



# The Role of Cash Waqf In Community Empowerment Through Cash Waqf Linked Sukuk Instruments

Syaugi Mubarak<sup>1,\*</sup>, Yusuf Asyahr<sup>2</sup>, Faqih El Wafa<sup>3</sup>, Hanief Monady<sup>4</sup>

<sup>1,2,2</sup> Faculty of Islamic Economics and Business, UIN Antasari Banjarmasin

<sup>4</sup> IAIN Palangkaraya

\*Corresponding author. Email: [syaugi@uin-antasari.ac.id](mailto:syaugi@uin-antasari.ac.id)

## ABSTRACT

This study aims to describe the management and utilization by nazir partners and analyze the impact of cash waqf in community empowerment through cash waqf-linked sukuk using elasticity analysis. This research argues that cash waqf through CWLS can increase community empowerment. Then, this research uses a combination (mixed methods) of explanatory and sequential models. The approach is through content analysis of annual reports for 2020 - 2022. The data collection method uses interviews (in-depth interviews) with informants from the Financial Services Authority, Bank Indonesia, the Indonesian Waqf Bank (BWI), and the Ministry of Finance of the Republic of Indonesia. Then, the interviews were analyzed using the Miles and Huberman Model and elasticity analysis. The results of this study found that the management of Cash Waqf Linked Sukuk has four primary sequences, namely fund collection, fund placement distribution, and utilization of returns and returns of waqf funds, while from its utilization in the form of Rehabilitation of Poor Families, Education and Culture, Victims of Natural Disasters, Facilities & Social Services, and Health & Cleanliness. Meanwhile, the results of the impact of cash waqf in community empowerment through CWLS have elasticity criteria, namely inelasticity, so the effect of cash waqf in community empowerment through CWLS has not been proportional to welfare equality.

**Keywords:** *Cash Waqf Linked Sukuk, Social programs, Community empowerment.*

## 1. INTRODUCTION

As Indonesia's ecosystem undergoes significant changes and development trends, it is essential to consider the impact across various sectors such as business, halal food, tourism, goods products, and financial aspects. This could lead to new growth and expansion opportunities within these sectors.[1] Indonesia has the largest Muslim population in the world, which presents an excellent potential for cash waqf utilization. However, this potential has not been fully optimized due to low public literacy regarding Waqf. Some believe that Waqf is only meant for religious activities and is limited to land and buildings, leading to minimal cash donations. This perception needs to be addressed by raising awareness about the various uses of cash waqf and its benefits for community empowerment.[2] Historically, cash waqf was a new state economic instrument during the Ottoman Caliphate era, and it proved to be an effective means of encouraging economic growth and providing financing for businesses in Turkey. [3]

The cash waqf instrument has vast potential in reaching various groups, as the nominal value can be broken down into smaller amounts. The development of cash waqf has come a long way through modeling and management systems to commercialize its application with solid commitments from authorities, ulama, and the community.[4] Community empowerment through the role of cash waqf is essential for relevance amidst the economic and social challenges society faces. Waqf is a real contribution to social presence by utilizing the financial resources owned. Cash waqf has a fundamental role as a form of sustainable community economic development with great potential for national strategies in Indonesia's Islamic economic and financial instruments.[5] In the context of this study, Cash Waqf Linked Sukuk (CWLS) innovations are Islamic economic and financial instruments that attract some people's attention because they can unite the principles of Waqf with the sustainability of Islamic finance.[6] The retail CWLS is an innovative form of Islamic social finance that integrates waqf funds and state sukuk. It has been developed to support the National Waqf Movement in Indonesia and promote the development of social investment and productive Waqf. Waqf contributes to the social economy by providing various services, including health, education, and municipal services.[7]

© The Author(s) 2024

Y. A. Yusran et al. (eds.), *Proceedings of the 2023 Brawijaya International Conference (BIC 2023)*, Advances in Economics, Business and Management Research 294,

[https://doi.org/10.2991/978-94-6463-525-6\\_74](https://doi.org/10.2991/978-94-6463-525-6_74)

Data issued by the Indonesian Waqf Board (BWI) shows that the potential for cash waqf in Indonesia is IDR 180 trillion, and only IDR 400 billion has been realized.[4] According to DE Utami, I. Trinugroho, and BS Sergi [8], Over the last five years, there has been a consistent increase in corporate sukuk development through public offerings in Indonesia. This is evident by the accumulated value of sukuk issuance in 2018, amounting to IDR 21.30 trillion, which rose to IDR 36.71 trillion as of March 2022.[9] Then, State Sukuk in 2021 also contributed between 20-30% of the previous year's SBN issuance, both government-issued sukuk and corporate sukuk. Sukuk supports infrastructure projects worldwide, including Indonesia, and contributes to socially beneficial ventures. Regarding social benefits, in Indonesia, a cash waqf-linked retail sukuk (CWLS retail) was developed, first issued by the government in 2020 with the SWR001 series and continued in 2021 with the SWR002 series which integrates Islamic commercial and social finance.[10] Then, in 2022, the government re-issued the SWR003 series, which is managed based on Sharia principles, and received a Sharia conformity statement from DSN-MUI [11].

