

## THE ROLE OF ISLAMIC FINANCING IN SUPPORTING STATE FINANCE THROUGH COMMUNITY DRIVEN DEVELOPMENT SCHEME

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### ABSTRAK

Instrumen pembiayaan syariah perlu mendapat ruang yang lebih luas untuk mendukung APBN. Penelitian ini bertujuan untuk mengetahui potensi intensifikasi peran skema pembiayaan wakaf dalam pembiayaan APBN melalui skema *Community Driven Development* (CDD) dengan memaksimalkan peran kontrol sosial. Penelitian ini dilakukan secara kualitatif dengan menggunakan triangulasi yang memadukan studi literatur dan wawancara dengan narasumber untuk melihat peluang keuangan Islam dalam berkontribusi terhadap pembiayaan APBN dengan memanfaatkan aspek Model Perilaku Fogg pada perilaku masyarakat muslim Indonesia. Hasil penelitian ini dapat digunakan pemerintah, lembaga keuangan, dan industri keuangan syariah dalam mengoptimalkan peran pembiayaan syariah untuk mendukung APBN dengan rekomendasi bahwa wakaf mempunyai potensi yang besar dalam memberikan kontribusi terhadap pembiayaan APBN dengan penggunaan skema CDD.

Kata Kunci: perilaku, anggaran, pembiayaan, wakaf

### ABSTRACT

*Sharia-compliant financing instruments need to be given a broader scope to support the State Budget (APBN). This research aims to find the potential of intensifying the role of the waqf financing scheme in the state budget financing using the Community Driven Development (CDD) scheme by maximizing the role of social control. This study was carried out using a qualitative approach with triangulation, combining a literature review and interviews with key informants to examine the opportunities for Islamic finance to contribute to State Budget (APBN) financing by utilizing aspects of the Fogg Behavior Model in the behavior of Indonesian Muslims. The results of this research provide conclusions and recommendations that waqf has great potential to contribute to state budget financing with the use of the CDD design that can be utilized by the government, financial institutions, and the Islamic finance industry to optimize the role of Sharia-compliant financing in supporting the State Budget (APBN).*

*Keywords: behavior, budget, financing, waqf*

## 1. Introduction

The state budget is the reference for implementing the annual national programs and financing. In the implementation, a government work plan is created to carry out targeted development so that the government's steps in implementing national development have a strategic impact. One of the priorities is to achieve regional equality to reduce disparities. In carrying out activities to improve the welfare of its people, the government must be supported by expenditure planning which is backed by the revenue. However, if the revenue is unable to meet the expenditure needs, other sources of financing are needed (Yonimurwanto & Pratama, 2017).

The deficit that has occurred so far has been covered by financing either through loans or bonds, which in 2024 for the central government debt was controlled at around 206 billion USD (Ministry of Finance & Bank Indonesia, 2024).

**Table 1. Government Debt Position (in billions)**

Category	January 2024	February 2024	March 2024
1. Government and Central Bank	209,020	209,833	206,861
- Government	194,410	194,812	192,244
- Central Bank	14,610	15,020	14,618
2. Private Sector	197,380	197,834	196,991
- Financial Corporations	38,360	38,685	39,064
- Bank	32,609	32,793	33,259
- Nonbank Financial Corporations	5,751	5,892	5,805
- Nonfinancial Corporations	159,021	159,149	157,928
Total (1+2)	406,400	407,666	403,852

Source: Data from Ministry of Finance (2024)

Indonesia's rapid growth should also be considered will contribute to rising economic problems, on the other side the possibility of criminal acts of corruption is threatening (Weda, 2013). The problem in implementing development is the budget deficit which will force the state to provide other sources of financing to support development activities. The completion delay in the implementation of infrastructure development is also a big threat. One of the causes is a lack of control over the parties involved in the implementation, so there will be opportunities for corruption due to the lack of transparency in the implementation of development towards the community (Pratama, 2022).

Based on the problems mentioned above, researchers try to provide an alternative solution for the government to overcome these problems through a development financing scheme that functions to increase community participation in development implementation. The financing scheme is offered also to help reduce the burden on the state budget that increases the deficit. This financing scheme can be carried out based on community role.

This research offers a community-based alternative development financing scheme (community-driven development) that utilizes waqf as a source of funds. The use of waqf as financial support is based on several reasons. The first reason is that waqf is a way of collecting funds from the community which has various potentials (Ascarya et al., 2022).

The potential for using waqf arises because of the large number of Indonesian Muslims, and the large number of Indonesian people who strongly adhere to religious principles and prefer that religion has a greater role in the Indonesian state. To support this statement, researchers will survey the public to prove this and provide evidence that can show the empirical facts.

The next advantage of waqf is that assets obtained through waqf do not need to be returned by the recipient or waqf manager to the waqf giver (*wakif*) so that the benefits can last for longer time (Ascarya et al., 2022). This is due to the opinion of scholars including the Syafi'i and the Hambali which states that the waqf that has been given by a *wakif* cannot be withdrawn, exchanged, sold, or passed on to his heirs. The situation in Indonesia further strengthens the researcher's opinion because the majority of Muslims in Indonesia are adherents of the Shafi'i school of thought. It is hoped that the existence of control by the waqf-giving community over the waqf that has been given to the state will be able to increase control by utilizing social control from society.

The use of waqf is binding, so the use of waqf must be in accordance with the objectives of the waqf giver. This can reduce the possibility of development that is not on target, and create direct control from the community as waqf givers which requires the management to be transparent regarding the use of waqf funds to the community as well as the government, thereby reducing the potential for corruption in development implementation.

