

ZAKAT AND WAQF ROLE ON GREEN ECONOMY

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ABSTRACT - This study aims to explore how zakat and waqf play a strategic role in supporting the realization of a green economy in Indonesia and the Islamic world. Through the innovative use of zakat funds and waqf assets, various environmentally friendly initiatives such as water conservation, renewable energy, waste management, and reforestation can be sustainably funded. Collaboration between Islamic philanthropic institutions, the government, and the community increases the effectiveness of zakat and waqf, not only for the economic empowerment of the poor but also for strengthening environmental conservation efforts and achieving the Sustainable Development Goals (SDGs). This study used a descriptive qualitative approach. This research shows that zakat and waqf play a crucial role in promoting a green economy by funding environmental conservation programs, renewable energy, and green economy-based community empowerment. Collaboration between management institutions, the government, and the community increases the effectiveness of utilizing Islamic philanthropic funds for environmental conservation. Going forward, policy synergy, governance innovation, and public education are needed to optimize the role of zakat and waqf as pillars of the green economy. This research provides suggestions and recommendations that the development of environmentally based zakat and waqf has great potential to strengthen the green economy, reduce environmental damage, and encourage economic, social, and ecological sustainability.

Keywords: Green Waqf, Green Zakat, Sustainability, philanthropy, waste banks

ABSTRAK – PERAN ZAKAT DAN WAKAF DALAM EKONOMI HIJAU. Studi ini bertujuan untuk mengeksplorasi bagaimana zakat dan wakaf memainkan peran strategis dalam mendukung terwujudnya ekonomi hijau di Indonesia dan dunia Islam. Melalui pemanfaatan dana zakat dan aset wakaf yang inovatif, berbagai inisiatif ramah lingkungan seperti konservasi air, energi terbarukan, pengelolaan sampah, dan reboisasi dapat didanai secara berkelanjutan. Kolaborasi antara lembaga filantropi Islam, pemerintah, dan masyarakat meningkatkan efektivitas zakat dan wakaf, tidak hanya untuk pemberdayaan ekonomi masyarakat miskin tetapi juga untuk memperkuat upaya konservasi lingkungan dan mencapai Tujuan Pembangunan Berkelanjutan (SDGs). Penelitian ini menggunakan pendekatan kualitatif deskriptif. Penelitian ini menunjukkan bahwa zakat dan wakaf berperan krusial dalam mendorong ekonomi hijau melalui pendanaan program konservasi lingkungan, energi terbarukan, dan pemberdayaan masyarakat berbasis ekonomi hijau. Kolaborasi antara lembaga pengelola, pemerintah, dan masyarakat meningkatkan efektivitas pemanfaatan dana filantropi Islam untuk konservasi lingkungan. Ke depannya, sinergi kebijakan, inovasi tata kelola, dan edukasi publik diperlukan untuk mengoptimalkan peran zakat dan wakaf sebagai pilar ekonomi hijau. Penelitian ini memberikan saran dan rekomendasi bahwa pengembangan zakat dan wakaf berbasis lingkungan memiliki potensi besar untuk memperkuat ekonomi hijau, mengurangi kerusakan lingkungan, dan mendorong keberlanjutan ekonomi, sosial, dan ekologi. teks ini dengan terjemahan bahasa Indonesia dari abstrak diatas.

Kata Kunci: Wakaf Hijau, Zakat Hijau, Keberlanjutan, Filantropi, Bank Sampah

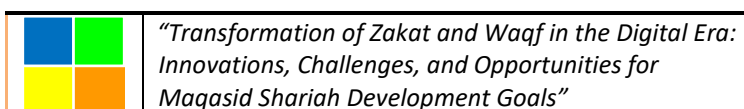
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INTRODUCTION

