

Research Article

Strategies to Achieve Sustainable Development Goals through Diversification of Waqf Products

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Waqf can be used to achieve SDGs. This is evident from the programs rolled out by waqf institutions that have covered several articles in the SDGs, but in fact, they still revolve around the same articles such as no poverty, inequality, health, education, gender, clean water, and sanitation. Therefore, it is important to map the diversification of waqf products so that a waqf diversification strategy can be developed for SDG's implementation. The method used is descriptive quantitative using data from the annual reports of waqf BSI, Sinergy Foundation, and OJK roadmap. The results of the study show that there are similarities in waqf diversification between waqf institutions where waqf institutions have implemented 6-9 waqf articles (eradicating poverty, ending hunger, good health and well-being, quality education, gender equality, access to clean water and sanitation, clean and affordable energy). Therefore, it is necessary to transform waqf institutions, laws and procedures, digital transformation, and literacy and education.

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1. INTRODUCTION

The United Nation has rolled out the SDG's program since 2015 which is a revision of the Medium Development Goals (MDG's). Based on the experience of the MDGs, it has been emphasized that for achieving the SDGs not only the active participation of governments but also the civil society is of utmost importance. For this purpose, coordination among the public, private and third sectors is essential [1]

The SDGs are a comprehensive sustainable development planning program to alleviate poverty, social and environmental inequalities, implemented by the leaders of various countries including Indonesia. The SDGs consist of 17 goals, namely, decent work and economic growth, industrial infrastructure and innovation, reducing inequality,

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sustainable cities and communities, responsible consumption and production, tackling climate change, protecting marine ecosystems, protecting terrestrial ecosystems, peace, justice and strong institutions, partnerships to achieve goals. The 169 targets are expected to be achieved by 2030 [2].

The articles to be achieved in the SDG's have actually been a concern of Islam for thousands of years. In the Qur'an, Allah repeatedly says to establish prayer and pay zakat. Zakat, infaq Shadaqah and waqf are one of the media to reduce poverty, hunger, economic empowerment, health and others. This means that the success of the SDGs is highly dependent on the contribution of the philanthropic sector, both public and private. From the review of the annual reports of waqf agencies or foundations in Indonesia, it is clear that waqf allocations are widely used for the development of social, economic and environmental sectors which are components of the SDG's article [3]. However, there are still some components of the SDG's article that still receive less attention from waqf allocations such as zero pollutants, sustainable energy or the environment [4]. Therefore, the purpose of this paper is the development of productive waqf diversification in Indonesia as well as strategies for achieving SDG's through diversification of waqf products.

Waqf is literally defined as a subset of alms and infaq. Waqf is the perpetual or temporary retention of an asset or benefit that produces services, products or recurring income or purposes for the common or private good [5]. In waqf there are several very general terms, including waqif. Waqif is a person or organization that dedicates its property (in the form of land or money) for the common good [6]. The organization itself can be a profit-oriented organization and a non-profit organization. Profit organizations can direct part of their corporate social responsibility (CSR) funds to waqf funds [7].

Apart from waqif, the party that is no less important is nazhir. Nazhir is the stakeholder who is most responsible for waqf property, both waqf property and waqf property development. In Law no. 41 of 2004 concerning waqf, it is revealed that nazir is divided into three categories, namely individual nazir, organizational nazir, and legal entity nazir [8]. This Nazir is not only responsible for waqf property but also for developing waqf property so that it can provide sustainable benefits for both the general public and the person who has donated his property. Waqif must be responsible for diversifying waqf property so that it is not only to alleviate poverty but also hunger to combat environmental damage [9], [8], [10]

In the digital era, waqf management must adapt to existing technological developments. There is a need for digital transformation in the management of waqf funds. Every organization is increasingly dependent on data and technology to operate more

efficiently and provide value to customers. Therefore, to optimize waqf management, it is necessary to diversify waqf products by adopting digital technology [11].

Diversification as part of a product strategy in the form of expanding the development of goods and services already offered by the company, by adding new products or services in the form of development of existing goods and services. Product differentiation is defined as a business marketing strategy to differentiate a product in marketing the same product in the market. All activities of product differentiation are to create a unique product. A unique product means that the product is valuable to consumers [12]. To increase the value of a product, the company must create uniqueness for the products it produces, so that consumers have no choice to buy from other producers. Product differentiation is a highly competitive business competition in which companies increase product value through quality and service that can be felt by consumers [13], [14], [15] product differentiation must have three components, namely: a) have a premium price; b) increase sales; c) economic value. The superior value of a product is created because the product is of high quality, technically has several advantages enhanced by excellent service. From the results of the study [16], [17], [18] product diversification has a positive effect on customer loyalty through customer satisfaction.

