



Contribution of Islamic economy in achieving Sustainable Development Goals (SDGs)

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Abstract

Purpose – This study aims to analyze the contribution of Islamic economics using various instruments to the achievement of Sustainable Development Goals (SDGs).

Methodology – This study uses a qualitative approach with a literature study approach, with reference to various studies.

Findings – This study found a close correlation and relevance between maqashid sharia as a goal of Islamic economics and the goals stated in the SDGs. In addition, it is concluded that the balance between commercial and social aspects in the Islamic economy is significant in sustainable development, which is manifested as a real contribution to the realization of the SDGs through the Islamic finance and banking sectors, as well as the Islamic social finance sector.

Implications – It is recommended that the government optimize the management of various Sharia economic instruments to accelerate the achievement of the SDGs.

Originality – This study emphasizes the suitability of the aim of the Islamic economic system to realize the achievement of the main maqashid sharia, namely maslahat, with the goals stated in the SDGs. It explores the contribution of the Islamic economic system in realizing sustainable development.

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Introduction

Sustainable Development Goals (SDGs) are global goals for sustainable development throughout the world. The SDGs are also a global action plan agreed upon by world leaders to end poverty, reduce inequality, and protect the environment. The SDGs are formulated into 17 goals and 169 targets, which are expected to be achieved by 2030 (United Nations Development Programme, 2017). These goals are set to improve the standard of living of the world's people, who are prosperous with conditions that are free from poverty and hunger. Undeniably, poverty is a major problem faced by almost all countries worldwide. In fact, many people worldwide live in extreme poverty.

The World Bank states that extreme poverty is defined as living on less than US\$1.90 per day. In the last few years, it was noted that the poverty rate in 2015 was the highest level in the last seven years at 10.1 percent. This figure continues to decline every year until it reaches 9.2 percent in 2017 (World Bank Group, 2021). Prior to the COVID-19 pandemic, the World Bank targeted

the poverty rate to be reduced to 3 percent by 2030 (Lestari, 2020). However, the COVID-19 pandemic has resulted in an increase in the number of poor. The United Nations noted that around 119 million to 124 million of the world's population were pushed back into extreme poverty by 2020. Therefore, the global poverty rate in 2030 is predicted to reach 7 percent, missing the prediction before the pandemic of 3 percent (United Nations, 2021). In Figure 1 it can be seen that the World Bank predicts the global poverty rate in the baseline scenario where the pandemic is assumed to be resolved by the end of 2020 to reach 9.1 percent in 2020, and 8.9 in 2021. Furthermore, the poverty rate in the downside scenario, which is assumed to be a pandemic that lasts longer than expected, the poverty rate is predicted to reach 9.4 percent in 2020 and 9.4 percent in 2021.

Based on these conditions, an analysis shows that if the growth of all countries in 2020 is two percentage points lower than the World Bank's projections, the pandemic will increase global poverty by 1.1 percentage points and the number of poor people will increase by 82 million. Meanwhile, if inequality increases by 2 percent by 2020 in all countries, global poverty will increase by 1.2 percentage points and the number of poor people will increase by 94 million (Lestari, 2020). This also shows that the global poverty alleviation target will be behind the target time. This condition also impacts the decline in the level of community welfare, which is the world's aspiration for the welfare of society as a whole.

