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**IMPLEMENTATION OF CASH WAQF LINK SUKUK (CWLS) IN THE
SUSTAINABLE DEVELOPMENT OF THE UMMAH ACCORDING TO THE
PERSPECTIVE OF CONTEMPORARY SCHOLARS**

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ABSTRACT :

Waqf plays two very important roles in Islamic history, namely economic and social. Providing innovation in developing waqf is Cash Waqf Linked Sukuk (CWLS) provides integration to the waqf funding itself by securitizing through State Sharia Securities (SBSN) or Sukuk. This research aims to know and understand the role of CWLS in economic, social and emphasizes the sustainable development of the ummah itself. The implementation of CWLS has been carried out and started to develop more sustainable development for the community to realize the importance of this productive waqf. The results of this study found that waqf has great urgency and significance in the sustainable development of the people. CWLS is an instrument in social finance and its implications in the economy. From this finding, it is suggested that when the country experiences high poverty, then CWLS is developed and manage waqf to provide benefits to the wider community and grow and actively contribute to the National economy to realize the welfare of the community and the sustainable development of the people.

Key words: *Cash Waqf linked Sukuk, Sustainable Development of the Ummah, Contemporary Scholars.*

INTRODUCTION

In recorded history, the golden era of Islam in the 8th to 15th centuries was very inseparable from the field of waqf which was an important element in the economy of the Ummah. From the large role of waqf is very helpful in the development of Islamic civilization. According to Mashall Goodwin Simms Hodgson, an expert in Islamic history who is very influential in America who argues through his book "The Venture of Islam: Conscience and History in a World Civilization" said that the success or failure of the economy in the Islamic world depends on the efficiency of waqf management.¹ Therefore, in the function of this waqf as a source that provides financing for the community, be it social services, education, health that have a goal for community welfare.

In this understanding, waqf is not only interpreted as limited to assets or immovable objects, but more broadly this movable object is called money waqf or cash waqf. In this cash waqf

¹ Puti Maulidia Maghfira, Hendri Tanjung, et.al, *Implementation Strategy for Cash Waqf Linked Sukuk Management in Supporting the Economic Development of the Ummah; Analytic Network Process (ANP) approach*, Al-Infaq; Journal of Islamic Economics, Vol.11, No.2,2020..205

has a flexible nature and has a varied amount so that if someone has limited funds, they can provide their waqf funds. This cash endowment has the benefit of being used in empowering waqf assets in the form of immovable objects that have not been managed productively. Then this cash waqf is usually called productive waqf because it produces various benefits that provide a source of endowment funds for financing the needs of the people.

The large Muslim population and the largest majority in Indonesia reaches 87%, so the potential to conduct waqf is very large. With the issuance of the Law. No.41 of 2004 on Waqf can provide an impetus to empower money waqf as an instrument in implementing development in the social economic life of Muslims. Waqf assets alone in Indonesia reach 414 million hectares, nominally amounting to Rp. 2,050 trillion is unproductive waqf. While in Indonesia itself waqf is not only land, but there is a good instrument to manage this land waqf by collaborating with cash waqf and sukuk which is currently called Cash Waqf Linked Sukuk (CWLS).² The existence of this collaboration instrument was initiated by Bank Indonesia, the Ministry of Finance, the Indonesian Waqf Board and Sharia Banks.³

In sukuk, this is an innovative product that provides encouragement and development in terms of the Islamic financial system in contemporary times. With this CWLS, it can optimize the assets of this waqf itself, where sukuk provides a role as mobility in this waqf also provides empowerment of land endowments which are currently unproductive.⁴ Over time, CWLS is currently very developed and indispensable with the current state of Indonesia. In addition to the current condition of the increasing poverty rate for 2021, CWLS can be a good alternative to help and increase social economic potential by overcoming the current poverty problem. Meanwhile, there is a graphic image of the poverty rate in Indonesia every year:

² Riska Delta Rahayu & Moh. Andre Agustianto, Analysis of Cash Wqf Linked Sukuk (CWLS) Implementation Perspective of Sharia Economic Principles". Management of Zakah and Waqf Journal (MAZAWA). Vol.1 No,2, March 2020. 10..146

