



**BWI WORKING PAPER SERIES**

**BWPS NO. 3/PKTD/BWI/XI/2022**

# **CASH WAQF LINKED BLUE SUKUK (CWLBS) FOR SUSTAINABLE MARINE ECOSYSTEM: A CONCEPTUAL MODEL**

**Lu'liyatul Mutmainah, Neneng Ela Fauziyyah,  
Khoirul Zadid Taqwa, Imam Wahyudi Indrawan**

**CENTER FOR RESEARCH AND DIGITAL TRANSFORMATION**

**BADAN WAKAF INDONESIA**

**2022**

# *Cash Waqf Linked Blue Sukuk (CWLBS) For Sustainable Marine Ecosystem: a Conceptual Model*

*Lu'liyatul Mutmainah<sup>1</sup>, Neneng Ela Fauziyyah<sup>2</sup>, Khoirul Zadid Taqwa<sup>3</sup>,  
Imam Wahyudi Indrawan<sup>4</sup>*

## **Abstract**

**Purpose** – Maintaining the marine ecosystem is critical for humans, as mentioned in Sustainable Development Goal 14 (life below water), especially for a maritime country like Indonesia. Waqf may be able to help realize the SDGs because of the tremendous potential in Indonesia. This study aims to provide an alternative model for maintaining maritime ecosystems through the Cash Waqf Linked Blue Sukuk (CWLBS) model.

**Design/methodology/approach** – The CWLBS approach is projected to boost fishermen's empowerment through funding and assistance. This is a conceptual research to develop the CWLBS model. This study employs content analysis of the relevant literature.

**Findings** – The study proposes an Islamic financial strategy that combines cash waqf and Blue Sukuk to assist sustainable exclusive economic zone management and improve fishing enterprise access to capital. CWLBS also proposes to use digital platforms to improve Muslim's access to become waqif and participate on cash waqf programs. This research is still limited to building a model based on literature studies related to Cash Waqf Linked Sukuk (CWLS), Blue Sukuk, marine ecosystems, and the fishing economy. This model has not been empirically

---

<sup>1</sup> Waqf Center for Indonesian Development & Studies (WaCIDS), Indonesia; Universitas Siliwangi, Indonesia, email: sakinah.lym@gmail.com

<sup>2</sup> Waqf Center for Indonesian Development & Studies (WaCIDS), Indonesia; UIN Sunan Kalijaga Yogyakarta, Indonesia, email: nenengelafauziyyah@gmail.com

<sup>3</sup> Waqf Center for Indonesian Development & Studies (WaCIDS), Indonesia; email: zadidtaqwa@gmail.com

<sup>4</sup> Waqf Center for Indonesian Development & Studies (WaCIDS), Indonesia; email: imamindra58@gmail.com

validated so further research is required. This research is expected to provide recommendations for cash waqf policies in Indonesia to have more impact on the real sector.

**Originality/value** – This study expanded the model of CWLS that has been issued by Indonesian Government that focuses on Blue Economy. The proposed model provides the urgency of strategic projects and digitalization in facing crucial issues by optimizing waqf potential in Indonesia. This paper also fills the gap in the literature of waqf and Blue Sukuk that is still limited in the context of waqf for strategic projects.

**Keywords:** Blue Sukuk, Cash Waqf, Marine Ecosystem, Sustainable Development Goals

## 1. Introduction

As a maritime country, Indonesia has huge potential in sea resources which economically has very high value. With the ratification of Sustainable Development Goals (SDGs) 2030, where one of the goals is SDG No. 14 related to the marine ecosystem, the utilization of marine resources could be maximized to enhance the economic benefit.

Goal 14 of SDGs ensures the protection of ocean and underwater life. Specifically, the goal is for conservation and sustainable uses of oceans, seas, and marine resources. Targets to be achieved are restriction on overfishing and illegal fishing, reducing unreported and unregulated fishing practice, emphasizing the conservation of all marine and coastal areas free from pollution, plastic waste, and marine debris, encouraging research activities in the field of marine technology, transferring marine technology between countries and also empowering small-scale fishermen (BAPPENAS, 2020).

Behind the enormous potential of the sea, the problem of marine and coastal ecosystems is still very big. Among the problems related to the marine environment is sea waste and damaged coral reef. The Ministry of Environment and Forestry reported that throughout 2020, there is about 521.275,06 tons of plastic waste in the seas of Indonesia (Antara, 2021) or about 70-80% of the total waste that comes to the sea and coastal area from the mainland (Setiawan, 2021). In addition, the Indonesian Institute of Sciences (Lembaga Ilmu Pengetahuan Indonesia or LIPI) identifies that around 35.15% of the coral reef is in alarming condition (Koran Sindo, 2018). Moreover, 80 percent of 2.265.859 fishermen in Indonesia are small-scale fishermen (Ariansyah, 2020) and around 53% of families in coastal regions are living in poverty (Indonesian Traditional Fisherfolk Union (DPP KNTI), 2020). They need capital or financing as well as modern equipment to be more productive and increase output.

