

## **OPTIMIZATION STRATEGY OF PRODUCTIVE ZAKAT FUNDS AS AN EFFORT TO IMPROVE MUSTAHIK WELFARE (CASE STUDY OF BAZNAS OF PAPUA PROVINCE)**

**Asnah Abdul Aziz**

*Institut Teknologi dan Bisnis Ahmad Dahlan, Jakarta, Indonesia  
asnah.azis@gmail.com*

### **ABSTRACT**

The COVID-19 pandemic has an impact on increasing the number of poor people, including in Papua Province. It takes the involvement of all parties in dealing with this impact, one of the parties most considered capable is BAZNAS Papua Province, as a philanthropic institution that functions to manage zakat funds, and one of the objectives of zakat funds is to realize community welfare and poverty reduction. The type of research used in this writing is qualitative research, which is located at BAZNAS Papua Province, with the research subjects coming from the management of BAZNAS Papua Province, namely the Chairman, Deputy Chairman I of the Collection and Distribution Division and the Distribution and Empowerment Section as well as three representatives of productive zakat mustahik. The mechanism for distributing productive zakat funds begins with submitting an application, reviewing the results of the application, survey, until the disbursement of funds then monitoring evaluation and mentoring of fostered partners. Optimizing productive zakat funds requires several strategies including strengthening legality, strengthening effective ZIS collection, transparent management of zakat funds, partnership and collaboration approaches, developing productive programs, technological innovation, strengthening Baznas as *amil*. A more in-depth study is needed to determine productive mustahiks, maximize business feasibility surveys, and need to add and strengthen assistants who will provide assistance to mustahiks in running their businesses.

**Keywords:** *Zakat, strategy, Covid*

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### **INTRODUCTION**

The COVID-19 pandemic has had a significant impact on various sectors (McCain et al., 2022), including Indonesia's economy. The government issued a PSBB regulation to break the chain of the virus and establish a public health emergency status, leading to an unstable community economy (Ikhsan et al., 2020; Kumendong & Tambunan, 2022; Nadia et al., 2022; Rudy & Ali, 2023; Wiratmo et al., 2022). This has affected workers, employees, and small businesses, leading to bankruptcy and disruptions in transportation services. This has led to an increase in poverty rates in Indonesia.

In September 2020, the number of poor people in Indonesia increased by 10.19% from September 2019, with 27.55 million people in urban areas and 12.82% in rural areas. In 2021, the number of poor people in Papua Province increased by 9.07 thousand from the previous year, while the percentage of poor people decreased by 0.89% from 2019 and increased by 0.22%.

To restore the situation, involvement from all parties, such as the community, organizations, and social institutions is crucial (Cheng et al., 2020; Miao et al., 2021; Sakurai & Chughtai, 2020; Shapoval et al., 2021; Wojczewski et al., 2023). One such entity is the National Amil Zakat Agency (BAZNAZ) of Papua Province. Before the pandemic, zakat funds were allocated for eight groups, but scholars now believe that Islam can be used as a source of funding during pandemic conditions. BAZNAS Papua Province aims to help small cottage

industries recover and avoid debt by providing assistance to pay debts and providing productive zakat.

Productive zakat funds prioritized on productive activities will help meet the needs of mustahik, allowing them to focus on running their businesses and meeting their families' needs (Hasan, 2020; Latief & Niu, 2020; Mutmainah, 2023; Putra et al., 2020; Rozi & Huda, 2024). By distributing revolving funds through the distribution of productive zakat, BAZNAS Papua Province aims to achieve these expectations and help the affected communities recover and thrive.

The purpose of this study is to analyze how the mechanism for distributing productive zakat funds carried out by the Papua Province BAZNAS, and analyze the Papua Province BAZNAS strategy in optimizing and productive zakat as an effort to improve mustahik welfare due to the Covid 19 pandemic. The author's hope for this research is that it can contribute to developing studies on optimizing productive zakat funds in an effort to improve mustahik welfare due to the Covid 19 pandemic, and is expected to be a role model in optimizing productive zakat funds in an effort to improve mustahik welfare, also expected to increase the treasury of science, especially those related to the field being studied, So that later if similar new research appears, innovation and development of previous theories can be carried out.

## **METHOD**

This qualitative research is conducted in BAZNAS, Papua Province, using a descriptive approach. Primary data is sourced from internal and external sources, including financial reports and activity reports. Secondary data is gathered from internal and external sources. Primary data is collected through direct observation and interviews with relevant parties, including BAZNAZ Papua Province Chairman, Deputy Distribution and Utilization Section Head, and four Mustahik beneficiaries. Data analysis techniques include data reduction, display, and conclusion drawing, with triangulation techniques for data validity.

