

Role of Zakat in Poverty Alleviation: A Socio-Economic Study

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Abstract

Zakat, the obligatory alms tax in Islam, is widely acknowledged as a tool for social justice and poverty reduction. This paper critically examines Zakat's socio-economic role in alleviating poverty, integrating Islamic economic theory with modern development analysis. We first contextualise global poverty trends (≈700 million in extreme poverty) and the conceptual alignment of Zakat with universal goals such as the UN Sustainable Development Goals (SDGs). The review covers classical sources (Qur'an, Hadith, jurists) and modern studies, revealing that Zakat, when well-managed, can "channel wealth from the wealthy to the needy" and strengthen social solidarity. Using a mixed-methods approach, we analyse case studies (Indonesia, Malaysia, Pakistan, Sudan) alongside quantitative data. Evidence suggests Zakat distribution reduces poverty incidence, depth, and severity. For example, Indonesia's BAZNAS reports lifting 1.35 million people out of poverty in 2024, while Pakistan's ARDL study finds an inverse long-run relationship between Zakat disbursement and poverty. We compare Zakat with secular welfare: both aim to redistribute wealth, but Zakat is faith-based and targeted at specific recipient groups, whereas government welfare is universal but often underfunded. Key challenges are noted as limited compliance, governance gaps, and a lack of standardisation. The paper concludes with policy recommendations: strengthen legal frameworks, improve transparency (e.g. digital reporting), and integrate Zakat within national social protection systems (as Indonesia and UNDP have begun). The analysis underscores Zakat's potential to complement conventional poverty strategies and its relevance to achieving the SDGs, provided that institutional reforms and innovative practices are implemented.

Introduction

The persistence of poverty remains a grave challenge. In 2022, nearly 700 million people (8.5% of the global population) lived on less than US\$2.15/day. Progress in poverty reduction has largely stalled, especially in fragile and conflict-affected regions. At the same time, income and asset inequality remain high globally. Mainstream approaches (taxation, welfare transfers, microcredit) have had mixed success and often struggle with limited resources and administrative bottlenecks. In this context, faith-based mechanisms like Zakat offer alternative or complementary pathways. Zakat is one of the five pillars of Islam, requiring eligible Muslims to give 2.5% of certain accumulated wealth annually. It is explicitly intended to support eight categories of beneficiaries (asnaf), including the poor, the needy, and debtors (Qur'an 9:60). By mandating wealth redistribution, Zakat aims to create economic balance and social justice within the community.

Recent policy interest has surged in harnessing Zakat for development. The United Nations Development Programme notes that the annual global Zakat pool, estimated between \$200 billion and \$1 trillion, could significantly finance SDG targets (e.g. SDG1 No Poverty, SDG2 Zero Hunger). In countries like Indonesia, Malaysia, Pakistan, and Sudan, Zakat agencies are collaborating with governments and NGOs to integrate Zakat into national poverty reduction agendas. However, the actual impact of Zakat on poverty has been

uneven and is under-researched. Many studies highlight conceptual potential, but empirical evidence on outcomes is mixed and often context-specific.

This study addresses two main gaps. First, we seek to synthesise Islamic jurisprudential principles on Zakat (from the Qur'an, Hadith, and classical scholars) with contemporary economic theory (social justice, welfare economics). Second, we critically assess empirical evidence and case studies of Zakat implementation, comparing it to secular welfare systems. The key research questions are: How effectively does Zakat alleviate poverty and inequality? What institutional factors influence its performance? How might Zakat be improved and integrated with modern development policy? Our objectives are to (1) develop a theoretical framework based on Islamic economic principles (redistribution, *adl*, *maslahah*), (2) review existing literature and data on Zakat's impact, (3) analyse case studies of national Zakat systems (Indonesia, Malaysia, Pakistan, Sudan), and (4) draw policy lessons for enhancing Zakat's socio-economic role.

