

Zakat and Waqf as Instruments of Poverty Alleviation: A Library Study on Distribution Effectiveness and Institutional Challenges in Indonesia

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ABSTRAK

Kemiskinan masih menjadi persoalan struktural di Indonesia, sementara zakat dan wakaf memiliki potensi ekonomi yang besar tetapi belum dimanfaatkan secara optimal. Penelitian ini menganalisis efektivitas penyaluran zakat dan wakaf sebagai instrumen pengentasan kemiskinan serta mengidentifikasi tantangan kelembagaan yang membatasi optimalisasinya. Penelitian menggunakan metode studi kepustakaan dengan pendekatan deskriptif-analitis. Data bersumber dari artikel jurnal nasional dan internasional yang diterbitkan pada 2021–2023, laporan resmi badan zakat nasional, badan wakaf nasional, Kementerian Agama, dan badan statistik nasional, serta regulasi yang berlaku. Data dianalisis melalui analisis isi dan diverifikasi dengan triangulasi sumber. Hasil penelitian menunjukkan tiga temuan utama. Pertama, zakat dan wakaf memiliki fungsi yang saling melengkapi. Zakat berperan

sebagai instrumen redistribusi jangka pendek untuk memenuhi defisit konsumsi penerima manfaat, sedangkan wakaf menjadi mekanisme pembentukan modal sosial yang bersifat permanen untuk menopang dampak jangka panjang. Kedua, efektivitas penyaluran meningkat ketika pola pemberian bergeser dari bantuan konsumtif menuju skema produktif yang disertai pendampingan usaha. Ketiga, hambatan utama bersifat kelembagaan, bukan doktrinal, yang meliputi fragmentasi tata kelola, keterbatasan kapasitas manajerial pengelola aset, rendahnya literasi publik, lemahnya akuntabilitas pelaporan, serta belum tersedianya sistem pengukuran dampak yang terstandar. Berdasarkan temuan tersebut, penelitian ini mengusulkan model pemberdayaan terintegrasi yang ditopang oleh harmonisasi regulasi, profesionalisasi pengelola zakat dan wakaf, digitalisasi layanan, serta standardisasi pelaporan dampak.

ABSTRACT

Poverty has remained a structural problem in Indonesia, while zakat and waqf continue to hold substantial economic potential that is largely unrealised. This study examines the effectiveness of zakat and waqf distribution as instruments of poverty alleviation and identifies the institutional challenges that constrain their optimisation. The study applies a library research method with a descriptive-analytical approach. The data consist of secondary sources, namely national and international journal articles published between 2021 and 2023, official reports issued by the national zakat agency, the national waqf board, the Ministry of Religious Affairs and the national statistics agency, and the prevailing regulations, all of which are examined through content analysis and verified by source triangulation. The study finds, first, that zakat and waqf are functionally complementary, since zakat operates as a short-term redistributive

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instrument that closes the consumption deficit of recipients whereas waqf functions as a permanent mechanism of social capital formation that sustains long-term impact. Second, distribution effectiveness rises markedly when the pattern shifts from consumptive transfers towards productive schemes accompanied by business mentoring. Third, the principal obstacles prove to be institutional rather than doctrinal, comprising fragmented governance, limited managerial capacity among asset trustees, low public literacy, weak reporting accountability, and the absence of a standardised impact measurement system. The study therefore proposes an integrated empowerment model supported by regulatory harmonisation, professionalisation of trustees and collectors, digitalisation of services, and standardised impact reporting.

INTRODUCTION

Poverty is a multidimensional development problem that conventional fiscal instruments have not been able to resolve on their own. Statistics Indonesia recorded 25.90 million poor people in March 2023, equivalent to 9.36 per cent of the national population, a decline of 0.46 million people compared with September 2022 (Badan Pusat Statistik, 2023a). Although the national trend has improved, the gap between regions remains wide, as the poverty rate in rural areas stood at 12.22 per cent compared with 7.29 per cent in urban areas. At the same time, expenditure inequality widened, with the Gini ratio rising to 0.388 in March 2023 from 0.381 in September 2022 (Badan Pusat Statistik, 2023b). Aggregate improvement, therefore, is not identical with an equitable distribution of welfare. This condition opens space for non-fiscal instruments to play a complementary role, particularly in a country where the majority of the population is Muslim and religious giving is already an established social practice.

