several challenges, including a lack of public understanding about the concept of productive waqf and low trust in waqf management institutions. Addressing these challenges necessitates the implementation of comprehensive public education initiatives aimed at enhancing awareness regarding the potential of waqf. These initiatives should be complemented by enhanced transparency in waqf fund management by relevant institutions (Nadia, et. al, 2022). A report by the Islamic Development Bank (IDB)

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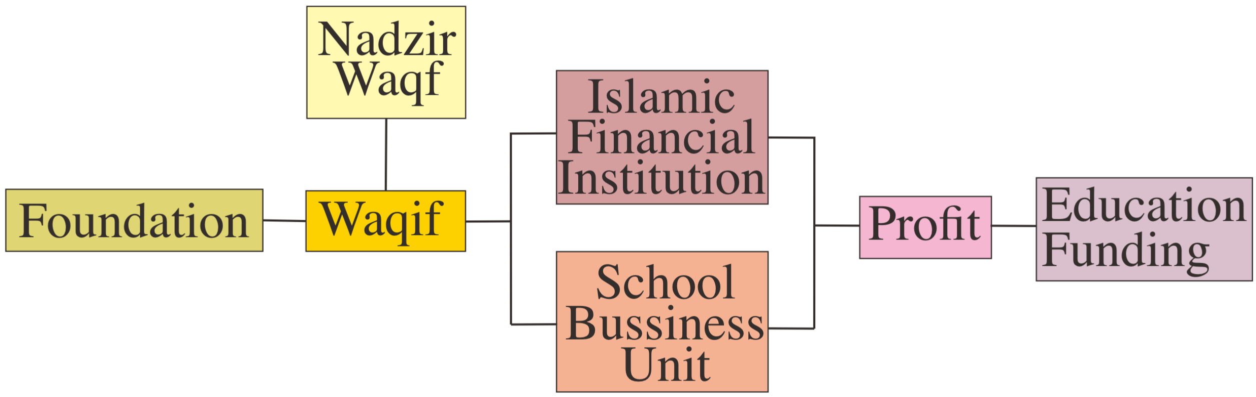
underscores that transparent and accountable management of productive waqf is a pivotal success factor in supporting various social sectors, including education (Maulina, et. al, 2024).

The productive waqf model has been successfully implemented in several countries, including Egypt, which has a long history of managing educational waqf. In Indonesia, the potential for developing this model is substantial, given the significant amount of waqf land that has yet to be optimally utilized.

The following is a waqf scheme that can be applied to overcome funding problems in education:

Picture 1 : Waqf Model For Education



According to the aforementioned scheme, the implementation of waqf in an educational institution necessitates the establishment of a foundation that functions as a legal entity. This foundation plays a strategic role in legitimizing the existence of the waqf nazhir (manager) and acts as a protector and policy regulator. The foundation is also responsible for determining the rights and obligations of the waqf nazhir. The foundation then selects the waqf nazhir, who may be an individual or a group, to oversee the management of the waqf assets entrusted by the waqif (donor). The waqf nazhir is obligated to submit periodic reports to the foundation, detailing the management and utilization of the waqf assets under their care. This ensures the maintenance of transparency and accountability (Faujiah, et. al, 2024).

The waqf assets under management by the nazhir may be invested in Sharia-compliant financial institutions or through independent investments, such as the operation of cooperatives, cafeterias, photocopying services, or computer rentals. In the event that the waqf assets take the form of cash, it is imperative to ensure that the principal value is not diminished. In the event of a loss, the nazhir bears the responsibility to compensate for it. Consequently, the nazhir must possess the necessary competence to select appropriate and profitable investments. The profits derived from these investments can then be reinvested to further expand the waqf assets and provide benefits to all parties contributing to the waqf's management. This ensures the sustainability and social benefits of the waqf continue to be realized.