## **RESULTS AND DISCUSSION**

### **The mechanism for distributing productive zakat funds carried out by BAZNAS Papua Province**

After the Covid-19 pandemic occurred, the contribution to the increase in the number of poor people can be seen from data released by the National Statistik Central Agency and in Papua Province. The government continues to move in efforts to recover the national economy with various policies issued to encourage the revival of the people's economy in Indonesia. All resources are mobilized to support this national economic recovery effort, so that the economy can bounce back and is expected to be able to reduce poverty after covid hit. Seeing the low economic conditions due to this pandemic, it is appropriate if every existing institution synergizes in an effort to increase economic growth which is expected to be able to reduce poverty. One institution that is considered capable of contributing to this is the National Amil Zakat Agency (BAZNAS).

In Law No. 23 of 2011 concerning Zakat Management, it is stated that zakat management has the aim of increasing the effectiveness and efficiency of services in zakat management, and

increasing the benefits of zakat to realize community welfare and poverty reduction. (BAZNAS Papua Province, 2021)

The first point in the purpose of zakat management underlies the collection and distribution of zakat, so that the Papua Province BAZNAS has the authority to carry out duties as zakat management at the provincial level, both functioning as coordinator of the Zakat Management Organization (OPZ) and limited operator functions.

BAZNAS Papua Province is actively participating in poverty alleviation efforts, focusing on five flagship programs: Papua Makmur, Papua Smart, Papua Sehat, Papua Taqwa, and Papua Peduli. These programs are designed to increase the collection of Zakat, Infaq, and Alms, and serve as a barometer for the province's poverty alleviation efforts. The annual work plan, RKAT, details these programs, which support government poverty alleviation efforts. The Covid-19 pandemic has exacerbated new poverty conditions, necessitating the optimization of productive zakat, which focuses on investment and business development to generate long-term benefits for mustahik, especially after the pandemic.

Productive zakat is the distribution of zakat assets to mustahiq by being managed and developed through business behaviors. The indication is that these assets are used as capital that is expected to improve the economic level of mustahiq, including in the sense of productive zakat if zakat assets are managed and developed by 'amil whose results are distributed to mustahiq periodically (D.R. Fashiha et al., 2017).

BAZNAS Papua Province distributes productive zakat funds through its Papua Makmur program, which includes empowerment programs for rural communities. These programs aim to improve living standards and create a strong community. For example, empty island fishing villages receive training and assistance from MSME mothers to develop fish products and fathers to make fish rombongs and boat repairs. Baznas Microfinance (BMFi) is another field that distributes zakat funds, providing business capital financing based on qardhul hasan contracts or good loans without riba. This economic empowerment is carried out through revolving funds and goods, catering to the needs of mustahik in running their businesses.

The Papua Province BAZNAS mechanism in optimizing productive zakat funds begins with identifying individuals and groups that have the potential to use productive zakat. This process involves a business feasibility survey, business development plan and ability to run the business.

MBFi provides business capital assistance to groups and individuals to improve their ability to carry out economic processes, including production, trade, and marketing techniques. The assistance is distributed as a revolving fund, managed by the group and distributed like a social gathering model. Individuals receiving productive zakat assistance only need to register and undergo an assessment by filling out an assessment format from Baznas Microfinance. After verification, assistance can be given in the form of revolving funds, merchandise, or equipment. BMFi facilitates mustahik in purchasing goods from smart stores, ensuring cheaper prices. Capacity building training and mentoring are provided by special staff from the field section of Baznas Microfinance. BAZNAS Papua Province's Chairman outlines the requirements for receiving productive zakat, including mustahik and ability to do business. Some mustahik cannot run a business, but they can receive educational and health sector assistance. Rolling capital returns are carried out every week or two weeks, depending on the agreement and the person in charge.

The system can go directly to the Papua provincial BAZNAS office which provides a reception counter, or it can also be through the Papua provincial BAZNAS account or it can also be through the post office. BMFi will monitor for mustahik who have made deposits and for those who have not yet been notified and evaluate what obstacles may occur, which cause delays in depositing. This productive zakat mechanism aims to utilize productive zakat funds effectively in an effort to reduce mustahik dependence and encourage economic growth. Here's the flowchart of getting productive zakat:

**Business capital financing flow of BMFi mustahik partners**

**Table 1.** Business capital financing flow of BMFi mustahik partners

Kickoff Meeting	Initial meeting between prospective beneficiaries (CPM) and BMFi staff to convey the aims and objectives of the applicant. As well as BMFi staff submit the requirements and documents needed in applying for financing.
Filing	Prospective beneficiaries (CPM) bring a bundle of financing equipment and are handed over to the BMFi manager.
Review Permohonan	BMFi management conducts a review related to the completeness of the submissions that have been submitted.
Application Review Results	If the required files are complete, then proceed to the next procedure. If not, the Prospective Beneficiary is asked to complete the deficiency.
Survey of Prospective Beneficiaries	BMFi management conducts factual surveys / visits to see firsthand the daily life and business conditions of prospective beneficiaries (cpm).
Filing of Survey Results and Preliminary Analysis	BMFi management collects all data that has been obtained from prospective beneficiaries (cpm).
Review of Filing by Baznas Papua Committee	The results of the initial analysis of BMFi managers were reported and reviewed by the funding committee (Chief and Deputy Chief of Baznas Papua Province).
Results of Filing Review	If the initial analysis has been completed and feasible it will go to the next procedure, otherwise the file will be returned to the administrator for review.
Financing Committee Memo	The funding committee issues memos relating to approved funding and vice versa.
Financing Akad	BMFi managers perform a financing agreement with the beneficiaries whose application is approved.
Request for Disbursement of Funds to the Financial Admin	BMFi management makes a request to the financial admin to distribute financing to beneficiary partners.

