

Maqashid Shariah-Based Assessment of CWLS SW001 in Enhancing Productive Waqf

Abdul Razak Hasibuan^{1*}, Siti Achiria², Hadi Saeidi³

^{1,2}Universitas Islam Indonesia

³Islamic Azad University, Quchan, Iran

Corresponding Author e-mail: abd.raza@gmail.com

Article History:

Received: 08-08-2025

Revised: 16-09-2025

Accepted: 20-09-2025

Keywords: CWLS SW001;
Maqashid Syariah; productive
waqf, Islamic finance

Abstract: *This study examines the implementation of CWLS SW001, a cash waqf-linked sukuk instrument managed through private placement by the Indonesia Waqf Board (BWI). Acting as the sole wakif representative for individuals and institutions, funds collected via sukuk are allocated to productive projects, such as building the Retina and Glaucoma Center at RS Mata Achmad Wardi, Serang, Banten, and providing free healthcare services for 2,513 patients. The analysis reveals that CWLS SW001 aligns with the principles of Maqashid Syariah, addressing hajjiyat-level needs that enhance social welfare and economic inclusivity without compromising the five core objectives of Shariah: religion, life, intellect, lineage, and wealth. This platform not only integrates Islamic values with modern financial instruments but also demonstrates how waqf can serve as a sustainable funding source for public health infrastructure. Recommendations for stakeholders include increasing public awareness and adopting alternative issuance mechanisms to empower wakif in deciding the allocation of funds. This study highlights the potential of CWLS as a transformative tool for waqf management and invites further exploration into its regulatory and operational frameworks to maximize its societal benefits.*

Introduction

Waqf in Indonesia has long been an integral part of the social and economic life of Muslims since the introduction of Islam to the archipelago. Waqf is not only an act of worship but also a significant social empowerment instrument. Over time, innovations in waqf management, such as cash waqf, have become increasingly known, especially following the issuance of a fatwa from the National Sharia Council (DSN MUI) in 2002, which legitimized the practice. Cash waqf holds an advantage in its distribution flexibility compared to non-liquid waqf assets like land and buildings, which are typically limited to more affluent individuals (Al-Arif, 2012). Through cash waqf, consumptive assets can be converted into productive uses to support sectors like education, healthcare, and commerce (BAPPENAS, 2019).

However, despite the potential of cash waqf in Indonesia, which is projected to reach IDR 180 trillion, the actual realization remains far from optimal. Data from the Ministry of Finance shows that the average annual collection for cash waqf only amounts to IDR 31 billion (2011–2018). Efforts to optimize cash waqf collection have become more visible with the introduction of innovative instruments like Cash Waqf Linked Sukuk (CWLS), launched by the Indonesia Waqf Board (BWI) in collaboration with Bank Indonesia. CWLS serves as a bridge between Islamic social finance and commercial finance, aiming to mobilize productive waqf for enhancing community welfare (KNKS, 2020). Through this financial integration, CWLS is expected to promote inclusive economic activities, but its successful implementation faces challenges, particularly due to limited public literacy on the subject. This research aims to delve deeper into the application of CWLS, specifically SW001, in light of maqashid sharia to assess its effectiveness and impact.

The object of this study is the implementation of Cash Waqf Linked Sukuk (CWLS) series SW001 as a productive waqf, which is seen as an innovative breakthrough in the management of cash waqf in Indonesia. CWLS SW001, first issued in 2020, is a financial instrument designed to integrate social and economic goals. The funds raised through SW001 are allocated to productive programs such as building healthcare facilities, free cataract surgery, and providing medical equipment at the Achmad Wardi Hospital in Serang, Banten (Bank Indonesia, 2021). The management of these waqf funds reflects sustainable principles that support the healthcare sector while benefiting the poor directly.

The application of CWLS is strategically important to address the need for more effective and accountable waqf management. From the perspective of maqashid sharia, SW001 not only focuses on profitability but also on the social benefits it generates. According to the BWI annual report, funds raised from SW001 support the development of healthcare and education facilities based on waqf, which is a progressive step to improve the living standards of marginalized communities. This research focuses on how CWLS SW001 contributes to the sustainable economic empowerment of the ummah through productive waqf instruments. Given these benefits, it is crucial to evaluate the implementation of CWLS SW001 from the maqashid sharia perspective to assess its alignment with these principles and its real-world impact on the community's welfare.

