

The Role of Indonesia's Islamic Philanthropic Institutions in Poverty Alleviation During the Covid 19 Pandemic 2022

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ABSTRACT: The Covid-19 pandemic has had a tremendous impact on both health and the economy. One of the impacts is the increase in poverty in Indonesia where lot of people struggle for their daily needs. As one of the countries with the largest Muslim population in the world, Indonesia has a number of philanthropic institutions to enhance the welfare of society, one of which is BAZNAS. Through BAZNAS, it is hoped that cooperation with the government, the community, and other zakat management bodies to manage zakat nationally, to alleviate poverty and to improve people's welfare can be implemented. This is a qualitative research with a case study type. A case study research describes the current state of the research object based on facts and sober data. Zakat management is carried out according to their duties and responsibilities as stipulated in Zakat Management Law No. 23 of 2011. BAZNAS' efforts in eradicating poverty through zakat have been considered successful. Poverty alleviation carried out by BAZNAS RI contributed to 17.77% to the poverty alleviation of the national zakat program. In addition, this result contributes 0.31% to national poverty alleviation based on BPS.

Keywords: Covid-19 pandemic, Poverty, Philanthropy, BAZNAS.



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INTRODUCTION

The outbreak of the Covid-19 pandemic has had a serious impact on people's lives. It started with the spread of the SARS-CoV-2 virus in Wuhan, China in late December 2019. After some time, the Covid 19 pandemic however, is ongoing in several countries, one of which in Indonesia. The data regarding the issue as of March 6 2022 indicated that there were about 5,748,725 people having been infected and the remaining 24,867 cases have recently occurred ([Pandey et al., 2022](#); [Pekkola et al., 2021](#); [Taylor & Knipe, 2022](#)).

In early 2020 Indonesia is listed as one of the Southeast Asian countries got infected by the Covid-19 virus. The corona virus is spreading rapidly worldwide, therefore on January 30, 2020 WHO declared the status of Covid-19 as a Public Health Emergency of International Concern (PHEIC). Similarly, the pandemic has become a major concern for Indonesian people since it triggered a number of ongoing problems. ([Sunj, 2020](#))

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In response to the decision proposed by WHO on the Covid-19 status, several countries have taken lockdown measures in order to slow the spread of the virus. In fact, policies regarding the prevention of Covid-19 virus were set up by the Indonesian government such as the establishment of physical and social distancing restrictions. Physical distancing refers to the limitations of community activities outside home, reflected in daily practices such as work, study, even prayers on religious holidays like Eid al-Fitr and Eid al-Adha are conducted at home. The reasons why such policies were implemented was due to a considerable effect Covid-19 had on people as a whole. The increasing impacts on health, work, education and other social sectors were considered significant, particularly in the stability of economy since people's welfare was disrupted. Thus, it can be argued that the policies set up by the government through social restrictions and lockdown weakened the function of the society (Aeni, 2021). Furthermore, another consequence of social restrictions on the people's economy is that a number of companies take actions that harm workers' sustainability, where reduced salaries, unpaid leave, and even termination of employment were common (Yusuf Randi, 2020). Additionally, the policies made brought about people's inability to meet even the basic needs (Lu & Gan, 2022; Zhang et al., 2022).

With a large number of people being incapable to meet their needs properly, the level of poverty in Indonesia rose significantly. Poor people are residents whose average spending per capita is below the poverty line, in other words, the income is insufficient to fulfil the basic needs, such as clothing, food, and shelter. In March 2022, there were about 26.36 million poor people in Indonesia. Nevertheless, the poverty rate decreased after BPS (Statistical Bureau) conducted another survey in March 2022, with a poverty rate of 9.54%, a decrease of 0.17% compared to September 2021 and a decrease of 0.60% from March 2021. However, from the data obtained in September 2022, there was another increase in the poverty rate, from 0.03% to 9.57% in March 2022 (Statistical Bureau, 2022).

Considering multiple negative impacts the Covid-19 pandemic has, from employment to business losses, it is necessary that society raise awareness and nurture both cooperation and generosity to help those in need. As a country with the largest Muslim population in the world, Indonesia plays a crucial role in alleviating poverty. Zakat for instance, can be empowered as one of the solutions to poverty problems faced by society, particularly during the co-19 pandemic. Zakat has a big potential to help solve the government's role in the existing problems. The national zakat institution (BAZNAS), which has implemented several programs during the Covid-19 pandemic, is expected to play a bigger role and is able to distribute the alms to beneficiaries, especially what so-called mustahik (people deserve to receive the zakat) and other people in need.

