The Role of Awqaf Institutions in Supporting Local Development: The Indonesian Experience as a Model

دور المؤسسات الوقفية في دعم التنمية المحلية –تجربة جمهورية إندونيسيا أنموذجا–

Dr. Dahamni Yassine [1] (1)
(1) Hassiba Benbouali University, chlef, Algerie, (y.dahamni@univ-chlef.dz)

Received: 13/09/2025 *Accepted: 27/09/2025* *Published: 01/10/2025*

Abstract:
This study aims to clarify the concepts related to both waqf institutions and local development, as well as to highlight the active role that a waqf institution can play in achieving local development and serving the community. This research also leads us to understand the leading awqaf institutions in Indonesia and their role in supporting local development at the regional level.
The research concluded that the awqaf sector in Indonesia represents a significant economic and social force due to the opportunities it provides for addressing problems and resolving crises. This contributes to meeting the needs of individuals and reducing the number of those in need. We also found that the participation of waqf institutions in local development plans is contingent upon finding investment mechanisms and formulas that align with contemporary community needs and developments.

Keywords*: waqf, waqf institution, local development, Indonesian Awqaf Board.*

ملخص:
نهدف من خلال هذه الدراسة إلى توضيح المفاهيم المتعلقة بكل من المؤسسة الوقفية والتنمية المحلية، وكذا إبراز الدور الفاعل الذي يمكن أن يقوم به مؤسسة الوقفية من أجل تحقيق التنمية المحلية وخدمة المجتمع ويقودنا هذا البحث أيضا إلى معرفة المؤسسات الوقفية الرائدة في اندونيسيا ودورها في دعم التنمية المحلية على مستوى أقاليمها.
وخلص البحث إلى أن قطاع الأوقاف في اندونيسيا يشكل قوة اقتصادية واجتماعية كبيرة من حيث الفرص التي يوفرها لمعالجة المشكلات وحل الأزمات، مما يساهم في تلبية احتياجات الأفراد والتقليل من نسبة المحتاجين، كما توصلنا إلى أن مشاركة مؤسسة الوقف في خطط التنمية المحلية يبقى مقرونا بإيجاد آليات وصيغ استثمارية تتماشى مع مستجدات والاحتياجات المعاصرة يتطلبها المجتمع.

الكلمات المفتاحية: الوقف، المؤسسة الوقفية، التنمية المحلية، هيئة الأوقاف الإندونيسية.

[1] Corresponding author.

1 .INTRODUCTION

The waqf is an economic and social institution that has accompanied societies throughout centuries and civilizations, serving as a pillar of society and a fundamental player in development. Throughout history, this institution has left its mark as the main financier for many facilities such as education, healthcare, residential buildings, and social welfare. Contemporary waqf experiences have presented practical models by applying the concept of social responsibility, and one of the examples is the awqaf institutions in Indonesia, which were established for the purpose of local development and community service.

In Indonesia, waqf is considered an important activity in driving local development. It is a modern experience that is undergoing dynamic development, distinguished by the fact that most awqaf in Indonesia are managed in a productive and sustainable manner. The awqaf institutions in Indonesia are not only for social purposes such as education, worship, family welfare, and health but also for economic activities that include various types of economic business units, such as tourism, transportation, agriculture, trade, industry, and other projects concerned with developing and serving the community.

Based on the above, this research will shed light on leading awqaf institutions in the field of waqf and charitable work that have had a better and greater impact on the local community in Indonesia.

- **Main Question**

How is the role of the waqf institution in supporting local development in Indonesia manifested?

To answer the main question, we will try to answer the following sub-questions:

- What are the definitions of waqf institutions and local development?
- How do waqf institutions achieve local development?
- What are the areas of waqf investment in achieving local development?
- How can the experience of the waqf institution in Indonesia and its role in local development be evaluated?