Steps to determine the harmony between the use of waqf for national development and sharia law can be done by looking at it from a theoretical perspective of the *maslahah al-mursalah* in the *maqashid al-syari'ah* framework (Pratama et al., 2023). The basic point of *maqashid al-syari'ah* is to define the purpose of implementing a Shari'a to realize the benefit of humans, namely that it must maintain 5 basic principles in human life, namely religion, soul, reason, property, and heredity. Whereas *maslahah al-mursalah* is a theory for establishing law on a new problem, which is not explicitly mentioned in the Al-Quran and As-Sunnah. In this case, the theory *maqashid al-syari'ah* can be used to find out whether there is a harmonious benefit between the use of waqf and the branches of national development. Meanwhile, theory *maslahah al-mursalah* is used to find out whether problems regarding the implementation of development financing schemes with waqf can be resolved according to sharia law. Regarding steps to determine the harmony between the use of waqf for national development and national law, researchers will carry out an analysis by analyzing the regulations relating to the state budget, to ensure that the use of waqf for national development does not violate existing regulations.

Based on data obtained from the Directorate General of Zakat and Waqf Empowerment of the Ministry of Religious Affairs of the Republic of Indonesia regarding the potential and challenges in optimizing waqf, Indonesia is recognized as the country with the highest number of waqf administrators (*nazir*) in the world. The data indicates that Indonesia has thousands of lands waqf administrators, comprising 66% individual *nazir*, 16% organizational *nazir*, and 18% legal entity *nazir*. Meanwhile, in the context of cash waqf, Indonesia has 248 registered cash waqf administrators, consisting of 1 general *nazir* (the Indonesian Waqf Board), 160 *nazir* in the form of sharia cooperatives and Baitul Maal wa-Tamwil (BMT), 46 *nazir* in the form of foundations, 27 *nazir* affiliated with institutions

under zakat management organizations (LAZ), 7 nazir representing institutions based on community and social organizations, and 7 nazir from educational institutions, including universities and campuses (Pratama, 2022).

Based on previous research, it was found that crowdfunding can be used as an alternative financing in infrastructure development (Pratama et al., 2020). Social capital influences the success of collecting funds for infrastructure development using crowdfunding (Arifin & Wisudanto, 2017). Other research shows that various obstacles arise when the government wants to use zakat, which is funds from religious communities, as a source of state income (Yasni & Erlanda, 2020). Indonesia faces economic challenges such as budget deficits and corruption risks in infrastructure development, necessitating alternative financing solutions. This research proposes a community-driven financing model using waqf, leveraging Indonesia's strong religious adherence and large Muslim population to ensure sustainable and transparent funding while minimizing corruption risks. By analyzing the alignment of waqf-based financing with both Sharia and national law, the study aims to demonstrate its feasibility as a viable development strategy.

To utilize waqf to help finance development, a financing scheme is also needed so that this action becomes systematic. Therefore, this research is aimed at proposing a development financing scheme through waqf to the state to provide financing support in the state budget which has never been done in previous research. The results of this research regarding the use of waqf to support development financing is a proposed scheme that is used to describe the procedure for using waqf to support development financing to show the flow of the scheme, the parties involved, as well as an overview of the control that can be created through the scheme.

## **2. Literature Review**

This study explores Indonesia's economic challenges, particularly budget deficits and corruption risks in infrastructure development, which hinder the country's growth. To address these issues, it is essential to identify key indicators that describe the relationship between economic challenges, governance, and alternative financing models. Indicators such as fiscal sustainability, delays in infrastructure projects, and the transparency of financial management highlight the need for innovative solutions. Additionally, the role of waqf in development financing can be measured through the number and types of waqf administrators (nazir) in Indonesia, the potential of land and cash waqf, and the level of community participation in such initiatives. Furthermore, governance aspects, including legal compliance with Sharia law and national regulations, must be considered to ensure the effectiveness and legitimacy of waqf-based financing. Lastly, social and religious factors, such as public trust in waqf institutions and the influence of religious beliefs on community participation, provide insight into the sustainability of this model.

To provide a strong foundation on this, we use Maqashid al-Syari'ah Theory which serves as an ethical and legal framework that ensures waqf-based financing aligns with Islamic principles, safeguarding human needs such as religion, life, intellect, wealth, and lineage. This theory helps to explain the relationships between key variables relevant to understanding how individuals and communities make collective decisions regarding development financing, particularly in a community-driven model like waqf.

Islamic law is made with a specific purpose and meaning (Saputro & Sidiq, 2020). Based on Ibnu Qayyim al-Jauziyah's statement, the purpose of creating sharia is for the good of people in this world and in the hereafter. All laws that are created are fair, full of mercy, and have their wisdom. All questions that come out of justice, mercy, maslahat, and wisdom have been confirmed not to be provisions of Sharia (Mutakin, 2017).

The definition *maqashid al-syari'ah* is to ensure the benefit of humanity so that rules and laws are needed (Samud, 2018). These goals and ideals can be achieved if humans act and behave in accordance with sharia law and do not follow their desires (Saputro & Sidiq, 2020). *Maqashid al-syari'ah* in the Islamic financial system, is the ideal or goal of sharia to find solutions to various human problems to achieve benefit (Samud, 2018).

