

Semarang, February 6th 2023

**INVITATION AS THE SPEAKER FOR THE 7<sup>TH</sup> INTERNATIONAL WORKSHOP IN ISLAMIC ECONOMIC THEORIES (IWIET)**

Dear **Dida Nurhaida**  
Universitas Trisakti Jakarta - Indonesia

The International Workshop on Islamic Economic Theories is an annual meeting of Islamic Economic Scholars which is hosted by the selected university in the region each year. As for this year 2023, this workshop will be hosted by Universitas Muhammadiyah Semarang (UNIMUS) together with Faculty of Business and Economics - Universitas Islam Indonesia and Islamic Economics & Finance Research Centre - Universiti Kebangsaan Malaysia. The goal of this workshop is to coordinate effort, bridge gaps, and comprehensively examine theory in Islamic economic.

You are invited to attend and present your paper with title “**Cash Waqf Linked sukuk for SDGs: Tawhidic Epistemology as its Foundation and Sustainer**” at 7<sup>th</sup> International Workshop in Islamic Economic Theories (IWIET), to held in February 13th – 14th, 2023.

**Venue : Room 704 ( floor 7 ) GKB 1**  
**Faculty of Economics, Universitas Muhammadiyah Semarang**  
**Jl. Kedungmundu Raya 18 Semarang**  
<https://goo.gl/maps/3eR1ykA34tSSQVQz5>

You will find the tentative for this program in the attachment of this email. Please let us know your availability by replying to this email or you may contact us at +62 877-6489-2781 (Mrs Zahrida).

We deeply regret that we are unable to provide any financial support for your participation. All attendees must pay their own transportation and lodging during event.

We hope to see you in Semarang.

Sincerely,



**Nur Muttaqien Zuhri, SPi. MP**  
Organizing Committee

# CASH WAQF LINKED SUKUK (CWLS) FOR SDGs: TAWHIDIC EPISTEMOLOGY AS ITS FOUNDATION AND SUSTAINER

Dida Nurhaida<sup>1\*</sup>  
Rifki Ismal<sup>2</sup>  
Farida Jasfar<sup>3</sup>  
Acep R. Jayaprawira<sup>4</sup>

**Abstract:** This research aims to describe the implementation of the Cash Waqf Linked Sukuk (CWLS) program in supporting Sustainable Development Goals (SDGs). The study offers conceptual elements of the Tawhidic paradigm (Islamic monotheism) and connects the spirit of Tawhid (monotheism) with the implementation of the CWLS. These elements are then integrated with the Tawhidic ethos, which balances the benefits of this life with those of the Hereafter.

This research is a descriptive qualitative research approach. This method is used to analyse data based on facts. Data obtained from primary and secondary data. Primary data were obtained through the process of interviews, observations, and documentation. Secondary data is obtained through journals, books, and other supporting documents.

The results showed that the implementation of CWLS program has a big role in realizing the SDGs. This can be seen from the achievements of the purpose of the SDGs and the five components of *maqashid sharia* where each component is interconnected with each other (circular causation). At the interaction and integration stage, the key stakeholder such as the Indonesian Waqf Agency, Bank Indonesia, Ministry of Finance, Sharia Bank and Nazhir play a significant role in the process of formulating and implementing the program. Later, the evolutionary process was characterized by a gradual change in the acceptance of investors (waqif) and an increase in participation from year to year. In this study, it was also explained that there is a correlation between the objectives of syariah and (SDGs) which include *people* oriented, *maslahah* oriented and *falah* oriented.

**Keywords:** Cash Waqf, Cash Waqf Linked Sukuk, Islamic Economic Development, Sustainable Development Goals (SDG's).

## 1. INTRODUCTION

The Sustainable Development Goals (SDGs) were developed to respond to the demands of global leadership in eradicating poverty, inequality, and climate change through effective action. If we notice that the 17 SDGs goals are actually in line with the goals of *Maqashid Sharia* from an Islamic perspective, namely, protection of religion (*hifz al-din*), life (*hifz al-nafs*), lineage or hereditary (*hifz al-nasal*), mind (*hifz al-‘aql*) and the wealth (*hifz al-mal*).

---

<sup>1,2,3,4</sup>Islamic Economic and Finance (IEF), Universitas Trisakti, Jakarta, Indonesia  
Corresponding Author: [dida.nurhaida@trisakti.ac.id](mailto:dida.nurhaida@trisakti.ac.id)

However, it is crucial to pay attention to how Islamic economics is developing both academically and practically. Establish a set of broadly accepted goals that can be measured in order to balance the three pillars of sustainable development—economic, social, and environmental.

The government has put out a number of financial initiatives to contribute to the economy and achieve the SDGs program's objectives. These efforts eventually prompted the Ministry of Finance and the Ministry of Religion to consider cash waqf as a potential alternative source of state funding. Based on this goal of Islamic economic development, the government issued a Cash Waqf Linked Sukuk (CWLS) as an instrument through the Ministry of Finance as a solution for fostering greater Islamic-based economic growth.

Investor participation in the CWLS program exhibits a growing trend from year to year. However it's crucial to emphasize the impact factor and is directly experienced by the community and the environment. Particularly the effect on investment, which is the allocation of funds with the goal of achieving social and environmental benefits as well as financial returns.

In this article we will discuss and limit the potential benefits of using CWLS as an alternative to promoting Islamic-based economic growth. This study, which focuses solely on Indonesian government efforts to attain SDGs through CWLS Programs, is viewed as being rare and unique. This paper adds original value to the existing literature about the implementation of Islamic Social Finance (ISF). The paper examines the importance of CWLS in accomplishing the most essential maqasid-based SDGs and, thus, addresses a research gap with regard to certain of the fundamental SDG objectives that are also aligned with *maqasid al-shariah*.

## **2. LITERATURE REVIEW**

### ***TAWHIDIC EPISTEMOLOGY AS A FOUNDATION OF ISLAMIC ECONOMY***

The word "epistemology" comes from the Greek words' "episteme" for "knowledge" and "logos" for "reason," hence the discipline is also sometimes called the "theory of knowledge." According to Smith, epistemology is the theory of knowledge that identifies and configures how a body of knowledge is derived and arranged in order to deal with any set of problems, questions, and situations within integrated systems that have a substantial number of interactions between them (Smith, 1992; Choudhury, 2007). According to Haneef and Furqani, (2011), epistemology is the study of knowledge theory, knowledge source, knowledge application, and knowledge limitation. Philosophy's study of epistemology focuses on how knowledge is acquired. The advantage of epistemology, however, is that it is a philosophical term of art, whereas the theory of knowledge might also apply to researchers who study sociologists of knowledge and intellectual historians (Cooper, David 1999, cited in Azram, 2011). Philosophical systems also include ontology and axiology in addition to epistemology.

