



## Productive Zakat Model: Economic Empowerment for Post-COVID-19 Recovery in Indonesia

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### Abstract

Indonesia's economic landscape has been significantly impacted by the COVID-19 pandemic, both at micro and macro levels. To address these challenges, it is imperative to implement optimal and sustainable financial management strategies. Given Indonesia's predominantly Muslim population, the development of an Islamic financial system, including the use of Zakat as a distribution instrument, holds great potential. As an obligation for Muslims, Zakat can be a highly productive means of addressing the country's economic challenges. This study proposes a model for economic empowerment through productive Zakat to effectively address the impact of the COVID-19 pandemic on the Indonesian economy. The research methodology utilized a library research approach with descriptive qualitative methods. Data was meticulously collected from various sources including books, articles, journals, news, homepages, and other scientific references. The management of productive Zakat has great potential for contributing to the economic recovery of Indonesia after the COVID-19 pandemic. Productive Zakat involves an economic empowerment model that has personal and spiritual dimensions, and its impact on social life is significant. The management of productive Zakat is a support system for the better and sustainable development of Indonesia's economy.

### Kata Kunci:

*Ekonomi; Zakat  
Produktif;  
COVID-19*

### Abstrak

Lanskap ekonomi Indonesia telah terdampak secara signifikan oleh pandemi COVID-19, baik di tingkat mikro maupun makro. Untuk mengatasi tantangan ini, sangat penting untuk menerapkan strategi pengelolaan keuangan yang optimal dan berkelanjutan. Dengan mayoritas penduduk Indonesia yang beragama Islam, pengembangan sistem keuangan syariah, termasuk penggunaan zakat sebagai instrumen distribusi, memiliki potensi yang besar. Sebagai sebuah kewajiban bagi umat Islam, Zakat dapat menjadi sarana yang sangat produktif untuk mengatasi tantangan ekonomi negara. Penelitian ini mengusulkan model pemberdayaan ekonomi melalui zakat produktif untuk mengatasi dampak pandemi COVID-19 secara efektif terhadap perekonomian Indonesia. Metodologi penelitian ini menggunakan pendekatan penelitian kepustakaan dengan metode kualitatif deskriptif. Data dikumpulkan secara cermat dari berbagai sumber termasuk buku, artikel, jurnal, berita, laman, dan referensi ilmiah lainnya. Pengelolaan zakat produktif memiliki potensi besar untuk berkontribusi dalam pemulihan ekonomi Indonesia pasca pandemi COVID-19. Zakat produktif merupakan model pemberdayaan ekonomi yang berdimensi personal dan spiritual, serta memiliki dampak yang signifikan terhadap kehidupan sosial. Pengelolaan zakat produktif menjadi sistem pendukung bagi pembangunan ekonomi Indonesia yang lebih baik dan berkelanjutan.

## INTRODUCTION

Zakat is an economic development instrument that has existed since the time of Rasulullah SAW. In state financial records at that time, Zakat was recorded as state income with great potential for state development.<sup>1</sup> The implementation of Zakat, which has an economic orientation, also holds spiritual value for everyone who distributes it. This shows that Zakat is a form of muamalah worship.

Zakat is a source of funds obtained from Muslims, aimed at improving community welfare and overcoming social and economic disparities in society. Its dimension also aims to foster a sense of mutual care between the rich and the poor. On the other hand, Zakat in Islam is a form of spiritual gratitude for the acquisition of wealth and prosperity bestowed by Allah SWT. Therefore, the distribution of Zakat funds should be channeled in a way that prevents accumulation in certain circles.<sup>2</sup>

Zakat funds serve not only consumptive functions, as commonly understood, but also aim to empower the community's productive economy. This provides opportunities for those with a lower standard of living to achieve equality with others. The Amil Zakat Institution (LAZ) is responsible for collecting, distributing, and utilizing Zakat following Islamic religious provisions.<sup>3</sup>

Economic conditions are subject to periodic changes based on the prevailing situation. The financial crisis of 1998 may recur in the future. It is essential to structure financial instruments optimally to overcome any potential monetary crisis. Several economists have predicted a monetary crisis in 2020, which poses a significant threat to the global economy. The existence of large-scale social restrictions (PSBB) has a significant impact. Economic activity is severely threatened by this policy as it limits transaction processes and reduces social interaction. Economic activity requires a circular flow between producers, distributors, and consumers.<sup>4</sup>