Waqf as Islamic social finance has a great possibility to surmount environmental problems (Budiman, 2011) and to promote the SDGs agenda (Bakar et al., 2020) specifically through cash waqf. Considering the perpetuity of

cash waqf funds, investment schemes are a way to generate profit. To enhance profitability, the waqf manager (*nazhir*) needs to take into account investment choices that are sharia compliant and have low risk, so that the distribution of waqf benefits to beneficiaries (*mauquf 'alaih*) can be maximized. For this purpose, there are sharia deposits, Sukuk, Islamic shares, and so on.

Currently, the Indonesian government issues an innovative instrument integrating cash waqf and Sukuk, namely Cash Waqf Linked Sukuk (CWLS). In CWLS, cash waqf fund is invested in Sovereign Sukuk issued by the Ministry of Finance. The fund is used to finance public expenditure or infrastructure such as education and health sectors. Coupon paid by Ministry of Finance is distributed for a social project through Indonesian Waqf Board (Badan Wakaf Indonesia or BWI) and Islamic Financial Institution Receiving Cash Waqf (Lembaga Keuangan Syariah-Penerima Wakaf Uang or LKS-PWU) or *nazhir* partners (Fauziah et al., 2021). CWLS managed by sharia principles, does not contain elements of *riba*, *gharar* (obscurity), and *maysir* (gambling), as well as obtaining a statement according to sharia from the National Sharia Council – Indonesian Ulema Council (DSN-MUI) (Ministry of Finance, 2021c).

The implementation of CWLS still has some constraints, such as relatively new product, limited distribution partners and *nazhir*, giving low coupons, lack of public understanding due to low exposure, using limited contracts and incomplete waqf literacy resulting in waqf fundraising not being maximized (Yasin, 2021). In addition, proposed empowerment (social projects) are still common programs. Strategic sectors such as food security, energy, environment, and marine ecosystem have not been included yet as projects, whereas it might attract Muslim to become *waqif* and participate in CWLS. Despite many issues and challenges, CWLS has more benefits and opportunities to improve cash waqf development as well as to diversify Islamic investment innovation.

Realizing these facts in the marine ecosystem along with the target of achieving the SDGs' agenda as well as the opportunities of using CWLS scheme for strategic sector projects as a solution, this study attempts to design the integrated model of CWLS and marine ecosystem. Cash waqf fund managed by

government and generated benefit from coupon distributed by *nazhir* or LKS-PWU is specifically directed to marine and coastal ecosystem and people who live around. Hence, the purpose of this study aims to propose an alternative model in maintaining marine ecosystems through the Cash Waqf Linked Blue Sukuk (CWLBS) model.

The study is a qualitative research applying descriptive analysis method. The extant literature on SDG 14 and issues in marine and coastal ecosystem, as well as Cash Waqf Linked Sukuk (CWLS) scheme implemented in Indonesia, have been critically reviewed and used for designing the alternative model which is more innovative and more applicable. The collected data used are journal articles, conference proceedings, reports from government institutions such as the National Development Planning Agency, Ministry of Environment and Forestry, Ministry of Marine and Fisheries, and other related institutions such as the United Nations Development Programme (UNDP).

This research is expected to provide an overview of the model for policy makers to synergize between CWLS which has great potential in Indonesia and the strategic real sector, namely the marine ecosystem. This model is called CWLBS which is expected to facilitate the collection of cash waqf proceeds invested through Sukuk to be distributed to the real sector, especially the marine sector. This model focuses on the marine sector so that it can help accelerate the development of coastal ecosystems in Indonesia to be more independent and competitive and help the welfare of local communities around the coast to meet their basic needs.

## **2. Literature Review**

### **Cash Waqf Linked Sukuk (CWLS) in Indonesia**

Indonesia has been announced as the most philanthropist country in the world(Charities Aid Fondation, 2021). Indonesia also occupies the fourth position for the Global Islamic Economy Indicator (GIEI) which consists of six sectors, namely halal food, Islamic finance, Muslim-friendly travel, modest fashion,

pharmacy & cosmetics, and media & creation. The highest score from among those six sectors in Indonesia is that of the Islamic finance sector (111.6). The improvement of Islamic finance sector is caused by two main reasons, namely sukuk value and Islamic funds value. The government of Indonesia has an initiative to increase the Islamic financial assets through Sovereign Sukuk by issuing Cash Waqf Linked Sukuk (CWLS). (Dinar Standard, 2020)

Cash Waqf Linked Sukuk (CWLS) is a sovereign sukuk investment product that is provided as an alternative investment scheme for Nazhir to manage cash waqf and other Islamic social funds to encourage community welfare through empowerment programs and other social activities (Ministry of Finance, 2021a). The mechanism of CWLS is based on cash waqf funds collected from the public, both from individuals and institutions. Then, the cash waqf will be invested in Sovereign Sukuk. The income generated will be delivered to beneficiaries (*mauquf 'alaih*) through the program provided by waqf manager (*nazhir*) who are the partners of Islamic financial institution-cash waqf receipt.

