



Regional Sukuk Waqf: Alternative Financing for Urban Development from a Maqashid Sharia Perspective

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Abstract. The research was conducted to examine the potential for developing regional Sukuk Waqf as an alternative financing for regional development. Innovation and revitalization of waqf products are carried out to revive the vital role of waqf, including by synergizing sukuk and waqf contracts with 2 models, namely Cash Waqf Linked Sukuk (CWLS) which is a Waqf instrument and Sukuk Linked Waqf (SLW) which is an investment instrument. Every year the government finances development, but problems always arise due to budget deficits, so by utilizing financing sources from the issuance of sukuk waqf, it is hoped that this problem can be answered. Sukuk waqf is an integration of sharia capital market products and waqf assets. The technique used within the observe is a qualitative approach to literature studies with descriptive strategies. The results of the study imply that nearby Sukuk waqf can be used as an alternative financing for development through thinking about the maqashid sharia aspect. On the other hand, the SDGs target can also be financed from regional sukuk waqf because of maslahah considerations. It is hoped that this research can play a good sized function in town improvement. This research provides a significant contribution and enables new insights into sukuk and waqf and their role in financing urban development and realizing welfare.

Keywords: Sukuk, Waqf, SDGs, City, Maqashid Sharia.

1 Introduction

The Islamic financial industry must be able to mediate between the excess funds (supply side) and those who need funds (demand side) so that it must accommodate both parties including the capital market and Sukuk. The presence of sukuk also plays a role in securing government financing needs at minimal cost at a controlled risk level so as to maintain fiscal sustainability(1).

On the other hand, Islam teaches socio-economic aspects including waqf. And in Indonesia, the practice of waqf management tends to be late compared to the management in Middle Eastern Arab countries and Asia (Malaysia and Singapore), especially

in managing waqf assets(2). In Indonesia, the application of waqf tends to be ineffective or static in terms of waqf asset management because it tends to utilize assets limited to something physical such as land, mosques, musalla, madrassa and funeral. In some Muslim countries, cash waqf has been developed with a permanent or temporary cash waqf collection strategy, consequently the waqf can generate more benefits and get continuous rewards when compared to immovable waqf assets(3).

In contrast to Middle Eastern countries such as Egypt that have long managed waqf well, with waqf funds can build the education sector such as the construction of al-Azhar university and can fund the operations of the campus(4). Al-Azhar gets bigger and develop because it lies in its large waqf. Al-Azhar which is more than a thousand years old was able to become a pioneer of education in the Islamic world through the waqf(5). On the other hand, Egypt has also succeeded in developing the health sector through waqf funds, marked by the construction of a waqf cancer hospital for children in Cairo (6)

Kuwait has the Kuwait Awqaf Public Foundation that positions itself as a waqf institution and offers social and economic instruments. KAPF is governed by the Awqaf Affairs Board which has the power to introduce policies and decide on major issues. The Minister of Awqaf and Islamic Affairs is the Chairman of the Board. The KAPF encourages people through a variety of mass media channels and marketing campaigns to create new waqf. These campaigns usually involve television and radio channels, advertisements and signboards in strategic locations.((7). Beneficiaries of waqf can utilize convenient facilities through mobile banking, sms and services at the Waqf office. Beneficiaries (al-mauquf alaih) are credibly and professionally empowered in various sectors as Hassan stated in his research that the recipients of waqf can use the facilities in an easy manner, including through mobile banking, short massage service (SMS) and office of waqf. Then a professionally managed by some sectors of economic development(8)).

Saudi Arabia has successfully utilized waqf assets in the form of waqf land controlled by the Saudi Arabian royal authority utilized through the Build Operate Transfer (BOT) concept so that the current zamzam tower can support the operations of the area in Mecca al-Mukarramah. The Abraj-Al-Bait project in Makkah al Mukarramah and Awqaf Al-Rajhi developments in the main cities across Saudi Arabia are other examples of multi-billion dollar investment by private waqfs into brownfield real estate developments in city centers (9). Waqf institutions are among those institutions which have adopted this model to finance what is called Waqf Sukuk for financing BOT-based projects (9). In addition, Saudi Arabia also finances healthcare through waqf funds such as Jam'iyyat al Iman li al Ri'yati Mardha Sarathan al-Khairiyyah (al-Iman Benevolent Institution for Cancer Patients) in the Jeddah area occupying an area of 4,700 m² with a 14-story building. Interestingly this hospital also accepts commercial services as a productive Waqf whose proceeds finance the operations of the hospital which provides services free of charge.(10)

An example of a country in Asia is Singapore, in Singapore country the development of waqf is very significant (8) which has a Muslim minority population but has managed to have a more progressive waqf instrument under the supervision of an Islamic religious affairs institution called Majelis Ugama Islam Singapura (MUIS). Its role is to

look after the interests of Singapore's Muslim community and advise the President on all matters of Islam and issues facing the Muslim Community in Singapore. And organizationally this institution is under the Ministry of Culture, Community and Youth. The main functions of MUIS are the administrative management of halal certification, zakat, waqf, the organization of the Hajj pilgrimage, mosque management and the administration of madrasah and Islamic education. MUIS has a position to manage waqf assets properly and maximize the potential of waqf for mawquf 'alaih. Therefore, MUIS has contributed by establishing a company that manages waqf assets and develops them to be more productive by Warees Investment Pte Ltd. in September 2001. With the establishment of Warees, there is a separation of roles between MUIS with Warees having the role of carrying out commercial functions in managing and developing, revitalizing unproductive waqf assets.