On June 9, 2021, the government committed to optimizing productive Waqf by issuing the Retail CWLS series SWR002. During the offering period, this series was purchased by 591 wakifs with a total nominal value of IDR 24.141 billion - a figure that's increased by 62% compared to previous series purchases. Individual kids were responsible for most of these purchases, totaling an amount of IDR 15.661 billion, while institutional wakifs accounted for IDR 8.480 billion. SWR002 is also noteworthy since it's the first CWLS series where orders can be made online (especially for individual wakifs).[10] The Indonesian government has announced that it will issue the retail waqf sukuk series SWR003 from April 11 to July 7, 2022. This move is part of the government's commitment to support the national cash waqf movement. During the offering period for SWR003, total purchases reached IDR 38.253 billion - an increase of 58% compared to investments made in SWR002. Most of these purchases were made by individual wakifs (amounting to IDR 27.38 billion). In contrast, institutional wakifs accounted for IDR 10.87 billion, with 688 wakifs invested in SWR003, with one being an institutional investor and the rest being individuals [12].

Although the government has issued various series of retail sukuk, multiple studies have identified the main challenges faced through the role of cash waqf-linked sukuk in optimizing its collection, for example, the study conducted by Khan, T., which highlights the lack of public awareness in waqf money so that the concept of cash waqf and CWLS is needed.[13] Fusthathul Nur Sasongko et al. highlighted the lack of general literacy and the community's religiosity level in Waqf.[14] Research conducted by Rozaq Muhammad Yasin shows that the management of cash waqf linked Sukuk by Nadzir is still low, so the wakif's potential is not maximized.[15] Other studies that discuss this research include Aam Slamet Rusydiana et al., who argue that cash waqf-linked Sukuk is a solution to improving the national economy.[6] Several studies have been conducted on managing cash waqf in community empowerment. For instance, Bay M. Al Arif and N. Rianto [16] have shown that they can contribute to government programs to empower communities. Another study by A. Kasdi [17] has described productive Waqf through cash waqf as a means of promoting economic justice. At the same time, research by L. D. N. Putri [4] has highlighted how CWLS management plans have increased social, economic, health, and educational benefits for local communities.

Based on the empirical study described in the background, community empowerment through cash waqf-linked sukuk has a positive role in national economic development, so there needs to be good management through the management of cash waqf funds and increasing public literacy to create waqifs that have not been maximized. From the literature review, this research forms an analysis that will be studied regarding the management and utilization of cash waqf through cash waqf-linked sukuk by Nadzir partners. This research also looks at the impact of cash waqf in community empowerment through cash waqf-linked sukuk using elasticity analysis. The purpose of this research is to see the role of Waqf through cash waqf-linked sukuk instruments in improving the economic welfare of the people.

## 2. LITERATURE REVIEW

### 2.1. *The concept of cash waqf and sukuk waqf*

According to Lahsasna, Waqf or awqaf in plural form is a verbal noun that signifies stopping or preventing [18]. This concept of prevention means that Waqf involves holding assets and preventing their consumption to harvest benefits for specific beneficiaries continuously. In terms of definition, Waqf refers to holding onto assets and using their proceeds for Allah SWT's path or donating goods to derive benefits from them.[19] Sukuk is the plural form of "sakk" in Arabic, a financial certificate that can be considered equivalent to a bond. [20] Sukuk (Islamic bonds) are certificates of equal value representing ownership of the underlying asset. [21] Sukuk waqf is one of the mobile waqfs accepted in Islam following the fatwa of the National Sharia Council of the Indonesian Ulema Council N0.131 of 2019. Sukuk-waqf consists of a combination of Sukuk and Waqf-based contracts.

The combination of Waqf and sukuk is a financial innovation worth trying [22] because of the magnitude of potential waqf assets (money). In Indonesia, issuing sukuk is a popular choice to accelerate the progress and development of Waqf. [23] The merger of Waqf and Sukuk opens wide doors for organizations to engage in social responsibility

practices as nazirs through partnerships with Sharia banks. The sukuk waqf schemes are: Mudharabah, Ijarah, Wakalah Bi Al Istitsmar, musyarakah. Other hybrid sukuk structures can be found, depending on the development of Islamic financial engineering. [24]

The application of waqf-sukuk is, in principle, the same as investment sukuk, but the only difference is the purpose. Investment sukuk aims to make a profit following Sharia principles. In contrast, investment sukuk-waqf does not seek to make a profit because the returns obtained will be channeled into Waqf, which the nazir will manage. [25]

**2.2. Implementation of cash waqf-linked sukuk in Indonesia**

There are two combined models of Waqf and sukuk, namely sukuk linked to Waqf (waqf-linked sukuk) and waqf-related to sukuk (waqf-linked sukuk). [26] In Indonesia, the model applied is waqf-linked retail sukuk (retail CWLS), namely, investment of waqf money in state sukuk whose rewards are distributed by Nazhir (manager of waqf funds and activities) to finance social programs and economic empowerment of the people. CWLS was launched on October 14, 2018, and the first issue was the SWR001 series on March 10, 2020, by private placement. This model is a new financial instrument as part of efforts to maximize productive Waqf.

During the three years of CWLS implementation since its launch in 2018, through the Ministry of Finance of the Republic of Indonesia, the government has issued three CWLS series, namely SWR001 in 2000, SWR002 in 2021, and SWR003 in 2022. Sales of SWR001 reached 14.9 billion, sales of SWR002 managed to reach 24.1 billion, and sales of SWR003 reached 38.25 billion. Judging from the sales results, the fund increased from 14.9 billion in 2000 to 24.1 billion in 2021 and 38.25 billion in 2022, even though there are fluctuations in the number of wakifs. SWR001 collected 1,041 wakifs, and SWR002 collected 591 wakifs. Meanwhile, SWR003 collects data from 688 wakifs.

