

PUBLISH EKONOMI ISLAM 1063

HAL 74-84.pdf

by Seffianidwiazmi@gmail.com 1

Submission date: 08-Apr-2025 11:19AM (UTC+0300)

Submission ID: 2589300375

File name: PUBLISH_EKONOMI_ISLAM_1063_HAL_74-84.pdf (262.65K)

Word count: 6169

Character count: 37718



Systematic Literature Study on the Role of Islamic Economics in Sustainable Economic Development

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Entered	16	Revised	February 22, 2025
Accepted	17	Published	March 27, 2025

ABSTRACT

This study aims to examine the role of Islamic economics in supporting sustainable economic development through the Systematic Literature Review (SLR) approach. The SLR method is used to systematically identify, evaluate, and synthesize relevant literature on the contribution of Islamic economics to the sustainable development goals (SDGs). The review process begins with formulating the main research question, as well as establishing inclusion and exclusion criteria that include publications between 2020 and 2025, available in full-text form, and focusing on Islamic economics and sustainability issues. The results of the study show that Islamic economics is closely related to the principles of sustainability, such as justice, balance, social responsibility, and the prohibition of detrimental economic practices. Islamic economic instruments such as zakat, infaq, sedekah, waqf, and sharia-based financing play an important role in creating an inclusive, fair, and social welfare-oriented economic system. In addition, Islamic banks and Islamic social finance also encourage sustainable financing of the real sector and MSMEs, including through innovations such as green sukuk and productive waqf. Thus, sharia economics has proven to be a strategic and applicable framework in realizing fair, inclusive and sustainable economic development.

Keywords: Sharia economy, sustainable development, economic justice, productive waqf

How to cite:

Arifin, M. H. F., Chotib, M., & Ahmadiono. (2025). Systematic literature study on the role of Islamic economics in sustainable economic development. Journal of Islamic Economy Vol.2. Issue.1 March 2025

INTRODUCTION

Sustainable economic development has become an increasingly pressing global issue, especially amidst increasing challenges such as climate change, social inequality, and environmental degradation (Hakim, L., & Nuryadin, MB 2024). These three issues are interrelated and have a direct impact on global economic stability and the quality of human life. Climate change, for example, causes more frequent and severe natural disasters, disrupts agricultural productivity, and increases risks for vulnerable communities. On the other hand, widening social inequality exacerbates poverty and hinders equitable access to education, health, and economic opportunities. Environmental degradation such as deforestation, water and air pollution, and excessive exploitation of natural resources also threaten the survival of future generations (Setiawan, C. 2020). Therefore, economic development is no longer sufficient if it only focuses on gross domestic product (GDP) growth, but must consider social and environmental dimensions. The concept of sustainable development is present as an integrative approach that emphasizes the balance between economic growth, social justice, and environmental sustainability. This is reflected in global agendas such as the Sustainable Development Goals (SDGs) adopted by countries around the world to create a more inclusive, equitable, and sustainable future (Sujono, RI, & Layli, M. 2022). In this



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context, various sectors—including Islamic finance—have an important role in designing solutions that are not only economically profitable, but also support environmental sustainability and social welfare. This development concept emphasizes not only economic growth, but also social justice and environmental sustainability as an inseparable whole. In this context, the conventional economic system is often criticized for its orientation that is too focused on profit without considering the long-term impact on society and the environment (Algifari, MA, & Andrinj, R. 2024).

