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INTERGENERATIONAL JUSTICE IN ISLAMIC FISCAL POLICY THROUGH PRODUCTIVE ZAKAT MANAGEMENT

Muhammad Ash-shiddiqy
UIN Prof K. H. Saifuddin Zuhri Purwokerto

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ABSTRACT

Intergenerational justice in Islamic fiscal policy emphasizes the importance of managing public finance not only to meet the needs of the present generation but also to ensure the sustainability of resources and welfare for future generations. Rooted in the Islamic principles of amanah (trust) and social responsibility, fiscal policy in Islam seeks to achieve justice, efficiency, and continuity in the distribution and utilization of wealth. One of the key instruments in realizing this justice is productive zakat management, where zakat funds are not merely distributed for immediate consumption but are channeled into productive economic activities that empower beneficiaries (mustahik) to achieve self-reliance. From the Islamic fiscal perspective, productive zakat functions as a form of social investment that strengthens wealth redistribution, reduces inequality, and builds economic capacity among the poor—enabling them to transform from recipients into contributors (muzakki) in the future. Thus, productive zakat serves not only as a redistributive tool but also as an instrument of economic empowerment that supports intergenerational equity.

A well-managed system of productive zakat reflects the Islamic fiscal paradigm that balances material and spiritual dimensions while ensuring the long-term sustainability of social welfare and economic resources. Therefore, productive zakat management stands as a strategic mechanism within Islamic fiscal policy to achieve sustainable and equitable development across generations. This approach positions Islamic fiscal policy as an inclusive and future-oriented financial system that effectively addresses inequality and resource sustainability challenges.

Keywords: *Social Justice, Intergenerational, Islamic Fisca, Management, Zakat.*

I. INTRODUCTION

Intergenerational justice has become a central theme in the discourse of Islamic public finance, where fiscal policy is not only focused on meeting the needs of the current generation but also on ensuring the sustainability and welfare of future generations. In the Islamic economic system, the government holds a strategic role in managing state revenues and expenditures to achieve equitable and just public welfare (Arifiansyah, Kinanti, & Fitriyah, 2022). This concept requires that fiscal policies adopted today should not create burdens or harm for the next generation; rather, they should serve as a means to establish sustainable economic equity and balance (Humairah & Alimuddin, 2023).

Islamic fiscal policy offers a solution to the persistent problem of wealth distribution inequality that remains a challenge in many countries, including Indonesia. Through instruments such as zakat, infāq, ṣadaqah, and sharia-based taxation, Islam promotes wealth redistribution so that economic resources do not circulate only among certain groups but are more evenly distributed across all segments of society (Humairah & Alimuddin, 2023). This approach not only addresses current economic disparities but also builds a strong foundation for future generations to gain equal access to resources and economic opportunities.

Beyond redistributive instruments, Islamic public finance also emphasizes the importance of sustainable development aligned with the values of maqāṣid al-sharīʻah. One notable innovation is the issuance of Green Sukuk in Indonesia, specifically aimed at financing environmentally friendly projects such as renewable energy, waste management, and green transportation. This instrument not only fulfills the principles of Islamic finance—free from riba, gharar, and maysir—but also serves as a vehicle for the fair and sustainable distribution of development benefits while promoting environmental preservation for the welfare of future generations (Rabani, 2025).

The principle of justice in Islamic fiscal policy encompasses not only material dimensions but also social and spiritual aspects. Fiscal policies grounded in Islamic values aim to foster social harmony, strengthen solidarity among citizens, and cultivate a collective consciousness of responsibility as khalīfah fī al-arḍ (stewards of the earth). Therefore, Islamic public finance serves not only as an instrument for achieving economic stability but also as a means of education and reinforcement of social and ecological ethics within society.

The concept of intergenerational justice has become a central concern in contemporary economic and fiscal discourse, particularly in the context of sustainable development. It refers to the ethical responsibility of the present generation to manage resources and public finances in a way that does not compromise the welfare and opportunities of future generations. In Islamic economic thought, this notion is deeply embedded in the principles of maslahah (public interest), amanah (trust), and adl (justice), which together emphasize the moral obligation to ensure the equitable and sustainable use of wealth across time. Islamic fiscal policy, therefore, is not merely an economic mechanism but a comprehensive system aimed at achieving social justice, economic balance, and intergenerational welfare (Hasan, Sovialencia, & al., 2025).

