

Inclusive Development and the Islamic Economic Paradigm: Unveiling Structural and Epistemic Injustices in Indonesia

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Abstract. *Inclusive economic development is a constitutional mandate aimed at achieving economic democracy, social justice, and public welfare. However, these goals are often hindered by structural barriers and dominant perspectives that marginalize vulnerable groups. This article analyzes how structural and epistemic injustices shape inclusive development in Indonesia through the lens of the Islamic economic paradigm. Using a qualitative-descriptive approach grounded in policy documents, legal texts, and critical literature, this study employs thematic analysis. The findings show that development policies tend to prioritize elite capital accumulation and large-scale projects, while neglecting the voices and local knowledge of marginalized communities. By integrating the ethical values of 'adl, maṣlahah, and ta'āwun, with epistemological critique, this article argues that genuine inclusivity requires not only institutional reform or Islamic philanthropy, but also participatory governance and the rethinking of dominant perspectives.*

Keywords: *inclusive development; epistemic injustice; islamic economic paradigm; structural injustice*

Abstrak. *Pembangunan ekonomi inklusif merupakan amanat konstitusi untuk mewujudkan demokrasi ekonomi, keadilan sosial, dan kesejahteraan masyarakat. Namun, praktik pembangunan kerap dibatasi oleh struktur dan cara pandang dominan yang meminggirkan kelompok rentan. Artikel ini menganalisis ketidakadilan struktural dan epistemik dalam pembangunan inklusif di Indonesia melalui paradigma ekonomi Islam. Dengan pendekatan kualitatif-deskriptif dan analisis tematik terhadap dokumen kebijakan, teks hukum, dan literatur kritis, penelitian menunjukkan bahwa kebijakan pembangunan masih berorientasi pada kepentingan elite dan proyek berskala besar, serta mengabaikan suara kelompok rentan. Dengan mengintegrasikan nilai-nilai adl, maṣlahah, dan ta'āwun, artikel ini menegaskan bahwa inklusivitas sejati menuntut reformasi kelembagaan, tata kelola partisipatif, serta peninjauan ulang cara berpikir dominan.*

Kata kunci: *pembangunan inklusif; ketidakadilan epistemik; paradigma ekonomi islam; ketidakadilan struktural*

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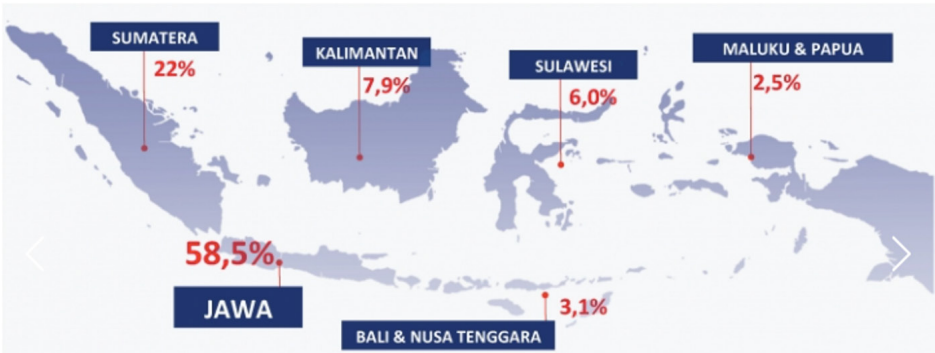
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Introduction

Infrastructure development and strengthening the quality of human resources are positioned as two main pillars in Indonesia’s national development agenda (Yakub et al., 2020). Although they are designed to support each other, the development of the two has not yet achieved an adequate balance. In the infrastructure sector, the government has achieved breakthroughs through the implementation of large-scale strategic projects, such as the construction of toll roads, ports, airports, and industrial estates, to strengthen regional connectivity and accelerate national economic growth (Garcia & Burns, 2022). However, development implementation is still concentrated in western Indonesia, especially on the islands of Java and Sumatra, which could widen regional development disparities. On the other hand, the implementation of infrastructure projects tends to rely on a top-down, technocratic approach, with limited local community participation and insufficient attention to social and ecological impacts. This has led to criticism that physical development orientation places more emphasis on short-term economic benefits, while aspects of social justice and environmental sustainability, which are important foundations for inclusive development, are often marginalized (Miller, 2023; Misra, 2022)

Figure 1. Inequality in Economic Development in Indonesia



Source: BPS data processed, Kompasiana.