Indonesia through the Ministry of Religious Affairs has begun to formulate waqf in a more concrete direction, this is based on data based on the waqf information system and waqf management performance book in 2022, it is stated that there are 440 thousand points of certified waqf land in Indonesia out of a total of 57,2 hectares. Meanwhile, the nominal cash waqf as of March 2022 was recorded at IDR 1.4 trillion ((11). In the future, this positive development is still faced with challenges, such as how Indonesia can maximize unproductive land and building waqf assets and explore the sources of cash waqf capabilities with an estimated IDR 180 Trillion/year so that its benefits can be widely felt.

The momentum of regional autonomy through the law on regional government has transformed the authority from centralization to decentralization, regional financial capacity is indeed the spotlight of almost all regions in Indonesia. Because this is where we can measure the level of independence of each region in exercising authority through the regional autonomy process (12). The delegation of some of the wider authority from the center to the regions is carried out in order to improve the effectiveness and efficiency of governance and most importantly encourage regional creativity and initiative in exploring sources of financing by mobilizing the resources owned in the hope that regional financial independence can be improved. The current deficit budget system contradicts the government's need to find new sources of financing(13). For regions that have a high dependence on central funds, limited natural resources, and regional companies that are still losing money, sukuk issuance can be an alternative for various projects in the region. Even regions that tend to be independent and manage the largest budget such as DKI Jakarta Province still need alternative financing. The data recorded in the period 2017-2022 still experienced a budget deficit in 3 fiscal years (2018, 2019 and 2021) due to the realization of expenditure greater than the realization of revenue (14). Departing from the above problems, this research will answer the development imbalance with the presence of sukuk waqf as an alternative financing for development in the regions.

The linguistic definition of sukuk is a plural "sakk" means certificates or deed file. In Islamic finance, the term sukuk refers to securities backed by real assets (15). Sukuk, additionally referred to as Islamic Bonds, are certificate of ownership of tangible property or use of a mission, funding, or provider. According to The International Islamic Financial Market (IIFM) Sukuk Annual Report 2023, total global issuance (long term

& short term) amounted to USD 182.715 billion which confirms the leading position of Sukuk as the key financing instrument(16)). The issuance volume during 2022 was mainly due to sovereign Sukuk issuances from Asia, GCC, Africa and certain other jurisdictions while Malaysia continues to dominate the overall Sukuk market while the issuances from Saudi Arabia and Indonesia maintained its upward trend and increased with good volume. The Sukuk issuances from certain other countries such as Bahrain, Turkey etc., also regularly issued Sukuk.

The origins and significance of sukuk date returned to the conventional Islamic era (700-1300 CE) in which financial and industrial sports, which include trade, have been conducted the usage of paper as a means of spotting property rights. These papers have been issued after Surah Al-Baqarah (2:282) which endorsed the need for writing contracts. Sukuk financing has a large effect on financing social and economic activities as well as self-advantage systems (9)

The distinction between Islamic bonds and traditional bonds is that sukuk are assets rights over property and traditional bonds are debt rights and may consequently be traded inside the secondary marketplace. For sukuk to be negotiable inside the secondary market, the interest on the real property must be included extra than the liabilities or responsibilities. a few specialists argue that the asset shape of Sukuk can take in to 33% of the face price, at the same time as others endorse that 51 and 70% of the underlying belongings be tangible property (17) Sukuk are issued with the aid of the originator and purchased by using investors structured in extraordinary contacts that can be one or more than one Shariah-compliant contracts which can consist of sale and repurchase, leasing, and partnerships(9). Although sukuk are in the main issued by means of the Islamic banking and finance enterprise, they may be more and more issued by way of Islamic social finance establishments, in particular waqf.

Waqf, in Arabic language, means hold, confinement or prohibition. The word Waqf is used in Islam in the meaning of holding certain property and preserving it for the confined benefit of certain philanthropy and prohibiting any use or disposition of it outside that specific objective (18). So the word waqf taken from the Arabic phrase that means prohibition, detention, or retention.

Endowment or waqf is one of the instruments in Islamic economy. Endowment is a social institution in Islam which had such important role in Muslim societies and the development of moslem countries(19). And In the view of muslim scholars have various definitions: first, Imam Abu Hanifah (80-150 AH) defines it because the pastime of retaining property in keeping with the proprietor's judgment and giving alms from the proceeds. ownership will remain beneath the proprietor's possession continuously. Waqf is maintaining an object that, consistent with the regulation, stays with the waqif in an effort to use its advantages for top. based in this definition, the ownership of waqf assets does no longer depart the waqif, even he's allowed to withdraw it and he can promote it. If the waqif dies, the belongings will become inherited assets for his heirs. So what arises from waqf is simplest the donation of advantages.

