



# Waqf Core Principles Implementation Index in Dompet Dhuafa Foundation in 2022

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**Abstract.** Waqf Core Principles Implementation Index (WCPPI) has been formed by the Indonesia Waqf Board and the Central Bank of Indonesia with the aim of evaluating core activities, governance, and risk management of the waqf managers (nazir) in Indonesia. The index was established in 2021 and consists of 3 dimensions, 17 indicators, and 34 variables. One of the most prominent waqf managers in Indonesia is Dompot Dhuafa Foundation. Dompot Dhuafa is an Islamic philanthropic and humanitarian institution that works to empower people and humanity. Its empowerment is carried out by managing zakat, infak, alm, and waqf (ZISWAF) funds, and other social funds in a modern and trustworthy manner, instilling a sense of security and confidence in its stakeholders. In its management, Dompot Dhuafa prioritizes compassion or affection as the root of the philanthropic movement, prioritizing five program pillars: health, education, economy, social, and Da'wah and culture. This paper aims to assess waqf management done by Dompot Dhuafa. It was found that, in general, Dompot Dhuafa has been excellent at waqf management based on WCPPI criteria.

**Keywords:** Waqf, Waqf Management, Nazir, Waqf Core Principles.

## 1 Introduction

Efficient management of waqf is crucial for the successful attainment of its social and religious objectives for a wider society. Given the significance of waqf institutions in the Islamic social framework, it is crucial to ensure their effective management to address the issue of poverty. Nazir plays a crucial role in ensuring the effective management of waqf and that beneficiaries can enjoy its perpetual usufruct or income (Qurrata et al., 2021). Yusoff et al., (2021) emphasized that it is crucial for any waqf organization to internalize the fundamental principles and objectives of waqf in its corporate management. It is essential to have a deep understanding of waqf, including its purpose of charitable giving and its adherence to Shariah principles. These principles should be integrated into every aspect of organizational operations. Through this approach, a waqf organization guarantees that its strategic decisions, policies, and daily operations adhere to waqf's ethical and moral principles. This commitment promotes transparency,

accountability, and efficiency in fulfilling its philanthropic objectives. The thorough internalization process facilitates the development of a unified management approach that not only upholds the values of waqf, but also strengthens the organization's capacity to provide sustainable and meaningful outcomes for the ummat.

However, the management of waqf institutions remains a topic of ongoing debate. The development of cash waqf management for example, is still hindered not only by management issues, but also by concerns regarding credibility. Under certain circumstances, the management and administration of waqf can be poor (Qurrata et al., 2021). Hassan et al., (2018) stated that the issue of unresolved land waqf problem is attributed to inadequate waqf management and insufficient funds for the development of waqf land. It is crucial to highlight these management issues as they directly impact the efficiency of an organization. Proper management and development of property and waqf funds are essential for ensuring organizational effectiveness. The existing waqf units in each country have been operational for a significant period. However, there are concerns regarding the management of assets and funds associated with waqf. Yusoff et al., (2021) added that there are three main challenges when it comes to waqf management. These challenges include legal constraints due to current regulatory settings, a narrow mindset among key stakeholders, and a lack of awareness and understanding among the public. These factors hinder the successful acceptance and implementation of waqf management. In addition, there are also those whose existence is not widely known by the public. Thus, it has an impact on the low awareness of the public to make direct waqf to the waqf institution (Hassan et al., 2018).

According to Ihsan & Ibrahim (2011) the inefficient administration of waqf and waqf management in Muslim countries can be attributed to various factors, including the historical impact of colonialism on Muslim lands, prevailing political circumstances, and a lack of accountability among waqf trustees (*mutawallis*). However, several studies suggested that good governance in waqf management will lead to the good performance of waqf institutions. Study by Pyeman et al., (2016) suggested that the waqf institution should be modernized in order to compete with other contemporary philanthropic organizations. Therefore, it is necessary to assess the performance of waqf by ensuring efficiency and implementing best management practices in Waqf administration. In addition, efficient management of waqf-based pesantren/schools is crucial for enhancing the education process and ensuring the production of high-quality graduates who will contribute to the advancement of Indonesia. The high quality and successful outcomes achieved by pesantren graduates contribute to the positive reputation of the educational institution. When achievements are notable, it enhances the institution's image (Robbani & Fatwa, 2024).

