

# **The role of zakat in economic recovery during and after the Covid-19 pandemic: A case study of Baznas in Indonesia**

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## **Abstract**

The Covid-19 pandemic has had a significant impact on the global economy, including Indonesia, which experienced a drastic economic decline. Baznas is expected to contribute to economic recovery through the management and distribution of zakat, *infāq*, and *ṣadaqah* (ZIS) funds. This study aims to evaluate the role of Baznas in supporting Indonesia's economic recovery during and after the Covid-19 pandemic and to analyze the economic recovery methods implemented by Baznas. This research employs a qualitative approach with content analysis and literature review methods. Secondary data were obtained from Baznas activity reports, financial reports, and management reports from 2020 to 2022, sourced from the official Baznas website. The findings indicate that Baznas has effectively managed and distributed ZIS funds to assist communities affected by the pandemic. Various programs, including health, social, economic, and educational assistance, were implemented to mitigate the negative impacts of the pandemic. The distribution of ZIS funds was focused on both consumptive and productive schemes, with a greater emphasis on consumptive schemes during the pandemic. This study demonstrates that zakat, as an Islamic financial instrument, can be a solution to alleviate the economic burden on communities affected by Covid-19.

**Keywords:** Baznas; Covid-19; economic recovery; zakat, *infāq*, and *sadaqah* (ZIS).

## **Introduction**

The Coronavirus 2019 (Covid-19) pandemic, which has been ongoing for nearly two years, has affected various aspects of life worldwide, particularly in the economic sector. Since March 2020, almost all countries have experienced significant economic recessions. As of May 8, 2022, Covid-19 has spread to 230 countries, with a total of 611,946,556 cases. Of these, 589,621,492 people have recovered, while 6,509,276 have died (Worldometer, 2022).

The rapid global spread of this pandemic was triggered by the highly contagious nature of the virus, high population mobility, and highly interconnected global value chains. The negative impacts of

Covid-19 were acutely felt in the economic sector, as this sector is a primary focus of human life (Harisah, 2021). The global economic recession caused by the pandemic also affected Indonesia's economic growth. Indonesia is particularly vulnerable in the economic sector due to the pandemic, especially in tourism, trade, and investment (Aditia D, 2020).

The Covid-19 pandemic has significantly affected Indonesia's economy since the beginning of the second quarter of 2020. This impact was caused by the implementation of Large-Scale Social Restrictions (Pembatasan Sosial Berskala Besar. PSBB) regulations, which resulted in lockdowns in several cities to break the chain of Covid-19 transmission. The implementation of PSBB caused a significant downturn in both the formal and informal economic sectors. Many companies struggled to pay wages, leading to layoffs. Additionally, many companies were forced to close or go bankrupt.

Economic activities suffered considerable impacts from the Covid-19 pandemic. These impacts included numerous layoffs, losses among micro-entrepreneurs forced to close their businesses, and service entrepreneurs losing many orders and incurring significant losses (Kadir, 2020). In this situation, zakat institutions are expected to contribute to addressing the economic problems arising from the pandemic. Zakat, initially intended for eight categories of *asnaf*, can now be considered to help Covid-19 victims (Kadir, 2020).

The National Amil Zakat Agency (Badan Amil Zakat Nasional, Baznas) targeted the distribution of zakat, *infāq*, and *ṣadaqah* (ZIS), and Other Religious Social Funds (Dana Sosial Keagamaan Lain, DSKL) amounting to Rp 26 trillion in 2022. If this target is achieved, it is estimated that 56 million beneficiaries will benefit from the collection of this zakat (Khoirul Anam, 2022). Zakat has great potential as a driver of economic growth in Indonesia, particularly due to the religious, generous, and socially concerned nature of Indonesian society towards those in need (Rossana, 2022). Baznas' aid will be targeted at the community in three segments: economy, health, and education.

Many studies have been conducted on the role of zakat in addressing the Covid-19 pandemic. Generally, these studies indicate that zakat can be an effective means of helping affected communities. Saputra (2020) revealed that zakat can assist

communities impacted by the pandemic. Amanda et al. (2021) also support the use of zakat funds to address the impacts of Covid-19, and Kadir et al. (2020) affirm that the use of zakat funds is highly beneficial in supporting the economy of affected communities, in accordance with sharia objectives and maintaining the elements of maqasid sharia. Additionally, research by Harisah et al. (2021) and Putra et al. (2020) shows that zakat, *infāq*, *ṣadaqah*, and *waqf* (Ziswaf) as Islamic social finance instruments can meet the consumptive needs of affected communities and assist in Covid-19 response.

Research by Iskandar et al. (2020) suggests several economic and financial policy solutions for dealing with the pandemic, including cash assistance from zakat, infaq, and sadaqah; business capital assistance for Micro, Small, and Medium Enterprises (MSMEs); strengthening productive *waqf*, cash *waqf*, and *waqf* linked sukuk; *qard al-ḥasan* funds; and increasing Islamic economic literacy and developing Islamic financial technology. Amirudin and Sabiq (2021) emphasize optimizing the role of Ziswaf in economic recovery from the pandemic by maximizing zakat in villages as Zakat Collection Units (Unit Pengumpul Zakat, UPZ), cash and productive zakat, and Islamic economic education. Darmawan and Desiana (2021) state that Baznas implements eight economic equity programs to reduce poverty rates due to the pandemic, which is expected to be a solution to economic problems during the pandemic.

