

Khairi Waqf as an Instrument of Islamic Social Finance: Empowering Education and Healthcare in Rural Indonesia

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Abstract

This study investigates the empowerment of khairi waqf in advancing educational and healthcare services within a rural Indonesian context, specifically in Sido Sari Village, Sukaraja District, Seluma Regency. Using a qualitative descriptive approach, data were collected through in-depth interviews, field observations, and document analysis involving nazirs, village officials, educators, healthcare workers, and beneficiaries. Findings reveal that khairi waqf played a pivotal role in establishing early childhood education (PAUD), madrasah, and community health services (posyandu), significantly improving access and equity for marginalized populations. The waqf initiatives were deeply embedded in local participation, reflecting the values of sadaqah jariyah, ta'awun (mutual cooperation), and hifz al-nafs and hifz al-'aql as core principles of maqashid syariah. However, the study also identifies challenges related to limited operational funding, untrained nazirs, policy fragmentation, and declining youth engagement in waqf literacy. These issues underscore the need for transitioning from static to productive waqf models, formalizing multi-level governance, and integrating waqf into local development and religious education frameworks. This research contributes to the discourse on Islamic social finance and rural development by offering a context-sensitive model of waqf empowerment that combines spiritual intent, professional governance, and grassroots synergy.

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INTRODUCTION

Waqf is an integral aspect of Islamic teachings that encompasses both spiritual and material dimensions. It offers numerous benefits, particularly in improving the welfare of the underprivileged. This is largely due to waqf's potential as a long-term investment instrument for the development of public facilities needed by the community. Waqf can be defined as a charitable endowment for the benefit of the ummah, closely tied to Islamic values (Ridwan, 2018). In Islamic economic systems, waqf also plays a vital role in economic management. Historically, waqf has demonstrated its significance in supporting sectors such as education and healthcare (Deni et al., 2014).

Education remains a major social issue in Indonesia. In this context, waqf plays an essential role in producing a qualified and competitive human capital. Through waqf, access to education can be expanded and made more affordable for broader segments of society. Thus, waqf helps create more equitable opportunities for both the privileged and underprivileged to receive proper education (Rahim, 2019). In addition, the healthcare sector requires urgent attention, especially in rural areas where communities often struggle to access adequate medical services. Waqf can be leveraged to establish health facilities such as hospitals, clinics, and integrated health service posts (*posyandu*). By providing affordable healthcare, waqf significantly improves access for disadvantaged groups and helps reduce mortality and disease rates (Fahmi & Sadewa, 2022).

Despite the immense potential of waqf to improve community welfare—particularly in the construction of educational and health infrastructure—preliminary observations in Sido Sari Village indicate that the utilization of waqf in these sectors still faces significant challenges. Several stakeholders, including waqf administrators (*nazir*) and community members, acknowledged that the management of waqf assets remains suboptimal, which in turn diminishes its potential benefits. This highlights the importance of effective waqf governance—from planning to implementation—to ensure its sustainable impact.

Previous studies reinforce these observations. Ridwan & Santi (2016) reported that waqf in Kudus played a significant role in providing both formal and informal educational facilities. Maharani and Putra (2018) examined waqf governance models in Indonesia and Malaysia using a comparative descriptive method. Their findings emphasized the need for professional waqf institutions, stakeholder involvement, and government support to optimize educational waqf.

Pamungkas (2022) concluded that waqf has long been instrumental in supporting and sustaining healthcare facilities as part of Islamic civilization. Importantly, the use of waqf in this sector does not conflict with prevailing laws and regulations. Similarly, Hasan et al. (2019) demonstrated that waqf-based financing in Malaysia has a positive and significant impact on education, serving as an effective secondary funding source for students, particularly amidst economic instability and rising education costs.

Building upon these findings, this study identifies several key issues related to the empowerment of *khairi* waqf in the education and healthcare sectors. First, the community's limited understanding of waqf as a tool for empowerment results in low participation in its endowment and management. Second, a shortage of qualified professionals hampers the optimization of waqf asset management. Moreover, limited infrastructure—both in terms of quality and quantity—continues to constrain the delivery of education and healthcare services.

