

A PROPOSED INTEGRATED TEMPORARY CASH WAQF AND SALAM FOR AGRI-FINANCING FOR RICE FARMERS IN INDONESIA

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ABSTRACT

The study posits ‘back-to-salam based temporary cash waqf model’ through an instrument to enable Indonesian Waqf Board (BWI) and Indonesian Waqf Funds (TWI) viable for this role. The paper employs qualitative research methodology using literature study to derive proper pedigree. It is against this reason the paper undertakes a theoretical study of the model through the study of the fiqhi and Sharī‘ah issues on it. Major findings of the paper show that the model will enable BWI and TWI collectively, a viable source of agri-financing, jobs creation, wealth circulation and alternative to riba yielding loan in Indonesia as well as boosting its agricultural productivities. The model, apart from its agri-financing and wealth circulation, it is also a credit enhancement for cash waqf fund raising, to motivate the donors through the profitability of the salam stage. The previous studies have not explored this model as an instrument to propel potential donors.

Keywords: Badan Wakaf Indonesia, Tabung Waqf Indonesia, back-to-salam based temporary cash waqf, agri-financing.

INTRODUCTION

Indonesia is the largest Muslim country on the face of the earth with a population of over 260 million (WorldBank, 2017). The country has numerous agricultural viabilities, which currently represent 14.3% of GDP (OECD, 2015). In a research conducted by Micro Save in 2016, the finding shows that agriculture is largely underfinanced by the formal financial sector, allocating only a fraction of 6.06% (IDR239 trillion) to agriculture and allied sector, out of IDR 3, 950 trillion loan portfolios (Micro Save, 2016, p. 6). Similarly, International Finance Corporation (IFC) in 2013 reached the same finding, that Indonesian farmers are largely excluded from formal financial services – only 5% of lending goes to the agricultural sector which generate about 15% of GDP, and most of this goes to larger, commercial farmers. “Where bank credit is available, it generally requires collateral – this is often a problem for the 90% of Indonesian smallholders who do not have formal title to their land. Limited access to inputs and credit is a key hindrance for smallholders in Indonesia to improve their productivity and net income” (IFC, 2013). Furthermore, even if the loan was available, banks charge about 3-4% and one bad loan can cancel 25-30 other good loans (IFC, 2013), a circumstance that have positioned international organizations like USAID and IFC as major component in agri-financing in Indonesia in collaboration with local players like The Bank for Indonesia’s Pension Fund (IFC, 2013).

It has been argued that some Islamic banks in Indonesia give reason of risk as justification for not involving in Islamic nominate contracts like salam, (forward sale contract), mughārasah, musāqāh and other agricultural related Islamic nominate contracts (Affandi, 2017). Nevertheless, this reason cannot be disputed based on the well-known behavior of banks, regardless to it being an Islamic bank or conventional banks, as a financial intermediary between the depositors and fund users. This is because banks would be liable for any loss of depositors' money and depositors are only expecting to get their money back with profit or interest. The notion of bank's risk averse operational system is not different even in Islamic banks.

On the rice farming, Indonesia is among the top 5 leading countries in rice production on a global scale (World Data Atlas, 2017). The five top countries are China, India, Indonesia, Bangladesh and Viet Nam. In 2014, Indonesia was the third on the list, with 70, 846, 465 tons of rice. It is the belief of the author that BWI in its powers conferred in it by the Act no. 41 on waqf of 2004 could make provocative policy geared towards making TWI instrumental and collectively partner with Indonesia's National Logistics Agency (BULOG) on one hand, and standing on its own by establishing rice milling and processing plants for local consumption and international commercial purpose by processing the delivered rice by end of the salam contract. This collectively role that would be played by BWI and TWI as the cash waqf administrator and collectors and blend it with salam towards the beginning of the farming season is capable to result the wealth circulation and actualize quran chapter 59:7 in order that wealth does not remain a circuit among the rich only.

All the above listed said and inter alia are the issues to be studied and finding their solutions in this research. The researcher believes this model if properly designed with all the risks management where applicable it will go a long way in assisting the farmers in getting agri-financing and positioning the waqf stakeholders in Indonesia as major player in fostering the economy of the nation through wealth circulation and agr-financing.