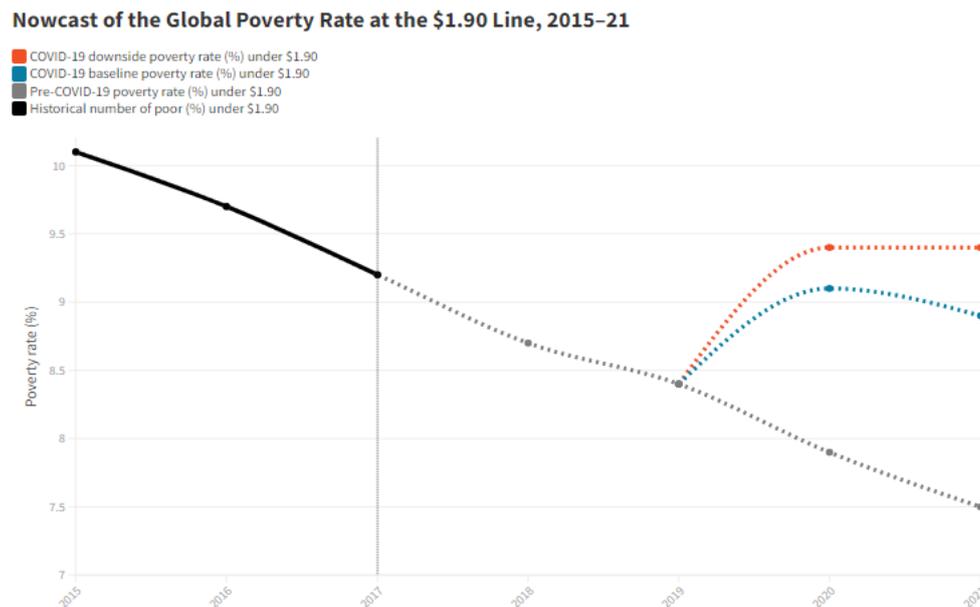


Figure 1. Global poverty rate

Source: worlbank.org, 2021

Welfare, which is the main target of the SDGs, is actually a goal of Islamic law. Long before the SDGs were established, Islamic law had a specific goal called Maslahat. Maslahat, which is the main target of Islamic law, will lead humans to goodness and protect them from harm and damage (Rusdi, 2017). This includes the dangers that arise from poverty, hunger, inequality, and other social problems. Thus, it can be seen that the goals of Islamic law that target the realization of benefits are in line with the goals contained in the SDGs.

As part of Islamic law, the Islamic economic system leads to the same goal, namely, benefit. The mechanism that runs in the Islamic economic system is oriented toward the realization of benefits for people. The basic philosophy of Islamic economics is to bring people to goodness and happiness in the world and hereafter. This basic philosophy also provides the understanding that the target of the Islamic economic system is to realize human welfare as a whole. By reflecting on this orientation, it can be understood that the targets of the Islamic economy are relevant to the goals set out in the SDGs. However, it is still necessary to conduct a deeper study related to the real contribution of the Islamic economic system to the achievement of SDGs.

Research related to the role and position of Islamic economics in achieving SDGs has not been widely conducted by previous researchers. Some focus only on one of the instruments in the Islamic economic system. Abdullah in the *International Journal of Social Economics* explained that the 17 goals of the SDGs match the long-term goals of Islamic law. Specifically, this research focuses on the role of waqf in achieving the SDGs. From his analysis, it was found that waqf has been able to help the community financially in various countries in various programs oriented to the welfare of the people that are in line with maqashid sharia and the SDGs (Abdullah, 2018).

In addition, a study related to the role of Islamic economics in achieving the SDGs has been carried out by Ismail and Shaikh (2017a). They conclude that various Islamic financial institutions, such as zakat and waqf, can contribute directly to financing programs to improve people's welfare. Moreover, according to a study, the distribution of funds by Islamic financial institutions based on the real sector has a positive impact on the economic ecosystem and sustainable development (Ismail & Shaikh, 2017a). Asmalia et al. (2018). They considered that zakat funds were very relevant to the program to achieve the SDGs, especially those related to community clusters, such as poverty alleviation, education, and health services. The study found that zakat has the potential to support the achievement of the SDGs in Indonesia.

Various studies have examined the potential and contribution of each Islamic financial instrument in achieving the SDGs. However, these studies focused more on the potential of each instrument to achieve SDGs. Therefore, this study focuses on the contribution of the Islamic economic system to the achievement of the SDGs by examining its contribution to the commercial and social sectors. This study was developed with reference to the analysis of the suitability of maqashid sharia, which is the basic philosophy of the Islamic economic system, for the goals set out in the SDGs.

Literature Review

Islamic economic system

The Islamic economic system is a framework based on Sharia principles and Islamic law. Islamic teachings not only govern matters of ritual worship, but also encompass economic activities within society. Several legal provisions are integral to the Islamic economic system and regulate the permissibility and prohibition of various economic and financial transactions. These provisions are part of broader Islamic values aimed at guiding humanity towards goodness and prosperity. In this context, Islamic economics is not solely concerned with achieving worldly profits and material success but is also focused on attaining happiness in the afterlife. This dual orientation is one of the key distinctions between the Islamic and other economic systems. The Islamic economic framework offers various mechanisms for addressing poverty and enhancing social welfare. The key financial instruments in this system include zakat (almsgiving), infaq (charitable spending), and waqf (endowment). Additionally, the Islamic economic system prohibits usurious transactions, corruption, and other harmful and unjust practices that can negatively impact the economy (Shinkafi et al., 2015).