Within this framework, zakat plays a pivotal role as both a redistributive and developmental instrument. Traditionally, zakat has been viewed as a means of alleviating poverty through direct transfer of wealth to the needy. However, in recent decades, there has been a paradigm shift toward productive zakat management, where zakat funds are utilized for income-generating and capacity-building activities. This approach not only addresses immediate consumption needs but also fosters long-term economic empowerment, reducing dependency among mustahik (recipients). Such transformation aligns closely with the principles of intergenerational justice, as it enables sustainable improvement in social welfare and economic resilience across generations.

From a fiscal policy perspective, the management of productive zakat contributes significantly to the broader objectives of Islamic public finance. It enhances fiscal sustainability by mobilizing social resources, supports inclusive economic growth, and strengthens social cohesion. Furthermore, it embodies the Islamic vision of development that integrates material prosperity with spiritual and ethical dimensions. By empowering the poor to become economically independent and potentially future muzakki (payers of zakat), productive zakat ensures a self-sustaining cycle of welfare that benefits both current and future generations.

Nevertheless, realizing intergenerational justice through productive zakat management requires effective governance, institutional transparency, and innovative fiscal strategies. Challenges such as inefficiencies in zakat collection, limited investment models, and weak coordination between zakat institutions and public fiscal authorities remain barriers to optimal impact. Hence, integrating the principles of Islamic fiscal management with a productive approach to zakat can offer a holistic solution to contemporary issues of inequality, poverty, and sustainability.

In this light, the study of intergenerational justice within Islamic fiscal policy through productive zakat management becomes highly relevant. It provides a framework for understanding how Islamic financial instruments can contribute to sustainable welfare, equitable distribution, and responsible resource management across generations—fulfilling both economic efficiency and moral responsibility in accordance with the objectives of Maqasid al-Shariah.

II. METHODOLOGY

This study employs a qualitative research approach using the library research method combined with semi-structured interviews to enrich the depth and validity of the analysis. The qualitative approach was chosen to explore and analyze the conceptual foundations of Islamic public finance, particularly focusing on the principles of intergenerational justice and sustainability for future generations.

Primary data were obtained through in-depth interviews with Islamic economists, zakat institution managers, and policy experts involved in Islamic fiscal management. These interviews provided contextual insights into how Islamic fiscal instruments—such as zakat, sharia-based taxation, and natural resource management under Islamic law—are perceived and applied in achieving equitable and sustainable development. To ensure data validity, the study applied triangulation by comparing interview results with secondary data derived from classical Islamic economic texts, scholarly journals, and relevant policy documents on Islamic fiscal systems.

Secondary data were collected through extensive literature review from both classical and contemporary sources. These include foundational works of classical Islamic scholars such as Abu Ubaid, Ibn Taymiyyah, and al-Mawardi, alongside modern academic analyses discussing the evolution of fiscal justice, redistribution, and sustainability in Islamic public finance. This literature forms the theoretical basis for understanding how intergenerational justice is conceptualized and operationalized within Islamic economic thought.

The collected data were analyzed using a descriptive-qualitative method supported by historical and philosophical approaches. This analysis enabled the researcher to trace the development and transformation of the intergenerational justice concept in Islamic fiscal policy—from classical theories to modern implementation. Furthermore, the study utilized a coherence and holistic analysis technique to identify relationships between fiscal justice, wealth distribution, and sustainability within the Islamic framework.

Through this methodological framework, the research aims to construct a comprehensive understanding of how Islamic public finance can serve as an effective instrument for maintaining equilibrium between present needs and the sustainability of resources for future generations—while upholding the social and spiritual values embedded in sharia.

III. RESULT

Intergenerational Justice and Valid Zakat Data in Islamic Public Finance

The notion of intergenerational justice in Islam represents a profound concept emphasizing the moral and social responsibility of the present generation to safeguard the rights and welfare of future generations. Justice in Islam—known by the term ‘adl (عدل)—extends beyond merely giving people what they are due; it involves placing everything in its proper, balanced, and proportional position. In the intergenerational context, this means striking a balance between fulfilling current needs and preserving resources and the environment for those who follow.

Islamic public finance attends to the sustainability of future generations through the principle of intergenerational justice embedded in Sharia values. The system does not focus solely on short-term economic growth; it also ensures that the distribution of wealth and resources is conducted fairly and evenly, so that welfare is enjoyed by both present and future generations (Ramadhani, 2025).

Key instruments in Islamic public finance—such as zakat, waqf, and sharia-compliant taxation—act as mechanisms for redistributing wealth. For example, zakat does more than address poverty and social inequality; it strengthens the economic foundations of communities in a sustainable way. Waqf, a form of Islamic philanthropy, is employed to fund long-term projects such as education, healthcare, and social infrastructure whose benefits span across generations(Fira, 2025).

