



Received: 14 April 2016
Accepted: 3 August 2016
Published: 17 November 2016

¹Master of Islamic Studies, Islamic University of Indonesia

²Post Graduate Program of UIN Sunan Kalijaga

*Corresponding author: Nurul Fatimah Rofiatun

Email : ima.maspupah99@gmail.com

The Reinforcement of Islam Philanthropy by Means of Waqf Optimizing based on Sukuk

Ima Maspupah & Shofia Mauzotun Hasanah

Abstract

Sukuk has been developed rapidly both in quality and quantity, this can be proved by the rapid development in the international financial landscape and is also regarded as the most successful financial products among Islamic financial institutions in the realm of the world. As one of the long-term financing instruments, sukuk has become an alternative funding to be obtained for the investment and projects for governments and companies. In Indonesia, the SBSN development has an outstanding value of Rp 298 trillion, or equal with 13% from the total debt securities issued by the government in September 2015 which showed the value of Rp 2.306 trillion. Sukuk is essentially certificate of ownership of an asset (real project) that can be used on a large scale to defray the construction of sukuk which are not included into buying and selling securities in secondary market, but a financing. Sukuk has assurance in the form of main asset (collateral assets) and serves as the basis for the issuance of sukuk to avoid riba by the prerequisites elements that be traded. The purpose of this article is to present a solution in optimizing the asset-based sukuk that are asset of utilization waqf endowments given in Indonesia which is not yet optimal. The method used is the study of literature. The concepts generated in the form of waqf asset utilization as underlying assets for sukuk. Where the sukuk was issued through a Special Purpose Vehicle (SPV) as the representative body nadzirin this Indonesian Waqf Board (IWB) to be leased to investors. Sukuk is expected to support the optimization of endowment assets to be more productive as well as a challenge to change consumption patterns and preferences with their moral filter in the form of awareness of social solidarity. As a result, the concept of Pareto optimum which does not recognize the existence of a solution that does not require the sacrifice of the minority (wealthy) in order to improve the welfare of the majority (poor) do not apply anymore.

Keyword: sukuk, underlying assets, waqf.

Introduction

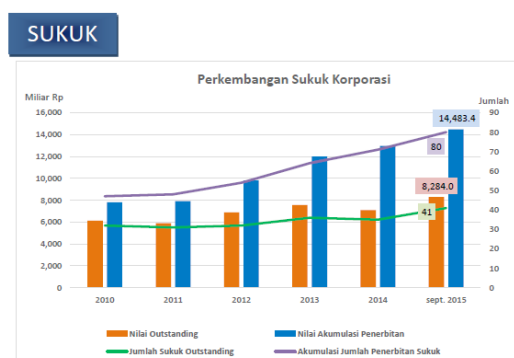
The emergence of huge interest phenomenon in Islam finance industry recently was showed by the appearance of Islam securities (*sukuk*), which has great ability to offer an innovative financial solution. The products are not only able to extend the work contribution in conducting the product innovation, but also the equal reverberate with others conventional capital market. The products across the countries are actively considered by the alternative publisher company lately, by the purpose of defray needs and investment (N. Huda & Nasution, 2007, p. 120).

Global finance market trend is going to be directed into disintermediation. In other words, the role of capital market is more dominant than the role of banking system (financial intermediaries) in terms of financing source allotment. Therefore, the capital market will be the future for the economics and the financing system in the develop countries along with those which are included into emerging markets as like in Indonesia. This is supported by the present of *sukuk* in 2002 which is a penetration in the sharia capital market development in Indonesia because of the ability to be an alternative obligation instrument (debt receipt) for companies that need external financing source. In the development period especially in Indonesia, *sukuk* is expected



being one of government mainstays to fund the infrastructure projects which becomes one of the projects at the moment (Masyarakat Ekonomi Syariah (MES), 2015, p. 35).

As one of the long term funding instruments, *sukuk* can be said that it has been an alternative to obtain investment and project donation for government and company (Azmat, Skully, & Brown, 2014; Saripudin, Mohamad, Mohd Razif, Abdullah, & Rahman, 2012; Zulkhibri, 2015). The *sukuk* value of government on September 2015 is Rp 298 billion or 36 times higher than corporation *sukuk* value which is Rp 8,28 billion. SBSN domination of corporation *sukuk* seems to raise continually for further period by the consideration that it is posing to the plenty of infrastructure projects in which the funding comes from *sukuk* publisher by the government (Masyarakat Ekonomi Syariah (MES), 2015, p. 37). Further, it can be seen from the *sukuk* development which is still keep on rise in 2015.



Authentically, *sukuk* is the ownership of an asset (real project) that can be used in a great scale for funding the establishment as *sukuk* is not a trade of valuable receipt at capital market, rather than a funding. *Sukuk* gets collateral in the sort of underlying asset and it becomes *sukuk* publication functioned to avoid usury and prerequisite that can be traded as it is asserted in DSN MUI binding rules about the public certainty of SBSN point 2 that is “SBSN asset is SBSN funding object and or The State Owned Good (BMN/Barang Milik Negara) that has economic value in the sort of land or building regarding to the SBSN publication for publication the basis of SBSN”. This becomes the guidance of *sukuk* publication.