According to Imam Syathibi, *maqashid al-syari'ah* is divided into two groups, namely the objectives of the sharia according to its formulator (*qasdu al-syari'*) and the objectives of the sharia according to its practitioners (*qasdu al-mukallaf*) (Saputro & Sidiq, 2020). *Qasdu al-syari'* (the objectives of the sharia) refers to the maintenance of three fundamental human objectives namely *dharuriyat*, *hajjiyat*, and *tahsiyat*. Meanwhile, *qasdu al-mukallaf* can be realized in the form of actions that are limited by Sharia provisions (Saputro & Sidiq, 2020). The first level of *qasdu al-syari'*, *dharuriyat*, are primary benefits related to human life including religion, soul, family, reason, and wealth. Maslahat *hajjiyat* is the secondary benefit that is needed to ease human life and eliminate hardship and difficulty, whereas *tahsiniyat* is an effort to maintain honor (Saputro & Sidiq, 2020). A thing can be called a *maqashid al-syari'ah* if it has fulfilled justice, equality, and public benefit (Putra, 2017).

In previous research (Pratama et al., 2020) it was stated that if the focus of the state budget was grouped into a matrix that used *maqashid al-syari'ah* but only within the limits of *dharuriyat* (obligatory fulfillment), it would look like the following table.

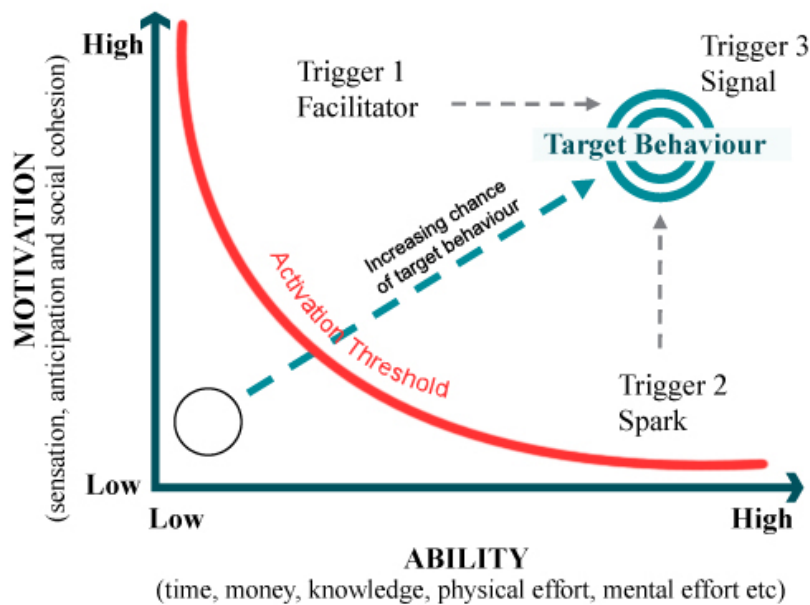
**Table 2. Focus of State Budget & Maqashid Syariah Expenditures**

Focus on State budget	Protecting				
	Religion	Soul	Mind	Wealth	Offspring
Social Protection		√		√	
Education			√		
Religion	√				
Tourism					
Health		√			√
Housing & Facade		√			
Circle. Life		√			
Economy				√	
Order & Security		√		√	√
Defense		√			√
Public Services				√	

Note: The sources are from Pratama et al. (2020)

The scheme of behavior model created by Brian Jeffrey Fogg called Fogg's Behavior Model (FBM) aims to identify and define three main factors that determine whether an

action will be carried out (Fogg, 2009). The three main factors in FBM are motivation, ability, and trigger.



The sources are from Fogg (2009)

**Figure 1. Fogg's Behavior Model**

Figure 1 above shows that the FBM has two axes. The vertical axis in FBM is motivation. A person who has low motivation to act will appear low on the vertical axis and the higher a person's motivation to act, the higher it will be on the vertical axis. Meanwhile, the horizontal axis in FBM is ability. A person's ability to act is depicted on the horizontal axis in FBM. The higher a person's ability to act, the horizontal axis will be further to the right.

According to Fogg, a successful trigger has three characteristics. The first characteristic is that people are aware of the trigger. Second, people associate the trigger with the action they are about to take. Third, triggers exist when people have the motivation and the ability to act. According to Fogg's finding, to increase a person's ability to act, the action must be made easier to carry out or in other words simplified, because simplicity can change behavior. This simplicity factor consists of six elements that are related to each other, namely free time, availability of money, easy physical effort, light brain cycles, absence of social deviation, and routine (Fogg, 2009).

The Fogg Behavior Model (FBM), developed by BJ Fogg, is highly relevant to this research as it provides a framework for understanding the motivation, ability, and triggers required for individuals to participate in waqf-based infrastructure financing. The FBM suggests that for a behavior to occur, three elements must be present simultaneously: motivation, ability, and prompt (trigger). In the context of this research, the model helps analyze why individuals are willing (or not) to contribute to waqf for infrastructure development.



First, motivation plays a crucial role in influencing respondents' willingness to engage in waqf-based financing. The study shows that a significant portion of respondents agree that waqf can serve as an alternative financing scheme for infrastructure. This agreement suggests that religious beliefs, social responsibility, and a desire to contribute to national development drive their motivation. The FBM categorizes motivation into three dimensions: pleasure/pain, hope/fear, and social acceptance/rejection. In this case, respondents may be motivated by the hope of better infrastructure, the fear of economic instability, and the social expectation to fulfill religious obligations.