Knowledge cannot fully capture all facets of "*ilm*" in Islam. While "knowledge" in the West refers to information about something, whether it be divine or material, "*ilm*" is a term that encompasses theory, action, and education (Akhtar, 2011). Once, Naquib al Attas made a very intriguing comment. "All wisdom is knowledge, but not all knowledge is wisdom", he said. There are instances when what we take knowledge to be is actually just human thought. This thought gets closer to Truth and Wisdom the more that contemplation is supported by facts. Thus, wisdom can be regarded as the culmination of human thought, and according to the Qur'an, this could be achieved by "*ilm al - yaqin*" (Q:120:5)<sup>2</sup>, "*ain al yaqin*" (Q:120:7)<sup>3</sup>, or "*haqqul yaqin*" (Q:69:51)<sup>4</sup>. So, the distinction between Wisdom and Knowledge can therefore be seen as the evolution of human thought. Doubt (Q:9:25)<sup>5</sup> is the beginning of human cognition, and assurance (*Yaqin*) is the finish (Q:120:5&7). "ta'wil" facilitates the start of this voyage (interpretation). But only individuals who are considered to be people of understanding and who have a solid foundation in knowledge should perform this task.

Islam's fundamental knowledge is based on the oneness of Allah (Tawhid). It is founded on the Islamic epistemology, which begins with the premise that from the beginning, all knowledge is knowledge of Allah (Mannan, 1984). The Qur'an and Sunnah will always be the two fundamental sources of knowledge for Muslims. We won't prey to any unIslamic behaviours if we stick to these two sources of knowledge (Azram, 2011). The Qur'an contains two different sorts of knowledge. They are the first *Ilm* (knowledge), which belongs to God and in which there is no room for debate (Q:4:157)<sup>6</sup>, and the second *Ilm* (knowledge), which progresses from *raib* to *yaqin*.

Many Islamic scholars agree that there are two basic categories of knowledge: revealed knowledge and derived knowledge. The first form of knowledge, also called as al-wahy, can be divided into two more categories: knowledge gained instinctively and knowledge revealed to us through the Prophet (PBUH). Acquired knowledge is the second type information. This kind of knowledge is likewise from Allah, but humans are expected to learn it through Islamic methodology and the capabilities that Allah has bestowed upon them. They can conceptualize, acquire, comprehend, and hunt for this kind of knowledge through their senses, investigation, and reflection.

Knowing the Islamic economics epistemology is crucial for the development of Islamic economics as a whole, without undermining the contribution of modern economics that is not against Islamic principles and values. This is because Islamic economics is founded on the Qur'an, Hadith, and monotheism, which are all universal sources of knowledge.

---

<sup>2</sup> No! If you only knew with knowledge of certainty... (At-Takathur [102] : 5)

<sup>3</sup> Then you will surely see it with the eye of certainty. (At-Takathur [102] : 7)

<sup>4</sup> And indeed, it is the truth of certainty. (Al-Haqqah [69] : 51)

<sup>5</sup> Allah has already given you victory in many regions and [even] on the day of Hunayn, when your great number pleased you, but it did not avail you at all, and the earth was confining for you with [i.e., in spite of] its vastness; then you turned back, fleeing. (At-Tawbah [9] : 25)

<sup>6</sup> . . . And indeed, those who differ over it are in doubt about it. They have no knowledge of it except the following of assumption. And they did not kill him, for certain. (An-Nisa [4] : 157)

In context of this, Choudhury, (2011) introduces the "phenomenology of unity of knowledge" as an intellectual endeavour in the area of epistemology. According to him, Islamic economics must be able to adopt a pluralistic approach to the reality of Islamic economics in order to recognize the implications of monotheism (Tawhid) in Islamic economics. This argument is elaborated upon by saying that Islamic comprehension of many facets of political economy and the global economic system, or what is found in Islamic economics, derives from what is referred to as "the episteme of conscious oneness." This started to serve as a *tafriq*, or point of distinction, between conventional and Islamic economics. Thus, Islamic economics is now positioned as being distinct in terms of epistemology as well as form, criteria, axiology, and of course, technique.

It is clear from the explanation above that Islamic economics contains an epistemological component that has evolved as a result of Islamic civilization. Tawhid, which unites knowledge and methodology to the theory appraisal and practical application, is at the center of Islamic economic epistemology. Islamic economics can be seen of as a branch of science that draws from both revealed sciences and rational sciences. The rational sciences are philosophy, economics, math, statistics, econometrics, history, management, marketing, and other fields linked to economics. The revealed sciences are *tafsir*, *hadits*, *usul al-fiqh*, *maqasid syariah*, *fiqh*, and *kalam*. As a result, the logical sciences are *fard kifayah* depending on the subjects we are studying, whereas the revealed sciences are *fard 'ain* must be studied to understand the entirety of the Islamic worldview. Additionally, this scientific integration can provide a thorough intellectual foundation for Islamic economics. As a result, we must keep in mind that true Islamic economics must be developed, starting with the sources of *fard 'ain*, which debate economic concepts, and eventually integrating modern sciences in related fields. The methodology that will be utilized to build Islamic economics must be founded on appropriate methodologies deriving from revelation, intellectual justification, and observational fact that can be accomplished through methods such as *usul al-fiqh*, case studies, historical analysis, and others. This reasoning is clearly illustrated in the following figure:

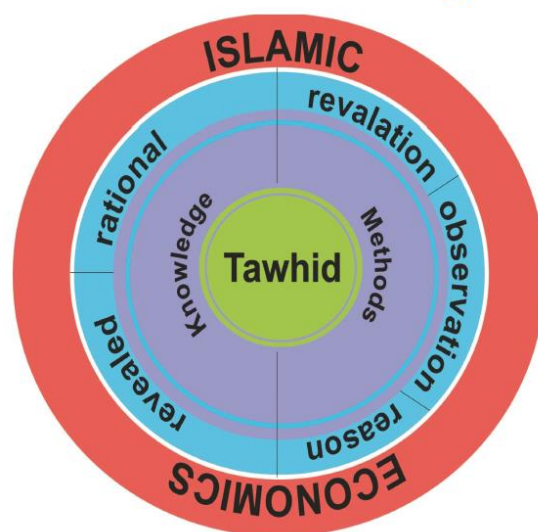


Figure 1. Epistemological Framework of Islamic Economy

## ***SUSTAINABLE DEVELOPMENT (SDGs) AND ISLAMIC ECONOMICS***

Various economic development concepts are currently being introduced, one of which is the Sustainable Development Goals (SDGs). The SDGs consist of 17 goals and 169 global targets that are planned to be achieved within 15 years (from 2016 to 2030), to eradicate poverty, reduce inequality and protect the environment (Paul et al., 2021). SDGs carried out by all countries without exception, developing countries also have a moral obligation to achieve the SDGs goals and targets.

