



## CASH WAQF AS A SOLUTION OF FOOD NEED PROBLEM IN INDONESIA

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### ABSTRACT

Price rise and scarcity of food become the main root of the economic problems in Indonesia Both government and whole society in each level intervene to resolve this problem. Then, how effective is the solution to overcome the problems of agriculture and animal husbandry in Indonesia? With the method of writing and literature study conducted in-depth analysis with illustration model, the authors found that the application of cash *waqf* in the development of agriculture and animal husbandry in certain regions in Indonesia can help to solve the problem of the fulfillment of food needs of Indonesian society. With this concept, every region in Indonesia can increase their agriculture and animal husbandry potential output (quality and quantity). Subsequent impact and the expected development of the real sector are that every region in Indonesia can distribute their agriculture and animal husbandry potential output to meet the food needs of Indonesian society as a whole, minimize the need for food shortage, build society welfare, and increase GDP, followed by rising national income.

**KEYWORDS:** cash *waqf*, food needs, the economy of Indonesia.

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### INTRODUCTION

From year to year the number of Indonesian population continues to increase. Judging from the three-year run, the increase of Indonesian population is quite high. In 2013, the total population of Indonesia reached 248,800,000 inhabitants; 2014 reached 252,200,000 inhabitants; and in 2015 predicted total population of Indonesia will reach 255,461,700 inhabitants, equivalent to eight times the total population of Malaysia (Statistics Indonesia, 2015). It is predicted to continue to increase in the subsequent years and is predicted in 2035 the population of Indonesia will reach 300 million. The increase of population will be accompanied by a rise in demand for food needs of the Indonesian people, where demand for food is a primary need that is most important for the survival of every human being. Ensuring the food needs of Indonesian society is the responsibility of the Indonesian government aided by other related parties.

Indonesian country is known as the Archipelago because Indonesia with an area that reaches 1,910,931.32 km<sup>2</sup> is divided into 17,504 islands and 35 provinces in 2014. In each of these regions, it spreads a wide variety of natural resources which are abundant and very distinctively potential to be developed. If we see these conditions, the efforts to fulfill the food needs in Indonesia are certainly not as difficult as other countries whose area of each country is smaller than Indonesia, such as Singapore, Malaysia, and other neighboring countries. In reality, eventhough the natural resources are abundant, Indonesia is not able to meet the food needs of the country. Even, Indonesia still relies on

the supply of food products from other country (or better known as imports) in an amount not less up now. Food products that are still supplied by imports are rice, corn, soybeans, beef, chicken, wheat, sugar, salt, red pepper, flour, onion, and others (see Table 1).

**Table 1.**  
**Food Needs were Imported in 2014**

| No. | Food Needs  | The Value of Import (US\$ million) | The Volume of Import (million kg) |
|-----|-------------|------------------------------------|-----------------------------------|
| 1.  | Rice        | 226.4                              | 432.8                             |
| 2.  | Corn        | 822.35                             | 2,800                             |
| 3.  | Soybeans    | 1,000                              | 1,620                             |
| 4.  | Wheat Flour | 74.9                               | 185.8                             |
| 5.  | Sugar       | 44.4                               | 75.8                              |
| 6.  | Cane Sugar  | 1,500                              | 3,010                             |
| 7.  | Beef        | 185.8                              | 41.5                              |
| 8.  | Chicken     | 30,259                             | 10,825                            |
| 9.  | Salt        | 85.6                               | 1,850                             |
| 10. | Butter      | 93.7                               | 20.8                              |
| 12. | Cooking Oil | 77.4                               | 84.7                              |
| 13. | Milk        | 772.4                              | 194.5                             |
| 14. | Onion       | 38.9                               | 81.3                              |
| 15. | Garlic      | 333.3                              | 404.2                             |

Source: Deil (2015), data processed

The activity of importing the food needs of Indonesia has fluctuated from year to year and the government continues its efforts to reduce the level of imports. According to Statistics of Indonesia, Indonesia import value in 2012 amounted to USD 191,689.50 million; 2013 as big as USD 186,628.70 million; and in 2014 has reached USD 178,178.8 million. From these data, visible decline in the value of imports from 2013 to 2014 is expected to continue. Ironically, most of the food needs which are imported by Indonesia can actually be produced in Indonesia itself, such as: rice, chili, onion, garlic, fruits, and vegetables which become the icon of Indonesian food. It seems clear from this fact that there is a contradiction between the activity of Indonesian imports of food needs with the natural potential of Indonesia that is actually very reliable to ensure the fulfillment of food needs of Indonesian people evenly.

If explored in depth, there are several factors behind these contradictory facts, among others: the lack of investment (both in terms of capital, technology, and management) in processing the natural resources that exist in order to produce food products that meet the demands of Indonesian society.

Based on the background and the problems that arise, cash *waqf* policies are considered capable of bridging the gap in the food sector. Cash *waqf* is one of the financial instruments of the real sector in the economic system of Islam. Further discussion regarding the application of cash *waqf* as a real solution to overcome the problem of food needs to be explained in the next section of this article.

## LITERATURE REVIEW

Several studies have been conducted on the use of cash *waqf* in the business community empowerment in Indonesia. Maisyaroh (2010) in her study describes the application of cash *waqf* in the development of Islamic educational institutions in Malang by the Institute of Zakat *Baitul Maal* Hidayatullah Malang branch concluded that the cash *waqf* is managed traditionally, by way of land acquisition for the development of Islamic educational institutions (LPI) Ar-Rohmah located in Dau Malang. Constraints are faced by BMH branch Malang, among others, the donors who suddenly stop the contribution, HR /

Employee suboptimal duties and organizational development personnel BMH received were not good when offering its programs to people's homes, and the program does not run because of using it for operational costs.