The Islamic economic system is built on several foundational pillars that form the core of its economic structure. These foundational principles include the concepts of monotheism, justice, prohibition of usury, and implementation of zakat, infaq, and waqf. Additionally, the system enforces the prohibition of transactions involving gharar (excessive uncertainty) and maysir (gambling). These principles collectively guide economic activities in alignment with Islamic values and ethics (Maesarach et al., 2022). This is a key characteristic of the Islamic economic system, which applies to all economic activities and transactions. The Islamic economic system is implemented in both commercial and social financial transactions.

Maqasid Shariah: The Concept and Its Relationship with the Islamic Economic System

Maqasid Shariah refers to the objectives of Islamic law, which also serve as the foundational goal of the Islamic economic system. These objectives provide a framework for examining the alignment between the implemented economic system and Islamic values, including ethical considerations, impact of investments, and asset management. In essence, Maqasid Shariah addresses fundamental

human needs in accordance with Islamic principles derived from the Qur'an and Hadith (Campra et al., 2021). The implementation of maqasid shariah represents a directive from Allah swt. aimed to address various challenges faced by humanity. This implies that the principles embedded within Maqasid Shariah are intended to provide benefits and promote well-being while simultaneously safeguarding individuals from potential hardships or dangers (Ahmad & Hanapi, 2018).

Maqasid Shariah serves as the foundation of the Islamic economic system with the objective of achieving communal welfare and fostering equitable economic development. From the perspective of Maqasid Shariah, the key components of Islamic economic development include the optimal utilization of social funds, such as zakat, infaq, alms, and waqf. The effective deployment of ZIS (zakat, infaq, and alms) and waqf funds has the potential to stimulate production, encourage investment, expand employment opportunities, and drive overall economic growth. (Rohmati et al., 2018).

Sustainable Development Goals (SDGs)

Sustainable Development Goals (SDGs) represent the collective ideals and aspirations of all nations to achieve prosperity for all people. This is articulated in a global agreement aimed at fostering inclusive development that encompasses economic growth, human development, and environmental preservation. The SDGs are outlined in 17 goals and 169 targets that are set to be achieved by 2030 (Ismail & Shaikh, 2017b).

The Sustainable Development Goals (SDGs) proclaimed by countries worldwide serve as a call to action to eradicate poverty, protect nature and the environment, and ensure that every individual has the right to prosperity and a dignified life. The initiatives outlined in the SDGs require the commitment of all nations to contribute actively to the achievement of these development targets. This is because realizing SDGs is a complex task that demands synergy and collaboration among various stakeholders (Asmalia et al., 2018). Achieving the SDGs represents a manifestation of global solidarity, where nations come together to promote justice and prosperity and enhance the quality of human life.

Research Methods

This research is qualitative and uses a literature study approach. The authors begin the analysis process by identifying the research topics. Based on the results, the authors conducted a search and reviewed several relevant studies. This literature study is an important approach to apply to research to share the results of other studies that are closely related to the one being undertaken. It relates a study to the larger, ongoing dialogue in the literature, filling in gaps and extending prior studies (Creswell & Creswell, 2018). In conducting the study, as the preparation step, the authors collected data from various studies related to the realization of the SDGs in an Islamic economic review. These data were collected from various national and international journals, as well as from books and official SDGs websites. The collected data are then classified into predetermined categories: SDGs, commercial finance, and social finance. This categorization is the first step in conducting descriptive content analysis (Kuckartz & Radiker, 2023). With the documentation techniques carried out, the analyzed data offer a number of different perspectives from which to view a given problem or topic (McCulloch, 2004). Based on these perspectives, data analysis was carried out using descriptive analysis techniques that describe the concepts and applications of the Islamic economic system in supporting the achievement of the SDGs from various sectors, both the Islamic finance and banking sectors, and the Islamic social finance sector. The author then synthesized several descriptions of the data, which were summarized into research findings and conclusions.

Results and Discussion

Relevance of Islamic economics, maqashid sharia, and SDGs

As part of Islamic law, the Islamic economic system has the same goal as maqashid sharia, namely *maslahat* which is the target of every sharia set for every Muslim. Therefore, in the context of its

implementation, every individual Muslim is targeted to achieve *maslahat* when carrying out Islamic law. This is because benefits are the main essence of every activity stipulated by the Sharia. This finding is in accordance with Allah's statement. in Qur'an, chapter Al-Anbiya: 107.

And We have not sent you, [O Muhammad], except as a mercy to the worlds.