³ <https://www.bwi.go.id/cash-waqf-linked-sukuk/>

⁴ Riska Delta Rahayu & Moh. Andre Agustianto, Analysis of Cash Wqf Linked Sukuk (CWLS) Implementation Perspective on Sharia Economic Principles".146



Source: Indonesia's Poverty Rate Rises, here is the data per province: Kompas.com

The graph above shows that the percentage of poor people in September 2020 gave an increase to 10.19%. In general, in the 2010-2020 period, the poverty rate in Indonesia has decreased, both in terms of number and percentage. Except in September 2010, March 2015, March 2020, and September 2020. This increase in poverty was triggered by an increase in the price of necessities which resulted from an increase in fuel prices, and in 2020 Indonesia experienced the Covid-19 pandemic that entered Indonesia.⁵

Therefore, the author has limited time, so this article only focuses on Cash Waqf Linked Sukuk (CWLS) with the existence of this sukuk is a financial instrument that has a relatively low risk issued by the government as an issuer. Similarly, the characteristics of cash endowments that have a flexible nature because they are long-term and have sustainable benefits.⁶

Previous Library Studies

According to previous research, cash waqf linked sukuk (CWLS) is a waqf that provides innovation in developing waqf and sukuk. And CWLK is a sharia debt or sukuk based on waqf money and the funds collected are invested in state sukuk. From the collaboration of this instrument, which is based on the Quran, Hadith and Ijmak from the scholars. Then this CWLS has been regulated in Fatwa DSN MUI No. 131 / DSN-MUI / X / 2019 concerning Sukuk Waqf.

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According to previous research, the sustainable development of the community can be done and completed with existing sources of funds in national development in the medium term.

⁵ <https://www.kompas.com/tren/read/2021/02/18/110300865/angka-kemiskinan-indonesia-naik-ini-data-per-provinsi?page=all>

⁶ Rizal Hendrawan, *Cash Waqf Link Sukuk for Sustainable Development*, Journal of Islamic and Community Studies. Vol 3 No.2, 2020..291

⁷ Ibid. 15

Then from the government itself can make waqf as an alternative as a source of funds. Because waqf itself provides a source of national development funds. And currently also its potential is still not optimally optimized. In Indonesia itself can see and emulate from several countries that have relatively preceded and succeeded in managing and running cash endowments, such as Saudi Arabia, Turkey, Kuwait, Singapore, Bangladesh, Jordan, Malaysia, and others.⁸

Previous research on cash endowments themselves according to classical and contemporary scholars allowed for these productive cash endowments, according to the Hanafi and Maliki Schools. With this ability, some scholars of the Shafii School allow it as mentioned in Al-Mawardi. Of these abilities, according to the MUI, nothing contradicts the definition of waqf and is formulated by the majority of scholars who refer to the hadiths on waqf.⁹

Methods

In this research is a type of research with a literature study that uses a qualitative approach.¹⁰ This research uses literature studies obtained from books, books, websites, journals, and previous research documents that have links to the problems to be studied by the author. Furthermore, the data obtained are analyzed by qualitative descriptive methods, namely with materials and materials to be studied and analyzed, then conclusions can be drawn so that studies relevant to this research theme are formed.¹¹

Result and Discussion

Seeing the potential that exists that this land endowment can be used for more useful purposes and has the aim of improving economic, social, education, and health. In this case it is very in accordance with Izzudin bin Abd As-Salam in the book *Qawa'id al-Ahkam fi Musalih al-Anam* according to him all sharia is a benefit, either by rejecting mafsadat or accepting maslahat. Furthermore, according to the rules of jurisprudence, namely "attaining benefit and rejecting mafsadat" and "the original law in muamalah that is permissible up to the proposition that shows its haram". So it can be concluded that the rules of jurisprudence Cash Waqf Linked Sukuk (CWLS) are permissible in Islam.¹²

⁸ Rizal Hendrawan, *Cash Waqf Link Sukuk for Sustainable Development*, Journal. 307

⁹ M. Anwar Nawawi, *Development of Cash Waqf as Empowerment of Ummah in Islamic View of Conventional and Contemporary Ulama*, Vol.1, No.1, June 2016.. 24

¹⁰ Asfi Manzilati, *Qualitative Methodology Paradigms, Methods and Applications*, (Malang:UB Press.2017).198

¹¹ Ajat Rukajat, *Qualitative Research Approach*, (Yogyakarta: Deepublish,2018).59

¹²Ibid. 10

In line with several existing issues regarding money endowments and their investment, there is Government Regulation Number 41 of 2004 concerning the implementation of the Waqf Law. Which pays special attention especially in endowments. Furthermore, it was added with Law No.19 of 2008 concerning Sharia Securities (SBSN) which participated in the existing instrument CWLS so that it has legality and can be accounted for. Referring to Fatwa DSN-MUI No.131/DSN-MUI/X/2019 concerning Sukuk Waqf makes the impetus for issuing CWLS based on sharia principles. It contains rules and regulations in the execution of transactions.

