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Waqf management and accountability: Waqf land financing models for economic wellbeing

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ABSTRACT

Waqf land can be a factor in the economic wellbeing of the community if it is managed productively. At the same time, it is necessary to determine the best financing model to manage waqf land because waqf institutions are constrained by the absence of funds to produce waqf assets. This paper aims to describe the financing models that can be applied in the development of productive waqf land, as well as find the most effective financing model for productive waqf land. Financing that reduces the risk of loss needs to be considered by waqf institutions in choosing the right financing model. Waqf management aims to properly run and increase the waqf properties' value while fostering the culture of waqf for the good of the community. In most Muslim nations, the government is in charge of overseeing the management of waqf properties to varying degrees. However, communities have built-in claims on the issues that affect them, including the usage of waqf properties. Therefore, in every activity, including the management of waqf, are all for the sake of Allah (lillahi ta'ala).

Contribution/Originality: This study provides new contributions to the waqf management for Islamic muamalat literature. This paper investigates the best muamalat contracts for waqf land. In addition, the contribution is extended by investigating waqf management and accountability.

1. INTRODUCTION

Indonesia has a very large amount of waqf land. Data from the Waqf Information System Sub-Directorate, Ministry of Religious Affairs shows that in 2012, the area of waqf land in Indonesia reached 3,492,045,373,754 m^2 and was spread across 420,003 locations (Ari & Koc, 2021; Michalopoulos, Naghavi, & Prarolo, 2016). The area of waqf land is almost five times that of the entire country of Singapore.

This vast area of waqf land is a potential asset that promises huge profits if it is developed productively. The profits from the waqf land proceeds can be used for community welfare programs, for example, poverty alleviation, educational assistance, health assistance, and provision of cheap houses for the people (Ambrose, Aslam, & Hanafi, 2015). The Central Statistics Agency of Yogyakarta recorded that the number of poor people in Yogyakarta in

September 2012 reached 4.863 million, or 14.98% of the total population of Yogyakarta. The vast amount of waqf land in Yogyakarta is a sleeping giant that must be awakened because it promises to solve the problem of poverty and other problems experienced by the province of Yogyakarta. Waqf can be a solution to reducing poverty and improving people's welfare.

Looking at waqf means looking for loopholes to increase people's economic assets. This is due to the availability of economic means contained in the waqf itself. Economy here refers to the material and financial aspects, such as basic needs that can be obtained through the management and development of waqf assets. Based on this assumption, waqf assets must be managed productively to generate opportunities for the opening of profitable strategic sectors, such as new jobs, managing public services that ease the economic burden on the community, and providing facilities for the development of small and medium-sized enterprises (Abdullah & Yaacob, 2012; Mahat, Jaaffar, & Rasool, 2015).

The empowerment of waqf land into a productive waqf begins with the financing of the waqf land. The large amount of waqf land that cannot be productively empowered is due to the absence of funds to empower or manage the waqf land. Financing is an important factor in empowering waqf land to become a productive waqf. Financing is the muqaddimatul wājib of the management or investment of waqf land, in other words, the process of investing in waqf land of waqf land requires a prior financing business of the waqf property (Ari & Koc, 2021; Darus et al., 2017).

According to Monzer Kahf, earlier scholars had thought of models including financing waqf land. This suggests that financing is an important aspect that the nazir (person or legal entity that holds a mandate to maintain and manage waqf property) should consider before managing and developing waqf assets. Nowadays, financing models are increasing in number, along with the emergence of Islamic financial institutions, thus allowing the nazir to cooperate with Islamic financial institutions in the financing of waqf land, or by raising funds from the public with the waqf model of money, stock waqf or collective charity waqf (Azha, Baharuddin, Salahuddin, & Afandi, 2013). Limited funds, or even the absence of funds, make the waqf land potentially unproductive. According to Ari and Koc (2021) one of the reasons why waqf nazir cannot produce waqf assets is the absence of funds. Until then it becomes important to know the models of financing waqf assets that can be used in producing waqf land. Then, from several existing financing models, we determine what kind of financing model is the most effective to be applied in empowering productive waqf land.

The word “productive” in this paper refers to the transformation from natural waqf management to professional waqf management to improve and add to the benefits of waqf (Darus et al., 2017). According to Ambrose et al. (2015), “productive” is defined as an operating process to produce maximum goods and services with a minimum capital.

