Financing Higher Education Through Waqf Assets

Gustina *, Hidayatul Ihsan*

Department of Business Administration, State Polytechnic of Padang, Padang *
Campus Limau Manis - Padang

Abstract— Throughout the history, waqf had been witnessed as one of the generators to the development of education in Islam. There are many universities around the world which were supported and funded by waqf assets. Among other things, Al Azhar University, which has been established from the 10th century, is financed through waqf assets. Interestingly, this university could provide free education for many students from all over the world. The success story of Al Azhar University in managing waqf assets supposedly could inspire other Muslim countries to implement the same way. In fact, Indonesia, as the largest Muslim population in the world, is highly potential to develop waqf assets in supporting the higher education. Nevertheless, there are still very limited higher education institutions in Indonesia which are managed based on waqf. On the other hand, the rising cost of higher education demands for an alternative source of funding. Waqf, indeed, could be an alternative as it has been practiced for centuries. This study therefore aims to seek evidence regarding how waqf could support the higher education, in this case in Indonesian setting. Two case studies from two waqf-based universities were conducted. Through in-depth interviews, document reviews and observations, we found that the potential of waqf as the alternative source of higher education financing has not been realized optimally. There are some challenges identified in order to develop a sustainable waqf based university. Thus, this paper proposes some recommendations to both university management and waqf regulator for the future development of higher education waqf in Indonesia.

Keywords: Waqf, higher education, financing, Indonesia

I. INTRODUCTION

Throughout history of Islamic civilization, waqf (plural: awqaf) had played important role in the development of socio-economic aspects of Muslim society. Its foundation was laid down by Prophet Muhammad pbuh and his companions and later waqf had proved to be able to support the government in providing various infrastructures. There were various physical facilities, ranging from the worship places to social needs, were supported by waqf assets. It is not surprising, therefore, waqf is regarded as part of Muslim's life.

Historically speaking, there are many waqf assets were established to foster the development of education. For instance, Al Azhar University in Egypt, is one of the waqf assets established during the Fatimayad dynasty. This waqf asset is still very active in providing free education for many students from all over the world. Other examples of waqf based university among others are Al-Qurawiyn University in Morocco, Al-Muntasiriyah University in Iraq and the University of Cordova in Spain. In fact, in Turkey alone, there were approximately 68 universities established and financed from waqf assets (Mahamood and Ab Rahman, 2015). It indicated that education in Islam cannot be separated from the contribution of waqf. In other words, endowments have contributed significantly to higher education throughout history.

The model of waqf based higher education was later on replicated by many universities in the West. For instance, many well-known universities such as Oxford and Cambridge in England, or Harvard and Yale in the United States, were founded from endowment. Evidently, endowment system in the West is adapted from the waqf model. "... the Oxford and Cambridge universities (the colleges) have adopted the idea of Islamic waqf to initially fund themselves" (Mahamood and Ab, Rahman, 2015: p.436). Indeed, the idea of waqf for higher education is not a new idea, even to the Western society.

Ironically, the idea of making waqf as one of the instruments to finance higher education tends to be neglected among the Muslim Community. In Indonesia, as the largest Muslim country in the world, it seems like there are only few universities that utilize the potential of waqf. The Islamic University of Indonesia, Sultan Agung University and Darus Salam Gontor University are among the few universities in Indonesia which are funded by waqf assets.

On the other hand, one of the problems faced by higher education in Indonesia recently is the budget issue. Although the national budget in 2016 for education is considered breaking the record, which is IDR419.2 trillion or 20% of total national expenditure, the allocation for the Ministry of Research and Higher Education is only 9.4% (Wicaksono, 2015). Out of these, the portion for higher education would be lesser due to the fact that the higher education has merged under the ministry of research and technology recently. Meanwhile, another fact from the higher education which is under the Ministry of Religious Affairs is more apprehensive. Although the total budget allocated in 2016 to that ministry reaches IDR57.1 trillion, the remaining share for the development of higher education was only IDR600 billion (Nursyam, 2016).