Various ideas on Islamic economics that are connected to the SDGs. According to many perspectives, Islamic economic goals are philosophical ones that seek to increase *falah*, or human well-being, both in this world and in the afterlife. *Maqasid al-Shariah* serves as an operational goal set that includes fostering more faith, fostering *maslahah*, preventing the concentration of wealth, avoiding harmful activities, and promoting fair distribution through following religious guidelines to the degree, or *kaffah*. In line with Islamic principles, economic development must be able to strike a balance between people's personal interests and the needs of society. They are designed to provide genuine action in response to calls for global leadership in combating poverty, inequality, and climate change. Determine a set of targets that can be universally applied and can be measured in balancing the three dimensions of sustainable development such as environmental, social, and economic.

Therefore, the public and commercial sectors must work together to achieve the SDGs. Additionally, a budget of roughly US\$3-5 trillion is required to implement the SDGs on a global scale (Possumah, 2019). A breakthrough in funding collection from all religion members, particularly Muslims, is required. Waqf instruments may be used to obtain funding.

## ***MAQASID SYARIAH AND MASLAHAH***

The doctrine *Maqasid* (objectives) *al-Syariah* and the concept of *Maslahah* (public good) as proposed by Al-Shatibi and Al-Ghazali, are important focal principles for forming decisions and preferences from an Islamic viewpoint.

The term "maqasid al-syariah" refers to the goal or objectives that should be attained from an Islamic point of view. The economy is one area where maqasid al-syariah is widely used.. According to Al-Syatibi, (n.d.), Islamic law was formulated solely for the benefit of humanity. Consequently, three types of needs exist: primary (*al-daruriyyah*), secondary (*al-hajiyyah*) tertiary (*al-tahsiniyyah*). Among the three stages, *al-daruriyyah* or also known as *daruriyyah al-khams*, was the main stage. According to Al-Syatibi, (n.d.), in *al-daruriyyah*, there are five basic elements that need to be protected: religion (*hifz al-din*), life (*hifz al-nafs*), lineage or hereditary (*hifz al-nasal*), wealth (*hifz al-mal*) and the mind (*hifz al-'aql*).



This view was supported by Al-Ghazali, (1996), He has divided the goals into the deeni (relative to faith) and the dunyawī (related to this material world). The four subcategories that make up the dunyawī aims are each intended to serve a particular deeni aspiration. The four subcategories of dunyawī include protection of *nafs* (life), *‘aql* (intellect), *nasl* (posterity) and *maal* (wealth).

Chapra (2000) defines *Maqasid al-Syariah* as follows :

*“The objective of the Syariah is to promote the well-being of all mankind, which lies in safeguarding their faith (deen), their life (nafs), their mind (‘aql), their posterity (nasl) and their wealth (maal). Whatever ensures the safeguard of these five serves public interest and is desirable”* (Chapra, 2000, p.118).

The late Islamic jurist Ibn ‘Ashur had defined *Syariah* objectives as:

*“the observed meanings and wisdom in every Syariah rulings or most of them, whereby their observations prove that they are not specific to a type of Syariah rulings,”* (Ibn ‘Ashur, 1978).

Reviewing earlier studies on the *maqasid al-syariah* concept revealed that it had been extensively discussed in terms of the goal of issuing a decree, dividing the *maqasid al-syariah*, and the elements that needed to be protected. This was done in order to protect the good (*maslahah*) and refrain from doing damages (*mafsadah*).

The concept of ***Maslahah*** has been extensively discussed by a number of jurists. Al-Shatibi and Al-Ghazali, however, are the two who are cited in the literature as being the most well-known among them. The idea was first conceptualized by the former, who is recognized as its inventor. The latter expanded and further polished the idea. The core of sharia laws in responding to social, political, and economic developments is *maslahah*. The foundation of muamalah is *maslahah* (public benefit), which refers to benefits constructed in accordance with syar'i instead of being solely profit-oriented and concentrating on material advancement as in the sphere of traditional economics. *Maslahah* is a means of obtaining *falah*; by engaging in actions that advance *maslahah*, a person moves one step closer to obtaining *falah*.

(Al-Ghazali , 1998). He defines *Maslahah* as follows:

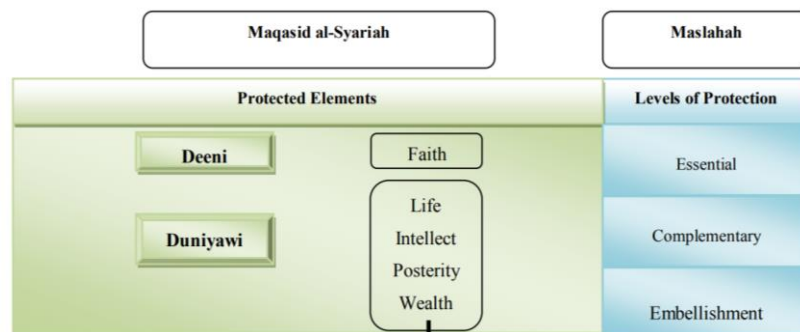
*“Maslahah is essentially an expression for the acquisition of benefit or the re-pulsion of injury or harm, but that is not what we mean by it, because acquisition of benefits and the repulsion of harm represent human goals, that is, the welfare of humans through the attainment of these goals. What we mean by maslahah, however, is the preservation of the Syariah’s objectives”* (Al-Raisuni, 1992, p. 41-45)

*Maslahah* can be further divided into the following three categories:

1. *The Essentials*: The Essentials are defined as the actions and possessions necessary to maintain the five pillars of individual and societal existence: religion, life, intellect, future generations, and wealth. Their neglect causes complete disruption and utter instability in life. Khan and Ghifari (1992), suggest one element, namely freedom, should be included on

the list. According to them, freedom should be supported alongside the other five elements as the sixth.

2. *The Complementary*: This category includes all actions and items that, while not essential to the maintenance of the five pillars, but required to lessen or eliminate obstacles and challenges in life. The Complementary supports and adds to Hardship is caused by The Essentials and their neglect, yet normal life is not completely disrupted.
3. *The Embellishments*: The Embellishments refers to practices that help people improve and achieve their goals, such as wearing accessories, engaging in harmless hobbies, and acting and speaking politely. Islamic etiquette in regards to cleanliness, moderation, or refraining from excess, among other things. Islam strongly disapproves because it views prodigality and self-indulgence as going beyond refinements and being detrimental to both individuals and society.



**Figure 2. Maqasid Syariah**

## WAQF

Waqf is merely another word for donation. Waqf donations are motivated by religion and are a kind of approved worship in Islam, which may be what sets them apart from other types of charitable giving. Along with zakat, infaq, and sadaqah, waqf (plural "awqaf," Islamic endowment) is a ethical instrument Islamic social finance (ISF) (Ascarya et al., 2022). Waqf, or endowment, is sadaqah jariyah (continuous charity) that bestows on the donor persisting rewards and long-lasting blessings on the public at large. (Mauluddin and Rahman, 2018). It is commonly referred to as *ijtima'iyyah*, which is Arabic for "public worship" performed out of devotion to Allah. (Rusydiana and Devi, 2018). This implies that the establishment of waqf is associated with Islamic principles.

