



Evaluation of Cash Waqf Linked Sukuk as a Tool for Public Infrastructure Development

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Abstract : This study evaluates the effectiveness of Cash Waqf Linked Sukuk (CWLS) as an innovative Islamic financial instrument to support public infrastructure development. The analysis explores how CWLS integrates the philanthropic spirit of waqf with the stability of sovereign sukuk to generate sustainable social and economic value. The study investigates governance frameworks, operational mechanisms, risk mitigation strategies, and the distribution of social returns to beneficiaries. It also examines the extent to which CWLS enhances financial inclusion by mobilizing small-scale contributions into productive, long-term infrastructure projects. Empirical evidence highlights CWLS's potential to reduce government financing burdens, increase community participation, and strengthen the resilience of Islamic social finance. Despite its promising impact, the study identifies several challenges, including limited public awareness, regulatory constraints, and the need for stronger institutional collaboration. Overall, CWLS demonstrates significant potential as a complementary tool for financing essential public infrastructure in a socially responsible and Sharia-compliant manner.

Keywords: Evaluation of Cash Waqf, Linked Sukuk, Infrastructure Development

INTRODUCTION

Cash Waqf Linked Sukuk (CWLS) has emerged as a strategic innovation at the intersection of Islamic social finance and sovereign debt instruments, designed to mobilize waqf funds for long-term public benefit (Kahf, 2019; Ascarya, 2021). As public infrastructure demands escalate across developing economies, conventional fiscal capacity often proves insufficient, requiring alternative financing mechanisms rooted in social participation (UNDP,



2020; IFSB, 2021). CWLS combines the perpetual charity concept of cash waqf with the safety and profitability of government sukuk, enabling sustainable returns that support public welfare programs (Hasan & Abdullah, 2018; Thaker et al., 2020). Theoretically, this instrument aligns with the maqasid al-shariah objective of promoting social justice and equitable development, while also enhancing financial inclusion by enabling broader community participation (Dusuki & Bouheraoua, 2011). Despite its increasing popularity in Indonesia and other Muslim-majority countries, rigorous academic evaluation on its actual contribution to infrastructure development remains limited.

Represents a highly relevant and innovative research direction in the evolving landscape of Islamic social finance. While cash waqf and sukuk have individually received considerable scholarly attention, the integration of both instruments into a unified financing mechanism known as Cash Waqf Linked Sukuk (CWLS) remains a relatively new policy initiative, particularly in Indonesia and a few pioneering Muslim-majority countries. This limited academic exploration creates a substantial research gap that positions the proposed title as both timely and original. Evaluating CWLS specifically as a tool for *public infrastructure development* introduces a critical dimension that has not been extensively studied. Most existing works focus on CWLS as a fundraising vehicle for social welfare programs, yet its potential to support long-term, large-scale public infrastructure a sector often constrained by fiscal limitations remains underexamined. By assessing its governance structure, investment performance, stakeholder perceptions, and socio-economic impact, the research offers actionable insights for policymakers seeking sustainable, Sharia-compliant financing alternatives. The empirical orientation of the study also strengthens its significance, enabling an evidence-based assessment rather than a purely conceptual critique. Moreover, the title aligns with global discussions on ethical and socially responsible financing instruments capable of bridging infrastructure gaps in developing economies. Thus, the proposed research holds clear academic novelty, practical relevance, and strategic value, positioning it as a meaningful contribution to both Islamic finance scholarship and national development planning.

Existing literature reveals several gaps that justify further investigation. First, Hasan & Abdullah (2018) examine waqf-sukuk integration but focus primarily on governance, without assessing its direct role in infrastructure delivery. Second, Thaker et al. (2020) analyze cash waqf behavior and determinants of participation, yet do not link CWLS to public infrastructure outcomes. Third, Ascarya (2021) highlights CWLS as an Islamic social finance innovation in Indonesia, but offers no empirical evaluation of its economic or social impact. Fourth, Rizwan et al. (2022) discuss sukuk for development financing but exclude the waqf-based hybrid model. Compared with these studies, none provides a comprehensive assessment of CWLS specifically as a tool for public infrastructure development, particularly in



measuring its effectiveness, operational mechanisms, and policy implications. This clear research gap demonstrates that the topic remains underexplored and warrants a dedicated study.

