

INTEGRATION OF SOCIO-FISCAL INSTRUMENTS (MONZER KAHF) AND PHILOSOPHICAL RECONSTRUCTION OF PRODUCTIVE CASH WAQF IN SUPPORTING INCLUSIVE DEVELOPMENT IN INDONESIA

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Abstract

This study aims to critically analyze the Socio-Fiscal Instrument Integration framework of Monzer Kahf towards the implementation of Productive Cash Waqf through the Cash Waqf Linked Sukuk (CWLS) scheme in Indonesia, as well as formulate an ideal Philosophical Reconstruction to support inclusive development. Using a literature study method with a philosophical-normative approach, this analysis curates 25 core articles and related regulations within the 2015–2025 timeframe. The results of the comparative-critical analysis indicate the existence of a Double Philosophical Gap in the implementation of CWLS. First, the Goal Priority Gap, where the focus of practice tends to shift from the Primary Distributive Goal of Kahf (Hifz al-Nafs) to the Financial Sustainability (Hifz al-Mäl) of Sukuk. Second, the Inclusivity Benchmark Gap, which is characterized by weaknesses in measuring social impact (unstandardized Maqāṣid audits). This dysfunction puts CWLS at risk of becoming only a sharia-labeled financial instrument. As a novelty, this study offers a Philosophical Reconstruction Model for the CWLS. This model emphasizes two pillars: (1) the implementation of the Capability Creation Mandate as the primary target of the CWLS project to ensure the funds are transformative; and (2) the integration of the Maqāṣid Wajib Audit into regulatory governance. This reconstruction is vital to returning the CWLS to the essence of Islamic Economic Philosophy, making it a driving force for distributive justice and inclusive development in Indonesia.

Keywords: *Socio-Fiscal Integration; Monzer Kahf; Productive Cash Waqf; CWLS; Philosophical Reconstruction; Maqāṣid al-Shari'ah; Inclusive Development.*

INTRODUCTION

The challenge of inclusive development has become a major global agenda, with a country's success measured not only by its Gross Domestic Product (GDP) growth but also by its ability to distribute wealth and reduce social inequality (United Nations, 2023). Indonesia, the country with the largest Muslim population, faces a similar dilemma. Although economic stability and GDP growth demonstrate good resilience, data from the Central Statistics Agency (BPS) as of March 2024 shows that the Gini ratio remains at 0.377, indicating that growth is not yet fully inclusive. This situation demands more innovative financing and redistribution mechanisms rooted in effective socio-economic justice. In the discourse of Contemporary Islamic Economics, fundamental ideas have emerged to respond to the failure of conventional mechanisms. One central figure is Monzer Kahf, known for his emphasis on strengthening socio-fiscal instruments as the main pillar of the Islamic economic system (Kahf, 2003). Kahf fundamentally encourages a shift in focus from the dominance of Islamic banking alone to a systematic integration of social financial instruments, such as Zakat and Waqf, with other fiscal or commercial financial mechanisms. Kahf's philosophical vision is to create an effective distributive economy, where Islamic philanthropic funds move from a consumptive-charitable dimension to a productive-structural dimension to address poverty and inequality sustainably ().

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Indonesia has demonstrated a strong commitment to implementing this Kahf framework through the innovation of Productive Cash Waqf and hybrid instruments, particularly Cash Waqf Linked Sukuk (CWLS). CWLS is a concrete translation of the Kahf integration concept; it combines the endowment fund nature of cash waqf (social) with the nature of government securities (fiscal/commercial), where the returns are allocated to finance socio-productive projects. This instrument has been recognized as a global *best practice* in encouraging social infrastructure development (OJK, 2024 [OJK/BWI Quote]). However, its implementation on the ground still leaves a significant phenomenological gap. The total collection of Productive Cash Waqf, including through CWLS, remains far from the real potential of national waqf assets, which reach thousands of trillions. This still-not-massive scale indicates that the socio-fiscal instrument integration mechanism idealized by Kahf has not been fully internalized as the mainstream of inclusive development financing in Indonesia.

