



Integrated Model of Zakat and Waqf for Sustainable Community Development

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Abstract: The integration of Zakat and Waqf represents a potent and strategic paradigm shift in Islamic social finance, moving beyond conventional philanthropic models to establish a robust framework for sustainable community development. Zakat, as an obligatory wealth purification and redistribution mechanism, addresses immediate poverty and ensures social justice. Conversely, Waqf, particularly in its productive and cash forms, functions as a perpetual endowment, generating long-term, sustainable assets for public benefit. The synergistic combination of these two instruments—Zakat providing working capital and immediate relief, and Waqf supplying the necessary infrastructure and long-term asset base—is crucial for transforming beneficiaries (mustahiq) into self-sufficient economic actors (muzakki). This integrated model is fundamentally aligned with the objectives of Maqasid al-Shariah and the global Sustainable Development Goals (SDGs), particularly in eradicating poverty (SDG 1) and promoting inclusive economic growth (SDG 8). This article proposes a comprehensive integrated model, detailing its conceptual framework, implementation strategies, and the necessary governance structure to optimize its impact on community welfare and economic resilience.

Keywords: Community Development; Islamic Social Finance; Integration; Sustainable

Introduction

The global challenge of poverty, economic inequality, and the pursuit of sustainable development necessitates innovative and effective financial solutions.¹ Within the framework of Islamic economics, Islamic Social Finance (ISF) instruments, notably Zakat and Waqf, possess immense, yet often underutilized, potential to address these multidimensional issues.² Indonesia, as the country with the world's largest Muslim population,

¹ Sulistyowati, 'Designing Integrated Zakat-Waqf Models', *Journal of Islamic Monetary Economics and Finance*, 4.2 (2018), 347–68.

² Tika Widiastuti and others, 'Developing an Integrated Model of Islamic Social Finance: Toward an Effective Governance Framework', *Heliyon*, 8.9 (2022), e10383 <<https://doi.org/10.1016/j.heliyon.2022.e10383>>.

stands at a critical juncture where the strategic optimization of these instruments can significantly accelerate national development goals.³

Historically, Zakat and Waqf have been managed in silos, leading to fragmented efforts and a focus on consumptive distribution, which limits their long-term transformative impact. Zakat funds are primarily directed towards immediate relief, while Waqf assets, often in the form of non-productive land, have not been fully leveraged to generate sustainable returns.⁴ This conventional approach fails to harness the inherent complementarity between the two: Zakat's liquidity for short-term empowerment and Waqf's perpetuity for long-term asset creation.⁵

The proposed Integrated Model of Zakat and Waqf is a response to this challenge, aiming to create a self-sustaining economic ecosystem at the community level.⁶ By pooling resources and coordinating management, this model facilitates the development of productive assets (Waqf) that can house and support Zakat-funded micro-enterprises, vocational training centers, or essential social services.⁷ The ultimate objective of this approach is the economic transformation of the mustahiq into muzakki, thereby contributing to a more inclusive and resilient economy.

This study aims to articulate the conceptual framework for an integrated Zakat and Waqf model for sustainable community development, identify the key components and operational mechanisms of this integrated model, discuss its alignment with Maqasid al-Shariah and the Sustainable Development Goals (SDGs), and propose a robust governance framework to ensure the model's effectiveness and long-term sustainability.

³ Mukhamad Roni and Heri Kuncoro Putro, 'Journal of Sharia Economics', *Journal of Sharia Economics*, 3.1 (2020), 18–39 <<http://dx.doi.org/10.35896/jse>>.

⁴ Syahdatul Maulida and Aam Slamet Rusydiana, 'Integrated Waqf Environment Model (IWEM): Proposal for Funding Sustainable Agriculture through Waqf to Embrace the Era of Smart Agriculture 5.0', *Journal of Islamic Economics Lariba*, 11.1 (2025), 229–52 <<https://doi.org/10.20885/jielariba.vol11.iss1.art9>>.

⁵ Jelang Ramadhan and Imam Khomeini Hayatullah, 'Zakat and Waqf Synergies to Accelerating Sustainable Development Multidimensional Challenges, Such as Poverty, Social Inequality, and Scarcity of Natural Resources. The Sustainable Development Goals (SDGs) Proclaimed by the United Nations Provide A', 3.1 (2025), 29–54.

⁶ Zulkipli Zulkipli, Abdul Basit, and Farid Wajdi, 'The Strategic Role Of Zakat And Waqf In Sustainable Poverty Alleviation: A Literature Review From The Perspective Of Islamic Economics', *Islamic Banking: Jurnal Pemikiran Dan Pengembangan Perbankan Syariah*, 11.1 (2025), 17–32 <<https://doi.org/10.36908/isbank.v11i1.1486>>.