The Role of Waqf in Addressing Education Funding Challenges

The allocation of financial resources to the educational sector constitutes a persistent challenge within Indonesia's educational framework. Despite the government's allocation of 20% of the State Budget (APBN) to the education sector, the existing needs far exceed current expenditures. This disparity is most pronounced in the unequal distribution of access to educational facilities of adequate quality, a situation that is particularly salient in remote regions. These disparities underscore the pressing need to explore alternative funding sources (Rohana, 2024). In this regard, the waqf emerges as a promising and sustainable solution to support education funding. As Mahmoud Ahmed has stated, "Educational waqf has proven successful in many Islamic countries as a sustainable way to finance

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educational institutions." The utilization of waqf has the potential to strengthen the educational ecosystem by providing stable and long-term funding (As-Shidqy, 2024).

Cash waqf, in particular, is regarded as one of the most adaptable and impactful forms of waqf, contributing to the education sector. Research conducted by the Islamic Research and Training Institute (IRTI) has identified several potential applications for cash waqf, including the allocation of scholarships, the construction of educational infrastructure, and the provision of learning facilities. Furthermore, the strategic investment of these assets in Sharia-compliant instruments has been demonstrated to generate profits, which in turn are allocated to support the operational needs of educational institutions. This model enables waqf to function not only as a funding source but also as a mechanism that ensures the financial sustainability of educational institutions, particularly in regions with limited resources (Sulhan, et. al, 2024).

The administration of educational waqf has exhibited a record of accomplishment in numerous nations. In Turkey, for instance, waqf funds have made substantial contributions to the development of infrastructure and the operations of leading universities such as Istanbul University. This success underscores the notion that the implementation of effective and professional management practices within waqf models has the potential to serve as a fundamental support system for the educational system as a whole. Turkey's experience offers valuable lessons for Indonesia to adopt effective and transparent waqf management systems. The adoption of professional waqf asset management by educational institutions in Indonesia has the potential to reduce their reliance on government funding and traditional donors.

Beyond infrastructure funding, waqf can also play a critical role in addressing inequalities in access to education. A notable illustration of this is the potential of scholarship waqf to facilitate higher education for students from underprivileged backgrounds. Sulaiman's observations underscore the dual benefits of scholarship waqf, namely its capacity to promote economic empowerment and to foster more inclusive access to education (Cunha, et. al, 2021). In Malaysia, the International Islamic University Malaysia has effectively implemented a scholarship waqf model to support academically talented but financially disadvantaged students. This model demonstrates that waqf can effectively reduce social inequalities in education.

Given its vast potential, waqf has the capability to address various challenges in educational funding in Indonesia. However, the successful implementation of waqf in the education sector requires strong regulatory support, professional management, and widespread public awareness of the importance of waqf (Hasanah & Rofiq, 2024). A collaborative effort among the government, educational institutions, and society is imperative to capitalize on the full potential of waqf. By doing so, the Indonesian government, educational institutions, and society at large can ensure the effective implementation of waqf, thereby contributing to the creation of an inclusive, sustainable, and high-quality education system in Indonesia.

The Potential of Educational Waqf (Malaysia & Turkey)

a. Educational Waqf in Malaysia

Malaysia has emerged as a notable exemplar in the effective utilization of waqf for educational purposes, particularly in the context of providing financial support to educational institutions, including universities. Universiti Sains Islam Malaysia (USIM) serves as a salient example of the productive use of cash waqf collected from the community. The funds raised are allocated for the development of campus infrastructure, the enhancement of teaching and learning facilities, and the provision of scholarships to students from underprivileged families. The professional and transparent management of these funds ensures that the returns on cash waqf investments deliver long-term benefits (Yusak, et. al, 2024). This success underscores the potential for waqf to serve as a sustainable and inclusive solution for educational funding.

Malaysia's proficiency in integrating digital technology to support the waqf system is noteworthy. Digital platforms facilitate seamless contributions to cash waqf, ensuring transparency and efficiency.

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This system has been shown to enhance public trust in waqf management institutions and to broaden public participation in supporting education. The integration of technology facilitates the effective management of waqf funds, thereby reducing bureaucracy and enabling real-time public monitoring of fund usage. This approach exemplifies the efficacy of modern methodologies in fortifying the conventional management of waqf to address contemporary demands (Razak, et. al, 2024).

