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### IMPLEMENTATION OF ZAKAT FUNDS TOWARD POVERTY ALLEVIATION THROUGH THE NATIONAL ZAKAT AGENCY OF BATU BARA DISTRICT

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**Abstract** : Zakat has great potential to become one of the main instruments in poverty alleviation efforts. Zakat is one of the pillars of Islam, so normatively it is an absolute obligation for every Muslim. The purpose of this research is to find out how zakat is distributed by the Batu Bara Regency National Zakat Amil Agency in its efforts to eradicate poverty, as well as identify factors that support and hinder the distribution of zakat. This research uses a qualitative method with a descriptive approach. Data collection methods are observation, interviews, and documentation, using primary and secondary data. There were 5 informants in this study. The data analysis techniques used are data reduction, data presentation, and conclusion verification. Source triangulation ensures the validity of the data used in this research. Based on research results, Baznas, Batu Bara Regency routinely distributes zakat funds every year using two main approaches, namely consumptive zakat and productive zakat, to overcome poverty. Through the Smart, Healthy, Pious and Caring Batu Bara Program, consumptive zakat is distributed to meet the basic needs of mustahik. Meanwhile, the Batu Bara Makmur Program is a productive zakat distribution program that empowers zakat recipients to be economically independent. However, poverty alleviation efforts could be more optimal because a larger proportion of zakat fund distribution occurs through consumptive zakat. Limited human resources cause a lack of supervision of zakat recipients, so the efforts made by productive zakat recipients last only a short time.

**Keywords:** *Implementation Zakat Funds, National Zakat Amil Agency, Poverty Alleviation*

#### A. Introduction

Zakat has great potential to become one of the main instruments in poverty alleviation efforts (Wahyuningsih & Makhrus, 2019). Zakat is one of the pillars of Islam, so normatively, it is an absolute obligation for every Muslim. Therefore, zakat is the foundation of a Muslim's faith and can be considered an indicator of the quality of Islam and a Muslim's solidarity commitment towards others (Franky Gantara & Arif Rijal Anshori, 2022).



The primary purpose of zakat in Islam is to protect religion, soul, mind, descendants and property (Zikra & Tanjung, 2023). Zakat plays an essential role in creating social justice for all humans by paying attention to and increasing concern for underprivileged communities. Zakat functions as an economic tool to reduce economic inequality in society. In particular, the distribution of zakat is prioritized for those who lack assets (Z. Zainuddin, 2018).

The Ministry of Religion notes that the potential for zakat in Indonesia is enormous, reaching IDR 327 trillion every day, with the number of mustahik around 10.7 million. According to the Supervisor of Strengthening Zakat and Waqf, Waryono Abdul Ghafur, the potential for zakat in Indonesia actually still has room to be developed, namely with the presence of 512 zakat management foundations, 49,132 zakat collection units (UPZ), 145 zakat institutions and 10,124 distribution specialists zakat. To ensure effective distribution of zakat, a proper mapping is needed so that zakat funds can be distributed to those in need properly. (Ministry of Religion, 2023)

Zakat distribution patterns can vary according to the management policies of the relevant Zakat Agency or Institution (Hayatika et al., 2021). Sometimes, zakat is given directly to people in need to meet daily needs, and sometimes, it is used for productive purposes, as was implemented during the time of the Prophet by giving funds as if investing them so that they could provide long-term benefits. (Iqbal, 2019).

However, in practice, zakat distribution often faces various obstacles that hinder its noble goals. One of the main problems is the need for more efficiency in the distribution of zakat. The funds collected are often not appropriately distributed due to the limitations of the existing management system, so the assistance provided needs to be on target. Low public trust and also a lack of knowledge of zakat management institutions are the causes of people allocating zakat directly without going through zakat management institutions (Sholikhah, 2021) so that zakat distribution tends to focus more on consumptive needs than productive activities (Sudrajat & Jaya, 2019).

Zakat given to the community is generally consumptive, namely to meet the daily needs of those who cannot afford it and are in dire need. However, this does not help society in the long term. Therefore, apart from consumptive zakat, it is also necessary to strive for productive zakat, which can be used as additional capital for their business. Productive distribution of zakat is an effort to improve people's welfare (Safradji, 2018).