Meanwhile, Darwanto (2013), who examines the *waqf* as an alternative to fund the strengthening of the economic community in Indonesia explains beneficiaries of *waqf* used for consumptive purposes such as for social such as worship and education, and productive purposes by distributing the benefit of agriculture, stock, real estate, and plantations. In his research, Darwanto concludes that *waqf* utilization in Indonesia should be extended for more than just religious and educational activities. Management of *waqf* can be aimed at strengthening economic community by utilizing a variety of alternative programs whose funding comes from *waqf*.

Handayani (2008) mentions that cash *waqf* is allowed as far as it is invested in the divided-profit business, then the profit is distributed to the purpose of *waqf*. The amount of the empowerment of cash *waqf* could vary, so a person who has limited funds can already start giving his/her *waqf* funds without having to become a landlord in advance. Fanani (2011) has great optimism for the future of cash *waqf* in Indonesia. Cash *waqf* can help the government to escape from the debt trap and help poverty reduction. Maimunah (2011) discloses the effectiveness of cash *waqf* program to be distributed through a number of sectors, namely farms *waqf*, trade *waqf*, plantation *waqf*, commerce *waqf*, and the others.

## METHODS

Research method used in this article is literature study, that is discussing and analyzing the topic based on the references used in this study (Abdullah and Beni, 2014). The data used in this research is a form of documentation data, namely: reference books, journals, previous studies, articles, and the latest news from credible sources related to cash *waqf* and the food sector in Indonesia. In addition, this study also uses secondary data on the food sector data taken from the Statistics of Indonesia, Food Security Agency of the Ministry of Agriculture and the Directorate General of Plantation-Ministry of Agriculture for further observation process.

## RESULT AND DISCUSSION

### The Condition of Indonesian Food

Seeing the potential of the food sector in Indonesia, the food needs for people of Indonesia should be fulfilled evenly and there are no poor people who lack of food sources. However, in reality until now, the food need is still a major problem over the years. For example, the food problem which has recently occurred throughout 2015 is that an increase in beef prices are soaring. It is natural thing indeed if the current rising food prices ahead of Eid, usually returns to normal when the H + 7 widths. But different things happened in a few months ago. The normal price of beef before widths was in the range Rp85,000.00-Rp90,000,00/kg, ahead of Eid beef prices rose to around Rp100,000.00 /kg. The price was increasing and not decreasing despite the post-Eid, until it reached the price Rp130,000.00/kg (statistic Indonesia, 2015). This increasing beef prices have led to beef traders in traditional markets in Jakarta to act 'selling strike' for four days because they can not afford to buy the beef to supply at that price. This also burdens the consumers of beef. The action of 'selling strike' is not only in Jakarta, but also in traditional markets in Bandung, Bogor, and several other cities. The high price of beef is caused by high public demand for beef ahead of Eid which is not supported by the availability of an adequate supply, causing shortages and price increases. Furthermore, the weakening of the rupiah which leads to lower purchasing power also becomes a factor. Another factor that is important is related to the distribution of the beef itself up into the hands of consumers. Ahead of Eid mid-July, the General Director of Animal Husbandry and Animal Health of the Ministry of Agriculture, Muladno is optimistic and has calculated that the supply of cattle as many as 221,000 cows would be enough to meet the needs of the Indonesian people for

the next five months and limits the supply of beef imported only 50,000 cows from Australia. But apparently, not until one month there has been a crisis of beef in Indonesia (Ging, 2015).

While having problem of rising prices of beef, a week after the Indonesian people again faced the rising prices of chicken meat. Raw chicken meat prices before Eid is under Rp35,000.00/kg and subsequently rises to Rp40,000.00/kg after the Eid. The increase in the price of chicken meat is the impact of the rising price of beef beforehand. When the price of beef goes up, people resort to consume chicken meat. This has led to the increasing demand for chicken meat, while the chicken farmers are not ready to supply chicken meat.

In addition to beef and chicken meat, other food needs that also require special attention on the procurement are, namely rice and sugar. Both of them are people's staple food which always fluctuate in price and procurement. Table 2 shows the level of production and potential production land of rice and sugar for three years running.

From Table 2, it can be taken into account that in the harvest of such land, if it can be optimized, the land can produce food sources of rice and sugar which can meet the needs of the Indonesian society.

**Table 2**  
**Level of Production and Potential Production Land**

| Type of Food | The level of production (tons) |            |               | Total Land Area Harvested (ha) |            |            |
|--------------|--------------------------------|------------|---------------|--------------------------------|------------|------------|
|              | 2013                           | 2014       | 2015          | 2013                           | 2014       | 2015       |
| Rice (Rice)  | 71,279,709                     | 70,846,465 | 74,991,788    | 13,835,252                     | 13,797,307 | 14,178,172 |
| Sugar        | 2,553,550                      | 2,575,390  | 2,597,416.793 | 470.940                        | 470.940    | 470.940    |

Source: Data compiled from Statistics Indonesia

Things to consider in looking at Indonesian food situation is the management of natural resources that exists for further process into food products because society requires some investment, both in terms of technology and capital. The technology used by the company managing the resource can be said that it is still inadequate. The technology used each manual and not sufficient in producing food production for the common interest, such as rice and sugar production. With an harvest rice area of 14,178,172 ha, an increasing in rice production from 2014 to 2015 only by 5.8%, or in other words the productivity of paddy fields to produce rice for 52.89 quintal/ha. Similarly with the potential for sugar production in the country. It is very unfortunate if the government simply takes a shortcut through imports to meet domestic rice and sugar. Whereas with a harvested area of these figures, the productivity of rice and sugar can be scaled optimally, in order to meet the fulfillment of rice and sugar in the community. The government must be optimistic that domestic farmers can meet the demand for rice, sugar and other food needs by providing supports through improved infrastructure, irrigation systems, provision of capital or subsidies, training, and post-harvest mentoring.

