Role of *zakat* in poverty reduction and food security

S Sumai¹, A N Mutmainnah¹, Nurhamdah² and M Arsyad³

¹Department of Islamic Communication and Broadcasting, Faculty of Usul al-Din and Da’wah, Institut Agama Islam Negeri, Parepare, Indonesia
²Department of English Education, Faculty of Education, Institut Agama Islam Negeri, Parepare, Indonesia
³Faculty of Agriculture, Universitas Hasanuddin, Makassar, Indonesia

E-mail: anurulmutmainnah@iaipare.ac.id

Abstract. Poverty and income inequality remain serious problem in developing countries, and Indonesia is no exception. The number of poor people in Indonesia was 9.82 percent in 2018. This fact shows that poverty level in Indonesia is still need to reduce. The study deals with the role of *zakat* in social and economic changes in terms of poverty and food security of poor households after receiving *zakat*. The research employed qualitative methods. The results show that, pattern of zakat aid distributed by the National Zakat Amil Agency (called, BAZNAS) to the poor households in the form of IDR 300,000 (1USD=14, 000 IDR) in cash and/or rice (non-cash); there are two patterns acts of poor households in utilizing *zakat* (consumptive patterns and productive patterns). It indicates that, some poor households have been giving production capital, and in turn positively affects poverty reduction and food security situation. It implies that *zakat* is one possible route to reduce poverty and strengthen household’s food security in the country.

1. Introduction

A large Population could become a promising development capital which very profitable for development efforts in all fields. In order to achieve that potency, those large numbers of human resources must be fostered and employed as an effective labour force. On the other hand, the explosion of population growth results social inequality among rich with poor people, which leads to the poverty of Indonesia.

The problem of poverty and income inequality is still the main enemy of this country. This shows that the modern theory which says that economic growth will be able to solve the problem of poverty and create an equal distribution of income through the trickledown effect scheme is no longer relevant, especially in developing countries. In other words, economic development in Indonesia has faced the economic paradox between economic growth and income distribution. Facts on the field indicate that Indonesia has achieved positive economic growth over the past decade, but the number of poor people has not decreased significantly. One of the instruments that can reduce poverty is *Zakat*. *Zakat* is a social security instrument whose duty is to bridge the wealth distribution of wealthy groups to the poor.

Government assistance in the distribution of *Zakat* by BAZNAS is given in the form of charity and care [1]. This type of distribution only cause managing *Zakat* more consumptive or can only fulfil daily basic needs without sustain outcome, therefore, *Zakat* recipients will return to live in a state of...
indigence and poverty. However, tax obligations must also be merged by the obligation of Zakat for poverty reduction [2]. Zakat which had been only consumptive could be overcome through Zakat empowerment. The reason is because Zakat management is not only given in the form of material that will be consumed, but also must be used as productive capital for the recipients in the hope that they will also become a poor household in the future. Zakat is an obligation on faith as a Muslim and the development of local communities will be more effective when based on the conviction, so that religious organizations tend to be more effective in encouraging people to conduct collective action governed by norms [3].

Zakat is an obligation for Muslims who are considered capable according to Islamic criteria to spend between 2.5% -20% of the proportion of their assets to be distributed to those who are financially disadvantaged [1,4]. The population of Indonesia who embraces Islam is 85 percent. As a result, Islamic religious values have never been separated from Indonesian people's life guidelines, but in March 2019 [5] shows the number of poor people in Indonesia was 9.41 percent. This indicates that the number of poverty in Indonesia is still relatively high and Islamic religious no exception. Poor people in Indonesia do not only exist in urban areas, but also in rural areas. With social capital, local people can easily mobilize and manage the zakat and other communal resources for development activities in rural areas [3].

Therefore, the study analyse the role of Zakat aid in ensuring the livelihoods of poor households. The idea is to ensure Muslims’ compliance with this primary pillar of Islam, and to give the poor and needy their dues from the richer sections of the Muslim community [6]. The essence that can be gleaned from the benefits of Zakat is that besides being useful in purified people from their asset for those who issue Zakat, the greatest benefits is helping people who has not as well as overcoming social problems.