Second, ability refers to how easy or difficult it is for an individual to perform a behavior. Although many respondents express willingness to donate waqf, their ability to do so depends on financial capacity, knowledge about waqf mechanisms, and ease of contributing. The research highlights that some respondents are hesitant, particularly in economic uncertainty. The FBM suggests that for a behavior to occur, it must not be too difficult or complex; thus, simplifying waqf donation mechanisms and providing clear guidelines can enhance participation.

Lastly, triggers are external factors that push individuals toward action. Even if someone is motivated and able, they still need a trigger to act. In this research, triggers could include government policies, awareness campaigns, religious encouragement, or incentives for participation. For example, if the government actively promotes waqf for infrastructure and provides transparent mechanisms for fund utilization, more individuals may be prompted to contribute.

By applying the Fogg Behavior Model, this research can better understand the psychological and practical factors influencing public participation in waqf-based infrastructure financing. Strengthening motivation, enhancing the ease of contribution, and implementing effective triggers can significantly increase engagement and optimize waqf as a sustainable funding source.

The word "waqf" according to language is a word that comes from Arabic, namely "*waqafa*" which means to hold. This word can be interpreted to mean that waqf is an act of someone holding property, to donate it, not change hands. There are several other terms regarding waqf, such as *wakif* which means someone who donates his assets, *nazir* which means a person or legal entity who is entrusted with maintaining and managing waqf objects in accordance with their form and purpose, and *mauquf 'alaih* which means a person or legal entity who owns waqf the right to receive waqf.

According to Law Number 41 of 2004 concerning Waqf, the definition of waqf is a legal action carried out by the wakif to release or give away part of the assets owned by the wakif for religious activities and/or general welfare which is provided in accordance with sharia law either permanently or temporarily based on its interests. Waqf is valid when all the elements of waqf have been met, which in Law Number 41 of 2004 consists of 6 elements, namely the presence of *wakif*, *nazir*, clarity about waqf property, making a waqf pledge, clarity about the allocation of waqf property, as well as clarity about the period waqf.

Community-Driven Development (CDD) is a development program that gives control to community groups to determine decisions and resources used in development. A study examining the water supply of 1,875 households in rural communities in six countries

(Indonesia, Pakistan, Honduras, Uganda, Bolivia, and Benin) shows that system sustainability is significantly higher when communities are in control of key investment decisions and when they finance part of the investment costs to ensure that they get what they want (Sara et al., 1997).

The CDD approach is highly relevant to this research, as it emphasizes active community participation in decision-making, financing, and implementation of development projects. This aligns closely with the proposed waqf-based infrastructure financing scheme, which relies on public contributions and engagement. The core principles of CDD—participation, transparency, accountability, and sustainability—can enhance the effectiveness of waqf-based funding and ensure its long-term impact.

First, participation is central to both CDD and the waqf-based financing model. The research highlights that a significant portion of respondents support the idea of utilizing waqf for infrastructure development. This indicates a strong willingness within the community to take part in funding national projects voluntarily. CDD frameworks encourage bottom-up decision-making, ensuring that development projects reflect the real needs and priorities of the community, rather than being dictated solely by the government.

Second, transparency and accountability play a crucial role in building trust. One of the main concerns in infrastructure financing, as highlighted in the research, is budget deficits, deviation, and fraud. The CDD model requires clear governance structures and accountability mechanisms, which can be integrated into the waqf system to ensure that funds are managed responsibly. By providing regular updates, allowing community oversight, and implementing transparent reporting, the risk of corruption in development financing can be minimized.

Third, sustainability is another key factor linking CDD to waqf-based financing. Waqf assets, by nature, are perpetual—once donated, they continue generating benefits over time. This characteristic aligns with the CDD approach, which aims for long-term, sustainable development rather than short-term government interventions. Through CDD, communities can actively manage, maintain, and optimize waqf resources to ensure their continuous contribution to infrastructure development.

Finally, empowerment and local ownership are key outcomes of CDD that can further strengthen waqf-based infrastructure financing. The research suggests that individuals are more likely to contribute when they feel a sense of responsibility and control over development outcomes. By allowing communities to be directly involved in project selection, financial contributions, and implementation, the CDD approach can increase public engagement and long-term commitment to waqf-driven infrastructure development.

In summary, integrating the CDD model into the waqf-based financing scheme can enhance public participation, improve transparency, ensure sustainability, and foster local ownership in national infrastructure projects. This approach not only addresses the budget constraints of the government but also leverages social capital and religious values to create a more inclusive and accountable development process.

Research that has been carried out previously discusses possible uses of crowdfunding as alternative financing for infrastructure development in Indonesia and discusses potential uses of crowdfunding as alternative financing for infrastructure development in Indonesia (Arifin & Wisudanto, 2017). Crowdfunding what is meant in this research is an internet-



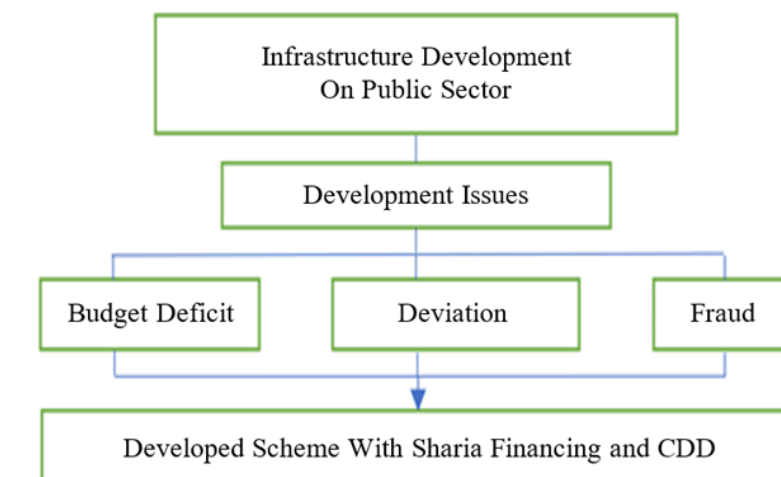
based financial intermediation scheme to collect funds sourced from the general public. The results show that crowdfunding can be used as an alternative financing in infrastructure development. Using crowdfunding as alternative financing for higher infrastructure development, it will be more possible to implement it if the community and government have high social closeness (Arifin & Wisudanto, 2017).

