

# Waqf of Raw Paddy Fields: A Model to Boost Sustainable Agricultural Land Protection in Indonesia's Central Java Province

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**Waqf of Raw Paddy Fields: A Model to Boost Sustainable Agricultural Land Protection in Indonesia's Central Java Province**

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**Abstract:** *The high conversion of paddy fields in Central Java as Indonesia's most extensive rice production center is a crucial issue affecting future food security. This paper aims to design a waqf model for paddy fields integrated with the Rice Market Center (RMC) to maintain the integrity and sustainability of agricultural land and increase farmers' welfare. This study utilizes a qualitative method with a library research approach by adopting qualitative content analysis, which is strengthened by collecting primary data through in-depth interviews with experts of regulators, practitioners, and academics in the field of waqf and agriculture. The results indicate that the model of waqf management of paddy fields can be implemented through collaboration between nazhir and anchor companies (AC) in the form of regionally owned enterprises or agricultural SMEs. AC will act as an off-taker from the farmers' cooperative, then sell their processed products to RMC distribution channels such as state civil apparatus, modern markets, or Islamic boarding schools. This integration model is expected to be an alternative in increasing the welfare of farmers as well as food security in Central Java province.*

**Keywords:** *Land Conversion; Waqf of Raw Paddy Land; Anchor Company; Rice Market Center; Central Java*

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**INTRODUCTION**

The Government of Indonesia, through the Ministry of Agriculture in the strategic plan of the Ministry of Agriculture 2020-2024, has targeted several main strategies, including efforts to increase the availability, ownership, and utilization of agricultural land, which are the primary input factors in agricultural development (Ministry of Agriculture, 2015, 2020). It is done because much agricultural land has been diverted into non-agricultural land (Ministry of Planning and National Development, 2015). It has been converted to infrastructure development such as roads, dams, bridges, factories, health, and education facilities, or industrial and real estate activities (Ministry of Agriculture, 2015, 2020; Ruswandi et al., 2007). Meanwhile, increasing access to land tenure by farmers is one of the main approaches in a holistic framework to improve the welfare of farmers so that they can get out of the poverty trap (Susilowati & Maulana, 2012).

Central Java Province in Indonesia had the most prominent rice production center. It also has experienced a relatively high conversion rate of paddy fields. Data from the regional office of the Ministry of Agrarian Affairs and Spatial Planning, as well as compared to the data of Farm statistics issued by the Ministry of Agriculture, stated that during 2013-2019 in Central Java, there was a reduction of 54,113 hectares of raw rice fields (BeritaSatu, 2020; Gatra.com, 2020; Kementerian Pertanian, 2020b). Its consequences in a decrease in harvested area and land productivity. Based on data from the Central Java Statistics Agency (BPS), 30 out of 36 regencies/cities in Central Java in 2018-2019, experienced a decrease in the harvested area, followed by a decrease in productivity and rice production (BPS Jateng, 2022). In addition, BPS data also states that in 2020 of the total land area in Central Java which reaches 3.2 million hectares (ha), only 1.49 million ha (46.5%) were recorded in normal conditions. The remaining land is categorized as critical, moderately critical, and potentially critical (KataData, 2021).

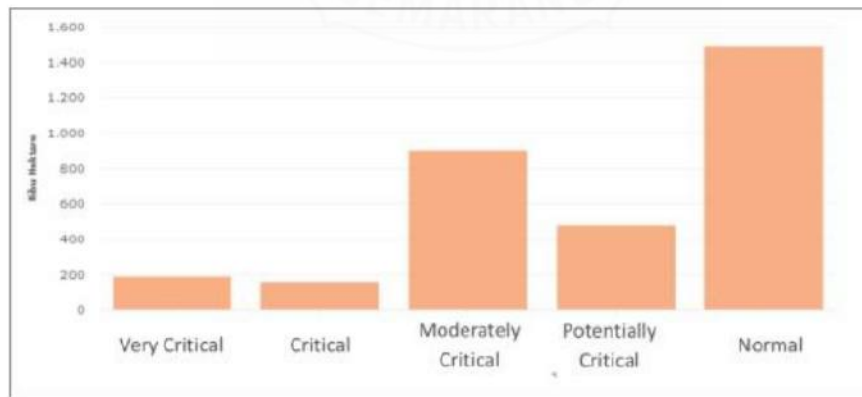


Figure 1. Land Area in Central Java by Condition (2020)  
 Source: (BPS, 2021, cited from katadata.id, 2022)

The above conditions caused a long multiplier effect, namely in the decrease in quantity as well as inefficient production, which resulted in forcing land productivity, disorganized business management, decreased production quantity, and crop yields, which in the end will threaten national food security (Bantacut, 2014; Benu et al., 2013; Mechiche-Alami et al., 2021; Mulyani et al., 2011; Rondhi et al., 2018). This condition is exacerbated by farmers' difficulty marketing the commodities produced.

