THE EFFECTIVENESS OF ZAKAT FUND DISTRIBUTION IN ALLEVIATING POVERTY (A CASE OF ZAKAT INSTITUTIONS IN INDONESIA)

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Abstract: This paper explores the effectiveness of Zakat fund distribution in poverty alleviation in Indonesia. The study utilized content analysis of annual reports and website information from 14 national Zakat institutions. The analysis revealed that all institutions prioritized social, health, education, and consumption programs; however, housing programs and house renovations were comparatively rare. Zakat institutions also focused on building local economies and providing additional expertise through skills and leadership training. However, none of the institutions had developed a mustahiq network, created an enterprise zone or regional investment. The literature review highlighted the causes of poverty, including income uncertainty and limited income, and provided anti-poverty programs to reduce poverty. The research findings can support Zakat institutions' contributions to poverty alleviation, and the government should use the study recommendations to develop a regulatory framework to grow Zakat institutions and maximize Zakat fund utilization.

Keywords: Zakat, poverty alleviation, Indonesia, content analysis, annual reports, website information, social programs, health programs, education programs, consumption programs, housing programs, enterprise zone, regional investment, mustahiq network.

1. Introduction

Poverty is a persistent and chronic socioeconomic issue (Dian Fitriarni et al., 2019). It indicates a low ability to meet needs like food, clothing, healthcare, and education(Abdelbaki, 2013); (Parisi, 2017). Income, consumption, and welfare are the three primary poverty indicators.

In the past, poverty has been a significant social issue that has made other problems worse. A prophet's hadith claims that poverty might lead to a person's loss of faith. To achieve their necessities, poor people may act inappropriately or even injure others (Manshor et al., 2020) . They are capable of horrible acts like stealing, prostitution, and trafficking in illegal substances. On the other hand, they resort to violence to sate their fundamental wants, such as by killing someone or by committing suicide, and so on (Ridley et al., 2020).

1.1. Background

According to World Population Review data in 2022, the ten poorest countries based on their Gross National Income (GNI) are Burundi, Somalia, Mozambique, Madagascar, Sierra Leone, Afghanistan, Eritrea, Central African Republic, Liberia, and Niger. Meanwhile, Indonesia is 73rd rank in the poorest countries' data.

Even though the poverty rate in Indonesia has reduced to 9.71 percent of the population in the second semester of 2022, it remains above 10 percent in some areas. Furthermore, the poverty rate in 10 regions ranges from 12 to 27 percent. The rates of poverty in the poorest provinces are in the following table:

Table 1 The Poorest Provinces in Indonesia 2022

No	Province	1st Semester (in percentage)	2nd Semester (in percentage)
1	Middle Sulawesi	13.00	12.18
2	South Sumatera	12.84	12.79
3	West Nusa Tenggara	14.14	13.83
4	Bengkulu	15.22	14.43
5	Gorontalo	15.61	15.41
6	Aceh	15.33	15.53
7	Maluku	17.87	16.30
8	Nusa Tenggara	20.99	20.44
9	Papua Barat	21.84	21.82
10	Papua	26.86	27.38

Source: BPS 2022

We need to design a poverty model that contains causes and possible solutions. According to Nasim and Khan (Nasim & Khan, 2018), Planning natural resources, unemployment, economic situations, and large populations are the reasons for poverty. The President or The King of the country should build proper planning to manage natural resources. Sound natural resource planning would reduce poverty (Shah, 2012). Besides that, the unemployment problem is unsolved. The government, Educational institutions, industry, and the public should solve this problem together. The government can support the people and drive to build new job opportunities through taxation and monetary policy. On the other hand, educational institutions can develop skill training or leadership training to produce professional employees to improve quality product sales.

A large population probably emerges as another problem for the country. Nigeria, one country of the ten countries with the largest population in the world, is one of the poorest countries. Nonetheless, On the other, China, with the most significant population, has become the wealthiest country. This condition indicates that the most considerable population does not automatically cause poverty. The largest population can be critical human resources. We need professional management of natural resources and human resources to avoid poverty.

