

## Evaluation of the Productive Zakat Program of BAZNAS: A Case Study from Western Indonesia

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### *ABSTRACT*

*This paper aims to measure the impact of zakat distribution program implemented by Indonesia's National Zakat Board (BAZNAS). The study intended to accurately assess the impact of the program for a potential extension to other zakat institutions. The study adopted the CIBEST model developed by Beik and Arsyianti (2015), a quadrant model that combines the fulfillment of human needs that are both material and spiritual. The CIBEST consists of well-being index, material poverty index, spiritual poverty index, and absolute poverty index. The study has found that fund distribution by BAZNAS through the productive zakat program is quite effective in improving the welfare index of mustahik households in both material and spiritual aspects.*

*Keywords: CIBEST model, Mustahik, Productive Zakat*

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## INTRODUCTION

Zakat is one of the social and economic instruments for an optimum development of a nation (Qaradawi, 2011). It is also projected to reduce poverty and empower the poor. In Indonesia, poverty is still a major economic and social problem that needs to be alleviated. The Indonesia State Statistical Office (Badan Pusat Statistik) has reported in September 2015 that the number of poor people were about 28.51 million, or 11.13% of the total population of Indonesia. Therefore, it is interesting to see how charity plays a role in poverty alleviation.

Based on a study by Firdaus et al. (2012), the zakat funding in Indonesia reached 3.4% of total GDP in 2011, or Rp 217 trillion. The potential of zakat was estimated to reach Rp 286 trillion by 2015. However, the realization of zakat collection was only about 2% of its potential. The lack of public trust to pay zakat through zakat institutions was believed to be a major reason for the wide gap between potential and actual collection of zakat in Indonesia.

The management of zakat in Indonesia has been regulated through the Law No. 23 of 2011, replacing the Law No. 38 of 1999. The law prescribes that there are two kinds of zakat organizations in Indonesia, namely *Badan Amil Zakat Nasional* (BAZNAS), representing zakat governments throughout Indonesia, and *Amil Zakat* institutions (LAZ) managed privately or publically with approval and accreditation from the government (the Ministry of Religious Affairs of the Republic of Indonesia). By law, BAZNAS has the authority to manage and coordinate with all zakat institutions, including LAZ, in Indonesia. Currently, BAZNAS has 33 representatives across all provinces of Indonesia. Hence, BAZNAS is at frontline in national development, especially related to poverty reduction.

To meet their expected goals, BAZNAS and other zakat

institutions should adopt precise ways to accurately measure the impact of the program on the welfare of mustahik. The evaluation should especially measure how effective the zakat program has been in improving the lives of mustahik in economic, social, and spiritual aspects.

Under BAZNAS, the distribution of zakat funds as on 2015 reached Rp 2,251,634,745,545 (2.2 trillion), benefitting 4,515,126 or 4.5 million people. Based on the types (asnaf) of mustahik who received benefit, about 67.7% of the population were categorized as poor (BAZNAS, 2015). Based on the distribution of funds by sectors, about 41.3% were allocated to the social and humanitarian sector, followed by 20.3% to education, 15% to economic sector, 14.9% to da'wah, and 8.5% to health sector. It is clear that zakat funds are aimed to increase the economic productivity of mustahik communities, and hence BAZNAS must ensure that the funds are effectively distributed to improve the welfare of mustahik families.

## LITERATURE REVIEW

To assess whether zakat funding has an impact on reducing the poverty, we require some economic tools to measure the impact. We can use a variety of models. To assess poverty levels among zakat recipients (mustahik), the World Bank's *Handbook on Poverty and Inequality* describes several methods that are of interest (Haughton & Khandker, 2009). A study by Haughton and Khandker also explains several indices that can be used to measure poverty. The models are summarized in Table 1.

**Table 1** Poverty Measurement Indices (World Bank Version)

Measurement Model	Explanation
<i>Headcount Index</i>	The percentage of poor people under the poverty line

<i>Poverty Gap Index</i>	This index is a continuation of Headcount Index that measures the extent to which a person falls below the poverty line (poverty gap)
<i>Poverty Severity Index</i>	This index is used to measure the inequality among the poor, or to observe the rate of severity of the poor by measuring the gap between poverty line and the average income of poor people
<i>Sen-Shorrocks-Thon (SST) Index</i>	This index is a combination of Headcount Index, Poverty Gap Index (applied to the poor only), and a term with Gini coefficient of the poverty gap ratios (for the whole population). So the formula is, %change in SST index = %change in Headcount Index + %change in Poverty Gap Index (among poor) + %change in (1+Gini coefficient of poverty gap)
<i>Watts Index</i>	The measure is “distributionally sensitive” by virtue of its use of logarithms. The Watts index is more sensitive to changes in the lowest incomes than it is to changes for those with higher incomes. That is, transferring \$5 to a very poor person counts as a far larger contribution to poverty reduction than transferring \$5 to a richer (but still poor) neighbor

Source: World Bank (2009).

