

PRODUCTIVE WAQF AND SOCIO-ECONOMIC DEVELOPMENT: A CASE STUDY OF NAHDLATUL ULAMA INDONESIA

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ABSTRACT

This article analyses the productive waqf within a waqf agency classified as a nonprofit institution with a traditional Islamic faith-based organisation, namely Nahdlatul Ulama (NU), Indonesia. A qualitative methodology was utilised, specifically through interviews with the waqf board, waqf managers, and the beneficiaries of waqf projects aimed at the socio-economic development of the Muslim community. The findings show that NU's traditional Islamic identity does not signify a dismissal of contemporary management and organisational strategies; instead, these strategies are adapted to optimise the

productivity of waqf assets. The waqf agency's affiliative or non-hierarchical organisational aspect significantly contributes to its productivity, surpassing its structural part's role and influence. Second, the waqf projects undertaken by NU encompass and beneficially influence all sectors of socio-economic development. Fundamentally, although the project's principal emphasis is education, it has expanded to encompass all socio-economic sectors. Third, a study of both opportunities and challenges suggests that this waqf agency should augment its efforts to optimally leverage its internal strengths, particularly the number of members and sympathisers, in the context of cash waqf collection and empowerment.

Keywords: *productive waqf, nonprofit institution, traditional Islamic faith-based organisation, socio-economic development, Nahdlatul Ulama*

INTRODUCTION

Waqf is a long-term public financing instrument for the Muslim society throughout its history. It has a significant function compared to other types of instruments to meet the short-term needs of the Muslim society, such as zakat.¹

In its recent development in the modern era and after the end of colonialism in the Islamic world, waqf agencies (*nāzhir-mutawallī*) comprise, first, state-based institutions through the Ministry of Awqāf, such as in Middle East countries, and the State Islamic Religious Council (SIRCS) in Malaysia. This institution plays a significant role in the administrating, regulating, and supervising of properties within the respective states. The primary role focused on the sole trustee of assets and funds.² Second, the Corporate waqf-based. These institutions are defined as the confinement of liquid money, shares, profits, dividends by founder(s), mainly individuals, companies, corporations, organisations or institutions, and dedication of usufruct to societal welfare of society.³ For example, there

¹ Khalil Abdur-Rashid, "Financing Kindness As a Society: The Rise and Fall of the Waqf As a Central Islamic Philanthropic Institution (Awqāf)," *Journal of Muslim Philanthropy and Civil Society* 5, no. 1 (2021): 49–67, <https://doi.org/10.2979/muslphilcivisoc.4.3.03>.

² Siti Mashitoh Mahamood, *Waqf in Malaysia: Legal and Administrative Perspectives* (Kuala Lumpur: University of Malaya Press, 2006).

³ Norma Md Said and Ahmad Zamri Osman Saim Kayadibi, Zarinah Hamid, Muhammad Yusuf Salem, Salina Kasim, *The Role of Corporate and Public Entities in Managing Waqf*

is Hamdard Pakistan Laboratories founded in Karachi by Hakim Mohammad Saeed in 1947 and Waqf An-Nur Corporation in Johor, Malaysia.⁴ Third, Nonprofit waqf-based Institution. As a Nonprofit Institutions (NPI), waqf consisted of: (a) organisations that; (b) are not-for-profit and, by law or custom, do not donate any surplus resources to the owners; (c) institutionally distinct from government; (d) self-governing, and; (e) non-compulsory.⁵ The NPI may take a variety of legal or organisational forms, such as association, foundation or corporation, Non-governmental organisation (NGO) and are established for various purposes, including Dompot Dhuafa, Indonesia and Islamic Aid Malaysia.⁶ The last waqf agency is an individual-based entity, as stipulated by the Indonesia Waqf Act 2004, which specifies that this institution must consist of a minimum of three individuals.

Each of the waqf agencies above has challenges that, in some aspects, are the same and present in every agency, including taxation-related problems between the mother company and subsidiary, the form of dividend payment, infirmity of stock price, legal constraints of current regulatory settings, narrow mindset of major stakeholders, and lack of awareness and understanding among the general public.⁷ Generally, waqf problems include human resources, poor and missmanagement, legal aspects especially regarding waqf registration, and funds to develop waqf assets and properties.⁸ One of the solutions implemented in the context of State-based institutions is the establishment of public agencies, for instance Kuwait Awqāf Public Foundation and Yayasan Waqaf Malaysia, that responsible for

Institutions in Muslim Countries (Selangor: The International Institute of Islamic Thought, 2018).

- ⁴ Susumu Nejima, "Evolution of a Waqf-Based NGO: Hamdard Foundation in Pakistan," in *NGOs in the Muslim World: Faith and Social Services*, ed. Susumu Nejima (London: Routledge, 2017); Waqf An-Nur, "Hijrah Dan Islah Laporan Tahunan 2022 Waqf An-Nur Corporation Berhad," 2022.
- ⁵ H.K. Salamon, L.M. and Anheier, "The International Classification of Nonprofit Organizations: ICNPO-Revision 1, 1996," *Working Paper of Johns Hopkins Comparative Nonprofit Sector Project, No. 19. The Johns Hopkins Institute for Policy Studies*, (Baltimore, 1996), <https://doi.org/10.1002/nml.4130060310>.
- ⁶ Hari Candra and Asmak Ab Rahman, "Waqf Investment : A Case Study of Dompot Dhuafa Republika , Indonesia," *Jurnal Syariah* 18, no. 1 (2010): 163–90; Nurul Aini et al, "Waqf Management in Islamic Nonprofit Organization: A Case of Al Waqf Lil Hayah," in *The Management of Waqf Concept, Development, Issues*, ed. Muhammad Ridhwan Ab. Aziz M. H. A. Natasha Mazna Ramli (Negeri Sembilan: USIM Press, 2018), 148–62.
- ⁷ Abdul Jalil Omar et al., " Current Issue in Corporate Waqf in Malaysia ," *Advanced Science Letters* 24, no. 5 (2018): 3045–51, <https://doi.org/10.1166/asl.2018.11315>.
- ⁸ Sulistyowati et al., " Issues and Challenges of Waqf in Providing Healthcare Resources ," *Islamic Economic Studies* 30, no. 1 (2022): 2–22, <https://doi.org/10.1108/ies-09-2021-0034>.

resolving challenges encountered when managerial activities are performed by Awqāf ministry or the centralized state, to prevent discouraging effect.

Nonprofit waqf-based Institution (NPI) is one of the waqf agencies that requires more extensive study, because in the context of Indonesia, the number is large, reaching 524 organisations.⁹ These institutions play an important role in waqf management. Some of them were established before Indonesia's independence, for instance, Muhammadiyah and Nahdlatul Ulama. These institutions also represent how waqf is managed by the third sector or civil society, which, according to Amy Singer, waqf institutions themselves are the genealogy of NGO entities in the modern world.¹⁰

One characteristic of Nonprofit waqf-based institutions in Indonesia is Islamic faith-based organisations representing specific Islamic ideological orientations, namely traditionalist and modernist Islam, which are believed and followed by their members and sympathizers (mass). Traditionalist Islam is represented by several organisations that also manage waqf, including Nahdlatul Ulama, Persatuan Tarbiyah Islamiyah (PERTI), and Jam'iyah al-Washliyah. In contrast, modernist Islam is represented by Muhammadiyah and Persatuan Islam (PERSIS).

