

The Effectiveness of Productive Zakat Distribution in Supporting the Sustainable Development Goals (SDGs): A Case Study of BAZNAS East Java and LAZISNU PWNU East Java

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ABSTRACT

Productive zakat is an important instrument in Islamic economics that functions as a means of transferring wealth and economic empowerment of the poor. The problem raised in this study is how effective the distribution of productive zakat is in supporting the achievement of Sustainable Development Goals (SDGs), especially Poverty Eradication (SDG 1), Decent Work and Economic Growth (SDG 8), and Reducing Inequality (SDG 10). This study aims to analyze the process of productive zakat distribution, its effectiveness in improving the welfare of mustahik, and its contribution to the Sustainable Development goals. This study uses a qualitative approach with a case study method at the zakat institutions LAZISNU PWNU East Java and BAZNAS East Java. Data were collected through in-depth interviews, field observations, and documentation, then analyzed descriptively qualitatively. The results show that the distribution of productive zakat is carried out through the stages of mustahik selection, provision of business capital, mentoring, and periodic evaluation. This program has proven effective in increasing the income and independence of mustahik, as well as contributing to reducing social inequality. Supporting factors include intensive mentoring and professional governance, while inhibiting factors include low financial literacy and limited access to further capital.

Keywords: productive zakat, effectiveness, economic empowerment, zakat institutions, SDGs

INTRODUCTION

Productive zakat is a crucial instrument in the Islamic economic system, playing a strategic role not only as a mechanism for wealth distribution but also as a means of economic empowerment for communities to achieve sustainable prosperity. Within the global development framework, productive zakat has significant potential to support the achievement of the Sustainable Development Goals (SDGs), particularly in poverty alleviation, improving social welfare, providing equitable education, and inclusive economic growth. Based on Ibn 'Ashur's *maqāṣid al-syārī'ah* (objectives and purposes), zakat management must maintain a balance between *wasīlah* (method) and *maqṣūd* (purpose). Therefore, its implementation does not stop at consumptive distribution but develops into a productive instrument focused on empowerment and sustainability. Through good governance, zakat can function as a sharia economic instrument that supports poverty alleviation (SDG 1), decent work creation (SDG 8), and reducing social inequality (SDG 10). Therefore, strengthening productive zakat management in line with sharia principles is a strategic step to accelerate the realization of social welfare and sustainable development for all levels of society (Citaningati, 2024).

As the development paradigm emphasizes sustainability, zakat is now seen as an Islamic economic instrument that makes a significant contribution to achieving the SDGs. Zakat not only has spiritual and social values, but also serves an economic function that can create equitable social welfare. In the context of the SDGs, the role of zakat is evident in key goals such as SDG 1 (No Poverty) through empowering poor communities, SDG 8 (Decent Work and Economic Growth) through skills training and capital support for micro-enterprises, and SDG 10 (Reduced Inequality) through equitable distribution of resources for vulnerable groups. With a management system based on the *maqāṣid al-*

syarī'ah, zakat can be a catalyst in realizing inclusive, equitable, and sustainable development. (Rokhлинари & Widagdo, 2023).

In Indonesia, institutions such as the National Zakat Agency (BAZNAS) and the Zakat Collection Institutions (LAZ) continue to innovate by developing the concept of productive zakat. This approach shifts zakat distribution from a consumptive nature to a form of social investment oriented towards the economic independence of those who mustahik (recipients). Activities include providing business capital, entrepreneurship training, business mentoring, and strengthening the economic capacity and skills of beneficiaries. With this model, zakat is no longer merely a temporary form of social assistance but becomes an instrument of sustainable and equitable economic empowerment, thus playing a significant role in alleviating poverty and improving the welfare of the community. (Tematicik & Sdn, 2023).

Nevertheless, the effectiveness of productive zakat in supporting the achievement of the SDGs and improving community welfare remains a critical issue that requires in-depth study. The success of a productive zakat program is determined not only by the amount of funds distributed, but also by the quality of institutional governance, the sustainability of mentoring, and the level of financial literacy of beneficiaries. Social and economic support from the community is also a crucial factor in creating a conducive empowerment ecosystem. Therefore, synergy between zakat institutions, the community, and public policy is necessary to strengthen the economic independence of those who mustahik (recipients of the zakat) in a sustainable manner. (Nikma & Ghufron, 2025).

This study seeks to provide a comprehensive understanding of productive zakat distribution practices by zakat management institutions in Indonesia. The study focuses on analyzing productive zakat distribution by the Nahdlatul Ulama Zakat, Infaq, and Alms Institution (LAZISNU) of the Nahdlatul Ulama Executive Board (PWNU) of East Java and the National Zakat Agency (BAZNAS) of East Java. The aim is to assess the effectiveness of the productive zakat program in improving the welfare of those entitled to receive zakat and its contribution to achieving the SDGs. Through a qualitative approach using a case study method, this research is expected to provide a more in-depth picture of productive zakat management and the factors influencing its successful implementation at the regional level.

LITERATURE RIVIEW

PRODUCTIVE ZAKAT IN CONTRIBUTING TO ACHIEVING THE SDGs OF NO POVERTY IN BANJARNEGARA REGENCY: MANAGEMENT EFFECTIVENESS (2025)

The purpose of this study is to determine the effectiveness of productive zakat management by the National Zakat Agency (BAZNAS) of Banjarnegara Regency in poverty alleviation efforts and to analyze its contribution to achieving the Sustainable Development Goals (SDGs). Furthermore, this study aims to identify the patterns of productive zakat utilization implemented and assess its impact on increasing the income and welfare of those entitled to receive it. (Fitriyani et al., 2025).