Facing this situation, nationally, the government, through the National Development and Planning Agency (BAPPENAS), has looked at the concept of waqf (Islamic endowment), which will be applied to rice fields. It is chosen because the government's efforts to protect agricultural land through positive law have yet to be able to reduce the rate of land conversion or at least maintain the integrity of the rice fields so that they are not converted. Beyond that, this new concept is expected to answer two problems: improving the food security system and managing natural resources and agricultural land (Antaraneews.com, 2021; Kontan.co, 2021; kontan, 2021). Using the waqf concept is hoped to become a win-win solution for all parties to reduce the conversion of paddy fields. After being converted to waqf assets, paddy fields have legally binding and religious consequences where the land may not be sold or donated, used as collateral, or neglected. On the contrary, the land must be maintained productively, sustainability strived for, and the benefits of its management given to the general public (Iman et al., 2022).

In line with that, the government of Central Java has also begun to develop a productive waqf scheme in the economic, education, health, agriculture, animal husbandry, and cattle fattening sectors to advance the regional economy. According to the news portal [www.jatengprov.go.id](http://www.jatengprov.go.id), the deputy governor of Central Java, Taj Yasin, is encouraging efforts to develop productive waqf, given the enormous potential of waqf in Central Java. As a realization, an institution, namely *Yatim Mandiri*, is utilizing the potential of one Hectare of waqf land for agribusiness that integrates agriculture and animal husbandry (Jatengprov.go.id, 2020).

In the agricultural sector, the initiation of waqf instruments as a solution to the main agricultural problems has been extensively researched and applied. In terms of providing cheap financing for unbankable farmers, (Ahmad, 2018; Azizan et al., 2021; Khan et al., 2021; Majid, 2021; Moh'd et al., 2017; Olaniyi et al., 2014) have proposed several sustainable farmer financing models that are integrated with Financial Technology (FinTech), Crowdfunding platforms, and Islamic microfinance institutions and waqf instruments. In the case of optimizing waqf land for the agricultural sector (Azizan et al., 2021; Majid, 2021; Shafiai et al., 2015), the three of them collaborated on the role of Nazhir (waqf asset manager) with the anchor company which acts as a vehicle to generate profits from land donated agriculture.

This study fills the gap in prior research, which was still limited to a conceptual model, by conducting an in-depth analysis strengthened by in-depth interviews with relevant stakeholders. This research aims to design a waqf model as a strategic solution to the problem of sustainability of rice fields, which threatens farmers' welfare, sustainable agricultural productivity, and food security in Central Java in the future. This research also attempts to integrate the proposed model with the ongoing Rice Market Center (RMC) program so that maintaining the integrity of paddy fields continues to absorb farmers' crops and efforts to control inflation.

**RESEARCH METHODS**

This research uses a type of qualitative research. It adopts a library/documentary research approach, namely employing documents to examine historical and contemporary writings, with sources ranging from personal archives to online documents, including journals, official reports from the authority, relevant books, records, and print media (McCulloch, 2004, p. ii). To strengthen the analysis to be more valid and robust by taking into account the theoretical and practical aspects from a comprehensive point of view, the researchers conducted in-depth interviews with experts involved, concerned, and have the capability to answer the problem formulation consisting of regulators, practitioners, and academics at waqf and agriculture.

**Data Type, Collection, and Analysis**

This study uses primary data and secondary data. The primary data in this study comes from in-depth interviews with experts/respondents. To obtain rich, relevant, and holistic data information, the authors selected respondents from regulators, practitioners, farmers' associations, and academics. Regarding sectoral slices, the authors are looking for experts who have expertise from the scientific side for agriculture and its mechanisms, waqf and social, financial instruments, agricultural financing, and experts in Islamic law and financing product development.