Differing responses to modernity primarily cause the classification between modernist and traditionalist Islam in Indonesia, the role of religious authority, and the integration (or rejection) of local traditions. Modernists advocate for scriptural purity, rationalism, and reform. At the same time, traditionalists emphasize preserving established religious scholarship and local religious culture.¹¹ This division has shaped the landscape of Indonesian Islam and is reflected in the major religious organisations and their approaches to religious practice and social issues, especially on waqf management. In a global context, institutions that qualify within the traditionalist Islam category include Tablighi Jamaat and The Deobandi Movement in India, which has the traditional Islamic educational institution Darul Uloom Deoband, whose existence is also supported by waqf.

⁹ Ministry of Religious Affairs, Republic of Indonesia, "Ministry of Religious Affairs Republic Indonesia's Waqf Information System," 2022, <http://siwak.kemenag.go.id/>.

¹⁰ Amy Singer, "Waqfs Faith-Based Islamic Institutions before Modern NGOs," in *NGOs in the Muslim World Faith and Social Services*, ed. Susumu Nejima (New York: Routledge, 2016), 18–25.

¹¹ Faisal Ismail, "Tradisionalit Muslims and Modernist Muslim in Indonesia: Past and Present," *Al-Jami'ah: Journal of Islamic Studies* 51 (1993).

This article examines issues and challenges faced by a traditionalist Islamic organisation as one of the waqf agencies (nāzhir), namely Nahdlatul Ulama, within its waqf projects for socio-economic development. It consists of several sections, starting with an introduction, research methods, and a literature review focusing on productive waqf, followed by discussion and conclusion.

RESEARCH METHOD

The article applied a qualitative approach with a case study where primary data were obtained from interviews, while secondary data were retrieved from literature reviews. The semi-structured interview was conducted with the head and members of the Council of Waqf and Land (*Lembaga Wakaf dan Pertanahan*) of the Central Board of Nahdlatul Ulama (R1, R2), managers of NU's waqf project (R3, R4, R5, R6), a waqf expert (R7), and the beneficiaries (R8, R9). The literature review was accomplished using a thematic approach to productive waqf and NU's waqf landscape. Thematic analysis was used to examine the trend of themes in the literature review, specifically the issue and challenge of productive waqf practice within NU's socio-economic waqf projects in three major Indonesian cities: Yogyakarta, Jombang, and Malang. A SWOT analysis was also added to analyse issues and challenges to obtain appropriate strategic recommendations.

LITERATURE REVIEW

1. Productive Waqf Between Traditional and Modern Management

Waqf (pl. awqāf) is regarded as the paramount institution that established the cornerstone of Islamic civilization, intricately linked to Muslims' religious life and social economy. The majority of the public sector, including mosques, schools, hospitals, markets, and inns, was funded through *awqāf*.¹²

One of the concepts derived from the waqf revitalisation project in the modern era is productive waqf. Although if examined in the database, this concept is widely circulated and used in the Indonesian waqf landscape. More specifically, this word is mentioned in the Indonesian Waqf Act No. 41 of 2004, chapter 43, which states that the management and development of waqf property by the nāzhir is carried out in accordance with Sharia

¹² Muhammad Zubair Abbasi, "The Classical Islamic Law of Waqf: A Concise Introduction," *Arab Law Quarterly* 26, no. 2 (2012): 121–53, <https://doi.org/10.1163/157302512X629124>.

principles and productively. The reasons why the term was adopted as a waqf regulatory framework by the Indonesian government (Ministry of Religious Affairs) is because the performance of the nāzhir was unsatisfactory in the context of developing waqf assets and properties.¹³ Dissatisfaction with several unproductive waqf issues includes idle assets, especially land, incompetent and unprofessional nāzhir, and the cost issue to financing its asset.¹⁴

Some schemes for managing productive waqf that are written in the explanation of the Act include collection, investment, production, partnerships, trade-commerce, agribusiness, mining, industry, technological advancement, building construction, apartments, flats, supermarkets, shops, offices, educational facilities, healthcare facilities, and other pursuits that align with Sharia principles.¹⁵ Ultimately, cash waqf was chosen and became the focus of this productive waqf program.¹⁶ Considering its potential in Indonesia, which reaches IDR 181 trillion per year, but with a collection realisation of only about IDR 3.5 trillion, especially from the Muslim middle class, which has the potential to be developed to support this cash waqf scheme for productive waqf.¹⁷

In a global context, productive waqf is popular under the term “*al-awqāf al-istismāriyah*” or “*al-muntijah*”, which was introduced by Monzer Kahf in his book “*Al-Waqf al-Islāmī Tutawwaruhu, Idaratuhu wa Tanmiyyatuhu*”. This involves placing funds and productive assets in isolation from personal disposal of their entities and dedicating their benefits

¹³ Jaih Mubarak, *Wakaf Produktif* (Bandung: Simbiosis Rekatama Media, 2008), 15.

¹⁴ R. M. Qudsi Fauzi et al., “The Challenges of Empowering Waqf Land in Indonesia: An Analytical Network Process Analysis,” *International Journal of Ethics and Systems* 38, no. 3 (2022): 426–42, <https://doi.org/10.1108/IJOES-03-2021-0061>.

¹⁵ Republic of Indonesia, “Indonesian Waqf Act 41 2004” (n.d.), 11.

¹⁶ Hidayatul Ihsan, “Waqf Development in Indonesia: Current Landscape and Future Trends,” in *Waqf Development and Innovation*, ed. Umar A. Oseni and Syed Nazim Ali (New York: Routledge, 2021), <https://doi.org/https://doi.org/10.4324/9781003158073-2>.

¹⁷ Badan Wakaf Indonesia, “The Chairman of the Indonesian Waqf Board Reveals the Potential of Waqf of IDR 400 Trillion,” 2025, [https://www.bwi.go.id/11361/2025/07/21/ketua-badan-wakaf-indonesia-ungkap-potensi-wakaf-rp400-triliun/#:~:text=Menurutnya%2C%20potensi%20wakaf%20nasional%20mencapai,181%20triliun%20Rupiah%20per%20tahun.](https://www.bwi.go.id/11361/2025/07/21/ketua-badan-wakaf-indonesia-ungkap-potensi-wakaf-rp400-triliun/#:~:text=Menurutnya%2C%20potensi%20wakaf%20nasional%20mencapai,181%20triliun%20Rupiah%20per%20tahun.;); Rindawati Maulina, Wawan Dhewanto, and Taufik Faturohman, “Upper-Middle-Class Muslim Characteristics on Cash Waqf (Islamic Endowment) Participation for Productive Purposes: Does One-Fits-All Strategy Still Works?,” *Journal of Islamic Accounting and Business Research* 16, no. 4 (2025): 722–47, <https://doi.org/10.1108/JIABR-04-2023-0134>.

or advantages to specific charitable personal, social, religious, or public purposes.¹⁸ Kahf's definition of productive waqf reflects how waqf management must adapt to the landscape of modern social and political developments, such as the adaptation of waqf institutions within the concept of the nation-state and the innovation of endowment models in the Western with institutions like trusts and foundations. Nevertheless, he does not deny that the traditional waqf management approach that the nāzhir has used is also a category of productive management, just like waqf management by the state through the Ministry of Awqāf, and management carried out by the descendants (dhuriyah) either independently or under court supervision.¹⁹ This is exemplified by the Hamdard Waqf and the Ihsan Waqf, which demonstrate innovative uses of the traditional waqf structure to provide a variety of charitable and welfare services.²⁰

In the Indonesian waqf landscape, we see that productive waqf tends to be understood as the economic value added from the waqf property itself. Therefore, the utilisation of traditional waqf for mosques, tombs, and *madrāsas* does not represent economic value added. In fact, from the perspective of the maqāshid sharīah of waqf, the existence of waqf-based madrasahs for hundreds of years has benefited many Muslim communities in terms of human development in the education sector, for example, Al-Azhar University and *Pesantren Gontor*.²¹ A mosque built from waqf and used for worship is part of developing the well-being dimension, which includes spirituality. However, we believe that productive waqf should be developed in relation to its economic and social dimensions, which has had an impact so far. Meaning that it's also a social productive.²²

¹⁸ Monzer Kahf, *Al-Waqf Al-Islāmī Tathawuruhi Idāratuhu Wa Tanmiyyatuhu* (Damascus: Dār al-Fikr, 2000), 17.