Poverty has become a problem faced by all countries, including Indonesia (Haidir, 2019). As a developing country, the number of people living below the poverty line is still a significant problem. Therefore, the problem of poverty needs to be addressed immediately to prevent a significant impact on the country's economy (Dwi Putri et al., 2020). Based on a report submitted by the Central Statistics Agency in March 2023, the number of poor people reached 25.90 million people, down compared to March 2022 of 26.36 million people. In this condition, poverty is still relatively high, namely around 9.36 percent (Central Statistics Agency, 2023). From these data, the problem of poverty in Indonesia still requires further attention from the government.

Many programs and efforts have been made to eradicate poverty but this problem remains unsolved (Miftahur & Masrizal, 2019). Through a planned and sustainable approach, zakat funds have been used to provide support for various economic, learning,

health and infrastructure empowerment programs that have had a positive impact on communities in need.(Millatina et al., 2022).

Indonesia has enormous potential as a country with the largest Muslim population in the world. Optimal zakat management can have a positive impact on overcoming poverty, the main problem still faced by the Indonesian government (Afdali et al., 2021).

BAZNAS, as an institution tasked with managing zakat in Indonesia, has great potential to play a role in poverty alleviation efforts(Anggita & Robiyanto, 2022). BAZNAS collects and distributes zakat, infaq, and alms (ZIS) at the national level. With the birth of Law no. 23 of 2011 concerning Zakat Management, the role of BAZNAS is increasingly strengthened as an institution that has the authority to manage zakat nationally(Ibrahim Jihanullah Munandar, Ikhwan Hamdani, 2022).

Laila Ramadhona's research, "Implementation of Zakat Funds in Overcoming Social Inequalities (Case Study of BAZNAS Bengkalis)," shows that the distribution of Zakat funds to the community has proven effective in reducing poverty levels. This is due to Baznas's success in consistently reducing poverty in Bengkalis Regency, supported by the awareness of the local community, the majority of whom are Muslim, to pay zakat.(Ramadhona et al., 2023).

However, this research focuses on the implementation of Zakat Funds for Poverty Alleviation through BAZNAS. Batu Bara Regency has the advantage that zakat distribution is carried out through the Consumptive Zakat and Productive Zakat programs that already exist at BAZNAS, such as the Smart Coal Program, Healthy Coal Program, and Coal Program. Taqwa, the Caring Coal Program and the Prosperous Coal Program so that through these programs, we can help the community improve their welfare.

BAZNAS Batu Bara Regency has programs to alleviate poverty, such as the Batu Bara Makmur Program, which can help people get out of poverty. It is hoped that providing business capital to Mustahik can improve the economy of the people of Batu Bara Regency. Through productive zakat, people who lack capital can continue their businesses. The exploration aims to find out how BAZNAS utilizes zakat funds to alleviate poverty and identify factors that influence the zakat distribution process in Batu Bara Regency.

## **Zakat**

Zakat or zakah etymologically means "to grow, increase, bless, holy, or clean." This is because zakat functions to cleanse the human soul from stinginess, egoism, and the tendency to prioritize lust and greed for wealth. Even though scholars have different views, the essence remains the same: Zakat is an amount of wealth that Muslims must spend according to a predetermined amount as a form of worship to Allah. The zakat is then given to people who are entitled to receive it based on predetermined criteria(Haidir, 2019).

In general, zakat has functions in the moral, social and economic fields. In the moral realm, zakat helps erode the avarice and greed of the rich. In the social field, zakat functions to eliminate poverty from society. In the economic field, zakat prevents the accumulation of wealth in the hands of a few people and functions as a mandatory contribution for Muslims. The purpose of zakat is to transfer wealth from prosperous

communities to less fortunate communities, so every source of wealth must be a source of zakat (U. Zainuddin et al., 2020).

According to economics, zakat is defined as an action taken by a person to transfer wealth from a group of people who have it to a group who have it less. Transferring assets means that the person transfers the economic resources they have. Rahardjo (Kamarni & Saputra, 2022) expressed his opinion that if we use an economic approach, zakat can develop into a muamalah (community) concept, a concept about how someone can live in society, and this also includes the economy. Therefore, two concepts were created that discuss mutually sustainable Islamic socio-economic doctrine, namely the prohibition of accepting usury and the command to pay or issue zakat.