The importance of ZISWAF (Zakat, Infaq, Sadaqah and Waqf) in overcoming poverty problem was discussed in a study by (Iman & Al Faqih, 2020). ZISWAF was encouraged to help overcome poverty problems as pandemic hit, and it requires mass socialization both through electronic media and social media. In addition, a study by (Alawy & Zaki, 2021), emphasized the sensitivity of LAZISMU Bojonegoro to being successful in responding, adapting, and improving its performance raising funds and distributing productive financial assistance during the Covid-19 pandemic. Furthermore, Wadzifatul Janah (2021) in her research titled *Optimizing the Role of Islamic Philanthropy in Quick Response Action in Efforts to Overcome the Economic Crisis in the Era of the Covid-19 Pandemic* explained that by optimizing the potential of ZISWAF, productive zakat, Waqf assets and

collaborating with all existing philanthropy-based non-profit charities, humanity problems occurred during the Covid-19 pandemic could be solved ([Janah, 2021](#); [Keogh-Brown et al., 2020](#); [Ward et al., 2020](#)).

Based on the results of the former studies, it can be concluded that there have been numerous researches in regards to the role of Islamic philanthropic institutions. Nevertheless, the number of researches that focus on discussing the impact of the Covid-19 era by linking with the poverty rate in a certain year is inadequate. Therefore, it is necessary to conduct a more in-depth study on the role of Islamic philanthropy institutions in alleviating poverty in Indonesia during the 2022 Covid-19 pandemic.

METHOD

The research method used is descriptive qualitative with a case study type. A case study research describes the current state of the research object based on facts and sober data. A qualitative research produces descriptive data in the form of written or spoken words from both people and observable behavior ([Nuridin and Hartati, 2019](#)). The sources of the data obtained comprise primary and secondary data. The primary data were obtained from the performance reports of the national amil zakat agency in 2022, whereas the secondary data were obtained from the results of the 2022 BAZNAS Center of Strategic study reports. The focus of this research is as follows: (1) the management of philanthropic funds during the Covid-19 pandemic; (2) the efforts of philanthropic institutions in alleviating poverty during the Covid-19 period.

RESULTS AND DISCUSSIONS

The Management of Philanthropic Funds During the Covid-19 Pandemic at BAZNAZ 2022

The COVID-19 pandemic has resulted in a scarcity of supplies, an increased crime, tension and discretion towards victims of COVID-19, weakened tourism sectors, and increased levels of poverty and hostility ([Alifa, 2020](#)). In Indonesia, poverty is triggered by several main factors. 1) low education, 2) laziness, 3) limited natural resources, 4) less employment, 5) less business capital, 6) family burden (Itang, 2015). Poverty-ridden factors and its indicators include a lack of decent employment opportunities that increase unemployment and low regional minimum wages that create income-expenditure imbalances. ([Priseptian & Primandhana, 2022](#))

Poverty is defined as a person who is unable to meet the basic needs of a decent life for himself and his family in addition to having no means of livelihood or work ([Nur et al., 2022](#)). Based on the Sustainable Development Goals (SDGs), poverty is understood in many dimensions ([Syamsuri et al., 2022](#)). Poverty is a complicated phenomenon that includes various dimensions such as community life, economic poverty, people's inability to spend money, lack of income or high levels of unemployment, and social inequalities related to health and education, thus, these need to be portrayed ([Nogales & Oldiges, 2021](#)). Additionally, poverty refers to a lack of access to education, money for treatment, and skills for work ([Arfiani, 2020](#)).

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As described by 2022 Central Statistics Agency data, this has been a difficult year for almost every individual due to the negative impact of the Covid-19 pandemic the world is facing. This is marked by an increase in the poverty rate in September 2022 with a percentage of 9.57% (BPS, 2022). The pandemic impacted not only the society but also the institutions, one of which is the National Amil Zakat Agency (BAZNAS). The impact intensified due to the restrictions in the activities through the implementation policies of the lockdown and *Pembatasan Sosial Berskala Besar* (A large scale social restrictions). Moreover, the decline in the economy sector, resulted in a decrease in the number of muzakki (people who are obliged to pay zakat), whereas the number of mustahiq (individuals who receive the zakat) tend to increase (Rizal, 2022).

