

## Productive Palm Oil Waqf: A New Approach to Managing Ummah's Funds

<sup>1</sup>Jelli Purnama Sari, <sup>2</sup>Usman

<sup>1</sup>Universitas Islam Negeri Imam Bonjol Padang, Indonesia

<sup>2</sup>Universitas Putra Indonesia YPTK Padang, Indonesia

<sup>1</sup>Email: [Jellipurnamasari@gmail.com](mailto:Jellipurnamasari@gmail.com)

<sup>2</sup>Email: [Usman681@upiptk.ac.id](mailto:Usman681@upiptk.ac.id)

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**ABSTRACT:** This paper delves into the implementation of palm oil waqf, specifically examining its execution and Islamic legal perspectives, as well as conducting an analysis of the legislation concerning productive palm oil waqf in Nagari Persiapan Mahakarya. This research employs a qualitative field research methodology and adopts a descriptive-analytical approach with a philosophical-legal perspective. The study concludes that the implementation of Productive Palm Oil Waqf in Nagari Persiapan Mahakarya, West Pasaman Regency, encompasses two programs: single palm tree waqf and palm oil plantation waqf covering an area of approximately 1 Ha. The implementation of productive palm oil waqf in Nagari Persiapan Mahakarya represents a strategic and innovative step in waqf development. Furthermore, the philosophical implementation of productive palm oil waqf adheres to the legal permissibility in Islamic law, as it fulfills the pillars and requirements of productive waqf implementation. Similarly, from a legal perspective, the execution of productive palm oil waqf is based on Article 42 of Law No. 41/2004 concerning waqf. However, in terms of practical application, it has yet to fully comply with the positive legal provisions, specifically the recording of the waqf declaration before the PPAIW and the reporting of the implementation of productive waqf to the Indonesian Waqf Board.

**KEYWORDS:** Productive Palm Oil Waqf; Nazhir; Ummah's Funds

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### INTRODUCTION

Contemporary Discourse on Ummah's Funds and the Utilization of Waqf Funds continues to evolve in response to the increasing awareness and initiatives from various parties. This awareness and initiative are a response to the outdated methods of managing waqf funds, which were limited to donations in the form of money or property. However, waqf management can be expanded to include productive waqf, which is a concept that

optimizes waqf assets for activities oriented towards sustainable social and economic aspects (Nasution, 2021).

The section on community awareness and innovation becomes the focus of this study because generally, innovations in waqf fund management are predominantly carried out by the financial industry, such as Islamic financial institutions and banks, which develop products based on the concept of productive waqf. Similarly, several countries have propelled productive waqf through their government

policies. This support is manifested in the form of government regulations that facilitate the utilization of waqf assets for productive purposes or by encouraging private sector institutions to develop productive programs. However, in Nagari Persiapan Mahakarya, West Pasaman Regency, a new approach to waqf fund development emerges, namely productive palm oil waqf. This innovation arises from the challenges faced by the Mahakarya village community, where government assistance did not reach Nagari Persiapan Mahakarya, and even funds for mosque construction were lacking. To address this issue, a communal agreement was reached to implement productive waqf by allocating a single palm tree for each household (KK) (Sucipto, 2022).

Prior to the establishment of the program of allocating a single palm tree per household, there was already a program in place to allocate a single coconut tree per household as a form of waqf. However, this program did not have a significant impact on the growth of waqf, leading to a shift towards allocating a single palm tree, considering the long productive lifespan of palm oil trees, estimated at around  $\pm$  15 years. Additionally, considering the current situation where many communities rely on palm oil cultivation as a means of livelihood to meet their daily needs, including in Nagari Persiapan Mahakarya (Sucipto, 2022).

