

**Promoting Islamic Philanthropy as a Social Finance Instrument in  
Economic Development in Indonesia**

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**ABSTRACT**

*Indonesia's economic development from year to year has always been characterized by primary problems, namely poverty and unemployment, which are caused by unequal distribution of economic results to those in need and are dominated by capitalist economic principles. In overcoming these problems, Islamic socio-economic pillars are present that can support people's lives, namely the pillars of Islamic philanthropy. This research aims to explain the theory and practice of Islamic philanthropy in Indonesia as a form of contribution or solution in solving several economic problems or for the benefit of society. This type of research is a literature study by collecting data through several pieces of literature or documentation. The results of this research show that Islamic philanthropy is classified into two things, namely as social services and social change, which have the impact of being a more productive and efficient solution for economic development in Indonesia.*

**Keywords:** *Islamic Philanthropy; Social Finance; Economic Development; Indonesia*

**ABSTRAK**

Perkembangan ekonomi Indonesia dari tahun ke tahun selalu diwarnai dengan permasalahan primer, yaitu kemiskinan maupun pengangguran, yang disebabkan tidak meratanya hasil perekonomian kepada yang membutuhkan serta didominasi oleh prinsip ekonomi kapitalis. Dalam mengatasi persoalan-persoalan tersebut maka hadirilah pilar-pilar sosial ekonomi Islam yang dapat menopang kehidupan masyarakat yaitu pilar filantropi Islam. Penelitian ini bertujuan untuk memaparkan teori dan praktik filantropi Islam di Indonesia sebagai bentuk kontribusi atau solusi dalam memecahkan beberapa masalah perekonomian atau kemaslahatan bagi masyarakat. Jenis penelitian ini merupakan studi kepustakaan dengan pengumpulan data melalui beberapa literatur atau dokumentasi. Hasil penelitian ini menunjukkan bahwa filantropi Islam diklasifikasikan ke dalam dua hal yaitu sebagai *social services* (layanan sosial) dan *social change* (perubahan sosial), yang berdampak sebagai solusi perkembangan ekonomi yang lebih produktif dan efisien di Indonesia.

**Kata kunci:** Filantropi Islam; Keuangan Sosial; Pertumbuhan Ekonomi; Indonesia

**INTRODUCTION**

Philanthropy, as charity, is a very fundamental ethical teaching in religions (Bastomi & Kasdi, 2022). Islam is a religion that teaches humans to love one another, love and sympathize. The configuration of his teachings includes the command to give

infaq, give shadaqah, give zakat and give waqf, which have implications for social, economic, educational and other aspects of life (Bakti, 2023).

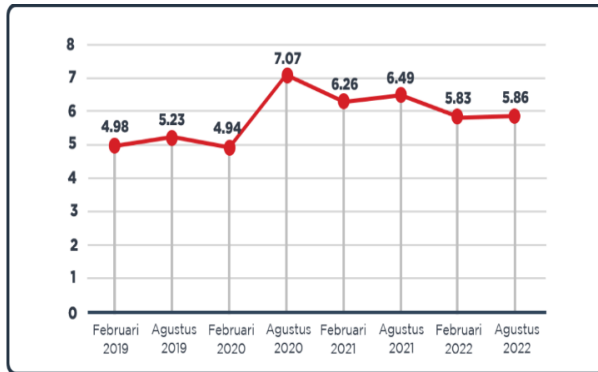
There are many lessons that can be drawn from the configuration of Islamic philanthropy, including for philanthropists as mediators in increasing faith in Allah SWT, cultivating a high sense of humanity, eliminating stinginess, greed and materialism, fostering a calm life, cleaning and developing the assets they own (Uyun, 2015). For recipients, Islamic philanthropy functions to help, assist and guide them towards a better and more prosperous life so that they can meet their living needs properly, avoid the dangers of disbelief, and at the same time can eliminate disbelief, envy and heart disease. other (Rois, 2011).

Cultural facts show that the tradition of philanthropy is preserved through giving charity to friends, family and neighbors who are less fortunate. Another characteristic is demonstrated by society's demand to prioritize the goal of easing the burden on the poor, whose number increased by 1 to 48% during the economic crisis that hit Indonesia since 1997 (Herlina, 2020). If we trace the history of philanthropy in Indonesia, it begins with traditional philanthropic elements originating from religions, both Christianity and Islam. Religious philanthropy in Indonesia is related to missionary and proselytizing activities. Activities to spread religion are carried out by providing social services, especially education, health and social welfare (social institutions) (Bahjatulloh, 2016). For this reason, philanthropy is one of the three approaches to promote welfare, including poverty alleviation efforts, namely the *social service (social administration), social work and philanthropy approaches* (Herlina, 2020).