Furthermore, a country needs financial support from donor organizations. This role becomes an essential role for the zakat institution. This institution collects muzaki funds and distributes them to the needy (Takril & Othman, 2020). Besides zakat, this institution collects infaq and sadaqah too.

Some research has discussed the effect of the zakat fund on economics. Suprayitno investigated the impact of zakat on economic growth in selected countries. He concluded zakat fund influences economic growth (Suprayitno, 2020). Besides that, Choiriyah et al.(2020) observed the effect of the zakat fund on poverty alleviation. They revealed that the zakat fund can alleviate poverty (Choiriyah et al., 2020).

However, the effect of zakat on economic growth or poverty alleviation is still low. Zakat institutions, as zakat collectors and distributors, should arrange the best way to maximize zakat fund utilization. This institution should make the best innovation to drive productive economics,   increase economic growth and reduce poverty. For example, in rural areas, zakat institutions should pay attention to increasing agriculture yields. Brazil and China, implement agricultural productivity and technological innovation as strategies to reduce poverty (Dhrifi, 2014); (Si et al., 2020). Meanwhile, in urban, this institution should pay attention to new job opportunities, lack of capital, and income resource access.

I.2. Objective

This study aims to examine The Effectiveness of Zakat Fund Distribution in Alleviating Poverty.

II. LITERATURE REVIEW

2.1. Background Theory

2.1.1 Poverty

Poverty is indicated by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education, and information. The poor have no sufficient income, the level that allows a person or household to meet basic needs such as food, clothing, and shelter (Cobbinah et al., 2013). Uncertain income and spending are the causes of poverty. They force the poor to reside in subpar homes in low-income areas, exposed to pollutants and sweltering temperatures at night. Poverty can occasionally result in physical health issues, violence, and crime (Ridley et al., 2020)

According to the Prophet's hadith, extreme poverty can occasionally cause someone to lose faith. They resort to immoral and criminal actions to meet their fundamental requirements. Theft, fraud, prostitution, drug abuse, murder, and even suicide are crimes that poor people commit (Manshor et al., 2020).

Several theories discuss the causes of poverty and how to overcome it. According to the theory of individual deficiencies, the poor are responsible for their poverty. This group stated that they prefer hard work, dislike the welfare system, and take personal responsibility. Meanwhile, according to the theory of cultural belief systems, poverty is created and maintained in certain societies. According to this theory, the poor are the poor who learn poverty psychologically.

On the other hand, they do not know to study hard, plan for the future, have protected sex, or spend money wisely. Aside from that, the system can cause poverty. According to the Theory of Economic, Political, and Social Distortions, economic, political, and social systems cause poverty. People have limited chances and resources to achieve well-being (Bradshaw, 2006).

Moreover, poverty can be caused by geographical disparities. The theory of geographical differences explains rural poverty, ghetto poverty, urban disinvestment, southern poverty, and third-world poverty. The lack of redistribution power causes poverty. Poverty, on the other hand, is caused by cyclical factors. According to the Cyclical Theory of Poverty, poverty occurs suddenly due to cyclical events such as natural disasters, health challenges, lack of jobs, and income. These reasons make people have inadequate income, which leads to insufficient consumption and saving. They have inadequate income to invest in training, their children's education, or their own business (Addae-korankye, 2019).

Some anti-poverty programs have been designed to reduce poverty based on the causes of poverty, as explained by five poverty theories. Individual deficiencies theory holds that the poor are responsible for their poverty. The government threatens the poor by, for example, suspending aid for an extended time, causing them financial hardship. Meanwhile, according to the theory of cultural belief systems, culture is the root cause of poverty. As a result, the government should redistribute the poor and teach them the value of money, investment, and saving. Aside from that, the government can promote culture (Bradshaw, 2006).

Economic, political, and social distortions can all lead to Poverty alleviating through systemic changes. System changes are implemented at three levels. The first level is the fundamental level, carried out by social movements such as labor unions, which demand wage increases, or women's organizations, which appeal to job discrimination against women. At the second level, system changes are implemented through alternative institutions with access to poor people's welfare. Policy-making institutions implement system changes at the highest levels. Minimum wages, easy access to health care, special needs rights, and various insurance and safety nets can all be established for the poor.