In 2018, Indonesia through Bank Indonesia has joined a project with Islamic Development Bank (IDB) to issue Cash Waqf Linked Sukuk (CWLS) in the annual meeting of International Monetary Fund (IMF)-World Bank in Bali, Indonesia. (Bank Indonesia, 2021) (Fauziah et al., 2021) Indonesia was the first country in the world that issued CWLS as an innovative Islamic social financial instrument. With the total of cash waqf potential reaching 180 trillion rupiah (Indonesian Ministry of National Development Planning, 2019), Indonesia can expect to be successful in this CWLS program. However, the waqf literacy in Indonesia is relatively still low with only 54.8. (Indonesian Waqf Board & Ministry of Religion Republic of Indonesia, 2020)

There are four main issues leading to lack of waqf literacy, they are lack of exposure and education, governance being substandard, limited waqf fundraisers and lack of program promotion. Therefore, fundamental factors that need to be improved are literacy, inclusivity, and cash waqf governance (Waqf Research Team of The Fiscal Policy Agency, 2019). These fundamental factors will impact the significance of CWLS participation among Muslims in Indonesia.

Cash Waqf Linked Sukuk (CWLS) has been formulated through the synergy between the Ministry of Finance, Bank Indonesia, the Financial Services Authority, the Ministry of Religious Affairs, and the Indonesian Waqf Board. In the last two years, Indonesia has issued three types of CWLS, namely waqf sukuk with a private placement mechanism, the first Retail CWLS (SWR001), and the second Retail CWLS (SWR002). The participation level in CWLS seems to improve by the time. Comparing with SWR001, SWR002 has an increase of up to 62% (IDR 9,229,000,000). The Retail CWLS brings in waqifs who are dominated by X and Y generation, 44.96% and 37.69%, respectively. (Ministry of Finance, 2021b)

The evidence that demand for CWLS is improving shows the positive trend of this initiative and targeted Sovereign Sukuk. The more Muslims participate in this program, the more benefits can be delivered to increase welfare. However, the CWLS program has no specific beneficiaries with certain program or strategic sector to be developed. The programs of the beneficiaries are the same with the regular program that has been done by waqf and zakat institutions. Therefore, this study aims to propose a model that can link the CWLS program and strategic government programs in a specific sector, especially for the marine sector. This model will help the government achieve marine economic sustainability with public participants and reduce foreign interventions such as loans.

There are sharia fatwas and opinions from the DSN-MUI about CWLS, namely the Fatwa and the Statement of Sharia Conformity (Sharia Opinions) from the National Sharia Council-Indonesian Ulema Council (DSN MUI Fatwa No. 76/DSN-MUI/VI/2010 concerning SBSN Ijarah Assets to be Leased) and DSN-MUI Fatwa Number 95/DSN-MUI/VII/2014 concerning State Sharia Securities (SBSN) Wakalah, and others. Currently, CWLS uses a sukuk wakalah contract because it has flexibility in the use of underlying assets (Imam Teguh Saptono et al., 2020).

In accordance with the rules of fiqh, namely "achieving the benefit and rejecting *mafsadat*" and "the original law in *muamalah* is that it is permissible



until there is a proof that shows its prohibition". So it can be concluded that the fiqh rules of Cash Waqf Linked Sukuk (CWLS) are allowed in Islam. DSN-MUI Fatwa No. 131/DSN-MUI/X/2019 concerning Waqf Sukuk is also the driving force for the issuance of CWLS based on sharia principles (Rahayu & Agustianto, 2020).

### **Blue Sukuk**

In maintaining national economy, the government implements various economic policies. One of these policies is the deficit budget system. The deficit budget system is implemented to encourage economic growth through increased supply of goods and services. Therefore, Government Securities and direct loans are used by the government to finance the negative difference between state revenues and expenditure (deficit) (Hariyanto, 2020).

When the financing trend continues to increase, the government is encouraged to develop various financing instrument innovations, one of which is Sovereign Sukuk. This financing innovation is in addition to expanding the investor base which can consist of individuals and companies; this scheme is a government response to support the development of the Islamic finance industry both on a national and international scale (Hariyanto, 2020).

Sukuk refers to investment certificates of equal value representing undivided shares in ownership of tangible assets, usufruct and services or (in the ownership of) the assets of particular projects or special investment activity. However, this is true after receipt of the value of the sukuk, the closing of subscription and the employment of funds received for the purpose for which the sukuk were issued (AAOIFI Sharia Standards number 17) (Ministry of Finance, 2015). The transaction in Sukuk scheme involves true sale and the transfer of legal ownership of the asset from the originator to a third party that is normally a Special Purpose Vehicle (SPV) (Maulana et al., 2021).