Waqf can be categorized into social waqf, productive waqf, or integrated social and productive waqf (Ascarya et al., 2020). One form of productive waqf at this time is cash waqf. Waqf can be employed in a variety of social and commercial aspects, from education to finance. It is not only studied as a religious practice but also supports aspects of humanity. Waqf is intrinsically related to the national SDGs goal because of its infinity and sustainability.



## ***CASH WAQF***

Cash waqf, which has existed since the Prophet's (PBUH) time, is one significant waqf development in the current period. Waqf in the form of cash or money is one that is carried out by an individual, a group of individuals, institutions, or legal entities. The Nazir then invests and makes use of the cash waqf for the benefit of Mauquf 'Alaih and the realization of Maqasid Sharia. Cash waqf, according to Imam Zuhar, is a type of funding where the proceeds are then allocated for charitable purposes. Waqf in the form of cash is regarded as a possibility that could help waqf produce more outcomes. Economically, the community will benefit from a far more equitable distribution of the waqf's influence and mobility.

Cash waqf is one of the Islamic socio-financial tools supporting the government's economic development (Berakon et al., 2021; Sanusi and Shafiai, 2015), such as poverty alleviation (Umar et al., 2021; Saiti et al., 2021) and income redistribution (Hamzah & Razak, 2020), financing public goods (Ambrose et al., 2018), provide capital support to entrepreneurs (Musa & Che Mohd Salleh, 2018; Iman & Mohammad, 2017) and address budget deficits and social inequality (Berakon et al., 2021).

In Indonesia, the practise of cash waqf is permitted by law. Cash waqf is governed by at least four laws: the Waqf Law No. 41 of 2004; the Basic Agrarian Law; the Government Regulation No. 46 of 2006 Implementing the Waqf Law No. 41 of 2004; and the Presidential Instruction No. 1 of 1991 Concerning Compilation of Islamic Law.

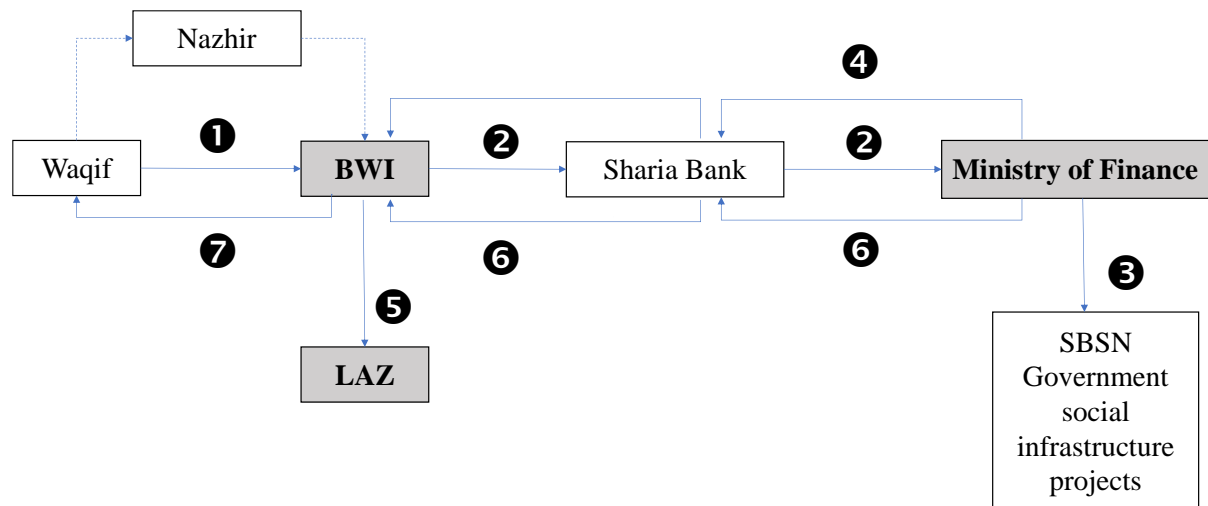
According to a recent research by the [National Committee for Islamic Economics and Finance Nasional \(2021\)](#) Indonesia has a potential annual cash waqf of IDR180 trillion, however as of March 2021, just 0.46% of that waqf had been realized. The vast potential of monetary waqf must be maximized for public's welfare. Therefore, all parties must be concerned with the implementation of cash waqf to sustain productive waqf.

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

The Indonesian government has just introduced a form of social investment known as Cash Waqf Linked Sukuk (CWLS). CWLS is the management of waqf money by divesting it on state sharia securities in sukuk Waqf-Based scheme. Through this scheme the cash waqf collected by the Indonesian Waqf Board (BWI) as Nazhir through Sharia Financial Institutions Receiving Cash Waqf (LKSPWU) will be managed and placed in the State Sukuk or SBSN instrument (State Sharia Securities) which is free from the risk of default issued by the Ministry of Finance (Kemenkeu). CWLS issuance proceeds can help fiscal financing in the context of social projects, especially in the fields of education, health, and social infrastructure development. So it has the potential to be a brand-new fiscal tool with an Islamic foundation that serves the public and contributes to a nation's economic development (Ismael, 2022).

Technically, the concept of CWLS is the utilization of cash waqf, both temporary or permanently, to be placed in State Sharia Securities (SBSN) which provide regular return. For

example, cash waqf collected by Nazhir (based on BWI regulations) with a term of 3 to 5 years can be invested in SBSN with several placement schemes. Then, the SBSN return in the form discount received at the beginning and return received periodically were handed over by Nazhir as social funds (*shodaqah*) with the approval of the waqif to the Amil Zakat Institution (LAZ). The SBSN principal will be returned to the wakif when 100% the CWLS is due. With this concept, in addition to waqf institutions, amil zakat institutions will benefit (multiplier effect) because they can use social funds (sukuk returns) for the development of social projects or activities (Indonesian Waqf Agency et al., 2018). The following is the CWLS business concept.



**Figure 3. CWLS business concept**

Source: (Badan Wakaf Indonesia et al., 2018)

- (1) The first arrow is the prospectus proposal from Nazhir to BWI and BWI's approval, endorsement and arrangements for the proposal;
- (2) Arrow two explains the coordination and cooperation in the implementation of CWLS with Islamic banks as fund managers, custodians and managers of CWLS including agent of Nazhir (BWI) to place funds in SBSN;
- (3) The third arrow is that the government uses waqf funds resulting from placement in SBSN to finance certain social projects;
- (4) The fourth arrow is the SBSN returns paid to BWI (Nazhir) through Islamic banks;
- (5) The fifth arrow, by BWI, the SBSN returns are submitted to the Amil Zakat Institution (LAZ) for empowering *Mustahik* through the implementation of zakat programs;
- (6) The sixth arrow, when the SBSN matures, the Ministry of Finance will pay the SBSN principal to BWI through a Sharia Bank which then,
- (7) Seventh arrow, received back by waqif (CWLS investor).

