

Optimizing Productive Zakat Distribution by BAZNAS for Sustainable Poverty Reduction in Indonesia

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Abstract

Poverty is a problem faced by all countries, including Indonesia. Zakat is one of the important instruments in poverty alleviation efforts. The more zakat is collected and the more targeted it is in its distribution, the more able it will be to reduce poverty. Therefore zakat has an important role in the growth of the economy and development. The purpose of this study was to determine the distribution of productive zakat in the form of business capital carried out by the Amil Zakat Agency (BAZNAS) in an effort to alleviate poverty in Indonesia. This research method is to use literature study research. The results of the study found that the implementation of productive zakat capital had a positive impact on poverty alleviation, increased income and could give birth to new entrepreneurs. Therefore, the productive zakat distribution program by BAZNAS needs to be continuously carried out while at the same time providing assistance to improve the quality of its management and its resources.

Keywords : Poverty, Productive Zakat, Mentoring, BAZNAS.

INTRODUCTION

Poverty is a problem faced by every country, including Indonesia. Various policies have been made by the government to address this issue, both sectorally, monetary, fiscal or other policies. However, what has been done has not been fully able to address the problems that occur in the field. Based on data from the Central Statistics Agency, it was obtained that the number of poor people in September 2022 was 26.36 million people, an increase of 0.20 million people compared to March 2022 but a decrease of 0.14 million people compared to September 2021. The percentage of urban poor people in March 2022 was 7.50 percent, increasing to 7.53 percent in September 2022.¹

Zakat is a worship related to financial economy and society, and zakat is also one of the five pillars of Islam which has a very important status and function in social life. The existence of zakat is expected to minimize the income gap between the rich and the poor, and is expected to increase and grow economic growth both in the individual scope and in

¹ Central Statistics Agency, Percentage of Poor Population in September 2022 Increases to 9.57, accessed via <https://www.bps.go.id/pressrelease/2023/01/16/2015/persentase-penbesar-miskin-september-2022-naik-jadi-9-57-persen.html#:~:text=Abstraction,persen%20poin%20terhadap%20September%202021.>

June 28, 2023. <http://edukasi.kompas.com/read/2016/08/08/12462061/ini.alasan.mendikbud.usulkan.full.day.School>.

the social scope of society.² Seeing the facts on the ground that the potential for zakat has not been optimally implemented in Indonesia, the government needs to create a special policy to increase it. One way that can be implemented is to involve BUMN in the collection process. Data released by the Ministry of BUMN states that in accordance with the core value, the number of BUMN is now 41 in 2022.³

Distribution of zakat funds can be done in various ways, depending on the management mechanism carried out by the related zakat institution, whether it will be given directly to the poor for consumption or productively which can be used in terms of developing the people's economy and becoming a long-term investment. The target of zakat utilization is not only directed at spending existing cash funds but also creating economic independence for zakat recipients and achieving social impacts that can be in the form of reducing unemployment rates, increasing community welfare, increasing the number of educated people, reducing juvenile delinquency rates and so on.

This research will certainly be very interesting to conduct considering that currently Indonesia is experiencing a fairly good increase in economic growth with a figure of 5.31 percent in 2022, higher than the achievement in 2021 which was at 3.70 percent.⁴ So in this study will focus on the equalization and reactivation of the distribution of productive zakat as an initial step in eradicating poverty. The goal is to find out the utilization of productive zakat funds carried out by BAZNAS as a long-term investment that continues to be developed to reduce poverty rates.

RESEARCH METHODS

This research method uses literature study. Literature study is a study related to theoretical studies and other references related to values, culture and norms that develop in the social situation being studied.⁵ In addition, literature study is very important in conducting research, this is because research will not be separated from scientific literature.

² Nuruddin Mhd. Ali, *Zakat as an Instrument of Fiscal Policy*, (Jakarta: Raja Grafindo Persada, 2006), p. 2.

³ Ministry of State-Owned Enterprises of the Republic of Indonesia, Business Cluster, accessed via <https://bumn.go.id/portfolio/klaster-usaha> June 28, 2023.

⁴ Central Bureau of Statistics, Indonesian Economy in 2022 Grows 5.31 Percent, accessed via website <https://www.bps.go.id/pressrelease/2023/02/06/1997/economic-indonesia-tahun-2022-tumbuh-5-31-persen.html> June 28, 2023.

⁵ Diah Syifaul A'yuni, "Peran Wakaf Terhadap Kesejahteraan Masyarakat," *Al-'Adalah: Jurnal Syariah Dan Hukum Islam* 3, no. 2 (2018): 120–30, <https://doi.org/10.31538/adlh.v3i2.452>.