Economic, political, and social distortions can all lead to Poverty. While Poverty can be caused by political economy and social distortions can be alleviated through systemic changes. System changes are implemented at three levels. The first level is the fundamental level, carried out by social movements such as labor unions, which demand wage increases, or women's organizations, which appeal to job discrimination against women. At the second level, system changes are implemented through alternative institutions with access to poor people's welfare. Policy-making institutions implement system changes at the highest levels. Minimum wages, easy access to health care, special needs rights, and various insurance and safety nets can all be established for the poor.

According to a geographical theory of poverty, responses must be directed toward resolving the fundamental dynamics that lead to a decline in depressed areas while other areas grow. The geographical theory requires community developers to examine places and the processes that allow them to become self-sustaining. Interestingly, a few disadvantaged communities worldwide are overcoming poverty and demonstrating it is possible. However, it isn't easy to achieve.

Government should build a more substantial geographic area. Several actions have been taken to create more vital geographic regions, such as improving local industry competitiveness through cluster development, enterprise zone, downtown revitalization, infrastructure investment, community organizing, and national and regional reinvestment (Addae-korankye, 2019).

The cyclical Theory of Poverty describes the cycle of education and employment in the community and individual, which creates a spiral of disinvestment and decline. In contrast, on the other side create a progressive community and well-being. People who lack employment opportunities reduce their consumption, diminish the quality of their education, do not have access to health care, and do not invest. On the other hand, people with low education and skills are paid down, causing them to be unable to pay their living expenses. The results of the study show that increasing education through formal education or job training is proven to be able to increase income

Aiding the poor in becoming self-sufficient is an essential step in reducing poverty. Some things and services required are income and economic assets, education and skills, housing and environment, access to medical and other social services, personal ties and networks, personal resources, and leadership skills. While (Cobbinah et al., 2013) reveal their review result that poverty in developing countries includes a lack of basic social service, poor health, and poor quality of education. They suggested government and other institutions meet the poor's basic needs.

The poor need shelter. Sometimes the poor have no shelter or have low-quality housing, with bad sanitary and low-quality water. However, the government serves a low-cost housing program (Tunas & Peresthu, 2010). The government needs other institutions or organizations to help provide these facilities for the poor.

2.1.2.Zakat Institution

Zakat is obligatory Muslim alms, one of Islam's five pillars. Zakat does have not only a personal dimension but also a social dimension (Zaenal et al., 2017). In terms of theology, zakat refers to spiritual purity attained by zakat payment, while in terms of language, zakat refers to cleanliness or purification from impurities.

Legally, zakat is believed to be the transfer of property to a particular person under specific conditions. Two primary zakats are zakat al maal or on wealth and zakat al fitr, which is obligated to all Muslims (Takril & Othman, 2020).

Muslims are obligated to give zakat maal following their income and assets, such as gold, silver, harvests, or animals. Zakat obligation arises when a Muslim's wealth has reached the nisab and haul (Santoso et al., 2021). The range of variable zakat rates is 2.5 to 10% (Omar et al., 2012).

Besides zakat, alms that are not obligatory or recommended are further divided into two parts: alms ma'nawiyah and alms ma'diyah. Ma'nawiyah alms are not always in material form, while ma'diyah alms are alms specifically in material form (Belabes, 2019).

Zakat institutions collect and distribute not only zakat funds but also recommended alms. This institution collects zakat from muzaki and distributes them to eight asnaf as mentioned in Al Quran, surah At Taubah verse 60, i.e. fakr, poor, amil, mualaf, to free slave, debtor, and ibn sabil and fii sabilillah person. Zakat institutions act as amil, getting one eight of zakat collected funds.

2.2 Previous Study

There is numerous research that discusses zakat. Those studies examine muzaki trust and zakat institutions' contribution to poverty reduction and economic growth. The impact of this institution on converts' life is covered in several other studies.

Historically, Prophet Muhammad SAW received zakat obligation on wealth in 9AH. In Surah at Tawbah verse 103, Allah commands to take alms of muzaki wealth to purify and clean them. The word "take" means the command to certain people to take and distribute zakat to eight asnaf (Nurjanah et al., 2019). In the Khalifah era, Umar Ibn Khatab and Umar ibn Abdul Aziz appointed someone to become amil to collect and empower zakat funds. Zakat empowerment in these eras successfully eliminated poverty. (Omar et al., 2012).