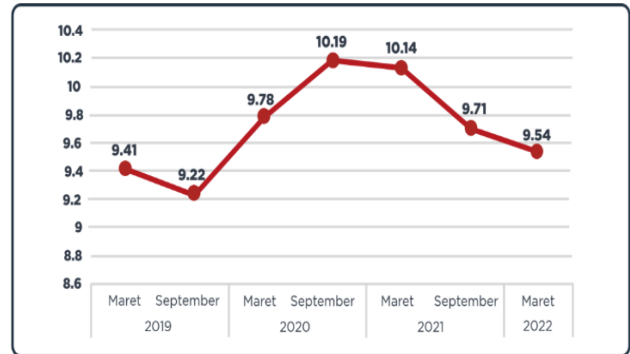
The presence of philanthropic institutions has not significantly contributed to poverty alleviation, but at least the benefits of these philanthropic fund-based programs have clearly been felt by poor and vulnerable communities (Virdaus et al., 2020). According to Abidin, philanthropic movements are still synonymous with efforts to strengthen social capital and community empowerment. The movement is a response to the realization of pro-people development which has not been carried out optimally by the government so far. Even solving social problems is still only resolved on the surface, not at the root of the problem (Abidin, 2013).

So indirectly philanthropic organizations or institutions are able to answer the problems of temporary government programs. There are still many philanthropic activists who already have social status and strategic positions, are rich in wealth but still need the enjoyment of social relations. This social need is manifested in philanthropic activities.

At present, economic problems such as the unemployment rate and the poverty rate are experiencing very fluctuating numbers every year. The following data is reported from the Central Statistics Agency (BPS) regarding unemployment rates and poverty rates in Indonesia for 2019-2022, as follows:



Gambar 1.9 Angka Pengangguran Terbuka Indonesia Tahun 2019-2022  
 Sumber: Badan Pusat Statistik (2022)



Gambar 1.11 Tingkat Kemiskinan Indonesia Tahun 2019-2022  
 Sumber: Badan Pusat Statistik (2022)

### Graphic 1 & 2

#### Data of Open Unemployment Rate & Poverty Level Indonesia 2019-2022

Source: Central Statistics Agency (BPS), 2019-2022

Based on the graph above, the Open Unemployment Rate (TPT) figure in Indonesia in August 2022 (5.86%), means that out of 100 people in the workforce, there are around six people who are unemployed. So, it can be concluded that the unemployment rate per year 2022 will decrease. Then, in line with the decreasing unemployment rate, Indonesia's poverty rate also showed a significant downward trend since September 2021 and continued to decline in March 2022 with a value of 9.54% or a decrease of 0.60% points. Despite this, the poverty rate has still not returned to the level before the COVID-19 pandemic, namely at 9.41% (March 2019) and then decreased in September 2019 to 9.22%.

For this reason, Islamic economic activists have come up with several alternatives for economic recovery and development in Indonesia through positive social activities or by empowering social funds through Islamic philanthropy. So, based on the background explanation of the problem above, the focus of the study in this research is to explain the concept of philanthropy contained in Islam and how this concept can empower people in economic activities.

### RESEARCH METHODS

This research was conducted with approach qualitative descriptive. Type of research This classified in research *library* research with approach conceptual, that is method with data collection with method understand and learn theories from various related literature (Adlini et al., 2022). Then, there are several stages in library research, namely preparing a working bibliography, organizing time and reading, recording research materials (Yunadi, 2022).

The data collection stages in this research used searching for library sources, both primary and secondary and constructing them from various sources, including through books, journals and previous research. This study classifies data based on research formulas (Darmalaksana, 2020).

Using this method, researchers will explain the overall concept of Islamic philanthropy and map the phenomenon of Islamic philanthropic practices in general which are developing in economic activities in Indonesia.

