

Community Empowerment Through the Utilization of Zakat for Productive Ventures in Sleman Regency

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ABSTRACT

This research aims to determine and analyze the empowerment of the community through the utilization of zakat for productive ventures in Sleman Regency and the inhibiting factors in the community empowerment through the utilization of zakat for productive ventures. Data collection was conducted through document studies and interviews with respondents. The collected data were then analyzed qualitatively using a normative juridical approach. Based on the research conducted, the following conclusions were drawn: first, community empowerment through the utilization of zakat for productive ventures in Sleman Regency is focused on the economic sector through the provision of revolving capital and the provision of livestock assistance to groups or individuals classified as poor and still capable of working or doing business. The provision of zakat funds is carried out through grants or qardhul hasan contracts. Community empowerment through the utilization of zakat for productive ventures is in line with the provisions of Article 27 of Law Number 23 of 2011 concerning Zakat Management and Articles 32, 33, and 34 of Minister of Religious Affairs Regulation Number 52 of 2014. Second, inhibiting factors in community empowerment through the utilization of zakat for productive ventures include limited zakat funds to be distributed, limited assistance personnel, and declining motivation among some recipients of productive zakat assistance. To overcome these obstacles, cooperation with third parties is needed in providing funds and assistance personnel, as well as in motivating zakat recipients.

Keywords: community; empowerment; utilization; productive; zakat.

INTRODUCTION

The occurrence of the Covid-19 pandemic since 2019 has brought significant impacts on the socio-economic conditions of the community. Many members of the community experienced a decline in their income, some even had virtually no income at all due to job losses. The number of impoverished citizens increased, and unemployment rose. In March 2020, the poverty rate in Indonesia reached 9.78 percent. This figure then significantly increased in September 2020 to 10.19 percent. The Central Bureau of Statistics (BPS) released a report stating that in March 2021, the poverty rate was 10.14% or approximately 27.54 million people in Indonesia were classified as poor. Meanwhile, the unemployment rate in February 2020 was recorded at 4.94 percent and sharply increased to 7.07 percent in August 2020. The unemployment rate then decreased to 6.26 percent in February 2021 but rose again in August 2021 to 6.49 percent.¹

According to BPS data, by June 2020, approximately 22 out of 34 provinces had already been affected. The most significant impacts occurred in Java and Bali, particularly in the provinces of DKI Jakarta, DI Yogyakarta, West Java, Central Java, East Java, Bali, and Banten.² Various efforts have been made by the government to address these issues, including the distribution of several social

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¹ Husen Miftahudin, "Gara-gara Covid-19, Tingkat Kemiskinan dan Pengangguran Naik Tajam", <www.medcom.id> accessed on 26 April 2022.

² Herlina Tarigan, dkk, "Dampak Pandemi Covid-19 Terhadap Kemiskinan di Indonesia", *Jurnal Pusat Sosial Ekonomi dan Kebijakan Pertanian*, Jilid 3, 2020, p. 461

protection programs in the form of subsidies or cash transfers as part of the National Economic Recovery Program (PEN). Four major cash assistance programs were implemented, namely the Family Hope Program (PKH), Non-Cash Food Assistance (BPNT), Village Fund Direct Cash Assistance (BLT DD), and Cash Social Assistance (BST).³

The Special Region of Yogyakarta (DIY) is one of the areas also affected by the Covid-19 pandemic, including an increase in the number of poor inhabitants. Based on data from the DIY Regional Development Planning Agency (BAPPEDA), the number of poor people in DIY has increased over the past three years. In 2019, the reported number of poor people in DIY was 448,470, which increased to 475,730 in 2020, and further rose to 506,450 in 2021.⁴ Sleman Regency, as one of the regencies in the Special Region of Yogyakarta, also experienced a decline in its socio-economic conditions as a result of the Covid-19 pandemic.⁵

Regarding the issue of poverty, Islam has an instrument that plays a role in addressing it, namely zakat. Etymologically, zakat means growth (*an-namaa*), purification (*at-thaharatu*), and blessing (*al-barakatu*).⁶ Meanwhile, in terminological sense, zakat refers to a certain amount of wealth that has reached certain criteria which Allah SWT obligates to be spent and given to those who are entitled to receive it.⁷ According to Law Number 23 of 2011 concerning Zakat Management, zakat is wealth that must be spent by a Muslim individual or entity to be given to those who are entitled to receive it according to Islamic law.

Zakat holds significant importance in income distribution, as it can reduce the deepening gap between the rich and the poor. It also plays a role in enhancing the welfare of the community and addressing poverty. From a spiritual perspective, the obligation of zakat is one way to draw closer to Allah SWT, while from an ethical/moral standpoint, zakat is mandated with the aim of purifying the giver (*muzakki*) from traits such as stinginess, greed, materialism, and selfishness. In the social dimension, zakat aims to assist those who happen to be less fortunate due to various underlying factors. In the economic dimension, the obligation of zakat can create social justice where wealth distribution can proceed fairly, while in the political dimension, zakat also relates to politics in that the fulfillment of spiritual, ethical-moral, social, and economic goals will impact the creation of domestic security and stability.⁸

Zakat is taken from those who possess abundant wealth (exceeding the *nisab*) to be given to groups in society who are entitled to receive it according to Sharia provisions. The groups or categories eligible to receive zakat include the poor, needy, administrators of zakat (*amil*), new

³ Rosita Dewi, "Angka Kemiskinan di Indonesia Meningkat Saat Pandemi Covid-19", <www.republika.co.id> accessed on, 26 April 2022

⁴ yogyakarta.bpk.go.id, "BPK Soroti Angka Kemiskinan di DIY", accessed on 29 October 2022.