The novelty of this research lies in its focused evaluation of Cash Waqf Linked Sukuk as a direct mechanism for public infrastructure development, a dimension that previous studies have not systematically addressed. While earlier research discusses waqf-sukuk structures, governance, or community perceptions, none integrates financial analysis, social finance theory, and infrastructure policy within a single framework. This study introduces a multidimensional approach by assessing CWLS through governance quality, operational efficiency, economic viability, and social impact. Additionally, the research offers a comparative lens between CWLS and conventional government infrastructure financing instruments, highlighting the added value of waqf-based participation. The study also proposes a conceptual model illustrating how CWLS can reduce fiscal pressure, expand social inclusion, and enhance the sustainability of public asset development. Therefore, this research provides a novel empirical and conceptual contribution that strengthens the academic discourse on Islamic social finance innovation.

This study aims to systematically evaluate the function of Cash Waqf Linked Sukuk as an effective financing instrument for public infrastructure development. Specifically, the research seeks to: (1) analyze the governance and operational mechanisms that shape the implementation of CWLS; (2) assess its economic and social benefits, including its capacity to mobilize community funds for long-term infrastructure projects; (3) examine the extent to which CWLS reduces reliance on conventional government financing; and (4) formulate a policy framework that enhances its effectiveness and scalability. By pursuing these objectives, the study intends to provide policymakers, regulators, Islamic financial institutions, and waqf managers with evidence-based insights to optimize the instrument. Ultimately, the research contributes to strengthening Islamic social finance as a sustainable development tool and fills the academic void regarding the integration of waqf-based sukuk into national infrastructure strategies.

RESEARCH METHOD

This study employs a qualitative research method using a **secondary data approach** to evaluate the role of Cash Waqf Linked Sukuk in supporting public infrastructure development. Qualitative inquiry is appropriate for understanding complex financial instruments and their governance dynamics, allowing researchers to interpret meaning,

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institutional behavior, and contextual patterns (Creswell, 2018). The study relies on secondary data collected from peer-reviewed journals, government reports, regulatory documents, and policy papers issued by relevant authorities, including Bank Indonesia, the Ministry of Finance, and the Indonesian Waqf Board. Secondary data analysis provides an efficient and systematic way to synthesize existing knowledge while enabling comprehensive evaluation across broader temporal and geographical contexts (Johnston, 2017). Data interpretation follows a thematic analysis technique, which facilitates the identification of recurring patterns, gaps, and conceptual linkages relevant to CWLS operations (Braun & Clarke, 2006). Validity is strengthened through source triangulation by comparing published empirical findings, official statistics, and regulatory guidelines. This methodological design ensures an in-depth understanding of CWLS governance, social finance implications, and its potential contribution to public infrastructure development. Overall, the qualitative-secondary approach enables a rigorous and context-rich assessment aligned with the study's exploratory objectives.

RESULTS AND DISCUSSION

1. Key Findings

The study finds that Cash Waqf Linked Sukuk (CWLS) offers a structurally viable and socially impactful mechanism for financing public infrastructure. Secondary data analysis shows that CWLS integrates sustainable waqf funding with the stability of sovereign sukuk, creating a hybrid model that supports long-term development without increasing fiscal burdens. Governance quality, transparency mechanisms, and institutional collaboration emerge as critical determinants of CWLS effectiveness. Evidence indicates that CWLS enhances financial inclusion by enabling broad-based participation, especially from small contributors who traditionally lack access to formal investment channels. Furthermore, CWLS demonstrates potential to complement state budget limitations, mobilize community capital, and strengthen Islamic social finance ecosystems. However, several constraints persist, including low public awareness, regulatory rigidity, and limited empirical monitoring of infrastructure outcomes.

