

The Impact Distribution of Zakat in Alleviating Poverty During COVID-19 Pandemic: Evidence From Indonesia

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Abstract. *Zakat is one of the Islamic socio-economic instruments to improve the welfare of Muslim communities by reducing poverty levels. Between 2020-2022, when the COVID-19 pandemic hit Indonesia, zakat management institutions succeeded in getting 1,145,636 people out of poverty, thereby increasing the achievements of mustahik to muzakki by augmenting individual and household sources of income from zakat recipients. This study uses the CIBEST analysis tool and the BAZNAS Welfare Index (IKB) to measure the impact of zakat distribution by BAZNAS on poverty alleviation during the COVID-19 pandemic in Indonesia. The results of this study indicate that zakat distribution can alleviate the poverty of the Indonesian population by 4.14 percent during the COVID-19 pandemic. Thus, the distribution of zakat funds during the pandemic era significantly reduced Indonesia's poverty.*

Keywords: *Zakat; Poverty; COVID-19; CIBEST; BAZNAS Welfare Index (IKB)*

Abstrak. *Zakat merupakan salah satu instrumen sosial-ekonomi Islam yang meningkatkan kesejahteraan komunitas Muslim dengan menurunkan tingkat kemiskinan. Sepanjang tahun 2020-2022, pada masa pandemi COVID-19 melanda Indonesia, Badan Zakat Nasional (BAZNAS) sukses mengentaskan sebanyak 1.145.636 orang keluar dari kemiskinan sehingga meningkatkan pencapaian dari mustahik menjadi muzaki dengan menambah sumber pendapatan individu dan rumah tangga dari penerima zakat. Penelitian ini menggunakan alat analisis CIBEST dan Indeks Kesejahteraan BAZNAS (IKB) untuk mengukur dampak dari distribusi zakat oleh BAZNAS dalam mengentaskan kemiskinan sepanjang pandemi COVID-19 di Indonesia. Hasil penelitian ini mengindikasikan distribusi zakat dapat menurunkan tingkat kemiskinan Indonesia sebesar 4,14 persen sepanjang pandemi COVID-19. Dengan demikian, distribusi dana zakat pada masa pandemi COVID-19 secara signifikan mampu mengurangi tingkat kemiskinan di Indonesia.*

Kata kunci: *Zakat; Kemiskinan; COVID-19; CIBEST; Indeks Kesejahteraan BAZNAS (IKB)*

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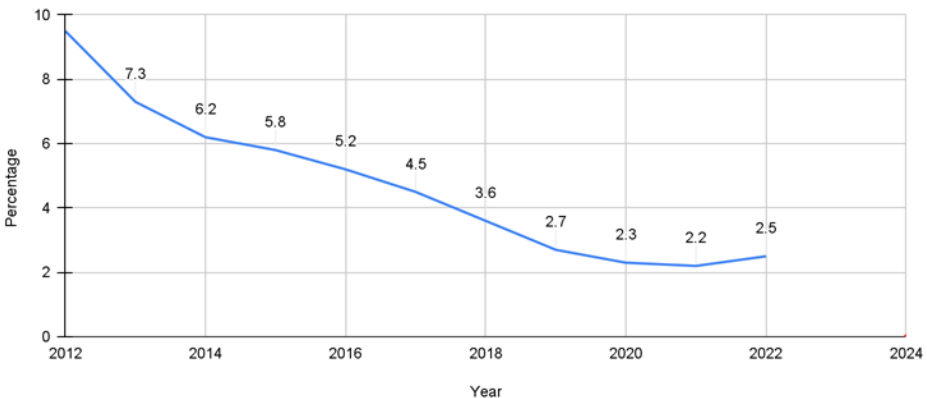
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Introduction

Zakat is considered one of the media outlets for poverty alleviation. Social and financial policy studies conducted by the National Board of *Zakat* (BAZNAS) show that *zakat* contributes to alleviating the extreme poverty level of the Indonesian population. In 2022, *zakat* succeeded in alleviating the poverty of 463,154 poor *mustahik* (*zakat* recipient), and as many as 194,543 of them were residents classified as extremely poor (BAZNAS, 2023). Furthermore, this figure contributed to reducing poverty by 1.76 percent of the extreme national poverty of 26.36 million people in September 2022. Despite the success of distributing *zakat* to the poor, financial policy studies reported by BAZNAS have not examined how much influence *zakat* has in reducing national poverty.

Extreme poverty is basically faced by people when they are unable to fulfill their basic needs. As a standardization, the *World Bank*, in 2017, determined an international poverty line of US\$1.9 Purchasing Power Parity (PPP) per day. This means that if a person lives below this figure, they are classified as extremely poor. In Indonesia, in March 2022, the extreme poverty rate reached 2.04 percent or 5.59 million people, with a downward trend in the last decade. Through Presidential Instruction No. 4 of 2022 on Accelerating the Alleviation of Extreme Poverty, the Government of Indonesia has targeted to achieve zero percent extreme poverty by 2024. However, the COVID-19 pandemic has hampered the performance of various sectors of life, including the economic sector, which is often seen by increasing/inhibiting the decline in the poverty rate (Suryahadi et al., 2020), resulting in a higher extreme poverty rate in 2022.