Despite the promising potential of CWLS SW001 as an innovative financial instrument, its realization remains far from optimal. Data from BWI (2022) indicates that only IDR 378.15 billion has been raised from the total potential of IDR 180 trillion in cash waqf, achieving just 2.69% of the annual target set by BWI of IDR 1.18 trillion. Factors such as low public literacy and a lack of understanding about instruments like CWLS are major barriers. According to the Ministry of Finance (2020), cash waqf remains dominated by non-liquid assets, while more flexible and inclusive instruments like cash waqf have yet to be maximized.

Additionally, the CWLS SW001, which was first issued via private placement in 2020, successfully raised IDR 50.85 billion. These funds were allocated for social programs such as renovating healthcare facilities and providing free cataract surgeries for 2,513 poor individuals (Bank Indonesia, 2021). However, the low literacy levels and lack of trust in the management

of social funds like cash waqf present significant challenges that hinder the achievement of optimal targets for this instrument. Given these circumstances, it is important to explore the dynamics of CWLS SW001's implementation to understand its potential to meet maqashid sharia principles and its role in improving community welfare.

Several previous studies have discussed the management of cash waqf; however, research specifically addressing the implementation of CWLS SW001 from the perspective of maqashid sharia remains limited. Hasanah (2020) highlights the low literacy of cash waqf in Indonesia, while Arifin and Huda (2021) note that the management of cash waqf is often not transparent, reducing public trust. Mulyana et al. (2021) emphasize the need for further research into the effectiveness of social financial innovations like CWLS as a funding tool based on sharia principles. In contrast, Zainuddin et al. (2022) illustrate the vast potential of CWLS in promoting social financing if applied transparently and accountably. Rahman (2023) also stresses the importance of evaluating the social impact of CWLS in improving the quality of life of beneficiaries. Therefore, this study aims to fill the gap by conducting a comprehensive analysis of CWLS SW001 from a maqashid sharia perspective to assess its potential and challenges.

The objective of this research is to analyze the implementation of CWLS SW001 as a productive waqf instrument in light of maqashid sharia. This study will focus on evaluating the effectiveness of fund management, the transparency of benefit allocation, and its contribution to improving community welfare. By examining CWLS from the maqashid sharia perspective, this research aims to assess whether this instrument aligns with the sharia principles that underpin Islamic social finance, and whether it can achieve sustainable development goals. Additionally, this study is expected to provide strategic recommendations for improving cash waqf management, particularly through instruments like CWLS, in order to maximize the potential of cash waqf in Indonesia

Research Methods

The research employs a qualitative descriptive method, as outlined by Sugiyono (2020), to examine the implementation of CWLS SW001 from the perspective of maqashid sharia. This method is used to explore and describe the research problem in detail, focusing on understanding the behavior, values, and norms within the social context. The study utilizes a library research approach, gathering relevant theories and literature to provide a solid foundation for analyzing the implementation of CWLS SW001. The primary data is obtained from various sources, including the DSN MUI Fatwa No. 131/DSN/MUI/2019 on Sukuk Wakaf, and the concept of maqashid sharia as discussed by Asy Syatiby. Secondary data is drawn from academic journals and legal documents such as the analysis of CWLS SW001 management, the Wakaf Law (No. 41/2004), and studies on the intersection of Islamic law and positive law regarding sukuk. The data analysis technique follows a systematic process of organizing and categorizing the data, synthesizing it into relevant themes, and drawing conclusions (Sugiyono, 2020). This approach ensures a comprehensive understanding of the issues surrounding the productive waqf instrument CWLS SW001 within the framework of maqashid sharia.

Result and Discussion

ash Waqf Linked Sukuk (CWLS) is an innovative financial product that integrates Islamic finance principles with the concept of waqf (charitable endowment). CWLS facilitates fundraising through sukuk while bridging philanthropy with profitable financial activities, promoting financial inclusion and sustainable development. This product allows funds to be raised via sukuk, which are managed according to Islamic principles, with the funds used for charitable projects. Introduced by the Indonesian Ministry of Finance at the IMF Annual Meeting, CWLS demonstrates the government's support for innovative Islamic finance products. The Badan Wakaf Indonesia (BWI) plays a crucial role in managing waqf funds within CWLS, ensuring transparency and efficiency. The collaboration between Islamic finance and social sectors enables the creation of a more inclusive economy, exemplified by projects like the renovation of the Retina Center at Achmad Wardi Hospital in Banten, which aims to provide free cataract surgeries for underprivileged communities (Salsabila, 2023; BI, 2021).