This study differs from previous research as it describes what Baznas has done in its contribution during and after the Covid-19 pandemic. This study aims to evaluate and analyze the economic recovery methods implemented by Baznas during and after the pandemic. The purpose of this research is to explore the extent to which zakat contributes to Indonesia's economic recovery during the Covid-19 pandemic.

## Literature review

### Zakat

Zakat is a commandment from Allah that must be observed by Muslims who meet certain conditions. Etymologically, the word zakat has several meanings, such as blessings, growth and development, purity, and goodness. In sharia terminology, zakat is a portion of

wealth that, under specific conditions, Allah requires the owner to give to those entitled to receive it (Prasetyoningrum, 2019). This concept draws a clear connection between the etymological and terminological meanings of zakat: the wealth given as zakat will become blessed, grow, develop, and be purified and good.

Zakat originates from the Arabic word “*zakā*,” meaning blessed, growing, pure, good, and increasing. Etymologically, zakat means pure, clean, growing, and blessed (Khasanah, 2010). Terminologically, zakat is defined as a certain amount of wealth that Allah obligates to be given to those entitled to receive it under specific conditions (Hasan, 2008). Anshori (2006) also defines zakat etymologically as something pure, growing, and blessed.

In sharia, zakat is the wealth that must be given by a Muslim who qualifies (*muzakkī*) according to sharia guidelines to the recipients (*mustahik*), who are specified as eight categories in the Quran, surah At-Taubah, verse 60: the poor, the needy, the administrators of zakat, those whose hearts are to be reconciled, those in bondage, those in debt, in the cause of Allah, and the wayfarer (Qarḍāwī, 1996).

As the third pillar of Islam, zakat serves not only as a form of worship and submission to Allah but also has a significant social function, becoming one of the pillars of the Islamic economy. Properly managed zakat, *infāq*, and *ṣadaqah*, both in terms of collection and distribution, can alleviate poverty or at least reduce its issues. In the Quran, zakat is mentioned 82 times, highlighting its importance in Islamic law. Some of the verses explaining zakat include: a. Surah Al-Baqarah, verse 110: “And establish prayer and give zakat, and whatever good you put forward for yourselves—you will find it with Allah. Indeed, Allah is Seeing of what you do.” b. Surah At-Taubah, verse 60: “Zakat expenditures are only for the poor and for the needy and for those employed to collect [zakat] and for bringing hearts together [for Islam] and for freeing captives [or slaves] and for those in debt and for the cause of Allah and for the [stranded] traveler—an obligation [imposed] by Allah. And Allah is Knowing and Wise. “

The purpose of zakat is to bridge the gap between the rich and the poor, develop social responsibility, elevate the status of the mustahik, assist them in overcoming life’s difficulties, and serve as a means of income redistribution to achieve social justice. Zakat is

an act of worship that has both vertical and horizontal dimensions (Asnaini, 2008). Vertically, zakat as an act of worship reflects a servant's piety and gratitude to Allah for the blessings of wealth. Zakat aims to regulate the relationship between a servant and their Creator as the provider of sustenance and to purify oneself and one's wealth. Horizontally, zakat aims to foster social justice and compassion among those who are able and those who are not, thereby reducing social and economic disparities within the community.

Yusuf al-Qarḍāwī explains that generally, there are two objectives of zakat teachings: for individual life and social community life. The first objective includes the purification of the soul from greed, developing the habit of giving, curing the heart from worldly attachment, enriching inner wealth, and fostering sympathy and love for fellow human beings. The essence of all these objectives is education aimed at enriching the human spirit with spiritual values that can enhance human dignity and status (Qarḍāwī, 1991).

With proper management and adherence to sharia principles, zakat can become a crucial instrument in reducing social and economic inequalities and achieving equitable welfare for all members of the community.

### **Zakat management in Indonesia**

In Indonesia, zakat management is governed by Law No. 38 of 1999 on Zakat Management and the Minister of Religious Affairs Decree No. 581 of 1999 on the implementation of Law No. 38 of 1999. However, this law had several weaknesses, primarily the absence of sanctions for *muzakkī* (zakat payers) who neglected their obligation to pay zakat. As the legal needs of society evolved, Law No. 38 of 1999 was eventually replaced by Law No. 23 of 2011 on zakat management.

In general, the management of zakat is aimed at utilizing modern management functions, which include planning, organizing, implementing, directing, and supervising. Planning involves formulating the organizational structure and planning work programs that consist of fundraising, management, and utilization. Organizing includes coordinating tasks and authorities, structuring personnel, and planning and recruiting personnel. Implementation and direction involve providing motivation, communication, and

issuing rewards and sanctions. Meanwhile, supervision encompasses the objectives of supervision, types of supervision, stages of supervision, and the position of the supervisors.