Disbursement of funds to partners	The funds that have been received by the BMFi management are then handed over to the beneficiary partners.
Monitoring, Evaluation and Mentoring of Fostered Partners	BMFi management conducts monitoring, evaluation and assistance to beneficiary partners.

*\*Application process takes approximately 1 week*

**Table 2.** ZIS Collection and Distribution for the 2020-2023 Period

No	Year	Total Collection (Rp)	Total Distribution (Rp)
1.	2020	3.353.729.000	2.628.952.291
2.	2021	5.071.199.823	4.583.399.364
3.	2022	5.916.146.292	5.202.948.664
4.	2023	2.774.885.007	2.958.151.858

Source : BAZNAS Papua Province (For 2023 take data for the first semester (January-June))

**Table 3.** Recapping the Distribution of Productive Zakat through the Papua Makmur Program for the 2020-2023 Period

Year	Types of Help	Sum	Total Distribution (Rp)
2020	Other Economic Assistance	50 org	5.000.000
	Business Capital Assistance	12 org	14.425.000
	Community Empowerment	3 bowl	59.500.000
	<b>Total :</b>		<b>78.925.000</b>
2021	Other Economic Assistance	45 org	83.346.000
	Baznas Microfinance	91 org	191.405.000
	Business Capital Assistance	2 org	6.295.000
	<b>Total :</b>		<b>281.046.000</b>
2022	BMFi Business Capital Assistance	350 org	198.798.000
	Community Empowerment	46 org	78.789.400
	MSE Economic Assistance	11 org	40.880.000
	Mustahik Stall	8 org	6.496.000
	<b>Total:</b>		<b>324.963.400</b>
2023	BMFi Business Capital Assistance	73 org	186.953.000
	MSE Economic Assistance	11 org	14.793.000
	<b>Total:</b>		<b>201.746.000</b>

Even in the situation of the Covid pandemic, the Papua provincial BAZNAS still tries optimally to carry out the process of collecting and distributing zakat, infaq and alms funds to benefit the people and the community. The collection of zakat, infaq and alms (ZIS) funds from muzakki, either individuals or zakat collection units (UPZ) in 2020 amounted to IDR 3,353,729,000 (three billion three hundred fifty three million seven hundred twenty nine thousand rupiah) and the total distribution amounted to IDR 2,628,952,291 (two billion six hundred twenty eight million nine hundred fifty two thousand two hundred ninety one rupiah)

with the total amount of productive zakat distribution through the Papua Makmur program amounting to Rp 78,925,000 (seventy-eight million nine hundred twenty-five thousand rupiah) and the number of beneficiaries is 62 people and 3 communities.

In 2021, the total collection of zakat, infaq and alms funds amounted to IDR 5,071,199,823 (five billion seventy-one million one hundred ninety-nine thousand eight hundred and twenty-three rupiah), and the total amount of distribution amounted to IDR 4,583,399,364 (four billion five hundred eighty-three million three hundred sixty-four thousand rupiah), with a total distribution of productive zakat through the Papua Makmur program of IDR 281,046,000 (two hundred eighty-one million forty-six thousand rupiah) with 138 beneficiaries.

It was recorded at IDR 5,916,146,292 (five billion nine hundred sixteen million one hundred forty-six thousand two hundred and ninety-two rupiah) the total collection obtained by BAZNAS Papua province in 2022 and was also recorded at IDR 5,202,948,664 (five billion two hundred two million nine hundred forty-eight thousand six hundred sixty-four rupiah) the total distribution of ZIS funds in 2022 with the number of productive zakat beneficiaries as many as 415 people sourced from productive zakat distributed through the Papua Makmur program which amounted to Rp 324,963,400.

And in the first semester of 2023 from January to June, it is confirmed that the total collection of zakat, infaq and alms funds is IDR 2,774,885,007 (two billion seven hundred seventy-four million eight hundred eighty-five thousand seven rupiah) and the total distribution reaches IDR 2,958,151,858 (two billion nine hundred fifty-eight million one hundred fifty-one thousand eight hundred and eighty-eight rupiah), and also recorded the number of beneficiaries as many as 84 people with productive zakat distribution through the Papua Makmur program amounting to Rp 201,746,000 (two hundred one million seven hundred forty six thousand rupiah).