Many muzaki believe amil zakat or zakat institutions. The numerous zakat institutions that have grown up in Indonesia are evidence of this. There have been 91 LAZ and BAZNAS in Indonesia up to this point. Muzaki supports zakat institutions for many reasons, including their management performance (Vegirawati et al., 2022), transparency (Aziz & Anim, 2020), and muzaki satisfaction (Ahmad & Rusdianto, 2018). The institution grows due to the muzaki trust that drives their desire to pay zakat through it.

Al Qur'an Surah At Tawbah verse 60, zakat distributed to eight asnaf, including the needy, the poor, the 'amil, mualaf, riqab, gharim, ibn sabil, and fi sabilillah (Aisyah & Ismail, 2019). There are eight asnaf. However, the zakat money does not have to be divided by eight equally. Instead, the poor and the needy are prioritised regarding zakat contributions. Poverty is indeed a complex issue that has remained unsolved worldwide. Zakat Institutions are available to assist in resolving this crucial issue (Febriyanti, 2020); (Aisyah & Ismail, 2019).

This institution's development immediately enhances its contribution to economic growth (Suprayitno, 2020) and poverty alleviation (Choiriyah et al., 2020); (Abdelbaki, 2013);(Dwi Putri et al., 2020). The research result revealed zakat empowerment had proved less time for the poor to exit from poverty (Dian Fitriarni et al., 2019).

However, zakat's contribution to economic growth and poverty alleviation is still low (Dwi Putri et al., 2020); (Nurjanah et al., 2019). Therefore, it is necessary to modify the distribution management of the zakat fund (Rosli et al., 2018).

Giving zakat directly in the form of money only solves the problem temporarily; It does not address it permanently. Zakat Institutions must alter how it is distributed in the future to reduce poverty and create new muzaki. As a result, it's crucial to pinpoint the root causes of poverty and take action to eradicate them (Omar et al., 2012).

Poverty theories such as the theory of individual deficiencies, the theory of cultural belief systems, the theory of economic, political, and social distortions, the theory of geographical disparities, and the cyclical theory of poverty reveal some basic needs to escape from poverty. The demand for income, resources, healthcare and other social services is excellent among the poor. In addition, they require training in leadership, various abilities, networks and education for children. The local economy, enterprise zone, and regional investment are all improving thanks to the government's and other stakeholders' strong backing (Bradshaw, 2006). Of course, poverty also occurs in rural and urban areas. Therefore different actions are needed to solve the problem (Addaekorankye, 2019).

Rural poverty is a challenge that requires unique solutions. Shah (Shah, 2012) looked into 4 Indian states.
He concluded that the availability of healthy natural resources influences rural communities' welfare. For farmers' agricultural revenues to remain stable or grow, the government and other stakeholders should protect the quality of the soil, water, and forests.

Urban poverty is a complicated issue as well. The government and other social-economic systems should use a different approach to solve this issue. Aryaningsih (Aryaningsih et al., 2018) created a model for reducing urban poverty. They concluded that the government must develop entrepreneurial spirit and business competence to eliminate poverty in metropolitan areas.

Many studies have examined how zakat money is managed to combat poverty. Hoque et al. (Hoque et al., 2015) looked into Bangladesh's zakat fund management. They found most of the zakat fund had been distributed as asnaf consumption. Besides consumption, the zakat fund is distributed as seed money (investment), like cattle, rickshaws, sewing machines, cloth, foodstuffs, tailoring training, financial support for starting a company, farming equipment, and scholarships for underprivileged students.

Zakat institutions supplied zakat funds for entrepreneur capital augmentation in addition to asnaf spending. A conclusion is drawn from the Bangladeshi research. The authors concluded that adding zakat to entrepreneurs' capital had helped women business owners in the nation make more money (Anis & Kassim, 2016).