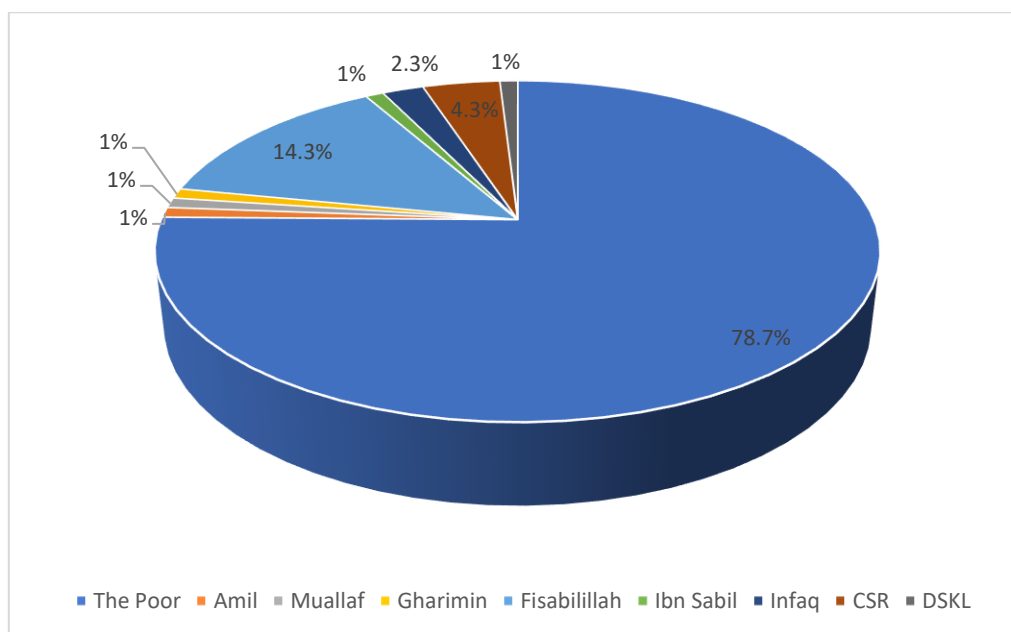
On the contrary, the results of BAZNAS RI's financial performance reports of 2022 signified the success of BAZNAS in managing ZIS funds most effectively and efficiently, or in other words, the agency continues to grow. Despite the fact that the 2022 pandemic situation is still ongoing, the success itself is inseparable from the adaptation and the strategies the institution makes. Thus, it can be stated that BAZNAS is considered capable in maintaining and even improving its performance (Puskas BAZNAS, 2022). It is obvious that Indonesia's economy in 2022 grew by 5.31%, which is higher than the 2021 where its growth was marked by only 3.70% (BPS, 2022).

Zakat is a form of Islamic obligation, therefore it must be fulfilled. In addition, it is an individual right to fulfil or to be granted to a particular group at a particular time (Arifin, 2011). In mid-2022, BAZNAS' funds generated from zakat, infaq/alms, and other social-religious earnings reached IDR 393.4 billion. Compared to the collection target of IDR 760 billion set at the beginning of the year, the success of BAZNAS was demonstrated by the increase of 51.8% in the first six months of 2022. Based on the type of funds, the highest level of target achievement was by Corporate Social Responsibility (CSR), with a level of target achievement of 74.8%, followed by the collection of Zakat funds with a target of achieving 59.5%. The portion of other religious social funds (DSKL) is 29.4%, and finally the collection of infaq funds with the achievement of 11.0% of the target set (Puskas BAZNAS, 2022).

The implementation of the *zakat maal* (religious tax on one's assets) generation was significant compared to the target of 135.2%. A sharp increase also occurred in the collection of *zakat fitrah*, (an obligatory charity before the Eid prayers) which was 101.3%. The increase in zakat funds was due to an increase in funds from companies paying their zakat to BAZNAS.

Zakat, infaq/alms funds, and other humanitarian social funds obtained by BAZNAS will be distributed to Asnaf Mustahik (anyone entitled to receive the funds) aimed to glorify this group of people (Mahmudah & Aziz Alwa, 2022). The distribution of collected zakat, infaq/alms, and other social-religious funds are carried out in the form of consumption and empowerment (production) programs. Until mid-2022, BAZNAS has distributed 264.18 billion rupiahs from zakat, infaq/alms, and other social-religious funds, or 67.2%; and it does not include BAZNAS distribution and operational figures. The following is a graph of BAZNAS distribution in mid-2022 according to beneficiary groups.

Graphic 1 The Distribution Based on Middle BAZNAS Beneficiary in 2022



Source: Puskaz BAZNAS, 2022.

In regards to the planning documents, the distribution to beneficiary group is also divided by the type of funds. The distribution of zakat funds is recorded in accordance to the asnaf mustahik (people entitled to receive the funds), while infaq/alms funds, CSR, and DSKL are recorded based on distributions for *Mustahik* (the recipients) and *Amil* (the distribution officers). This policy is implemented due to the different percentage in the allocation of the amount of funds received by the officers. In the distribution which is based on Asnaf (the receivers), the highest percentage, about 67.2%, is allocated to the poor, the 12.2% to *fisabilillah* (muslim fighters), the distribution of amil funds is 13.9%, 1.6% as unrestricted infaq/alms, and 0.7% is for tied infaq/alms. The remaining 1% however, is the distribution of zakat funds for converts, Gharimin (people having debts), Ibn sabil (dislodged and temporarily anchored traveller), and the operational.

As the Covid-19 virus began to spread worldwide and this includes Indonesia, the government set the policy of imposing physical distancing and lock down. Therefore, BAZNAS tried to minimize the zakat fundraising activities by reducing the frequency of visits (previously was a door-to-door fundraising method). The measure was taken to ensure the safety of muzakki (zakat recipients), donors, and collectors (PPZ). As a consequence, the low frequency of visits reduced the amount of donations received ([Nuzulia, 2021](#)).

