



Distribution of Zakat Resources to Further Sustainable Development Goals Through The Mitigation of Poverty in Baznas, Republic of Indonesia

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Abstract. The eradication of poverty and inequality represents a contemporary challenge that the Sustainable Development Goals (SDGs) seek to address. The SDGs themselves are an extension of the prior framework established by the Millennium Development Goals (MDGs), which were formulated by the United Nations and endorsed by 193 nations. The SDGs are rooted in universal principles, integrity, and inclusivity to ensure that all stakeholders can participate without exception, encapsulated in the principle of "No One Left Behind." The SDGs encompass 17 objectives and 169 targets for achievement, with the expectation of realization by the year 2030. The contribution of zakat towards the advancement of the SDGs is further reinforced by Law No. 23 of 2011 regarding the Management of Zakat, which articulates that zakat functions as a religious institution aimed at enhancing justice and the welfare of the community. Moreover, Article 3 of the same legislation delineates the objectives of zakat management, which include: 1) Enhancing the effectiveness and efficiency of zakat management services, and 2) Augmenting the benefits of zakat to promote community welfare and alleviate poverty.

Keywords: Funds; Zakat; SDGs; Poverty

1. Introduction

The Islamic economy has achieved significant global expansion, manifested in various forms, encompassing both the commercial domain, particularly in banking, and the realm of social investments, including zakat, infaq, almsgiving, and endowments. Zakat represents a crucial sector with substantial financial resources capable of contributing to the realization of the Sustainable Development Goals (SDGs). Analyzing the nature of the programs implemented, it becomes evident that zakat is intrinsically linked to the objectives of the SDGs such as the eradication of poverty and hunger, the promotion of good health, among others. The SDGs, commonly referred to as the Sustainable Development Goals, constitute a framework aimed at combating poverty, safeguarding the planet, and ensuring that all individuals can experience peace and prosperity. The elimination of poverty and inequality constitutes a pressing challenge that the SDGs are designed to address. The Sustainable Development Goals (SDGs) represent an evolution of the prior Millennium Development Goals (MDGs), established by the United Nations and endorsed by 193 nations. The implementation of the SDGs is grounded in universal principles, characterized by integrity and inclusivity, ensuring that all stakeholders can participate



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without exclusion, encapsulated in the ethos of "No One Left Behind." The SDGs encompass 17 distinct goals and 169 specific targets, with the aspiration of achieving these objectives by the year 2030 (Wahyuningsih, 2018).

SDGs, which are often called the Sustainable Development Goals, is a platform for acting to alleviate poverty, protect the earth and ensure that all people can feel peace and prosperity. Points from 17 primary SDGs objectives include:

1. No Poverty
2. Zero Hunger
3. Good Health and Well-being
4. Quality Education
5. Gender Equality
6. Clean Water and Sanitation
7. Affordable and Clean Energy
8. Decent Work and Economic Growth
9. Industry, Innovation, and Infrastructure
- 10.Reducing Inequality
- 11.Sustainable Cities and Communities
- 12.Responsible Consumption and Production
- 13.Climate Action
- 14.Life Below Water
- 15.Life on Land
- 16.Peace, Justice, and Strong Institutions
- 17.Partnerships for the Goals

Zakat constitutes the allocation of financial resources by competent Muslims in accordance with religious mandates, directed toward individuals who are in greater need. The designated beneficiaries of zakat encompass the impoverished, destitute, administrators of zakat, recent converts to Islam, individuals enslaved by their debts, those engaged in the path of Allah, and travelers in need. The primary objective of zakat is to furnish services, confer benefits, and enhance the overall welfare of the recipients. It can be posited that zakat serves as a crucial instrument for development within a nation. Zakat is regarded as one of the fundamental pillars of Islam and serves as an obligatory mechanism for Muslims in their journey of servitude and devotion to Allah SWT, which bears significant implications for both the social and economic dimensions of the community. Zakat can be perceived as a vital resource and funding source for initiatives that fall under the eight categories (Ashnaf), as delineated in the Al-Quran, particularly in Surah At Taubah, verse 60 (9:60). Consequently, zakat may be viewed as a promising resource and funding avenue for programs undertaken with the aspiration that it engenders positive outcomes and transformative changes for the beneficiaries, especially in the realm of poverty alleviation (Ngoya, 2015).

