

National Development Financing Through Sukuk Negara

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Ministry of Finance Republic of Indonesia

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Makassar Hajj Dormitory financed by Sukuk Negara



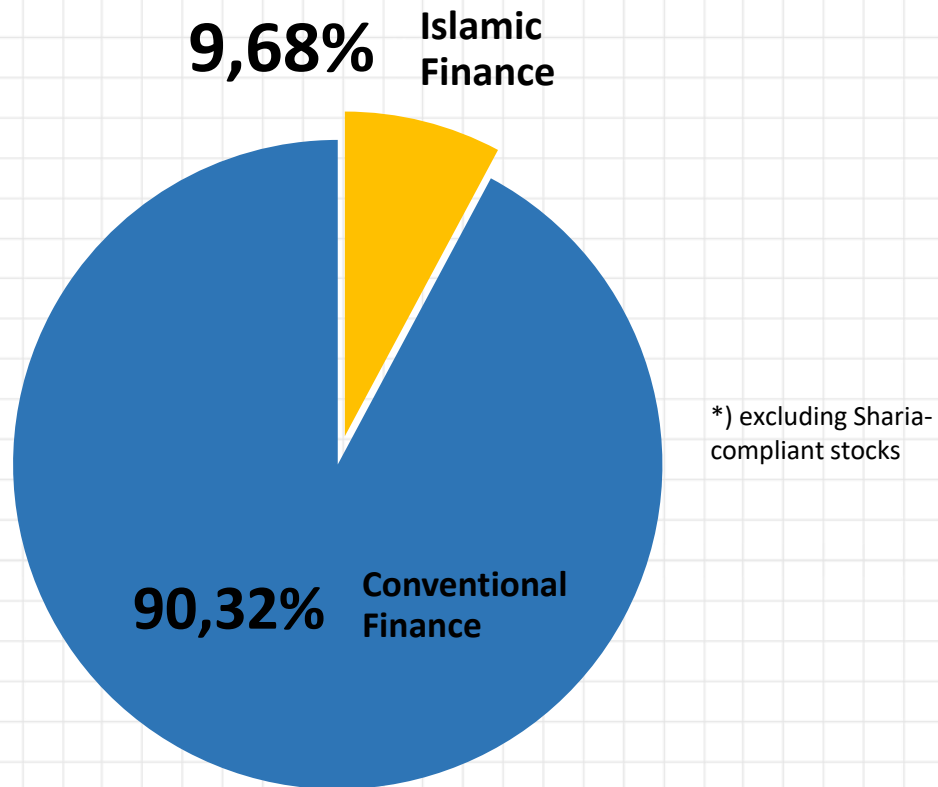
Notog tunnel Banyumas financed by Sukuk Negara



