

Research article

An Analysis of The Effectiveness of Zakat Distribution at Baznas Indonesia During The Covid-19 Pandemic: A Disbursement Collection Ratio Approach

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Abstract.

The Covid-19 pandemic requires people to restrict social activities, including zakat distribution activities carried out by the Indonesian National Zakat Agency (BAZNAS). This study aimed to analyze the effectiveness of zakat distribution during the COVID-19 pandemic in Indonesia using the Disbursement Collection Ratio approach. The research was conducted at the Indonesian National Zakat Agency. The method was a descriptive quantitative method of which the secondary data source was financial statements processed using the Disbursement Collection Ratio formula. The results of the study showed that the zakat distribution at BAZNAS Indonesia was quite effective because it fell in the range of 50-69%, i.e., 65.23%. Nonetheless, in terms of the trend of the effectiveness ratio from April to July 2020, there was a condition where the zakat distribution at BAZNAS Indonesia was less effective. This is due to the COVID-19 pandemic which hindered the zakat distribution activities.

Keywords: Effectiveness; Distribution; Zakat; the Covid-19 Pandemic

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1. Introduction

The Covid-19 pandemic which was first identified in December 2019 has infected millions of lives. Until March 21, 2021, the number of patients infected with the corona virus in the world reached 122 million cases with the death toll reaching 2.69 million cases, while in Indonesia the number of the corona virus patients reached 1.45 million cases with the death toll reaching 39,339 cases. The implementation of large-scale social restrictions is expected to be a solution to the spread of the virus. Direct contact among people and mobilization are very limited in order to slow down the effects of the pandemic (1). Social restrictions are also implemented by public service institutions, including the National Zakat Agency (2). As Muslims, one of the ways to alleviate poverty is to optimize the

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zakat instrument, an instrument which has a strategic and important position from the perspective of both religion and the development of the welfare of all people; zakat is the third pillar of Islam (3). Zakat is helpful for 8 *asnaf* (beneficiaries) groups, namely the poor, the needy, *amil* (those employed to manage the fund), those in bondage, those in debt, *fii sabilillah* (those who strive in the cause of Allah), *muallaf* (those who have just embraced Islam), and *ibn sabil* (the wayfarer) to deal with difficulties during the Covid-19 pandemic. The government through the Indonesian Ulema Council issued a regulation in the form of a fatwa Number 23 of 2020 which calls for zakat management institutions to focus on the distribution of zakat in the form of the COVID-19 pandemic mitigation (4).

Therefore, it is very important to measure the effectiveness of zakat distribution because the current conditions are different from those before the pandemic hit (5). The urgency of measuring the effectiveness of zakat distribution is also seen from the aspect of benefits during emergency conditions where many people have gone out of business and have been laid off (6). The effectiveness measurement can also be used to evaluate zakat management institutions to optimize their performance. Research that analyzes the effectiveness of zakat distribution has been carried out by some researchers, for example Khoiriyah (2016), showing that effective zakat distribution can promote the welfare of the people (7). Nafi (2020) analyzed the effectiveness of zakat distribution using the zakat core principle (ZCP) measurement model at BAZNAS in Kudus Regency (8). Yuliasih, Juliana, & Rosida (2021) have studied the effectiveness of zakat distribution of BAZNAS in Cirebon using the Zakat Core Principles of point 10 of Disbursement Management (6). Based on the several studies mentioned, the authors were interested in analyzing the effectiveness of zakat distribution during the Covid-19 pandemic using the Zakat Core Principle (ZCP) method with the concept of Disbursement Collection Ratio (DCR) (9). In this study, the effectiveness of zakat distribution was calculated from the 10th derivative principle of the Zakat Core Principle (ZCP), namely the Disbursement Collection Ratio (DCR) by comparing the amount of zakat distributed with the amount of zakat collected so zakat distribution can be carried out effectively and efficiently for the wellbeing of the community in general.