Figure 1. Extreme Poverty in Indonesia



Source: World Bank, 2023

Assessing the efficacy of *zakat* funds in mitigating poverty amidst the challenges posed by the COVID-19 pandemic holds significant relevance. Understanding how *zakat* funds, administered by *Zakat* institutions, swiftly address the socio-economic repercussions of the pandemic, particularly among the lower middle class, is imperative. This study attempts to identify how much *zakat* distribution affects national poverty during the COVID-19 pandemic using the Center for Islamic Business and Economic Studies (CIBEST) approach introduced by CIBEST IPB (Institute Pertanian Bogor) University.¹ CIBEST accommodates spirituality variables to compute the level of poverty and welfare. By using CIBEST, we may establish a standardized calculation between the material and spiritual needs of a family to compute family welfare. We then can classify them into CIBEST's four quadrants of welfare - Welfare, material poverty, spiritual poverty, and absolute poverty.

Several studies used CIBEST to measure the effect of *zakat* distribution on national poverty in Indonesia (Busyro & Razkia, 2020; Laily & Harahap, 2021; Damir, 2023). However, studies utilizing CIBEST in measuring the effect of *zakat* on poverty at the national level during COVID-19 remain scarce. This report will be divided into five sections, which include an introduction; a literature review on *zakat* and poverty in Islamic countries; data and methodology; analysis and discussions; and conclusions and recommendations.

Literature Review

Poverty in Conventional and Islamic Perspective

Iskandar (2012) explicates poverty as the condition of household incapability to fulfill necessities encompassing economic, social, and other essential needs. Examples of such poverty entail being unable to pursue adequate education, encountering challenges in accessing public services, lacking savings, and being unemployed. Meanwhile, Todaro and Smith (2020) introduce the term "absolute poverty" to refer to an individual's inability to attain a minimum income sufficient for meeting fundamental needs, including sustenance, clothing, shelter, and healthcare services. Another recognized term is extreme poverty, which the United Nations employs to classify groups constrained in satisfying essential requirements such as food, clean water, housing, sanitation facilities, healthcare facilities, education, and information (United Nations, 1995).

¹ For information details through <https://cibest.ipb.ac.id/>

From an Islamic perspective, poverty (*al-faqr*), according to An-Nabhani (2010), is defined as individuals who are unable (weak) to fulfill their primary needs comprehensively. Therefore, poverty has a consistent standard in every region. This differs from the capitalist perspective, which considers poverty to be relative (an-Nabhani, 2010). Islam regards poverty as a weakness and considers it the responsibility of each individual to break free from the chains of poverty. However, if a person experiences hardship, Islam mandates that others should assist them through charity (*sadaqah*), *waqf*, and *zakat* (Hamed, 2020).

Poverty and Social Safety Nets

In alleviating poverty, one of the instruments commonly used by any country across the world is social safety nets (Dev et al., 2007; Dorlach, 2023), such as cash transfer programs in Indonesia, Bolivia, Mozambique, and India (Borges, 2021; Kühner et al., 2021; Sumarto & Ferdiansyah, 2021); Namibia with social pension program, and Zambia with cash-for-work program (Deveraux, 2000) as there is no precise definition of social safety nets. However, social safety nets provide non-contributory assistance to improve the lives of vulnerable individuals and groups experiencing poverty or various adversities (World Bank, 2018). There are various types of social safety net programs across the globe. Nevertheless, in general, the World Bank (2018) has classified that social safety nets primarily provide previously contributory social pensions, in-kind and food transfers, conditional and unconditional cash transfers, fee waivers, public works, and school feeding programs.

Social safety nets have been proven to reduce poverty across the globe. The World Bank (2018) has estimated that all social safety net programs in the world have helped around 36 percent of the poorest escape extreme poverty. On the other hand, the study also suggests that the absolute and relative poverty gap has been reduced by 45 percent and 16 percent, respectively. Nevertheless, social safety nets are still uncommon in the poorest countries. The World Bank (2018) has estimated that only 20 percent of the poorest in low-income countries are included in social safety nets, making social safety nets still inaccessible.

Moreover, during the COVID-19 pandemic, COVID-19 significantly affected everyone. Social safety nets are required to be more adaptive to shocks. Bitler, Hoynes, and Schanzenbach (2020) have found that the payment of social safety nets during the early phase of the pandemic tends to be delayed, and several groups of vulnerable inhabitants are excluded. In anticipation of any possible

crisis in the future, some countries, including Indonesia, have started to readjust their social safety net systems to be more adaptive to the shocks - called adaptive social protection (Maliki, 2021).

Poverty and Zakat

From the Islamic perspective, *zakat* can be used to distribute the wealth of an individual to specific individuals, leading to poverty alleviation. The term “*zakat*” originates from the word “*zaka*,” which conveys meanings of purity, blessing, growth, and development. When the term “*zaka*” is applied to plants, it signifies the growth and development of plants without defects. In the terminology of Islamic jurisprudence (*fiqh*), An-Nawawi explained that *zakat* is a specific portion of wealth that is obligatory to be given out by the command of Allah, to be delivered to those entitled to receive it. It serves to benefit the giver by increasing, purifying, and safeguarding their wealth from ruin (Qardhawi, 1998).