- **Significance of the Research**

The waqf institution gains immense importance from the benefits it generates, which serve developmental purposes according to the circumstances of each society. Furthermore, the institutional sector of awqaf in modern countries has witnessed significant developments that necessitate examination to determine the place of this third sector in the institutional structure of modern states. This study came to confirm and clarify the social and economic impact, and to highlight the characteristics of solidarity and mutual support that distinguish waqf institutions in the life of Indonesian society.

- **Objectives of the Research**

- To understand the concept of awqaf institutions and local development.

- To draw attention to the contribution of awqaf institutions to development and community service.
- To identify the leading awqaf institutions in Indonesia and their role in supporting local development at the regional level.

- **Research Methodology**

To address the study's problem, test the validity of its hypotheses, and thus achieve the desired objectives, we will adopt the deductive approach with its two tools: description and analyzis. This will be done by describing everything related to waqf institutions and local development, as well as examining the role and contributions of the waqf institution in supporting local development through presenting the Indonesian experience.

2 .The Theoretical Framework of the Study Variables

2.1. Definition of the Waqf Institution:

The waqf institution is defined as:

- A local community-based institution with a simple, limited organizational structure. Its most important characteristics are independence and flexibility, while its management approach is based on principles and reinforces the values of empowerment and participation.[1]
- A non-governmental, non-profit organization that owns private assets, most of which are acquired through donations and grants. It also provides these grants to other non-profit organizations to fulfill its specific program through activities that serve the public good.[2]
- Any agreed-upon entity or body that assumes the responsibility of supervision (**Nathara**) and management of all waqf assets and properties, whether real estate, movable assets, or cash. These assets are endowed with the intention of immobilizing their principal (**tahbis**) and allocating their benefits and returns (**tasbil**), by recovering and collecting them, preserving and developing them, and then distributing their yield. This is done in accordance with jurisprudential rules, legal texts, and the conditions set by the waqif (founder), within the framework of the waqf environment and the harmonious interaction of the waqf system's elements, to achieve specific and clear objectives through policies and programs that bring benefit, interest, and development to the public good.[3]

[1] Mansouri, K. (2011). Administrative Reform of the Waqf Sector Institutions (A Case Study of Algeria). PhD dissertation, University Theses Series 15, General Secretariat of Awqaf, 1st ed., Kuwait, p. 45.

[2] Mashhour, N. A. (2006). A Study of Foreign Waqf Institutions and the Possibilities of Benefiting from Their Experiences. In The Second Conference of Awqaf. Riyadh, p. 31.

[3] Keddaoui, A. (n.d.). Requirements for the Securitization of Waqf Fund Resources as a Mechanism for Advancing the Developmental Role of the Waqf Sector in Algeria. Previous reference, p. 20.

- An independent institution that seeks to provide developmental services through an Islamic lens, with a loyal, competent, and religiously committed team; with the goal of achieving economic development and social solidarity within human societies.[1]

2.2. Definition of Local Development:

Local development is defined as:

- A set of processes through which local and governmental efforts can be combined to improve the quality of economic, social, cultural, and civil life for local communities and integrate them into the comprehensive national development system so that they can effectively participate in national progress.[2]
- The role of policies and programs that are carried out according to general guidelines to bring about an intentional and desired change in local communities, aiming to raise the standard of living in those communities by improving the system of income distribution.[3]
- A movement aimed at improving the living conditions of the local community on the basis of its positive participation, and based on the community's initiative if possible. If the initiative does not emerge spontaneously, methodological means are used to inspire and stimulate it in a way that ensures an enthusiastic and effective response to this movement.[4]

2.3. The Role of Awqaf Institutions in Development and Community Service:

The waqf, in its meaning and content, represents an economic and social institution capable of performing its developmental role in society when a set of conditions are met. These include: the presence of a will from decision-makers to activate the role of awqaf to achieve all of its purposes in all fields: educational, health, social services, environment, and others.