III. METHODOLOGY

3.1. Data

In Indonesia, there are 91 LAZs, of which 32 are at the national level, 20 are at the province level, and 39 are at the district and municipal levels. Meanwhile, our study uses national LAZ data that is made public through a website or an annual report. Programs for distributing zakat funds served as the research data. This data will be gathered and put into groups before being examined to assess if the program is compatible with the principle of reducing poverty. According to the findings, only 14 of the 32 national LAZs disclosed their operations via the website, annual reports, or financial reports. LAZs which Publish Zakat Distribution Programs as shown in this below table:

Table 2 LAZs which Publish Zakat Distribution Programs

No	Name of Zakat Institution (LAZ)
1	LAZ Yayasan Rumah Zakat Indonesia
2	LAZ Inisiatif Zakat Indonesia
3	LAZ Yayasan Lembaga Manajemen Infaq
4	LAZ Yayasan Lembaga Amil Infaq dan Shadaqah Nahdlatul Ulama
5	LAZ Yayasan Baitulmaal Muamalat
6	LAZIS Muhammadiyah
7	LAZ Perkumpulan Persatuan Islam (PERSIS)/Pusat Zakat Ummah

8	LAZ Yayasan Kesejahteraan Madani
9	LAZ Yayasan Griya Yatim dan Dhuafa,
10	LAZ Yayasan Daarul Qur'an Nusantara
11	LAZ Yayasan Panti Yatim Indonesia Al. Fajr,
12	LAZ Yayasan Hadji Kalla
13	LAZ Daarut Tauhid Peduli/DPUDT
14	LAZ Yayasan Telaga Bijak El Zawa,

Source: data processing result

3.2 Analysis Method

This study used content analysis to analyze data. Content analysis is applied to organize collected data, give it significance, and come to reasonable conclusions. The foundation of qualitative content analysis is social science. This approach allows researchers to classify comprehensive reports in various types and frequencies. Data is provided in words and themes in qualitative content analysis, allowing for numerous interpretations of the findings (Bengtsson, 2016).

Implementing content analysis involves four steps, the initial stage of context removal. The author defines a meaning unit in this stage, namely the definition of poverty and ways to end each sort of poverty. The second step is recontextualization, which entails including content while omitting waste. The third step is categorization, during which authors locate homogeneous groupings that researchers can triangulate. The final step is to make a compilation by reaching a reasonable conclusion, having members check their coworkers, or conducting an audit.

IV. Result and Analysis

According to Surah At Tawbah verse 60, the eight asnaf, including the needy, the poor, the 'amil, converts, riqab, gharim, ibn sabil, and fi sabilillah receive the money via zakat organizations. However, these eight asnaf groups are not required to get equal shares of the zakat funds. Zakat institutions may prioritize the poor and the needy.

On the other hand, zakat institution prefers to manage zakat fund to reduce poverty and, ultimately, produce new muzakki. Furthermore, Zakat institution management consequently regulates to meet consumption needs while funding various programs that will eventually help reduce poverty.

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Zakat Institutions that distribute zakat have a variety of programs. These programs are divided into 3 categories in this study that deals with programs aimed at reducing poverty. Consumption is the first program, which includes income, resources, medical care, and other social services. The second program, which is focused on education, provides training in leadership, a range of skills, networks, and children's education. The third program focuses on business and investment, including regional investment, enterprise zones, and local economies.

The study's findings indicate that zakat organizations have implemented several measures to reduce poverty. This institution hasn't run many other programs, though. The following table contains information about the zakat institutions' program:

Table 3 Zakat Institution Program

No	LAZ Name	Programs										
		C	R	S	H	LT	Sk	N	Ed	RI	EZ	LE
1	LAZ Yayasan Rumah Zakat Indonesia	√		√	√		√		√			√
2	LAZ Inisiatif Zakat Indonesia	√	√	√	√		√		√			
3	Yayasan Lembaga Manajemen Infaq	√		√	√				√			
4	Yayasan Lembaga Amil Infaq dan Shadaqah Nahdlatul Ulama	√	√	√	√		√		√			
5	LAZ Yayasan Baitulmaal Muamalat	√	√	√	√	√			√			√
6	LAZIS Muhammadiyah	√	√	√	√				√			√
7	LAZ Perkumpulan Persatuan Islam (PERSIS)/Pusat Zakat Ummah	√	√	√	√	√	√		√			
8	LAZ Yayasan Kesejahteraan Madani	√	√	√	√				√			√
9	LAZ Yayasan Griya Yatim dan Dhuafa,	√		√	√				√			
10	Yayasan Daarul Qur'an Nusantara	√		√	√		√		√			√
11	Yayasan Panti Yatim Indonesia Al. Fajr,	√		√	√				√			√
12	Yayasan Hadji Kalla	√		√	√				√			
13	LAZ Daarut Tauhid Peduli/DPUDT,	√		√	√	√	√		√			√
14	Yayasan Telaga Bijak El Zawa,	√	√	√	√				√			