The great potential offered by waqf instruments, as well as the fact that Indonesia has a huge number of potential donors (waqif) (Sudiaman, 2014), should be seen as the
II. LITERATURE REVIEW

2.1. Definition of waqf

Indonesia has great potential for the development of more productive endowments for several reasons. One of them is because of the large Muslim population in the world. This endowment has long been recognized by Indonesian Muslims, and even our parents used to kill their own land for the construction of mosques, or for children's recreation and so on. That's just a small sample. No wonder if the land that has been diwakaikan fairly wide in Indonesia.

In his research, Aris, Mujiati and Setyowati (2014) argued that the data collected by the Ministry of Religious Affairs, waqf land in Indonesia has reached 2,686,536,656.68 m2 or equivalent to 268,653.67 Ha spread in 366,595 locations throughout Indonesia. It is really amazing to see not everything is well managed. Of the many waqf land is 40% is used for facilities and infrastructure of worship. The rest has not been optimally utilized. Hafidhuddin (2010) also asserted that the potential of waqf, let alone cash waqf, is much greater than the potential of zakat. He added that the tithe must fulfill the nisab (requirement to do so), but the waqf is no minimum requirement. Everyone can or may do so if they want / want and have something to be represented. Therefore the potential of this waqf is enormous and the awareness of people to do so should continue in the fertilizer.

Literally, waqf means stopping, holding, standing still. Whereas by term, waqf is defined as "Holding certain property and keeping it for the purpose of philanthropy and preventing it from usage other than the intended purpose" (Kahf, 2007). The scholars agree that another term for waqf is sadaqah jariyah, which in a hadith qudsi is stated as one of the deeds that will continue to flow reward, even though the person who gave him has died. Although the term waqf itself is not found in the Qur'an, the practice of giving wealth for the benefit of the people has been exemplified by Prophet Muhammad SAW and his Companions.

In accordance with its purpose that waqf is dedicated to the virtues of the public, nazhir (manager) of waqf should prevent the use of waqf property from things that have nothing to do with the purpose of its establishment (Raissouni, 2001). Sadeq (2002) adds that the ownership of waqf property should not be transferred, but only the benefits of the waqf’s property may be taken. The basis of the formation of waqf is the spiritual basis, namely seeking the pleasure of Allah SWT. Furthermore, although in general the form of wealth of waqf known by the Muslim community is in the form of land and buildings, but according to Kahf (1998) waqf property can be in various forms such as; books, farming tools, farm animals, stocks and possessions, as well as cash.

Wakaf in Indonesia is regulated in Law no. 41 of 2004 on waqf. According to this law wakaf is a waqaf law act to separate and / or hand over some of his property to be used forever or for a certain period according to his interests such as for the purposes of worship or general welfare according to Islamic Shari’a.

The two meanings above (according to Jumhur and UU 41) are almost no difference, the apparent difference is the period of validity, that is, the jumhur ulama say that the waqaf is valid forever whereas according to the Law no 41 waqf may be for a certain period of time.

2.2. Various Kinds Of Waqf

Based on the purpose of its establishment, waqaf can be categorized as khakari waqaf (wakaf general), wakaf expert (wakaf family) and wakaf mushtarak (mix between khairiy and waqaf experts) (Abdel Molsin, 2009). Waqf khairiy is a waqaf devoted to the welfare of the people, while the waqaf is dedicated by the wakif (the giver of waqaf) for the children and their descendants. Wakaf mushtarak, which is a combination of wakaf khairi and waqaf experts, usually formed by way of the part that is destined for the public and partly intended for wakif offspring.

While Raissouni (2001) grouped wakaf based on its function into wakaf for worship, such as mosque, and facilities used for worship, education endowments, such as universities and schools, and social welfare waqfs, such as health facilities, clean water sources, and facilities other common. Apart from the above classification, the existence of waqf is expected to be a means to facilitate public access to facilities that become basic needs, such as health, education, worship and others (Sadeq, 2002).