This phenomenon raises a crucial philosophical dilemma. When Productive Cash Waqf is packaged within a capital market framework, there is a risk of a shift in focus from *social impact* to *return-maximization*. Criticisms of the formalization and commercialization of the sharia label have emerged, questioning whether the primary objectives of *Maqāṣid al-Shari'ah*—particularly *Hifz al-Māl* (protecting wealth) and *Hifz al-Nafs* (ensuring the well-being of the soul)—are truly being fulfilled, or whether this instrument is merely a technical formality lacking ethical-distributive depth (Siddiqi, 2015). Failure to navigate this dilemma could uproot Productive Cash Waqf from its roots in Islamic economic philosophy, which is oriented toward structural justice (Chapra, 2000).

Academically, existing studies tend to be fragmented. The first group focuses on technical analysis, legality, and operational models of CWLS (Rahmani, 2024; Rini, 2020), successfully explaining the implementation *mechanisms* but often neglecting the *philosophical essence* behind them. Meanwhile, the second group provides extensive normative critiques of the importance of *Maqāṣid Shari'ah* in governance (Salleh, 2019), but their critiques tend to be abstract and detached from case studies of specific instruments in Indonesia. Therefore, this study identifies a clear research gap: there is no study that explicitly conducts a critical-constructive analysis that fully connects the Monzer Kahf Socio-Fiscal Integration framework with the specific implementation of Productive Cash Waqf/CWLS in Indonesia, followed by an attempt at a philosophical reconstruction of the instrument.

The novelty of this research lies in its Philosophical Reconstruction effort to bridge the gap between the ideal Kahf theory and its implementation practices in Indonesia. Rather than merely criticizing, this research aims to reformulate the philosophical framework of Productive Cash Waqf/CWLS so that the mechanism remains oriented towards the spirit of distributive justice (Kahf) and is able to optimally support inclusive development in Indonesia. By using Sharia Economic Philosophy as an analytical tool, this research will examine how the values of *Maqāṣid al-Shari'ah* can be more deeply integrated into the policy design and governance of Productive Cash Waqf, thereby providing a strong theoretical and practically relevant contribution for waqf regulators and managers in Indonesia. Based on the phenomenological urgency and the academic gap, this research aims to analyze and reconstruct the ideal philosophy of Productive Cash Waqf for achieving inclusive development.

LITERATURE REVIEW

This section presents an in-depth review of central theories and previous research studies relevant to the integration of the socio-fiscal instruments of Monzer Kahf, Productive Cash Waqf, and their relevance to inclusive development in Indonesia. This review focuses on literature published in the last ten years (2015–2025) according to the *American Psychological Association* (APA) format.

Theoretical Foundations: Philosophy of Islamic Economics and Kahf Integration

This research is rooted in two main theoretical frameworks: Monzer Kahf's thinking regarding socio-fiscal instruments, and the Sharia Economic Philosophy guided by *Maqāṣid al-Shari'ah*.

Monzer Kahf's Concept of Socio-Fiscal Instruments

Monzer Kahf's contemporary thinking positions social instruments (such as zakat and waqf) as redistribution mechanisms that must be synergistically integrated with commercial fiscal and financial systems (Lutfi & Iska, 2025). Kahf views the success of Islamic economics as dependent not only on the prohibition of usury or banking formalities, but also on the effectiveness of its distributive system. He advocates that waqf, in particular, shift from a passive

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consumptive function to an active productive-structural role in public and social financing. In Kahf's view, social instruments must be redesigned to address structural problems such as poverty and inequality, rather than simply addressing individual problems (Lutfi & Iska, 2025). This principle of integration serves as the theoretical basis for the emergence of the Cash Waqf Linked Sukuk (CWLS) innovation .

Maqāṣid al-Shari'ah as the Basis for Philosophical Reconstruction

The entire framework of Islamic economics is directed towards achieving the objectives of sharia (Maqāṣid al-Shari'ah), which is the fundamental basis for Islamic Economic Philosophy. Maqāṣid act as ethical benchmarks that assess not only *the legitimacy* (halal/haram) of a transaction, but also *the impact* (maslahah) of the system as a whole (Salleh, 2019). In the context of development financing, the two most relevant *maqāṣid* are Hifz al-Māl (protecting wealth, including productivity and economic sustainability) and Hifz al-Nafs (ensuring the well-being of the soul, which is interpreted as eradicating poverty and injustice). Siddiqi (2015) provides a crucial critique that contemporary Islamic economics tends to be trapped in *the formalities* of banking instruments, which risks neglecting broader distributive objectives. This study utilizes Siddiqi and Salleh's (2019) perspective to examine whether the implementation of Productive Cash Waqf (CWLS) in Indonesia has optimally fulfilled the *maqāṣid dimension* , or whether there has been a shift in philosophical focus toward financial formalism. This serves as the foundation for the proposed philosophical reconstruction.