Sovereign Sukuk so far have shown good progress. The government initiated the issuance of Sovereign Sukuk in August 2008 with a value of IDR 4.8 trillion. This value continues to increase and in July 2019 it has reached IDR

1,143.5 trillion with an outstanding value of IDR 645.9 trillion. There are three types of underlying assets in Sovereign Sukuk currently, namely land, buildings, and projects owned by the government. Currently, the Government also has thematic Sovereign Sukuk according to the financing needs and choice of investors. Several types of Sovereign Sukuk are Project Financing and Green Sukuk. Both aim to support green development (Hariyanto, 2020) In addition, currently Blue Sukuk has also been developed to support Blue Economy. The concept of Blue Economy is to emphasize efficiency that encourages the investment development and fisheries business that concern environment sustainability (Rusydia & Irfany, 2021).

The existence of various Sovereign Sukuk schemes can also help the government to achieve the Sustainable Development Goals (SDGs) which consist of 17 goals with 169 targets, which is a global action plan for the next 15 years from 2016 to 2030. SDGs aim to alleviate poverty, deescalate the gap, and protect the environment. It is an obligation for every country to achieve the goals and targets of SDGs (Hariyanto, 2020).

The framework of Blue Sukuk aims to tap into sukuk of Indonesia for investment into marine biodiversity conservation (Prabowo, 2020). Blue sukuk itself can support the achievement of SDG number 14 (life below water) that focuses on conservation and sustainable use of marine resources, oceans, maritime activities to sustainable development. There is a huge need for development funding in the marine sector of Indonesia. This is an opportunity to develop financial instruments. In October 2018, Seychelles was the first country in the world that issued environment based-financial instrument for marine sector (Blue Bond) with the value USD15 Million (Hariyanto, 2020; Maulana et al., 2021).

Blue economy is a concept to optimize water resources to enhance economic growth through various innovative and creative programs with the guarantee of sustainable effort and environment friendliness. In 2010, Gunter Pauli put forth a new approach to the environment that is called Blue Economy, through his book titled *The Blue Economy: 10 years, 100 innovations, and 100 million jobs*. The concept of blue economy based on his perspective is to

challenge the industrialists that blue economy business model gives opportunity to develop more gainful investment and business both for economy and environment, using efficient resources that care for the environment, and cleaner and more efficient production systems, resulting in higher product and economic value, improving employment, and gives opportunity to distribute the benefit to each contributor equally (Hariyanto, 2020).

Blue economy is about learning from the nature, ecosystem logic, innovation and creativity. The implementation of blue economy needs a comprehensive understanding of connectivity aspects between cross-sectoral, marine and coastal ecosystem. The concept of blue economy at least has three main things as the fundamental approach; healthy ocean, people-centered activities, and ocean governance (Hariyanto, 2020). There is a balance ratio between input and output in economic growth. The concept of Blue Economy expects that the output will not contradict the current SDGs (Rusydziana & Irfany, 2021).

According to a previous study about Blue Sukuk, there is a need to identify the absorption capacity of domestic and global financial markets related to sukuk issuance, and to ensure that the government immediately prepares regulations related to relevant stakeholders, increases exposure to Blue Sukuk both to ministries, institutions, domestic investors, industry financial institutions and to global investors, as well as making internal preparations to support the issuance of Blue Sukuk by monitoring domestic and global economic conditions (Hariyanto, 2020).

Another study shows that the main foundations needed in the development of blue sukuk are regulatory aspects, feasible underlying projects, investors, and inter-institutional coordination. The possibilities of underlying infrastructure for issuing Blue Sukuk are development of integrated fishing areas as well as the procurement of large and environmentally friendly fishing boats (Rusydziana & Irfany, 2021).

### **3. Methodology**

This research is qualitative research conducted by the descriptive-analytical method through a literature study. The library research method is a method used in searching data, or a method of in-depth observation of the theme under study to find a temporary answer to the problem found at the beginning before the study is followed up (Habibaty, 2017).

Data is collected through secondary data such as journals, books, official website information, and other related matters regarding cash waqf, sukuk, and Blue Economy. In this study, the authors propose a framework model that is extended from Cash Waqf Linked Sukuk (CWLS) into a specific project that focuses on marine and coastal ecosystem. This proposed model is called Cash Waqf Linked Blue Sukuk (CWLBS).

### **4. Result and Discussion**

#### **Cash Waqf Linked Blue Sukuk (CWLBS): A Proposed Model**

Based on what has been discussed in previous sections, the authors propose a model integrating cash waqf with blue sukuk to reach a sustainable marine and coastal ecosystem, namely Cash Waqf Linked Blue Sukuk (CWLBS). The stakeholders of CWLBS are wakif, waqf institutions (*nazhir*), Indonesian Waqf Board (Badan Wakaf Indonesia or BWI), Financial Technology (Fintech) institution, Islamic Financial Institution Cash Waqf Receipt (Lembaga Keuangan Syariah-Penerima Wakaf Uang or LKS-PWU), and government such as the Ministry of Finance, the Ministry of Marine and Fisheries, the Ministry of Religious Affairs, Financial Service Authority (Otoritas Jasa Keuangan or OJK) and Central Bank of Indonesia (Bank Indonesia).