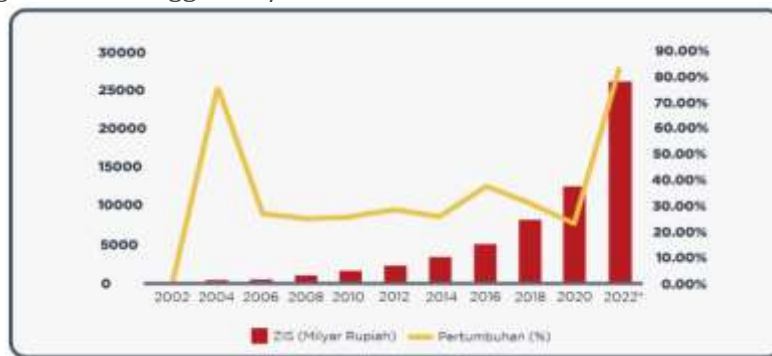


Figure 1 Collection ZIS Period 2002- 2022

Sumber: BAZNAS RI (2022b)

The growth of Zakat, Infaq, Alms and DSKL in 2002-2022 has positive trends. The collection in 2022 reached 22 trillion rupiah which This means that there has been a significant increase, which is Rp. 11,881.81 billion or a growth of 84.16 percent compared to the year 2021. This high growth is supported by the existence of an information system and digitalisation that makes it easier for people to pay for ZIS.

Interesting growth trends in 2005 and 2007 where the growth of ZIS and DSKL reached more than 95 percent caused by. In those years, the Aceh Tsunami (2005) and the Jogja Earthquake occurred (2007). This event illustrates that one of the factors that increases. The amount of collection is caused by an event or natural disaster. The same thing also happened in 2020, where during the COVID-19, the number of donations increased than usual, as stated in Policy Brief Puskas BAZNAS (2020b).

The realisation of the collection and distribution of ZIS-DSKL in 2023 based on data as of February 27, 2024 with details of the collection of national ZIS-DSKL of 32,321,191,779,419 rupiah, the distribution of national ZIS-DSKL is 31,199,428,031,786, the collection of ZIS-DSKL Central BAZNAS is 881,555,283,618 and the distribution of ZIS-DSKL Central BAZNAS is 675,091,571,281.



Figure 2 Number and Percentage of Poor People, Sept 2012-March 2023

Sumber: BPS, 2023

Regionally, the increase in poverty lines in urban areas is still fixed higher than in rural areas. When viewed by percentage Indonesia's urban poor in September 2022 by 7.53 percent decreased to 7.29 percent in March 2023. Meanwhile, for the percentage rural poor in September 2022 by 12.36 percent decreased to 12.22 percent in March 2023. The poverty rate in Rural Areas in March 2023 has showing a decrease compared to the pre-pandemic period which reached 12.60 percent in September 2019. Meanwhile, in urban

areas, the poverty rate is still more high compared to before the pandemic, which was 6.56 percent in September 2019. The high level of poverty line can be caused by an increase in prices on several food commodities so that it has an impact on the percentage increase poor people in both urban and rural areas.

Research concerning the significance and prioritization of the role of Zakat in relation to the Sustainable Development Goals (SDGs) remains considerably limited. Consequently, it is essential to undertake this investigation to establish a foundational reference for examining the interplay between the function and status of Zakat within the SDGs, which are regarded as complementary and capable of fostering beneficial synergies for global advancement. Moreover, it is crucial to delve more thoroughly into how this research can elucidate the pertinence of recommendations, as well as to prioritize or assess the objectives of Zakat in relation to the SDGs in the context of its execution. Therefore, Zakat can serve as a mechanism for performance evaluation and guarantee its position as a significant indicator for the achievement of the SDGs on a global scale, particularly in Indonesia (Harahap, 2018).

2. Methods

This investigation employs qualitative methodologies. The rationale for utilizing this approach is to elucidate the values and perspectives articulated by experts and practitioners regarding zakat and the Sustainable Development Goals (SDGs) within the Indonesian context. Qualitative research represents a systematic endeavor to comprehend scientific inquiries through an intricate holistic framework, utilizing information conveyed from the informants' perspectives and conducted within authentic environmental contexts (Sugiyono, 2010).