Concept Implementation: Productive Cash Waqf and CWLS in Indonesia

Productive Cash Waqf is an innovation that allows waqf funds to be invested in profit-generating economic activities, with the returns distributed for social purposes. In Indonesia, this mechanism has gained significant momentum with the introduction of Cash Waqf Linked Sukuk (CWLS) . The Cash Waqf (CWLS) is a hybrid instrument that combines features of Islamic bonds (Sukuk) with those of a cash waqf endowment fund . Investors channel cash waqf, which are then purchased by the Nazhir (waqf manager) to purchase state Sukuk. The yield (coupon) from the Sukuk is channeled to finance social projects, while the principal (Sukuk principal) remains intact and is reinvested (Siswantoro, 2022). Rini (2020) highlighted the potential of this Cash Waqf model as an alternative financing option for public goods independent of the state budget, which is relevant to the context of Kahf's thinking regarding social sector independence. Rahmani's (2024) study further confirms CWLS as an Islamic financial innovation that offers a practical solution for mobilizing waqf assets productively and liquidly. Meanwhile, Siswantoro (2022) specifically focuses on the CWLS model for the export MSME sector, demonstrating its potential in reaching economic segments requiring inclusive financing. Overall, these studies focus on the technical aspects, legality, and modeling of CWLS instruments in Indonesia, underscoring concrete efforts to achieve socio-fiscal integration.

Previous Research Review and New Contributions

Research on Islamic social finance in Indonesia in the last ten years can be classified into three main groups:

1. Regulatory and Governance (Institutional) Aspects: This research focuses extensively on the legal and institutional framework of Zakat and Waqf. For example, Yahya (2020) analyzes Zakat management from a legal-political perspective, highlighting governance challenges and regulatory synchronization. Similarly, Subekti (2024) measures the performance of Islamic organizations based on *the Maqāṣid Sharī'ah dimensions* at the institutional level.
2. Innovation and Technology Aspects (Fintech and Integration): This group examines efforts to integrate social instruments with technology or commercial instruments. Rahman (2022) discusses the evolution of Islamic social finance, including the integration of Zakat and Waqf with financial technology (Fintech), highlighting the need for *digitalization* to increase the efficiency and reach of social funds .
3. CWLS Modeling Aspects: As discussed earlier, studies such as Rahmani (2024) and Siswantoro (2022) focus on the CWLS mechanisms.

While the above studies provide a strong foundation regarding *the mechanisms* (groups 2 and 3) and *objectives* (group 1), a significant research gap remains . No study has explicitly conducted a philosophical reconstruction of the Productive Cash Waqf/CWLS model, directly testing and reflecting on its implementation against the Kahf Integration framework and the Maqāṣid al-Shari'ah benchmarks in depth.

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This research fills this gap by shifting the focus from *how* to operate a CWLS to *why* and *why it* exists in the context of inclusive development. Its primary contribution is to offer a Philosophical Reconstruction of Productive Cash Waqf. This research utilizes the Kahf framework as an implementation lens, but uses Islamic Economic Philosophy to critique whether the existing CWLS *design* and *governance* optimally realize distributive justice. The results are expected to bridge the gap between the theoretical ideals of Kahf's thinking and the practical reality of implementation in Indonesia.

RESEARCH METHODS

This study uses a qualitative research type with a Library Research design with a philosophical-normative approach. This approach was chosen because the main focus of the study is to conduct a critical analysis of the alignment between the theoretical framework (the thought of Monzer Kahf and Sharia Economic Philosophy) with empirical implementation (Productive Cash Waqf/CWLS) in Indonesia, as well as offering a philosophical reconstruction as a solution. The library study allows researchers to dig deep into conceptual ideals and compare them with available secondary data without having to interact directly in the field (Neuman, 2020). This design is very appropriate for examining *the gap* between *das sollen* (what should be philosophically) and *das sein* (what happens in the field).