Economic inequality occurs across regions. The largest contributor to Indonesia’s economy is still the island of Java, which accounts for 58.5 percent of GDP, followed by Sumatra (22 percent), Kalimantan (7.9 percent), Sulawesi (6.0 percent), Bali & Nusa Tenggara (3.1 percent), and Maluku & Papua (2.5 percent). This inequality arises because the center of development is more closely aligned with Java (BPS, 2025).

On the other hand, human resource development continues to occupy a strategic position in Indonesia's long-term development vision, especially within the framework of *Golden Indonesia 2045*. The government has launched various policies and programs aimed at improving the quality of education, expanding access to health services, and strengthening workforce competencies through vocational education and training, as well as curriculum adjustments to the needs of the industrial world (Muharam et al., 2025). Despite this, several structural challenges persist. The gap in the quality of education and health services between urban and rural areas remains a fundamental problem that has not been fully resolved. Low levels of digital literacy and limited access to cutting-edge technology have widened the inequality gap, especially for vulnerable groups such as women, indigenous peoples, and people with disabilities. Furthermore, the orientation of human resource development remains dominated by a productivity paradigm that prioritizes economic contribution, while holistic aspects of empowerment, including social, cultural, and spiritual dimensions, are often neglected (Gruzina et al., 2021). Therefore, the synergy between infrastructure development and human resource development needs to be designed and implemented more equitably, with greater sensitivity to the social context, to encourage substantive, sustainable social transformation (Dirie et al., 2024; Habamenshi et al., 2018; Rushambwa & Ndhlovu, 2023).

In addition to material inequality, another problem, no less important, is the deficit of epistemic justice. The dominant development discourse remains strongly influenced by Western economic paradigms, especially neoliberalism, which often rejects fundamental values of Islamic economics. As a result, economic development tends to ignore the achievement of justice (*'adl*), balance (*tawāzun*), and orientation to the public good (*maṣlahah*) (Kalkavan et al., 2021). Consequently, various forms of local, spiritual, and customary knowledge are often positioned as irrational or irrelevant to modernity, thus reinforcing epistemic marginalization practices. Although the principle of inclusive development has been incorporated into various normative and regulatory frameworks, ranging from the 1945 Constitution to Law No. 25 of 2004 concerning the National Development Planning System, and to the commitment to the Sustainable Development Goals (SDGs), its implementation in Indonesia remains suboptimal. The weak translation of legal guarantees into policy practice is inseparable from the top-down, technocratic pattern of policy formulation, which tends to ignore grassroots experience and knowledge (Croft et al., 2024). A similar phenomenon is also common globally, in which the legitimacy of expertise is often built through highly institutionalized

and elitist mechanisms (Bandola-Gill, 2021; Bitton, 2024; Chambon et al., 2024; Foster et al., 2021). In fact, various studies show that the principle of justice as the foundation of development in the Islamic economic paradigm has a real contribution to accelerating a more sustainable and inclusive development process (Amsari et al., 2024; Yasmeen et al., 2024).