2. Research Method

This research used a descriptive quantitative approach. This research was conducted at the National Zakat Agency (BAZNAS) of the Republic of Indonesia. The data in this study were from a secondary data source, namely the financial reports of BAZNAS from

March to December 2020. The effectiveness of zakat distribution was analyzed using the DCR or Disbursement Collection Ratio formula, i.e., the level of effectiveness of zakat distribution in the form of a percentage resulting from the comparison between the amount of zakat collected and zakat distributed (10). Below is the DCR formula:

$$DCR = \frac{\text{Amount of Distributed Zakat}}{\text{Amount of Collected Zakat}} \times 100\%$$

The effectiveness of zakat is categorized into several level of effectiveness, as follows:

TABLE 1: DCR (Disbursement Collection Ratio).

| Percentage | Categories |
|------------|-----------------|
| >90% | Very Effective |
| 70-89% | Effective |
| 50-69% | Quite Effective |
| 20-49% | Less Effective |
| <20% | Not Effective |

Source: Bank Indonesia, 2015

After calculated, the data were then analyzed and described using some supporting theories found from journals and books

3. Result and Discussion

3.1. Descriptive Statistics of Zakat Payment at BAZNAS Indonesia During The Covid-19 Pandemic

The COVID-19 pandemic has caused various problems in various aspects of life. Various services have been continuously provided by BAZNAS to facilitate ZIS payments, especially during the pandemic. This is as explained by Mr. Hasbi Zaenal as the head of the BAZNAS Center of Strategic Studies, that ZIS collection during the pandemic is carried out online to reduce the number of offline ZIS payment transactions. The following table shows the zakat collection at BAZNAS Indonesia during the COVID-19 pandemic:

From March 2020 to December 2020, the amount of the zakat collected at BAZNAS reached 348,139,097,622.08, consisting of entity zakat, individual zakat, zakat al-fitr, restricted *mudharabah* and unrestricted *mudharabah*. The highest amount of zakat collected was in May with a total of 113,909,002,118.02. On the other hand, the lowest amount was in October with a total of 17,879,252,044.12.

TABLE 2: Zakat Collection at BAZNAS from March – July 2020.

| Collection | March | April | May | June | July |
|------------------------|-------------------|-------------------|--------------------|-------------------|-------------------|
| Entity Zakat | 520,402,860 | 1,244,989,696 | 1,675,628,318 | 361,030,709 | 946,808,940 |
| Individual Zakat | 17,930,869,239.43 | 23,787,077,297 | 75,294,540,072.98 | 21,836,458,429.08 | 19,009,746,401.48 |
| Zakat al-Fitr | - | 27,666,270 | 6,975,645,249 | - | - |
| Restricted Mudarabah | 2,117,369,127.70 | 13,699,139,760.47 | 29,778,510,221.04 | 3,205,047,233.25 | 7,809,291,114.66 |
| Unrestricted Mudarabah | 202,983,849.05 | 316,192,854 | 184,678,257 | 464,352,016.30 | 272,243,275 |
| Total | 20,771,630,076.18 | 39,075,065,878.00 | 113,909,002,118.02 | 25,866,888,387.63 | 28,038,089,731.14 |

Processed Secondary Data, 2021

TABLE 3: Zakat Collection at BAZNAS from August – December 2020.

| Collection | August | September | October | November | December |
|------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Entity Zakat | 787,070,58 | 497,008,900 | 1,188,470,938 | 481,009,038 | 1,202,436,038 |
| Individual Zakat | 22,762,983,523.20 | 16,308,901,556.50 | 14,058,141,368.12 | 19,111,456,430.19 | 27,165,995,941.56 |
| Zakat al-Fitr | - | - | - | - | - |
| Restricted Mudarabah | 2,534,152,427 | 1,131,532,566 | 2,410,426,238 | 2,460,779,179.54 | 7,033,566,641 |
| Unrestricted Mudarabah | 412,578,992 | 238,959,198 | 222,213,500 | 232,773,795 | 237,964,581 |
| Total | 26,496,785,522.20 | 18,176,402,220.50 | 17,879,252,044.12 | 22,286,018,442.73 | 35,639,963,201.56 |