## RESULT AND DISCUSSION

### Theoretical Study about Philanthropy in Islam

By definition, the term philanthropy *comes* from Greek, consisting of two words, namely *Philos* (love) and *Anthropos* (human). So, it can literally be interpreted as a conceptualization of the practice of giving, service *and* association *voluntarily* to help someone in need (Amar, 2017). In the Qur'an, the basis of Islamic philanthropy comes from the QS. Al-Ma'un verses 1-7, where one of the signs of a person who denies religion is not providing support to orphans. Then The verse says " Take *zakat* from some of their wealth. With that *zakat*, you clean and purify them, and pray for them. Truly your prayer (becomes) peace of mind for them. And, Allah is All-Hearing, All-Knowing". Which means that There is later social and religious concepts bring up the doctrine of *zakat* (*tazkiyah*) (Herlina, 2020).

Philanthropy in Islam is not something nothing new, however already since the 15 century or down on the year second last hijriah during the time of the Prophet Muhammad SAW emigrate from Mecca to Medina. Because exists something order *waqf*, *infaq*, which are philanthropy (Amar, 2017).

Furthermore, philanthropic institutions are currently showing their significance, partly because of their role in efforts to reduce social (economic) inequalities in society and in the field of education, which has a mission of preaching and disseminating knowledge. Furthermore, the emergence of various Islamic educational institutions, both those called *madrasas* and *zawiyah*, cannot be separated from the role of Islamic philanthropy (Linge, 2017).

Philanthropy can be classified into several forms of philanthropy, namely endowments, *zakat*, *infaq*, *shadaqah*, grants and gifts, as follows:

#### a **Waqf**

Etymologically, *waqf* comes from the Arabic word which comes from the root word *waqa-fa* which means to hold, stop, stay in place or stand. The word *waqafa-yaqifu-waqfan* has the same meaning as the word *habasa-yahbisu-tahbisan*, the meaning of which is forbidden to use. The word *waqf* in Arabic means *at-tahbis*, *at-tasbil*, which means: to hold, to hold property for *waqf*, not to be transferred (Syamsuri & Wibisono, 2019).

*Waqf* is a unique Islamic philanthropic instrument that bases its function on the elements of benevolence (*birr*), kindness (*ihsan*) and brotherhood (*ukhuwah*). The main distinguishing characteristic of *waqf* is that when *waqf* is disbursed there is a shift in private ownership towards the ownership of Allah SWT which is expected to be eternal, providing sustainable benefits. Through *waqf*, it is hoped that there will be a process of distributing benefits to society more broadly, from private benefits *to* social *benefits* (Linge, 2017).

In general, there is no verse in the Qur'an that explains the concept of *waqf* clearly. Because *waqf* includes *infaq fi sabilillah*, the basis used by scholars

in explaining the concept of waqf is based on the generality of the verses of the Qur'an which explain *infaq fi sabilillah*, among others:

- 1) QS. Al-Baqarah (2): 267, emphasizes on humans to spend part of the wealth from the results of their efforts in the way of Allah.
- 2) QS. Al-Hajj: 77, calls on humans to always do good deeds as a symbol of victory (happiness) in this world and the hereafter.
- 3) QS. An-Nahl: 97, emphasizes that men and women in Islam receive the same reward and that good deeds must be accompanied by faith.
- 4) QS. Al-Imran: 92, emphasizes that a virtue is said to be perfect when a person has given away some of the wealth he loves to those in need.

Meanwhile, the Hadith of Rasulullah SAW which is the basis of waqf, one of which is the Hadith of Rasulullah narrated by Muslim from Abu Hurairah, which emphasizes that after a human dies there are 3 practices that do not stop, namely sadaqoh jariyah, useful knowledge, pious children. According to this hadith, waqf is defined as shadaqoh jariyah. Because, the way we get goodness is by donating some of our wealth through waqf.

#### **b Zakat**

Zakat according to language is growing and adding. The word "zakat" is also used for expressions of praise, purity, piety, and blessings (Irham, 2008). Saaikh Taqiyudin said, the word zakat means to grow (Suparta, 2006). In the book *Al Mughni* written by Ibnu Qudamah Abu Muhammad bin Abu Qutaibah says: zakat comes from the words *zakat* (clean), *nama'a* (grow and develop) and *ziadah* for wealth development (Hamzah, 2007).