¹⁹ Monzer Kahf, "Idārāh Al-Awqāf Al-Istismāriyah," n.d., https://monzer.kahf.com/papers/arabic/idarat_al-awqaf_al-istithmariya.pdf.

²⁰ Muhammad Zubair Abbasi, "Waqf in Pakistan: Rebirth of a Traditional Institution," 2019, 1.

²¹ Magda Ismail Abdel Mohsin and Aminuddin Maruf, "Smart Waqf City for Education – an Experience In Darussalam Gontor, Indonesia," in *Awqaf-Led Islamic Social Finance: Innovative Solutions to Modern Applications*, ed. M. M. Billah (New York: Routledge, 2021), 207–17; Yakubu B. Hassan Mahadi Ahmad, "Funding the Sub-Saharan African Education Sector with Waqf: Experiences from Al-Azhar University and Selected Universities in Malaysia," *Journal of Creative Writing* 1, no. 2 (2015): 40 – 54.

²² Raditya Sukmana and Ascarya and Muhamad Nadrattuzaman Hosen, "Integrated Social and Productive Awqaf in Indonesia," in *Awqaf-Led Islamic Social Finance: Innovative Solutions to Modern Applications*, ed. M. M. Billah (New York: Routledge, 2021), 245–59.

Several prerequisites must be met to establish waqf as a productive asset: 1. The necessity for a legislative framework that delineates waqf institutions and organisations, articulates the role and purpose of waqf, and establishes social regulations concerning the economics and the safeguarding of waqf assets; 2. The necessity for substantial reforms in waqf management, specifically regarding waqf investment, to achieve two goals: (a) to enhance the efficiency and productivity of waqf assets; and (b) to reduce the occurrence of fraud and corruption by a waqf manager (nāzir); 3. The necessity to establish waqf networks that can advance waqf development and present waqf opportunities to benefactors; 4. The necessity for technical support, managerial oversight, and financial resources in waqf administration to enhance the productivity of waqf assets; 5. The requirement for a master plan or strategy framework in each region to optimize the deployment of waqf assets for maximum benefits and services.²³

Some scholars propose a productive waqf model that can be applied, particularly in the context of waqf in Indonesia. Ascarya and Hosen propose the determinants of simple productive waqf in Indonesia are the waqf institution, productive waqf asset to be developed, how to finance the productive waqf, how to manage the productive waqf and the compliance of productive waqf. There are five schemes of simple productive waqf including: a) cash-waqf and self-managed model; b) Islamic bank financing and self-managed model; c) Sukuk and external partnership model; d) cash-waqf and external partnership and; e) cash-waqf + co-financing and external partnership. The best simple productive waqf model is cash-waqf and self-managed model, namely nāzhir, as the holder of the waqf land must either raise a new direct cash waqf, then enter into a property development contract with a building contractor, and pay fees in accordance with the progress of construction. Following completion of construction, the nāzir manages the rental and maintenance of the building. The net profit derived from rents is used for social and reinvestment programs. For example, the waqf land on which a commercial building, shop-house, rental-house, or others are built.²⁴

²³ Kahf, *Al-Waqf Al-Islāmī Tathawuruhi Idāratuhu Wa Tanmiyyatuhu*, 74–75; Tika Widiastuti, “Waqf Productive Efficiency: Evidence From Yayasan Badan Wakaf Sultan Agung, Semarang,” *Advances in Social Science, Education and Humanities Research (ASSEHR)* 98 (2018): 178–85, <https://doi.org/10.2991/icpsuas-17.2018.39>.

²⁴ S. Ascarya, A., Hosen, M.N. and Rahmawati, “Designing Simple Productive Waqf Models for Indonesia,” *International Journal of Ethics and Systems* 33, no. 3 (2022): 380-401., <https://doi.org/https://doi.org/10.1108/IJOES-07-2020-0101>.

Productive waqf schemes can also encompass the education sector, particularly within the context of Islamic education (i.e., madrasas and *pesantren*), by combining commercial and social economy approaches.²⁵ The development of this productive waqf scheme can also be expanded, ranging from community economic empowerment,²⁶ productive forest waqf²⁷, to halal tourism²⁸.

2. Nahdlatul Ulama Waqf Studies

Several scholars conducted waqf study in Nahdlatul Ulama within the scope of its structural and cultural-affiliative organisation, covering several topics including Islamic law, management, and *pesantren* (Islamic boarding school/seminary) self-reliance. Methodologically, the study of Islamic law on waqf, specifically in the tradition of the *Bahtsul Masā'il* and as a fatwa institution in Nahdlatul Ulama, could not be separated from the Shafi'i school perspective. This perspective experienced a shift in typology, ranging from restrictive-textual (1926-1997) to eclectic-textual (2004), by allowing *talfiq* to determine the permissibility of cash waqf and progressive-contextual (2006) through a *fiqh manhajī* method to accept the Indonesian Waqf Act 41 of 2004. The study of *fiqh* of waqf was important within Nahdlatul Ulama, whose religious ideology was oriented towards *tamadhub* and influenced the practice in its environment.

In terms of practical management at the organizational structural level, Abdul Qoyyum et. al discussed the success of waqf and the Land Council of Nahdlatul Ulama Yogyakarta Provincial Board in managing cash waqf, benefitting university students through scholarships and economic

²⁵ Ratih Winarsih, Atika Rukminastiti Masrifah, and Khoiril Umam, "The Integration of Islamic Commercial and Social Economy Through Productive Waqf To Promote Pesantren Welfare," *Journal of Islamic Monetary Economics and Finance* 5, no. 2 (2019): 321–40, <https://doi.org/10.21098/jimf.v5i2.1065>.

²⁶ Imamul Hakim and Muhammad Sarif, "The Role of Productive Waqf in Community Economic Empowerment: A Case Study of Muhammadiyah Regional Board of Lumajang, East Java, Indonesia," *Journal of King Abdulaziz University, Islamic Economics* 34, no. 2 (2021): 41–54, <https://doi.org/10.4197/Islec.34-2.3>.

²⁷ Khoiril Umam et al., "Striking the Balance: Fiqh Bi'ah and Productive Waqf Forests (PWFs) for Sustainable Forest Management in Indonesia," *Journal of Islamic Accounting and Business Research*, no. September 2025 (2024), <https://doi.org/10.1108/JIABR-03-2024-0090>.