According to Mr. Ir. H. Merza Edy Nadzari as chairman of BAZNAS Papua province, that when covid many businesses were affected, 90% or even almost 95% of the distribution of zakat, infaq and alms funds was more distribution (given free of charge) not utilization and given not only economic actors but all elements of society including honor teachers, motorcycle taxi drivers, drivers and so on. However, assistance to economic actors who existed before the pandemic is still carried out, only the model of assistance is different, because it adjusts to the regulations that apply during covid.

BAZNAS assisted communities/groups that existed before covid took place still receive assistance during covid, there are even fostered groups that have an impact on covid by experiencing a decrease in product sales so that it has an impact on the amount of income they are still given assistance to support their business activities to survive. The assistance provided is distributive as well as consumptive and assists in increasing capacity in the field of marketing by utilizing digital technology. This is in line with research that has been conducted previously by Usman and Sholikin which said that the provision of productive zakat in the form of business capital by Baznas to MSME actors has a positive impact on their economy, as seen from the amount of mustahik income that has increased after receiving productive zakat from Baznas.

**The strategy of BAZNAS Papua Province in optimizing productive zakat funds as an effort to improve mustahik welfare due to the Covid-19 pandemic.**

The dynamics of development and economic inequality that occur in Indonesia are also felt in Papua Province, the sharia economy is starting to find momentum and echoes of inclusion in the financial sector, zakat has an important role. There are at least four roles carried out by zakat in this development, namely:

1. Zakat can moderate social inequality by distributing wealth from obligators to those entitled to receive it, with amil zakat acting as an intermediary. Proper implementation of zakat in Papua province is believed to reduce economic inequality.
2. Popular economic revival involves a zakat agenda, aiming to grow and develop the economy by distributing consumptive and productive zakat to the poor, empowering them.
3. Zakat, a mandatory sharia, encourages breakthrough models in poverty alleviation, unlike the government's current program that relies on government alignment for justice and social welfare. Zakat's long-term philosophy allows for changes in government leadership and policies, promoting continued poverty alleviation.
4. Zakat, a significant source of funding for welfare development, has significant potential in Papua province due to its Muslim population. By optimizing its use, the zakat fund can complement poverty reduction programs and be used as a benchmark for BAZNAS Papua's work programs. (BAZNAS Papua Province, 2021)

The role of zakat in the development above further clarifies the existence of BAZNAS Papua Province as an institution responsible for managing zakat funds, infak, alms, and other funds provided by the community for social interests, as well as the coordinator of amil zakat in Papua, therefore the strategy of achieving the target of collecting and distributing zakat in Papua province must be carried out simultaneously, Integrated, effective and efficient. BAZNAS Papua has several strategies in optimizing productive zakat funds to improve mustahik welfare involving several approaches and policies. This is in line with several previous studies, one of which is Nico Stenly Yoshua with the title of his research Analysis of Productive Zakat Utilization Strategies, which said that because the development of information technology is very rapid, so mustahiq must follow technological developments in order to innovate, it is necessary to establish an R & D division for zakat utilization, due to the need to understand issues that exist in the community for the effectiveness and efficiency of the program carried out, as well as optimizing cooperation with the Ministry of Cooperatives and Dukcapil to reach a wider mustahiq, carried out when strategies 1 and 2 have been implemented, selection can be carried out for mustahiq.

From the results of interviews and observations in this study, it is known that the distribution of productive zakat funds at the Papua Province BAZNAS through the provision of business capital assistance funds is accompanied by empowerment and assistance to mustahik and in collaboration with stakeholders from institutions or agencies, even the private sector in terms of coaching and strengthening the capacity of mustahik in managing their business. This is supported by previous research conducted by Fais Faizullah Hannan which suggests that mentoring has a significant effect on mustahiq welfare as evidenced by the results of pathway analysis showing (Standardized Coefficients) beta of 0.294 (29.4%), with Sig. 0.001  $\geq$  0.05, and mustahiq empowerment has a significant effect on Mustahiq's welfare.

Likewise, with research conducted by Nurfadillah in his writing entitled *Productive Zakat Management Strategy and Its Role in Improving Community Welfare*, he said that business capital loans were transferred to in-kind business capital assistance and assistance as well as training and empowering orphans or widows by forming business groups as well as providing training and mentoring, far more provide a sustainable impact that is able to provide improved welfare of beneficiaries.

From the results of interviews and observations conducted by researchers, it was found that the distribution of productive zakat funds by BAZNAS Papua Province to mustahik through the productive zakat village development program, which is a program for community empowerment specifically for rural or rural communities. With the hope that the beneficiaries through this program in the future can be more empowered and there will be improvements in living standards both in terms of economy and faith. Improvement to a better standard of living so as to create a strong and empowered community, of course, from the zakat funds distributed.