In the Qur'an, those who are entitled to receive zakat fitrah and zakat mal have been determined by Allah SWT in the letter At-Taubah verse 60. There are eight groups mentioned, namely:

إِنَّمَا الصَّدَقَتُ لِلْفُقَرَاءِ وَالْمَسْكِينِ وَالْعَمَلِينَ عَلَيْهَا وَالْمَوْلَاةِ قُلُوبُهُمْ وَفِي الرِّقَابِ وَالْغَرَمِينَ  
وَفِي سَبِيلِ اللَّهِ وَأَبْنِ السَّبِيلِ فَرِيضَةً مِّنَ اللَّهِ وَاللَّهُ عَلِيمٌ حَكِيمٌ

*Meaning: "Indeed, zakat is only for the needy, poor people, zakat recipients, people who soften their hearts (converts), for (free) servants, for (free) people who are in debt, for the path of Allah and for people who are on the journey (who need help), as an obligation from Allah. Allah is All-Knowing and All-Wise."*

Surah At-Taubah verse 60 states that eight groups are entitled to receive zakat, among others. People experiencing poverty are those who have almost nothing and are unable to meet basic needs. Poor are those who have wealth but not enough to meet basic needs. Amil are those in charge of collecting and distributing zakat. Mu'allaf are those who have recently converted to Islam and need help to adjust to their new circumstances. Riqab is an enslaved person who wants to free himself. Gharim are those who are in debt for lawful needs and are unable to pay it. Fisabilillah are those who fight in the way of Allah, like preachers or people who fight to defend their religion and homeland. Ibnu Sabil are those who run out of money on the way (Ramadhona et al., 2023)

### **Distribution of Zakat**

Zakat distribution is the distribution of zakat funds to those who are entitled to receive them. It has certain aims and objectives. The target of this distribution is the parties who are entitled to receive zakat, while the aim is to improve community welfare, both in the economic and other fields. Thus, the distribution of zakat aims to reduce the number of underprivileged people and improve the standard of living of the mustahik group (Nauli et al., 2022).

The distribution of zakat funds can be divided into two types of activities, namely consumption and production. These two activities are adapted to the developments and needs of mustahik in utilizing zakat funds, remaining based on the Al-Qur'an, Hadith, Ijma and Qiyas. Based on two definitions of distribution, consumptive zakat distribution is assistance for short-term activities such as health services, education and social welfare (for example, natural disaster relief). Meanwhile, productive distribution is

aimed at meeting broad production needs, including increasing business activities, production, trade and investment, Syafi'i Antonio (Taufiqur Rahman, 2023). The zakat distribution model can be divided into 4 parts, namely:

1. Traditional Consumptive

Zakat is a gift of consumer goods to help poor people overcome their social and economic problems. This assistance includes school equipment and scholarships for students, religious equipment such as sarongs and mukenas, agricultural tools such as hoes for farmers, and sales carts for small traders.

2. Creative Consumptive

Zakat is given directly to mustahiq for daily consumption needs, such as zakat fitrah in the form of rice or money, which is distributed to the poor every Eid al-Fitr, or zakat maal, which is given directly by muzakki to mustahiq who are in dire need due to a lack of food or a disaster. This pattern is a short-term program to overcome people's problems.

3. Conventional Productive

Zakat is given in the form of productive goods that enable mustahiq to create businesses, such as goats, cows, ploughing tools, carpentry tools, sewing machines, and so on.

4. Creative Productive

Zakat is given in the form of revolving capital for social projects such as building schools, health facilities, or places of worship, as well as business capital to help small traders or develop small businesses (A Rio Makkulau Wahyu, 2020)

### **Zakat Management Institution**

Zakat Management Institutions (LPZ) in Indonesia consist of the Amil Zakat Agency (BAZ) and the Amil Zakat Institution (LAZ). Zakat Management Institutions are tasked with managing zakat, infaq and shadaqah, both those formed by the government, such as the Zakat Amil Agency, and those formed by the community and receiving protection from the government, such as the Zakat Amil Institution. Zakat management activities include planning, implementation and coordination in collecting, distributing and utilizing zakat. Zakat management must be in accordance with statutory regulations set by the government (Sudirman, 2019).

The National Zakat Amil Agency (BAZNAS) is the only official body formed by the government through Presidential Decree No. 8 of 2001. Its task is to collect and distribute zakat, infaq, and alms (ZIS) nationally. Law Number 23 of 2011 concerning Zakat Management further strengthens BAZNAS's role as an institution authorized to manage zakat at the national level (A Rio Makkulau Wahyu, 2020).