²⁸ Lu Mutmainah, "Optimizing Productive Waqf for Halal Tourism Development," *Journal of Islamic Accounting and Business Research*, no. September (2025), <https://doi.org/10.1108/JIABR-02-2023-0062>.

empowerment.²⁹ At the Nahdlatul Ulama cultural-affiliative level, Tebuireng was a *pesantren* founded by KH. Hasyim Asyari, who became a role model in waqf management and was initially managed traditionally. Tebuireng achieved independence in various socio-economic sectors, despite its genealogy as a traditional Islamic education institution (*pesantren*).³⁰ The management by Tebuireng also spread to other Nahdlatul Ulama cultural-affiliative entities such as the Unisma Foundation in Malang, East Java, which managed waqf for education and succeeded in developing waqf into other socio-economic sectors.³¹

DISCUSSION

1. Waqf Administration and Governance Within Nahdlatul Ulama

Nahdlatul Ulama (abbreviated as NU) was founded in Surabaya (now the capital of East Java) on 16 Rajab 1344 H/31 January 1926 AD by a group of Islamic scholars who aimed to practice Islam according to the *Ahlus Sunnah wal Jamā'ah* school of Islamic thought. These scholars were led by *Kiyai Hājj* (KH.) Hasyim Asy'ari (1871-1947) and KH. Wahab Chasbullah (1888-1971). In Arabic, NU implied “awakening of Ulamā.” The birth of NU, according to Chairul Anam, was a response not to Muhammadiyah as an Islamic puritan and reformist but to the evolution of the Wahābi movement in Saudi Arabia, which threatens traditional Islamic practices such as pilgrimage to the tombs of holy saints and the scholarly authority of Islam within the four schools of Islamic law (*madhhab*).³²

²⁹ Dede Dennis, Abdul Qoyum, and Muhammad Prima Sakti, “Determinant of Cash Waqf Nahdatul Ulama (Case of Muslim Students in Indonesia),” *Madania: Jurnal Kajian Keislaman* 22, no. 1 (2018): 19, <https://doi.org/10.29300/madania.v22i1.886>.

³⁰ Miftahul Huda, “Wakaf Dan Kemandirian Pesantren Dari Tebuireng Hingga Gontor,” *Islamica* 7, no. 1 (2012); Muhammad Widyarta Wijaya Raditya Sukmana, “Peran Wakaf Produktif Dalam Pemberdayaan Kemandirian Ekonomi Pondok Pesantren (Studi Kasus Pesantren Tebuireng Yayasan Hasyim Asyari Jombang),” *Jurnal Ekonomi Syariah Teori Dan Terapan* 6, no. 5 (2019): 1072–85; A Faozan and H Supratno, “Membangun Ketahanan Dan Pengembangan Pondok Pesantren Melalui Manajemen Wakaf Di Pesantren Tebuireng, Jombang,” *MAZAWA Journal of Zakat and Waqf* 3 (2022): 31–50.

³¹ Vika Annisa Qurrata et al., “The Implementation and Development of Productive Waqf in Indonesia: Case at Malang Islamic Hospital,” *Humanities and Social Sciences Reviews* 7, no. 4 (2019): 533–37, <https://doi.org/10.18510/hssr.2019.7471>.

³² Choirul Anam, *Pertumbuhan Dan Perkembangan Nahdlatul Ulama* (Solo: Jatayu, 1985); Robin Bush, *Nahdlatul Ulama & the Struggle for Power within Islam & Politics in Indonesia* (Singapore: ISEAS, 2009).

NU is the most significant Islamic movement in Indonesia with a mass following (members and sympathizers) of 59% of the total Muslim population in Indonesia affiliated with NU's understanding of Islam.³³ The Objective of NU as written in Chapter 4, Article 8 of the Statue of NU 2015, was an Islamic religious social organisation (*Jam'iyah Dīniyyah Islāmiyyah Ijtimā'iyah*) aimed at creating societal benefits, national progress, and enhancing human dignity. The objective of NU was to implement Islamic teachings adhering to the *Ahlus Sunnah wal Jamā'ah* school of thought, aiming for a just society that promoted the benefit and well-being of individuals as well as the creation of mercy for the universe.³⁴ To achieve this objective, the existence of NU cannot be separated from the waqf entity. This was demonstrated at the beginning of its establishment with a waqf board, namely the Waqfijah Council Hoofdbestuur Nahdlatul Oelama (DWHBNO), chaired directly by KH. Hasyim Asyari.

The waqf management within NU was delegated to a distinct entity in the organizational structure, specifically *Lembaga Wakaf dan Pertanahan* (LWPNU)-Waqf and Land Affairs). Administratively, waqf in NU could be mapped into the category of dual administration, either centralized or decentralized. Centralization could be observed in waqf policy made by LWPNU, and the effort to tidy up the administration and save NU waqf assets for the legality of ownership was in the name of NU legal entity. Decentralization occurred when the organizational structure under LWPNU (regional to the branch level) managed the waqf entrusted to NU. Structurally, it referred to NU's official organizational structure from the main board to the branches, specifically in the scope of LWPNU, as well as the businesses operated in education, health, social, and economy. Examples included NU University of Surabaya, East Java, Siti Hajar Islamic Hospital, Sidoarjo, East Java, and NU Bintan Sa'adillah Al-Rasyid Orphanage, NU Provincial Board of Yogyakarta.

Non-structural or cultural decentralization referred to organisations or institutions affiliated with NU, such as major *Pesantren* (Islamic Boarding School) in Java, including Lirboyo and Tebuireng in East Java, Malang Islamic University, and Sabilillah Mosque in Malang, East Java. Affiliation implied that the organisations or foundations shared the same Islamic ideology with NU's basic characteristic *Ahlus Sunnah wal Jamā'ah An-Nahḍiyah*. In this non-structural affiliative scheme, there was no line of

³³ Alvara, "Alvara Research Centre, Indonesia Moslem Report 2019: The Challenges of Indonesia Moderate Moslems" (Jakarta, 2017).

³⁴ Pengurus Besar Nahdlatul Ulama, "Anggaran Dasar & Anggaran Rumah Tangga Nahdlatul Ulama" (2015).

command between LWPNU and *Pengurus Besar Nahdlatul Ulama* (PBNU-central board), especially in terms of authority and finance, to the affiliative organisations. Generally, NU's affiliative organisations are more numerous than those directly under the NU structure, thus their roles are more significant. This can be seen in the number of social business units or institutions NU owns in the following table.

Table 1: List of Social-Business Units of NU

Unit	Items	Total	Notes
Islamic Boarding School (<i>Pesantren</i>)		23.000	NU & Affiliative (<i>Yayasan</i>) organisation
School	Kindergaten (<i>Raudatul Athfal</i>)	9.986	NU
	Elementary School (<i>Sekolah Dasar-SD/Madrasah Ibtidā'iyah-MI</i>)	964	NU
	Junior High School (<i>Sekolah Menengah Pertama-SMP/Mts-Madrasah Tsanawiyah</i>)	540	NU
	Senior High School (<i>Sekolah Menengah Atas-SMA/MA-Madrasah 'Aliyah</i>)	311	NU
University/College		29	NU
		2	Affiliative (<i>Yayasan</i>)
		253	Affiliative (<i>Yayasan</i>)
Hospital, clinic		42	NU
Orphanage		143	NU
Islamic Microfinance Institution		153	NU
Total		35.423	

Source: Authors of the study. See notes.³⁵

³⁵ Nahdayul Ulama, <https://rmi-nu.id/>; <https://nu.or.id/warta/muslimat-nu-dki-rayakan-harlah-ke-64-di-istora-senayan-mAHPn>; <https://lptnu.or.id/>;

The table shows that the number of NU structural socio-economic institutional entities is smaller than the number of its cultural institutions in the form of foundations. This NU-affiliated cultural foundation, is most prevalent in the education sector, particularly in *pesantren* with primary, secondary, and higher education units. These *pesantrens* are primarily supported by waqf assets and properties. However, due to their large number, it is difficult for NU to coordinate them directly and structurally, mainly since each *pesantren* is led by a *Kyai (ulamā)* who has independent authority and autonomy and cannot be intervened by other authorities, including intervention in productive waqf management.³⁶ Some exceptions include the cases of the *Pesantren Sidogiri* and *Pesantren Tebuireng* (both affiliated with NU), because the personal vision of the *ulamā (kyai)* regarding productive waqf and economic self-reliance was already embodied since the *pesantren's* founding.³⁷