Ideally, zakat funds are utilized as a social welfare tool. Thus, the implementation and management of zakat must be supervised by the government and carried out by regular officials, or in other words, proper management of Muzakki (the givers) and Mustahik (the receivers) should be put into practice. Studies revealed that zakat funds collected and managed by OPZ (Zakat Management Organization) have a greater impact than the individual distribution of zakat ([Saputra, 2020](#)).

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The National Amil Zakat Agency (BAZNAS) has introduced innovations in zakat collection during the Covid-19 pandemic. This will be implemented through several strategic steps as an adjustment to community needs in the distribution of zakat, infaq, and sadaqah (ZIS) during the Covid-19 pandemic. The Director of BAZNAS M. Arifin Purwakananta stated that the innovation focuses on three points, namely massive zakat campaigns or alms, payment services, and opening donation channels. These are the strategies developed at BAZNAS and other zakat institutions during the Covid-19 crisis, where the utilization of online media platforms such as WhatsApp, Facebook, Twitter, invitation posters, and BAZNAS mentoring programs during the Covid-19 pandemic were implemented. Arifin added that the success of the *donation generation* channel is the latest and most contributing factor to the increased collection of funds during pandemic. The opening of various channels for donations as well as zakat, infaq, and alms, is also conducted through digital channels. It is proven that the service innovation triggered the collection of ZIS funds and other socio-religious funds (DSKL) to increase significantly during the Covid-19 pandemic. The satisfactory service is from the Zakat pick-up service. (Interview broadcast live on YouTube BAZNAS TV).

In 2019, when conditions were still normal, BAZNAS had the flexibility to implement the strategies which have been set up. In contrast to 2019, the COVID-19 pandemic spread in 2020-2022, prevent most community activities from being realized, including BAZNAS. However, the number of donations received for BAZNAS in 2022 increased if compared to the previous year. This is the result of a strategy and work plan prepared by BAZNAS, as a concern to the people facing difficult conditions after the Covid-19 pandemic. As discussed previously, pandemic has caused a decrease in the income per capita, thus, the economy situation was disrupted and the level of economy in 2022 was low.

In mid 2022, the total collection of BAZNAS was IDR 393.4 billion (unaudited). This was much greater than what occurred in mid-2021 with the economic growth reached only 69.4%¹. Similarly, there was a significant increase in the collection of Zakat funds, about 74.4%. and in the collection of other religious social funds (DSKL) amounting to 57.4%. However, the collection of INFAQ funds fell by 26.6% ([Puskas BAZNAS, 2022](#)).

Furthermore, if compared to 2021, the distribution to Asnaf (the receivers) as BAZNAS reported, picked up to 117.4% or IDR 264.28 billion (unaudited) in 2022. The biggest increase in the distribution was notified in Infaq funds, as much as 235.3%, followed by Corporate Social Responsibility (CSR) amounting to 222.9% or 11.3 billion rupiahs. Undoubtedly, the considerable increase was the impact of the distribution implementation of the three types of funds that have achieved the highest target among other types of funds ([Puskas BAZNAS, 2022](#)).

In addition, zakat maal (religious tax on one's assets) can be utilized for productive investment such as giving financial supports in various development projects for education, health, clean water, and other social activities specifically benefitted the poor. Moreover, it is expected that the income of the poor increase as productivity level enhances ([Kuru & Inan, 2011](#)). BAZNAS has distributed zakat funds through five programs namely education, health, humanity, da'wah (spreading the islamic teachings), and advocacy. The distribution of educational zakat, both directly and indirectly, is a form of education empowerment whereas in health sector, the zakat distributed is in the form of treatment. Additionally, the distribution of zakat for humanitarian acts is

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manifested in the form of caring for victims of natural disasters, accident, persecution, and other social issues. Lastly, the distribution of Zakat in the field of da'wah and management is provided through the support for preachers, the construction of places of worship for Muslims, and other aids in da'wah and advocacy (Nafi, 2020).

The utilization of zakat in business sector is carried out in the form of support for alleviating poverty, increasing productive capabilities, nurturing entrepreneurship, enhancing the welfare of mustahik (zakat receivers), and strengthening the receivers' community based on regional and local economic potentials. The utilization of zakat in the field of education is actually offered as a means to improve life skills, leadership, and entrepreneurship skills, as well as to develop educational facilities and infrastructure. The use of zakat in the health sector however, is in the form of the promotion and prevention of health services and the development of health facilities and infrastructure (Zalikha, 2016).

The distribution and utilization of zakat funds in mid-2022, reached as high as Rp.264.1 billion or 51.19 percent of the distribution plan allocated per sector, channeled to BAZNAS general program. This figure does not include the implementation of the distribution plan of Rp. 93.17 billion to amil and the distribution through UPZ, which is based on the the plan of Rp. 142.8 billion allocation, in which the necessary amendment can be made when required. The distribution and implementation plan for the media industry in 2022 is shown in the table below.