This paper aims to critically examine the structural and epistemic injustices inherent in Indonesia's economic development paradigm. The analysis focuses on developing an integrative economic development framework grounded in structural justice through a more equitable distribution of resources, the enforcement of legal equality, and strengthened participatory governance (Young, 2008, 2020). In addition, this paper explores the concept of inclusive economic development rooted in epistemic justice, particularly through the recognition and legitimacy of local knowledge as a legitimate source of policy (Fricker, 2017). The internalization of Islamic economic values, along with sensitivity to cultural context, is seen as an important prerequisite for reorienting economic development policies towards more inclusive and sustainable outcomes. The main argument is that Indonesia's constitutional, ideological, and religious commitment to social justice in the development process remains overshadowed by structural and epistemic biases, ultimately hindering the realization of inclusive and sustainable development. This condition serves as the basis for the analytical goal of this paper: to formulate an integrative framework that consolidates the two dimensions of justice as an alternative direction for future development policies.

Research Methodology

This study uses a qualitative-descriptive research design to describe and analyze in depth the phenomenon of structural and epistemic injustice in the paradigm of Indonesian economic development. This design was chosen because it allows researchers to understand social reality contextually by examining the meaning, power relations, and knowledge construction that underlie development policies. This study uses a critical study approach to uncover, interrogate, and challenge power relations, structures of domination, and ideological assumptions embedded in social practices, public policies, and processes of knowledge production. Critical studies depart from the assumption that knowledge is never value-free, but is always produced in a particular historical, political, economic, and cultural context (Harvey, 2025). This approach is appropriately used because it allows for a comprehensive exploration, not only of formal policy

structures but also of ideological biases and power relations that perpetuate social exclusion.

The data used in this study are secondary sources drawn from academic journals, government policy documents, reports of international institutions, and classical and contemporary Islamic economic literature. The analysis was carried out using thematic analysis, a qualitative data analysis technique that systematically and reflectively identifies, organizes, and interprets patterns of meaning (themes) that emerge from text data sets (Cernasev & Axon, 2023). This technique is particularly relevant because it allows researchers to trace how certain knowledge is legitimized while other knowledge is marginalized.

Result And Discussion

Inclusive Economic Development in Indonesia

Inclusive economic development has been shown to significantly improve public well-being (Cook & Davíðsdóttir, 2021). Article 33 of the 1945 Constitution (UUD 1945) constitutes a fundamental legal foundation for the pursuit of inclusive economic development in Indonesia. The constitutional provision underscores that national prosperity should be distributed equitably as an expression of social justice for all Indonesians, rather than concentrated in particular elite groups or regions. The effective implementation of this constitutional mandate requires a synergistic alignment between Islamic economic principles and state policy instruments. Such alignment includes strengthening Islamic philanthropic mechanisms and empowering local institutions and communities as strategic measures to mitigate structural inequalities and ensure that all citizens enjoy fair and equal access to development resources (Rumbogo et al., 2021). Inclusive economic development must always take structural justice into account by eliminating social discrimination and economic inequality. At the same time, it ensures the realization of epistemic justice by recognizing and integrating local knowledge and cultural values into policy formulation (Inayati et al., 2025). The end goal is not merely economic expansion, but the achievement of collective well-being, community empowerment, and socio-ecological sustainability (Cook & Davíðsdóttir, 2021).

Indonesia has made significant progress in economic development, but its degree of inclusivity still faces substantial challenges. Since the era of Joko Widodo's administration, increased investment in physical infrastructure, such as the construction of toll roads and ports, and the development of blue economy

initiatives, has contributed to strengthening national connectivity and maintaining economic growth stability at around 5 percent (Inayati et al., 2025). However, the Financial Times report raised concerns that the use of strategic natural resources, such as nickel, could deepen inequality if not accompanied by a targeted strategy for green job creation and equitable benefit-sharing mechanisms, especially in remote areas. This condition raises concerns that the existing development pattern could lead to a less equitable future if inclusivity is not a policy priority (Naryono, 2023).

