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Cross–Sector Collaboration and Innovation in Cash Waqf Linked Sukuk in Indonesia

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ABSTRACT

This paper examines the role of cross-sector collaboration and innovation in the implementation of Cash Waqf Linked Sukuk (CWLS) in Indonesia. The study explores how CWLS, as a modern Islamic financial instrument, effectively mobilizes cash waqf and contributes to social and economic development. Utilizing a qualitative research methodology, the paper analyses data from various sources, highlighting the impact of collaborative efforts among government agencies, financial institutions, and community organizations. The findings demonstrate significant advancements in financial inclusion, poverty alleviation, and sustainable development. Recommendations for policy enhancements and future research directions are provided

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A. BACKGROUND

Cash Waqf Linked Sukuk (CWLS) represents a growing trend in Islamic finance, although the concept of waqf itself is well-established within Muslim communities. Waqf serves as an essential tool for devotion to Allah SWT, with applications across social, economic, educational, cultural, and other areas. Socially, waqf is an Islamic philanthropic practice that fosters lasting positive relationships among people and offers continuous charitable benefits (*jariyah*) to both the waqif (donor) and beneficiaries. A distinctive feature of waqf is its inherent perpetuity, allowing it to retain multifunctionality across various sectors (Achmad, 2010).

Studies by Haneef et al. (2014) highlight that integrating *awqaf* with Islamic microfinance can alleviate poverty in Organization of Islamic Cooperation (OIC) countries. Research conducted in Bangladesh demonstrates that the Islamic Microfinance Integration Model (IWIM) effectively reduces poverty in that country (Sukmana, 2020). Additionally, Mehmet Bulut and Cem Korkut (2017) assert that cash waqf, as an Islamic social finance institution, supports economic systems contributing to the development of civilization (Alper & Canan, 2009). Waqf has historically funded, organized, and maintained essential services critical to societal advancement (Bulut & Kurkout, 2017).

In the agricultural sector, researchers such as Yusuff Jelili Amuda, Nor Azizan Che Embi, and Oladapo H. Babatunde (2014) have explored the commercialization of cash waqf in Malaysia and Nigeria (Hamza, 2017) as part of Islamic teachings that encourage Muslim involvement in agriculture and other halal industries that can open doors to sustenance. Monzer Kahf and A.N. Mohamed (2017) discuss “Cash Waqf: An innovative instrument of personal finance in Islamic banking,” noting that Islamic banking practices provide alternatives to interest-based loans, which conflict with Islamic principles. The discussion of cash waqf within Islamic banking reflects a broader need for innovative financial solutions that adhere to Sharia principles and support lawful, profitable business ventures.

Despite the significant potential of waqf, its implementation faces numerous challenges. Public understanding of waqf remains largely traditional, focusing on immovable assets like land. This narrow perspective needs to be broadened through intensive literacy efforts to show that waqf can also involve portions of income dedicated to charitable purposes over time. Institutional cash waqf has seen some development, but individual cash waqf has not yet reached its full potential. Mobilizing individual contributions, particularly among millennials, requires the introduction of attractive investment instruments that cater to smaller amounts and foster a culture of giving.

There is also a prevailing notion that waqf funds should be restricted to religious uses, such as building mosques, madrasas, or cemeteries. Shifting this mindset is crucial to leveraging waqf for broader economic purposes, such as through the National Cash Waqf Movement (GNWT), which seeks to involve all communities in a more inclusive approach. Issues regarding the non-tradability of waqf assets and the reluctance of banking institutions to accept waqf land as collateral further complicate the situation (Mulyani, 2022). These challenges reveal a paradox where the potential of waqf remains untapped due to lingering traditional perceptions. However, the perception of waqf is gradually shifting. The integration of cash waqf into productive investments via instruments linked to sukuk, known as Cash Waqf Linked Sukuk (CWLS), marks a significant innovation. The National Waqf Agency (BWI) and the Ministry of Finance have pioneered the CWLS model, introducing State Sharia Securities (SBSN), specifically the Sukuk Waqf Indonesia (SWI) in 2020, to address budget constraints and accelerate the collection of waqf funds. CWLS aims to optimize cash waqf through sharia securities, benefiting public welfare and diversifying investment instruments in the Islamic financial market (Ismal, n.d.).