The COVID-19 pandemic has affected various economic sectors in Indonesia. The most dominant sector affected is the microeconomic sector. This micro-economy has a lot to do with the revival of the people's economy. There have been many strategies carried out by the government to restore the country's economy to its original state. But it is still a short-term problem solving, not seeing the long-term potential in the future. Thus, the existence of this productive zakat development pattern provides an opportunity to restore Indonesia's economic order in the long term. This of course still pays attention to the utilization of zakat funds which only consists of eight groups as confirmed in the Qur'an Surah At-Taubah. Thus,

<sup>1</sup> Mohammad Nizarul Alim, "Utilization and Accounting of Zakat for Productive Purposes in Indonesia: A Review," *Procedia - Social and Behavioral Sciences*, 2nd Global Conference on Business and Social Sciences (GCBSS-2015) on "Multidisciplinary Perspectives on Management and Society", 17- 18 September, 2015, Bali, Indonesia, 211 (November 25, 2015): 232–36, <https://doi.org/10.1016/j.sbspro.2015.11.028>.

<sup>2</sup> Muhammad Lutfi Hakim, "Islamic Law and Society in Indonesia: Corporate Zakat Norms and Practices in Islamic Banks , by Alfiri," *Bijdragen Tot de Taal-, Land- En Volkenkunde / Journal of the Humanities and Social Sciences of Southeast Asia* 179, no. 1 (March 21, 2023): 115–18, <https://doi.org/10.1163/22134379-17901001>.

<sup>3</sup> Muhammad Fahmi Syakir, Tastaftiyah Risfandy, and Irwan Trinugroho, "CEO's Social Capital and Performance of Zakat Institutions: Cross-Country Evidence," *Journal of Behavioral and Experimental Finance* 31 (September 2021): 100521, <https://doi.org/10.1016/j.jbef.2021.100521>.

<sup>4</sup> Raja Adzrin Raja Ahmad, Ahmad Marzuki Amiruddin Othman, and Muhammad Sufiyudin Salleh, "Assessing the Satisfaction Level of Zakat Recipients Towards Zakat Management," *Procedia Economics and Finance* 31 (2015): 140–51, [https://doi.org/10.1016/S2212-5671\(15\)01141-7](https://doi.org/10.1016/S2212-5671(15)01141-7).

this productive zakat can be used as a strategy to restore community funding in the long term by upholding the criteria that have been applied in the distribution of zakat funds.<sup>5</sup>

The Organization for Economic Co-operation and Development (OECD) released a report concluding that the COVID-19 pandemic has a significant impact on the economy, potentially leading to a crisis.<sup>6</sup> One contributing factor is the decrease in national and international production processes. To address the economic situation, the state has taken concrete actions, including assisting underprivileged individuals who are severely threatened economically. Additionally, various economic sectors in Indonesia, including financial institutions such as banks and non-banks, have contributed to rebuilding the economy. These institutions work together to find the best solutions for the recovery of the Indonesian economy. Additionally, economic activities on a micro-scale are equally important in contributing to the recovery of the Indonesian economy.

Indonesia, the world's largest Muslim-majority country, offers a significant opportunity for Muslims to unite and build their economy. One of the instruments available for this purpose is Islamic finance, which includes zakat, *infaq*, *sadaqah*, and waqf. According to data released by BAZNAS, zakat collections in Indonesia have increased from Rp. 21 trillion in 2019 to Rp. 22 trillion in 2022.<sup>7</sup> This is an achievement for BAZNAS, a non-governmental institution that provides benefits to the community. According to a study, the Zakat fund can function as a tool to reduce poverty and inequality in the economy.<sup>8</sup> This Islamic social financial instrument has the potential to be used as a support system for the state's fiscal system, accelerating the economic development of the community.

The Indonesian Ulema Council (MUI) issued a fatwa (number 23) in 2020 regarding the utilization of Zakat funds to help improve the Indonesian economy. This has implications for the distribution of Zakat funds, which are still focused on eight specific groups. The funds are intended for providing basic materials to those affected by the pandemic, as well as for providing medicine and other necessities.