In Indonesia, there are two approaches to measuring the poverty standard, introduced by BPS-Statistics Indonesia and National Board of Family Planning Coordination (BKKBN). BPS has proposed an approach based on spending for basic needs, which consists of food consumption and non-food consumption. For food consumption, BPS determined a minimum supply of 2,100 calories per day per capita. It means that if a person consumes less than 2,100 calories per day, then he/she is classified as poor based on the food poverty line. For non-food consumption, BPS determined the commodity needs per person depending on the geographical conditions. For the rural area, there are at least 47 commodities, while for the urban area there are 51

commodities. If a person cannot fulfill this commodity standard, he/she is categorized as poor people based on the non-food poverty line. For further computation, both indices are technically converted into monetary terms.

While BPS calculates the basic needs per capita, BKKBN qualitatively measures poverty based on basic needs of a family. In this regard, BKKBN classifies families into five groups, namely pre-prosperous family, prosperous families I, prosperous family II, prosperous family III, and prosperous family III plus. BKKBN also incorporates spiritual needs as one of the indicators of a prosperous family II (non-poor family). Spiritual need is determined based on the ability to perform rituals; if a family cannot fulfill its spiritual needs, it will be classified as prosperous family I (poor family) (Alimoeso, 2014). Nevertheless, the BKKBN model seems less comprehensive in elaborating spiritual needs.

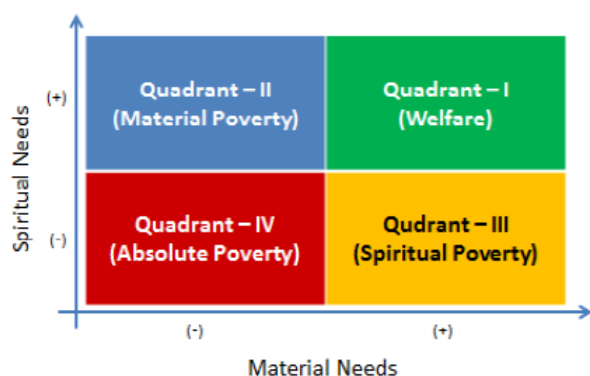
Based on a review of literature, most of the existing models cannot adequately measure the expectations of zakat in terms of not only material needs but also spiritual needs. However, the CIBEST model, developed by Beik and Arsyianti (2015), attempts to address this challenge by measuring both the material and spiritual needs. Both aspects are important benchmarks for a person's balanced way of life, as revealed the Qur'an and Sunnah. Within this model, households are divided into four types based on the conditions and their capacity to meet the material and spiritual needs. The four types are:

1. Prosperous family (quadrant I): In this highest category, a household can meet both material and spiritual needs completely.
2. Material poverty (quadrant II): In this, a family is only able to meet spiritual needs but not material needs.

3. Spiritual poverty (quadrant III): In this, a family is only able to meet material needs but not spiritual needs.
4. Absolut poverty (quadrant IV): In this lowest level, a family can meet neither the material needs nor the spiritual needs.

Based on this classification, Beik and Arsyianti formulated an index called CIBEST, with quadrants as shown in Figure 1.

**Figure 1** CIBEST Quadrants



Source: Beik and Arsyianti (2015).

There are two benefits in using the CIBEST model. First, the number of families in each quadrant can be easily identified. Second, the quadrants can assist government agencies in formulating appropriate policies. According to Beik and Arsyianti, material poverty line can be determined using three approaches: periodical surveys of basic material needs, determining a standard poverty line according to BPS, and zakat standard nishab (the minimum amount that a muslim must have before being obliged to zakat). Nishab is a standard between muzaki (zakat payers) and mustahik (zakat recipients). In the CIBEST model, the spiritual aspects are based on three variables, consisting of worship, family environment, and government policies. The measurement of these three variables is outlined in Table 2.