From both the above references can be concluded that the actual implementation of this waqf with the aim can be different, depending on the intention of the person who menghakafkannya. As long as it does not conflict with the value of Islamic Shari'a, why not.

2.3. Benefits of Waqf

Waqf that is prescribed in Islam has two dimensions at the same time, religious dimension and social economic dimension. The religious dimension due to waqaf is a recommendation of the religion of God that needs to be practiced in the life of the Muslim community, so the wakif (the person representing) is rewarded from him. While the socio-economic dimension can help and mutual tolerance.

Already since the time of the Prophet proved that waqaf can provide benefits not only to fellow Muslims but also felt the benefits by Non-Muslim. The Egyptian waqf (Wakaf), a world-renowned and long-standing institution of endowments, has been collecting and utilizing waqf funds on an ongoing basis. The collected endowment funds have been utilized for economic empowerment of the poor, establishing hospitals, free medicine, establishing educational institutions and even developing science and technology. All facilities are not only presented to Muslims, but also can be enjoyed by Non-Muslims. To be more specific, in the encyclopedia
of Islamic law (cited By DEPAG RI) stated that the benefits of wakaf is very real, among others:
1. Maintain the State's wealth and keep it from being sold
2. Maintain ancestral heritage and keep the family together
3. Wakaf property family is always new and dynamic according to the development of time and age.
4. Wakaf is well managed and productive benefits will be returned to his family.
5. Wakaf treasures will continue to survive even if the country is in a state of economic crisis, because the wakaf's property must be kept and maintained forever

Seeing the above, there is no slight harm caused by the implementation of this waqf. For the wakaf (wakif) get reward from Allah, while for the recipient or the managers (nazhir) get benefits.

2.4. Wakaf Management In Indonesia

Quoting UU No. 41 on wakaf which is the legality of wakaf in Indonesia affirms that the management of waqf is implemented by nazhir (the party who receives the wakaf property) from wakif (the donor of wakaf). The law also states that nazhir (wakaf management) includes 3 parties, i.e. individuals (waqifs are left to someone who is given responsibility for managing them), the organization (both legal and legal).

There are several matters set forth in UU No 41, part of 42, 43 and 44 in relation to the utilization of waqf properties, namely:
1) Nazhir is obliged to manage and also develop the wakaf property in accordance with its purpose, function and appropriateness.
2) Management and development of wakaf property by nazhir must be implemented according to Islamic shari'a.
3) Management and development of wakaf property must be done productively.
4) In the management and development of wakaf property is needed guarantor, then that will be used is the institution of the sharia guarantee
5) In connection with the development of this wakaf, Nazhir is prohibited from altering allotments of wakaf property except, obtaining written permission from BWI (Indonesian Waqaf Board - a national wakaf management institution in Indonesia).

Indonesian Waqf Board is a wakaf management institution that specifically manages wakaf in the form of fixed asset (fixed asset) or cash waqf that operates nationally. The main task of this institution is to coordinate the existing nazhir-nazhir and manage independently of the waqf property entrusted to it. For wakaf in the form of fixed assets that have been in the community need to be secured (in the sense of being given / registered ownership for wakaf) so as not to cause things that are not desirable later on. BWI also conducts supervision and also helps, both in terms of financing, coaching, and in supervision of nazhir to manage wakaf productively.

2.5. Wakaf /Endowments Able to Support the Institute of Education

Internationally, Indonesia is still not optimal enough in the management of waqf, compared to Muslim countries in the world such as Egypt, Turkey, Saudi Arabia, Algeria, Malaysia and even a minor Muslim Singapore. They are better able to manage wakaf in a productive direction. For example, Singapore's waqf asset is worth nearly 250 million singapore dollars. They manage with MUIS (Islamic Council of Islamic Scholars) who create a subsidiary named Wakaf Real Estate Singapore (WARRES) (Kholis 2012).