⁵ Dewi Setianingsih, Sri Utami, Yoga Budi Prasetyo, "Analisis Dampak Pandemi Covid-19 terhadap Jumlah Industri Kecil dan Tenaga Kerja di Kabupaten Sleman", *Prosiding Seminar Nasional Pendidikan Geografi FKIP UHAMKA*, Vol.1, Bulan April, Tahun 2021: 11-19

⁶ Yusuf Qardawi, *Hukum Zakat, Studi Komparatif Mengenai Status dan Filsafat Zakat Berdasarkan Qur'an dan Hadis* (terj. Salman Harun, Didin Hafidhuddin, dan Hasanuddin), Litera AntarNusa, Bogor: 2011, p. 34, Lihat juga Kementerian Agama Republik Indonesia, Modul Literasi Zakat, Jakarta: 2022, p. 23

⁷ Kementerian Agama Republik Indonesia, Modul Literasi Zakat, Jakarta: 2022, p. 3

⁸ Muhammad Sharif Chaudhry, *Fundamental of Islamic Economic System (Sistem Ekonomi Islam: Prinsip Dasar)*, terj. Suherman Rosyidi, Kencana Prenada Media Group, Jakarta: 2014, p. 85.

converts to Islam (*muallaf*), those in bondage (*riqab*), debtors (*gharim*), those in the path of Allah (*fisabilillah*), and travelers in need (*ibnus sabil*).⁹ The poor are individuals who have no source of income whatsoever, while the needy are those who have jobs and income but are unable to meet the basic daily needs for themselves and their families. In relation to this, Sayyid Sabiq states that although the poor and needy are entitled to receive zakat, those who are capable and strong in effort are not eligible to receive zakat. This is based on a hadith which states, "Charity is not permissible for the wealthy, the healthy, and the strong-bodied." The hadith that prohibits zakat for the strong and healthy individuals means zakat given to those who are always unemployed, even though job opportunities are available.¹⁰ Similarly, Yusuf Qardhawi, as quoted by Fasiha, states that the distribution of zakat to the poor and needy is differentiated into two types: First, the poor who are able to work and earn a living, such as laborers, traders, or farmers, but they lack tools or capital for trading or lack land and farming equipment, so they are entitled to receive zakat that enables them to earn a living from their profession. Second, the poor who are unable to earn a living, such as the disabled, blind individuals, elderly, widows, orphans, and so on, are provided with sufficient zakat, for example, zakat that can be utilized for a year or given monthly if there is concern that the individual may spend extravagantly or use the money for non-essential needs.¹¹

In its distribution pattern, zakat is not only given in the form of consumable goods but can also be provided in the form of productive assets. This is done when the recipient of zakat (*mustahik*) has the capacity and ability to utilize and engage in productive activities. In other words, zakat distribution can be both consumptive and productive. These two main patterns can further be distinguished into two parts: first, consumptive-traditional, where zakat is directly utilized by the *mustahik*, such as zakat fitrah. Second, consumptive-creative, where zakat is manifested in other forms such as scholarships. Third, productive-traditional, where zakat is given in the form of productive assets such as goats, cows, sewing machines, and so on. Fourth, productive-creative, where zakat utilization is realized in the form of capital that can be used, either to develop a social project or to increase the capital of a small trader or entrepreneur, small-scale farmers, or household enterprises.¹² The distribution of zakat in a productive manner, as occurred during the time of the Prophet Muhammad (SAW), is mentioned in a hadith narrated by Imam Muslim from Salim bin Abdullah bin Umar from his father, stating that the Prophet Muhammad (SAW) gave him zakat and then instructed him to develop or donate it again.

⁹ Al-Qur'an Surat (QS) At-Taubah paragraph 60.

¹⁰ Sayyid Sabiq, *Fikih Sunnah*, Jilid III, cet.ke-10, alih bahasa oleh Mahyuddin Syaf, Alma'arif, Bandung: 1996, p. 89. See also the writing by the same author in volume II published in 2008 by Cakrawala Publisher p. 141, and also quoted on the site rumahzakat.org "Apakah orang yang kuat dan mampu bekerja berhak mendapatkan zakat?" accessed on 2 November 2023.

¹¹ Yusuf Qardhawi, *Op.Cit.*, p. 536, Fasiha, *Zakat Produktif, Alternatif Sistem Pengendalian Kemiskinan*, Laskar Perubahan, Palopo:2017, p.60.

¹² Firmansyah, "Zakat Sebagai Instrumen Pengentasan Kemiskinan dan Kesenjangan Pendapatan", *Jurnal Ekonomi dan Pembangunan* Vol 21, No. 2, 2013, p. 185.

Asnaini defines productive zakat as zakat in the form of assets or funds given to recipients (mustahik) that are not spent directly on specific consumption needs but are instead developed and utilized to assist their efforts, enabling them to continuously meet their livelihood needs.¹³ In essence, productive zakat is the provision of zakat that enables recipients to continuously generate something from the zakat assets they receive. Productive zakat is carried out with the aim of realizing one of the goals of zakat's enactment, which is to gradually and continuously alleviate poverty among the community. In this way, productive zakat indirectly assists the government's programs to reduce poverty rates. Therefore, zakat assets are managed productively, meaning that the zakat funds collected from the giver (*muzakki*) are not simply distributed to fulfill consumptive needs, but rather, a portion of the zakat funds are directed towards productive utilization, thereby generating benefits (*hasil*), which are then used to meet the recipient's needs.¹⁴

In Article 27 paragraphs (1) and (2) of Law Number 23 of 2011 concerning Zakat Management, it is emphasized that the collected zakat can be utilized for productive ventures aimed at addressing poverty and enhancing the quality of the community. The utilization of zakat for productive ventures is carried out when the basic needs of the recipients have been fulfilled. Based on these provisions, the productive utilization of zakat from the perspective of Islamic law is permissible, as long as the basic needs of each recipient, such as food, clothing, and shelter, have been reasonably met. Given the aforementioned background, the issues addressed in this research are how to empower the community through the productive utilization of zakat in Sleman Regency and what factors hinder the empowerment of the community through the productive utilization of zakat in Sleman Regency.