**Table 2** Assessment of Spiritual Needs

Variables	Likert Scale					Poverty Standard
	1	2	3	4	5	
<b>Prayer</b>	Blocking others to pray	Against the concept of prayer	Performing obligatory prayer but not on regular basis	Always performing obligatory prayer but not in congregational prayer	Performing congregational prayer for obligatory one and perform recommended prayer	Average score for spiritually poor household is equal to 3 (SV=3)
<b>Fasting</b>	Blocking others to undertaking fasting	Against the concept of fasting	Not fully performing obligatory fasting	Performing only obligatory fasting	Performing obligatory fasting and recommended fasting	
<b>Zakat and Infak</b>	Blocking others to pay zakat and infak	Against the concept of zakat and infak	Not paying infak at least once in a year	Paying zakat al-fitr and zakat al-maal	Paying zakat al-fitr, zakat al-maal, and infak	
<b>Household Environment</b>	Forbid ibaadah	Against implementation of ibaadah	Consider private matter for household member	Support execution of ibaadah	Creating environment which obligates execution of ibaadah	
<b>Government Policy Environment</b>	Forbid ibaadah	Against implementation of ibaadah	Consider private matter	Support execution of ibaadah	Creating environment which obligates execution of ibaadah	

Source: Beik and Arsyanti (2015)

The CIBEST model uses a Likert-type scale to measure spiritual needs, where 1 is the lowest value and 5 is the highest value. Although a value of 3 is a minimum standard to distinguish the poor and the rich based on spiritual needs, a family receiving this score is considered to lack faith in performing regular worship. A family scoring a value of 1 and 2 can be assumed to be not adhering to Islamic teachings, suggesting that the household environment and the government are against religious teachings.

## METHODOLOGY

### Data

The present study is a quantitative analysis of data obtained through a survey of mustahik who were recipients of the productive zakat program. The CIBEST model developed by Beik and Arsyanti (2015) was used to measure the impact of zakat. The CIBEST model consists of Well-being Index, Material Poverty Index,

Spiritual Poverty Index, and Absolute Poverty Index.

This study considered both primary and secondary data. While the primary data were obtained through interviews of mustahik, the secondary data were derived from the documents and financial reports of BAZNAS. The methods of data collection used in this study are detailed in

Table 3. Interview data were collected between October and November 2016 from six districts, which included West Sumatra (Sijunjung), Riau (Siak), West Java (Bandung and Sumedang), Yogyakarta (Bantul), and East Java (Gresik) (Table 4).

**Table 3** Methods of data collection

<b>I</b>	Secondary data	BAZNAS documentation and literature review	Findings related to the research on the impact of zakat program
<b>II</b>	Primary data	Direct survey of mustahik	Profiles, trends, and life patterns of mustahik receiving zakat

**Tabel 4** Province, areas, and number of respondents

No	Province	Areas Surveyed	Number of Respondents
1	West Sumatra	Sijunjung	150
2	Riau	Siak	400
3	West Java	Sumedang	85
		Bandung Barat	63
4	Yogyakarta	Bantul	104
5	East Java	Gresik	200
	<b>Total</b>		<b>1,002</b>

Sumber: Primary data 2016 (processed).

The survey data obtained from 1,002 respondents were verified and validated before analysis.

### Methods of Data Analysis

#### a. Material Poverty Line

The BPS-Statistics Indonesia standard of poverty line was modified considering the data of year before zakat program was started and the year after the program started. Furthermore, the unit analysis was based on household instead of individual. Based on this, the households were categorized into either below poverty line or above poverty line. The formulas used were as follows:

- Material poverty line before start of the program: Poverty line of BPS year before  $\times$  average number of family members per household year before

- Material poverty line after start of the program: Poverty line of BPS year after  $\times$  average number of family members per household year after

#### b. Average Score of Spiritual Conditions of All Households

CIBEST requires the score of actual spiritual conditions of households. The spiritual score of each individual household was obtained using the following formula:

$$Hi = \frac{Vpi + Vfi + Vz_i + Vhi + Vgi}{5}$$

where

- $Hi$  : spiritual score of household member  $i$
- $Vpi$  : prayer score of household member  $i$
- $Vfi$  : fasting score of household member  $i$

$Vzi$  : score of zakat and infak of household member  $i$

$Vhi$  : score of household environment based on perception of household member  $i$

$Vgi$  : score of government policy environment based on the perception of household member  $i$

Then, an average score of spiritual conditions of one household was obtained:

$$SH = \sum_{h=1}^n \frac{H1 + H2 + \dots + Hn}{MH}$$

where

$SH$  : average score of spiritual condition of one household

$Hh$  : spiritual score of household member  $i$

$MH$  : total number of household members

From the average score of spiritual condition of one household, the average score of spiritual condition of all households was estimated using the following formula:

$$SS = \sum_{k=1}^n \frac{SHk}{N}$$

where

$SS$  : average score of spiritual condition of all observed households

$SHk$  : spiritual score of household  $k$

$N$  : total number of observed households

After obtaining the material poverty line and average score of spiritual condition, each household is then categorized according to the CIBEST quadrant as shown in Table 5.