Second, Imam Malik (90-174 AH) said that waqf is giving away the advantages of an asset while it lasts with the stipulation that the asset stays the belongings of the individual that endowed it, even if only in name. Waqf is protecting an object that, con-

sistent with the law, remains within the waqf in an effort to use its blessings for excellent. The Malikiyah perspective waqf property is still belonged to wakif, and he / she still could detain it from its usage. Its similiar with previous explanation that only take the benefit from the waqf property(19). So the Malikiyah scholars said the opinion that waqf does not launch the waqfed property from the ownership of the waqif, but the waqf prevents the waqif from taking moves that could release his ownership of the property to others and the waqif is obliged to donate the advantages and might not withdraw his waqf. The act of the waqif will become the benefit of his belongings to be used via the mustahiq (recipient of the waqf), even supposing what he owns is inside the form of wages, or makes the results usable, consisting of endowing cash. Waqf is achieved via saying the word waqf for a positive duration according to the proprietor's desires. In different phrases, the proprietor of the property withholds the object from being used by possession, but lets in the usage of the proceeds for proper functions, particularly supplying affordable benefits of the item even as it stays the assets of the waqif. The waqf is valid for a certain time frame, and therefore need to no longer be required as a perpetual waqf.

Third, Imam Syafi'i (150-204 AH) withholds assets that may be benefited from fixed property and donates the proceeds for charitable purposes, The majority of Syafiiyah perspectives, they defines endowments by holding the assets that could be used with fixed objects, and could resist Waqif and the other from legal action which allowed is aim to favor and draw closer to Allah. In contrast to the previous definitions of previous perspective, they have found the treasure that has changed the status in which belongs to Allah SWT. Thus when wakif dies, the irheirs can not take back the treasure that has been passed on. And the validity period of the waqf property is forever (19). And Fourth, Imam Ahmad Ibn Hanbal (164-241 AH) waqf is to withhold belongings and donate the proceeds for charitable functions out of Allah's compassion. Hanbali perspective is He contends that waqf property cannot be sold except in the case of its failure to generate any benefits. Once it is sold the proceeds of the sale should be used for buying another property (20).

Syafi'i and Ahmad are of the opinion that waqf is the relinquishment of the waqf property from the ownership of the waqif, after the waqf system has been completed. The waqif isn't always allowed to do something with the waqf assets, together with: treatment of the owner with the aid of way of possession to some other, whether in trade or now not. If the waqif waqf, the waqfed property cannot be inherited by means of his heirs. The waqif distributes the benefits of the waqfed belongings to mauquf'alaih (folks that are given Waqf) as a binding charity, in which the waqif cannot prohibit the distribution of his donation. If the wakif forbids it, then the Qadli has the right to force him to provide it to mauquf'alaih. If so, the Shafi'i perspective of thought defines waqf as: "no longer performing an movement on an object, which has the reputation of belonging to Allah SWT, via donating its blessings to a (social) virtue".

Judging from its usage, the department of waqf into three types, namely [1] spiritual waqf that's waqf property dedicated to worship centers, [2] philanthropic waqf which is a kind of waqf whose proceeds are used to serve positive businesses of people (beneficiaries) including college students and [3] own family waqf that is waqf committed to the waqif's own family contributors.

The recognized pattern is with 2 approaches [1] Cash Waqf Linked Sukuk (CWLS) is an investment of cash waqf in sukuk issued by the region/country whose returns are distributed by the nadzir to finance development. [2] Sukuk Linked Wakaf (SLF) is an innovation intended to support the development acceleration program through diversification of SBSN instruments, especially regional sukuk, by producing waqf land as the underlying asset.

Permission to apply waqf property to problem sukuk ought to be based totally at the consensus of students regarding its reason. Considering the inviolable nature, of the pious endowments, the judges were faced with a dilemma when they were asked to nullify pious endowments or authorize questionable istibdal transactions(20). the overall rule of shari'ah, The overall rule of Shari'ah, awqaf assets cannot be sold, cannot be given as a gift and cannot be bequeathed (21). However, after court docket approval, if it's far determined that waqf assets are unproductive, they may be exchanged for productive assets in a system known as Istibdal (9). According to the general rules of istibdal, it can only be effected if this has been stipulated by the founder, i.e. the waqif in his waqf deed. Otherwise, the istibdal cannot be effected even though the mawquf may have been destroyed (21).

Waqf sukuk is an unification contracts primarily based on sukuk and waqf. on this settlement, the Waqf institution issues industrial certificates with equivalent monetary price to investors(22). The shape of waqf sukuk is no one of a kind from other funding sukuk, besides for the purpose of issuance. As from shari'ah point of view, the intention (niyyah) of the waqf contract has to be expressed for charitable purpose (tabbaru'at) instead of commercial purpose (tijari) (23).

Maqashid is the plural of maqshid which means purpose, principle, goal and end. The meaning of maqashid shari'ah is defined as the purpose, intention and principle behind the laws and rules of Islam. In fact, maqashid shari'ah describes the object and internal signification or mystery considered by Allah to humans, therefore maqashid shari'ah has a classification according to the level of maslahah, so that humans have guidance in mu'amalah.