Similarly, there is also a crisis of the production of beef and chicken meat in the country. One of the basic food needs whose import is difficult to stop is beef. Beef consumption needs of Indonesian population in 2015 was estimated at 221,000 head of cattle over each month (based on the current beef crisis on Eid last August). Whereas the national beef cattle population in 2014 amounted to 14,703,400 head of cattle, or approximately 1,225,284 head of cattle per month. Supposedly the number of cows owned by the Indonesian, beef production is able to meet the demand for beef equally. This also happened to the chicken meat. Due to the crisis of beef, chicken meat demand this year increased by 20%, while the population of broilers in 2014 amounted to 1,481,871,700 tail (in 2015 estimated the population of chickens are going to increase) which should be able

to meet the demand of chicken meat in 2015. But, in fact, chicken meat this year is also experiencing a crisis because the price of chicken meat increases. Two cases of meat consumption problem is caused by the increase in demand which is not accompanied by an increase in the supply of meat, although both livestock population is supposed to be able to supply both types of meat. One reason is the dependence of poultry and cattle to the feed of the companies in the country that is quite expensive, while both cattle fattening process should be continued in order to produce meat quality and meet public demand. Two things become the dilemma.

According to Rizky, banking and finance analyst (www.bbc.com, 2015), a solution to overcome the problems of the food needs is by doing self-sufficiency. Food self-sufficiency can be achieved in two ways, namely: improving the management of logistics and importing food needs in anticipation of short-term and develop alternative energy by providing insentif.

### **Cash Waqf and Indonesian Food**

Based on some references and facts about food, it can be concluded that there are really only two factors behind the problem of food needs in Indonesia, namely: procurement and distribution of food. Procurement of food is related to the availability of food supply in the community. Food procurement can be optimized by optimizing the existing resources as factors of production. Such resources include natural resources and human resources as a principal organizer. Many ways have been done by the economic system that has been running for this to ensure food security in Indonesia.

The availability of food is the result of viewpoints that are used in view of resource ownership. Ownership of resources (which in turn has implications for the management rights) become a key element in regulating the economy. In the capitalist system, the resource becomes private ownership. In a socialist system, the resource becomes state ownership. In the Islamic economic system, the principle of resource ownership is a multi-species (*multiple ownership*) (Mujahidin, 2007). That is, the Islamic economic system recognizes private ownership, state, and mixture. This relates to the value of *monotheism* in which everything on this earth is the sole property of Allah SWT, while humans only as a representative of Allah SWT, as the temporary owner. Thus, resources can not be owned absolutely by private or by state. There are several resources that must be managed by the private sector, the state, as well as mixture. Resources concerning the lives of many people are taken over into state ownership. It is intended to protect and safeguard the welfare of society (justice), including one of which is the interest of compliance with food.

Here, the government is expected to play a role in regulating the production resources associated with the lives of many people. One main factor is the provision of capital or subsidies to rice and sugar as well as cattle ranchers and chicken, where the production factors supporting require significant financial cost, such as technology, animal feed, and others. Looking at the key issues, the Islamic economic system offers a system of capital through cash *waqf*, both in terms of procurement of food needs, which has actually been done since the days of the life of the Prophet Muhammad.

### **The Concept of Cash Waqf in General**

Etymologically, the word *waqf* as *waqafa-yaqifu-waqfan* which means standing upright, or holding. The term *fiqh*, which has the same meaning as *waqf*, such as: *al-habs* and *as-sabil*, then in the book of Imam Syafi'i and *al-Kutub as-Sitta* called the *waqf* by using lafaz *al-habs*. Imam Hanifa interprets *waqf* as holding one assets *ain* (principal) with the status of fixed assets owned by *wakif* and giving the benefits for goodness. Based on this definition, Imam Hanifa positions *waqf* as an endowment which is the same as *ariyah* (lending and borrowing). Imam Malik states that *waqf* is an act of submitting by *wakif*, which is giving the benefit of asset, either result or lease, and *shigat* (speech delivery) within the time required by *wakif*. Imam Hanafi's and Maliki's opinion is not entirely in

accordance with the opinion of *jumhur Ulama*. According to them *waqf* is withholding a thing that can be utilized, while the *ain* fixed assets are not lost or diminished, because its *benefits* are taken throughout the use of property, which is permitted under Islamic law (Huda and Heykal, 2013).

Sayyid Sabiq, a contemporary jurist, explains that the meaning of *waqf* is to hold property and drain the fruit. That is, holding the treasure and *tasharuf* (using, spending) the benefits in the way of Allah SWT. *Waqf* is sometimes reserved for children, grandchildren or relatives, and those after them to the needy. This type is called *Waqf ahli* or *Waqf dzurri*. *Waqf* is sometimes intended for the goodness or the public interest, which is called as *waqf khairi*. Similarly, it is to endow immovable property and movable property or allowed also to donate anything of value and usefulness to the fixed substance goods (goods that are endowed). So, *waqf* is not allowed on a hart or items that are damaged or depleted if the advantage is taken.