However, there is nothing about the movement of real asset to the *sukuk* stakeholders in the *sukuk* reality operation. Asset movement is just formality in the *sukuk* agreement as it is attached in the *sukuk* term sheet. The *sukuk* principle implementation in Islam has been relied on al-Qur’an surah al-Baqarah (2): 282 about the command of writing of debt, that is: “*you who believe! When you deal with each other in contracting a debt for a fixed time, then write it down; and let a scribe write it down between you with fairness; and the scribe should not refuse to write as Allah has taught him,...*”

The meaning of that verse has been discussed deeply by an expert of Fiqh Academy Jeddah, and has been uttered the judgment no 5 in 1988, by determining that (1) the amount of asset collection can be represented in an official document or *bonds* and (2) *bonds* or the official document intended can be traded based on the market price and the amount composition of the asset that is showed by the security consisted of the physic asset and financial right, with only a few of cash and debt in personal business.

Based on the observation conducted by Abozaid & Al-Jarhi (2010), the traded asset value from almost the whole *sukuk* publications are not equal with the market price, which is adjusted with the total fund desired by the *sukuk* publisher. If the *sukuk* publisher has the real trading asset ownership transaction, the asset book value should suitable with the market price in the execution of asset selling. Hence, this observation showed that the published *sukuk* is not supported by the real asset, rather than just as a tool to lend money in other common obligation receipt. Based on Dusuki & Moktar (2010) and Dusuki (2010), the effect of inexistence of asset

movement is when the sukuk default occurred, the sukuk holders just get the rest of collateral total that have been agreed by the sukuk publisher and if there is surplus from an asset value, the sukuk holders don't have any right of surplus from an asset of that sukuk (Nazar, 2011)

Thus, the writer serves a concept of solution toward the *sukuk* optimization based on waqf asset, considering the utilization of waqf asset in Indonesia hasn't been optimum yet. As one of Islam philanthropist, waqf is the public asset that is able to create solution in a country by the intention to diminish poverty and raise the prosperity by maximizing the utilization. Based on the data from the Ministry of Religious Affairs of Indonesia, the land width of waqf in Indonesia in 2012 is 3.492.045.373, 754 m² spread to the 420.003 location of Indonesia or equal with two times wider of Singapore. The land area is supposed to be productive. Nevertheless, the waqf land hasn't been worked optimum. Moreover, there are a lot of abandoned area and cannot give benefit for society prosperity (Rozalinda, 2015, p. 3).

Based on the survey conducted by Center For The Studi Of Religion And Culture (CSCR) related to the waqf property that is utilized productively, the number of areas in Indonesia showed 23% by the details of 19% in the sort of field, meanwhile only 3% area that has been utilized for shopping complex and 1% for fish farm. Whereas, it is beneficial if the area managed productively to overcome the poverty (Rozalinda, 2015, pp. 4–5).

Based on the two cases previously, this journal discusses the optimization of *sukuk* based on waqf by the expectation to be able to support asset optimization to be more productive and also as a challenge to change the pattern and consumption preference by the existence of moral filter in the sort of realization of social solidarity.

The method used in this journal is explorative which is conducted through literature study about *sukuk* based waqf, *sukuk al intifa* and discover the studies from the previous research about how to optimizing the waqf through *sukuk*. This journal is expected to give contribution as the reference of implementation for optimizing the *sukuk* based on waqf in Indonesia as it is practiced in Saudi Arabia and Singapore.

The Empowerment of Waqf Property

The essence of Waqf is that one is available to support for those poor who are in need continually and also as the main contributor in old concept and cannot be revoked (Stibbard, Russell, & Bromley, 2012). Another side that hasn't been realization yet continually is the ability of waqf asset produces or develops the income or financial capital. Both of those definitions are significant for now and forever. Hence, the continual effort is needed to make a greater procurement of waqf asset (Ambrose, Aslam, & Hanafi, 2015; Anderson, 1951; Haji Mohammad, 2015).

Mundzhir Qahaf asserted one of the characteristics of *waqf sunnah* (optional religious duty) in Islam is that all sorts are potential to be developed, particularly as a productive waqf asset. Moreover, Qahaf gives analysis that waqf property tends to be exist in each period, then to maintain the continuity of the waqf in his opinion is by set aside the Muslim of productive waqf goods property for all religious members' prosperity and as a part of the religion sensitivity (Qahaf, 2004, p. 61).

The waqf administration productively is still little in terms of the system and amount. The following are some models of the unmoved waqf land empowerment. Before the waqf land empowerment was being conducted, there are some things should be done, among others are (Wadjdy & Mursyid, 2007, pp. 117–123):

- a. The waqf lands inventories that contain some information about: a) land area, b) land location, c) land allotment, d) land *waqf nadzir* and other relevant matters.
- b. Short, mid and long-term planning. The planning is supposed to relate with the amount of work program in education and social field in the extend meaning, so it can be obtained a depiction of some funds that are needed for every program and how much fund will be produced through the use of waqf lands productively.
- c. By paying attention to the waqf lands potential, it can be determined of the usage priority, it is more beneficial to be used in education and social fields or to be managed economically, so that the waqf lands will give high additional value for the waqf organization itself. It can be done through mixed strategy, half of the waqf land is used for education and social necessary permanently and the rest is used for the

- waqf land development to optimize the purpose of waqf itself. In the other words, the combination of waqf lands development and the usage for productive purposes are very ideal.
- d. The management contemporary principles that is suitable to the Islam theory needs to be applied in the waqf land management and development, meaning that the waqf should be managed professionally by the professional manager. Thus, the hard effort is the paramount thing. Hence, the study about the comparison of waqf in other countries is needed to be conducted.
 - e. In some west countries, there is not a few "Foundation" or "Stichting" that have been established, such as "Ford Foundation", "Rockefeller Foundation", etc. We may take the extra of what they had been done from the side of management.