The notion of Maqasid al-Shariah is a foundational concept in Islam that was first articulated by Imam al-Ghazali and then expanded upon by Imam al-Shatibi (24) and the majority of scholars classify it into three main categories: dharuriyat (essential), hajiyat (complementary) and tahsiniyat (decorative). At the dharuriyat level, it becomes the main life support and guidance so that if it is not fulfilled, the life system will be disrupted. At the hajiyat level serves as a complement to basic needs without the need, humans will experience difficulties. Meanwhile, the tahsiniyat level provides improvements in society and guides towards a better life.

2 Method

Researchers use a qualitative approach with the object of discussion is the study of waqf practiced in the classical period and the concept of productive waqf in the form of money such as concepts in waqf and waqf link sukuk. The subject is a place or region

that examines how the Islamic economic perspective on the integration of waqf and sukuk in the region as a research subject and the extent to which the use of waqf and sukuk is related to the concept of maqashid sharia.

Data is collected in the form of literature method, which summarizes data and documents that have a correlation with the research. This method is also referred to as the documentation method, which is how the researcher can interpret written documents with other supporting evidence.

Analysis of data and documents that have been collected is carried out using descriptive-analytical analysis, which means describing the results of observations (observations or symptoms, and actual conditions) by describing the concepts of classical and contemporary waqf, the concept of sukuk and integration between sukuk and waqf in the modern financial world.

3 Result & Discussion

3.1 Correlation of Sukuk, Waqf and Maqashid Sharia

Consists of 2 fundamental things, first: its management is based on ethics and correlates with maqasid sharia consisting of five points that uphold every aspect of human life. These five points are [1] protecting the spirituality and religiosity of every person; [2] protecting human life and body; [3] protecting the intellectual field; [4] protecting future generations; and [5] protecting human wealth. Second: its management is in line with the joint agreement on sustainable development goals (SDGs) as a blueprint for the 2015-2030 joint development agenda, a joint commitment of the UN General Assembly and 193 countries to implement 17 mutually supporting goals and 193 underlying targets(9). Normatively, this concept is largely a concept taught in Islam to its human beings as in Q.S al-Qashash: 77.

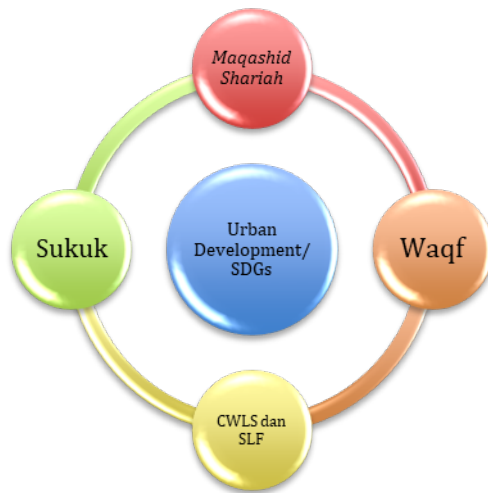


Fig. 1.

Since Islamic financial instruments need to be backed by tangible assets, sukuk deploy a different mechanism than traditional securities. Sukuk represent a beneficial ownership over the assets through which the sukuk holder is entitled to a share of the profits (25). Sukuk waqf is a part of Islamic wealth as one of the financial instruments that is both commercial and social in nature, practiced in a commercial and mixed form with social oriented. Waqf sukuk-primarily based improvement financing is recognized as a possible approach for infrastructure initiatives in growing international locations, it can play an powerful position in funding a number of sustainable development initiatives in growing countries, nations that have difficulty in allocating adequate resources, sukuk practice there's danger sharing in it. Therefore, sukuk must be free from [1] gharar, which according to Ibn Atsir is a sale and purchase in which the seller (goods/services) will tend to like it but inwardly the seller hates the goods/services. Meanwhile, according to Ibn Taymiyyah, gharar is a sale and purchase that has the consequence of uncertainty; and [2] encouraging green sukuk waqf that maintains climate and environmental ecosystems in line with sharia.

Muslim scholars many guidelines, norms, and moral values to limit human greed in utilizing natural assets and advocate moderation in exploring nature to balance the desires and rights of individuals and society (9).

3.2 Social and Economic Dimensions of Sukuk and Waqf

Islamic regulation has mounted a gadget of ethics throughout society. In spiritual research, something that leads to the welfare of people and society is morally precise and whatever that harms is morally horrific. In worldwide wealth, Islam categorizes it into 2 companies, namely [1] the first institution is compulsory charity such as zakat and zakat fitrah, [2] even as the second institution is voluntary charity such as waqf.