Owing to the above, it is seen that the growing population of the country is a fertile land for the growth and development of cash waqf in particular. The potentials of cash waqf in Indonesia if well harnessed will solve the problem of agri-financing for the farmers that are underserved. In a study carried out by (Affandi & Nufus, 2010) found that, "Cash waqf is one of the alternative solutions amid the inability of government in providing prosperity for Indonesian society." The reason for this assertion is clear; a great Muslim population with a formal waqf administration. Also, a preliminary study undertaken by BWI in 2014 found that out of the 250 million Muslims in Indonesia, if 20 million Muslims dedicate their Rp50000 per month up till 12, the total amount is equal to Rp12 trillion (above \$901 million USD) (Indonesian Waqf Board¹). But the fact remains that, how many people are willing to give? Since the fatwa that permitted cash waqf in Indonesia was issued in 2002, the highest donation of cash waqf was in 2004 which is Rp 822, 451, 600 (Muflichah, 2017). This amount is too small in population like Indonesia that is home to over 260 million people. The figure still remains very insignificant based on the proposed Rp12 trillion from 20 million person's contribution of 50, 000 for 12 months out of 260 people.

It is to this reason and among others the author aims at proposing this model by merging religious donation with profitability through back-to-salam based temporary cash waqf, so that the farmers can be better supported by their brethren, an opportunity for religious-based reward and worldly reward. The paper will look at the Shariah, economic value, zakat generation possibility; and who is to pay zakat and by what Shariah justification,

¹ <http://bwikotamalang.com/category/artikel>, 2017

risk management mechanism, how to compensate the funds owners and other issues that may arise during the study.

Statement of The Problem

Cash waqf is a potential source of agri-financing for farmers in Indonesia and conduit for wealth circulation among the 203 million low income earners that have been predominantly underserved by the formal financial sector. The formal financial sector in Indonesia has only granted 6.06% for agricultural loans out of IDR 3,950 trillion loan portfolio (Micro Save, 2016). The amount of loan to the small enterprise people in Indonesia is accounted at \$1, 538 USD. The International organizations like IFC in collaboration with USAID and local financial institution do give lesser amount of \$321 per person from total 588 persons out of the total target of 3000 farmers between 2012-2014 (IFC, 2013).

There is need for additional source therefore, using cash waqf. However, the findings of the previous studies show that cash waqf has a lot of potential in Indonesia, but the current result shows dwindling amount of cash waqf collected by TWI of Dumpet Dhuafa, Jakarta. The current amount is Rp822, 451, 600, as against the estimated Rp12 trillion from 20 million persons per year. This study therefore aims to make cash waqf a viable source of agri-financing in Indonesia and proposes 'back-to-salam temporary cash waqf model' as a credit enhance for massive cash waqf proceeds realization. The previous studies also have not explored this model as an instrument to propel potential donors.

Objective of The Study

The objectives of this study are:

1. To propose a model of an integrated temporary cash waqf and salam for agri-financing through Indonesian Waqf Board and Indonesian Waqf Funds.
2. To position Indonesian Waqf Board and Indonesian Waqf Funds collectively a major government partner for job creation and wealth circulation in Indonesia as an interpretation of Quran 59: 7.

LITERATURE REVIEW

There are several researches on Indonesian Waqf in general and Cash waqf in particular. The focus of the current research will be on cash waqf and temporary cash waqf. Thus, in 2011, the Indonesian largest Shariah Bank, Bank Muamalat Indonesia, unveiled its willingness to increasing financing for the farmers, emphasizing that agriculture was important to the economics as it is the largest employer of labor. The report asserted that there are some lenders that exploit farmers in agriculture loan for huge charges of interest (Bank Muamalat Indonesia, 2011). This finding supports the objective of this research. The finding agrees with the finding of the IFC in 2013 which shows that Indonesia farmers are largely denied of formal financial services, saying that only 5% of lending goes to a sector that contribute 15% of GDP and the 5% of lending mostly circulates among the larger commercial plantations (IFC, 2013). Nevertheless, the report concluded that between 2012 and 2014 the numbers of farmers that got loan from the IFC were 588 persons (IFC, 2013).

(Affandi & Nufus, 2010) found that there is a huge potential for the realization of colossal amount of proceeds from cash waqf in Indonesia. Their findings converged that

Rp12 trillion could be realized annually from just 20 million persons that are ready to give waqf of Rp50000 for 12 months.