2. METHODOLOGY

This research uses a quantitative descriptive approach, namely data analysis by describing or describing the data that has been collected as it is without intending to make conclusions that apply to the public. The data used in this research comes from the results of FGDs with the Financial Services Authority (OJK), Bank Syariah Indonesia, Lembaga Waqf Sinergi Foundation and various literature from national and international journal publications. Data analysis uses descriptive statistics in the form of tables, diagrams, graphs, and other quantities in magazines and newspapers. The research period was conducted from January to June 2023.

3. RESULT AND DISCUSSION

3.1. Development of SDG's

Indonesia has enormous potential for zakat and waqf. Optimizing both can support the implementation of the Sustainable Development Goals (SDGs) initiated by the United Nations. Zakat and waqf have a role in achieving SDGs. The role is in efforts to alleviate

poverty, hunger, health, education and so on. SDGs require a joint role from various parties. There are 17 articles in the SDGs, namely: 1) No Poverty; 2) Zero Hunger; 3) Good Health and Well-Being; 4) Quality Education, 5) Gender Equality; 6) Clean Water and Sanitation; 7) Affordable and Clean Energy; 8) Decent Work and Economic Growth; 9) Industry, Innovation and Infrastructure; 10) Reduced Inequalities; Sustainable Cities and Communities; 12) Responsible Consumption and Production; 13) Climate Action; 14) Life Below Water; 15) Vie Terrestre; 16) Peace, Justice and Strong Institutions; 17) Partnerships For The Goals [5], [19].

The SDGs are a follow-up framework to the Millennium Development Goals (MDGs) which ended in 2015. The MDGs were the most comprehensive and inclusive development model. The MDGs summarized eight social goals that the international community prioritized to achieve. The MDGs have been refined and replaced with another set of social goals, the Sustainable Development Goals (SDGs). Compared to the eight goals of the MDGs, the SDGs provide a more comprehensive framework as they consist of 17 key goals [19]. The poverty eradication target is the main agenda of both the MDGs and SDGs (NL82-SDGs Improving human and planetary wellbeing). Based on the experience of the MDGs, it is emphasized that achieving the SDGs requires not only the active participation of the government but also civil society. To this end, coordination between the public, private and third sectors is essential. The success of the SDGs relies heavily on the contribution of both private and public philanthropic sectors. The role of the philanthropic sector is indispensable in realizing sustainable development[3]. The potential role of the philanthropic sector in achieving sustainable development, hence the importance of waqf (Islamic waqf), is the backbone of the third sector in the Islamic economy.

3.2. OJK Productive Waqf Development

Indonesia is a country with enormous waqf potential. There are many variations of waqf products that have been developed by waqf managers. The Financial Services Authority as a regulator in the financial sector has included waqf as one of the sources of sustainable finance, namely comprehensive support from the financial services sector to create sustainable economic growth by harmonizing economic, social and environmental interests. The Sustainable Finance Roadmap that has been designed by OJK is as follows:

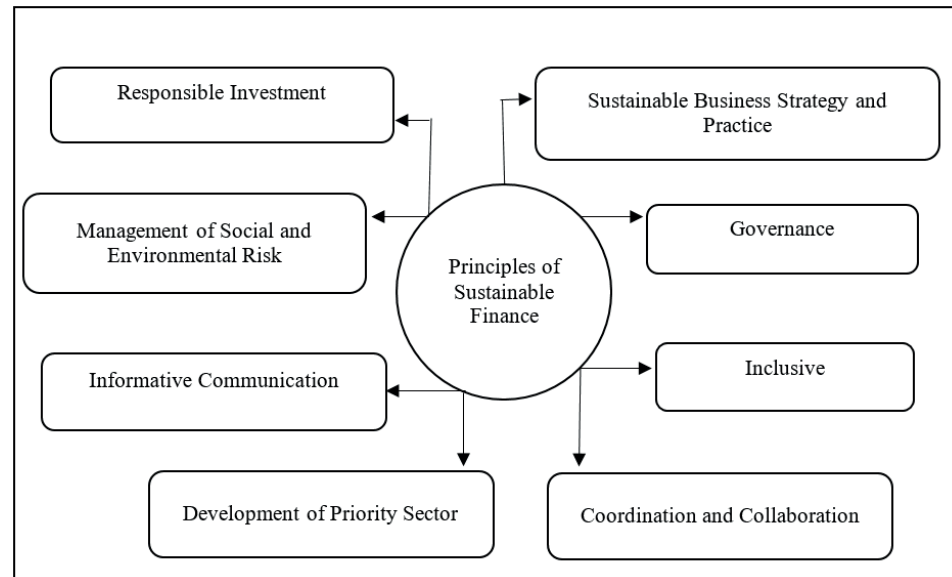


Figure 1: Principles of Sustainable Finance.