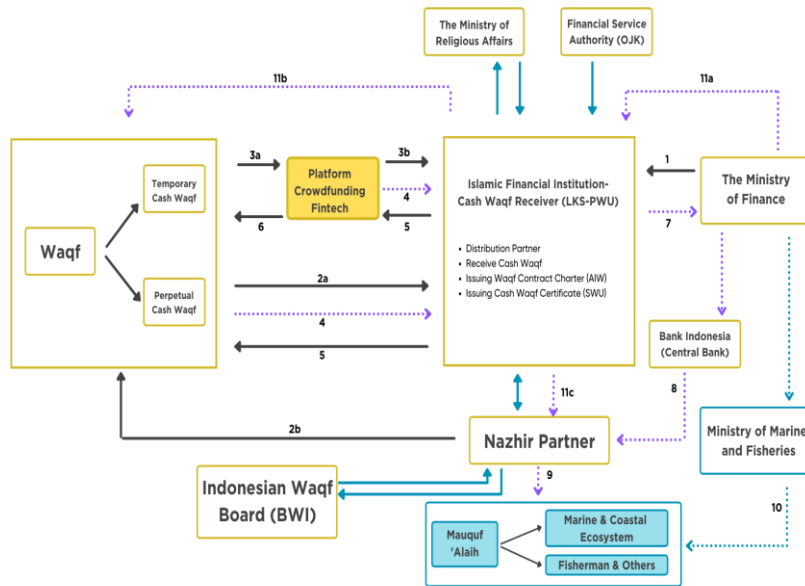
Waqifs who are involved are individual waqifs and institutional waqifs. Waqif also can choose to participate either as perpetual or temporary waqf. According to Imam Syafii, temporary waqf is not allowed. However, Imam Abu Hanifah allowed it because he equated the waqf contract with the loan agreement

(*ariyah*). As in the book of Fath Al Qadir (page 73) it is stated that Abu Hanifah said that waqif ownership of his property was not lost because of waqf unless there was a judge's decision or before he died (Imam Teguh Saptono et al., 2020).

In addition, the role of BWI is to control the *nazhir* to manage waqf asset based on Waqf Core Principles and to give cash waqf management reports, while the Ministry of Religious Affairs and Financial Service Authority supervise the Islamic financial institutions. The Ministry of Religious Affairs also receives financial reports of cash waqf. On top of that, the Central Bank of Indonesia plays as an administrative and paying agent in the stage of coupon payment. Figure 1 is the modus operandi of CWLBS with the explanation as follows:

1. The Ministry of Finance, firstly, appoint some Islamic financial institutions who play as distribution partner of CWLBS. The Islamic financial institution also has the responsibility to issue waqf contract charter (Akta Ikrar Wakaf or AIW) as well as a cash waqf certificate (Sertifikat Wakaf Uang or SWU). They will have fees based on the number of collections.
2. Waqif can choose the types of waqf:
  - a. Waqif can participate either as perpetual or temporary cash waqf to LKS-PWU. The minimum value is IDR 1 million. In this step, the waqif should fill the AIW and order form of CWLBS.
  - b. After the waqif fulfils the requirements, the *nazhir* authorizes waqif to participate on CLWBS.
3. The process of participation on CWLBS:
  - a. In the case of *waqif* who has not enough money to participate on CWLBS through the Islamic financial institutions (minimum IDR 1 million), *waqif* can use the digital platform provided by fintech institution as agent to participate on CWLBS under IDR 1 million. It can be started from IDR 1 hundred thousand. Fintech institution will get fee (*ujrah*) from the Ministry of Finance for its assistance to collect the fund.
  - b. Then, fintech institution will transfer the fund to the Islamic financial institutions if the nominal has reached the minimum (IDR 1 million) and take care of the administration process of CWLBS on behalf of *waqif*.