2. LITERATURE REVIEW

There are several definitions of financing given by several Islamic economic experts. According to Widiastuti et al. (2022), financing is the expenditure of all resources and the ability to develop the underlying capital of both material and human resources. Elnazer et al. (2021) defines financing as "cover costs for any project or economic process". Rohman et al. (2021) define waqf financing as the efforts expended by the nazir, whether in the form of thoughts or deeds, to obtain costs to cover the waqf investment projects, and that the financing of waqf assets is a way of making money by using the sources owned by the waqf or looking for external financial resources that can finance the process of developing waqf projects in accordance with the law and Maqāshid Sharia.

2.1. Provisions in Waqf Financing

As an instrument of economic empowerment typical of Islam, the financing of waqf assets has provisions that are inseparable from the main principles of muamalat.

First, it is forbidden to finance forbidden assets or projects, even if the proceeds or profits are distributed for the common benefit or the benefit of certain groups. Second, it is forbidden to finance investment projects with illicit money or wealth, such as the proceeds from the sale of liquor and drugs. Third, financing realizes primary, secondary and tertiary benefits. Financing waqf assets must be subject to Sharia provisions because the purpose of financing is not only limited to making a profit, but the profits obtained must be under Sharia guidance (Darus et al., 2017; Mahat et al., 2015).

3. WAQF LAND FINANCING MODELS

Financing models in waqf have been a concern for Fuqahas for a long time. Fuqahas' opinions on the models of waqf financing can be found in their book of fiqh or their fatwas. Al-Wansharisy explains in his book that Maliki's sect allowed the al-Musāqāt contract in the waqf. The author of the book of al-'Atabiyah fi al-Fiqh al-Maliki, states: "If waqf is allowed by renting it out or by contract al-muzāra'ah, or akad al-musāqāt, then the contract is valid and can be perfectly owned" (Azha et al., 2013; Dewi, Manochin, & Belal, 2021). Several models of waqf financing practiced by earlier scholars include the addition of old waqf with new waqf, al-Iqtirādh (borrowing), Ibdāl and istibdāl (exchange), Hukr (long-term rent with large advance payer lump sum), al-Ijāratain (rental with two payments). The waqf land financing model, when drawn, is inseparable from the three principles of Islamic financing, namely the principle of profit sharing/risk (mushārakah), the principle of buying and selling (ba'i), and the principle of renting (ijārah) (Roshayani Arshad, Noor, & Yahya, 2015; Michalopoulos et al., 2016).

From these three principles, several financing models emerge that can be applied in waqf land financing. These are explained in the subsections below.

3.1. Murābahah

Murābahah is a sale and purchase agreement between a financial institution and a customer of a certain type of goods at a mutually agreed price. The financial institution will hold the required goods and sell them to the customer at the agreed price after adding the agreed profit (Ghlamallah, Alexakis, Dowling, & Piepenbrink, 2021).

To finance productive waqf land, the nazir can enter into murābahah contracts with financial institutions or banks for the purchase of agricultural equipment or materials needed, such as the purchase of tractors, fertilizers, and plant seeds. Upon the purchase of the goods, the nazir pays the price of the goods to the bank in instalments with the income from the development of the waqf property (Alshater, Saba, Supriani, & Rabbani, 2022).

3.2. Istishnā'

Istishnā' is an order given to a company to produce certain goods or commodities for buyers or bookers. According to the Fatwa of the National Shari'a Council, Istishna' is "a sale and purchase agreement in the form of an order for the manufacture of certain goods with certain criteria and conditions agreed between the booker (buyer, mustashni') and the seller (maker, shani')" (Koşun & Turan, 2020).

In its application, Islamic banks perform a parallel istishnā', i.e., a bank (as the beneficiary of the order, Shāni') receives an order for goods from the customer (orderer/mustashni'), then the bank (as the booker/mustashni') orders the customer's request for goods to the seller's manufacturer (shāni') with prepayment, instalments, or through the bank with a mutually agreed period of delivery.

The istishnā' model allows the manager of the waqf estate to order the development of the necessary waqf property to the financing institution through the istishnā' contract. The financing institution or bank then enters into a contract to fulfil the order of the waqf property manager on behalf of the financing institution (Rohman et al., 2021).