In the Indonesian positive law, the notion of *waqf* is mentioned in Article 1 paragraph 1 of Law No. 41 of 2004 on *Waqf*. It is explained that *waqf* is a legal act done by *wakif* to separate and / or hand over part of their wealth to be exploited forever or for a certain period of time in accordance with its importance for religious purposes and / or general well-being according to sharia. *Waqf* legal basis is taken from Al-Qura'an, the Sunnah and *Ijma Ulama*. *Waqf* is not mentioned clearly and firmly in Al-Quran, but there are some verses that can be used as a *waqf* legal basis. One of them is the word of Allah in the Qur'an. Ali Imran: 92:

لَنْ تَنَالُوا الْبِرَّ حَتَّى تُنْفِقُوا مِمَّا تُحِبُّونَ ۚ وَمَا تُنْفِقُوا مِنْ شَيْءٍ فَإِنَّ اللَّهَ بِهِ عَلِيمٌ ﴿٩٢﴾

Meaning: 92. You never get to virtue (perfect), before you spend a part of treasure you love. and whatever you spend so Allah knows.

Word of the Prophet Muhammad: "If man dies, the charity deeds stop except from three things: *sadaqah jariyah*, useful knowledge and religious children (HR. Muslim)". Scholars interpret the words of the Prophet '*sadaqah jariyah*' as *waqf*, rather than as a will to utilize the treasure. *Waqf* began to be practiced in Islamic society since the days of the Prophet Muhammad, as mentioned in the hadith (Al-Faifi, 2014) :

*"It was narrated from Abdullah ibn Umar that Umar bin Khattab received a plot of land in Khaibar. Then Umar came to the Prophet to ask him advice on what should be implemented on the land. Umar said to the Prophet: "Ya Rasulallah, I got a piece of land in Khaibar and I have never had a better property than that. I therefore beg Rasulallah's advice about what I should do on the ground. He replied: "If you want, hold your land and give alms. Then Umar give alms and presuppose that the land may be not inherited, Umar distributed the land results for poor people, relatives, freed slaves, those who fight in the way of Allah, those who run out of stock on trips and guest. People who manage waqf must take some of the results of the waqf within the common limits. They also may feed others from waqf and do not act as property owners."*

According to the data from the Ministry of Religion, *waqf* land area in Indonesia is almost five times that of the whole area of Singapore. Data in Sub-Directorate of Information Systems of *Waqf*, Religious Affairs Ministry show that in 2012, the *waqf* land area in Indonesia reached 3,492,045,373.754 m<sup>2</sup>. These data are the results obtained from the data collection process of *waqf* land manually throughout Indonesia, which is done gradually from the district level by the officer of KUA, then recapitulated in the district / city level by the institution of Religious Affairs, and so on up to the national level. *Waqf* land area is spread over 420,003 locations throughout Indonesia ([www.bimasislam.kemenag.go.id](http://www.bimasislam.kemenag.go.id)., 2013). However, because the *waqf* is still oriented on unproductive physical development, then the area of land does not provide a better economic changes for Muslims. Therefore, Indonesian Muslims should reconstruct the

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management of *waqf*, so that *waqf* property can be used as supporting instrument of people's economic activity.

Indonesia now has a *waqf* act, so *waqf* management should be optimized. In his journal, Jazmani Muzayyin states that generally we know *waqf* in the form of property land and buildings. However, recently, it is widely agreed by the scholars that one form of *waqf* can be cash. Cash *waqf* is the delivery of property rights in the form of cash to a person, group of people or *nadzir* institution to be managed productively by not reducing or eliminating *ain* assets in order to take the results or benefits by *maukuf wakif alaih* accordance with the request in line with Islamic law (Huda and Heykal, 2013).

Among fiqh scholars, the law of donating *cash* is an issue that is debated. This is because the usual way in developing the *waqf* property revolves around the *waqf* property leasing. Therefore, some scholars find it difficult to accept when there are some legal scholars who argue that it is legitimate to endow *Dirham* and *Dinar*. With money as an asset *waqf*, the empowering and leasing monet will collide with the prohibition of usury. Among the popular Malikiyah, opinions that allow giving *waqf* in cash as seen in the book *al Majmu* by Imam Nawawi (15/325) which say: "our friends have different opinion about giving *waqf* in the form cash, dirhams and dinar. Those who allow to lease dirham and dinar, they also allow to give *waqf* with dirham and dinar and those who do not allow to lease should not give *waqf* with them."

Shaykh al-Islam Ibn Taymiyyah in *al-Fataawa* (31 / 234-235), narrates one opinion among Hanabilah that allows to give *waqf* in the form of money, and the same thing is said also by Ibn Qudamah in his book *Al-Mughni* (8 / 229-230). Of the various views of the scholars show their disagreement about cash *waqf* law. This is because the basic concept of the *waqf* law itself is more *ijtihadi* (Muzayin, 2013). While in his journal, Faisal Haq defines that cash *waqf* is endowment of funds or money collected by the management institution of cash *waqf* through the issuance of certificates purchased by the public. In another sense cash *waqf* can also mean donating property in the form of money or securities managed by institutional banking or shariah financial institution whose profits would be endowed, but the capital can not be reduced to alms. The *waqf* fund collected can then be rolled out and invested by managers in various business sectors which are lawful and productive, so that the benefits can be utilized for the development of the people and the nation as a whole. That explanation is in line with the views expressed by Imam al-Zuhri asserts that endow *dinar* is permissible, by making the *dinar* as business capital then the profit is given to the person or something as the objectives of *waqf*.

However, observing the development of today's modern economy, cash *waqf* most likely can be done by investing in shares or deposited in the shariah banking and the profits can be distributed as a result of *waqf*. Thus the cash *waqf* that is invested in shares or deposito, the form or monetary value can be maintained and give advantage (benefit) in the long term (Haq, 2012).