Processed Secondary Data, 2021

3.2. Baznas Policies in Zakat Distribution

Management is a crucial instrument for a person or for an organization. Management helps achieve vision and mission that have been established in an organization or company. Based on Law Number 23 of 2011, zakat management is an activity of planning, organizing, and supervising the collection, distribution, and utilization of zakat (8). Zakat collection has been stated in Surah At-Tawbah verse 103 as follows: Translation: *“Take alms out of their property, and clean and cleanse them thereby and pray for them; surely your prayer is a relief (peace) to them. And Allah is All-Hearing and All-Knowing”* (Surah At-Tawbah:103). Zakat is distributed to 8 *asnaf* (beneficiaries) in accordance with the Islamic rules and based on a priority scale by considering the principles of equity, fairness, and region. Below is a table which shows the zakat distribution conducted by BAZNAS Indonesia during the pandemic:

Based on the data presented above, the total amount of zakat distributed during the COVID-19 pandemic was 227,110,628,081. These zakat funds were distributed to several sectors, including the social sector with a total amount of 138,154,272,864, the education sector with a total amount of 1,631,535,297,06, the health sector with a total amount of 1,207,956,503,682, the economic sector with a total amount of 2,158,087,942,036 and the religious sector with a total amount of 334,811,793,574. The highest amount of

TABLE 4: Zakat Distribution at BAZNAS from March – July 2020.

| Distribution | March | April | May | June | July |
|------------------|----------------|----------------|----------------|----------------|----------------|
| Social Sector | 8,537,726,700 | 11,307,084,007 | 39,479,874,394 | 8,642,717,125 | 7,062,881,500 |
| Education Sector | 1,476,057,834 | 299,963,750 | 1,954,883,538 | 883,874,874 | 424,305,000 |
| Health Sector | 1,274,432,080 | 1,253,750,682 | 2,583,766,384 | 1,444,873,163 | 526,234,926 |
| Economic Sector | 476,161,956 | 259,551,788 | 1,259,376,657 | 617,299,878 | 35,000,000 |
| Religious Sector | 3,230,673,485 | 1,729,333,143 | 3,646,689,244 | 303,457,755 | 2,118,127,348 |
| Total | 14,995,052,055 | 14,849,683,370 | 48,924,590,217 | 11,892,222,795 | 10,166,548,774 |

Processed Secondary Data, 2021

TABLE 5: Zakat Distribution at BAZNAZ from August – December 2020.

| Distribution | August | September | October | November | December |
|------------------|----------------|----------------|----------------|----------------|----------------|
| Social Sector | 11,229,230,266 | 10,608,422,428 | 6,132,658,611 | 11,862,144,660 | 23,291,533,173 |
| Education Sector | 1,065,234,236 | 2,765,298,037 | 1,689,263,962 | 1,199,590,250 | 13,241,345,203 |
| Health Sector | 2,256,903,078 | 299,450,000 | 365,014,300 | 1,130,161,500 | 7,313,390,795 |
| Economic Sector | 148,659,635 | 181,500,000 | 428,210,003 | 1,764,685,417 | 8,680,619,962 |
| Religious Sector | 1,913,996,690 | 1,630,312,794 | 2,510,944,066 | 5,937,336,440 | 8,636,625,364 |
| Total | 16,614,023,905 | 15,484,983,259 | 11,126,090,942 | 21,893,918,267 | 61,163,514,497 |

Processed Secondary Data, 2021

distribution was to the economic sector with a total of 2,158,087,942,036, while the lowest amount of distribution was to the social sector with a total of 138,154,272,864.