Therefore, there is an urgent need for a comprehensive standard or guideline to govern waqf management. In this context, the management of waqf involves more than just the collection and distribution of waqf assets. Additionally, it encompasses strategic components like planning, monitoring, and performance evaluation. The importance of ef-

efficient management in waqf institutions is highlighted by Alpay et al., (2015), the effective management is crucial for preserving the sustainability and maximizing the value of waqf assets, while also guaranteeing long-term benefits for the beneficiaries (mauquf 'alaih). Yusoff et al., (2021) propose the inclusion of a governance framework, adherence to best practices, and the establishment of a standardized reporting system for waqf institutions. In Indonesia, the Indonesian Waqf Board (BWI), the Central Bank of Indonesia (BI), and the International Research of Training Institute-Islamic Development Bank (IRTI-IsDB) launched Waqf Cores Principles (WCP) which is aimed at enhancing waqf management on a global scale and the launch took place on October 14, 2018. The goal of WCP is to enhance the governance of nazhir institutions, enabling them to effectively manage Waqf assets and allocate the generated outcomes. It is expected that the WCP will also enhance the efforts for Waqf development. The WCP is composed of 29 fundamental principles. The principles stated continue to offer flexibility in the global development of waqf. The principles outlined here seek to achieve reliable waqf management and enhance the role of waqf as a financial tool in Muslim nations (Tanjung et al., 2023).

The journey to enhance waqf governance and management began in 2021 with the formulation of the Waqf Core Principles Implementation Index (WCPII) and a survey conducted on 16 nazhir. Building on this foundation, 2022 saw a significant expansion, with surveys extending to 31 nazhir and intensive coaching provided to two nazhir to improve their practices. By 2023, the focus shifted to evaluating the WCPII, resulting in notable progress, with four additional nazhir achieving good governance and risk management standards. The year also marked the expansion of the survey to 35 nazhir across seven provinces and the development of a website-based application to support these efforts. Looking ahead to 2024, the initiative aims to further international collaboration through a focused group discussion (FGD) and continue the digital transformation by developing an Android-based application, alongside conducting a comprehensive survey on 40 nazhir.

Therefore, based on the preceding background discussion, this study in general aims to assess the implementation of the Waqf Core Principles Implementation Index in the Dompot Dhuafa Foundation. Dompot Dhuafa remains one of Indonesia's most prominent and influential philanthropic organizations, particularly in the realm of Islamic social finance. Currently, Dompot Dhuafa operates in 6 service offices, 31 domestic branches, and 5 overseas branches. In addition, Dompot Dhuafa has established 157 service zones across 32 provinces and formed partnerships with 29 strategic allies in 21 countries . Dompot Dhuafa oversees a wide array of programs focused on addressing poverty, education, healthcare, and economic empowerment. Over the past few years, Dompot Dhuafa has been actively adopting digitalization to improve its fundraising and distribution methods, ensuring that its services are easily accessible to a wider range of people. However, Dompot Dhuafa still faces challenges such as maintaining waqif trust, ensuring transparent and efficient use of funds, and navigating the complex regulatory landscape governing waqf management in Indonesia. Despite these challenges, Dompot Dhuafa's continued innovation and commitment to its mission underscore its resilience

and leadership in the sector. In the upcoming sections of this paper, we will delve into pertinent studies that draw upon the experience of waqf management in different countries. Finally, we will conclude with the findings and their potential implementation.

Numerous studies have been conducted on the evaluation of waqf management, specifically utilizing the Waqf Core Principles. Tanjung et al., (2023) conducted an analysis of the implementation of the Waqf Core Principles among several Nazirs in West Sumatra Province, Indonesia. This study revealed that all the respondents scored within a low range on the overall index, indicating that their performance falls into the poor category. Among the different dimensions assessed, governance contributed the most to the index, followed by core activities, and lastly, risk management, which had the lowest contribution. The findings suggest that while improvements are needed across all areas, prioritizing enhancements in risk management should be the primary focus to strengthen the overall management of waqf assets.

The Waqf Core Principles also has been used in risk management study of cash waqf linked sukuk. Fauzi & Tanjung (2021) investigates risk management in Cash Waqf Linked Sukuk (CWLS), a novel scheme in Indonesia introduced by the Indonesian Waqf Board (BWI). The research suggests that CWLS is influenced by two main factors: stakeholders and sukuk structure. These factors are further connected to the risks associated with Waqf Core Principles (WCP). The stakeholder variable is associated with two prominent risks: disbursement risk and operational & sharia compliance risk. On the other hand, within the sukuk structure, the dominant concern is market risk. Despite the state guarantee provided by the Ministry of Finance, CWLS still faces some risks. These include concerns about the transparency of waqf fund usage in relation to sharia compliance, as well as risks associated with the market, counterparty, and reputation variables of both stakeholders and the sukuk structure.