Review of the Literature

Classical Sources: The Qur'an and Sunnah provide the foundational mandate for Zakat. The Qur'an enjoins giving Zakat alongside prayer (e.g. Qur'an 9:103) and specifies eligible recipients, emphasising poverty alleviation and social welfare. As one study notes, Zakat in the Qur'an "plays an important role in maintaining economic balance by channelling wealth from the wealthy to the needy" and serves as a "comprehensive solution for poverty alleviation," fostering social solidarity. The Prophet Muhammad's teachings also stress compassionate giving; e.g. in a famous Hadith: "The upper hand is better than the lower hand" (i.e., giver is better than receiver). Early Muslim scholars elaborated on these principles. For instance, Imam Al-Ghazali (11th c.) wrote in *Ihya' Ulum al-Din* about wealth as a trust and the moral imperative to support the needy (scholars often quote him on the ethics of charity). Ibn Khaldun (14th c.) asserted that social solidarity (*'asabiyyah*) and state responsibility include caring for the poor, anticipating modern notions of welfare (he saw Zakat and *waqf* as foundations of social welfare in Muslim states). Although specific quotes from these texts are beyond our scope, the literature consistently identifies *maqasid al-shariah* (objectives of Islamic law), notably *adl* (justice) and *maslahah* (public interest), as theoretical underpinnings of Zakat. Scholars argue that Zakat embodies *adl* by correcting wealth imbalances, and *maslahah* by funding social safety nets.

Modern Studies on Zakat and Poverty: In recent years, empirical research on Zakat has grown, especially from Muslim-majority countries. A systematic review by Saputra and Sutopo (2024) finds that various types of Zakat (Zakat mal on wealth, Zakat fitrah on food/goods, Zakat on professional income) "play an important role in reducing poverty and improving community welfare." They emphasise that effective, transparent management and even digital technology can enhance Zakat's efficiency. Multiple country studies report positive correlations: for example, in Kelantan (Malaysia), monthly Zakat distribution was shown to reduce poverty incidence, depth, and severity among recipients. In Pakistan, Akram and Afzal (2014) find through ARDL time-series analysis that higher Zakat disbursement is inversely related to poverty in both the short and long run. Studies often note additional benefits: productive Zakat programs (loans or grants for businesses) can increase recipients' income and assets (see Alwi & Sari 2019 for Aceh).

However, critiques and debates exist. Many authors point to institutional weaknesses: for instance, Lestari (2026) observes that Indonesia's Law No. 23/2011 on Zakat lacks enforcement mechanisms and creates overlaps between BAZNAS (national board) and local Amil agencies. Similar fragmentation is noted in other contexts (e.g., multiple agencies in Indonesia, Malaysia's state boards vs federal regulations). Another common finding is limited coverage: informal giving (direct to poor) means official collection misses much potential. The UNDP and Baznas suggest the global formal Zakat collection (~2.5% Muslim wealth) could reach hundreds of billions, but actual figures in many countries are much lower. For example, Indonesia has the largest organized Zakat network, yet 2023 formal collection was only about IDR32 trillion (~\$1.9 billion) in a population of 270 million Muslims. Gap analyses attribute this to low public trust, lack of awareness, and administrative bottlenecks.

Scholars also compare Zakat with secular welfare. While both aim to alleviate poverty, Zakat's voluntary yet mandated nature (for Muslims) differs from compulsory taxation. Some studies highlight Zakat's unique targeting of the "deserving poor" (mustahik categories), which can make it more efficient if properly implemented. Others caution that because Zakat excludes non-Muslims and those below the nisab (wealth threshold), it cannot replace universal schemes. A key theme is the integration with global goals: Aziz et al. (2020) and others argue Zakat can support SDGs (e.g. poverty, hunger, equality) if synchronized with national plans. Overall, the literature shows potential for significant impact, but underscores gaps particularly the need for robust empirical evaluation and improved governance.

Theoretical Framework

We ground our analysis in core Islamic economic concepts. First, redistribution of wealth is central. Zakat enforces a scheduled transfer from asset-rich individuals to the poor, aiming for equitable resource allocation. This aligns with the Maqasid principle of *hifz al-mal* (protection of wealth) through circulation, preventing hoarding (as noted by contemporary commentators). Second, social justice (*adl*) is a guiding ethic. By stipulating that the well-off must assist the needy, Zakat institutionalizes compassion and balances inequalities. Third, public welfare (*maslahah*) is embedded: Zakat funds are explicitly channeled to programs that benefit society (food, clothing, basic income, debt relief, etc.), echoing modern welfare objectives. The UNDP blog emphasizes that Zakat's Quranic categories (poor, orphans, debtors, etc.) correspond to SDG targets (no poverty, zero hunger, reduced inequality).

We also note the idea of *tauassul* (solidarity) that one's wealth is interconnected with the community's well-being. Classical jurists argued that widespread poverty or wealth concentration is harmful to society (Iqbal 2002, Dogarawa 2009). Zakat is thus akin to a religious social safety net. In contrast, secular welfare systems derive justification from the social contract and state responsibility. Zakat's moral basis can engender higher social acceptance among believers, but its scope is narrower.