3.3. Calculation of the Effectiveness of Zakat Distribution

Law No. 23 of 2011 on zakat management is a regulation that protects the activities of planning, implementation, and coordination in the collection, distribution, and utilization of zakat (11). The regulation functions to increase the effectiveness and efficiency in zakat management and to increase the benefits of zakat to achieve the wellbeing of the community and to alleviate poverty. In terms of zakat management, the Indonesian National Zakat Agency (BAZNAS) has used a guideline known as the Zakat Core Principles (ZCP) (12). The ZCP Guidelines are the latest zakat management guidelines which were issued on 23 May, 2016 in Istanbul, Turkey. The Zakat Core Principles were made by Bank Indonesia in collaboration with BAZNAS, Islamic research, the Islamic Development Bank, and eleven countries included in the International Working Group, namely Saudi Arabia, Malaysia, Sudan, Kuwait, Jordan, Indonesia, Pakistan, Libya, Bangladesh, Bahrain and Brunei Darussalam (13). This document contains 18 principles as follows:

The effectiveness of zakat distribution can be measured using DCR or Disbursement Collection Ratio which is part of ZCP. The components used to calculate DCR are data

TABLE 6: Zakat Core Principles.

| Code | Zakat Core Principles | Dimension |
|--------|---|-----------------------|
| ZCP 1 | Objective, independence, and power | Legal foundation |
| ZCP 2 | Permissible activities | |
| ZCP 3 | Licencing criteria | |
| ZCP 4 | Zakat supervisory approach | |
| ZCP 5 | Zakat supervisory techniques and tools | |
| ZCP 6 | Zakat supervisory reporting | |
| ZCP 7 | Corrective and sanctioning powers of zakat supervisor | Zakat Supervision |
| ZCP 8 | Good Amil governance | |
| ZCP 9 | Collection Management | Zakat Governance |
| ZCP 10 | Disbursement management | |
| ZCP 11 | Country and transfer risks | Intermediary Function |
| ZCP 12 | Reputation and muzakki lost risk | |
| ZCP 13 | Disbursement risk | |
| ZCP 14 | Operational risk | |
| ZCP 15 | Shariah control and internal audit | Risk Management |
| ZCP 16 | Financial reporting and external audit | |
| ZCP 17 | Disclourse and transparency | |
| ZCP 18 | Abuse of zakat services | |

Source: BAZNAS Center of Strategic Studies (2018)

of both zakat collected and zakat distributed. The following is the calculation of the effectiveness of zakat distribution using DCR from March to December 2020:

TABLE 7: Effectiveness of Zakat Distribution using DCR Calculation.

| Month | Zakat Collection | Zakat Distribution | Effectiveness of Zakat Distribution (%) | Category |
|----------------|---------------------------|------------------------|---|------------------------|
| March | 20,771,630,076.18 | 14,995,052,055 | 72.19005923 | Effective |
| April | 39,075,065,878.00 | 14,849,683,370 | 38.00296439 | Less Effective |
| May | 113,909,002,118.02 | 48,924,590,217 | 42.95059153 | Less Effective |
| June | 25,866,888,387.63 | 11,892,222,795 | 45.97469404 | Less Effective |
| July | 28,038,089,731.14 | 10,166,548,774 | 36.25977687 | Less Effective |
| August | 26,496,785,522.20 | 16,614,023,905 | 62.70203565 | Quite Effective |
| September | 18,176,402,220.50 | 15,484,983,259 | 85.19278497 | Effective |
| October | 17,879,252,044.12 | 11,126,090,942 | 62.22906257 | Quite Effective |
| November | 22,286,018,442.73 | 21,893,918,267 | 98.24060015 | Very Effective |
| December | 35,639,963,201.56 | 61,163,514,497 | 171.6149766 | Very Effective |
| Average | 348,139,097,622.08 | 227,110,628,081 | 65.23559969 | Quite Effective |

Processed Secondary Data, 2020

Based on the calculation results, it can be seen that DCR for the zakat distribution by BAZNAS Indonesia in March 2020 fell in the effective category because it was in the 70-90% range (72.19%). The zakat distribution by BAZNAS Indonesia in April 2020