The following are some of the most important articles of BWI Regulation No. 1 Year 2009 in respect to CWLS:

1. Article 3: Waqf funds could be collected either permanently or temporarily, (at least 5 years).

2. Article 5: Waqf monies must be transferred to Islamic institutions that are authorized by law to receive waqf funds (simply called LKSPWU).
3. Article 8: In accordance with the forms of waqf funds, LKS-PWU issues both temporary and permanent waqf certificates.
4. Article 10 states that waqf funding must be used for both direct and indirect public funding projects.
5. Article 13: Benefits (charitable financial reward) may be extended, directly or indirectly, to other social projects (community empowerment).

CWLS

### 3. RESEARCH METHODOLOGI

This study used a descriptive qualitative method together with a literature review. Through this article, we will attempt to investigate how CWLS can be used as a solution for sustainable Islamic economic development (SDG's).

### DISCUSSIONS

In the Tawhidic epistemology, the Qur'an, the Sunnah, and Ijtihad Ulama serve as the cornerstones of human economic activity and can be used to address the issues facing by modern society. IIE (Interactive, Integrative, and Evolutionary) is also embodied by this, reflecting a circular causality of the learning process. The implementation CWLS program in the light of Tawhidic epistemology are as follows:

#### *Process 1: Reveal knowledge from Qur'an, Hadith, and Ijtihad*

Waqf is associated with a Tawhidic epistemology that emphasizes the oneness of God. God created man to grow and enjoy His bounty on Earth as His steward. Mankind was created to serve and glorify the Almighty, according to the Qur'an (51:56)<sup>7</sup>. In order to achieve the spirit of taqwa (God-consciousness), it is crucial that every Muslim adhere to this fundamental principle. According to the theory of unity of knowledge (Tawhid) waqf, or Islamic perpetual charity, is defined by all the glorious characteristics of altruism and moral sustainability that are drawn from the Qur'an and could address the most unresolved issue (Choudhury et al., 2019).

#### 1) Al-Qur'an

In the Qur'an the word waqf is not mentioned explicatively, is based more on the substance of waqf, that is, to do goodness. For example, in Surah Ali-Imran says:

*(3:92) You shall not attain righteousness until you spend out of what you love (in the way of Allah). Allah knows whatever you spend.*

---

<sup>7</sup> I created the jinn and humans for nothing else but that they may serve Me

According to this verse, Muslims won't be rewarded with kindness unless they are ready to give of themselves to others, and the gift must have worth and be beneficial to the recipient. Muslims are encouraged to support and donate to one another in order to achieve a more peaceful and orderly world. Further guidance is given in Al-Baqarah and Surah al-Hajj:

*(2:261) The example of those who spend their wealth in the Way of Allah is like that of a grain of corn that sprouts seven ears, and in every ear there are a hundred grains. Thus Allah multiplies the action of whomsoever He wills. Allah is Munificent, All-Knowing.*

*(2:267) Believers! Spend (in the Way of Allah) out of the good things you have earned and out of what We have produced for you from the earth, and choose not for your spending the bad things such as you yourselves would not accept or accept only by overlooking its defects. Know well that Allah is All-Munificent, Most Praiseworthy.*

*(22:77) Believers, bow down and prostrate yourselves before Your Lord and serve Your Lord and do good that you may prosper.*

In this verse, Allah encourages Muslims to undertake good deeds, particularly waqf because it will help the *maslahah* for ummah and is therefore regarded as a righteous deed. The act of doing good actions is also referred to as worshipping or *ibadah* to Allah S.W.T., and Allah will reward all believers—men and women—for all their good deeds.. With waqf the benefits will be longer felt by others so that the reward will always flow for the waqif. <sup>8</sup>

## 2) Hadist

The first who defined the waqf law was Prophet Muhammad (PBUH). He helped build Masjid Quba when he arrived in Madinah with his own funds. Additionally, he endowed seven acres in Madinah that Mukhairiq had given him. These deeds demonstrate how our Prophet Muhammad (PBUH), who urged Muslims to live ethical and good lives, is an excellent role model for our community.

In Hadist narrated by al-Muslim:

One hadith narrated by Abu Hurairah (May Allah be pleased with him) reported: The Messenger of Allah (ﷺ) said, "*When sons of Adam die, his deeds come to an end except for three things: Sadaqah Jariyah (ceaseless charity); a knowledge which is beneficial, or a virtuous descendant who prays for him (for the deceased).*" – Reference : Riyad as-Salihin 1383

The aforementioned hadith serves as a common foundation for waqf and encourages people to save money for their afterlife in the form of *alms jariyah*.

Another hadith describes Umar ibn al-Khattab, who bought some land in Khaibar and went to the Prophet S.A.W. to ask about his new possession. Sahih al-Bukhari narrates the following hadith: 'Umar ibn al-Khattab acquired a plot of property in Khaibar, and he went to see the

---

<sup>8</sup> Waqif is the person who donor the waqf.

Prophet, peace and blessings of Allah be upon him, to advise him about it, according to a hadith about waqf that was narrated by Ibnu Umar r.a. He stated:

*“O Messenger of Allah! I have got a piece of land in Khaibar, of which I have never obtained more valuable property than this. (Although I aspire to reach out to Allah) what is your advice or suggestion about it and the best course of action to take?” The Messenger of Allah (PBUH) said, “If you wish, make the property itself to remain inalienable and give (the profit from) it to charity”.* 6

After hearing the Prophet Muhammad's advice, Umar r.a. gifted his land in Khaibar based on this hadith. Although he (the Prophet) was the head of state at the time, he (the Prophet) did not advise Umar to give his possessions to the state. This counsel shows that the Prophet recognized the significance of waqf's contribution to the wellbeing of the community. The most beloved garden of Abu Talha, one of the Prophet's companions and a very wealthy man in Madinah, Bairuha, has been bestowed for charitable purposes and to seek Allah's blessings.

### 3) Ijtihad

The term cash waqf was not yet known in the time of the Prophet Muhammad (PBUH). Cash waqf has only been practiced since the beginning of the second century hijri. Imam az Zuhri (124 H), one of the leading scholars and the foundation of *tadwin al-hadith*, recommended waqf dinars and dirhams for the construction of proselytizing, social, and educational facilities of Muslims.