In addition, as this case study focuses on the Central Java region, the authors chose academics who lectured at the University of Central Java as the expert respondents. Therefore, the author could dig up detailed information based on these considerations to answer the research problem. Interviews with all respondents were conducted for about two months in 2023 (January–March). The interview duration for each expert respondent was at least 30 minutes to obtain the information needed according to the area of expertise.

Table 1. List of Experts in In-depth Interviews

No	Respondent Code	Institution/Expertise
1	AR	Head of Sharia Compliance & Assurance PT Bank Muamalat Indonesia, Head of Sharia Research CIMB Niaga Syariah, X- Shariah Advisor Asy-Syirkah Indonesia.
2	ISB	Head of the BWI Center for Digital Studies and Transformation, Lecturer in the Dept. Islamic Economics, IPB University.

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|---|-----|--|
| 3 | ITS | BWI Deputy Chairman I of BWI, Sharia Business Practitioner, Lecturer at several Universities, Islamic Economics and Finance Specialist.  |
| 4 | F   | Professor of Dept. Economics Faculty of Economics and Management, IPB University, Researcher of IPB's Center for Tropical Horticultural Studies (PKHT IPB), WTO Expert Team for Agriculture. |
| 5 | PBS | Professor of Economics and Development Studies, Department of Economics and Development Studies, FEB Diponegoro University.  |
| 6 | HT  | Head of Nazhir Empowerment & BWI Management Division, Deputy Director of the Graduate School of Ibn Khaldun University, Bogor.   |
| 7 | BM  | Chairman of the Productive Waqf Forum.   |
| 8 | GSM | Chairman of the Association of Indonesian Farmers & Fishermen (Intani), Secretary of the Waqf Institute of the Indonesian Ulema Council (MUI).   |

This study also uses secondary data from reputable international and national journal articles, official documents from the Ministry of Agriculture and the Indonesian Waqf Board, official statistical news, books, reports, and other legal rules/regulations issued by relevant stakeholders. All data collected were then analyzed with thematic analysis concerned with the topic that solved the research question. Thematic analysis is a popular method for analyzing qualitative data sets from various disciplines or fields. It is designed to develop a pattern of meaning in a theme/topic of discussion derived from a set of data obtained. This method is very flexible, easy to use, and can answer research questions that intersect several fields of science (Braun & Clarke, 2022). In this case, the author also reviews related data regarding the development of waqf and agriculture in the Central Java region, which is used as the object of a case study.

## RESULTS AND DISCUSSION

### Waqf of Raw Paddy Fields: Concepts and Strategies for Sustainability of Agricultural Production

Waqf plays a strategic role as an alternative to low-cost financing for many socio-economic sectors, including the agricultural sector. As a sector characterized by high risk, the agricultural sector requires certain patterns and financing schemes that can facilitate agricultural characteristics.

*"Therefore, the source of financing originating from waqf funds is an ideal choice considering that waqf funds have a long duration (or even evergreen due to their perpetual nature). In addition, the waqf fund does not have a cost of fund target because the main parameter of it is the benefit compared to the margin"* Statement of Respondents expert with ITS code.

*"Cash waqf can be used as a means of financing for the procurement of agricultural land (which is the baseline of the agricultural sector). This base is managed by*

Nazhir but is used by farmers to work on it" Statement of the expert respondent with BM code.

"Waqf fund can be an alternative solution (currently) to address the problems of unbankable farmers. So, if the farmers are bankable, we will support them using banking because there are many facilities. So, those who are not bankable can use waqf as an alternative" Statement of Expert Respondent with a GSM code.

In more detail, waqf on the agricultural land-based property, which is feasible to be used as rice fields or fields/gardens, is very potential to be implemented. By utilizing waqf in agricultural land-based property for rice fields and gardens which are prone to conversion by farmers (mainly due to economic motives), can be acquired and then donated as endowments with professional management. With a land waqf scheme, the principal production capital in rice fields can be maintained for a long time (long term) for two reasons. First, the paddy fields cannot be sold/granted and must be preserved. Second, the nature of the land that is not depreciated even has a value that tends to increase.

"If the rice fields are donated, they will remain as capital forever. There is no risk. If the land is not damaged, it differs from agricultural tools which will be damaged at any time" Statement of Expert Respondent with HT code.