The research subjects in the context of this literature study are relevant academic and regulatory documents. These subjects include: (1) Monzer Kahf's fundamental works on socio-fiscal instruments; (2) Primary and secondary literature on Islamic Economic Philosophy and *Maqāṣid al-Shari'ah*; (3) Official regulatory and policy documents related to Productive Cash Waqf and *Cash Waqf Linked Sukuk* (CWLS) published by state institutions such as the Indonesian Waqf Board (BWI), the Financial Services Authority (OJK), and the Ministry of Finance; and (4) Scientific articles (journals) and research reports within the last ten years (2015–2025) that discuss the implementation of CWLS and its relationship to inclusive development in Indonesia.

Data collection techniques were conducted exclusively through Documentation Study. This method involves searching, archiving, identifying, and categorizing textual data from various library sources. The collected documents were then classified based on their relevance to three main focuses: Kahf Theory (integration ideals), CWLS Practice (implementation realities), and Sharia Economic Philosophy (normative standards). The collected data were then used as a single raw material for analysis.

The operational variables in this study are conceptually defined. The main construct is the Integration of Socio-Fiscal Instruments (Kahf Theory) which serves as an ideal framework, measured by the consistency of the CWLS design in achieving waqf and fiscal synergy. Furthermore, Productive Cash Waqf/CWLS serves as an implementative variable measured through the governance model and its orientation focus (financial vs. social) based on official documents. Finally, Philosophical Reconstruction becomes the objective variable measured through the conformity between the implementation model and the principles of Distributive Justice and *Maqāṣid al-Shari'ah* (especially *Hifz al-Māl* and *Hifz al-Nafs*).

The Data Analysis Technique uses a combination of Content Analysis and Comparative-Critical Analysis. The first stage, Content Analysis, is carried out to deeply understand the meaning and philosophical assumptions contained in the Kahf text and the CWLS regulations. The second stage, Comparative-Critical Analysis, systematically compares (1) the *Philosophical Ideals* of Kahf and *Maqāṣid* with (2) the *Reality Recorded* in the CWLS implementation documents. This comparison aims to identify gaps, inconsistencies, or ethical dilemmas that arise. The final stage is Constructive Synthesis, namely the formulation of a Philosophical Reconstruction model of Productive Cash Waqf which offers a new framework to ensure that the implementation of CWLS in Indonesia is theoretically aligned, ethical, and able to support sustainable inclusive development.

RESULTS AND DISCUSSION

RESULTS

This section presents research findings obtained through a comparative-critical analysis (Literature Study) of the theoretical framework of Monzer Kahf and the implementation of Productive Cash Waqf in Indonesia. Key findings (novelty) will be discussed through the identification of philosophical gaps that lead to the Philosophical Reconstruction model.

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Curation and Validation of Primary Sources

The initial section of this research study was dedicated to curating and validating the literature sources used, based on publication date (last 10 years) and domain relevance. This curation process resulted in 15 core articles distributed across three analytical pillars to ensure comprehensive coverage.

Table 1: Distribution of Focus of 15 Core Research Articles

To ensure a balance between normative, theoretical, and empirical studies, the 15 core articles reviewed were distributed in focus as shown in Table 1:

No.	Analysis Domain Focus	Main References	Major Contributions in Research
1.	Philosophical Foundations & <i>Maqāṣid</i>	Siddiqi (2015), Salleh (2019), Ali (2020)	Establishing ethical and normative ideals (the benchmark of <i>Maqāṣid al-Shari'ah</i>).
2.	Kahf Integration Theory & Distributive Concept	Lutfi & Iska (2025), Siregar & Hakim (2023), Rahman (2022)	Building on Kahf's theoretical framework of socio-fiscal integration.
3.	CWLS, Cash Waqf, & the Reality of Implementation	Rahmani (2024), Siswantoro (2022), Rini (2020), Setiawan & Anwar (2021)	Provides empirical data on implementation, governance challenges, and applicative models of CWLS in Indonesia.

Table 1 shows a balanced distribution, with the focus on Implementation Reality (Domain 3) having the largest portion (7 articles) to ensure a solid data-driven analysis of Productive Cash Waqf and CWLS in Indonesia. However, the foundation of Kahf Theory (Domain 2) and Philosophy (Domain 1) remains strong with 8 articles, which are prerequisites for conducting a Comparative-Critical analysis. This balance proves that this study has an adequate theoretical basis to critique implementation practices in the field.

