

# The Potential for the *Pondok* Institutions' Development Funding through the Agricultural *Waqf*

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## Abstract

The agricultural *waqf* practice was carried out since the era of the Prophet Muhammad SAW. Among the companions of Rasulullah SAW who had performed agricultural *waqf* were, Saidina Abu Bakar who donated his land in Mecca, Saidina Umar ra with his lands in Khaibar, Abu Thalhah with his lands in Bairaha' and Saidina Ali who donated his very fertile lands. Based on the agricultural *waqf* done by the companions, is this method potential as the funding of development of *pondok* institutions in Malaysia? Thus, this study objective seeks to identify the agricultural *waqf* in Malaysia. Secondly, it intends to analyse the potential of agricultural *waqf* in funding the development of the *pondok* institutions in Malaysia. This study is a qualitative study that uses the primary data, secondary data and the content analysis as the tools of analysis for this study. An important implication for this study is that the *pondok* institutions are able to be empowered through the agricultural *waqf* method.

**Keywords:** Development Funding, Pondok Institutions, Agricultural Waqf

## Introduction

*Waqf* lands are owned lands that have been donated to the *waqf* management. The word *waqf* originates from the word *al-waqf* derived from *waqafa* meaning refraining from 'al-habs' and forbidding 'al-man'. Language wise, *waqf* means terminated, forbidden or refrained. Ibnu Qudamah stated that *waqf* is refraining from something and benefiting from something. *Waqf* can also be defined as any asset which right of the donor remains on the lands and restricted from any sell and buy transactions, inheritance, hibah, and will, other than making the effort to retain its physical form as for the donor to get closer to Allah SWT.

In general, *waqf* refers to the practice of charity that can benefit the society through the assets given by the original owner. The outcome of the asset must be used on the right path. The use of the *waqf* lands can be optimised and this indirectly generates the economy and leads to a better social development in the future. The implementation of the agricultural method in developing *waqf* lands of the *pondok* institutions is an alternative that needs to be highlighted and discussed in detail to allow for the highly potential agricultural land projects to be executed successfully so that the profits can be ongoing. Thus, this study specifically looks into the agricultural *waqf* for the *pondok* institutions in Malaysia. The study objective is to identify the agricultural *waqf* in Malaysia. Secondly, to analyse the potential of the agricultural *waqf* in funding the development of the *pondok* institutions in Malaysia. This paper work also discusses the literature review, study methodology, analysis and conclusion with regard to potential of the agricultural *waqf* at the *pondok* institutions.

### Past Studies

Education and *waqf* have a shared interest in Islam. The role of *waqf* in the field of education begins at the primary level right until the University. *Waqf* plays an important role in contributing funds for purposes of education like building educational institutions, preparing educational equipment, and so on. The works of Latif et al. (2008), Rahman (2009) and Sayyin (2011) discussed the history of educational *waqf* during the times of Muhammad SAW. An early history of *waqf* institutions began in the era of the Prophet Muhammad SAW. The earliest educational institution donated by Muhammad SAW was Quba' Mosque that the Prophet built himself when he first arrived in Medina City in the year 622M. Later on, it was followed by *waqf* of Nabawi Mosque six months after the construction of Quba' Mosque.

Among the greatest challenges and obstacles of the *pondok* institutions in Malaysia to ensure that they can sustain and continue to prosper comes in terms of the lack of financing. Based on the study done by Ramli and Abu Bakar (2013), the *pondok* institutions in Malaysia depend on permanent resources such as the *waqf* lands and buildings for the sustainability of *pondok* education. This study is strengthened by Hashim, Rufai and Nor (2011) who conducted a comparative study between the *pondok* institutions in Malaysia and Islamic institutions in Indonesia. Such institutions in Malaysia tend to suffer because they only get financial resources through the Muslims' contributions like donations, infaq, zakat and *waqf* and also that they do not have a systematic education system. However, as opposed to the *pondoks* in Indonesia, the request for entry to the Indonesian *pondok* schools is on the increase every year as they do not have to rely on the contributions alone and strive towards developing the *pondok* schools' economy through economic generation.