With the enactment of Act No. 41 of 2004 on *Waqf*, the concept of cash *waqf* in Indonesia can be said to be strong, both from the legal aspects as well as the management system. Thus, today we must socialize to people broadly about the implementation system of *Cash Waqf*. The act must still be equipped also with the government regulations as the rules of procedure, not only on the implementation of the *cash waqf*, but also the implementation of aspects and the implementation of its other endowments types specified by that Act.

*Waqf* we understand so far generally is only in the form of donations of land and buildings. In conjunction with donations of land, the government has issued Government Regulation No. 28 Year 1977 on Land Owned *waqf* (LNRI 38, 1977 TLNRI NO.3107) (PP, 1977) and the Minister of Religious Affairs No. 1 Year 1978 on the Implementation Regulation PP No.28 Year 1977 (Keputusan Menteri Agama RI, 1978).

In act or law No.41 of 2004 on *waqf* (UU No 41, 2004), the legal status of *waqf* follows the universal Islamic law, in the sense that the *waqf* problem is not restricted to *waqf* in terms of certain substances but it reaches to a wider area of *waqf*. While in the previous

*waqf* rules stated in Regulation 28 of 1977 on Land Owned *Waqf*, the law of *waqf* property is not only in the form of immovable goods like soil, but it can also be in the form of movable objects such as money. Based on the content of Article 16 paragraph (1), (2) and (3) of Act 41 of 2004, it is clearly understood that the *waqf* property consists of immovable and movable goods. Article 16 paragraph (2) of Act 41 of 2004 states: that *waqf* property included in the category of immovable includes:

- a. land rights in accordance with the provisions of the legislation in force either already registered or not;
- b. buildings or parts of buildings that stand on the land property rights;
- c. plants and other objects related to the land;
- d. property rights on apartment units in accordance with the provisions of applicable laws and
- e. other immovable objects in accordance with the provisions of sharia laws and the applicable regulations..

Article 16 (3) of Act 41 of 2004 states: Movable objects as referred in paragraph (1) letter b is a property that can not be discharged due to consumption, include: money; precious metal; securities; vehicles; intellectual property rights; leases; and other moveable objects according to the provisions of sharia and applicable legislation.

Under the provisions of Article 16 paragraph (3) letter a of Law 41 of 2004 mentioned above, the legal position in the form of *cash waqf* within the meaning of *cash waqf* is a treasure of *waqf* objects that are valid and enforceable according to positive law in Indonesia. Thus the polemic regarding the legal *cash waqf* among Indonesian Muslim community is already answered.

According to the legislation in force, the implementation of *cash waqf* is closely related to the function of the Institution of Islamic Finance. The proof of delivery of cash to the manager of the *waqf* is in the form of *certificates of cash waqf*. The status of *Certificat of cash waqf* is legally allowed to be an authentic document which has the strength of perfect evidence. Therefore, in the future when there is a dispute in court, then the certificate is a valid and binding evidence.

The procedure of donating money, in accordance with the provisions of article 28 of Act 41 of 2004 on *Waqf*, namely: wakif can donate movable objects in the form of money or cash through Islamic financial institution designated by the Minister. Furthermore, article 29 states,

- (1) *Waqf* of movable objects in the form of *cash*, as referred in Article 28 held by *Wakif* with the expressed will of wakif made in writing;
- (2) *Waqf* of movable objects in the form of *money* referred in subsection (1) shall be issued in the form of *certificates of cash waqf*;
- (3) Certificate referred in paragraph (2) shall be issued and delivered by the Islamic financial institutions to wakif and nadzir as evidence of delivery of *waqf* property.

Article 30 of Law No. 41 of 2004 states that the Islamic financial institution on behalf of registered Nazhir of *waqf* property in the form of money to the Minister no later than seven (7) working days after the issuance of the certificate of *cash waqf*.

Although the *cash waqf* is normatively governed by Act No. 41 of 2004, the operational level still requires regulatory practice. This is in accordance with the provisions of Article 31, which confirms that the *cash waqf* will be further regulated by the Government Regulation. But it is not just a matter of *cash waqf* that needs to be regulated further by the Government Regulation. Act no. 41 of 2004 on *cash waqf* contains some provisions in article 14, article 21, article 31, article 39, article 41, article 46, article 66 and article 68 which needs to be regulated further by Government Regulation.

Overall the implementation of the regulation, in the end, is integrated into the Government Regulation No. 42 Year 2006 on the implementation of Law No. 41 Year 2004 on *Waqf* (PP no 42, 2006). It is intended to simplify the setting that is easily understood by the public, organizations, and legal entities, as well as government officials who take care of *waqf*. Indonesian *Waqf* Board (BWI: Badan Wakaf Indonesia), and the Islamic Financial

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Institutions (LKS), avoid a variety of possible differences in interpreting the applicable provision. In the case of movable objects such as cash *waqf*, according to the provisions of Article 22 of Government Regulation No. 42 Year 2006 on the Implementation of Law No. 41 Year 2004 on Endowments, it is stated as follows:

1. Cash *waqf* that can be donated is rupiah.
2. If the money that will be donated is still in foreign currency, it must first be converted into rupiah.
3. Wakif donating money will be required to:
  - a. be present at Islamic Financial Institutions in the recipient of cash *waqf* (LKS-PWU) to express the will of cash *waqf*;
  - b. describe the origin and ownership of the money to be donated;
  - c. send in cash a sum of money to the LKS-PWU;
  - d. fill out a declaration form of *Wakif's* will that serves as AIW.
4. In case Wakif is unable to be present as referred to in paragraph (3) letter a, then Wakif may appoint a representative or proxy.
5. Wakif can declare the *waqf* pledge of moveable objects in the form of money to Nadzir before PPAIW and then Nadzir submit AIW to LKS-PWU.