The development of Cash Waqf Linked Sukuk (CWLS) as both a social and commercial Islamic finance instrument can significantly influence various sectors, particularly through cross-institutional collaborations. Islamic banks, for instance, are encouraged to embrace technological advancements to facilitate digital payments of zakat and waqf. To date, several Islamic financial institutions, such as PT BNI Syariah, have partnered with the National Amil Zakat Agency (BAZNAS) to streamline the collection of zakat, infaq, shadaqah, and waqf (ZISWAF) via digital platforms. An example of such innovation is the TAP CASH BAZNAS CARD, an electronic money card introduced for eligible muzakki, enabling seamless ZISWAF payments.

The ZISWAF card is not only a technological innovation but also simplifies identity verification for customers, containing essential information such as the zakat payer's identification number (NPWZ). In 2019, the Tapcash BAZNAS card facilitated transactions amounting to IDR 25 billion, with a target to reach 100,000 cardholders. Through this card, BNI Syariah managed to collect IDR 101 billion in zakat funds in 2018. These funds were distributed through Yayasan Hasanah Titik, BNI Syariah's ZISWAF management partner, with IDR 41 billion coming from customer, corporate, and employee zakat contributions, and IDR 60 billion from community zakat funds via BNI Syariah's zakat institution partners. These combined zakat funds were allocated to education, health, humanitarian, economic, and da'wah initiatives.

In addition to Islamic Financial Institutions, official bodies such as the Indonesian Waqf Board (BWI), established by the government through legislation, play a crucial role. BWI acts not only as a regulator but also strives to enhance the utilization of waqf assets for broader social impacts. BWI's efforts include transforming waqf assets

into commercial assets to maximize their economic potential (Ditjen Pengelolaan Pembiayaan dan Risiko Kementerian Keuangan, 2022). BWI's mission involves ensuring that waqf assets are properly managed by nazhir (waqf managers) and that their benefits are distributed in accordance with applicable regulations. Additionally, BWI works to ensure that nazhirs meet adequate competency standards and fosters synergy between nazhirs (Badan Waqaf Indonesia, n.d.).

The Ministry of Religion, the Ministry of Finance, and other relevant ministries, alongside Nazhir organizations and community groups, all play significant roles in maximizing the potential of waqf funds for national development. This cross-sectoral collaboration is vital for formulating a comprehensive roadmap for optimizing waqf potential, strengthening the national economy, and achieving the Sustainable Development Goals (SDGs) (Badan Waqaf Indonesia, n.d.).

Research Objectives and Expected Outcomes:

This study aims to explore the potential, strategies, and contributions of cross-sectoral partnerships in optimizing waqf funds in Indonesia to support national development, strengthen the economy, and accelerate the achievement of SDGs. The research objectives are: (1) to analyze how effective Cash Waqf Linked Sukuk (CWLS) is in increasing the collection of cash waqf funds in Indonesia; (2) to evaluate the impact of cross-sectoral collaboration in the development and management of waqf funds, particularly in achieving sustainable development goals; (3) to assess the contribution of cash waqf in the economic, social, educational, and health sectors within Indonesia; (4) to formulate strategies for the government and the Indonesian Waqf Board (BWI) that encourage innovation and diversification of waqf instruments to support national development; (5) to develop a cash waqf fund management model adaptable to long-term investment needs, aiming to improve community welfare.

B. LITERATURE REVIEW

Cash Waqf Linked Sukuk (CWLS) as an Innovative Financial Instrument

The concept of “*waqf*” originates from the Arabic term “*waqafa - yaqifu - waqfan*,” which signifies pausing or stopping, similar to when one halts during the recitation of the Quran. In essence, *waqf* involves the endowment of assets, intended for continuous charitable purposes. These assets are retained in their original form,

ensuring that they cannot be sold, inherited, mortgaged, or donated, while their benefits remain perpetually dedicated to serving society (Achmad, 2010).