The implementation of CWLS SW001 involves a structured mechanism, incorporating multiple steps such as fundraising, fund allocation, distribution of returns, and repayment of principal. CWLS SW001 uses various contracts such as mudharabah, ijarah, wakalah, and musyarakah, in line with shariah principles. The sukuk issued through CWLS is non-tradeable with a 5-year term, offering a fixed coupon rate of 5.00% per annum. The funds raised from CWLS SW001 are specifically allocated to build and equip the Retina and Glaucoma Centers at Achmad Wardi Hospital. The project aims to improve access to healthcare, reduce social inequality, and contribute to sustainable economic growth by enhancing public health through free surgeries and other health services (Sari, 2021; BI, 2021).

The process of CWLS SW001 involves several phases: fund collection, placement, distribution of benefits, and repayment of the initial investment. BWI manages the waqf funds, which are raised through private placement, and allocates the returns to the designated healthcare projects. The returns from CWLS SW001, which include both discounts and coupon payments, are used to develop healthcare facilities, particularly the Retina Center, while also supporting social health services like cataract surgeries for the underprivileged. At the end of the sukuk term, the principal amount is repaid to the waqf donors, ensuring that the original waqf capital remains intact and continues to generate social benefits through subsequent sukuk issuances. The management and development of waqf funds are governed by the Waqf Law (No. 41/2004) and related regulations (BI, 2021; Fahrul, 2023).

The productivity of CWLS SW001 is measured by the tangible outcomes it generates, such as the establishment of healthcare facilities and services that benefit the community. Since its issuance in March 2020, CWLS SW001 has accumulated waqf funds of approximately IDR 50.849 billion, reflecting the growing potential of waqf as a source of social financing. The collaboration between BWI, Bank Indonesia, the Ministry of Finance, and the Ministry of Religious Affairs has demonstrated that waqf-based instruments like CWLS can effectively integrate Islamic finance with social development. This approach not only generates financial returns but also supports inclusive economic growth by addressing social inequalities and improving public welfare. CWLS SW001 exemplifies the potential of waqf-linked sukuk to

become a competitive financing option that contributes to national development, reduces dependence on foreign debt, and enhances community welfare (Sukmadilaga, 2021; Fahrul, 2023).

Cash Waqf Linked Sukuk (CWLS) has demonstrated positive impacts on the national economy, with funds directed towards financing social programs. A notable example is the development of the Retina and Glaucoma Center at the RS Mata Achmad Wardi Hospital in Serang, Banten. The discount rights, after deducting operational costs and the nazhir's share, amounted to IDR 2,012,471,721, with a monthly coupon of IDR 181,308,750. These funds have been utilized for the construction and purchase of medical equipment, aligning with the objectives of Maqashid Syariah, which aims to safeguard the five essential elements of human life: religion, life, intellect, lineage, and wealth (Zuhaili, 2020). CWLS SW001 promotes economic and social welfare by channeling financing to productive sectors, supporting both real economic activity and social causes.

The Maqashid Syariah perspective emphasizes the importance of wealth, as seen in the use of CWLS to maintain and utilize wealth in ways that align with Islamic principles. For instance, the funds raised through CWLS contribute to public welfare projects such as free cataract surgeries for the underprivileged and the procurement of ambulances. This practice is consistent with the Islamic teaching of safeguarding wealth (*hifdz al-mal*), ensuring that the funds are used for the benefit of society, particularly in healthcare, which directly contributes to the protection and preservation of life (*hifdz an-nafs*) (Mansyur, 2020). Additionally, CWLS serves as a means to promote sustainable economic development while providing passive income for investors and rewards in the form of ongoing charitable acts (*amal jariyah*), supporting both material and spiritual welfare (Abdurrahman, 2006).

Furthermore, the CWLS model aligns with the Maqashid Syariah framework by fostering long-term benefits for future generations (*hifdz an-nasl*). The funds generated contribute not only to the immediate needs of the community but also to the creation of a sustainable healthcare infrastructure, benefiting future generations. By promoting the productive use of wealth in a socially responsible manner, CWLS supports the Islamic principle of generational welfare, ensuring the continuity of both physical and spiritual well-being in line with Islamic teachings (Wati, 2022). The CWLS SW001 exemplifies how financial instruments can be structured to serve both individual and collective needs while adhering to Shariah principles of justice and equity.