LITERATURE REVIEW

Zakat Management and Poverty Alleviation

In terms of language, zakat is a basic word (masdar) from the word zaka which means pure, good, blessing, growing and developing. According to the term or syara, it is the name for certain withdrawals from certain assets, according to certain characteristics to be given to certain groups.⁶ So it can be interpreted that zakat is part of the obligatory wealth that is given to every Muslim who has fulfilled the requirements, which is then given to certain people who fulfill certain requirements.

Zakat management is a process that cannot be considered simple in its implementation because it requires good planning and good coordination between many parties and starts from the beginning of the collection process to its distribution.⁷ The person responsible as the zakat manager must meet various criteria such as understanding Islamic law, trustworthiness, usefulness, justice, honesty, legal certainty, integrated and accountability.

Yusuf Al-Qardhawi views the important role of the government as the spearhead in managing zakat and its utilization.⁸ He discusses matters that are the government's obligations in managing zakat to improve the welfare of society such as the guarantee of the continuity of sharia, equality of mustahik, maintaining the honor of mustahik without having to demean them as people who are entitled to receive zakat and the area of asnaf which is not limited to the scope of individuals.⁹

Islam sees the problem of poverty from three levels, namely: First, poor spirituality. In this case, a person experiences emptiness in his soul in his relationship with Allah so that he always experiences anxiety in his life. Second, poor knowledge. This means that a person does not have the knowledge to deal with his life problems so that sometimes he tends to be careless in acting and lacks work ethic. Third, poor material. Where a person does not have

⁶ Rahmawati Muin, *Zakat Management*, South Sulawesi: Pustaka Almada, 2020), p. 3.

⁷ Bin Abd. Ghani and A. H Bin Aziz, "Productive Waqf Asset Management Based on Primary Scale and Implications for Community Welfare," *Management of Zakat and Waqf Journal (MAZAWA)*, 7 (2023): 85.

⁸ Ahmad Riza Hidayat et al., "Manajemen Wakaf Dalam Perspektif Hukum Islam Dan Undang-Undang No. 41 Tahun 2004," *Filantropi: Jurnal Manajemen Zakat Dan Wakaf* 4, no. 1 (2023): 14–26, <https://doi.org/10.22515/finalmazawa.v4i1.8029>.

⁹ Yusuf Qardhawi, *Musykilat al-Faqr wa Kaifa 'Alajah al-Islam*, translated edition: *Theology of Poverty: Basic Doctrine and Islamic Solutions to the Problem of Poverty*. First edition, (Yogyakarta: Pustaka Pelajar Offset, 2002), p. 45.

the wealth to meet his life needs so that sometimes his life depends on others but he still has the ability to work to be able to meet his own needs.¹⁰

The government has the right instrument to collect and distribute zakat from the community in an integrated manner on a large scale, namely through BAZNAS. BAZNAS' core activities consist of three main things, namely collection, management and distribution.¹¹ With this function, it is expected that BAZNAS can maximize the collection and distribution of zakat. The management of zakat funds in an institution is expected to reach all levels of society who need assistance and achieve shared prosperity and facilitate the distribution of zakat funds in one line of coordination.

Based on this, it is necessary to implement and distribute zakat continuously, awareness from the community who are able to pay zakat and the active role of the government in promoting the importance of distributing zakat through trusted zakat collection bodies such as BAZNAS, so that wealth is not only deposited in some people but can be enjoyed by people in need. The development of zakat in building the economy of the people is very important in building the welfare of Muslims. Productive zakat is present as one of the solutions in terms of allocating zakat funds that have social entrepreneurship education.

Productive Zakat and the Eligible Groups

Productive zakat is the giving of zakat that can make the recipient produce something continuously with the zakat assets that have been received. Or it can also be said that productive zakat is zakat that is managed productively by providing capital to the recipients of zakat and then developed to meet their living needs for the future.¹² The development of productive zakat can be done by making zakat funds as business capital for the economic empowerment of recipients and so that the poor can run or finance their lives sustainably. With these zakat funds they will get a steady income, increase their business, develop their business and can set aside income for savings.

In the classification of distribution, productive zakat funds are divided into two sub-sections, namely conventional productive zakat and creative productive zakat. Conventional

¹⁰ MNR Al Arif, Zakat Multiplier Effect and Its Implications for Poverty Alleviation Programs. Exhibition Journal of the Faculty of Sharia, UIN Sunan Kalijaga Yogyakarta, 2010, pp. 42-49.

¹¹ Nur Insani, Zakat Law: The Role of BAZNAS in Zakat Management, (Yogyakarta: Deepublish Publisher, 2021), p. 132.