Structurally, Indonesia is advancing economic inclusion through digitalization and inclusive finance. According to data from the Financial Services Authority released on the ojk.go.id website, more than 76% of adults now have access to formal financial services (Inayati et al., 2025). Meanwhile, the current digital economy framework benefits from internet penetration of 76.8%. The government is also strengthening the blue and green economy, with a blue economy roadmap that aims to increase the contribution of the maritime sector from 7.9% to 15% by 2045, in addition to a strong commitment to low-carbon development as reaffirmed at COP 28 (Rahmiyati & Rachmawati, 2023; bappenas.go.id). However, significant regional disparities remain; the eastern region lags in basic infrastructure and services, while urban areas continue to reap most of the economic benefits (Utomo et al., 2025). This gap is reflected in the uneven quality of development and digital access throughout the archipelago.

The structural injustices that continue to hinder the realization of inclusive economic development in Indonesia reveal a serious gap between the normative mandate of Law No. 25 of 2004 on the National Development Planning System and its implementation practices. The law explicitly affirms the principles of justice, equity, and community participation as the foundation of national development planning through the RPJPN, RPJMN, and RKP instruments. However, the reality of unequal access to resources, public services, and economic opportunities, especially for poor groups, women, persons with disabilities, indigenous peoples, and disadvantaged, frontier, and outermost (3T: Tertinggal, Terdepan, Terluar) areas, indicates that these principles have not been substantively internalized. For example, government reports on the menpan.go.id website of the Ministry of State Apparatus Utilization and Bureaucratic Reform show barriers to access to public services for 3T people and people with disabilities, as well as limitations in digital connectivity and education in the outermost and disadvantaged areas, despite the inclusion policies that have been put in place.

Epistemic injustice in Indonesia occurs when knowledge derived from local communities, cultural values, and alternative perspectives, including those

rooted in Islamic economic traditions, is not recognized or marginalized in the development policy formulation process. The discourse of national development is still often dominated by the modern economic paradigm that focuses on market efficiency and material growth, thus leaving little room for contextual and culturally varied local knowledge (Inayati et al., 2024). This reflects a reality in which the integration of local knowledge and indigenous values into governance is still *instrumental* and selective. In contrast, the perspective of indigenous communities is often perceived as less “technical” and less relevant in formal policy forums such as regional development planning, so that indigenous knowledge is used only as a ceremonial symbol, with little operational contribution to public decision-making. A case study in Kampar Regency, for example, found that in development planning deliberations, the arguments and experiences of traditional elders are often seen as less valid than the dominant statistical data in the modern bureaucratic framework, so that the voices of local communities are less reflected in the policies produced (Mery et al., 2025). As a result, community-based solutions and locally tested social and ecological practices are often excluded from broader development planning, creating a disconnect between centralized policies and grassroots needs (Ranganai et al., 2022). As long as this form of epistemic domination continues, efforts to achieve inclusive economic development will encounter obstacles, as the resulting policies fail to reflect the social realities and aspirations of all citizens, especially indigenous communities and social groups that have different knowledge frameworks (Cummings et al., 2023; Germond-Duret et al., 2023; Inayati et al., 2025).

The integration of Islamic economic paradigms in the framework of national development has the strategic potential to correct various forms of inequality through the application of *the principle of ‘adl* (justice) and the use of legally institutionalized asset redistribution instruments, such as Law No. 23 of 2011 concerning Zakat Management and Law No. 41 of 2004 concerning Waqf. The alignment between these regulations opens up space for transformative solutions, not only in responding to structural injustices through wealth distribution mechanisms that are more favorable to marginalized groups, but also in overcoming epistemic injustices through the affirmation of the principles of *maṣlahah* (public good) and *ta’āwun* (social solidarity) (Ali et al., 2024; Chapra, 2014; Choudhury, 2024a). These principles demand recognition of local communities’ knowledge and social practices and encourage epistemic decolonization in the formulation of development policy. Thus, strengthening Islamic economic instruments in national policies serves as a link between the rationality of material efficiency and the sovereignty of knowledge,

enabling the establishment of an economic order that is not only spatially inclusive but also upholds moral dignity and epistemic justice for all citizens.