Zakat has the potential to improve the current economic situation. Its distribution can be focused not only on consumption but also on productive activities, making the benefits more sustainable. The productive use of Zakat can be applied to various economic activities with long-term potential, such as financing skills training and providing business capital. This will certainly have more benefits than just being consumptive.<sup>9</sup>

Numerous research studies have been conducted on Zakat management as a means of stabilizing the economy during the COVID-19 pandemic. One such study, conducted by

<sup>5</sup> Hijrah Saputra, "Zakat Sebagai Sarana Bantuan Bagi Masyarakat Berdampak Covid-19," *Al-Ijtima'i: International Journal of Government and Social Science* 5, no. 2 (April 30, 2020): 161–75, <https://doi.org/10.22373/jai.v5i2.549>.

<sup>6</sup> OECD, "Coronavirus (COVID-19): SME Policy Responses," OECD, accessed June 8, 2023, <https://www.oecd.org/coronavirus/policy-responses/coronavirus-covid-19-sme-policy-responses-04440101/>.

<sup>7</sup> Direktorat Kajian dan Pengembangan Badan Amil Zakat Nasional, *Outlook Zakat Indonesia 2023* (Jakarta: Pusat Kajian Strategis – Badan Amil Zakat Nasional (Puskas BAZNAS), 2023), <https://puskas.baznas.go.id/publications/books/1737-outlook-zakat-indonesia-2023>.

<sup>8</sup> Irfan Syauci Beik, "Analisis Peran Zakat Dalam Mengurangi Kemiskinan : Studi Kasus Dompot Dhuafa Republika," *Zakat & Empowering Jurnal Pemikiran Dan Gagasan* II (2009), <https://imz.or.id/jurnal-imz-ii-analisis-peran-zakat-dalam-mengurangi-kemiskinan/>.

<sup>9</sup> Andri Maulana and Rio Laksamana, "Implementasi Zakat Sebagai Sumber Pembiayaan Program Pemberdayaan Ekonomi Masyarakat," in *Prosiding Seminar Nasional Program Studi Ekonomi Islam*, vol. 1 (Fakultas Ekonomi dan Bisnis Universitas Tanjungpura, 2023).

Fatmasari Sukesti and Mamdukh Budiman, found that effective Zakat management significantly contributes to the growth of MSME businesses. Proper management of Zakat can lead to sustainable economic prosperity for the community.<sup>10</sup> This research is similar to Mohammad Nizarul Alim's study, which found that productive Zakat management can help alleviate poverty and improve the economic well-being of society. Productive Zakat has more benefits than just consumption.<sup>11</sup>

Rohman, Anwar, and Subadriyah's research suggests that the implementation of productive Zakat can increase public engagement in supporting the welfare of Zakat recipients, which has the potential to improve the MSME sector.<sup>12</sup> Additionally, Faqih El Wafa's research indicates that the productive Zakat funds implemented by the Amil Zakat Institution (LAZ) are intended to help *mustahiq* businesses and provide services to fulfill business capital. Providing business capital can have a long-term impact on sustainability. This can be achieved through assisting with production equipment, providing capital, and offering training to support the progress of *mustahiq* entrepreneurship.<sup>13</sup>

Furthermore, Mustarin's research also stated that the distribution of Zakat is not only focused on developing Zakat consumptively, on the other hand, managing Zakat productively has good potential to reduce the level of sustainable poverty.<sup>14</sup> One of the achievements of productive Zakat management can be seen through the fulfillment of *mustahiq*'s business capital. The existence of working capital can increase the amount of production and will affect increasing income.<sup>15</sup> This productive Zakat-based business incubation model has enormous potential to restore the economy of affected micro and small enterprises (MSEs).

Zakat is one of the five pillars of Islam that Muslims must fulfill. Its provisions and procedures for distribution are regulated by religion. As time passes, the practice of zakat must certainly be adapted to meet the needs of the times. In classical *fiqh*, the purpose of zakat is to purify oneself, but it also has the orientation of mutual benefit. Various types of zakat distribution practices have emerged, all of which adhere to the initial principle. Some types of zakat include productive zakat, cash zakat, and stock zakat.

Nafiah defines productive Zakat as a form of distributing Zakat funds to recipients as business capital. The aim is to increase the productivity of *mustahiq* in running their businesses.<sup>16</sup> Zakat should not only be used for consumer needs but also as a source of

<sup>10</sup> Fatmasari Sukesti and Mamdukh Budiman, "The Role of Zakat in Business Development of SMEs (Study on BAZNAS Semarang, Central Java, Indonesia)," *IJIBE (International Journal of Islamic Business Ethics)* 3, no. 1 (March 5, 2018): 401–9, <https://doi.org/10.30659/ijibe.3.1.401-409>.