The legal basis for zakat or the arguments relating to zakat are widely found in the Qur'an and hadith, including:

- 1) *be* carried out by Muslims, Muslims as a support for other people's lives, as well as calling for good deeds, *preventing evil*.
- 2) ad-Dzariyat: 19, emphasizes to people who have enough that in their property there are rights for the poor (who have the right to be given) and for those who do not get a share.
- 3) at-Taubah: 60, explains that Allah's command to Muslims to give zakat, and zakat is only intended for 8 groups, namely the needy, the poor, zakat administrators, converts, freed slaves, people who are in debt, people who are in the way of Allah, and Ibn Sabil (a traveler who was stranded on his journey because his supplies had run out or were lost).
- 4) at-Taubah: 103, explains that poor people have the right to pay zakat and with zakat they can cleanse and purify themselves and pray for peace of mind.

Meanwhile, the hadith which explains about zakat is: Ibn Abbas ra said after being informed by Abu Sofyan, stating that the prophet called on us to pray, pay zakat, silaturahmi (family relationships and afaf, and refrain from bad deeds) (Al Bukhori).

From the definition above, it can be concluded that zakat is property owned by Muslims which, if they have reached their nasab, then zakat must be paid and given to mustahik in accordance with the commands of Allah SWT. This is explained in the Qur'an that in the wealth of rich people there is a share that is the right of the poor. Islam has provided guidance to humanity, and this is a form of social way of life that cares for fellow humans, where zakat is a bridge to bring closer relationships of love between humans and prove that Islam is about brothers and helping each other.

**c Infaq**

Infaq comes from the word "*Nafaqa*" which means out. It is from this root word that the term *Nifaq-Munafiq emerges*, which means a person who leaves Islamic teachings. The word (infaq), whose final letter should have been "*Qaf*", was changed by the Indonesians to the letters "*Kaf*", so that it became (infaq).

So, infaq can also be interpreted as spending something (treasures) for a good interest or a bad interest. This is in accordance with the word of Allah which states that even disbelievers spend their wealth to hinder Allah's path, explained in Surah Al-Anfaal (8): 36: "*Indeed, those who disbelieve spend their wealth to obstruct (people) from Allah's path. . They will spend the treasure, then regret it for them, and they will be defeated. and it is into Jahannam that the disbelievers are gathered.*"

The verse above explains that unbelievers and polytheists spend their wealth to prevent people from converting to Islam. They will spend the wealth, then it will become a regret and torment for themselves, and they will be defeated in the world. Those who die as unbelievers are the ones who will be dragged into Jahannam for retribution for their deeds. This verse came down when the infidel Qurays began to collect wealth to fight the Prophet and plan tricks against the Prophet.

Meanwhile, infaq in terms is spending part of one's assets for something ordered by Allah SWT, such as: spending one's assets to meet family needs.

The word infaq can mean donating or giving sustenance (the gift of Allah SWT) or providing something to other people based on a sense of sincerity and because of Allah alone. From the basis of the Qur'an, orders for infak contain two dimensions, namely: (1) infak is obligatory collectively; and (2) voluntary infaq. (Raharto & Dienillah, 2022)

Infaq is often mentioned in the Qur'an and Hadith for several things, including: (1) To indicate assets that must be expended, namely zakat. Infaq in this sense means obligatory zakat. (2) To show assets that must be paid apart from zakat, such as the obligation of a husband to provide support for his wife and children. The word infaq here changes to livelihood or nafaqah. (3) To show assets that are recommended to be spent, but not to the extent that it is obligatory, such as giving money to the poor, donating to the construction of a mosque or helping people affected by disaster. Spending assets for the above needs is also called infaq.

Usually this infaq is related to material gifts. Infaq is *fardhu kifayah* or obligatory for a Muslim society. If there is no one group in the community who does it, then all individuals in that community will sin greatly, whereas if there is someone who does it then the sins of other groups in the community will fall away. However, for members of society who do not fulfill it, they become people who suffer huge losses and become the stupidest people because they do not participate in investing in shares or the mandatory reward in congregation which has an extraordinarily large reward.

**d Sadaqah**

Sadaqah literally comes from a root word consisting of three letters: *Shod-dal-qaf*, which means something that is true or honest. Sadaqah can be interpreted as spending wealth in the way of Allah SWT, as proof of honesty or the truth of one's faith. (Abidin, 2013)

Sadaqah is a broad understanding. Sadaqah is divided into two, which are tangible or material/physical and intangible or non-physical. Tangible Sadaqah consists of pillars, obligatory, and sunnah. Shadaqah that is harmonious or *fardlu ain* is zakat fitrah and applies to human property which is known as zakat maal or zakat wealth. The obligatory sadaqah or *fardlu kifayah* is infaq, and the sunnah is sadaqah.