Apart from that, some results show that development funds can be collected using schemes crowdfunding while still paying attention to the provisions of the sharia with the scheme *tabarru'* or *tijaroh* (Pratama et al., 2020). Meanwhile, another study states that the government must look for alternative sources of income other than those used in the state budget mechanism, and the idea conveyed is the integration of zakat as a source of state income because tax revenues fluctuate and the level of poverty in Indonesia tends to be high (Yasni & Erlanda, 2020).

A *cash* waqf management scheme is highly advised to finance infrastructure in a specific community or area (Pratama et al., 2023). Transparent management of waqf fund to ensure that waqf is in accordance with the waqf's objectives is mandatory to effectively use the fund in the scheme to develop infrastructure or any other projects (Suliaman & Yaakob, 2020; Hapsari et al., 2022). To achieve this purpose, a dedicated entity or a Special Purpose Vehicle (SPV) needs to be formed, so that the state budget and waqf funds for the development of the facilities could be efficiently handled (Qadri et al., 2024).

### 3. Research Method

The research design is prepared to direct the research so that the steps taken can produce the expected research output based on the data that has been collected. This research design consists of problem formulation, data collection, analysis and discussion, validation, and recommendations.



Note: The sources processed by the author

**Figure 2. Research Design**

The research follows a structured phase to address issues in public sector infrastructure development by introducing a Sharia-compliant and community-driven development (CDD) financing scheme. The first phase identifies infrastructure development in the

public sector as the main focus. While infrastructure projects are essential for national growth, they often face significant development issues that hinder progress and efficiency.

The second phase explores the key challenges in development, namely budget deficits, deviations in project implementation, and fraud. Budget deficits occur when the government lacks sufficient funds to support infrastructure projects, leading to delays or incomplete developments. Deviation refers to inefficiencies or mismanagement that cause projects to diverge from their original objectives. Fraud, including corruption and financial mismanagement, further exacerbates these challenges by reducing the effectiveness of public funding.

To address these issues, the third phase involves designing a developed scheme using Sharia financing and CDD. This approach leverages Islamic financial principles, particularly waqf and other ethical funding sources, to create a sustainable financing model. Additionally, community-driven development (CDD) ensures greater public participation and transparency, reducing corruption risks and enhancing accountability. Overall, this research aims to present a viable alternative to traditional public infrastructure financing by integrating ethical financial models and community-based oversight to mitigate development challenges.

This research uses primary data and secondary data. The primary data used in this research is data obtained directly through surveys conducted by researchers via Google Forms and through the Indonesian Waqf Board for data related to waqf acquisitions in Indonesia from 2016 to 2020 as well as data regarding the Waqf Literacy Index survey in 2020. Meanwhile, secondary data in this research is data obtained through various sites, such as Pew Research, Charity Aid Foundation, the Indonesian Waqf Board, and the Ministry of Religion's Waqf Information System (Siwak Kemenag). Apart from that, other secondary data in this research also comes from various literature available in the repository Science Direct, Google Scholar, Media Research, and Digital Reference Garba sites.

Apart from that, interviews were also conducted with experts to obtain an assessment of the results of this research (expert judgment). The use of expert judgment is used so that research results can be accepted scientifically by the parties who will use the results of this research. To carry out an expert judgment as validation of the results of this research, sources are needed who are experts in the field of sharia, the field of waqf, and the field of state finance. The Sharia expert who was the resource person for this research was Dr. Erwandi Tarmizi, Lc. M.A. as a resource person who is an expert in contemporary Islamic jurisprudence. Meanwhile, the expert in the field of waqf who is the resource person for this research is a representative from the Indonesian Waqf Board which is an independent institution and one of its duties is to manage and develop waqf assets in Indonesia. The discussion confirms the key topics related to waqf-based infrastructure financing, the Community-Driven Development (CDD) approach, and the proposed scheme to be seen from the Sharia perspective.

#### **4. Results and Discussion**

Based on data obtained from the Directorate General of Zakat and Waqf Empowerment, Ministry of Religion of the Republic of Indonesia regarding the potential

and challenges in optimizing waqf, it is stated that Indonesia is the country with the largest number of waqf nazirs in the world. In the data, it is stated that Indonesia has thousands of lands waqf nazirs consisting of 66% individual Nazirs, 16% organizational nazirs, and 18% legal entity nazirs. Meanwhile, in terms of cash waqf, Indonesia has 248 registered money nazir, namely 1 general nazir (Indonesian Waqf Board), 160 nazir in the form of sharia cooperatives and *baitul mal wa tamwil*, 46 nazirs in the form of foundations, 27 nazirs are in the form of institutions which have as their parent the amal zakat institution, 7 nazirs are in the form of institutions based on community and community organizations, and 7 nazirs are in the form of tertiary and campus educational institutions. Based on questionnaire data collected by the author through a Google Form distributed to Indonesian citizens aged 18 and above, a total of 302 responses were obtained. The purpose of this data collection was to examine the level of public motivation to participate in the infrastructure development financing scheme within the state budget through waqf, and to identify the factors that may encourage community involvement in the national waqf program.