An analysis of Malaysia's success in managing educational waqf reveals that this success is the result of three factors: professional management, supportive regulations, and the utilization of technology. The implementation of transparent waqf fund management and digital innovation has led to an increase in public participation, thereby maximizing the benefits of waqf for the education sector. The model implemented in Malaysia offers valuable lessons for other countries, including Indonesia, to optimize the potential of waqf. With effective adaptation, Indonesia can develop a sustainable educational waqf system that addresses future educational funding challenges.

b. Educational Waqf in Turkey

Turkey is another country that has effectively utilized waqf as a primary source of funding for the education sector. Istanbul University, a prominent institution in the nation's academic landscape, exemplifies the efficacy of productive waqf in enhancing educational opportunities. The university's financial resources are predominantly derived from waqf funds that are meticulously managed by local waqf institutions. Beyond supporting university operations, these waqf funds are allocated toward the construction of secondary schools, libraries, and skill training centers (Ikhyanuddin & Safitri, 2024). Turkey's strategic utilization of waqf, bolstered by a robust management infrastructure, has enabled the provision of enhanced and more sustainable educational opportunities to its population.

The effectiveness of waqf management in Turkey is further bolstered by the presence of robust regulatory frameworks and stringent oversight mechanisms. The government ensures that waqf assets are managed in accordance with their intended purposes and utilized transparently. This oversight includes regular audits to prevent any misuse of waqf funds (Bora & Mehmet). The presence of such regulatory frameworks fosters public confidence in waqf management, thereby stimulating heightened public engagement. This system enables waqf to become a vital pillar in supporting education, creating an efficient and impactful model.

An analysis of Turkey's success in managing educational waqf reveals a multifaceted approach that incorporates professional management, stringent regulations, and a foundation of public trust. This approach positions waqf as a sustainable financial instrument for education. Turkey's management model provides valuable insights for other countries, including Indonesia, that may wish to adopt similar strategies in optimizing waqf. By implementing regulations that support the waqf system and a management style that emphasizes transparency, Indonesia can develop a sustainable educational waqf system that is capable of addressing future challenges in educational funding (Maulidizen, 2024).

Challenges in Implementing Educational Waqf in Indonesia

a. Lack of Public Awareness and Understanding

A significant challenge in implementing educational waqf in Indonesia is the limited public understanding of the waqf concept, particularly with regard to productive and cash waqf. The prevailing perception of waqf is predominantly confined to land or buildings utilized for religious institutions, such as mosques, madrasahs, or cemeteries. This misperception hinders the exploration of waqf's potential in diverse sectors, including but not limited to education, healthcare, and the economy. This limited understanding also results in a lack of public awareness regarding the utilization of cash waqf for the sustainable support of educational financing (Maulina, et. al, 2024). According to data from the Indonesian Waqf Board, a limited segment of the population possesses a comprehensive understanding of the mechanisms and benefits associated with cash waqf, consequently resulting in negligible public contributions to this particular category of waqf. This underscores the necessity for more intensive educational and outreach initiatives to promote the full scope of productive waqf to the general public.

Moreover, there is a conspicuous dearth of public trust in the effective management of waqf assets. This skepticism is further compounded by concerns regarding the transparency and professionalism of waqf management practices, which often leave donors uncertain about the optimal use of their assets (Maulina, et. al, 2024). Research by the Islamic Development Bank (IDB) indicates that deficiencies in asset management and inadequate supervision are the primary impediments to effective waqf administration in various countries, including Indonesia.

b. Regulatory and Supervisory Constraints

Despite being governed by Law No. 41 of 2004 and Government Regulation No. 42 of 2006, the implementation of waqf regulations is encumbered by numerous challenges. A significant deficit lies in the absence of a comprehensive supervisory apparatus to guarantee that waqf assets are utilized in accordance with their designated objectives. The management of waqf in Indonesia is characterized by fragmentation, a phenomenon attributable to the inadequate resources and deficient management competencies of many institutions. Consequently, the full utilization of waqf potential remains impeded (Hasanah & Rofiq, 2024) According to data from the BWI, a negligible proportion of waqf assets are being managed productively. To address this critical issue, it is imperative to implement more detailed regulations, stricter supervisory systems, and enhanced coordination among relevant institutions. Such measures are essential to ensure that waqf asset management is conducted with transparency, accountability, and professionalism.