2. Methods
The study is focusing on how poor household utilizing zakat assistance and to find out the social economy changes of poor household zakat aid. The method of that uses qualitative starts from a phenomenon which is then explored to produce theory. In this case, poor household which were the most knowledgeable and mastered problems. The procedure for collecting data in this qualitative research, uses the method of interviewing, observing, reviewing documents, surveys and any data to explain the subject under study, as clearly shown in table 1.

| No | Data source | Information | Data collection technique |
|----|-------------|-------------|--------------------------|
| 1  | Poor household | Social activity | In-depth Interview |
|    |              | Income      | Observing                |
|    |              | Outcome     | Survey                   |
|    |              | Consumption |                          |
|    |              | Utilizing Zakat |                        |
| 2  | The National Zakat Amil Agency (BAZNAS) | Poor household recipient of zakat | Indepth Interview |
|    |              |              | Observing                |
|    |              |              | Reviewing document       |
|    |              |              | Survey                   |

“Zakat” word is from Arabic language (masdar) Zakat which means holy, blessing, growing, and praiseworthy, all these meanings are used in translating the Koran and hadith. It called Zakat because it impacts not merely on developing but also keeping away the assets that have been taken Zakat from danger. Whereas in economic terms, Zakat is meant as the transfer of wealth from the wealthy group to the group poor household. Zakat is classified into two major groups. First, Zakat fitrah a Zakat that must be issued by Muslims ahead of Eid al-Fitr during the month of Ramadan in
the form of staple food in the area. Second, Zakat *maal* (wealth) is income / profession of commercial, agricultural, mining, marine products, livestock products, assets, gold and silver and income / profession *Zakat* [7].

Poor households are families that have poverty criteria or are in the poverty line. The Provincial BPS has established concepts, definitions and criteria for poor families based on a number of variables related to the problem of poverty. Poor families have seven poverty variables, namely: 1). Residential floor area less than 8 m2 per family member. 2). The type of residential floor is mostly land or other. 3). There are no clean water facilities. 4). Do not have toilet/toilet/shared facilities. 5). Consumption of side dishes does not vary in a week. 6). Not able to buy clothes at least 1 (one) set a year for each family member. 7). Do not have assets such as land, rice fields, stalls, workshops, motorbikes, or jewelry that is stored.

Data from the Central Statistics Agency (BPS) also shows that the rural population is higher than urban areas. In this case, the amount of poverty in rural areas is 11.6 percent higher than in urban areas. Those facts have an impact on the regions in Indonesia, one of which is the City of Parepare, South Sulawesi. The total area of Parepare is recorded at 99.33 km2, covering 4 sub-districts namely Bacukiki District, West Bacukiki, Ujung, and Soreang. It has 22 villages. Bacukiki Sub district is the widest sub-district with an area of approximately 66.70 km2 or 67.15 percent of the area of Parepare City. Data from National Team for the Acceleration of Poverty Reduction (TNP2K) shows that the number of Poor households in Parepare largely located in West Bacukiki District. with a number of poor households is 19.12 percent. This number is the highest compared to other sub-districts in the city of Parepare.

In otherwise, there are three categories of poverty, namely. Firstly, the destitute, this group regularly has income below the poverty line and generally does not have a source of income to improve welfare. Secondly, the poor, this group has income below the poverty line but relatively has a way of increasing income, and the last, Vulnerable groups, this group can be categorized as free from poverty, because it has a relatively better level of life than the poor and poorest groups. Even though, this group is often called the near poor, because this group is still very vulnerable to various social changes around them [8].

3. Results and discussion

3.1. Zakat aid for poor household

*Zakat* is an institutional system of Muslims in sharing benefits that are beneficial for the poor. As with the *Zakat* aid program received by poor household, based on the results of our study, we found the *Zakat* aid program submitted by BAZNAS in the form of cash of IDR 300,000 for a poor household. The following are excerpts of interviews from several research informants. So far BAZNAS can only allocate IDR 300,000 for 20 poor households in 2016 year, as for how we distribute it, we work with the village office. The village office determines who the citizens are entitled to receive this *Zakat* aid. Then the BASNAZ invites all names of recipients of *Zakat* assistance based on recommendations from the village office.