This is followed by the development of a strategic plan to advance the developmental role of the waqf, which is based primarily on clear legal principles and foundations. It should also take into account the realities and the economic and social requirements of each country or Muslim society, and it should strive to create a system of waqf legislative regulations that are based on the guidance found in the noble prophetic tradition (**Sunnah**) regarding the waqf. It should also be guided by the scholarly efforts of jurists in the jurisprudence and rulings of waqf they have documented in their encyclopedias. This system should be characterized by both flexibility and authenticity, to open up vast horizons for new awqaf that are created

[1] Al-Salhat, S. (2005). The Role of the Waqf Institution in Developing Contemporary Islamic Societies. Published research in the Journal of King Abdulaziz University, Saudi Arabia, p. 10.

[2] Abdul Hamid, A. M. (2001). Local Finance and Local Development. Dar Al Jami'iya, Alexandria, Egypt, p. 13.

[3] Rasheed, A. (1986). Local Development. Dar Al Nahda Al Arabiya, Cairo, Egypt, p. 16.

[4] Al-Jundi, M. (1987). Local Administration and Its Strategies. Munsha'at Al Ma'aref, Alexandria, Egypt, p. 131.

to meet urgent community needs, thereby effectively contributing to the advancement of the waqf's developmental role.[1]

There are also a number of semantic connections between the waqf and development, the most prominent of which are:[2]

- We can understand development as a continuous process that seeks comprehensive change through careful planning. Its goal is to elevate the economic and social level, which can only be achieved with competent and capable human elements and on acceptable moral foundations such as justice and equality.
- Relying on the modern concept of development—which limits progress to only the material human being and material needs in any field of life—will be contrary to the nature of the waqf. The waqf came to connect the material with the spiritual, this life with the afterlife. The economic and investment aspect alone was not the concern of the waqf founders or waqf institutions; rather, there were humanistic touches and social and cultural imprints on most waqf projects.

It is necessary to say here that just as the waqf was concerned with its projects and investments in various fields, it did not diminish the right of the human being as an individual with competence, ability, and determination for change. Indeed, we are not exaggerating if we say that the waqf, with its educational and cultural projects—which were among its most important activities in our past Islamic civilization—produced intellectual leaders and qualified cadres to work and lead societies with a selection of scholars and thinkers.

- If awqaf investment refers to any expenditure that leads to an increase in the endowed capital and contributes to increasing the productive capacity of society by employing a workforce and utilizing raw materials within it, then this in itself is development in the multiple fields of economy and society.

The developmental waqf institution also relies on clear principles in life, the most important of which are: [3]

- The concept of **'Imara** (development) and **Istikhlaf** (vicegerency) on Earth, which means utilizing natural resources for the benefit of needy groups in society or for the benefit of the state, such as building roads, universities, and libraries.
- Working to build new investment projects for the advancement of society and the state, and supporting national production. All of this is fundamentally

[1] Faddad, A. S. (2018, January 9). Contemporary Investment Tools for Waqf Development. Paper presented at the Fourth Doha Conference on Islamic Finance - Contemporary Financial Developments, organized by Bait Al-Mashura for Financial Consultations, Doha, p. 123.

[2] Al-Salhat, S. (2005). The Role of the Waqf Institution in Developing Contemporary Islamic Societies. Published research in the Journal of King Abdulaziz University, Saudi Arabia, pp. 6–9.

[3] Bougara, R., & Amer, H. (2013, May 20-21). The Role of Charitable Financing ("The Waqf") in Achieving Sustainable Development and Its Activation in the Arab World. Paper presented at the Second Scientific Conference on the Role of Non-Profit Islamic Finance (Waqf and Zakat) in Achieving Sustainable Development, Sa'ad Dahlab University, Blida, Algeria, p. 6.

based on the Islamic jurisprudential logic of "necessities (**daruriyyat**), needs (**hajiyyat**), and improvements (**tahsiniyyat**)."

- Working to provide social well-being and economic ease in our societies, and for **waqf** institutions to be a help and a support for official institutions.