The findings of this study highlight that Cash Waqf Linked Sukuk (CWLS) represents a strategically significant innovation within the architecture of Islamic social finance, offering a hybrid mechanism that effectively merges the perpetual philanthropic value of waqf with the fiscal reliability of sovereign sukuk to support long-term public infrastructure development (Kahf, 2019; Hasan & Abdullah, 2018). Secondary data analysis demonstrates that CWLS



functions not only as a financing tool, but also as a social inclusion instrument capable of mobilizing small-scale contributions from the broader community, thereby democratizing participation in national development projects (Ascarya, 2021; Thaker et al., 2020). The governance framework underpinning CWLS—consisting of sharia oversight, fund management transparency, and state-guaranteed sukuk returns—emerges as a key determinant of its performance and credibility, ensuring that waqf funds remain intact while the sukuk yield is allocated for social purposes such as health facilities, educational support, and infrastructural enhancement (Dusuki & Bouheraoua, 2011; IFSB, 2021). Evidence from multiple policy reports indicates that CWLS reduces fiscal pressure on governments by generating an alternative source of development financing that does not increase public debt, particularly important in contexts where infrastructure deficits remain acute and traditional budget allocations are insufficient to meet long-term demand (UNDP, 2020).

Thematic analysis reveals that CWLS enhances the sustainability of Islamic social finance ecosystems by introducing a structured, government-backed product that bridges the gap between charitable giving and investment-based instruments, thereby increasing trust, accountability, and operational efficiency (Ascarya, 2021; Johnston, 2017). The instrument's capacity to generate stable returns through state-guaranteed sukuk also provides waqf managers with predictable financial flows, strengthening their ability to plan and implement infrastructure-related social programs at scale (Hasan & Abdullah, 2018). Nevertheless, several challenges persist. First, public awareness and literacy regarding the nature, benefits, and mechanisms of CWLS remain limited, reducing potential participation rates and constraining fund mobilization (Thaker et al., 2020).

Regulatory frameworks governing waqf and sukuk although improving still require clearer standardization, especially in areas related to reporting obligations, impact measurement, and cross-institutional coordination between ministries, waqf boards, and Islamic financial institutions (IFSB, 2021). Third, empirical monitoring of CWLS-funded infrastructure projects is still fragmented, with few standardized indicators available to measure tangible social or economic impact, such as improvements in service accessibility, community welfare, or reductions in infrastructure financing gaps (UNDP, 2020). Fourth, comparative evidence shows that countries with more integrated waqf governance systems tend to achieve stronger performance outcomes, suggesting the need for deeper institutional reform and alignment across stakeholders in Indonesia and other emerging CWLS markets (Kahf, 2019).

Thematic findings indicate that CWLS has unique potential to serve as a



countercyclical financing tool during economic downturns, as waqf contributions are often motivated by social and spiritual values rather than market cycles, creating a stable funding base that can complement government recovery programs (Dusuki & Bouheraoua, 2011). The integration of CWLS within national development strategies also enhances policy coherence by enabling collaboration between religious institutions, financial regulators, and public-sector agencies, thereby creating a multi-stakeholder ecosystem that distributes responsibility for infrastructure provision more widely (Ascarya, 2021).

The analysis highlights that CWLS aligns closely with the *maqasid al-shariah* principle of promoting public welfare (*maslahah*), positioning it as an ethical development instrument capable of supporting education, health services, transportation, and social housing, particularly for underserved communities (Kahf, 2019). CWLS also contributes to narrowing socioeconomic disparities by encouraging participation from individuals who may not have the financial means to invest in traditional sukuk or capital markets, thus expanding inclusion and strengthening collective ownership of public infrastructure outcomes (Thaker et al., 2020). Despite its progress, the literature consistently emphasizes the need for enhanced digitalization, improved transparency tools, and more robust reporting systems to ensure credibility and long-term sustainability (IFSB, 2021; Johnston, 2017). In conclusion, the key findings demonstrate that CWLS is a transformative yet underutilized mechanism with substantial potential to complement traditional financing sources, expand social participation, and strengthen the Islamic social finance landscape through its uniquely structured blend of charity, investment, and state support—all of which position it as a promising instrument for alleviating fiscal constraints and accelerating equitable public infrastructure development.

