



Management of Zakat, Infaq, and Shadaqah (ZIS) Funds in Driving Poverty Alleviation to Achieve Sustainable Development Goals (SDGs): A Case Study of BAZNAS Kediri City

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Abstract

Quality management of Zakat, Infaq, and Shadaqah (ZIS) funds is essential for alleviating poverty in Kediri City, where the number of poor residents reached 21,030 in 2023. ZIS distribution programs must align with the Sustainable Development Goals (SDGs) to support the government's efforts toward sustainable development. This research uses a case study approach at BAZNAS Kediri City. Data were collected through participatory observation, in-depth interviews with leaders, staff, and beneficiaries, and document analysis related to ZIS fund management for poverty alleviation and SDG implementation. Qualitative data analysis was conducted to gain insights into management practices at BAZNAS Kediri. The findings indicate that ZIS fund management at BAZNAS begins with planning through the Annual Work Plan and Budget (RKAT). In 2023, the total distribution reached IDR 2,553,245,369, benefiting 7,292 individuals. This accounts for 34.67% of the poor population in Kediri, with 4 beneficiaries lifted out of poverty through productive business capital assistance. However, BAZNAS's distribution is mainly consumptive due to insufficient oversight of productive assistance. Additionally, BAZNAS reports its activities periodically for accountability. BAZNAS Kediri has integrated its programs with the SDGs, although three goals clean and affordable energy, marine ecosystems, and terrestrial ecosystems remain unrealized. This is due to prioritizing ZIS fund distribution for programs that enhance the economy, education, health, and outreach. Furthermore, there is a lack of detailed planning regarding the SDGs in the RKAT.

Keywords: poverty alleviation, SDGs, ZIS fund management

Introduction

Poverty continues to be a challenge and obstacle for developing countries, including Indonesia. The issue of poverty should be a concern for all countries worldwide, as it persists even at the end of the 20th century. This problem should be viewed as a global issue, requiring cooperation from all nations to address it (Murdiana & Mulyana, 2017). Several factors influencing poverty in Indonesia are: Economy: Uneven wealth distribution, economic downturns, and high cost of living. Population: High population growth rate. Labor: Difficulty finding jobs, job loss, and rising unemployment. Education: Low levels of education. Human Development Index (HDI): The HDI has a negative and statistically significant relationship with poverty. Inflation: Inflation affects poverty levels. Natural disasters: Natural disasters can lead to poverty.

According to data and analysis from the Central Statistics Agency (BPS), the percentage of poor residents in Indonesia remains relatively high. Indonesia is the fourth most populous

country, with a population of 278.8 million. As of March 2023, the number of poor people in Indonesia was recorded at 25.90 million.

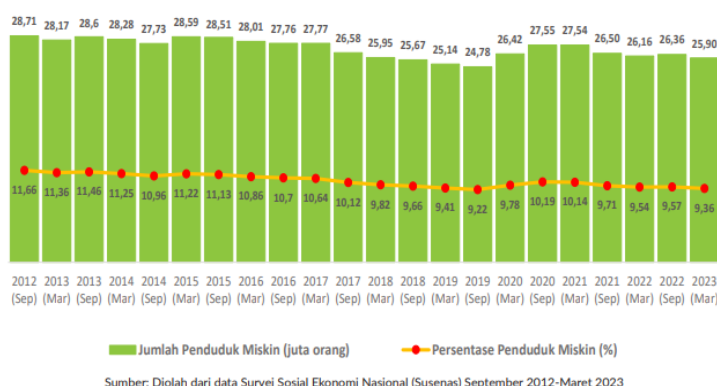


Figure 1. Percentage of Poverty in Indonesia, 2012-2023

The Figure 1 data indicates that overall, from 2012 to 2023, the percentage of poor residents in Indonesia has decreased, both in percentage and quantity, except during certain periods such as September 2013, March 2015, and September 2022, due to rising prices of staple foods and fuel. The increase in the percentage of poor residents in March 2020 and September 2020 was caused by restrictions related to the COVID-19 pandemic in Indonesia. Furthermore, the issue of extreme poverty has also garnered significant attention from the government. According to BPS data, the percentage of extreme poverty in 2021 was 2.14%, which then decreased by 0.4 percentage points to 1.74% in September 2022, and in March 2023, the extreme poverty rate in Indonesia stood at 1.12%.