Shari'ah scholars have different opinions regarding the rules of cash waqf. The opinions that support the fatwa regarding cash waqf come from: *First*, Iman al-Zuhri (124 H) claimed that donating dinars was legitimately permissible as initial capital with the profit passing to *mauquf'alaih* (Abu Su'ud, 1997). *Second*, on the basis of *Istihsan bi al-'Urfi*, mutaqaaddimin from mazhab Hanafi permitted dinar and dirham waqf as exceptions and Abdullah bin Mas'ud r.a: “What is considered good by Muslims is considered good by Allah. And what is considered bad by Muslims is considered bad by Allah.” (al-Zuhaili, 1985). *Third*, Mazhab al-Syafi'i Abu Tsyar narrated this through Iman al-Syafi'i states that dinar and dirham waqf were acceptable (al-Mawardi, Al-Kabir, Tahqiq, & Mathraji, 1994). *In contrast* to the prior view, the Shafi'i school holds that cash waqf is prohibited because dinars and dirhams (money) will vanish (run out) when used as payment. This is in keeping with the requirement that waqf property remain perpetual (not to be exhausted). Based on the contrasting views expressed above, it could be emphasized that the justification for allowing cash to be the object of waqf is subject to the requirement that it be preserved, not depleted, and capable of producing profit or benefit over the long term.

Following the Hanafi School, in May 11, 2002, the Indonesian Council of Ulama (MUI) issued a fatwa on indirect cash waqf. The MUI fatwa lists the following criteria of the indirect cash waqf: (i) Cash waqf (Waqf al-Nuqud) is a waqf done by a person, group of people, institutions or legal entities in cash; (ii) Included in the definition of cash are securities; (iii) Cash waqf legality is allowed (*jawaz*); (iv) Cash waqf can only be distributed and used for things, which is allowed by Shariah;

In the Indonesian Waqf Law No.41 Year 2004, Chapter 1, article 1, stated that:

*“Waqf is a legal act of the waqif to separate and/or hand over some of his property to be exploited **indefinitely** or **for a certain period** according to his intention for worship and/or general welfare, and in accordance to Shariah”.*

So that in practice in Indonesia waqf money can be given forever or within a certain period of time (temporary). Furthermore, BWI Regulation No 1 of 2009 on Guidelines for the Management and Development of Cash Waqf, article 3 states:

1. *Receipt of Waqf of Money from Waqif can be done through Waqf of Money within a **certain period** of time and Waqf of Money **for a period of time**.*
2. *Waqif who deposits Waqf Money of at least Rp1,000,000.00 (one million rupiah) will get a **Money Waqf Certificate**.*
3. *Receipt of Waqf Money within a certain period of at least for a period of **5 (five) years** and a minimum amount of **Rp10,000,000.00 (ten million rupiah)**.*
4. *Waqf Receipt of Money where the Waqif determines the **Mauquf alaih** himself is set at least Rp1,000,000,000.00 (one billion rupiah).*

## ***Proses 2: Interaction, Integration, and Evolution Process***

**The Interaction Phase**, which is the first stage, is where the *Shura* discourse takes place and where the idea of all matters between stakeholders is introduced until a consensus (*Ijma*) is formed. The concensus includes how to solve problems, policies and rules that must be applied.

The Indonesian Waqf Agency (BWI), Bank Indonesia (BI), the ministry of finance, and the ministry of religion are working together as part of one of the initiatives being made to find methods to use waqf instruments as a solution to SDGS challenges. In order to maintain the principal value of waqf assets, the waqf product design is carried out in the following ways: (1) Investment security criteria are matched with quantifiable risks; (2) Investment returns are optimal; (3) Has a top-notch program for empowering the community, which is run by the government and professionals; (4) Has a beneficial impact on the traditional philanthropic market segment, which is unfamiliar with the sukuk market.

Considering these conditions, BWI, in collaboration with Bank Indonesia, the Ministry of Finance, and the Ministry of Religion, formulated the CWLS Sukuk-Based Money Waqf instrument, which integrates Islamic social and commercial finance to encourage productive waqf. It is a cutting-edge Islamic social financial instrument. By maximizing the collection of social funds, in this case cash waqf, this integration can improve society's welfare in a more inclusive way. Additionally, integration via CWLS can be used as a substitute tool to assist the expansion of the financial market as well as the movement of economic activity.

## ***Integration Process***

**Integrative** mean starting with developing original concepts, with unique meanings that represent a ‘reality’ that encompasses both the physical and spiritual realms.



Socialization and fundraising efforts for CWLS SW001 series have begun since October 2018, at the IMF-World Bank Annual Meeting series of events in Nusa Dua, Bali. Through this CWLS scheme, the Government wishes to encourage social investment in Indonesia. To support this, the Ministry of Finance through PMK Number 139 of 2018 made changes to PMK Number 239 of 2012 in October 2018, which initially required the issuance of SBSN to be a minimum of IDR 250 billion for 1 (one) series, synergized with BWI's steps which have conducted studies on productive waqf to IDR 50 billion for 1 (one) series. Through this regulation, the Ministry of Finance has relaxed the minimum limit for issuance of SBSN using the private placement method for social investment schemes to IDR 50 billion, so that the CWLS scheme can be implemented. Meanwhile, other schemes are still limited to a minimum of IDR 250 billion.

In addition, The National Sharia Council of the Indonesian Ulema Council (DSN-MUI), has provided a statement of sharia conformity on February 6, 2019, that the CWLS scheme does not conflict with Sharia principles.

### ***Evolutionary Process***

The process of issuing the initial CWLS, starting from the initiation of CWLS, support for laws and regulations that took effect in 2018, signing of memorandums of understanding between ministries and authorities, communication processes with various parties such as Islamic financial institutions, up to the issuance of sharia opinions from DSN-MUI so that in finally the first CWLS can be issued in early 2020.

The first series of CWLS, known as SW001, was launched March 10, 2020. The due date for this Sukuk is March 10, 2025, and it is not tradable. Discounts and coupons obtained from the issuance of this waqf funds is to establish and purchase medical equipment for the Eye Hospital in Banten Province. CWLS is here to partake in this SDGs initiative in order to help meet the 17 Sustainable Development Goals (SDGs) targets. Waqf in the form of cash, invested in profitable economic sectors with the provision in a certain percentage is used for social services.

***The evolutionary process*** was characterized by a gradual change in the acceptance of investors (waqif) and an increase in participation from year to year. As of the end of December 2022, there were 4 (four) private placement CWLS series and 3 (three) retail CWLS series with a total total fund of IDR 378.15 billion, as summarized in the following table.