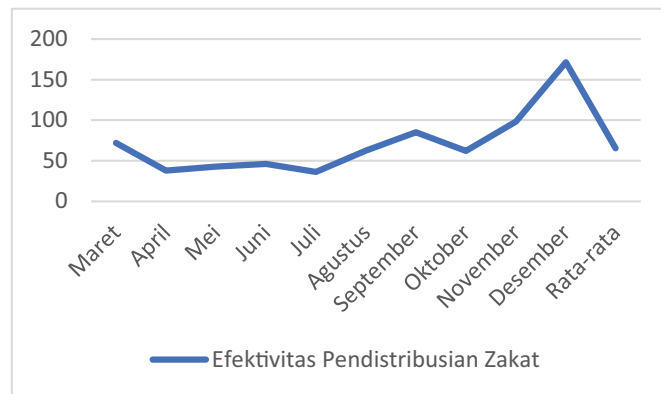


Figure 1: Effectiveness of Zakat Distribution from March - December 2021. (Processed Secondary Data, 2020).

was included in the less effective category because it was in the range of 20-49% (38.002%). Similarly, the zakat distribution by BAZNAS Indonesia in May 2020 was included in the less effective category because it was also in the range of 20-49% (42.95%). The zakat distribution by BAZNAS Indonesia in June 2020 was also included in the less effective category because it was in the range of 20-49% (45.97%). The zakat distribution by BAZNAS Indonesia in July 2020 was included in the less effective category because it was in the range of 20-49% (36.25%). The zakat distribution by BAZNAS Indonesia in August 2020 fell in the quite effective category because it was in the 50-69% range (62.70%). The zakat distribution by BAZNAS Indonesia in September 2020 was included in the effective category because it was in the 70-90% range (85.19%). The zakat distribution by BAZNAS Indonesia in October 2020 was included in the quite effective category because it was in the 50-69% range (62.22%). The zakat distribution by BAZNAS Indonesia in November 2020 was included in the very effective category because it was in the >90% range (98.24%). The zakat distribution by BAZNAS Indonesia in December 2020 was included in the very effective category because it was in the >90% range (171.61%). Finally, the average zakat distribution by BAZNAS Indonesia during the pandemic from March-December 2020 was included in the quite effective category because it fell in the range of 50-69% (65.23%)

3.4. Discussion

Referring to the concept of effectiveness in policy implementation as proposed by Egy (2011), a program is considered effective if the outcomes of the program can support the achievement of the objectives of the program. On the other hand, a program is

considered ineffective if the outcomes do not support the achievement of the objectives. According to the calculations using the DCR formula, the effectiveness of the zakat distribution by BAZNAS Indonesia as an effort to improve the well-being of *mustahik* (beneficiaries) can be considered quite effective because the score exceeded the criteria for a quite effective zakat distribution. However, a less effective zakat distribution by BAZNAS Indonesia was also found, especially in April to July 2020. This is likely to be due to the Covid-19 pandemic where large-scale social restrictions (PSBB) were imposed, thus hindering the zakat distribution process. Thus, at the end of the year, November and December, the zakat distribution activities that were delayed in several previous months could finally be carried out. This is evident from the fact that the amount of zakat distributed in December exceeded the amount of zakat collected in that month; the zakat distributed in this month also included the zakat collected in previous months which had not been distributed due to the PSBB policy. Based on this analysis, it can be said that the purpose of zakat to improve the economic conditions of the community as described in the concept of Islamic economics is successful. This study is in line with research by Daruquthnie Roudhotul Ulum (2018), showing that the zakat distribution by BAZNAS Sleman is effective (14). This study is also consistent with research by Liya Aliyatul Himmah (2014), revealing that the zakat distribution by BAZNAS Semarang is effective (15).

4. Conclusion

Based on the results of the study, the authors concluded that the effectiveness of the zakat distribution by BAZNAS Indonesia can be considered quite effective because it is in the range of 50-69% (65.23%). Nevertheless, considering the trend of the effectiveness ratio from April to July 2020, there was a condition where the zakat distribution by BAZNAS Indonesia was less effective. This is due to the COVID-19 pandemic which imposes people to work from home and adhere to the Covid-19 precautions, one of which is in the form of large-scale social restrictions

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