METHODS

To address the issues mentioned above, the researcher conducted data collection through library research and field research. Library research was conducted through document studies of primary legal materials and secondary legal materials. Primary legal materials are legal materials that have binding force. In this study, the primary legal materials examined include Law Number 23 of 2011 concerning Zakat Management, Government Regulation Number 14 of 2014 concerning the Implementation of Law Number 23 of 2011 concerning Zakat Management, Ministry of Religious Affairs Regulation Number 52 of 2014 concerning the Requirements and Procedures for Calculating Zakat Mal and Zakat Fitrah as well as the Utilization of Zakat for Productive Ventures, Ministry of Religious Affairs Regulation Number 69 of 2015 concerning Amendments to Ministry of Religious Affairs Regulation Number 52 of 2014 concerning the Requirements and Procedures for Calculating Zakat Mal and Zakat Fitrah as well as the Utilization of Zakat for Productive Ventures, Ministry of Religious Affairs Regulation Number 31 of 2019 concerning the Second Amendment to Ministry of Religious Affairs Regulation Number 52 of 2014 concerning the Requirements and Procedures for Calculating Zakat Mal and Zakat Fitrah as well as the Utilization of Zakat for Productive Ventures, and

¹³ Asnaini, *Zakat Produktif dalam Perspektif Hukum Islam*, Pustaka Pelajar, Yogyakarta: 2008, p. 63

¹⁴ Elfadhli, "Zakat Produktif Sebagai Salah Satu Solusi Pengentasan Kemiskinan dan Pengangguran di Indonesia", *JURIS* Vol.14, No. 1, 2015

BAZNAS Regulation Number 3 of 2018 concerning the Distribution and Utilization of Zakat. Secondary legal materials in this study include books, journals, seminar papers, and other scientific writings related to the research topic. For field research, interviews were conducted with respondents. The respondents in this study were leaders or staff appointed from the National Zakat Amil Agency of Sleman Regency and Zakat Amil Institutions in the Sleman Regency area. The collected data, both from library research and field research, were then processed and analyzed qualitatively using a normative juridical approach to obtain answers to the questions posed.

DISCUSSION

Empowering the Community through the Productive Utilization of Zakat in Sleman Regency

Zakat holds significant benefits for enhancing community welfare and alleviating poverty. To achieve this purpose, zakat needs to be well-managed. The management of zakat, as defined in Article 1, point 1 of Law Number 23 of 2011 concerning Zakat Management (hereinafter referred to as the “**Zakat Law**”), encompasses planning, implementation, and coordination in the collection, distribution, and utilization of zakat. In the management of zakat in Indonesia, two types of institutions are known: the National Zakat Amil Agency (Badan Amil Zakat Nasional or “**BAZNAS**”) and Zakat Amil Institutions (Lembaga Amil Zakar or “**LAZ**”). BAZNAS is an institution that manages zakat at the national level, formed by the government from the central level down to the district/city level. Furthermore, to assist BAZNAS in the collection, distribution, and utilization of zakat, according to Article 17 of the Zakat Law, the community may establish LAZ. As a consequence of this relationship, LAZ is obligated to periodically report the implementation of zakat collection, distribution, and utilization, which have been audited, to BAZNAS (Article 19 of the Zakat Law). According to the provisions of Article 28 of the Zakat Law, in addition to receiving zakat, BAZNAS or LAZ may also receive alms, voluntary donations, and other religious social funds.

Zakat collected by BAZNAS or LAZ must be distributed to mustahik (zakat recipients) in accordance with Islamic law. According to Article 26 of the Zakat Law, the distribution of zakat is carried out based on a priority scale, considering the principles of equity, justice, and regional distribution. In addition to being directed towards consumptive purposes, zakat can also be utilized for productive ventures aimed at addressing poverty and improving the quality of the community. As explained in Article 27 of the Zakat Law, “productive ventures” refer to endeavors capable of increasing income, living standards, and community welfare, while “improving the quality of the community” entails enhancing human resources. As per the provisions of Article 27 of the Zakat Law, the utilization of zakat for productive ventures is carried out when the basic needs (food, clothing, housing, education, and health) of the mustahik have been fulfilled.

BAZNAS Sleman Regency was established by the Government with the task of collecting zakat, infaq, and alms from civil servants, military/police personnel, and other members of the community, especially those residing in Sleman Regency. The collected zakat funds are then distributed to the

mustahik, both for consumptive and productive purposes. According to Muhammad Iskandar, SE, ME, the Manager of BAZNAS Sleman Regency in the Distribution and Utilization of Zakat, the distribution of zakat for productive purposes by this institution can be divided into two periods:

1. Period of 2017-2018

During this period, the distribution of productive zakat was carried out directly to the mustahik in the form of capital or equipment. The capital or equipment provided to the recipients (*mustahik*) depended on their needs. During this period, the distribution of zakat was directed to individuals, not groups.