⁷ S Herman and I W Indrawan, 'Modelling Zakat and Waqf Scheme for Empowering Across-the-Board Refugees', *IJIEB: Indonesian Journal of Islamic Economics and Business*, 8.1 (2023), 55–64 <<https://e-journal.lp2m.uinjambi.ac.id/ojp/index.php/ijoieb/article/view/1785%0Ahttps://e-journal.lp2m.uinjambi.ac.id/ojp/index.php/ijoieb/article/download/1785/868>>.

Literature Review

1. Definition and Conceptual Framework

Zakat is the third pillar of Islam, an obligatory levy on the wealth of Muslims that meets a certain threshold (nisab) and duration (haul). Its primary function is wealth redistribution and purification, ensuring that wealth circulates within the community and reaches the eight categories of eligible recipients (asnaf).⁸ When distributed productively, Zakat can serve as seed capital or working capital for micro-enterprises [9].

Waqf is a voluntary, perpetual endowment of assets for religious, charitable, or social purposes. The core principle of Waqf is the retention of the asset (corpus) while its yield (manfa'ah) is continuously distributed.⁹ Modern interpretations, such as Cash Waqf, have increased its flexibility, allowing for investment in productive sectors like infrastructure, education, and healthcare, which generate sustainable returns.¹⁰

The Integrated Zakat and Waqf Model is a conceptual framework that seeks to maximize the social and economic impact of both instruments by combining their distinct yet complementary functions. This synergy is based on the principle that Zakat addresses the immediate needs of the poor, while Waqf provides the permanent, income-generating platform necessary for long-term empowerment.

2. Theoretical Basis and Integration Models

The theoretical underpinning of Zakat-Waqf integration is rooted in the broader philosophy of Islamic Social Finance (ISF), which seeks to achieve falah (prosperity) through economic justice and social welfare. The alignment with Maqasid al-Shariah—the higher objectives of Islamic law, such as the preservation of wealth (hifz al-mal) and the preservation of the soul (hifz al-nafs)—provides the normative basis for this integration.¹¹

Several models have been proposed to operationalize this integration:

⁸ Dalmaisayah Gea, M Shabri Abd Majid, and Rita Handayani, 'PRODUCTIVE ZAKAT AS A FINANCIAL INSTRUMENT IN ECONOMIC EMPOWERMENT IN INDONESIA : A LITERATURE STUDY Productive Zakat Is a Model of Zakat Distribution That Can Make Mustahiq Produce Something Continuously , with Zakat Assets That Have Been Received . Prod', 2021, 83–92.

⁹ Aam Slamet Rusydiana and others, 'Waqf Development Models for Sustainable Development Goals: An Analytic Network Process Approach', *International Journal of Islamic Finance and Sustainable Development*, 17.1 (2025), 51–74 <<https://doi.org/10.55188/ijifsd.v17i1.929>>.

¹⁰ Jaharudin, 'Strategic Optimization Of Cash Waqf In Indonesia, A Production Function And Governance-Based Approach', *30 Mrscholar*, 1.1 (2025), 2025.

¹¹ Khoutem Ben Jedidia and others, 'Towards Sustainable Development Goals SDGs: The Potential of Islamic Finance', *Journal of Chinese Economic and Business Studies*, 23.3 (2025), 321–27 <<https://doi.org/10.1080/14765284.2025.2528562>>.

| Model Component | Zakat Role (Short-Term/Liquidity) | Waqf Role (Long-Term/Asset) | Integrated Outcome |
|------------------|--|---|---|
| Capital & Assets | Provides working capital, micro-loans, and immediate consumption needs . | Provides permanent assets (land, buildings, equipment) for productive use . | Sustainable business premises and capital for mustahiq enterprises . |
| Empowerment | Funds vocational training, mentorship, and business coaching programs. ¹² | Establishes training centers, schools, and clinics on Waqf land . | Holistic human capital development and skill acquisition. ¹³ |
| Financial Flow | Short-term, direct distribution to individuals or groups . | Long-term investment of Cash Waqf in profitable, Shari'ah-compliant ventures. | Continuous revenue stream from Waqf to support Zakat-funded programs. ¹⁴ |
| Transformation | Moves mustahiq from dependency to self-sufficiency . | Creates an environment for mustahiq to become muzakki and waqif . | Sustainable economic resilience and social mobility . |

The 4 ER Model (Economic Rescue, Recovery, Reinforcement, and Resilience) proposed by Widiastuti et al. (2022) offers a structured pathway for transformation, where Zakat and Waqf interventions are strategically applied at each stage to move beneficiaries from extreme poverty to economic stability.

3. Empirical Findings and Alignment with SDGs

Empirical studies, particularly in Indonesia, demonstrate the effectiveness of productive Zakat and Cash Waqf in enhancing community welfare. The integration model has been successfully applied in various sectors, including the empowerment of

¹² Gusri Efendi, 'Challenges and Opportunities of Productive Zakat Empowerment in Indonesia: A Literature Review and Problem Tree Analysis', *ITQAN: Journal of Islamic Economics, Management, and Finance*, 4.2 (2025), 210–23 <<https://doi.org/10.57053/itqan.v4i2.116>>.