<sup>11</sup> Alim, "Utilization and Accounting of Zakat for Productive Purposes in Indonesia."

<sup>12</sup> Fatchur Rohman, Aan Zainul Anwar, and Subadriyah Subadriyah, "Analisa Potensi Zakat UMKM Mebel Melalui BAZNAS untuk Peningkatan Kesejahteraan Masyarakat Jepara," *Perisai: Islamic Banking and Finance Journal* 1, no. 3 (October 31, 2017): 200–214, <https://doi.org/10.21070/perisai.v1i3.1068>.

<sup>13</sup> Faqih El Wafa, "Implementasi Zakat Produktif Melalui Program Community Development Pada Lembaga Amil Zakat Di Kota Yogyakarta," *An-Nabdhah | Jurnal Ilmiah Keagamaan Dan Kemasyarakatan* 12, no. 2 (2019): 297–336.

<sup>14</sup> Basyirah Mustarin, "Urgensi Pengelolaan Zakat terhadap Peningkatan Perekonomian Masyarakat," *Jurisprudentie: Jurusan Ilmu Hukum Fakultas Syariah dan Hukum* 4, no. 2 (December 5, 2017): 83–95, <https://doi.org/10.24252/jurisprudentie.v4i2.4054>.

<sup>15</sup> Nazia Nadia Muzdalifah, Sulaeman Sulaeman, and Tina Kartini, "Analisis Pendayagunaan Zakat Produktif Dalam Peningkatan Pendapatan Mustahik Melalui Program Bangkit Usaha Mandiri Sukabumi (BUMI)," *Jati: Jurnal Akuntansi Terapan Indonesia* 2, no. 2 (2019), <https://doi.org/10.18196/jati.020216>.

<sup>16</sup> Lailiyatun Nafiah, "Pengaruh Pendayagunaan Zakat Produktif Terhadap Kesejahteraan Mustahiq Pada Program Ternak Bergulir BAZNAS Kabupaten Gresik," *El-Qist: Journal of Islamic Economics and Business (JIEB)* 5, no. 1 (April 25, 2015): 929–42, <https://doi.org/10.15642/elqist.2015.5.1.929-942>.

funds for the people. According to Wafa, productive Zakat is intended to finance *mustahiq* in their business sector to increase their business results.<sup>17</sup> Based on this definition, it is evident that productive Zakat has a long-term focus on developing the community's economy.

Umer Chapra suggests that productive Zakat should not only aim to fulfill the *mustahiq* economy sustainably but also provide empowerment services for the *mustahiq*. One of the essential services that a productive Zakat recipient requires is business management training, which will enable them to develop their business further using Zakat funds.<sup>18</sup> The management of productive Zakat is aimed at economically empowering the community who are entitled to receive it.

Bank Zakat explained that productive Zakat has the potential to raise the *mustahiq*. To ensure the effective distribution of productive Zakat funds, it is important to follow several steps; First, the distribution process must be optimally planned to achieve goals. Second, an estimation process should be conducted in advance. Third, rules should be established to organize the distribution process. Fourth, supervision is necessary to track the process of distributing Zakat funds.

According to Ahmad et al.'s research, the optimization of Zakat is closely related to its distribution.<sup>19</sup> If Zakat is distributed accurately and appropriately, it can effectively optimize the utilization of Zakat funds. According to Law number 23 of 2011 concerning Zakat Management, productive businesses can utilize Zakat as stated in Article 27, paragraph (1), only if the *mustahiq*'s basic needs have been met. If the basic needs are not fulfilled, then the productive Zakat cannot be applied.

Alim states that Zakat funds are distributed to recipients for venture capital and to help increase their income.<sup>20</sup> This is classified as productive Zakat. Sukesti confirms that giving productive Zakat has a positive and significant influence on SME business development.<sup>21</sup> The study provides empirical evidence that productive Zakat helps develop the community's economy through SME activities. The distribution of productive Zakat aims to encourage small and medium-sized enterprises (SMEs) to work optimally and achieve adequate results. This type of Zakat not only helps the *mustahiq* meet their needs but also improves their welfare and promotes independence.