One of the liquid forms of “*waqf*” is cash “*waqf*”, which differs from traditional tangible assets like land or buildings. Cash “*waqf*” offers a more flexible and liquid means of investment, enabling contributions to various sectors such as socio-economic development in line with the principle of “*Sadaqah Jariyah*” (ongoing charity). Historically, the practice of cash “*waqf*” was introduced by Imam Al Zuhri (d. 124 H), who allowed the endowment of dinars for business purposes, with the generated profits allocated to beneficiaries. Over time, “*waqf*” has evolved into a productive source of funds for economic development. In Indonesia, the legal framework for cash “*waqf*” is established under Law No. 41 of 2004, which recognizes and regulates its practice.

According to BWI Regulation No. 1 of 2020, the management and development of “*waqf*” assets, particularly cash “*waqf*”, are emphasized to maximize economic benefits. This regulation, articulated in Articles 5 to 19, outlines that “*Nadzir*” (managers of “*waqf*” funds) must distinguish between temporary cash “*waqf*” instruments, such as Cash Waqf Linked Sukuk (CWLS), Kalisa, and Akbari, and permanent cash “*waqf*” (Tanjung, 2022).

The institution of “*waqf*” as an Islamic social financial instrument has undergone significant transformation and innovation, mirroring the broader changes in global financial markets, including the rise of FinTech and blockchain technology. The shift from traditional “*waqf*” management to modern financial institutions illustrates that “*waqf*” is no longer viewed merely as a religious obligation but as a crucial component of the global financial industry. Despite these changes, the core principles of “*waqf*”—care for all beings through cooperative efforts—remain intact.

Cash “*waqf*” has transitioned from being a simple charitable tool to a multifunctional financial instrument that contributes to achieving the Sustainable Development Goals (SDGs). This evolution reflects the broader role of “*waqf*” in supporting socio-economic projects that benefit individuals, communities, and society at large (Muhammad, n.d.; Sukmana, 2020). Through its application in providing microcredit, supporting local businesses, and enhancing social welfare, cash “*waqf*” continues to fulfill its role as an essential part of the Islamic financial sector (Hamza, 2017; Ascarya, Husman, et al., 2022).

Historically, the role and function of “*waqf*” have evolved in line with modern needs. While its initial forms were established during the Prophet Muhammad's era, the concept did not gain widespread practice until later. During the Ottoman period, cash “*waqf*” emerged as a vital economic tool, particularly in regions like the Balkans and Anatolia. In these areas, cash “*waqf*” institutions operated similarly to modern banks, providing credit to various sectors and stimulating local economies.

The ethical foundations of Islamic finance underpin the operation of cash “*waqf*”, ensuring that profits are reinvested for societal benefit rather than accumulating as interest. This alignment with Islamic financial principles not only preserves the integrity of “*waqf*” assets but also promotes sustainable economic growth and community resilience. The adaptability of cash “*waqf*” to contemporary financial needs further highlights its relevance in modern Islamic finance, contributing to broader socio-economic development goals and positioning cash “*waqf*” as a critical instrument for advancing equitable prosperity in Muslim communities globally.

Sukuk as a Sharia-Compliant Investment

“*Sukuk*” is a financial instrument rooted in Islamic finance, designed as an alternative to conventional bonds to meet the financial needs of Muslims who adhere to Sharia principles. Unlike traditional bonds, “*sukuk*” involves tangible assets in its investment structure, allowing for the distribution of profits in a manner consistent with Islamic law. “*Sukuk*” represents ownership in a portion of an investment, such as real estate or other properties, held in special purpose vehicles, enabling investors to earn returns permissible under Sharia (Alam et al., 2023).

Empirical studies indicate that “*sukuk*” is resilient to global risk factors and provides effective diversification and risk reduction, even during financial crises like the COVID-19 pandemic. This makes “*sukuk*” an asset for ethical investors and policymakers aiming to maintain a stable financial system (Alam et al., 2023; Billah et al., 2023). Since its introduction in 2008, “*sukuk*” has played a significant role in budget financing in Indonesia, with the value reaching IDR 565 trillion by November 2016. The issuance of “*sukuk*” is governed by the State Sharia Securities (SBSN) Law, which aligns with the goals of financing state budget deficits and supporting government development projects, thereby contributing positively to the Indonesian economy and the broader development of Islamic finance (Hariyanto, n.d.).