Realizing Structural and Epistemic Justice in Inclusive Development Through the Islamic Economic Paradigm

Islamic economics can be understood conceptually as a normative and analytical framework that interprets and responds to human economic problems by referring to values, norms, laws, and institutions derived from Islamic epistemology (Haneef, 1997; Inayati & Pratama, 2022). In Islamic thought, the entire cosmic reality was created with a specific purpose, and human beings, as part of it, also have a clear teleology. The purpose of human existence is not interpreted as an effort to exalt oneself to place man as the absolute center of reality, nor as total subordination to materiality and worldly forces. On the contrary, Islam places man as a creature who is aware of his ontological limitations and existential poverty, and acts on that awareness. Through the recognition of the fundamental dependence on Divine power and grace, man is directed to actualize his vast human potential. Thus, the ultimate goal of human activity, including in the economic realm, is the achievement of spiritual, intellectual, and moral excellence, which, in the Islamic tradition, is formulated as the ideal of *al-insān al-kāmil*, i.e., the perfect human being (Amsari et al., 2024; Aydin, 2013).

The basis of development in the Islamic economy does not simply lie in the normative adoption of sharia principles in policy planning and implementation, but in its capacity to challenge the mainstream epistemic assumptions of economic development that have so far placed market growth and efficiency as the ultimate goal (Amsari et al., 2024; Inayati & Mulyawisdawati, 2024). Within this framework, the Islamic economic paradigm functions not only as an ethical system but as an alternative policy architecture that centralizes the distribution of justice and social responsibility as the main variables of inclusive development (Choudhury, 2024b). In contrast to the capitalistic logic that legitimizes the concentration of wealth through market mechanisms, Islamic economics consciously intervenes in the distribution structure through *zakat*, *almsgiving*, and *waqf* instruments, as well as the prohibition of *usury*, which empirically often deepens the vulnerability of the poor in the conventional financial system (Chapra, 2000; Rafikov & Akhmetova, 2020). Thus, these instruments cannot be understood solely as philanthropic practices, but rather as structural corrective mechanisms that link production, distribution, and social justice within a single normative framework. This normative claim derives historical legitimacy from the practice of the rule of Caliph Umar

ibn Abdul Aziz in the 8th century, where the consistency of applying the principle of sharia-based redistribution resulted in a level of social welfare that practically eliminated extreme poverty in some regions (Amsari et al., 2024; Putra & Ismail, 2023). This precedent is important not as a romanticization of history, but as evidence that value-based development can be an effective policy strategy when distributive justice is positioned as a core goal, not just a side effect of economic growth.

Epistemic justice in economics does not simply refer to the abstract recognition of knowledge diversity. However, it reveals the power relations that determine who is recognized as a legitimate subject in the production of economic knowledge. Using Miranda Fricker's epistemic injustice framework, it can be shown that epistemic exclusion in economic policy is a structural problem rather than a procedural coincidence (Fricker, 2017). When economic policy analysis and formulation are dominated by state technocrats, academic experts, and international financial institutions, the life experiences and contextual knowledge of the poor, women, persons with disabilities, and indigenous peoples are systematically delegitimized as unobjective or unscientific. In Fricker's terminology, this practice reflects the injustice of testimony, in which epistemic credibility is degraded by social prejudice and by hermeneutic injustice, when marginalized groups lack the conceptual tools to interpret and voice their economic experiences due to the dominance of mainstream development discourse (Fricker & Jenkins, 2017). The implication is that the resulting economic policies tend to be ahistorical and context-free because they are built on a narrow, elitist knowledge base. Therefore, epistemic justice in economics demands a shift from technocratic knowledge governance to institutional recognition of experience-based knowledge, so that the groups most affected by economic policies are no longer treated as objects of intervention, but rather as sovereign epistemic actors in the development process.