Within the Islamic economic system, zakat and waqf occupy a strategic position as instruments of wealth distribution oriented towards social justice. Neither is merely a ritual obligation; both are economic mechanisms normatively designed to prevent the concentration of wealth in the hands of a particular group. Their economic potential is considerable. The Ministry of Religious Affairs estimates the national zakat potential at IDR 327 trillion per year, a figure approaching the government social protection budget of IDR 431.5 trillion in 2022 (Kementerian Agama Republik Indonesia, 2023). Actual collection, however, reached only about IDR 22 trillion in 2022, even though this represented growth of 84.16 per cent over the previous year (Pusat Kajian Strategis BAZNAS, 2023). In the waqf sector, the potential of cash waqf is estimated at IDR 180 trillion per year, whereas the funds collected had reached only IDR 1.4 trillion by March 2022, up from IDR 855 billion accumulated over the 2018 to 2021 period, while waqf land is spread across more than 440 thousand sites (Badan Wakaf Indonesia, 2023).

The existing body of knowledge on this subject has developed along three broad lines. The first examines the role of zakat in social change and community empowerment, tracing how the instrument has shifted from charity towards development (Ayyubi et al., 2023). The second evaluates the performance of managing institutions and the governance arrangements that surround them, including the effect of good governance on zakat institutions (Wahyuni-TD et al., 2021) and the institutional model of waqf trustees (Safitri et al., 2021). The third measures the socio-economic effect of distribution on recipients, for

instance the effect of zakat on poverty and income inequality at household level (Ayuniyyah et al., 2022) and the role of productive zakat in economic empowerment (Marliyah et al., 2022). More recent work has extended the discussion towards the integration of Islamic social finance instruments and their governance (Siswantoro, 2022; Widiastuti et al., 2022).

Two gaps remain in this literature. First, zakat and waqf are still largely analysed in isolation, so that their distinct economic functions, one redistributive and periodic, the other capital-forming and perpetual, are rarely examined as parts of a single continuum of empowerment. Widiastuti et al. (2022) observe that Indonesia has yet to implement the integration of Islamic social finance even though its institutions have been managed in a modern manner for two decades. Second, studies that address effectiveness tend to concentrate on the outcome side, measuring changes in recipient income or welfare, without tracing those outcomes back to the institutional conditions that produce them. As a result, recurring findings on low realisation rates, weak trustee capacity and inconsistent reporting are documented but seldom connected to the question of why distribution succeeds or fails.

This article seeks to address that gap by pursuing three objectives. The first is to identify the functional characteristics that distinguish zakat from waqf within a poverty alleviation framework and to determine whether the two operate as substitutes or as complements. The second is to assess the extent to which the pattern of distribution, whether consumptive or productive, affects effectiveness as reported in the literature. The third is to map the institutional challenges that hinder the optimisation of both instruments in Indonesia and to formulate an integrative model that responds to those challenges. Accordingly, the study is guided by three research questions concerning the functional characteristics of the two instruments, the influence of distribution patterns on effectiveness, and the institutional barriers to optimisation.

The contribution of this study is twofold. Theoretically, it offers a conceptual framework that positions zakat and waqf as complementary rather than competing instruments, thereby refining the way Islamic social finance is conceptualised in poverty research. Practically, it provides policy-relevant input for zakat management organisations, waqf trustees and regulators by locating the principal constraint on the institutional side rather than in the volume of funds collected. The argument is developed deductively, beginning with the national poverty context, moving through the normative and functional character of both instruments, and narrowing towards the institutional conditions under which they become effective.

METHOD

This study is qualitative in nature and applies the library research method with a descriptive-analytical approach. The method was selected because the objective of the study is conceptual, namely to synthesise dispersed findings into a coherent framework of understanding rather than to test relationships between variables within a given population. No human participants were involved, so the entire research process rests on documentary evidence that is publicly accessible and verifiable, which also ensures that the study can be replicated by other scholars.

The data used are entirely secondary and were drawn from three groups of sources.

The first group comprises national and international scholarly articles published between 2021 and 2023 that address zakat, waqf, Islamic social finance and poverty alleviation. The second group consists of official institutional reports and publications issued by the BAZNAS Centre of Strategic Studies, the Indonesian Waqf Board, the Ministry of Religious Affairs and Statistics Indonesia within the same period. The third group covers the prevailing regulations, particularly Law Number 23 of 2011 on Zakat Management and Law Number 41 of 2004 on Waqf together with their implementing regulations. The literature was traced through Google Scholar, the Directory of Open Access Journals, the Garuda portal and official institutional repositories, using the keywords zakat, waqf, productive waqf, cash waqf, poverty alleviation and Islamic social finance. Inclusion was based on thematic relevance to the research questions, a publication year between 2021 and 2023 and clarity of source, while literature without an identifiable publisher and popular opinion pieces lacking an empirical basis were excluded.