¹² Qodariah Barkah, et al., Jurisprudence of Zakat, Alms, and Waqf, (Jakarta: Kencana, 2020), pp. 69-70.

productive zakat distribution is zakat that can be given in the form of goods that are productive or can be developed. Zakat recipients (mustahik) must be creative in creating a new business that has future prospects such as raising animals, opening a clothing convection business, opening a hairdressing business and others. While creative productive zakat is the utilization of zakat that is implemented in the form of providing business capital, either for the development of social community activity projects, as capital for micro, small and medium enterprises, developing the economy of traders in the market or small entrepreneurs. According to Abdullah, among the eight groups of zakat mustahik, only four groups are entitled to receive productive zakat, namely; the poor, the needy, the amil zakat and the converts. However, the most prioritized of the four groups are the poor and needy, while the remaining four, namely riqab, gharimin, ibnu sabil, and fi sabilillah, only receive consumptive zakat or certain needs. The distribution pattern of productive zakat must be arranged in such a way that the target of this program is not achieved.¹³ The distribution of productive zakat must have a mature and careful planning concept in its implementation so that the distribution targets are precise and accurate and become a multidimensional development of productive zakat in eradicating existing poverty problems.

The basic principles that must be met in managing zakat for the utilization of productive economic activities are: One, the basic needs of the mustahik must have been met first; Two, the utilization of zakat funds for productive economic activities is directed to create business unit activities that generate permanent sources of income for the mustahik; Three, the utilization of zakat funds for productive economic activities is a voluntary program and aims to educate independence; Four, the selection of business fields must involve and pay attention to the level of ability of the mustahik; Five, the utilization of zakat funds for productive economic activities must be equipped with technical and management assistance programs; Six, there is a program time limit; and Seven, there is a guarantor institution in case of business failure.¹⁴

¹³ Abdullah, Productive Zakat Utilization Strategy: Study of BAZ Sukabumi Regency, West Java. *Al-Mashlahah: Journal of Islamic Law and Islamic Social Institutions*, 1(1), 2013, pp. 1-13, accessed from <http://dx.doi.org/10.30868/am.v1i01.105> June 28, 2023.

¹⁴ M. Fitri, Productive Zakat Management as an Instrument for Increasing the Welfare of the Community. *Economica: Journal of Islamic Economics*, 8(1), 2017, pp. 149-173, accessed on <http://dx.doi.org/10.21580/economica.2017.8.1.1830>. June 28, 2023.

The Strengthening and Constraining Factors of Zakat Empowerment Mechanism

In the zakat management pattern, expertise is needed in each field to realize an advanced and superior zakat institution in creating better economic creativity for the people. Among the driving factors in realizing the utilization of zakat include: creating a generation that loves zakat, collecting in a more educational way, cooperating with related agencies in utilizing the utility value of zakat in the era of globalization, and mastery in the fields of science and technology.

In today's era, zakat empowerment is very important. This is because zakat has a very important role in the economic development of the country of Indonesia, especially the lower class community, although there are obstacles in its empowerment such as; limited resources who are experts in their fields, minimal knowledge of Islamic jurisprudence in managing zakat, lack of participation from various levels of society, lack of revitalization of the use of modern tools, and lack of information about zakat.

RESULTS AND DISCUSSION

Implementation of Productive Zakat Utilization by BAZNAS

In terms of collecting zakat funds, good and accurate management is needed, so that the zakat growth graph for each region can be known, which then makes it easier for zakat collectors to distribute zakat funds managed by the National Zakat Collection Agency. The strategy for utilizing productive zakat by BAZNAS is now to distribute wealth to mustahik with the hope of increasing business income and economic welfare which is carried out in the form of providing capital and business development for micro and small businesses. This activity requires mustahik to return the capital that has been obtained by setting aside part of the business profits obtained. To maximize its implementation, the implementation is carried out with national supervision but handled by BAZNAS in each region.¹⁵

The process of determining the parties who will receive assistance is carried out by BAZNAS in the regions through several stages. First, proposing the names of prospective recipients of assistance. Anyone can propose names, both individuals and institutions, such as through the managers of Sub UPZ (Zakat Collection Unit) of mosques, sub-district UPZs, or through UPZs in government agencies. Second, the names that have been submitted are

¹⁵ Abdurrahman Kasdi, "Peran Nadzir Dalam Pengembangan Wakaf," *Ziswa: Jurnal Zakat Dan Wakaf* 1, no. 2 (2014): 213–26, <https://doi.org/http://dx.doi.org/10.21043/ziswaf.v1i2.1483>.

then surveyed by officers to validate and to find out the real conditions of the prospective recipients of assistance. If the prospective recipient of assistance is considered eligible and meets the criteria required by the regional BAZNAS, then the prospective recipient of assistance can immediately receive the assistance in question.

To increase the possibility of success and success of the assistance provided, BAZNAS in the region is required to provide assistance in the form of technical guidance for one year as provisions so that the recipients of the assistance are able to become entrepreneurs who have better abilities in all matters related to their business than before. The form of assistance itself is in the form of production assistance such as counseling on improving product quality, marketing, business development, and training in the process of making good and correct financial reports.¹⁶ After their business grows, it is hoped that they can improve the quality of work, service and affordable prices for customers so that the business they run progresses, runs smoothly and their income increases.