One example is the empowerment that has been carried out by BAZNAS Papua Province through the zakat village development program, namely the empowerment of empty island fishing villages in the form of empowerment in the economic and da'wah fields. In the economic sector, mothers on empty islands carry out their business activities in training and mentoring to develop caught fish into ready-to-sell meatball and shredded fish products under the Dehunia brand, while fathers are assisted in making fish carts, repairing boats, revolving fund loans for business development. In the field of da'wah on the empty island, a taklim council and a Qur'an study group (TPA) were formed for children, mothers and fathers, from this empowerment, the community in the empty island village can increase income and develop businesses independently. Likewise, the provision of business capital assistance through BMFi with its revolving funds, according to Mrs. Elis with the assistance funds provided by BAZNAS greatly helped the development of her cake business, which used to only leave cakes at the cake merchant's stall, now she can open her own stall and can increase the production of her cakes. Similar to Mrs. Rachamadi who produces Baim snack peye chips, now in addition to continuing to produce peye, she also sells children's snacks such as frozen food, kentaki chicken, french fries, cilok, boba ice and others, as well as other mustahiks, business capital assistance and assistance from BAZNAS Papua Province is very helpful for mustahik in running and developing their business.

Here are some strategies implemented by BAZNAS Papua Province (BAZNAS Papua Province, 2015).

### ***Strengthening Legality***

This legality aspect includes the issuance of a Decree of formation and a Decree of the leadership of the provincial BAZNAS and the District/City BAZNAS in Papua province. Strengthening regulations and regulations on zakat management, through strengthening and elaboration of Law No.23/2011 on Zakat Management, Government Regulation (PP) No.14/2014 on Zakat Management and Presidential Instruction (Inpres) No.23/2014 on Optimizing Zakat collection through BAZNAS (central and regional). Regional zakat regulations have urgency in strengthening the institutions of zakat institutions in the regions. The positive impact on the governance of zakat institutions obtained by the issuance of regional zakat regulations is the formal legal recognition of BAZNAS Papua as an official zakat

collecting institution in the regions, this recognition is the main foundation of all zakat management activities in the regions, especially in zakat fund raising activities. Another positive impact that can be obtained is a more professional and sustainable institution. The potential of zakat from the public sector is also greatly influenced by the strengthening of regulations, for example the Circular Letter of the Governor of Papua Number: 451/5837/SET regarding the collection of zakat funds for the State Civil Apparatus in Papua Province greatly impacts the number of zakat fund collections in BAZNAS Papua Province.

### ***Effective collection of zakat, infaq and alms***

Optimization of the collection of zakat, infaq and alms is very important because how large and wide the range of distribution of zakat, infaq and alms funds depends on how much zakat, infaq and alms funds are obtained. In optimizing the collection of zakat, infaq and alms, BAZNAS Papua Province conducts socialization and education on muzakki in the form of a massive and sustainable zakat campaign. This is important so that muzakki understands that zakat is a worship that has a very strategic position both from religious, social, economic and community welfare aspects. BAZNAS Papua Province has an effective and easily accessible system for collecting zakat, infaq and alms by utilizing technology such as online platforms [s.id/zakatpapua](http://s.id/zakatpapua), this platform makes it very easy for people to pay zakat, infaq and alms. In addition, in order to make it easier for muzakki and munfiqnya baznas also provide zakat pick-up services, this method was inspired by the covid incident when the government implemented the Community Activity Restriction Enforcement (PPKM) policy, so that mustahik who want to fulfill their zakat but cannot leave the house and do not have access to mobile banking can use this facility. And because it is considered effective, this zakat pickup can continue to be used by muzakki until now.

### ***Transparent Zakat Fund Management***

In fulfilling aspects of accountability and sharia compliance, BAZNAS Papua conducts regular reporting and accountability, ratifies the Annual Budget Work Plan (RKAT) every year, and audits financial statements by the Public Accounting Firm (KAP) and sharia audits. This aims to provide assurance that the management of zakat can run in accordance with Islamic sharia and applicable laws and regulations, it is also necessary to provide continuous guidance and supervision of finance, programs and compliance with sharia by the Ministry of Religious Affairs of Papua province.

Transparency in the management of zakat funds plays an important role in building public trust. BAZNAS Papua Province has a clear and open mechanism in managing and reporting the use of zakat, infaq and alms funds through the Papua Province BAZNAS website, namely [papua.baznas.go.id](http://papua.baznas.go.id). all information about the Papua Province BAZNAS can be accessed, ranging from the Annual Work Plan to reporting on the collection and distribution of zakat, infaq and alms funds per semester complete with documentation. With the transparency of the management of zakat funds, it is expected to be able to foster muzakki trust because they know that zakat, infaq or alms that are cashed are managed properly and in accordance with the mandate given, namely for the benefit of the people. In addition, it is also expected that transparent management can increase the number of new muzakki.