Zaenal, Ismail, and Shafiai (2022) define *zakat* as part of the wealth owned by a Muslim that must be given to those entitled to receive it (*mustahiq*) when the wealth has reached a minimum limit (*nisab*) and is held within a certain period (*haul*). The history of *zakat* starts from the Makiyyah period (before hijra), but it is still limited to orders and only implemented in the second year after *Hijra*. At that time, *zakat* recipients received 1 Dirham each day, which became the standard minimum wage for unskilled labor (Widiastuti et al., 2019). Sari (2015) stated that during the caliphate of Islam, *zakat* was the primary source of state revenue and was managed for fiscal policy.

Zakat is interpreted as an effort to transfer wealth from the rich to the poor with multiple rewards (Quran Verse 2: 287) and purify their souls as well as their property (Quran Verse 9: 103). Rahardi and Hafriza (2019) mentioned that there are six principles of *zakat*, namely the principle of faith, the principle of equity and justice, the principle of productivity and maturity, the principle of reason, the principle of freedom, and the principle of ethics and fairness. Qardhawi in Rahardi and Hafriza (2019) explains some of the wisdom of imposing *zakat* in Islam, namely eliminating social jealousy, fostering concern and a spirit of mutual assistance, providing incentives to work harder to play a role as much as possible, bringing up an attitude of gratitude for the wealth owned, and eliminating miserly attitudes.

Al-Faizin and Akbar (2018) elucidated that *zakat* serves two functions: worship and collective functions. The function of worship is understood as the

position of *zakat* as one of the pillars (*arkan*) of Islam. Meanwhile, the collective function is further divided into two aspects: social interaction and wealth distribution. The aspect of social interaction demonstrates that *zakat* plays a role as a conduit for fellow Muslims to interact and perform acts of kindness. Wealth distribution is an aspect that expounds *zakat* as an instrument for equalizing wealth distribution among the community, wherein the affluent are obliged to share a portion of their wealth with the less fortunate.

Various Islamic economic studies have tried to identify the role of *zakat* in reducing the poverty rate. For example, in Bahrain, Abdelbaki (2016) found that *zakat* distribution can reduce the poverty rate. The same thing is also true in Tunisia, where *zakat* can reduce poverty levels in seven regions of the country (Bouanani & Belhadj, 2020). Findings from Pakistan conducted by Abdullah, Derus and Al-Malkawi (2015) also found that the distribution of *zakat* can reduce poverty in Pakistan. The findings obtained in these Islamic countries indicate that *zakat* does have an excellent opportunity to alleviate poverty.

The development of *zakat* studies in Islamic countries encourages the development of *zakat* studies in other countries, including Indonesia. Choiriyah et al. (2020) showed that although *zakat* has not been able to reduce economic inequality, it can reduce poverty levels. Azizah et al. (2021) also showed that *zakat* has a significant impact on poverty alleviation. Meanwhile, studies at the district/city level also support the same findings (Busyro & Razkia, 2020; Laily & Harahap, 2021; Damir, 2023). As a result, even in Indonesia, *zakat* has been successful in reducing poverty. This is due to the faster redistribution of wealth due to *zakat*, which can push *mustahiq* out of poverty (Sari et al., 2019). Although *zakat* has succeeded in reducing poverty, not just any *zakat* can reduce poverty.

The criteria for *zakat* that is considered capable of encouraging poverty alleviation is productive *zakat*, where productive *zakat*, accompanied by the empowerment of *mustahiq*, has a positive impact on their business so that *mustahiq* welfare increases (Mawardi et al., 2022). Shukri in Rahardi and Hafriza (2019) defines productive *zakat* as the management and distribution of productive *zakat* funds that are long-term oriented and channelled to *mustahiq* for productive activities with the aim of eliminating poverty gradually and sustainably.

CIBEST Method

The CIBEST method was introduced by Beik and Irsayanti (2015) and named after the Center for Islamic Business and Economic Studies at Bogor Agricultural University (CIBEST), as abbreviated by Busyro and Razkia (2020). The method offers a novel approach by integrating spiritual dimensions into the assessment of well-being. Beik and Arsyanti (2016) underscored the importance of this method in the Quran and Hadith, advocating for a holistic evaluation of poverty that encompasses both material and spiritual facets.

This methodology has found practical application through the efforts of the National Coordinating Agency for Family Planning Program (Badan Koordinasi Keluarga Berencana Nasional or BKKBN), where spiritual needs are evaluated alongside a family's capacity to engage in religious practices (Alimoeso, 2014). Families unable to meet prescribed religious obligations are classified as impoverished. Beik and Arsyanti (2016) devised a formula employing a Likert scale to categorize outcomes into four distinct groups: prosperous families (where both material and spiritual needs are met), material poverty (where material needs are unmet but spiritual needs are fulfilled), spiritual poverty (where material needs are met but spiritual needs are lacking), and absolute poverty (where both material and spiritual needs are unmet).

Several studies have employed the CIBEST Method in their respective inquiries (El Ayyubi et al., 2018; Kholidah & Hakim, 2021; Sainul, 2023; Sukmawati et al., 2023). However, it is noteworthy that, as of yet, no research endeavors have undertaken a comparative examination of the roles played by government-sponsored social safety net programs and *zakat* in mitigating poverty, particularly within the context of the COVID-19 pandemic. Dasangga and Cahyono (2020) investigated the role of *zakat* in poverty alleviation, employing a case study of Rumah Gemilang Indonesia Kampus Surabaya. Their findings showcased that the empowerment of productive *zakat* had a discernible positive impact on the well-being of individuals. This was substantiated by a noteworthy increase in the average income of alumni of Rumah Gemilang Indonesia (RGI), amounting to IDR 609,355.00. The researchers underscored the paramount importance of transitioning from consumptive *zakat* practices towards a more intensive, long-term orientation of productive *zakat* empowerment.