Mohammad Daud Ali in his book states that the distribution of productive Zakat is categorized into at least four forms, namely:<sup>22</sup>

1. The distribution of productive Zakat is "traditional consumerism", this distribution is carried out by distributing it to *mustahiq* directly to be used for daily needs.
2. The distribution of productive Zakat is "creative consumptive", Zakat is distributed in other forms, such as business tools, business equipment, and so on.

<sup>17</sup> Wafa, "Implementasi Zakat Produktif Melalui Program Community Development Pada Lembaga Amil Zakat Di Kota Yogyakarta."

<sup>18</sup> Umer Chapra, *Islam Dan Tantangan Ekonomi* (Jakarta: Gema Insani Press, 2000).

<sup>19</sup> Ahmad, Othman, and Salleh, "Assessing the Satisfaction Level of Zakat Recipients Towards Zakat Management."

<sup>20</sup> Alim, "Utilization and Accounting of Zakat for Productive Purposes in Indonesia."

<sup>21</sup> Sukesti and Budiman, "The Role of Zakat in Business Development of SMEs (Study on BAZNAS Semarang, Central Java, Indonesia)."

<sup>22</sup> Muhammad Daud Ali, *Sistem Ekonomi Zakat Dan Wakaf* (Jakarta: UI Press, 1988).

3. The distribution of productive Zakat is "traditional productive". This productive distribution of Zakat is in the form of productive goods such as cows, goats, machines, and others.
4. The distribution of productive Zakat is "creatively productive". This is the distribution of Zakat funds in the form of capital, such as business capital or other social projects.

Based on previous studies, it is evident that productive zakat has the potential to contribute to Indonesia's economic recovery. Professional zakat management can lead to innovative approaches in zakat management, which should not only be consumptive-oriented but also productive. Therefore, further research is necessary to explore the role of zakat in this context. The title 'Productive Zakat Model: Economic Empowerment for Post-COVID-19 Recovery in Indonesia' is of interest to researchers.

## RESEARCH METHODS

Research methods are necessary in scientific work to facilitate the research process. The research method describes the various processes and stages involved in a study, starting from data collection (qualitative or quantitative), data classification, processing, and presentation.<sup>23</sup> In this study, the researchers used qualitative research methods, which were classified as library research data.

This qualitative research method aims to delve deeper into the research subject by utilizing qualitative data. Despite its limitations, researchers are required to extensively review relevant literature to achieve optimal results.<sup>24</sup> Data acquisition for this study is based on various sources such as books, journals, articles, and other scientific writings related to the research topic.

Sugiono explained that qualitative research presents descriptive data.<sup>25</sup> The writing process for this study involves four stages: identifying research problems, collecting data, classifying data, analyzing data, and presenting research findings.

## RESULTS AND DISCUSSION

### The Role of Productive Zakat in the Indonesian Economy

Zakat is one of the pillars of Islam that must be fulfilled by all Muslims. It has a personal and spiritual dimension that significantly impacts social life. Zakat is a manifestation of a servant's faith in Allah SWT. Additionally, Zakat serves as a means to purify the soul and promote social cohesion among people. Zakat serves both a social and economic purpose. It can foster a sense of community and help improve individuals' economic situations.

According to Fauzia, the Amil Zakat Institution in Indonesia is the main actor contributing to the modernization of Zakat practices for social justice. They have transformed traditional Zakat practices which were deemed less effective in empowering poverty into a just and self-sufficient economy. The traditional model that was previously more familiar was the direct cash method, either in the form of money or goods ready for

<sup>23</sup> Johnny Saldana, Miles Matthew B, and Huberman A Michael, *Qualitative Data Analysis* (America: Sage Publications, 2014).

<sup>24</sup> Burhan Bungin, *Metodologi Penelitian Sosial: Format Kuantitatif Dan Kualitatif* (Surabaya: Airlangga University, 2020).