This verse explains that Allah swts. sent Prophet Muhammad Saw. by bringing Islamic law to the universe as mercy. Thus, this grace was the goal of the revelation of Islamic law. The grace that is revealed will give happiness to human life in this world and the hereafter. Thus, humans who deny this grace will lose their lives both in this world and hereafter (Katsir, 2008). Thus, grace is the essence of benefit, which is the goal of Islamic law, to provide welfare for humans.

Referring to Ash-Syatibi's opinion, it is emphasized that maqashid sharia is the achievement of *maslahat* in this world and in the hereafter. So that it can be understood that maqashid sharia is a concept to understand the intent and purpose of sharia which is implicitly contained in the Qur'an and hadith that has been determined by Allah swt. for humans to achieve prosperity in the world. The essence of maqashid sharia also makes the study of *fiqh muamalah*, especially in transactions and economic activities, by adjusting to the times (Nurhadi, 2019).

Al-Ghazali later developed the theory of maqashid sharia. According to his view, the essence of maqashid sharia must be relevant to the *maslahat* which is derived from three levels of human needs: *dharuriyat* (primary needs), *hajiyyat* (secondary needs), and *tahsiniyat* (tertiary needs). *Dharuriyat* is a human need that, if not fulfilled, threatens the safety of human life or damages its organs. While *hajiyyat* is a secondary need that does not threaten the safety of human life, it will cause difficulties if it is not fulfilled. *Hajiyyat* also provides value to human life. *tahsiniyat* is a complementary need for *dharuriyat* and *tahsiniyat* needs, which are not mandatory. Al-Ghazali classified human *dharuriyat* according to five aspects: guarding religion, guarding the soul, guarding reason, guarding offspring, and guarding property (Campra et al., 2021; Rohmati et al., 2018). Al-Ghazali also explained that some scholars added to the *dharuriyat* element, namely, maintaining honor (Ahmad & Hanapi, 2018).

Dharuriyat is a basic human need that needs to be fulfilled. These needs cover various aspects such as the need for clothing, food, and housing. However, the concept of maqashid sharia continues to be developed by scholars. Thus, the scope of human needs has a wider scope, especially in the lives of society and the state. For example, the development of the element of "nation" by Ibn Ashur, women's rights by Rashid Rida, and human rights and honor by Yusuf al-Qardhawi. In addition, the need for health and education services is also considered to be the main requirement that must be met for the survival of individual human beings. These needs have become a means of improving living standards and realizing prosperity. The application of maqashid sharia is the main factor in ensuring the preservation of the five elements of the *dharuriyat* needs for human survival. This is because the study of Maqashid Sharia is not only limited to fulfilling the five elements of *dharuriyat*, but also provides an understanding of sharia and brings maqashid sharia to real life by exploring illat, basic philosophy, secrets, and wisdom of *tasyri'*, and other methods used to explore law (Kholish et al., 2020). It is a *maslahat* for humans.

Maslahat which are derived from several aspects of human needs, are the main targets of sharia, including economic activity, fatwa formulation, and the development of sharia financial products, all of which are oriented towards achieving *maslahat* (Nurhadi, 2019). Thus, the economic activities carried out by humans from an Islamic perspective cannot be separated from ethical values. These ethics are related to ethics and consumer behavior, ethics related to distribution justice, and ethics related to the role of government. Broadly speaking, it can be understood that economic activity carried out by humans is an effort to maintain the *maslahat*. Economic activities that contain *maslahat* must be met. Thus, *maslahat* which is maqashid sharia, is the main foothold in Islamic economics (Taufik et al., 2023).

The various targets possessed by the Islamic economic system as outlined in Maqashid Sharia are comprehensive targets covering all sectors of human life needs (Isman et al., 2024). Therefore, it is not surprising that the fulfillment of maqashid sharia through an Islamic economic system is in line with development targets aimed at realizing people's welfare. Fulfillment of

maqashid sharia that prioritizes benefits is an effort to fulfill the basic needs of human life so that they can live in prosperity (Shinkafi et al., 2015). This is the meeting point between the goals of Sharia in the economy and the goals of development (Arif et al., 2025).

Globally, the world has launched sustainable development programs and targets, with efforts to realize community welfare through 17 SDGs goals as shown in Table 1. The seventeen goals are development targets that are formulated in four main pillars, namely the pillars of social development, the pillars of economic development, the pillars of environmental development, and the pillars of legal development and governance. The goal of the SDGs is to encourage the acceleration of development to improve community welfare in a sustainable manner.