Cash Waqf Linked Sukuk (CWLS) as an Innovative Investment

Cash Waqf Linked Sukuk (CWLS) represents an innovative financial instrument that combines the principles of cash “*waqf*” with “*sukuk*” to fund social and economic empowerment projects. The returns from CWLS investments are managed by “*Nadzir*” and used to finance these projects, aligning financial goals with social objectives. CWLS is characterized by its foundation in cash “*waqf*”, its status as a

sovereign asset class, and its role as a benchmark for other “*waqf*” instruments and social investments (DPPR Ministry of Finance, 2022).

The Directorate General of Financing and Risk Management of the Ministry of Finance has outlined several objectives for CWLS development: facilitating easier cash “*waqf*” contributions through secure platforms, supporting the growth of the Islamic financial market, encouraging diversification in Islamic banking, promoting the development of the national “*waqf*” ecosystem, and fostering innovation in Islamic finance and social investment (DPPR, Ministry of Finance, 2022).

The potential of CWLS is increasingly attractive to both individual and institutional investors who seek to support “*waqf*” as a development financing source in Indonesia. The flexibility of CWLS as an Islamic economic instrument aligns with global financial industry developments, reinforcing its relevance in modern finance. The success of CWLS is evidenced by the issuance of multiple CWLS series through private placements and book-building, totaling IDR 178.15 billion in 2022 (DPPR Ministry of Finance, 2022; Anggraini, 2018; Musari, 2021, 2022a, 2022c, 2022b; Panda, 2018; Samir, 2019).

Trickle-Down Effect

The trickle-down effect suggests that when economic benefits are provided to the wealthy or businesses, these advantages will gradually benefit the wider population. However, the effectiveness of this theory remains unproven (Lester, 1980). Despite global initiatives aimed at reducing poverty and addressing climate change, the Millennium Development Goals (MDGs) failed in halving extreme poverty by the target year of 2015 (Bello, 2013). The persistent challenges of rising poverty and unemployment have driven governments to refine the Employment Development Index (EDI), a tool for assessing economic, educational, and health-related welfare (Todaro, 2003).

The BRICS nations—Brazil, Russia, India, China, and South Africa—emerged as a response to ongoing issues of poverty and environmental degradation, advocating for sustainable development as a pathway to global economic growth that avoids causing irreversible environmental harm (KIPRIZLI, 2022). Although the MDGs aimed to reduce extreme poverty, many regions still experienced high poverty rates. Policies such as anti-poverty measures, cash transfers, and rural credit programs had limited success, as demonstrated by Indonesia's poverty rate of 11.66% in 2012, with Papua recording the highest rate at 30.66% (BPS, 2014).

Cash *waqf* has the potential to elevate Muslim communities above the threshold of sustainable poverty and transform perceptions regarding the adaptability and significance of Islamic law in economic development. Historically, cash *waqf* has played a pivotal role in promoting welfare and development within Muslim societies

(Dumper, 1994). It is anticipated to become a vital instrument for the sustainable development of Muslim communities, shifting perspectives to recognize its importance as a tool for economic advancement.

Sustainable Development Goals (SDGs)

The concept of sustainability has been explored extensively in various studies and global initiatives. Notable publications include the World Conservation Strategy by IUCN, WWF, and UNEP (1980), followed by *Caring for the Earth* (1991). The term “sustainable development” gained widespread recognition through the Brundtland Commission in 1987, which defined it as the ability to meet present needs without compromising the ability of future generations to meet theirs. According to the International Union for Conservation of Nature (IUCN), sustainable development is about improving the quality of life while considering the earth's capacity to support these activities (Mostert, 1998).

From an Islamic perspective, God created the universe for humanity's benefit, with a directive for humans to conserve and utilize natural resources wisely. In this view, humans are regarded as stewards responsible for ensuring justice (*adl*) and sustainability (*tayebah*) in the management of resources. The Islamic economic model underscores the importance of communal equity, individual innovation (*ijtihad*), and maintaining checks and balances to prevent the concentration of economic power (Al-Jayyousi, 2012).