To compare with modern welfare, consider: Sources of funding differ (religious obligation vs taxes), the scope of beneficiaries differs (Muslim poor vs all citizens or targeted groups), and Administration differs (often through NGOs or dedicated agencies vs government ministries). Some authors point out that Zakat can, in practice, complement taxes: for example, Sudan merged Zakat with tax law, channeling 2.5% of Muslim incomes into the public Zakat Fund^[15]. In Malaysia and Indonesia, governments encourage official Zakat payment but also implement regular welfare schemes.

Finally, we adopt a socio-economic model that views Zakat as part of the fiscal system. Zakat can be seen as a redistributive transfer supplementing (or in some cases substituting) welfare expenditures. We will assess it using standard poverty metrics (headcount ratio, poverty gap) and consider multiplier effects (e.g. via productive aid).

Methodology

This study uses a mixed-methods approach combining qualitative textual analysis and quantitative case evaluation:

Qualitative Textual Analysis: We examine Islamic primary sources and jurisprudence on Zakat. Verses from the Qur'an and Hadith (e.g. Qur'an 9:60, Hadith of the upper hand) are interpreted to establish the intended aims of Zakat. Key writings by classical scholars (Ibn Khaldun, Al-Ghazali) and modern Islamic economists (e.g. Siddiqi, Chapra) are reviewed to extract economic principles (justice, public welfare). This frames our conceptual framework of Zakat as a redistributive institution.

Literature Synthesis: We perform a systematic review of academic and policy literature on Zakat and poverty. Following the PRISMA-inspired method of Saputra & Sutopo (2024), we collected peer-reviewed articles, working papers, and reports focusing on empirical assessments of Zakat's impact. Sources include

international journals (e.g. Asian Social Work & Policy Review), conference proceedings, and institutional publications (e.g. BAZNAS reports).

Case Studies: Four country case studies are developed to ground the analysis in empirical contexts. For each country, we gather data from: (a) official Zakat management reports (e.g. Indonesia's BAZNAS, Malaysia's state zakat boards, Sudan's Zakat Chamber), (b) national poverty statistics (World Bank, government surveys, and (c) independent studies (e.g. Akram & Afzal 2014, Ali et al. 2015). These cases illustrate diverse models: Indonesia (decentralized system via BAZNAS/LAZ), Malaysia (state boards with compulsory contributions), Pakistan (state-mandated payroll zakat), and Sudan (centralized Zakat Chamber).

Comparative & Quantitative Analysis: We compare Zakat outcomes with secular welfare using available indicators. Where possible, we analyze published figures on poverty reduction attributed to Zakat (e.g. Baznas' 5.61% contribution to poverty alleviation in 2024). We also reference econometric findings (e.g. the 2014 Pakistan ARDL model and micro-studies (e.g. Kelantan poverty indices. Although primary data collection is beyond scope, we draw on reported statistics to infer trends (e.g. increases in mustahik income, coverage of safety nets). The methodology does not involve new surveys or regressions, but rather integrates existing quantitative evidence to assess effectiveness.

Case Studies and Data Analysis

❖ Indonesia

Indonesia has one of the most developed Zakat infrastructures. As of 2024, it had ~600 Zakat Management Organisations (LAZ/Baznas) nationwide. The government codified Zakat's role in Law No. 23/2011, stating Zakat management aims "to realise community welfare and poverty alleviation". Despite this, official Zakat collection remains low relative to potential. In 2023, Indonesia's national Zakat collection was IDR32.3 trillion (~US\$1.9B), a modest fraction of an estimated potential hundreds of trillions of rupiah. Reasons include overlapping authority between BAZNAS and local LAZ (as documented by Lestari 2026), lack of enforcement, and limited public awareness.

BAZNAS tracks Zakat's impact via an annual "Zakat Impact Assessment". Its 2024 report claims that Zakat interventions lifted 1,350,227 Indonesians out of poverty in 2024, accounting for a 5.61% share of that year's poverty reduction (from 24.06 million in Sept 2023). This was a dramatic increase (133% higher than the previous year). Notably, over half of beneficiaries were male-headed households, highlighting some gender gap in reaching women (50.6% male vs 44% female heads exited poverty).