Also, Muflichah, (2017) in studying cash waqf in Indonesia from legal point of views, found that based on the powers conferred on Indonesian Waqf Board by Act no. 41 of 2004 that established it and the Government Regulation of 2006 on the Act no. 41 of 2004 law has the powers to determine how cash waqf could be managed in Indonesia. This finding is a catalyst to the current study that is proposing a model to integrate between cash waqf and salam. it supports the research objectives as well.

Micro Save in their research titled “Agri-Finance Supply Side Study in Eastern Indonesia” in 2016 found that agriculture is underfinanced by the former banking sector in Indonesia. Its findings show that “Out of IDR 3,950 trillion loan portfolio of commercial banks, only 6.06% (IDR 239 Trillion) is in agriculture and allied sectors” (Micro Save, 2016, p. 6). This finding supports the objective of the current research to propose a back-to-salam-cash waqf for agri-financing in Indonesia.

KPMG Indonesia published an article title “New Indonesian ‘Branchless Banking’ and Microfinance Laws - a catalyst for microfinance growth? (2016)” The main objective of this article was financial inclusion by spurring growth of micro finance institution to deliver microcredit. It defined microfinance as the supply of financial services to poor or low-income earning individuals and companies, which may include micro credit, (very small loan, in Indonesia, less than IDR20 million (\$1, 538)) with no collateral, often repayable within six to 12 months, micro savings (very small deposit, in Indonesia, less than IDR20 million (\$1,538)) and micro-insurance (in Indonesia premium under IDR50,000 (\$3.80 USD)). The finding also shows that even when branchless banking system was introduced in Indonesia to spur microfinance Bank Rakyat Indonesia was at the top and followed by Bank Mandiri. There was no Islamic bank that rivalled these two banks (KPMG, 2016).

RESEARCH METHODOLOGY

This paper employs qualitative approach. The study started the test-running of a model through a theoretical study which proposes a model for agri-financing and wealth circulation through an integrated cash waqf and salam system. The theoretical findings would help facilitate the empirical study after the establishment of the principles and theoretical framework. The study will first analyze the data on agri-financing and the data on cash waqf in Indonesia before studying the model theoretically.

Against this background, the sources of the data at this stage are limited to Islamic secondary data from fiqhi books. Also, analysis of secondary data from website of Indonesian Waqf Board and Indonesian Waqf Funds of Dompot Dhuafa Indonesia, online materials from International Financial Corporation, websites from Micro Save, and other relevant institutional researchers, relevant Laws of Indonesia on waqf, other relevant local and international bodies and interview of reliable persons. while the current study is limited to theoretical framework, it is only going to conduct an empirical study which involve time and resources in another future research.

RESULTS AND DISCUSSION

Badan Waqaf Indonesia (BWI) or (Indonesian Waqf Board) is an autonomous body established by the Indonesian Government by Act no. 41 of 2004. The body is saddled with

the administrative responsibility and supervisory role on all waqf institutions in Indonesia. Article 47 of the Act outlined the mandate of BWI as supervision and development of waqf institutions and ensuring that they are free from external influences.

The legal framework of Waqf Administration in Indonesia therefore, is predicated on the powers conferred on the Badan Waqf Indonesia by the Constitution of Indonesia 1945 through the powers conferred on the president. Cash waqf in Indonesia is managed, however, a fund called Tabung Waqf Indonesia (TWI) established by BWI in 2001 as an arm under the Dompot Dhuafa Jakarta, the official zakat manager in Indonesia. The Act 41 of 2004 provides that a waqif can donate his property as waqf either for perpetual transfer of title or for course of time (Muflishah, 2017). This is an indication for permissibility of temporary waqf in Indonesia, whether tangible asset or cash waqf.

In addition, based on Article 1 of Indonesian Government Regulation No.42 year 2006 of the enforcement of Law No. 41 year 2004 of Waqf, BWI is empowered to make rules on the management of waqf in Indonesia (Muflishah, 2017). Thus, “The rule of BWI states that the investment of financial waqf is aimed for productive projects for people poverty through either the direct investment managed by nadzir or the indirect investment through Islamic financial organizations such as Islamic bank, BMT, Islamic cooperative, etc” (Muflishah, 2017).

Based on the above rule, the BWI have powers to make any type of regulations to design a framework or model deemed suitable for the better management of cash waqf in Indonesia with the aim of alleviating people’s poverty. So, the current model being proposed is therefore within the scope of the subject matter of the rules of BWI.