**Table 3. Survey Results on Waqf Awareness, Commitment, and Participation**

Category	Subcategory	Percentage
Educational Level	Bachelor	54
	Senior High Scholl	22.5
	Diploma I- Diploma III	18.19
	Master's Degree	4.6
Employment Status	Students	34.4
	State Civil Servants	29.1
	Self-Employed	18.9
	Unemployed/Retired	12.9
	Private Employees	2.3
	State-Owned Enterprise Employees	0.1
	Government Employees (Contract)	0.1
	Notary	0.3
Agreement on Waqf-Based Financing	Agree	74.9
	Neutral	15.6
	Disagree	9.6
Waqf as a Solution for Development Issues	Agree	74
	Neutral	19
	Disagree	7
Desiree to Participate in Waqf	Willing to Contribute	63
	Neutral	26
	Unwilling	11
Commitment to Waqf in Low Economic Motivation	Committed	51
	Not Committed	49
Commitment to Waqf in Low Spiritual Motivation	Committed	63
	Not Committed	37

Note: The sources processed by the author

The research questionnaire gathered responses from individuals with diverse educational backgrounds. The majority (54%) held a bachelor's degree (S1), followed by 22.5% who completed senior high school. Additionally, 18.9% had an education level

between Diploma I and Diploma III, while 4.6% had attained a master's degree (S2). Respondents also came from various employment sectors. The largest group consisted of students (104 respondents), followed by state civil servants (88 respondents) and self-employed individuals (57 respondents). Others included unemployed or retired individuals (39 respondents), private employees (7 respondents), employees of state-owned enterprises (3 respondents), government employees on contract (3 respondents), and one notary. Regarding the respondents' agreement with waqf-based state budget financing, 74.9% (226 respondents) expressed support, 15.6% (47 respondents) remained neutral, and 9.6% (29 respondents) opposed the idea. When asked whether they viewed waqf as a viable solution for financing infrastructure development, 74% (224 respondents) agreed, 19% (56 respondents) were neutral, and 7% (22 respondents) disagreed.

When assessing willingness to contribute to waqf for infrastructure development, 63% (191 respondents) indicated a willingness to participate, 26% (79 respondents) remained neutral, and 11% (32 respondents) were unwilling. The study also examined respondents' commitment to waqf under different conditions. When facing financial difficulties, 134 respondents (51%) still expressed a commitment to waqf, while 128 respondents (49%) did not. Additionally, when experiencing low spiritual motivation, 164 respondents (63%) maintained their intention to give waqf, whereas 96 respondents (37%) indicated they would no longer participate. This data highlights significant public support for waqf-based financing as an alternative to traditional state budget financing, as well as a strong willingness among respondents to contribute, even in challenging circumstances.

Based on the results obtained from respondents' answers, which are expected to represent the opinions of the people in Indonesia regarding the questions in this questionnaire, it can be concluded that the majority of respondents expressed their approval for the existence of an infrastructure development financing scheme through waqf. Then, the majority of respondents also agreed with the researcher's opinion regarding the benefits that can be obtained through implementing an infrastructure development financing scheme through waqf. Apart from that, the majority of respondents also stated that they had the intention or desire to provide waqf if the government implemented this scheme. To assess the level of motivation of respondents to participate in the scheme, researchers have created the following range of values.

**Table 4. Standards for Assessment of Community Motivation Level**

<b>Motivation Level</b>	<b>Grade on a scale of 5</b>	<b>Value on a scale of 100</b>
Very high	4,01 – 5	80,01 – 100
High	3,01 – 4	60,01 – 80
Low	2,01 – 3	40,01 – 60
Very low	1,00 – 2	20,00 – 40

Note: The sources processed by the author

To classify the level of people's motivation into these assessment categories, researchers used the average score from the assessments on questions related to people's

motivation. Based on the average of respondents' answers categorized by type of work, an assessment of the respondent's motivation level was obtained on a scale of 1 to 5 from these questions as follows.