Indonesian Zakat programs cover cash aid, food distribution, and increasingly productive Zakat (loans or grants for businesses). Studies (e.g. Jaili et al. 2020) show that productive Zakat at Baitul Mal Aceh helped raise recipients' incomes. Integration with other schemes is also evolving: J-PAL (2025) notes that the Indonesian government now coordinates BAZNAS with the Ministry of Religious Affairs to embed Zakat in the national social protection agenda. For example, the BAZNAS-UNDP partnership funded micro-hydropower projects as SDG initiatives.

Data: The Baznas annual report shows strong growth in both collection and distribution. Table excerpts indicate Zakat Mal rose 18.8% in 2024, Zakat Fitrah 61.2%. Meanwhile, poverty in Indonesia declined slowly (8.57% of the population in Sept 2024, from 9.36% the previous year. The claim of 5.61% contribution implies Zakat had a measurable albeit modest role. A drawback is that much of Indonesian poverty is in remote areas (e.g. Papua), where Zakat outreach is thin.

❖ Malaysia

Malaysia's system is decentralised by state. Each of the 13 states (and 3 federal territories) has a Zakat Board and collects Zakat on the income and wealth of Muslims (non-Muslims pay a parallel "alms tax" in some

states). Despite being mandatory, not all eligible Muslims pay (estimates suggest perhaps 70–80% compliance). Academic studies provide evidence on impact. An analysis in Kelantan (Mohd Ali et al. 2015) used poverty indices (headcount, gap, severity) and found that monthly Zakat assistance reduced the incidence, depth and severity of poverty among recipients. However, that study also noted the effect on actual income was “small”, implying Zakat alone didn’t dramatically change earning capacity. The authors recommended optimizing distribution for instance, calibrating amount or shifting some towards productive investments.

Another Malaysian study (L. K. A. Hamid et al. 2017) modelled that a 1% increase in Zakat collection could lower poverty incidence by 0.43% (using Johor state data) a measurable elasticity. This suggests Zakat has significant poverty impact if efficiently allocated. A gender dimension emerges: women often rely more on Zakat, but some findings show female-headed households are among the “hardest poor” (Malaysian government’s Zakat Poverty Line Index report, 2018). Thus, Malaysian Zakat agencies have developed targeted programs for female recipients and orphans, partially filling gaps left by social welfare (which in Malaysia is less generous than in many other countries).

Data: Malaysian statistics are not centralized, but official reports indicate annual Zakat collection around MYR10–15 billion (≈US\$2–3 billion) in the 2010s. In Kelantan, per [21], Zakat had “only a small effect” on income, suggesting that supplementing cash with training or credit might be needed. In practice, many states have begun income-generating projects (e.g. beneficiary cooperatives). In comparison, the national welfare budget (e.g. cash transfers to poor families) is of a similar order, so Zakat is a substantial complement.

❖ **Pakistan**

Pakistan implemented compulsory payroll Zakat (on bank balances) in 1980, then replaced with a system where individuals choose certified charities (Baitul Mal, Chanda, etc.). In practice, Pakistan’s Zakat is collected by the government (even earned from non-Muslims via “ushr” tax on agri income and property tax). Zakat potentially yields USD 8–10 billion/year (around 1.5% of GDP). Studies of Pakistan show mixed but generally positive effects. The ARDL analysis (Akram & Afzal 2014) using time-series data found that increased Zakat disbursement significantly reduced poverty both short- and long-run. This suggests a causal link, although there are caveats (e.g. economy-wide shocks). The authors also noted system flaws: collection often lags due to public resistance, and distribution transparency is an issue.

Contemporary reports indicate that Pakistan’s Federal Zakat and Ushr Department and various Baitul Mal institutions disburse funds as scholarships, health aid, and small business loans. Still, only a fraction of eligible funds is collected (social conservatism and distrust limit full compliance). Poverty in Pakistan remains high (nearly 24% in 2021 by national line), implying that even robust Zakat could only partially mitigate it. Policymakers have discussed making Zakat more productive (similar to Indonesia’s direction).

❖ **Sudan**

Sudan’s case is unique: since 1984, Zakat has been state-mandated and integrated with taxation. The Sudanese Zakat Chamber, created in 1986 and refined by a 2001 Act, oversees collection and distribution. All Muslim income earners above a low threshold pay 2.5%; non-Muslims pay an equivalent tax. The Zakat Fund is a major part of Sudan’s social safety net. In fact, “Zakat is the most important source of social protection in Sudan”, providing in-kind and cash aid for medical expenses, Ramadan support, and disaster relief. The Fund’s policy explicitly includes safety nets (for drought, disasters), poverty mitigation (cash/in-kind), projects for the needy, and unemployment reduction via training.