In Indonesia, the management of waqf for educational purposes has also been carried out as well as in Egypt (Al-Azhar University). There are several wakaf institutions that have been known to manage wakaf professionally for educational purposes such as Yayasan Wakaf Board of Islamic University of Indonesia Yogyakarta, Yayasan Wakaf Agency of Sultan Agung Semarang, Wakaf Institution Foundation Pondok Modern Gontor Ponorogo and Yayasan Hasyim As'ari Ponorogo.

There is little / limited research on the use and management of waqf for the benefit of this education. Budiharjo (2011) has studied the management of productive endowments in Pondok Modern Darussalam Gontor, Ponorogo, which is considered successful in managing waqf funds for educational purposes. Another literature on the success of this management is still in the pursuit.

III. RESEARCH METHODS

This research employed qualitative approach with case study as the research design. More specifically, this study falls into interpretive paradigm, which requires a good understanding and interpretation of the researchers on what the individuals in the organization are doing. Furthermore, there is no hypothetical-deductive model testing, since it is a character of quantitative research approach.

The researchers, therefore, selected Islamic University of Indonesia (Universitas Islam Indonesia) in Yogyakarta as a case. The reason for choosing this case is because this university is one of the oldest university in Indonesia founded based on waqf. Basically, the justification for the selection of this case cannot be seen as sampling method. In qualitative research case selection is based more on theoretical aspects, not statistical sampling methods (Eriksson and Kovalainen, 2008).

In conducting this research, the researchers used various methods, that is, through in-depth interviews, observation and document review. The use of various data sources is expected to help the researchers to understand more deeply the issue under study. Furthermore, data is analyzed through thematic analysis.

IV. ANALYSIS AND DISCUSSION

4.1. Profile of Badan Waqaf UII (Waqf Board of Islamic University of Indonesia)

Based on the book History and Dynamics of Islamic University of Indonesia, Waqaf Board of Islamic University
of Indonesia (hereinafter referred to as BW UII) is - a legal entity which aims to carry out Islamic da'wah through education in order to create a national leader that can bring prosperity to society (Muhsin et al., 2003). The main objective of BW UII was to facilitate the ideals of the founders of the State of Indonesia to have an Islamic university after the independence of Indonesia. Therefore, for the sustainability of the Islamic university, BW UII is responsible for mobilizing resources from Indonesian society, especially Muslim community in the form of waqf, infaq and alms.

Officially BW UII was established on December 22, 1951. However BW UII already existed at the time of establishment of Islamic High School (STI) in 1945. STI is the embryo of UII which was established in Jakarta on July 8, 1945. Due to the political conditions at that time, then STI then moved to Yogyakarta. On December 14, 1947 STI was later changed to UII.

In the period 1945 to 1951 the management of UII can not be said to run so well. Lack of facilities and human resources, led to two faculties namely the Faculty of Religion and the Faculty of Education then taken over by the Ministry of Religious Affairs and the University of Gadjah Mada. Only after BW UII was inaugurated as a legal entity, UII management was determined to be more serious in university management.

Wakaf asset that was first received by BW UII is a set of furniture which then placed at the office of Waqf Board. Over time, BW UII managed to develop the wealth of wakaf owned. As a result, UII currently has an integrated campus in Jalan Kalurang, Yogyakarta. In addition to this campus, UII still has several other campuses scattered in various places in Yogyakarta. All of which is the development of wakaf property managed by BW UII since its establishment.

BW UII is the highest authority in the management of Islamic University of Indonesia. Although UII is basically still led by the rector, but the rector is structurally responsible to BW UII. Most of the staff at BW UII are part-time workers, as most of them are also lecturers at UII. Only a handful of staff handling clerical jobs are working as full timers. This condition has some effect on the performance of BW UII because the lecturers will only be in BW office if they are not teaching. Although this problem is also realized by the management of BW UII, but they think this is the best choice. The reason is that based on experience BW UII never put independent people in the management structure, but because they do not understand how to manage a university, causing internal conflict in BW UII body at that time.