A recent study by Huda & Santoso (2022) examined the application of Corporate Waqf Core Principles (CWCP) in the Waqf Board Foundation of Universitas Islam Indonesia (YBW UII) Yogyakarta and Pesantren Tebuireng in Jombang. The study suggests that YBW UII Yogyakarta has successfully established productive waqf assets and immovable objects through well-managed and profitable multi-company institutions, resulting in the expansion of waqf's outcomes and the realization of its benefits. Pesantren Tebuireng, however, recognizes the application of CWCP within the context of efficient waqf administration and management. This is achieved by strategizing the productivity of waqf assets through corporate and institutional management. The two models of waqf management methods guarantee that waqf management within the corporate institutional framework is highly efficient and yields sustainable results and advantages.

Lastly, from the existing waqf core principles indicators, Mujahidah (2024) attempted to prioritize the WCP and the significant criteria from each level using the Analytica Hierarchy Process (AHP). The WCP encompasses five core principles: the legal basis,

waqf supervision, good and correct Nazir governance, risk management, and the application of sharia principles in governance. Among these principles, the primary focus is on implementing sharia principles in waqf governance.

Despite the growing body of research on waqf management evaluation using Waqf Core Principles (WCP), significant gaps remain. Previous studies have primarily focused on specific regions or schemes, such as the low performance of Nazirs in West Sumatra Province, the risk management in Cash Waqf Linked Sukuk (CWLS), and the application of Corporate Waqf Core Principles (CWCP) in certain institutions. Moreover, no previous studies have conducted a comparative assessment of waqf management using the Waqf Core Principles Implementation Index (WCPII) across different periods, particularly within a single organization like Dompot Dhuafa. This research aims to fill this gap by providing a novel analysis of how waqf management practices at Dompot Dhuafa have evolved over time, offering insights into the effectiveness and adaptability of WCP implementation within one of Indonesia's leading philanthropic institutions. This approach not only contributes to the literature by introducing a longitudinal perspective but also sets a precedent for future studies to evaluate the dynamic aspects of waqf management across various organizations and timeframes.

Fortunately, over the past decade, there has been a growing awareness among Muslim countries, such as Indonesia, Malaysia, and Bangladesh, of the importance of implementing effective waqf management practices as part of their efforts to revitalize waqf institutions. This sub-section discusses on the best practice of waqf management in several countries by exploring some representative waqf institutions as case studies.

**Malaysia.** Waqf management in Malaysia can be observed through Unit Wakaf Johor (UWJ) in Johor and Perbadanan Wakaf Selangor (PWS) in Selangor. UWJ possesses the largest land waqf area in Malaysia, spanning over 3,152 hectares of land. This includes both specific and general waqf, amounting to a total value of RM 7 million. Furthermore, UWJ has demonstrated its superiority over other waqf institutions within the State Islamic Religious Council (Majlis Agama Islam Malaysia - MAIN) throughout Malaysia. Their waqf management is highly efficient, ensuring that projects are executed with precision. Their contribution to education is evident through the existence of the religious school system. In a significant development, PWS, Selangor has taken the lead by establishing a dedicated corporation to oversee waqf management, distinguishing itself from UWJ which operates as a unit under MAIN. The establishment of the Selangor Zakat Corporation has led to the creation of the waqf Selangor Corporation, also known as Perbadanan Wakaf Selangor (PWS). PWS was created with the purpose of overseeing the management of the waqf fund and property within the state. The corporation has successfully overseen the construction of an International Tahfiz School and land, utilizing funds generously contributed by individuals. The educational project is currently in progress and is approximately 40% complete. The case studies of the University of Waqf Jakarta (UWJ) and PWS Foundation offer valuable insights into the complex nature of waqf management in these institutions. Managing waqf assets goes beyond financial oversight. It involves a wide range of activities that

are crucial for the long-term success and efficiency of waqf operations. These activities encompass financial management, where institutions ensure the careful allocation, investment, and distribution of waqf funds to optimize returns while adhering to Shariah principles (Hassan et al., 2018).