Source: data processing result

Tabel description:

I = Consumption

R = Resource or assets

S = Social Activities

H = Health

LT = Leadership Training

Sk = Skill

N = Network

Ed = Education

RI = Regional Investment

EZ = Enterprise Zone

LE = Local Economic

Table 3 presented that no single amil zakat institution perfectly executes all projects to reduce poverty. Amil zakat institutions run a maximum of seven programs; some only run three.

All zakat institutions prioritize basic living expenses, social assistance programs, health, and children's education. Essential living expenses are shared with asnaf who are in dire need, such as the needy and poor widows. In addition, the provision of living expenses is usually given at sacred moments, such as during Ramadan and feast days. This type of assistance is also given to poor converts and gharim. Aid programs that are also a priority are social programs, such as the elderly program and people with special needs, implementation of mass circumcision, delivery of corpses and ambulances, and disaster management.

Other priority programs are children's educational programs, such as student scholarships, tahfiz student scholarships, and school supplies such as school uniforms, bags, shoes, books, notebooks, etc., for needy and low-income families. Recipients of this zakat fund are primary school to undergraduate level students. Apart from that, this institution also provides coaching and seminars for teachers.

Health is a basic human need. A person can only work, study and worship optimally if physically healthy. Some zakat institutions also provided ambulances, patient shelter homes, clinics, or integrated service posts for children to prevent stunting. Especially during the pandemic, this institution also provides a package of health protocols.

In addition to needing food, clothing, and education, everyone needs a place to live and a place to work. Currently, housing is an expensive necessity. Therefore, many mustahiq do not have a place to live. Some zakat institutions have provided additional assets to mustahiq. LAZ Baitul Mall Muamalat Foundation has given a house to Dai, while the zakat institution LAZ Amil Infaq and Shadaqah Nahdatul Ulama Foundation, LAZIS Muhammadiyah, LAZ Telaga Bijak El Zawa Foundation have renovated the house so that it becomes a more livable house.

Zakat institutions understand that to get out of poverty, mustahiq must try or work. Sometimes the mustahiq who wants to work does not get a job that fits his needs. Opening your stall is the right choice. But they did not have a proper booth or cart. Several institutions, such as the Indonesian Zakat Initiative LAZ, Muhammadiyah LAZIS, and the Civil Welfare Foundation LAS had provided carts

Several zakat institutions have informed the public about the training activities to increase mustahiq skills. This training is expected to be able to forge mustahiq to have certain skills like training on shaving, sewing, animal development, smart farms, computer training, massage, cupping, digitization, and barista. This training is needed by mustahiq to increase their income.

Mustahiq does not only need certain skills but also requires leadership. LAZ Baitul Mal Muamalat, the LAZ Association of Indonesian Association (PERSIS) Ummah Zakat Center. LAZ Daarut Tauhid Peduli provides leadership training such as entrepreneurship training, business models, and cost of goods sold calculation.

Several zakat institutions formed local enterprises, such as BUMMas, which LAZ Rumah Zakat initiated. Organic Community Garden developed by LAZ BaitulMal Muamalat, Business Retail by LAZ Amil Infaq Foundation and Shadaqoh Nahdatul Ulama, Small and Medium Enterprises in Animal Husbandry and Agriculture by LAZIS Muhammadiyah, Madani Micro Enterprises built by LAZ Civil Welfare Foundation, Daqu Agro formed by LAZ Daarul Qur'an Nusantara, and empowerment of various local products carried out by LAZ Hadji Kalla Foundation.