Table 1. Sustainable Development Goals (SDGs)

No	Goal
1	End poverty in all its forms everywhere
2	End hunger, achieve food security and improved nutrition and promote sustainable agriculture
3	Ensure healthy lives and promote well-being for all at all ages
4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
5	Achieve gender equality and empower all women and girls.
6	Ensure availability and sustainable management of water and sanitation for all
7	Ensure access to affordable, reliable, sustainable and modern energy for all
8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
9	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
10	Reduce inequality within and among countries
11	Make cities and human settlements inclusive, safe, resilient and sustainable.
12	Ensure sustainable consumption and production patterns
13	Take urgent action to combat climate change and its impacts
14	Conserve and sustainably use the oceans, seas and marine resources for sustainable development.
15	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and biodiversity loss
16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.
17	Strengthen the means of implementation and revitalize the global partnership for sustainable development.

Source: <http://undp.org>, 2021

SDGs programs and goals are the world's programs and aspirations to create a prosperous society. In fact, the development goals are in line with the maqashid sharia, which is the foundation of Islamic economics. The SDGs and maqashid sharia have in common to encourage the realization of a prosperous society by fulfilling various aspects of mandatory life needs that must be met.

The alignment of the goals of the SDGs with maqashid sharia as the goal of the Islamic economic system is reflected in several set goals (Rusydziana, 2022). The aim of alleviating poverty to avoid kufr is to implement *dharuriyat* to protect religion (Kurnia, 2023). Wealth and property ownership are means of performing worship to Allah swt. This is the function and position of property in Islam (Basrowi & Zaki, 2020). In addition, a safe and peaceful life in a community environment provides broad opportunities for humans to worship an Allah swt. and conduct various Islamic teachings as a whole. This refers to the nature of human creation, which is intended to worship Allah swt. This shows that the development goals of alleviating poverty, eradicating hunger, and realizing the welfare of human life are relevant to the objectives of sharia to protect religion and protect the soul.

Table 2 summarizes several other aspects of the alignment between maqashid sharia and the SDGs. As well as the goal of alleviating poverty, eradicating hunger, a healthy and prosperous life, as well as the availability of clean water is a means for humans to live their lives in the world. These goals are certainly in accordance with the goals set by Islamic law, which focus on protecting

religion and the soul (Tumewang et al., 2025). In fact, this is the first and second goal of maqashid sharia.

In the economic field, the purpose of protecting the soul is applied through Islamic philanthropic instruments, such as zakat, infaq, alms, and waqf. Zakat, an Islamic social financial instrument, can be allocated for poverty alleviation programs to provide clean water facilities. Zakat is also considered effective in alleviating poverty and increasing the welfare of mustahiks (Ayyubi & Saputri, 2018). Zakat can also be allocated to fund the needs of victims of violence and crimes as well as crimes involving children. Some scholars have categorized this as asnaf riqab (Rosli et al., 2018).

In addition, Islamic philanthropic funds can be allocated to finance the education of the underprivileged. This shows that Islamic economics using Islamic philanthropic instruments has a significant influence on human development (Suprayitno et al., 2017). This is a form of implementation of maintaining reason in maqashid sharia, which is in line with the SDGs in Goals 4 and 5, which emphasize the quality of education and gender equality. In addition, the goal of SDGs 3, which targets healthy and prosperous families at all ages, also shows alignment with maqashid sharia, especially in the aspect of taking care of offspring. A healthy and prosperous family will give birth to offspring that are physically and mentally healthy and of good quality.

Furthermore, maintaining property in maqashid sharia is the implementation of good and professional asset management by fostering the spirit of sharing with others through zakat instruments and other Islamic philanthropy (Lahjouji & Rouggani, 2016). This is in line with the various goals of the SDGs, which include efforts to eradicate poverty, eliminate hunger, reduce inequality, and provide decent work for the community through various empowerment programs. Some of these things also show that Islamic law, with its various instruments, is very relevant to the goals proclaimed in the SDGs (Abdullah, 2018).

Table 2. Alignments between *Maqashid Sharia* and SDGs

Maslahat	Criteria	Goal in SDGs
<i>Dharuriyat</i>	Religion	Goal 1, Goal 16
	Soul	Goal 1, Goal 2, Goal 3, Goal 6, Goal 12, Goal 13, Goal 16,
	Reason	Goal 4, Goal 5
	Offspring	Goal 3
	Wealth	Goal 1, Goal 2, Goal 8, Goal 10, Goal 12
<i>Hajiyat</i>		Goal 7, Goal 9, Goal 11, Goal 14, Goal 15, Goal 17
<i>Tabsiniyat</i>		Increases the quality of every goal achievement

Source: Author's data, 2021

Moreover, the various objectives proclaimed in the SDGs cover all aspects of needs that can complement and enhance aspects of the community's main needs. This is in line with the needs of *hajiyat* and *tabsiniyat* in Maqashid Sharia (Khan, 2019).