4. *Waqif* and fintech institution deliver cash waqf to the Islamic financial institutions.
5. The Islamic financial institution, then, gives the AIW and SWU to *waqif*. For fintech institution, the SWU is issuance collectively under the name of the fintech institution.
6. Fintech institution informs about AIW and SWU to waqif who invest through the platform as a form of its responsibility.
7. After the offering period is over, the Islamic financial institution delivers the collected fund to the Ministry of Finance.
8. During the tenor of CWLBS, the Ministry of Finance pays coupons periodically to *nazhir* as waqf manager through the Central Bank of Indonesia as an administrative and paying agent.
9. Nazhir distributes the benefit from coupon payment to *mauquf 'alaih* specifically for marine and coastal ecosystem and fisherman empowerment programs.
10. Since the underlying asset of CWLBS is the government's project under state budget the Ministry of Finance should also focus on marine and coastal conservation. In this project, the Ministry of Marine and Fisheries can take over the operational responsibility particularly to ensure the projects are in line with the Strategic Planning of the Ministry of Marine and Fisheries.
11. The mechanism at the end of period:
  - a. The Ministry of Finance will return all the funds to the Islamic financial institutions as distribution partner as the place to collect waqf fund (not as waqf manager).
  - b. Then, 100% of the cash waqf fund will be back to the *waqif* for temporary cash waqf. However, the result of waqf management will be delivered to *mauquf 'alaih*.
  - c. Meanwhile, the perpetual cash waqf will come under the authority of the *nazhir* as the institution responsible for managing cash waqf.



**Figure 1**

**Framework of Cash Waqf Linked Blue Sukuk (CWLBS)**

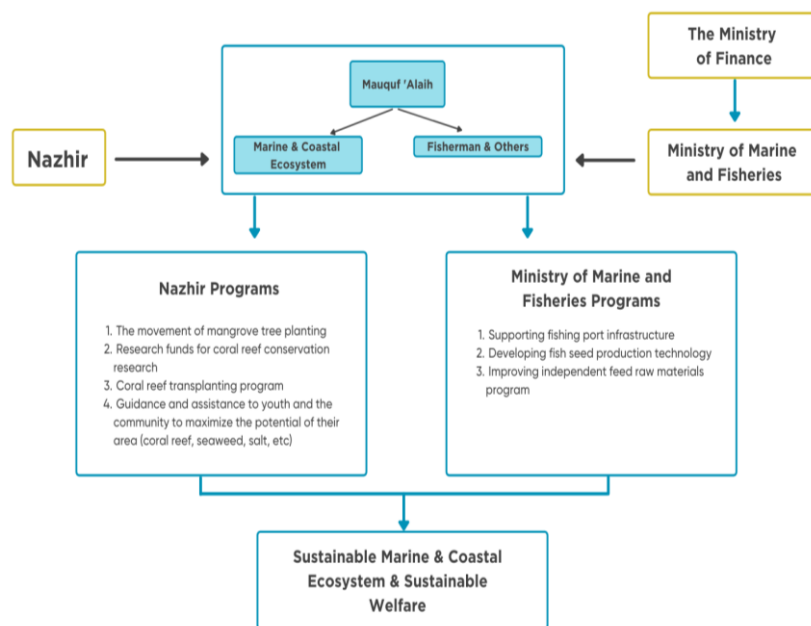
*Source: Authors, adopted from Ministry of Finance (2021a)*

Since this proposed model focuses on marine and coastal ecosystems and attempts to empower fishermen who live around, nazhir and the Ministry of Marine and Fisheries could cooperate to create mutual support programs to achieve their respective goals. Nazhir can maximize profit distribution to *mauquf 'alaih*, while the Ministry of Marine and Fisheries can implement its Strategic Planning with the encouragement of CWLBS fund (Figure 2).

Based on the Strategic Planning 2020-2024 of the Ministry of Marine and Fisheries, there are three innovative programs that become a priority until 2024. First, the enhancement of non-tax revenue from captured fisheries resources. Second, the development of aquaculture which is supported by marine and fisheries research to increase export. Third, the development of freshwater, brackish, and marine aquaculture villages are based on local wisdom. These priority programs are also disclosed by the Minister of Marine and Fisheries, Sakti Wahyu Trenggono (Rahman, 2021). After the Ministry of Finance transfers the CWLBS fund, the Ministry of Marine and Fisheries can use the fund to support

the implementation of programs. The fund can be utilized to develop fishing port infrastructures, to support fish seed production technology, namely Recirculation Aquaculture System (RAS), as well as to improve independent feed raw materials programs.

On the other hand, for utilizing the benefit from the CWLBS scheme, Nazhir may focus on environment conservation. The programs that can potentially be implemented are organizing the mangrove tree planting movement, granting research funds for any researches focused on coral reef conservation, creating a coral reef transplanting program, and also providing guidance and assistance to youth and the community in order to maximize the potential of their area such as fostering youth as reliable tour operators for coral reef tourism or assisting the community in making seaweed cultivation. These assistance programs could be integrated with student community service programs (Kuliah Kerja Nyata or KKN) or independent campus (Kampus Merdeka) programs from the Faculty of Marine Science and Fisheries. Figure 2 describes the mechanism of the programs for the beneficiaries.