<sup>25</sup> Sugiyono, *Metode Penelitian Pendidikan Pendekatan Kuantitatif, Kualitatif, Dan R&D*. (Bandung: Alfabeda, 2006).

consumption. The presence of a Zakat management institution which is supported by the government shows that Zakat has the potential to overcome society's economic problems.<sup>26</sup>

BAZNAS Center of Strategic Studies has developed strategies to address the impact of COVID-19 using Zakat. The strategic steps are described in four pillars, namely; The first pillar is faith, which emphasizes the importance of strong faith in fulfilling the obligation to pay Zakat. The second pillar is the production culture, which encourages people to be creative producers rather than just consumers. The third pillar of economic justice requires that the creation of economic prosperity begins with a commitment to fair behavior. The fourth pillar, ZISWAF or Zakatnomics, requires that some Muslims maintain a high level of awareness to build economic balance.<sup>27</sup>

Immediate implementation of strategic measures is necessary to address the current economic recession. The impact of the COVID-19 pandemic-induced recession has been felt most acutely by the middle and lower classes. Financial institutions and government policies will play a crucial role in overcoming this situation. Baznas is one such financial institution that provides significant social assistance to the community. Zakat is a form of data managed by Baznas that is oriented towards fulfilling the social and economic needs of the community. It is closely related to the consumption and production activities of the community, and the amount of zakat acquisition is greatly affected by these activities. The more people engage in production, the more zakat funds will be acquired. Therefore, zakat funds can be managed not only for consumption but also for productive purposes.

This opportunity to manage Zakat productively can provide great opportunities for the economic welfare of the Indonesian people. Productive distribution of Zakat has been proven to increase the businesses of *mustahiq*.<sup>28</sup> Therefore, it can provide opportunities for sustainable development of the country's economy.

### **Productive Zakat as a Generator of Economic Prosperity After the COVID-19 Pandemic**

The distribution of productive Zakat funds provides many benefits for the success of a community business. It can be seen by the increase in business carried out by the community due to obtaining additional capital. Aside from material benefits, non-material benefits are also obtained by individuals in the form of growing a sense of faith. The implementation of productive Zakat creates a sense of solidarity between people and high social awareness. This means that the obligation of Zakat as prescribed by the Islamic religion provides two dimensions of profit, namely social benefits and spiritual benefits.

The impact of the COVID-19 pandemic on the economic sector brings extraordinary concerns. This phenomenon occurs not only in upper-middle-class economies but also in lower-middle-class economies. According to a study conducted by Ascarya, economic groups

<sup>26</sup> Muhammad Haris Riyaldi and Teuku Zakiyun Fuadi, "The Effectiveness of Zakat Funds towards Mustahik's Business Development in Banda Aceh (A Study on Baitul Mal Kota Banda Aceh)," 2019.

<sup>27</sup> Ali Chamani Al Anshory et al., "The Role of Zakat Institution in Preventing Covid-19" (Pusat Kajian Strategis - Badan Amil Zakat Nasional (BAZNAS), March 25, 2020), <https://puskas.baznas.go.id/publications/published/policybrief/1186-the-role-of-zakat-institution-in-preventing-covid-19>.

<sup>28</sup> Naimah Naimah, "Konsep Hukum Zakat Sebagai Instrumen Dalam Meningkatkan Perekonomian Ummat," *Syariah: Jurnal Hukum Dan Pemikiran* 14, no. 1 (September 17, 2014), <https://doi.org/10.18592/syariah.v14i1.66>.

above the poverty line are vulnerable to falling below it due to the effects of the pandemic economic crisis.<sup>29</sup> This could worsen global poverty levels. Therefore, Productive Zakat is a potential solution to accelerate the recovery of the Indonesian economy and promote sustainable economic management.

The development of Zakat fund distribution carried out by LAZ in Indonesia is expected to contribute to the general economy of society. Therefore, the management of Zakat (*amil*) plays a vital role in the success of Zakat fund. The distribution of productive Zakat funds must be targeted according to the demands of the 8 groups of Zakat recipients. Distributing Zakat funds to *mustahiq* who have productive businesses will yield more benefits and can even be sustainable. The distribution of productive Zakat funds aims to create a more just economy in society and has the potential to improve community welfare, according to Fuadi's research results.<sup>30</sup>

The procedure for productive utilization of zakat has been regulated by the normative Law Number 23 of 2011 concerning zakat management. The law states in article 27 paragraph (1) that zakat can be utilized for productive businesses in order to deal with the poor and improve the quality of resources.<sup>31</sup> The law also outlines two types of zakat fund utilization: consumptive and productive. Consumptive distribution means that the funds are allocated for one-time use, while productive zakat is intended to provide business capital for *mustahiq*, with the aim of sustainable development.