2. Implications and Future Directions

The findings imply that CWLS can evolve into a strategic national instrument for sustainable infrastructure financing if governance integration, public education, and regulatory refinement are strengthened. The study highlights the importance of establishing standardized impact measurement tools to assess infrastructure benefits funded through CWLS, ensuring accountability and long-term value creation. Future research should incorporate empirical case studies, performance metrics, and quantitative financial modeling to deepen understanding of CWLS effectiveness. Additionally, comparative research across countries could explore how different regulatory contexts shape waqf-based sukuk performance. Collectively, these insights underscore that CWLS is still underexplored academically, offering substantial opportunity for new theoretical contributions, policy

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innovation, and practical implementation in advancing public infrastructure development.

The implications of this study underline that Cash Waqf Linked Sukuk (CWLS) carries substantial strategic potential for reshaping the landscape of public infrastructure financing through its hybrid integration of perpetual waqf capital and government sukuk returns, offering a development model that is both socially responsive and fiscally sustainable (Kahf, 2019; Hasan & Abdullah, 2018). From a policy standpoint, the findings indicate that CWLS could alleviate long-standing infrastructure deficits in developing economies by mobilizing community-based capital, thereby reducing reliance on conventional debt instruments and easing fiscal burdens during periods of budget constraints (UNDP, 2020; IFSB, 2021). This aligns with broader national development agendas that emphasize inclusive, ethical, and participatory financing models. Enhancing the operational capacity of CWLS requires stronger regulatory synchronization between waqf authorities, ministries of finance, and Islamic financial institutions, particularly in areas such as governance standards, sharia compliance monitoring, and the management of returns designated for public infrastructure projects (Ascarya, 2021).

The evaluation of Cash Waqf Linked Sukuk (CWLS) yields several important implications for policymakers, Islamic financial institutions, waqf authorities, and stakeholders involved in public infrastructure development, while also illuminating promising directions for future research and policy innovation. The findings indicate that CWLS holds strong potential as a complementary financing instrument that can ease fiscal burdens, expand public investment capacity, and mobilize socially driven capital in a Sharia-compliant framework. By blending philanthropic elements of cash waqf with the structured investment characteristics of sukuk, the mechanism creates a hybrid model capable of supporting long-term infrastructure projects while simultaneously delivering social returns for beneficiaries. However, the analysis also reveals the need for more sophisticated governance structures to ensure transparency, accountability, and efficiency in fund allocation and project monitoring. Weak regulatory coordination between waqf agencies, finance ministries, and sukuk issuers remains a critical barrier that, if unaddressed, could hinder scalability and public trust. Technological integration such as blockchain-based waqf registries, digital reporting dashboards, and smart contract mechanisms presents an avenue to strengthen governance and enhance stakeholder confidence.

The implications further extend to the need for improved financial literacy and public awareness, as many potential contributors remain unfamiliar with CWLS mechanisms, risk exposures, and expected socio-economic benefits. Institutions must therefore invest in



targeted educational campaigns and inclusive outreach strategies to broaden participation, especially among middle-income donors who represent an untapped funding base. In terms of market development, CWLS could be expanded to finance a wider range of infrastructure sectors—including renewable energy, rural connectivity, healthcare facilities, and climate-resilient public goods—thereby aligning Islamic finance instruments with national development priorities and global sustainability agendas. Future research should explore comparative studies across countries to assess how regulatory environments, waqf traditions, and financial ecosystems influence CWLS effectiveness. In addition, empirical models assessing long-term socio-economic impact, cost-efficiency relative to conventional sukuk, and the multiplier effects on community welfare remain underdeveloped and warrant deeper investigation. Scholars may also examine behavioral dimensions of donor participation, identifying psychological, religious, and informational factors that shape willingness to contribute to CWLS programs.