**Table 5. Assessment of Respondents' Motivation Based on Work**

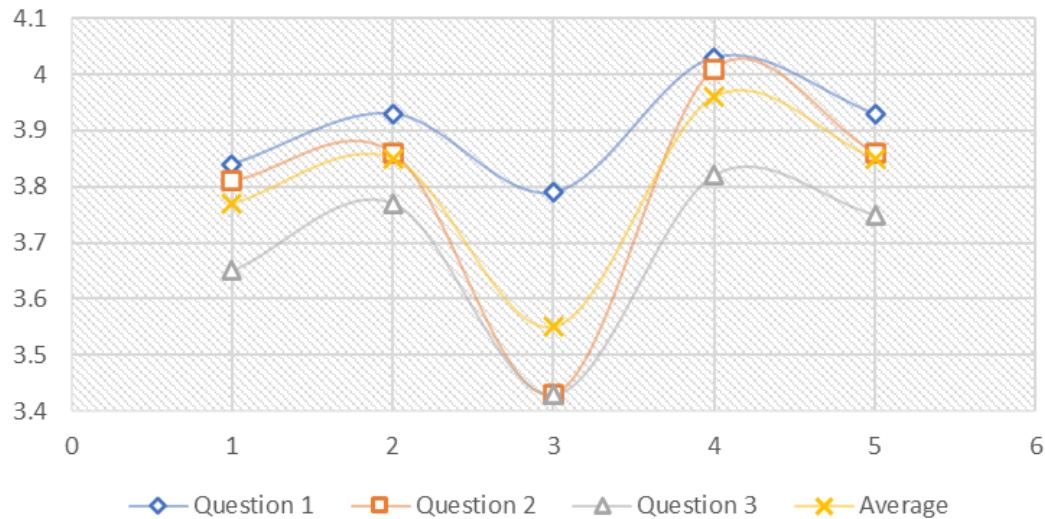
Job-status	Question 1	Question 2	Question 3	Average
Civil Servant	3.81	3.82	3.76	3.80
Not Working / Retired	4.00	3.54	3.46	3.67
SOE employees	4.00	4.00	3.33	3.78
Students	4.08	4.02	3.92	4.01
Notary	4.00	4.00	3.00	3.67
Private employee	3.86	4.00	3.57	3.81
Gov. Empl with a work agreement	4.33	3.67	4.00	4.00
Self-employed	3.77	3.86	3.63	3.75
Total Scores	3.93	3.86	3.75	3.85

Note: The sources processed by the author

Based on this motivation assessment, it can be concluded that all respondents from various types of work have a high level of motivation to participate in infrastructure development financing schemes through waqf. The high value of respondent motivation is assessed based on the average assessment of questions regarding respondent motivation. From this table, it can be seen that the lowest motivation value is owned by respondents whose employment status is as a notary and respondents who do not yet have a job or respondents who are retired, namely 3.67 on a scale of 5 or 73.4 on a scale of 100. Meanwhile, respondents with the highest motivation score were respondents who were students or scholars, namely 4.01 on a scale of 5 or 80.2 on a scale of 100.

In addition to assessing the level of public motivation based on respondents' occupational backgrounds, this study also examined how educational attainment influences motivation to participate in the waqf-based infrastructure financing scheme. By categorizing respondents according to their highest level of education—ranging from high school to postgraduate degrees—the analysis aimed to determine whether educational background plays a significant role in shaping awareness, understanding, and willingness to engage in waqf-related initiatives. The findings provide valuable insights into how different educational groups perceive and respond to such financing mechanisms. The results of this assessment are illustrated in Figure 3 below.





Note: The sources processed by the author

**Figure 3. Assessment of Respondents' Motivation Based on Education Level**

Based on this motivation assessment, it can be concluded that all respondents from various levels of education have a high level of motivation to participate in infrastructure development financing schemes through waqf. From this table, it can be seen that the lowest motivation score is owned by respondents whose educational level is equivalent to a master's or second degree (S2), namely 3.55 on a scale of 5 or 71 on a scale of 100. Meanwhile, respondents who have the highest motivation score are respondents whose educational level was equivalent to high school, namely 3.96 on a scale of 5 or 79.2 on a scale of 100.

From the results of this discussion, it can be concluded that the overall level of motivation of respondents is categorized as "High". This is proven by the results of assessing the overall level of motivation of respondents which reached a score of 3.85 on a scale of 5 or 77 on a scale of 100. Meanwhile, to assess the consistency of the level of motivation of these respondents, the assessor provided two statements to assess the motivation of respondents to give waqf when they were in less than optimal conditions, namely when the respondent was experiencing economic difficulties and when he is experiencing a phase of lack of enthusiasm in carrying out worship. The percentage of answers to these questions is summarized in Table 6 below.

**Table 6. Assessment of the Consistency of Community Motivation**

Respondent's Condition	Stay Interested	Not Interested
The economy is tough	51.1%	48.9%
Lazy to Worship	63.1%	36.9%
Average	57.1%	42.9%

Note: The sources processed by the author

Based on this assessment, it can be seen that as many as 57.1% of respondents remain consistent in their intention to provide waqf to support financing for infrastructure development even though they are in conditions that are less than optimal for providing waqf. This reflects that the majority of respondents have high motivation to contribute to helping finance infrastructure development by providing waqf.

Based on data from the Directorate of Empowerment of Zakat and Waqf, Directorate General of Islamic Community Guidance, and Ministry of Religion of the Republic of Indonesia on the Siwak Ministry of Religion website, it is known that the land area is 54,082.24 Ha or 540,822,400 m<sup>2</sup> which is spread across 404,503 locations has been donated throughout Indonesia with 59.67% of waqf land having been certified.

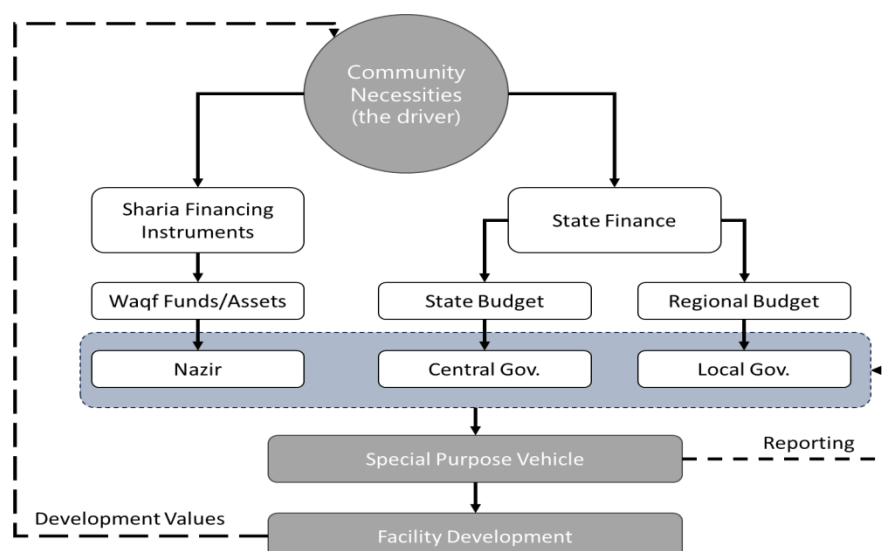
To determine the benefits contained in the use of waqf as well as the benefits contained in the focus of government spending in the state budget based on its function, researchers used here the *sharia* tool which is triggered by Pratama et al. (2020). The following two tables are the results of the used tool.