4.2. Waqf Management at BW UII

As presented above, the core activity of BW UII is providing education through waqf assets. Besides education, BW UII is also involved in other activities i.e. business and managing cash waqf. However, since education is the main activity of BW UII, the other two activities are addressed to support education. In managing waqf activities the executive officer is represented by a unit named waqf office. Waqf office handles all activities relating to waqf such as the registration of waqf land at the Office of Religious affairs until the certificate of waqf land is issued. The head of waqf office is appointed by executive officer and is responsible to it.

Initially, in its first establishment, BW UII was only concerned in managing the university. Later on, management of BW also manages various levels of education such as kindergarten, senior high school, and Islamic boarding school. Indeed, BW UII does not provide free education or low rate tuition fee for the students. Even though BW UII claimed that they have contributed to the success of the education process in Indonesia, compared to other two big Islamic universities in Yogyakarta i.e. Muhammadiyyah University Yogyakarta (UMY) and Ahmad Dahlan University (UAD), UII has imposed higher chargers.

Beside education, BW UII also is involved in several businesses which are managed by its holding i.e. PT UNISIA. PT UNISIA used to manage some businesses such as real estate and publishing. However, those businesses did not succeed, the real estate faced bankruptcy charges currently. It was not disclosed during the interview how much loss the real estate business has incurred. In addition to real estate and publishing, recently BW UII built an international hospital as one of its business units. This hospital is hoped to contribute financially and academically for the university. Financially is in terms of money earned from hospital whereas academically to support medical students who are doing their practical study.

Most of waqf received by BW UII was fixed asset such as land. Nowadays, there are several waqf lands which have been used to build university buildings.

<table>
<thead>
<tr>
<th>Locations</th>
<th>Wide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kalurang (Main campus)</td>
<td>25 hectare</td>
</tr>
<tr>
<td>Cik di Tiro</td>
<td>2000 m²</td>
</tr>
<tr>
<td>Demangan</td>
<td>1500 m²</td>
</tr>
<tr>
<td>Condong Catur</td>
<td>4000 m²</td>
</tr>
<tr>
<td>Taman Siswa</td>
<td>4000 m²</td>
</tr>
<tr>
<td>Sorowajan</td>
<td>2000 m²</td>
</tr>
<tr>
<td>Bantul</td>
<td>1500 m²</td>
</tr>
<tr>
<td>Argomulio</td>
<td>1700 m²</td>
</tr>
<tr>
<td>Gunung Kidul</td>
<td>2800 m²</td>
</tr>
<tr>
<td>Borobudur</td>
<td>2700 m²</td>
</tr>
<tr>
<td>Cangkringan</td>
<td>2400 m²</td>
</tr>
</tbody>
</table>

Actually, the original size of those lands were smaller than the current size. However, for the purpose of the campus area development, the management of BW UII decided to acquire adjacent lands by purchasing the surrounding lands. Recently, BW UII has just received five pieces of waqf land in several locations i.e. in Bantul, Argomulio, Gunung Kidul, Borobudur and Cangkringan.
Those waqf lands are still in the process of being certificate. This is quite surprising, because BW UII had never received waqf land in the last five years. Although BW UII has just received those waqf lands, it cannot be said that this achievement is due to a systematic effort. The staff of waqf office admitted that the head of waqf office is influential rather than promoting waqf marketing, so the people are willing to donate their property.

Moreover, starting from 2003 BW UII has decided to manage the cash waqf. Most of the wāqif of cash waqf are from the alumni of UII. Waqf funds collected will be allocated to three purposes i.e. hospital, student hostel and developing main campus of UII. However, so far the waqf funds collected have not been used except IDR 80,000,000 which was spent to build computer labs. While the remaining waqf funds are still in the bank amounting to about IDR 120,000,000. There is no specific reason why those funds have not been used, perhaps due to the management of cash waqf which was stagnant lately.