As well as provisions related to contracts, nazirs, to provisions related to sukuk mechanisms. In this way, it can encourage existing products in the Islamic financial market and provide objectives in optimizing waqf assets and sukuk returns in worship as well as general welfare. Then for now in Indonesia itself in waqf has been allowed there are no problems. Then with this CWLS, the government provides development and convenience for the public to invest in CWLS. As of this year there have been two CWLS issued in the form of Retail CWLS SW001 and SW002.¹³This form of government encourages the National Money Waqf Movement to help social development and the development of money endowments in Indonesia.

In this Cash Waqf Linked Sukuk there are advantages that can be known, namely, a) in money endowments there is placement in instruments and safe and free from risk, namely from state sukuk; b) have facilities for money wakif and used for productive activities; c) in all its funds will be repaid to the wakif when due; d) investment in sukuk waqf and its proceeds will be utilized in the form of new waqf assets and channeled into financing for social activities; e) The Indonesian Waqf Board provides tax exemptions so that these investment returns can be competitive; f) For prospective wakif who has a certain amount of waqf money can make proposals in social activities to be carried out and financed.¹⁴

To build an ecosystem in Islamic finance, it has a very positive influence, especially in socio-economic issues that need collaboration with various parties. There is a research study from Suhaimi et al., 2014 according to which the endowment fund scheme plays an important role in economic development in the community in Penang, Malaysia. From the waqf fund scheme it has a role in conducting facilities related to development in human resources, especially in the religious, social, welfare and economic fields.¹⁵ For Indonesia, in sustainable development from the results of the Waqf Literacy Index (ILW) Survey that in 2020 it received a score of 50.48 (Ministry of

¹³ Directorate General of Financing and Risk Management, Ministry of Finance of the Republic of Indonesia

¹⁴ Umu Karomah Yaumuddin, *Sukuk: An Alternative Investment Instrument, Sharia Investment*, (Yogyakarta: Kreasi Wacana).2018..9-10.

¹⁵ <https://www.bwi.go.id/5748/2020/12/09/cash-waqf-linked-sukuk-punya-peran-penting-dalam-pemerataan-kesejahteraan-ekonomi/>

Religious Affairs and BWI, 2020) in this score to provide public understanding of waqf is still low nationally. The waqf score is very low when compared to the zakat score of 66.78. The score is very visible that the potential of waqf funds is very large compared to zakat funds, because in waqf has a minimum requirement of the amount of assets and percentage in payments.

In improving CWLS in the development of this community by facilitating money endowments with these authorities and stakeholders. In this innovation, money waqf managers can collect money to Islamic Financial Institutions Receiving Money Waqf (LKSPWU). Then it is managed and placed into the state sukuk by being issued by the government through the Ministry of Finance. There are returns that will be received and managed by the nazir appointed by LKSPWU and approved by the Indonesian Waqf Board (BWI).

In CWLS there is an important role to manage money endowments, namely first, in distributing and equitable distribution of welfare and economy. Here there is poverty and economic inequality that have fundamental problems in Indonesia. The returns in the money waqf fund on state sukuk are to take advantage of the economic empowerment of the poor and run the development of micro, small or medium enterprises. Second, providing health services, public services, education and others. With CWLS Retail, it provides opportunities for individuals and institutions to work together in a sustainable manner.¹⁶

In the 2018 World Giving Index Report by the Charities Aid Foundation (CAF) explained that the State of Indonesia is the first ranked country with the most generous population with a score of 59%, it can be concluded that Indonesians are very fond of helping others or others. Third, conducting means to participate in the community, especially in supporting the financing of sustainable infrastructure development carried out by the State Budget. With the potential of this large cash endowment per year, in the potential to reduce sources of financing in development from abroad.