With the contract, the istishnā' nazir waqf can order the construction of productive forms of waqf land in his possession, such as the construction of housing, hotels, and shophouses, through the financing institution or bank.

Then the financing institution/bank enters into a contract with the contractor for the construction according to the wishes of the nazir (Alshater et al., 2022).

3.3. Ijārah

Ijārah is defined as the right to avail of goods/services by paying a certain remuneration. According to the Council of Indonesian Ulama (Dewan Syariah Nasional Majelis Ulama Indonesia (DSN MUI)) Fatwa No. 55 of 2001, Ijārah is "an agreement for the transfer of the right of use (benefit) over a certain item or service within a certain time through the payment of rent/wages without being followed by the transfer of ownership of the goods themselves" (Widiastuti et al., 2022).

Ijārah deals with the rental of services. The employing party is called musta'jir, the worker's side is called ajīr, and the wages paid are called ujrah. At the same time, Ijārah deals with the lease of an asset or property, that is, transferring the right to use from a particular asset or property to another person in exchange for the cost of the rent. This form of ijārah is similar to leasing (rent) in conventional business. The first form of Ijārah is widely applied in Sharia banking services. Meanwhile, the second form of ijārah is commonly used as a form of investment or financing in Sharia banking (Kheir & Portnov, 2016; Michalopoulos et al., 2016).

In applying the ijārah financing model to waqf land, the nazir permits the financer (fund provider) to erect a building on the waqf land. Then the nazir leases the building for the same period for which it was owned by the fund provider and used for waqf purposes. The building can be a hospital, school, office, business center, or apartment. The nazir oversees the management and pays rent periodically to the fund provider by the established rental fee to cover the principal capital and profits desired by the fund provider. When the lease payment period has been completed, the ownership of the building passes from the fund provider to the waqf nazir of the land (Al-Ossmi & Ahmed, 2016; Unruh & Abdul-Jalil, 2014).

3.4. Mudhārabah

Mudhārabah, or investment, is the handover of capital to a person who trades to get a percentage of the profit. Mudhārabah is a revenue-sharing contract where the owner of the funds/capital (financier), commonly called shāhibul māl/rabbul māl, provides 100% of the capital to the entrepreneur as the manager, commonly called mudhārib, to carry out productive activities on the condition that the profits generated will be divided between them according to a pre-contract agreement (Fadilah, 2015).

If there is a loss due to the normal process of the business, and not due to the negligence or fraud of the manager, the loss is fully borne by the owner of the capital, while the manager loses the time and expertise he has put into the project. In the case of loss due to the manager's negligence, the manager is fully responsible.

Two types of mudhārabah can be applied in waqf land financing, namely asset-based mudhārabah and capital-based mudhārabah (Rohman et al., 2021).

Asset-based mudhārabah: Waqf managers can invite fund providers to erect buildings on waqf land. The building is then leased to a third party. The proceeds from the lease are divided in half between the waqf manager and the fund provider. The waqf manager must divide the profits he earns into two – to increase his ownership stake in the building and for the beneficiaries of the waqf (mauqūf 'alaih).

Capital-based mudhārabah: According to Alshater et al. (2022), the mudhārabah model can be used if the nazir positions himself as an entrepreneur. He can receive liquid financial assistance from financial institutions to erect buildings on waqf land. The waqf manager is in the hands of the nazir and the profit sharing ratio can be determined based on the consideration of the efforts that have been carried out by the manager and the ownership of the waqf land used.

3.5. Mushārakah

Mushārakah is a term often used in the context of Sharia financing schemes. The characteristic of this contract is the desire of two or more parties to cooperate for a certain business. Each includes and deposits its capital (both tangible and intangible assets) with the distribution of profits in the future according to the agreement. The participation of each party can be in the form of funding, expertise (skills), ownership (property), equipment, trading goods/assets, or intangible assets, such as good will or patent rights, reputation/good name, trust, and other goods with monetary value. Financial institutions provide financing facilities by injecting capital in the form of fresh funds so that the business managed by the nazhir can develop in a positive direction (Mandal, Misra, Naqvi, & Kumar, 2019).