This research, therefore, seeks to examine the utilization of waqf donated by Mr. Wahid for the development of educational and healthcare facilities in Sido Sari Village,

Sukaraja District, Seluma Regency. Entitled “Empowerment of Khairi Waqf in Education and Health Sectors: A Case Study in Sido Sari Village, Sukaraja District, Seluma Regency,” the study aims to identify how khairi waqf is being empowered in these sectors and explore the challenges encountered. The findings are expected to provide useful insights for the Indonesian Waqf Board (BWI).

METHODS

This study employs a descriptive qualitative approach using field research to explore the empowerment practices of khairi waqf in the education and healthcare sectors of Sido Sari Village, Sukaraja District, Seluma Regency. This methodological choice is appropriate for capturing the contextual meanings, lived experiences, and social perceptions of waqf stakeholders in depth.

The research was conducted at key implementation sites of waqf utilization, namely PAUD Al-Ikhlas (early childhood education), a local madrasah, and a community health post (posyandu) located within the village. Fieldwork was carried out over six months, from August 2024 to January 2025.

Informants were selected using purposive sampling, targeting individuals with direct involvement, experience, or knowledge related to waqf management and utilization. A total of nine key informants were interviewed, including the village head, head of government affairs, hamlet leader, nazir (waqf administrator), head of PAUD and madrasah teacher, health service cadre, and two beneficiary residents. The diversity of informants was intended to provide a rich and multi-perspective account of waqf governance at the grassroots level.

Data analysis followed the interactive model proposed by Miles and Huberman (1994), consisting of three key stages:

- 1) Data Reduction – The process of selecting, simplifying, and transforming raw data into meaningful information.
- 2) Data Display – The organization of data into thematic and narrative forms to facilitate further analysis.
- 3) Conclusion Drawing and Verification – Identifying patterns, themes, and deep insights from the empirical findings.

To ensure the credibility and trustworthiness of the data, several verification techniques were employed:

- 1) Source triangulation: Cross-checking information across different informants and data collection techniques (interviews, observations, documents).
- 2) Member checking: Validating interview summaries with the respective informants for accuracy.
- 3) Audit trail: Maintaining detailed documentation of the analysis process to ensure transparency and replicability.

RESULT AND DISCUSSION

RESULT

1. Empowerment of Khairi Waqf in the Education Sector

In Sido Sari Village, the utilization of khairi waqf in education began with the community's concern over the limited access to early and religious education. The waqf assets, particularly land, were entrusted to support the development of a PAUD center and a village madrasah. The local government played a facilitating role, while the community

contributed resources and labor.

This transformation is best captured by the following quote from the nazir:

“The waqf land we manage was used to build a PAUD and madrasah so that children in the village no longer have to travel outside for schooling.” Ibrohim, Nazir of Dusun Swadaya

Table 1. Empowerment of Khairi Waqf in the Education Sector

Aspect	Detail
Type of Waqf Asset	Land donated by local community
Utilization	Construction of PAUD Al-Ikhlas and a madrasah
Main Beneficiaries	Preschool and elementary-age children in the village
Impact	Improved learning environment; reduced need to travel outside the village
Community Involvement	Participation in meetings and construction through gotong royong
Supporting Institutions	Nazir, village government, school staff
Challenges Identified	Limited learning equipment and insufficient classroom capacity

The new educational facilities have enhanced learning conditions. As noted by the PAUD head:

“Before this waqf-supported school, our classes were cramped and lacked proper equipment. Now we have real classrooms and better tools for teaching.” Anggun, Head of PAUD Al-Ikhlas

The experience highlights that community-based waqf has strong potential, although continued resource limitations must be addressed to ensure sustainability and educational quality.

2. Empowerment of Khairi Waqf in the Health Sector

In terms of health services, khairi waqf enabled the construction of a permanent posyandu, replacing temporary setups in private homes. The facility significantly improved service quality and accessibility for women and children.

The transformation was evident, as described by a health cadre:

“Previously, health services like weighing and check-ups were done in cramped spaces at people’s homes. With this building, everything is more organized and decent.” Badriyah, Health Cadre

Table 2. Empowerment of Khairi Waqf in the Health Sector

Aspect	Detail
Type of Waqf Asset	Land for constructing a posyandu (community health post)
Utilization	Permanent building for maternal and child healthcare
Main Beneficiaries	Immunizations, prenatal check-ups, nutrition counseling
Impact	Pregnant women, infants, and toddlers in the village
Community Involvement	Volunteer-based maintenance and operations by local health cadres
Supporting Institutions	Nazir, village health officers, community members
Challenges Identified	Limited medical equipment and lack of trained healthcare personnel

Beneficiaries acknowledged the improvement in access and service delivery:

“Now I don’t have to go far for prenatal checkups or immunizations. Everything is available here in the village.” Leni, Local Beneficiary

However, equipment shortages and lack of personnel remain. Sustainable improvements will require both waqf-based and governmental financial support.