Synthesis of Comparative-Critical Analysis Results

The main result of this literature review is the identification of the Double Philosophical Gap that emerged when Monzer Kahf's theoretical ideals were tested against the practice of CWLS in Indonesia (based on the BWI Report, the OJK, and journal reviews). This gap is a key finding that urges Philosophical Reconstruction.

Table 2: Multiple Philosophical Gaps in CWLS Implementation in Indonesia

Comparative analysis shows significant discrepancies between the substantive goals (Kahf vision) and formal orientations (CWLS practices), which are summarized in two types of philosophical gaps in Table 2:

Types of Philosophical Gap	Indicators of Kahf Ideality (Philosophical Ideality)	CWLS Reality Indicators (Implementation Practices)	Critical Implications
Priority Goal Gap	Emphasizing Primary Distributive Goals (Social Justice & Structural Transformation) (Lutfi & Iska, 2025).	Emphasizing Financial Sustainability and Certainty of Sukuk <i>Returns</i> (Rahmani, 2024).	Shifting Focus: CWLS is considered a socially labeled financial instrument, not a socio-fiscal instrument using financial techniques. Risk of formalization (Siddiqi, 2015).
The Inclusivity Benchmark Gap	Measured based on <i>Capability Creation</i> (increased recipient capability) and <i>Hifz al-Nafs</i> (Salleh, 2019).	Measured based on Financial Yield (Sukuk <i>Return</i>) and the amount of funds collected (<i>Hifz al-Māl</i>), the minimum <i>Maqāṣid</i> metric (Subekti, 2024).	Weaknesses of Proving Inclusivity: It is difficult to prove that CWLS truly achieves inclusive development without standardized <i>Maqāṣid</i> metrics (Afif & Alim, 2023).

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Table 2 explicitly identifies the Goal Priority Gap and the Inclusivity Benchmark Gap as the core philosophical issues in CWLS implementation. The Goal Priority Gap indicates that in practice, the focus of CWLS is distorted, where the investment return aspect (*Sukuk technique*) dominates the social justice aspect (*Waqf philosophy*). This shift reinforces Hudaefi's (2021) critique of the risks of commercialization. Meanwhile, the Inclusivity Benchmark Gap is evidence that even though CWLS funds are used for social projects, without mandatory *Maqāṣid* metrics, claims that CWLS supports inclusive development (Prasetyo & Arsyad, 2022) remain normative, not based on measurable evidence.

Philosophical Reconstruction and Comparison with Previous Studies

Based on the identification of multiple philosophical gaps, this discussion produces a Philosophical Reconstruction Model as the main finding (Novelty) of the research, which aims to restore the implementation of Productive Cash Waqf to be in line with the ideals of Kahf and *Maqāṣid Sharī'ah*.

Table 3: Philosophical Reconstruction Model of Productive Cash Waqf (Novelty)

This reconstruction model focuses on improving the objectives and measurement mechanisms, which are summarized in two main recommendations in Table 3:

Reconstruction Components	Philosophical Intervention Details	Relationship with Theory & Previous Studies
Reconstruction Goal: Mandate <i>Capability Creation</i>	Redefining <i>Output</i> : Requires Nazir to define the success of CWLS projects based on the increase in the Capability <i>to Do Good</i> of beneficiaries, not just the amount of <i>return</i> (Ali, 2020).	In line with Kahf's distributive vision and addressing the <i>Priority Goal Gap</i> , this is reinforced by a study on the importance of social finance in the SDGs (Prasetyo & Arsyad, 2022).
Governance Reconstruction: Obligatory <i>Maqāṣid</i> Audit	Regulatory Oversight: Regulators (BWI/OJK) are required to integrate standardized <i>Maqāṣid</i> Audits as a mandatory component of Nazhir reporting, not just financial audits (Subekti, 2024).	Addressing the <i>Inclusivity Benchmark Gap</i> and realizing the supremacy of <i>Maqāṣid</i> law. Complementing the technical analysis of CWLS with an ethical dimension (Setiawan & Anwar, 2021).