IAIN Salatiga building financed by Sukuk Negara

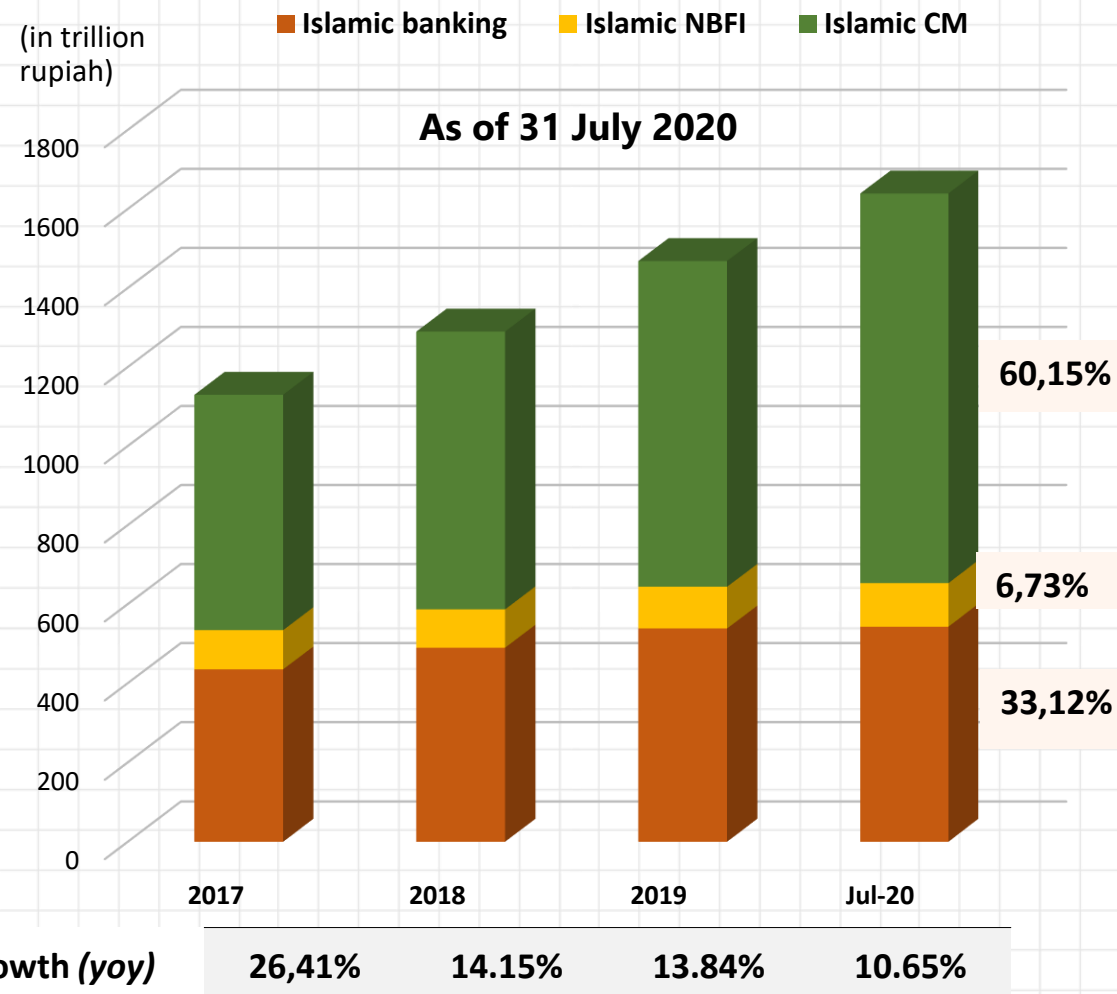
Indonesia Islamic Finance Landscape

Islamic Finance Market Share*



As of July 2020, total assets of Indonesia Islamic finance (excluding Sharia-compliant stock) have reached **Rp1.639 trillion** or **USD111,86 billion**.

Source: OJK, 2020



Source: OJK, 2020

SUKUK NEGARA OVERVIEW

Issuance Method:

Auction

Private Placement

Bookbuilding

Investor Type:

Domestic Investor:

- a. Institution
- b. Individual

Global Investor By
Regions:

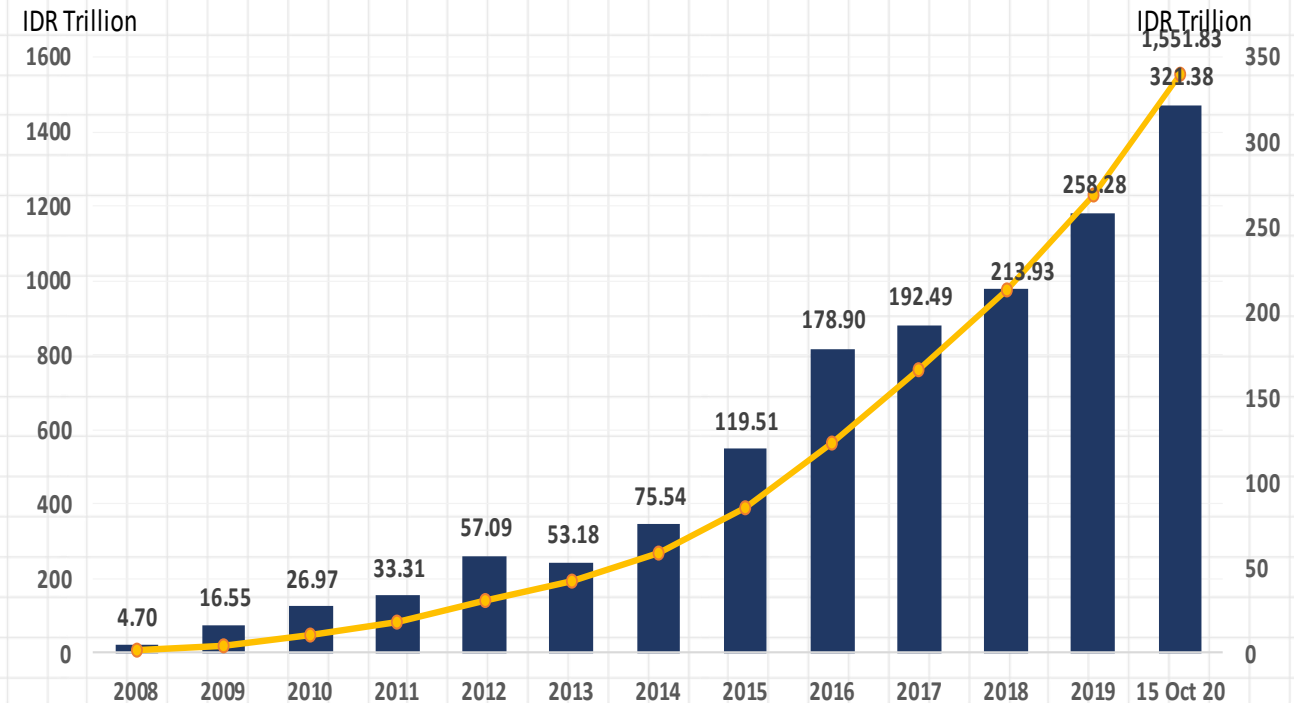
- a. Middle East (25%)
- b. Europe (11%)
- c. US (21%)
- d. Asia (Include Indonesia) (44%)