The waqf, specifically cash waqf promote sustainable economic growth. Although the united of green sukuk into blue sukuk has not yet been optimally implemented due to political and theological factors, Indonesia nations with the largest populations and the largest maritime territories have also become pioneers in using cash waqf among Muslim nations worldwide (Ishom et al., 2025). Besides cash waqf, the other form of waqf is Waqf-based forests. It can support to carbon trading and raise Islamic awareness. The results identify two potential schemes for selling carbon credits from waqf-based forests: the Ministry of Environment and Forestry's carbon exchange and direct business-to-business (B2B) transactions (Ali et al., 2025). In the context of regulation of waqf, Huda et al., (2025) stated there are the urgency of waqf law reform is based on lack of regulations that hinder the optimization of cash waqf assets for economic empowerment. Legal uncertainty, inequality of access to waqf fund, and regulatory compliance with the needs of the modern economy are the main challenges that require responses. Meanwhile, Human resources also the problem in the Waqf, findings concluded the main priority of the problem is the nadzir aspect. Furthermore, each criterion's problems are a low public trust, unprofessional nadzir (waqf manager), a huge number of idle waqf lands, the absence of waqf certificates and non-economic waqf lands utilisation. Meanwhile, the main priorities for each aspect of the solution are socialisation and education to the community, nadzir certification, utilisation of information technology for the administration of waqf land governance, waqf land certification and innovation of waqf land development projects. Then, the long-term strategic priority is optimising the community's role in the empowerment of waqf land (Fauzi et al., 2022).

According to Ali et al., (2025), As an example of a green economy initiative, waqf-based forests have the potential to carry out carbon trading with the main focus on raising Islamic awareness. The proposed strategies are the actions that the waqf-based forest nazhir (Waqf Manager) could take. However, there are also some recommendations for external stakeholders, such as for the government to encourage carbon trading mechanism for smaller forest areas, for universities and educational institutions to collaborate with nazhir to research the economic value of carbon in waqf-based forests to produce credible and valid data, and for MUI to issue a fatwa on carbon trading for sharia legitimacy and increase Muslim trust. The hopes and reality of utilizing the enormous potential of waqf and zakat funds to support a green economy in



Indonesia have not been optimally realized. Why a green economy? This is because a green economy is a business that prioritizes sustainability, meaning future generations can still enjoy life as they do today.

This study aims to explore how zakat and waqf play a strategic role in supporting the realization of a green economy in Indonesia and the Islamic world. Through the innovative use of zakat funds and waqf assets, various environmentally friendly initiatives such as water conservation, renewable energy, waste management, and reforestation can be sustainably funded. Collaboration between Islamic philanthropic institutions, the government, and the community increases the effectiveness of zakat and waqf, not only for the economic empowerment of the poor but also for strengthening environmental conservation efforts and achieving the Sustainable Development Goals (SDGs) (Nurhasanah, 2023; Pranata et al., 2022).

This paper consisted of 4 sections. Section 1 introduces the background and aim of the research. Section 2 explain literature review Section 3 explains the methodology, Section 4 discusses the results and analysis, and Section 5 gives a conclusion. This research may be followed by some potential studies in the future, such as perception of stake holder regarding the carbon absorption measurement in waqf & zakat-based forests, carbon trading for small-scale forestry, carbon supply and demand in waqf & zakat-based forests, and action research for carbon trading implementation in waqf & zakat-based forests.

LITERATURE REVIEW

The phenomenon of the negative impact of economic growth on the environment and scarcity of natural resources has become a global issue. Topics frequently discussed and linked to sustainable development include high levels of carbon emissions resulting from environmental pollution, as well as the exploitation of natural resources and a lack of social justice. The term "Green Economy" has become a topic of discussion in recent years. Many define it as an economy related to environmentally friendly industries. o be more specific, the terminology of the Green Economy, according to the United Nations Environment Programme (UNEP), is defined as an economic concept that has the potential to increase welfare and social justice. Low carbon, socially inclusive, and resource efficient are three key considerations in the Green Economy concept (Bappenas, 2013). Bappenas began developing green

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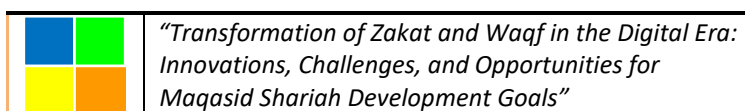
economy thinking in 2013 through its Green Growth Program collaboration with GGGI. However, it wasn't until 2022 that they launched the Green Economy Index as a concrete measure of Indonesia's green economic transformation (Bappenas, 2022). The Green Economy Index from Bappenas

- 1) Measures the greenness of Indonesia's economic growth based on four main pillars: clean energy, resource use, environmental quality, and social equity.
- 2) Serves as a tool for evaluating green policies to ensure continued economic growth while remaining environmentally friendly.
- 3) Helps the government focus on sectors that need improvement for a sustainable future.