In this law, BAZNAS is designated as a non-structural government institution that is independent and responsible to the President through the Minister of Religion. Thus, BAZNAS and the government are responsible for supervising the management of zakat based on Islamic law, trust, usefulness, justice, legal certainty, integration, and accountability. (Gufroni et al., 2014)

## **Poverty**

Poverty is a problem that is often faced by all countries, both in developed and less developed regions. Poverty can be seen from two perspectives, namely:

1. Absolute poverty: This is measured based on the number of people living below the poverty line.
2. Relative poverty: This is seen in the proportion of national income received by various income groups. It is related to income distribution problems.

Islam has a view on poverty, including:

1. Poor in faith: This refers to someone whose soul is not close to Allah, and only draws close to Him when facing disaster.
2. Poor based on knowledge<sup>\*\*</sup>: One cause of poverty is ignorance about how to find solutions to life's problems.
3. Poor in terms of assets means that a person has the ability to work and try to obtain lawful wealth to support his family, but his income is still not sufficient for himself and his family's needs.(Suryani Dyah & Fitriani Laitul, 2022)

## **B. Method**

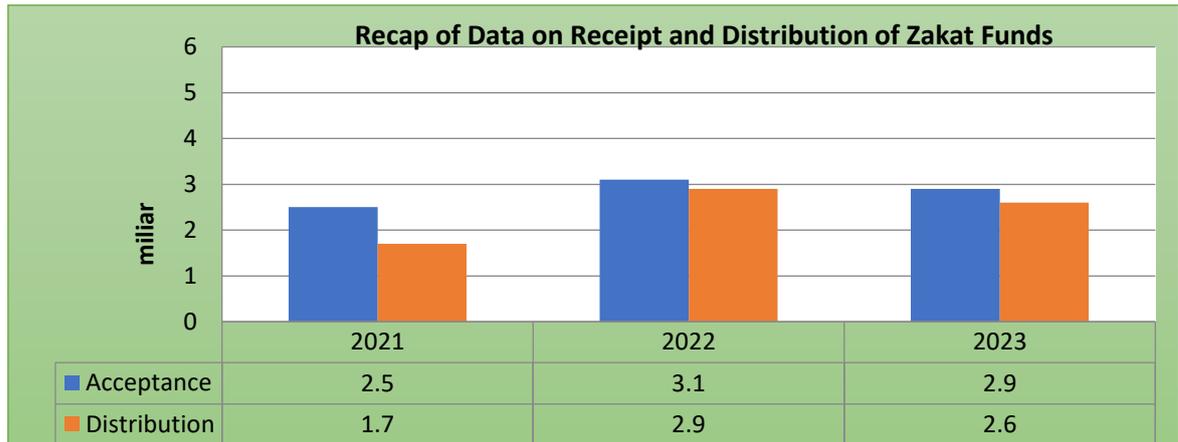
This research uses a qualitative method with a descriptive approach. Qualitative research is used to reveal the phenomena that exist in the BAZNAS Batu Bara Regency by describing data and facts through words as a whole. Data collection methods used were observation, interviews, and documentation at the BAZNAS Batu Bara Regency Office and at mustahik houses located in Limapuluh Kota from February to April 2024. Primary data was obtained from interviews with the Chief Executive of BAZNAS, the Head of Distribution and Utilization, the Financial Staff and Reporting, and two mustahik. Meanwhile, secondary data was obtained from books, previous research, journals and documents. The data analysis technique used is the data reduction presentation of conclusion verification data(Wahyuni et al., 2020).

In this research, to check the validity of the data, the researcher applied data source triangulation and method triangulation techniques. Triangulation of data sources is carried out by comparing and checking information obtained from various sources through interviews so that it becomes more accurate and reliable. Meanwhile, method triangulation was carried out by comparing the results of interviews with related parties, field observations, as well as relevant reports and documents(Abdurrahman & Herianingrum, 2020).