In Malaysia, the management of waqf with a corporation-based model can be observed through examples such as Johor Corporation (JCorp) and Bank Muamalat Malaysia Bhd. Since 2004, the Department of Waqf, Zakat and Hajj (JAWHAR) of the Prime Minister Department has been actively involved in coordinating and overseeing waqf matters, including those related to corporate waqf. Corporate waqfis are seen as a potential tool to address the socio-economic challenges faced by Muslims, making it a key focus on the national agenda. The corporatization reformation of waqf institutions was implemented to achieve multiple objectives. These include ensuring effective and efficient waqf management, streamlining the collection and distribution processes of waqf funds, reducing costs, enhancing the image of waqf institutions, and fostering increased public confidence in them (Yusoff et al., 2021).

**Bangladesh.** In the past, waqf in Bangladesh has been predominantly established as a family settlement by the waqifs or dedicator's family or descendants. The main objectives of these waqfs are charity, religious activities, and ensuring long-term stability. The Mohsin Fund holds significant importance as a public waqf. In 1806, Haji Muhammad Mohsin, a zamindar from Hughli, India, generously donated his entire estate income to support the maintenance of religious and educational buildings at the Imambarah in Hugli (Mohsin Fund, 2021). Another one of the most prominent waqf institutions in Bangladesh is the Waqf Administration (Waqf Bangladesh), which is a government body responsible for the regulation and management of waqf properties across the country. The Waqf Administration oversees a vast number of waqf estates, ensuring they are managed according to Islamic principles and the laws of Bangladesh (Sidi et al., 2023).

The Waqf Administration has been practiced in the divisional and district levels in Bangladesh. They are in charge of the Waqf Department, which manages a range of religious and socio-economic organizations, despite facing resource constraints. In addition, the department manages a welfare fund that provides scholarships to students in need, as well as financial assistance to impoverished Muslims and those who have recently converted for immediate support and rehabilitation. Currently, a significant amount of waqf contributions are primarily allocated to the education sector. There are approximately 8000 educational institutes encompassed within the concept of Waqf. In addition, there are around 123,000 mosques that offer both religious and secular education. Many of these mosques have been approved by the Bangladesh Madrasah Education Board. Therefore, graduates of these Madaris have the opportunity to easily transition to any of the universities in the country. In addition, the Waqf Department allocates a modest amount of half a million Bangladesh Taka (five lac Taka) annually for mosque construction and maintenance, which is considered valuable but inadequate. The organization also oversees various service-oriented activities within its extensive properties. These include the Hazrat Shah Ali Baghdadi General Hospital,

which offers free medical services, and Hamdard Laboratories (Waqf), a leading provider of herbal treatment in Bangladesh. Additionally, there are several Waqf Estates, such as the Hajigong Great Mosque Waqf Estate, Haji Golam Rasul Sowdagor Waqf Estate in Chittagong, Pagla Masjid Waqf Estate, and Kishoregong Waqf Estates, which contribute to religious education and charitable endeavors (Sidi et al., 2023).

**Turkey.** Turkey has an extensive record of waqf, which can be traced back to the time of the Ottoman Empire. Even today, Turkey continues to serve as a prime example of effective waqf management. The administration of waqf properties in Turkey is managed by the General Directorate of Foundations (Vakıflar Genel Müdürlüğü). The nation has successfully conserved and rejuvenated historical waqf assets, while also utilizing waqf for contemporary objectives, such as education and social services. Turkey's strategy of incorporating waqf into national development plans has been highly commendable. Historical records of waqfs in Turkey dating back to the Ottoman Empire showcase a range of distinct initiatives aimed at addressing a wide array of needs. An example worth mentioning is the Waqf of the Bird House in Istanbul. This stone structure is not only an intricately designed bird sanctuary, but also a remarkable display of Ottoman engineering. The Khan of the Travelers (Karawan Saray) offered a range of services to support travelers, including shelter, food, and security. The Fruit Waqf's objective was to provide baskets of fruit to individuals in need and those who were ill, using the surplus of seasonal produce to assist the less fortunate. A unique waqf was established to provide nourishment for birds during the winter months, ensuring their survival during times of food scarcity. The Waqf for the Bride provided essential marriage materials to impoverished brides, while the Waqf of Ink supplied ink to scholars and scribes to aid their work. In addition, the Waqf for Boat Owners and Porters provided support to elderly workers who were no longer able to work, ensuring their dignity and addressing their needs. These programs demonstrate the Ottoman's dedication to addressing a range of societal needs through the waqf system (Wira et al., 2023).