Productive palm oil waqf, with its various innovations, is one of the social instruments that serve as an implementation of Islamic economics, playing a role as a solution to various societal issues (Miftakhuddin, 2021). The effort to make waqf assets productive has a positive impact on the well-being (masalah) and benefits of the community (Fuadi, 2018). However, this new approach to waqf fund development needs to be studied and analyzed, particularly in terms of its philosophical and juridical foundations. This is based on the understanding that advancements in Islamic economics must adhere to the principles of Islamic law. The questions

revolve around how waqf funds can be made productive according to Islamic law, what provisions must be fulfilled in making waqf assets productive, and how the implementation of productive waqf aligns with the legal regulations.

The answer lies in the philosophical foundations of waqf in Islamic law, based on the understanding that waqf is an Islamic teaching encompassing two essential elements that are highly valued by humanity. These elements include acts of worship and obedience to Allah, as well as social values that serve to assist others (Samsidar, 2016). Waqf can be regarded as an instrument with long-term orientation. Similarly, from a juridical perspective, the implementation of productive waqf entails certain obligations, such as recording the waqf declaration (Nasution, 2021), as stated in Article 32 of Law No. 42/2006, which stipulates that the waqif (donor) submits the waqf declaration to the nazhir (waqf administrator) in the presence of the PPAIW (Ministry of Religious Affairs' Waqf Supervisory Board) during the Majelis Ikrar Wakaf (Waqf Declaration Council). The waqf declaration, performed by the waqif and accepted by the nazhir, is documented in the AIW (Waqf Declaration Deed) prepared by the PPAIW (Undang-undang UU Nomor 42 Tahun, 2006).

Based on the aforementioned explanation, this paper aims to provide a description of the implementation of productive palm oil waqf in the village of Mahakarya. Furthermore, it will examine the philosophical and juridical aspects of the implementation of productive palm oil waqf. Additionally, it will outline the contextual economic-social aspects regarding the importance of making waqf funds productive as an effort to address contemporary societal economic issues. The economic-social context of productive waqf lies in the management of waqf funds with the objective of investment and the production of goods and services permissible according to Islamic law (Hadi, 2017). This consideration is based on the belief that the well-being of the community can be achieved when waqf assets are

managed optimally and productively (Rahman, 2020).

## METHODS

This research employs a qualitative field research methodology and adopts a descriptive-analytical approach with a philosophical-legal perspective.

## RESULT

### The Implementation of Productive Palm Oil Waqf in Nagari Persiapan Mahakarya, West Pasaman Regency

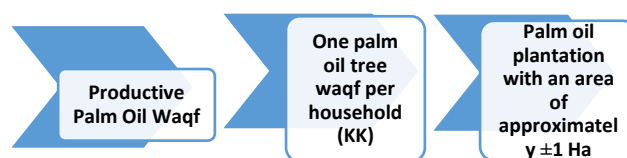
Explain The Activity of Waqf fundamentally involves elements of future investment by developing waqf assets to be productive. Waqf can contribute to economic development by reducing government expenditures, promoting income distribution, alleviating poverty, financing Islamic education, funding healthcare initiatives, and fostering economic growth (Fitri, 2018). The extension of waqf benefits is made possible through the utilization of productive waqf, which supports various social and religious activities (Kurniawan, 2013). Thus, waqf serves as a solution for the development of productive assets within society and provides a remedy against personal greed and government arbitrariness simultaneously.

In the implementation of productive palm oil waqf in Nagari Persiapan Mahakarya, waqf assets refer to properties donated by the waqif (donor) to the nazhir (waqf administrator) for management according to predetermined objectives. Nagari Persiapan Mahakarya possesses three productive waqf assets designated for waqf purposes. Through productive waqf, these assets, such as vacant lands, can be utilized for productive endeavors such as agriculture, plantations, and other initiatives for the benefit of the community. The wakif, as the owner of the property

being waqf, represents the local community in Nagari Persiapan Mahakarya. The object being waqf, in this case, is the palm oil trees within the households of community members who wish to participate in waqf. The waqf declaration made by the community is done orally, without formal recording by the Pejabat Pembuat Akta Ikrar Wakaf (PPAIW) (Official in Charge of Waqf Declaration Deed).