2. Period from 2019 until now:

During this period, the distribution of productive zakat is manifested in a program called the "Sleman Productive Program." Unlike the previous period, during this period, the distribution of zakat is directed to groups, with currently 500 groups receiving assistance. Each group consists of 5-10 members. The distribution of productive zakat during this period is based on four bases, namely: a. Mosque-based, b. Converts-based, c. Disabilities-based, and d. Social-based. In its implementation, the distribution of zakat to these parties is coordinated with the relevant departments/agencies. For example, the distribution of zakat based on mosques and converts is coordinated with the Ministry of Religious Affairs; the distribution of zakat based on disabilities and social aspects is coordinated with the social services department. The distribution of zakat in the Sleman Productive program is manifested in the form of capital assistance, capacity building, and equipment assistance. From the perspective of ease, distributing zakat through these groups is more convenient for zakat management institutions. This is because in the distribution of zakat through groups, supervision and control are easier to conduct. For this purpose, zakat management institutions must form an organization. This organization can manage assistance, and even zakat that cannot be withdrawn by zakat management institutions can be circulated as revolving funds within the organization.¹⁵

According to Muhammad Iskandar, SE, ME., the Manager of BAZNAS Sleman Regency in the Distribution and Utilization of Zakat, the distribution of zakat for productive ventures has specific requirements. This means that not everyone can receive zakat distribution through the Sleman Productive Program; rather, there are specific criteria that must be met. The criteria for receiving distribution of productive zakat are that the individual falls into the category of *asnaf fakir miskin*. To determine whether the prospective recipient is truly *fakir miskin* or not, coordination is conducted with the social services department. Individuals who receive Poor Family Card (*Kartu Keluarga Miskin* or "**KKM**"), Vulnerable Poor Card (*Kartu Rentan Miskin* or "**KRM**"), Family Hope Program (*Program Keluarga Harapan* or "**PKH**") are those who meet the criteria. Furthermore, to further confirm the status of the individual, in addition to relying on written data, BAZNAS Sleman Regency also conducts field surveys to verify its accuracy. *Fuqara'* (the destitute) are individuals who suffer greatly in their lives; they have no wealth or ability to fulfill their basic needs, while *Masakin* (the poor) are individuals

¹⁵ Fasiha, *Op.Cit.*, p. 88

who cannot sustain their lives and are in need. They may have a job, but it is still insufficient to meet their daily needs.¹⁶

Therefore, to determine whether the individual qualifies as a fakir or miskin, there are specific classifications. The classification of zakat recipients in the name of fakir and miskin is:

- a. Those who possess no wealth or livelihood whatsoever.
- b. Those who possess wealth/livelihood but it is insufficient for themselves and their families, meaning their income does not fulfill half/less than half of their needs.
- c. Those who possess wealth/livelihood but it is insufficient for half/more than half of the needs for themselves and their dependents, yet not sufficient for all their needs.¹⁷

What BAZNAS of Sleman Regency does in determining potential recipients of productive zakat has partly been aligned with the provisions of the Zakat Management Law and its implementing regulations. Article 33 of Minister of Religious Affairs Regulation No. 52 of 2014 stipulates that the utilization of zakat for productive purposes is conditioned upon: a. the fulfillment of the basic needs of the mustahik (zakat recipients); b. compliance with Shariah provisions; c. generating economic value-added for the mustahik; and d. the mustahik being domiciled within the working area of the zakat management institution. Additionally, Article 34 of said regulation determines that the utilization of zakat for productive purposes must at least fulfill the conditions: a. the beneficiary is an individual or group that meets the mustahik criteria; and b. receiving guidance from the zakat administrator located in the mustahik's domicile area. The requirements that the mustahik's business complies with Shariah provisions, generates economic value-added for the mustahik, and that the mustahik is domiciled within the working area of the zakat management institution have been fulfilled by BAZNAS of Sleman Regency. However, the requirement "if the basic needs of the mustahik have been fulfilled" was not further investigated by BAZNAS of Sleman Regency.

Based on Minister of Religious Affairs Regulation No. 52 of 2014, the utilization of Zakat for productive purposes is directed towards the following fields: a. economic; b. education; and c. health. Furthermore, in Article 14 of BAZNAS Regulation Number 3 of 2018, it is explained that the utilization of Zakat in the economic field can be provided in the form of assistance aimed at alleviating poverty, enhancing productive capacity, entrepreneurship, improving the welfare of mustahik (zakat recipients), empowering community-based mustahik, and local economic potential. The utilization of Zakat in the field of education can be provided in the form of assistance for enhancing competency in life skills, leadership, entrepreneurship, as well as the development of educational facilities and infrastructure. Meanwhile, the utilization of Zakat in the field of health can be provided in the form of assistance for promotive and preventive health measures, as well as the development of health facilities and infrastructure. In practice, the distribution of productive zakat by BAZNAS of Sleman

¹⁶Ahmad Atabik, "Peranan Zakat Dalam Pengentasan Kemiskinan", *Jurnal Zakat dan Wakaf ZISWAF*, Vol. 2, No. 2, December 2015, p.350

¹⁷Fasiha, *Op.Cit.*, p. 38-39

Regency is more focused on the economic sector, namely in the form of revolving funds aimed at alleviating poverty, enhancing productive capacity, entrepreneurship, and improving the welfare of mustahik.