The official institution established by the government to manage zakat is the National Amil Zakat Agency (Baznas). This institution was established based on Presidential Decree No. 8 of 2001 with the primary task of collecting and distributing ZIS nationally. The role of Baznas was further strengthened with the enactment of Law No. 23 of 2011 on zakat management, which designated Baznas as an independent non-structural government institution accountable to the President through the Minister of Religious Affairs.

Baznas, along with the government, is responsible for overseeing the management of zakat based on Islamic principles, trustworthiness, benefit, justice, legal certainty, integration, and accountability. Baznas' vision is "to be the leading institution in improving the welfare of the ummah," with a mission that includes building a strong, trustworthy, and modern Baznas; maximizing national zakat literacy and the collection of ZIS-DSKL in a massive and measurable way; and distributing and utilizing ZIS-DSKL to eradicate poverty, improve the welfare of the ummah, and reduce social inequality.

Additionally, Baznas focuses on strengthening the competence, professionalism, integrity, and welfare of national zakat managers (*'āmil*) sustainably; modernizing and digitizing national zakat management with a robust and measurable data-based management system; and strengthening national zakat management planning, control, reporting, accountability, and coordination systems. Baznas also builds partnerships between *muzakkī* and *mustahik* (zakat recipients) with a spirit of mutual help in goodness and piety and enhances the synergy and collaboration of all relevant stakeholders for national zakat development. Baznas also actively participates and serves as a reference for the global zakat movement.

The objectives of Baznas are to establish Baznas as a strong, trustworthy, and modern zakat management institution; optimize national zakat collection; effectively distribute ZIS-DSKL in poverty alleviation, improving the welfare of the ummah, and reducing social inequality; and establish a competent, integrated, and prosperous

national zakat management profession. Moreover, Baznas aims to adopt cutting-edge technology in the national zakat management and database systems and to become a center of excellence in global zakat management.

The programs implemented by Baznas cover various fields such as humanitarian (Baznas Disaster Response, Baznas Active Service), education (Baznas Scholarship Institution, Cendekia Baznas School), health (Baznas Health House), da'wa (Baznas Converts Center), and economy (Empowering Farmers, Economic Development, Zakat Community Development, Baznas Microfinance) (Baznas, 2022). Through these programs, Baznas has successfully distributed zakat funds to the rightful recipients, achieving the goals of poverty alleviation and reducing social inequality.

### **The impact of Covid-19 on the economy**

Covid-19 is an infectious disease similar to influenza, caused by the Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2). Covid-19 stands for Coronavirus Disease 2019. This virus first emerged in a wildlife and seafood market in Wuhan, China. Symptoms commonly experienced by individuals infected with Covid-19 include fever, cough, shortness of breath, sore throat, and general decline in health.

Covid-19 is a global health issue, including in Indonesia. Information from the World Health Organization (WHO) on December 31, 2019, reported a cluster of pneumonia cases with a new etiology in Wuhan, Hubei Province, China. This case subsequently spread outside China. On January 30, 2020, COVID-19 was declared a public health emergency of international concern (PHEIC). On March 11, 2020, Covid-19 was declared a pandemic. In Indonesia, the first positive case was reported on March 2, 2020, and the number of cases has continued to rise since then.

The discovery of positive cases in Indonesia was promptly responded to by the government by formulating various policies and recommendations to prevent the spread of the virus. Recommendations included physical/social distancing, while the policy implemented was PSBB aimed at breaking the chain of Covid-19 transmission (Baznas, 2020).

The Covid-19 pandemic has had a significant impact on global economic growth. The threat of inflation and economic recession

affected impacted countries, even those with strong economies such as Singapore, South Korea, Japan, the United States, New Zealand, the United Kingdom, and France (Junaedi, 2020). The International Monetary Fund (IMF) stated that the Covid-19 pandemic caused global economic activities to stagnate and turn negative, affecting global economic stability. The rapid increase in poverty and unemployment led to a global economic recession. This economic recession forced each country to maintain its economic stability by strengthening economic stimuli through strategies to bolster local businesses to recover the national economy (Baznas, 2021).

The economic recession due to the pandemic significantly affected the community's economy. Small and medium-sized enterprises (SMEs) experienced a decline, economic competitiveness weakened, and high unemployment due to job layoffs resulted in decreased household incomes. This reduction in income led to a decrease in purchasing power and an increase in the number of poor people. Stay-at-home policies and PSBB exacerbated the economic conditions, particularly for those dependent on daily wages. Asep Suryahadi and Ridho Al Izzati stated that the Covid-19 pandemic would lead to a significant increase in poverty rates (Baznas, 2020).

The rise in Covid-19 cases impacted the global economy, including Indonesia. The Covid-19 pandemic, as declared by the United Nations, affected various sectors such as transportation, tourism, trade, health, and others. Lockdown policies were implemented by various countries to prevent further spread, hindering economic activities and putting pressure on global economic growth, including in Indonesia. The Indonesian government encouraged ministries, agencies, and local governments to expedite spending, especially in the first quarter of 2020 (Hamzah et al., 2021).