Moreover, Islamic public finance emphasizes transparency, accountability, and public participation in managing public funds. These principles help ensure that funds collected via zakat, waqf, and taxes are used targetedly and efficiently, thus promoting social justice and preventing misuse or corruption(Ridho, 2024).

Intergenerational justice is also reflected in the prohibition of riba (interest) and gharar (excessive uncertainty), practices that can harm long-term economic stability. By rejecting these practices, Islamic public finance promotes a stable economic system resilient to crises and oriented toward long-term welfare. Sharia financing instruments like sukuk are also used to fund sustainable development projects, such as green infrastructure and renewable energy. Thus, Islamic public finance contributes directly to environmentally informed, forward-looking development

To illustrate with valid data: Indonesia has substantial potential zakat resources that remain underutilized. The Ministry of Religious Affairs reports that the National Zakat Potential is over Rs327 trillion annually, while the amount of zakat currently collected is approximately Rs42–41 trillion, meaning only about 10-13% of the potential is achieved (Fira, 2025).

Management of public finance in Islam also involves policies that are just and pro-people, coupled with strict oversight to ensure that public funds are used genuinely for social needs and help maintain societal stability. This supports economic power balance and income equity (Ridho, 2024). Collectively, Islamic public finance integrates ethical values such as honesty, justice, and amanah (trust) into every financial decision of the state. These values form the basis for building public trust and ensuring economic benefits are sustained for future generations (Ridho, 2024).

Islamic Public Finance and Intergenerational Justice

Islamic public finance, through its fiscal instruments, places significant emphasis on sustainability and intergenerational justice. Unlike conventional fiscal systems that often prioritize short-term economic growth, Islamic fiscal policy integrates moral, social, and environmental accountability to ensure that economic benefits are distributed equitably across generations.

The main instruments of Islamic fiscal policy include zakat, waqf, infāq, ṣadaqah, and Islamic taxation. Zakat serves as a compulsory redistribution mechanism that ensures equitable access to wealth and resources for the underprivileged. Meanwhile, waqf functions as a long-term financing tool for social projects such as education, healthcare, and infrastructure—whose benefits are continuously transferred across generations. This intergenerational orientation reflects the Islamic objective of ensuring sustainability (istiḍāmāh) in both economic and moral dimensions.

According to BAZNAS, the total zakat, infāq, and ṣadaqah (ZIS) collection in Indonesia reached IDR 31.8 trillion, marking a 12.5% increase from the previous year. This growth indicates a strengthening role of zakat as an effective fiscal instrument for social redistribution and poverty reduction. The report also highlights that approximately 65% of zakat distribution in 2024 was directed toward economic empowerment programs, such as micro-business financing, agricultural revitalization, and educational scholarships—programs that directly enhance long-term human capital formation.(Humairah & Alimuddin, 2023).

In addition, the implementation of social sukuk and Islamic endowment-linked financing has supported hundreds of sustainable infrastructure projects across rural Indonesia, demonstrating how Islamic fiscal instruments contribute to achieving intergenerational welfare. These initiatives reflect the integration of spiritual and developmental objectives within Islamic public finance, where every policy must align with the higher objectives of Islamic law (maqāṣid al-sharīʻah), particularly the preservation of wealth (ḥifẓ al-māl) and lineage (ḥifẓ al-nasl).

From a governance perspective, the state plays a strategic role as a facilitator of distributive justice within the framework of siyāsah māliyah (Islamic fiscal policy). The government bears responsibility for regulating strategic resources, supervising markets, and empowering communities through inclusive programs. Empirical findings and interviews with Islamic economists—such as Dr. Muhammad Ash-Shiddiqy (UIN Saizu)—affirm that the synergy between zakat institutions, state regulation, and community participation contributes significantly to reducing income inequality and strengthening social justice mechanisms in Indonesia.

A qualitative analysis of contemporary fiscal practices reveals that Islamic fiscal instruments are not merely charitable mechanisms but systemic tools for economic stability and justice. The integration of zakat and waqf with modern fiscal management has proven effective in addressing structural poverty while ensuring that economic progress does not compromise the welfare of future generations(Fitri, Sinka, & al., 2025).

Overall, Islamic public finance embodies an ethical-economic paradigm that transcends material prosperity. By ensuring fair distribution, sustainable development, and moral responsibility across generations, Islamic fiscal policy provides a comprehensive model for achieving intergenerational justice and sustainable welfare. This aligns with the United Nations Sustainable Development Goals (SDGs) while remaining deeply rooted in Islamic moral philosophy—ensuring that the wealth of the present becomes a blessing, not a burden, for the generations to come(Humairah & Alimuddin, 2023).