**Figure 2**

***The Scheme of Social Empowerment Program***

*Source: Authors, adopted from Kementerian Kelautan dan Perikanan (2020)*



### **The Significance of the Proposed Model**

The proposed Cash Waqf Linked Blue Sukuk (CWLBS) model is considered as an alternative and improved model of an existing Cash Waqf Linked Sukuk (CWLS) model (Ministry of Finance, 2021a). This model focuses on marine and coastal ecosystems and people who live around. However, the model is expected to have a broad impact for all stakeholders such as the government, waqf institution, Islamic financial institution, Fintech, fisherman and other marine job holders, marine and coastal environment, as well as academicians.

### **Impact for Government**

The government will have an additional budget to execute their plans. In this context, the strategic planning of the Ministry of Finance and the Ministry of Marine and Fisheries will be assisted by this CWLBS model. Moreover, for long term effect, the model will support the implementation of SDGs programs, mainly SDG 14. The government also can reduce dependency on foreign intervention such as loans.

### **Impact for Waqf Institutions**

The CWLBS model becomes an alternative scheme to increase waqf collection and also to maximize profit distribution of the cash waqf fund. Through this model, waqif can choose either give temporary or perpetual waqf. So, it is expected to increase the attraction for the waqif. Furthermore, the nazhir will also have another choice of an empowerment program where the program will give more impact in the strategic sector. The sustainability of the program for the beneficiaries is the focus of waqf development.

### **Impact for Islamic Financial Institution and Financial Technology (Fintech)**

Besides obtaining *ujrah* or fees by incorporating in this model, Islamic financial institutions and Fintech will also fulfil their social function through

collecting and receiving waqf and other social funds. After that, those institutions will transfer the fund to certain nazhir based on the wishes of waqif so that nazhir can manage and optimize the waqf fund through productive sector and give more benefit for the beneficiaries. Islamic financial institutions are not nazhir, they are only partner to easier people on participating in waqf program.

### **Impact for Fisherman and Other Marine Jobs**

Through the CWLBS model, people who live around marine and coastal environments will be empowered. The problems such as lack of knowledge and ability to optimize their potential resources will be tackled. People will have job opportunities and other income sources by the existence of aquaculture villages based on local wisdom.

### **Socio-Economic Impact for the Marine and Coastal Environment**

Not only focusing on increasing the income and the people's welfare, the CWLBS scheme also targets maintaining marine and coastal environments. By encouraging environmental programs such as conservation of coral reefs, it will create fish habitat and promote nautical tourism. The harm of beach erosion can be prevented by planting more mangrove trees.

### **Impact for Academicians and Islamic Economics**

The proposed model of CWLBS is expected to meaningfully contribute to the body of knowledge as well as add literature to the Islamic economics field. Instead of building a completely new model, the study attempts to improve the existing model, particularly to lengthen and expand the impact of the current model. This perspective may be duplicated by other academicians when designing other researches.

## 5. Conclusion

The concept of Cash Waqf Linked Blue Sukuk (CWLBS) proposes an initiative Islamic financial scheme as a part of government project financing, especially for marine ecosystem development. The proposed CWLBS model will encourage the nation to achieve goal 14 of Sustainable Development Goal (SDG) i.e., life below water (marine ecosystem). In addition, this model also tries to improve the public participants to contribute on cash waqf through digital support system, namely financial technology (fintech).

The current model is expected to boost fishermen empowerment through financing and assistance funded by cash waqf combined with blue sukuk. The synergy between *nazhir* program and Ministry of Marine and Fisheries (MMF) program can accelerate the government to achieve SDG 14 and empower the local people in coastal areas. It also bridges the gap between potential and realization of cash waqf because public participation is one of the goals. The linkage between waqf and real sector will enhance the impact of waqf for public.

This study gives a brief review and a proposed model that will help the government and stakeholders on waqf, sukuk, and marine area to synergize in this strategic sector. However, this study is still limited to a conceptual model and has not been empirically implemented. Therefore, this study calls for further research to conduct in-depth interviews with the stakeholders about the possibility of developing and implementing this model.

## References

- Antara. (2021). “*KLHK Catat Setengah Juta Ton Sampah Plastik di Lautan Indonesia.*”
- Ariansyah. (2020). “*Never Let Fishermen Down Due to Corona.*”
- Bakar, M. A., Ahmad, S., Salleh, A. D., & Salleh, M. F. M. (2020). Waqf and Sustainable Development Goals (SDGs): A Critical Review from Malaysia Perspective. *Journal of Critical Reviews*, 7(13), 2362–2385.
- Bank Indonesia. (2021). *Laporan Ekonomi dan Keuangan Syariah 2020.*