Huda (2015) in her study about the management of Islamic boarding schools in Indonesia, namely Tebuireng and Gontor shows that the management of both the *pondok* has the ability to generate some funds through *waqf*. This is proven through the work done by Hilmiyah et al. (2013), in which PMDSG is one of the *pondok* institutions that have successfully generated some fund through the empowerment of *waqf* properties. Among the productive implementation of *waqf* in PMDSG would be expanding *waqf* lands by district, renting out *waqf* lands which are managed by way of dividing the profits and managed privately. Fazial (2015) in her study has proven that the *pondok* institutions in Penang (Pondok An-Nahdhoh) have successfully funded the development through the method of *waqf* generation such as

building Shari'a-compliant hotels, building *Bazar Tok Guru*, renting out *waqf* buildings and renting out *waqf* homes. The profit will be used to fund the *pondok* management.

### **Study Methodology**

In this current work, researcher adopts the explorative study design and qualitative study. To achieve the objective of this study, researcher adopts an exploratory study design using the primary and secondary data collection. The primary data was obtained from an in-depth interview with the head of the *pondok* or *mudir* (M001-M012) and some experts (PM001)(PA001-PA004). The secondary data is obtained through library study, articles, theses, journals, books, newspapers and websites containing information related to studies on generation of *waqf* and agricultural *waqf*. This study is analysed using content analysis.

### **Study Analysis**

These productive *waqf* lands are able to generate economic income for the educational institutions and develop the *pondok* people's socio-economy to better level. The funding of development through agricultural means is the prime mover to the development of *pondok* schools in Malaysia. The implementation of the agricultural method in developing *waqf* lands to fund the development of *pondok* institutions is an alternative that needs to be emphasised and discussed thoroughly because it can generate a continuous and good profit.

The agricultural method stands as the main suggestion that has been raised by several informants to make productive the *waqf* lands in *pondok* institutions those include M002, M003, M004, M005, M006, M008, PA001 and PA003. For *pondok* institutions which still have yet-to-be-developed *waqf* lands, the agricultural method is still an appropriate method to be applied, seeing that the agricultural sector is among the sector that offers a great contribution towards the economic development in Malaysia. M004 proposed that *waqf* lands are planted with rubber, M005 suggested that the lands are planted with paddy, whereas M002, M003, M004, M008, PA001 and PA003 suggested that the lands were planted with palm oil. Based on the observation done, the proposed agricultural project by the informants was based on the agricultural projects that have been carried out around the *pondok* institutions.

The palm oil project proposal is seen to serve as a proposal that needs to be carefully considered, seeing that this proposal has been raised by a number of informants. The palm oil farm *waqf* project, with the land spanning 3900 hectares, was handled by Johor Islamic Council (MAINJ) with the Johor Farmers Association (PPNJ) in Mersing, Johor. Other than that, the Terengganu Orphans Association (PERKAYA) also worked on the palm oil farms through the purchase of *waqf* shares for palm oil and palm oil trees. The fund put under *waqf* is used to pay the loan to Agro Bank whereas the excessive fund will be used to fund the spending of orphans and related expenses (Rahman, 2009).

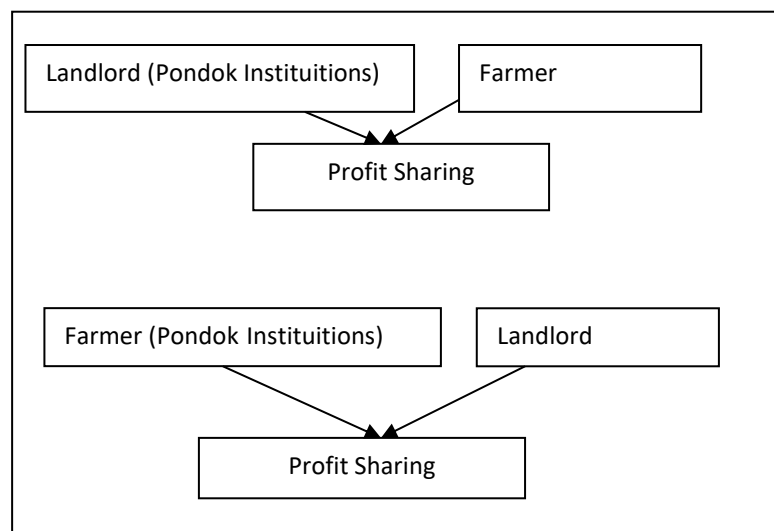
According to Berita Sawit, March 2018 edition, the Malaysian palm oil industry outperformed the other commodity sectors in generating the income of the national export in 2017 which amounted to RM77.8 billion or 55.5 percent to the export income of the national commodity sector with an increase by 14.6 percent compared to the year 2016 followed by rubber product export totalling RM32.3 billion and the wood product sector which is RM 23.3 billion. Among the technological commercialisation of palm oil products are palm oil biodiesel, genome and biotechnology, crop materials, mechanization, food and health products,

oleochemistry, livestock food, crop and livestock integration, environment, manufacturing and processing, biomass also pest and patient control (Berita Sawit, 2018).