Tangible shadaqah includes at least four, namely *tasbih, tahmid, tahlil, and takbir*. Then the second comes from the body in the form of a smile, energy to work, and removing thorns from the road, etc.; third, helping or assisting people who are in trouble and need help; fourth, ordering goodness or what is *ma'ruf* and finally; refrain from evil or destruction. (Zis, 2011)

The verses of the Qur'an that discuss sadaqah are:

- 1) QS. At-taubah: 103 where it is explained that sadaqah in this verse has a broad meaning, which includes sadaqah, infaq, and zakat. The assets donated can be used to cleanse and purify the heart of the person who does it. And don't forget that when giving sadaqah, pray for the recipient so that our hearts and souls will find peace.
- 2) QS. al-Munafiqun: 9-11 explains that Allah SWT commands believing Muslims to do infaq and sadaqah before death comes which will befall every human being, that on the day they die, those who have never done infaq and sadaqah will regret themselves and ask Allah to postpone their death for a moment so that they can do sadaqah. This shows how important sadaqah must be done at all times by every Muslim individual.

From the description above, sadaqah is a very broad form of Islamic generosity. It has social and religious dimensions, which are not only limited to Muslims, but also to humanity in general. Because of that, it becomes one of the potential aspects of Islamic philanthropy for general welfare.

**e Hibah (Giving)**

*Al-hibah* is taken from the word *haba* yang means *istaiqadza* (wake up) (Siregar & Khoerudin, 2019). Etymologically, *al-hibah* means gift. This gift is done voluntarily in order to draw closer to Allah, without expecting anything in return

(Azhari, 2015). Meanwhile, in terms of terms, a gift is the expenditure of assets during life on the basis of love for the benefit of a person or social, religious or scientific body. Also, to someone who is entitled to be an heir, the donor can donate it (Karim, 1993). So, a hibah contains the meaning of giving property to someone directly without expecting anything in return, except to get closer to Allah.

Hibah as a form of helping each other in the context of benevolence between fellow human beings have a very positive value. Fiqh scholars agree that the law of gifts is sunnah. According to the words of Allah:

- 1) QS. An-Nisa: 4, namely explaining to whom (husband) who gives someone (wife) part of the dowry with pleasure, then in the sense of taking the gift.
- 2) QS. Al-Baqarah: 177 explains that the appeal to fellow human beings to give each other some of the property they love, namely to orphans, the poor, and travelers (who need help).
- 3) QS. Al-Maidah: 2 also explains the appeal to help each other in good and it is forbidden to help in evil.

While the hadith which explains about grants is:

- 1) Abu Hurairah ra narrated which contains an appeal to Muslims that it is not permissible to look down on a gift given from your neighbor, even if it is just the sole of a goat's leg (Az Zabidi, Imam; Syamsul, Cecep; Anis, Tholib; Murtadha, 2009).
- 2) A hadith narrated by Abu Hurairah ra contains an appeal to Muslim women to give each other gifts, so that you will love each other (Shan'ani, Ash; al-amir, 2017). Both the verses and the hadith above, according to the majority of scholars, show (legal) suggestions for mutual assistance among human beings. Therefore, Islam strongly encourages someone to have excess wealth to give it to people who need it.

The goals or objectives of Islamic philanthropy are as follows:

**Table 1. Targets Recipients of Waqf, Zakat, Infaq, Sadaqah and Hibah**

<b>Philanthropy Aspects</b>	<b>Target Recipients</b>
<b>Waqf</b>	In the reality of our society, the existing waqf has been addressed to two parties: <ol style="list-style-type: none"> <li>1. Certain families /persons addressed by the wakif</li> <li>2. Endowments indicated for religious interests or social</li> </ol>
<b>Zakat</b>	Which is included Mustahiq based on At- Taubah (90): 60: <ol style="list-style-type: none"> <li>1. Poor and destitute people.</li> <li>2. Administrators of zakat</li> <li>3. Converts/ <i>muallaf</i> (new people converted to Islam)</li> <li>4. Group <i>Riqab</i> (liberating group slave)</li> </ol>