Table 1 Distribution Achievements Based on the 2022 Middle BAZNAS Program

No	Program field	Plans for 2022 (1 year)	Realization 2022 (January-June)	Achievements (%)
1	Economy	129.015.250.000	13.118.681.449	10.17
2	Social-Educational	77.409.150.000	29.446.533.301	38.04
3	Social-Health	51.606.100.000	20.546.474.329	39.81
4	Social-Humanity	196.103.180.000	175.879.721.220	89.69
5	Da'wah-Advocacy	61.927.320.000	25.195.858.745	40.69
	Total	516.061.000.000	264.187.269.044	51.19

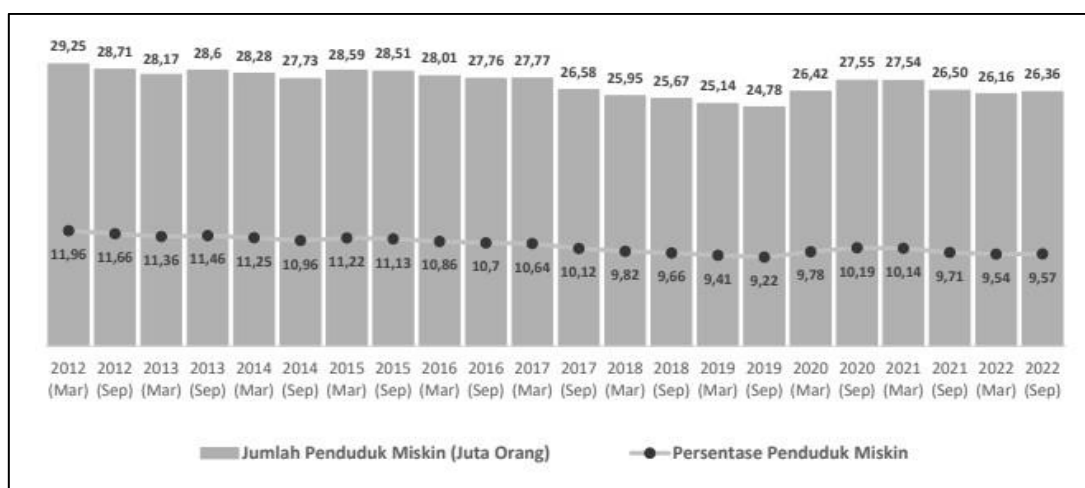
Source: BAZNAS, 2022

From the table above, it can be seen that based on the medium-term program in 2022, the highest distribution output achieved is in the social-humanitarian sector, with the total of IDR 175.8 billion or 89.69% of the target, the distribution of da'wah-advocacy to the amount of IDR 25.1 billion or 40.69% of the target, about Rp. 20.5 billion or 39.81% of the target for the health sector, IDR 29.4 billion in the Education Sector of or 38.04% of the target and financial sector distribution of IDR 13.1 billion or 10.17% of the target. The significant achievement in the social-humanitarian sector in mid-2022 was due to the priority on supporting people's finance as pandemic has affected the economy sector.

The Efforts of Philanthropic Institutions in The 2022's Poverty Alleviation Program

The data from the Indonesia Central Statistics Agency for 2023 indicated that the number of poor people in September 2022 was around 26.36 million people. It decreased to 140,000 people each year but increased by 200,000 if compared to March 2022. Although there is a decrease in the poverty rate every year, it was elevated in September 2022. In addition, there are 25 provinces with greater rates of poverty level. One of the triggers is the oil price (BBM) in early September 2022. As a consequence, it affects production costs, causing the price of goods to rise and people's purchasing power to decrease. In addition, the explosion of layoffs (PHK) in the labor-intensive sector in September led to an increase in the unemployment rate, therefore the poverty rate soared. If we investigate the proportion of the poor Indonesians in September 2022 it rose to 9.57 %, but declined to 0.14 % from September 2021 then increased to 0.2 % from March 2022 ([Puskas BAZNAS, 2022](#)), as seen in the figure below:

Figure 1 Number and Percentage of Poor Population, March 2012- September 2022



Source: BPS, 2023

If seen from the proportion of Indonesia's urban poor population, from 7.50% in March 2022, it increased to 7.53% in September 2022. Meanwhile, the proportion of rural poor was 12.29% in March 2022, rose to 12.36% in September 2022 ([Puskas BAZNAS, 2022](#)). An increase in the proportion of poor people has occurred in both rural and urban areas. Thus, the effect of rising prices and layoffs has contributed to the proportion of poor people both in urban and rural areas. The poverty line is one's measure to assess the minimum spending for foods and other necessities, and this is not classified as poor. As ([Rejekiningsih, 2011](#)) defined, poor people are residents whose average spending per person per month is below the poverty line.