For an instance, there are a lot of waqf lands surrounding that is used to build a mosque or Islamic school by leaving some meters to be used free. This unoccupied land can be built for hall building and renting for the society. Meanwhile, the renting-fee income can be used for the mosque or Islamic school maintenance.

That kind of waqf empowerment will create a new working field, more positive for Islam image, establishing the words "it's better to give than receive" and others social benefits. Hence, it is the right time for the *waqf nadzir* to think harder for enabling the empowerment of the waqf lands that have high economic value lands regarding to achieve the purpose that press the importance meaning of the benefit for the society. In brief, waqf can be the solution for the productive property development in the mid of society and the solution from the personal selfishness and the government arbitrariness simultaneously (Haji Mohammad, 2011; Mohamad Suhaimi, Ab Rahman, & Marican, 2014).

Specifically, waqf can help the public society activity as the form of caring to people and the future generation (Anwar, 2015) which has caused an exponential increase in demands on philanthropy and the non-profit sector. Islamic history is rich in philanthropy as charity is advocated as a pivotal part of the religion. Islam provides economic frameworks, instruments and unconventional approaches which can lead to reduced poverty and wealth inequality. This study aims to provide insights how waqf (endowment. This kind of social activity has been legalized in Islam law as human needs, not only restricted for Muslim, but it also allocated for non-Muslim society. In Islam law, it is approved that it can be allocated for non-Muslim and the descent; however it is required for Muslim not to take that waqf.

Tabel 1. Tbm he Data of Waqf Land in Indonesia

THE DATA OF WAQF LAND IN INDONESIA					
NO	PROVINCES	AMOUNT	CERTIFIED	UNCERTIFIED	TOTAL WIDTH (M2)
1	State of Aceh	24.898	13.730	11.168	767.869.011,580
2	North Sumatra	16.280	7.761	8.519	36.035.460,000
3	West Sumatra	6.721	4.554	2.167	57.761.212,250
4	South Sumatera	8.513	3.605	4.908	2.854.715,960
5	Riau	8.273	3.057	5.216	1.080.551.544,340
6	Jambi	5.870	4.110	1.760	14.690.497,000
7	Bengkulu	3.772	2.208	1.564	10.372.705,000
8	Lampung	14.591	8.372	6.219	22.990.814,000
9	Bangka Belitung	1.052	755	297	2.882.311,000
10	Riau Archipelago	1.260	336	924	70.383.902,000
11	SCD of Jakarta	6.317	4.383	1.934	9.588.868,670
12	SR of Yogyakarta	7.846	7.558	288	2.651.551,000

13	West Java	74.860	45.873	28.987	116.662.017,810
14	Central Java	103.294	82.641	20.653	163.169.706,970
15	East Java	74.429	54.193	20.236	58.239.272,200
16	Banten	17.781	10.843	6.938	1.429.968.288,000
17	Bali	1.269	1.132	137	1.926.202,000
18	West Kalimantan	5.123	2.318	2.805	29.951.942,090
19	Central Kalimantan	2.502	1.724	778	41.316.207,710
20	South Kalimantan	9.866	7.369	2.497	110.208.614,000
21	East Kalimantan	3.535	1.342	2.193	14.165.538,940
22	North Sulawesi	897	310	587	1.457.963,000
23	South East Sulawesi	2.606	1.530	1.076	4.913.253,000
24	Central Sulawesi	3.197	1.874	1.323	5.782.021,000
25	South Sulawesi	10.109	5.647	4.462	10.970.398,508
26	West Sulawesi	2.593	902	1.691	5.552.484,000
27	Papuan	346	142	204	694.466,000
28	West Papua	338	105	233	591.117,000
29	East Nusa Tenggara	1.266	1.043	223	3.848.861,000
30	West Nusa Tenggara	12.266	7.031	5.074	25.816.325,000
31	Maluku	597	270	327	5.006.359,000
32	North Maluku	1.562	935	627	30.223.191,000
33	Gorontalo	1.727	776	951	3.367.467,338
	JUMLAH	435.395	288.429	146.966	4.142.464.287,906

Source: Directory of Waqf Empowerment Indonesia Ministry of Religion dated March, 14 2014

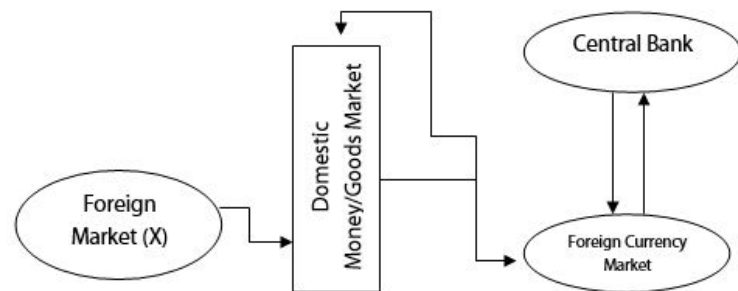
Sukuk Application in Market

Sukuk (the plural form of '*sakk*') is used by the Muslim society in the mid-century as a 'paper' that is presenting the obligatory comes from trading and other commercial activities (Saputra, 2007, p. 227). Based on the rule of DSN-MUI No.32/DSN-MUI/IX/2002: the syariah valuable receipt is the long term valuable receipt based on syariah principles published by the issuer to the *sukuk* holder in form of profit sharing and repay the obligation fund on the due date. Accounting and Auditing Organisation for Islamic Finance Institutions (AAOIFI) defines *sukuk* as a certificate from a value which is represented after the enroll closing, a receipt receives a certificate value and used it in line with the plan, same thing with the part and tangible asset ownership, goods or service or financial capital from a certain project or financial capital of a certain investment activity (Saputra, 2007, p. 228).