The mauquf 'alaih (beneficiaries) of the waqf's proceeds are allocated for the construction and operation of the mosque, infrastructure expenses for MDA (Mahakarya Development Association), as well as the operational needs of MAS al-Madani activities. Therefore, the proceeds generated from the development of productive waqf can assist educational institutions in improving their facilities, enhancing the quality of educators, revising curricula, enhancing educational management, and increasing community participation in the provision of education, particularly in Mahakarya. This strategic effort aims to enhance the quality of Islamic education through the movement of productive waqf (Kasdi, 2016). The illustration of the productive palm oil waqf scheme in Nagari Persiapan Mahakarya can be seen in the following diagram:

**Diagram 1. Productive Palm Oil Waqf Scheme**



Based on the description in the above diagram, it can be elaborated that there are several methods for implementing productive palm oil waqf in Mahakarya. *Firstly*, the implementation of allocating a single palm tree to each household. The allocation of a single palm tree per household has been in place since 1998 and is intended for the construction of a mosque and educational purposes in Nagari Persiapan Mahakarya. The waqf declaration for a single palm tree per

household is done orally and has not been registered with the Indonesian Waqf Board. As stated by (Suyono, 2022), the waqf administrator (nazhir), there has been no written record of the waqf declaration before the Pejabat Pembuat Akta Ikrar Wakaf (PPAIW), and the declaration has only been made orally in the presence of the Mahakarya community at the Nurul Iman Mosque. At that time, the waqf administrators (nazhir) had limited knowledge about registering waqf assets and relied on the trust system from the community members who had donated the palm oil trees. Until now, there have been no issues raised by the community regarding this matter, so the waqf administrators (nazhir) felt that there was no need to register with the PPAIW.

According to an interview with Mr. Sutarno, the implementation of waqf for a single palm tree is recommended as a practice where each household that wants to participate in waqf must plant a palm tree in their own yard. The initial stages of planting, nurturing, and fertilizing the palm tree are the responsibility of each household. Once the palm tree starts bearing fruit and becomes ready for harvest, the waqf administrators (nazhir) hire specific individuals to handle the harvesting, fertilizing, and maintenance tasks. As stated by Mr. Wasiman, the implementation of waqf for a single palm tree involves engaging someone who works as a palm tree harvester. This person is appointed by the waqf administrators (nazhir) and is paid based on their work after the harvested palm oil is sold. This means that the wages of the harvester are obtained from the proceeds of the productive waqf. After calculating the necessary expenses for maintenance, fertilization, and harvesting, the waqf administrators (nazhir) store the harvest and utilize it for waqf purposes.

*Secondly*, the implementation of waqf for a palm oil plantation with an approximate area of 1 hectare. In 2017, a palm oil plantation with an area of approximately 1 hectare was purchased for IDR 200,000,000. Half of the land (500 m<sup>2</sup>)

consists of individual waqf contributions obtained through a bidding process of IDR 20,000 per m<sup>2</sup>. During the bidding process, some individuals acquired 10 m<sup>2</sup>, 50 m<sup>2</sup>, or 100 m<sup>2</sup> of land. The waqf declaration for each square meter was made orally, and to simplify the administrative process for obtaining the waqf declaration deed, it was agreed that Mr. Suyono would represent the participants in the waqf on behalf of the waqif based on a mutual decision. The remaining 500 m<sup>2</sup>, valued at IDR 100,000,000, was borrowed from a businesswoman named Ms. Suratin and will be gradually repaid using the proceeds from the productive waqf of a single palm tree per household and the palm oil harvest from the purchased plantation with an area of approximately 1 hectare, which was fully paid off in 2020. In 2018, the waqf administrators (nazhir) registered the land certificate for the waqf in Mr. Suyono's name as the representative waqif. This palm oil plantation is located near the Nurul Iman Mosque.