Conversely, contrasting results were elucidated by Sumantri (2017), who investigated the effectiveness of *zakat* funds within the context of the *Zakat* Community Development (ZCD) program in the Teluk Payo community of

Banyuasin Regency, South Sumatra. The *Zakat* Community Development program is designed to foster the development of *zakat* recipients (*mustahiq*) by holistically integrating various social dimensions (education, healthcare, religious observance, and environmental considerations, among others) with comprehensive economic aspects. All of which are underwritten by accumulated *zakat* funds. Notably, Sumantri's study unveiled the limited and non-significant impact of the *Zakat* Community Development (ZCD) program, organized by BAZNAS, on the welfare of *zakat* recipients, both in terms of material well-being and spiritual needs. This outcome was attributed to the suboptimal execution of the program, the neglect of spiritual needs within the guidance provided by BAZNAS personnel, and the time constraints faced by *zakat* recipients. This necessitated them to substitute their worship time with gainful employment and their allocated ZCD program time with their primary occupational pursuits.

It is important to emphasize that, within the existing body of scholarship, no direct comparative analysis has been undertaken to discern the relative efficacy of government-sponsored social safety net programs and *zakat* in addressing poverty, particularly within the intricate context of the COVID-19 pandemic. Engaging in further research endeavors within this domain could offer invaluable insights into the respective contributions of these two modes of support to the broader pursuit of poverty alleviation efforts.

Methods

This study uses two types of measurement tools issued by Statistics Indonesia (BPS) and The National *Zakat* Board Indonesia (BAZNAS). The measuring instrument used from the BPS consists of five indicators: Headcount Index (H), Income Gap Ratio (I), Poverty Gap Index (P1), Poverty Severity Index (P2), and Foster, Greer, and Thorbecke (FGT) Index (P3). The measurement tools used are from BAZNAS, namely the Center of Islamic Business and Economic Studies (CIBEST) and the BAZNAS Welfare Index or *Indeks Kesejahteraan BAZNAS* (IKB). All of these measurement tools are used to measure the impact of the distribution of *zakat* funds on poverty alleviation since the COVID-19 pandemic in 2021 and 2022 compared to the period before the COVID-19 pandemic (2019-2020).

Table 1. Description Nation Poverty Indicator

No.	Poverty Indicator	Type	Description	Unit
1	H	Headcount Index	Number of poor people as a percentage of the total population	Percent
2	I	Income Gap Ratio	Ratio to measure the income gap among people experiencing poverty	Index
3	P1	Poverty Gap Index	The average size of the expenditure gap of each poor population against the poverty line	Currency (IDR)
4	P2	Poverty Severity Index	An index measuring the inequality of income among poor populations	Index
5	P3	Foster, Geer, and Thorbecke (FGT) Index	Index to measure the severity of poverty by the distribution of income among the poor	Index

Source: BAZNAS, 2023

The BAZNAS Welfare Index (IKB) consists of three sub-index indicators: the CIBEST welfare index, the Modified Human *Development* Index (Modified HDI), and the Independence Index (BAZNAS, 2019). The IKB index ranges from zero to one. The greater the value of the IKB index, the greater the impact and productivity of the *zakat* funds distributed to *mustahiq*. The category range of the IKB index is divided into five, which can be seen in the following table.

Table 2. BAZNAS Welfare Index (IKB) Assessment Category

Score Range	Information
0.00-0.20	Poor
0.21-0.40	Deficient
0.41-0.60	Satisfactory
0.61-0.80	Good
0.81-1.00	Excellent

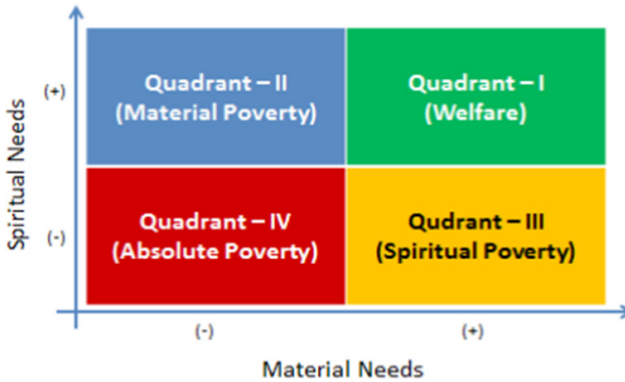
Source: BAZNAS, 2023

CIBEST Quadrant Determination

The CIBEST measurement method measures poverty levels based on two aspects: material needs and spiritual needs. Poverty is a multidimensional problem, not only measured from the economic aspect but also related to spiritual conditions.

There are four quadrants in the CIBEST method: quadrant I (prosperous quadrant) is a condition of material and spiritual well-being. Quadrant II (material poor), Quadrant III (spiritual poor), and Quadrant IV (absolute poor), which means material and spiritual poor (Beik & Arsyanti, 2016).