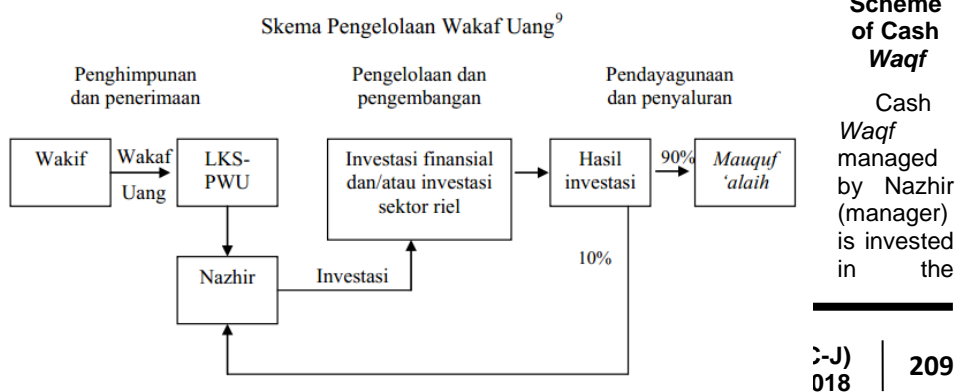
Elucidation of Article 22 paragraph (3) b of Government Regulation No. 42 of 2006, is that Wakifis required to explain the ownership and origin of the money that will be donated. This provision is intended to ensure that the *waqf* objects are derived from rightful (halal) sources, not contrary to the *sharia* and legislation, for example to avoid the possibility of money laundering through *waqf*.

The format of the *Certificate of Cash Waqf* as the provisions of Article 26 of the Government Regulation at least contains :

- a. Name of LKS-PWU;
- b. Name of Wakif;
- c. Address of Wakif;
- d. The amount of cash *waqf*;
- e. Designation of *waqf*;
- f. Period of *waqf*;
- g. Name of chosen Nazhir;
- h. Address of chosen Nazhir; and
- i. Place and Date of the issuance of Certificate of Cash *Waqf*

Furthermore, Article 27 of Government Regulation states that in case Wakif intends to take legal actions of cash *waqf* for a certain period. Then when that period expires, Nazhir is obliged to return the principal amount of charitable money to Wakif or heirs or successors of rights through LKS-PWU. There is one more thing we need to know that in the Indonesian positive law, *waqf* within a certain period is valid although among Ulama it is still being debated. Permissibility of *waqf* enforceability within a certain period is more focused on *maqashid as syariah* aimed at universal benefit (*al mashlahan al mursalah*). Cash *waqf* process is illustrated in Figure 4.1 below

Figure 1



financial sector or the real sector, and the results are given 10% to Nazhir as management fees and 90% given to *mauquf alaihi* (designation of *waqf* property). Results of investments allocated to mauquf alaih are divided into two sectors, economic sectors and non-economic sectors. Results are distributed to the economic sector is in the form of a revolving fund. While results distributed to non-economic sectors are for social assistance, education, health, and consumption.

**Procurement of Food Needs with Cash Waqf and BMT**

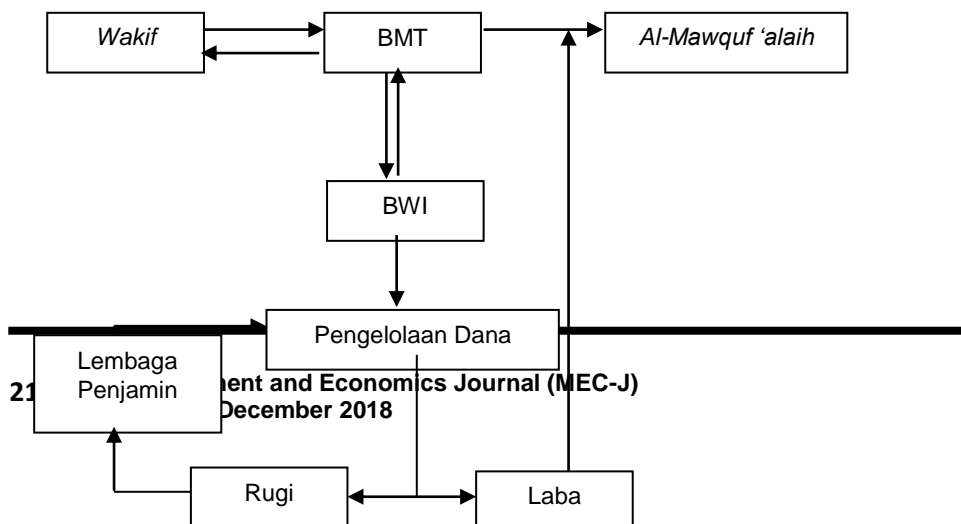
*Baitul Maal Wat Tamwil* (BMT) is an organization that consists of two terms, that *Baitul Maal* and *baitul tamwil*. The center was established with a view to facilitating grassroots which is not covered by the service of the Islamic Bank or RB Islam. BMT has several functions:

1. Grouper and channeling funds
2. Creator and giver of liquidity
3. Sources of income
4. Giving information
5. As an institution of Islamic micro that can provide financing for small business, micro, medium, and also cooperative with the advantages of not asking for guarantee.