<https://www.bi.go.id/id/LEKSI-2020/default.aspx>

- BAPPENAS. (2020). *Metadata Indikator Tujuan Pembangunan Berkelanjutan (TPB)/Sustainable Development Goals (SDGs) - Pilar Pembangunan Lingkungan (II)*.
- Budiman, M. A. (2011). The Role of Waqf for Environmental Protection in Indonesia. *Aceh Development International Conference 2011*, 880–889.
- Charities Aid Foundation. (2021). *Caf World Giving Index 2021: a Global Pandemic Special Report* (Issue June).
- Dinar Standard. (2020). *State of the Global Islamic Economy Report 2020/21: Thriving in Uncertainty*.
- Fauziah, N. N., Ali, E. R. A. E., Bashir, A. A. binti M., & Bacha, A. M. (2021). An Analysis of Cash Waqf Linked Sukuk for Socially Impactful Sustainable Projects in Indonesia. *Journal of Islamic Finance*, 10(1), 1–10.
- Habibaty, D. M. (2017). Kompetisi Nazhir pada Wakaf Produktif Ditinjau dari Undang-Undang No 41 Tahun 2004 Tentang Wakaf. *Al Awqaf, Jurnal Wakaf Dan Ekonomi Islam*, 10(2), 154–161.
- Hariyanto, E. (2020). Potensi dan Strategi Penerbitan Blue Sukuk. *Jurnal Perbendaharaan, Keuangan Negara Dan Kebijakan Publik*, 5(2), 151–170.
- Imam Teguh Saptono, Sarmidi Husna, Fahrurroji, & Hendri Tanjung. (2020). Tanya Jawab Wakaf Uang dan Cash Waqf Linked Sukuk. In *Badan Wakaf Indonesia*. Badan Wakaf Indonesia.
- Indonesian Ministry of National Development Planning. (2019). *Indonesia Islamic Economic Masterplan 2019-2024*.
- Indonesian Traditional Fisherfolk Union (DPP KNTI). (2020). “Covid-19 Outbreak: Socio-economic Impact on Small-scale Fisher and Aquaculture in Indonesia.”
- Indonesian Waqf Board, & Ministry of Religion Republic of Indonesia. (2020). *Survey Report of Waqf Literacy Index 2020 (Laporan Hasil Survey Indeks Literasi Wakaf 2020)*.
- Kementerian Kelautan dan Perikanan. (2020). Rencana Strategis Kementerian Kelautan dan Perikanan Tahun 2020-2024. *Kementerian Kelautan Dan*

*Perikanan.*

- Koran Sindo. (2018). “10 Problem Besar Lingkungan di Indonesia.”
- Maulana, A., Zahro, F., & Sholikhah, M. (2021). Blue Sukuk as a Solution to Indonesia Maritime Economic Crisis due to the Global Covid Pandemic. *Journal of Islamic Finance*, 10(1), 36–45. <https://journals.iium.edu.my/iiibf-journal/index.php/jif/article/view/560>
- Ministry of Finance. (2015). *Sukuk Negara: Sharia-Compliant Financial Instrument* (D. Siamat & Suminto (eds.); Second Edi). Directorate of Islamic Financing, Directorate General of Budget Financing and Risk Management, Ministry of Finance, Republic of Indonesia.
- Ministry of Finance. (2021a). *Cash Waqf Linked Sukuk Seri SWR002* (Issue April).
- Ministry of Finance. (2021b). *Di Tengah Kondisi Pandemi CWLS Ritel seri SWR002 Sukses Menarik 91, 03% Wakif Baru*. <https://www.djppr.kemenkeu.go.id/page/loadViewer?idViewer=10606&action=download>
- Ministry of Finance. (2021c). *Memorandum Informasi Sukuk Wakaf (Cash Waqf Linked Suku) Seri SWR002* (Issue April 2021).
- Prabowo, A. (2020). *Solusi Berbasis Laut: Inovasi dan Kerjasama Akselerasi Pembangunan Ekonomi Biru dalam Fase Pemulihan Covid 19*.
- Rahayu, R. D., & Agustianto, M. A. (2020). Analisis Implementasi Cash Waqf Linked Sukuk (CWLS) Perspektif Prinsip Ekonomi Syariah. *Management of Zakah and Waqf Journal (MAZAWA)*, 1(2), 145–161.
- Rahman, M. R. (2021). *Menteri Trenggono: Ada Tiga Program Terobosan Hingga Tahun 2024*. <https://m.antaranews.com/berita/2081730/menteri-trenggono-ada-tiga-program-terobosan-hingga-tahun-2024>
- Rusydiana, A. S., & Irfany, M. I. (2021). Proposing Blue Sukuk in Indonesia: An Interpretive Structural Model. *Shirkah: Journal of Economics and Business*, 6(1), 101–114.
- Setiawan, A. (2021). “Selamatkan Laut dari Sampah Plastik.”
- Waqf Research Team of The Fiscal Policy Agency. (2019). *Kajian*

*Pengembangan Wakaf Uang Dalam Rangka Pendalaman Pasar Keuangan Syariah* (Issue November).

Yasin, R. M. (2021). Cash Waqf Linked Sukuk: Issues, Challenges and Future Direction in Indonesia. *JEBIS: Jurnal Ekonomi Dan Bisnis Islam*, 7(1), 100–112. <https://doi.org/10.20473/jebis.v7i1.24818>