2. Nahdlatul Ulama Productive Waqf Projects and Socio-economic Development

This section explains the waqf projects carried out by NU, covering socio-economic dimensions, including education, health, economy, and well-being. Nahdlatul Ulama, as a traditional Islamic institution, has existed for a century by 2023, which cannot be separated from the full support of waqf entities. The management of waqf in NU is carried out by its organizational structure, which has branches nationwide throughout Indonesia, under a special council called the Council of Waqf and Land Affairs, whose organizational hierarchy ranges from provincial to district levels. In addition, waqf in NU is also more prominently played by affiliated organisations outside its structural hierarchy. NU's affiliated organisations consist of many foundations that oversee *pesantren* led by a *Kyai (Ulamā)* or other educational institutions such as universities and mosques. Because the *Ulamā (or Kyai)* play an essential role as the holders of the highest authority and guardians of the *Ahlu Sunnah wal Jamā'ah* ideology, the spirit of NU

<https://www.nu.or.id/nasional/capaian-pbnu-di-bidang-pendidikan-kesehatan-ekonomi-jQK32>; <https://www.nu.or.id/nasional/inilah-puluhan-ribu-amal-usaha-muslimat-nu-d4MCV>; accessed 10 June 2024.

³⁶ Azzam Musoffa, "The Dynamics of Acceptance And Resistance to Productive Waqf: A Case Study of Mathali'ul Anwar and Al-Ishlah in Lamongan," *Miqot Jurnal Ilmu-Ilmu Keislaman* 48, no. 2 (2024): 188.

³⁷ Sukmana, "Peran Wakaf Produktif Dalam Pemberdayaan Kemandirian Ekonomi Pondok Pesantren (Studi Kasus Pesantren Tebuireng Yayasan Hasyim Asyari Jombang)."

to achieve its goals and unite the affiliated organisations.³⁸ We confirm that the strength of traditional Islamic institutions lies at the cultural or non-structural hierarchical level, which is different from modern institutions with a more substantial structural role.

The management of waqf in NU can be observed through the many waqf projects carried out by its structural institutions and affiliates, covering all dimensions or sectors of socioeconomic development. Starting from education, health, economy, and social well-being.

The education sector, a fundamental component of NU is represented by numerous *pesantren* (Islamic Boarding Schools) built and developed based on waqf assets. The *pesantren* is the oldest Islamic educational institution in Indonesia. *Pesantren* Tebuireng, located in Jombang, East Java, is one of the largest NU *pesantren*, established over a century ago. Founded by KH. Hasyim Asy'ari, also the founder of NU, in 1899 AD. *Pesantren* Tebuireng originated from the waqf of KH. Hasyim Asy'ari, comprising a 280 m² piece of land and the building. The endowment was formally recorded in the waqf document called "*Surat Boendel Damae Keacoran*" (Joint Decree of the Heirs), signed by all heirs on October 30, 1947, three months following KH. Hasyim Asyari's death on July 25, 1947. In 2021, a hundred years later, the total area of the Tebuireng waqf land increased to 434,904 m². The Tebuireng educational institution and its branch units, including the elementary school, junior high school, senior high school, the Institute of Islamic Tradition (*Ma'had Aly lil-Hadīts*), and Hasyim Asyari University, are located on this waqf area. The aggregate number of students, encompassing university students in 2023, is 9,251.³⁹

Pesantren Tebuireng is classified into the category of NU affiliated institutions, because the NU founder founded it. Before there was an organizational unit responsible for the Tebuireng endowment, namely the *pesantren* Tebuireng Endowment Board (*Badan Wakaf Tebuireng-BWPT*), waqf was managed by the treasury of the *Pesantren* as the *nāzhir* representing the *Pesantren* leadership.⁴⁰

³⁸ Robin Bush and Greg Fealy, "The Political Decline of Traditional Ulama in Indonesia: The State, Umma and Nahdlatul Ulama," *Asian Journal of Social Science* 42, no. 5 (2014): 536–60, <https://doi.org/10.1163/15685314-04205004>.

³⁹ A. Mubarak Yasin and Fathurrahman Karyadi, *Profil Pesantren Tebuireng* (Jombang: Pustaka Tebuireng, 2011), 112.

⁴⁰ Interview with R6.

The waqf assets and properties of Pesantren Tebuireng become productive in three primary usage. First, the main and supporting infrastructure for education. This included dormitory buildings, numbered around 12, such as Wisma Kalla, Wisma Solekhah, Wisma Saifuddin Zuhri, and Wisma KH. Muhammad Ilyas, as well as Gedung Suryokusumo. School buildings, including classrooms, Hasyim Asy'ari University, Ma'had Aly (Institute) complex, and dormitories were also part of this infrastructure. Second, Social Business Units. This consisted of several types of businesses, the most significant being Catering Services, a crucial unit that served the daily needs of *santri* (students). The units included the following: Catering Services for the students called "Jasa Boga", Baitul Māl wa Tamwīl (Islamic Microfinance) "Tekad Mandiri", Santri Mart Tebuireng, Vocational training workshop (sewing and convection), Store outlets in the Tebuireng Cemetery complex, Publishing unit and bookstore, Islamic Rural banks "*Bank Pembiayaan Rakyat Syariah Lantabur Tebuireng*" (investment), Micro Waqf Bank "Tebuireng Mitra Sejahtera", Health clinic (*Pesantren Health Centre*), Hasyim Asy'ari Hospital, *Zakāh, Infāq, and Ṣadaqa* Institution (*Lembaga Sosial Pesantren Tebuireng-LSPT*). Third, agriculture and plantation, where the waqf land is cultivated with sugarcane in collaboration with the sugar factory located in front of the *pesantren*. The waqf benefits from this utilisation, which is used to expand the waqf land of Tebuireng and to support the institution's operations, especially during the leadership of KH. Yusuf Hasyim.⁴¹ Fourth, the cemetery complex where the founder of NU, KH. Hasyim Asyari (also known as an Indonesian National Hero), and Gus Dur (Abdurrahman Wahid), former president of Indonesia (the grandson of KH Hasyim Asyari), are buried. This cemetery is visited by around 1.2 million pilgrims annually, providing other economic impacts, especially from the cash waqf collected.

The utilisation of waqf assets and properties in Tebuireng shows the diversification of waqf, whose original entity and core is educational waqf, developing and encompassing all socio-economic sectors, from health to economy to social well-being. Productive waqf is represented by the business units of *pesantren* whose orientation is indeed profit-making, such as waqf land leased to third parties for profit sharing. Moreover, the profits from this scheme are used to add new waqf assets. This means the model proposed by Ascarya⁴² was implemented earlier at Tebuireng, in the 1980s. The benefits of waqf also extend to the beneficiaries in terms of improving access to education and increasing life expectancy through healthcare

⁴¹ Interview with R6, R8.