**Table 1.** Differences between SWR001, SWR002, and SWR003

Difference	SWR001	SWR002	SWR003
Sales results	14.9 AD	24.1 AD	38.35 AD
Wakif	1,041	591	688
Distribution partners (LKS-PWU)	4	6	6
Nazir	7	9	9
Tenor	2 yrs	2 yrs	2 yrs
Reward/coupon level	5.5%	5.57%	5.05%

Characteristically, CWLS is intended for individual and institutional investors, with a relatively affordable minimum order of IDR 1,000,000 and a tenor of 2 years. 100% of temporary waqf returns to the wakif, while Nazhir will manage permanent waqf funds. Rewards are still distributed to social programs and activities designated by Nazhir and cannot be traded on the secondary market. Some advantages of CWLS are: First, it is safe because the state guarantees CWLS. 100% of the funds will be returned to the temporary cash waqf at the maturity of the SBSN. Second, it is productive because it provides returns that can be allocated to the mauqf 'alaih and provides facilities for cash waqfs. Third, blessing, because the returns are used for public and social interests. Fourth, Long Lasting. In supporting the implementation of CWLS, there are at least 5 stakeholders involved, namely: the Indonesian Waqf Board (BWI) as the regulator; nazir and nazir who manage CWLS; the Ministry of Finance as SBSN issuer and manager in the real sector; Bank Indonesia (BI) as an accelerator; nazir as a BWI partner; and Islamic banks as Sharia Financial Institutions Receiving Cash Waqf (LKS-PWU).

The appointment of CWLS distribution partners is based on the Minister of Finance Regulation No. 69/PMK.08/2019, where six LKS-PU are CWLS distribution partners. LKS-PU distribution partner CWLS is a distribution partner in publishing and selling SBSN with a social investment scheme (socially responsible investment). There are no distribution partners yet from securities companies or fintech companies.

**3. RESEARCH METHODOLOGY**

This research uses a combination research design (mixed methods) using explanatory methods, including the sequential model, by conducting qualitative research first and then continuing with quantitative analysis. [27] This study focuses on empowering funds managed by BWI partner Nazir, of which there are nine institutions. The approach is carried out through the content analysis of annual reports for the two years from 2020 to 2022. The sample comprises distribution partners (LKS-PWU) and four national partners. The LKS-PWU used as a sample is PT. Indonesian Sharia

Bank, PT. Bank Muamalat Indonesia, and PT. Bank KB Bukopin Syariah. Meanwhile, within the scope of Nazhir, partners are LazisNU, Lazis Muhammadiyah, Baitulmal Muamalat, and the Global Wakaf Foundation. The list of distribution partners (LKS-PU) and Nazir was taken from the list released by the Ministry of Finance, and those determined to be the sample were LKS-PWU, which had Nazir partners with the MSME capital waqf social program. A list of LKS-PWU, Nazir partners, and their social programs can be seen in the following table:

**Table 2.** Distribution Partners, Nazir Partners, and Social Programs

No.	LKS-PWU	Nazir Partners	Social Programs
1	PT. Indonesian Sharia Bank	LazisNU	MSME capital assistance
		Lazis Muhammadiyah	Empowering MSMEs
2	PT. Bank Muamalat Indonesia	Baitulmaal Muamalat	Friends Program MSMEs
3	PT. Bank KB Bukopin Syariah	Global Waqf Foundation	MSME Capital Waqf

Interviews were also conducted to deepen the analysis, especially on several things not yet in the annual report. The data analysis technique used in this research consists of two models, namely as follows:

The Miles and Huberman model is qualitative research data analysis with the following steps. [28]

- a. Data Reduction: The data obtained from the field is extensive, so it must be recorded carefully and in detail.
- b. Data Presentation: This research was conducted in short descriptions, charts, relationships between flowchart categories, and the like.
- c. Verification: drawing conclusions and verifying.

Then, the data analysis used is elasticity analysis with the following formula:

Elasticity Data Analysis

$$E_{pi} = \frac{P_i}{Y_t} \times \frac{Y_t}{P_i}, \text{ where } E_{pi} \text{ is elasticity, } Y_t \text{ = community empowerment, and } P_i \text{ is cash waqf linked Sukuk.}$$

## 4. RESULTS AND DISCUSSION

### 4.1. Informant Characteristics

The information in this research was obtained from several informants who were asked for information, namely 5 people. 2 people from the Financial Services Authority, 1 person from Bank Indonesia, 1 person from the Ministry of Finance, and 1 person from the Indonesian Waqf Board. Here is some information about the informants.

**Table 3.** Informant Characteristics

Informant	Gender	Education	Institution
Informant 1	P	S2	Directorate General of Budget Financing and Risk Management
Informant 2	L	S2	Kantor Perwakilan Bank Indonesia Provinsi Kalimantan Selatan
Informant 3	L	S2	Otoritas Jasa Keuangan Regional 9 Kalimantan
Informant 4	L	S2	Otoritas Jasa Keuangan Regional 9 Kalimantan
Informant 5	L	S2	Badan Wakaf Indonesia

### 4.2. Management and Utilization of Cash Waqf Linked Sukuk by Nazir Partners

CWLS is a Sukuk Negara investment product provided as an alternative investment for Nazir in managing cash waqf and other social funds to support economic empowerment programs for the community and social activities. Those entitled to participate in CWLS are: Every party, both individual and institutional wakifs, can join as a wakif by placing a purchase order. SWR002 orders by parties with a SID and Sub-Securities Account (SRE). SID and SRE can be made on the condition that each party is obliged to follow the provisions regulated by the relevant authority. The minimum

purchase order is 1 (one) unit or worth IDR 1,000,000.00 (one million Rupiah) and in multiples of 1 (one) unit or worth IDR 1,000,000.00 (one million Rupiah).

CWLS management has four leading chains: collecting funds, placing distribution funds, and utilizing returns and refunds of waqf funds. Currently, the CWLS management process can be done through the bank channel.