In most industrial production activities, natural resources are often exploited unwisely. This is not balanced with conservation efforts. If this continues, it will undoubtedly threaten the sustainability of the natural environment and humanity. The Presidential Regulation (Perpres) Number 98 of 2021 concerning the implementation of carbon economic values to achieve nationally determined contribution targets and control greenhouse gas emissions in national development demonstrates the government's support for the environment signaling a green economy (JDIH, 2021). Furthermore, commitment from all stakeholders is required for the Green Industry.

The Green Economy was born out of an effort to encourage businesses to reduce greenhouse gas emissions. This can certainly create significant opportunities in the wheels of environmentally friendly economic development. Quoting UNEP in 2011 (Fauzia et al., 2017), which explains that the definition of a green economy is broader in scope than a Low-Carbon Economy (LCE) or a Low-Fossil-Fuel Economy (LFFE), namely economic activities that produce minimal output in terms of greenhouse gas (GHG) emissions. Based on several opinions regarding the Green Economy in Indonesia, four frameworks can be drawn: a sustainable economy, a healthy and productive ecosystem, equitable and robust economic growth, and greenhouse gas emissions.

The emergence of the Green Economy is characterized by an environmental crisis. This is largely due to changes in fast-paced lifestyles and the desire for convenience. For example, single-use plastic packaging creates problems in the form of packaging waste. This naturally pollutes the environment and takes a long time to decompose. Environmental damage is the negative impact of human activities to fulfill their needs. Allah's Word in (Quran, ar-Rum, Verse 41) (Kasztelan, 2017)



METHODOLOGY

This study used a descriptive qualitative approach. Data were obtained through in-depth interviews with zakat and waqf administrators, religious leaders, and beneficiaries of environmental programs. In addition, participant observation was conducted on green economy-based programs funded by zakat and waqf, such as waste banks and waqf gardens. Secondary data were collected through document studies of reports from zakat institutions, waqf foundations, and government policies related to the green economy. Data analysis was conducted thematically, identifying patterns, meanings, and contributions of zakat and waqf to environmental conservation.

RESULT AND DISCUSSION

Data were obtained through in-depth interviews with zakat and waqf administrators, religious leaders, and beneficiaries of environmental programs.

Table 1. Summary result of in depth interview to informant Zakat

Research informant	Role of Zakat to green economy	Recommendation
Zakat administrator	<ul style="list-style-type: none"> - Zakat is allocated for tree planting projects, clean water management, and waste reduction. - Green zakat funds help empower communities through green jobs, such as organic farming and renewable energy. 	Zakat administrators, such as BAZNAS, collaborate with other institutions to optimize zakat in supporting a green economy and protecting the planet.



Religious leader	<p>-Zakat is a moral obligation to protect the earth and be a responsible steward.</p> <p>- Channeling zakat funds to projects that support environmental sustainability, such as renewable energy, conservation, and water resource management.</p>	<p>Strengthening community empowerment through environmentally friendly green businesses while reducing poverty and social inequality.</p> <p>-Educating the community about the importance of Islam's role in preserving the earth as part of faith and morality.</p> <p>-collaboration between religious institutions, the government, and the community to maximize the impact of zakat on the green economy.</p>
beneficiaries of environmental programs	<p>-Zakat serves as a funding source for environmental programs such as reforestation, conservation, and community-based waste management.</p> <p>-Supporting the transition to renewable energy by financing solar panels or micro-hydro power plants for underprivileged communities.</p> <p>-Promoting organic farming and sustainable food security through training and resource support for farmers.</p>	<p>-Empowering communities through environmentally friendly green businesses while boosting local economies.</p> <p>-Becoming a philanthropic instrument that combines social responsibility and earth preservation, in line with Islamic teachings as the caliph on earth..</p>



<p>Akademician/educator</p>	<p>-To provide a stable source of funding for green environmental projects such as renewable energy and ecosystem conservation.</p> <p>-To empower marginalized communities through green entrepreneurship and the creation of environmentally friendly jobs.</p> <p>-To facilitate environmental education and sustainability awareness in accordance with Islamic teachings as the caliph of the earth</p>	<p>collaboration between religious institutions, government, and the community for maximum results.</p> <p>unite economic justice with ecological responsibility, supporting a green and inclusive future.</p>
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(Source: Author, 2025)

The results of in-depth interviews with key informants, including zakat administrators, environmental practitioners, religious scholars, and academics, comprehensively support the allocation of zakat funds for the green economy and recommend collaboration among stakeholders. These results align with Fauzia et al., (2017) concluded Green Economy was born out of an effort to encourage businesses to reduce greenhouse gas emissions. This can certainly create significant opportunities in the wheels of environmentally friendly economic development.