In the picture 1 below, it can be explained the plot in which an obligation can give contribution to the economic stability of a country. For an instance, Indonesia is exporting goods to the overseas, and then the income in terms of foreign exchange can be gained in Dollar currency. Surely, this currency cannot be used in the market goods or money directly in Indonesia, so it is supposed to be exchanged into Rupiah in the foreign currency market or to the central bank.

Further, the agent of foreign currency market exchanges the amount of foreign currency to

the central bank with the domestic currency. The condition in which foreign currency is more dominant both in money changer and domestic goods market, the possibility for central bank to fulfill the society necessary for domestic currency is more restricted, and also recognizing the limitation of foreign exchange. Besides that, by the increasing of money circulation indicated the high level of consumerism in the society that is absolutely implied to the high level of inflation. Therefore, central bank endeavors to pervade several funds from the society regarding to the monetary problems, thus central bank announce an obligation that can be owned by the society, both personally and institutionally (Jusmaliani, 2008, pp. 357–358).



Picture 1.1 Obligation Roles in the Market and the Difference Market Agent

AAOIFI, in the *syariah* standard about *sukuk* investment, discusses kinds of investment certificate (called by *sukuk*), among others are (Ayyub, 2007, p. 396):

- a. Ownership *sukuk* for the rented asset: to be divided in ownership *sukuk* for the right of the existent asset utilization, ownership *sukuk* for the future asset that has been described ownership *sukuk* for the service of certain party and the ownership *sukuk* of the future service has been described.
- b. *Salam Sukuk*
- c. *Istisna Sukuk*
- d. *Murahabah Sukuk*
- e. *Musyarakah Sukuk*
- f. *Muzara'ah Sukuk*
- g. *Musaqah Sukuk*
- h. *Mugharasah Sukuk*

There are some kinds of the *sukuk* itself, kind of contract that has the greatest potential that is investment certificate based on *syirkah*, *ijarah*, *salam* dan *istisna*. According to the base principle of *syariah*, *investment sukuk* is supposed to be on the only one rule base and integrated so that it is able to fulfill *syariah* principles. If it is not to be done, there will be a lot of parties who manage or determine that rules, *sukuk* will not have the clear direction.

The margin level of *sukuk* will be variety; it depends at the selected kind of contract and the outcome of *sukuk* implementation. *Sukuk* for the stable outcome can be conducted when the third party exists as a guarantor, in this situation the utilized contract is the assurance contract.

The publisher or *sukuk* holder can adopt any permitted method in the handling and the risk decreasing, by creating *takaful* fund through the contribution from certificate holder or looking for protection from *takaful* company and pay for the contribution from the income when the publication or the contribution from *sukuk* holder. It is allowed to set aside the margin percentage to minimize fluctuation from the distributed margin. By requisite, the disclosure is being conducted properly in the publication prospectus.

Sukuk Scheme Ijarah Based Waqf

Ijarah contract has been corrected in Al-Quran, Sunnah, *ijma* mufti and 'urf study. Mazhab mufti has also been studied deeply by resulting that nothing contradicts with *syara'*. Moreover, this kind of contract can be further continued in the modern payment system as like financial capital market. The developed *ijarah* contract in form of financial capital market is more recognized by *ijarah sukuk*. It is *sukuk* certificate that is expelled based on the certain valid assets that have economic value, consist of partition area, building, and other goods included to the valuable

asset (Wahid, 2010, p. 117). The form of *ijarah sukuk* consist of (a) tangible assets, in which the investor has a part of an asset and income related with *ijarah*, (b) the beneficial importance for investor to get the right of the asset rented that is getting the benefit of *al-ijarah* by using *sukuk*.