Based on the proposal raised by informants, the project of *waqf* for the palm oil farms done by several parties and the very good performance shown by the palm oil industry clearly show that the *pondok* institutions have the potential to develop *waqf* lands through palm oil. The development in palm oil plantation has given a great impact to the socio-economic status of the society and also the country. Nonetheless, the implementation of this palm oil project requires great cost and high level of expertise to ensure that this project can be implemented well. The palm oil *waqf* project is seen to serve as a long-term planning because it necessitates a profound observation and support from various parties, as most of the *pondok* institutions are still unable to carry out this project privately.

Thus, cash crops such as corn, tapioca, banana are more appropriate to be implemented during the early involvement of the *pondok* institutions in agriculture, seeing that crops of this type do not take a long time to ripen which is between 3 and 6 months. The short span has automatically enabled the investment money to be reused for the next planting season. At the educational institution stage, Kolej Universiti Bestari (UCB) and Lembaga Perindustrian Nanas Malaysia (LPNM) have collaborated in the pineapple planting project. To this end, UCB serves as the first educational institution which holds a collaborative project with the LPNM in terms of pineapple plantation project. Through the joint venture, LPNM provides assistance like seedlings, fertilizers, pesticides and so on according to the suitability of the project and the category. The granting of seedling subsidy is carried out for those who work on the pineapple plantation in groups or individuals based on the requirements that have been stipulated (Muhammad, 2018).

The development funding through the agricultural land can be done through what is called *pawah* system, (crop sharing) to develop potential areas. The crop-sharing system or *pawah* was a customary practice for the previous generations but it is still carried out by some communities in several areas in Malaysia and it has become customary or *uruf* until today. Through this system, the *pondok* institutions can act as the land owner or crop-sharing leader to work on the agriculture they have decided to do. The wage for this occupation is divided into the agricultural profit outcome or livestock produced by both parties during the crop-sharing agreement (Ibrahim, Niteh & Ahmad, 2016). The crop-sharing system practiced today resembles the *musaqat* agreement. Religious scholars who allow for this *musaqat* agreement relate this agreement with that of *mudarabat* which is an agreement between the capital owner and the entrepreneur. Through both these agreements, every partner will be entitled to anything that any other partner has. (Ibrahim, Niteh & Ahmad, 2016). However, the *musaqat* agreement will be nullified if the capital owner decides to reap the profit from certain parts of the crops.



**Figure 1.1: *Pawah* system for Agricultural**

Based on the figure 1.1 above, the *pondok* institution with *waqf* land but not able to develop the *waqf* land acts as a landlord and works with the landlady to work on the land. For *pondok* institutions that do not have *waqf* land but have the capability and ability to tackle agriculture, they play a role as a farmer.

For *pondok* institutions that have abandoned reserved lands or such lands around the *pondok* institutions that have yet to be developed and neglected, the funding method by means of agriculture is among the methods that can be applied to the said lands. Due to the fact that most of the institutions are located in rural or remote areas, this agricultural method serves as an initiative deemed appropriate to be implemented, which goes well with the location and the position of the *pondok* institutions. Through this method, the *pondok* institutions not only generate some funds for the *pondoks* but they can also use the reserved lands fully in the effort to generate some funds for the *pondoks*. Other than that, the community around the area can also involve themselves with the *pondok* generation activities and further open up job opportunities to the local people (Huda, 2015). This method has automatically encouraged the *pondoks* to use the *waqf* lands to the best of their ability and involve the local community to take part in the economy-generating activities for the *pondoks*.

### **Conclusion**

Agriculture is the mainstay of human life, be it in terms of food resources, finance and economy. Through the agricultural activities, the *pondok* institutions are able to generate a greater income not only for the requirements of the *pondoks* but also for the needs of the country. Thus, the agricultural sector is a sector seen to have great potential for *pondok* institutions in the effort to ensure that the *pondok* development stays funded. The collaboration of all parties including MAIN, State Government, Central Government MAIN,

Ministry of Agriculture and related agencies is integral, to assist the pondok institutions in realising this proposal.

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