Based on the data from 2012 to 2023, although the percentage of poverty has generally declined, the number of poor residents in Indonesia remains high. Poor residents are defined as those with average per capita monthly expenditures below the Poverty Line. The Poverty Line is a measure used to assess the minimum expenditure required for basic food and non-food needs that must be met to avoid being classified as poor. The average Poverty Line per poor household is approximately IDR 2,592,657 per month. As a result of global concerns regarding ongoing poverty issues, income disparity, social injustice, and limited availability of natural resources to meet economic needs, the concept of sustainable development has emerged (Solomon, 2023).

The government cannot rely solely on the state and regional budgets (APBN and APBD) to combat poverty, reduce unemployment, and empower communities. A solid collaboration between the government and various other institutions is necessary to achieve the SDGs in Indonesia. Therefore, the government is synergizing with the National Zakat Agency (BAZNAS) to contribute to the achievement of the SDGs through zakat. (Gabriele Lailatul Muharromah & Mustofa, 2021) The potential of zakat in Indonesia was estimated at IDR 327.6 trillion in 2020, based on the Zakat Potential Mapping Indicators (IPPZ) (Baznas Indonesia, 2021).

No	Objek Zakat	Potensi zakat (triliun rupiah)
1	Zakat Pertanian	19,79
2	Zakat Peternakan	9,51
3	Zakat Uang	58,76
4	Zakat Penghasilan dan Jasa	139,07
5	Zakat Perusahaan	144,5*
Total Potensi Zakat		327,6

Sumber: Puskas BAZNAS (2019b) dan (Puskas BAZNAS, 2020a)

Figure 2. Zakat Potential in Indonesia

The Figure 2 show data highlights the significant potential of zakat in Indonesia. Therefore, it is essential to optimize the management of zakat funds, both in the collection and distribution processes, to maximize zakat contributions toward poverty alleviation and the creation of social justice for all Indonesians. This effort also aims to support the achievement of the SDGs through zakat management oriented toward the values of the SDGs.

BAZNAS Kediri City, as a government-owned institution, plays a more dominant role compared to other Zakat Management Organizations (LAZ). This is not only because BAZNAS has a broader reach in assisting beneficiaries than LAZ, which is primarily community-driven, but also because BAZNAS has stronger legal standing. LAZ operates to support BAZNAS in managing zakat within a smaller scope. BAZNAS is responsible for zakat on behalf of the President based on Law No. 23 of 2011. The poverty rate in Kediri City remains relatively high, at 7.35% of the total population (Nafi', 2020).

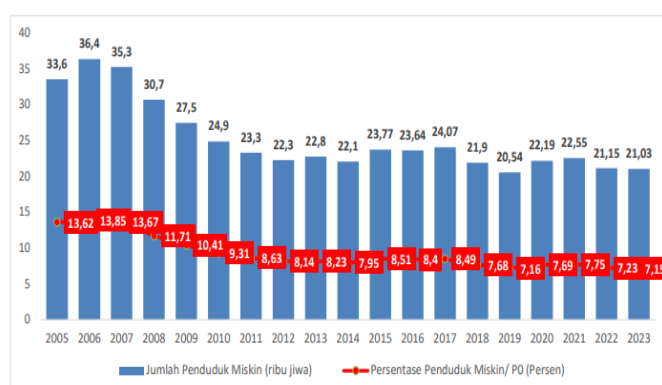


Figure 3. Percentage of Poor Residents in Kediri City.

Looking at the data above, the number of poor residents in Kediri City is 21,030 in 2023, out of a total population of 289,418. The poverty depth index stands at 1.08, and the poverty severity index is at 0.23. This situation encourages the government to synergize with other social institutions to continue efforts aimed at reducing the poverty rate in Kediri City. The performance of BAZNAS Kediri City in assisting the government in combating poverty is considered good, as evidenced by the following data:

Table 1. Financial Data of BAZNAS Kediri City 2019-2023

Year	Collection	Distribution
2019	922,704,882	922,205,968
2020	875,518,561	871,080,070

2021	854,652,075	849,151,933
2022	1,215,193,878	1,213,737,282
2023	2,868,619,518	2,553,245,369

Source: BAZNAS Kediri City Report 2019-2023

The Table 1 show data indicates that BAZNAS Kediri City has shown good growth in fund collection, despite its relatively small population compared to other districts. BAZNAS Kediri must continue to work hard to optimize its performance, especially given that the number of poor residents in Kediri City remains high at 21,030 in 2023 (Ummah, 2019).