Figure 2. CIBEST Quadrant



Source: Beik & Arsyanti, 2016

In quadrant I, families are classified as prosperous, indicating their ability to fulfill both material and spiritual needs. Quadrant II comprises families categorized as materially poor, indicating their ability to fulfill spiritual needs but not material ones. Quadrant III consists of spiritually low-income families, who can meet material needs but not spiritual ones. Quadrant IV encompasses low-income families facing the most severe poverty as they cannot meet either spiritual or material needs adequately (PUSKAS BAZNAS, 2020).

Determining a family's quadrant involves assessing both material and spiritual poverty. Material poverty, or Material Value (MV), is gauged through various approaches such as periodic surveys by the Indonesian Central Statistics Agency (BPS) on basic material needs, BPS-defined poverty lines, and the *zakat* threshold (*nisab*) for assets. On the other hand, the spiritual aspect is evaluated using the CIBEST Model, which measures families based on five key variables: prayer, fasting, *zakat*, *infaq*, family environment, and government policies. These variables are rated on a Likert scale from 1 to 5 to assess spiritual needs.

Table 3. Spiritual Needs Indicator Scores

Variables	Likert Scale				
	1	2	3	4	5
Salat Prayer	Forbidding others to pray	Rejecting the concept of prayer	Performing obligatory prayers irregularly	Regularly performing obligatory prayers individually but not always congregationally	Consistently performing obligatory prayers in congregation and engaging in voluntary prayers
Fast	Prohibiting others from fasting	Rejecting the concept of fasting	Observing obligatory fasting incompletely	Completing obligatory fasting in its entirety	Fulfilling obligatory fasting completely and observing voluntary fasts
Zakat/Infaq	Prohibiting others from giving <i>zakat</i> and charity	Rejecting the concepts of <i>zakat</i> and <i>infak</i>	Never giving in charity even once a year	Paying both <i>zakat al-fitr</i> and <i>zakat al-mal</i>	Paying <i>zakat al-fitr</i> , <i>zakat al-mal</i> , and giving voluntary charity
Environment Family	Forbidding family members from worship	Rejecting the practice of worship	Considering worship as a private matter for family members	Supporting the worship of family members	Building a family atmosphere that supports worship together
Government Policy	Prohibiting worship for every family	Rejecting the implementation of worship	Considering worship as a private matter for the community	Supporting worship	Creating an environment conducive to worship

Source: PUSKAS BAZNAS, 2020

The value of fulfilling the spiritual needs of family members is calculated using the following formula.

$$Hi = \frac{Vpi+Vfi+Vzi+Vgi}{5}$$

Where:

- Hi : The actual score of family member number i
- Vpi : The praying score of family member number i
- Vfi : The fasting score of family member number i
- Vzi : The *zakat* and charity score of family member number i
- Vhi : The family environment according to family member number i
- Vgi : The government policy according to family member number i

After the value of Hi is obtained, it is necessary to calculate the scores of all family members to obtain the spiritual value of the household using the following formula.

$$SH = \sum_{n=1}^n \frac{H1 + H2 + \dots + Hn}{MH}$$

Where:

- Sh : The spiritual score of family member number h
- Mh : Total of family members

When the value of MV and SV has been measured, the determination of each family member's position in the CIBEST quadrant is measured from the combination of actual MV and SV values. An explanation of the combination of MV and SV can be seen in Table 4.

Table 4. Combination of MV and SV Scores of Household

Actual Score	Material Value (MV)	Material Value (MV)
Spiritual Value (SV)	Rich in spiritual, poor in material	Rich in spiritual and material
Spiritual Value (SV)	Poor in spiritual and material	Poor in spiritual, rich in material

Source: Beik and Arsiyanti (2015)

The CIBEST calculation method consists of four components: material poverty, spiritual poverty, absolute poverty, and welfare. Each quadrant has a calculation formula to obtain the value acquisition. The welfare value, located in the first quadrant, indicates material and spiritual prosperity obtained from the number of households achieving material and spiritual prosperity divided by the total observed household population. In the second quadrant, material poverty, the value is obtained from the number of households categorized as materially poor (based on nominal income) but spiritually rich, as evidenced by adherence to all religious commands (pillars of Islam), divided by the total observed household population.

In the third quadrant, spiritual poverty, the value is obtained from the number of households categorized as spiritually poor (not adhering to all religious commands in the pillars of Islam) but materially rich (having nominal income above the threshold of sufficiency), divided by the total observed household population. Finally, in the fourth quadrant, absolute poverty, the value is obtained from the number of households categorized as materially and spiritually poor, divided by the total observed household population.

Table 5. CIBEST Calculation

CIBEST Index	The Formula	Information
Welfare	$W = \frac{w}{N}$	W : welfare index; $0 \leq w \leq 1$ w : number of prosperous families (rich in terms of material and spiritual) N : the number of household populations observed
Material Poverty	$P_m = \frac{Mp}{N}$	P _m : material poverty index; $0 \leq P_m \leq 1$ Mp: the number of low-income families in general, material but spiritually rich N : the total population of families observed
Spiritual Poverty	$P_s = \frac{Sp}{N}$	P _s : spiritual poverty index; $0 \leq P_s \leq 1$ Sp : number of spiritually low-income families but rich materially N : the total population of families observed
Absolute Poverty	$P_a = \frac{Ap}{N}$	P _a : absolute poverty index; $0 \leq P_a \leq 1$ Ap : number of families who are materially poor and spiritual N : the total population of families observed