OPTIMIZING ZAKAT DISTRIBUTION AND UTILIZATION IN ACHIEVING SUSTAINABLE DEVELOPMENT GOALS (SDGs) AT BAZNAS CITY OF SURABAYA (2024)

The purpose of this study is to determine the effectiveness of zakat management and implementation by BAZNAS City of Surabaya in improving the welfare of those entitled to receive zakat and supporting the achievement of the Sustainable Development Goals (SDGs). This study also aims to analyze the role of productive zakat in improving the economy of those entitled to receive zakat through the Surabaya Berdaya and Surabaya Cerdas programs, and to assess the extent to which zakat management is able to alleviate poverty and improve the quality of human resources in Surabaya City. (Asa et al., 2024).

SUSTAINABLE DEVELOPMENT GOALS (SDGs) 8 DECENT WORK AND ECONOMIC GROWTH IMPLEMENTATION. A REVIEW FORM INDONESIA 2018-2022

This study aims to analyze the extent to which Indonesia has successfully maintained its commitment to and achieved Sustainable Development Goal 8 (SDG 8), namely Decent Work and Economic Growth, during the COVID-19 pandemic, which has placed significant pressure on the global economy. Furthermore, this study also focuses on evaluating the effectiveness of government policies and efforts in supporting sustainable economic development, and explores various challenges and aspects that need to be improved to strengthen the achievement of SDG 8 in the future. (Paksi *et al.*, 2024).

THEORETICAL STUDY

1. The Concept of Productive Zakat

Productive zakat is the management of zakat funds directed towards productive economic activities, such as providing business capital, skills training, and mentoring those entitled to receive it to achieve economic independence. Qardhawi (2022) explains that productive zakat is an important instrument in realizing economic justice through equitable and sustainable wealth distribution. This concept aligns with the principles of *maqāṣid al-syarī'ah*, particularly in safeguarding wealth (*ḥifẓ al-māl*) and improving community welfare. Therefore, zakat should not be solely consumptive, but should also have a transformative function that empowers (Islam *et al.*, n.d.).

Zakat institutions play a crucial role in managing zakat funds to ensure they reach their intended targets and provide a sustainable impact. Zakat institutions are among the Islamic philanthropic institutions that encompass Zakat, Infaq, Shadaqah, and Waqf. These four instruments are developing dynamically in Indonesia, along with evolving regulations. The government plays a significant role in this regard, as it did during the time of the Prophet Muhammad (peace be upon him). From the time of the Prophet Muhammad (peace be upon him) through the era of the Caliphate of the Righteous, the government had the authority to manage zakat funds, enabling equitable distribution (Islam *et al.*, n.d.).

The effectiveness of productive zakat distribution refers to the extent to which the program reaches its intended target and provides a tangible economic impact for those entitled to receive it. Measures of effectiveness include increased income, changes in economic behavior, and the sustainability of zakat recipient businesses. Research by Nasrul *et al.* (2025) shows that the effectiveness of productive zakat programs is greatly influenced by the quality of institutional governance, the intensity of mentoring, and the level of financial literacy of those entitled to receive it. Therefore, the process of beneficiary selection, monitoring, and regular evaluation are crucial factors in ensuring the success of productive zakat programs (Nasrul & Zulia, 2025).

The successful implementation of productive zakat is determined by several supporting factors, including good governance, supportive public policies, inter-institutional collaboration, and public awareness of zakat (Pangiuk & An-Najwa, 2023). However, several obstacles have also been identified in practice, such as low financial literacy among beneficiaries, limited access to follow-up capital, and a lack of innovation in the mentoring system. Therefore, synergy between zakat institutions, the government, and the community is essential to strengthen the contribution of productive zakat to achieving sustainable development (Goals, 2024).

1. Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) are a global development agenda agreed upon by member states of the United Nations (UN) since 2015. The SDGs encompass 17 goals and 169 targets

designed to end poverty, reduce social disparities, preserve the environment, and ensure the well-being of all humanity.

The Sustainable Development Goals (SDGs) agenda is a global commitment encompassing 17 sustainable development goals, including poverty eradication, equitable prosperity, and inclusive economic growth. Within this framework, zakat plays a direct role in several SDGs, such as poverty eradication (SDG 1), decent work and economic growth (SDG 8), and reducing social inequality (SDG 10). The integration of productive zakat programs with SDG principles has been proven to strengthen community economic independence and accelerate the distribution of prosperity (Vol, 2023).

The concept of the SDGs is closely linked to Islamic economic values. The principles of social justice, balance, and sustainability espoused in Islam align with the spirit of the SDGs. Through the implementation of productive zakat, waqf, and Islamic social finance, Islamic institutions contribute directly to the achievement of the SDGs, particularly Goal 1 (No Poverty), Goal 8 (Decent Work and Economic Growth), and Goal 10 (Reduced Inequality).