**Table 1.**  
**CWLS Issuance Achievements up to December 2022**

Series / Date	Funds collected (IDR billion)	Tenor (Year)	Remarks
SW001 Mar 20, 2020	50,85	5	<b>Discounts:</b> Development of new waqf assets renovation & purchase of medical devices to support the construction of a retina canter at Achmad Wardi Hospital Serang, Banten <b>Return:</b> Free cataract surgery for the Dhuafa at Achmad Wardi Hospital (target 2,513 patients for 5 years) and purchase of an ambulance
SW002 June 30, 2022	50	2	Done through Private Placement with BWI (Nazhir) and Institut Teknologi 10 Nopember
SW003 Sept 30, 2022	100	2	Done through Private Placement with BWI (Nazhir) and the IPB University
SW004 Sept 30, 2022	100	5	
SWR001 Oct 9, 2020	14,91	2	- 1,041 waqif - Average order IDR 18.65 million
SWR002 June 9, 2021	24,14	2	- 591 waqif (538 new waqif) - Average order IDR 40.85 million
SWR003 July 13, 2022	38,25	2	- 688 Waqif (619 new Waqif) - Average order IDR 55.6 million
<b>Total</b>	<b>IDR 378.15 billion</b>		

Source: Directorate General of Budget Financing and Risk Management, Ministry of Finance (2022)

### ***Implementation of CWLS in the perspective of Maqasid Syariah and its relevance in achieving SDGs***

Judging from its benefits, CWLS can promote economic sustainability. This shows that there are sectors in Islamic finance which can encourage the commercial sector and provide a reciprocal relationship, thereby providing great benefits to social welfare and sustainable economic development. Funding flows to productive sectors, drives the real economy, and the results of its activities flow to the social sectors that need it.

Socio-economic well-being tends to be improved after the implementation of this programme, that in line with *Maqasid Syariah*, include:

- The preservations of religion (*hifz al-din*), at the "*dharuriyat*" level, namely maintaining and carrying out obligatory religious obligations, such as carrying out 5 (five) daily prayers which if neglected, the existence of religion will be threatened. This can be

achieved through the use of waqf return in the form discount received at the beginning for the construction and development of waqf assets for Muslim worship facilities. One of the programs that has been carried out by BWI is allocating the benefits of returns from CWLS Retail SWR001 series for the construction of the Salman al-Farisi mosque at the Bandung Institute of Technology. *It corresponds with SDG No. 16 Peace, justice and strong institution.*

- The preservations of life (*hifzal-nafs*), at the "*dhururiyat*" level is fulfilling basic needs to maintain survival, which can be achieved through the productive waqf program for poverty alleviation from the CWLS return received periodically by Nazhir then distributed to *mustahik*. *It's in line with SDGs No 1. No poverty; and No. 2. Without hunger.*
- The preservations of life (*hifzal-nafs*), in terms of its existence (*min nahiyat al-wujūd*), humans must be able to maintain themselves so that they are always in a healthy condition, because health is something that is very important in human life. This has been carried out by BWI by build the Achmad Wardi Eye Glaucoma Center (RSAW) in Serang, Banten. This hospital was built on the waqf land of Achmad Wardi's family by using the funds from the issuance of CWLS SW001 derived from the discount received in advance. RSAW provides health services to the community in the treatment of retina, glaucoma and cataracts. This hospital waives hospital fees for underprivileged families. Meanwhile, coupons received periodically are used for purposes related to the hospital's operations. Thus, the CWLS Program has been effective in helping the treatment of retina, glaucoma or cataracts for underprivileged families. *It's accordance with SDGs No. 3 Healthy and prosperous life.*
- The preservations of the mind (*hifz al-'aql*) at the level of "*hajiyyat*", namely the suggestion to seek knowledge, which even if ignored will not damage the existence of reason, but can make it difficult for someone related to the development of knowledge and ultimately have an impact on difficulties in his life. This effort has been carried out by BWI through the CWLS Retail Series SWR001 which was realized through a program in the field of education in the form of educational scholarships for outstanding students throughout Indonesia worth IDR 14.91 billion. In carrying out this program, BWI cooperates with Nazhir who are already registered with BWI, to distribute CWLS returns. Meanwhile, CWLS Retail SWR002 returns in the form of merit scholarships will be given to the Surabaya Institute of Technology. Through this program, many outstanding children from underprivileged families can be helped to continue their education to a higher level. With more and more young people with high achievement, character and education, the future progress of the nation and state will be of a higher quality. *It complies with SDG 4. Quality education.*
- The preservations of wealth (*hifz al-mal*) in terms of their existence (*min nahiyat al-wujūd*), both in terms of sustainability and usefulness. Through the CWLS Program, assets will always be maintained because the funds used for the empowerment program

are returns from SBSN. The waqf principal will be returned at maturity if it is temporary waqf. For the permanent waqf, the waqf principal will continue to roll over and be used for subsequent programs. The benefits of CWLS returns, by BWI are distributed to Nazhir and managed to be distributed to several community economic empowerment programs, such as; rice seed breeding and beef cattle breeding, MSME assistance, Friends of UKM, Hasanah Residential Waqf, and Islamic Boarding School Economic Independence Waqf. *It corresponds with SDG No. 1. No poverty; No: 2. Without hunger and No. 16 Peace, justice and strong institutions.*

#### **4. CONCLUDING REMARKS**

**In terms of theoretical implications**, this study is the first of its kind to shed light on how the development of Islamic economics' epistemology was influenced by earlier Muslim philosophers. Tawhid must be established as the center of Islamic economic epistemology, guiding sources of information that are anchored first in revelation and then in rational understanding by employing proper methodologies, in order to develop the true of Islamic economics.

**In terms of practical implications**, the results of this paper finds that:

The presence of CWLS can serve as an option to fostering successful cash waqf if one of the concerns and challenges is fostering strong Islamic economic growth. One of the sophisticated products, CWLS integrates social financial instruments with syari'ah commercial finance to create a space where people can donate alms, or Jariyah as wakif, while also advancing the sustainable growth of the nation's economy.

There is good opportunity for the stakeholders of CWLS to design a waqf-based development plan in accordance with the framework of the SDGs because the majority of the 17 development goals of the SDGs readily align with the long-term aims of shariah. Additionally, it concludes that the CWLS have adequate financial resources to assist Muslim-majority countries in promptly achieving some of the most important and critical maqasid-oriented SDGs.

This good implementation needs to be broadcast to build public trust in the waqf authority and motivate more waqifs to participate in CWLS program as well as the possibility for other countries to implement the same thing.

#### **ACKNOWLEDGMENT**

We would like to express our gratitude to all participants and informants for their important contributions to this work during the interview. We also want to thank the reviewers who provided us with suggestions to make this article more valuable.