Sustainable economic development is an effort to meet the needs of the present generation without sacrificing the ability of future generations to meet their needs. This concept emphasizes the importance of balance between economic growth, environmental protection, and social justice, so that development is not only oriented towards economic figures alone, but also considers the long-term impacts on ecosystems and society (Maulana, L., et al. 2024). However, the implementation of sustainable development faces various serious challenges in many countries, especially developing countries. Among them are limited resources, unequal distribution of wealth, weak governance systems, and low awareness and commitment to the principles of sustainability. In addition, global pressures such as climate change, energy crises, and dependence on environmentally unfriendly economic practices further complicate efforts to realize sustainable development. Many development policies are still short-term and do not take into account long-term ecological and social impacts. On the other hand, a development paradigm that is too oriented towards economic growth without paying attention to sustainability aspects actually increases social and environmental vulnerability (Dassucik, D., & Farida, I. 2025). Therefore, a new, more integrative and inclusive approach is needed, one of which is through an economic system that prioritizes ethics, justice, and social responsibility—as offered by Islamic economics. Islamic economics with its values of justice, balance, and prohibition of exploitation, offers solutions that are in line with the vision of sustainable development and are able to answer these challenges holistically. Social and economic inequality is still a major problem, where the distribution of income and access to resources is not yet equal. In addition, environmental damage due to excessive exploitation of natural resources is further worsening the condition of the ecosystem. Excessive consumption patterns and materialistic lifestyles in the conventional economic system also contribute to waste and environmental damage. On the other hand, the instability of the global financial system, which is vulnerable to crises due to usury and speculation practices, shows the need for a more sustainable and equitable economic approach (Sufarid, ALCA, et al. 2025).

In this context, sharia economics is present as a relevant and solution-oriented alternative. Sharia economics is not only profit-oriented, but also emphasizes the values of justice, sustainability, and balance between material and spiritual aspects. Through instruments such as zakat, infaq, sedekah, and waqf (ZISWAF), the sharia economic system plays an important role in reducing social disparities and creating a more equitable distribution of wealth. These instruments are not only religious obligations, but also have a strong socio-economic dimension (Rudiansyah, R. 2021). Zakat, as an annual obligation on assets, functions as a mechanism for redistributing wealth from the wealthy to the eight groups in need (asnaf), thus being able to directly address structural poverty. Infaq and sedekah strengthen the spirit of social solidarity, while waqf, especially productive waqf, acts as a source of long-term funds for public services such as education, health, and economic empowerment. With a system that encourages community participation in sharing and helping each other, the sharia economy strengthens social cohesion and builds economic resilience from below (Siti, SN 2024).

On the other hand, the prohibition of *riba* (interest), *gharar* (excessive uncertainty), and *maysir* (speculation or gambling) makes the Islamic financial system more stable, transparent, and equitable. Transactions in the Islamic economy are based on the principles of clear contracts, certainty of value, and shared responsibility, thus preventing the occurrence of speculative excesses and exploitative practices that are common in the conventional financial system. With the absence of interest and avoidance of high-risk transactions, Islamic financial institutions focus more on financing productive real sectors, such as MSMEs, agriculture, and the halal industry (Maulana, M., et al. 2025). This makes Islamic finance not only profit-oriented, but also has a strong moral and social dimension, thus supporting the creation of a more sustainable, inclusive, and equitable economy. In the current global context, this system is a relevant and adaptive alternative to address the challenges of inequality and economic instability that often occur. The principles of ethics and social responsibility in economic transactions also encourage more humane and environmentally friendly business behavior. Islam views humans as caliphs on earth, who are responsible for managing and maintaining natural resources in a trustworthy manner. Therefore, sharia economics is very relevant to be used as an approach in realizing sustainable, fair, and dignified economic development (Amsari, S., et al, 2024).

As an alternative, Islamic economics emerged with basic principles that emphasize justice, balance, and sustainability. Values such as the prohibition of usury, strengthening the real sector, fair distribution of wealth, and social concern through zakat and waqf make Islamic economics relevant in encouraging more inclusive and sustainable development (Aziz, A., et al. 2025). With its ethical and value-based characteristics, Islamic economics is believed to be able to make a real contribution to achieving the Sustainable Development Goals (SDGs). However, although there have been many studies on Islamic economics and sustainable development separately, studies that systematically review the relationship between the two are still limited. Therefore, this study aims to conduct a systematic literature review (SLR) to identify and analyze the role of Islamic economics in supporting sustainable economic development. Systematic literature study was chosen as an approach because it is able to filter, synthesize, and evaluate various previous research results in a structured and objective manner, so that it can provide a complete picture of the relationship between the principles of Islamic economics and sustainable development goals. The focus of this research is not only limited to theoretical contributions, but also includes Islamic economic practices that have been implemented in various countries, including social financial instruments such as zakat and waqf, Islamic microfinance, and innovations such as green sukuk (Millenia, HF 2024).