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	<ol style="list-style-type: none"><li>5. Group <i>Gharim</i> (one who owes money)</li><li>6. <i>Fisabilillah</i> (walking in the path of Allah)</li><li>7. <i>Ibn Sabil's</i> group (people on the journey)</li></ol>
<b>Infaq</b>	<p>The groups that can receive infaq are:</p> <ol style="list-style-type: none"><li>1. Closest friend that is member family</li><li>2. Orphans</li><li>3. Traveler/ <i>musafir</i></li><li>4. People who are forced beg Because No There is another alternative for him for fulfil need his life</li><li>5. Give treasure for freeing his servants so that He can obtain independence</li><li>6. <i>Sabilillah</i></li><li>7. <i>Amil</i></li></ol>
<b>Shadaqah</b>	<p>According to Qubaishah bin Mukhariq Al-Hilali has the right accept Sadaqah:</p> <ol style="list-style-type: none"><li>1. The one who bears liability (debt). He is lawful to ask so that finish his dependents Then withhold himself.</li><li>2. A person who has had a disaster on his property. He may beg so that he is able to live.</li><li>3. Someone who was overwritten poverty after rich.</li></ol>
<b>Hibah/Grant</b>	<p>Recipient grant including:</p> <ol style="list-style-type: none"><li>1. Government</li><li>2. Government area other</li><li>3. Regional company</li><li>4. Community</li></ol>

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Source: *Processed by Researchers*

## DISCUSSION

### Islamic Philanthropy Practices in Economic Activities in Indonesia

The philanthropic practice of the Muslim community in order to realize social justice and also improve the welfare of society has targets, namely eliminating the root causes of poverty and social injustice, relying on long-term programs, using a humanitarian approach that is non-discriminatory and inclusive, and implementing transparent and accountable management.

In the last two decades, there has been a strengthening of Islamic philanthropy practices in Indonesia as shown by a number of indicators. Among them, there is an increase in the number of organizations both community and government based, the number and value of donations issued, both in the form of alms, zakat and waqf, and the existence of activities to channel philanthropic funds to communities outside Indonesia.

Several legal institutions that regulate and carry out philanthropic practices in Indonesia include:

- (1) BWI as the Indonesian Waqf Board oversees endowments in the form of land/building assets, cash assets, as well as shares/sukuk.

- (2) BAZNAS RI as the Central National Amil Zakat Agency which oversees the collection of zakat funds throughout Indonesia. Those who supervise the collection of zakat funds in the regions are regulated by the Provincial BAZNAS, Regency/City BAZNAS, and National/Provincial/Regency/City LAZ.
- (3) Non-Zakat Philanthropy Institution (Shadaqah/Infaq); as an independent institution, namely an institution that collects and distributes philanthropic funds, such as philanthropic activities based in mosques, schools, Islamic boarding schools, associations, communities, groups and individuals, as well as in local settings. The activities carried out are generally short-term in nature and direct assistance
- (4) individual activist; the activities of individual activists are more directed towards social justice, such as the Environmental Empowerment Program (LAZ Harfa), the Empowered Village Program (Rumah Zakat), the Program for Strengthening the Interfaith Humanitarian Cooperation Forum (PKPU Human Initiative).

In practice, Islamic philanthropy has long been moving to accompany the course of the economy in Indonesia, as follows:

**Table 2. Development Practices Islamic Philanthropy in Indonesia**

<b>Zakat Philanthropy</b>	<b>2000</b>	<b>2015-2018</b>	<b>2021-2023</b>
Number of LAZ (Ministry of Religion)	187	231	113
Amount BAZ NAS Government (institution)	<10	549	549
Amount ZIS funds Muslim (Rupiah)	Rp. 19.3	Rp. 30	Rp. 14.2 T (2021)
Amount ZIS funds distributed to institution (Rupiah)	68 Billion	6 Trillion	100% channeled 8th Asnaf
Distribution help to LN	Limited	Mushrooming	-
<b>Waqf Philanthropy</b>	<b>2000</b>	<b>2015-2018</b>	<b>this time</b>
Amount Nazir Cash Waqf data BWI (institution)	-	190	375 (April 2023)
Number of Nazir Waqf Asset data Ministry of Religion (institution)	<2,000	1,400	> 1,400
Amount Object Waqf Land (km)	349,296	435,768	56,000 ha
Mark Waqf Land (rupiah)	Rp. 174,6 T	Rp. 201,7 T	> Rp. 300 T

Amount Cash Waqf (Rupiah)	Rp. 85 T	Rp. 855 M (2018-2021)	Rp.1,4 T (2022)
Distribution help to LN	-	-	-

*Source: Processed by Researchers*

From the data above, it can be seen that the development of Islamic philanthropy in Indonesia has increased quite significantly from one period to the next, although the distribution of its benefits still needs to be improved both in terms of practice, support at the individual, program, institutional and association levels.