The palm oil plantation waqf represents an expansion of the development of a single palm tree waqf in every household in Nagari Persiapan Mahakarya. Additionally, it is the result of the community's assistance in acquiring land for a new waqf area. As mentioned by Mr. Sutarno (Sutarno, 2022), the palm oil plantation with an area of approximately 1 hectare has been established since 2017, costing IDR 200,000,000. This plantation is an extension of the waqf for a single palm tree per household, as it was funded by the proceeds from each household's single palm tree and contributions from various parties. Community members purchased land parcels of 10 m<sup>2</sup>, 50 m<sup>2</sup>, or 100 m<sup>2</sup> at a price of IDR 20,000 per square meter. As a result, a total amount of IDR 100,860,000 was collected, and the remaining amount was borrowed from Ms. Suratin for IDR 100,000,000, which is paid back after each palm oil harvest. This step was taken due to the gradual displacement of the single palm tree waqf, as its location is within the yards of individual households. Thus, before the single palm tree waqf expires, the palm oil

plantation was purchased to replace the single palm tree waqf in the future. The implementation carried out by the waqf administrators (nazhir) is not significantly different from the implementation of the single palm tree waqf in Mahakarya.

### The Contribution of Productive Palm Oil Waqf in Nagari Persiapan Mahakarya

Based on the financial reports from June 2019-2022, the productive palm oil waqf has accumulated funds amounting to IDR 244,373,000, as illustrated below:

**Table 1. the financial reports from June 2019-2022**

No	Year	Palm Oil Yield
	2019	Rp. 67.833.000
	2020	Rp. 61.600.000
	2021	Rp. 66.710.000
	2022	Rp.48.371.010
<b>Jumlah</b>		<b>Rp. 244.373.000</b>

From the data above, it is known that the palm oil harvest in 2019 amounted to IDR 67,833,000 (sixty-seven million eight hundred thirty-three thousand rupiah), of which a portion has been distributed for waqf purposes, including operational expenses of the mosque, MAS (Mahakarya Development Association), and MDA (Mahakarya Development Association), as well as for repaying the debt to Ms. Suratin in installments. The remaining amount was kept for other purposes. This pattern continued until 2021. Meanwhile, the Financial Report of Productive Palm Oil Waqf for the year 2022 until June is detailed as follows:

**Table 2. Report of Productive Palm Oil Waqf for the year 2022 until June**

NO	Months	Total Yield X Price	Total
1	Januari	3.005 kg X Rp. 2.400	Rp. 7.212.000

2	Februari	3.001 kg X Rp. 2400	Rp. 7.202.000
3	Maret Awal	2.902 kg X Rp. 2.600	Rp. 7.545.200
4	Maret Akhir	2.915 kg X Rp. 2.600	Rp. 7.579.000
5	April	2.936 kg X Rp. 2600	Rp. 7.633.600
6	Mei	3.022kg X Rp. 2600	Rp. 7.857.200
7	Juni Awal	3.011 kg X Rp. 550	Rp. 1.656.050
8	Juni Akhir	3.016 kg X Rp. 560	Rp. 1.688.960
<b>Sum Total</b>			<b>Rp. 48.371.010</b>

Based on the data above, it is known that the total yield from January to June, which was harvested once every three weeks, amounted to IDR 48,371,010. The data also indicates variations in the price of palm oil, primarily due to a significant decrease in late May. Additionally, there is inconsistency in the quantity of palm oil harvested per kilogram during each harvest. The following is an overview of the Financial Distribution Report of Productive Palm Oil Waqf in Mahakarya for the year 2022 until June:

**Table 2. Report Productive Palm Oil Waqf from June 2022**

No	Allocation	Expenses
1.	Mosque Operational Expenses	Rp. 4.500.000
2.	MDA Operational Expenses	Rp. 5.000.000
3.	MAS Operational Expenses	Rp. 7.500.000
4.	Operational Expenses of Palm Oil Waqf	Rp. 11.500.000
<b>Jumlah</b>		<b>Rp. 27.500.000</b>