Sukuk Negara Type:

1. Domestic Sukuk
 - a. PBS / SDHI / IFR / SPNS
 - b. Retail Sukuk (SR dan ST)
2. Global Sukuk
 - a. Regular Sukuk
 - b. Green Sukuk

Aqad Type:

1. Ijarah Sale and Lease Back
2. Ijarah Al-Khadamat
3. Ijarah Asset to be Leased
4. Wakalah



As of Oct 15, 2020, Sukuk Negara
Total issuance: IDR 1,551.83 trillion
Outstanding: IDR 942.08 trillion.



Denomination:
IDR and USD

SUKUK NEGARA INNOVATION PROGRAM 2018 - 2020

CWLS

- Supporting productive cash waqf.
- Facilitating cash waqf
- Distribution of CWLS coupon and discount for social activities.
- At maturity, the redemption will return 100% to the investor / waqif

Green Sukuk

- Green framework and green annual impact report
- 100% of the issuance proceeds must be used for financing eligible green projects
- Three times issued in global market (2018, 2019, 2020)
- Online green sukuk retail in domestic market (2019)

Cash Waqf Linked Sukuk (CWLS)

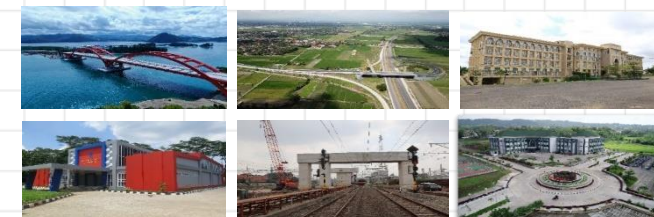
Project Financing Sukuk

Green Sukuk

Online Retail Sukuk

Project Financing Sukuk

- Sukuk are issued to finance government projects directly (earmarked)
- Project allocation 2013-2020: IDR118,26 trillion, i.e. bridge, roads, university, lab, rail etc
- E-monev for project monitoring



E-SBN

- Retail Sukuk Sales through an online mechanism.
- Distribution partner: Bank, Securities Company, Fintech

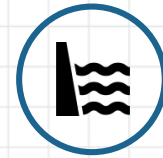
ALLOCATION & DISTRIBUTION OF SUKUK NEGARA FOR PROJECT FINANCING

2,939
PROJECTS
THROUGHOUT
INDONESIA



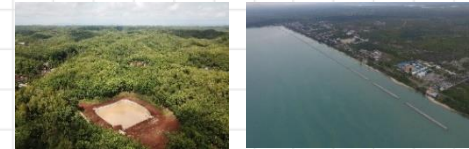
592 Projects
IDR41.4 T

Road & Bridge



576 Projects
IDR21.5 T

Water Resources



89 Projects
IDR39.5 T

Transportation



475 Projects
IDR10.2 T

Education



1.176 Projects
IDR4.1 T

Religious



14 Projects
IDR0.3 T

National Park



15 Projects
IDR1.3 T

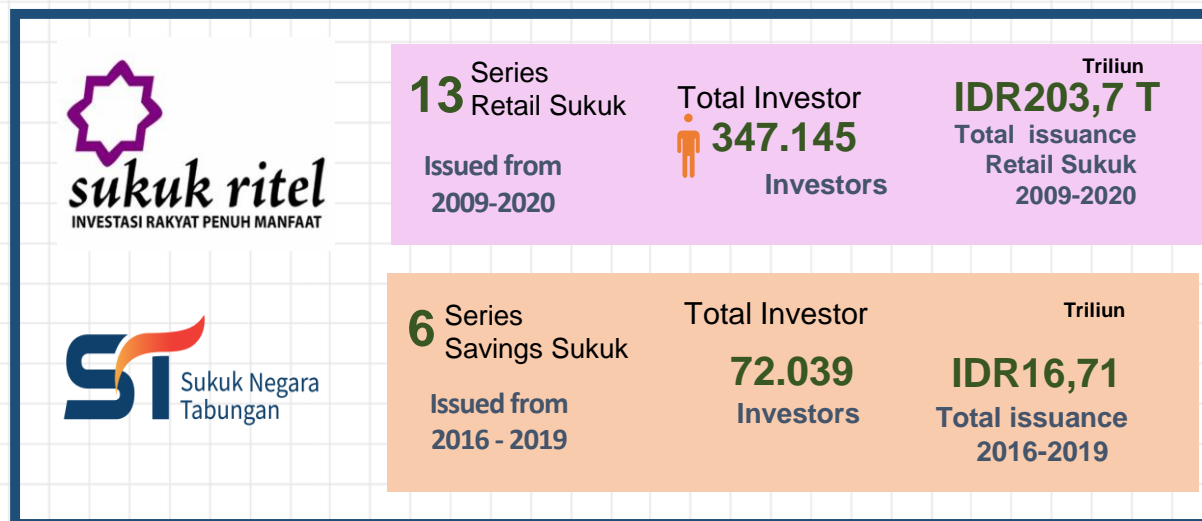
Laboratory (BSN, BLI, LIPI, LAPAN)