Source: PUSKAS BAZNAS, 2020

CIBEST Model Construction:

The general CIBEST Model can be described as below (Beik & Arsyianti, 2015):

$$\text{CIBEST Model} = W + P_m + P_s + P_a = 1$$

Where:

W : Welfare

P_m : Material Poverty

P_s : Spiritual Poverty

P_a : Absolute Poverty

The collective sum of all index values should equate to one. These indices are pivotal for delineating population distribution identifying the most populous quadrants, thereby aiding in policy formulation for swift implementation by the government. Furthermore, two fundamental prerequisites must be fulfilled. Firstly, the data collected must be primary. Secondly, the data acquisition method must involve either a census or sampling procedure, overseen in this instance by BAZNAS, an institution vested with significant authority in gathering and allocating *zakat* funds to the impoverished.

Results and Discussion

In measuring the impact of the distribution of *zakat* funds on poverty reduction, apart from looking at the reduction in national poverty indicators, it can also be measured by comparing the portion of *zakat* collection to the social protection budget. The greater the collection of *zakat* funds achieved, the greater the benefits of *zakat* for alleviating poverty with the amount of the social protection budget as a reference in accelerating national poverty reduction.

The national poverty indicator consists of five sub-indicators: Headcount Index (H), Income Gap Ratio (I), Poverty Gap Index (P1), Poverty Severity Index (P2), and Foster, Greer, and Thorbecke (FGT) Index (P3). Tables 3 and 4 provide the results of those indicators, both before the pandemic and during the pandemic. Before the COVID-19 pandemic hit Indonesia, the Headcount Index (H) value decreased by 38 percent at the poverty line standard, 39 percent at the *had kifayah* standard, and 21 percent at the nisab *zakat* standard. During the COVID-19 pandemic that hit Indonesia (2021-2022), the Headcount Index (H) value decreased by 47 percent at the poverty line standard, 38 percent at

the *had kifayah* standard, and 13 percent at the *nisab zakat* standard. Thus, the impact of *zakat* on reducing the percentage of the poverty rate based on the poverty line standard was more significant during the COVID-19 pandemic, but the *had kifayah* and *nisab zakat* standards had a more significant decrease before the COVID-19 pandemic.

The depth of poverty for *mustahiq* nationally is indicated by the value of the income gap (I) and the poverty gap (P1), where nationally, these two indicators show a decrease in all calculation standards. Based on the Income Gap Ratio (I) indicator, the decrease in the income gap among the low-income people based on the standard poverty line *had kifayah*, and *nisab zakat* before and during the COVID-19 pandemic has the same percentage reduction. These are a 13 percent reduction in the standard poverty line, 19 percent for a decrease in the *had kifayah* standard, and 21 percent for a decrease in the *nisab zakat* standard. For the P1 value, the most considerable decrease occurred during the COVID-19 pandemic, namely IDR 280,386, a decrease in P1 for the poverty line, IDR 648,377, a decrease for the *had kifayah* standard, and IDR 1,397,371, a decrease in the *nisab zakat* standard.

Table 6. National Poverty Indicator 2019-2020 (Before The Pandemic)

No.	Poverty Indicator	Poverty Line	Had Kifayah	Nisab Zakat	
1	H	Before	0.60	0.84	0.92
		After	0.22	0.46	0.72
		Δ	-0.38	-0.39	-0.21
2	I	Before	0.53	0.58	0.71
		After	0.40	0.42	0.51
		Δ	-0.13	-0.19	-0.21
3	P1	Before	IDR 923,691	IDR 1,800,713	IDR 3,765,812
		After	IDR 706,208	IDR 1,293,004	IDR 2,684,914
		Δ	IDR -217,483	IDR -507,709	IDR -1,080,899
4	P2	Before	0.42	0.62	0.76
		After	0.14	0.29	0.50
		Δ	-0.29	-0.33	-0.26
5	P3	Before	0.22	0.35	0.51
		After	0.05	0.11	0.23
		Δ	-0.18	-0.24	-0.29

Source: BAZNAS, 2022-2023 (processed)

Meanwhile, the severity of poverty is indicated by the value of P2 (Sen Index) and P3 (FGT Index). Both values show a decrease in all standards. The highest decrease in P2 occurred during the COVID-19 pandemic, with a reduction in the standard poverty line and *had kifayah* by 36 percent and 35 percent, respectively. For the *nisab zakat* standard, the highest decrease occurred before the pandemic, with a decrease of 26 percent. For the highest reduction in P3, all measurement standards occurred during the pandemic, with a 21 percent decrease in the poverty line standard, 27 percent *had kifayah* standard, and 31 percent in the *nisab zakat* standard.