The Legality of Cash Waqf And Temporary Cash Waqf In Indonesia

It is interesting to note that the Laws of Indonesia did not only recognize cash waqf, but also recognizes the temporary type of cash waqf (TCW). This is contained in the definition of waqf by the laws. “Article 1 paragraph (1) of the Law No. 41 of 2004 on defines wakaf as, the legal act of a Wakif (the donator) in dividing and/or transferring part of their wealth either permanently or for a set period for religious purposes and/or public welfare in accordance with the Syar’iyah (Islamic Law)” (as cited in International Development Law Organization, 2008).

“Wakaf is a legal act whereby a person or a group of persons or a legal body donate part of their wealth either permanently or for a set period for religious purposes and/or other public purposes in accordance with Islamic teachings.” It is therefore concluded that it is on the basis of these provision on temporary waqf the Tabung Wakaf Indonesian Cash Waqf Fund was established on 14 July 2005.

The institution saddled with the management of cash waqf in Indonesia is the Tabung Waqf Indonesia. “Based on Article 48 Paragraph 2 Indonesian Government Regulation No.42 year 2006 of The enforcement of Law No. 41 year 2004 of Waqf, the management and development of financial waqf should make investment on LKS products and/or the Islamic financial instruments” (Muflishah, 2017).

Why “Back-To-Salam Based Temporary Cash Waqf”?

The reason for this proposal is to blend between cash waqf and salam to give incentives to the donors and credit enhancement to the funds to have bigger participation. This will limit impulsion in donation of cash waqf; if some potential donors know that they were going to

have benefit of this world and hereafter they will contribute more than what they would have contributed without worldly reward.

Another reason for this model is to alleviate the financial and economic hardship of the subsistence farmers. After harvest and they normally face financial difficulty because they have no other sources except farming. But with this model they can now rear cattle with the cash waqf money and later sell the cattle and convert the money to price of salam for the donors under the supervision and arrangement of BWI and TWI. With this, there will be a drastic reduction of poverty among the subsistence farmers.

Viability of The Current Model

IFC report on its Indonesian agri-financing revealed as quoted below: that \$321 was disbursed per loan, and the numbers of beneficiaries were 588 between 2012 and 2014. In multiplying \$321 by 588 the result is \$188, 748. Below is the direct quote (Since 2012 to date):

The loan product includes a fertilizer and a cash component, and is tailored to the cocoa production cycle. With its first rural loan product, the project has initiated three loan cycles and disbursed 588 loans. The total amount disbursed is on an average of \$321 per loan. The project has provided training to 48 field workers, who in turn work with 674 farmers on adopting good agricultural practices. 568 farmers are supplying into agri-supply chains through farmer groups (IFC, 2013).

In another source of data published by KPMG Indonesia, the finding shows that the minimum amount of microcredit in Indonesia is \$1, 538 USD, and according to the finding, there are 203 million low income earners in Indonesia (KPMG, 2016). In choosing between these two findings the author prefers the KPMG's finding using 1, 538USD as the minimum credit per low income earner in Indonesia (KPMG Indonesia, 2017).

Using the finding of Indonesian Waqf Board on the potential of cash waqf in Indonesia which found that 20 million persons' dedications of Rp50, 000 for 12 months will give Rp12trillion (\$901 million USD) has been adopted in this study to demonstrate the viability of this model. Therefore, the authors find that \$1, 538USD will go into \$901, 000, 000USD at 585, 825.7477 times (approximately 600, 000 farmers), translating to the number of people that will enjoy \$1, 538 USD each from a total temporary cash waqf of \$901, 000, 000 in one year. This further reflects the possibility of taking out the same number of people (585, 825.7477, 600,000 approximately) out of poverty line -by Allah's grace- if each farmer manages his shares of the temporary cash waqf efficiently and thorough supervision from the authority is present.

The result of this calculation is that if 600, 000 people are empowered by a small body as BWI and TWI collectively annually, the zakat they pay from the farm produces is distributed to some other farmers that deserve credits, plus government continuous efforts which definitely outweighs that of the BWI and TWI, there be will a drastic reduction of poverty and consequently a dramatic increase in the numbers of people taken out of the poverty line.

In projecting the zakat on agricultural produces under this programme in Indonesia, the researcher therefore relies on the standard set by Badan Amil Zakat Nasional (BAZNAS), which says that the *nisāb* is 524 kg, and the rate of zakat is 5% (Firdaus, Beik, Irawan, & Bambang, 2012).