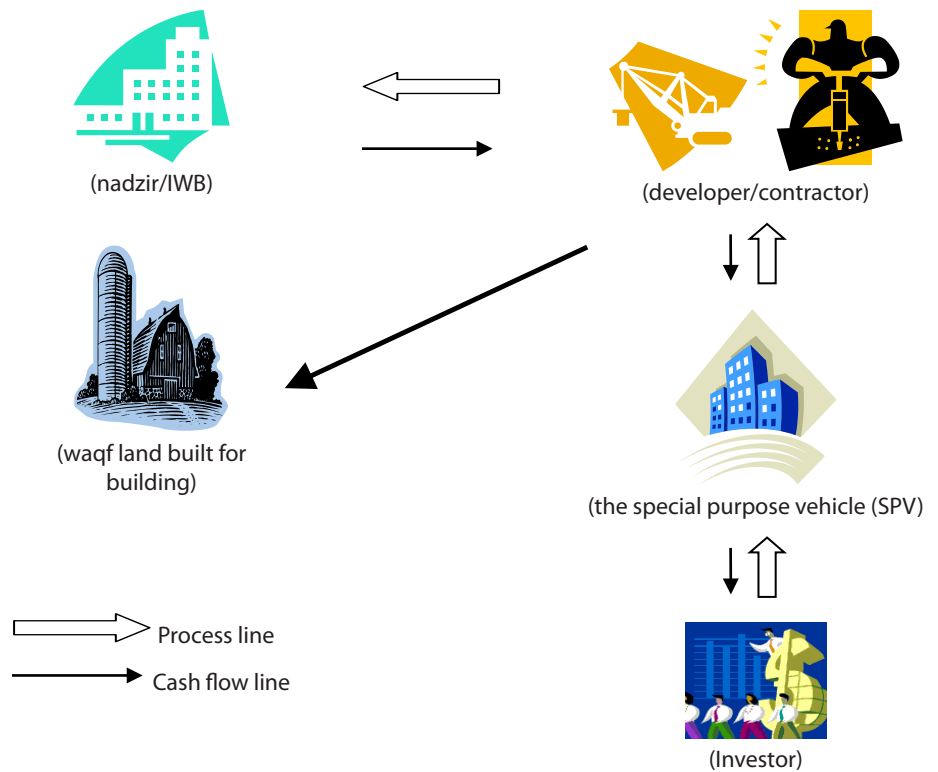
Ijarah is having high flexibility and great potential for *sukuk* publication, but some of the *sukuk ijarah* characteristics or the agreement that involve in the process is the guidance of different matter related with syariah. Based on the syariah rule, *sukuk* holder is supposed to carry on the risk of the asset value and the cost together that relate with the ownership and divide the renting fee by renting it to anyone. The possibility of unexpected fee related to the rented relevant asset ownership and the possibility of failure, the level of margin can only be similar, not absolute or cannot be changed or determined to follow certain benchmark. However, the level of margin in the most of *sukuk* is absolute and cannot be modified. This aspect contains systemic risk that is not appropriate with the syariah and also makes the base thing of Islam financial system is not valid and contradicts with the investor aspiration which based on their belief.

In *sukuk ijarah* based on waqf, there are four parties involved at least, among others (1) Indonesia Waqf Board (IWB/BWI) or nadzir, (2) developer, (3) the special purpose vehicle (SPV) as the *ijarah sukuk* publisher, and (4) investor. The development of waqf property commercially is conducted on the area of waqf land that is managed by IWB or nadzir by using the concept of build, operate and transfer (BOT) through *sukuk al-intifa'* publisher that is based on the contract of *ijarah mawsufah fi zimmah* (Omar & Ab Rahman, 2013). Then, it will be rented to the investor as the benefit usage by the contract of *ijarah mawsufah fi zimmah*. *Ijarah mawsufah fi zimmah* is unavailable rented asset or possessed by the lessor in the agreement time. However, that agreement is based to the work by the lessor to give an asset based on the specification agreement, value and time availability. The payment rented beyond this *ijarah* is the lessee right to use the property in the future, in every time this property ready to be used. The mufti from several ideologies of thought have been agreed to accept this *ijarah* (Securities Commission Malaysia, 2009).

Sukuk al-intifa' is a proper instrument to finance the investment waqf. Besides it is a form of syariah obedient since it is based to the *ijarah* contract, *sukuk al-intifa'* has some characteristics that make it into a beneficial financial instrument. The characteristics are as follow (Kholid, Sukmana, & Hassan, 2009):

1. Renting security: *sukuk* holder will have the benefit from the rented asset used to other party (the holder will surely have routine payment).
2. Trading tool in the secondary market/tradable: *sukuk* holder is able to sell the asset (*tradable*) to other party (in the secondary market) when he need cash insist.
3. Changing of *sukuk* duration; the rented of asset duration can be changed or divided into some periods of renting. The duration flexibility gives flow cash management that is better for waqf institution. The *sukuk* optional transferred is appropriate for the following years.

Chart 1.2
The form of sukuk al-intifa' publication based on waqf



Information:

1. Nadzir/IWB/waqf management rents the waqf land that they manage to the interest developer by using the concept of BOT. The agreed rented payment is supposed to be paid to the developer in form of building, not cash.
2. a. The developer establishes a building that is needed on the waqf land.
 b. The developer pays the tax for the land rented.
3. The developer is renting an asset to SPV.
4. SPV processes *sukuk* publication and release *sukuk al-intifa'* by using *ijarah* contract.
5. The investor is ready to rent the asset and pay the monthly or annual fee to SPV until the due time.
6. SPV pays the asset price to the developer.
7. The developer has an obligation to give a building to *nadzir* as the renting fee for the waqf land managed until the due time. Payment system isn't conducted monthly or annually, rather after the rent period is over.

BOT scheme gives benefit for waqf institution as the asset owner that is the established building or other assets will be developed without need to be financed. BOT scheme also gives ownership guarantee of the waqf asset preservation permanently to the waqf institution. However, there are some weaknesses of using BOT scheme in developing the investment waqf. BOT scheme needs the developer to build the waqf asset that is followed by the asset operation and then re-transfer to the waqf institution in the due time. Based on this scheme, waqf institution will re-develop the waqf asset such as an office building, after the BOT contract development has done in 25 years. In this situation, waqf institution finds some risks if the following condition:

1. Asset that has been developed will be transferred to the waqf institution in the expired time.

2. Asset is possibly developed in inappropriate time.
3. The changing of business environment in the investment waqf cannot be predicted. For an instance, when a project may have a high request in the leasing period, but the asset that has been transferred to the waqf institution changed into unfortunate situation for business related to that investment waqf (Kholid et al., 2009).