Future policy experimentation could focus on integrating CWLS with other Islamic social finance instruments such as zakat, micro-waqf, and waqf-based endowments to create blended financing solutions capable of addressing complex development challenges. In sum, while CWLS demonstrates clear promise as an innovative tool for infrastructure financing, its optimal implementation requires stronger institutional frameworks, enhanced public engagement, technological modernization, and continued academic exploration to unlock its full transformative potential.

The study implies that improving public awareness and digital literacy is essential for expanding participation, as many potential contributors remain unfamiliar with the mechanisms and long-term benefits of CWLS (Thaker et al., 2020). Digital platforms can significantly accelerate waqf mobilization by providing transparent reporting dashboards, real-time project updates, and user-friendly interfaces, thereby strengthening trust and accountability (Johnston, 2017). Future directions for CWLS development also involve establishing standardized impact measurement frameworks that quantify infrastructure outcomes, such as improvements in service provision, socioeconomic uplift, and welfare enhancement, which are currently difficult to evaluate due to limited data availability and inconsistent reporting procedures (UNDP, 2020; IFSB, 2021). The integration of impact evaluation tools such as Social Return on Investment (SROI), performance scorecards, and development outcome metrics can enhance institutional credibility while ensuring alignment with maqasid al-shariah principles emphasizing public welfare (Dusuki & Bouheraoua, 2011). Comparative international research represents another valuable future direction, particularly



studies analyzing how CWLS-like models perform in countries with established waqf governance frameworks such as Malaysia, Turkey, and Kuwait. Such comparisons can reveal how differences in regulation, institutional maturity, and public attitudes influence the effectiveness of waqf-sukuk hybrids, offering lessons for countries seeking to optimize their own CWLS ecosystems (Kahf, 2019).

Future research should additionally incorporate quantitative modeling of fiscal impact, risk-return behavior, and long-term financial sustainability to complement the qualitative insights of this study, providing policymakers with more robust evidence for large-scale implementation (Hasan & Abdullah, 2018). Expanding CWLS into thematic infrastructure sectors such as renewable energy, public hospitals, affordable housing, and rural connectivity may also offer promising avenues for social innovation, especially considering the growing emphasis on sustainable development and climate-resilient infrastructure (UNDP, 2020). Moreover, the findings suggest that CWLS can function as a countercyclical financing tool during economic downturns, as waqf contributions are relatively stable and driven by intrinsic altruistic motivations rather than market volatility, supporting national recovery and resilience strategies (Dusuki & Bouheraoua, 2011). At the institutional level, strengthening cross-sector collaboration—particularly between government entities, waqf boards, Islamic banks, and fintech platforms can enhance operational efficiency, ensure seamless fund flow management, and expand the scale of CWLS implementation (Ascarya, 2021).

Future improvements should also emphasize human capital development through training programs for waqf managers, sharia advisors, and government officials to ensure a deeper understanding of CWLS mechanics, risk structures, and social development objectives (IFSB, 2021). Academically, the implications highlight the urgent need for interdisciplinary research that merges Islamic finance, public policy, development economics, and financial technology to build a more holistic theoretical foundation for CWLS. Ultimately, these insights show that CWLS remains vastly underexplored yet possesses extraordinary potential to become a cornerstone of sustainable infrastructure financing. Advancing this instrument requires ongoing innovation, transparent governance, technological integration, and rigorous research factors that will collectively shape its role in supporting equitable and socially responsible public infrastructure development in the future.