Muslims’ low awareness towards the obligation to fulfil *Zakat* and the lack of government information on *Zakat* has implications for the small nominal value of rupiah given to poor households. This is the reason why the provision of *Zakat* aid has not touched all poor households and the number is still relatively small. The collected charity comes from civil servants and has only been running for 2 years confirmed by the mayor's decision. For civil servants who have a salary of 3.6 million, the required professional *Zakat* is 2.5%, around IDR 60,000 a month. This *zakat* is obliged to civil servants while the general public has not yet fully realized the obligation of paying *Zakat*.

The potential of *Zakat* is very large to be empowered for the business capital of the destitute community. There are 2 models of *Zakat* utilization in poor households, namely consumptive and productivity. Consumptive is when *Zakat* carried out by Muslims only when celebrating Eid Al-Fitr. Eid Al-Fitr is the right time for the community to do *Zakat* aid. However, *Zakat* aid is in the form of
rice or money that is only used up by poor households. Based on the results of the BAZNAS, from the potential results of professional Zakat in one year in Indonesia it can reach IDR 32 trillion Therefore, good awareness to pay Zakat should be campaign in order to contributing in national development and is one possible route to reduce poverty.

3.2. Zakat and socio-economics changes: poverty and food
The social and economic changes of poor households after receiving Zakat aid have not shown any difference. This happened due to the form of Zakat by BAZNAS was only been implemented in two years where Zakat was given only once a year to different households. This means that 2017 recipients of Zakat aid are different from poor households recipients in 2016 with a nominal value of IDR, 300,000, -. This model was confirmed by the statements of several section heads in each.

The donation of Zakat that is not consistent with the household makes Zakat aid less significant on results. This shift model only makes the Zakat become immediate exhausted aid. Meanwhile, the recipients remain in poor condition. Zakat on poor households that they receive on holidays is only able to meet the needs of their holiday consumption. This is revealed by informan, who works as a fried food seller. She receives IDR 300,000 in Zakat from Amil Zakat Parepare at 2 days before Eid al-Fitr. The charity is used to buy food ingredients and cake ingredients for holiday. The Informant use the money (Zakat) to buy food and cake ingredients, because the income from selling fried foods is only enough to eat, sell capital and for school children, this Zakat is quite helpful for the needs of Eid Day.

From the interview it was quite obvious that the results of the fried food sales that were obtained could only be used for daily needs. This proves that the income of poor households is only able to meet their daily consumptions. Self-help village development will encourage the institutional capacity of communities and social capital formations [9]. Likewise, with poor household who only has adopted children and one grandchild. She is a grandmother with the age of 67 years, her daily life is just waiting for the neighbour’s mercy to work and be given food. Children and grandchildren only rely on money from husbands who only work fibrous jobs and builders. Sometimes their income from work, but also has no income. She always gets Zakat every year and receives it in the form of rice or money from the mosque as well as from neighbours. That was a potency to social capital of self-help poor household of daily activity, including access to food availability and support development institution of community in rural areas.

Now, she can only live by hoping charities of his children and neighbours. The zakat aid from BAZNAS that she received immediately spent out because they are already incapable of running business. In this case, absolute poverty criteria explain that a person or group of people cannot fulfil their minimum needs. Whereas, relative poverty explains a person or group of people fulfilling their minimum life needs, but he still feels poor when comparing with other groups.

They charities from the neighbours have become social altruism nuances where the people can show their enthusiasm in helping others, especially the poor. In Islam religious concepts, this kind of spirit is called ‘sincerity’. This will also be reflected in a high level of social care, mutual help and mutual care. In such community, various social problems will be minimized and the community will more easily develop themselves, their groups, and their social and physical environment in an amazing way. The aid donated to poor households helps them in the form of food or money.

Moreover, productive use of Zakat is where as poor households that receive Zakat be able to help their businesses [10], so that with this effort they will be able to meet their needs continuously. Like an informant, he works as a decorative craftsman. He had accident while working in 2019. Ever since, he unable to walk and had to use a wheelchair. He lives with his 76-year-old mother and only relies on pension funds for her daily life and didn’t want to remain silent about his condition. He began to seek out activities that could make money and able to manage producing crafts that are worth selling. He achieved his handicraft skill from the crafting training in his past workplace. Began making handicrafts in the form of decorative lanterns, key chains, and Phinisi ships from matches. With the help of Zakat donation from BAZNAS and used his Zakat to buy handicrafts. From the Zakat results
he could produce 5 lantern ornaments, and various types of key chains. Though, sales results still low due to the ineffective marketing.