#### **Strategy For Designing a Paddy Fields Based on Waqf Land**

By considering the existing potential and reality, efforts to create paddy fields can generally be carried out with the following alternative strategies (Majid, 2022a, 2022b).

##### *Optimization of waqf land for agriculture*

This strategy was pursued by optimizing waqf land, which, based on the waqf pledge deed, had been marked for the agricultural sector for planting media (rice fields), rice mills, or harvest storage warehouses. It has the potential to be carried out considering that the majority of the total waqf land in Indonesia is still unemployed. Based on BWI data, it is known that in 2017 there were 420 thousand hectares (90%) of waqf land with idle status. This idle waqf land asset is estimated to have a value of more than IDR 2,100 trillion, assuming the land price per square meter is at least IDR 500,000. Moreover, most of the waqf land is located in urban areas where the land value will increase yearly (Akurat.co, 2017; Mitrawakaf.or.id, 2017; Okezone.com, 2017). Shabbir (2018), In his research, found that the use of waqf land for agriculture is one of the four main priorities for optimizing idle waqf land. In this case, waqf lands located in rural areas have the potential to be used as farming facilities.

##### *Reviving the usage of waqf land for agricultural purposes*

This method is used to re-productive waqf idle land by revitalizing its use in the productive sector (including agriculture) based on nazhir calculations (waqf asset managers).in their research, Azizan et al., (2021)stated that waqf land in remote areas, which are generally unemployed, is appropriate and suitable for use by revitalizing land conditions to be productive in the agricultural sector. Besides that,

seeing that there is a critical need for demand for raw food materials (rice) during limited supply, to realize this, waqf land (which was idle) can be considered as agricultural facilities (Azizan et al., 2021).

#### *Acquisition of Paddy Fields to be Waqf Asset*

This strategy is pursued by acquiring/purchasing certain paddy fields susceptible to conversion and then donating them as endowments. Yuwono stated that there are four methods of creating perpetual agricultural land with the concept of waqf (Yuwono, 2016).

#### *First Model*

Individuals or institutions with sufficient capital and concern for food production buy adequate land for rice fields and then endow it as waqf asset managers (nazhir) who are registered and operate officially and legally under the supervision of BWI. Furthermore, Nazhir manages this paddy field for food production.

#### *Second Model*

Individuals or institutions, both private and regional/village governments, purchase land owned by farmers or groups of farmers who are productive but prone to conversion, then endow the land to Nazhir. In this way, farmers can still carry out their food farming business without being tempted to sell their land (which they manage because it has been donated) to third parties for purposes other than food production.

#### *Third Model*

A group of people jointly (crowdfunding) buys a piece of paddy land, donates it, and manages it for Nazhir.

#### *Forth Model*

The government or the state carries out this model by endowing idle or unproductive land for food and agricultural production.

The four models above involve the role of relevant stakeholders, especially local governments, by including the participation of the general public, especially those concerned about food production's sustainability in the future. With the food land (rice field) waqf model, it is hoped that the protection of farmers and their agricultural land will be far more effective because there is a spiritual dimension, not just legal-formal matters (Yuwono, 2016). It is because based on these two dimensions, the consequence as stipulated in (UU No. 41 Tahun 2004, 2004) is that agricultural land cannot be used as collateral, confiscated, sold, donated, inherited, exchanged, or transferred in other forms of transfer of rights and must always maintain primarily for production sustainability (sustainability-oriented) and the results of the waqf land management are fully utilized for the welfare of farmers and the public interest.



The benefits that can be obtained with this waqf model of food land (rice fields) are the maintenance of waqf assets and the guarantee of the sustainability of agricultural land.

*“There are two direct benefits at the same time related to agricultural land waqf. First, waqf assets are maintained because they are already in the form of rice fields. Secondly, the sustainability of agricultural land (which is eternal) can be pursued,”* statement Respondent AR.

*“This is a great idea and was discussed about 15 years ago. The next challenge with this waqf concept is how to manage it optimally,”* said Respondent F.

### **Institutional Engineering of Waqf Raw Paddy Land Management**

The next challenge in the management of paddy field waqf is land management so that it is optimal and sustainable to empower and strengthen the position of farmers. Good management can even solve social problems and also provide an economic impact on related stakeholders. The process of producing food on waqf paddy fields is, at the same time, being able to solve other crucial farmer problems, namely in terms of limited access to finance and the absorption of crops at competitive prices.