Through this approach, it is expected to obtain a comprehensive understanding of the real contribution, challenges faced, and strategic opportunities in strengthening the role of Islamic economics as an alternative solution in sustainable development. This study also aims to identify research gaps that are still open, as well as formulate recommendations for stakeholders—both academics, Islamic finance practitioners, and policy makers—in developing more ethical, inclusive, and sustainable economic policies and models. Thus, the results of this study are expected to provide a real contribution to academic discourse as well as the practice of equitable and environmentally friendly economic development within the framework of Islamic values.

METHOD

This study uses the Systematic Literature Review (SLR) method, which is a research approach that aims to systematically identify, evaluate, and synthesize literature relevant

to a particular topic. In the context of this study, SLR is used to examine various study results that discuss the contribution of Islamic economics to sustainable economic development. The SLR process begins by formulating research questions, such as how Islamic economics contributes to sustainable development and what aspects are most dominant in the related literature (Latifah, L., & Ritonga, I. 2020). Furthermore, inclusion and exclusion criteria are determined to filter relevant literature, for example only including articles published between 2020 and 2025, available in full-text form, and focusing on Islamic economics and sustainability issues.

The data sources used include academic databases such as Google Scholar, Scopus, ScienceDirect, DOAJ, and Garuda for Indonesian-language articles. The search process was carried out using keywords such as "sharia economy", "Islamic economics", "sustainable development", and "sustainable development" by combining Boolean operators to obtain more focused results. The articles found were then selected through several stages, starting from title and abstract examination to in-depth content analysis. This screening process was documented using a PRISMA flowchart to ensure transparency and replication of the research. Data from the selected articles were extracted by recording information such as title, author, year of publication, research objectives, methods used, and key findings relevant to the role of sharia economics in sustainable development. After that, a thematic analysis was carried out to group the findings based on aspects of sharia economics (such as zakat, waqf, and sharia microfinance) and dimensions of sustainable development (economic, social, and environmental). The final results of this SLR are expected to provide a comprehensive picture of the contribution of Islamic economics to sustainable development, identify research gaps, and provide recommendations for policy development and further research.

RESULTS AND DISCUSSION

Sharia Economy as a Supporting Instrument for Sustainable Development Goals (TPB/SDGs)

The core values in Islamic economics are closely related and in line with the principles of sustainable development, as reflected in the social, economic, and environmental dimensions. First, the value of justice (al-'adl) is the main foundation in Islamic economics which emphasizes the equitable distribution of wealth, fair treatment in every transaction, and the elimination of all forms of exploitation and oppression, both between individuals and groups. Justice in Islamic economics is not only normative, but is also realized structurally through the zakat mechanism, the prohibition of usury, and a profit-sharing system that encourages a balance of rights and obligations between transacting parties. This is in line with the principle of sustainable development which emphasizes the importance of inclusiveness and leaving no one behind, especially in access to resources and economic opportunities. Second, the value of balance (tawazun) in Islamic economics demands harmony between the interests of individuals and society, between material and spiritual aspects, and between economic growth and environmental sustainability (Regita, R. 2025). This principle is very relevant to the goals of sustainable development which integrate economic growth, environmental protection, and social welfare. In practice, Islamic economics encourages responsible consumption, ethical production, and preservation of natural resources as a form of trust from God that must be maintained. Third, the prohibition of usury, gharar, and maysir is an important instrument in creating a stable and sustainable economic system (Hijjah, HD, & Jaharuddin, J. 2024). Usury, as a form of profit obtained without effort and risk, is prohibited because it creates inequality and injustice in the distribution of wealth. Gharar

(uncertainty) and maysir (speculation) are prohibited because they cause economic instability and unethical practices.