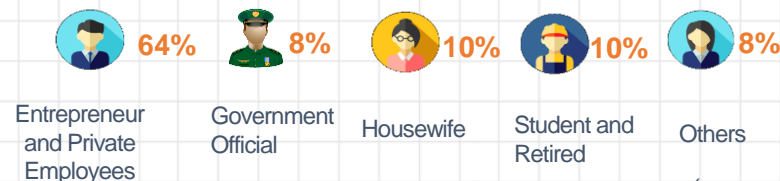
Retail Sukuk Development

“Issuance of Retail Sukuk continues to increase and supports financial inclusion policies in Indonesia.”

- Retail Sukuk issued since 2009.
- Support the development of Islamic Financial Markets and financial inclusion
- Encourage the transformation of society towards *investment-oriented society*.
- Investors can buy in small units of purchase.
- **ST002 is the 1st retail sukuk that was issued online in 2018**



Investors come from various professions :



(case study Retail Sukuk Retail SR-013)

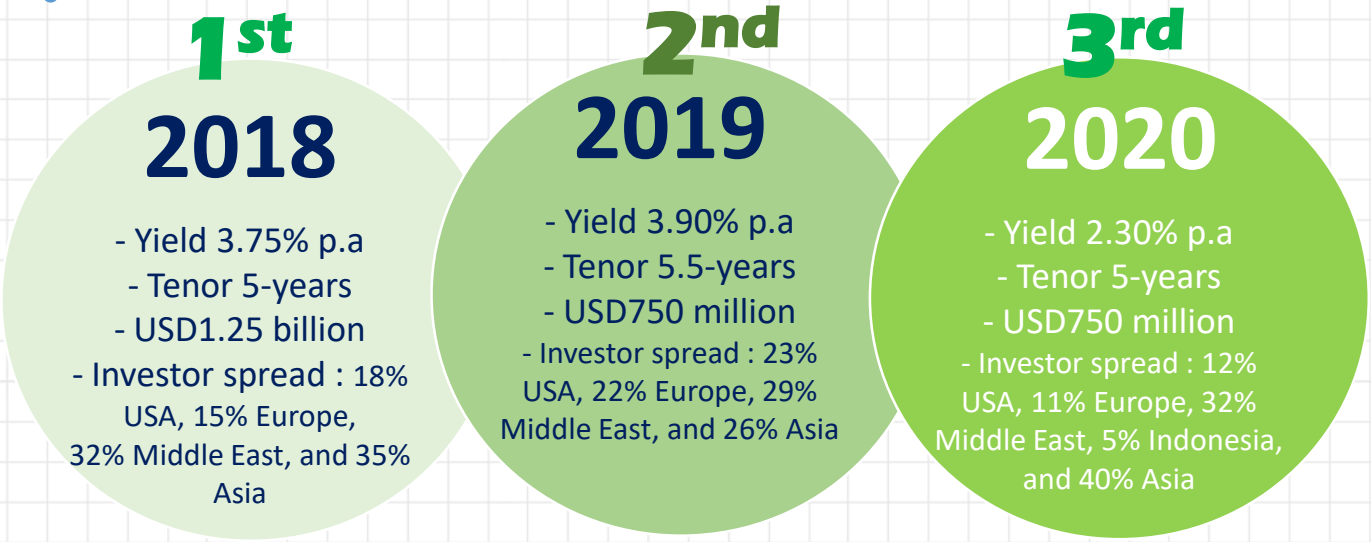


Individual investors come from
34 Provinces

Green Sukuk Issuance

Green Sukuk is a shariah-compliant bond, where 100% of the proceeds exclusive go to finance or refinance green projects that contribute to mitigating and adapting climate change, as well as the Sustainable Development Goals (SDGs)