The framework for the development and management of waqf land, according to Shafiai et al. (2015), starts from the planning stage, then the mapping of cooperation contracts/contracts, followed by agreements with certain institutions/agencies concerned with the agricultural sector. Furthermore, implementation involves related parties and is complemented by project evaluation involving all stakeholders, especially the government.

Implementing the above projects needs to be commanded and coordinated by professionals with capacity in land development and business expansion in the agribusiness sector. Azizan et al. (2021) stated that cooperation in managing waqf-based agricultural land could be carried out by involving a catalytic institution that deals with planning, technical implementation, and program evaluation called the Anchor Company (AC). The AC itself can be a Government-Linked Company (GLC) such as a State-Owned Enterprise (known as BUMN) or a Regional-Owned Enterprise (known as BUMD), a cooperative, or a small and medium enterprise (SME).

This institutional engineering is in line with what one of the expert respondents emphasized.

*“If the risk is high and cannot be transferred, models such as institutional engineering can be made when the risk is assessed as high. This can be realized by forming farmer groups to apply the joint responsibility scheme. The role of the guarantor (off-taker) is to ensure that the purchase of crops also needs to be carried out”* ITS statement.

In the implementation in the field, AC will perform a series of roles as follows (Azizan et al., 2021).

- 1) AC acts as the central actor in the financing ecosystem, namely as a leader and manager of waqf land.
- 2) AC guarantees the certainty of absorption of the products of farmers who work on waqf paddy fields. In this case, the AC will work with the village government and other parties in the ecosystem to appoint off-takers for commodities produced by farmers.
- 3) AC and Nazhir guide farmers and farmer groups, starting from pre, implementation, and post-production, as well as technology adoption for marketing.
- 4) In developing waqf paddy fields, if necessary, AC will facilitate the provision of the necessary agricultural infrastructure. In this case, AC will collaborate with the Ministry of Agriculture, Ministry of Trade, Ministry of Cooperatives and SMEs, and Bank Indonesia.

Based on the consideration of AC's crucial role above, AC will be appointed by nazhir based on reputation, financial performance, business plan, or proposal to develop waqf land for crop yield improvement and agribusiness projects (Azizan et al., 2021).

Therefore it is essential to run an institutional engineering model in the agricultural value chain to provide holistic benefits for farmers, not only in terms of ease of access to financing but up to the stage of increasing the added value of commodities and absorption of agricultural products.

*"In this case, the Central Java Province Regional Government can work with institutions dealing with waqf to support food security. For example, agricultural experts are needed for the land and supporting equipment, and agricultural facilities and infrastructure can be developed using the waqf model"* PBS statement.

*"Prices in the market are quite hefty, and farmers get a hefty margin. Today's demand for domestic rice production is still greater; no matter how bad, the market will absorb rice. Waqf is concerned with the ecosystem/supply chain. Ensuring that rice is delivered to the market, waqf must enter here"* ISB statement.

On this basis, through institutional engineering, production from upstream to downstream can be carried out in a directed and structured manner. Each party involved has been placed according to their role and position in a mutually reciprocal institution.

#### **Integration of the Rice Field Business Model with the Central Java's Rice Market Center**

The following is a proposed business model for waqf management of paddy fields proposed by the author. This model is integrated with the Rice Market Center (RMC), which is one of the inflation control programs launched in collaboration between Bank Indonesia (BI) Central Java and the Regional Inflation Control Team (TPID). RMC is a means to reconcile supply and demand for rice commodities to

maintain grain and rice price stability, both at the producer and consumer levels(Humas Jateng, 2018; Widiari, 2018).

In its operations, RMC can work with Bulog to absorb rice grain during the main harvest and then store it to secure Central Java's rice supply needs during the famine(Humas Jateng, 2018). Additionally, RMC can perform its duties up to the business strategy, which includes producing rice in partnership with mills and locally held businesses and meeting ongoing consumer demand through civil servants and contemporary marketplaces. Accordingly, the existence of RMC could shorten the lengthy distribution chain, offer market assurances to farmers and millers, and verify the accuracy of stock and supply data in governmental decision-making(Humas Jateng, 2018; Widiari, 2018). Further, the RMC can assist in reducing inflation in Central Java, particularly regarding agricultural commodities and other volatile food prices(Humas Jateng, 2018; Nugroho, 2019).