In monetary terms, Sudan’s Zakat is substantial: in 2016, it collected SDG2,574,066,831 (Sudanese pounds), a 22.6% increase over 2015. Historical data show steady growth (Table 1 above). Crucially, Sudan’s Zakat finances 87% of the government’s social protection interventions (excluding subsidies). In 2016, 2.6 million households (about 30% of the population) benefited from Zakat programs. The Fund offers a wide range of

services: monthly cash stipends, grain subsidies, education fee waivers (supporting 80,000 poor students in 2016, and even health insurance contributions (covering 16.41 million people in 2016, 43% of the population).

However, challenges persist. Sudan’s vast territory and nomadic populations make identifying assets (the zakatable base) difficult. Administrative issues and economic crises (inflation, war) have strained the system. Nevertheless, Sudan exemplifies a high-coverage model: The Zakat Chamber’s network reaches down to village committees, making it effectively nationwide. This contrasts with Indonesia or Malaysia, where Zakat is still largely voluntary (though strongly encouraged). Sudan’s experience suggests that mandatory Zakat, underpinned by law and strong institutions, can achieve extensive poverty relief (albeit funded by heavy taxation of the population).

Comparative Analysis

Table 1 (below) summarizes key features and outcomes of these case studies

Country	Zakat Model	Annual Collection (approx.)	Poverty Impact Evidence	Governance Notes
Indonesia	Decentralised (BAZNAS/LAZ, voluntary but legal mandate)	IDR32T (USD1.9B) in 2023	Lifted ~1.35M people from poverty (2024); Compliance low vs potential	Overlapping regs (Law 23/2011 issues); BAZNAS-Bappenas SDG partnership
Malaysia	State boards (compulsory for Muslims)	MYR10-15B (USD2-3B) yearly	Reduced poverty indices in Kelantan; 1%↑Zakat→-0.43% poverty	High compliance among observant Muslims, but enforcement varied; programs still limited
Pakistan	Government-collected (semi-voluntary)	USD8-10B (2012 est.)	Inverse Zakat-poverty relationship (ARDL); Many remain destitute	Collection mechanisms criticized; some funds unspent (Iqbal 2002)
Sudan	Mandatory (state tax)	SDG2.57B (~USD1.0B in 2016)	Funds 87% of social safety nets; reaches 2.6M households	Integrated with state; extensive infrastructure; strong legal framework

From the data, a few patterns emerge. Effectiveness: All cases show Zakat contributing to poverty reduction, though magnitudes vary. In Pakistan and Sudan, formal linkage to the state and widespread coverage yielded measurable macro effects. In Malaysia and Indonesia, despite robust institutional capacity, actual outcomes depend on collection levels and program design. Governance: Efficient oversight correlates with impact. Sudan’s centralised system achieves broad coverage, whereas Indonesia’s fragmented authority dampens results. Transparency and professional management are repeatedly cited as critical. Saputra & Sutopo (2024) conclude that “good, transparent zakat management” is vital. Synergies: Zakat is increasingly seen as complementary to secular welfare. For example, Indonesia’s government explicitly includes Zakat in national poverty strategies. The UNDP advocates partnerships (BAZNAS-UNDP) to channel Zakat funds into development projects.

We also compare to secular systems. Typically, government social welfare budgets in these countries are larger than Zakat budgets, but often less targeted. Zakat’s niche is moral obligation and community involvement. In practice, Zakat tends to focus on basic needs; some countries are expanding into microfinance and skills training, akin to conditional cash transfers (e.g., graduation programs).

Discussion

The evidence suggests Zakat is a potent instrument for poverty alleviation, but its impact hinges on institutional context. Theoretically, Zakat's purpose aligns with social justice: it can redistribute wealth and reduce inequality. Empirically, studies and reports indicate positive outcomes. For example, the Indonesian review shows Zakat programs reaching 721,748 people in extreme poverty zones. In Malaysia, academic indices confirm that recipients become less poor after Zakat aid. These results are consistent with the idea that even small transfers can lift the poorest households above survival thresholds, especially where government safety nets are weak.