It is essential to enhance the quality of its management so that the ZIS funds managed by BAZNAS Kediri can effectively assist the poor in alleviating poverty and contribute to achieving the Sustainable Development Goals (SDGs) through effective, efficient, and accountable ZIS fund management aligned with the SDGs. Based on these considerations, the researcher is interested in analyzing "ZIS Fund Management in Promoting Poverty Alleviation to Achieve Sustainable Development Goals (SDGs) at BAZNAS Kediri City.

Research Methods

This research employs a case study method (field research) with a qualitative approach. Qualitative research is used to explain and analyze events, social activities, attitudes, perceptions, beliefs, phenomena, and individual or group thoughts in depth (Dedi Mulyana, 2006). The researcher, as a human instrument in qualitative research, acts to determine the object, establish informants, collect data, assess its quality, analyze it, and draw conclusions. The presence of the researcher in the field, specifically at BAZNAS Kota Kediri, is crucial for gathering as much data as possible, validating the accuracy of the data obtained, and processing it to arrive at the conclusions of the study.

The study is conducted at BAZNAS Kediri City, located at Jalan Bandar Ngalim No. 12, Bandar Kidul, Kediri City. Data for this research is obtained from BAZNAS Kediri through interviews with leadership, staff, financial auditors, zakat beneficiaries, and other stakeholders. Interviews are utilized to gather the necessary information for the research (Sugiyono, 2016). This research utilizes several methods, including observation, interviews, and documentation. Data validity is then checked through extended observation, triangulation, and discussions with peers. Meanwhile, data analysis techniques involve data reduction, data presentation, and drawing conclusions.(Burhan Bungin, 2012)

Results and Discussions

A. ZIS Fund Management in Promoting Poverty Alleviation at BAZNAS Kediri.

BAZNAS Kediri City is committed to enhancing its performance to assist the government in addressing poverty through effective ZIS fund management in its distribution programs. Key Aspects of BAZNAS Kediri's Distribution Activities:

a. Planning

BAZNAS Kediri formulates a distribution plan through the Annual Budget Work Meeting (RKAT), as explained by Drs. Dawud Syamsyuri M.Pd.I, the chairman of BAZNAS Kediri City.

“The planning process involves creating the RKAT, which outlines the plans for the upcoming year, including implementation details, program specifics, and targets for both collection and distribution. After drafting, it is presented to BAZNAS East Java for approval”.

Key Elements of the RKAT Document:

1. Types of Funds Distributed

Funds come from zakat, infaq, and shadaqah, as explained by Kh. Zubaduzzaman, head of fund collection:

"Funds for operational programs come from zakat, infaq, and shadaqah. Zakat is mandatory for those required to pay, especially for incomes above IDR 7 million, while others are considered infaq or voluntary donations classified as shadaqah."

2. Distribution Programs

Establishing distribution programs is vital for identifying the specific needs of beneficiaries. Dr. H. Abdul Basith M.A :

"Emphasized the importance of these programs for effective implementation, ensuring that beneficiaries receive maximum benefit". BAZNAS Kediri City has several flagship programs guiding the distribution of ZIS funds show on Table 2.

Table 2. Distribution Programs of BAZNAS Kediri City

No.	Program	Type of Assistance
1	Kediri Cerdas	1. Scholarships for Elementary to High School
		2. Entrepreneurship Training
2	Kediri Peduli	1. Assistance for the poor and destitute
		2. Aid for natural disaster victims
		3. Assistance for travelers and those in need
		4. Home renovation assistance
3	Kediri Sehat	1. Medical treatment assistance
		2. Transportation assistance for medical treatment outside the area
4	Kediri Taqwa	1. Assistance for mosque caretakers
		2. Prayer equipment assistance for the underprivileged
5	Kediri Makmur	1. Productive business assistance
		2. Revolving fund assistance

3. Distribution Targets

The targets set by BAZNAS Kota Kediri include the amount of funds collected and the number of beneficiaries that can be reached.