3. Results and Discussion

The promulgation of Law No. 23 of 2011 pertaining to the Management of Zakat further reinforces the position of BAZNAS as an entity endowed with the authority to administer zakat management on a national scale. Within the statute, BAZNAS is designated as a non-structural governmental organization that operates independently and is accountable to the President via the Minister of Religion. Consequently, BAZNAS, in collaboration with the Government, bears the responsibility for supervising the administration of zakat, which is founded upon principles of Islamic law, trustworthiness, expediency, justice, legal certainty, integration, and accountability. Distribution Patterns of the National Amil Zakat Agency (BAZNAS) of the Republic of Indonesia (Soleh Nurzaman, 2019).

In the execution of the distribution function, BAZNAS adheres to seven fundamental principles governing its distribution and utilization program, specifically: trustworthiness, collaboration, benefit, sustainability, participatory engagement, integration, and measurability. The allocation and utilization of zakat funds by BAZNAS are predicated on the objective of addressing the principal challenges confronting the Indonesian populace. The initial challenge pertains to access, which signifies that individuals lack access to vital social services, including education, healthcare, and other community necessities. The subsequent challenge pertains to economic growth, indicating that individuals do not possess the means to extricate themselves from economic difficulties; for instance, they may lack capital for entrepreneurial ventures, lack knowledge regarding production processes, or lack access to markets. The third challenge relates to social injustice, indicating that individuals are unable to enhance their personal development; for example,

they may lack networking opportunities and avenues for capacity building (Ahmed Shaikh & Ghafar Ismail, 2017).

The allocation of zakat resources by BAZNAS is delineated according to the requirements of the mustahik. The allocation of zakat resources for philanthropic or exigent services is referred to as delivery, encompassing the sectors of education, healthcare, humanitarian efforts, and the domain of da'wah advocacy. Conversely, the allocation of productive zakat resources is termed utilization, which encompasses the realms of economics, education, and healthcare (Francine et al., 2018).

In the context of distribution and utilization, the National Amil Zakat Agency employs a strategic approach in the identification of appropriate programs, ensuring that the allocation is executed in a manner that is both effective and efficient, thereby facilitating a beneficial influence of zakat in alleviating poverty.



Figure 3 Distribution and Utilization Program Strategies

As an entity endowed with the authority to administer zakat on a national scale, encompassing distribution operations, the National BAZNAS engages in synergistic coordination with regional BAZNAS at both the provincial and district levels, alongside established official LAZ. Zakat institutions are characterized by a delineation of responsibilities pertaining to the distribution and application of funds directed towards mustahik. Furthermore, the National BAZNAS undertakes coordination with the pertinent OPZ subsequent to the completion of requisite documentation among the involved parties, an initiative aimed at minimizing the inefficiencies associated with the distribution of zakat funds (Khanifa, 2018).

The aforementioned distribution and utilization activities may be systematically organized through programmatic institutions in accordance with their respective domains and operational roles. The primary objective of establishing such institutions is to facilitate the distribution process in a manner that is effective, optimal, and beneficial. Presently, discussions regarding access limitations can be addressed via the Active Service institutions such as BAZNAS (LAB), BAZNAS Healthy Homes (RSB), BAZNAS Scholarship Institutions (LBB), BAZNAS Scholar Schools (SCB), BAZNAS Disaster Response (BTB), among others. Moreover, the discourse surrounding growth can be effectively engaged through ZCD (Zakat Community Development), BAZNAS Microfinance Institutions, LPEM (Mustahik Economic Development Institute), along with other entities, while the issues pertaining to injustice and social advocacy can be addressed through the Dai institution, the BAZNAS Center for Converting (MCB), the Center for Strategic Studies (PUSKAS), and various additional organizations (UNDP, 2018).

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A. Economics

The BAZNAS Economic Program constitutes an initiative aimed at the comprehensive utilization of Zakat, Infaq, and Alms (ZIS) alongside other religious and social funds (DSKL) within the economic sector. This initiative encompasses programs for business capital for mustahik, the creative economy, the empowerment of agricultural enterprises, the revitalization of village markets, and the enhancement of land and sea fisheries, alongside various models for intervention and empowerment to elevate the welfare of mustahik. The overarching objective of the BAZNAS Economic Program is to augment income levels and alleviate poverty, thereby facilitating the empowerment of mustahik.