The implementation of CWLS SW001 as a productive waqf highlights a modern approach to integrating cash waqf with sukuk under a government-managed framework. This involves key stages such as fund collection, placement, distribution, and repayment. Through private placement, BWI acts as the sole representative of individual and institutional wakif. Transparency and good corporate governance are prioritized in the management of waqf funds, ensuring that all stakeholders adhere to ethical standards in reporting and fund allocation (Ubaidillah, 2021). The funds raised are allocated to productive projects like the construction of the Retina and Glaucoma Centers and the purchase of medical equipment for RS Mata Achmad Wardi, creating inclusive and sustainable economic development (Fad, 2021).

The concept of Maqashid Syariah underpins the implementation of CWLS SW001 by addressing fundamental human needs—dharuriyyat (primary needs), hajiyyat (secondary needs), and tahsiniyyat (tertiary needs). Imam Asy Syatibi, in *Al Muwafaqat*, emphasizes aligning all human actions with the objectives of Shariah: preserving religion, life, intellect, lineage, and wealth. CWLS SW001 demonstrates its alignment with these objectives by channeling its returns to critical healthcare infrastructure, fulfilling maqashid such as protecting life (hifdz an-nafs) and wealth (hifdz al-mal). This approach ensures that every financial transaction and waqf activity contributes meaningfully to societal welfare (Mansyur, 2020).

Classified as hajiyyat, CWLS SW001 meets secondary human needs by easing societal challenges and fostering productivity. By utilizing funds to support the construction of RS Mata Achmad Wardi and providing free healthcare services to over 2,500 underprivileged patients, the platform demonstrates its ability to balance religious obligations with social and economic benefits. This initiative further strengthens community resilience by ensuring that critical needs are addressed while encouraging societal participation in sustainable development (Wati, 2022). The innovative sukuk-based waqf platform also educates the public on the benefits of productive waqf, fostering long-term community investments in healthcare and welfare.

The success of CWLS SW001 serves as an example of how Maqashid Syariah principles can guide the development of impactful financial instruments. Its productivity in supporting critical healthcare projects while adhering to Shariah principles demonstrates its potential to drive broader societal benefits. Although categorized as hajiyyat, its implementation underscores the importance of collective action to optimize resources for public welfare. The platform's ability to align religious, economic, and social objectives positions it as a model for future waqf innovations, encouraging further investment and participation in similar initiatives to promote inclusive and sustainable development (Ubaidillah, 2021; Fad, 2021).

Conclusion and Recommendation

The implementation of CWLS SW001 through the private placement mechanism, with BWI acting as the sole wakif representing individual and institutional interests, demonstrates a significant innovation in waqf management. Funds raised through sukuk are utilized by the Ministry of Finance to finance productive projects, such as healthcare initiatives, with coupon payments guaranteed under the SBSN and APBN laws. This risk-free instrument has enabled the establishment of facilities like the Retina Center at RS Mata Achmad Wardi in Serang, Banten, and the provision of free healthcare services to 2,513 underprivileged patients. From the Maqashid Syariah perspective, CWLS SW001 aligns with secondary human needs (hajiyyat) by addressing essential societal challenges without threatening primary human necessities. It fulfills the five core objectives of Maqashid Syariah—religion, life, intellect, lineage, and wealth—while promoting social welfare through impactful and sustainable healthcare initiatives, demonstrating how waqf can integrate economic and social benefits.

To enhance its reach and effectiveness, stakeholders such as the Ministry of Finance, LKS PWU, and BWI should improve public awareness campaigns about CWLS and consider alternative issuance methods. Current private placement mechanisms restrict wakif's ability to

directly influence the allocation of funds. Future issuance could involve more participatory approaches, allowing wakif to specify their desired areas of contribution. Additionally, further research could address the application of waqf core principles and explore regulatory frameworks governing CWLS to better support the development of cash waqf in Indonesia. These efforts would expand the potential of CWLS as a key instrument for sustainable economic and social development.

Acknowledge

I extend my deepest gratitude to Allah SWT for His guidance throughout this research journey. My sincere thanks go to my supervisors and mentors for their invaluable support, insights, and encouragement. I am also grateful to the Ministry of Finance, BWI, and other stakeholders for providing the data and resources necessary for this study. Lastly, heartfelt appreciation goes to my family and friends for their unwavering support and prayers, which have been my strength throughout this process.

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