¹³ Fathma Azizah and Firdan Thoriq Faza, 'Designing an Integrated Zakat and Waqf to Empowering Fishery Sector', *8th International Conference on Zakat Proceedings, 2024*, 130–39 <<https://iconzbaznas.com/submission/index.php/proceedings/article/view/751%0Ahttps://iconzbaznas.com/submission/index.php/proceedings/article/download/751/335>>.

¹⁴ Muhammad Rion, 'Optimizing Productive Waqf Management to Achieve Sustainable Development Goal's (Study of the Indonesian Waqf Board (BWI) Representative of Lampung Province)', *KnE Social Sciences*, 2024 (2024), 153–68 <<https://doi.org/10.18502/kss.v9i16.16242>>.

Micro, Small, and Medium Enterprises (MSMEs), agricultural development, and even disaster management.

The integrated model shows a strong alignment with the SDGs¹⁵:

- a. SDG 1 (No Poverty): Direct poverty alleviation through Zakat and sustainable income generation through Waqf assets .
- b. SDG 2 (Zero Hunger): Funding for agricultural inputs (Zakat) on Waqf land to ensure food security .
- c. SDG 4 (Quality Education): Establishment and maintenance of educational institutions using Waqf, with Zakat providing scholarships and stipends.
- d. SDG 8 (Decent Work and Economic Growth): Creation of sustainable employment opportunities through Waqf-funded enterprises and Zakat-supported entrepreneurship.

4. Barriers and Challenges to Implementation

Despite its potential, the implementation of the integrated model faces several hurdles:

1. Institutional Fragmentation: Separate management bodies for Zakat (BA-ZNAS/LAZ) and Waqf (Nazhir) often lack coordination and a unified vision .
2. Lack of Public Awareness: A limited understanding of the productive potential of Zakat and the flexibility of Cash Waqf hinders optimal collection .
3. Governance and Capacity: Many institutions lack the professional human resources, technical expertise, and digital infrastructure necessary for effective, transparent, and accountable management .
4. Regulatory Inconsistency: The absence of a unified legal and fiscal framework for integrated ISF operations complicates cross-instrument transactions and reporting.

Research Method

This study employs a qualitative, descriptive-analytical approach using a systematic literature review as its primary data collection technique. The data sources are secondary, consisting of academic articles, research reports, and institutional documents related to Zakat, Waqf, Islamic Social Finance, and Sustainable Development.

The methodology involves:

1. Source Identification: Utilizing academic databases (e.g., Scopus, Web of Science, Google Scholar) to identify relevant international and national journal articles published within the last decade.

¹⁵ Akhmad Dairoby and Muhammad Faza Akbar, 'The Role of Zakat in Achieving SDGs: A Literature Review', *7th Indonesian Conference of Zakat Proceedings, 2023*, 773–79.

2. Data Extraction: Systematically extracting key information, conceptual models, empirical findings, and governance recommendations from the selected literature.
3. Content Analysis: Critically evaluating the extracted data to synthesize a coherent and comprehensive integrated model, focusing on the convergence of Zakat and Waqf functions.
4. Deductive Analysis: Applying the principles of Maqasid al-Shariah and the framework of the SDGs to validate the theoretical and practical relevance of the proposed integrated model.

This method ensures that the proposed model is grounded in established academic discourse and addresses the practical challenges identified in the existing literature.

Results and Discussion

A. The Integrated Model for Sustainable Community Development

The core of the integrated model is the strategic deployment of Zakat and Waqf funds in a coordinated, project-based manner to achieve long-term community resilience. The model moves beyond the traditional mustahiq to muzakki transformation by embedding the beneficiaries within a sustainable, Waqf-supported economic ecosystem.

The proposed model is structured around three main pillars: **Asset Creation (Waqf)**, **Capital Injection (Zakat)**, and **Human Capital Development (Integrated)**.

| Pillar | Mechanism | Zakat Contribution | Waqf Contribution | Sustainability Outcome |
|-------------------|--|--|--|---|
| Asset Creation | Productive Waqf Investment (e.g., Cash Waqf Sukuk) | Funds for maintenance and operational costs of Waqf assets. | Acquisition or development of permanent assets (e.g., micro-business centers, agricultural land, schools). | Perpetual income generation and asset base for the community. |
| Capital Injection | Productive Zakat Distribution | Seed capital, revolving funds, and micro-financing for mustahiq enterprises. | Provides the physical location and infrastructure (Waqf asset) for the Zakat-funded businesses. | Economic empowerment and business continuity for beneficiaries. |

| Pillar | Mechanism | Zakat Contribution | Waqf Contribution | Sustainability Outcome |
|---------------------------|------------------------------|---|---|--|
| Human Capital Development | Integrated Training Programs | Stipends and living allowances for trainees during the training period. | Provides the training facilities, equipment, and long-term program funding from Waqf returns. | Skilled workforce, entrepreneurial capacity, and reduced dependency. |