The first goal of the Sustainable Development Goals (SDGs) is to end all forms of poverty worldwide through inclusive and sustainable economic development. This goal ensures that every individual has equal access to economic resources and improves their standard of living. From an Islamic economic perspective, this aligns with the principles of maqasid al-sharia, particularly in safeguarding wealth (*hifz al-mal*) and life (*hifz an-nafs*), where zakat plays a crucial role as an instrument for wealth distribution and improving social welfare. Proper zakat management focuses not only on providing consumer assistance but also on productive activities such as providing business capital, skills training, and providing work tools for zakat recipients. This productive zakat approach encourages the economic independence of beneficiaries and significantly reduces poverty. With professional and accountable governance, zakat can be an effective tool in supporting equitable economic development and contributing to the achievement of the global agenda of Transforming Our World: The 2030 Agenda for Sustainable Development, which targets sustainable poverty eradication.

Thus, the SDGs are not only a global framework, but also align with Islamic values that emphasize shared prosperity and justice-based sustainable development.

2. Productive Zakat Management at BAZNAS

The National Zakat Agency (BAZNAS) is an official institution established by the government under Law Number 23 of 2011 to manage zakat, infaq, and sadaqah nationally. In its implementation, BAZNAS not only distributes zakat for consumption but also focuses on productive zakat management, aiming to increase the economic independence of zakat recipients. The Zakat Community Development (ZCD) program is one of its main innovations, where BAZNAS provides capital assistance, business training, and ongoing mentoring so that recipients of zakat (*mustahik*) can develop their own businesses (Khotimah et al., 2024).

The productive zakat management process at BAZNAS encompasses several stages, starting with zakat fund collection, recipient selection based on business feasibility, fund distribution as capital, and periodic program mentoring and evaluation (Insani & Hermawan, 2023). The program's success is largely determined by professional management, an effective monitoring system, and collaboration with various partners at the local level. However, several studies indicate that challenges remain, such as a lack of follow-up mentoring and low levels of financial literacy among those entitled to receive zakat (Islam et al., n.d.).

In general, the implementation of productive zakat by BAZNAS has been proven to have a positive impact on improving the welfare of those who mustahik (recipients). This program not only

contributes to poverty alleviation but also supports the achievement of the Sustainable Development Goals (SDGs), particularly Goals 1 (no poverty) and 8 (decent work and economic growth).

2. Pengelolaan zakat produktif di LAZISNU

Productive zakat is a form of zakat utilization directed towards productive economic activities so that beneficiaries (mustahik) can achieve financial independence. LAZISNU, as a zakat collection institution under Nahdlatul Ulama (NU), plays a crucial role in managing zakat funds through empowerment programs, such as revolving capital assistance, entrepreneurship training, and small business mentoring.

In practice, LAZISNU's management of productive zakat includes identifying potential recipients, disbursing funds, fostering businesses, and ongoing monitoring to ensure effective use of funds (Maisaroh, 2021). This approach contributes to improving the economic well-being of mustahik while supporting the achievement of the Sustainable Development Goals (SDGs), particularly in poverty alleviation.

The success of productive zakat implementation is influenced by management transparency, institutional accountability, and the competence of zakat collectors in the field. However, obstacles remain, such as limited funding and managerial capacity at the local level, which need to be addressed to strengthen the program's effectiveness.

METODE

This research uses a qualitative approach with a case study method to gain a comprehensive understanding of the effectiveness of productive zakat distribution in supporting the achievement of the Sustainable Development Goals (SDGs). This approach is considered most appropriate because it is able to explore social meanings and processes in depth through direct interaction with research subjects (Jamal et al., 2024). The research focuses on two zakat institutions in East Java Province, namely BAZNAS East Java and LAZISNU PWNU East Java, which are known to actively implement productive zakat programs for community economic empowerment. These two institutions were selected because they are relevant to the research objective, namely measuring the contribution of productive zakat to SDG indicators, specifically poverty alleviation (SDG 1), decent work creation and economic growth (SDG 8), and reducing social inequality (SDG 10) (Pangiuk & An-Najwa, 2023).

The research data consisted of primary and secondary data. Primary data was collected through in-depth interviews with zakat institution administrators and beneficiary recipients, while direct observation was conducted of mentoring activities and productive businesses run by zakat recipients. This approach is important because it allows researchers to assess the extent to which productive zakat can significantly increase the economic independence of mustahik (Nasrul et al., 2025). Secondary data was sourced from the institution's annual reports, internal organizational documents, and literature and scientific publications discussing the effectiveness of productive zakat programs in achieving the SDGs (Purwitasri et al., 2023).

Data collection techniques were conducted through three main stages: interviews, observation, and documentation. In-depth interviews were used to gain an understanding of the distribution mechanism, mentoring patterns, and the program's impact on the economic empowerment of beneficiaries. Interview results were then reinforced through field observations to obtain a factual picture of the implementation of the productive zakat program in the community. Documentation was used to supplement the data obtained, including activity reports and records of the development of mustahik's productive businesses. According to Khotimah et al. (2024), the mentoring process and post-distribution monitoring of zakat funds play a crucial role in maintaining the economic sustainability of mustahik and ensuring the program's success.

Data analysis was conducted descriptively, following the Miles & Huberman (2022) model of data reduction, data presentation, and conclusion drawing. This process allowed researchers to

explore patterns, relationships, and meanings emerging from the research findings in the field. Through this procedure, it is hoped that a comprehensive picture of the effectiveness of productive zakat distribution in promoting the achievement of the SDGs through the strategic role of zakat institutions in East Java will be obtained. As stated by Wongsokarto *et al.* (2025), productive zakat has great potential as an instrument of sustainable development that strengthens the economic independence of the people and reduces social inequality.