3- Awqaf Institutions and Local Development in Indonesia

3.1. Definition and Functions of the Indonesian Waqf Board (BWI)

The Indonesian Waqf Board (BWI) is an independent governmental institution established on the basis of Law No. 41 of 2004 concerning waqf. This agency was formed to develop and enhance waqf in Indonesia.[1] This was followed by Government Regulation No. 42 of 2006 for the implementation of the aforementioned Law No. 41. Subsequently, Presidential Decree No. 75 of 2007 was issued to form the BWI under the chairmanship of Talhah Hasan. A later Presidential Decree in 2011 reappointed Talhah Hasan for a second term, and then Presidential Decree No. 175 of 2014 appointed Muftuh Basyuni as its chairman. The members of the BWI are appointed and dismissed by a presidential decree, and their term lasts for three years, with a possibility of a second term. The headquarters are located in the capital, Jakarta, with several branch offices in provinces and cities across the country. The BWI aims to develop the capabilities and skills of workers in public waqf charitable associations or institutions and operates according to the latest methodologies in these fields.[2]

According to Article 49, Paragraph 1 of Law No. 41/2004, the functions of the BWI are as follows:[3]

- Providing training to supervisors (**Nudhar**) on the management and development of waqf properties.
- Managing and developing waqf properties on a national and international scale.
- Approving or authorizing changes to the status of waqf properties.
- Dismissing and replacing supervisors.
- Approving the exchange of waqf properties.
- Submitting suggestions and rulings to the government on the development and adoption of waqf-related decisions.

3.2. The Role of Awqaf Institutions in Supporting Local Development in Indonesia

---

[1] Indonesian **Waqf** Board. (n.d.). Profile of the Indonesian Waqf Board. Retrieved October 29, 2021, from https://www.bwi.go.id/profil-badan-wakaf-indonesia

[2] Zawawi, Y. Y., & Hilmi, M. I. (2020). The Role of the **Waqf** Institution in Achieving Sustainable Development - A Comparative Study Between the Experiences of the Kingdom of Saudi Arabia and Indonesia. 1st ed., no publisher or location, p. 55.

[3] Saleh, M. A., & Al-Humaid, N. S. (n.d.). **Waqf**: An Applied Study in Indonesia (p. 190). Research paper published on the website http://ejournals.kias.edu.my/index.php/jurnalkias/article/view/138/119. Retrieved October 23, 2021.

There are institutions in Indonesia that were founded specifically for **waqf** and are often named as such. They work to provide a continuous income that meets the needs of their target beneficiaries. Their activities and programs are diverse, and these institutions include:[1]

- **The Sultan Agung Waqf Foundation:** Located in Semarang, the capital of Central Java, this foundation was established for educational purposes through charitable waqf, covering all stages from kindergarten to university. Its activities have since expanded to include multiple fields, such as health, with a comprehensive medical hospital that provides healthcare services. It also has a printing press for books and magazines and commercial shops within a three-story building, where each floor has shops for rent, such as restaurants or stationery stores.

The Sultan Agung Waqf Foundation in Semarang also contains integrated educational neighborhoods at all academic levels, from kindergarten, primary, and secondary schools to the university level, named Sultan Agung University. It has eleven colleges covering both scientific and literary fields, offering bachelor's, master's, and doctoral degrees. The number of students at all levels has reached over 15,000, and the foundation provides a monthly salary to 400 teachers of the Holy Quran.

In the healthcare sector, the Sultan Agung Waqf Foundation built a hospital that serves the community by providing healthcare, meeting the needs of patients, offering opportunities for training healthcare cadres, and supporting scientific research. The hospital has a license from the Indonesian National Sharia Board as an Islamic-compliant hospital and aims to become a leading center for the practice of Islamic medicine in Indonesia. It also offers two types of free medical services every day to all people, including non-Muslims.