#### **REFERENCES**

- Abu Su'ud, M. (1997). *Risalah fi Jawazi Waqf al-Nuqud*. Dar Ibn Hazm.
- Akhtar, S. W. (2011). The Islamic Concept of Knowledge. *Al-Tawid*, XII(3).
- Al-Ghazali, A. H. M. (1996). *Al-Mustasfa min 'ilm al-usul*. Dar al-Kutub al- 'Ilmiyyah.
- al-Mawardi;, Al-Kabir, A.-H., Tahqiq;, & Mathraji, M. (1994). *No Title*. Dar al-Fikr.
- Al-Syatibi. (n.d.). *Al-muwafaqat fi usul al-ahkam*. Dar al-Ma'rifah.
- al-Zuhaili, W. (1985). *al Fiqh al-Islam wa Adillatuhu*. Dar al-Fikr.
- Ambrose, A. H. A. A., Mohamed Aslam Gulam Hassan, M. A. G., & Hanafi, H. (2018). A proposed model for waqf fi nancing public goods and mixed public goods in Malaysia. *International Journal of Islamic and Middle Eastern Finance and Management*, 11(3), 395–415. <https://doi.org/10.1108/IMEFM-01-2017-0001>
- Ascarya, A., Hosen, M. N., & Rahmawati;, S. (2022). Designing simple productive waqf models for Indonesia. *International Journal of Ethics and Systems*, 38(3), 380–401. <https://doi.org/10.1108/IJOES-07-2020-0101>
- Ascarya, A., Sukmana, R., & Hosen, M. . (2020). Integrated social and productive awqaf in Indonesia. In M. . Billah (Ed.), *Waqf-Led Islamic Social Finance: Innovative Solutions to Modern Applications*. Abingdon-on-Thames.
- Azram, M. (2011). Epistemology: An Islamic Perspective. *IIUM Engineering Journal* ., 12(5). <https://doi.org/10.31436/iiumej.v12i5.240>
- Badan Wakaf Indonesia, Forum Wakaf Produktif, & Kementerian Keuangan Republik Indonesia. (2018). *Feasibility Study: Cash Wakaf Linked Sukuk*. Badan Wakaf Indonesia.
- Berakon, I., Aji, H. M., & Hafizi, M. . (2021). Impact of Digital Sharia Banking Systems on Cash-Waqf Among Indonesian Muslim Youth. *Journal of IslamicMarketing*.
- Chapra, M. U. (2000). *The Future of Economics: An Islamic Perspective*. The Islamic Foundation.
- Choudhury, M. . (2011). *Islamic economics and finance: An epistemological inquiry*. Emerald Group Publishing.
- Choudhury, M. A. (2007). *The Universal Paradigm and the Islamic World-System: Economy, Society, Ethics and Science*. World Scientific Publishing Company.
- Choudhury, M. A., Pratiwi, A., & Hoque, M. N. (2019). “Waqf, perpetual charity, in a general system theory of tawhidi metascience. *Thunderbird International Business Review*, 61(5), 1–6. <https://doi.org/10.1002/tie.22039>.
- Hamzah, S., & Razak, A. (2020). Zakat and waqf as instrument of Islamic wealth in poverty alleviation and redistribution. *International Journal of Sociology and Social Policy*, 40(3), 249–266. <https://doi.org/10.1108/IJSSP-11-2018-0208>

- Haneef, M. A., & Furqani, H. (2011). Methodology of Islamic Economics : Overview of Present State and Future Direction. *Journal of Islamic Economics and Philanthropy (JIEP)*, 1(1), 1–26.
- Ibn ‘Ashur, M. (1978). *Maqasid al-Shari’ah al-Islamiyyah*. al-Sharikah al-Tunissiyyah.
- Iman, A. H. M., & Mohammad, M. T. S. H. (2017). Waqf as a framework for entrepreneurship. *Humanomics*, 33(4), 419–440. <https://doi.org/10.1108/H-01-2017-0015>
- Ismal, R. (2022). Identifying the Optimal Cash Waqf Linked Sukuk : Indonesian Experience. *Hamdard Islamicus*, XLV(3), 9–27.
- Khan, M.F., and Ghifari, N. . (1992). Shatibi’s Objectives of Shari’ah and Some Implications for Consumer Theory. In A. H. M. S. & A. Ghazali (Ed.), *Readings in Islamic Economic Thought* (pp. 176–202). Longman.
- Komite Nasional Ekonomi dan Keuangan Syariah. (2021). *Business Process Re-engineering Wakaf Uang*.
- Mannan, M. A. (1984). *The Making of Islamic Economic Society* (17th ed.). Islamic Research and Training Institute and King Abdul Aziz University.
- Mauluddin, M. I., & Rahman, A. A. (2018). Cash Waqf from the perspective of Majelis Ulama Indonesia (MUI) and the scholars of Aceh: an analysis. In *New Developments in Islamic Economics: Examples from Southeast Asia* (pp. 49–66). Emerald Publishing. <https://doi.org/10.1108/978-1-78756-283-720181004>
- Musa, S. O., & Che Mohd Salleh, M. (2018). Proposing a Model for Entrepreneurship Development: the Role of Entrepreneurs’ Cash Waqf Intention. *Journal of Islamic Monetary Economics and Finance*, 4(1), 183–204. <https://doi.org/10.21098/jimf.v4i1.764>
- Paul, W., Faudji, R., & Bisri, H. (2021). Cash Waqf Linked Sukuk Alternative Development of Sustainable Islamic Economic Development Sustainable Development Goals (SDG’s). *International Journal of Nusantara Islam*, 09(01), 134–148. <https://doi.org/10.15575/ijni.v9i1.12215>
- Possumah, B. . (2019). Blended finance and SDGs in Indonesia : Shaping the role of Waqf. *Islamic Finance News*, April, 28–29.
- Rusydiana, A. S., & Devi, A. (2018). Elaborating cash waqf development in Indonesia using analytic network process. *International Journal of Islamic Business and Economics*, 2(1).
- Saiti, B., Dembele, A., & Bulut, M. (2021). The global cash waqf: a tool against poverty in Muslim countries. *Qualitative Research in Financial Markets*, 13(3), 277–294. <https://doi.org/10.1108/QRFM-05-2020-0085>
- Sanusi, S., & Shafiai, M. H. M. (2015). The management of cash waqf: Toward socio-economic development of muslims in Malaysia. *Jurnal Pengurusan*, 43(June), 3–12.
- Smith, T. . (1992). *Strong Interaction*. Chicago University Press.



Umar, U. H., Baita, A. J., Haron, M. H., & Kabiru, S. H. (2021). The potential of Islamic social finance to alleviate poverty in the era of COVID-19 : the moderating effect of ethical orientation. *International Journal of Islamic and Middle Eastern Finance and Management*, 15(2), 255–270. <https://doi.org/10.1108/IMEFM-07-2020-0371>



# Certificate

Proudly Presented to :

**Dida Nurhaida**

Participate as :

**Speaker**

Has Actively Participated in the


**7<sup>th</sup> International Workshop on Islamic Economic Theories (IWIET)**

**Faculty of Economics**

**Universitas Muhammadiyah Semarang**

Semarang - Indonesia, February, 13<sup>th</sup>-14<sup>th</sup> 2023

Dean Faculty of Economics  
Universitas Muhammadiyah Semarang

  
**Dr. Haerudin, MT**

Chairman of iCONS  
Universiti Kebangsaan Malaysia

  
**Prof Abdul Ghafar Ismail, Ph.D**