This is in line with the findings of research conducted by Salam and Risnawati, which suggest that the active participation of both regional and central Zakat management bodies is necessary for the proper distribution of Zakat funds.<sup>32</sup> When Zakat funds are distributed accurately and in accordance with the law, it can contribute to the development of the Indonesian economy. Muzdalifah's research also indicates that Zakat can help alleviate economic conditions and social inequality. However, Zakat has the potential to revive the community's economy, reduce poverty, and alleviate unemployment in Indonesia. Productive Zakat instruments can effectively address economic and social problems.<sup>33</sup> Indriati et al. also found that productive Zakat has a significant potential to improve the economy and welfare of *mustahiq*.<sup>34</sup>

Successful implementation of productive Zakat as an instrument for recovering the Indonesian economy requires several elements and community support. Collaboration between the community and Zakat managers (*amil*) is crucial for determining its success. To maximize the effectiveness of productive Zakat management, it is essential to focus on five

<sup>29</sup> Ascarya Ascarya, "The Role of Islamic Social Finance during Covid-19 Pandemic in Indonesia's Economic Recovery," *International Journal of Islamic and Middle Eastern Finance and Management* 15, no. 2 (April 19, 2022): 386–405, <https://doi.org/10.1108/IMEFM-07-2020-0351>.

<sup>30</sup> Riyaldi and Fuadi, "The Effectiveness of Zakat Funds towards Mustahik's Business Development in Banda Aceh (A Study on Baitul Mal Kota Banda Aceh)."

<sup>31</sup> Ismail Nawawi, *Zakat: Dalam Perspektif Fiqh, Sosial & Ekonomi* (PMN, 2010).

<sup>32</sup> Abdul Salam and Desi Risnawati, "Analisis Zakat Produktif Terhadap Kesejahteraan Mustahik (Studi Pada Lembaga Amil Zakat Infaq Shodaqoh NU Yogyakarta)," *JESI (Jurnal Ekonomi Syariah Indonesia)* 8, no. 2 (February 26, 2019): 96, [https://doi.org/10.21927/jesi.2018.8\(2\).96-106](https://doi.org/10.21927/jesi.2018.8(2).96-106).

<sup>33</sup> Muzdalifah, Sulaeman, and Kartini, "Analisis Pendayagunaan Zakat Produktif Dalam Peningkatan Pendapatan Mustahik Melalui Program Bangkit Usaha Mandiri Sukabumi (BUMI)."

<sup>34</sup> Cicik Indriati and A'rasy Fahrullah, "Efektivitas Pendayagunaan Zakat Produktif Pada Pemberdayaan Ekonomi Di Baznas Provinsi Jawa Timur," *Jurnal Ekonomika Dan Bisnis Islam* 2, no. 3 (December 30, 2019): 148–55.



key areas. Firstly, hiring professionals in the field of Zakat management to strengthen human resources. Secondly, improving management practices to ensure accurate targeting of productive Zakat. Thirdly, strengthening institutions to provide a concrete framework for Zakat management activities. Fourthly, ensuring adequate facilities and infrastructure is crucial to facilitate the collection and distribution of Zakat. Lastly, optimal implementation of network strengthening, especially between Zakat managers and the community, is important.

## CONCLUSION

The research concludes that effective Zakat management has the potential to revive the country's economy after the COVID-19 pandemic. Indonesia, with the world's largest Muslim community, presents significant opportunities for Muslims to unite and develop the economy. Maximizing the management of financial institutions based on Islamic values has a great opportunity to be implemented in Indonesia. The management of Zakat plays a crucial role in supporting the formation of a sustainable Indonesian economy and sustainable development. It is important to ensure that Zakat is managed productively.

Law Number 23 of 2011 regulates the management of Zakat. According to Article 27, paragraph (1), Zakat can be used to support productive businesses that aim to alleviate poverty and improve resource quality. The law also distinguishes between two types of Zakat funds: consumptive and productive. To effectively utilize productive Zakat, professional management is essential. To implement productive Zakat practice in Indonesia, it is necessary to optimize the design and implementation of five key elements: strengthening human resources, management, institutions, facilities and infrastructure, and networks.

This study is currently limited to literature review research. It requires further justification based on field research. Therefore, additional research that applies concepts in the field is necessary to strengthen existing results. It is hoped that further research will provide more comprehensive and in-depth results to contribute ideas to Zakat managers on both a micro and macro scale.

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