This model ensures that Zakat funds are not merely consumed but are invested in a productive environment created and sustained by Waqf assets. For instance, Cash Waqf can be invested in a Shariah-compliant real estate project (e.g., a commercial complex). The rental income from this complex (Waqf yield) can then be used to fund the operational costs of a vocational training center located within the complex, while Zakat funds are used to provide the trainees with startup capital and a living allowance during their training.

The success of the integrated model is highly dependent on a supportive ecosystem that includes professional human resources, the use of technology for transparency and prevention of beneficiary overlap, harmonious regulations between zakat and waqf, as well as the role of academics, government, and Islamic microfinance institutions. With the support of this ecosystem, the profits from the management of waqf and mus-tahiq businesses can be channeled back to other beneficiaries, creating a cycle of sustainable empowerment.

Overall, the integrated zakat and waqf model promotes more sustainable community development because it does not stop at short-term assistance but creates long-term economic transformation. This approach not only reduces poverty rates but also guides beneficiaries toward self-reliance, economic stability, and ultimately contributes back as zakat payers or waqf donors. Thus, this model can serve as a strategic solution in achieving community welfare based on Islamic economic principles.

B. Governance and Digital Innovation

In modern governance, this integrated model requires transparency, accountability, and professionalism from zakat and waqf administrators. Standardized SOPs, periodic audits, sharia supervision, and easily accessible reporting are key to gaining public trust and participation. In addition, collaboration between BAZNAS, BWI, Islamic philanthropic institutions, local governments, and economic actors is an important element in ensuring an equitable and measurable impact. Effective governance is paramount for the success of the integrated model. It requires a unified, transparent, and professional management structure.

Key Governance Components:

- a. Unified Management Body: Establishing a formal coordination platform or a single integrated body (e.g., a Zakat-Waqf Fund Management Unit) to harmonize collection, investment, and distribution strategies.
- b. Transparency and Accountability: Implementing standardized accounting and reporting systems that comply with both Shariah and national financial regulations, ensuring public trust.
- c. Impact Measurement: Moving beyond simple output metrics (e.g., number of recipients) to measure genuine impact and transformation (e.g., increase in beneficiary income, graduation rate from mustahiq to muzakki).

Digital Innovation is a critical enabler for overcoming fragmentation and enhancing efficiency. The use of FinTech platforms for Zakat and Cash Waqf collection can significantly increase outreach and mobilization. Furthermore, a shared digital database for mustahiq and Nazhir can improve coordination, prevent overlapping distribution, and facilitate the monitoring of beneficiary progress.

If implemented comprehensively, an integrated model of zakat and waqf based on good governance and digital technology can promote sustainable community development. Programs such as MSME empowerment, development of education and health facilities, housing financing, and green economy development can be carried out with more stable funding. Thus, the integration of these two instruments not only fulfills the objectives of sharia (maqāsid al-syarī'ah) but also supports the achievement of the SDGs, particularly in poverty alleviation, quality education, and economic prosperity.

C. Transformation and Sustainable Resilience

The ultimate measure of the integrated model's success is the creation of sustainable resilience within the community. By providing both the necessary capital (Zakat) and the enduring infrastructure (Waqf), the model fosters a cycle of empowerment:

Initial Zakat injection provides the spark for a micro-enterprise. The enterprise operates within a low-cost, Waqf-provided facility. As the enterprise grows, the former mustahiq becomes a muzakki, contributing back to the Zakat pool, and potentially a waqif, contributing to the Waqf corpus. This continuous cycle strengthens the ISF ecosystem, allowing it to reach more beneficiaries and expand its asset base, thereby ensuring the long-term sustainability of the community's economic development

This transformation aligns directly with the spirit of the SDGs, ensuring that economic growth is inclusive, equitable, and environmentally sound, as the Waqf assets can be directed towards "Green Waqf" projects for sustainable waste management or renewable energy.

Conclusion

The Integrated Model of Zakat and Waqf for Sustainable Community Development offers a powerful, Shariah-compliant solution to address poverty and economic disparity. By strategically combining the short-term liquidity of Zakat with the long-term asset base of Waqf, this model creates a synergistic effect that accelerates the economic transformation of beneficiaries. Its success hinges on robust governance, the adoption of digital innovation, and a commitment to measuring genuine social and economic impact. Future research should focus on developing standardized performance indicators and exploring the legal and fiscal mechanisms required to fully integrate Zakat and Waqf institutions under a unified regulatory framework.

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