There are three dimensions to waqf, particularly [1] the social dimension. Endowment funds contribute to social development in Islamic cities as waqf funds are used to accommodate and care for orphans and dedicated to the care of the disabled. If you observe the house properly that Uthman bin 'Affan RA donated is a clean instance that proves the social size of waqf. [2] the financial dimension, waqf can divert budget and different sources from contemporary consumption and invest them into effective and prospective assets that generate profits for destiny intake with the aid of individuals or the broader network. [3] the environmental size, waqf may be used to pave roads, construct parks and smooth up towns. This view stems from the notion that all of the Prophet Muhammad's practices have been aimed toward bringing welfare and prosperity. Waqf has played a big role in providing water guarantees for Muslims since the beginning of the emergence of an Islamic state in the city of the **Prophet**.

In the Ayyubid Dynasty in Egypt (1171-1260), waqf experienced a very proud development, almost all agricultural land under the Ayyubid caliphate became waqf property and was managed by the state through bait al-mal. Salahuddin al-Ayyubi also built madrassas in Egypt, such as madrasa Nasiriyah and Qumhiyah. During the Mamluk period, the role of waqf continued in the development of education (5). Under the leadership of Salahuddin al-Ayyubi, Egypt began to develop cash waqf, the proceeds of

which were used to finance various state and other needs such as mosques, education, hospitals and lodgings.

Governments and network groups are attempting hard to fight poverty and maintain improvement. Waqf can lessen the load and responsibility of the government inside the economic area due to the fact it may finance social sports to enhance the welfare of the network, permitting the authorities to save money and expenditures that were at the beginning deliberate for the public interest.

Waqf also performs an vital function inside the development of Islamic towns. there has been the construction and development of bakeries, generators, stores, markets, spiritual, cultural and social institutions, libraries, hospitals, baths (hamam), roads, water and sanitation, and others. The main towns advanced through waqf had been Fustat and Cairo in Egypt and Bagdad (9) and other Islamic cities along with Istanbul, Bursa, and Edirne in Turkey had been totally financed from waqf (3). some land initiatives had been also funded from waqf. Economically effective land for the duration of the Ottoman Caliphate and later three-quarters of the arable land in cutting-edge Turkey turned into controlled with the aid of waqf institutions (1). similarly to land, coins Waqf is likewise used for the development of waqf initiatives. in step with, health, training, and welfare provider sports all through the Ottoman Caliphate were funded from cash waqf. However, their financial needs could be met by applying the principles of the charitable institution of waqf (foundation). It is significant to mention that waqf institutions are created by the Muslim civilisation and was widely practised during the Ottoman times (7)

To summarize the position of waqf closer to the socio-economic development of Muslim societies, (22) states: thanks to the flourishing waqf in the course of the Ottoman Caliphate, a person become born in a waqf house, slept in a waqf cradle, ate and drank from waqf belongings, examine waqf books, taught in a waqf college, acquired a profits from a waqf institution, and whilst he died, he became located in a waqf coffin and buried in a waqf cemetery. In brief, all of 1's wishes can be met through the goods and offerings mobilized by the waqf group (9)

3.3 Cash Waqf Linked Sukuk (CWVS) Mechanism in Waqf Sukuk

In relation to the utilization of waqf (especially cash waqf) for economic activities, the Cash Waqf Linked Sukuk (CWLS) concept will integrate the potential of waqf funds with development financing that has the potential to provide multiple benefits for the economy and society. Technically, the concept of CWLS is the utilization of cash waqf, either temporary or perpetual, collected by BWI as the nadzhir to be placed (invested) in State Sharia Securities (SBSN) in areas that provide regular returns. For example, cash waqf funds collected by nadzhir (based on BWI regulations) that have a 3-5 year tenor can be invested in SBSN with several placement schemes. Then, the returns (discounts and coupons) generated by SBSN are handed over by the nadzhir as social funds (shodaqah) with the approval of the Wakif (the perpetrator of cash waqf) to amil zakat institutions while the principal of SBSN returns to the wakif at the time of WLS maturity.

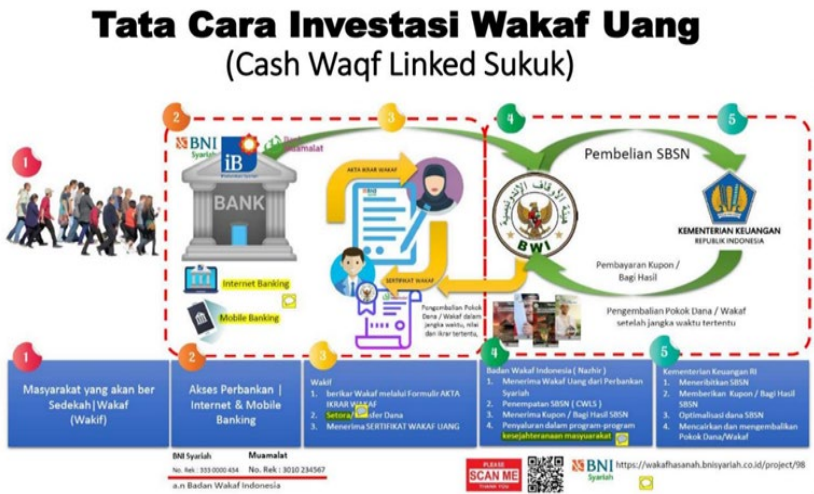


Fig. 2. Procedures for Cash Waqf Linked Sukuk

With this concept, in addition to waqf institutions, amil zakat institutions will benefit (multiplier effect) because they can use social funds (SBSN rewards) for the development of social projects/activities. So far, productive Waqf management, among others, has been managed with the help of Sharia Monetary institutions Receiving Waqf Money (LKS PWU) and Non LKS PWU as companions of nadzir to be applied to generate earnings. Furthermore, the profit is given to the nadzhir as a waqf manager as much as a maximum of 10%, then the rest is given to mauquf alaih to be utilized in the form of mosque operational assistance, mosque construction, free education.