QS. Al-Baqarah · Verse 188

وَلَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ وَتُدْلُوا بِهَا إِلَى الْحُكَّامِ لِتَأْكُلُوا فَرِيقًا
مِّنْ أَمْوَالِ النَّاسِ بِالْإِثْمِ وَأَنْتُمْ تَعْلَمُونَ ﴿١٨٨﴾

Meaning: Do not eat the wealth between you in a false way and (do not) bring (the affairs of) the wealth to the judges with the intention that you can consume some of other people's wealth in a sinful way, even though you know (QS. Al-Baqarah · Verse 188)

This prohibition shows that the sharia economy is oriented towards real, transparent, and responsible transactions, which are very much in line with the principles of sustainable finance that prioritize integrity and long-term risk management. Fourth, the value of social responsibility is an important aspect in the sharia economy that emphasizes the importance of solidarity, concern for others, and contribution to collective welfare. Through instruments such as zakat, infaq, sedekah, and waqf, the sharia economy creates a distribution mechanism and social safety net that supports poverty alleviation and community empowerment. This is in line with the goals of sustainable development which emphasize poverty reduction, reducing inequality, and improving the quality of life for all groups in society (Sujono, RI, & Layli, M. 2022).

Thus, it can be concluded that the core values in Islamic economics are not only spiritual or religious, but also applicable and relevant in supporting the sustainable development agenda in real terms. This shows that Islamic economics can be a holistic alternative framework in responding to contemporary global challenges, including the environmental crisis, economic inequality, and social exclusion. This is in line with the sustainable development goals that emphasize reducing inequality (SDG 10) and social justice. Second, the principle of balance (tawazun) reflects the importance of maintaining harmony between spiritual, material, individual, and societal aspects. This is in line with the concept of sustainable development that emphasizes balance between economic, social, and environmental aspects. Third, the prohibition of usury in Islamic economics leads to a fair and stable financial system, preventing the accumulation of unproductive wealth and avoiding exploitative financial practices. This is closely related to the principle of inclusive and sustainable economic development, as stated in SDG 8 (Decent Work and Economic Growth). Finally, the value of social responsibility in Islamic economics encourages the fulfillment of community rights through mechanisms such as zakat, infaq, sedekah, and waqf. This practice strengthens social solidarity and supports poverty alleviation (SDG 1), education, and health services, thus contributing directly to the overall sustainable development agenda. Thus, sharia economics is not only an economic system based on Islamic values, but also a relevant and strategic approach in supporting the realization of fair, ethical, and sustainable development (Rudiansyah, R. 2021).

Islamic economics fundamentally encourages the creation of a balance between economic, social, and environmental aspects, in line with the holistic values taught in Islam. In the economic aspect, this system emphasizes productive, fair economic activities, and is free from detrimental practices such as usury, gharar (uncertainty), and

maysir (speculation). Through instruments such as transparent sales contracts, profit-sharing financing, and the prohibition of illegal accumulation of wealth, Islamic economics creates stable and equitable economic growth (Harahap, EW, & Latifah, S. 2024). On the social side, Islamic economics emphasizes collective responsibility for the welfare of society through wealth redistribution mechanisms such as zakat, infaq, sedekah, and waqf. These instruments not only help reduce poverty but also strengthen social solidarity and create economic inclusion. Meanwhile, in the environmental aspect, the principle of the caliphate (leadership of humans on earth) in Islam demands that humans act as guardians of nature, not cause damage, and maintain the sustainability of natural resources. This concept encourages environmentally friendly economic practices, such as investment in sustainable sectors, efficient use of resources, and avoidance of excessive exploitation of nature. Thus, Islamic economics is not only oriented towards material profit, but also integrates ethical and spiritual values in every economic activity, thus encouraging balanced and sustainable development in the long term (Sismita, N., & Jamal, K. 2024).