The following is the flow of the scheme in the business model proposed by the author. First Step. Nazhir appointed AC as the executor of the project. According toAzizan et al. (2021), AC can be played by several parties. If the designated AC is GLC, then it can be a regional owned-enterprises that focuses on agriculture, plantations, and or agribusiness. In this case, the AC can also be an SME in the form of a rice mill business appointed by the Central Java government, as contained in the RMC business model. AC cooperates with Nazhir. The contract that can be used can be a leasing contract on waqf land (*ijarah*) or a partnership contract such as *muzara'ah*<sup>1</sup>, *mukhabarah*<sup>2</sup>, or *musaqah*<sup>3</sup>, depending on the agreement (AAOIFI, 2017; DSN-MUI, 2014; Obaidullah, 2015).

Second Step. AC is in charge of managing and developing paddy fields. In this case, AC will cooperate with smallholders and or farm laborers to plant rice on waqf paddy fields that have been collaborated with the Nazhir. To maintain the bargaining power of farmers and to improve the welfare of farmers, transactions between AC and farmers are carried out through farmer cooperatives (as a forum for farmers).

Third Step. In this case, the AC can carry out the *Salam* contract scheme with farmer cooperatives. Using this *Salam* contract makes it easier for farmers to market their crops. It is because they have been purchased directly at the beginning with full payment in advance (advance payment). At the same time, the commodities will be handed over to the farmer cooperative at a predetermined time. The prices are

<sup>1</sup>*Muzara'ah* is a production-sharing-based partnership contract where one party provides land and seeds, and the other party is in charge of planting and maintaining plant objects where the harvest is shared according to the agreement.

<sup>2</sup>In *Mukhabarah*, plant seeds come from cultivators of the land and agricultural produce is divided between the land owner and cultivators according to a ratio.

<sup>3</sup>*Musaqah* is a partnership in plant maintenance, where one party hands over plants/trees that can produce fruits or vegetables, and the other party is in charge of maintaining them, and the results are shared according to the agreement.

competitive based on price predictions that do not weaken the farmers' position. Therefore, in this case, the role of the RMC is needed to maintain price stability.

Fourth Step. The roles of universities and agricultural services are presented to strengthen the institutional position's role. In this case, the campus can assist in terms of assistance by students from the faculties of agriculture, food technology, fisheries, forestry, and economics, as well as a means of research and community service (4a). In this case, the Department or Ministry of Agriculture supports providing production facilities such as fertilizer subsidies, seeds, and other agricultural equipment (4b). As a reward, this waqf paddy field can become a joint research facility among related stakeholders.

Fifth Step. After absorbing the harvest from the farmer's cooperative in charge of the farmers, the AC (BUMD or milling cooperative/SMEs) can process unhulled rice into the rice, which is then packaged and given a trademark. Furthermore, AC will sell the rice to a distribution channel facilitated by the Government of Central Java through the RMC. In this case, the products produced can also be distributed to the State Civil Apparatus, modern markets, or Islamic boarding schools in Central Java.

Sixth Step. The proceeds from the sale of rice (after deducting all expenses (net profit), are then distributed to nazhir (X%), AC (Y%), and beneficiaries of waqf (Z%). In this case, Waqf beneficiaries can be poor farmers or farmers who do not own land. In addition, AC can also channel its Corporate Social Responsibility (CSR) to beneficiaries of waqf/beneficiaries (*mauquf 'alaihi*).