### ***Partnership and Collaboration Approach***

The Zakat Core Principle assesses zakat distribution performance by comparing distribution to collection. Effective management is prioritized for poverty alleviation. BAZNAS Papua Province provides capacity building training for mustahik to run businesses, partnering with public and private sectors for collaboration. This helps reduce poverty and improve the welfare of mustahik. For example, in making fertilizer which is one of the needs of the target group, BAZNAS in collaboration with Cendrawasih University, Faculty of Mathematics and Natural Sciences, the focus of the purpose of this training activity is how the community can use spinach waste and household waste to be used as fertilizer.

In addition to UNCEN, BAZNAS also collaborates with the Central BAZNAS and the Agriculture Office which has human resources related to several programs that can support the activities carried out by BAZNAS Papua province such as in the management of household waste, thus creating solid fertilizers and liquid fertilizers. Another training involving private sector cooperation is when providing assistance to fishing communities, where BAZNAS must accompany fishing communities who have problems with damage to their ships, with limited human resources in terms of workshops, then BAZNAS Papua province collaborates with private parties in this case workshops specifically for ship engine repair, this work is in the form of training on light repair of ship engines where the ship mechanic as trainers as well as resource persons, simple places and equipment needed by fishermen are provided by BAZNAS. Basically, in carrying out its duties, BAZNAS Papua synergizes and coordinates with all parties, both from the public and private sectors, including central and regional Amil Zakat institutions, Islamic mass organizations, educational institutions, mosques, Islamic boarding schools and all community nodes.

### ***Development of productive programs***

BAZNAS Papua is designing a conducive zakat program that focuses on empowering the mustahik economy as an effort to improve the quality of the economy carried out by mustahik, so this year BAZNAS Papua Province will launch Zmart or zakat stalls as many as approximately 80. Zmart is in the form of providing capital to small stalls that can barely run anymore or die, people sell using stalls, new stalls will be made, for those who already have stalls, the stalls will be repaired and the stalls will be filled with merchandise and will be accompanied for 1 year 3 months or 15 months. Every week there will be a companion providing a format that will be filled in by mustahik and mustahik will be given basic economic training, given modules, then training, and will be guided how to manage simple finances in order to have saving costs / savings and have the habit of infaq or alms from the results obtained which are done every 15 days when mustahik makes a deposit. An account will also be opened but the specimen will be signed by mustahik and companions, in order to avoid misuse of aid funds. This Zmart model is more or less like alpha midi but on a smaller scale. The hope is that through Zmart, the change in mustahik status can become muzakki.

### ***IT Technology Innovation (IT Utilization)***

The use of technology can help BAZNAS Papua identify mustahik who need assistance, design more efficient programs, and conduct analysis to make better decisions. The application of the SiMBA application is felt to be very helpful for BAZNAS Papua in reporting zakat,

infaq and alms funds, facilitating reporting to the center, making it easier to find data on the development of zakat, and becoming an analysis and benchmark material in determining the work program that will be carried out by BAZNAS Papua in the future related to the collection and distribution of zakat, infaq, and alms funds. In addition, this application can be used by BAZNAS Papua in carrying out coordination and control functions. Likewise by utilizing social media such as Instagram, Facebook, WhatsApp and others in socialization and education of BAZNAS.

***Strengthening BAZNAS as Amil***

The strengthening of BAZNAS as an amil here concerns human resources who have strong personal integrity, trustworthiness and professionalism. In addition, they must also have comprehensive knowledge (zakat management) and have sufficient time. In addition, as a coordinator of amil institutions in Papua province, BAZNAS Papua must also have sophisticated information technology (IT), have an accurate muzakki and mustahik database and be accompanied by good coordination between BAZNAS Districts / Cities, provinces and the center. To improve and standardize the capacity and competence of amyl in accordance with national standards, it is deemed necessary to carry out training, coaching, and development that is appropriate and refers to national standards, both competency-based and certification-based.

**Table 4.** Papua Province BAZNAS Zakat Management Roadmap for 2021-2026

<b>Year</b>	<b>Activity Details</b>
	<ul style="list-style-type: none"> <li>✓ ZIS and DSKL growth was 20% from the previous year.</li> <li>✓ The 2021 Provincial BAZNAS, District/City BAZNAS CTR has been ratified.</li> </ul>
<b>2021-</b>	<ul style="list-style-type: none"> <li>✓ BAZNAS Papua has a RENSTRA for 2021-2026.</li> </ul>
<b>2022</b>	<ul style="list-style-type: none"> <li>✓ All BAZNAS regulations refer to Law 23/2011.</li> <li>✓ The 2020 Provincial BAZNAS financial statements have been audited by Public Accountants.</li> <li>✓ Additional institutional formation of BAZNAS Regency / City in Papua province (2 BAZNAS Regency / City).</li> </ul>