The impact of Covid-19 greatly affected the community's economy. The pandemic caused many businesses to be hindered, economic competitiveness weakened, employees were laid off, and transportation services declined, all leading to reduced household incomes. This situation resulted in an increase in the number of poor people. The daily wage earners were the most affected group as they could not generate income amid stay-at-home recommendations and PSBB policies (Baznas, 2020).



The Strategic Studies Center (Pusat Kajian Strategis, Puskas) of Baznas projected that the poverty rate in areas implementing PSBB would increase compared to the previous period (Baznas, 2020). Besides being a global health issue, the Covid-19 pandemic also impacted Indonesia's economy. The worst-case scenario projected Indonesia's economy to potentially grow negatively by 0.4%. The most affected economic sector was the household sector. Indonesia optimized domestic potential, lowered the BI-7 Day Reverse Repo Rate (BI7DRR), deposit facility interest rates, and loan facility interest rates, alongside global and domestic economic developments to control inflation and economic stability.

The IMF and the World Bank predicted that the Covid-19 pandemic would lead to a global economic recession. Bank Indonesia and Indonesia's Finance Minister, Sri Mulyani, also stated that economic growth would be pressured down to minus 6.13% in August 2020. Thus, the impact of Covid-19 on the global and national economy is very significant, requiring strategic and coordinated measures to address this crisis and recover the economy.

#### **Zakat and the Covid-19 pandemic**

The Covid-19 pandemic has had a significant impact on the global economy, including Indonesia. The drastic economic downturn caused by the restrictions on community activities through the PSBB policy has necessitated each country to find solutions to address the economic crisis caused by this virus. For Muslim communities, zakat is one of the economic instruments relied upon to mitigate the impact of this crisis (Harisah, 2021).

Islamic financial sources from ZIS have proven effective in improving the welfare of the ummah and strengthening the national economy. Islam views poverty as a threat to faith, morals, sanity, family, and society. Therefore, the empowerment of ZIS is expected to help address the poverty problem exacerbated by the Covid-19 pandemic.

The Covid-19 pandemic has affected not only public health but also the economic, educational, and social conditions of Indonesian society. The PSBB policy implemented by several regional governments limited various activities, including economic, educational, and social activities. These restrictions had serious

socio-economic impacts, particularly on vulnerable and impoverished communities.

Since the first Covid-19 case was announced on March 2, 2020, the spread and prevalence of positive cases have increased rapidly. The government responded with preventive measures such as physical and social distancing and the implementation of PSBB. These policies significantly impacted vulnerable groups, most of whom experienced a decline in income. Zakat emerged as an essential instrument to assist those affected by the pandemic (Baznas, 2020).

The contribution of all institutional components has become crucial in addressing the economic impact of the Covid-19 outbreak. One of the primary institutions in handling this impact is the zakat institution. With changes in zakat distribution to its recipients, zakat can be allocated to people experiencing economic difficulties due to the pandemic, whether they are poor, have limited capabilities, or are wealthy individuals who have lost income. Although the Qur'an designates eight categories of zakat beneficiaries, the pandemic's impact has expanded the number of zakat recipients.

The country's dire situation due to the pandemic prompted the Minister of Religious Affairs to issue Circular No. 8 of 2020 on April 9, 2020, concerning the acceleration of zakat payment and distribution and the optimization of *waqf* as a social safety net during the Covid-19 health emergency. This implementation requires solid cooperation between the government, society, ZIS fund management institutions, and waqf institutions to maximize the benefits of Ziswaf in handling the impact of Covid-19 (Mega R, 2020).

During the pandemic, zakat management institutions are required to contribute to addressing the economic problems caused by Covid-19. Although zakat is usually distributed to the eight *asnaf* groups, the pandemic conditions necessitate more flexible distribution to reach more affected people (Kadir, 2020).

Social institutions such as Baznas and other zakat institutions have taken swift actions and emergency responses to the pandemic. These actions include distributing zakat funds to those economically affected by the pandemic (Kadir, 2020).

The use of zakat funds for handling Covid-19 is in accordance with Sharia and *maqasid shariah*. The zakat funds distributed during

the pandemic have provided significant benefits and helped the beneficiaries survive the crisis. These funds play a vital role in maintaining the five elements of maqasid shariah: preserving religion, life, intellect, lineage, and wealth, especially for those affected by Covid-19 (Kadir, 2020).

Thus, zakat plays a crucial role in helping Muslim communities overcome the economic impact of the Covid-19 pandemic. This Islamic financial instrument not only aids individuals directly affected but also strengthens the overall community economy. Through collaboration between the government, zakat institutions, and society, zakat can be maximized to achieve collective welfare during this crisis.

### **Research methods**

This study aims to explore and analyze the extent to which zakat managed by Baznas supports Indonesia's economic recovery during and after the Covid-19 pandemic. A qualitative approach was chosen for its relevance in understanding phenomena holistically, as explained by Kamayanti (2016). This approach allows researchers to gain in-depth insights into individuals' perspectives on the realities they face. According to Purhantara, researchers using a qualitative approach strive to understand reality from individuals' viewpoints, considering all obtained data as truth.

In this research, content analysis and library research methods were used as the primary methodologies. Descriptive analysis was also employed to depict the field dynamics based on the collected data. Sugiyono (2013) states that the descriptive method is used to analyze data by describing or illustrating the collected data without intending to make generalizations.