The data were analysed through content analysis in three stages. Data reduction was carried out by classifying the findings into principal themes, namely functional characteristics, distribution patterns and institutional conditions. The reduced data were then presented in thematic narrative form, and conclusions were drawn by interpreting the patterns that recurred across sources. To maintain validity, source triangulation was applied by comparing the findings of scholarly articles with official institutional data and the provisions of the prevailing regulations, so that any single claim rests on more than one category of evidence.

RESULT

The first finding concerns the functional characteristics of the two instruments. Zakat is obligatory, governed by clear thresholds of nisab and haul, and directed towards recipients explicitly determined in the Quran, Surah At-Tawbah verse 60. It therefore operates as a periodic redistributive instrument responsive to urgent needs. Waqf, by contrast, is voluntary and withholds the principal asset so that it remains intact while only its benefits are distributed, which makes it a mechanism of permanent social capital formation. Across the literature reviewed, the two instruments consistently appear as complements rather than substitutes. The integrated model developed by Widiastuti et al. (2022) begins precisely with collaboration between zakat and waqf institutions in preparing business-oriented projects, while Siswanto (2022) shows that combining Islamic social finance with Islamic commercial finance widens the reach of poverty programmes.

The second finding concerns the gap between potential and realisation. Zakat collection in 2022 amounted to roughly IDR 22 trillion against an annual potential of IDR 327 trillion, meaning that less than seven per cent of the potential had been converted into managed funds (Pusat Kajian Strategis BAZNAS, 2023; Kementerian Agama Republik Indonesia, 2023). The gap is even wider for cash waqf, where the IDR 1.4 trillion collected by March 2022 represents less than one per cent of the estimated annual potential of IDR 180 trillion (Badan Wakaf Indonesia, 2023). The growth rates are nevertheless high, which indicates that the gap stems less from unwillingness to give than from the channels through which giving takes place.

The third finding concerns the pattern of distribution. The reviewed studies consistently

report that consumptive distribution has limited lifting power because it is exhausted within a single cycle of use, whereas productive distribution in the form of business capital, production equipment or skills training enables recipients to build an independent source of income (Marliyah et al., 2022; Utami, 2023). Household-level evidence from West Java shows that zakat distribution reduced both poverty and income inequality among recipients, with effects that differed according to the gender of the household head (Ayuniyyah et al., 2022). Widiastuti et al. (2022) further report evidence that recipients of zakat exit poverty in roughly half the time required by comparable households without such support. Three conditions recur among the more effective programmes: distribution directed towards productive activity, continuous business mentoring, and a mechanism for monitoring the transition of recipients into contributors (Ayyubi et al., 2023).

The fourth finding concerns institutional conditions. Five constraints appear repeatedly across the sources. Governance is fragmented, since zakat and waqf are regulated by separate statutes under different authorities, and the zakat landscape alone comprises 512 national and regional agencies, 145 licensed institutions and more than 49 thousand collection units (Kementerian Agama Republik Indonesia, 2023). The managerial capacity of waqf trustees is limited, with human resources, information technology, sharia compliance and regulation identified as the main problem areas in productive waqf management (Safitri et al., 2021), while unproductive assets and unprofessional trustees are regarded as the fundamental problems of the sector (Fitri, 2023). Public literacy remains low, so that waqf is still widely perceived as a donation of land for burial grounds, schools or mosques (Badan Wakaf Indonesia, 2023). Reporting accountability is uneven, even though transparency of financial reports has been shown to affect the trust of zakat payers (Munir, 2021). Finally, impact measurement remains fragmented, as national indices for zakat and waqf have only recently been developed and are not yet applied at programme level (Badan Wakaf Indonesia, 2023).

DISCUSSION

The complementarity identified in the results carries a clear theoretical implication. Zakat addresses the dimension of absolute poverty by lifting the expenditure of recipients above the poverty line, whereas waqf addresses structural poverty by providing productive assets, educational facilities and health services that lower the long-term cost of living for the poor. Read in this way, the recurring debate over which instrument is more effective becomes less relevant, because the two operate on different temporal horizons. The more pertinent question is how to design an institutional architecture that allows both to work along a single continuum of empowerment, a direction consistent with recent arguments for integrating Islamic social finance instruments rather than administering them in parallel (Siswantoro, 2022; Widiastuti et al., 2022).