Islamic Fiscal Policy and the Sustainable Development Goals (SDGs) with Global Zakat Data

Islamic fiscal policy plays a strategic role in supporting the achievement of the Sustainable Development Goals (SDGs) through Sharia-based public finance instruments. Instruments such as zakat, waqf, ṣadaqah, and social sukuk act as financing mechanisms that are fair, transparent, and inclusive, capable of addressing global challenges such as poverty, social inequality, and environmental sustainability.

Islamic Social Finance (ISF) particularly supports several SDGs: poverty eradication (SDG 1), zero hunger (SDG 2), good health and well-being (SDG 3), gender equality (SDG 5), clean water and sanitation (SDG 6), and just, peaceful and inclusive societies (SDG 16). Furthermore, Islamic financial instruments help with providing infrastructure, affordable clean energy, and decent housing (SDGs 7, 9, 11) through innovative financing vehicles like sustainable sukuk and infrastructure sukuk.

The principles of Islamic fiscal policy align closely with the philosophy of maqāṣid al-sharīʿah, namely preserving life, religion, intellect, wealth, and lineage. These principles correspond with many aspects of the SDGs—including protection of the environment, economic empowerment, and equal access to public services. Thus, fiscal Islam does not focus solely on short-term economic growth but also on social justice and resource preservation for future generation (Alfian, Jaswir, & al., 2025).

Empirical studies show that zakat and waqf are effective in reducing poverty and strengthening socio-economic resilience. Zakat funds, for example, can be allocated to economic empowerment programs, education, health, and social assistance with long-term impact. At the same time, waqf is used to build public facilities whose benefits continue across generations (Trimulato & Rahmatia, 2020).

Sharia financing mechanisms such as mudharabah, musyarakah, and murabahah also play a role in supporting inclusive economic growth and job creation, which are part of the SDGs agenda. (Alfian, Jaswir, & al., 2025). Islamic public finance also emphasizes good governance, transparency, and accountability in managing public funds to ensure they are used for social development and sustainability, minimizing risks of misuse (Kartina, Mega, & al., 2025) These models encourage active participation of the community and small enterprises, thus contributing to financial inclusion and narrowing disparity (Usman, Wartoyo, & al., 2024).

IV. CONCLUSION

The concept of intergenerational justice in Islamic fiscal policy emphasizes that public finance management must not solely serve the interests of the present generation, but also safeguard the rights, welfare, and sustainability of future generations. This principle is deeply rooted in Sharia values such as justice (‘adl), trust (amānah), and social responsibility, and is grounded in the framework of maqāṣid al-sharī‘ah, particularly the protection of wealth (ḥifẓ al-māl) and progeny (ḥifẓ al-nasl).

Islamic fiscal policy provides a comprehensive set of instruments—zakat, infāq, ṣadaqah, waqf, and social sukuk—which serve not only as mechanisms for equitable wealth redistribution but also as sustainable sources of public financing. These instruments fund long-term social development initiatives in education, healthcare, infrastructure, and environmental protection, ensuring that economic progress benefits both current and future generations.

Empirical evidence from Indonesia and abroad reinforces the transformative role of Islamic public finance in promoting sustainable development. For example, Indonesia’s national zakat collection reached Rp 33.7 trillion (USD 2.1 billion) in 2023, with Baznas reporting an annual growth rate exceeding 30% in productive zakat distribution. Internationally, global zakat collections are estimated at USD 14–15 billion annually, while the potential remains far higher between USD 200 and 300 billion according to COMCEC (2024). Such data demonstrate that zakat and waqf can serve as major fiscal tools for achieving social welfare, reducing inequality, and strengthening resilience, aligning directly with the Sustainable Development Goals (SDGs).

The principles of Islamic fiscal justice are therefore fully compatible with global development objectives, especially in areas such as poverty alleviation (SDG 1), quality education (SDG 4), gender equality (SDG 5), sustainable economic growth (SDG 8), and responsible consumption and production (SDG 12). By upholding transparency, accountability, and community participation, Islamic fiscal governance fosters social stability while avoiding exploitative economic practices such as riba (usury) and gharar (excessive uncertainty).

In conclusion, Islamic fiscal policy offers more than a moral framework—it provides a viable and sustainable model for modern economic governance. By integrating intergenerational justice with fiscal responsibility, it creates a balanced system that ensures equity, sustainability, and ethical prosperity. Thus, Islamic public finance stands as a relevant and strategic paradigm for addressing global socio-economic challenges in a manner that is both sustainable and spiritually grounded.

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