## **C. Results and Discussion**

### **1. Implementation of Zakat Funds by BAZNAS Batu Bara Regency**

The following is a recapitulation of zakat funds received and distributed by BAZNAS Batu Bara Regency in 2021-2023:



According to Pak Puji, Chief Executive of BAZNAS, the estimated potential for zakat in Batu Bara Regency is approximately 8 billion. This amount is large enough to have a positive impact on poverty alleviation. Optimizing zakat giving through the National Zakat Amil Agency (BAZNAS) can become a significant source of funds to help poor people and alleviate poverty in Batu Bara Regency. Suppose all muzakki or individuals who are obliged to pay zakat pay their zakat through BAZNAS. In that case, the management of zakat funds can take place optimally, thus providing a significant positive impact on communities in need. In this way, poverty alleviation efforts can be realized well in Batu Bara Regency, with goals that can be achieved through cooperation and active participation from all communities that have zakat obligations.

The mechanism carried out in the zakat distribution process by BAZNAS Batu Bara Regency is that prospective zakat recipients are asked to prepare an application letter addressed to Baznas and complete the necessary documents, such as a poverty certificate from the village, a photocopy of the spouse's KTP, and a Family Card. After all the documents are complete, they will undergo a short interview with Baznas officers regarding the business they are running.

Furthermore, after the file checking and interview process, the survey team from Baznas will make a direct visit to the location to evaluate the condition of the aid recipients who will receive zakat assistance. After the checks were completed, the survey team held a short meeting to determine whether the mustahik was worthy of receiving assistance. Furthermore, BAZNAS also classifies these mustahik into the category of productive zakat or consumptive zakat. Thus, this process ensures that zakat aid is distributed accurately and in accordance with the needs and potential of zakat recipients to increase their economic independence.

The mechanism is for ordinary people who need help understanding how to make a request letter, which is submitted to BAZNAS Batu Bara, assisted by sub-district and village officials.

The distribution of zakat funds carried out by BAZNAS Batu Bara Regency is divided into two categories: consumptive and productive. Consumptive distribution means that zakat is given directly to mustahik to meet their living needs. While the distribution is productive, the zakat distributed by the amil cannot be directly

enjoyed by the mustahik. This productive distribution of zakat aims to improve the mustahik economy and ultimately realize community welfare.

a. Consumer Zakat

The following is a table of the distribution of consumer zakat carried out by BAZNAS Batu Bara Regency in 2022.

**Table 1.** Distribution of Consumptive Zakat in 2022

| NO            | DESCRIPTION OF CONSUMPTIVE ZAKAT DISTRIBUTION                                 | AMOUNT      |                      |
|---------------|---|-------------|----------------------|
|               |   | IMPOSSIBLE  | RUPIAH               |
| 1.            | <b>Education Program (Batu Bara Smart )</b>                                   | <b>344</b>  | <b>392,100,000</b>   |
|               | a.HelpUndergraduate Student Education Fees                                    | 327         | 327,000,000          |
|               | b.HelpMaster's Student Education Fees   | 7           | 14,000,000           |
|               | c. Assistance for Overseas Student Education Fees                             | 3           | 10,500,000           |
|               | d.Help Middle and High School Education Fees                                  | 7           | 40,600,000           |
| 2.            | <b>Health Program (Batu Bara Healthy)</b>                                     | <b>60</b>   | <b>120,250,000</b>   |
|               | a. assistance with medical costs for poor families                            | 8           | 21,000,000           |
|               | b. Assistance with Medical Costs for Accidental Poor Families                 | 52          | 99,250,000           |
| 3.            | <b>Da'wah Program (Batu Bara Taqwa)</b>                                       | <b>368</b>  | <b>190,800,000</b>   |
|               | a. Fi Sabilillah Qari/Qari'ah Compensation Assistance, Ulama, Koran Teachers. | 368         | 190,800,000          |
| 4.            | <b>Humanitarian Program (Batu Bara Cares)</b>                                 | <b>4678</b> | <b>2,095,891,000</b> |
|               | a. Assistance for Poor and Elderly Consumers                                  | 4452        | 687,191,000          |
|               | b. assistance for renovation of uninhabitable houses                          | 92          | 1,353,600,000        |
|               | c. Gharimin's help  | 21          | 20,000,000           |
|               | d. Natural Disaster Assistance  | 107         | 33,000,000           |
|               | e. Help of the Traveler (Ibn Sabil)   | 6           | 2,100,000            |
| <b>AMOUNT</b> |   |             | <b>2,799,041,000</b> |

BAZNAS Batu Bara Regency's Consumptive Zakat is distributed through programs at BAZNAS itself. The amount of consumption funds distributed in 2022 is IDR 2,799,041,000. The consumption funds distributed in 2023 amount to IDR 2,341,341,000. Consumptive zakat funds distribute the following activities:

The "Batu Bara Smart" program is intended to expand educational opportunities and provide students with better opportunities to pursue their dreams without being constrained by financial problems.