Benefits of Giving Productive Zakat

From various news sources obtained in the mass media, the recipients of productive zakat assistance show that in general the implementation of productive zakat distribution carried out by BAZNAS can be considered successful. This is because many of the recipients of the assistance stated that there was significant development in the businesses they run which led to an increase in their standard of living. This is in accordance with Al Arif's statement which emphasized that the role of productive zakat is very important in developing the community economy, not only as a means of meeting needs, but also as a medium for spreading the Islamic religion. In terms of practice, the development of productive zakat funds has been able to develop micro and medium enterprises, increase people's purchasing power and reduce unemployment in the area.

Zakat is also a solution on how to manage wealth properly, because in it there are the rights of others as well as commands from religion, in order to create balance in life, so that the circulation of production, distribution and consumption run hand in hand in creating a better economy for a country.

¹⁶ BAZNAS, Baznas Develops SME Empowerment Program, accessed on https://baznas.go.id/v2/news-show/BAZNAS_Kembangkan_Program_Pemberdayaan_UKM/268?back=https://baznas.go.id/v2/news-all June 28, 2023.

In the macroeconomic aspect, zakat is ultimately expected to be able to boost demand and purchasing power of the community (mustahik), both in the form of goods and services. If the implementation of zakat has been running in a structured manner, it is expected that it will be able to increase public awareness in distributing zakat through trusted institutions that already have legal entities that are legally recognized by the state without having to worry that the funds are not managed properly. With the existence of zakat funds, it is hoped that the community will want to escape the poverty line without intervention from other parties, to realize the welfare of their lives and their families.

Islam always emphasizes the importance of respecting individual ownership of their property. However, not all individuals have ownership assets, therefore a mechanism is needed to guarantee storage and distribution in an economic system. Therefore, the macroeconomic system is expected to be able to contribute to the distribution of zakat to create a sustainable program and have a wider scope to reduce poverty in mustahik households.

Zakat Management and the Wisdom of Productive Zakat

The most important thing with the utilization of zakat is a process of improving better management in collecting zakat funds from muzakki then distributed to mustahik, and managed for the common good. In Law Number 38 of 1999 concerning the Utilization of Zakat, that zakat management is a process of planning, organizing, implementing and controlling the collection of zakat funds itself.¹⁷ Zakat management is based on belief, piety, transparency, and legal credibility in accordance with applicable laws, as well as zakat control management which has the following objectives: First, Effectiveness of the performance of zakat collectors in serving the community for distribution, so that it is right on target in accordance with religious recommendations. Second, Developing the rate of zakat collection by involving all existing stakeholders, in order to achieve the common good. Third, Creating utility or benefits from the allocated zakat funds.¹⁸

The implementation mechanism must involve supporting components from how the initial process of collection, management, distribution and supervision, to accountability of

¹⁷ Muawanah, "Pemberdayaan Wakaf Produktif Sebagai Pilar Peningkatan Lembaga Pendidikan Di Yayasan Sabilur Rosyad Sidoarjo," *Al-'Adalah: Jurnal Syariah Dan Hukum Islam* 1, no. 3 (2016): 1–15, <https://doi.org/https://doi.org/10.31538/adlh.v1i3.430>.

¹⁸ Mardani, *Sharia Economic Law in Indonesia*, (Bandung: PT. Refika Aditama, 2011), p.35.

assets that are distributed to the right destination to those entitled to receive them. It is hoped that the economy through zakat can form a strong social integrity characteristic and become the vanguard in the resilience of the people's economy, so that justice is created evenly in the midst of society for the realization of common welfare.

The wisdom of zakat is that it can provide insight into the importance of good consumption, production and distribution in Islamic teachings. In a broader sense, zakat is not a goal, but a bridge to achieving the goal itself.

CONCLUSION

Zakat, in addition to functioning as a means of worship to get closer to Allah, is also part of the process of purifying the wealth owned by a Muslim. With good utilization, zakat is expected to be able to eradicate poverty and improve the economy of the mustahik. The distribution of productive zakat as a whole in Indonesia has been carried out proportionally and professionally by officers of the National Zakat Agency (BAZNAS) both nationally and regionally. The distribution of productive zakat in the form of business capital has a positive impact on mustahik in improving their standard of living. The productive zakat distribution program has also been able to create new jobs for the surrounding community, and has been able to create human resources who have high creativity and competitiveness. It is hoped that in the future the distribution of productive zakat will continue to be carried out and improved so that it can be distributed to more mustahik who are entitled and have the potential so that the problem of poverty that has always haunted the country can be resolved immediately.

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