- a. Fund Collection Stage
  - 1) The Ministry of Finance of the Republic of Indonesia appointed a distribution partner and became a Sharia Financial Institution Receiving Cash Waqf (LKS-PWU).
  - 2) The Wakif distributes money to Sharia Financial Institutions Receiving Cash Waqf (LKS-PWU), and LKS PWU will issue a Waqf Pledge Deed (AIW) and Cash Waqf Certificate (SWU).
- b. Fund Placement
  - 1) LKS-PWU entered into an MoU contract with BWI to place funds for purchasing SBSN.
  - 2) SBSN funds are used to finance government projects in public services.
  - 3) SBSN proceeds in the form of coupons will be distributed according to the MoU.
- c. Distribution and Utilization of Returns
  - 1) LKS-PWU will distribute coupons obtained to Nazir partners whom LKS-PWU has determined.
  - 2) Mitra Nazir will channel the coupons into various social activities, including economic empowerment.
  - 3) Mitra Nazhir distributes cash waqf to business actors, especially MSMEs, to improve community welfare.
  - 4) The results of businesses assisted by cash waqf will be shared with the beneficiaries and Nazir partners.
- d. Refund of Waqf Funds

When it matures, the government will return the principal of the State Sukuk to investors using two return mechanisms.

- 1) Temporary cash waqf, where the CWLS nominal is paid in full to the investor or wakif
- 2) Perpetual cash waqf, where the CWLS nominal is received by LKS PWU or returned to the nation, will be further managed.

The circuit flow can be seen in the schematic below.

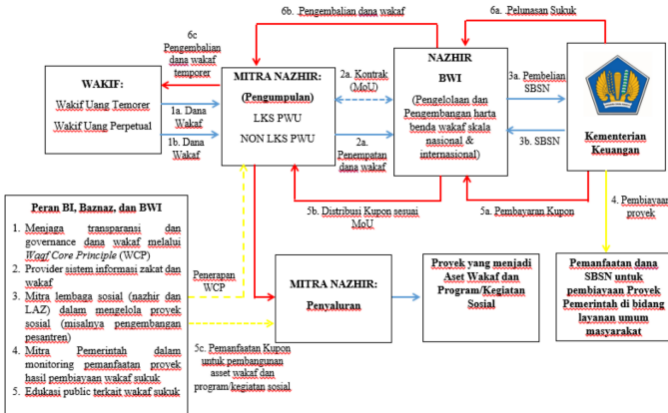


Figure 1 Image of Wakif Money Waqf Management Process, Mitra Nazhir (LKS PWU) (Bank)

Judging from the use of CWLS funds by Nazir partners, it can be seen from the social programs run by Nazir partners.

a. LazisNU

The Amil Zakat, Infaq, and Shadaqah Nahdatul Ulama Institutions distribute CWLS funds from Sharia Financial Institutions. Receiving cash waqf is part of the MSME Capital Assistance Program. MSME Capital Assistance Micro, small, and medium enterprises (MSMEs) are the business sector feeling the impact of the coronavirus (COVID-19) pandemic. This pandemic is different from the crisis in 1998, where MSMEs at that time became heroes in reviving the national economy. The direct impact of the coronavirus pandemic is the decline in people's purchasing power, affecting the income of MSMEs. At the same time, MSMEs must continue to fulfill their obligations to third parties—earning target: IDR 840,000,000.00 per 2 years or IDR 35,000,000.00 per month.

Program Target: Providing capital assistance to 168 MSMEs in the Jakarta, East Java, Central Java, and West Java areas. In connection with the above activities, below is a projection of the distribution of funds from SWR002 returns for all LAZISNU activities with a projected principal value of Sukuk of IDR 45,000,000,000.00 and a projected monthly profit sharing coupon for issuance of IDR 105,000,000.00.

**Table 4.** Projected Fund Distribution of LAZISNU

Program	Per month	1 year
Islamic Boarding School Clinic Program	Rp. 40,000,000	Rp. 480,000,000
Santri Dhuafa Scholarship Program	Rp. 30,000,000	Rp. 360,000,000
MSME Capital Assistance Program	Rp. 35,000,000	Rp. 420,000,000
Total	Rp. 105,000,000	Rp. 1,260,000,000

b. Lazis Muhammadiyah

Amil Zakat, Infaq, and Shadaqah Muhammadiyah Institutions distribute CWLS funds from Sharia Financial Institutions. Receiving cash waqf empowers MSMEs. Empowerment of MSMEs is a program initiated to develop the economic potential of families and communities by increasing productivity to alleviate poverty. The activity is in the form of business capital assistance or business tools. The target for the MSME Empowerment Program is 10 people or families every month, or 120 people or families a year for all regions of Indonesia. The assistance that will be provided will be in the form of business capital assistance or business tools worth IDR 3,000,000.00

In connection with the above activities, below is a projection of the distribution of funds from SWR002 returns for LAZISNU activities

**Table 5.** Projected Fund Distribution of Lazis Muhammadiyah

Program	Per Month	1 year
Teacher Service	Rp. 13,000,000	Rp. 156,000,000
Mentari Scholarship	Rp. 25,000,000	Rp. 300,000,000
The Surya Scholarship	Rp. 60,000,000	Rp. 720,000,000
Indonesia Mobile Clinic	Rp. 12,000,000	Rp. 144,000,000
Empowerment MSMEs	Rp. 30,000,000	Rp. 360,000,000
Total	Rp. 140,000,000	Rp. 1,680,000,000

The projected principal value of sukuk is IDR 50,000,000,000.00, and the Projected monthly profit-sharing coupon for distribution is IDR 140,000,000.00 Program Per Month.