The assistance provided through the Smart Coal program not only eases the financial burden on the recipients but also provides them with motivation and support to continue to excel in education. With this support, pupils and students have a better opportunity to achieve their dreams, which in turn will improve the quality of human resources in Batu Bara Regency.

The "Batu Bara Healthy" program assists families in need by covering medical expenses. This program hopes to ensure that people who cannot afford it can access the health services they need without having to worry about medical costs.

The success of this program can be seen in reaching people who really need help, so the Zakat funds distributed are right on target. Families who previously had difficulty obtaining treatment can now easily access health facilities, which in turn improves their quality of life. The long-term impact of this program is the creation of a healthier and more productive society, which will ultimately contribute to regional economic growth.

The "Batu Bara Taqwa" program aims to educate local preachers to become influential religious figures in Batu Bara Regency. This program also contributes to improving the welfare of religious leaders. With financial support from this program, Qari, Qari'ah, Ulama, and Koran teachers can improve their standard of living. It is essential because their welfare has a direct impact on the quality of the education they provide. Religious leaders who are prosperous will be more motivated and able to provide the best for society.

The "Batu Bara Cares" program aims to overcome various obstacles that always occur. This assistance is given to zakat recipients, namely the poor and elderly. This zakat is also given to renovate houses, give to gharimin, provide natural disaster relief, and help travellers.

Through these various programs, zakat is not only a symbol of caring but also a driver of real positive change in the lives of the people of Batu Bara Regency.

b. Productive Zakat

Productive zakat is an effort to help mustahik improve their financial capabilities by using zakat funds. It can impact their success by empowering them to manage their finances better, according to their capacity (Taufiqur Rahman, 2023). Productive zakat aims to help mustahik develop sustainable businesses or economic activities so that they can directly contribute to efforts to eradicate poverty in society.

The following is a table of productive Zakat distribution carried out by BAZNAS Batu Bara Regency in 2022.

**Table 2.** Distribution of Productive Zakat in 2022

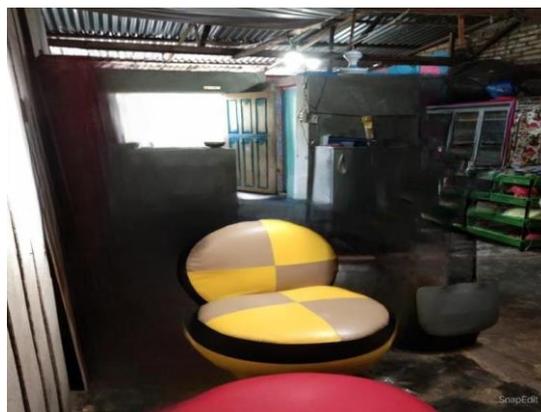
| NO | DESCRIPTION OF PRODUCTIVE ZAKAT DISTRIBUTION   | AMOUNT     |                    |
|----|--|------------|--------------------|
|    |  | IMPOSSIBLE | PER PERSON         |
| 1. | <b>Economic Program (Batu Bara Prosperous)</b><br>a.HelpProductive Poor (MSME Capital) | 49         | 197,700,000        |
|    | <b>AMOUNT</b>  | <b>49</b>  | <b>197,700,000</b> |

In this context, BAZNAS Batu Bara Regency has a special program to help the community run its businesses. The Batu Bara Makmur Program is a community empowerment program carried out by BAZNAS to maximize the

assistance distributed to mustahik. BAZNAS guides mustahik to gain experience and develop businesses owned by productive zakat recipients. This program also aims to increase the independence of zakat recipients by providing capital for those who have businesses but do not yet have capital.

The impact that mustahik feels is that there are new opportunities to improve their standard of living. With the business capital provided by BAZNAS, mustahik has the opportunity to start a new business or develop an existing business. For example, some choose to do business by creating a sofa business group from used tyres, setting up a cattle farm, opening a school canteen, or selling various products such as the typical Batu Bara Songkok, clothes, grass jelly, and even snacks. This program provides opportunities for people to increase their family income.