Unlike the purchase of SBSN in general, this WLS concept allows the purchase of SBSN for specific social projects (targeted projects/investment), for example for financing social infrastructure related to SDGs, construction of social facilities, etc. so that it can more effectively directly improve the welfare of society in general. therefore, the WLS idea was compiled comprehensively and collaboratively among the Indonesian Waqf Board because the nadzir, the Ministry of Finance as the company as well as the authorities representative, Bank Indonesia and the Productive Waqf Forum (FWP).

Meanwhile, in relation to the efforts to deepen the Islamic financial market that are being carried out by the government and related authorities, WLS will not only support development financing (social infrastructure) but will also invite a new investor segment, namely social investors (wakif). Unlike the existing Islamic capital market investors, these social investors do not expect profit from investing in waqf instruments and even investors who enter into permanent cash waqf contracts will not receive back the value of the cash waqf given. In addition to the addition of investor segments, WLS will integrate commercial and social Islamic capital market regulations resulting from the collaboration between BWI and the Ministry of Finance in regulating the WLS scheme, showing the synergy and support of Islamic finance for national development.

Consequently, the WLS concept will no longer most effective be a variant of coins waqf placement to be greater productive. the position of coins waqf in SBSN with centered projects will provide greater minimal hazard than being placed in industrial sukuk. In its technique, Waqf connected Sukuk (WLS) entails at the least 5 events, particularly: 1) financial institution Indonesia as facilitator and accelerator; 2) Indonesian Waqf Board (BWI) as CWLS nazir; three) efficient Waqf Nazir as BWI companion; four) Sharia financial institution as Sharia economic group Receiving coins Waqf (LKS-PWU); and 5) Ministry of Finance as SBSN issuer²⁰. The simple manner, the waft of productive Waqf from Wakif to BWI via LKS PWU, particularly: Indonesian people through LKS PWU are appointed to endow their money, then on the idea of the accumulated waqf funds the Ministry of Finance problems sukuk with a positive tenor or period. furthermore, an settlement is made that the kingdom Sukuk investor (wakif) does now not get hold of reimbursement from the country Sukuk. The rewards in the form of reductions and coupons received from the issuance of Sukuk are channeled to the agreed ZISWAF institution as nazhir for use in various packages according with the provisions of the allocation of waqf. After the tenor of the Nation Sukuk ends (maturity), the investment budget will be again to the Wakif (social investor). consequently, efficient waqf through country Sukuk can be labeled as transient waqf in the course of the agreed sukuk tenor, at the same time as the proceeds from its funding are donated to applications in accordance with the provisions of waqf which include poverty alleviation, etc.

Concerning the investment of coins waqf for the acquisition of SBSN, the Minister of Religious Affairs law No. 73 of 2013 already regulates that waqf price range inside the form of securities must be registered inside the custodian as waqf assets inside the call of the nadzhir. consequently, if the Waqf cash can be used to buy securities, the possession of the securities is inside the name of the nadzhir. further, if a waqif arms over coins waqf to a coins Waqf control Sharia monetary group (LKS PWU), the cash waqf ought to be registered below the call of the nadzhir. Thus, in the WLS concept, cash waqf purchased by SBSN by asset management (Islamic banks for example) will be registered under the name of a particular nadzhir or BWI. In the business process, WLS will be issued under the name of BWI, where the Waqif's investment will be temporarily collected in the form of small fractions by BWI. If BWI as the nadzhir has received government approval to conduct private placement in certain projects worth at least IDR 50 billion and multiples thereof, the nadzhir will offer WLS investment packages with smaller values such as IDR 50 Million or other smaller nominal fractions, thus allowing wakif (social investors) to endow with a certain investment value both temporarily and permanently earmarked for the development of certain social projects by the government.

3.4 Sukuk Linked Waqf (SLW) Mechanism

The integration of sukuk and waqf is a great hope for Indonesia not to borrow money from outside parties by utilizing idle waqf assets. Because the essence of waqf must continue to grow and be useful. The SLW mechanism has been practiced since 2016,

issued by market players, private companies and state-owned enterprises. The underlying asset is waqf asset. In the context of Indonesia, SLW can be utilized for many things such as the construction of markets, hospitals, office buildings, Islamic boarding schools and new products that are more suitable to be applied and more beneficial.