Based on the data in the table above, it is known that the expenses incurred from January to June amounted to IDR

27,500,000. The breakdown of expenses includes mosque-related costs such as the salary of the mosque caretaker, electricity and water usage, and other mosque necessities. For the MDA (Mahakarya Development Association) operational expenses, it includes the salary of MDA teachers, stationery supplies for teaching, as well as electricity and water costs. Additionally, the MAS (Madani Al-Madina School) operational expenses include the purchase of office supplies, teacher salaries, electricity costs, and other necessities. As for the operational expenses of palm oil waqf, it includes the wages for palm oil harvesting, maintenance of the palm trees, and the purchase of fertilizers for their sustainability. The remaining amount from the waqf yield, totaling IDR 20,871,010, will be used for debt installment payments to the hardware store.

In conclusion, the implementation of Productive Palm Oil Waqf in Nagari Persiapan Mahakarya, West Pasaman Regency, involves the community wakafing a single palm oil tree within their residential compounds and marking it as waqf. The tree is then maintained, fertilized, and harvested by designated harvesters assigned by the waqf administrator (nazhir). This process also applies to the palm oil plantation waqf with an area of approximately 1 hectare, which is managed by the assigned harvester. The proceeds from the waqf are used for mosque construction and operation, facilities and infrastructure expenses of MDA, as well as the operational activities of MAS Al-Madani. Hence, the waqf yields from productive waqf development can assist Islamic educational institutions in improving their facilities, enhancing the quality of teaching staff, curriculum improvement, educational management, and increasing community participation in educational endeavors, particularly in Mahakarya. This serves as a strategic effort to enhance the quality of Islamic education through the productive waqf movement (Kasdi, 2016).

## **Analysis of Islamic Law Regarding the Implementation of Productive Palm Oil Waqf**

The productive palm oil waqf in Nagari Persiapan Mahakarya is part of efforts to address the economic issues in the community. However, this new approach to waqf development needs to be studied and analyzed, particularly in terms of its philosophical and juridical foundations. This is based on the understanding that the renewal of Islamic economics must comply with the Islamic law that underlies it.

Generally, the pattern of waqf management in Nagari Persiapan Mahakarya falls under the category of productive waqf, utilizing the existing assets within the community. This means that waqf, as one of the teachings of Islam, encompasses two elements that are essential to humanity: worship or devotion to Allah, and social value that serves to help others (Samsidar, 2016). Waqf can be utilized as a long-term oriented instrument (Nasution, 2021).

The law of productive waqf is not explicitly explained in the scripture, but in general, waqf and the development of its assets are permissible according to the needs of the community. This is based on the verse from Surah Al-Baqarah (2:261) which states: *"The example of those who spend their wealth in the way of Allah is like a seed [of grain] which grows seven spikes; in each spike is a hundred grains. And Allah multiplies [His reward] for whom He wills. And Allah is all-Encompassing and Knowing"*(RI, 2017).

The interpretation of the above verse suggests that any legal form can be established. In the process of deriving legal principles (istinbat), it is important to consider *maslahah mursalah* (public interest). One example of the application of *maslahah mursalah* in contemporary issues where there is no specific legislation in the Quran and Sunnah is related to the implementation of productive waqf. According to al-Ghazali, *maslahah mursalah* can be used as evidence in

determining the legal framework for productive waqf as long as it is in line with the Shariah, not contradictory to the Quran, Sunnah, and Ijma', and is considered at the level of daruriyat or hajiyat, equivalent to daruriyat, as one of the methods of legal derivation.