## 2 Methods

The Waqf Core Principles Implementation Index (WCPII) assesses waqf management by waqf operators (nazir). It was formed in 2021 based on collaboration between the Indonesia Waqf Board (BWI) and the Central Bank of the Republic of Indonesia (Tanjung et al., 2022). The index's indicators are derived from the criteria outlined in the Waqf document Cores Principles for 2018. This ensures that the index accurately reflects waqf managers' implementation of WCP. For a more comprehensive understanding, Table 1 provides a detailed breakdown of the dimensions, indicators, and variables that comprise the WCPII, including the corresponding weights for each aspect.

**Table 1.** Dimensions, indicators, and variables comprising the WCPII and their respective

| Dimen-<br>sions*)  | Indicator*)   | Variable   | Source   |           |
|--|---|--|--|-----------|
| 1. Core Activ-<br>ities (0.36)                                 | 1.1 Collection<br>Management<br>(0.51)  | 1.1.1. Have an SOP for collecting waqf as-<br>sets   | WCP<br>15  |           |
|  |   | 1.1.2. Have an SOP for managing waqf as-<br>sets based on type                                 | WCP<br>15  |           |
|  |   | 1.1.3. Utilization of digital technology in<br>collecting waqf assets                          | WCP<br>15  |           |
|  |   | 1.1.4. Have a waqf asset collection partner  | WCP<br>15  |           |
|  | 1.2 Distribution<br>Management<br>(0.19)  | 1.2.1. Have an SOP for distribution of<br>waqf proceeds  | WCP<br>17  |           |
|  |   | 1.2.2. Have criteria for waqf beneficiaries<br>( <i>maquf' alaih</i> )                         | WCP<br>17  |           |
|  |   | 1.2.3. Have a distribution partner for waqf<br>results   | WCP<br>17  |           |
|  | 1.3 Problems<br>with waqf as-<br>sets, provi-<br>sions and re-<br>serves (0.13) | 1.3.1. Have a <i>monitoring</i> and evaluation<br>system for the performance of waqf<br>assets | WCP<br>18  |           |
|  |   | 1.3.2. Have an SOP for handling problem-<br>atic waqf assets                                   | WCP<br>18  |           |
|  |   | 1.3.3. Have an investment diversification<br>strategy  | WCP<br>18  |           |
|  | 1.4 Transactions<br>with related<br>parties (0.17)                              | 1.4.1. Have a code of ethics in empower-<br>ing waqf assets                                    | WCP<br>19  |           |
|  |   | 1.4.2. Have SOPs related to waqf asset<br>management partners                                  | WCP<br>19  |           |
|  | 2. Governance<br>(0.34)   | 2.1 <i>Good Nazir</i><br>Governance<br>(0.25)  | 2.1.1. Have a policy/SOP for funding<br>sources for nazir rights       | WCP<br>13 |
|  |   |  | 2.1.2. Have a complete organizational<br>structure and job description | WCP<br>13 |
| 2.1.3. Have a nazir HR recruitment and de-<br>velopment system |   |  | WCP<br>13  |           |
| 2.1.4. Have a certified nazir                                  |   |  | WCP<br>13  |           |
| 2.2 Sharia Com-<br>pliance and<br>Internal Audit<br>(0.33)     |   | 2.2.1. DPS has a sharia supervision SOP  | WCP<br>26  |           |
|  |   | 2.2.2. Have an internal financial audit SOP  | WCP<br>26  |           |
|  |   | 2.2.3. Have an internal audit program SOP  | WCP<br>26  |           |
| 2.3 Financial Re-<br>ports and Ex-<br>ternal Audit<br>(0.13)   |   | 2.3.1. Have a database   | WCP<br>27  |           |
|  |   | 2.3.2. Have a waqf management report   | WCP<br>27  |           |