c. Baitulmaal Muamalat

The program run by the Baitulmaal Muamalat Institution for distributing CWLS funds from Sharia Financial Institutions Receiving Cash Waqf is the UKM Friends Program (Sentra UKM). The UKM Friends Program (Sentra UKM) is a mustahik economic empowerment program based on small and micro enterprises (UKM) in poor urban areas. This program aims to empower SMEs through capital assistance programs, business mentoring, strengthening product brands, business premises, and digital market aspects. So, that program can increase the economic welfare of SMEs. This program aims to provide 300 SMEs in poor urban areas with a monthly fee of IDR 75,000,000.00 and an annual fee of IDR 900,000,000.00.

d. Global Waqf Foundation

The program the Global Wakaf Foundation runs to distribute CWLS funds from Sharia Financial Institutions Recipients of Uanag Waqf is the MSME Capital Waqf Program. This program supports community economic improvement through Capital Waqf for Micro, Small, and Medium Enterprises (WMUKM). The capital was distributed under a qardhul hasan (social loan) scheme. Hopefully, this program can grow businesses, eradicate poverty, and

advance the nation's economy and people. The beneficiaries of the Waqf Capital for Micro, Small, and Medium Enterprises (WMUKM) are located in the East Jakarta area, with 30 (thirty) MSMEs as beneficiaries. The Global Waqf Foundation program costs required on a monthly and annual scale are as follows:

**Table 6.** Projected Fund Distribution of Global Waqf Foundation

No	Program name	Monthly Fees	Annual Fees
1	Productive Economic Waqf "Capital Waqf for Micro, Small and Medium Enterprises"	Rp. 8,777,000	Rp. 101,225,000

The detailed costs for the Productive Economic Waqf program "Capital Waqf for Micro, Small and Medium Enterprises" are as follows:

- 1) Capital Waqf
  - a) MSME Capital Waqf: Rp 60,000,000
  - b) Socialization of Activities: Rp 750,000
- 2) Socialization of Activities
  - a) Assessment and Verification: Rp 750,000
- 3) Assessment and verification
  - a) Monitoring and Evaluation Costs: Rp 1,000,000
- 4) Mentoring
  - a) LPJ Activity Fees: Rp 500,000
  - b) Companion Fee: Rp 30,000,000
- 5) Training of Trainer
  - a) MSME training package: Rp 5,000,000
  - b) Trainer: Rp 2,000,000
- 6) Tools Branding
  - a) Roll Banners: Rp 200,000
  - b) Mock Up: Rp 25,000
  - c) Mini Banners: Rp 1,000,000

\*Grand Total: Rp. 101,225,000

Waqf through CWLS can be done via mobile banking for waqf payments based on the management and utilization of cash. Using mobile banking certainly makes things easier for waqifs and can potentially increase cash waqf because of the various conveniences of digitalization for them. The following is an example of cash waqf payments via mobile banking.

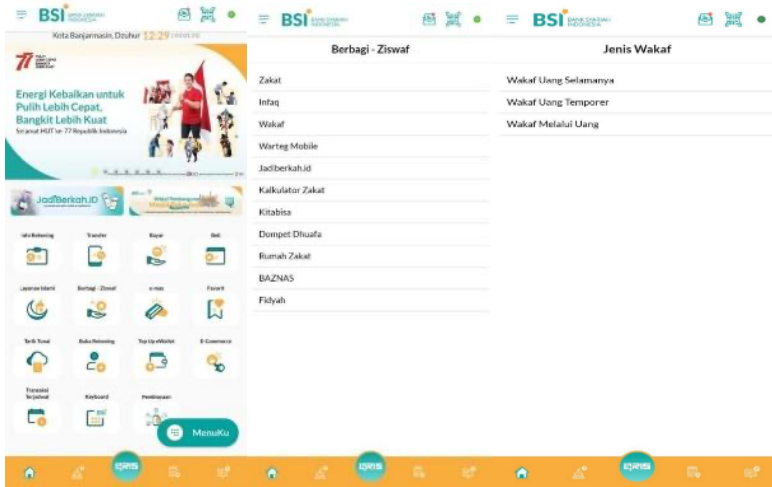


Figure 2 Image of Cash Waqf Payments Via Mobile Banking

**4.3. Elasticity of Empowerment of Waqf Funds through Cash Waqf Linked Sukuk towards Equitable Welfare of the People in Indonesia**

The context of Waqf through productive Waqf (money) is a strategic step in maintaining stability and improving the country's economy. Cash waqf through the state sukuk development scheme is a step to encourage the country's economic development, fill the APBN deficit, and stimulate real sector economic growth. This scheme means that cash waqf based on linked Sukuk can be used as a model for effective and efficient regulation and governance. Apart from that, cash waqf is needed to encourage the growth of economic life, finance social programs, and empower the people.

In its concept, cash waqf-linked sukuk is a cash waqf investment in state sukuk, where Nazir distributes the returns to finance social programs and economic empowerment of the people. Some retail CWLS programs or benefits implemented include educational scholarship assistance, assistance for the blind, financial aid for carts, sanitation, and toilet assistance, a rice seed breeding program, and liberation from illiteracy in the Koran. Cash Waqf Linked Sukuk is managed based on Sharia principles, and the rate of return for SWR001, SWR002, and SWR003 is > 5%.