The distribution of productive zakat by BAZNAS of Sleman Regency to the parties as mentioned above is in the form of grants to groups. Therefore, zakat recipients (*mustahik*) are not obligated to repay the funds to BAZNAS and are also not required to pay interest/service charges; however, they are encouraged to give voluntary donations (*infaq*). Zakat recipients are only required to return the funds to their group, which will then be redistributed to other members by the coordinator/group leader. From the perspective of zakat jurisprudence (*fikih zakat*), there are differences of opinion among scholars regarding the obligation of mustahik to return zakat assistance. If the grant system is used, which essentially does not entail an obligation for mustahik to return zakat funds, scholars have unanimously agreed to permit it. However, if productive zakat is implemented using other systems such as mudharabah, murabahah, and qardhul hasan, which entail an obligation for mustahik to return zakat funds, scholars hold different opinions.¹⁸

According to Muhammad Iskandar, SE, ME., the Manager of BAZNAS of Sleman Regency in the Distribution and Utilization of Zakat sector, the provision of productive zakat to eligible parties is carried out gradually, namely in the 1st year, 2nd year, and 3rd year stages. The zakat recipient is entitled to receive disbursement in the 2nd or 3rd stage if, based on the evaluation by BAZNAS of Sleman Regency, they have shown commitment and responsibility in utilizing the funds in the previous stages. By the 4th year, it is expected that the zakat recipient will become self-reliant and become a munfiq/muzaki (one who gives zakat).

In addition to the Sleman Productive Program, BAZNAS of Sleman Regency is currently developing other programs aimed at empowering communities through the utilization of zakat for productive purposes. These programs are as follows:

1. Zakat Community Development (ZCD). This program is implemented in collaboration with BAZNAS Central and is currently carried out in the Wonokerto Village, Turi Subdistrict, Sleman Regency.
2. Kampung Muallaf. This program aims to strengthen both economic and religious aspects. Currently, the program is being conducted in the Ngembesan Hamlet, Pakem Subdistrict, Sleman Regency.
3. Kampung Berkah. This program is currently in the assessment and Focus Group Discussion (FGD) stage. It is conducted through collaboration between BAZNAS Provincial and BAZNAS District based on the Village (Kalurahan) level. Initially, the program is planned to be implemented in the Wukirharjo Village, Prambanan Subdistrict, Sleman Regency.

In the utilization of zakat for productive purposes as outlined above, BAZNAS of Sleman Regency has established specific procedures. These procedures are as follows:

¹⁸ *Ibid.*, p. 57-58.

1. Conducting surveys of potential zakat recipients. This survey is conducted to ensure that the potential zakat recipients truly meet the established criteria, namely being categorized as fakir miskin (poor and needy).
2. Providing guidance to zakat recipients. Guidance is provided every 2-3 months. It is conducted by BAZNAS staff themselves, but there have also been collaborations with universities.
3. Conducting monitoring and evaluation. Monitoring and evaluation are conducted every 6 months. This activity is carried out to ensure whether the utilization of zakat aligns with the initial plans or not.
4. Reporting these activities to BAZNAS Provincial and all Local Government Organizations (*Organisasi Perangkat Daerah*).

Upon examination based on the provisions of the Zakat Management Law and its implementing regulations, the procedures carried out by BAZNAS of Sleman Regency outlined above mostly comply. According to Article 15 of BAZNAS Regulation Number 3 of 2018, the utilization of Zakat for productive purposes is conducted in stages: a. planning; b. implementation; and c. control. Planning is carried out by: 1) conducting social analysis, which includes at least problem analysis, goal analysis, stakeholder analysis, and strategy analysis; 2) compiling a program planning matrix, annual work plan, and budget for Zakat Utilization; 3) developing plans to achieve key performance indicators for Zakat Utilization; and 4) preparing Zakat Utilization activity plans. This planning is documented in the Zakat Utilization planning document at the Zakat Administrator level. According to Article 17 of BAZNAS Regulation Number 3 of 2018, the Implementation of Zakat Utilization is conducted by: 1) drafting program proposals containing the framework for implementing Zakat Utilization activities; 2) receiving program proposals for Zakat Utilization implementation from the community; or 3) receiving requests for Zakat Utilization from individuals, community groups, government institutions, private institutions, and/or other Zakat Management institutions. Control of Zakat Utilization is carried out from planning to implementation. This control is performed through periodic monitoring and evaluation or as needed (Article 22 of BAZNAS Regulation Number 3 of 2018).

The survey activity conducted by BAZNAS of Sleman Regency towards potential productive zakat recipients aligns with the provisions set forth in the Zakat Management Law and its implementing regulations. According to Article 18 of BAZNAS Regulation Number 3 of 2018, the zakat administrator is required to verify programs, potential mustahik (zakat recipients), and potential target areas for zakat utilization. This verification process involves at least the following steps: 1) conducting an assessment of the target areas; 2) engaging in participatory studies with mustahik regarding program proposals; and 3) conducting interviews with potential mustahik and potential management institutions. If, based on the verification results, potential mustahik/potential target areas for zakat utilization are deemed suitable, then the zakat administrator proceeds with the utilization. However, if, based on the verification results, potential mustahik are found unsuitable, the zakat administrator informs them in writing of the decision.

Beneficiaries in the utilization of zakat for productive purposes can be individuals or groups that meet the criteria of mustahik (zakat recipients). In the utilization of zakat for productive purposes, the Zakat Administrator is obliged to provide assistance to the beneficiaries (mustahik) and is required to report the utilization of zakat for productive purposes to the designated agency or official every six months and at the end of the year (Article 34 of Minister of Religious Affairs Regulation No. 52 of 2014). Regarding assistance, BAZNAS of Sleman Regency also provides assistance to recipients of productive zakat. This assistance plays a crucial role in the success of the planned program. According to Article 20 of BAZNAS Regulation Number 3 of 2018, this assistance aims to ensure that the utilization is in line with the program objectives, Islamic Sharia, and legal regulations.