The data from Ricepedia shows that about 77% (25. 9 million) of the farmers in Indonesia are rice producers, but at a subsistent level (Ricepedia, 2017, <http://ricepedia.org/indonesia>; United States Department of Agriculture (USDA), 2012).

Therefore, to determine what may be the quantity of zakat on rice, an amount of \$1, 538 USD, for each of the approximately 600, 000 farmers is used as standard from the Rp12trillion (\$901, 000, 000USD).

Most Data shows that majority of rice farmers in Indonesia cultivate less than one hectare of land, mostly 0.8 of hectare, which is 8000 Square metres, whereas 1 hectare is 10, 000 square metre. This means 0.8 hectare is just 20% less an hectare.

In one hectare of land in wet season the yield is about 7 tons, while in the dry season the yield is about 4 tons (Singleton & Quilloy, 2017). The researcher therefore considers the lower of the two yields, which is the dry season yield of 4 tons per hectare.

An hectare is equal to 10,000 square meters. Therefore, 10,000 metres divided by 4 tons = 2500 square metres. This means that, presumably, every 2500 square meters produces one ton of rice in the dry season. Since 0.8 hectare is equal to 8000 square meters, 2500 is multiplied by 3 is 7,500 square meters that produces 3 tons of rice in the dry season. We undermine the remaining 500 squares meters for any uncertainty that may happen in the farming process, like pests and diseases attacks.

The Zakat Potential of this Model

Zakat on farm produce is an obligation if the harvest reaches the *nisāb*. So, we adopt the Islamic jurisprudential ruling that suggests that paying zakat on crops is after deducting the expenses, the animals and friends' feeding before harvest (Ibn Rusdh, 2004, v. 2, p. 30). The opinion is predicated on the hadith that says that when you evaluate the farm for zakat, you should exclude one-third of the farm, or one-fourth (al-Busayri, 1999, v. 3, p. 422, hadith no. 3019). We consider this value to be equivalent to one ton out of the three expected tons from 8000 square metres. We now have only two tons that is subject to zakat.

The *niṣāb* (zakat based) mentioned above is 524kg according to BAZNAS. Since a ton is equal to 1000kg, there, then two tons of rice are equal to 2000kg. then we remove 5% of 2000, as it is already several nisab, and it equal to 100kg as the rate of zakat. then 100kg x 600, 000= 60, 000, 000kg (60,000 tons).

BAZNAS has also put the rate of the zakat at 5% of the base (524kg). Definitely this rate is used for irrigated rice farm, which is the Shariah ruling, that one-tenth (10%) is the rate of zakat on crops that were rainfed and half of one-tenth (5%) is the rate of the farm that was fed by direct human watering (Ibn Rusdh, v. 2, p. 27).

What is the monetary value of 60, 000, 000kg (60,000 tons) in Indonesia. This year, unmilled rice sells at Rp3,100 per Kilograms (Hermansyah, 2017). Rp3100 x 60, 000, 000kg= Rp186, 000, 000, 000, this is equivalent of 13, 813, 587.600000 US Dollar (thirteen million United State Dollars). This is the monetary value if each of the 600000 farmers got 2 tons of rice per hectare.

The above monetary value will distribute \$1, 538 USD to 8, 981.526397919376 new farmers (approximately 9000 new farmers). The standard of Rp12trillion was used to provide agri-finance to approximately 600, 000 rice farmers in Indonesia are financed through back-to-salam based temporary cash waqf at about 1582.

In observing the above quote the result shows that the amount of dollars disbursed to cocoa and coffee farmers in Indonesia as loan between 2012 and 2014 was \$321 per loan, to 588 farmers. By multiplying this amount by the number of loan recipients the result is \$188, 748. This amount is just a fraction of the total amount of cash waqf that could be realized from just 20 million persons' contribution in Indonesia which has been put at over \$901 million (Rp12 trillion). Using the same data, to prove the strength and advantage, of this model, the result shows that \$321 would go into \$901 million (Rp12 trillion) 2, 806, 853.583 times, reflecting over 2.8 million farmers will benefit amount of \$321 as temporary cash waqf. Since the IFC financing is a loan, the temporary cash waqf which combines the element of loan and waqf status has more reward and wider circulation, making the BWI instrumental in wealth circulation in Indonesia as well as actualizing the major maqāsid Shariah of money. The farmers stand to gain from the %0 percent interest rate while the temporary cash donors stand to get back their money with a profit after the Badan Waqf Indonesia has monetized and liquidated the rice. In addition, BWI and Tabung Waqf Indonesia stand to create many jobs through the milling and selling of processed rice at local and international markets.