In context, Waqf is price control (inflation). For example, the elasticity of Waqf as a price control instrument is as follows:

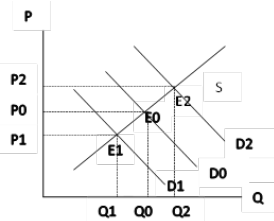


Figure 3 Shifting Demand Curve



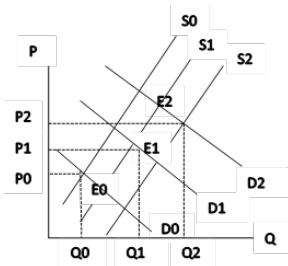


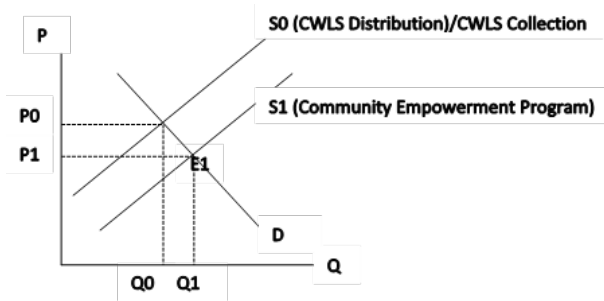
Figure 4 Shifting Demand and Supply Curves

The elasticity graph shows a shift in the demand curve caused by an increase in population, which is explained by the fact that, in reality, the prices of essential food commodities tend to increase. This is due to one of the factors being population growth. For example, in income elasticity of demand, Figure 1 explains that the demand curve will shift to the right or left due to a change in equilibrium price (P) as well as an increase in income or an increase in population, which will cause the equilibrium demand curve to shift from  $D_0$  to  $D_2$ , while for an economy experiencing a downturn, the demand curve goes from  $D_0$ - $D_1$ , accompanied by P decreasing, as can be seen from the picture.

Actual conditions and increasing economic development will not necessarily reduce the prices of essential commodities in the field. For example, the increasing number of restaurants in Indonesia or the increase in new businesses opening MSME (restaurant) companies or similar businesses will affect the growing basic needs in the market to fulfill the needs of their new restaurant business. These circumstances mean that young people (entrepreneurs) will have an increase in income, and market conditions regarding demand for necessities will increase even though supply increases. Another actual elasticity condition is, for example, when Muslims fast. Even though Muslims fast in the month of Ramadan, the demand for essential commodities in the market is high because Muslims also want to supply those who are fasting, causing prices to rise, which is not followed by offers in the market. This impact causes the economy to be unstable, so it also affects the affected social sectors because rising prices in the market are so high that people's purchasing power will automatically fall, leading to an inability to buy essential commodities on the market, which will negatively impact the social sector.

Figure 2 shows the demand and supply curve that occurs, where there is a high increase in price from  $P_0$ - $P_2$  as a result of an increase in demand from  $D_0$ - $D_1$ , as evidenced by the rise in output ( $Q_0$ - $Q_2$ ) so that the demand curve shifts away from  $D_0$ - $D_2$ , which has an impact on equilibrium changes from  $E_0$ - $E_2$ . The high price that occurs causes the shift in the demand curve to be more significant than the supply curve, increasing the equilibrium.

Based on the balance graph of the supply and demand curve, The critical role of cash waqf-linked sukuk as a price controller can be concluded. We can identify this graph from the waqf givers (wakifs), where each year, the number of waqfs is > 500, with details for SWR001 amounting to 1,041 consisting of 1,037 individual wakifs and 4 institutional wakifs with total sales of IDR 14,912,000,000. The realization of Retail CWLS Series SWR002 has a total of 591 wakifs with details of 588 individual waqfs and 3 wakifs for institutional waqfs, with total sales of IDR 24,141,000,000. Then, to realize the Retail CWLS series SWR003, the number of wakifs was 688, with details of 687 individual wakifs and 1 institutional wakif, with total sales of IDR 38,253,000,000. Even though the number of wakifs tends to decrease, the total sales tend to increase, where the total sales of cash waqf linked to sukuk through wakifs are then distributed to nazir to aid recipients in significant amounts in the form of social and economic empowerment of the community, such as educational scholarship assistance, assistance for blind people, and assistanceThe cart economy, sanitation and toilet assistance, the rice seed breeding program, and the Liberation of Al-Quran Illiteracy will improve the welfare of the community. In practice, the use of cash waqf-linked sukuk to empower the community's economy, one of which is through capital assistance for MSMEs (basic material needs) or programs to increase rice seeds, as well as aid for beef cattle breeders, can reduce prices so that community demand can be met. Thus, inflation can be overcome by distributing cash waqf-linked sukuk. Figure 3 shows the shift in the supply curve due to social programs and community economic empowerment.



**Figure 5** Distribution and Community Empowerment

From Figure 3, it can be concluded that if the cash waqf linked Sukuk distributed by Nadzir to those who are entitled or registered is based on the collection obtained from the wakif for community economic empowerment, for example, the procurement of beef cattle and rice seeds, then the stock of food supply (supply curve) shifts to the right. The shift in the supply curve from S0-S1 is caused in addition by price factors, assuming other factors are ceteris paribus, so that the assistance of cash waqf-linked sukuk in providing supplies of essential commodities will increase so that prices will be lower than P0-P1 so that the equilibrium shifts from E0-E1.

This table shows the actual conditions of the shift in the demand and supply curve, where many of the realizations of CWLS SWR001-SWR003 are social programs and community economic empowerment programs for the procurement of essential commodities to reduce prices and control inflation in Indonesia, including programs that can reduce costs from distribution. SWR001-SWR003 are MSME capital assistance programs, MSME empowerment, rice seed improvement, cow breeding assistance programs, Microeconomic Productive Waqf Program Financing Assisted Village Cattle Farmers, Food Security, productive food waqf, productive livestock waqf, productive economic Waqf, and community empowerment through livestock. With this empowerment program, it is hoped that there will be a producer surplus to balance community demand for essential commodities in the market. Based on the explanation of the role of CWLS through shifts in the demand and supply curve, the research also understands the role of cash waqf-linked sukuk through an analysis of the elasticity concept. Elasticity is a measure of how significant the results obtained from the CWLS program are for community empowerment. Elasticity is measured based on the role-analysis abilities acquired.