"It is clear that targets exist in the RKAT, both for zakat collection and distribution. Why are these targets necessary? To motivate our work, as there are specific goals that need to be achieved."

Based on an interview with Drs. Dawud Syamsyuri, the Chairman of BAZNAS, it can be concluded that the distribution of ZIS funds is closely tied to the performance of fund collection. Therefore, it is essential to establish targets to increase the number of beneficiaries who can receive assistance.

4. Standard Operating Procedures (SOP)

The RKAT serves as a work guideline and framework for BAZNAS Kota Kediri for a period of one year. All work and budget implementations of BAZNAS must refer to the RKAT that has been approved and sanctioned.

This is based on an interview with Mr. Drs. H. Dawud Syamsuri, M.Pd.I, the Chairman of BAZNAS Kota Kediri:

"This RKAT has been prepared and then discussed at the BAZNAS Provincial level. After that, it is submitted to the central BAZNAS for approval and ratification. Only then can the programs be implemented based on this RKAT. Therefore, the RKAT is our performance guideline for the entire year."

b. Organization

Each party within the organizational structure of BAZNAS Kota Kediri has specific duties and functions in their respective fields that must be accountable. As Drs. Dawud Syamsuri M.Pd.I stated:

"The organizational structure is like interconnected elements, each with its own role; if one aspect is unbalanced, the others will be affected as well."

c. Implementation

The activities at BAZNAS Kota Kediri consist of collection and distribution activities. Additionally, as a form of accountability to muzakki and related parties, reports are generated as a form of responsibility. All these activities are inseparable from careful zakat management planning that adheres to all planning documents in the Work Plan and Annual Budget (RKAT). The distribution of ZIS funds to help alleviate poverty in the community cannot be separated from the fund collection activities.

d. Collection

The larger the collected funds, the greater the distribution reach, which will greatly benefit efforts to alleviate poverty in Kota Kediri. Mr. Kh. Zubaduzzaman emphasized that fund collection is vital:

"Every structure within the organization has its own role, especially for us who are entrusted with fund collection. We continuously work hard to provide significant benefits to mustahik in need because the larger the collected funds, the greater the amount that can be distributed."

This is evidenced by the fundraising results of BAZNAS Kota Kediri for the period 2019-2023.

Table 3. Realization of Collection and Distribution 2019-2023

No.	Year	Collection	Distribution	Mustahik
1.	2019	922,704,882	922,205,968	2,531
2.	2020	875,518,561	871,080,070	2,431
3.	2021	854,652,075	849,151,933	2,854
4.	2022	1,215,193,878	1,213,737,282	4,783
5.	2023	2,868,619,518	2,553,245,369	7,292

Based on the Table 3 above, it shows that the fundraising carried out by BAZNAS Kota Kediri has experienced good development from year to year, except during the 2020 and 2021 periods due to recovery after COVID-19. In the following period, the funds received by BAZNAS Kota Kediri saw a significant increase, especially in 2023, where the increase exceeded 100% from the previous year, amounting to IDR 2,868,619,518. The number of mustahik targeted for distribution by BAZNAS also shows very positive growth.