The Framework of Implementation of This Model

A waqf regulatory authority, Indonesia Waqf Board (BWI), for example, pursuant to the powers conferred on it by the Government of Indonesia as spelt out in Act no. 41 of 2004, and in collaboration with its subordinate, Indonesian Waqf Funds (TWI), may issue our cash waqf shares of equal amount, say Rp50,000 on monthly basis, up till twelve months per

subscriber. This is Rp600,000 temporary cash waqf per person. The names and time of subscription and time of ending the waqf status, say, 7-8 months for example, and time of commencement of salam and its delivery time to BWI and TWI of these temporary cash waqf donors and time of repaying the principal plus profit on salam after BWI and TWI liquidated the produce would be registered in a data base. As the contributions are made the disbursement is made simultaneously to the rice farmers before their farming season so that they may invest the money in cattle rearing before the commencement of farming season. The waqf deeds will states clearly that the fund is temporary cash waqf from this month, to

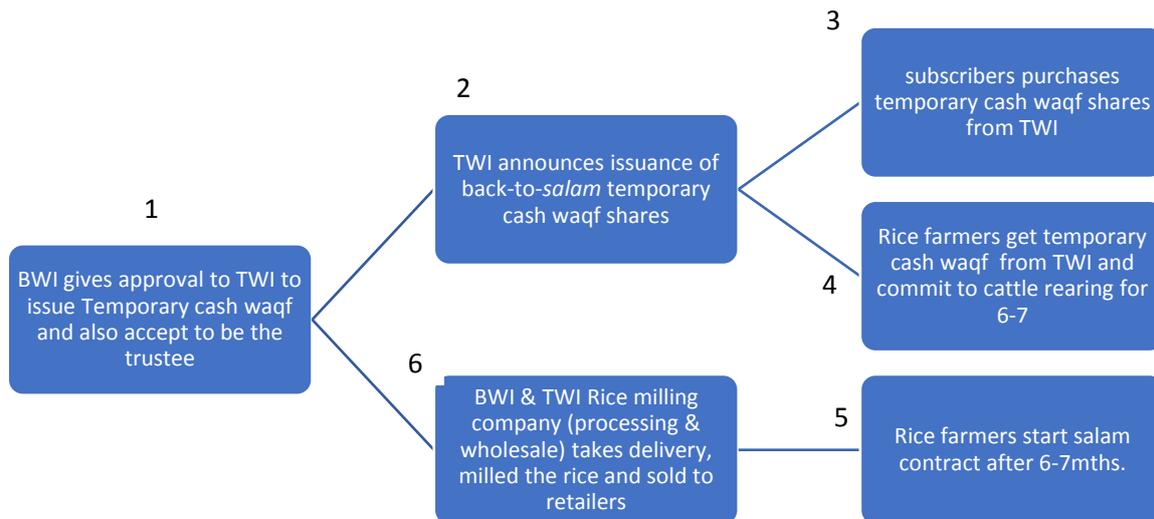


Figure 1. An Illustration of the Application process of the Model

- BWI gives approval to TWI to issue Temporary Cash waqf shares and also accepted to be the trustee
- TWI announces and issued back-to-salam temporary cash waqf shares
- Subscribers purchases the temporary cash waqf shares
- Rice farmers get temporary cash waqf from TWI and commit to cattle rearing for 6-7
- Rice farmers start salam contract after 6-7 months
- BWI &TWI Rice milling company (processing & wholesale) takes delivery, mill the rice and sell to retailers
- TWI refunds temporary cash waqf principal and profit on salam to subscribers.

It is true that some donations have stayed older than the others. This is not a problem because the entire donations of each month are pooled together and committed for temporary cash waqf for 6 or 7 months in the hands of the farmers who invest them in cattle rearing, and subsequently putt them into rice farming on the basis of salam contract between the famers and the donors, while the TWI that administers the cash waqf is acting as agent between the two parties, the donors cum investors and the farmers.