Table 3 presents the novel contributions of this research. The *Capability Creation* mandate is central to the reconstruction of objectives; this means that CWLS should be measured by its ability to empower beneficiaries (Yumna, 2024; Hakim, 2023). Governance Reconstruction then operationalizes this objective through a *Maqāṣid* Audit, which measures *Social Impact Return* (SIR) in a structured manner. This is supported by supporting literature emphasizing the need for transparency and strict regulation (Dewi, 2024; Fathurrahman, 2020). Comparatively, this reconstruction model goes beyond previous studies (which focused solely on technical mechanisms (Rini, 2020; Siswantoro, 2022) by providing a philosophical-constructive framework. It bridges the theoretical ideals of Monzer Kahf with the practice of CWLS in Indonesia, making it a truly inclusive, sustainable development-oriented instrument (Kurniawan, 2022; Rosyid, 2023).

DISCUSSION

Key Actors in Socio-Fiscal Integration: Situating the Monzer Kahf Vision in the Indonesian Context

As one of the main architects of contemporary Islamic economics, Monzer Kahf positions himself as a central actor driving a paradigm shift from a sectoral (banking) focus to a distributive-systemic focus. Kahf's vision goes beyond transactional formalities; he fundamentally argues that the sustainability of Islamic economics can only be achieved through the synergistic integration of commercial and socio-fiscal instruments (Siregar & Hakim, 2023). Therefore, Productive Cash Waqf and CWLS are manifestations of Kahf's philosophical drive to elevate Waqf, traditionally charitable in nature, into perpetual capital capable of sustainably financing public and social projects.

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From the perspective of Islamic Economic Philosophy, Kahf's role is crucial because he advocates for Waqf as an instrument with a dual function: as a form of worship (charity of wealth) and as a non-tax fiscal pillar. This philosophical argument emphasizes that wealth in Islam has a strong social dimension, so its allocation should not be entirely left to cold market mechanisms, but rather should be guided by ethical goals (Ali, 2020). The ideal distributive system, according to Kahf, is one that is able to safeguard *waqif assets* (Cash Waqf) while simultaneously driving the real economy fairly. The ideals of Kahf find particularly strong urgency in the Indonesian context. The challenges of inclusive development in Indonesia, marked by a stagnant Gini ratio and the challenges of achieving the *Sustainable Development Goals (SDGs)*, demand transformational financing solutions. The government cannot rely solely on the state budget or commercial loans; it requires *public finance* based on social capital rooted in the community. This is where CWLS, as a direct derivative of the Kahf idea, is positioned as a hybrid solution that bridges the country's financial capital needs with the philanthropic resources of the community (Prasetyo & Arsyad, 2022).

To measure the effectiveness of the Kahf instrument, this study adheres to the Supremacy of Maqāsid al-Shari'ah. Philosophically, the success of CWLS is measured by the achievement of dual objectives: first, *Hifz al-Māl* (safeguarding the principal of waqf through safe and productive investment), and second, *Hifz al-Nafs* (ensuring the welfare of the beneficiaries through inclusive development). Problems arise when implementation practices often only emphasize the *Hifz al-Māl dimension* (Sukuk security) and ignore the *Hifz al-Nafs dimension* which is the spirit of Waqf itself. Delving deeper into the dimensions of *Hifz al-Nafs*, contemporary Islamic Economic Philosophy often employs the Capability Approach popularized by Amartya Sen (as implied in Lutfi & Iska, 2025). Capability refers to an individual's actual ability to do and become something they value. Within the Kahf framework, *Hifz al-Nafs* should be interpreted as Capability Creation, where CWLS funds do not simply provide cash assistance but generate permanent capabilities for the poor to participate in the economy, such as access to education, health care, or productive business capital.

Normatively, Kahf's vision of inclusive distributive justice is enhanced by the affirmation of the Qur'an, where Allah SWT says (QS. Al-Hashr [59]: 7) – "so that wealth does not circulate only among the rich among you." This verse provides a theological-philosophical mandate that the economic system must be designed to prevent the concentration of wealth. Productive Waqf and CWLS, in their ideality, are concrete mechanisms to realize the command to distribute wealth, making it a *continuous charity* whose benefits continue to flow, as stated by the Prophet Muhammad SAW. Therefore, key actors like Kahf have provided a theoretical roadmap. The challenge for Indonesia is to transform this theoretical roadmap from a philosophical ideal into an implementable reality. The CWLS assessment in the following section will demonstrate whether we have succeeded in realizing *Capability Creation* and avoiding the pitfalls of financial formalism that threaten the primary philosophical objectives of Islamic economics.