Therefore, although the tradition of waqf on immovable properties such as land, mosques, and other places of worship has been deeply rooted in Indonesian society, with the development of community needs, it is necessary to align with what is currently needed by the community to fulfill their livelihoods. This is exemplified by the companions of the Prophet who practiced waqf. Their waqf was always related to the needs of the community at that time. For example, Uthman ibn Affan's waqf of a well, which he purchased from a Jewish person and dedicated it for the benefit of the Muslim community. The story of Umar ibn Khattab, who serves as a reference in the practice of waqf, is another example. When discussing with the Prophet Muhammad (peace be upon him) regarding his assets to be dedicated as waqf, it illustrates how the aforementioned principles apply. In that context, as stated in the hadith recorded by Bukhari and Muslim, it is narrated that:

*"Umar acquired land in Khaibar, then he asked the Prophet, saying, "O Messenger of Allah, I have obtained land in Khaibar that is of high value and I have never acquired anything of higher value than it. What do you command me to do with it?" The Prophet said, "If you want, you can retain its source and donate its benefits or utility." Then Umar donated it, and it was not allowed to be sold, given away, or inherited. Umar donated it to the poor, for his family, to free slaves, for those who fight in the way of Allah, for travelers, and for guests. However, it could be used appropriately by those who manage it, such as consuming it or providing food for relatives, without making it a source of income." (H.R. Bukhari and Muslim)"*

Based on the above analysis, it can be concluded that the implementation of productive waqf of oil palm is permissible according to Islamic law. This is based on the permissibility of waqf in the textual sources and supported by the narration that illustrates the practice of productive waqf by Umar ibn Khattab (may Allah be pleased with him) as an effort to address the economic needs of the community, which is in line with the concept of *maslahah mursalah* (public interest). Furthermore, after analyzing its implementation, the productive waqf of oil palm in Nagari Persiapan Mahakarya has fulfilled the pillars and conditions of productive waqf and its application.

In general, the management pattern of waqf in Nagari Persiapan Mahakarya falls under the category of productive waqf by utilizing the existing asset potential in the community. This means that waqf (Kamaluddin, 2020), as one of the teachings of Islam, contains two elements that are highly beneficial to human beings. Firstly, it involves acts of worship and obedience to Allah, and secondly, it holds social value that can be used to help others. Waqf can be considered as a long-term oriented instrument.

Although the legal framework for productive waqf is not explicitly stated in the textual sources, waqf and the development of its assets are generally permissible according to the needs of the community. This is based on the verse of the Qur'an (Al-Baqarah: 261) which highlights the multiplication of rewards for those who spend their wealth in the way of Allah. The interpretation of this verse suggests that any legal framework can be established, taking into account the concept of *maslahah mursalah*. Al-Ghazali's concept of *maslahah mursalah* can be used as a basis for determining the legal framework for productive waqf as long as it is in accordance with the principles of the Qur'an, Sunnah, and consensus (*ijma'*) and falls under the level of necessity (*daruriyat*) or need (*hajiyat*), as one of the methods of legal deduction.

Therefore, although it has become ingrained in the Indonesian society's paradigm, the act of waqf should align with the current needs of the ummah to fulfill their livelihoods. This is exemplified by the practices of the Companions of the Prophet, who always associated waqf with the needs of the community at that time. For instance, Uthman ibn Affan (may Allah be pleased with him) purchased a well from a Jew and dedicated it for the benefit of the Muslim community. Similarly, Umar ibn Khattab (may Allah be pleased with him) discussed with the Prophet Muhammad (peace be upon him) the waqf of his own assets, which serves as the best example to explain the aforementioned principles. According to the hadith narrated by Bukhari and Muslim, it is stated that Umar obtained land in Khaibar and sought guidance from the Prophet on how to deal with it, and the Prophet advised him to retain its source and donate its benefits or utility.