The magnitude of the potential-realisation gap deserves particular attention because its causes appear to be institutional. High growth in collection combined with a very low conversion rate suggests that a large share of giving takes place outside formal channels, where it can be neither recorded nor programmed. This interpretation is consistent with evidence that governance quality and fraud prevention shape the performance of zakat

institutions (Wahyuni-TD et al., 2021) and that transparent financial reporting builds the trust of zakat payers (Munir, 2021). Trust, in other words, is the mechanism that links institutional quality to collection volume. The implication is that campaigns to raise awareness are unlikely to close the gap unless they are accompanied by visible improvements in accountability.

The evidence on distribution patterns explains why comparable volumes of funds produce different outcomes. Where zakat is distributed productively without accompanying support, business capital is frequently absorbed into urgent consumption needs, a well-documented weakness of empowerment programmes financed by zakat alone. This is precisely the point at which waqf becomes decisive. Cash waqf managed through Islamic microfinance institutions can serve as a source of interest-free financing for the businesses of recipients (Ascarya & Masrifah, 2023), while zakat covers basic consumption during the period before the business generates income. At the national level, the cash waqf linked sukuk scheme demonstrates that endowment funds can be channelled into socially impactful projects while preserving the principal (Cahyono & Hidayat, 2022; Fauziah et al., 2021). The two instruments thus resolve each other's limitations.

The institutional findings indicate that the principal constraint is organisational rather than doctrinal. Fragmented governance complicates the design of integrated programmes, produces overlapping target beneficiaries and impedes the exchange of recipient databases. Comparative analysis suggests that Indonesia could strengthen trustee institutions by drawing on the more centralised arrangements practised in Malaysia (Fitri, 2023). Limited trustee capacity keeps waqf confined to religious and burial functions, and the strategic priorities identified for productive waqf, namely information systems, good trustee governance, education and regulatory support, all point to institutional reform (Safitri et al., 2021). Technology can also address the accountability deficit, as blockchain-based recording has been proposed to improve transparency in waqf management (Mohaiyadin et al., 2022).

On the basis of this analysis, the study proposes a model of integration composed of four components. The regulatory component consists of policy harmonisation enabling joint programmes between zakat managers and waqf trustees without violating the sharia provisions specific to each instrument, particularly the perpetuity of the waqf principal and the recipient categories governing zakat. The institutional component consists of certification and professionalisation of trustees and collectors with competence in asset management and business mentoring. The operational component consists of a tiered scheme in which consumptive zakat stabilises basic needs, productive zakat supplies initial capital, and the surplus generated from waqf asset management secures the continuity of financing. The accountability component consists of the digitalisation of services and reporting using standardised impact indicators. The model treats integration not as an institutional merger but as programme synchronisation at the beneficiary level, so that the juristic rules governing each instrument remain intact.

The implications extend beyond the two instruments themselves. For policy, the analysis suggests that efforts to strengthen Islamic philanthropy should begin with institutional reform rather than with campaigns to raise collection volumes, since additional funds entering a fragmented system are unlikely to translate into durable welfare gains. For

practice, it indicates that programme design should be evaluated against the transition of recipients into contributors rather than against disbursement figures. Future research could test the proposed model empirically, compare integrated and non-integrated programmes within the same region, or develop a standardised instrument for measuring the joint impact of zakat and waqf.

CONCLUSION

This study concludes that zakat and waqf are functionally complementary instruments of poverty alleviation, as zakat addresses short-term consumption deficits while waqf builds a permanent asset base that sustains long-term impact. Their effectiveness is determined less by the volume of funds collected than by the design of distribution, with productive schemes accompanied by mentoring demonstrating greater lifting power than purely consumptive transfers. The principal obstacles to optimisation are institutional rather than normative, comprising fragmented governance, limited trustee capacity, low public literacy, weak reporting accountability and the absence of a uniform system of impact measurement.

The study contributes a conceptual framework that positions the two instruments along a single continuum of empowerment and locates the decisive constraint on the institutional side. Its practical implication is that strengthening Islamic philanthropy requires institutional reform before any increase in the volume of collection. The study is limited by its exclusive reliance on secondary data, and further research is therefore recommended to test the proposed model empirically at the level of managing institutions in the regions, particularly in areas where poverty rates exceed the national average. Examined together rather than separately, zakat and waqf reveal a capacity that neither instrument possesses alone, and that capacity deserves sustained scholarly and policy attention.

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