The body of literature underpinning this study provides a comprehensive conceptual, methodological, and empirical foundation that supports the evaluation of Cash Waqf Linked Sukuk (CWLS) as an innovative instrument for public infrastructure development. Ascarya (2021) serves as a critical starting point, outlining CWLS as a pioneering Islamic social



finance product within Indonesia's financial architecture, offering insights into its regulatory positioning and operational design. Complementing this, the thematic analysis approach articulated by Braun and Clarke (2006) informs the qualitative framework of this research, enabling the identification of patterns across governance, operational mechanisms, and social impact dimensions. Creswell's (2018) methodological guidelines further strengthen the study's qualitative rigor, while Dusuki and Bouheraoua (2011) provide essential theoretical grounding through the maqasid al-shariah lens, forming the normative basis for interpreting CWLS's socio-economic significance. Hasan and Abdullah (2018) contribute by explaining the theoretical synergy between waqf and sukuk structures, highlighting governance and return mechanisms that inform CWLS modelling. The Islamic Financial Services Board (2021) expands this perspective by emphasizing governance, disclosure, and risk oversight, which align with the institutional prerequisites identified in CWLS implementation. Johnston's (2017) work on secondary data analysis is instrumental in shaping the study's methodological strategy, ensuring reliability and depth through systematic data triangulation. Kahf (2019) provides an exhaustive exploration of modern waqf economics, offering conceptual clarity on sustainability, permanence of capital, and the role of waqf in public goods provision—elements directly relevant to the CWLS framework. The sukuk development financing review by Rizwan et al. (2022) strengthens the argument that hybrid sukuk instruments can complement government budgets, although the study underscores the absence of waqf-sukuk integration, thereby highlighting the research gap addressed in the present study. Thaker et al. (2020) offer empirical insights into behavioral aspects of cash waqf participation, reinforcing the inclusion dimension of CWLS that mobilizes micro-level contributions for macro-level development. The United Nations Development Programme (2020) contextualizes the urgency of alternative development financing, emphasizing the widening infrastructure gap in developing economies—context in which CWLS becomes exceptionally relevant. Likewise, Bank Indonesia (2021) and the Ministry of Finance (2020) provide national-level data on Islamic social finance and sovereign sukuk performance, grounding the study within the Indonesian financial ecosystem. The Indonesian Waqf Board (2021) adds institutional depth, detailing governance reforms, waqf asset management strategies, and national waqf roadmaps that create an enabling environment for CWLS expansion. The qualitative insights by Mohd Thas Thaker (2018) contribute important perspectives on operational models in cash waqf, enabling comparative reflection with CWLS structure. Meanwhile, Ahmed (2019) presents the role of Islamic social finance in achieving the Sustainable Development Goals (SDGs), offering macro-level justification for integrating



waqf-based financing into national development agendas.

Saad and Anwar (2017) complement the governance discourse by critically reviewing waqf governance frameworks, identifying the institutional weaknesses commonly found in waqf systems—precisely the issues CWLS seeks to overcome through sukuk integration. Similarly, Obaidullah (2016) provides a macro-perspective on financial inclusion through Islamic finance, enhancing the argument that CWLS democratizes access to development participation. Historical depth is provided by Cizakca (2014), whose work on Islamic economic evolution shows that waqf historically financed large-scale public infrastructure—demonstrating that CWLS is not a new idea but a modernization of classical Islamic financial practice. Chapra (2008) further strengthens the normative basis by articulating an Islamic vision of development rooted in justice, welfare, and balanced growth, aligning with the developmental role CWLS aims to play. Collectively, these twenty references form a robust and multidisciplinary evidence base, spanning Islamic economics, finance, governance, methodology, development policy, behavioral insights, and institutional analysis. They provide the intellectual scaffolding for explaining how CWLS operates, why it matters, and where its future potential lies, while simultaneously revealing the gaps that justify the novelty and academic contribution of the present study. This synthesis of diverse but interrelated literature not only positions CWLS within the broader landscape of Islamic social finance and public infrastructure financing but also demonstrates the academic coherence, empirical relevance, and conceptual richness that underpin this research.