The focus of this study is Baznas, as it is the only zakat institution officially established by the government through Presidential Decree No. 8 of 2001. Baznas is tasked with collecting and distributing ZIS nationally, with more productive management, accurate zakat distribution, assured empowerment, and transparency of empowerment results.

The data used in this study are secondary data, including activity reports, financial reports, and management reports from Baznas from 2020 to 2022. These data were obtained from the official Baznas website and ZIS fund distribution policies related to

Covid-19. The reports were analyzed to explore the role of zakat in economic recovery during the pandemic.

Data collection in this study was conducted through library research. Secondary data were extracted from various online media with specific criteria, namely data sourced from official government websites of Indonesia, official online news sites, and other relevant sources. Data from personal websites, non-government personal quotes, social media (Facebook, Instagram, Twitter, etc.), and chat media were not used. The collected data were from publications in Indonesia from March 2020 to November 2022.

Once the data were collected, the researchers conducted an in-depth exploration and analysis to describe the role of zakat in Indonesia's economic recovery during the Covid-19 pandemic. This analysis aims to provide positive recommendations to related parties regarding the optimization of zakat's role in supporting national economic recovery.

## **Results and discussion**

### **Analysis of Baznas financial statements**

The monthly financial statements analyzed were obtained from the official Baznas website (<https://Baznas.go.id/>) up to August 1, 2022. The available data covers an 18-month period, from January 2021 to June 2022. Additionally, the audited annual reports for 2020 and 2021 were also analyzed. These annual reports received an unqualified opinion, indicating that Baznas's financial position, fund changes, and cash flows are in accordance with the Financial Accounting Standards in Indonesia (Baznas, 2021).

On November 11, 2022, Baznas established a partnership with the Indonesian Institute of Public Accountants (Ikatan Akuntan Publik Indonesia, IAPI) to optimize the management of ZIS-DSKL. This collaboration aims to enhance good governance in fund management. IAPI is expected to assist Baznas in building a system with good governance practices.

Financial data shows that the receipts of ZIS funds fluctuated during this period. The highest receipts were recorded in May 2020 at IDR 113,909,002,118, followed by May 2021 at IDR 91,276,991,291. These periods coincide with the month of Ramadan and Eid al-Fitr, which traditionally boost ZIS receipts. Conversely, the lowest receipts occurred in November 2020, amounting to IDR

2,286,018,442. The average monthly receipt during this period was IDR 34,586,217,254.

The disbursement of ZIS funds also showed similar fluctuations. The highest disbursement occurred in December 2020, amounting to IDR 61,163,514,497, while the lowest disbursement occurred in January 2021, amounting to IDR 4,048,311. The average monthly disbursement was IDR 18,564,148,961.44. The majority of ZIS funds were allocated to the social sector (59.25%), followed by the religious sector (19.87%), health (10.40%), education (6.27%), and the economic sector (4.22%) (Baznas, 2022).

Baznas employs two schemes in the disbursement of ZIS funds: consumptive and productive schemes. The consumptive scheme is used to meet the daily needs of zakat recipients, while the productive scheme is used as business capital for small and micro enterprises.

The disbursement of ZIS funds during the pandemic can be divided into two periods: the early pandemic period until March 2022, and the endemic Covid-19 period when the community began to adapt to coexist with the virus and move towards normalcy. Zakat distribution should be based on a priority scale, considering the principles of equity, justice, and regionality. In the context of the pandemic, economically affected communities are entitled to receive zakat (Republika, 2020).

The Covid-19 pandemic has influenced the receipt and disbursement of ZIS funds by Baznas. The fluctuations in receipts and disbursements indicate the need for adaptive and responsive strategies to the social and economic conditions of the community. The collaboration between Baznas and IAPI is expected to enhance governance and optimize the management of ZIS funds in the future.

### **Baznas' contribution in addressing the impact of the Covid-19 pandemic**

The contribution and role of all national components are crucial to effectively mitigate and address the negative impacts of the Covid-19 pandemic. The National Amil Zakat Agency (Baznas) and other Zakat Management Organizations (Lembaga Amil Zakat, LAZ) have demonstrated their involvement in responding to the pandemic through both health and socio-economic programs. In accordance with the mandate of the law, Baznas, in collaboration with the government, holds the responsibility to alleviate poverty and

enhance public welfare, especially during the pandemic. As an zakat management organization (Organisasi Pengelola Zakat, OPZ), Baznas plays a significant and strategic role in assisting the government in managing the Covid-19 crisis.

The Covid-19 pandemic response programs implemented by Baznas align with the organization's vision to be a leading institution in improving the welfare of the ummah. Baznas has been actively involved in the effort to combat Covid-19 in Indonesia through various programs. From the onset of Covid-19 in 2020 until 2021, Baznas managed approximately IDR 15 trillion, which was distributed to around 6 million *mustahik* (zakat recipients) and beneficiaries. This reflects Baznas' commitment to supporting vulnerable communities affected by the pandemic and assisting them in recovering from the crisis (Baznas, 2021).