Other informant is a 64-year-old woman, where her daily work is as a fried rice seller. The income from a fried rice seller is a maximum of IDR 80,000/day or a minimum of IDR 50,000/day. Selling fried rice is partly used as capital and partly for eat everyday, means poverty reduction and food security of the households. She lives with her siblings and grandchildren, who is her dependents. With the aid of Zakat from BAZNAS, he is greatly helped to increase the capital for selling fried rice. She has never received Zakat in any form before until the head of Neighbour Association (called, RT) to register Zakat for poor household at BASZNAS. Zakat can enhance the needs and requirements of the poor community. It is not only fulfilled their needs, but also developed their socio-economic status. The role of many parties to cooperate and community participation is necessary in distributing Zakat. It consists of some functions such as motivation, coaching, collection, planning, supervision and distribution. If all parties in charge contribute to the optimal management of Zakat, the poverty alleviation program is not an illusion.

The development of Zakat is productive by means of making Zakat funds as business capital, for the economic empowerment of recipients. It enables the poor to run or finance their lives sustainably. Zakat will empower the poor to get a steady income, increase business, develop business and they can set aside their income to save. In short, in productive Zakat model, the poor household is given a capital production, so that poor household can produce commodity. It affects households social-economics changes in terms of poverty eradication and food security situation.

4. Conclusion
The form of Zakat aid distributed by BAZNAS to poor households is IDR. 300,000 in cash. The actions of poor households in utilizing Zakat aid are consumptive patterns and productive patterns. It is characterized by the distribution of funds to the poor households, even if it is still very limited in terms of money, not leading to zakat productive in the form of empowerment to poor households. Zakat is supposed to be help poor households in reducing poverty and strengthening food security. Zakat is only dominated by the provision of money and rice is consumptive and directly discharged. Zakat positively affects to the social and economic changes in terms of poverty alleviation and food security for poor households.

References
[1] Firmansyah F 2016 Zakat sebagai Instrumen Pengentasan Kemiskinan dan Kesenjangan Pendapatan J. Ekon. dan Pembang. 21 179–90
[2] Hafidhuddin D 2013 Analisis efektivitas promosi lembaga amil zakat dalam penghimpunan zakat bagi peningkatan kesejahteraan keluarga dhufa (Studikasus lembaga amil zakat Dompet Dhuafa Republika) Media Gizi dan Kel. 30
[3] Chaniago S A 2015 Pemberdayaan Zakat dalam Mengentaskan Kemiskinan J. Huk. Islam 47–56
[4] Anwar; Saputra M 2012 The Empowerment of Zakat According to Islamic Law J. Islam. St. Pr. Int’l L. 8 69
[5] Edi S 2005 Membangun Masyarakat Memberdayakan Masyarakat (Kajian Dinamika Sosial Pembangunan Kesejahteraan Sosial dan Pekerjaan Sosial) (Bandung: Refika Aditama)
[6] Badan Pusat Statistik 2014 Statistik Indonesia
[7] Gamon A D and Tagoranao M S 2018 Zakat and Poverty Alleviation in a Secular State: The Case of Muslim Minorities in the Philippines Stud. Islam. 25 97–133
[8] Furqani H, Mulyany R and Yunus F 2019 Zakat for Economic Empowerment (Analyzing the Models, Strategy and Implications of Zakat Productive Program in Baitul Mal Aceh and Baznas Indonesia) Iqtishadiah J. Kaji. Ekon. dan Bisnis Islam Stain Kudus 11 391–411
[9] Ahmad S 2019 Developing and Proposing Zakat Management System: A Case of the Malakand District, Pakistan Int. J. Zakat 4 25–33
[10] Darma R, Zain A M M and Amandaria R 2012 Zakat, local social organization, and social capital in rural economic development *Sociol. Study, ISSN* 2159–5526