DISCUSSION

1. Background and Program Policy

The productive zakat program in East Java, run by LAZISNU and BAZNAS, reflects the commitment of these two Islamic philanthropic institutions to improving community welfare through professional management of zakat funds and a focus on economic empowerment. LAZISNU East Java, established in 2008, implements the NU Care Berdaya program, with three main activities: Nusantara Entrepreneurship (Warnusa), Livestock House, and Nusantara Village Development, as a means of empowering those entitled to manage their businesses independently. Meanwhile, BAZNAS East Java, established in 2001, (Chandra (November 4, 2025), interview). BAZNAS implements the Jatim Makmur Program by distributing productive zakat in the form of business capital, carts, and business equipment for MSMEs. Both have a similar mission, namely to make zakat not merely a consumptive aid, but an instrument of sustainable economic empowerment to improve the standard of living of those entitled to receive zakat, encourage economic independence, and contribute to the achievement of the Sustainable Development Goals (SDGs), especially poverty alleviation (SDG 1), inclusive economic growth (SDG 8) and reduction of social inequality (SDG 10) (Ach. Muhandis Mutiuddin1, Ahmad Afif Amrullah2, 2024; Kemiskinan *et al.*, n.d.).

Both LAZISNU and BAZNAS East Java have their own policies in developing productive zakat programs that emphasize the economic empowerment of the community while remaining based on professional, transparent, and sustainable sharia principles. (Amrullah (October 23, 2025). interview) LAZISNU East Java implements a strict mustahik selection system through field surveys, continuous business mentoring, and collaboration with NU administrators at the local level to ensure the distribution of zakat funds in accordance with sharia provisions and the needs of recipients. Its flagship programs such as Wirausaha Nusantara (Warnusa), Rumah Ternak, and Bina Desa Nusantara are designed to encourage economic independence and foster a spirit of social responsibility in line with the objectives of maqashid al-sharia. Meanwhile, BAZNAS East Java implements a similar policy that integrates Islamic values with the principles of Sustainable Development Goals (SDGs). Zakat funds are managed as productive business capital aimed at improving the welfare of those entitled to receive zakat and supporting the achievement of SDG 1 (poverty alleviation), SDG 8 (inclusive economic growth), and SDG 10 (reducing social inequality). With this approach, the two institutions contribute significantly to synergizing the implementation of sharia principles with sustainable development goals in East Java (Ach. Muhandis Mutiuddin1, Ahmad Afif Amrullah2, 2024; Kemiskinan *et al.*, n.d.).

2. Productive Zakat Distribution Mechanism

BAZNAS East Java distributes productive zakat in an organized, transparent, and sharia-compliant manner, with attention to internal management and monitoring of beneficiaries. LAZISNU East Java also distributes productive zakat systematically and openly, based on sharia principles, through empowerment and guidance programs for those entitled to receive it. LAZISNU East Java implements a strict mustahik selection procedure through direct field surveys, continuous business mentoring, and collaboration with local NU administrators to ensure that zakat funds are distributed in accordance with sharia principles and the needs of recipients. Its flagship programs, such as Wirausaha Nusantara (Warnusa), Rumah Ternak, and Bina Desa Nusantara, are designed to increase economic independence while fostering a sense of social responsibility in accordance with the

objectives of maqashid al-syariah, (Chandra (4 November 2025). interview) BAZNAS East Java implements similar steps by verifying prospective mustahik, assessing their eligibility (people who have businesses but are still stuck due to limited capital), and conducting field surveys in determining recipients of the productive zakat program. The BAZNAS distribution mechanism includes the planning process, fund distribution, BAZNAS and LAZISNU East Java carry out operational standards, such as field surveys before distributing productive zakat assistance to ensure that recipients truly meet the requirements as mustahik (poor or poor) and that the assistance provided is on target and in accordance with their needs. The collaboration between these two institutions strengthens the role of productive zakat as an instrument for sustainable economic empowerment of the people, increases the independence of mustahik, and provides a real socio-economic impact on the welfare of the people in East Java (Ach. Muhandis Mutiuddin1, Ahmad Afif Amrullah2, 2024; Kemiskinan et al., n.d.).

3. Program Mentoring and Monitoring

BAZNAS and LAZISNU East Java share a shared commitment to ensuring that the productive zakat program not only stops at the aid distribution stage, but also continues with the development and supervision of beneficiaries. Both institutions provide mentoring and training to enable recipients to effectively manage business capital. BAZNAS East Java provides entrepreneurship training and capital grants to help beneficiaries develop their businesses. Meanwhile, LAZISNU East Java involves NU administrators at the village or sub-district level to provide guidance and support to ensure that zakat aid is used productively according to the recipients' needs. During monitoring activities, BAZNAS conducts field visits, reviews business reports, and provides community mentoring to ensure funds are used appropriately. LAZISNU East Java conducts field surveys and coordinates with local administrators to assess business development and the appropriateness of aid utilization (Ach. Muhandis Mutiuddin1, Ahmad Afif Amrullah2, 2024; Kemiskinan et al., n.d.).