Basically, the long-term business perspective in the BOT contract will decrease the risk of waqf institution. Based on the aforementioned risks that is possibly faced by the waqf institution, the waqf institution should be able to anticipate it. There are some preventive actions that should be done, that is the waqf institution should predict the future situation in which business and economic environment relate with the investment project and the waqf land should ensure the agreement with the developer about the waqf asset preservation that is developed to avoid inappropriate condition from asset when it is moved to the waqf institution

The Right of Sukuk Profit

Since *sukuk* is an investment certificate, the main motivation from the parties that is involved in *sukuk* contract obtains the profit from the cooperation activity. Some of the sorts and the ways to obtain the profit are elaborated as follow:

- a. Nadzir/IWB/waqf management, obtain the whole of ownership right to establish the building on the waqf land based on the agreement after the due time.
- b. Developer obtains the profit, besides obtains the cash easily he also obtains the profit from the ongoing project by using cash obtained from asset securities.
- c. SPV will obtain the profit. It depends on the situation where he puts the role in the publication of *sukuk* certificate. Since the position of SPV party as the representative of the developer, thus the profit will be in form of *'ujrah*.
- d. Meanwhile, the *sukuk* holder acts as the trader who put the financial capital, thus the profit will be obtained based on *sukuk* contract that has been invested. Since the investment is in the contract of *sukuk ijarah*, the profit that is obtained from renting the asset will be paid by the developer in the certain contract period time (Wahid, 2010, pp. 171–172).

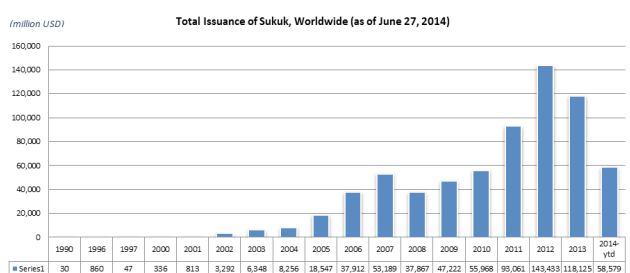
The Right of Asset Ownership

In the *sukuk* contract, the originator usually has a right to re-obtain the asset if the investor sells that asset that is known as the bay' al-wafa' (sell it back) (Al-Masri, 2006). In this concept, however, it uses *sukuk al-intifa'* based on *ijarah* agreement to re-obtain the asset is asset nadzir/IWB. Basically, the one who becomes the underlying assets is in the form of "profit". In addition, the investor and the developer will take the profit from the waqf land and establish the building simultaneously.

Product Implication of Sukuk Based Waqf

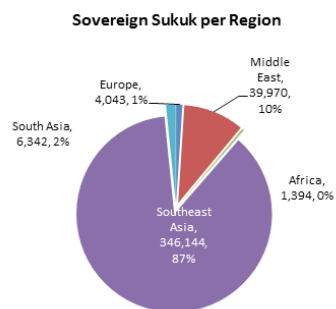
The form of *sukuk* product has given huge implication toward the index market development, such as Jakarta Islamic Indeks (JII) in Indonesia, Labuan International Financial Exchange di Malaysia and Bahrain Monetary Agency (BMA) in Middle East. Instead, the present of index market has been able to give valuable declaration to the investors to find out the product of capital financial market in more perfect way and also be able to give the passion to the investors to self-involve in the product of capital financial in order being more increase. It can be caused the investors have the variety optional alternative in implementing the investment to give an ease for investor in conducting liquidity of *sukuk* asset.

Sukuk market has been raised in this recent decade, this happened because some *sukuk* products have been grown in the developed countries with the majority society is Muslim, such as Bahrain which publish domestic *sovereign fixed-rate ijarah* and salam *sukuk*, followed by the publication of non-expert and private *sukuk* in some other countries (Wahid, 2010, p. 234). Almost the last two decades, the *sukuk* publication as an alternative of payment source both of by corporation and country have been rapid development. Based on the data from Islamic Financial Information Service (IFIS), on 27 June 2014 the total of *sukuk* publication around the world has achieved USD 683,8 billion or equal by Rp 8.277 billion (1USD=Rp12.103). It is increase highly if it is compare with the total of publication in 2004 that achieved USD 8,2 billion.



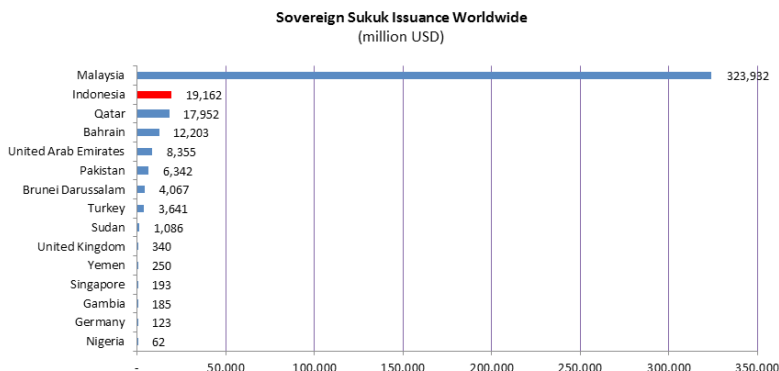
Source: Islamic Finance Information Service (IFIS).

The value of *sovereign sukuk* of USD 397,8 billion, the majority of 87% is dominated by the *sukuk* publication from the South-East Asia that reach USD 346,14 billion. The next is followed by the *sukuk* publication from Middle East that reaches USD 39,97 billion, or equal by 10% from the total of *sovereign sukuk*. There has been the publication of *sovereign sukuk* in Eropa (Jerman, Inggris, Turki) has reached USD 4 billion or equal by 1,02% from the total of *sovereign sukuk* around the world.



Source: Islamic Finance Information Service (IFIS).