One of the distributions of productive zakat funds was given to the Kurnia Sofa Group located in Sumber Padi Village, Limapuluh District. This group uses used tyres as the main material for making sofas. The Kurnia Sofa group consists of seven people, with one person as chairman and six other members.



**Figure 1.** Sofa made from used tyres

The funds provided by BAZNAS Batu Bara Regency for the Kurnia Sofa Group amounted to IDR 10,500,000. These funds are used to purchase equipment such as sewing machines, grinders, drills, and paint, as well as to obtain additional materials such as foam and others. When BAZNAS carried out direct monitoring of the residence where the Kurnia Sofa group produces, it was discovered that they made a profit per sofa set of around IDR 350,000, with a processing time of around 3 to 4 days. In one month, Kurnia Sofa Group is able to produce around 7 to 8 sets of sofas. The capital assistance provided by BAZNAS to the Sofa Kurnia Group has had a positive impact on the artisans and mustahik involved in the group.

## **2. Supporting and Inhibiting Factors for Distribution of Zakat Funds**

BAZNAS plays an important role in managing and distributing zakat to various communities in need. In an effort to carry out its duties, some factors encourage and hinder the distribution of zakat funds, namely as follows:

a. Supporting factors

1) Zakat receipts from civil servants and ASN

Most of the zakat funds that go into the Batu Bara Regency BAZNAS account come from Civil Servants and State Civil Apparatus. The following is an explanation from Mr Puji, who serves as Chief Executive of BAZNAS:

*"With the support of the Education Department, the number of muzakki from civil servants and ASN who pay zakat has increased to 1000 people."*

The zakat collection process carried out by BAZNAS through civil servants and ASN in Batu Bara Regency is carried out automatically by salary deductions by the relevant department. Zakat funds collected from salary deductions are channelled directly to the Batu Bara Regency BAZNAS account. The relevant agencies work together with BAZNAS to facilitate distribution and ensure that the funds collected are delivered on time. BAZNAS provides regular reports to the department regarding the amount of funds collected and their distribution. This transparency is essential to maintain ASN's trust and accountability in the zakat collection process.

2) Good Cooperation with Regional Government

To overcome the challenges that arise due to limited human resources and lack of competence in implementing zakat in the zakat program, collaboration with external parties is crucial (Bayu Wardhana, Sigit Hermawan, 2023). BAZNAS Batu Bara Regency collaborates with the regional government in identifying targets; BAZNAS Batu Bara Regency certainly requires assistance from the sub-district to collect data on underprivileged communities in accordance with existing SOPs. In this SOP, several rules and stages have been mutually agreed upon by BAZNAS for distributing zakat funds to Mustahik. As Pak Puji said:

*"We asked for several recommendations from the sub-district for data regarding people who are entitled to receive zakat."*



**Figure 2.** Interview with the Chief Executive of BAZNAS

BAZNAS Batu Bara Regency coordinates with the sub-district to obtain recommendations regarding data on people who are entitled to receive zakat. They rely on sub-districts as a source of information to identify people who qualify as zakat recipients. This process shows that there is cooperation between parties who distribute zakat and parties who have better access to data and information regarding the conditions of local communities. By asking for recommendations from sub-district officials, the process of identifying zakat recipients can be carried out more efficiently and accurately so that the assistance provided can reach the correct targets and provide optimal benefits for people in need.

b. Obstacle factor

1) Labor Limitations

Limited human resources at BAZNAS Batu Bara Regency are an obstacle in carrying out the zakat management process. BAZNAS Batu Bara Regency only has 11 employees, which is, of course, a minimal number. This is based on an interview with Pak Puji:

*"We at BAZNAS have only 11 people. Human resources are important, especially in institutions that have a large base of duties and responsibilities; we really need human resources who can provide everything they have available to form this institution in alleviating the poverty that occurs in Batu Bara.*

The lack of human resources in BAZNAS Batu Bara Regency is one of the reasons why the distribution of Productive Zakat in 2024 must be re-evaluated. The limited number of officers makes it difficult for them to monitor the continuous development of each mustahik's business. Another cause is that many mustahik (zakat recipients) need to use productive zakat funds to continue the planned business. On the contrary, they tend to use these funds for other purposes that are not related to business development, resulting in many businesses funded by productive zakat not running according to their initial plans.