B. Implementation of ZIS Fund Management at BAZNAS Kota Kediri to Achieve Sustainable Development Goals (SDGs).

- a. No Poverty
BAZNAS Kediri provides assistance to 95 underprivileged individuals regularly each month, with a budget reaching Rp. 228,000,000 for the year 2023.
- b. Zero Hunger
BAZNAS Kediri realizes this through the "Kediri Care" program by providing assistance to orphans and children in need, reaching 471 individuals in 2023, with a total budget of Rp. 87,925,000. Additional aid for victims in Palestine amounts to Rp. 2,899,000, along with assistance for the Grand Mosque totaling Rp. 1,000,000.
- c. Good Health and Well-Being
BAZNAS Kediri realizes this principle through the "Kediri Healthy" program, covering the BPJS (health insurance) for 112 mosque caretakers for one year, with a budget of Rp. 22,579,000.
- d. Quality Education
BAZNAS Kediri, through its "Kediri Smart" program, provides scholarships to 200 students, facilitated by the UPZ of the Department of Education, with a total budget reaching Rp. 493,876,802. Additionally, educational assistance is provided to 5 individuals, with each receiving Rp. 1,000,000.
- e. Gender Equality
The goal of Gender Equality in the Sustainable Development Goals (SDGs) is to achieve gender equality and empower all women and girls.
- f. Clean Water and Sanitation.
The SDG goal for Clean Water and Sanitation is to ensure the availability of safe and affordable drinking water for everyone, achieve adequate and equitable sanitation, and end open defecation practices.
- g. Affordable and Clean Energy
The SDG goal for Affordable and Clean Energy is to ensure access to affordable, reliable, sustainable, and modern energy for all by 2030.
- h. Decent Work and Economic Growth
The SDG goal for Decent Work and Economic Growth is to promote sustainable, inclusive, and sustained economic growth, as well as to achieve productive and decent employment for all.
- i. Industry, Innovation, and Infrastructure
In 2023, BAZNAS Kota Kediri contributed to the construction of the NSAC mosque in Ngronggo with an amount of Rp. 5,000,000, and also provided assistance for the roof construction of Masjid Zahrotul Iman in Rejomiulyo amounting to Rp. 10,000,000.
- j. Reduced Inequalities
The SDG goal of reducing inequalities aims to diminish disparities within and among countries, ensuring that all individuals have equal access to opportunities and resources for a better life.
- k. Sustainable Cities and Communities
BAZNAS Kota Kediri has a housing renovation program for underprivileged individuals whose homes are uninhabitable. In 2023, assistance was provided to 12 individuals, with a total budget of Rp. 120,000,000.
- l. Responsible Consumption and Production
The SDG goal for Responsible Consumption and Production is crucial for achieving sustainable development.

m. Climate Action

The goal of Climate Action in the SDGs is to take urgent and effective measures to reduce greenhouse gas emissions.

n. Life on Land

The SDG goal related to Life on Land aims to protect, restore, and promote the sustainable use of terrestrial ecosystems and manage forests sustainably.

o. Peace, Justice, and Strong Institutions

The goal of Peace, Justice, and Strong Institutions in the SDGs is to promote peaceful and inclusive societies, ensure access to justice for all, and build effective, accountable, and inclusive institutions.

p. Partnerships for the Goals

The challenges faced in achieving sustainable development cannot be solved by a single entity alone. Partnerships involving various stakeholders are necessary to ensure that all aspects of development are covered and operate synergistically

Conclusion

The distribution carried out by BAZNAS Kediri City is still dominated by consumptive aid, whereas productive assistance offers sustainable benefits for the mustahik (beneficiaries). This is evident as mustahik can develop businesses and achieve economic independence; consequently, four mustahik who received business capital assistance have surpassed the poverty line and are moving towards a self-sufficient level. Although they have not yet reached the nishab threshold (the level at which one is required to pay zakat), there have been no mustahik who have transformed into muzakki (zakat givers) at BAZNAS Kediri City, as this process takes time. The supervision conducted by BAZNAS Kediri City in overseeing the distribution of productive aid still faces challenges due to limited human resources and coordination with various parties. BAZNAS Kediri City applies the principles of transparency and accountability by reporting all its activities through periodic reports, which are accessible on its official website as a form of accountability to all stakeholders.

BAZNAS Kota Kediri is expected to enhance the distribution of ZIS funds in a productive manner, as the impact of such assistance can provide sustainable benefits for the economy of the mustahik. Additionally, it is important to maximize supervision and mentoring for the mustahik to help their businesses grow, as well as to codify distribution programs in alignment with the SDGs. All the programs implemented by BAZNAS Kediri City are generally in line with the goals of the SDGs, although there are three goals that have not yet been addressed by BAZNAS: clean and affordable energy, marine ecosystems, and terrestrial ecosystems. This is because BAZNAS Kediri City prioritizes the distribution of ZIS funds to programs that promote the economy, education, health, and religious outreach.

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