Islamic economic balance for sustainable development

Islamic economics has distinctive characteristics in its implementation and system arrangements. One thing that distinguishes it from the conventional economic system is the existence of a balance (equilibrium), which is interpreted very broadly. In its implementation, the Islamic economic system prioritizes aspects of balance between the benefit of individuals and society, between material and spiritual, and a balance between commercial and social aspects. Thus, Islamic economics can create sustainable macroeconomics built on human values. From these conditions, the Islamic economy will be able to create harmony and a social fabric in society (Nuryanto & Jaclani, 2024).

Similar to the general economic system, Islamic economics also has signs and provisions related to economic transactions. One form of transaction implemented in economic activities is a commercial transaction oriented to the level of profit or profit. As part of the business ecosystem, profit is a target that must be realized. From the perspective of Islamic economics, the steps taken to achieve the desired profit level must still refer to the signs and provisions of Sharia.

There are several limitations to commercial transactions in Islamic economics, which are guides. Among them is the prohibition of transactions on goods that are forbidden from being consumed. In addition, Islam prohibits transactions that contain the elements of *maysir*, *gharar*, and *riba*. This is because Islam maintains the benefit so that every individual who transacts can avoid losses and injustice, both for themselves and for others.

In its implementation, various entities carry out commercial transactions in the Islamic economic system. These include the Islamic banking industry, which performs intermediary functions in the financial system, as well as various other non-bank financial industries such as Sharia insurance, Sharia Pawnshops, Sharia Capital Markets, Sharia Pension Funds, Sharia Mutual Funds, and Sharia Non-Bank Financial Industries.

Economic activities carried out in the form of commercial transactions have encouraged the improvement of people's welfare and standards of living. Among the things that become indicators related to the increase that is happening is that business transactions occur because humans want to fulfill their needs. Thus, when humans carry out commercial transactions, such as buying and selling goods and services, leasing transactions, or other commercial transactions, they have made efforts to fulfill their needs. This is also a form of realization of development indicators, as indicated by meeting the needs of people's lives and increasing their welfare.

Financing in the commercial sector must be oriented towards equity and justice. In this case, investors and entrepreneurs share their profits and losses. In this way, the financing pattern will not only distribute the same returns between investors and entrepreneurs but also allocate risk efficiently (Djebali & Zaghoudi, 2020). The principle of justice that is built upon will give birth to distributive justice and encourage the effectiveness of the production of goods and services that can create economic growth.

On the other hand, Islamic economics focuses not only on the commercial aspects. However, it also focuses on social transactions, which are the implementation of a spirit of mutual help among human beings (Syarifuddin, 2024). In addition to business and trade sectors, which are one of the driving forces of the economy, Islam also regulates social transactions (Ascarya, 2023). This is an Islamic step in ensuring the benefit of every individual as well as a means of building a social safety net in society (Qardhawi, 2010). Therefore, Islam encourages humans to conduct various transactions and activities in the social sector to provide welfare and equitable development.

Transactions in the social sector are implemented through various Islamic philanthropic activities that are realized as a form of obedience to Allah's commands. For wealth bestowed upon mankind. Allah SWT. explains that in the assets owned by individuals, other people's rights must be excluded, as emphasized in Al-Qur'an chapter Adz-Dzariyat: 19.

And from their properties was [given] the right of the [needy] petitioner and the deprived.

The rights of others attached to a property must be issued by Allah swt. This is applied through various philanthropic activities such as zakat, infaq, alms, and waqf. Social funds are given to the needy, poor, and those who are entitled to receive it in accordance with sharia provisions by meeting their daily needs. Economically, Islamic philanthropic activity has a positive impact on increasing people's purchasing power and a fair redistribution of income and wealth in society.

The balance between the aspects of commercial transactions and social transactions is the main aspect of the Islamic economic system. The Islamic economic system contributes to sustainable development through these concepts and mechanisms. Economic activities will continue to be carried out by humans as long as they live in order to meet their needs and survive. Thus, the sustainability of this economic activity is aligned with the creation of sustainable development. At a time when a person has financial difficulties in making ends meet, and he does not have access to resources, Islam comes with Islamic social financial instruments to support this deficiency. Islamic social financial instruments are applied in the form of Islamic philanthropy, which evokes the spirit of mutual help among others.