The term mushārakah is less popular than the term shirkah, which is more commonly used in Islamic jurisprudence. Shirkah means "sharing", and in Islamic jurisprudence terminology it is divided into two types (Mandal et al., 2019; Michalopoulos et al., 2016): Shirkah al-Milk or shirkah ownership, which is the joint ownership of two or more properties; and shirkah uqūd, which means that the partnership is a joint contract or a joint commercial undertaking.

The concept of mushārakah was first proposed by a working team formed by the Islamic Development Bank (IDB), which was assigned to the development of waqf land. Waqf institutions and banks can contribute to the development of waqf land by cooperating, with the waqf institutions applying for financing from banks. Donations of waqf fees may be generated from the price of waqf land, or land prices and donations from other sectors. The bank provides the cost of construction. If the waqf institution only provides land, then the profit is divided into two: first, to pay back the funds received from the bank, and second, it is divided between the waqf institution and the bank as a profit from the management of the waqf land (Ari & Koc, 2021; Sukmana, 2020).

Another musharakah-based financing model is musharakah muntahiyah bi tamlīk, for example, the waqf nazir enters into a cooperation agreement with a financing institution or Islamic bank in the field of tourism and hotel investment. The nazir makes the waqf land he manages the capital of the cooperation, while the party who becomes the partner of the cooperation contributes by working on the construction of the project. The length of the cooperation is agreed upon by both parties, including the condition that the waqf nazir buys part of the cooperation from the partner if he wants to sell it at the time of the contract or after the contract is completed (Adad, Semlali, El-Ayachi, & Ibannain, 2020; Cağdaş & Stubkjær, 2015).

3.6. Musāqāt Financing Model & Muzāra'ah

The Musāqāt & Muzāra'ah financing model is used for waqf land used as rice fields, gardens, etc. Musāqāt is a cooperation in the care of a crop in exchange for a part of the yield obtained from the crop. The care here includes irrigation (this is the true meaning of Musāqāt), weeding, and other efforts related to the growth of the crop.

This Musāqāt financing model is also an investment model of the waqf land. The nazir cooperates with other parties who are willing to carry out the care of crops on the waqf land by using the equipment provided. The partner of the nazir will get paid for their work from the proceeds of the sale of the crop (Sukmana, 2020).

Muzāra'ah is a cooperation in agricultural processing between the landowner and the cultivator, where the landowner gives the farmland to the cultivator for cultivation and maintenance in exchange for a percentage of the crop. Muzāra'ah is often equated with the meaning of mukhābarah; in fact, between the two, there are differences related to the seeds of plants. In muzāra'ah, the seeds comes from the landowner, while in mukhābarah, the seeds come from the cultivator of the farmland (Ari & Koc, 2021).

For land tenure, the financing and investment model using the Muzāra'ah principle can be applied, and one form of application is that the waqf land nazir cooperates with companies engaged in agricultural tillage. The nazir hands over the waqf land and part of the crop seeds to the company to manage, while the company prepares some of the seeds and agricultural tools. The company carries out the processing of agricultural land, from planting to harvesting. The proceeds from the farm are divided in half according to the agreement in the contract (Fakhrunnas & Imron, 2019; Imron, Ahkam, & Hidayat, 2017). Cooperation with this Muzāra'ah model may involve third parties provided that the nazir party provides agricultural land, the second party provides seeds and agricultural tools and the third party carries out the processing of the agricultural land. The produce of the farm is divided between the three parties (Al-Ossmi & Ahmed, 2016; Khaneiki, 2022).

3.7. Sukuk/Sharia Bonds

Sukuk or Sharia bonds are securities in the form of investment instruments issued based on a transaction or Sharia contract (underlying transaction), which can be in the form of ijārah, mudhārabah, mushārakah, or others. DSN Fatwa No. 32 of 2002 states that Sharia bonds are long-term securities based on Sharia principles issued to Sharia bondholders that require issuers to pay income to Sharia bondholders in the form of income/margin/fees and repay bond funds at maturity (Darus et al., 2017; Elnazer et al., 2021).

There are several types of sukuk based on the form of Sharia as a contract or main sub-contract, namely Sanadat al-muqāradha or sukuk mudhārabah, sukuk mushārakah, sukuk ijārah, sukuk istishnā', sukuk salam/securities, and sukuk murābahah.