This is also similar to Faruq's research (2023); that his research describes the role of one of the ZIS management institutions in Sidoarjo has had a positive impact on the economic welfare of the community in Sidoarjo Regency, as evidenced by the consumptive and productive assistance programs in the form of funds and capital that are able to help mustahik in meeting their living needs and developing independent businesses or MSMEs in the area.(Faruq et al., 2023)

Apart from that, according to Arief's research (2023), that Islamic philanthropy instruments are able to address the problems of economic inequality, including that (1) zakat is able to purify wealth and self; (2) infaq; a useful charitable purpose in strengthening solidarity and voluntary actions both material and non-material; (3) shadaqah; is a medium of social care, empathy, and goodwill to build human values by donating their assets to underprivileged people; (4) waqf; is able to provide waqf fund donations that aim as social and religious charity in the form of assets that are represented both objects, land, buildings, cash, and so on. It can be concluded that the practice of Islamic philanthropy has underpinned all aspects of life, one of which is the problem of economic inequality in Indonesia for the better.(Arief et al., 2023)

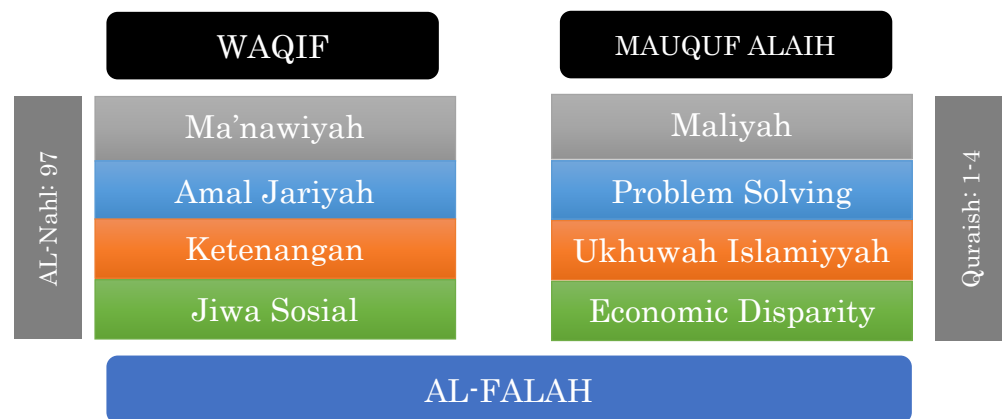
### **The Social Impact of Islamic Philanthropy on The Development of Islamic Economics**

One of the Islamic philanthropies that has an impact on the economic order is that waqf can create social justice and prosperity. *First*; Justice social issues produced by waqf, including:

- a. **Equality of Rights (QS. An-Nisa: 58)**; with exists waqf, human required for convey trustworthy and obligatory applies fair in punish as well as prohibited do tyranny and injustice. This needs to be based on the principles of faith (QS. Yunus: 55), where all something only belong to God and man reluctant know matter.
- b. **Balance (QS. Al-Qashas: 77)**; By giving waqf, humans are taught to always seek rewards both in this world and in the afterlife and to always do good to others and are prohibited from destroying everything on earth. This is included in the matter of distribution (QS. Al-Hasyr: 7), so that humans can always be grateful for what they have and stay away from all His prohibitions according to the teachings of the Prophet SAW. And in this concept it is inherent in waqf, because in Islam, it provides opportunities for weak groups to try, because they have rights that are inherent in the property of the rich.

- c. **Proportional (Not Unjust) (QS. An-Nisa: 135)**; By giving waqf, humans are taught to uphold justice, whether they are rich or poor, only Allah knows for their benefit. Then, we are prohibited from following our desires because we want to deviate from the truth. This needs to be based on moral principles, both *rabaniyyah* (reason) and *insaniyyah* (fitrah) morals.