**Table 7.** Elasticity Results

Series	Total Sales	Number of Wakif	Elasticity
SWR001	Rp 14,912,000,000	1,041	
SWR002	Rp 24,141,000,000	591	-0.70
SWR003	Rp 38,253,000,000	688	0.28

Source: Data processing, 2023

Based on the data, it shows that the elasticity value is <1 or falls into the inelastic type, meaning that it does not provide proportional changes to community empowerment. These results indicate that other factors outside the system inhibit the equalization of community welfare through CWLS. One of the inhibiting factors from the results of this study can include regional differences, uneven distribution of benefits received by the community, unequal access to mobilization, then the need for literacy for the community regarding social activities with money waqf, improved management of money waqf management, where researchers find that there is no transparency and accountability in the management of money waqf in community empowerment through Cash Waqf Linked Sukuk.

These results are also relevant to the theory of economic inequality[13], [29], which states that the low elasticity value reflects the economic inequality distributed through cash waqf funds in economic empowerment through CWLS. Then, the concept of inclusive economics emphasizes that sustainable economic development requires the role of all

levels of society so that community empowerment through Cash Waqf Linked Sukuk can touch all levels of society. According to Musari [30] the theory of financial inclusion, the low elasticity of these results is that there is a mismatch with the principles conveyed in Islamic finance, so there needs to be conformity that can increase justice and equitable welfare distribution in economic development [31].

## 5. CONCLUSION

This study concludes that CWLS Management has four main series flows: fund collection, fund placement distribution, utilization of returns, and returns of waqf funds. In contrast, the realization of CWLS SWR001-SWR003 utilization is social programs and community economic empowerment programs for the procurement of staples in suppressing prices and controlling Indonesia's inflation. Among the programs that can stop prices from the distribution of SWR001-SWR003 are the MSME capital assistance program, MSME empowerment, rice seed improvement, cattle breeding assistance program, Microeconomic Productive Waqf Program Financing Assisted Village Cattle Breeders, Food Security, productive food waqf, productive livestock waqf, productive economic Waqf.

Based on the data, it shows that the elasticity value is  $<1$  or falls into the inelastic type, meaning that it does not provide proportional changes to community empowerment. These results indicate that other factors outside the system inhibit the equalization of community welfare through CWLS.

Researchers recommend improving economic empowerment and community health through CWLS from these results. It is necessary to enhance policies to improve the management of cash waqf funds in community empowerment through more transparent and accountable CWLS and the need for increased literacy and active participation of all levels of society to encourage the potential for cash waqf revenue. Then, the low elasticity analysis results require a thorough evaluation of the social impact and economic projects funded by Cash Waqf Linked Sukuk.

## AUTHORS CONTRIBUTIONS

Authors 1, 2, 3, and 4 contributed to the research design and implementation, the analysis of the results, and the writing of the manuscript.

## ACKNOWLEDGMENT

Concerning this paper's publication, the authors declare no conflict of interest. The authors thank the anonymous reviewers for their insightful comments and ideas. UIN Antasari has partly funded research support.

## REFERENCES

- [1] A. J. Winarto, A. Fageh, and M. H. A. Masduqie, "Peran Cash Waqf Linked Sukuk (CWLS) dalam optimalisasi pemulihan ekonomi nasional di masa pandemi," *IQTISHADIA Jurnal Ekonomi & Perbankan Syariah*, vol. 8, no. 2, pp. 152–161, 2021.
- [2] Amirah and Z. A. Fu'adah, "Pengaruh Program Cash Wakaf Link Sukuk (CWLS) di Badan Wakaf Indonesia Terhadap Kesejahteraan Masyarakat," *Al-Mizan : Jurnal Hukum dan Ekonomi Islam*, vol. 5, no. 2, Art. no. 2, Dec. 2021, doi: 10.33511/almizan.v5n2.62-83.
- [3] I. S. Beik and L. D. Arsyianti, *Ekonomi Pembangunan Syariah*. Jakarta: Rajawali Pers, 2016.
- [4] L. D. N. Putri, M. Rahmi, and P. D. Priyatno, "Analisis Pengelolaan Wakaf Uang Melalui Cash Waqf Linked Sukuk Dalam Meningkatkan Pemberdayaan Masyarakat," *Syiar Iqtishadi: Journal of Islamic Economics, Finance and Banking*, vol. 5, no. 2, pp. 230–250, 2021.
- [5] H. Tanjung and A. Windiarto, "Role of Cash Waqf Linked Sukuk In Economic Development and International Trade," *Signifikan: Jurnal Ilmu Ekonomi*, vol. 10, no. 2, Art. no. 2, Jul. 2021.
- [6] A. S. Rusydiana and S. Avedta, "The Potency of Cash Waqf Linked Sukuk (CWLS) on Social Development," *Journal of Islamic Economics Literatures*, vol. 4, no. 1, Art. no. 1, Feb. 2023, doi: 10.58968/jiel.v4i1.215.
- [7] M. Çizakça, *A history of philanthropic foundations: The Islamic world from the seventh century to the present*. Boğaziçi University Press Istanbul, 2000.
- [8] D. E. Utami, I. Trinugroho, and B. S. Sergi, "What determines Sukuk issuance type in Indonesia?," in *Asia-Pacific Contemporary Finance and Development*, Emerald Publishing Limited, 2019.
- [9] Otoritas Jasa Keuangan, *Statistik Sukuk*. Jakarta: Otoritas Jasa Keuangan, 2022.