B. Field of education

The BAZNAS Education Program serves as a distribution initiative for Zakat, Infaq, Alms (ZIS), and Other Religious Social Funds (DSKL) within the educational domain, targeting mustahik in a holistic manner to enhance the quality of life for the Indonesian populace. The primary goal of the BAZNAS Education Program is to facilitate access to education for mustahik across urban, rural, underdeveloped, leading, and remote regions of Indonesia, thereby establishing educational programs as a model for addressing the needs of mustahik and contributing to the enhancement of the Indonesian human development index.

C. Health

The BAZNAS Health Program constitutes a distribution initiative for ZIS (Zakat, Infaq, Alms) and DSKL (Other Religious Social Funds) within the domain of health, encompassing preventive, promotive, curative, rehabilitative, and advocative measures aimed at enhancing the health status of mustahik. The primary objective of the BAZNAS health program is to establish a humanist and professional service framework for mustahik through the BAZNAS Healthy Home initiative, thereby improving the overall health conditions of the mustahik population.

D. Humanitarian Field

The BAZNAS Humanitarian Program serves as a vital intervention for mustahik, addressing urgent needs arising from incidents such as accidents, natural disasters, educational deficiencies, health crises, and maltreatment. The overarching goal of the BAZNAS humanitarian program is to alleviate the impoverishment faced by disaster-affected individuals, facilitate the distribution of ZIS and zakat to these individuals, and implement strategic measures aimed at reducing disaster-related risks.

E. Da'wah and Advocacy Program (Religious)

The Da'wah and Advocacy Program administered by BAZNAS represents a systematic initiative for the allocation of Zakat, Infaq, and Sadaqah (ZIS) and the Fund for Social and Economic Development (DSKL) within the domain of da'wah, aimed at fostering a community lifestyle aligned with Islamic principles, promoting economic equity, extending support to marginalized groups, and enhancing the dignity and honor of both the nation and its populace. The primary objectives of the Da'wah and Advocacy Program of BAZNAS encompass disseminating the elevated values intrinsic to the Islamic faith, cultivating a consciousness among individuals to embody Islamic character and lifestyle, elevating the status and welfare of the community, and harmonizing the potential of the Ummah to facilitate the advancement of Islamic da'wah. The allocation of zakat funds by BAZNAS of the Republic of Indonesia is directed towards various sectors including Economic Development, Educational Initiatives, Social Welfare, Religious Affairs, and Health Services. The programs instituted by BAZNAS are designed to bolster the Sustainable Development Goals (SDGs), particularly within the Indonesian context.

4. Conclusions

In accordance with the stipulations of Islamic jurisprudence, the BAZNAS organization allocates zakat, charitable contributions, alms, and social funds to individuals who qualify for such assistance (mustahik). As articulated in Surah At Taubah 60, the allocation of zakat is designated for eight distinct categories of recipients (asnaf). The distribution of community resources administered by BAZNAS is executed in the forms of delivery (both curative and emergency) and utilization (productive).

The initiative established by BAZNAS represents a strategic program that can significantly assist governmental efforts in achieving the Sustainable Development Goals (SDGs), both on a global scale and specifically within Indonesia. The allocation of Zakat within the educational domain may be rendered as either direct or indirect financial support for educational expenses. The provision of Zakat in the healthcare sector can manifest in the form of pharmaceutical assistance. The disbursement of Zakat in humanitarian endeavors can facilitate support for the victims of natural disasters, individuals affected by accidents, those subjected to persecution, and victims of various humanitarian crises. The distribution of Zakat in the realms of da'wah and advocacy can offer support in terms of resources for religious leaders and the development of infrastructure.

The application of Zakat within the economic domain can be manifested through assistance intended to mitigate poverty, enhance productive capacities, foster entrepreneurship, elevate the well-being of mustahik, and empower the mustahik community on a regional scale, alongside optimizing local economic potential. The deployment of Zakat in the educational sector can take the form of support aimed at augmenting competencies related to life skills, leadership, and entrepreneurship, in addition to the development of educational facilities and infrastructural resources. The application of Zakat in the healthcare domain can deliver support in the form of promotive and preventive health initiatives, as well as the establishment of healthcare facilities and associated infrastructure.

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