The application of sukuk in the financing of waqf land can be in the form of sukuk mudārabah or muqāradhah and sukuk ijārah. In a mudhārabah sukuk, the nazir offers a certificate worth the principal capital of investment in the waqf project of the land, which has been divided into small nominals. Investors who are interested in investing in their capital will get a certificate according to the amount of capital they invest. The certificate contains the name of the investor, the nominal capital invested, the period of ownership, and its designation. The funds raised are used in productive waqf land projects. The profits and losses obtained are divided by the owner of the capital, and the profit sharing period lasts until the expiration of the cooperation period (Elnazer et al., 2021).

The description of the application of sukuk ijārah in waqf land financing is that the nazir issues a certificate of waqf land lease and sells it to the public in the certificate, and there is a statement of investors representing the nazir to build a predetermined building at an agreed cost. The certificate includes a statement regarding the rental of the building with a predetermined rental fee and a predetermined payment time. The manager then pays the rental fee obtained from the rental profit to the investor/capital owner based on the nominal and repayment time that have been set (Abdullah & Yaacob, 2012). Hence, the following section proposes the ideal waqf land financing model.

4. FINANCIAL INSTITUTION-BASED FINANCING AND CAPITAL MARKETS

4.1. Cooperation-Based Financing

Figure 1 illustrates the various models of waqf land financing, which can be obtained from the waqf intellectual property rights (IPRs) financing model if the waqif, who has IPRs, represents the proceeds of the IPRs obtained for the financing of waqf land. The division of models for financing waqf land is shown in the chart.

4.2. The Ideal Waqf Financing Model

When comparing several existing financing models (Mahat et al., 2015), it is best to use Sukuk al-Muqaradhah because it is a democratic method of financing that is channeled using the model of al-Musharakah al-Muntahiyah bi al-Tamlik and because the service of financing burdens is related to income, not with debt as per the al-istishna' or al-mursahd financing models. However, it has legality problems, while al-Hikr has the risk of losing waqf land due to the length of the loan period and the absence of profits that harm the waqf recipient. Abdullah and Yaacob (2012) suggests the Qardh al-Hasan as a funder. Waqf institutions, which have carried out feasibility studies, apply for loans to finance waqf land investment projects by providing sufficient guarantees against the rights of the lender and the funds lent.

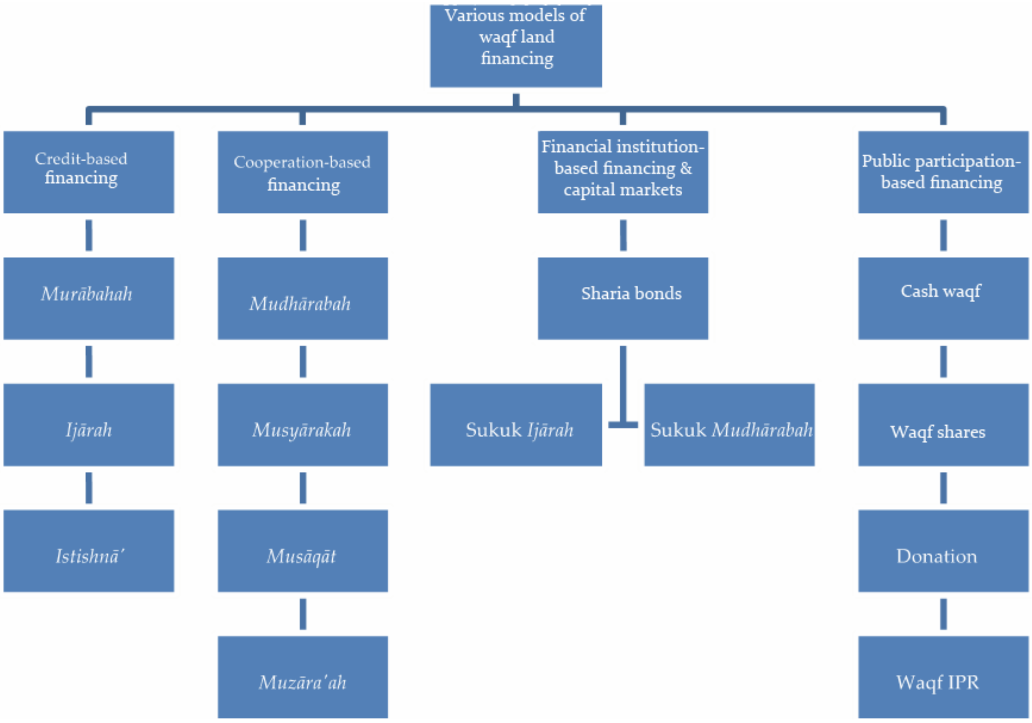

Figure 1. Waqf land financing models.