Epistemic injustice in inclusive economic development in Indonesia is evident in the practice of productive zakat administered by BAZNAS. BAZNAS productive zakat is regulated by Law No. 23 of 2011 as a general basis, PP 14 of 2014 as a technical implementation, and PMA 16 of 2025 as the latest operational regulation that strengthens the direction for the utilization of productive zakat. Although zakat is normatively productive and recognized as a strategic instrument for poverty alleviation in various national policy documents, its implementation often relies on administrative and quantitative indicators of success. Such as the rate of fund absorption, the number of beneficiaries, and the increase in short-term income, without adequate space for local knowledge, mustahik life experience,

and the social dynamics of the zakat recipient community. As a result, *mustahik* is often positioned as a policy object that must be “capacited” according to state standards, rather than as epistemic subjects who have contextual knowledge of their own economic needs, risks, and strategies. This condition reflects the injustice of testimony, when the voice of *mustahik* is less considered credible in the program design process, as well as hermeneutic injustice, when the policy evaluation framework does not provide a conceptual language to assess non-material welfare such as social stability, business sustainability, and economic dignity. In fact, Islamic economic principles inherently correct this bias through the concepts of *maṣlahah*, *shūrā*, and *ta’āwun*, which demand the substantive participation of the zakat recipient community throughout the policy cycle and place holistic welfare as the primary goal.

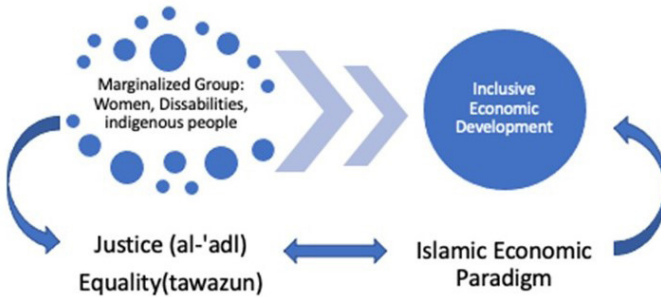
Structural justice does not simply refer to efforts to equalize the distribution of economic output, but to criticism of the configuration of social, economic, and institutional systems that inherently produce inequality. In contrast to the distributive approach, which assesses fairness based on who earns what, structural justice highlights how rules, norms, and public policies shape inequality from an early stage—for example, through bias in access to education, the labor market, asset ownership, or in the design of fiscal and development policies. Structural injustice, thus, does not always depend on individual intentions but operates through systemic mechanisms that continue to reproduce the marginalization of certain groups. Iris Marion Young, in *Justice and the Politics of Difference*, emphatically criticizes reducing justice to distribution alone and argues that this approach fails to capture the dimensions of power, representation, and social recognition that underpin inequality (Young, 2020). Young’s main contribution lies in his argument that justice demands institutional transformation—not just the correction of outcomes—by dismantling the patterns of institutionalized domination and exclusion in the legal, economic, and political systems. This perspective resonates strongly with Islamic economics, which, through the principles of *maṣlahah ‘āmmah* and social justice, emphasizes the need for systemic interventions to prevent the accumulation of power and wealth in certain groups. Thus, Islamic economics offers not only a mechanism of redistribution but also a normative-critical framework for evaluating and reconstructing the economic structures that give birth to inequality, making it relevant as an alternative paradigm in contemporary debates about structural justice and inclusive development.

One example of structural injustice in economic development in Indonesia is the design of regulations that support national digital transformation, such

as Law No. 11 of 2008 concerning Electronic Information and Transactions in conjunction with Law No. 1 of 2024, Government Regulation No. 80 of 2019 concerning Trade Through Electronic Systems, and Government Regulation No. 71 of 2019 concerning the Implementation of Electronic Systems. Although the legal framework normatively aims to create legal certainty and expand digital-based economic participation, its orientation is still heavily focused on market efficiency, system security, and administrative compliance, with limited attention to structural inequalities in infrastructure access, digital literacy, and the bargaining position of small economic actors. As a result, micro MSMEs, digital informal workers, women, and communities in the 3T region are systematically lagging in the digital economy ecosystem dominated by large platforms and data-driven logic. This inequality does not arise from individual adaptation failures, but rather from regulatory architectures and digital markets that reproduce the concentration of capital, information, and power (Kartiasih et al., 2023). In this context, Islamic economic principles offer a structurally relevant corrective framework through the affirmation of access justice (*'adl*), prevention of exploitation (*zulm*), and orientation to *maṣlaḥah 'āmmah* (Yahya & Wan Hasan, 2020). Its implementation can be achieved through strengthening digital platforms based on cooperatives and sharia communities, digital MSME financing based on profit-sharing, and the use of zakat and productive waqf to develop literacy and digital infrastructure in the community. Thus, the integration of Islamic economics into digital economy policies is not only normative but also has the potential to overhaul the institutional structures that have produced exclusion, so that national digital transformation really moves towards inclusive, just, and sustainable development.