- [10] Bank Indonesia Republik Indonesia, "Laporan Ekonomi dan Keuangan Syariah," Bank Indonesia, 2021.
- [11] Direktorat Pembiayaan Syariah, "Rencana Penjualan Sukuk Wakaf Ritel Seri SWR003." Accessed: September 14, 2022. [Online]. Available: <https://www.djppr.kemenkeu.go.id/page/load/3389/rencana-penjualan-sukuk-wakaf-ritel-seri-swr003>
- [12] Direktorat Pembiayaan Syariah, "Minat Masyarakat Untuk Berwakaf Semakin Besar, SWR003 Berhasil Mencapai Hasil Pemesanan Terbesar Sepanjang Penerbitan CWLS Ritel." Accessed: Sep. 14, 2022. [Online]. Available: <https://www.djppr.kemenkeu.go.id/page/load/3468/minat-masyarakat-untuk-berwakaf-semakin-besar-swr003-berhasil-mencapai-hasil-pemesanan-terbesar-sepanjang-penerbitan-cwls-ritel->
- [13] M. Ismail Abdel Mohsin, *Cash waqf: a new financial product*. New Jersey: Prentice Hall, 2009. Accessed: February 7, 2024. [Online]. Available: <https://ikr.inceif.org/handle/INCEIF/2082>
- [14] F. N. Sasongko, T. W. Astuti, and M. S. Muttaqin, "Cash Waqf Linked Sukuk: Potential and Challenges," *Indonesian Interdisciplinary Journal of Sharia Economics (IJISE)*, vol. 4, no. 1, Art. no. 1, Sep. 2021, doi: 10.31538/ijse.v4i1.1441.
- [15] R. M. Yasin, "CASH WAQF LINKED SUKUK: ISSUES, CHALLENGES AND FUTURE DIRECTION IN INDONESIA," *Jurnal Ekonomi dan Bisnis Islam | Journal of Islamic Economics and Business*, vol. 7, no. 1, Art. no. 1, Jun. 2021, doi: 10.20473/jebis.v7i1.24818.
- [16] M. Al Arif and N. Rianto, "Pemberdayaan Masyarakat Berbasis Wakaf Uang," *Jurnal Asy-Syir'ah*, vol. 44, no. 2, pp. 813–828, 2010.
- [17] A. Kasdi, "Model Pemberdayaan Wakaf Produktif Di Indonesia," *ZISWAF: Jurnal Zakat dan Wakaf*, vol. 1, no. 1, pp. 1–15, 2016.
- [18] M. I. A. Mohsin *et al.*, *Financing The Development of Old Waqf Properties*, vol. 27. Palgrave Macmillan New York, 2016.
- [19] M. A. Zahrah, *Muhadarat fi al-Waqf*. Kairo: Dar al-Fikr al-'Arabi, 1971.
- [20] S. R. Vishwanath and S. Azmi, "An overview of Islamic sukuk bonds," *The Journal of Structured Finance*, vol. 14, no. 4, pp. 58–67, 2009.
- [21] A. Lahsasna, K. M. Hassan, and R. Ahmad, *Forward Lease Sukuk in Islamic Capital Markets*. Palgrave Macmillan Cham, 2018.
- [22] K. Musari, "The evolution of waqf and sukuk toward sukuk-waqf in modern islamic economy," *International Journal of Umrnic Studies*, vol. 2, no. 1, pp. 45–54, 2019.
- [23] N. R. M. Dali, M. Z. Zakaria, A. Z. Salleh, M. T. Zainuddin, and M. A. A. Jalil, "The Sustainability of Waqf and Islamic Social Finance in Enhancing the Development of Global Ummah," in *Waqf Sukuk – The Overview and Current Practices*, Universiti Sains Islam Malaysia, 2017.
- [24] M. A. A. Elhaj, N. A. Muhamed, and N. M. Ramli, "The influence of corporate governance, financial ratios, and Sukuk structure on Sukuk rating," *Procedia Economics and Finance*, vol. 31, pp. 62–74, 2015.
- [25] A. Raghbi and L. Oubdi, "Sukuk-Waqf: The Islamic Solution for Public Finance Deficits," *European Journal of Islamic Finance*, no. 9, Art. no. 9, Apr. 2018, doi: 10.13135/2421-2172/2413.
- [26] K. Musari, "The Evolution Of Waqf And Sukuk Toward Sukuk-Waqf In Modern Islamic Economy," *IJUS: International Journal of Umrnic Studies*, vol. 2, no. 1, pp. 45–54, 2019.
- [27] D. Wijatiningsih and Y. Y. Prasetyawan, "Penerapan Pengajaran Literasi Informasi Bagi Pustakawan UPT Perpustakaan Politeknik Negeri Semarang: Sebuah Penelitian Metode Campuran (Mixed Methods)," *Jurnal Ilmu Perpustakaan*, vol. 6, no. 3, pp. 191–200, 2019.
- [28] M. P. P. Sugiyono, *Metode Penelitian Kuantitatif, Kualitatif, dan R&D*. Bandung: Alfabeta, 2016.
- [29] F. W. Pangesty and F. Prasetyia, *Ekonomi Pembangunan: Kajian Teoretis dan Studi Kasus*. Universitas Brawijaya Press, 2021.
- [30] K. Musari, *Ekonomi Syariah Menuju Arus Utama Perekonomian Nasional*. Surabaya: Jakad Media Publishing, 2022.
- [31] Z. Hasan and K. A. Mahyuddin, "Cash Waqf Management: A Way Forward," *ISRA International Journal of Islamic Finance*, vol. 9, no. 1.

**Open Access** This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