5. PUBLIC PARTICIPATION-BASED FINANCING

5.1. Waqf Shares

Shares are proof of ownership of a company that conducts a public offering (go public) in a certain nominal or percentage. This waqf of shares is the desire of the wakif to waqf all or part of the shares he owns, and the proceeds from the shares are distributed to general, special, or family waqf, including for the financing of productive waqf land. This stock waqf model has been practiced by Johor Corporation in Malaysia by waiving its shares spread across Tiram Travel, Kumpulan Perubatan Johor (KPJ) Healthcare Berhad, Kulim, and Johor Land, amounting to 100 million Ringgit from the value of its shares (Mahat et al., 2015).

5.2. Donation

A donation, or infaq, is a donation in the form of money or valuable objects to help the needy in exchange for the reward of the afterlife. Zakat is an obligatory annual payment for charity purposes that must be paid on certain assets when nisab has been reached (the minimum amount that a Muslim must have before being obliged to pay zakat). Almsgiving is the act of donating to the poor in the hope for the blessings of Allah Almighty. Hence, Al-Qard al-Hasan (benevolent loan) is a loan agreement provided that the party receiving the loan is not obliged to return the funds in the event of a force majeure (Ari & Koc, 2021; Mahat et al., 2015).

5.3. Waqf of Money

Another productive waqf land financing model is the money waqf model. The waqf of money according to the MUI Fatwa is waqf carried out by a person or legal entity in the form of cash, including securities.

Waqf funds in the form of money can be invested in financial assets and real assets. Investments in financial assets are carried out in the capital market, for example in the form of stocks, bonds, warrants, and options. Meanwhile, investment in the real sector can take the form of, among others, the purchase of productive assets, the establishment of factories, and the opening of mines and plantations (Elnazer et al., 2021; Rohman et al., 2021).

The nazir finances waqf land with waqf money in collaboration with the Islamic Financing Institution's recipient of waqf cash (Lembaga Keuangan Syariah Penerima Wakaf Uang (LKS-PWU)). Wakifs will receive a waqf certificate of money that states the allocation of the waqf money, for example, to build schools, hospitals or apartments on waqf land, and it also lists the recipients of the waqf, e.g., the wakif's family, orphans, or the poor. This is similar to what Badan Wakaf Indonesia (BWI) did to raise waqf funds for the construction of the Rumah Sakit Ibu & Anak (RSIA) Hospital (Arshad et al., 2015).

5.4. Waqf of Intellectual Property Rights (IPR)

Intellectual property rights, according to Article 21 PP No. 42 of 2006, are rights to the creations or designs recognized by law for intangible objects. Intellectual property rights include copyright, patent rights, trademark rights, and industrial designs. Article 21 of Government Regulation No. 42 of 2006 explains seven types of intellectual property rights: copyright, trademark rights, patent rights, industrial design rights, trade secret rights, integrated circuit rights, and plant variety protection rights.

6. WAQF MANAGEMENT AND ACCOUNTABILITY

The main aim of waqf management is to properly run and increase the waqf properties' value while fostering a culture of waqf for the good of the community. In doing so, the goals include increasing the value of the waqf property and promoting best waqf practices to support the economic development of the community through an effective and all-encompassing strategy in line with Islamic law (Arshad & Zain, 2017).

In Southeast Asian nations, the administration and management of Waqf properties are under state supervision. In Indonesia, the Ministry in charge of religious affairs has jurisdiction over waqf matters. Waqf property managers must be registered with the Minister and the Indonesian Waqf Body, regardless of whether they are an individual or an organization. An Indonesian Waqf Body has been established as a separate state entity that is in charge of managing and expanding waqf properties in Indonesia as a result of the Waqf Act (Ahmed, 2004).