Islam emphasizes various instruments in philanthropy, including zakat, infaq, alms, and waqf. Islamic philanthropy is generally divided into mandatory and voluntary philanthropy. Mandatory Islamic social financial instruments are applied in the form of zakat, whereas voluntary

instruments are applied in the form of infaq, alms, and waqf. The existence of zakat obligations as part of the pillars of Islam guarantees that as long as the Muslim community still exists in their lives, zakat funds will continue to be collected. The continuous collection of zakat funds can be optimized to support sustainable development. Sustainable development also requires sustainable financing (Asmalia et al., 2018). These financing sources are characterized by zakat.

Collaboration between the commercial and social aspects of the Islamic economic system is an integrative economic system that encourages sustainable development (Ibrahim, 2023). It is necessary to optimize the management of each of these aspects to encourage and contribute directly to sustainable development. Efforts to build a prosperous and just society must be carried out through a strong synergy between all economic resources (Ulum, 2015).

Contribution of Islamic economics in realizing the SDGs

Islamic banking and finance sector

Financial and banking institutions have strict rules and regulations regarding fund management (Siregar et al., 2024). This is because financial institutions bridge the gap between the two communities, between the haves and the have-nots. Therefore, it is necessary to arrange a system and strict rules to manage collected public funds. This has an impact on the growth of public confidence in financial and banking institutions. This trust increases the amount of deposit funds in banks. Thus, the greater the number of deposits collected, the greater the bank's ability to channel public funds in the form of financing to the public. This pattern will increase people's incomes, which will directly improve people's welfare (Nugroho et al., 2020).

Islamic banks, as financial institutions that carry out Sharia principles, are responsible for the functions they perform. As is the case in Indonesia, the law mandates that Islamic banks not only carry out commercial functions but also social functions. Thus, Islamic banks will increasingly play a role in empowering the people's economy. Research conducted by Nugroho et al. (2020) find that the amount of financing channeled to the community has a significant effect on reducing poverty levels. This means that financing disbursed by Islamic banks can improve community welfare. Therefore, a set of regulations and stimuli is required to encourage an increase in the distribution of Islamic bank financing.

In addition, the distribution of financing by Islamic banks is also based on fair contracts and contracts and underlying assets. This pattern has a positive impact on the real sector of society. In particular, Islamic banks can reach a wider community in terms of the number of assets and the network of services provided. One aspect that has become a target of Islamic banking financing is micro, small, and medium enterprises (MSMEs). In general, MSMEs face obstacles in terms of increasing capital and developing their businesses. The presence of Islamic banks answers the problems faced by MSMEs, with the existence of a Sharia financing model that has a significant effect on the business financing process (Matarneh & Almanaseer, 2015).

In addition, various studies on Islamic microfinance have found that the financing pattern of Islamic microfinance is a unique solution for overcoming the problems of poverty, hunger, and increasing women's participation in economic activities. Findings from several empirical studies conducted in various countries indicate that Islamic finance contributes to economic development. For example, Brunei, Malaysia, the UAE, and the UK found that the business approach of Islamic financial institutions and waqf was proven to increase the distribution of company resources to the social and microfinance sectors. Furthermore, a study of the BRAC program in Bangladesh has increased financial inclusion among the poor. The development of Islamic financial institutions in Australia has continued to increase (Mukhlisin et al., 2020). A survey conducted in Pakistan found that the majority of people believe that Islamic banking has a significant impact on economic growth. Thus, the development of Islamic banking in the country is believed to improve the economy (Tabash & Anagreh, 2017). Similar studies were also conducted in Indonesia as well as research in Malaysia which found that Islamic banking in the short and long term has a significant positive effect on economic growth (Anwar et al., 2020; Majid & Kassim, 2015).

Referring to the contribution of Islamic banks to the poverty rate, it can be concluded that Islamic banks as institutions have shown a positive contribution to the achievement of SDGs,

particularly in relation to the first objective of targeting poverty reduction. In addition, Islamic banks have also been able to contribute to increasing people's incomes, which has direct implications for economic growth, which is the goal of SDGs 8.