C. RESEARCH METHODOLOGY

This research employs a qualitative methodology, drawing on secondary data sources including textbooks, academic journals, newspapers, relevant websites, and other materials. The study begins with an exploration of the concept of sukuk, covering aspects such as the definition, classifications, types, and Shariah considerations related to sukuk. The findings reveal that sukuk securities are structured to comply with Shariah principles by distributing profits rather than interest and typically involve investments in tangible assets (Alam et al., 2023). The qualitative method emphasizes understanding worldviews and the subjective experiences of social actors, favoring descriptive data presented through processes, meanings, and insights articulated in written or documented form (Creswell, 1994).

This research relies on secondary data obtained from various sources, including Islamic banks, official websites such as those of BWI and LKS, press releases, journal publications, and explanations provided by relevant individuals, which were extracted from YouTube videos. The content from these videos was transcribed

using voice-to-text tools and subsequently refined using Chat GPT AI 4.0. The next step involves analyzing the data by systematically organizing and structuring it to effectively address the research questions.

D. RESEARCH FINDINGS

1. Effectiveness of Cash Waqf Linked Sukuk (CWLS)

The Cash Waqf Linked Sukuk (CWLS) has demonstrated considerable effectiveness in enhancing the collection of cash waqf in Indonesia. Data from the Badan Wakaf Indonesia (BWI) highlights that the accumulation of funds through CWLS has seen substantial growth. For instance, the issuance of the CWLS series SW001 in 2020 successfully garnered Rp 50 billion in a short period. This achievement is attributed to the streamlined waqf process facilitated by digital platforms managed by Islamic financial institutions such as BNI Syariah and Bank Muamalat. Moreover, the effectiveness of CWLS is reflected in the growing number of waqif (cash waqf donors).

In 2022, there was a twofold increase in the number of waqifs compared to the previous year, signaling a rise in public awareness and engagement in cash waqf. The data shows a significant uptick in the number of participants in the CWLS program. For example, during the issuance of CWLS Series SWR002, the number of waqifs reached 591, with 538 being first-time contributors. This surge in participation underscores the success of CWLS in mobilizing cash waqf. To date, the issuance of CWLS has collectively raised Rp 37.815 billion across various series, indicating a favorable reception from the public.

The effectiveness in fostering and expanding waqf potential is closely tied to the appeal of cash waqf as a financial tool. According to the Director of Sharia Financing at the Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance, the potential of cash waqf in Indonesia is of great interest due to its historical significance in supporting various development areas. The Waqf Index (2023) estimates that the potential for cash waqf could reach Rp 180 trillion annually.

Dwi Irianti Hadiningdyah (2023) further explains that the estimated potential of Rp 180 trillion is based on Indonesia's Muslim population, particularly those within the productive age group. Specifically, the potential cash waqf from civil servants could amount to Rp 6.5 trillion per year, reflecting the financial capacity of the productive Muslim demographic. The funds collected from the Muslim community can be strategically invested in sectors that are both productive and profitable. One innovative financial instrument that plays a significant role in this context is the

Cash Waqf Linked Sukuk (CWLS), an initiative developed by the creative minds at the DJPPR of the Ministry of Finance, aimed at simplifying the waqf process and optimizing waqf fund management by nazir, including individuals, institutions, or legal entities. Data from Badan Wakaf Indonesia in March 2022 revealed that the total cash waqf collected had reached Rp 1.4 trillion, an increase from the Rp 855 billion collected between 2018 and 2021. The table below outlines the positive trends in the progress of cash waqf collections.