OJK introduced eight principles of sustainable finance, namely Responsible investment, Social and environmental risk management, Informative communication, Development of priority leading sectors, Sustainable business strategies and practices, Governance, Inclusiveness and coordination-collaboration. In addition, OJK requires actors in the financial services industry to compile reports containing the application of environmental, social, governance principles in business plans and the obligation to submit reports to the public regarding the ESG principles. Furthermore, OJK has developed a category of sustainable activities. This category is a reference for grouping green sectors for the financial industry so that it will increase the service portfolio in the development of sustainable finance. In an effort to realize the SDG's achievement target, one form of activity realized by OJK in waqf management is by building a micro waqf bank to provide MSME financing services through Islamic boarding schools spread across provinces in Indonesia. This micro waqf bank provides access to communities around pesantren with a mentoring pattern.

3.3. Development of BSI Productive waqf

From the results of data identification of Bank Syariah Indonesia (BSI), there are three types of waqf developed, namely waqf money forever, waqf money temporarily and waqf through money. Waqf money forever in collaboration with the Indonesian waqf agency and BSI Masalahah by giving a minimum waqf of Rp. 50,000. Temporary money waqf is a collaboration between BSI Masalahah and Sukuk Aceh cash waqf link program.

Meanwhile, waqf through money is allocated in several programs managed by several partners who have joined, namely waqf BSI mosque, waqf school champion, waqf drinking water for others, waqf tahfidz house, waqf Dhuafa Hospital. In realizing the SDG's target, BSI Masalahah has developed a diversification of waqf products including:

Productive waqf-based Village Program, namely through rice seeds. Productive village waqf is a program to strengthen the village economy through the provision of agricultural capital (land and raw materials) by involving the village community as managers and beneficiaries of the waqf program. The beneficiaries in this program are 100 people and 25 heads of families spread across Central Lampung Province.

Productive Village waqf program through Sheep Program. The beneficiaries are village communities in Purbalingga Regency, Central Java. The number of fostered partners is 100 breeders.

Productive MSME program through the KOPI program. This program is focused on business development and marketing to produce added value that can improve the welfare of Dhuafa. This activity is focused on the Bandung area, West Java.

Tahfidz House waqf Development Program. The beneficiaries in this activity are 87 people spread across 5 locations (Tangerang, Parung, Cimahi, Magetan and Bogor).

Waqf Uang Berkat Umat, namely productive money management through sharia economic instruments (deposits, sukuk, sharia mutual funds). The beneficiaries of this program are 298 people in the form of scholarships, hearing aids and business capital.

Productive Waqf Clinic Program. The clinic program is managed professionally and profit-oriented which will be used for operational and social distribut. The beneficiaries of this program are 1000 people spread across JABODETABEK.

3.4. Development of Sinergi Fondation Productive Waqf

Sinergi foundation is one of the waqf management institutions that already has a very good reputation. Sinergi Foundation has developed productive waqf that is very relevant to the SDG's targets, namely:

End extreme poverty including absolute poverty (less than 1.25 dollars per day. Sinergi Fondation has provided; a) maternity insurance to 13,300 poor mothers; b) Providing empowerment that increases the income of 75 people and takes 34 people out of poverty; c) Guaranteeing land rights and access to finance in rural areas and ensuring agricultural systems that are resilient to disaster climate change, namely a) providing interest-free financial services to 790 people; b) Providing disaster prevention socialization services to 15 people. 2.

Ending hunger and achieving food security, balanced nutrition and child stunting. This program provides adequate energy consumption to 140,258 mothers and children to prevent stunting.

Ending preventable deaths by child mortality reducing maternal mortality and reducing mortality from diseases of the population aged less than 70 years. In this activity Sinerg Foundation has provided professional childbirth services to 13,300 Dhuafa mothers.

Conducting prevention and treatment of infectious and non-communicable diseases, sexual and reproductive health, family planning, routine immunization, and mental health, according to the highest priority for basic health services. Provided Immunization services to 22,188 children, Contraceptive services to 26,711 families, and post-natal services to 47,064 families.