Contribution of Islamic Finance to Sustainable Development

Islamic banks have a strategic role in encouraging financing for the micro, small, and medium enterprises (MSMEs) sector and the real sector that has a real social impact on society. This role is very important considering that MSMEs are the backbone of the economy in many countries, including Indonesia, which absorbs a large number of workers and contributes significantly to national economic growth. However, access to financing for MSMEs is often a major obstacle, especially for those who do not have adequate collateral or credit history. This is where Islamic banks come in with a more inclusive approach, based on the principles of justice, partnership, and social responsibility (Aryanti, FP, Nurhalizah, F., & Jannah, H. 2022). Unlike conventional banks that rely on an interest-based system (riba), Islamic banks use financing schemes based on sharia contracts, such as mudharabah (profit sharing), musyarakah (partnership), murabahah (sale and purchase), and ijarah (lease). These schemes allow for a fairer relationship between the bank and the customer, because the profits and risks are borne together according to the initial agreement. This model not only creates stability in financial relations, but also encourages moral responsibility between both parties. Through this approach, Islamic banks are not just institutions that provide funds, but also partners in the economic development of the community, especially in supporting real productive sectors, such as agriculture, trade, and small industries (Prasetya, A. 2025).

In addition, Islamic banks also tend to be more selective in choosing projects or businesses to be financed, by considering ethical aspects, social impacts, and environmental sustainability. This is in line with the values of sustainable development which not only pursue economic profit, but also pay attention to its impact on society and nature. This productive, ethical, and inclusive financing makes Islamic banks an important actor in creating a fairer, more stable, and more sustainable financial system. In the future, the synergy between Islamic banks and national development policies is expected to strengthen the economic resilience of grassroots communities, reduce social disparities, and create more equitable economic growth. Through profit-sharing financing schemes such as mudharabah and musyarakah, Islamic banks not only provide access to capital, but also share risks and profits fairly with business actors. This is very relevant to the characteristics of MSMEs which are generally not bankable and require flexible financing support that is oriented towards business sustainability (Nursabna, S. 2022).

In addition, the focus of Islamic banks on the real sector encourages productive economic activities and has a direct impact on improving people's welfare. Financing is directed at sectors that have social benefits, such as agriculture, trade, manufacturing, and community-based services. With this approach, Islamic banks not only act as financial institutions, but also as agents of socio-economic development. Their contribution to strengthening MSMEs and the real sector is one of the important pillars in supporting inclusive economic growth, job creation, and reducing social inequality. Thus, the existence of Islamic banks is able to encourage sustainable economic development based on ethical values and social responsibility (Darussalam, A. 2020).

One of the real contributions of Islamic finance to sustainable development is through the issuance of Green Sukuk, a sharia-based financing instrument specifically intended to support environmentally friendly projects. Green sukuk integrates sharia principles with sustainability objectives, so that it not only meets the provisions of Islamic law but also contributes to achieving environmental targets. Funds obtained from the issuance of green sukuk are used to finance various environmentally friendly projects such as the development of renewable energy (solar, wind, and hydro), clean water and sanitation management, environmentally friendly transportation, and natural resource conservation (Sri Rokhlinasari, SR, & Ridwan Widagdo, RW 2023). Sharia principles that prohibit investment in activities that damage the environment or are speculative support the direction of this green financing. Thus, green sukuk becomes an effective instrument to mobilize funds on a large scale to support sustainable projects, while maintaining alignment with Islamic values. This initiative also expands the reach of investors who prioritize ethical investing and support global agendas such as the Sustainable Development Goals (SDGs). Countries such as Indonesia and Malaysia have become pioneers in issuing green sukuk, demonstrating that Islamic finance has great potential as a driver of environmentally friendly, inclusive and sustainable economic transformation (Solikin, A. 2023).

Zakat, Infaq, Sedekah, and Waqf (ZISWAF) are Islamic social financial instruments that have a strategic role in supporting sustainable economic development, especially in the aspects of poverty alleviation, community empowerment, and equitable distribution of wealth. Zakat, as an obligation for every able Muslim, aims to purify wealth while distributing it to eight groups of recipients (asnaf), thus creating a strong social safety net. Infaq and sedekah, although voluntary, strengthen social solidarity through active community contributions to the welfare of others. Meanwhile, waqf is a form of long-term social investment whose results can be used to finance public services such as education, health, and social infrastructure development (Iswanaji, C., et al. 2021).