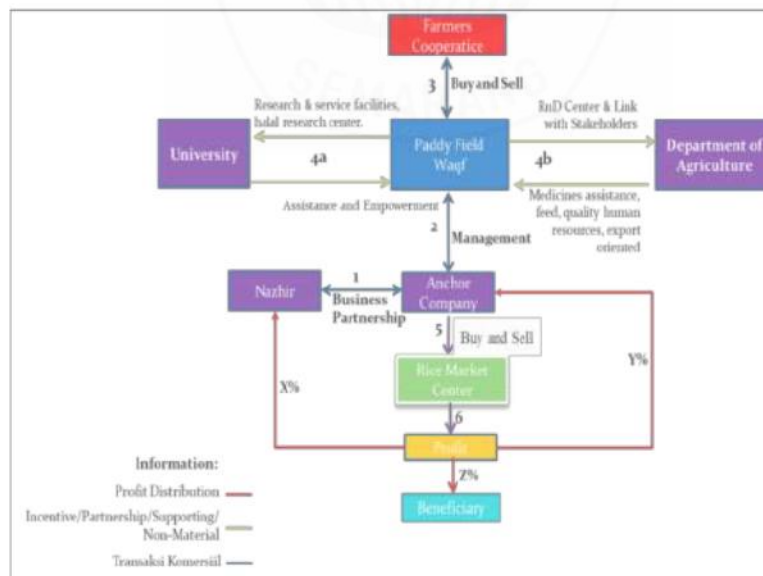


Figure 3. Integration of the Waqf Business Model with the Rice Market Center  
 Source: Developed by Author (2023) from (Azizan et al., 2021; Majid, 2021, 2022a) and the results of In-depth-Interview

Thus, with the above business model, farmers as the main actors benefit because they receive comprehensive benefits, including the following.

- 1) Smallholders, farmers who do not own land, or farm laborers can farm on standard paddy fields that have been donated. It can open up jobs and a source of income for farmers;
- 2) Farmers are absorbed by their harvests because they are directly purchased at the beginning at competitive prices even though production has not yet been carried out;
- 3) Poor farmers get results from waqf benefits from nazhir and CSR from AC.

### CONCLUSION

This study aims to design a waqf business model for paddy fields integrated with RMC as an alternative to solving the problem of agricultural land sustainability due to conversion in Central Java province as Indonesia's most prominent rice production center. Waqf paddy fields that are already available can be optimized through cooperation by nazhir by involving the role of the AC, which can be a regional-owned enterprise at the province level, Cooperative, or SMEs concerned with agricultural products.

In the model implementation, AC acts as the manager and off-taker because it will initially buy the farmers' crops with an advance payment scheme (*Salam* contract). Furthermore, AC processes grain into packaged rice products sold through the RMC network to civil servants, modern markets, Islamic boarding schools, and other parties. The sales proceeds are distributed to AC, Nazhir, and farmers who benefit from the waqf surplus and CSR from AC. In the end, waqf of paddy fields can be an alternative in helping to realize sustainable food supply and security and the welfare of farmers in Central Java province, as stated in the 2019-2024 Ministry of Agriculture roadmap.

This research is limited to cases of land conversion in Central Java. Even so, the majority of agricultural land in Indonesia is undergoing conversion so that other regions can also adopt this model. The author strongly recommends that future studies can test this model empirically, such as by adding simulations or by directly conducting action research.

### Policy Recommendations

In particular, the author recommends that the Central Java provincial government carry out a pilot project to implement the Waqf of Raw Paddy Land. In its realization, the role of the following stakeholders is indispensable.

#### *Central Java Regional Government*

The Governor/Deputy Governor can assign Central Java's regional inflation control team (TPID) to appoint a village-owned enterprise (BUMD), which can act as an AC. However, if the agreed AC is SMEs in the agricultural sector, coordination with the Central Java Agriculture and Trade Service is required.

#### *BAPPEDA Central Java*

Coordinating and conducting initial studies with the Department of Agriculture regarding the potential and mapping of productive rice fields vulnerable to conversion.

#### *Central Java Agriculture Service*

Coordinating with AC, BWI, and Nazhir in the context of providing subsidies in the form of seeds, seedlings, fertilizers, and agricultural production inputs in the framework of financing farmers. Especially for assisting farmer groups, it can be considered to use a waqf scheme so that the (fixed) agricultural assets will continue to be maintained and maintained because they have become waqf assets that must continue to be productive for the common good.

#### *Central Java Indonesian Waqf Agency (BWI) and Related Nazhir*

The need for regulations regarding the optimization of unproductive waqf land, especially those that have been pledged to produce agricultural food crops (rice). BWI can also work with related regulators such as the Ministry of Religious Affairs, the Ministry of Agriculture, and the National Planning and Development Agency (BAPPENAS) to protect existing productive rice fields by acquiring and donating them the ownership of the fields becomes eternal.

#### *Bank Indonesia representative of Central Java*

Coordinating with the agriculture service and the Central Java regional government, BWI, the Regional Ministry of Religion, and also Bappeda in the framework of assessing and mapping fertile rice fields that are vulnerable to conversion in Central Java which is then followed by the implementation of a pilot project for waqf of raw rice fields. BI representatives of Central Java and local governments can also act as coordinators in implementing and evaluating this pilot project.

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