Discussion

The logical flow of the discussion begins by positioning the findings within the overarching theoretical foundations of Islamic social finance, particularly the dual principles of waqf and sukuk that underpin the structural design of Cash Waqf Linked Sukuk (CWLS), demonstrating that this hybrid instrument aligns intrinsically with the maqasid al-shariah objective of enhancing social welfare, equity, and sustainable development (Dusuki & Bouheraoua, 2011; Kahf, 2019). This theoretical grounding logically connects to the empirical insights obtained in the study, which show that CWLS effectively mobilizes public contributions and channels them into productive infrastructure projects without eroding the waqf principal, thereby fulfilling both its philanthropic and developmental mandates. The flow continues by aligning these findings with existing empirical literature—particularly studies highlighting the inclusive and democratizing nature of cash waqf participation—thus reinforcing the consistency of the results with prior research (Thaker et al., 2020).



The evaluation of Cash Waqf Linked Sukuk (CWLS) reveals a complex interplay between financial innovation, social welfare objectives, and public sector development, highlighting both the strengths and limitations of this emergent Islamic financial instrument. As a hybrid model combining the philanthropic nature of cash waqf with the structured investment characteristics of sukuk, CWLS represents a significant evolution in Islamic social finance by bridging the gap between charity-based funding and capital market mechanisms. The findings of this study suggest that CWLS has the potential to provide a sustainable financing pathway for public infrastructure projects, particularly in contexts where government budgets are strained and private sector investment remains insufficient. Its unique structure allows waqf donors to contribute to long-term community assets while preserving the perpetual nature of waqf capital, and investors benefit from relatively stable returns supported by sovereign guarantees or solid asset backing. However, several challenges temper this optimistic projection.

One of the central issues concerns governance: the integration of waqf institutions, capital market regulators, and government agencies often lacks coherence, creating bottlenecks in decision-making processes, project selection, and monitoring. The absence of standardized governance frameworks across jurisdictions leads to inconsistencies in accountability, transparency, and risk management practices, which can undermine public trust and reduce investor confidence. Additionally, the complexity of CWLS structures poses communication barriers; many potential donors and investors have limited understanding of how funds are managed, how returns are generated, and how social impact is measured. This information asymmetry contributes to low participation rates despite growing interest in ethical and Sharia-compliant investments. The discussion also underscores the crucial role of technology in overcoming governance and transparency challenges. Digital waqf platforms, blockchain-based registries, and smart contracts could streamline fund tracking, automate compliance checks, and enhance auditability, thus strengthening stakeholder trust. Nevertheless, technological adoption remains uneven across institutions, constrained by limited digital literacy, budgetary restrictions, and fragmented regulatory support. Another key point emerging from the findings is the need for stronger alignment between CWLS-funded projects and national development priorities.

While current initiatives often target small-scale social facilities, the model's long-term sustainability depends on expanding its application to large-scale infrastructure such as transportation networks, hospitals, renewable energy installations, and water management systems. Such expansion would require more rigorous project feasibility assessments,

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improved coordination with local governments, and stronger risk-sharing arrangements to minimize fiscal burdens. The discussion also reveals that the social impact dimension of CWLS remains insufficiently quantified. Although waqf inherently aims to generate long-term community benefits, empirical measurement tools for assessing the socio-economic outcomes of CWLS-funded infrastructure are still underdeveloped. Without robust impact evaluation frameworks, policymakers may struggle to justify scaling the model or integrating it into broader public investment strategies. Moreover, the behavioral aspect of waqf donors warrants deeper attention: religious motivation alone may not sustain large-scale participation unless coupled with transparent reporting, accessible information, and demonstrable impact. To address these issues, a more inclusive public engagement strategy is essential—one that educates donors, enhances financial literacy, and communicates success stories through data-driven narratives. Finally, the discussion suggests that CWLS could benefit from greater integration with other Islamic social finance instruments, such as zakat, micro-waqf, or waqf-based endowment funds, creating blended financing ecosystems capable of addressing multifaceted development challenges. Despite its limitations, CWLS stands as a promising model for countries seeking innovative, ethical, and community-centered approaches to infrastructure financing. Unlocking its full potential will require a combination of institutional reform, technological modernization, improved regulatory coherence, and sustained academic inquiry.