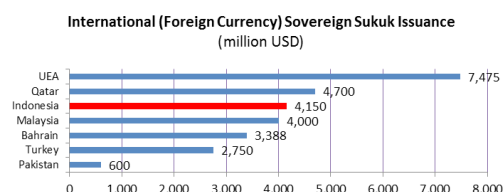
The publication of sovereign sukuk has been conducted at the 15 countries around the world. Indonesia as the biggest country that inhabited by the Muslim around the world becomes the country that publish the second greatest of *sovereign sukuk* in the world, by the total of publication of USD 19,16 billion.



Source: Islamic Finance Information Service (IFIS).

Indonesia is in the third position in the world with the greatest total of publication that reach USD 4,15 billion (the total of international *sukuk* publication with denominated US Dollar). Indonesia has been able to surpass Malaysia in the fourth position by the total of publication

USD 4 billion. The greatest publication of international sovereign sukuk is dominated by the UEA countries of USD 7,4 billion.



Source: Islamic Finance Information Service (IFIS).

Regarding to this, sukuk based waqf has been developed in the developed countries, such as Singapore and Saudi Arabia. The beginning of waqf asset establishment located in Bencoolen, Singapore which is the first trial that is conducted by MUIS by using sukuk musyarakah as the concept of building payment. Besides that, saving of waqf fund (MUIS) also makes some donation in form of waqf land included the number of financial assisting that is totally SD 4.719 million. The saving of waqf fund (MUIS) has donated a waqf land by the value of SD 3,18 million and also the cash for SD 1.539 million (Fahrurroji & Arifin, 2015; Osman, 2012). The similar thing happened to Zam-zam Hotel in Makkah for USD 390 million that is built beyond the waqf land of King Abdul Aziz in size 91.326 square.

Quoting what has been said by Imam Malik in the theory of al-maslahah al-mursalah, which means seeing the consideration of the society's benefit or the public importance that is also supported by the theory of utility economics, which is led by Jeremi Bentham, that is the purpose of law or legislation made is supposed to be allocated for the society. In this case, it is known that the law renewal of waqf in Indonesia are in the positive law determinate, beside the determinate of fiqh law with the nature of *zhanniyatud dalalah* that is recognized has been able to accommodate the society necessary (M. Huda, 2012; Yasir, 2009). Socialization to the society should be maximized and the renewal rules establishment for waqf concept that is collaborated with others instruments that is able to optimum the waqf asset, such as sukuk.

There is an investment model that can be used to manage productive waqf, can be in form both of direct investment at the real sector and monetary instrument. The whole chance of investment is very feasible to be applied in Indonesia. In a research, this can be beneficial for waqf management institution to optimum the function of investment (Bayinah, 2012).

Conclusion

Sukuk shows great potential for the development in the global market of Islam Capital financial that is very important for Islam financial industry. The emergence has attracted people's interest in the project funding for the public and private sector, which is included to infrastructure, such as road, bridge, harbor, airport and etc.

The *sukuk* establishment that fulfills Islam syariah as like *ijarah* can be the base to increase the cooperation in Muslim countries and financial market by utilizing the waqf asset. In *sukuk ijarah* based waqf, there are at least four parties involved, that is: (1) IWB or nadzir, (2) developer, (3) the special purpose vehicle (SPV) as the sukuk ijarah publication, and (4) investor. The development to the waqf property commercially is conducted beyond the waqf land that is managed by IWB or nadzir by using the concept of build, operate and transfer (BOT) through the sukuk al-intifa' publication. Finally, it will be rented to the investors as the profit user with contract agreement of *Ijarah mawsufah fi Zimmah*.

References

- Abozaid, A., & Al-Jarhi, M. (2010). Reasons for failure of some sukuk issuances. In *Islamic sukuk: Examination & revaluation*. Jeddah, Saudi Arabia: International Fiqh Academy, IRTI & Islamic Economics Research Center.
- Al-Masri, R. Y. (2006). Renting an item to who sold it: Is it different from bay' al-wafa' contract? *Journal of King Abdulaziz University, Islamic Economics*, 19(2), 39–42. Retrieved from http://iei.kau.edu.sa/Files/121/Files/153883_IEI-VOL-19-2-07E-AIMasri.pdf