⁴² Ascarya, A., Hosen, M.N. and Rahmawati, "Designing Simple Productive Waqf Models for Indonesia."

services, enhancing the economic well-being of the community around the *pesantren*, and maintaining the dimension of Islamic spirituality as part of the Muslim's well-being state.⁴³ Moreover, productive waqf managed by the *Pesantren* Tebuireng includes halal tourism, namely the Masyāyikh Tebuireng tomb complex, which has the potential to be visited by the pilgrims each year.⁴⁴

The health sector is also a focus for NU in making productive use of its waqf assets and properties through establishing of hospitals and clinics in various regions of Indonesia, particularly in East Java Province. One of the NU hospitals based on waqf from its affiliated entity is Hospital Unisma Malang which received productive waqf empowerment assistance from the government in 2006, known in classical waqf *fiqh* as *irṣād*. The amount of the aid was IDR 2 billion (USD 127,276.80) with a pledge to develop Hospital building. Shortly thereafter, this cash waqf was realized in the form of productive waqf building for VIP in-patient care with 11 rooms rented to RSI Unisma (*ijārah*) and by 2011 reached the break-even point (BEP). VIP here refers to Very Important Person or the upper middle class segment. Then principal waqf fund of IDR 2 billion was returned to the Ministry of Religious Affairs by *nāẓir*, however, the Ministry returned the cash waqf to add to the construction of VIP-patient rooms, increasing them to 15 rooms, and a minimarket (mart) named "Al-Khaibar mart."⁴⁵

Healthcare waqf productive program namely Construction of Very Important Person [VIP] Patients Rooms, Hospital (*Rumah Sakit*) Unisma Malang, East Java, has diversification benefits including healthcare service to the patients and the people/society, Health education and literacy, development of medical tools and hospital building, Business Unit, additional income for the welfare of the people, and also social donation. The initial entity of waqf is health, but it has intersecting impacts on all socio-economic sectors (education, economy, and social well-being). The details are as follows: the waqf benefits (20%) from renting out rooms and mart profits are distributed to the beneficiaries, including the mosque board and Quran teacher, 10% for the board of *nāẓhir* (Unisma Foundation), and 70% for hospital operations, including the tuition of hospital management. Also, the beneficiaries are the patients, not only VIP patients but also general patients, especially during the COVID break, with a total of 1.2

⁴³ Neva Goodwin, *Microeconomics in Context* (New York: Routledge, 2019), 55.

⁴⁴ Mutmainah, "Optimizing Productive Waqf for Halal Tourism Development."

⁴⁵ Interview with R4.

million patients served over the 16 years of the VIP room's operation. The Faculty of Medicine at Universitas Islam Malang students can also intern in this VIP room. Through the profits of Al-Khaibar Mart, which had seven branches in 2014, the employees also received job opportunities and wages, thereby improving their welfare.⁴⁶

The waqf hospital of RSI Unisma demonstrates that modern management supporting productive waqf is being implemented appropriately, enabling the creation of other new waqf assets and property entities outside its original health waqf sector, namely in the economic sector in the form of a mart. Additionally, through networking with other NU cultural affiliate institutions,⁴⁷ the impact of productive waqf can be expanded, including the establishment of new mart branches, despite experiencing a decline in revenue during the COVID-19 pandemic. In this case, productive waqf refers to a cash waqf that is directly used to build waqf assets in the form of hospital buildings, and after reaching the break-even point, is used to build other waqf assets.⁴⁸

The economic sector also becomes an area where NU waqf and property are utilised productively to achieve the organisation's goals. Two NU waqf projects for the economic sector are the Productive Waqf Building of the NU district branch of Banguntapan, Bantul, Yogyakarta, and the micro-economic empowerment project based on cash waqf by the NU Provincial branch of Yogyakarta. NU's Banguntapan office building is categorized as productive because the building, which stands on waqf land, is used for multiple purposes, starting with the NU secretariat office on the ground floor. In contrast, the first floor above it is rented out to store outlets. Income generated from the store outlets is used not only to finance the organisation's operations but also been able to purchase an ambulance to serve the community's health needs. The assets of the land and building waqf also benefit the store tenants who gain advantages due to its strategic location on the main connecting road.⁴⁹

The Council of Land Affairs Yogyakarta is carrying out the cash waqf-based economic empowerment project for 132 informal entrepreneurs using the soft loan (*qardhul ḥasan*) scheme. Most micro-scale entrepreneurs are *Nahdliyyīn* (NU congregation) living in rural areas. The soft loans come

⁴⁶ Interview with R4, R9.

⁴⁷ Kahf, *Al-Waqf Al-Islāmī Tathawuruḥu Idāratuhu Wa Tanmiyyatuhu*.

⁴⁸ Ascarya, A., Hosen, M.N. and Rahmawati, "Designing Simple Productive Waqf Models for Indonesia."

⁴⁹ Interview with R6.

from cash waqf benefits managed by the Sharia Regional Development Bank of Yogyakarta in collaboration with the NU provincial nāzhir of Yogyakarta. Technically, this soft loan is given to micro-entrepreneurs in several stages. After the recipients of the first wave complete repaying their loans, the next loans are given to the recipients in the second to third stages. Each wave consists of 44 people with soft loans of IDR 1 million (USD 100) for each one.⁵⁰ Interestingly, NU Islamic scholars (*Kyai-ulamā*) play an essential role as facilitators of this soft loan scheme, from selecting entrepreneurs as the recipients and distributing the loans, to evaluating the performance of that small businesses. NU nāzhir chose the scholars (*Kyai-Ulamā*) as facilitators of this economic empowerment because the entrepreneurs (the recipients) are members and congregants of the *Majelis Ilmu* led by those scholars.⁵¹ Clearly, this program has a significant impact on improving economic welfare, particularly the income of small business entrepreneurs.

What the nāzhir of NU provincial Yogyakarta (structural) is doing in this case is optimising productive waqf, which is the benefit from cash waqf managed by Islamic Banks for community economic empowerment in the microfinance area.⁵² One of the impacts is poverty reduction because the recipients of the soft loan from this cash waqf are micro-scale entrepreneurs from the NU congregation (members and sympathisers). Interestingly, this productive waqf project involves *kyai* (ulamā) who, in Islamic economic development theory, play a significant role as important actors alongside the government and the community.⁵³ In this context, these ulamā are more aware of the economic conditions of their congregations based on their direct interaction when teaching Islam to them, while also ensuring that this soft loan adheres to the Sharia principles.

The last socioeconomic sector for the productive utilisation of NU waqf assets is well-being. A complex of waqf mosques that NU manages

⁵⁰ Sohīb Jamaludin, “Dokumen Pemanfaatan Dana Bagi Hasil Wakaf Uang Lembaga Wakaf Dan Pertanahan NU DIY,” 2021.

⁵¹ Interview with R6.

⁵² Ascarya Ascarya et al., “Developing Cash Waqf Models for Baitul Maal Wat Tamwil as Integrated Islamic Social and Commercial Microfinance,” *Journal of Islamic Accounting and Business Research* 14, no. 5 (2023): 699–717, <https://doi.org/10.1108/JIABR-09-2020-0267>.