In addition, BMT also have a function in society, among others organize and mobilize funds so that funds owned by society can be utilized optimally within and outside the organization for the benefit of the people. Another role of the BMT is as a means of liaison between the *aghnia* (rich) with the *dhu'afa* (poor).

Seeing the power of law and the development of potential cash *waqf* in point 4.2.1 above, the cash *waqf* has the potential to become one of the economic driving ways, one of which is as a solution to problems of fulfillment food in Indonesia. The concept of procurement of food needs in Indonesia through cash *waqf* described as follows.

- (1) Collecting and distributing of wqf fund through BMT institutions (*Baitul Maal wa Tamleek*) are scattered in various areas. Designated *waqf* is devoted to the food sector (agriculture and livestock).
- (2) Wakif distributes *waqf* funds through BMT with the process and requirements as described in point 4.2.1.
- (3) BMT distributes *waqf* funds to BWI (Indonesian *Waqf* Board) Division of Management and Empowerment of *waqf* as cash *waqf* management (invested in financing the real sector or by agreement *mudaraba* or *Musharaka*).
- (4) The benefit of the results received by BWI is distributed to BMT and then BMT in area of food sector (agriculture and livestock) through the farmers and ranchers in the country, either in the form of cash (as a source of capital or subsidies) or in the form of goods ( which are preferred). The administration in the form of goods means BWI buys the supporting factors of production, such as animal feed, fertilizer, seeds, irrigation systems, and other production equipment that are ready for use by farmers and ranchers. The following is the illustration of the process.



**Figure 2**  
**The Illustration of Distributing Cash Waqf**

- (5) As the result, farmers and ranchers can be helped directly for the process of the production of rice, sugar, and other agricultural products and cattle, chickens and other farm animals.
- (6) BMT and BWI need to coordinate with the government (Food Security Agency of the Ministry of Agriculture and the Directorate General of Plantation- Ministry of Agriculture) dealing with the distribution of *waqf* fund related to the areas of potential for the empowerment of this *waqf* fund to be optimal.
- (7) The Government should map out areas of potential agriculture and food (concentration of agricultural and livestock product) or as the writer mentioned the **regional specialization** by considering the population density, the skill of the population, natural conditions, and specific natural resources available in each region, such as East Java which is famous for its rice granary. The draft of regional specialization in this paper is as follows:

**Table 3**  
**Mapping Regional Specialization**

| Name Province | Potential Area  | Potential Food | Results Food                 |
|---------------|---|----------------|------------------------------|
| East Java     | The first largest harvested area: 2,072,630 ha.       | Paddy          | 12,397,049 tons of rice      |
| West Java     | Harvested widest area both: 1,979,799 ha              | Paddy          | 11,644,899 tons of rice      |
| East Java     | The first largest plantation area: 216.560 ha         | Cane           | 1,258,200 tons of sugarcane. |
| Lampung       | The second largest plantation area: 115.170 ha.       | Cane           | 749.250 tons of sugar cane   |
| East Java     | Most first cattle population: 4,071,390 tail.         | Beef           | 119.463 tons of beef         |
| Central Java  | The second largest cattle population: 1,534,430 tail. | Beef           | 61.868 tons of beef          |
| West Java     | Broiler population: 744,833,900 tail.                 | Chicken meat   | 547.584 tons of chicken meat |
| East Java     | Broiler population: 163,919,100 tail                  | Chicken meat   | 166.149 chicken              |

Source: Compiled Data from Statistics of Indonesia

Table 3 is an example of mapping the draft of Regional Specialization. Not limited to the example of Table 3, but we can also add other indicator variables as previous assessments of *waqf* funds distributed into these areas. In addition, the increase is not only done to the second level, but also to the third level, and so on.

### Distribution of Food Crop

The next problem is the equal distribution of food to the public. The distribution of food is related to the government's role as a leader. Leader (Government) as the supreme doer of the passage of an Islamic economic system and every element of the community are expected to have the values of monotheism (belief), 'adl (fair), and *ma'ad* (that everything will return to Him) so the system of social justice can be developed. That is, any form of activity in the Islamic economic system must reflect the principles of social justice and could be achieved if the country leaders would perform their role in accordance with those values with the realization that man is only the temporary owner and a manager of the available resources, both by the leader of a country and the society.

Rivai and Buchari (2009) describes in more detail the principles that must be followed in carrying out the Islamic economic system with a fixed principle on the basis of the above values, especially in terms of ownership and distribution. Islam recognizes private ownership with certain limits, including ownership of the means and factors of production and distribution. These principles include:

- (1) Individual ownership is limited by the public interest, that is to say, the Islamic economic system recognizes the individual or private ownership, but with restrictions, including in the process to get it, as described in QS. An-Nisaa' (4): 29 below.

يَتَأْتِيهَا الَّذِينَ ءَامَنُوا لَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ إِلَّا أَنْ تَكُونَ تِجَارَةً عَن تَرَاضٍ مِّنْكُمْ وَلَا تَقْتُلُوا أَنْفُسَكُمْ ۚ إِنَّ اللَّهَ كَانَ بِكُمْ رَحِيمًا ﴿٢٩﴾

*Meaning: 29. who believes, do not eat each other neighbor's property by way of vanity, except by way of commerce which is applicable and based on the mutual liking. And do not kill yourselves [287]; Surely Allah is Merciful to you.*

*[287] The prohibition of kill oneself includes also prohibition to kill other people, for killing another person means to kill oneself, because the race is a unity.*

- (2) Besides, the Islamic economic system requires that private property or proprietary should act as productive capital which is intended in order to increase the amount of national product and improve the welfare of the community, as described in QS. Al-Hashr (59): 7:

مَا أَفَاءَ اللَّهُ عَلَى رَسُولِهِ مِنْ أَهْلِ الْقُرَىٰ فَلِلَّهِ وَلِلرَّسُولِ وَلِذِي الْقُرْبَىٰ وَالْيَتَامَىٰ وَالْمَسْكِينِ وَابْنِ السَّبِيلِ كَيْ لَا يَكُونَ دُولَةً بَيْنَ الْأَغْنِيَاءِ مِنْكُمْ ۚ وَمَا آتَاكُمُ الرَّسُولُ فَخُذُوهُ وَمَا نَهَاكُمْ عَنْهُ فَانْتَهُوا ۚ وَاتَّقُوا اللَّهَ ۚ إِنَّ اللَّهَ شَدِيدُ الْعِقَابِ ﴿٧﴾

*Meaning: 7. whatever booty (fai-i) which God gave to His Messenger (of the property) from the people of the towns then is for God, for the apostle, kinsfolk, orphans, the poor and people who are on the way, so that the treasure does not circulate only among the rich around you. What is given unto the Apostle, then*

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*accept it, and what he forbids, then leave it and be devoted to Allah. Verily Allah has harsh punishment.*

Therefore, the economic system of Islam rejects the accumulation or circulation of wealth or in the possession of certain people and ensure community ownership and the usage is planned for many people. From this principle, the principle of derivative is classified as follows (Rivai and Buchari, 2009):

- a. Individual freedom;
- b. The right to property;
- c. Economic inequality within reasonable limits;
- d. Social equality and social security;
- e. Ban of accumulataing treasure.

The values mentioned above are related to the process of distributing food needs which could occur evenly, fair, and complementary. That is, areas producing the greatest food are expected to distribute the products into remote areas that are difficult to be mobilized, such as Papua, Gorontalo, Riau Islands, and other areas. The main thing is not hoarding which in turn will have an impact in the form the reduced supply and scarcity. Along with the development, maturation, and application of the concept of the procurement and distribution of food by the Islamic economic system, the main thing that is important to be developed are human morals, businessmen and economists in running the concept. Islamic economic system just makes sure that there are no economic transactions that are contrary to sharia. However, business performance depends on the *man behind the gun*. The economy of Moslems can only advance when patterns of thought and behavior of Moslems are already *Itqan* (diligent) and *ihsan* (professional). This is probably one of the secrets of the Prophet Muhammad: "In fact, I was sent to enhance morals (akhlak) because morals become the indicator of the merits of man (Karim, 2014).

## CONCLUSION

From the observation and analysis of the data, literature, journals, newsletters, research finding, and other data sources, it can be concluded that:

- (1) Indonesia has a variety of regions with the potential for abundant natural resources which, if it can be managed optimally will generate a source of food needs are able to meet the needs of the people of Indonesia.
- (2) Problems food needs in Indonesia are caused by several factors: the increasing demand for substitutes, the lack of supply of food needs, unprepared food supplier (farmers and ranchers) in producing food needs, the weakening of the rupiah, and other monetary sector. But the main factor is the most important procurement and distribution of food needs from the supplier to the consumer.
- (3) Cash *waqf* can be a solution to the problem of procurement of food needs in Indonesia. Cash *waqf* property is handing cash to a person, group of persons or institutions *nadzir* to be managed productively by not reducing or eliminating *â € ~ain* assets in order to take the results or benefits by *maukuf alaih* accordance with the request *wakif* in line with Islamic law.
- (4) Cash *waqf* law allowed, both in terms of religion and in terms of the law of Indonesia. Endowments are sometimes reserved for grandchildren or relatives, and those after them to the needy. This type is called *waqf Waqf experts* or endowments *dzurri*. Endowments are sometimes intended for the good or the public interest, and is referred to as endowments *khairi*. In the Indonesian positive law, the notion of *waqf* as contained in Article 1 paragraph 1 of Law No. 41 of 2004 on *Waqf*. Endowments legal basis taken from Al-Quran, the Sunnah and *Ijmaâ Ulama*. So that the already strong cash *waqf* law to be implemented in Indonesia.
- (5) The concept of cash *waqf* has the potential to become one of the economic driving ways, one of which is as a solution to problems of food needs in Indonesia and is accompanied by the concept of **Regional Specialization**.

- (6) Distribution of food products is done based on the concept of ownership and the concept of monetary and real without hoarding food crops. Because the activity of hoarding food products by a few people will result in a reduced supply of food needs and shortages thoroughly.

### **RECOMMENDATION**

(1) The central government as the ruler should increase domestic industry to increase production of national food needs which are not supposed to be easy to rely on imports. There are many other solutions that can be implemented, one of which is to develop an actual cash *waqf* which has existed since the time of Prophet Muhammad.

(2) The increase of domestic industry means the increase of the supply of domestic needs independently. This transforms Indonesia to become Indonesia Mandiri without Import.

(3) To initiate and implement this cash *waqf* coordination of the central government (as the main leader), ministries, Indonesia *Waqf* Board (BWI), *Baitul Maal Wattamlik* (BMT), the scholars, the parties, other related institutions, and the society is needed to socialize cash *waqf*.

(4) Socialization and ongoing education with the application process, development, and supervision are also needed.

(5) The central government (elite) would involve farmers and ranchers (lower middle class) and work together to implement the cash *waqf* in the process of food needs and to realize Indonesia Mandiri (Independent) Without Import.

(6) The reformation of Indonesian laws regarding cash *waqf* should be done continuously.

(7) The study of theories and concepts without sustainable realization is pointless.

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