Based on the calculation of the poverty rate in September 2022 it was recorded at IDR 535,547/population/month, and a combination of the Food Poverty Line (GKM) of IDR 397,125 (74.1 percent) and the Non-Food Poverty Line (GKBM) of IDR 138,442 (25.8 percent). If compared to the data of the poverty line for September 2021 of IDR 486,168/population/month, a poverty line of IDR 49,379/population/month is obtained. As of September 2022, the cumulative average of poor households in Indonesia is 4.34 households. Therefore, the average poverty line per poor household is IDR 2,324,274/poor household/month. Compared to March

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2022, the average number of poor households is 4.74 and the average poverty line per poor household is IDR 2,395,923.00/poor household/month. Thus, the poverty line for poor households decreased by IDR 71,649/month ([Puskas BAZNAS, 2022](#)).

In addition, the current focus of the government is on supporting the very poor people. From the targeted data for the Acceleration of Extreme Poverty Elimination (P3KE), extreme poverty is a condition in which people are unable to meet their basic needs, be it adequate consumption, clean water, proper sanitation, health, housing, education, and access to income and social services. The World Bank defines extreme poverty as the number of people living on less than \$1.90 per day. In other words, a person is classified as very poor if his expenses are less than IDR 10,739/person/day or IDR 322,170/person/month ([BPS, 2021](#)). Take for instance, a family of 4, with father, mother, and 2 children bear the expenses of at least IDR 1,288,680 per family per month (P3KE).

Extreme poverty limits have been agreed upon by UN members and the World Bank is responsible for measuring them. In Indonesia, the limit for extreme poverty is determined by BPS (Statistics Central Bureau). As described in the data published by the National Team for the Acceleration of Poverty Reduction (TNP2K), extreme poverty in Indonesia increases every year. In 2012, the very poor people in Indonesia reached 11.7% or around 28.5 million whereas 29.13 million people were considered poor. In fact, there is a slight gap in the data between poor and very poor. This means that all the poor are inclined to be considered very poor. A decade has passed and the gap has widened, this indicates that the government is struggling in dealing with the very poor population. In 2021, the percentage of very poor people in Indonesia rose to 4 percent or as many as 10.86 million people, and the number of poor people were predicted to increase up to 27.54 million people ([Puskaz BAZNAS, 2022](#)).

A number of efforts to eradicate extreme poverty have been conducted by Indonesia Government, as stated in Presidential Instruction No. 4 of 2022 concerning the advancement of extreme poverty alleviation. It requires a cooperation between departments and agencies for the eradication program to take place. Government policies affect directly or indirectly to the implementation of the program. Direct action is action in several programs specifically aimed at reducing poverty so that the target group is the poor. In contrast, indirect measures refer to economic initiatives that do not target the poor but have a positive effect on poverty alleviation, such as measures that restrict imports of products intended for rapid growth of domestic industries, and depreciating monetary policies. ([Wisnutama et al., 2023](#)) argued that interest rates increase domestic investment, and the increased domestic investment helps support employment opportunities. If this occurs, poverty level is gradually lower.

Islam is a staunch opponent of poverty, seeks to stem it and control possible ways to save faith and morality, to maintain home life, to establish stability and peace in society, and to keep harmony in society. Thus, the ways Islam offers to alleviate poverty comprise: (1) Employment. Everyone is obliged to work as it serves as the major weapon in fighting poverty, in gaining prosperity, and in generating wealth. (2) Sufficiency. Families with low economy level is a challenge. It is a fundamental principle in Islam that everyone fight poverty through work and work. Islam seeks to eliminate poverty among its devotees and keep them away from a degrading act such as begging. Therefore, Islam has the concept of strengthening a mutual connection between family and

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community members to eradicate both the suffering and the poverty, where the rich help the poor and the strong support the weak ([Abrori & Kharis, 2022](#)).

The term philanthropy is derived from the Latin "philanthropic" and the Greek "Philo" and "Anthropos" meaning "human love". Charity is widely interpreted as expressing compassion for the people around through donations. Islam as a religion is *Rahmatan Lil alamin* (a blessing for all), and touches all aspects of life, including humans' relationship with the creator (*Haburum Minara*), the relationship among people (*Haburum Minana*), and the relationship with the natural environment. Charity is a form of caring for others, both tangible and intangible ([Amar, 2017](#)). Charity can be interpreted as generosity towards others, as stipulated in the Quran and Hadith. Those considered philanthropists tend to make a difference personally ([Duncan, 2004](#)).

The concept of giving in Islam can be realized through Zakat, Infak, Alms, and Waqf. There are two categories of giving: obligatory such as zakat and non-obligatory that include infak, alms, and waqf ([Latief et al., 2015](#)).