The utilization of zakat funds for productive purposes, as carried out by BAZNAS of Sleman Regency as described above, is directed towards establishing business units that generate permanent income sources for the mustahik (zakat recipients). The zakat funds provided to the mustahik are not used for consumptive purposes but for business capital/employment. The received zakat funds are expected to support the operation of the planned business activities and, within a specified period, generate business income gradually and continuously to become a permanent source of income for the mustahik. For the successful utilization of productive zakat, the selection of business fields must involve and consider the skill levels of the mustahik, including understanding their technical skills or at least knowing their desired business fields. Additionally, the utilization of zakat funds for productive economic activities should be supplemented with technical and management assistance programs.¹⁹

Yayasan Lumbung Zakat LZI is one of the Zakat Administrator Institutions domiciled in Sleman Regency. This institution has obtained legality to manage zakat based on the Decree of the Head of the Ministry of Religious Affairs Office of Sleman Regency Number 45 of 2021 concerning the Granting of Operational Permits to Yayasan Lumbung Zakat LZI as a Representative of Zakat Administrator Institutions in Sleman Regency. In managing zakat, this institution collaborates with BAZNAS of Sleman Regency, Bank BPD DIY Syariah, Bank Syariah Indonesia (BSI), and the Da'wah and Quranic Education Institution (*Lembaga Dakwah dan Pendidikan Al-Qur'an* or "LDPQ"). In the distribution of zakat, infaq, and sadaqah, this institution realizes its efforts through the following programs:

1. *Lumbung Cerdas*: This program includes activities such as providing educational assistance for financially disadvantaged students.
2. *Lumbung Sehat*: Activities under this program include providing free circumcision services and free medical treatment for community members who cannot afford it.
3. *Lumbung Berdaya*: This program focuses on empowering the economic capabilities of the community.
4. *Lumbung Sejahtera*: Activities under this program include providing assistance to orphans and needy individuals, such as giving financial aid.

¹⁹Maltuf Fitri, "Pengelolaan Zakat Produktif sebagai Instrumen Peningkatan Kesejahteraan Umat", *Economica: Jurnal Ekonomi Islam*, Vol. 8, No. 1, 2017, pp. 168-169.

5. *Lambung Taqwa*: This program involves religious education and guidance for Muslims and converts to Islam.
6. *Lambung Peduli*: Activities under this program include providing free ambulance services, disaster response assistance, and incidental aid for community members affected by disasters.

Program *Lambung Berdaya*, which focuses on empowering the economic capabilities of the community, is one of the manifestations of zakat utilization for productive purposes carried out by this institution. There are two types of activities under the *Lambung Berdaya* Program, namely:

Program *Lambung Berdaya* yang kegiatannya berfokus pada pemberdayaan ekonomi umat merupakan salah satu wujud pendayagunaan zakat untuk usaha produktif yang dilakukan lembaga ini. Ada dua macam kegiatan pada Program *Lambung Berdaya*, yaitu:

1. Empowerment of Small and Medium Enterprises (SMEs);
2. Empowerment of Farmers/Livestock Breeders.

Sudaryanto, BA., as the Treasurer of Yayasan *Lambung Zakat LZI* and also the facilitator of SME empowerment, stated that the empowerment of small and medium enterprises (SMEs) is conducted through formed groups. Currently, there are 10 (ten) SME groups under guidance. Among these 10 groups, 8 (eight) are located in Sleman Regency, Special Region of Yogyakarta, and 2 (two) are in Magelang Regency, Central Java. The number of members in each group varies between 4 (four) to 50 (fifty) individuals. The amount of productive zakat funds received by each group ranges from Rp 7,000,000.00 to Rp 50,000,000.00. The zakat funds allocated to each group come from three sources: some are solely from Yayasan *Lambung Zakat LZI* (4 groups), some originate from assistance provided by BAZNAS of Sleman Regency (4 groups), and some are a combination of Yayasan *Lambung Zakat LZI* and BAZNAS of Sleman Regency (2 groups). The types of SMEs assisted by these zakat funds vary, including home industries (small food businesses), furniture craftsmen, and itinerant traders. The distribution of zakat funds to each SME group is conducted using *qardhul hasan* contracts.

The *Lambung Berdaya* program, which involves empowering farmers/livestock breeders, is carried out through the "gadhuhan" system of livestock (goats/sheep). Gadhuhan is a customary practice in Java, particularly in Yogyakarta, where the first party (the owner of the livestock) entrusts their animals to another party for care over a specified period. Subsequently, the resulting difference in the price of the livestock at the start of care and at the time of sale, or the offspring of the livestock, is divided between the two parties according to the agreement. In this case, Yayasan *Lambung Zakat LZI* provides the sheep/goats needed by the livestock breeders, and these animals are then cared for by the breeders, with the resulting proceeds being divided between Yayasan *Lambung Zakat LZI* and the breeders. Dwi Agus Purwanto, S.Ag., as the daily executor of Yayasan *Lambung Zakat LZI* and also the facilitator of livestock breeder empowerment, stated that the percentage or ratio of profit sharing is 30% for LZI Foundation and 70% for the breeders. The portion of profit obtained by LZI Foundation, after deducting for administrative costs/compensation for the accompanying staff (20% of LZI Foundation's share), will then be used to purchase livestock and subsequently distributed to new

breeders in need or those who apply for assistance. Currently, there are 44 breeders who participate in the “*gadhuhan*” of livestock provided by Yayasan Lumbung Zakat LZI, and there are 118 sheep/goats being raised.