Inclusive economic development requires the mainstreaming of Islamic economic values that place justice (*'adl*), balance (*tawāzun*), and public benefit (*maṣlaḥah*) as normative foundations in economic governance. This value framework provides a relevant ethical and participatory orientation to address regional inequalities, the exclusion of vulnerable groups, and the structural biases that are often inherent in the policy-making process. When operationalized into policy design, these principles have the potential to encourage a more proportionate distribution of development benefits, strengthen the economic base in disadvantaged areas, and ensure the implementation of development programs that are more equitable, inclusive, and sensitive to the diversity of social conditions (Suryani et al., 2023). This concept can be illustrated with the following diagram:

Figure 2. The Concept of Inclusive Economic Development



Source: Results of research data processing

The principle of justice (*al-'adl*) occupies a fundamental position in the framework of inclusive economic development and is the main normative pillar in Islamic economics. Justice is also the basic foundation of the Indonesian state, as mentioned in the second and fifth precepts of Pancasila. In this perspective, the success of development is not solely determined by aggregate economic growth, but by the extent to which wealth and economic opportunities are distributed fairly and equitably (Zafarullah & Mehnaz, 2025). Islamic economics distinguishes between two complementary dimensions of justice: distributive justice and participatory justice (Ali et al., 2024). Distributive justice serves to ensure that economic benefits are not concentrated in a specific elite group, but flow to all levels of society through institutionalized redistribution mechanisms, such as zakat as an instrument of social solidarity, as well as the prohibition of usury aimed at preventing the exploitation and reproduction of structural inequality (Benz, 2022; Inayati et al., 2025). However, truly inclusive development does not stop at the equitable distribution of results. However, it requires participatory justice, i.e., the equal involvement of all individuals, including marginalized groups, in the processes of production, decision-making, and the direction of economic policies. In Islamic economic tradition, this principle is known as *al-'adl fi al-musyarakah*, which emphasizes equal access and opportunities for every individual to participate meaningfully in economic activities (Chapra, 2000a, 2014).

In contrast to outcome-oriented distributive justice, participatory justice highlights the process dimensions and the structure of access, thereby preventing systemic exclusion in economic activities. This principle is closely intertwined with the concept of *al-musawah* (equality), which affirms the dignity of all human beings and rejects hierarchies of value based on gender, ethnicity, or social status.

Thus, Islamic economics holds that every individual has a moral and social right to contribute ideas, participate in decision-making, and play an active role in economic life that affects their well-being (Khalidin, 2024; Khurshid, 1976).

Indonesia has developed various policy frameworks that emphasize expanding access to services and economic participation for vulnerable groups, including through strengthening Islamic economics and finance as part of its national development strategy. In the 2025–2029 RPJMN, the sharia economy is raised as one of the *national priorities*. This shows the involvement of Sharia instruments in the broader development agenda, not just as a moral idea. This engagement also reflects the government's recognition of the potential of Islamic economic values in strengthening equity, inclusion, and social justice (Risalah & Amanda, 2025). In addition, efforts to increase Islamic financial literacy and inclusion include the formulation of a National Strategy for Sharia Economic and Financial Literacy and Inclusion by KNEKS and related institutions. This effort marks the government's attention to education and access to Sharia economic instruments for the wider community, including marginalized groups (Sari et al., 2025). Although the 2020–2024 RPJMN and the 2025–2045 RPJPN framework normatively affirm the commitment to reducing inequality and inclusive development, the position of zakat and productive waqf in the national policy architecture still reflects fundamental structural and epistemic injustices. The Islamic economic instrument has not been treated as a strategic redistribution mechanism, but has been reduced to a residual social assistance device outside the main logic of state economic planning. This condition indicates a paradigmatic tension between the technocratic approach to development, which prioritizes conventional macroeconomic indicators such as growth and investment, and Islamic economic rationality that is oriented towards *maslahah*, distributive justice, and social sustainability.