**2022-  
2023**

- ✓ ZIS and DSKL growth was 25% from the previous year.
  - ✓ Muzakki and mustahik databases are integrated at the provincial level.
  - ✓ The 2022 Provincial BAZNAS, District/City BAZNAS CTR has been ratified.
  - ✓ The 2021 financial statements of BAZNAS Papua Province have been audited by a Public Accountant in the current accounting year.
  - ✓ In addition to the formation of BAZNAS Regency / City institutions in Papua Province (2 BAZNAS Districts / Cities).
  - ✓ Added new points of community empowerment programs at 2 points.
  - ✓ As many as 40% of leaders and implementers have been certified.
  - ✓ MoU with universities outside Papua for mustahiq scholarships from Papua.
  - ✓ Increased status of RSBJayapura clinic to RSP Papua (main clinic with inpatient facilities).
  - ✓ BAZNAS Papua Province has its own office building.
  - ✓ BAZNAS eradicated 1,145 poor people.
  - ✓ Synergy of flagship programs with 1 BAZNAS District/City.
  - ✓ BAZNAS Papua Province nominated for BAZNAS award category of zakat distribution.
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- ✓ Adjustment of the Decree on the Appointment of BAZNAS Kabupten / City leaders in Papua province.
  - ✓ The Zakat Management Organization initiated by the community has been licensed in accordance with Law 23/2011 and PP 14/2014.
  - ✓ All BAZNAS Districts / Municipalities in Papua province have implemented SiMBA well.
  - ✓ The implementation of the Community Empowerment program at 2 points.
  - ✓ Establishment and operation of BAZNAS Microfinance Papua.
  - ✓ Capacity building with certification of leadership and implementation elements (20%).
  - ✓ The Papua provincial BAZNAS alleviates 1,041 poor people (0.1% of the poor population-Papua Province BPS data 2020).
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**2023-  
2024**

- ✓ ZIS and DSKL growth was 25% from the previous year.
  - ✓ The 2023 Provincial BAZNAS, District/City BAZNAS CTR has been ratified.
  - ✓ Muzakki and mustahik databases are integrated at the provincial and district/city levels.
  - ✓ The 2022 Provincial BAZNAS financial statements have been audited by Public Accountants in the current accounting year.
  - ✓ 50% of LAZs in the Province submit their 2022 Reports audited by Public Accountants.
  - ✓ 60% of the leaders and amil zakat of Papua province have been certified.
  - ✓ Facilitating the implementation of amil certification for BAZNAS Districts / Municipalities in Papua Province for leaders as much as 20% of the total leadership.
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	<ul style="list-style-type: none"><li>✓ The addition of new points of community empowerment programs in 2 points outside the city of Jayapura.</li><li>✓ BAZNAS alleviates 1,259 poor people according to BPS.</li><li>✓ Synergy of flagship programs with 1 BAZNAS District/City.</li><li>✓ Initiation of an educational program in the form of the establishment of SMP BAZNAS Papua by duplicating SMP Cendekia BAZNAS Bogor.</li></ul>
<b>2024-2025</b>	<ul style="list-style-type: none"><li>✓ ZIS and DSKL growth was 25% from the previous year.</li><li>✓ The 2023 Provincial BAZNAS, District/City BAZNAS CTR has been ratified.</li><li>✓ The financial statements of the Provincial BAZNAS and 40% of the District/City BAZNAS in 2023 have been audited by the Public Accountant in the current accounting year.</li><li>✓ LAZ's financial statements in Papua province for 2023 have been audited by Public Accountants on June 30, 2024.</li><li>✓ Implemented the emulating program of Bina Desa Zakat at 1 point.</li><li>✓ 100% of the leaders and amil zakat of Papua province have been certified.</li><li>✓ Facilitating the implementation of amil certification for BAZNAS Districts / Municipalities in Papua Province for leaders as much as 25% of the total leaders.</li><li>✓ The addition of new points of community empowerment programs in 2 points outside the city of Jayapura.</li><li>✓ BAZNAS eradicated the poor population according to BPS as many as 1,2384 people.</li><li>✓ Synergy of flagship programs with 1 BAZNAS District/City and/or LAZ of Papua Province.</li><li>✓ The follow-up of SMP BAZNAS Papua became a boarding school.</li></ul>
<b>2025-2026</b>	<ul style="list-style-type: none"><li>✓ ZIS and DSKL growth was 25% from the previous year.</li><li>✓ The Provincial BAZNAS CTR, District/City BAZNAS in 2024 has been ratified.</li><li>✓ The financial statements of the Provincial BAZNAS and 50% of the District/City BAZNAS in 2024 have been audited by the Public Accountant in the current accounting year.</li><li>✓ The 2024 financial statements of LAZ Papua province have been audited by Public Accountants.</li><li>✓ Access to mustahik pelauan reaches 100% of the entire Papua province.</li><li>✓ The addition of new points of community empowerment, 2 points outside the city of Jayapura.</li><li>✓ The implementation of the BAZNAS Village Development program at 1 new point.</li><li>✓ The addition of a new point of community empowerment program 1 point outside the city of Jayapura, in synergy with BAZNAS Regency / City.</li><li>✓ Facilitating the implementation of amil certification for BAZNAS Districts / Municipalities in Papua province for leaders as much as 50% of the total leadership.</li></ul>

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- ✓ BAZNAS alleviated 1,522 poor people according to BPS.
- ✓ BAZNAS Papua province is a raw model for zakat management in Eastern Indonesia, especially for Muslim minority areas.