In most Muslim nations, the government is in charge of overseeing the management of waqf properties to varying degrees (Sait & Lim, 2006). Although the state's goal for the intervention was to develop the management of waqf properties, the use and potential of waqf as a whole were negatively impacted. Numerous research indicates the growing scholarly interest in the efficacy of waqf management and it has been the subject of studies and surveys by researchers who have concluded that there is generally a need for improvement (Akhunov, 2015; Arshad & Zain, 2017; Chowdhury, Chowdhury, Muhammad, & Yasoa, 1970; Ibrahim & Ibrahim, 2013; Rashid, 2012).

Governments in various Muslim nations have made efforts to reform the method of administering waqf properties and activities since the beginning of the 1990s. Almost all Muslim nations have set up some sort of organization, whether it is a ministry or a centralized administrative unit, to take care of waqf demands (Ahmed, 2004). In order to address the reform of administration for waqf properties, some nations established an autonomous waqf corporation or a corporate body to handle waqf properties. In Sudan, Kuwait, Egypt, Qatar, and Jordan, the Ministry of waqf management responsibility was taken over.

Scholars have noted that these reforms did not alter how waqf properties were run. The management of waqf has become a conventional public sector agency and is being handled according to the bureaucratic structure of the government. The modification was merely cosmetic because the state still has ultimate control over waqf property management. Ultimately, these reforms did not address the fundamental issue, and the recommended solutions were purely cosmetic and represented an intergenerational conflict rather than a shift in the paradigm of management, according to Ahmed (2004); Kahf (2007). The "ideal" proposal that waqf properties should be managed by a non-governmental body appears to have been dismissed by the existing attempt by the state and independent organizations to regulate and oversee waqf. Waqf property management ought to be overseen by a third sector, with decision-making authority granted to the local community. According to Kahf (2007), government management of waqf properties resulted in corruption and cumbersome bureaucratic procedures, while management by the private sector could change the social aim of waqf into a profit-oriented one.

Waqf properties should be managed by locals, according to Kahf (2007). He argued that locals are more familiar with the beneficiaries and society where the properties are located. The emphasis placed on the concept of holistic accountability is echoed by the idea of local community involvement (O'Dwyer & Unerman, 2008). The openness of non-governmental organizations (NGOs) to the involvement of beneficiaries and/or partners is what distinguishes holistic accountability and emphasizes downward accountability to beneficiaries. Though they do not expressly advocate for beneficiaries or/and locals to run the NGOs' services, they are aware of the significance of involving partners and/or beneficiaries in every action or decision that might impact them. A group of locals representing the beneficiaries could take a manager to court if he or she was unable to comply with the requirements of waqf management. Managers' work was always governed by the interests of the local community. These representatives, who held "the actual public opinion" were typically educators from a neighboring waqf school (Gerber, 2002). Despite the fact that the government may choose the manager, the local community played a supervisory role at every stage of the process. This demonstrates the important role that society plays in the administration of waqf holdings. Despite not being managers, they have the right to express their opinions on issues that affect them and even sue the manager if necessary. According to Gerber (2002), waqf in the Ottoman Empire shows a significant level of civil society involvement.

The conceptual justification for the significance of a community's contribution to waqf was introduced by Hoexter (2002), who makes the case that waqf is an act of charity for the benefit of God, and that waqf will bring the donor closer to God by using the concept of the public realm. Participation in the creation of the public sphere through waqf expresses one's association with the values of the community of believers and their sense of belonging to it. Every activity, including the act of waqf, is carried out to get closer to Allah in a community where everyone is governed by shared moral principles. Every deed is therefore a commitment to Allah. A good deed is a good deed regardless of whether it was done for the community or for one's own family or another's wellbeing. A community has built-in claims on the issues that affected them, including the usage of waqf properties (Hoexter, 2002).

7. CONCLUSION

Based on the above, it can be concluded that there are many models of waqf land financing that can be carried out by the nazir to finance waqf assets. Financing that relies on public participation in the form of stock waqf, waqf of money, infaq, and almsgiving is an option because there is no risk of having to return the money. However, it demands public trust and legitimacy first, so for new waqf institutions, it may pose a problem. The nazir can also use the Shukuk al-Muqaradhah financing model under the contract of al-Musharakah al-Muntahiyah bi al-Tamlik.

It is suggested that waqf institutions should keep promises to allocate waqf properly. It is hoped that waqf institutions will be able to maintain trust by providing correct information at the outset, as well as providing certainty regarding the expectations of the waqif. For further research, additional variables that affect waqf management can be included.

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