Next, *secondly*; Waqf has an impact on welfare, namely creating *al-falah* in *madiyah* and *ma'nawiyah* ways. The *al-falah* philosophy in the economy requires a Muslim to be *maslahah*-oriented in all his economic activities, whether in production, consumption or distribution. This is illustrated by the welfare of waqf which is felt by the benefits of both the *waqif* (waqf giver) and the *mauquf 'alaih* (waqf recipient). Waqif in donating his wealth will get *ma'nawiyah* welfare; charity charity; calm; and social life during his lifetime (QS. An-Nahl: 97). Then, the welfare obtained from *mauquf alaih*, namely *maliyah* (acquiring wealth); problem solving (problem solutions for life); *ukhuwah Islamiyyah* (established unity between giver and recipient); and economic disparity (removing economic inequality) (QS. Quraish: 1-4). The following is a scheme of the impact of waqf on welfare:

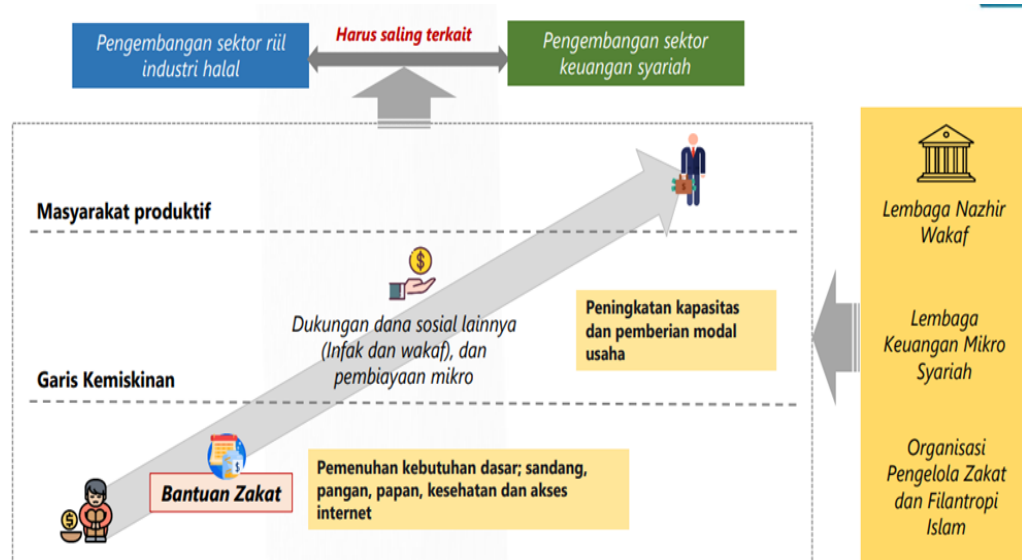


**Scheme 1. Impact of Waqf on Welfare**

Source: Author elaborated

Then, philanthropy moved in economy as deduction number poverty namely zakat. This supported by research by Abdullah et al., (2015) zakat is proven is effective way in help the poor, liberate they from severity poverty, so collecting zakat funds must become priority. Then results Beik's (2014) research shows that zakat is capable lower amount poverty of 10.79%, p This is consistency and success in distribution of zakat. Whereas according to Faiz (1999) revealed that zakat has been give benefit amounting to 7.21 million (42.58%) for House poor households in Pakistan in 1998. (Dwi Putri et al., 2020)

Based on exposure above, that zakat has potency for relieve poverty; help in fulfillment need basic (clothing, food, shelter, health or *social life*); and capable give opportunity for public the more productive; as well as can give increase in business capital for push development sector finance Good in sector real as well as the halal industry (investment). Following the scheme:



**Scheme 2. Islamic Social Financial Instruments in Productive Economic Growth**

Source: Author elaborated

By general, yes concluded from presentation above, at least there are five points impact positive with exists development economy through Islamic philanthropy among them influence a number of matters related:

- (1) *Production*; raises new *potential demander*, where will increase request in a manner aggregate and push producer increase results production.
- (2) *Investment*; from results production will push company (*firm*) increases the investment.
- (3) *Field Employment*; with exists enhancement investment will push producer increase production and opening opportunity field a lot of work.
- (4) *Growth*; after fulfillment field adequate work, then will increase growth productive economy.
- (5) *Gaps social*; can reduce income gap and impact to decline gap social.

## CONCLUSION

Conclusion of this study showed that philanthropy in Islam can be classified into two forms of philanthropy, that is as *social services* and *social change*. *First*; Philanthropy as service social, Results of collection and distribution of waqf, zakat, infaq, and shadaqah funds that is impact on reduction number poverty; economy the more productive (high production and investment); formation field adequate work. *Second*; philanthropy as change social impact on welfare (*falah*); social justice; and eliminate gap economy for society.

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