4.2 Analysis

The zakat institution has acted as a collector and distributor of zakat. maal and zakat fitrah. The results of this study indicate that all zakat institutions studied have carried out their role in distributing zakat funds through various program activities. This study's results align with the expression of Takril & Othman (Takril & Othman, 2020) that this institution, by using muzaki funds, becomes a donor organization and provides financial support in alleviating poverty.

All zakat institutions studied prioritize basic needs, social, health, and educational programs. This priority selection follows the research results, which state that the poor in developing countries experience a shortage of basic needs, poor health, and poor education. (Cobbinah et al., 2013). Therefore, zakat institutions are here to help meet these basic needs regularly, for example, during Ramadan and Eid al-Fitr.

In addition to food and clothing, the poor need shelter. Some mustahik own houses of low quality and have no guarantee of ownership. At the same time, others do not own a house at all. In line with Tunas & Peresthu research result, zakat institutions only give a few houses or renovate them. in a few numbers. The leading cause is the limited amount of funds, and houses and raw materials prices are very expensive. (Tunas & Peresthu, 2010).

Furthermore, the institutions care about education. This program has recent and future effects on mustahiq family. In this program, scholarships are given, ranging from primary education to higher education. The

selection of this program is very appropriate. The theory of the cultural belief system revealed that the poor do not study hard and plan for the future. This behavior drives poverty. To exit from poverty, the poor and their young generations must change their way of life by studying hard and planning for the future (Bradshaw, 2006).

6 of the 14 zakat institutions studied have implemented a program to provide skills training to mustahiq. This program requires mustahiq families to get specific additional skills. Skills enhancement programs can have an impact on the ease of getting a job or getting an increase in income. This opinion is in line with the results of research (Haveman et al., 2010), which states that job training can increase revenue by 15 to 25%.

Three zakat institutions have implemented leadership training programs. This kind of training is needed by certain mustahiq to get out of poverty and become new muzaki. This is in line with the cultural theory which states that the government or other institutions must instill an understanding of the mustahiq regarding the value of money, investment, and saving that entrepreneurs must have (Bradshaw, 2006).

Several zakat institutions have established local economies such as BUMMas, micro-businesses, agroindustry, or retail businesses. This effort is recommended to be carried out because this program aims to empower society, increase job opportunities, and increase income. The development of this local economy can reduce poverty caused by geographical disparities. Communities around this local economy will undoubtedly get various benefits and increase their revenue (Addae-korankye, 2019).

Some programs that need to be carried out to reduce poverty have not been carried out by the zakat institutions studied. The program is to build a network, regional investment program, and enterprise zone. The government should have initiated this program because the government has the budget, and the community can indeed feel the impact of the redistribution of income and reducing inequality (Addae-korankye, 2019). Another cause is the minimal amount of zakat realization received compared to the potential of zakat itself (Vegirawati et al., 2022), so zakat institutions can not implement some programs

V. Conclusion and Recommendation

Zakat institution is an institution that collects and distributes zakat funds from muzaki to mustahiq. Zakat funds are distributed to the eight asnaf listed in the Qur'an. The main distribution is in two asnaf, namely the needy and the poor. Using the content analysis method, the research results show that zakat institutions have implemented various programs to alleviate poverty, institutions prioritize programs to fulfill basic needs such as food, clothing, health, and education. This option is very appropriate to do in Indonesia, because, in developing countries like Indonesia, the poor have poor nutrition and low quality of health and education. Various disasters often occur, so the institutions must carry out social programs to overcome pre-disaster, during a disaster, and post-disaster recovery. The results showed that the housing program was also conducted in a limited manner. To achieve the goal of reducing poverty, various training institutions are opened for zakat institutions for mustahik, which consists of skills training and leadership training. zakat institutions also developed a local enterprise. on the other hand several programs such as building a network, regional investment, and enterprise zone have not yet been implemented. The low realization of zakat receipts is one of the causes. The government should pay serious attention to the development of zakat institutions by building a regulatory framework that supports the progress of these institutions. Muzaki should continue to strive to pay their zakat through zakat institutions so that they can solve the problem of poverty more broadly.

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