⁵³ M. Umer Chapra, *Islam and Economic Development: A Strategy for Development with Justice and Stability* (Islamabad: International Institute of Islamic Thought, 1993), 118–22.

is one of the essential instruments in achieving holistic well-being, comprising health, happiness, and prosperity. One of the waqf mosques NU manages is the Sabilillah Mosque in Malang, East Java. Founded on 8 August 1974 at the initiative of NU leader, national hero, and former Minister of Religious Affairs of Indonesia, KH. Masjkur. This mosque was selected as a national pilot and the best productive waqf mosque as recognized by the Indonesian government.⁵⁴

The productive waqf mosque program conducted by the *nāzhir*, also the board member of this mosque, is achieved by declaring it as the center of *Ummah* civilization. Three main programs indicate that this mosque does not only function as a place of worship, namely, first, Islamic religious activities including worship, Umrah and Hājj Service, *Majelis Taklim* (Islamic teaching), and Library. Second, Education section including kindergarten, elementary, junior, and senior, and an Institute for Education Training. Third, the Social-business section, including *Lembaga Zakat Infaq Sadaqa and Waqf Sabilillah* (Zakat and waqf institution), *Rumah Yatim Produktif* (Orphanage), *Koperasi Masjid Sabilillah* (Islamic microfinance), Sabilillah Clinic, Sabilillah Pharmacy, Pujasera Sabilillah (food court), Al-Khaibar Mart, and other units (ATM corner, Auditorium KH. Masjkur [for rent], tower of mosque for BTS [Base Transceiver Station]).⁵⁵

The waqf benefits generated from these programs range from maintaining the congregation's spiritual condition, enhancing cognitive ability (intelligence and knowledge), additional productive assets, healthcare services, income generation, scholarships for needy and poor students, economic empowerment, and micro-finance services.⁵⁶

Optimising waqf for mosques can be categorised as social waqf, especially for serving the needs of the *Ummah*, which is not intended to gain economic benefits but to gain social benefits, and is not-for-profit oriented. However, in the case of the Sabilillah mosque, it combines social waqf with productive waqf, i.e., combining cost centre waqf with matching profit centre waqf to ensure the sustainability of social services provided by social waqf needed by the ummah, especially the needy and the poor. Therefore,

⁵⁴ Lazissabilillah, <https://lazissabilillah.com/berita/masjid-sabilillah-malang-kembali-raih-penghargaan-sebagai-masjid-besar-terbaik-nasional/> accessed 10 June 2024.

⁵⁵ Muhammad Anas Bashori, *Profil Masjid Sabilillah Malang Monumen Perjuangan Kemerdekaan RI 1945 Yang Dipelopori Oleh Alim Ulama* (Malang: Masjid Sabillah, 2022).

⁵⁶ Interview with R5.

commercial motivation is blended with social motivation, and a for-profit orientation is mixed with a not-for-profit orientation.⁵⁷

The four productive waqf projects of NU for socio-economic development that have been discussed show that the impact generated covers all socio-economic dimensions, even though the original project comes from one of those socio-economic dimensions.

3. The Opportunities and The Challenges of Nadhlatul Ulama Productive Waqf

NU's waqf, which represents a traditional Islamic faith-based organisation as part of an NPI in managing waqf, cannot be separated from the challenges generally the case with NPOs, these including deficit socialisation of productive waqf, bureaucratic administration within the state, lack of funds for assets and property development, formulating an ideal program related to societal needs, and poor governance, due to absence of a dual board system, where two individuals or groups are responsible for decision-making and fund management.⁵⁸ Internal and external institutions reportedly caused these issues.

NU also experienced the same issue, where NU encountered several challenges and opportunities in its waqf-based socio-economic development projects. This was obtained based on interviews with waqf managers in several NU institutional units whose productive waqf projects were narrated in the previous chapter, with 17 challenges and seven opportunities recorded, which were then analysed using SWOT.⁵⁹ Meanwhile, these challenges and opportunities were divided into the project category: health, education, economic and well-being. This was further reduced into four sub-categories: organisational structure and administration, financial, human resources, and program, including the diverse impacts. The health programme had the most challenges and an average opportunity of six and three, respectively. Below are three tables, the first one contains 17 points of opportunities and

⁵⁷ Ascarya and Hosen, "Integrated Social and Productive Awqaf in Indonesia."

⁵⁸ Tarak Abdallah, "The State and Awqāf (Charitable Endowments) in the Twenty-First Century: From Tutelage to Partnership," *Contemporary Arab Affairs* 3, no. 4 (2010): 503–14, <https://doi.org/10.1080/17550912.2010.520530>; Heppy Purbasari et al., "Bibliometric Waqf Management in Indonesia," *Riset Akuntansi Dan Keuangan Indonesia* 8, no. 2 (2023): 195–201, <https://doi.org/10.23917/reaksi.v8i2.3054>.

⁵⁹ Gerry McNamara Gregory Dess, G.T. (Tom) Lumpkin, Alan Eisner, *Strategic Management: Text and Cases* (New York: McGraw-Hill Education, 2014), 41–42.

challenges NU faces, and parts of statements from the informant (NU’s waqf managers). Then the following table is a SWOT analysis that represents the internal and external factors analysis to find the appropriate strategies for both points.

Table 2: The Opportunities and Challenges of NU’s Productive Waqf

The Opportunities	Respondent Statement
The number of NU members and sympathisers was approximately 79 million people.	“The optimism about these two large community organisations was due to the enormous mass, even though NU has more massive ... Both had numerous schools, hospitals etc, including empty lands.” (R7)
NU structural and cultural networks.	“This organisation is called NU affiliation because the only one who owns the <i>pesantren</i> is the <i>Kyai</i> , while another person offers an endowment. In the past, <i>kan dulu kan</i> Tebuireng meant the era of <i>Mbah</i> Hasyim, the founder of NU, but the <i>pesantren</i> was indeed endowed. Therefore, it is regarded as a <i>pesantren</i> foundation. This differs from Unisma, a waqf for NU to establish a university. Meanwhile, Unisma officially belongs to NU. It differs from Sidogiri, Tebuireng, and several other NU-affiliated <i>pesantren</i> (R2)
<i>Ulamā</i> with a charismatic nature and a scientific <i>sanad</i> (scientific link) attract waqf donors to NU.	“The Tebuireng opportunity was initially designed by <i>Kyai</i> Hasyim. Presently, because of the name, the new state officials from the region and the centre must visit Tebuireng. Even before becoming a state official, many people visited Tebuireng.” (R6)
The <i>nāzir</i> uses of waqf to protect the assets and property from future conflicts et cetera.	“The main essence was for safety purposes in the future, and the next generation.” (R5)
Becoming the best productive waqf <i>nāzir</i> by the Indonesian Ministry of Religious Affairs.	“Reports were sent to the Ministry of Religious Affairs, Foundation, and BWI (Badan Wakaf Indonesia), by the Indonesian Waqf Board, because of the successful” (R4)

Pilgrims to the graves of NU scholars, specifically Tebuireng, amounted to an average of 1.2 million people, yearly, resulting in the development of the next potential *wāqif*.
 Great potential for guardians of students of *Sabilillah* educational institutions, mainly from the middle class, to become *wāqifs*.

“The pilgrimage visits to the tombs of Tebuireng *Kyai Hasyim* and Gus Dur can also be used to expand waqf donors” (Informant 3)

“If the education system is entrusted, it is likely to damage the existing system. There is need to adopt a quality system that suits the customs. Due to the fact, that the different lifestyle of the students might eventually become a psychological burden” (Informant 16)