3. Budget Allocation for Waqf-Supported Services

The empowerment programs were partly supported through the village budget. In 2024, significant amounts were allocated to education and health. However, local

administrators acknowledged that the effectiveness of these funds was constrained.

Table 3. Budget Allocation for Waqf-Supported Services

Sector	Budget Allocation (IDR)	Utilization Focus	Constraints
Health	133.665.000	Construction and operations of posyandu	Limited tools and facilities, underutilized capacity
Education	78.500.000	Development of PAUD and madrasah facilities	Basic equipment shortages, human resource limitations

As noted by the local governance official:

“The budget is there, but we are limited by what we can buy and how much we can maintain. We need more support for operations, not just construction.” Nita Umi Kholifah, Head of Government Affairs

These constraints highlight the classic problem of infrastructure-first funding without long-term operational planning—a gap that strategic waqf design could potentially fill.

4. Institutional Synergy in Waqf Governance

The collaboration between local stakeholders—nazir, government, and citizens—was a cornerstone of waqf success in Sido Sari. However, the attempt to transition waqf management from informal nazirs to formal government authorities sparked tensions regarding legitimacy and responsibility.

Table 4. Institutional Synergy in Waqf Governance

Stakeholder	Role and Contribution	Interdependency	Governance Challenge
Village Government	Administrative support; budget facilitation	Depends on nazir for asset legitimacy and on community for operation	Structural ambiguity in waqf authority transfer from nazir to village
Nazir (Waqf Manager)	Management of donated assets; liaison with religious and social actors	Relies on village policies and grassroots support	Informal structure; limited managerial training
Community	Beneficiary and co-manager (via gotong royong, oversight, and feedback)	Connects institutional planning with practical needs	Awareness gaps, especially among younger generations

The nazir emphasized the importance of collective action:

“A nazir cannot work alone. We need policy support from the village and engagement from the people to keep the waqf alive.” Ibrohim, Nazir

The case of Sido Sari underlines the need for a multi-level waqf governance model that formalizes cooperation while respecting local spiritual traditions.

DISCUSSION

Empowering Khairi Waqf in Education: Syariah Framework and Participatory Economics

Field findings confirmed that khairi waqf was effectively utilized for establishing early and religious education institutions in Sido Sari Village, reflecting the sharia objective of hifz al-‘aql (intellectual preservation). This act embodies the spirit of ijtimā’i worship (social devotion) and community-driven development.

"The waqf land we manage was used to build a PAUD and madrasah so that children in the village no longer have to travel outside for schooling." Ibrohim, Nazir

The active participation of residents in construction and deliberation reflects the principle of ta'awun (mutual cooperation), as reinforced in the Qur'an:

"Help one another in righteousness and piety..." (QS. Al-Ma'idah [5]:2)

This finding aligns with Al-Khatib (2021), who emphasizes that educational waqf is a long-term investment in spiritual intelligence and social capital. It is also consistent with Hasan et al. (2019), who found that waqf-based financing in Malaysia significantly reduced financial burdens on students and improved education access during economic instability. Despite the progress, challenges remain in the form of inadequate facilities and limited equipment. These constraints are often due to the static waqf model, which prioritizes building over sustainability. As suggested by the Indonesian Waqf Board (BWI), waqf must evolve toward productive and integrated funding models.

In fiqh perspective, the nazir holds amanah (trust), as referenced in QS. Al-Ahzab [33]:72:

"Indeed, We offered the Trust to the heavens and the earth..."

This verse indicates that waqf managers must combine moral accountability with professional capacity—an ideal not yet fully realized in the case village. Nazhir training and certification are thus urgent needs, as outlined by Rahman et al. (2020)

Waqf and Public Health: Between Hifz al-Nafs and Sustainable Amal Jariyah

The empowerment of khairi waqf in the health sector of Sido Sari illustrates a local fulfillment of hifz al-nafs (preservation of life), particularly for vulnerable groups such as pregnant women and children.