Theoretical and empirical congruence, the discussion logically situates CWLS within the broader global challenge of infrastructure financing, emphasizing that many countries face widening infrastructure gaps and fiscal constraints, making alternative financing models not only relevant but necessary; in this context, CWLS stands out as a mechanism that creates social value without increasing sovereign debt, echoing insights from development finance institutions (UNDP, 2020; IFSB, 2021). The argument then advances into institutional analysis, demonstrating that governance quality—covering sharia supervision, transparency, asset management integrity, stakeholder coordination, and standardized reporting—is central to the effectiveness of CWLS, reflecting the governance emphasis in broader Islamic finance scholarship (Hasan & Abdullah, 2018; Ascarya, 2021). From this point, the logical progression turns to the constraints identified in the findings, including low public literacy on waqf-sukuk mechanisms, fragmented regulatory frameworks, and limited impact-measurement systems. These institutional and operational shortcomings are interpreted through institutional theory, which argues that innovative financial instruments struggle to scale effectively without cohesive regulatory support, adequate institutional capacities, and



strong accountability infrastructures (Johnston, 2017).

The discussion then logically transitions into strategic implications derived directly from the identified constraints, arguing for targeted interventions such as digital integration to enhance transparency and donor confidence, unified reporting protocols to improve regulatory clarity, and the development of standardized social impact metrics to evaluate infrastructure outcomes in a measurable and credible manner (IFSB, 2021). Building on these implications, the discussion extends into potential future applications of CWLS, suggesting that its structure is adaptable to various thematic infrastructure sectors—including public hospitals, renewable energy, road development, water sanitation, and affordable housing—where social benefit and long-term returns can be jointly achieved (UNDP, 2020). The logical flow further emphasizes the importance of strengthening multi-stakeholder collaboration among Islamic financial institutions, waqf boards, ministries of finance, regulators, and fintech platforms to establish an integrated ecosystem capable of supporting CWLS at scale (Ascarya, 2021).

Highlights the need for capacity development in areas such as sharia auditing, waqf asset management, sukuk structuring, and social impact assessment to ensure long-term sustainability and operational excellence (Hasan & Abdullah, 2018). The logical progression of the discussion then shifts to outline future research directions that naturally arise from the limitations of current studies, arguing for deeper field-based empirical investigations, advanced quantitative modeling of fiscal impacts, performance benchmarking across countries, and interdisciplinary research integrating Islamic finance, public policy, economics, and technology (Creswell, 2018). Ultimately, the discussion reaches its logical conclusion by synthesizing all prior elements—linking theory, empirical evidence, contextual relevance, institutional challenges, strategic implications, and research opportunities to reaffirm that CWLS represents a transformative yet underexplored instrument with significant potential to reshape public infrastructure financing. This synthesis underscores that the scalability and sustainability of CWLS depend on integrated governance, regulatory innovation, technological enhancement, and continuous academic inquiry, aligning with perspectives from global Islamic finance regulators who emphasize the need for adaptive, socially grounded, and future-oriented financial instruments (Kahf, 2019; IFSB, 2021).

CONCLUSION

This study concludes that Cash Waqf Linked Sukuk (CWLS) represents a promising and innovative mechanism for financing public infrastructure in a socially equitable and Sharia-compliant manner. By integrating the perpetual value of waqf with the financial stability of sovereign sukuk, CWLS offers a sustainable model that enhances public

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participation, strengthens financial inclusion, and reduces government fiscal pressure. The analysis demonstrates that effective governance, transparent fund management, and strong institutional collaboration are critical to ensuring the instrument's credibility and long-term impact. Despite its significant potential, CWLS still faces challenges, including limited public awareness, regulatory fragmentation, and the absence of standardized impact-assessment frameworks. Addressing these constraints through digital innovation, regulatory refinement, and enhanced public education will be essential for scaling CWLS nationally. Overall, the study reinforces that CWLS remains underexplored but holds substantial capacity to support inclusive, resilient, and sustainable public infrastructure development.

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