Moreover, Zakat's alignment with SDG goals is not just theoretical. The UNDP's observation that Zakat categories map to SDGs (poverty, hunger, inequality) implies that scaling up Zakat could accelerate progress. Indeed, some projects have explicitly used Zakat funds to achieve development outputs. The BAZNAS-UNDP hydropower initiative is one such example. However, caution is needed: Zakat alone cannot eradicate poverty. The global target of eliminating poverty by 2030 appears unattainable without high growth and universal welfare expansion, so Zakat must be part of a broader strategy.

Challenges and Limitations: A recurring issue is compliance and coverage. In most countries, a significant portion of eligible Muslims do not pay Zakat through formal channels (often due to lack of enforcement, belief they give privately, or distrust in institutions). This means the "Zakat pool" is only partially tapped. Furthermore, Zakat's restriction to Muslims above nisab means even a well-administered Zakat system leaves many needy (non-Muslims or Muslims below nisab) outside its scope. Thus, it complements rather than replaces universal welfare.

Governance is another bottleneck. As noted in Indonesia and Nigeria, overlapping authorities and weak regulations can stifle effectiveness. Decentralisation, while providing grassroots reach, also risks inconsistent quality. The literature calls for professionalism and accountability: computerised Zakat management, audits, clear reporting, and capacity building for Amil (Zakat collectors). Digitisation is highlighted by Saputra & Sutopo (2024) as a way to boost efficiency and transparency.

Integration with Welfare Systems: Countries are experimenting with hybrid models. Indonesia is pioneering coordination between Zakat agencies and government poverty offices. Malaysia has sometimes allowed Zakat agencies to co-administer government programs for Muslims. Such integration ensures Zakat funds are used synergistically. For instance, a Muslim family might receive government cash aid and Zakat support for education or business, amplifying benefits. The risk, however, is duplication or crowding out (e.g., replacing government spending with Zakat funds).

Theoretical Implications: The findings reinforce several concepts in Islamic economics. Zakat operates not only as charity but as institutionalized solidarity. Ibn Khaldun's view that a strong state should guarantee welfare (through Zakat) finds empirical support: where states took charge (Sudan), coverage soared. Al-Ghazali's idea of rebalancing wealth is also seen: productive Zakat (like micro-loans) tries to create enduring prosperity for beneficiaries. However, conflicts can arise between traditional Zakat jurisprudence and modern needs: e.g., should school fees or health premiums count as Zakat? Some jurists permit waqf (endowments) to cover these, but interpretations vary. These debates affect design of Zakat programs.

Conclusion

This study underscores that Zakat has significant socio-economic potential in poverty alleviation, grounded in Islamic principles of justice and welfare. Interdisciplinary evidence from classical sources and modern analysis shows Zakat is conceptually akin to a targeted welfare instrument. Where effectively mobilised, Zakat measurably reduces poverty and empowers vulnerable populations. The case studies illustrate both successes (e.g. Sudan's wide coverage, Indonesia's scale-up in recent years) and challenges (regulatory gaps, incomplete coverage).

Key insights and policy recommendations emerge. First, strengthening institutional frameworks is crucial: clear laws, unified agencies, and accountability mechanisms can vastly improve performance (as Indonesia's proposed regulatory reforms and Sudan's Zakat Act suggest). Second, enhancing management practices: professionalism of Zakat administrators, transparent reporting, and the use of technology are needed to build public trust and efficiency. Third, targeting and integration should be improved: using data (poverty registries) to identify eligible beneficiaries, and aligning Zakat with national social protection (e.g. as a complementary safety net). The Indonesian and Pakistani experiences show that government cooperation with Zakat institutions yields better outcomes. Fourth, linking to development: using Zakat not just for consumption support but also for education, health, and entrepreneurship (as in Bangladesh's BRAC model or Indonesia's microbusiness grants) can achieve sustainable poverty graduation.

Finally, aligning Zakat with global agendas enhances its relevance. Because Zakat inherently targets the poor, it can help finance SDGs if recognised by policymakers. Indeed, international organisations now encourage engaging Zakat as a resource: UNDP's pilot programs and J-PAL's workshops demonstrate this trend.

In conclusion, integrating the spiritual ethos of Zakat with modern development policy can yield a more just economy. Zakat is not just a relic of religious practice but a living institution with practical impact. By adopting best practices and reforms, stakeholders can harness their power to reduce poverty and inequality. Future research should continue empirical evaluation (for example, longitudinal studies on Zakat intervention effects) and explore innovative models (digital platforms for Zakat giving, global Zakat funds) to fully realise Zakat's promise in building a welfare society.

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