"Previously, we queued in cramped houses. Now, the posyandu is permanent and more dignified." Badriyah, Health Cadre

This aligns with the prophetic saying:

"When a human being dies, all his deeds are terminated except for three: ongoing charity, beneficial knowledge, or a righteous child who prays for him." (HR. Muslim)

The waqf-funded posyandu exemplifies ongoing charity (sadaqah jariyah), sustaining health benefits beyond the donor's life. Studies by Yusuf and Latifah (2021) support this, showing that health-sector waqf reduces service disparities and raises the Human Development Index in remote areas.

Despite infrastructure improvements, field interviews revealed persistent limitations: "Now I don't have to go far for prenatal care, but we still lack basic tools for examinations." Leni, Local Beneficiary

This reality demands a shift from consumptive waqf to productive waqf. Ascarya & Tanjung (2022) propose hybrid models combining waqf and Islamic social finance (e.g., zakat-waqf cooperatives) to ensure operational sustainability. Theologically, this integration reflects the maqasid value of maslahah mursalah, in which policies not explicitly detailed in sharia but providing widespread benefit are embraced. Such adaptive reasoning (ijtihad) is essential in contemporary Islamic economics.

Waqf Governance: Navigating Authority and Accountability

The collaborative governance among nazir, local government, and citizens represents a form of syirkah (Islamic partnership). In theory, this aligns with the multi-level waqf governance model proposed by Yusof & Ismail (2020), which emphasizes balance among spiritual legitimacy, administrative order, and community participation.

"Nazir cannot work alone. We need village policies and community involvement to keep

the waqf alive.” Ibrohim, Nazir

However, interviews reveal frictions—particularly during attempts to shift waqf authority from traditional nazirs to village officials. This structural ambiguity created moral vs administrative legitimacy tension.

In the Qur’an, dispute resolution is guided through shura:

“...consult among yourselves in mutual affairs...” (QS. Ash-Shura [42]:38)

Applying this in governance, community deliberation (musyawarah) must be institutionalized to maintain harmony between tradition and reform. Zain et al. (2021) reinforce this view, stating that trust-based governance is central to the success of waqf institutions in Muslim societies. Moreover, MUI’s Fatwa No. 106/DSN-MUI/X/2016 legitimizes professional bodies to manage waqf assets for the public good—validating institutional involvement when anchored in niyyah maslahat (intention for collective welfare)

Strategic Reorientation: Overcoming Structural Challenges

While waqf initiatives in Sido Sari show promise, structural barriers must be acknowledged and addressed:

a. Weak Nazhir Capacity

Nazirs are often undertrained and unpaid. According to Rahman et al. (2020), this limits asset optimization. As amanah, nazirship requires moral and managerial competence—best supported through standardized training and certification systems.

b. Policy Fragmentation

Waqf is not yet embedded in village development planning. Al-Farisi & Amalia (2021) found that inclusion of waqf in RPJMDs enhances public service delivery and social cohesion.

c. Passive Waqf and Maintenance Gaps

The current model focuses on infrastructure, not long-term operations. Ascarya & Tanjung (2022) urge transforming idle waqf land into income-generating ventures (e.g., community gardens or waqf-run kiosks).

d. Youth Literacy and Intergenerational Continuity

Waqf literacy among youth is low. The Hadith of sadaqah jariyah emphasizes legacy:

“...except for three: ongoing charity, beneficial knowledge, or a righteous child who prays for him.” (HR. Muslim)

Waqf must be embedded in religious education to ensure continuity. BWI (2023) recommends digital waqf education and community-based programs to build waqf consciousness across generations

CONCLUSION

This study demonstrates that khairi waqf, when grounded in maqashid syariah, plays a vital role in empowering education and healthcare services in rural communities. In Sido Sari Village, waqf-supported institutions—such as PAUD Al-Ikhlas and the village posyandu—have enhanced access, equity, and dignity in public service delivery. These initiatives reflect the principles of sadaqah jariyah, ta’awun, and syirkah as practical manifestations of Islamic social justice. Despite these achievements, the research identifies key challenges: limited operational funds, underqualified nazirs, and low youth engagement in waqf literacy. These issues highlight the need to shift from static to productive waqf models, improve governance through multi-actor collaboration, and institutionalize waqf within local development planning and religious education.

In conclusion, khairi waqf is not merely a philanthropic tradition—it is a strategic tool

for faith-driven development. Realizing its full potential requires aligning spiritual intent with professional management, policy integration, and long-term community engagement across generations.

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