| Dimen-<br>sions*)        | Indicator*)   | Variable  | Source  |
|--------------------------|---|---|---|
|                          | 2.4 <i>Disclosure and Transparency</i> (0.16)         | 2.4.1. Have financial reports   | WCP 28  |
|                          | 2.5 Misuse of Waqf Assets (0.12)                      | 2.5.1. Have a detection and control system for the source of funds or waqf assets | WCP 29  |
|                          |   | 2.5.2. Have an SOP to prevent misuse of waqf funds or assets                      | WCP 29  |
| 3.Risk Management (0.30) | 3.1 General Risk Management (0.19)                    | 3.1.1. Have risk management knowledge, SOPs and human resources                   | WCP 14  |
|                          |   | 3.2 Risk of Asset Management Partnership or Waqf Funds (0.18)                     | 3.2.1. Have the ability to manage partnership risks |
|                          | 3.3 Transfer and Country Risk (0.03)                  | 3.3.1. Have the ability to manage the risk of inter-country transfers             | WCP 20  |
|                          |   | 3.3.2. Have the ability to create a profile of the cooperation country            | WCP 20  |
|                          | 3.4 Market Risk (0.06)                                | 3.4.1. Have the Ability to Manage Market Risk                                     | WCP 21  |
|                          | 3.5 Risk of Loss of Reputation and Waqf Assets (0.21) | 3.5.1. Have the Ability to Manage Reputation Risk and Loss of Waqf Assets         | WCP 22  |
|                          | 3.6 Risk of Profit and Loss Sharing (0.13)            | 3.6.1. Have the ability to manage profit and loss sharing risk                    | WCP 23  |
|                          | 3.7 Distribution Risk (0.09)                          | 3.7.1. Have the ability to manage distribution risks                              | WCP 24  |
|                          | 3.8 Operational Risk and Sharia Compliance (0.11)     | 3.8.1. Have the Ability to Manage Operational Risk                                | WCP 25  |
|                          |   | 3.8.2. Have the Ability to Manage Sharia Compliance Risks                         | WCP 25  |

\*) The numbers in brackets are the weights of each dimension and indicator  
Sources: Tanjung et al. (2023)

The method used to measure the index is a multi-stage weighted index. This is because the assessment is carried out procedurally and in stages through three dimensions (governance, core activities and risk management), 17 indicators and 38 constituent variables with different weights. Each variable is then assessed using a Likert Scale of 1 to 5 where 5 indicates the ideal condition of a nazir. This quantitative method performs index calculations procedurally and in stages starting from calculating each dimension

or element ‘i’ to the variable stage and then obtaining the index value. This method also uses the tiered Likert method which was first discovered by Rensis Likert in 1932 in assessing each behavior on each variable or element observed. Mathematically, the Multi-Stage Weighted Index calculation method can be formulated as follows:

$$Index_{total} = \sum_n^i ((WD^i \times WV_n^i \times s_n^i) \div k)$$

Where :

- $Index_{total}$  : Total Index value
- $WD^i$  : Weighting value on dimension i
- $WV_n^i$  : The weighting value of indicator n in dimension i
- $s_n^i$  : Average Likert scale value for variables in indicator n and dimension i
- k : Number of Likert scales used

The final WCPII measurement results will have a value from 0 to 1. A detailed explanation can be seen in Table 2.

**Table 2.** Waqf Implementation Index Value Categories *Cores Principles* (WCPII)

| Score       | Category  | Explanation   |
|-------------|-----------|---|
| 0.00 – 0.20 | Poor      | Nazir has not implemented the WCPII variables well                          |
| 0.21 – 0.40 | Fair      | Nazir is still in the process of implementing the WCPII variables           |
| 0.41 – 0.60 | Average   | Nazir has implemented WCPII variables which are crucial in Nazir management |
| 0.61 – 0.80 | Good      | Nazir has implemented the WCPII variable which supports Nazir’s performance |
| 0.81 – 1.00 | Excellent | Nazir has become a model for institutions that have implemented WCPII       |

Sources: Tanjung et al. (2023)

### 3 Result & Discussion

#### 3.1 Dompot Dhuafa’s Company Profile

Dompot Dhuafa (DD) is an Islamic philanthropic institution serving to empower the poor with a cultural approach through philanthropic activities (compassion) and prophetic social entrepreneurship (prophetic sociotechnopreneurship), a social enterprise with spirit philanthropy (generosity) managed with soul or entrepreneurial spirit (philanthropreneur). It was launched on 2 July 1993. To achieve its mission of “Realizing a just and prosperous society”, DD has four missions. Those are as follows. First, optimize the use of zakat, infaq, alms, and waqf (ZISWAF) to empower the poor and

the needy to be free from the shackles of poverty. Second, carry out defense and services to drive societal transformation in a justice-based manner. Third, realize service, defense, quality empowerment, and sustainable, impactful community independence. Fourth, realize organizational sustainability through good governance, following principles of good corporate governance, compliance with Sharia principles, and developments in information technology and communication.

The ZISWAF fund collection programs contain retail channels, corporate collaboration, and digital adoption. The retail channels used include the ZISWAF outlet, cash office, ZISWAF collection service, banking collaboration, and collaboration with the community, mosques, schools, and foundations. The corporate collaboration includes the ZISWAF collection from the employees, corporate social responsibility (CSR) distribution program, e-commerce, crowdfunding site partnership, and international partnership. Adopting digital technology in the ZISWAF collection includes a digital donation portal, affiliation program, social media marketing, and email marketing. The ZISWAF distribution and utilization programs in DD focus on several areas: education, health, economic, social, humanitarian, cultural, and Islamic preaching. Regarding donation and voluntarism growth, DD had 554,680 donors globally and 17,333 volunteers in 2021, a 19.66 percent increase from the previous period. The total number of ZISWAF recipients increased from 1993 to 2021 to more than 24 million people.