In addition to the legal considerations mentioned above, in order to make waqf productive, certain pillars and conditions must be fulfilled. The pillars of productive waqf include: Firstly, the wakif (the person who dedicates their wealth for waqf), which, in the case of the productive waqf of oil palm in Nagari Persiapan Mahakarya, consists of the community residing in Nagari Persiapan Mahakarya. Secondly, the muwaqif (the dedicated asset), which is in the form of oil palms located in the yards of households willing to contribute to waqf. Thirdly, the mawaqif 'alaih (the recipient of waqf), which involves the initial acceptance by the nazhir (the waqf manager) to manage the waqf according to the designated purposes. The recipients of the waqf in this case include the development and operation of the mosque, the facilities and infrastructure of the MDA, and the operation of the activities of MAS al-Madani. Hence, the waqf proceeds from the development of productive waqf can help improve the facilities and infrastructure of Islamic educational institutions, enhance the quality of educators, improve the curriculum and educational management, and increase community participation in

the provision of education, particularly in Mahakarya. This effort represents a strategic initiative to enhance the quality of Islamic education through the productive waqf movement (Kasdi, 2016). Fourthly, the shighah (the form of waqf dedication), in the case of the community, it is in the form of verbal waqf dedication without registration at the Office of Waqf Deed Making (PPAIW).

Furthermore, the conditions that must be fulfilled include: Firstly, the conditions for the wakif; they must be free, mature, mentally sound, and of legal age. In the implementation of productive waqf of oil palm in Nagari Persiapan Mahakarya, these conditions are fulfilled as the heads of each household (*Kepala Keluarga*) act as the wakif. Secondly, the property being dedicated as waqf must have a measurable value, known dimensions, and be owned by the wakif, not publicly owned. In the case (Lahuri, 2020).

### **Analysis of Positive Law Regarding the Implementation of Productive Waqf of Oil Palm**

**Pengutipan** The management of productive waqf of oil palm in Nagari Persiapan Mahakarya has been carried out, although it is still considered simple or traditional. The management, conducted by the nazhir or waqf administrator, is voluntary and social in nature. Based on Law No. 41 of 2004 on waqf, Article 11 states the duties of the nazhir, which include administering waqf assets, managing and developing waqf assets in accordance with their purpose, function, and allocation, overseeing and protecting waqf assets, and reporting the implementation of duties to the Indonesian Waqf Board (Undang-Undang Dasar No. 41 Tahun 2004 Tentang Wakaf Pasal 11, 2004).

Firstly, the administration of waqf assets, their management, and development in accordance with their purpose, function, and allocation have been carried out in the implementation of productive waqf of oil palm in Mahakarya



Village (Undang-Undang Dasar No. 41 Tahun 2004 Tentang Wakaf Pasal 11., 2004). The results of the development of productive waqf of oil palm can be utilized for the economic development of the community in Mahakarya, in line with the plans formulated by the administrators. These plans include the construction of a mosque, MDA (Islamic Education Center), and MAS Al-Madani (Islamic Boarding School) on waqf land within the vicinity of Masjid Nurul Iman. The foundation operates under the auspices of the mosque as the waqf center. In terms of financing the operational infrastructure, the proceeds from oil palm waqf in Nagari Persiapan Mahakarya will also be utilized. In addition to MDA and MAS Al-Madani, the administrators plan to develop existing schools and establish Islamic primary schools (SD IT) and Islamic junior high schools (SMP IT). The target is not only to accommodate students from Mahakarya Village but also from other areas, aiming to become a center for the development of Islamic education (Madani Islamic Centre).

However, in terms of administrative aspects, the management of productive waqf of oil palm has not fully complied with the provisions of positive law. One example is the waqf of a single oil palm tree per Household Head in Mahakarya, which has not been recorded as a waqf declaration before the Officer of Waqf Deed Maker (PPAIW). This was revealed through statements made by Mr. Suyono (Suyono, 2022), stating that the waqf administrators (nazhir) have not documented the waqf declaration in writing before the PPAIW. However, according to Law No. 42 of 2006, Article 32 states that the waqif must submit the waqf declaration to the nazhir in the presence of the PPAIW during the Waqf Declaration Assembly, and the waqf declaration made by the waqif and accepted by the nazhir is recorded in the Waqf Deed by the PPAIW. (Undang-undang UU Nomor 42 Tahun, 2006):