Islamic philanthropy is the foundation underlying the growth and development of the socio-economic power of the ummah (Muslim people) and has several complex dimensions. The implementation of the dimensions support the community development. The greatness of philanthropy can be seen from the benefits it carries. These include (1) Spiritual Dimension, increasing faith in Allah SWT. (2) Social dimension: creating a society with a high level of solidarity to nurture love and care for others and kinship among people. (3) The economic dimension, is the creation of a prosperity within the society. It is obvious that the implementation of Islamic philanthropy strengthen a just, peaceful, and prosperous society ([Iman & Al Faqih, 2020](#)).

Islamic philanthropy programs aimed at alleviating social issue such as poverty in the short and long term programs. One example of a short term program is by providing consumptive and disposable assistance, whereas the long term programs support assistance to supplement income. The idea is not to provide fish but hooks, to access equity in the achievement of a better economy. In fact, poverty occurs not only in Indonesia but also in other countries worldwide, due to the impacts of the Covid-19 pandemic. The situation degrades people's lives as it becomes more difficult to cope with. Therefore, the institution like BAZNAS through its development and proper management of zakat funds is expected to help overcome the hardship of the people and humanity, and offers a solution to eradicate the poverty problem.

The function of zakat, as a means of alleviating poverty is actually stated in Law No. 23 of 2011 in Article 3 by Article 3B where the purpose of administering zakat is the realization of community welfare and poverty alleviation ([Slamet et al., 2022](#)). Therefore, all activities and derivatives involving the use of zakat funds should aim at alleviating poverty in society. The purpose of zakat in general is to improve the standard of living of workers not declared as *Muzakki* (people who receive the funds) as ([Swandaru & Abdel Mohsin, 2022](#)) explained. However, the existence of zakat in a broad sense must improve the welfare of the people both materially but also spiritually. There is a mechanism for redistributing income from those who are wealthy to others who are less fortunate, as an intervention step to meet the basic needs of the majority of the population, and to lift them from the poverty line (Moving Out of Poverty). In addition, the distribution of zakat

is expected to change the status of mustahik (the receivers) to muzakki (the givers) ([Wirawan et al., 2022](#)).

In addition to poverty alleviation, BAZNAS also plays a crucial role in the eradication of the extreme poverty in Indonesia. Based on Presidential Instruction Number 4 concerning the Acceleration of Extreme Poverty Reduction in 2022 issued on June 8, 2022, it is stipulated that the financing for implementation of the accelerated extreme poverty reduction will be financed from the state revenue and expenditure budget, regional revenue and expenditure budget, city revenue and expenditure budget; and/or from other legal and non-binding sources based on laws and regulations. Therefore, it was also realized that accelerating the eradication of extreme poverty was the right goal, through policies such as a reduction of the state spending and an increase in the income; thus poverty problems can be minimized. In this regard, BAZNAS as a non-structural government institution has both the duties and the obligations to manage zakat properly, in order to support equitable distribution to increase the benefits of zakat for people's welfare and to eradicate poverty and extreme poverty. Additionally, the 2022 Anggaran Pendapatan dan Belanja Negara (State Budget Planning) on social security budget of IDR 431.5 trillion nationally has reached 5.1 percent or IDR 22.2 trillion ([Puskas BAZNAS, 2022](#)).

In general, the percentage of zakat in the social welfare budget in the APBN increases every year. If the zakat potential of IDR 327 trillion is fulfilled, it will be equivalent to 76% of the social welfare budget in the 2022 State Budget. The programs implemented by BAZNAS are poverty alleviation. Moreover, in 2011, TNP2K (Tim Nasional Percepatan penanggulangan Kemiskinan or The National Team for A Speedy Recovery of Alleviation Eradication) established a Poverty Reduction Cluster, with three clusters of activities namely the integrated family-based social assistance/extreme poverty cluster, the community empowerment-based poverty alleviation cluster, and the micro-poverty reduction cluster ([Puskas BAZNAS, 2022](#)). The following poverty alleviation and the BAZNAS linear programs with these clusters are described in Table 1.2 below:

Table 2 Poverty Alleviation Clusters

Cluster	Objective	BAZNAS Program
I Family-Based Integrated Social Assistance/Extreme Poverty	Reducing the burden on poor households through increasing access to health, education, clean water and sanitation services	<ol style="list-style-type: none"> 1. Social Humanity 2. Social Education 3. Social Health
II Community Empowerment- Based Poverty Reduction	Developing the potential and strengthening the capacity of poor community groups to be involved in development based on the principles of community empowerment	<ol style="list-style-type: none"> 1. Retail Empowerment Program (Zmart) 2. Food Retail Empowerment Program (Zchicken) 3. Student Entrepreneurship (Santripreneur) 4. Z-Coffee