In assessing program outcomes, BAZNAS assesses the success of mustahik based on their ability to survive and develop their businesses without relying on further assistance. LAZISNU East Java's beneficiaries also experienced an average income increase of around 51.2% compared to before receiving assistance, despite still being micro-enterprises. Both institutions use relatively similar effectiveness indicators, including increased income, economic independence, business sustainability, and accuracy of recipient targeting. BAZNAS adds a social impact aspect, namely when successful mustahik are able to help their families or create new jobs. Overall, BAZNAS and LAZISNU East Java emphasize the importance of ongoing mentoring, monitoring, and evaluation so that the productive zakat program truly impacts the welfare and economic independence of mustahik (Ach. Muhandis Mutiuddin1, Ahmad Afif Amrullah2, 2024; Kemiskinan et al., n.d.).

4. Impact and Contribution to SDGs

BAZNAS East Java assesses the social and economic effects of productive zakat by conducting regular evaluations through field visits, business activity reports, and assessments of mustahik achievements. (Amrullah (October 23, 2025). interview) LAZISNU East Java monitors the results of the productive zakat program by monitoring the development of mustahik businesses, the effectiveness of mentoring, and business sustainability through periodic evaluations. (Chandra (November 4, 2025). interview) BAZNAS uses several instruments such as the National Zakat Index (IZN), the Mustahik Welfare Index (IKM), and impact surveys to assess increases in income, asset ownership, and the level of independence of mustahik. The evaluation results show that the productive zakat program makes a real contribution to improving welfare and opens up opportunities for mustahik to upgrade to muzakki. On the other hand, LAZISNU conducts assessments through field verification, direct observation, and interviews, which show an average increase in mustahik income of 51.2%, accompanied by an increase in independence and ownership of productive assets. In general, both institutions have proven that the productive zakat program has a positive impact on the welfare of

mustahik, even though its implementation is still limited to certain areas (Ach. Muhandis Mutiuddin1, Ahmad Afif Amrullah2, 2024).

Productive zakat managed by BAZNAS and LAZISNU East Java has made a significant contribution to the achievement of the Sustainable Development Goals (SDGs), particularly SDG 1 (No Poverty), SDG 8 (Decent Work and Economic Growth), and SDG 10 (Reduced Inequality). Through various programs such as Zakat Community Development (ZCD) by BAZNAS, and Wirausaha Nusantara, Rumah Ternak, and Bina Desa Nusantara by LAZISNU, productive zakat serves as a means of economic empowerment for mustahik through capital assistance, provision of production equipment, and business mentoring. These initiatives have proven to be effective in increasing income, expanding MSME-based employment opportunities, and fostering community economic independence. Furthermore, productive zakat also plays a significant role in reducing social inequality through a more equitable distribution of wealth. Furthermore, this program has succeeded in fostering a productive and independent mindset among mustahik, making it a strategic instrument in promoting sustainable social and economic development (Fitriyani et al., 2025).

BAZNAS and LAZISNU East Java implement various productive zakat programs that play an important role in supporting the achievement of Sustainable Development Goals (SDGs), especially SDG 1 (No Poverty), SDG 8 (Decent Work and Economic Growth), and SDG 10 (Reduced Inequality) (Sukma & Suryaningsih, 2024). (Amrullah (October 23, 2025). interview), Through the "Zakat for SDGs" approach, BAZNAS implements programs such as Zakat Community Development (ZCD), Livestock Centers, Food Barns, and Zakat Villages that are oriented towards community economic empowerment, increasing food security, and creating jobs at the local level. On the other hand, (Amrullah (October 23, 2025). interview) LAZISNU East Java runs the Nusantara Entrepreneurship, Livestock House, and Nusantara Village Development programs with a focus on increasing income, independence of mustahik, and reducing social disparities through providing capital, providing production facilities, and business mentoring. Both institutions demonstrate that productive zakat functions not only as a religious instrument, but also as an effective social and economic development strategy in accelerating the realization of SDGs goals in Indonesia.

BAZNAS East Java actively promotes the role of zakat in achieving the SDGs through organized and integrated communications, including social media, publications, and public outreach. LAZISNU East Java also communicates zakat's contribution to the SDGs in a structured and integrated manner, through training and collaboration with local communities. BAZNAS does this by publishing the Zakat and SDGs Report, disseminating information through its official website, social media, scientific publications, and participating in national and international forums through the "Zakat for SDGs" campaign to raise public awareness of zakat's contribution to sustainable development. Meanwhile, LAZISNU East Java publishes the results and achievements of its productive zakat program through its annual report, digital platforms such as nucare.id, and strengthening partnerships with the government, educational institutions, and community organizations. Thus, both institutions affirm that productive zakat is a strategic and transformative instrument in supporting the economic and social development agenda that aligns with the SDGs goals at the national and regional levels.

The assistance distributed by LAZISNU East Java is reflected in the following number of beneficiaries, which shows a positive impact on improving the economic welfare of the community.

First, Aminah (65 years old), a resident of Panjang Jiwo, Surabaya, received assistance in the form of a cart for selling pecel rice. Previously, she had been selling using an old, unusable iron cart. The distance from her home made it difficult for her to move her merchandise, especially given her advanced age. Aminah had been saving little by little to repair her cart, so she was very grateful when she received a new cart from LAZISNU East Java. This allowed her savings to be diverted to other, more pressing needs. The new, lighter cart with a banner also increased the efficiency of her selling activities, both in terms of energy and time. As a result, Aminah's income increased from around Rp 1,300,000 to Rp 1,800,000 per month.