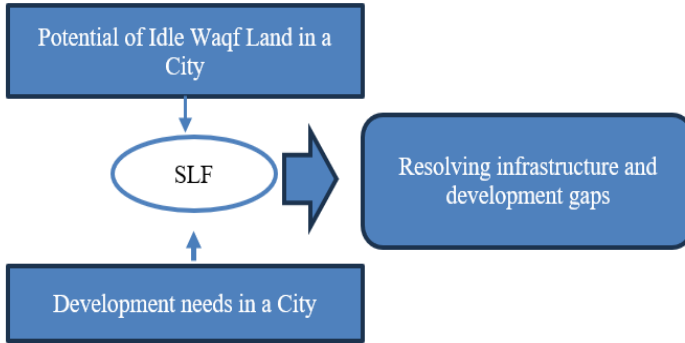


Fig. 3. Sukuk Linked Waqf

Within the remaining many years sukuk have turn out to be an critical financing tool and are established in extraordinary methods. sukuk for BOT-primarily based task financing has emerge as one of the viable models as it helps reduce the hazard and uncertainty of the developer. hence, there are presently several BOT-based financed initiatives and non-BOT initiatives financed by using Waqf Sukuk. right here are a few decided on cases.

This integration practice has been carried out by Saudi Arabia in building the zam-zam tower in Mecca, where the building land used is waqf land leased to Bin Laden Co. This experience is also carried out by Turkey, Kuwait and Singapore, which strive for waqf land to be more productive and can be optimized to be commercial while still within the sharia corridor.

3.5 Analysis of The Relationship of Sukuk Waqf in Accomplishing Maqashid Sharia

Maqashid shariah is classified according to the level of maslahah. If it falls into [1] maslahah dharuriyat (essential) which consists of 5 objectives. [2] maslahah hajiyah (complementary) which is below dharuriyat, which is a complementary action that must be taken to complete the life of a Muslim. [3] maslahah tahsiniyyah (ornamental) which embellishes and completes the lifestyles of a Muslim.

al-Maqashid al-Dharuriyat

Islam legalized the waqf gadget to ensure a machine of charity and sustainable development. the principle objective of Shari'ah is to shield and preserve religion, soul, thoughts, lineage and wealth. for the duration of history, waqf has played a position within the preservation of faith such as the maintenance and operation of the al-haram

mosque, nabawi mosque, al-aqsa mosque and other mosques. similarly to religious purposes, Waqf is also allocated for the simple needs of human lifestyles inclusive of meals, water and apparel.

Waqf for feeding humans is practiced in three forms [1] permanent and daily feeding as is performed at the mosque of Sheikh Abdul Qadir al-Kilani in Baghdad, [2] waqf feeding on spiritual activities Ramadan, Ashura, Eid al-Fitr, Eid al-Adha, Muharram. This hobby has come to be a tradition in a few Muslim circles, [3] making waqf whose proceeds are used to shop for meals for the bad, orphans and dhu'afa.

Waqf to provide water offerings was traditionally performed via Caliph Uthman bin Affan who offered a well and made it a waqf to serve the consuming water desires of most of the people and for the reason that then offering water desires has become a common exercise in Islamic cities.

Waqf to preserve and develop Muslim intellectuality aims to build the capacity of an ideal Muslim so that later he can contribute to serving other Muslim communities and the Ummah. A workable practice is to maximize waqf funds with the approach of spreading knowledge and promoting scientific research so that great researchers, philosophers, doctors and scientists in the Islamic tradition are born as a result. Another example is by establishing or developing schools of Islamic educational institutions and even no less important is Waqf for libraries, there are [1] khazanat al-kutub built in Shiraz Iran by the Buwaihi ruler in the 10th century, all the books are arranged on top of the cabinets. [2] dar al-'ilm al-Azhar which actually dates back to caliph al-Hakim of the Fatimids. And [3] buyut al-hikmah which is one of the largest libraries located in Baghdad was built in the 8th century AH by Caliph Harun al-Rashid. This library was known as a place for the development of Islamic science and philosophy. All of these are waqf as a means of sustaining a civilization.

Waqf to keep offspring may be done by way of caring for orphans and their lives. Orphanages and orphanages are some of the most outstanding social institutions in Islamic towns and can be supported via waqf budget. The tale goes that the Prophet guaranteed a few kids and other halves of partners who had been martyred in warfare. Waqf considers the protection of belongings to stay and last for a long time period. If this is the case then Waqf establishments are required to protect, preserve, construct and generate blessings from the belongings to build the sustainability of urban development.

al-Maqashid al-Hajiyat

Hajiyat serves as a complement to the basic needs. Although not like absolute needs (dharuriyat) but provide comfort for human life. The principle of hajiyat consists of what is needed to achieve its interests and run its affairs properly, if disregarded the social order will not collapse but does no longer feature properly.

Providing employment, waqf has traditionally played a position in offering employment. Nazirs can create new groups that offer public services which include markets, hospitals and universities. This creates more process possibilities and can satisfy the simple needs of city communities. With this kind of waqf gadget, waqf can contribute to the general economy as it affords jobs and creates cost.