Islamic social finance sector

Zakat is tangible evidence of the contribution of the Islamic economy to the achievement of SDGs. The optimal management of zakat and other Islamic social financial instruments is the main step in realizing SDGs. The collection of large zakat funds indicates that zakat management has been running optimally. However, this condition reflects an increase in people's income. This implies that the level of community welfare increases. Furthermore, the amount of zakat funds collected will be able to optimize the distribution of zakat to help mustahiks meet their daily needs (Pratiwi, 2016). This is a form of effort to reduce the gap between rich and poor.

On the other hand, in terms of its management, zakat has specific targets to be distributed to eight asnaves, including the indigent, the poor, amil zakat, converts, riqab, gharib, ibn sabil, and fi sabilillah. Referring to the eight asnaves, the needy and the poor are the main targets in the distribution of zakat (Qardhawi, 2011). This shows that poverty alleviation programs, avoiding the danger of hunger, and reducing the level of inequality between rich and poor are priority targets of zakat. Thus, the implementation of optimizing zakat by channeling it to asnaf mustahik becomes a medium for achieving the SDGs, particularly those related to poverty alleviation and welfare improvement. Furthermore, zakat, with its targets, will have a positive impact on economic growth, which is also one of the goals of the SDGs (Suprayitno et al., 2017).

Currently, the distribution of zakat to mustahik continues to be developed in various innovative programs and distribution media. Not only limited to consumptive distribution, zakat has also been widely distributed in various productive distribution programs that encourage community business improvement. In addition, various zakat distribution programs have also been applied to various programs to meet community needs, such as educational scholarships, free health services, clean water supply, and handling disaster victims and others as concrete steps in fulfilling maqashid sharia (Amalia et al., 2020). In this case, zakat contributes to achieving the SDGs, especially those related to poverty, hunger, global health, welfare, quality education, employment, income distribution, and economic growth (Ismail & Shaikh, 2017b).

In addition to zakat, infaq and alms are Islamic social financial instruments that help overcome various economic and social problems in society. Infaq and alms funds with a more flexible distribution character can also overcome various problems faced by the community related to health, education, housing provision, and other basic needs. Thus, zakat, infaq, and alms funds are Islamic philanthropic funds that simultaneously target the realization of a prosperous society by improving the quality and standard of living in a better direction (Triyowati et al., 2018).

In contrast to zakat, infaq, and alms, which are philanthropic funds that must be distributed immediately, waqf is an Islamic social fund with a different character. Waqf is a social fund that must be preserved and managed professionally. The profits or benefits obtained from management are then distributed to the people in need. However, zakat, infaq, alms, and waqf are Islamic social financial instruments that have the same target, namely to create a prosperous society.

During its implementation, waqf management in various countries has been carried out to support various programs to improve community welfare. Several countries, such as Turkey, Egypt, and Jordan, have optimized waqf in the form of productive waqf, which is also directed at improving the community's economy. Various waqf utilization programs that lead to improving community welfare include the implementation of the achievement of maqashid sharia, which is very linear with the achievement of the SDGs (Abdullah, 2018).

Conclusion

Maqashid Sharia, as the goal of the Islamic economic system, is identical to the goals contained in the SDGs. The findings of this study answer the research questions raised at the beginning of how the Islamic economic system contributes to achieving the SDGs. Several efforts have been made

to achieve maqashid sharia through the implementation of an Islamic economic system, which is relevant to efforts to achieve the SDGs. This can be seen from the contribution of Islamic economics to the various instruments it has in overcoming various economic and social problems in society, all of which are goals of the SDGs. Optimizing the Islamic economy in realizing the SDGs is carried out by optimizing the financial sector and Islamic banking to increase people's income, overcome business capital problems, and encourage increased financial inclusion in the poor. This is evident from the various Islamic banking financing practices in countries that have succeeded in improving people's welfare and overcoming poverty. In addition, the social finance sector through zakat, infaq, alms, and waqf also plays an important role in supporting the fulfillment of community needs. This is part of the efforts to reduce poverty, improve welfare, and improve the quality of life of the community, which are the goals of the SDGs. In this way, various positive impacts on people's welfare are real contributions that Islamic economics has made to the achievement of the SDGs. However, this research has limitations in that the aspects of this study are still carried out theoretically. It is hoped that future research will develop this study using an empirical and practical approach to provide a more comprehensive picture of the Islamic economic system. Theoretically, this study contributes directly to the development of studies related to the urgency of the Islamic economic system in realizing sustainable development. Regarding practical matters, this research provides input for Islamic financial institutions, both commercial and social, to increase the effectiveness of development-oriented programs. In addition, this research also recommends that policy makers harmonize relevant regulations in implementing accelerated programs that are in line with SDGs targets.

Author contributions

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