Secondly, the nazhir is responsible for overseeing and protecting waqf assets (Undang-Undang Dasar No. 41 Tahun 2004 Tentang Wakaf Pasal 11., 2004). In the

implementation of productive waqf of oil palm in Mahakarya Village, the waqf assets are guarded and protected, with the appointment of a treasurer and responsible personnel for safeguarding the waqf assets and the funds generated from productive waqf of oil palm. Thirdly, the nazhir is required to report the implementation of their duties to the Indonesian Waqf Board. Based on an interview with Mr. Sutarno (Suyono, 2022), it was revealed that the financial reporting and documentation of productive waqf of oil palm have been prepared and archived by the administrators. However, the reporting has not been submitted to the Indonesian Waqf Board. Therefore, it is crucial for the waqf administrators (nazhir) in Mahakarya Village to document the waqf declaration in writing before the PPAIW to prevent potential issues in the future, both from the waqif and the nazhir, and to ensure that the waqf is registered with the Indonesian Waqf Board (BWI).

Based on the above analysis, it can be concluded that the implementation of productive waqf of oil palm is guided by Article 42 of Law No. 41 of 2004 on waqf, which emphasizes the importance of managing and developing waqf assets productively for the benefit of the wider community. However, in practice, the implementation has not fully complied with the provisions of positive law, as the waqf declarations have not been documented before the PPAIW by the nazhir in Mahakarya Village, and the implementation of productive waqf has not been reported to the Indonesian Waqf Board in accordance with the provisions of Law No. 42 of 2006 on the Implementation of Law No. 41 of 2004 on Waqf.

## CONCLUSION

The implementation of productive palm oil endowment in Nagari Persiapan Mahakarya, West Pasaman Regency, is carried out by the community within the vicinity of their residential yards through the act of endowment and subsequently, the maintenance, fertilization, and

harvesting are performed by designated harvesters appointed by the endowment manager (nazhir). This also applies to the endowment of a palm oil plantation with an approximate area of  $\pm 1$  hectare, which is managed by the harvesters. The implementation of productive palm oil endowment in Nagari Persiapan Mahakarya is a strategic and innovative step in the development of endowment, as evidenced by the contributions it has made. The endowment proceeds are utilized for the construction and operation of mosques, the provision of facilities and infrastructure for MDA (Islamic educational institution), and the operational activities of MAS al-Madani. Therefore, the endowment proceeds from the development of productive endowments can assist Islamic educational institutions in improving their facilities and infrastructure, enhancing the quality of teaching staff, refining the curriculum, improving educational management, and increasing community participation in educational provision, particularly in Mahakarya. This serves as a strategic effort to enhance the quality of Islamic education through the productive endowment movement.

Furthermore, the philosophical implementation of productive palm oil endowment is permissible under Islamic law. This is based on the permissibility of endowment in the scriptures and supported by the practice of productive endowment carried out by Umar bin Khattab, which exemplifies the pursuit of societal economic well-being and aligns with the concept of *maslahah mursalah* (public interest) in establishing Islamic law. Upon analyzing its implementation, the productive palm oil endowment in Nagari Persiapan Mahakarya fulfills the pillars and requirements of productive endowments. Additionally, from a juridical perspective, the implementation of productive endowments is supported by Article 42 of Law No. 41 of 2004 concerning endowments. However, in practice, it has yet to fully comply with the positive legal provisions. Specifically, the recording of the endowment pledge before the Pejabat

Pembuat Akta Ikrar Wakaf (PPAIW) by the nazhir in Mahakarya has not been carried out, and the implementation of productive endowments has not been reported to the Badan Wakaf Indonesia (Indonesian Endowment Board) as mandated by Law No. 42 of 2006 on the Implementation of Law No. 41 of 2004 concerning endowments.

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