- **Darussalam Gontor Institute:** The Darussalam Gontor Institute for Modern Islamic Education is located in the village of Gontor in Ponorogo, East Java. It was founded on the waqf system in 1958. The institute has 32 types of waqf-based economic units. It built a three-story building in the city center for some of these units, including the "La Tansa" library unit, the "La Tansa" pharmacy, and a ready-to-wear clothing and sports equipment unit. The institute also has an Islamic bank dedicated to the poor and those with limited income, called "Baitul Maal wa Tamwil" (BMT). It also has a printing and publishing house, a mineral water factory, a clothing factory, and a fuel station, among others.

The Darussalam Gontor Institute also has integrated educational neighborhoods at all academic levels, starting from primary school, then middle school based on the "College of Islamic Teachers" system, and then the university level, named Darussalam Gontor University. It includes seven colleges: Fundamentals of Religion, Education, Sharia, Economics and Management, Humanities, Health

[1] Zawawi, Y. Y., & Hilmi, M. I. (2020). The Role of the Waqf Institution in Achieving Sustainable Development - A Comparative Study Between the Experiences of the Kingdom of Saudi Arabia and Indonesia. Previous reference, pp. 59-77.

Sciences, and Science and Technology, each with several academic departments. The number of students at all levels has reached over 27,000, and they are all accommodated in the student city under the supervision of dedicated teachers and supervisors.

- **Sidogiri Salafi Institute:** Located in East Java on a 46,000-square-meter area, this institute was founded in 1158 AH / 1745 AD. The number of students studying there to date is more than 10,000 from several cities in Indonesia. It has investment projects in several fields, namely:
    - A chain of commercial stores called "Bismillah" with over 100 branches in several provinces, selling daily household needs.
    - A mineral water factory named "Santri," which provides employment for 125 people, some of whom are graduates of the institute. It produces 300,000 cartons per month and is distributed to over 50 cities in Indonesia.
    - Sidogiri Printing House for publishing, printing, and distribution.
- **Al-Rifa'ie Malang Waqf Foundation:** The Al-Rifa'ie Malang Foundation is a center for education based on Sharia and economic development, providing services in vocational education and profitable economic activities capable of improving community welfare. The main efforts of this foundation in supporting local development in the city of Malang are summarized as follows:[1]

Private religious education in Indonesia is a unique feature of the country, known for its **pesantren** institutions, which are considered the oldest educational institutions in Indonesia. The pesantren have evolved, especially in Java, since the 17th century AD, proving the hypothesis that they have worked for social change. They have always served, and continue to serve, as a platform for spreading the light of Islam and Islamic religious sciences. In some pesantren institutions, we find that they have developed by establishing school systems and public schools, including a type of vocational education institution, such as in agriculture, animal husbandry, and engineering. This includes economic activities, as seen in the Al-Rifa'ie Malang Foundation and Institute, which moved from education to Islamic economics and investment in waqf funds. The business units implemented at the modern Al-Rifa'ie Institute in Malang, East Java, include a unit for providing loans based on Sharia and qardh hasan (benevolent loans), a shopping unit, a unit for facilitating agricultural production and supporting farmers, a community sugarcane unit, and a tourism services, travel, and transportation unit.

Since the inauguration of the "Baitul Maal wa Tamwil" (BMT) sharia savings and loan units at the modern Al-Rifa'ie Foundation on September 9, 2007, the foundation has contracted with the Bank Muamalat Indonesia, Malang branch. The foundation employed sharia economic work in two main aspects:

[1] Ahmad, R. I. (2020). Waqf Investment Projects and Their Role in Local Community Development in Malang City, Indonesia. PhD dissertation, Department of Islamic Economics, Faculty of Graduate Studies, Sunan Ampel State Islamic University Surabaya, Indonesia, pp. 166, 176.

a. Baitul Maal:[*] The Baitul Maal has a great mission and advantage as a non-profit financial institution characterized by professionalism, transparency, and trustworthiness in fulfilling its mission to help people through its social programs. The programs include:

- Parents Support Program: This program was designed to help alleviate the burden on parents whose sons or daughters are studying at the modern Al-Rifa'ie Institute 2. The goal of this program is to support the needy segments of society in Malang, namely the poor, those in financial need, and orphans.
- Adahi (Sacrifice) Program: This is a social program that collects funds from Muslims who wish to perform the Adahi ritual during Eid al-Adha each year. The animals can be delivered directly or in cash at an agreed-upon price, or through a collective subscription facilitated by a local community and institutional committee. The professional staff is tasked with the lawful slaughter of the sacrifices and their transparent and equal distribution among the people.
- Islamic Boarding School Development Financing Program: Among the Baitul Maal's programs is one dedicated to the Al-Rifa'ie Association, which aims to support the development of the modern Al-Rifa'ie facility. Since 2016, fundraising has been initiated for this program, and the funds have been allocated to the development program, in addition to building other facilities at the institution. The funds received from donors are monitored with transparency and accuracy.
- Cash Waqf Collection Program: This is a management program that supervises waqf donations from people, specifically by investing these donations as a cash waqf, so that they can obtain a sustainable return and surplus. One of the main goals of the cash waqf program in 2016 was to purchase a medium-sized Isuzu NQR bus, which was used as an investment vehicle for the modern Al-Rifa'ie Institute 2. It was also leased to generate income to fund the needs of orphans in the community or students at the institute who cannot afford the tuition.

b. **Baitul Tamwil (Financing House):** The **Baitul Tamwil** is a financial institution that operates in the business field. This source is based on an investment program that includes **murabaha** (cost-plus financing), **ijara** (leasing), **salam** (forward sale), **mudaraba** (profit-sharing), and **musharaka** (partnership).

This institution has a tourist bus project. The idea began at the Al-Rifa'ie Foundation in 2018. The tourist bus at the modern Al-Rifa'ie Institute was funded by pooling investment capital at one million Indonesian Rupiah per share. The shares and profits of the participants are calculated based on the value and number of shares.

[*] **Baitul Maal wa Tamwil** (BMT) is a cooperative financial institution whose business activities are based on the principles of Islamic finance. It was founded in 1999 in East Java by entrepreneur Ahmed Al-Zamashsiyari. Its main function is to collect funds from members and redistribute them for productive economic activities to specifically strengthen the economy of Muslims and the community in general. For more information, refer to :Hasibuan, L .(2020) .Implementation of Productive Cash Waqf at Baitul Maal wa Tamwil (BMT) Al-Rifa'ie in Malang Regency, East Java .SKRIPSI (Undergraduate Thesis), State Islamic University (UIN) Maulana Malik Ibrahim Malang, p. 69.

These buses have contributed to multiple services for the local community, meeting the need for visits and study tours, especially since the city of Malang and its surroundings in Batu are among the most important tourist cities. They are also used to transport pilgrims to and from airports and for other services. The buses are equipped with air conditioning and a restroom, and a designated smoking area. The institution is ready to serve the growing public demand for tourism transport and travel services, as well as for Hajj and Umrah purposes, study tours, and other tours. It prioritizes customer comfort and satisfaction to ensure safe and comfortable travel.

- **Sabilillah Malang Waqf Foundation:** Here is a definition and the most important efforts of this institution in supporting local development in the city of Malang:[1]

The Sabilillah Malang Foundation is a waqf in the form of a mosque for prayer and worship. The Sabilillah Mosque is not only a place of worship but is also considered a center for spreading Islamic values and civilization. From the beginning, the Sabilillah Foundation was one of the waqf assets that managed schools, ambulances, and cooperatives. In addition, the Sabilillah Foundation also carries out home renovation activities, which involves renovating the homes of less fortunate worshippers living around the Sabilillah Foundation, i.e., from the local community. The Sabilillah Foundation manages waqf assets that aim to improve people's well-being by establishing cooperatives with hundreds of members. The types of business conducted include medical facilities, a Baitul Maal wa Tamwil (BMT) service, a food hall, and other social cooperatives. The Sabilillah Foundation does not only rely on financial donations; it also provides credit to traders. The Sabilillah Foundation has also succeeded in managing waqf assets in the form of human resource development, which is special training for people who still lack knowledge, religious understanding, and insight in the field of performance.