Second, Sutriani (47 years old), also a resident of Panjang Jiwo, Surabaya, received assistance in the form of a cart for selling geprek chicken. Previously, she had only sold her wares in front of her house using a simple table, limiting her customers to her neighbors. After receiving the cart, he was able to flexibly relocate and choose more strategic locations. This change contributed to an increase in the number of customers and his monthly income, which rose from around Rp 1,200,000 to an average of Rp 1,800,000.

Third, Bibi Kurniawati (40 years old), a resident of Wonocolo, Surabaya, received assistance in the form of business capital and a cart to sell milk drinks and STMJ (milk, egg, honey, ginger). Previously, this widow with two children only earned around Rp 1,200,000 per month. After receiving assistance, she was able to expand her merchandise offerings, including fried foods and smashed chicken. This product diversification increased the appeal of her business and resulted in an average monthly income increase to Rp 2,000,000.

Fourth, Fatimah (52 years old), a resident of Panceng, Gresik, received assistance in the form of an electric sewing machine to support her home-based garment business. Before receiving assistance, she only had one manual sewing machine, which limited her production capacity. With the electric sewing machine, Fatimah's productivity increased significantly, increasing her income from around Rp 800,000 to Rp 1,200,000 per month.

Fifth, Misran (52 years old), a resident of Senduro, Lumajang, received a female goat through the Revolving Livestock House program. As a farm laborer and livestock caretaker, he previously did not have his own livestock due to limited capital. With this assistance, Misran can now raise his own livestock while still helping neighbors with similar businesses. Although the increase in income is not yet significant, his livestock assets have increased and are expected to provide long-term economic benefits when the goats reproduce and can be sold (Ach. Muhandis Mutiuddin¹, Ahmad Afif Amrullah², 2024).

5. Supporting and Inhibiting Factors of Effectiveness

The success of the productive zakat program at LAZISNU and BAZNAS East Java Province is supported by several important factors that are interrelated and mutually reinforcing. At LAZISNU East Java, the program's success is inseparable from the existence of a strict verification and mentoring system to ensure that aid recipients are truly categorized as mustahik and receive assistance according to their needs. (Amrullah (October 23, 2025). interview) Flagship programs such as Wirausaha Nusantara (WARNUSA), Rumah Ternak, and Bina Desa Nusantara are implemented to increase the economic independence of mustahik through the provision of business capital, work tools, and livestock. Support from the Nahdlatul Ulama organizational structure at the village and sub-district levels also strengthens the effectiveness of mentoring and direct supervision. LAZISNU's professional, transparent, and digital-based management also increases the effectiveness of zakat fund management and public trust, supported by the strong commitment of administrators and active community participation.

Meanwhile, the success of the productive zakat program at the East Java Provincial Zakat Agency (BAZNAS) is also determined by several similar factors. Effective communication between BAZNAS, the Zakat Collection Unit (UPZ), and the recipients of Zakat ensures the program runs according to its objectives through outreach, mentoring, and regular evaluation. The quality of human resources and adequate infrastructure support enable competent officers to carry out ongoing development. Furthermore, the commitment and integrity of the implementers are key drivers of success, as managers with a spirit of dedication carry out the program responsibly and innovatively. A clear and coordinated bureaucratic structure, accompanied by standardized SOPs, facilitates coordination between the provincial BAZNAS and the regional UPZ. Continuous mentoring and supervision ensure that zakat funds are truly used for productive activities, while regular monitoring and evaluation processes help mustahik better manage their businesses. Cross-sector collaboration

between BAZNAS, local governments, financial institutions, cooperatives, and universities also expands the program's impact on improving the mustahik's economic well-being. Finally, professional and transparent institutional management serves as a key foundation for public trust through the implementation of a digital reporting system, regular audits, and high accountability. Therefore, the success of the productive zakat program at both institutions is the result of the synergy between effective communication, quality resources, committed implementers, a well-organized organizational structure, ongoing mentoring, cross-sector collaboration, and professional governance that can achieve sustainable mustahik welfare (Ach. Muhandis Mutiuddin1, Ahmad Afif Amrullah2, 2024).

The implementation of the productive zakat program at BAZNAS and LAZISNU East Java faces various obstacles, both internal and external. Internally, the main obstacles at BAZNAS include suboptimal communication, limited human resources and budget, and the absence of clear SOPs, resulting in suboptimal supervision and assistance for mustahik. An inefficient bureaucratic structure also slows down program coordination and implementation. On the other hand, LAZISNU East Java faces obstacles such as the small scale of assistance, limited human resources for assistance across the region, and the inability of productive zakat funds to reach many beneficiaries. Externally, the main challenge for both institutions is the low entrepreneurial skills and literacy of mustahik, resulting in some zakat funds being used for consumptive needs. Lack of discipline among mustahik in reporting their businesses, limited market access, and unstable economic conditions also slow down the development of their businesses. Furthermore, minimal collaboration with the government, financial institutions, and other parties has resulted in the program's impact being less than optimal. Therefore, increasing human resource capacity, improving work systems, and expanding cross-sectoral cooperation are very necessary so that the productive zakat program in East Java can run more effectively, sustainably, and truly increase the economic independence of mustahik (Ach. Muhandis Mutiuddin1, Ahmad Afif Amrullah2, 2024)