BW UII does not restrict minimum amount on how much one can donate money as cash waqf. There are various amounts of cash waqf received ranging from IDR 150,000 to IDR 80,000,000. The wāqifs can donate their money in two ways, whether to be banked-in or direct delivery to BW UII office. After receiving cash waqf from wāqifs, BW UII will issue certificate for every receipt. Cash waqf certificate will be signed by the chief executive officer of BW UII. The following figure presents the procedure of cash waqf receipt at BW UII.

BW UII is a business entity. It is in accordance with UU No. 41/2004 on Wakaf where wakaf in Indonesia can take the form of individual or corporate body. In managing wakaf, BW UII pay more attention to the "traditional" endowment assets, namely land, although recently BW UII also tried to manage the money wakaf. BW UII management feels that managing the university is not without cost, so it is worth getting the surplus gained. Therefore, the management of BW UII assumes that there is nothing wrong if they charge more students than other Islamic universities provided that it can provide good quality education.

Although BW UII claims that they have contributed to the development of education in Indonesia, ironically other universities that never claim themselves as wakaf are able to provide cheap tuition for students. It may be argued that BW UII has provided good quality education. But the problem BW UII should not impose all costs to students in providing education. It seems that BW UII enjoys earning from school fees and has no motivation to find other sources of funding. Evidently, in 2004, BW UII can collect more than Rp 97,500,000,000 from students in one academic year. This amount is almost equal to almost 95% of total revenue received during the year. So it is not surprising that the number of students applying to university has decreased significantly in the last three years.

Poor students unable to pay tuition. Ironically, BW UII claims that the establishment of the university was inspired by Al-Azhar University of Cairo (Muhsein et al., 2006). In fact, Al-Azhar University provides free education for students without neglecting the quality of education itself.

It seems that the management of waqf in BW UII tends to be stagnant lately. BW UII management is not very concerned in collecting new waqf assets. Although currently BW UII has just received some land waqf, its performance seems intentional, not by systematic effort. It also indicates that BW UII has mismanaged the waqf assets causing the loss of some of the wakaf assets.

It is interesting to note that BW UII has several advantages as a mutawalli company. Given the fact that it has been running for more than fifty years, BW UII should have more experience in managing wakaf. In addition, BW UII has benefited from the name of the university which is the oldest university in the country. In addition, most of the staff at BW UII have a credible academic background in which most of them hold a master's degree; with several PhD degrees. Moreover, many staff at BW UII have been working there for over twenty years, so they have more experience. In addition, BW UII has many networks and maintains good relations with government institutions. So they can benefit from the relationship to improve the management of waqf. However, the fact has shown that BW UII is not advanced in managing wakaf in Indonesia, although they have many advantages to do so. Although in the initial establishment of BW UII showed remarkable intention to contribute to the improvement of education in Indonesia, but recently their activity in managing endowments are not too impressive, and tends to stagnate.

V.CONCLUSION

It is undoubtedly true that waqf possess a huge potential in supporting higher education. Historically speaking, waqf had contributed significantly to the development of many universities around the world. This fact subsequently had inspired many countries to implement the same. BW UII is among the universities which adopted the success story of waqf based university of Al Azhar. In its initial years of establishment, the spirit of wakaf was very strong where the founders of the university had eagerness to collect and manage waqf assets from various sources. Throughout the time, it seems like the spirit of the waqf has declined. The surplus from managing university seems to stray the mutawalli from the origin of waqf. Thus, it is important to keep the wakaf spirit on the track so that could repositionate waqf to its initial intention.

REFERENCES

2. Amir, Mu'allim, 2015, The Effect of Wakaf Management In Egypt Against The Management of Wakaf Treasures Education In Indonesia (Study
Against Ijtihad In Management Of Endowments Of Education In UUI And Pondok Modern Gontor), Akademika, Vol 20 No. 01 Jan-Jun 2015.


9. Kholis, Nur; 2012; Endowments and Efforts to Generate Their Potential Productively In Indonesia, In Indigenous Islamic Laws; Yogyakarta: PPS-FIAI UUI.


15. UU no. 41 of 2004 on wakaf in Indonesia.


18. https://tebuireng.online/yayasan-hasyim-asyari/