By optimizing the management of ZISWAF, the people's resources can be managed more productively and sustainably. For example, an economic empowerment program based on productive zakat or cash waqf can encourage the economic independence of mustahik (zakat recipients), so that it not only provides consumptive assistance but also creates social transformation. By strengthening the role of ZISWAF as an Islamic social financial instrument, the distribution of wealth becomes more equitable, social inequality can be reduced, and sustainable development goals such as poverty alleviation (SDG 1), zero hunger (SDG 2), and equality and social inclusion can be more easily achieved. Therefore, ZISWAF is not only a spiritual obligation, but also a concrete and effective development instrument (Mas'ud, F. 2024).

Strengthening Local Economy and Financial Inclusion

Sharia economics plays an important role in building economic independence for the community, especially through sharia microfinance aimed at small and micro

businesses and low-income communities. This financing is based on the principles of justice, partnership, and mutual assistance, which are reflected in contracts such as qardhul hasan (interest-free loans), murabahah (margin buying and selling), mudharabah (profit sharing), and musyarakah (joint capital) (Yaqin, A., & Monique Zuleika, T. 2024). Unlike conventional financial institutions that often require collateral and charge interest, sharia microfinance offers a more inclusive, ethical, and empowerment-oriented approach. Through this scheme, micro-entrepreneurs can gain access to capital to start or develop their businesses without being burdened by suffocating interest rates, as well as with business assistance that helps them grow sustainably (Safiani, S. 2020).

With the support of Islamic microfinance, the community is not only assisted financially, but also encouraged to become independent, productive, and competitive economic actors. Islamic microfinance institution programs such as Baitul Maal wat Tamwil (BMT) have been proven to play a role in reducing dependence on high-interest debt and creating a healthy economic ecosystem at the grassroots level. Therefore, Islamic microfinance is an effective instrument in encouraging financial inclusion, overcoming structural poverty, and supporting local economic growth based on Islamic values. This shows that Islamic economics is not only normative, but also applicable in creating sustainable socio-economic change (Hidayatullah, M. 2024). The Islamic financing scheme is known to be more inclusive and pro-vulnerable groups and small business actors, because it is based on the principles of justice, partnership, and empowerment. Unlike conventional financing which often requires collateral and high credit scores, Islamic financing offers a more humanistic and flexible approach, taking into account business potential and trust (trust-based financing). Through contracts such as qardhul hasan (loans without compensation), mudharabah (profit-sharing cooperation), and musyarakah (joint capital), poor people, women, and informal business actors can gain access to capital without being burdened with interest or disproportionate risks.

Islamic microfinance institutions such as Baitul Maal wat Tamwil (BMT), Islamic cooperatives, and zakat institutions also often integrate financing with business mentoring programs, training, and financial education, so that beneficiaries are not only given funds, but also guided so that their businesses develop sustainably. This approach strengthens the position of vulnerable groups as subjects of development, not just as objects of assistance. Thus, the Islamic financing scheme is an effective tool in expanding financial inclusion, reducing inequality, and building a more just and participatory economy. This scheme opens up access to financing to groups that have been marginalized in the conventional financial system, such as micro-entrepreneurs, women, farmers, fishermen, and other marginalized communities. Through flexible contracts and based on the principle of partnership, Islamic financing does not require burdensome physical collateral, but rather emphasizes business feasibility, potential for local economic development, and honesty in cooperation. With this approach, small business actors not only gain access to capital, but are also encouraged to grow sustainably and independently (Azizah, DWA, et al. 2023).