Table 1. Dynamics of Cash Waqf Collection Progress

No	CWLS Series	Total Issuance	Number of Waqif	Order Amount
1	CWLS Series SWR001	Rp 1.491 billion	1,041 waqif	Rp 1.865 million per waqif
2	CWLS Series SWR002	Rp 2.414 billion	591 waqif (with 538 new waqif)	Rp 4.085 million per waqif
3	CWLS Series SW001	Rp 5.085 billion		
4	CWLS Series SWR003	Rp 3.825 billion	688 waqif (with 619 new waqif)	Rp 556 million per waqif
5	CWLS Series SW002	Rp 50 billion	Private placement with BWI and ITS	
6	CWLS Series SW003 and SW004	Rp 200 billion (each Rp 100 billion)		Rp 37.815 billion
Total		Rp 378.15 billion		

The table illustrates the progress in cash waqf collection across various CWLS series, highlighting the influence of each series on increasing Wakif participation. Notably, from CWLS Series SWR001 to Series SWR002, there was a marked rise in the number of Wakif, despite a higher average order amount per Wakif in CWLS Series SWR002. The data also emphasizes the significant participation of new Wakif, as seen in CWLS Series SWR003, where 619 out of 688 Wakif were first-time contributors. The substantial funds gathered from CWLS Series SW001 and SW002, with total issuances of Rp5.085 billion and Rp50 billion respectively, underscore the success of these series. CWLS Series SW003 and SW004 also demonstrated considerable issuances, each reaching Rp100 billion. The order amount per Wakif was highest in CWLS Series SWR002, averaging Rp4.085 million, indicating a higher individual contribution compared to other series. Overall, the total issuance of Rp378.15 billion reflects the significant potential of funds that can be leveraged for social initiatives and sustainable development.

In summary, the CWLS program has proven effective in mobilizing cash waqf collections and enhancing community participation. The increase in new Wakif and the substantial amounts collected are positive indicators for the future development of waqf instruments in Indonesia. With the active involvement of individual investors,

alongside institutional Wakif and supported by professional waqf management, the potential for further achievement is expected to grow. Moreover, the participation of millennials, who represent a large demographic group, even with smaller individual investments, will contribute to increased engagement and cash waqf collection. As noted by Dwi Irianti Hadiningdyah, Director of Sharia Financing, millennials can play a crucial role in raising awareness about waqf through content that motivates community participation, thus continually expanding the potential of cash waqf.

2. The Role of Cross-Sectoral Collaboration

Cross-sectoral collaboration is pivotal in the effective development and management of waqf funds to meet sustainable development goals (SDGs). The synergy between the Badan Wakaf Indonesia (BWI), the Ministry of Finance, Islamic financial institutions, and community organizations has significantly enhanced the management of waqf funds, broadening the impact of social initiatives financed through cash waqf. The CWLS program exemplifies this collaboration, with BWI, Bank Indonesia, and the Ministry of Finance working together to ensure waqf funds are allocated to projects that align with the SDGs, such as health and education infrastructure improvements. For instance, the CWLS-funded construction of RS Mata Achmad Wardi in Banten has markedly benefited the local community by enhancing access to quality and affordable healthcare services.

The successful issuance of the Cash Waqf Linked Sukuk (CWLS) series by the Indonesian government can be attributed to collaborative efforts across ministries and the involvement of numerous nazhir. Waryono Abdul Ghafur, the Director of Zakat and Waqf Empowerment at the Ministry of Religious Affairs, emphasized that such collaboration is crucial in minimizing data inconsistencies, particularly those arising from differing definitions. By fostering collaboration, the accuracy of program implementation can be improved, and harmonization of waqf-related terminology and data can be achieved, ensuring that existing strategies are effectively translated into actionable plans with specific tasks and measurable outcomes.

Furthermore, the development of human resources in the waqf sector is another key area strengthened through collaboration, particularly in recognizing competency through professional certification in partnership with the Ministry of Manpower and the National Professional Certification Agency (BNSP). Official recognition of nazhir roles within employment nomenclature is essential for enhancing their professionalism and competency. Through collaborative efforts, working groups can identify their specific roles, appoint leaders, and set achievement targets extending to 2029. Additionally, partnerships with nazhir are further reinforced, especially in the execution of social programs. Several nazhir partners have played a significant

role in the success of waqf programs in Indonesia, including those involved in the SWR003 Social Programs, as detailed in the table below.