Table 7. National Poverty Indicator 2021-2022 (During The Pandemic)

No.	Poverty Indicator	Poverty Line	Had Kifayah	Nisab Zakat	
1	H	Before	0.80	0.94	0.99
		After	0.33	0.57	0.86
		Δ	-0.47	-0.38	-0.13
2	I	Before	0.53	0.62	0.78
		After	0.41	0.44	0.57
		Δ	-0.13	-0.19	-0.21
3	P1	Before	Rp1,203,541	Rp2,189,090	Rp5,165,006
		After	Rp923,155	Rp1,540,714	Rp3,767,635
		Δ	-Rp280,386	-Rp648,377	-Rp1,397,371
4	P2	Before	0.57	0.72	0.86
		After	0.21	0.37	0.63
		Δ	-0.36	-0.35	-0.23
5	P3	Before	0.29	0.42	0.63
		After	0.08	0.15	0.33
		Δ	-0.21	-0.27	-0.31

Source: BAZNAS, 2022-2023 (processed)

The BAZNAS Welfare Index (IKB) value is based on the CIBEST sub-indicator, modified Human Development Index (HDI), and the independence index value, divided into three variables respectively: the poverty line, *had kifayah*, and *nisab zakat*. Based on the results from Tables 6 and 7, the BAZNAS Welfare Index (IKB) scores showed better results before the COVID-19 pandemic hit Indonesia, with the acquisition of IKB values based on the poverty line, *had kifayah*, and *nisab zakat*, namely 0.65 (good), 0.55 (satisfactory), and 0.41 (satisfactory). The IKB value during the pandemic was 0.62 (good) for the poverty line variable,

0.43 (satisfactory) for the *had kifayah* variable, and *nisab zakat* with a value of 0.24 (deficient). The severe impact of the pandemic has not been able to increase the percentage of *mustahiq* transforming into *muzakki* effectively.

The CIBEST values of the poverty line, *had kifayah*, and *nisab zakat* values experienced better values before the pandemic with 0.79 (good), 0.56 (satisfactory), and 0.27 (deficient), respectively. The CIBEST values during the pandemic were 0.75 (good) for the poverty line variable, 0.38 (deficient) for the *had kifayah* standard and 0.00 (poor) for the *nisab zakat* variable. The CIBEST value for the *nisab zakat* variable both before and during the pandemic was relatively low, so it was not effective in increasing the percentage of *mustahiq* leaving to become *muzakki*. Furthermore, the value of HDI modifications both before and during the pandemic has relatively the same value. Finally, the independence index value had a relatively high value before the pandemic, with each poverty line variable at 0.60 (satisfactory), *had kifayah* variable at 0.60 (satisfactory), and 0.59 (satisfactory) for the *nisab zakat* variable. During the pandemic, the independence index values for the three variables had the same value, namely 0.45 (satisfactory).

Table 8. BAZNAS Welfare Index (IKB) 2019-2020 (Before The Pandemic)

No	Variable	CIBEST	IPM Modification	Independence	Total of IKB	Indicator
1	Poverty Line	0.79	0.50	0.60	0.65	Good
2	Had Kifayah	0.56	0.50	0.60	0.55	Satisfactory
3	Nisab Zakat	0.27	0.49	0.59	0.41	Satisfactory

Source: BAZNAS, 2022-2023 (processed)

Table 9. BAZNAS Welfare Index (IKB) 2021-2022 (After The Pandemic)

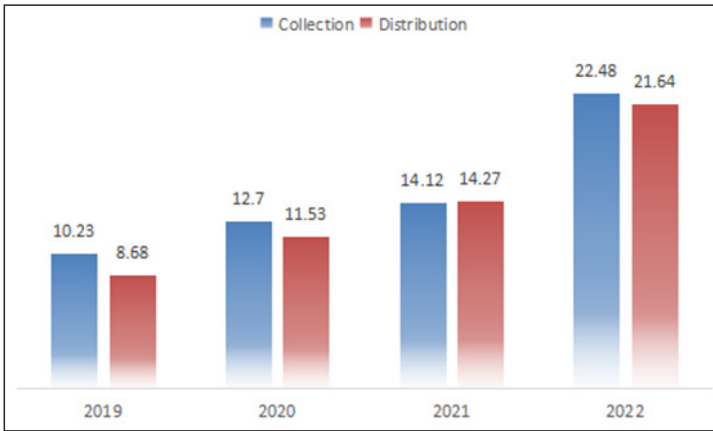
No	Variable	CIBEST	IPM Modification	Independence	Total of IKB	Indicator
1	Poverty Line	0.75	0.50	0.45	0.62	Good
2	Had Kifayah	0.38	0.50	0.45	0.43	Satisfactory
3	Nisab Zakat	0.00	0.50	0.45	0.24	Deficient

Source: BAZNAS, 2022-2023 (processed)

National *zakat* collection and distribution data published by BAZNAS from 2019 to 2022 continues to increase. Even though the COVID-19 pandemic hit Indonesia in the last three years, *zakat* receipts have continued to increase. This is

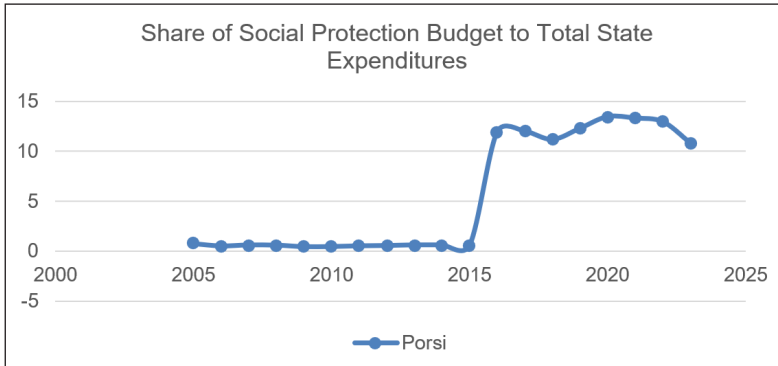
according to data from the World Giving Index for 2022, which places Indonesia as one of the most generous countries. It is proven that the pandemic that hit has increased the receipt of *zakat* funds from 2019 by IDR 10.23 trillion, continuing to increase until 2022 to IDR 22.48 trillion.