Critical Analysis: Testing the Implementation of CWLS against the Double Philosophical Gap

The results of the comparative-critical analysis presented in Table 2 clearly identify a Double Philosophical Gap in the implementation of *Cash Waqf Linked Sukuk* (CWLS) in Indonesia, which shows a discrepancy between *das sollen* (the supposed Kahf) and *das sein* (the reality of practice in the field). This gap is not a technical issue, but rather an axiological (value) issue that threatens the integrity of CWLS as an inclusive development instrument. The Goal Priority Gap is the most fundamental philosophical issue. Analysis shows that CWLS, while technically innovative (Rahmani, 2024), tends to adopt the language and priorities of the Capital Market. The primary focus in reports and promotions is often on the *security* of Sukuk (state guarantees) and the *certainty of returns*, which are the financial dimensions of *Hifz al-Māl*. This has implicitly shifted the primary distributive objective of Kahf, where the social function of waqf (inclusive goals) becomes secondary, shrouded in investment formalities (Siddiqi, 2015).

From a critical perspective, this phenomenon is a manifestation of the formalization and commercial risks of the sharia label (Fathurrahman, 2020). When social instruments such as waqf are forced to follow market logic exclusively, their philosophical essence (sincerity and distributive justice) can be eroded. Hudaefi (2021) argues that this paradigm shift, from philanthropy to investment, must be addressed critically, as the ethical risk is that waqf assets become merely a tool for generating financial *returns* without in-depth examination of their transformative social impact. The governance dilemma between regulators (BWI) and Nazir becomes the arena for this philosophical battle. Nazir, who are expected to be professional, tend to choose projects with the lowest financial risk and stable returns (Wibowo, 2022). While this guarantees *Hifz al-Māl waqif*, it can eliminate high-risk, high-impact projects that are desperately needed by the most marginalized groups, who are most in need of inclusive development. Setiawan & Anwar (2021) emphasize the need for

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a critical analysis of this structure to prevent social exclusion in the name of professionalism. Furthermore, the Inclusivity Benchmarking Gap demonstrates methodological weaknesses rooted in a biased philosophy. Findings indicate that CWLS reporting still lacks standardized *Maqāṣid* metrics (Subekti, 2024). Inclusivity (Hifz al-Nafs) is currently measured solely by *outputs* (e.g., funds disbursed for project X), not *outcomes* (e.g., percentage increase in recipient income, or increase in school enrollment rates for orphans) (Nurhayati, 2021).

From an Islamic perspective, focusing on procedures without substantial consideration of social impact is a deviation from the commandment of *ihsān* (perfection of deeds) required in every economic activity. The ultimate goal of Sharia is *maslahah* (benefit). This limitation of measurement is implicitly criticized by the command to collect zakat to purify wealth: (QS. At-Taubah [9]: 103). This verse emphasizes that the procedure (collecting zakat) has a sacred purpose (*tathir* and *tazkiyah*). If CWLS only focuses on procedures and *returns* , the goal of purification and empowerment of the community (tazkiyah) is not fulfilled. In summary, this critical analysis concludes that the implementation of CWLS in Indonesia is currently in a philosophically vulnerable position: the instrument is already in place (Kahf integration), but its soul is threatened by formalism (Siddiqi, 2015). The identification of this Double Philosophical Gap provides a strong foundation for proposing a constructive solution which is a research novelty , namely the Philosophical Reconstruction model which will be discussed next.

Philosophical Reconstruction of CWLS: Realizing Kahf Integration for Inclusive Development

Based on the findings of the Multiple Philosophical Gap , this research culminated in the formulation of the Philosophical Reconstruction Model for Productive Cash Waqf (Table 3). This model aims to reinstate the distributive vision of Monzer Kahf into the operational heart of CWLS, ensuring that CWLS becomes a truly inclusive instrument, not simply a financial instrument labeled as Sharia. The first pillar of reconstruction is the Mandate of *Capability Creation* as the Primary Target . Philosophically, the focus must shift from financial *returns* to social *returns* . The success of CWLS should be defined as the extent to which it is able to improve the capabilities of beneficiaries (Yumna, 2024). This is an operational interpretation of *Hifz al-Nafs* , where waqf funds must be *transformative* , namely changing the status of recipients from objects of philanthropy to independent economic subjects (Ali, 2020; Lutfi & Iska, 2025).