In the time of the Prophet SAW the policy in doing budgets was very simple and not as complicated as modern budgets. This is because social and economic circumstances have fundamentally changed. Then in a democratic country, in general there are several state budgets in general. The modern Islamic state has to go through absolute expenditure and the need to find a way and step it achieves be it rationalization of the tax structure or credit return from the banking system or abroad.

Then there is the current contemporary period where non-zakat instruments are carried out in the issuance of waqf. In waqf has been very developed and very following the times, and

¹⁶ <https://www.bwi.go.id/5748/2020/12/09/cash-waqf-linked-sukuk-punya-peran-penting-dalam-pemerataan-kesejahteraan-ekonomi/>

the types of waqf are very diverse. Such as, waqf based on its designation (Member endowment, Social Endowment or Community Good/Khairi Waqf, combined waqf/Mustarak waqf), waqf based on the type of property (money movable object endowment, movable object waqf other than money, immovable object waqf), waqf based on time limit (perpetual waqf / muabbad waqf, temporary waqf / muaqqat waqf), waqf based on the use of the object (direct waqf / waqfmubasyir/dzati, productive waqf/istismariy waqf)¹⁷

According to some contemporary scholars regarding cash endowments are very diverse as well as, like, KH. Didin Hafidhuddin who explained about productive waqf by giving in the form of a business or rolled out for the benefit and good of the people carried out in the form of money or securities. Then according to Prof. Dr. M.A. Manan who argued that cash waqf was popularized by him as an economist from Bangladesh who had the establishment of a Social Investment Bank (SIB), then according to him the bank has a function to manage waqf funds. By giving an opinion on establishing a fatwa on money endowments, the contents of which are,

1. Money waqf (waqf al nuqud / cash waqf) is a waqf carried out by a person, group, institution, or legal entity carried out in the form of money.
2. In a sense, money is securities.
3. In waqf law, money is jawaz or permissible.
4. In distributing waqf money is allowed shari'i.
5. For the principal value of waqf money itself is guaranteed for its sustainability, because so that it cannot be sold and given or inherited.

There is another opinion according to the Ulama of the Indonesian Council (MUI) regarding money endowments established on May 11, 2002, regarding money endowments. Then in Law No.41 of 2004 concerning Waqf, money endowments are also regulated in a separate chapter. For Article 28 of the Law, there is an explanation of the Wakif which entrusts movable objects that are money through Islamic financial institutions appointed by the minister. Then in article 29 paragraph (1) it is stated that the waqf of movable objects that are money as referred to in Article 28 will be carried out by the wakif in a written statement of will.

After that, paragraph (2) also in the same Article states about the waqf of movable objects in the form of money as referred to in paragraph (10) which is issued in the form of a money waqf certificate. Meanwhile, in paragraph (3) of the same Article also regulates that money certificates

¹⁷ Anisa Husna Adinta & Muhammad Rizky Taufiq Nur, *The Significance of Waqf in State Finance: Classical and Contemporary Economic Fists*, Journal of Islamic Economic and Finance Studies, Vol.1, No.1, June, 2020..36-37

as referred to in paragraph (2) will be issued and then submitted to Islamic financial institutions to wakif and nazir as proof that the handover as waqf and property.¹⁸

Conclusion

Cash Waqf Linked Sukuk (CWLS) greatly provides innovation in the development of waqf, where instruments are collaborated between waqf and sukuk. CWLS is a sharia bond or sukuk that has a money waqf base with funds collected to be invested in state sukuk. Later these instruments were based on the Quran, Hadith, and Ijmak of the scholars. The implementation of CWLS has been regulated in Fatwa DSN-MUI No. 131/DSN-MUI/X/2019 concerning Sukuk Waqf. For an Islamic economic perspective, the implementation of CWLS is in accordance with predetermined sharia principles.

With the level of poverty that exists in Indonesia, by providing financing for the economy and welfare. Therefore, it is necessary to use more CWLS in the sustainable development of the community by expanding socialization about the explanation of CWLS, increasing literacy, and education of related communities. Then by utilizing the issuance of Retail CWLS SWR001 and SWR002 which have been issued starting from 2020 to now 2021 to help build social investment and productive waqf development in Indonesia.

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