Empowering communities through the utilization of zakat for productive purposes, as carried out by Yayasan Lumbung Zakat LZI above, represents a form of traditional (conventional) and creative productive zakat distribution. Conventional productive zakat distribution involves providing productive goods, whereby the beneficiaries can establish businesses using these goods. Examples include providing livestock such as goats or cows for breeding, milking, or plowing fields, as well as providing carpentry tools or sewing machines. On the other hand, creative productive zakat distribution entails providing revolving capital, either for funding social projects such as social development, school construction, healthcare facilities, or places of worship, or as business capital to assist or develop small traders or entrepreneurs.²⁰

From the perspective of the Zakat Law and its implementing regulations, the activities of utilizing zakat for productive purposes by Yayasan Lumbung Zakat LZI, whether in the form of assistance to SME groups or farmers/livestock breeders, largely comply with the provisions of these regulations. For instance, the beneficiaries are individuals categorized as *mustahik*. However, there is a requirement under the Zakat Law that is not fulfilled, namely the requirement that “the *mustahik* must reside within the working area of the zakat management institution.” In reality, some beneficiaries of productive zakat funds from this institution reside outside the working area of the zakat management institution. Yayasan Lumbung Zakat LZI is based in Sleman Regency, and its working area covers Sleman Regency. Nevertheless, some beneficiaries of productive zakat funds reside in Magelang Regency, Central Java. The distribution of productive zakat funds to areas beyond (Magelang) is due to the proximity/adjacency of the areas, as Magelang directly borders Sleman Regency, which is the working area of Yayasan Lumbung Zakat LZI.

Based on the statement of Drs. Edy Supriyanto, M.Si., as the Mentor of Yayasan Lumbung Zakat LZI, the Lumbung Berdaya Program, both in terms of empowering SMEs and farmers/livestock breeders, follows certain stages. These stages are as follows:

1. Planning

Planning is conducted annually, involving the formulation of programs and budget allocation. The planning is prepared by the foundation's management and then submitted for consideration to the Foundation's Advisory Board. Once approved, the plan is socialized to the foundation's operational staff for implementation.

2. Implementation

In this stage, the foundation opens opportunities for community members (SME operators and/or farmers/livestock breeders) to apply for zakat fund assistance. Not all applications will be granted; they will be evaluated for eligibility. Two criteria are considered for approval: firstly, the economic status of the applicant (whether they fall into the category

²⁰*ibid.*, p. 164

of poor or not), and secondly, the applicant's readiness to operate their business. For this purpose, the foundation conducts direct field checks (surveys). If the applicant meets the criteria based on the survey, the zakat fund assistance will be disbursed. For SME operators, the assistance is provided in cash, while for farmers/livestock breeders, the assistance is provided directly in the form of livestock (goats/sheep). The disbursement of zakat fund assistance is accompanied by the signing of a contract by both parties (the foundation and the recipient). During the assistance implementation, the foundation provides guidance and support to the recipient. The guidance provided is not only related to business/enterprise but also includes religious guidance (referred to by the foundation as *rupiah dan bina ruhiyah*).

3. Evaluation

As the contract approaches its conclusion, the foundation will evaluate the zakat fund recipients based on the results of the monitoring conducted. If, based on the monitoring, the recipient is deemed to have demonstrated dedication and perseverance in utilizing the zakat assistance to improve their economic situation, they will be given the opportunity to extend their contract and even apply for additional funding (zakat fund assistance). Conversely, if the recipient is found to be irresponsible in using the zakat assistance, they will be advised accordingly, and their contract may be terminated. In this regard, the Foundation does not impose any sanctions on the recipient (such as requiring them to return the zakat fund assistance they received).

Reviewed in accordance with the provisions of the Zakat Management Law and its implementing regulations, the utilization of zakat for productive ventures by the Lumbung Zakat LZI Foundation broadly complies with the regulations. The activities of planning, implementation, and control have been carried out by the Foundation, although their implementation may not be detailed as specified in the regulations. The use of the *qardhul hasan* contract between the Foundation and the recipients of zakat assistance is solely intended to encourage recipients to be more trustworthy and responsible in fund utilization. The presence of this contract is not meant to burden or pressure the recipients of assistance. Therefore, if there are failures during the contract period, such as losses incurred in the venture or the death of the livestock entrusted, the recipients are not obligated to repay the assistance funds to the Foundation.

In the perspective of *fiqh zakat*, there are differences of opinion among scholars regarding the use of *qardhul hasan* contract in distributing zakat to recipients.²¹ Some scholars do not permit it because it appears to resemble a lending transaction between the parties, whereas zakat distribution to recipients is essentially a grant (given freely, without any reciprocal obligation). However, other scholars allow it. *Qardhul* is the giving of wealth to another person that can be reclaimed or requested back, or in other words, lending without expecting any compensation. In classical *Fiqh* literature, *qardh* is categorized under the *akad tathawwu'* or mutual assistance contract and not commercial

²¹Fasiha, *Op.Cit.*, p. 57-58.

transactions.²² In the utilization of zakat for productive ventures, *qardhul hasan* is applied whereby the *amil* acts as the party lending the capital (creditor), and the *mustahik* acts as the borrower (debtor). In this contract, the *amil* lends a certain amount of funds to the *mustahik* to be used as business capital with the obligation to repay the loan without any excess within a timeframe and installment range adjusted to the circumstances and capabilities.²³ Because productive zakat funds come from those who give zakat (*muzaki*), which are not returned to them, if the capital given to the *mustahiq* runs out, there are no consequences. The capital does not need to be returned because zakat is indeed intended to help those in need. However, zakat institutions may impose conditions.²⁴

