

# The Role of Zakat and Waqf in Public Infrastruktur Development

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## ABSTRACT

This study explores the role of zakat and waqf in public infrastructure development in Indonesia, with the aim of understanding how these two Islamic financial instruments can be utilized to support vital infrastructure projects. Through a descriptive qualitative approach, data were collected from interviews with stakeholders, and document analysis. The results of the study indicate that zakat, which reaches trillions of rupiah per year, and waqf, especially cash and productive waqf, have great potential to fund various infrastructure projects such as schools, hospitals, and public facilities. Projects that have been built with zakat and waqf funds have shown significant positive impacts on the community, including increasing access to services and creating jobs. However, challenges such as lack of public awareness, limited managerial capacity of managing institutions, and suboptimal regulations need to be addressed.

## INTRODUCTION

Public infrastructure development is one of the main pillars in strengthening the economy and improving community welfare. Adequate infrastructure, such as roads, bridges, schools and hospitals, is very necessary to support people's economic, social and daily activities. However, financing infrastructure development is often a big challenge, especially in developing countries that have budget constraints.

In the context of countries with a majority Muslim population, zakat and waqf offer a potential solution to this problem. Zakat, which is one of the five pillars of Islam, is an obligation for every Muslim who meets the requirements to spend part of their wealth to give to the needy. Meanwhile, waqf is the concept of providing assets whose benefits are continuously used for public purposes, such as building and maintaining public infrastructure (Hasan M, 2020).

Using zakat and waqf as a source of funding for public infrastructure development can provide several benefits. First, zakat and waqf can reduce dependence on conventional funding sources, such as taxes and loans. Second, the use of zakat and waqf can strengthen social and economic solidarity among Muslim communities, because the funds collected come from the contributions of individuals in the community. Third, well-managed zakat and waqf funds can be a source of sustainable funding for various long-term infrastructure projects.

Even though the potential for zakat and waqf in supporting public infrastructure development is very large, there are still various challenges that need to be overcome. These challenges include a lack of public understanding and awareness of the importance of zakat and waqf, as well as the need for professional and transparent management to ensure that the funds collected are used effectively and efficiently. In addition, a supporting legal and regulatory framework is also needed to facilitate the collection and use of zakat and waqf funds (Yusuf, 2023).

In the Indonesian context, efforts to maximize the role of zakat and waqf in infrastructure development have shown significant progress. Reports from the National Zakat Amil Agency (BAZNAS) and the Indonesian Waqf Board (BWI) show an increase in zakat and waqf collection every year. For example, the 2022 BAZNAS report noted a significant increase in zakat collection reaching trillions of rupiah, most of these funds were used for development and community empowerment programs (Zakat, 2022).

This research aims to examine and analyze the role of zakat and waqf in the development of public infrastructure in Indonesia. Through this research, it is hoped that a comprehensive understanding of the role of zakat and waqf in public infrastructure development can be obtained as well as practical recommendations that can be implemented by relevant stakeholders. This research also aims to provide academic and practical contributions in efforts to maximize the potential of zakat and waqf for sustainable and inclusive development in Indonesia.

## METHODOLOGY

Descriptive qualitative methodology is a research approach used to gain an in-depth understanding of a particular phenomenon or problem through the collection and analysis of non-numerical data. Qualitative data was obtained through various methods such as in-depth interviews, participant observation, document analysis, and focus group discussions. The

researcher acts as the main instrument in data collection, which allows for flexibility and responsiveness to field dynamics.

Data analysis was conducted inductively, where themes and patterns emerged from the data collected, not from predetermined hypotheses. Through this approach, researchers can uncover the meaning, perspectives and experiences of participants, resulting in a rich and comprehensive understanding of the phenomenon under study. Descriptive qualitative methodology is particularly useful in studies that aim to describe the complexity of social life and provide in-depth insights that can form the basis for theory development or practical interventions

## RESULTS AND DISCUSSION

This research reveals that zakat and waqf have enormous potential in supporting the development of public infrastructure in Indonesia. The potential for zakat to reach trillions of rupiah per year, as reported by BAZNAS, shows significant opportunities to fund various important infrastructure projects, such as schools, hospitals and other public facilities. In addition, waqf, especially in the form of cash waqf and productive waqf, provides a sustainable source of funding for long-term projects. The success of several infrastructure projects funded by zakat and waqf, such as the construction of hospitals and schools, shows a real positive impact on local communities, both in terms of increasing access to essential services and creating jobs.

However, this research also identifies various challenges in managing zakat and waqf. The main challenges include a lack of public awareness about the importance of zakat and waqf as well as limited managerial capacity of zakat and waqf management institutions. In addition, existing regulations do not fully support optimizing the use of zakat and waqf funds for infrastructure projects, which hampers the full potential of this funding source. These challenges require serious attention to ensure that zakat and waqf funds can be used effectively and efficiently.

### Discussion

As a solution, the proposed optimization strategy includes increasing education and outreach regarding zakat and waqf to increase public awareness, strengthening regulations that support the use of zakat and waqf funds, as well as developing the capacity of management institutions to improve management and transparency. The application of information technology is also recommended to increase efficiency and accountability in fund management. With professional and transparent management, as well as appropriate regulatory support, zakat and waqf have the potential to become a significant and sustainable source of funding for the development of public infrastructure in Indonesia, which can ultimately improve social welfare and empower the community's economy.

## CONCLUSION

The conclusion of this research shows that zakat and waqf have enormous potential in supporting the development of public infrastructure in Indonesia. The potential for zakat to reach trillions of rupiah per year, as reported by BAZNAS, shows significant opportunities to fund various important infrastructure projects, such as schools, hospitals and other public facilities. In addition, waqf, especially in the form of cash waqf and productive waqf, provides a sustainable source of funding for long-term projects.

Increasing education and outreach regarding zakat and waqf to increase public awareness, strengthening regulations that support the use of zakat and waqf funds, as well as developing the capacity of management institutions to improve management and transparency. The application of information technology is also recommended to increase efficiency and accountability in fund management. With professional and transparent management, as well as appropriate regulatory support, zakat and waqf have the potential to become a significant and sustainable source of funding for the development of public infrastructure in Indonesia

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