The Chief Executive of BAZNAS Batu Bara Regency, Mr Puji, admitted that one of the main obstacles in this program was the need for adequate human resources to carry out intensive monitoring and assistance to mustahik. As an initial step in this re-planning, BAZNAS Batu Bara Regency took several strategic approaches, including:

a) Increasing Human Resources Capacity

Increase the number of assistants and training staff who can provide intensive guidance to mustahik so that they can run their businesses better and more sustainably.

b) Business Feasibility Assessment

Stricter selection is needed to assess the feasibility of businesses that will be funded by productive zakat. It includes market potential analysis, mustahik readiness, and a clear business plan.

## c) Structured Mentoring

Develop a structured and ongoing mentoring program, including business skills training, financial management and marketing.

## 2) Lack of Public Awareness in Giving Zakat at BAZNAS Batu Bara Regency

One obstacle for BAZNAS Batu Bara Regency in carrying out its functions is the lack of individual concern in distributing zakat. According to interviews with the BAZNAS chief Executive, many people pay zakat without going through BAZNAS.

*"It cannot be denied that one of our big obstacles is the muzakki who very rarely spend zakat funds or they spend zakat but not through BAZNAS but distribute it themselves to the targets they want."*

BAZNAS Batu Bara Regency carries out outreach to increase residents' awareness about the importance of distributing zakat. By increasing understanding of the importance of zakat, it is hoped that public awareness and faith will increase. Therefore, the community needs to distribute zakat through BAZNAS in order to target zakat recipients accurately. In this way, BAZNAS can help local governments reduce the level of poverty that occurs in Batu Bara Regency.

## 3) Lack of Zakat Distribution Funds

The need for more funds for the distribution of zakat can be seen from the lack of maximum funds entering BAZNAS Batu Bara Regency. Even though many ASNs and Regional Apparatus Organizations provide zakat at BAZNAS, they have not been able to thoroughly distribute zakat to individuals in need, especially productive zakat distribution. This is as Mr Puji said:

*"Receipt of funds has not yet reached the maximum limit, but if it reaches that level, then the distribution of consumptive and productive zakat will be balanced. The number of individuals who pay zakat at BAZNAS is not proportional to the amount of zakat funds distributed. "There are still many state-owned companies that have not distributed their zakat in full to BAZNAS, Batu Bara Regency."*

Pak Puji also highlighted that there are still many state-owned companies that need to distribute zakat optimally through BAZNAS Batu Bara Regency. It shows that there is potential that needs to be utilized optimally in collecting zakat funds from the business world. Therefore, further efforts are needed to increase public and company awareness regarding the importance of distributing zakat through BAZNAS. Apart from that, a more effective strategy is also needed to collect zakat funds in order to achieve a more equitable and optimal distribution target, especially in supporting productive zakat programs that can have a more sustainable impact on communities in need.

#### **D. Conclusion**

BAZNAS Batu Bara Regency annually distributes zakat funds through consumptive and productive funds with the aim of providing business capital opportunities to people in need. Consumptive zakat includes the Batu Bara Smart Coal, Batu Bara Healthy, Batu Bara Taqwa and Batu Bara Caring Programs. Meanwhile, productive programs aim to empower the community through business capital assistance for zakat recipients, which can be seen from the Batu Bara Makmur Program. The distribution of zakat funds distributed by BAZNAS Batu Bara Regency has not reached the optimal level in efforts to eradicate poverty because the distribution of zakat funds is mainly channelled through consumptive zakat compared to productive zakat, where consumptive zakat does not empower mustahik but is only for one consumption. Another factor is the lack of supervision carried out by BAZNAS Batu Bara Regency, so the efforts carried out by Mustahik do not last long.

BAZNAS Batu Bara Regency has encouraging and inhibiting factors in the distribution of zakat funds. Supporting factors include receiving zakat from ASN, cooperating with local governments, and making efforts to increase public awareness of zakat through socialization. However, there are also obstacles, such as limited human resources, lack of public awareness of paying zakat through BAZNAS, and lack of funds for the distribution of zakat. Thus, BAZNAS Batu Bara Regency plays an important role in managing zakat to improve the welfare of residents. However, several obstacles still need to be overcome in the distribution of zakat.

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