- Ambrose, A. H. A. A., Aslam, M., & Hanafi, H. (2015). The possible role of waqf in ensuring a sustainable Malaysian federal government debt. *Procedia Economics and Finance*, 31, 333–345. [https://doi.org/10.1016/S2212-5671\(15\)01205-8](https://doi.org/10.1016/S2212-5671(15)01205-8)
- Anderson, J. N. D. (1951). The religious element in Waqf endowments. *Journal of The Royal Central Asian Society*, 38(4), 292–299. <https://doi.org/10.1080/03068375108731420>
- Anwar, T. (2015). Islamic gift economy vis-à-vis waqf (endowment) as vehicles for social entrepreneurship. *International Journal of Pluralism and Economics Education*, 6(4), 386. <https://doi.org/10.1504/IJPEE.2015.075864>
- Ayyub, M. (2007). *Understanding Islamic finance*. New Jersey, US: John Wiley & Sons, Ltd.
- Azmat, S., Skully, M., & Brown, K. (2014). The Shariah compliance challenge in Islamic bond markets. *Pacific-Basin Finance Journal*, 28, 47–57. <https://doi.org/10.1016/j.pacfin.2013.11.003>
- Bayinah, A. N. (2012). Exploring and empowering waqf investment toward an acceleration of economic development in Indonesia. In *Conference Proceedings: Annual International Conference on Islamic Studies (AICIS) XII* (pp. 2681–2707). Surabaya, Indonesia: UIN Sunan Ampel Surabaya. Retrieved from <http://digilib.uinsby.ac.id/7531/>
- Dusuki, A. W. (2010). Do equity-based Sukuk structures in Islamic capital markets manifest the objectives of Shariah?? *Journal of Financial Services Marketing*, 15(3), 203–214. <https://doi.org/10.1057/fsm.2010.17>
- Fahrurroji, & Arifin, J. (2015). Pengembangan harta wakaf di Singapura. *Equilibrium*, 3(1), 104–125. <https://doi.org/10.21043/equilibrium.v3i1.1274>
- Haji Mohammad, M. T. S. (2011). Towards an Islamic social (waqf) bank. *International Journal of Trade, Economics and Finance*, 2(5), 381–386. <https://doi.org/10.7763/IJTEF.2011.V2.135>
- Haji Mohammad, M. T. S. (2015). Theoretical and trustees' perspectives on the establishment of an Islamic social (Waqf) bank. *Humanomics*, 31(1), 37–73. <https://doi.org/10.1108/H-05-2013-0032>
- Huda, M. (2012). Arah pembaruan hukum wakaf Indonesia. *Ulumuna*, 16(1), 125–142. Retrieved from <http://ulumuna.or.id/index.php/ujis/article/view/107>
- Huda, N., & Nasution, M. E. (2007). *Investasi pada pasar modal syariah*. Jakarta, Indonesia: Kencana Prenada Media Group.
- Jusmaliani (Ed.). (2008). *Investasi syariah implementasi konsep pada kenyataan empirik*. Yogyakarta, Indonesia: Kreasi Wacana.
- Kholid, M., Sukmana, R., & Hassan, K. A. K. (2009). *Waqf through sukuk al-intifa'a: A proposed generic model*. Gombak, Malaysia. Retrieved from <https://islamicbanker.com/publications/waqf-through-sukuk-al-intifa>
- Masyarakat Ekonomi Syariah (MES). (2015). *Sharia economic outlook 2016*. Jakarta, Indonesia: Masyarakat Ekonomi Syariah.
- Mohamad Suhaimi, F., Ab Rahman, A., & Marican, S. (2014). The role of share waqf in the socio-economic development of the Muslim community. *Humanomics*, 30(3), 227–254. <https://doi.org/10.1108/H-12-2012-0025>
- Nazar, J. K. (2011). Meningkatkan kesesuaian syariah sukuk. *Iqtishodia: Jurnal Ekonomi Islam Republika*, 25. Retrieved from http://ftp.unpad.ac.id/koran/republika/2011-01-27/republika_2011-01-27_025.pdf
- Omar, H. H., & Ab Rahman, A. (2013). Aplikasi sukuk dalam melestarikan aset wakaf: Pengalaman pemegang amanah wakaf terpilih. *Jurnal Syariah*, 21(2), 89–116. Retrieved from http://www.myjournal.my/filebank/published_article/25925/01.pdf
- Osman, Z. (2012). Pengurusan wakaf: Pengalaman Singapura. In *Seminar wakaf serantau tentang instrumen wakaf: Menjana pembangunan ekonomi dan tamadun ummah*. Kuala Lumpur, Malaysia.

- Qahaf, M. (2004). *Manajemen wakaf produktif*. Jakarta, Indonesia: Khalifa.
- Rozalinda. (2015). *Manajemen wakaf produktif*. Jakarta, Indonesia: Raja Grafindo Persada.
- Saputra, B. (2007). *Pasar modal syariah Indonesia: Alternatif instrumen investasi*. Makassar: ADEI.
- Saripudin, K. N., Mohamad, S., Mohd Razif, N. F., Abdullah, L. H., & Rahman, N. N. A. (2012). Case study on Sukuk musharakah issued in Malaysia. *Middle East Journal of Scientific Research*, 12(2), 168–175. <https://doi.org/10.5829/idosi.mejsr.2012.12.2.1681>
- Securities Commission Malaysia. (2009). Ijarah mawsufah fi zimmah (Forward lease). *Malaysian ICM: Quarterly Bulletin of Malaysian Islamic Capital Market*, 4(4), 2–7. Retrieved from https://www.sc.com.my/wp-content/uploads/eng/html/icm/0912_msianicm.pdf
- Stibbard, P., Russell, D., & Bromley, B. (2012). Understanding the waqf in the world of the trust. *Trusts & Trustees*, 18(8), 785–810. <https://doi.org/10.1093/tandt/tts087>
- Wadjdy, F., & Mursyid. (2007). *Wakaf & kesejahteraan umat: Filantropi Islam yang hampir terlupakan*. Yogyakarta, Indonesia: Pustaka Pelajar.
- Wahid, N. A. (2010). *Sukuk: Memahami dan membedah obligasi pada perbankan syariah*. Yogyakarta, Indonesia: Ar-Ruzz Media.
- Yasir. (2009). Analisis tentang pembaharuan hukum perwakafan. *Jurnal Aplikasi Manajemen*, 7(1), 80–85. Retrieved from <http://jurnaljam.ub.ac.id/index.php/jam/article/view/137>
- Zulhibri, M. (2015). A synthesis of theoretical and empirical research on sukuk. *Borsa Istanbul Review*, 15(4), 237–248. <https://doi.org/10.1016/J.BIR.2015.10.001>