### **3.2 Waqf Core Principles Implementation Index Score**

Based on the calculation of WCPII, DD's total score is 0.85, which puts this institution in an excellent category. This means DD can become a model for institutions that have implemented WCPII. The dimension score shows that risk management has the highest score of 0.97, followed by governance (0.92) and core activities (0.89). Table 3 shows the score per indicator and variable in the core activities dimensions. The highest score is distribution management (1.00), followed by transactions with other related parties (0.90), problems with waqf assets (0.87), and collection management (0.85). To improve the core activities dimension, DD needs to improve the last three indicators to excel more in the future.

First, DD should advance its performance on two variables in the collection management indicator. These include the standard operation procedure (SOP) for collecting waqf assets (0.60) and the utilization of digital technology to collect waqf assets (0.80). Second, DD should expand a monitoring and evaluation system for the performance of waqf assets (0.60). Third, DD should improve its code of ethics in empowering waqf assets (0.80).

**Table 3.** Indicators and Variables' Score in the Core Activities Dimension

| Dimen-<br>sions<br>(Score)   | Indicator<br>(Score)   | Variable  | Score |
|------------------------------|--|---|-------|
| Core<br>Activities<br>(0.89) | 1.1 Collection<br>Manage-<br>ment (0.85)                                       | 1.1.1. Have an SOP for collecting waqf as-<br>sets                                      | 0.60  |
|                              |  | 1.1.2. Have an SOP for managing waqf as-<br>sets based on type                          | 1.00  |
|                              |  | 1.1.3. Utilization of digital technology in<br>collecting waqf assets                   | 0.80  |
|                              |  | 1.1.4. Have a waqf asset collection partner   | 1.00  |
|                              | 1.2 Distribu-<br>tion Man-<br>agement<br>(1.00)                                | 1.2.1. Have an SOP for distribution of waqf<br>proceeds                                 | 1.00  |
|                              |  | 1.2.2. Have criteria for waqf beneficiaries<br>( <i>maquf 'alaiah</i> )                 | 1.00  |
|                              |  | 1.2.3. Have a distribution partner for waqf<br>results                                  | 1.00  |
|                              | 1.3 Problems<br>of waqf as-<br>sets, provi-<br>sions and<br>reserves<br>(0.87) | 1.3.1. Have a monitoring and evaluation<br>system for the performance of waqf<br>assets | 0.60  |
|                              |  | 1.3.2. Have an SOP for handling problem-<br>atic waqf assets                            | 1.00  |
|                              |  | 1.3.3. Have an investment diversification<br>strategy                                   | 1.00  |
|                              | 1.4 Transac-<br>tions with<br>related par-<br>ties (0.90)                      | 1.4.1. Have a code of ethics in empowering<br>waqf assets                               | 0.80  |
|                              |  | 1.4.2. Have SOPs related to waqf asset<br>management partners                           | 1.00  |

Table 4 exhibits the indicators and variables' scores in the governance dimension. Three indicators, sharia compliance and internal audit, financial reports and external audit, and misuse of waqf assets, obtain a maximum score of 1.00. These three indicators should be maintained in the long run. On the other hand, two indicators, good Nazir governance and disclosure and transparency, have potential improvements that can help DD achieve better management in the future. Good Nazir Governance (GNG) is essential, as highlighted in Waqf Core Principles number 13. This is an element that affects the quality of the overall waqf system. The entire process of the waqf system starts from the collection, management, development, and distribution until the soundness of GNG determines the reporting process. As a result, GNG will lead to a higher and better public trust that will optimize the potential for the betterment of society (World Zakat and Waqf Forum, 2022). DD should improve its performance in this case using a Nazir human resource recruitment and development system.

Disclosure and transparency are also crucial as they are intended to preserve and maintain the objectivity of the waqf instrument. Hence, a Nazir institution must provide material and relevant information easily accessible and understandable by stakeholders. Transparency should reflect trust (*amanah*) and truthfulness (*sidq*) (World Zakat and

Waqf Forum, 2022). To improve its performance, DD should have a better database system that can help boost its disclosure and transparency.