The realization of structural and epistemic justice in inclusive economic development through the Islamic economic paradigm in Indonesia requires more than just institutional strengthening or expansion of Islamic financial instruments. The collaboration between Bank Indonesia and the Indonesian Ulama Council (MUI) in promoting Islamic finance, Islamic philanthropy, and inclusive financial products demonstrates a normative commitment to grounding national economic development in the values of justice and welfare (Amsari et al., 2024; Prakoso, 2025). However, the discourse on optimizing zakat and productive waqf through BAZNAS and the Indonesian Waqf Agency, indicates that the main obstacle lies in the epistemic hierarchy that still marginalizes Islamic economics as a valid knowledge framework in the formulation and evaluation of development policies,

so that the potential of zakat and waqf as a corrective instrument against structural inequality, especially in the empowerment of MSMEs, pesantren economy, and vulnerable groups, has not been systemically articulated in the national planning document.

This condition is strengthened by data from the Financial Services Authority (OJK), which shows a low level of Islamic financial literacy and inclusion compared to the national average, which ultimately limits the effectiveness of Islamic instruments in reaching marginalized communities (Ihsan et al., 2024). Therefore, the mainstreaming of Islamic economics in Indonesia's development agenda requires the repositioning of zakat and waqf not only as alternative fiscal instruments or symbols of financial identity, but also as epistemically and transformatively legitimate development paradigms capable of reshaping how justice, growth, and welfare are defined and measured in national policies. Within this framework, the expansion of the impact of Islamic economics should be directed at the substantive integration of zakat, waqf, and sharia microfinance instruments into development policies that are pro-people, responsive to the needs of vulnerable groups, and visibly correct structural and epistemic inequalities, instead of stopping at the logic of asset growth or market share alone (Sukmana & Trianto, 2025).

Conclusion

Although Indonesia has recorded significant economic growth and expansion of financial inclusion, the realization of truly inclusive economic development remains constrained by persistent structural and epistemic injustices. The main findings reveal a fundamental gap between the normative mandate of Article 33 of the 1945 Constitution and Law No. 25 of 2004, and development policy practices that remain dominated by technocratic and market-oriented paradigms. So, local knowledge, indigenous peoples' perspectives, and Islamic economic frameworks tend to be marginalized. The central argument of this study is that without epistemic recognition and structural transformation, inclusive policies will remain procedural and fail to address the root of inequality. The novelty of this study lies in the analytical integration of structural and epistemic justice by positioning Islamic economics as a transformative development paradigm. Through the principles of *'adl*, *maṣlahah*, and *ta'āwun*, as well as the instruments of zakat and waqf, inclusive economic development can be realized, not just through fiscal instruments or normative ethics. Its relevance is strong in the context of contemporary Indonesian policy debates, especially the mainstreaming of sharia economics in the RPJMN and the discourse on optimizing productive zakat-waqf to

overcome social and regional inequality. However, this study has limitations because it remains conceptual-critical and lacks a cross-regional comparative empirical analysis. Therefore, it is recommended that further research develop community-based empirical studies to concretely assess the integration of zakat, waqf, and sharia microfinance in development planning, while encouraging the repositioning of Islamic economics as a legitimate and operational knowledge framework in the design, implementation, and evaluation of national development policies.

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