BAZNAS East Java is improving human resource capacity, utilizing technology for mustahik data collection, and establishing external partnerships to expand the impact of productive zakat. Meanwhile, LAZISNU East Java focuses on empowering mustahik through mentoring, revolving capital programs, entrepreneurship training, and community collaboration for business sustainability. Internally, BAZNAS East Java is striving to improve its communication system by increasing coordination between the provincial BAZNAS, Zakat Collection Units (UPZ) in districts or cities, and mustahik through outreach activities and regular communication forums. The institution also encourages increasing human resource (HR) capacity by providing technical training to field officers to be more competent in providing mentoring and empowering the community's economy. To address budget constraints, BAZNAS is streamlining administrative activities and diverting a significant portion of funds to training, monitoring, and developing productive zakat programs. In addition, the institution improved its bureaucratic structure by developing clearer standard operating procedures (SOPs) to prevent overlapping tasks, and strengthened its monitoring and evaluation system through regular reporting and direct field supervision to ensure funds are used for productive purposes. Meanwhile, LAZISNU East Java also implemented various strategies to address similar challenges. The institution engaged Nahdlatul Ulama (NU) administrators at the local level to conduct ongoing supervision and mentoring, ensuring that beneficiaries not only received assistance but also received guidance in developing their businesses. LAZISNU tailored the type of assistance to the economic potential of each region to ensure the program was more targeted and sustainable. A rigorous field verification process is carried out before disbursing funds to ensure accuracy in targeting recipients. Furthermore, programs such as the Livestock House are implemented on a rolling basis so that their benefits can reach more recipients, even with limited financial resources. Both BAZNAS and LAZISNU East Java are also striving to improve professionalism and digitize management to strengthen transparency, accountability, and effectiveness of program implementation. Both are collaborating across sectors

with local governments, training institutions, and private partners to expand market access and economic support for recipients. This synergy is expected to create a conducive and sustainable business ecosystem, so that productive zakat truly functions as a tangible economic empowerment instrument to improve the welfare of the people of East Java (Ach. Muhandis Mutiuddin1, Ahmad Afif Amrullah2, 2024).

The collaboration between BAZNAS and various parties, including the government, academics, and other institutions, is a crucial strategy for increasing the effectiveness of the productive zakat program. Similarly, Lazisnu collaborates with various parties, including the government, academics, and other institutions. BAZNAS East Java collaborates with local governments through coordination in data collection on the poor, planning economic empowerment programs, and supporting regional regulations and policies that strengthen BAZNAS's position as an official zakat management institution. The local government also assists by providing training facilities and technical support for those entitled to receive zakat (mustahik) who run productive businesses. Furthermore, collaboration with academics and educational institutions takes the form of research, mentoring, and education related to zakat management and community economic empowerment. This collaboration helps BAZNAS develop a more effective, scientifically based empowerment model, while also serving as a means of evaluation and providing relevant policy recommendations for improving the quality of productive zakat implementation. Meanwhile, LAZISNU East Java also forges strong collaborations with various parties. Internally, the institution collaborates with Nahdlatul Ulama (NU) and LAZISNU administrators at the district/city level to expand program reach and strengthen oversight of its implementation. Externally, LAZISNU coordinates with NU Care LAZISNU Pusat, philanthropic institutions, and local communities to strengthen economic empowerment capacity. The involvement of academics, such as those from Sunan Giri University Surabaya, also plays a crucial role in program research and evaluation to ensure effectiveness and real impact on the ground. Furthermore, the implementation of the productive zakat program at LAZISNU is in line with Law Number 23 of 2011 concerning Zakat Management, which provides legal legitimacy and operational support for this institution as an official zakat collector.

BAZNAS and LAZISNU East Java also collaborate with non-governmental organizations and private partners in entrepreneurship training, providing access to additional capital, and establishing marketing networks for mustahik products. This cross-sector synergy expands the program's reach while creating a more sustainable productive economic ecosystem. Thus, collaboration between zakat institutions, the government, academics, and other socio-economic partners plays a significant role in strengthening the effectiveness of the productive zakat program in East Java, ensuring that the program is not only oriented towards fund distribution but also towards building the comprehensive and sustainable economic capacity of mustahik (Ach. Muhandis Mutiuddin1, Ahmad Afif Amrullah2, 2024).

6. Program Evaluation and Improvement

BAZNAS and LAZISNU East Java consistently conduct routine evaluations of the productive zakat program to ensure it is effective, on-target, and sustainable for the beneficiaries. At BAZNAS, monitoring and evaluation (Monev) activities are conducted using measuring tools such as the Mustahik Welfare Index (IKM) and the National Zakat Index (IZN) to assess changes in the socio-economic conditions of beneficiaries. This process also involves research institutions and universities to ensure the evaluation results are more objective and accountable. Meanwhile, LAZISNU East Java conducts evaluations through field verification, surveys, and direct interviews with beneficiaries, along with ongoing monitoring by administrators at the district and village levels. This step aims to measure the sustainability of the business and increase the income of beneficiaries. The findings of these evaluations then serve as an important reference for both institutions in refining and developing the program, so that the management of productive zakat becomes more optimal in improving the

welfare and economic independence of the community (Ach. Muhandis Mutiuddin1, Ahmad Afif Amrullah2, 2024; Zakat & Sidoarjo, 2025).