**Table 4.** Indicators and Variables’ Score in the Governance Dimension

| Dimen- sions (Score) | Indicator (Score)                               | Variable  | Scor e |
|----------------------|---|---|--------|
| Govern- ance (0.870) | 2.1 <i>Good Nazir</i> Governance (0.85)         | 2.1.1. Have a policy/SOP for funding sources for nazir rights                           | 1.00   |
|                      |   | 2.1.2. Have a complete organizational structure and job description                     | 1.00   |
|                      |   | 2.1.3. Has a nazir human resource recruitment and development system                    | 0.40   |
|                      |   | 2.1.4. Has certified nazir human resources  | 1.00   |
|                      | 2.2 Sharia Compliance and Internal Audit (1,00) | 2.2.1. DPS has a sharia supervision SOP   | 1.00   |
|                      |   | 2.2.2. Have an internal financial audit SOP   | 1.00   |
|                      |   | 2.2.3. Have an internal audit program SOP   | 1.00   |
|                      | 2.3 Financial Reports and External Audit (1.00) | 2.3.1. Have financial reports   | 1.00   |
|                      | 2.4 <i>Disclosure</i> and Trans- parency (0.70) | 2.4.1. Have a database  | 0.40   |
|                      |   | 2.4.2. Have a waqf management report  | 1.00   |
|                      | 2.5 Misuse of Waqf As- sets (1.00)              | 2.5.1. Have a system for detecting and controlling the source of waqf funds or as- sets | 1.00   |
|                      |   | 2.5.2. Have an SOP to prevent misuse of waqf funds or assets                            | 1.00   |

The scores of the indicators and variables in the risk management dimension are presented in Table 5. According to the table, six indicators have an optimum score of 1.00. Those are general risk management, risk of asset management partnership, or waqf funds, market risk, risk of loss of reputation and waqf assets, distribution risk, operational risk, and sharia compliance. These six indicators should be preserved to help the institution perform in an excellent manner. The indicators that should be improved include transfer and country risk (0.90) and risk of profit and loss sharing (0.80). The institution needs to improve its ability to manage both risks. This can be done by managing the risk of inter-country transfers and profit and loss sharing.

**Table 5.** Indicators and Variables’ Score in the Risk Management Dimension

| Dimen- sions (Score)     | Indicator (Score)                  | Variable  | Scor e |
|--------------------------|------------------------------------|---|--------|
| Risk Man- agement (0.97) | 3.1 General Risk Management (1.00) | 3.1.1. Have risk management knowledge, SOPs and human re- sources | 1.00   |

| Dimen-<br>sions (Score) | Indicator (Score)   |        | Variable   | Score |
|-------------------------|---|--------|--|-------|
|                         | 3.2 Risk of Asset Management Partnership or Waqf Funds (1.00) | 3.2.1. | Have the ability to manage partnership risks                       | 1.00  |
|                         | 3.3 Transfer and Country Risk (0.90)                          | 3.3.1. | Have the ability to manage the risk of inter-country transfers     | 0.80  |
|                         |   | 3.3.2. | Have the ability to create a profile of the cooperation country    | 1.00  |
|                         | 3.4 Market Risk (1.00)  | 3.4.1. | Have the Ability to Manage Market Risk                             | 1.00  |
|                         | 3.5 Risk of Loss of Reputation and Waqf Assets (1.00)         | 3.5.1. | Have the Ability to Manage Reputation Risk and Loss of Waqf Assets | 1.00  |
|                         | 3.6 Risk of Profit and Loss Sharing (0.80)                    | 3.6.1. | Have the ability to manage profit and loss sharing risk            | 0.80  |
|                         | 3.7 Distribution Risk (1.00)                                  | 3.7.1. | Have the ability to manage distribution risks                      | 1.00  |
|                         | 3.8 Operational Risk and Sharia Compliance (1.00)             | 3.8.1. | Have the Ability to Manage Operational Risk                        | 1.00  |
|                         |   | 3.8.2. | Have the Ability to Manage Sharia Compliance Risks                 | 1.00  |

## 4 Conclusion

Based on the WCPII calculation, Dompot Dhuafa's total score is 0.85, placing this institution in the excellent category. This implies that DD can serve as a template for organizations using WCPII. According to the dimension score, risk management (0.97) has the most outstanding scores, followed by governance (0.92) and core activities (0.89) dimensions. Based on these results, the study recommends that DD keep the characteristics with an optimal score while improving the less-than-excellent ones. In addition, DD's WCPII implementation could serve as an example for other waqf institutions.

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