As of May 25, 2020, Baznas Central had allocated IDR 2.832 billion for various programs, including health emergency programs (39 percent), socio-economic emergency programs (59 percent), and securing existing programs (2 percent) (Beik, 2020). This contribution highlights Baznas' commitment to helping communities face the challenges posed by the pandemic.

Through various programs and initiatives, Baznas has proven its strategic role in supporting government efforts to address the impact of the Covid-19 pandemic. By effectively utilizing ZIS funds, Baznas has provided significant assistance to those in need, thereby contributing to the socio-economic recovery efforts in Indonesia.

### **Baznas programs during the Covid-19 pandemic**

During the pandemic, zakat distribution was more focused on consumptive schemes rather than productive schemes. Productive zakat management was carried out in both urban and rural areas. Baznas, as a social safety net, played a crucial role in assisting the government in addressing the economic and social crisis caused by the Covid-19 pandemic. Baznas' guidelines for the distribution of ZIS funds to address the economic and social crisis ensured that the distribution of ZIS funds adhered to sharia law and applicable regulations in Indonesia and did not violate Covid-19 handling protocols.

Baznas ensured the ZIS distribution mechanism used a push approach (reaching out to those in need) rather than a pull approach (gathering people in need). Strengthening coordination with the

government and the Covid-19 task force was also carried out in distributing assistance. Baznas identified six clusters or groups of mustahik as targets for aid distribution, along with two program groups as vehicles for addressing the economic and social crisis caused by the pandemic.

The six clusters identified by Baznas in addressing the impact of Covid-19 included educators, MSMEs, formal workers, laid-off workers, and the unemployed. Rural economic programs implemented included community development programs, food barns, livestock centers, pesantren economy, and other special programs tailored to the needs of rural communities. Meanwhile, in urban areas, zakat was distributed through the Z-Mart program for small shops, Z-Chicken for fried chicken businesses, and Z-Auto for workshops. Baznas provided carts, capital, and mentoring so that productive zakat could be utilized according to their needs (Khoirul Anam, 2022).

Baznas also launched the “Kita Jaga Kyai” program to assist the government in tackling the pandemic, particularly in Islamic boarding schools. This program included vaccination support, immunity packages, hygiene packages, medical check-ups, and self-isolation support. In addition, Baznas intensified the “Kita Jaga Yatim” program to help children who lost their parents due to Covid-19 by ensuring their livelihood and access to proper education.

Baznas has been actively involved in Covid-19 mitigation efforts in Indonesia through various emergency and recovery programs to assist affected communities. These emergency programs included providing packages for grave diggers, funeral services, isolation room support, oxygen for health facilities, personal protective equipment (Alat Pelindung Diri, APD) for grave diggers, and emergency tents for health facilities in the Greater Jakarta area.

Baznas throughout Indonesia agreed on eight resolutions in the Covid-19 response coordination meeting (Baznas, 2022), including strengthening the role and capacity of Baznas at all service levels by establishing a Covid-19 response task force, synergizing the procurement of oxygen and medical equipment, and adhering to fatwa of the Indonesian Ulema Council (Majelis Ulama Indonesia, MUI) Number 23 of 2020 on the utilization of zis funds for Covid-19 mitigation. Baznas was encouraged to collaborate with strategic

partners and stakeholders in Covid-19 mitigation programs, both in emergencies and in economic recovery and poverty alleviation. Campaigns on the importance of health protocols and vaccination for amil were also continuously conducted.

Monitoring and overseeing the condition of amil and the development of Covid-19 in regions were carried out in an integrated manner at the provincial Baznas level. The Covid-19 response program determined by Baznas RI served as a reference for Baznas throughout Indonesia, and coordination with the National and regional Covid-19 Task Force was conducted in carrying out the functions and duties of the Covid-19 task force.

The role of zakat in handling Covid-19 can be categorized into several areas, including economic, educational, humanitarian, social, and religious efforts to prevent the spread of the Covid-19 virus (Baznas, 2020).

#### **The role of Baznas in the economic sector during the Covid-19 pandemic**

The Covid-19 pandemic has significantly impacted the global economy, potentially increasing the number of mustahik (zakat beneficiaries). In both national and local contexts, the distribution of zakat by OPZ in the economic sector can be directed towards empowering new mustahik created by the weakened global economic growth due to the pandemic (Hudaefi, Junari, Zaenal & Ramdhoni, 2020). Baznas strives to enhance the capacity of micro and small business mustahik to cope with the pandemic's impact. This effort aims to enable micro and small entrepreneurs to turn business downturn challenges into profitable opportunities by providing practical online training. This training features competent speakers in their respective fields, including digital marketing, product photography techniques, tips and tricks in village community empowerment, MSMEs mentoring, livestock empowerment, and farmer empowerment.