International Market



Domestic Market 2019

Green Retail Sukuk

- Sukuk Tabungan ST006 (Online)
- Coupon 6,75% p.a (floating with floor)
- Tenor 2 years
- Total IDR1,46 T
- Total investors 7.735
- Millennial investors 51,07%

GREEN SUKUK : June 23, 2020



- The lowest global sukuk coupon for tenor 5 years
- Oversubscribed 7,37x
- Green Investor reached 33,74%



The Aim of Cash Waqf Linked Sukuk



The development and innovation efforts in the field of Islamic social finance and investment in Indonesia



Facilitating waqif to invest cash waqf in a safe financial instrument (Sukuk Negara)



Supporting the development of the Islamic financial market, especially the cash waqf industry



Encouraging the consolidation of Islamic social funds to finance various social projects and programs (not government projects / programs through state / municipal budget)



Diversify investors and Sukuk Negara instruments



Encouraging diversification of the sharia banking business, through optimizing the role of LKS PWU

Retail CWLS Issuance Urgency



1. Support in strengthening fiscal capacity

- a) Positioning CWLS as a potential Quasi-Sovereign instrument candidate → must be built and developed so that the next 5 - 10 years can be realized.
- b) The need for the sustainability of the CWLS program in the framework of establishing endowment funds from cash waqf funds and other philanthropy to expand the base of domestic government securities investors.



2. Institutional strengthening of BWI, Nazir, and Islamic Financial Institution (LKSPWU)

- a) Implementation of the Core Waqf Principles in which BWI must upgrade its institutional capacity with a role as an authority (regulation, supervision and guidance) in the management of waqf.
- b) Strengthening the strategic role of Islamic Financial Institution (LKS PWU) and Nazir in the process of collecting waqf and implementing social programs / projects.



3. Support for achieving SDG targets

- a) The financing of social infrastructure / social programs uses the proceeds from the cash waqf investment in Sukuk Negara.
- b) Increasing the participation of the community → social projects / programs are designed and implemented by the community through the Nazir with the arrangement, supervision and guidance of BWI.



4. Take advantage of the momentum of the Covid-19 Pandemic

- a) The growing development of both institutional and individual philanthropy.
- b) A positive campaign for the development of social investment in Indonesia, where other countries have stopped due to the Covid-19 pandemic situation.

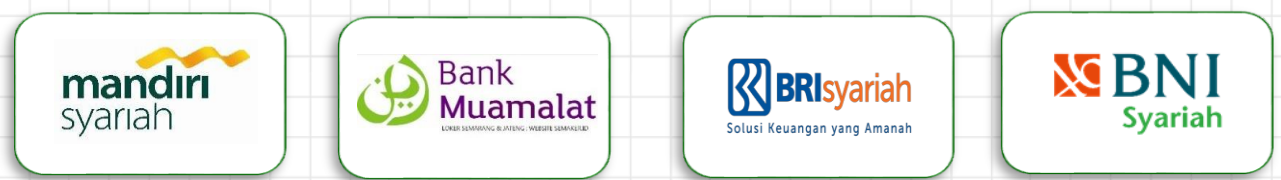
Retail CWLS SWR001

- The process of selling CWLS Retail is carried out through a Distribution Partner (Midis).
- 4 Midis Retail Sukuk, namely a Sharia Bank which is also LKS PWU, has been appointed as Midis CWLS Retail.



- T&C:
 - Structure: Wakala
 - Fixed Coupon 5,5% p.a.
 - Non-tradable
 - Tenor 2 years
 - Minimum order: IDR1 million
 - Maximum order: unlimited
 - Maturity Date: 10 Nov 2022

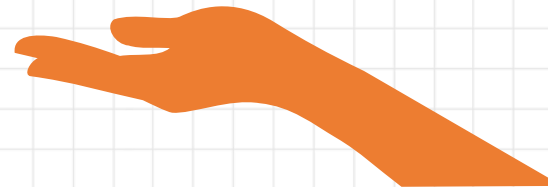
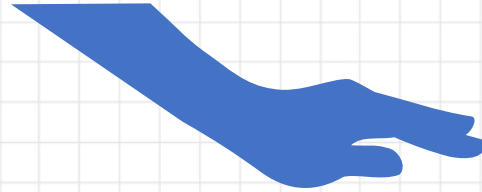
Distribution Partner & Nazir:



- Yayasan Bangun Sejahtera Mitra Umat (Yayasan BSM Umat)
- Baitul Maal Muamalat
- Wakaf Salman ITB
- Lembaga Amil Zakat Infak dan Sedekah Nahdzatul Ulama (LAZISNU)
- Lembaga Amil Zakat Infak dan Sedekah Muhammadiyah (LAZISMU)
- YAYASAN HASANAH TITIK
- DOMPET DHUAFA