More than just a financial mechanism, Islamic financing also has a social mission, namely to form an economic system based on the values of justice, transparency, and social responsibility. Therefore, every transaction in the Islamic economy must be free from elements of exploitation, detrimental uncertainty, and unproductive speculation. This system seeks to create an inclusive economy, where the benefits of development are widely felt and not centered on elite groups. In this context, Islamic financing becomes a real instrument of social transformation, because it not only supports economic growth

from the production and consumption side, but also strengthens the social structure through empowering grassroots communities (Frediyanto, MS, et al. 2025). This function makes the Islamic economy more than just an alternative financial system, but also a moral and practical framework for creating a humane and sustainable economic order. In the long term, the application of Islamic financing principles can build a solid economic foundation, resilient to crises, and in line with the sustainable development goals (SDGs), especially in terms of poverty alleviation, reducing inequality, and creating decent work for all. Therefore, the wider the implementation of inclusive and value-based sharia financing, the greater the contribution of sharia economics in realizing equitable prosperity (Anita, A. 2023).

The Role of Productive Waqf in Socio-Economic Empowerment

Productive waqf is a development of the traditional waqf concept that does not only stop at handing over assets, but also managing them productively to produce sustainable economic and social benefits. In the context of sustainable development, productive waqf has been widely used to support strategic sectors such as education, health, and agriculture (Rahmah, NF 2021). In the education sector, waqf is used to build and manage schools, Islamic boarding schools, and scholarships that can be accessed by the underprivileged, thereby contributing to improving the quality of human resources. In the health sector, productive waqf is used to establish hospitals, clinics, and free or subsidized health services for vulnerable communities, helping to realize equitable and just access to health (Khasanah, N. 2024).

Meanwhile, in the agricultural sector, productive waqf is implemented in the form of providing land, working capital, and production facilities for small farmers. Through this scheme, farmers not only receive support in physical form, but also managerial and technical assistance to increase harvest yields sustainably. The results of waqf asset management can then be reinvested to finance other social programs, creating a continuous cycle of goodness. With professional and transparent management, productive waqf becomes a very potential Islamic social financial instrument in strengthening the foundation of long-term development, reducing inequality in access to basic services, and realizing the welfare of the community as a whole. Various studies show that waqf that is managed professionally and transparently has great potential to support sustainable long-term development. When waqf is not only managed as a passive asset, but is utilized productively with a modern managerial approach, the results can be used sustainably to finance various social and economic needs of the community. For example, waqf in the form of property or land that is developed into an education center, health facility, or integrated agriculture, not only provides direct benefits to the community, but also generates sustainable income that can be reused to fund other social projects. Empirical studies in Indonesia, Malaysia, and several Middle Eastern countries prove that productive waqf managed with the principles of accountability, professionalism, and good governance can be a stable alternative source of financing for the public sector, while reducing dependence on the state budget (Sarjun, A. 2021).

With the existence of a professional nadzir institution, an accountable reporting system, and the support of digital technology in waqf management, public trust in waqf is increasing. This encourages community participation in waqf, both conventionally and in the form of cash waqf. With a mature scheme, waqf can become an economic asset for the community that can support long-term development in the fields of education, health, economic empowerment, and environmental conservation. Therefore, the professionalization of waqf management is not only a matter of efficiency, but is the key

to optimizing the potential of waqf as an important pillar of the sharia economy that supports sustainable development (Nawawi, N., et al. 2024).

CONCLUSION

Islamic economics has been proven to have a close relationship and real contribution to achieving the Sustainable Development Goals (SDGs). Core values in Islamic economics such as justice (al-'adl), balance (tawazun), prohibition of usury and detrimental economic practices, and social responsibility, are in line with the principles of sustainability that include social, economic, and environmental dimensions. Islamic economics encourages equitable distribution of wealth, a fair and stable financial system, and ethical economic activities that are oriented towards collective welfare. Through instruments such as zakat, infaq, sedekah, waqf, and Islamic financing schemes, this system strengthens social solidarity and empowers vulnerable groups in a sustainable manner. On the other hand, Islamic banks and Islamic social finance play a strategic role in supporting the real sector and MSMEs through inclusive, profit-sharing, and environmentally friendly financing, including through innovations such as green sukuk. Not only that, productive waqf is a socio-economic instrument that supports the development of strategic sectors such as education, health, and agriculture. Thus, Islamic economics is not only a system based on Islamic values, but also a relevant practical framework in realizing fair, inclusive and sustainable development.

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