Table 2. Summary result of in depth interview to informant Waqf

Research informant	Role of Waqf to green economy	Recommendation
Zakat administrator	-Productive waqf is managed to finance green infrastructure and environmentally friendly businesses, such as solar-	-The digitization of waqf and multi-sector collaboration strengthen the transparency and effectiveness of waqf for



	<p>powered hospitals and green land management.</p> <p>-The green waqf program supports conservation projects, renewable energy, and sustainable resource management in accordance with Sharia principles.</p>	<p>green economic development.</p>
Religious leader	<p>-Productive waqf is managed to fund green infrastructure and environmentally friendly businesses, such as renewable energy and nature conservation.</p> <p>-Green waqf supports sustainable development by integrating Islamic values and the maqasid sharia, maintaining Natural balance (Al-Mizan).</p>	<p>-Ulama encourage waqf for assets such as irrigation dams that support sustainable and climate-independent agriculture.</p> <p>-Waqf is a strategic instrument for preserving the environment while empowering communities economically and socially..</p>
beneficiaries of environmental programs	<p>-Managing waqf assets for environmental conservation projects such as conservation forests, organic farming, and renewable energy.</p> <p>- Supporting critical land rehabilitation and tree planting programs to maintain biodiversity and mitigate climate change.</p>	<p>-Community empowerment through the use of environmentally friendly productive waqf, creating green jobs.</p> <p>-Becoming a sustainable financing alternative aligned with Islamic values and principles of social justice.</p>
Akademician/educator	<p>- Utilizing waqf assets for sustainable projects such as conservation forests, organic farming, and renewable energy.</p> <p>-Creating green jobs and empowering communities through environmentally friendly productive waqf.</p> <p>.</p>	<p>-Becoming an innovative Islamic financial instrument to support inclusive and climate-friendly development.</p> <p>-Supporting the achievement of the Sustainable Development Goals (SDGs) by integrating Islamic values and environmental conservation.</p> <p>-</p>

(Source: Author, 2025)



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The result regarding waqf role to green economy support study of Kasztelan (2017), The stakeholders' perspectives regarding the role of waqf in the green economy are not much different from the results related to the role of zakat, where it is hoped that the collected zakat can be distributed for environmental activities and there are recommendations to start disseminating activities related to the effectiveness of the role of waqf in increasing the spirit of the green economy.

Initiatives such as the Green Waqf at the Istiqlal Mosque and the collaboration between the Ministry of Religious Affairs and the Indonesian Muslim Scholars Association (BWI) are examples of successful green waqf implement. A concrete example is the Istiqlal Mosque using waqf to install solar panels, supporting the environmentally friendly Smart & Green Mosque concept. A concrete example is the Green Waqf program in Indonesia, which focuses on modern shrimp ponds and the rehabilitation of critical land

CONCLUSIONS

This research shows that zakat and waqf play a crucial role in promoting a green economy by funding environmental conservation programs, renewable energy, and green economy-based community empowerment. Collaboration between management institutions, the government, and the community increases the effectiveness of utilizing Islamic philanthropic funds for environmental conservation. Going forward, policy synergy, governance innovation, and public education are needed to optimize the role of zakat and waqf as pillars of the green economy. This research provides suggestions and recommendations that the development of environmentally based zakat and waqf has great potential to strengthen the green economy, reduce environmental damage, and encourage economic, social, and ecological sustainability. This research may be followed by some potential studies in the future, such as perception of stake holder regarding the carbon absorption measurement in waqf & zakat-based forests, carbon trading for small-scale forestry, carbon supply and demand in waqf & zakat-based forests, and action research for carbon trading implementation in waqf & zakat-based forests.



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