**Table 7. Focus on The Use of Waqf**

Use of Waqf	Maintained goals				
	Religion	Soul	Mind	Wealth	Offspring
Mosque	√				
Islamic Prayer Room	√				
School			√		
Grave			√		
Boarding school	√		√		

Note: The sources processed by the author

Based on the research results described above, the author has designed a scheme that can be used to use waqf to support infrastructure development in the state budget. The following is the result of the scheme that has been designed.



Note: The sources processed by the author

**Figure 4. Scheme for Using Waqf to Support Infrastructure Financing**

In this scheme, it is shown that there is a party who acts as an operator. The operator functions as a party that maintains commitments between the government and *wakif* or waqf giver. The existence of this operator is due to the use of waqf land provided by *wakif*. Also consider wishes *wakif* regarding the purpose of giving waqf. In this case, the party that can be used as an operator is the Indonesian Waqf Board. This is because some of the duties and authorities of the Indonesian Waqf Board are to manage and develop waqf on a national and international scale as well as provide advice and considerations to the government in formulating policies in the field of waqf. This is also supported by the results of the author's interviews with representatives of the Empowerment Division Minister and Management of the Indonesian Waqf Board.

The implementation challenges of this research primarily revolve around regulatory, social, financial, and governance aspects. First, regulatory challenges arise due to the need for clear legal frameworks that integrate waqf-based financing into national infrastructure development while ensuring compliance with both Islamic law (Sharia) and state financial regulations. Ambiguities in existing waqf regulations may hinder its practical application in large-scale development projects.

Second, social acceptance and participation pose a challenge, as public trust and awareness regarding waqf as a development financing tool remain limited. Many people may still view waqf as solely intended for religious or social welfare purposes rather than as an economic instrument for infrastructure financing. Additionally, ensuring long-term commitment and sustained contributions from the public requires behavioral motivation strategies that align with frameworks such as the Fogg Behavioral Model.

Third, financial sustainability and management present difficulties, as waqf assets must be managed efficiently to generate returns for infrastructure financing. Poor financial management, lack of transparency, or misallocation of waqf funds could lead to inefficiencies and distrust from donors. Moreover, integrating waqf with conventional and Islamic financial instruments requires innovative models to ensure that funds remain productive.

Lastly, governance and oversight issues are critical, as corruption, mismanagement, and lack of accountability could undermine the effectiveness of waqf-based financing. Establishing a strong institutional framework, digital tracking mechanisms, and transparent reporting systems will be necessary to ensure that funds are utilized as intended. Overcoming these challenges requires a multi-stakeholder approach, including collaboration between the government, Islamic scholars, financial institutions, and civil society organizations.

## **5. Conclusion, Implications, and Limitations**

Based on research regarding the potential of waqf and how to involve the community in state budget financing, it can be concluded that the use of waqf to support financing for infrastructure development in the state budget in Indonesia has great potential to be successfully implemented given the large number of waqf nazir in Indonesia, existing waqf management standards, and the high motivation of the Indonesian people to provide waqf to support development infrastructure. Apart from that, the scheme for using waqf to support financing for infrastructure development has some beneficial benefits for the state and society. These benefits include reducing the burden on the state budget in financing

infrastructure development, accelerating regional equity across Indonesia, enhancing the sustainability of infrastructure projects, improving effectiveness and efficiency, ensuring more targeted infrastructure development, and strengthening community oversight.

To implement a waqf-based infrastructure financing scheme effectively, a strong regulatory framework is essential. This includes legal recognition of waqf as a public financing tool, integration into national financial laws, and oversight by a dedicated regulatory body. Transparency through audits and reporting, along with tax incentives, can boost public trust and participation. Collaborations with Islamic financial institutions and waqf organizations are also key to ensuring long-term sustainability.

Community involvement is equally crucial, requiring public awareness campaigns, crowdfunding platforms, and community-based monitoring systems to increase participation and trust. Encouraging productive waqf investments, such as commercial properties and businesses, can create self-sustaining revenue streams for infrastructure projects. A hybrid financing model, integrating waqf with sukuk, zakat, and CSR funds, can further strengthen financial sustainability. Initiating with pilot projects and progressively scaling up based on community feedback and financial feasibility can enhance the effectiveness and sustainability of the implementation process.

Future researchers who have religions other than Islam can apply a similar scheme by replacing waqf with other objects according to their respective religions to help finance infrastructure development carried out by the government. The results of this study can be utilized by the government, financial institutions, and the Islamic finance industry to optimize the role of Sharia-compliant financing in supporting the State Budget (APBN). In carrying out this research, there are several limitations. Some of the data from the Indonesian Waqf Board cannot be accessed. This provides space for further research with more comprehensive data.

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