c. Limited Infrastructure and Waqf Management Resources

Productive waqf management is contingent upon the presence of adequate infrastructure and competent human resources, ensuring that waqf assets are utilized to their fullest potential. Nazir, in their capacity as waqf managers, are expected to demonstrate proficiency in diverse domains, including property management, investment management, and financial management in accordance with sharia principles. This multifaceted expertise is indispensable for the effective and Sharia-compliant management of waqf assets, ensuring that they serve the intended purposes of the donors. However, a significant challenge is the dearth of specialized training among the majority of nazirs in Indonesia, as evidenced by a paucity of formal education and professional development opportunities (Rashid, et. al, 2022). Consequently, a significant proportion of waqf potentials remain underutilized, resulting in suboptimal outcomes that fall far short of their true potential. This dearth of expertise has repercussions that extend beyond the individual nazir, affecting public trust in waqf management institutions and, by extension, reducing public participation in waqf, particularly in the form of productive waqf.

Addressing these challenges necessitates a collaborative effort between the government, educational institutions, and the private sector to provide training and certification for nazir. This training should be meticulously designed to impart a profound comprehension of good governance and pertinent sharia principles in asset management. With adequate training, nazir are expected to enhance their capacity to manage waqf assets transparently, accountably, and professionally (Joshipura, et. al, 2024). Furthermore, waqf management institutions should adopt international governance standards to enhance management efficiency and public trust. Optimized waqf assets, resulting from enhanced management, have the potential to support funding in strategic sectors, such as education, thereby generating a substantial impact on social and economic development.

d. Limited Use of Information Technology in Waqf Management

Information technology plays a crucial role in the efficient management of waqf. In nations such as Turkey and Malaysia, the digital transformation of waqf has been implemented to facilitate the registration, management, and oversight of waqf assets. Conversely, in Indonesia, the integration of technology in waqf management remains underdeveloped, leading to cumbersome and inefficient administrative processes. Addressing this discrepancy necessitates concerted efforts by the government and the BWI to promote digital transformation in waqf management. This can be achieved through the development of online registration applications and transparent monitoring systems (Maulina, et. al, 2024). This approach is expected to enhance the efficiency of management processes and facilitate public participation, including the utilization of cash waqf through digital platforms. Research by Bank Indonesia suggests that the optimization of underutilized waqf assets is achievable through digitalization.

5. Conclusion

Summary

The Waqf has been identified as a potentially sustainable solution for funding the education sector in Indonesia. With effective administration, cash waqf and productive waqf have the capacity to establish a reliable source of funding for diverse educational requirements, encompassing scholarships and the advancement of school infrastructure. Waqf has the potential to function as an alternative funding mechanism, thereby reducing the financial burden on the state education budget while concurrently increasing access to education for the broader community. However, the implementation of educational waqf in Indonesia faces several challenges. A significant challenge pertains to the limited awareness among the public regarding the concept and advantages of waqf. Regulatory limitations, inadequate oversight, and the absence of adequate information technology infrastructure further impede the effective management of waqf. This underscores the necessity for comprehensive enhancements in the regulatory framework, management practices, and public awareness concerning educational waqf.

Addressing these challenges necessitates a collaborative effort among the government, waqf institutions, educational institutions, and the private sector. The enhancement of managerial capacity through training and certification programs, complemented by the digital transformation of waqf management, is poised to represent pivotal advancements in this regard. Case studies from Turkey and Malaysia illustrate the efficacy of waqf management guided by robust regulations and professional governance. The implementation of these best practices in Indonesia holds the potential to optimize the potential of waqf in supporting quality and sustainable education.

Suggestion

It is incumbent upon the government to fortify the regulatory framework pertaining to waqf, with a particular emphasis on management and oversight. The implementation of clearer and more supportive regulations is expected to foster public trust in waqf management, thereby increasing public participation. Furthermore, educational institutions and waqf managers must assume responsibility for disseminating information to the public regarding the significance of cash waqf and productive waqf in supporting the education sector.

The digital transformation of waqf management systems should be accorded the highest priority. By leveraging information technology, waqf management can become more transparent, accountable, and efficient. A collaborative effort between the government and private sector is recommended to develop digital platforms that streamline waqf contributions and track their utilization. This collaborative effort is poised to foster professional waqf management while galvanizing public participation in supporting education through waqf.

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