Table 2. List of Nazhir Partners and Social Programs

Nazhir Partner	Social Programs
LAZISNU (Lembaga Amil Zakat, Infaq, dan Sedekah Nahdlatul Ulama)	1. Medical clinic services for the wider community 2. Pesantren to improve the quality of religious education. 3. Santri Scholarships to support their education. 4. Aid for the poor, including capital assistance for MSMEs.
LAZISMU (Lembaga Amil Zakat, Infaq, dan Sedekah Muhammadiyah)	1. Teacher Awards and Assistance to improve the quality of education. 2. Mentari Scholarships for outstanding students from underprivileged families. 3. Sang Surya Scholarships to support higher education for outstanding students. 4. Empowerment of MSMEs through capital assistance and training. 5. Indonesia Mobile Clinic to provide healthcare services in remote areas.
BNB (Bangun Nurani Bangsa)	1. Community Empowerment through Livestock for local farmers 2. Renovation of unfit Gubug Ngaji to become more comfortable and support religious learning and education.
Global Wakaf	1. MSME Capital Waqf, providing capital to MSMEs through waqf schemes. 2. Waqf Rice Barn as an icon of food security through waqf rice to support community food needs.
YPIA (Yayasan Pesantren Islam Al-Azhar)	Financial Assistance for Cattle Farmers in foster villages to increase production.
BMM (Baitulmaal Muamalat)	1. Undergraduate Scholarship Program for outstanding students 2. Sahabat UMKM Program, supporting MSME development through capital assistance and training.
DDR (Dompot Dhuafa Republika)	1. Free Medical Funding for underprivileged patients 2. Educational Cost Assistance for underprivileged students.
BWI (Badan Wakaf Indonesia)	1. Mobile Retina and Cataract Screening for the Banten community 2. Facilities and Infrastructure for RS Mata Ahmad Wardi.
DDII (Dewan Dakwah Islamiyah Indonesia)	1. Santri Scholarships to support religious education 2. Orphan and Underprivileged Scholarships to support their education.

Source: DJPPR (2022)

The table illustrates the collaborative efforts, and the critical roles played by various stakeholders in the success of the CWLS scheme. This includes contributions from entities such as LAZISNU, LAZISMU, Bangun Nurani Bangsa, Global Wakaf, YPIA, BMM, DDR, BWI, and DDII, which provide the necessary funds.

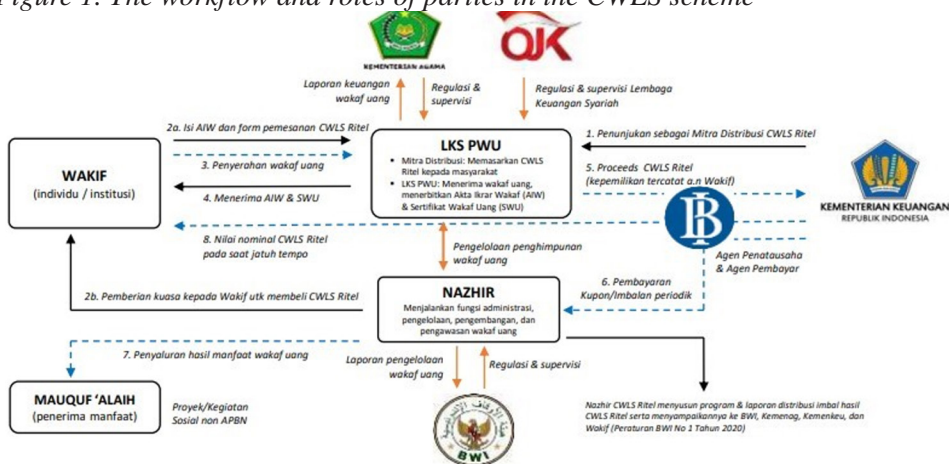
LKS PWU serves as the fund manager, while BWI acts as both the investor and fund administrator. The Ministry of Finance is responsible for issuing SBSN and ensuring that nazhir effectively allocates and executes social projects. These coordinated efforts are aimed at promoting sustainable development and enhancing the socio-economic well-being of the community.

The social programs supported by the CWLS initiative encompass a wide range of sectors, including education, healthcare, economic empowerment, and food security, reflecting the extensive impact of these initiatives in fostering social and economic welfare. The diverse programs backed by CWLS, through the collaboration with nazhir partners, highlight the substantial role of CWLS in advancing various initiatives designed to improve societal well-being. The breadth of these programs underscores the potential of CWLS in contributing to the achievement of sustainable development goals.