Figure 3. Total Collection and Distribution of Zakat 2019-2022 (in Trillion Rupiah)



Source: BAZNAS, 2023

Figure 4. Portion of The Social Protection Budget to Total State Expenditure (APBN) for 2005-2023



Source: BPS, 2023

An increase also followed the increase in the level of collection in the distribution of *zakat* funds. In 2019, the distribution of *zakat* funds amounted to IDR 8.68 trillion with an Allocation Cash to Ratio (ACR) of 84.8 percent. It

continued to increase until 2022 to IDR 21.64 trillion with an Allocation Cash to Ratio (ACR) of 96.3 percent. The increased level of collection followed by the greater distribution of *zakat* funds makes the performance of *zakat* more effective in empowering the community. The impact of channeling *zakat* funds makes an effective contribution in handling the impact of the COVID-19 pandemic that has hit Indonesia.

Table 10. Contribution of *Zakat* in Poverty Reduction Compared to Budget State (APBN)

Year	2018	2019	2020	2021	2022
Social Protection Budget (APBN) in Billion IDR	293,815	308,834	497.966	367,953	431,513
National <i>Zakat</i> Collection (Billion IDR)	8,118	10,228	12,496	14,118	22,200
Percentage of <i>Zakat</i> on Social Protection Budget (APBN)	3%	3%	3%	4%	5%

Source: BAZNAS, 2023 & Ministry of Finance, 2023 (processed)

Based on BPS data (2023), there is a trend of increasing allocation of State Revenue and Expenditure Budget (APBN) funds for social protection programs, especially after 2016, which is consistently still above 10 percent. Total funding for social protection will reach IDR 431 trillion in 2022 (reflecting growth of 17 percent from 2021), equivalent to almost 13 percent of total APBN spending. This budget allocation is considered quite large, especially when compared to *zakat* funds which only amount to IDR 22 trillion or 5 percent of the State Revenue and Expenditure Budget (APBN) allocation for social protection (BAZNAS, 2023; Ministry of Finance, 2023). Although there is a trend of increasing the percentage of *zakat* in the allocation of the State Revenue and Expenditure Budget (APBN) for social protection, the small amount of *zakat* funds shows its limited role in alleviating poverty in Indonesia. *Zakat*, which is theoretically believed to be a solution to poverty alleviation, has not been able to improve the condition of large numbers of poor households. In addition, they still do not have the optimal capacity to collect *zakat* from its potential value, which is a challenge for the sustainability of social protection programs originating from *zakat* contributions. This problem can be overcome if the entire potential *zakat* fund of IDR 327 trillion (equivalent to 76 percent of the social protection budget) is successfully collected.

Conclusion

Zakat is an Islamic socio-economic instrument that is used to improve the welfare of Islamic society by alleviating poverty, especially those classified as extreme poverty. This study attempts to measure the effect of *zakat* distribution on alleviating poverty during the COVID-19 pandemic using CIBEST, introduced by IPB University. By using CIBEST, we may establish a standardized calculation between the material and spiritual needs of a family to compute family welfare. We then can classify them into CIBEST's four quadrants of welfare: welfare, material poverty, spiritual poverty, and absolute poverty.

This study finds that the distribution of *zakat* funds was effective in reducing the poverty rate, as evidenced by the acquisition of a poverty line variable, the BAZNAS Welfare Index (IKB) score of 0.62 (good). For IKB values, the *had kifayah* and *nisab zakat* variables tend to be lower than before the pandemic. Thus, the *zakat* funds are not yet effective in increasing *mustahiq's* income to become *muzakki* (moving out of *mustahiq*). This is following the CIBEST *nisab zakat* variable, which is classified as not good. The severe economic impact caused by the COVID-19 pandemic on *mustahiq* income has resulted in the distribution of *zakat* only being able to significantly reduce the poverty rate for the Indonesian people (moving out of poverty).

Based on the conclusions above, there are several essential recommendations for strategic policymakers for *zakat* management institutions and *zakat* researchers in the future. First, for *zakat* institutions, with the lack of achievements in collecting *zakat* from the potential, several participatory steps are needed to increase the collection rate significantly from year to year. Several steps can be taken, such as building partnerships and cooperation with business entities in the regions and local governments to increase the collection of employee income *zakat* and business entity *zakat*. In terms of distribution, *zakat* institutions in the regions have a database by name by address, which is updated every year through the BAZNAS Information Management System (SIMBA), which BAZNAS can implement in providing targeted and strategic potential distribution programs for *mustahiq* to get out of poverty and become *muzakki* at a later time.

In addition, it is strategic for *zakat* researchers and academics to build cooperation and partnerships with *zakat* institutions that target the productive impact of *zakat* for *mustahiq*. Also, *zakat* researchers can provide meaningful input for improving the performance of *zakat* institution managers (*amil*) in the regions so that the impact of *zakat* distribution can be effective in anticipating the uncertainty of Indonesia's economic situation in the future.

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