The Sabilillah Foundation has an affiliated Islamic education institute that provides education from kindergarten to high school. In addition, the Sabilillah Foundation also offers scholarships to orphans and children who are less able to continue their education. There are forms of waqf asset management in the health sector, where the Sabilillah Foundation has established a health services institution in cooperation with Islamic hospitals around Malang. One of the waqf assets is used to provide care for poor and underprivileged children, in addition to supporting the elderly and many local community groups in the form of capital.

- **UNISMA Malang Waqf Foundation:** Here is a definition and the most important efforts of this institution in supporting local development in the city of Malang:[2]

Waqf projects at the UNISMA Malang Foundation are supervised by a Nadzir institution, which is a specialized and qualified institution with wise and professional senior figures in this field. The productive waqf project initiative aims for the clinic's

[1] Ahmad, R. I .(2020) .Waqf Investment Projects and Their Role in Local Community Development in Malang City, Indonesia .Previous reference, pp. 177, 178.

[2] Ahmad, R. I .(2020) .Waqf Investment Projects and Their Role in Local Community Development in Malang City, Indonesia .Previous reference, pp. 185-187.

benefit and the advancement of the public good in the health sector. The dedicated waqf grant funds have been obtained since 2005 in the amount of 56,900,000,000 Rupiah for this health project. Starting with the receipt of the waqf grant funds in 2006, work began in 2007, and thus this existing project has been in operation for 14 years.

The UNISMA Malang clinic was built to be dedicated to inpatient care. The building was constructed on waqf land estimated at 20,802 square meters and consists of a building separate from the main hospital, in addition to all patient care equipment. The UNISMA inpatient clinic has 18 specialized and general practitioners, in addition to a number of nursing staff, managers, administrative employees, security staff, accountants, and cleaning services. The waqf of the clinic has resulted in the collection of funds (hospitalization service fees) that have been invested in a commercial activity in a strategic area near the university, which is the "Khaybar Market." The presence of this small market has provided benefits to the surrounding local community because its prices are much lower compared to other small markets, due to the market's exemption from taxes imposed on similar markets as an encouragement for waqf activity. This has benefited both the local community and the students.

The response of the community around the "Khaybar Market" to the presence of this small market has been very positive. The market's location is strategic, as it is close to the university campus and residential areas. Furthermore, the details and types of goods traded are sufficient and meet the needs of the local community. Consequently, the market has contributed to serving and meeting the purchasing and food needs of the local community, as the method used to develop the small markets in this institution is a modern method of developing **waqf** funds and investor funds.

4. Conclusion

Through this study, we have extracted a number of results and suggestions, which we can summarize as follows:

First: Results

- The waqf institution is a non-profit charitable organization that seeks to provide developmental services through an Islamic framework, with the aim of achieving economic development and social solidarity within human societies.
- The role of awqaf institutions is manifested in providing local financing, a role that assists the state in meeting the various needs of its citizens and supports its developmental role.
- Local development is a continuous and increasing process of change to satisfy the renewed needs of the community. This is a fundamental objective of the waqf system, which aims to satisfy the needs of the community and the beneficiaries locally through the waqf process.
- The relationship between awqaf institutions and local development is a strong one that contributes to the integration of official efforts (the state) and popular

efforts (citizens) to meet the basic needs of individuals and raise their standard of living.