Social Impact

- **Worship**
 - Increasing Islamic boarding operating income.
 - Building construction facilities for skills, knowledge, spiritual activities for women at the Khadijah Learning Center (KLC) with a need of @ IDR45 million/ month.
- **Education**
 - Undergraduate Scholarship (250 students in 20 University).
 - Scholarship for elementary/junior/senior high school student (350 students in several regions).
 - Islamic boarding school scholarship (1000 students in several regions).
 - Scholarship for teachers (300 teachers in remote area)
 - Save our school (aid) in 10 points area.
- **Health**
 - Deaf therapy for Mustahik (1000 hearing aids for poor children aged 1 month - 18 years in 8 regions).
 - Stunting Program: 87 points area in Jakarta, Indramayu, Pandeglang, Cirebon, Garut dan Tasikmalaya.
 - Increasing nutritional intake of school-age children.
 - The funding for the treatment of 20 patients/month with a total of IDR 6.25 million/month and the procurement of personal protective.



Economy Impact

- **Micro Small Medium Enterprise (SME)**
 - Education and training, provision of capital, marketing and legality, as well as mentoring and monitoring of 236 local MSMEs in Jabodetabek and East Java.
 - Dhuafa assistance in the form of training, mentoring, evaluation and business capital for 15 people.
 - Construction of 10 houses with cheap rent @ IDR100 million in Bogor.
- **Agriculture**
 - Support for rice seed breeding in Lampung (40 tons/month).
 - Providing hydroponic agricultural assistance for 10 women / single parents who live in arid land areas, @IDR 5 million/month.
- **Farming**
 - Providing quality cows in Trenggalek for 50 farmers.

Thank You

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Case Study: CWLS series SW-001

SW-001



Issue date: March 10, 2020



Nominal: IDR50,85 billion
Equivalent USD3,5 million



Tradability: Non-tradable



Aqad: Wakalah



Yield: 6,15%



Fixed coupon: 5% p.a



Maturity date: March 10, 2025

- Private placement by Indonesian Waqf Board (BWI)
- Raising fund in two years
- Majority investors are institutions
- Participation from Individual waqif **IDR149 million (0,29%)**.



RS Mata Achmad Wardi   untuk mereka **MELIHAT KEMBALI**



Proceed utilization:

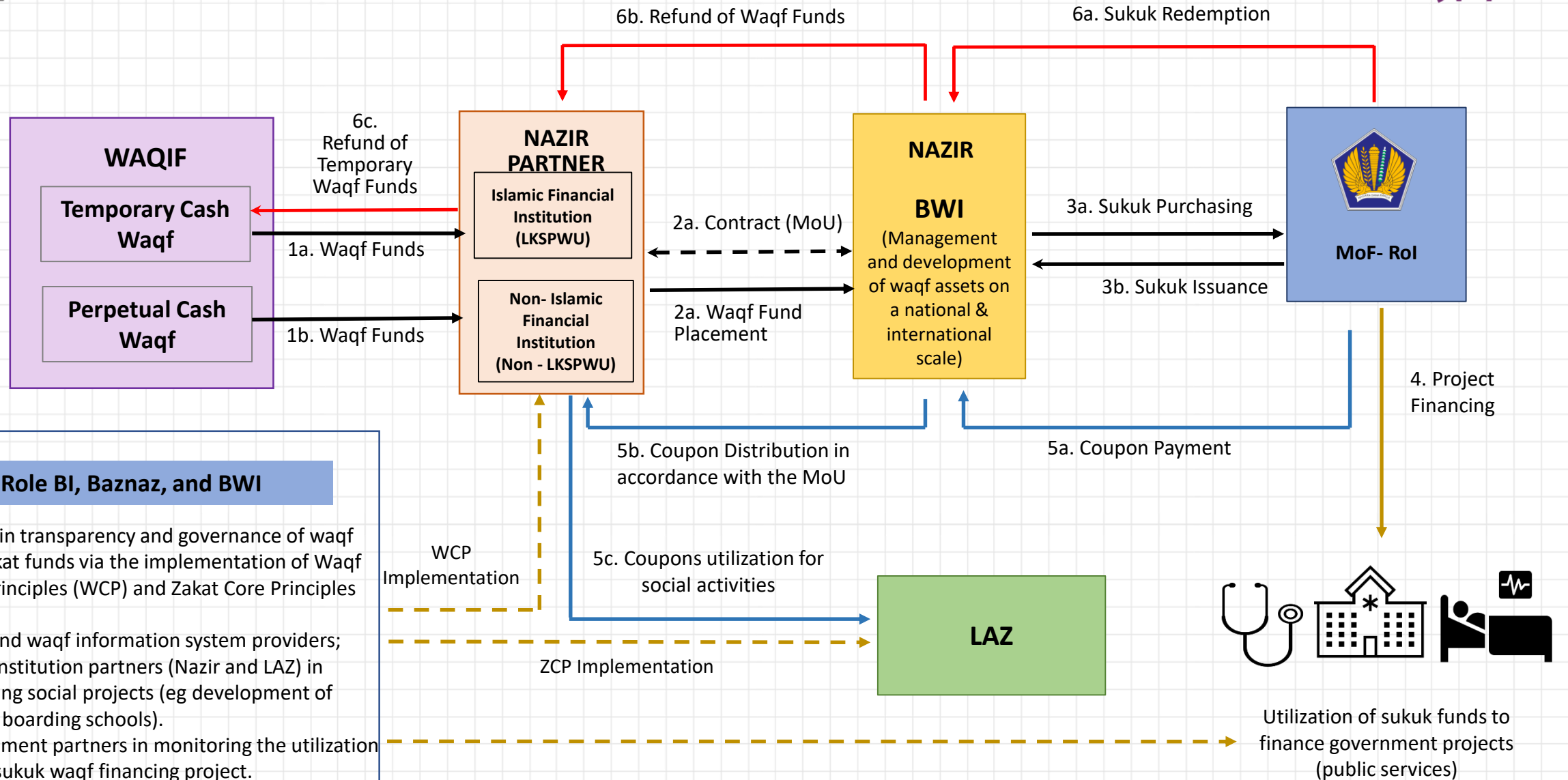
Discount:

Building renovation and medical equipment procurement in Waqf Hospital

Coupon:

- Free cataract surgery for Dhuafa at Achmad Wardi Hospital (target of 2,513 patients for 5 years)
- Ambulance procurement

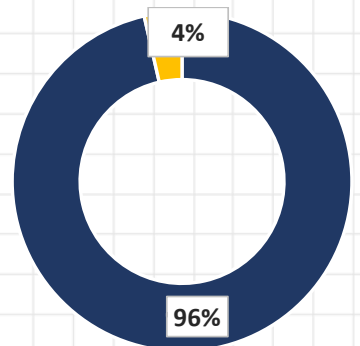
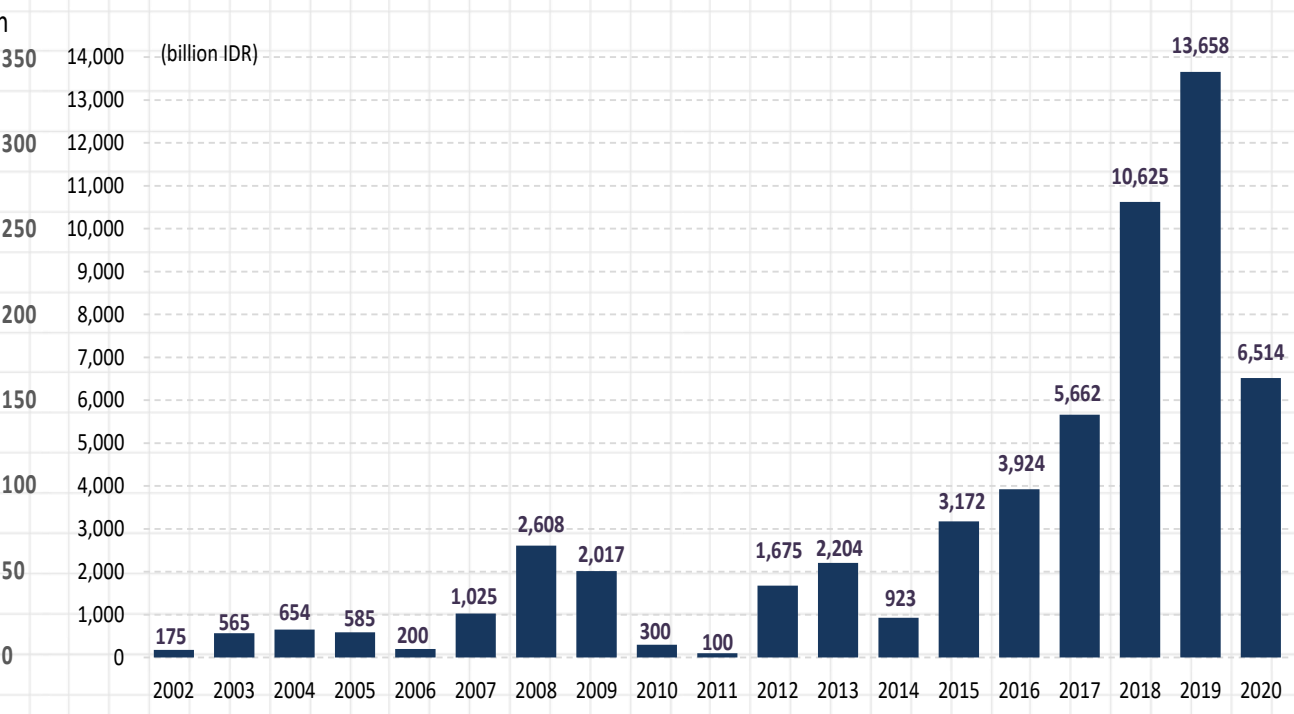
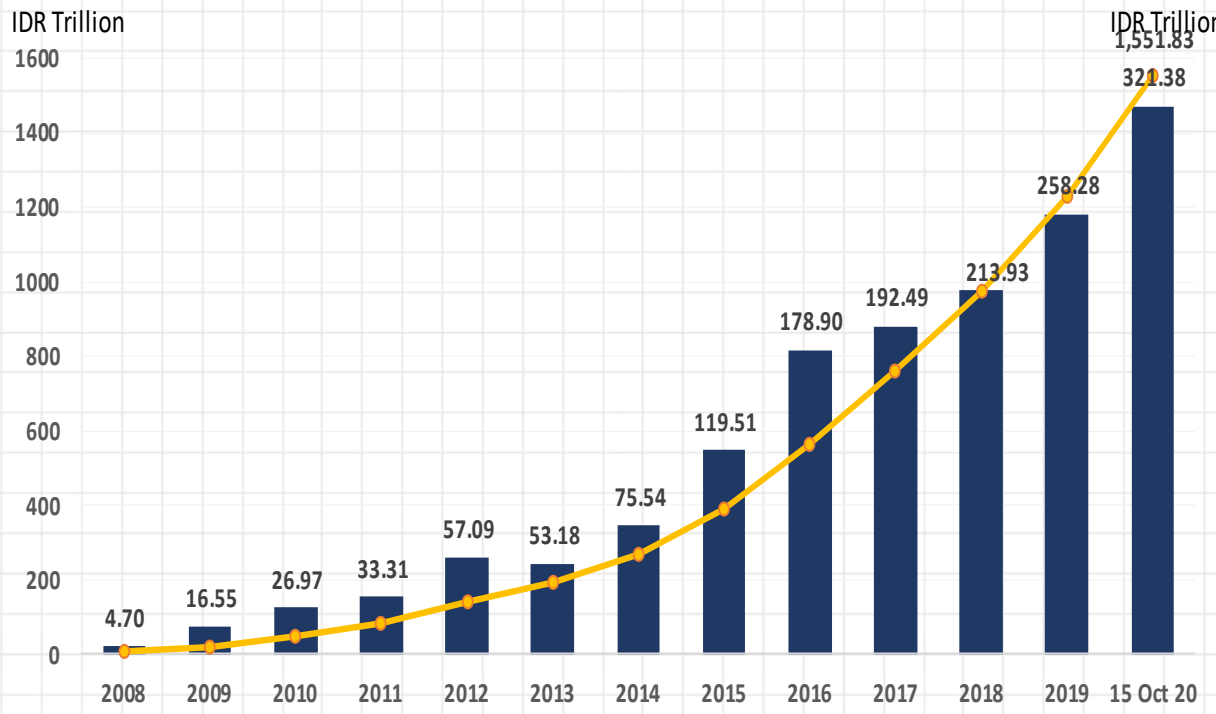
Cash Waqf Linked Sukuk Scheme



Role BI, Baznaz, and BWI

1. Maintain transparency and governance of waqf and zakat funds via the implementation of Waqf Core Principles (WCP) and Zakat Core Principles (ZCP);
2. Zakat and waqf information system providers;
3. Social institution partners (Nazir and LAZ) in managing social projects (eg development of Islamic boarding schools).
4. Government partners in monitoring the utilization of the sukuk waqf financing project.
5. Public education related to sukuk waqf

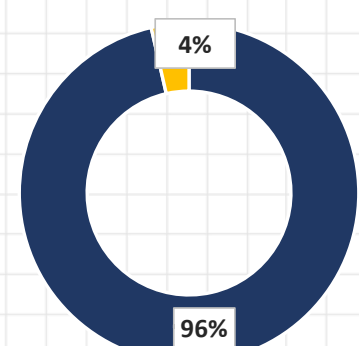
Sukuk Negara vs Domestic Corporate Sukuk



Outstanding as of 15 October 2020:

- Sukuk Negara: IDR942,08 trillion
- Domestic Corporate Sukuk: IDR35,42 trillion.

■ Sukuk Negara ■ Corporate Sukuk



Total issuance as of 15 October 2020:

- Sukuk Negara: IDR1,551.83 trillion
- Domestic Corporate Sukuk: IDR56,72 trillion

■ Sukuk Negara ■ Corporate Sukuk