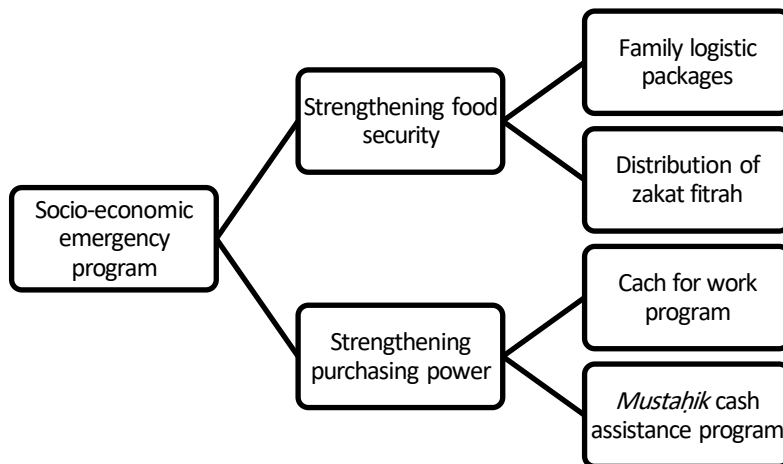
The economic programs initiated by Baznas include Cash for Work, Family Logistics Packages, MSME Support, Warteg Empowerment, Zmart, ZChicken, ZCD, Happy Ramadan Packages, and Family Healing Kits to help people undergoing self-isolation at home. Baznas's Social Economic Emergency Program focuses on fulfilling family logistics packages to maintain family food security during the implementation of PSBB. Baznas has also implemented



the Cash For Work program, involving many informal workers affected by Covid-19. This program prioritizes the distribution of zakat fitrah to affected families and provides direct cash assistance to those in need as an effort to maintain purchasing power amid the pandemic.

The distribution of Baznas microfinance Covid-19 programs is carried out throughout Indonesia. This program includes capital financing, cash for work, family farming, micro stalls, Covid-19 education design, boxed meal distribution, and healthy lifestyle promotion. The Baznas *mustahik* livestock empowerment institution initiated the Baznas Covid-19 response livestock hall action, spread across seven provinces in Indonesia, specifically in ten livestock halls in ten districts/cities.

Baznas has demonstrated its strategic role in supporting the government's efforts to address the economic impacts of the Covid-19 pandemic through various economic empowerment programs. Through these programs, Baznas not only assists those in need but also contributes to national economic recovery efforts.



**Figure 1.** Covid-19 socio-economic emergency programs by Baznas

Source: Baznas Report, 2020

### The role of Baznas in education and socio-humanitarian sectors during the Covid-19 pandemic

The Covid-19 pandemic has created opportunities for Baznas to expand its role in the fields of education, social, and humanitarian sectors. In the education sector, Baznas launched the Post-Pandemic Scholarship Donation Program aimed at ensuring the

continuity of education for underprivileged children affected by the pandemic. This program provides scholarships that help cover educational costs, thereby facilitating a better future for these children (Baznas, 2020).

In addition, OPZ play a crucial role in distributing infaq funds for preventive measures to curb the spread of Covid-19. These activities include distributing masks in public places and conducting awareness campaigns about the dangers of Covid-19 within the internal OPZ environment as well as among the general public. In the humanitarian sector, OPZ collaborates with the World Zakat Forum (WZF) to carry out a global campaign on the importance of consuming halal food, supported by scientific evidence (Hudaefi et al., 2020).

Other social and humanitarian programs run by Baznas include the food assistance program and the cash assistance program for *mustahik* (zakat recipients). The food assistance program targets communities socially and economically affected by Covid-19 by providing food packages. Meanwhile, the cash assistance program offers short-term financial support to *mustahik* impacted by the pandemic through postal money transfers or fintech platforms such as GoPay.

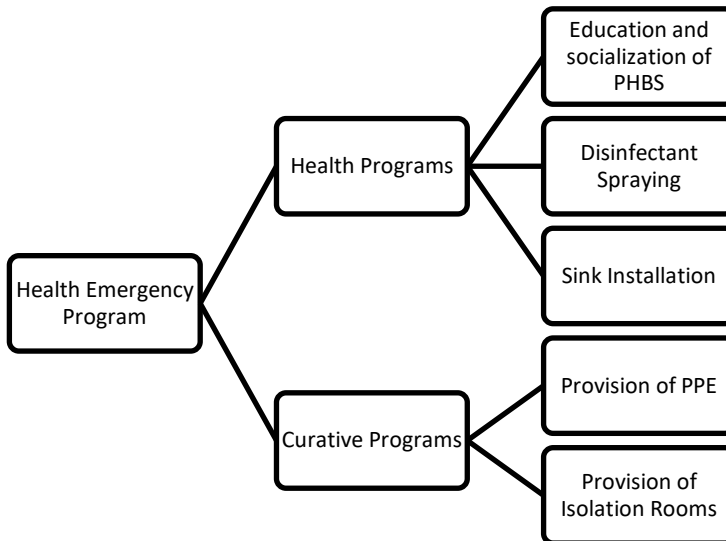
#### **The role of Baznas in the health sector during the Covid-19 pandemic**

Baznas plays a crucial role in mitigating the spread of the Covid-19 virus through various emergency health programs. One of the initiatives undertaken includes education and socialization on Clean and Healthy Living Behavior (Pola Hidup Bersih dan Sehat, PHBS), disinfectant spraying in public places, and the installation of sinks in crowded locations to increase access to handwashing facilities. Additionally, Baznas provides personal protective equipment (PPE) for medical personnel at Baznas Health Clinics and other hospitals across Indonesia. Educating the public about the dangers of Covid-19 is also a key component of this program. In executing these emergency health programs, Baznas involved 267 personnel, including medical staff, and more than 30 fleets consisting of ambulances and operational vehicles equipped with complete PPE (Baznas, 2020).