3. Roles of Parties in Cash Waqf Linked Sukuk (CWLS)

The parties involved in CWLS play mutually supportive roles for the scheme's success. Wakif provides funds, LKS PWU manages the collected funds, BWI acts as an investor and fund manager, the Ministry of Finance issues SBSN, and ensures that Nazhir distributes and implements social projects. Each party contributes to achieving the common goal of supporting sustainable development and improving the community's socio-economic welfare.

Figure 1. The workflow and roles of parties in the CWLS scheme



The diagram highlights the intricate workflow and collaborative roles within the Cash Waqf Linked Sukuk (CWLS) framework in Indonesia, showcasing the interconnected actions of various stakeholders. First, the process begins with Wakif, who contributes funds through filling out the Waqf Pledge Deed (AIW) and the CWLS Retail order form. This step grants Wakif the authority to purchase CWLS Retail upon its maturity. The primary outputs at this stage are the transfer of waqf funds and the issuance of the Waqf Money Certificate (SWU) along with AIW. Second, **LKS PWU (Islamic Financial Institutions Receiving Waqf Money)**. LKS PWU functions as the distribution partner, responsible for marketing the CWLS Retail to the public, receiving waqf money, and issuing AIW and SWU. The operations of LKS PWU are under the supervision of the Financial Services Authority (OJK) and the Ministry of Religious Affairs, which ensure that the institution adheres to Islamic financial principles and regulations. Third, **Nazhir**. The role of Nazhir is critical as they are entrusted with the collection, administration, management, development, and oversight of waqf funds. The effectiveness of Nazhir is ensured through supervision by the Indonesian Waqf Board (BWI) and the OJK. Additionally, the Ministry of Finance issues State Sharia Securities (SBSN) and ensures that Nazhir appropriately distributes the proceeds to the designated beneficiaries (mauquf 'alaih), ensuring the funds are managed and invested effectively in SBSN. Fourth, **Bank Indonesia (BI)**. It plays a pivotal role as the custodian and payment agent, ensuring the smooth transaction and settlement processes for the funds involved in the CWLS scheme. Fifth, **Beneficiaries (Mauquf 'Alaih)**. The ultimate beneficiaries of the CWLS scheme are the Mauquf 'Alaih, who utilize the proceeds from the waqf funds for various social projects that are not covered by the state budget. These projects typically focus on areas such as education, healthcare, and community development.

D. CONCLUSION AND RECOMMENDATIONS

Cash Waqf Linked Sukuk (CWLS) has demonstrated its effectiveness in significantly boosting the collection of cash waqf in Indonesia. The success of this initiative is largely attributed to cross-sectoral collaboration and innovative strategies implemented by the government and the Indonesian Waqf Board (BWI). The positive contributions of cash waqf in various sectors, including economic, social, educational, and health, have had a notable impact on the broader society. By adopting adaptive and sustainable models for managing cash waqf funds, CWLS continues to play a vital role in national development and enhancing community welfare.

RECOMMENDATIONS

Based on the conclusions drawn, several key recommendations can be proposed: (1). strengthen Partnerships: Enhance collaboration between the government, Islamic financial institutions, BWI, and community organizations to improve data accuracy and harmonize program implementation; (2). Innovation and Diversification: Promote the development and diversification of waqf instruments through digitalization to ensure ease of access and transparency. Consider introducing new waqf instruments such as waqf shares and waqf insurance; (3). Waqf Education and Literacy: Increase public awareness and understanding of waqf through social media campaigns and other platforms. Incorporate waqf education into school and university curricula to foster a deeper understanding from a young age; (4) Nazhir Competency Enhancement: Improve the skills and qualifications of nazhir through targeted training and certification programs. Establish transparent and accountable reporting systems to ensure that waqf funds are allocated according to their intended purposes; (5) Future Research: Conduct in-depth studies to assess the sectoral impacts of CWLS and evaluate the performance of nazhir. Identify the key factors that contribute to effective waqf fund management for further refinement and improvement

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