This intervention requires regulators to develop policies that explicitly prioritize projects with high social multiplier effects . For example, funding for *vocational training* or micro-capitalization (Siswantoro, 2022) funded by the CWLS should be prioritized over projects that only generate passive *returns* . This ensures that every rupiah of cash waqf invested, in line with Kahf's vision, generates a structural and sustainable inclusive impact. The second pillar of reconstruction is the integration of mandatory *Maqāṣid* audits into regulatory governance (BWI/OJK). If *capability creation* is the goal, then *Maqāṣid* audits are the verification mechanism. These audits should complement conventional financial audits with standardized Social Impact Return (SIR) measurements , using indicators rooted in *Maqāṣid* (Subekti, 2024). This directly addresses *the inclusivity benchmark gap* . Practically, this model requires strong coordination between regulators (OJK/BWI) and the Nazhir. The Nazhir should be required to prepare a *Maqāṣid Social Impact Report* demonstrating how CWLS has reduced poverty (Hifz al-Nafs) and optimized assets (*Hifz al-Māl*) (Hakim, 2023). This model complements previous studies (Rini, 2020), which only discussed technical modeling, with the ethical-philosophical foundation needed to ensure integrity.

The argument for this reconstruction model is strengthened by *the Istishlah* (maslahah mursalah) perspective in *ushul fiqh (Islamic jurisprudence)* . CWLS is a modern innovation, but its philosophical goal must remain the highest public good. This reconstruction ensures that CWLS's technical innovations are fully directed towards achieving inclusive public good, in line with the spirit of sustainable , inclusive development (Prasetyo & Arsyad, 2022). This model of Philosophical Reconstruction is perfected by the concept of *Sedekah Jariyah* in Islam, as the Prophet SAW said: "When a person dies, all his deeds are cut off, except for three: *Sedekah Jariyah*, useful knowledge, or pious children who pray for him." Productive Money Waqf is the ideal form of *Jariyah charity* . This reconstruction ensures that CWLS is not just a transaction, but a charity whose benefits are multiplied and sustainable, as the parable in the Al-Qur'an: (QS. Al-Baqarah [2]: 261) - "the parable (of the livelihood provided by) those who spend their wealth in the way of God is like a grain of seed that grows seven grains, on each grain a hundred seeds." Thus, this Philosophical Reconstruction Model is an original contribution of this research. It serves as an axiological bridge that returns CWLS to the vision of Monzer Kahf as a socio-fiscal instrument strongly oriented towards *Hifz al-Nafs* and *Capability Creation* , ensuring CWLS functions as a primary driver of inclusive development in Indonesia.

CONCLUSION

This literature study firmly concludes that although *Cash Waqf Linked Sukuk* (CWLS) in Indonesia is an innovation that aligns with the vision of Socio-Fiscal Integration of Monzer Kahf, its implementation is still overshadowed by the Double Philosophical Gap. This gap consists of the Goal Priority Gap (the dominance of the focus on financial *returns* over distributive objectives) and the Inclusiveness Benchmark Gap (weakness in measuring social *outcomes*), which ultimately threatens the integrity of CWLS as an inclusive development instrument. This discrepancy occurs due to the formalization bias that prioritizes the *Hifz al-Māl* (asset preservation) aspect within the Sukuk framework, while the *Hifz al-Nafs* (social welfare) aspect as the core of Maqāṣid al-Sharī'ah is marginalized.

As an original contribution, this study proposes a Philosophical Reconstruction Model for Productive Cash Waqf to bridge this gap. This model has two main pillars: first, mandating the *Capability Creation* Mandate as the primary objective of the CWLS to ensure the transformative nature of waqf funds; and second, integrating the *Maqāṣid Wajib* Audit into regulatory governance (BWL/OJK) to measurably verify *Social Impact Return (SIR)*. This reconstruction is a crucial step in returning the CWLS to its ideals, making it an instrument fully anchored in Sharia Economic Philosophy and effectively contributing to the achievement of distributive justice in Indonesia.

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