The Challenges

Maintaining the productivity of the assets.	“The challenge is to sustain productivity. The health waqf has been productive in the past.” (Informant 7)
Data collection of assets, including certification of NU waqf land.	“The data collection of NU assets had been managed by affiliated foundations such as Ma’arif Yogyakarta.. Additionally, the issues encountered were resolved by forming an asset team.” (Informant 20)
Low waqf literacy.	“ <i>Nggih</i> , there is need to concentrate on the intellectual side of waqf literacy to create awareness regarding the other forms. For example, mosque waqf turns out to be in the form of money, or cash.” (Informant 8)
Cash waqf collection was never maximised.	“This is not optimal because, whenever fund is launched from the bank, the procedure is usually ineffective. Once a slack occurs, such as changing the board of directors, and implemented policies, it stops” (Informant 19)
Restructuring waqf governance.	“Which ones <i>eee</i> ...are purely owned by NU, and are organizationally affiliated. This led to the establishment of an asset institution less than a year ago. The team focused on designing, sorting certain issues, such as discerning NU-owned and

		affiliated universities and hospitals” (Informant 20)
Competent resources of institutions.	human waqf	“The weakness of waqf in Java, including <i>Kyai-Kyai</i> and <i>pondok-pesantren</i> (Islamic Boarding School), is the management. For an effective management, yes, it is okay if the <i>nāzīr</i> is a <i>Kyai</i> , a pious person, but there is need for experts in managing land, and money. Therefore, in Tebuireng there is a pameo, even though shoulders are not rubbed (<i>kober/having the time</i>). There is also a scrooge (<i>bener/an honest</i>), and smart individual (<i>pinter</i>).” (R6)
Asset and property development costs.		“For the first two years, fund was still being raised to cover the building cost, because a friend ensured the foundation was sturdy, using heavy iron due to the vibration of the road. Afterwards, more coins were added to the funds to purchase an ambulance. This resulted in three benefits, the construction process was for restoration, to purchase an ambulance, and for maintenance purposes.” (R8)
The loose structure of the organisation.		“NU is privately owned by an institution, whose name may not be in the structure. <i>Nah...</i> that would lead to a lot of implications. Therefore, there is no binding, or attachment. For example, all assets are owned by individuals, specifically local <i>Kyai-Kyai</i> . This implied that the organisational structure, was not integrated to the centre” (R7)
Covid-19 pandemic.		“The capital expenditure of two billion asset was productively used before the pandemic.” (R3)
The policy implemented by the Foundation Act restricted only three areas, religious, social and educational.		“Well, the fact that it is closed is to fulfil the requirements for receiving land grants from the government. This is due to the status of Sabilillah foundation as a place of worship. It was presumed to lack productive economic activities, specifically the <i>minimarket</i> (mart). Finally, this was temporarily closed, although would be re-opened later at a different location.” (R5)

Source: Authors of the study.

Table 3: Internal Factors Analysis Summary

Strategic Factors		Weight	Rating	Score
STRENGTH	Number of NU members and sympathisers was approximately 135 million people.	0.10	4	0.4
	NU structural and cultural networks.	0.07	4	0.27
	<i>Ulamā</i> with a charismatic nature and a scientific <i>sanad</i> attract waqf donors to NU.	0.10	4	0.4
	The <i>nāzir</i> use of waqf to protect the assets and property from future conflicts et cetera.	0.07	3	0.2
	Maintaining the productivity of the assets.	0.07	2	0.13
WEAKNESS	Data collection of assets, including certification of NU waqf land.	0.07	2	0.13
	Low waqf literacy.	0.10	2	0.2
	Cash waqf collection was never maximised.	0.07	2	0.13
	Restructuring waqf governance.	0.07	2	0.13
	Competent human resources of waqf institutions.	0.10	2	0.2
	Asset and property development costs.	0.10	2	0.2
	The loose structure of the organisation.	0.10	1	0.1
	Total	1.00	30	2.5

Source: Authors of the study.

Table 4: External Factors Analysis Summary

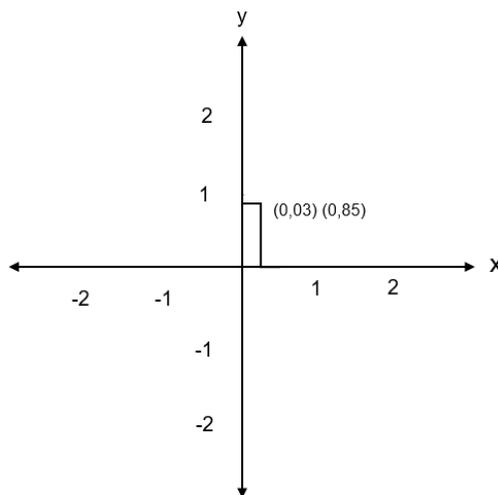
Strategic Factors		Weight	Rating	Score
OPPORTUNITIES	Becoming the best productive waqf <i>nāzir</i> by the Indonesian Ministry of Religious Affairs.	0.15	4	0.62
	Pilgrims to the graves of NU scholars, specifically Tebuireng, amounted to an average of 1.2 million people, yearly, resulting in the development of the next potential <i>wāqif</i> .	0.23	5	1.15
	Great potential for guardians of students of Sabilillah educational institutions, mostly from the middle class, to become <i>wāqifs</i> .	0.15	4	0.62
THREATS	Covid-19 pandemic.	0.23	2	0.46
	The policy implemented by the Foundation Act restricted only three areas: religious, social and educational.	0.23	1	0.23
Total		1.00	16	3.08

Source: Authors of the study.

The data in the two tables were designated for scoring, with strengths, weaknesses, opportunities, and threats quantified as 1.27, 1.22, 2.39, and 0.69, respectively. Moreover, this was illustrated in the SWOT analysis diagram, depicting the strategic alternative position for NU in the waqf

program moving forward. The analysis indicates that it was strategically located in quadrant 1, seen as a favorable circumstance. This is due to the organisation's strengths and opportunities. Additionally, it can use all internal potential to take advantage of existing opportunities. The strategy adopted in this condition focusing on supporting aggressive growth policies. One of the internal potentials in the context of NU waqf is the number of followers (members and sympathizers) reaching 135 million out of the total Indonesian Muslim population (230 million, 2019). This mass or followers is affiliated with NU due to the ideological bond of *Ahlussunnah wal Jamā'ah Islam* and can become potential sources of waqf, especially cash waqf.

Figure 1: Nahdlatul Ulama SWOT Analysis Diagram



CONCLUSION

In summary, there are several points. First, NU, as one of the representations of a nonprofit waqf-based institution as a traditional Islamic faith-based organisation, still retains and does not abandon a modern approach in managing waqf. This is demonstrated by the presence of an administrative organisation structure and waqf governance that is identical to the hierarchical authority in an organisation. The use of organizational structures and delegation of authority, as in companies, is one of the characteristics of an entity categorized as modern. However, the

administration and governance of waqf in NU are divided into two, structural and non-structural, which are identical to affiliative organisations, represented by many foundations that oversee *Pesantren* led by *Ulamā* or *Kyai* as central figures and holders of religious authority in NU. These *Ulamā -Kyai* lead many *pesantren* (Islamic Boarding School-Islamic Seminary) as the cultural-affiliative base of the NU mass, whose existence is supported by waqf.

Second, the active role of making waqf productive for the socio-economic development of the NU community is more often carried out by NU's affiliative organisations, for instance, *Pesantren Tebuireng*, the hospital and university under the Yayasan Universitas Islam Malang (Unisma).

Analysing of both opportunities and challenges in waqf management within NU suggests that NU can enhance its utilisation of internal resources. The large number of members and sympathizers with considerable waqf potential, particularly in cash waqf, is exemplified by the 1.2 million pilgrims who visited the tombs of KH. Hasyim Asyari and Gus Dur in the Tebuireng cemetery complex in 2015.

Moreover, this research enriches the global waqf studies, particularly the waqf agency type of Nonprofit Institution (NPI), which has the unique characteristic of a large mass base, numbering in the millions. In the context of NU, this mass base gives rise to a type of waqf management and administration that tends to be dominated by the waqf agency (*nāzhir*) and its cultural-affiliative ties, rather than the central role of the structural-organisational waqf agency. Some recommendations based on that can be given, including: a. For internal NU, coordination and cooperation improving the managerial capacity between waqf agencies at the structural and cultural-affiliative organisational levels need to be intensified. For example, this program can be collaborated with –the Indonesian Waqf Agency; b. The enormous potential of the NU's mass base, which numbers in the millions, is related to the significant potential for cash waqf that can be collected. This requires a specific crowdfunding strategy, for example, digital crowdfunding.

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