Achieving sexual and reproductive health with all its rights, and socializing birth reduction programs in an efficient and voluntary manner. Provided family planning services to 26,711 families.

All children under the age of 5 can develop their potential through access to quality early childhood development programs and policies. In this program Provide access to Free education to 164 students/santri.

All girls and boys receive quality primary and secondary education that focuses on learning outcomes and reduces dropout rates to zero. In this program Provide access to Free education to 164 students / students

Ensure the transition of all youth to the labor market effectively i.e. Providing free Digital Marketing education to 11 Santri and Providing Nazir Profession training services to 549 People.

Ensuring a sustainable food production system with high yields and protecting soil resources, namely: a) Produced 242.89 quintals of rice and 26 goats; b) Facilitated 3 amil as agricultural assistants; c) Provided access to agricultural production facilities to 134 people.

Implementing policies to encourage physical activity and healthy food patterns, reducing unhealthy behaviours such as tobacco use by 30 percent and harmful alcohol use by 20 percent, namely Providing food diversity for 208,703 families in the form of basic food packages and sacrificial meat.

Preserving Oceans, Seas and Marine Resources Sustainably for Sustainable Development through: a) Increasing the number of marine biota and fish catches by 10

tons of fish; b) Conducting spatial planning of Bomo Beach as a tourist destination; c) Contributing 240 modules of artificial coral reefs.

Ensuring universal access to water resources and sanitation for all in various places, namely the Waqf of water sources providing access to water sources to 12,329 people.

Ensuring universal access to road infrastructure services and mobile and broadband communication.

Built/Repaired 12 bridges.

Ensure universal access to safety and decent environment and city-based services including housing, sanitation, and solid waste management with low carbon FMP open land as green open space of 31,800 m².

Decarbonize the energy system, ensure clean energy for all and Improve energy efficiency for 2020, 2030 and 2050 targets i.e. Plant 36,966 trees.

From the description above, it can be seen that on average, waqf management institutions have diversified productive waqf management for the achievement of SDG's. Although the program is not directly related to the topics in the SDG's article. but actually the waqf management institution has been able to realize the SDG's program 8-13 SDG's articles. Here it can be seen that the sustainable productive waqf program is very synergistic with the 17 SDG's articles. Only a few articles have not been realized in waqf management.

3.5. Waqf Development Strategy Through Waqf Product Diversification

From the above explanation, it can be seen that almost all waqf institutions have diversified their waqf from the social dimension to the productive waqf dimension. This indicates that waqf is already seen as an asset that can be used to empower the people's economy in a sustainable manner. The strategies that can be carried out to diversify waqf products:

Strengthening institutions and regulations that support effective and productive waqf management.

Integration of the Islamic finance industry with waqf projects

Building Public Trust Good waqf Governance (Transparency, accountability, supervision), E services and maximum impact mauqul alaih

Increase the capacity, professionalism and militancy of nadzir, namely through continuous competency upgrading, internships and certification and the establishment of inter-university centre.

Increased awareness, literacy and education of waqf through socialization and structured public education and school curriculum to increase waqif and waqf assets.

Harmonization of institutions and laws and regulations through amendments to laws and regulations and coordination between institutions.

Easy, practical and safe through waqf product innovation through the use of information technology and waqf product innovation.

Development of waqf-based microfinance institutions as a business model

Building strategic misconduct among waqf institutions, microfinance institutions, government and private sector to improve the effectiveness and efficiency of waqf implementation that supports SDG's

Diversification of waqf assets and investments to maximize the benefits of waqf to meet the social and economic needs of the community

Capacity building of waqf managers through education, training and certification to improve qualifications and skills in managing waqf so that it can contribute significantly in the long term

Adoption of information technology in increasing efficiency and transparency in waqf management.

4. CONCLUSION

In general, waqf institutions have implemented several articles of the SDG's in the form of programs for articles (1) reducing poverty, (2) eliminating hunger, (3) good health and well-being, (5) gender equality, (4) quality education, (14) marine ecosystems, (6) clean water and proper sanitation, (9) industry, innovation and infrastructure, (11) sustainable cities and communities and (13) tackling climate change.

The waqf product diversification strategy includes: transformation of waqf institutions, strengthening laws and regulations, integration of the Islamic finance industry with waqf projects, building public trust, increasing the capacity of waqf managers, literacy and education, institutional harmonization and legislation and digital transformation.

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