Reducing the economic burden at the country, this objective is specifically crucial as the country frequently imposes taxes as its most important economic aid to fund the bait al mal to put in force its financial regulations to spend on strategic public projects.

however, if waqf on education, fitness, defense, agriculture and infrastructure tasks will help the country in lowering country expenditure which means that there's a finances saving and can be used for different styles of investment.

al-Maqashid al-Tahsiniyat

Tahsiniyat presents upgrades in society and ends in a higher life. In precept tahsiniyyat encourages the success of desires by using the proper method. all the requirements and protections wished for existence to be at ease and greater comfy. In different phrases, the necessities wished by people so that their lives are in ease, consolation and spaciousness.

The role of waqf in nearby improvement with the aid of constructing corporations which includes stores and farms or waqf properties which include colleges, hospitals and mosques. The concept is to make cash from the enterprise to assist the waqf property. The development of waqf results in development and prosperity. similarly, waqf plays a role in production, contributing to the emergence of recent industries which have boosted monetary growth.

Sukuk Waqf, Maqashid Sharia and SDGs

Poverty has been a great challenge for most countries especially for developing countries. Islam strongly commanded muslims to donate generously in order to reduce poverty in the community and enrich the needy (26).The improvement of waqf sukuk is critical for the sustainability of waqf property. Waqf fund sources are essentially mobilized via waqf, even cash waqf in the shape of perpetual and transient is more and more becoming a priority in phrases of financing, investment because of its traits of flexiblens of mobilization, investment alternatives and liquidity. In this situation, waqf will become greater attractive because it can satisfy SDGs targets.

making use of waqf sukuk budget for effective applications is one way to align with maqasid sharia and SDGs alignment.

Table 1. SDGs alignment.

No	SDGs	Dominant Maqashid	Level of Needs
1.	Eliminating poverty	Wealth (maal)	<i>Dharuriyat</i>
2.	Eliminating starvation	Life (nafs) and wealth (maal)	<i>Dharuriyat</i>
3.	Healthy living	Life (nafs) and wealth (maal)	<i>Dharuriyat</i>
4.	Good education	Intellectual (aql)	<i>Dharuriyat</i>
5.	Gender equality	Wealth (maal), Intellectual (aql), Life (nafs) and Lineage (nasb)	<i>Dharuriyat</i>

6.	Clean water and sanitation	Life (nafs) and Lineage (nasb)	<i>Dharuriyat</i>
7.	Renewable and low cost energy	Lineage (nasb)	<i>Haajiyat</i>
8.	Good economy and jobs	Wealth (maal)	<i>Dharuriyat</i>
9.	Innovation and good infrastructure	Wealth (maal)	<i>Haajiyat</i>
10.	Reduce gaps	Wealth (maal)	<i>Dharuriyat</i>
11.	Sustainable towns and communities	Lineage (nasb), Life (nafs) and Wealth (maal)	<i>Haajiyat</i>
12.	Accountable use of resources.	Lineage (nasb), Life (nafs)	<i>Haajiyat</i>
13.	Climater movement	Lineage (nasb) and Intellectual (aql)	<i>Haajiyat</i>
14.	Sustainable ocean	Lineage (nasb), Wealth (maal) and Intellectual (aql)	<i>Haajiyat</i>
15.	Sustainable land use	Lineage (nasb)	<i>Haajiyat</i>
16.	Peace and justice	Life (nafs), Wealth (maal) and Lineage (nasb)	<i>Daruriyat</i>
17.	Partnership for sustainable development	Wealth (maal) and Intellectual (aql)	<i>Haajiyat</i>

Source: (27)

for you to maximize the capability of sukuk waqf, financing is needed to increase it into a more efficient asset so that money waqf is one of the solutions that may be maximized. however, this possibility is confronted with the problem of suboptimal waqf asset control. Indonesian people typically nevertheless suppose that waqf is constrained to land, so the collection of cash waqf in Indonesia remains very limited. Whereas cash waqf has public benefits so that everyone can endow their money without certain limits. Likewise, the flexibility of the form and utilization of cash waqf can cover all aspects or dimensions of the potential to be developed.

4 Conclusion

This look at argues that waqf sukuk play an essential role in city improvement. Its essential objective is to keep equality and social welfare. thinking about the role of waqf sukuk, it's miles seen that waqf can obtain diverse maqashid sharia with various degrees (dharuriyat, hajiyat and tahsiniyat) and a pair of dimensions (social and economic). on the other hand, sukuk waqf may be used as an adjust local tool of improvement financing for local governments. Sukuk financing is a reflection of the implementation of regional autonomy which is reflected in the APBD discussed together with the executive and legislative branches. This research shows that sukuk waqf plays an important position in all stages of maqashid (necessity, complementary and ornamental). It provides self-financing and government development support. It protects assets that could potentially diminish in value and the power of society on an equal footing with the state and in the end it's miles one that distinguishes Islam from different religions because it has sizable social and monetary blessings. The function of sukuk waqf contributes to the improvement of public facilities and waqf property are not monotonous but may be efficient a good way to improve the development of Islamic economic merchandise and end up a low-cost funding device for public region investment. The visible effect is to provide equitable development for a city and even many cities in regions that have budget deficit problems for development.

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