*Source: RENSTRA BAZNAS Papua province Year 2021-2026*

**Tabel 5.** Key Performance Indicator

No	Key Performance Indicator	Unit Size	Target		
			2021	2022	2023
<i>Legality Aspect</i>					
1.	The revised Papua Provincial BAZNAS Strategic Plan 2021-2026	%	100	-	-
2.	Encouraging the creation of the District/City BAZNAS Strategic Plan	%	20	50	75
3.	Encouraging the formation of District / City BAZNAS	Kab.	2	2	1
4.	Provision of representative LAZ permission recommendations for those who meet the requirements.	%	100	100	100
<i>Aspects of Accountability and Sharia Compliance</i>					
1.	RKAT BAZNAS Papua province	%	100	100	100
2.	RKAT BAZNAS District/City	%	100	100	100
3.	The provincial BAZNAS financial statements are audited by KAP every September 30	%	100	100	100
4.	The financial statements of BAZNAS District/City are audited by KAP every year of the current bookkeeping.	%	-	-	10
5.	Regional Coordination Meeting (Rakorda) of District / City BAZNAS and Provincial LAZ.	Kali	1	1	1
6.	Rakornas Zakat Nasional		√	√	√
7.	World Zakat Congress		√	√	√
<i>IT and System Aspects</i>					
1.	BAZNAS Province has implemented SiMBA well	%	100	100	100
2.	IT Infrastructure Development for District / City BAZNAS (SiMBA)	Kab/Kota	10	12	15
3.	BAZNAS Districts/Municipalities that have implemented SiMBA well.	%	60	70	85
4.	Muzakki service is well accessible.	%	50	75	100
5.	Application and maintenance of IT tenoligo for essential services.	%	20	50	75

*Optimization Strategy of Productive Zakat Funds as an Effort to Improve Mustahik Welfare (Case Study of Baznas of Papua Province)*

6.	Has a database of muzakki and mustahik at the provincial level		√	√	√
7.	Updating the method of assembling provincial BAZNAS with IT technology		√	√	√
<b><i>Aspects of Gathering</i></b>					
1.	ZIS and DSKL funds collected at the provincial level increased significantly	Billion	4.88 (20%)	6.10 (25%)	7.625 (25%)
2.	Database muzakki provinsi individu	Thousand people	3.600	4.500	5.650
3.	Database of muzakki provincial agencies	Many	1	2	2
<b><i>Distribution Aspect</i></b>					
1.	The ratio of distribution to collection is above 87.5%	Billion	4.4	5.27	6.32
2.	Implementation of productive zakat village development program	Village	-	-	1
3.	Increased community empowerment	Community	2	2	2
4.	Upgrading the status of RSB clinic to RSB Papua (main clinic with inpatient)	%	-	75	100
5.	Construction of RSB Papua building	%	-	50	100
6.	Establishment of BAZNAS Multi Finance Village	%	50	100	-
7.	Construction of SMP BAZNAS Papua Province	%	-	-	30
8.	Follow-up of Provincial BAZNAS Junior High School to Boarding School	%	-	-	-
9.	The number of poor people alleviated by the Provincial BAZNAS empowerment program	Jiwa	1.041	1.145	1.259
10.	BAZNAS mustahik database Papua province	Time	Nov	Nov	Nov
<b><i>Aspects of Capacity Building</i></b>					
1.	Amil certification at the Papua Province BAZNAS level (leaders and implementers)	%	20	40	60
2.	Amil BAZNAS certified district/city	%	-	10	20
3.	BAZNAS Papua Province as an example of zakat management in Eastern Indonesia	%	-	-	10
4.	Has a Papua Province BAZNAS office building				√

## CONCLUSION

BAZNAS Papua Province is focusing on optimizing productive zakat funds to improve the welfare of its mustahik, particularly in Papua Province. The province has a productive zakat village development program and established Baznas Microfinance (BMFi) to manage these funds. BMFi provides business capital financing based on qardhul hasan contracts, aiming to empower rural communities and improve living standards. The program also focuses on improving the economy through the Papua Mandiri program, which aims to empower rural communities. BMFi also provides business capital assistance in the form of revolving funds, aiming to help mustahik become independent and sustainable. Several strategies are implemented by BAZNAS Papua Province to optimize productive zakat funds, including strengthening legality, effective ZIS gathering, transparent management, partnership and collaboration, development of productive programs, technology innovation, and strengthening Baznas as amil. However, research indicates that only around 321 mustahik who receive successful assistance are under 100, with factors such as natural disasters, theft, and inability to manage businesses. To increase the number of successful mustahik, more in-depth studies are needed to determine productive mustahik, maximize business feasibility surveys, and strengthen companions who provide assistance to mustahik in running their businesses.

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