Factors Inhibiting Community Empowerment through the Utilization of Zakat for Productive Ventures in Sleman Regency

The utilization of zakat for productive ventures is expected to improve community welfare and reduce poverty. In practice, however, the program does not entirely achieve the desired outcomes. There are several internal and external factors that hinder the achievement of these goals. Nevertheless, alongside the inhibiting factors, there are also supportive factors contributing to the attainment of these objectives. According to the statement of Muhammad Iskandar, SE, ME., the Administrator of the Sleman Regency BAZNAS in the Distribution and Utilization of Zakat field, the supportive factor is the enthusiastic attitude of the community to participate in this program. This is evidenced by the significant number of community members applying for zakat fund assistance, exceeding the planned quota, thereby requiring a selection process to determine eligible recipients.

As for the factors hindering the implementation of community empowerment through the utilization of productive zakat, there are significant differences between the BAZNAS of Sleman Regency and the Lumbung Zakat Foundation (LZI). According to Muhammad Iskandar, SE, ME., the Administrator of the Sleman Regency BAZNAS in the Distribution and Utilization of Zakat field, the inhibiting factor for BAZNAS is related to the lack of data and insufficient personnel to provide assistance to the recipients of productive zakat funds. The shortage of personnel is attributed to limited budgetary allocations, leading to the inadequate recruitment of assistance personnel by BAZNAS Sleman Regency. Meanwhile, as mentioned by Sudaryanto, BA, the Treasurer of the Lumbung Zakat Foundation LZI, the inhibiting factor faced by LZI in community empowerment through productive zakat is the limited availability of zakat funds for distribution and the decline in work ethic/motivation among some recipients of productive zakat funds. The limitation in zakat funds results in the inability of the foundation to fulfill many requests for productive zakat fund assistance from community members. The foundation has endeavored to address this issue by optimizing zakat collection and establishing partnerships with third parties to provide the necessary funds, but these efforts have proven insufficient. The decline in work ethic/motivation among some recipients of productive zakat funds has led to the failure of zakat-funded ventures.

²² *Ibid.*, p. 77.

²³ *Ibid.*, p. 80.

²⁴ *Ibid.*, p. 86.

The utilization of zakat for productive ventures is expected to enable its recipients to generate continuous income with the zakat funds they receive. Scholars such as Imam Shafi'i, An-Nasa'i, and others have stated that if a zakat recipient has the ability to engage in trade, they should be given productive zakat in the form of business capital that enables them to generate profits sufficient to meet their basic needs.²⁵ Similarly, according to Yusuf Qardhawi, zakat is not merely about providing a small amount of money or grains to sustain a zakat recipient for a few days or weeks; rather, it is about empowering them to sustain themselves with their skills and abilities. If someone possesses a particular skill or ability, they should receive zakat equivalent to the value of tools or equipment that support their skill. For example, a person who works in agriculture could receive zakat in the form of permanent agricultural tools.²⁶ However, Kahf (1999) cautions that zakat distribution alone cannot alleviate poverty if the "zakat pie" being distributed is small. The discourse on zakat as a tool for poverty alleviation cannot escape the question of how to expand the zakat base so that the "zakat pie" to be distributed becomes larger.²⁷ This is evident in the case of the Lumbung Zakat Foundation LZI, which has numerous zakat beneficiaries and an adequate number of volunteer assistants; however, the institution faces limitations in zakat funds to be distributed to beneficiaries, resulting in suboptimal empowerment efforts.

CLOSING

Empowering the community through productive zakat in Sleman Regency is focused on economic sectors through the provision of revolving business capital and the distribution of livestock assistance. Recipients of productive zakat funds, whether individuals or groups, are members of the community classified as poor and still capable of working or starting businesses. The procedure for distributing productive zakat to eligible community members is carried out through three stages: planning, implementation, and evaluation. The agreement between zakat managers (BAZNAS or LAZ) and zakat recipients in the distribution of productive zakat is a grant agreement or qardhul hasan contract. The efforts to empower the community through the utilization of zakat for productive ventures are in line with the provisions of Article 27 of Law Number 23 of 2011 concerning Zakat Management and Articles 32, 33, and 34 of Minister of Religion Regulation Number 52 of 2014 concerning the Requirements and Procedures for Calculating Zakat Wealth and Zakat Fitrah and the Utilization of Zakat for Productive Ventures. Factors hindering community empowerment through productive zakat include limited zakat funds to be distributed, limited mentoring resources, and a decrease in motivation among some recipients of productive zakat assistance.

To support the success of community empowerment through productive zakat, several efforts need to be undertaken simultaneously, ranging from increasing zakat collection by officially

²⁵ Firmansyah, *Op.Cit.*, p. 186

²⁶ Yusuf Qardhawi, *Spektrum Zakat dalam Membangun Ekonomi Kerakyatan*, Zikrul Hakim, Jakarta: 2005, p. 140

²⁷ *Ibid.*, p. 188

recognized zakat management institutions, preparing an adequate number of mentors both in terms of quantity and capability, to fostering a work ethic among recipients of productive zakat assistance. Achieving these goals requires cooperation from various parties, including the government (especially the Ministry of Religious Affairs and related agencies), zakat management institutions (BAZNAS and LAZ), as well as universities (particularly for mentor preparation).

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