More importantly, there are predominantly three various rice farming seasons in Indonesia in Java and South Sumatra; Sulawesi, and Sumatra. The table below shows the provinces and their respective months of planting and harvest.

Table 1: Rice Production Seasons in Indonesia

Provinces	Planting	Harvest
Java and South Sumatra	Oct-March	February-June
Sulawesi	May-June	August-Oct
Sumatra	July-Sept.	Nov.-Dec

It is envisaged that the varying farming seasons are considered in releasing the proceeds for a time enough for the farmer to enjoy the money through cattle rearing and other agri-business, before rice farming, so that the objective of the model which is wealth circulation is achieved.

The first month is pooled together with other donors' contributions that started the same months and the profit of each month on salam, beginning upon the lapse of waqf status is calculated separately based on the month of donation and the profit is shared among donors of similar months that were pooled together for same farming season prorated.

The monetary benefit of the salam status is that, a similar amount of Rp600, 000 kept in an interest yielding bank account will be giving an interest of 3-4 percent per annul, while the profit on salam, though may not much but legal and not interest. This is coupled with the reward of having wealth circulated and the bearing of pains to allow others to use your money for free within a certain time.

The second ambit of the implementation is the direct involvement of TWI arm of Dumpet Dhuaafa in using part of the cash waqf proceeds for cattle rearing , whether by itself or through mudharabah with experts in cattle rearing during the time of cash waqf status or through the period of 12 and assisting the inactive poor with some percentage of the profit.

Benefit of This Model

1. Waqf is a reward of hereafter for the donors,
2. Farmers avoid riba-based loan, (how much tentatively saved by the farmers).
3. Farmers pays more zakat on their agriculture produces to the have-nots, culminating into
4. Having new self-reliant people in the society.
5. Donors get cheaper price of rice because of salam-based pricing.
6. Ultimately, the donors have assisted hundreds to a thousand of people out of extreme poverty.
7. Additional income above the expected profit or interest if the money was deposited in the bank.
8. Reward of assisting the society to boost agriculture.

Benefit To Waqf Indonesia

1. It will become a major local food supplier in Indonesia through direct processing and storage of food and wholesale selling
2. It has acquired rice milling machines
3. It has assisted the government in reducing unemployment through hiring manpower for rice processing
4. It has increased the GDP thereby strengthening the economics as well the currency and reduced inflation to the proportion of level of importation reduced.

CONCLUSION AND FINDINGS

This research is a proposal for a new model of waqf management through its integration with salam. The integration of temporary cash waqf with salam will act as worldly incentives that will encourage people to participate in donating cash waqf for agri-financing. It will also be a formidable alternative for riba-based loan in the agri-financing programme in Indonesia. More zakat on farm produce is projected to be very high and capable of uplifting a huge number of people from poverty level every year.

The findings of the research are therefore presented be renewing the mentioning of the objectives of the paper and explanations on how they were met. To propose a model of an integrated temporary cash waqf and salam for agri-financing through Badan Waqaf Indonesia and TWI. This objective was met through the explanation of how the model would be applied and the figure was also used to illustrate the model as well at the explanation to the figure.

The second objective was also actualized. This is, To position Badan Waqaf Indonesia and TWI collectively a major government partner for job creation and wealth circulation in Indonesia as an interpretation of Quran 59: 7. This objective was met through the establishment and argument for the powers conferred on BWI to make rulings on the management of waqf.

Finding

The research finds that,

1. \$1, 538USD will go into \$901, 000, 000USD at 585, 825.7477 times (approximately 600, 000 farmers), translating to the number of people that will enjoy \$1, 538 USD each from a total temporary cash waqf of \$901, 000, 000 in one year. This reflects the possibility of taking out the same number of people (585, 825.7477, 600,000 approximately) out of poverty line -by Allah's grace- if each farmer manages his shares of the temporary cash waqf efficiently and thorough supervision from the authority is present.
2. The cash waqf subscribers that eventually became buyers through *salam* contract will get a profit on their salam above the selling price at about Rp600 per kg in worst case scenario.
3. The wealth circulates among the underserved as the farmers get money to get engaged in cattle rearing before planting season.
4. Thousands of jobs created through the supply chain of rice and the employed youths working in the rice factory.

Recommendation

The Indonesia Waqf Authority should work assiduously to invest in rice milling company so that this model can work without losing to other foreign investors.

The BWI and Zakat authority need to collaborate to make this model work.

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