Since the onset of the Covid-19 pandemic, zakat management organizations (OPZ) with health units such as Baznas Health Clinics and Dompot Dhuafa Health Clinics have significantly contributed to

health education, especially for minority groups. The education provided offers crucial information about the dangers of Covid-19, self-care, and the symptoms associated with this disease (Baznas, 2021).

At the beginning of the pandemic, there was no specific vaccine for Covid-19. Therefore, OPZ collaborated with various relevant parties at national and global levels to support research and studies related to the development of the Covid-19 vaccine. This cooperation is essential to ensure the availability of a safe and effective vaccine in controlling the virus's spread.



**Figure 2.** Covid-19 health emergency programs by Baznas  
Source: Baznas Report, 2022

### The role in da'wa during the Covid-19 pandemic

In the context of the spread of viruses such as SARS-CoV and MERS-CoV, which have been confirmed to originate from animals, the role of OPZ is crucial in da'wa campaigns. OPZ can massively campaign for the importance of consuming halal and ṭayyib food to protect oneself from viruses that may be present in non-halal animals.

During the Covid-19 pandemic, Baznas has implemented various online da'wa and training programs. These programs were particularly focused during the month of Ramadan when worship activities that are usually conducted en masse in mosques or public places were advised to be carried out at home. The online da'wa and training programs, held regularly every Monday afternoon, specifically addressed issues related to Covid-19 occurring around

the world. With these programs, the public could gain broader insights into dealing with the Covid-19 pandemic.

These programs are not only aimed at maintaining physical health but also at strengthening the community's spiritual resilience.

Through education on the importance of cleanliness and a healthy lifestyle in accordance with religious teachings, as well as training that provides a deeper understanding of Covid-19, Baznas strives to help the community better face the pandemic.

### **Baznas programs during the Covid-19 endemic**

The National Economic Recovery Program (Program Pemulihan Ekonomi Nasional, Program PEN) in 2022 was directed towards promoting recovery across various sectors while maintaining a balance between health and the economy. Covid-19 has had a negative impact on almost all aspects of life, particularly the economy, resulting in an increase in the number of *mustahik* during the pandemic. The reality of life in major cities such as Jakarta exemplifies how Covid-19 has weakened the local economy and disrupted social life. Therefore, OPZ like Baznas are required to provide adaptive contributions in addressing poverty and other social issues caused by Covid-19.

Baznas has established eight national priority programs for 2023 to assist communities in need across various aspects. These eight national priority programs include Scholarships, Decent Housing, Baznas Health Clinics, Strengthening Baznas, Disaster Response, Baznas Microfinance/Micro Zakat Bank, ZMart, ZChicken, and Santripreneur.

Baznas recognizes that education, economy, and health are crucial aspects for post-pandemic communities. However, Baznas also considers other important aspects. At the provincial and district/city levels, Baznas will develop and strengthen humanitarian, health, education, economic empowerment, as well as advocacy and outreach aspects (Ardhi, 2022).

Services to *mustahik* are divided into two types: active and passive. Active services involve data collection and tracking of potential *mustahik* who will benefit from the distribution programs. Passive services involve receiving applications from potential *mustahik* who seek to benefit from the distribution programs.

## Conclusion

This study evaluates the role of Baznas in supporting Indonesia's economic recovery during and after the Covid-19 pandemic. The findings indicate that Baznas successfully managed and distributed ZIS funds effectively to assist communities affected by the pandemic. Various programs, including health, social, economic, and educational assistance, were implemented to mitigate the negative impacts of the pandemic. The distribution of ZIS funds focused on consumptive schemes for basic needs and productive schemes for providing business capital to small and micro enterprises.

Baznas responded swiftly by establishing the National Covid Task Force (Satgas Nasional Covid) and ensuring the use of zakat funds in accordance with the issued fatwa. Collaboration with IAPI is expected to enhance governance and transparency in the management of ZIS funds. Overall, the role of Baznas in managing and distributing ZIS funds during the Covid-19 pandemic has shown significant contributions in aiding affected communities, both through direct assistance and sustainable economic recovery programs. The analysis suggests that zakat, as an Islamic financial instrument, can be a solution to alleviate the economic burden on communities impacted by Covid-19.

However, this study has several limitations. First, the monthly financial report data obtained from Baznas covers only 18 months, from January 2020 to June 2021. Second, the financial reports from Baznas do not differentiate between the distribution of ZIS funds, thus this study cannot separately explain the use of zakat in accordance with its specific sharia provisions. Future research should involve more in-depth qualitative methods, such as interviews and direct surveys with beneficiaries. Additionally, subsequent studies could explore the long-term impacts of Baznas programs and analyze how Baznas strategies can be improved to address future crises.

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