		5. Workshop Retail Empowerment Program (Z-Auto)
		6. Farmer Empowerment Program (Food Barn)
		7. Breeder Empowerment Program (Livestock Center)
		8. Zakat Community Development Program (ZCD)
III Poverty Reduction Based on Micro and Small Business Empowerment	Providing access and strengthening the economy for micro and small scale businesses	<ol style="list-style-type: none"> 1. Macro Zakat Financing 2. Micro Zakat Financing 3. Business Capital Assistance 4. Business Development Assistance 5. Marketing Development Assistance 6. Job Skills Assistance 7. Work/Business Skills Training Infrastructure Assistance

Source: TNP2K (2011) and RKAT BAZNAS (2023)

All of these programs aim to improve people's welfare and alleviate poverty. BAZNAS divides its main poverty alleviation programs into several tasks, one of which is the distribution and the utilization of zakat in order to optimize poverty eradication, to improve people's welfare and to reduce social inequality. The noble mission is realized by BAZNAS in a responsible manner, where the institution includes economic, social, and da'wah aspects. In mid-2022, BAZNAS established 8 national priority programs to educate the public. These programs include grants, entrepreneurs, microfinance, Z Chicken, Z Mart, RTLH, BAZNAS disaster response, and BAZNAS healthy homes. BAZNAS periodically publishes information on how to calculate poverty reduction in the form of accountability reports to stakeholders and the general public. This year, a poverty alleviation census was also carried out, namely poverty alleviation in Indonesia by BAZNAS and LAZ and BAZNAS RI poverty alleviation.

With reference to the three standards, the poverty lines such zakat kifayah (an obligation to pay zakat) and nisab (the minimum threshold of wealth a person must own), BAZNAS RI has succeeded in erasing the black sweat of the poverty line (out of poverty) up to 34 percent in 2022. Meanwhile, up to 17% successfully met the had kifayah qualification standard. Up to 3% Mustahiki in BAZNAS RI was distributed to Muzakki. By 2022, BAZNAS RI has implemented anti-poverty

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measures for 82,294 undeclared working poor, 34,567 of whom are very poor (Puskas BAZNAS, 2022).

The proportion of poverty alleviation carried out by BAZNAS RI is 17.77 % of the total national zakat program poverty alleviation. In addition, this contributes 0.31 % to national poverty alleviation, based on the data from BPS. In addition, the increase in poverty, the poverty gap, the severity of poverty, and the time it takes Mustahik to move out of poverty are discussed prior to and after distributing the zakat.

Moreover, in the same year (2022), BAZNAS RI succeeded in reducing mustahik (zakat givers) by 34%. This has met the had kifayah (a standard of adequacy to live a decent live) of 17% and the transformation of mustahik of BAZNAS RI into muzakki of 3%. This signifies a crucial role of zakat in alleviating poverty. It is evident that zakat distribution support has assisted mustahik who cannot fulfil their needs, especially during the Covid-19 pandemic.

It can be concluded that without the contribution of Zakat, it takes long for most people to have their economy recovered and to move out of the poverty line. It should be emphasized that the the poverty threshold is 13.89 years, the standard kifayah is 24.81 years, and the nisab for zakat is 35.69 years. However, with the support from Zakat distribution, the time needed is shorter. As for the normal poverty line itself, the required time of around 7.85 years can be reduced to 6.04 years. In standard Kifayah, the time required is 15.85 years, or minus 8.96 years. The sharpest decline occurred in the nisab of zakat, which is 25.83 years or a decrease of 9.86 years. In conclusion, zakat distribution speeds up the time for a mustahik to move out of poverty ([Puskas BAZNAS, 2022](#)).

CONCLUSIONS

During the post Covid-19 pandemic in 2022, the poverty level in Indonesia has increased and people find it hard to fulfil their needs. This resulted in the elevated number of mustahik. Nevertheless, the Covid-19 triggered the increase of zakat funds collection. Zakat management carried out by the National Amil Zakat Agency (BAZNAS) has successfully implemented several programs, namely humanitarian, educational, health, and venture capital assistance. Zakat management should be carried out in accordance with its duties and responsibilities based on Zakat Management Law No. 23 of 2011. BAZNAS' efforts in alleviating poverty through zakat have been considered successful. Zakat has its role in fostering mustahik to be muzakki and in reducing poverty. Zakat helps shorten the time needed for a mustahik to move out of poverty. Based on the three standards the institution has which include, the poverty line, zakat kifayah and nisab, in 2022 BAZNAS RI has succeeded in removing mustahik from the poverty line (out of poverty) by 34 percent. Furthermore, up to 3% of mustahik in BAZNAS RI have turned to muzakkii. By 2022, BAZNAS RI will have been implementing anti-poverty measures for 82,294 undeclared working poor, 34,567 of whom are very poor. The poverty eradication program carried out by BAZNAS RI has contributed to 17.77% of the poverty alleviation in the national zakat program. In addition, the result contributes 0.31% to national poverty alleviation based as reported by BPS (Biro Pusat Statistik or Statistics Central Bureau).

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