(Amrullah (October 23, 2025). Interview) The latest evaluation results of LAZISNU East Java show significant progress in the effectiveness of zakat distribution through the implementation of stricter field verification and ongoing mentoring for mustahik. The field survey-based selection process ensures that zakat recipients truly come from the poor and needy who deserve assistance. Based on the evaluation results, there was an increase in mustahik's income of up to an average of 51.2 percent after obtaining capital or business equipment. This proves that zakat distribution has been more targeted and has had a real impact on improving the welfare of beneficiaries. To maintain program continuity, LAZISNU also strengthens collaboration with administrators in various regions so that empowerment activities remain productive and sustainable (Ach. Muhandis Mutiuddin1, Ahmad Afif Amrullah2, 2024; Zakat & Sidoarjo, 2025).

(Chandra (November 4, 2025). Interview) Meanwhile, at BAZNAS, the mustahik empowerment approach has also shown effective results in transforming zakat recipients into muzakki. One concrete example is a family where the father lost his job and his son was unemployed after a previous business failed. Through a potential and interest assessment process, BAZNAS identified a business opportunity in the culinary sector, then provided assistance in the form of a food cart, work equipment, business capital, and mentoring through the Z-Chicken program. This support successfully improved the family's economic condition, transforming them from unemployed to independent entrepreneurs who were ultimately able to pay zakat. This case is proof that productive zakat plays a role as a concrete instrument of socio-economic transformation, encouraging mustahik to move up a class towards independence and financial empowerment.

LAZISNU East Java and BAZNAS continue to innovate in developing productive zakat programs to increase their effectiveness and have a broader impact on improving the welfare of those entitled to receive alms. LAZISNU focuses on strengthening the digitalization of zakat management systems, which include data collection processes for eligible recipients and application-based reporting to increase transparency and accountability. Furthermore, the institution plans to implement an integrated mentoring model that includes training in entrepreneurship, financial management, and digital marketing, while expanding partnerships with local governments, educational institutions, and the private sector to expand access to capital, markets, and technology.

Meanwhile, BAZNAS has implemented various productive zakat programs such as capital grants and loans for MSMEs, work equipment assistance, and goat farming programs, which have been proven to increase the economic independence of mustahik. Going forward, BAZNAS will introduce various new innovations, including Z-Auto, a collaborative program with BAZNAS RI that focuses on developing mini workshops, and Z-Coffee, a program aimed at university students to foster a young entrepreneurial spirit. Through this series of innovations, both institutions are committed to building an independent, productive, and sustainable economic ecosystem for the people, while supporting the achievement of the Sustainable Development Goals in Indonesia.

7. Conclusion

According to (Amrullah (October 23, 2025). Interview), the ideal productive zakat from LAZISNU should be oriented towards building the independence of mustahik, not merely charity. To be effective and sustainable, management needs to be supported by five main pillars: potential-based assessment, routine spiritual and business mentoring, and a community-based approach for easier monitoring and mutual reinforcement.

The hope is that productive zakat will become a strategic instrument for national development to eradicate extreme poverty and support the SDGs, through collaboration between the government and zakat institutions. The ultimate goal is to create a sustainable economic cycle where the mustahik being nurtured today will one day become new munfiq and muzakki.

Meanwhile, according to (Chandra (November 4, 2025). Interview) the management of BAZNAS productive zakat must be carried out with trust, honesty, and full responsibility, because ZIS funds are a mandate from the people. They hope that productive zakat can help the government reduce poverty and create jobs, so that underprivileged people can work independently without relying on loan sharks and the benefits of zakat can be felt widely.

CONCLUSION

The results of this study confirm that productive zakat functions as an effective Islamic economic instrument in improving the standard of living of those entitled to receive it and makes a significant contribution to achieving the Sustainable Development Goals (SDGs), particularly SDG 1 (Eradication of Poverty), SDG 8 (Decent Work and Economic Growth), and SDG 10 (Reduction of Social Inequality).

Based on case studies at the BAZNAS (National Azan Agency) of East Java Province and LAZISNU (National Azan Association) of East Java Province, it was found that the successful implementation of productive zakat is influenced by several important aspects, including:

1. Professional, accountable, and transparent institutional management,
2. Intensive support for beneficiaries,
3. Systematic and ongoing selection and evaluation of beneficiaries, and
4. Collaborative partnerships with various parties, including government, academics, and the community.

Various flagship programs, such as Zakat Community Development (ZCD) run by BAZNAS and Wirausaha Nusantara (Warnusa), Rumah Ternak (Livestock House), and Bina Desa Nusantara (Nusantara Village Development) by LAZISNU, have proven effective in increasing the income of those entitled to receive alms by more than 50 percent, strengthening economic independence, and reducing social inequality.

However, the implementation of productive zakat still faces several challenges, including poor financial literacy among those entitled to receive alms, limited funds and human resources, and limited market access. To address these challenges, both institutions continue to innovate through digitalizing zakat management, increasing the capacity of amil (collective donors), and expanding their strategic partnership networks.

Overall, productive zakat has proven to be a sustainable and equitable instrument for the economic empowerment of the community, serving not only as consumer assistance but also as a catalyst for the formation of an independent and productive community economic ecosystem aligned with the principles of *maqāṣid al-syari'ah* (the principles of Islamic principles) and the global SDGs vision.

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