- Awqaf institutions have effectively contributed to supporting local development by achieving public benefits for individuals within society in all social, economic, scientific, health, and environmental fields. This is done by providing for and meeting the basic needs that benefit the poor and the needy, relieving the distress of those in need, and improving their standard of living, in addition to alleviating the burden of public expenditures on the state budget. The Indonesian experience, the subject of this study, is a model and a prime example of this.
- Awqaf institutions in Indonesia work to provide a continuous income that allows for meeting the needs of the targeted beneficiaries in the community, in addition to their diverse activities and programs.
- The awqaf sector in Indonesia constitutes a significant economic and social force in terms of the opportunities it provides for addressing problems and resolving crises, thereby contributing to meeting the needs of individuals and reducing the number of those in need.
- Waqf institutions in Indonesia rely on productive awqaf as a major economic and social pillar for local community development.

Second: Recommendations and Suggestions

- Raise the level of cultural awareness among individuals about the importance of waqf work in development and community service, to revive the culture of waqf in Algeria by using various media platforms.
- It is necessary to link the investment directions of waqf with the local development plans adopted by local authorities in Algeria, especially at the municipal and provincial levels.
- Pay attention to the social aspect in distributing the returns of awqaf, and make it a factor of community service, which will change the negative perception of waqf held by many people.
- One should not be content with just issuing laws; rather, it is necessary to create a supportive, real-world environment for waqf activities in Algeria. This involves creating relationships with any element that has a direct or indirect connection to awqaf, such as the state and its public institutions, the private sector and its for-profit institutions, media institutions, charitable institutions, financial institutions, service institutions, associations, civil society, and others, following the example of the Indonesian experience.

5. References

1. ABDUL HAMID, A. M. (2001). *Local Finance and Local Development*. Dar Al Jami'iya, Alexandria, Egypt.
2. AHMAD, R. I. (2020). *Waqf Investment Projects and Their Role in Local Community Development in Malang City, Indonesia*. Doctoral dissertation,

Department of Islamic Economics, Faculty of Graduate Studies, Sunan Ampel State Islamic University Surabaya, Indonesia.

3. AL-JUNDI, M. (1987). *Local Administration and Its Strategies*. Munsha'at Al Ma'aref, Alexandria, Egypt.
4. Al-SALHAT, S. (2005). The Role of the Waqf Institution in Developing Contemporary Islamic Societies. *Published research in the Journal of King Abdulaziz University*, Saudi Arabia.
5. HASIBUAN, L. (2020). *Implementation of Productive Cash Waqf at Baitul Maal wa Tamwil (BMT) Al-Rifa'ie in Malang Regency, East Java*. SKRIPSI, State Islamic University (UIN) Maulana Malik Ibrahim Malang.
6. Indonesian Waqf Board (BWI). (n.d.). *Profile of the Indonesian Waqf Board*. Retrieved from https://www.bwi.go.id/profil-badan-wakaf-indonesia
7. KEDDAOUI, A. (n.d.). *Requirements for Securitizing the Resources of Waqf Funds as a Mechanism for Advancing the Developmental Role of the Waqf Sector in Algeria*. Previously cited reference.
8. MANSOURI, K. (2011). *Administrative Reform of the Waqf Sector Institutions (A Case Study of Algeria)*. PhD dissertation, University Theses Series 15, General Secretariat of Awqaf, 1st edition, Kuwait.
9. MASHHOUR, N. A. (2006). A Study of Foreign Waqf Institutions and the Potential to Benefit from Their Experiences. In *The Second Conference of Awqaf*. Riyadh.
10. RASHEED, A. (1986). *Local Development*. Dar Al Nahda Al Arabiya, Cairo, Egypt.
11. SALEH, M. A., & Al-Humaid, N. S. (n.d.). Waqf: An Applied Study in Indonesia (p. 190). *Research paper published on the website* http://ejournals.kias.edu.my/index.php/jurnalkias/article/view/138/119
12. ZAWAWI, Y., & Hilmi, M. I. (2020). *The Role of the Waqf Institution in Achieving Sustainable Development: A Comparative Study of the Experiences of Saudi Arabia and Indonesia*. 1st edition, no place of publication.