**Table 5** Classification of Households Based on Material Poverty Index (MV) and Spiritual Poverty Index (SV)

	< MV Score	> MV Score
> SV Score	Spiritually rich but materially poor household (quadrant II)	Materially and spiritually rich household (quadrant I)
≤ SV Score	Materially and spiritually poor household (quadrant IV)	Materially rich and spiritually poor household (quadrant III)

Source: Beik and Arsyanti (2015)

**Table 6** Formulas of CIBEST Indices

CIBEST Indices	Formula	Narration
Material Poverty	$Pm = \frac{Mp}{N}$	$Pm$ : Material Poverty Index; $0 \leq Pm \leq 1$ $Mp$ : number of materially poor and spiritually rich households $N$ : total number of observed households
Spiritual Poverty	$Ps = \frac{Sp}{N}$	$Ps$ : Spiritual Poverty Index; $0 \leq Ps \leq 1$ $Sp$ : number of spiritually poor and materially rich households $N$ : total number of observed households
Absolute Poverty	$Pa = \frac{Ap}{N}$	$Pa$ : Absolute Poverty Index; $0 \leq Pa \leq 1$ $Ap$ : number of spiritually and materially poor households $N$ : total number of observed households
Welfare	$W = \frac{w}{N}$	$W$ : Welfare Index; $0 \leq W \leq 1$ $w$ : number of spiritually and materially rich households $N$ : total number of observed households

## RESULTS AND ANALYSES

### Measurement of CIBEST

Using a modified BPS approach, the value of MV (material poverty line) for the year

before and after the zakat program was introduced was determined. The results of the calculations based on the data from the surveys conducted in six districts are presented in stages.

### **Stage I: MV before and after zakat program**

In our study areas, zakat program was either started in the end of 2014 or the beginning of 2015.

Material poverty line before zakat program (MV1): Poverty line of BPS yearbefore (2014) x average number of family members per household yearbefore  
 $MV1 = Rp\ 311,767 \times 4 = Rp\ 1,247,068$

Material poverty line after zakat program (MV2): Poverty line of BPS yearafter (2016)x average number of family members per household year-after  
 $MV2 = Rp\ 354,087 \times 4 = Rp\ 1,416,346$

### **Stage II: Spiritual value and monthly income**

For the calculation of spiritual value by CIBEST mode, five indicators were

considered, including prayer, fasting, zakat and donation, households' environment, and government policies. Based on our survey in six areas, the results of spiritual value is presented in Table 7.

**Table 7** Average spiritual score of mustahik households

Pre zakat	Post zakat
3.82	4.13

Source: Primary data 2016 (processed).

The spirituality of mustahik households has relatively increased after the implementation of zakat program, which included da'wa program in the form of public lectures at mosques. With regard to the changes in the income of mustahik households, the average monthly income significant increased from Rp 1,490,937 to Rp 1,928,897, which represents an increase of 41%. The average incomes in the six regions surveyed are presented in Table 8.

**Table 8** Average monthly incomes of mustahik households

No	Region	Prezakat(Rp)	Postzakat(Rp)	Percentage Increase
1	Bandung Barat	1,678,791	2,059,585	22.68
2	Bantul	1,998,558	2,550,077	27.60
3	Sumedang	371,605	814,553	119.20
4	Gresik	1,754,850	2,103,600	19.87
5	Sijunjung	1,590,333	2,014,917	27
6	Siak	1,551,482	2,030,648	31
	<b>Average</b>	<b>1,490,937</b>	<b>1,928,897</b>	<b>41</b>

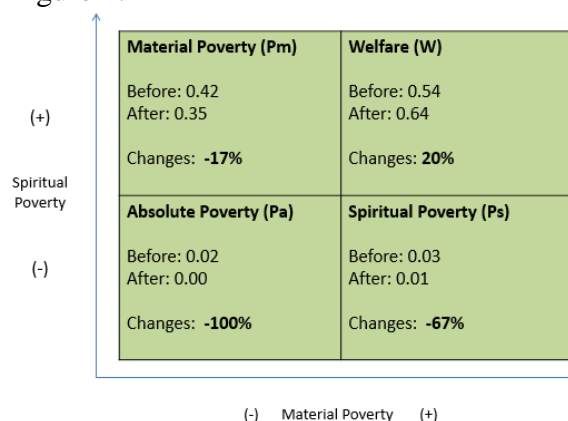
Source: Primary data 2016 (processed).

Based on the average monthly income per mustahik household, five areas were slightly above poverty line before the program, and after the program, those areas rose much higher than the poverty line. However, Sumedang is the only region in which the average monthly income before and after the program was still below the poverty line. Nevertheless, there was a significant increase of average monthly income from Rp 371,605 to Rp 814,553, which is 119%. It represents the largest increase among all other regions.

### **Stage III: Categorizing Mustahik Households into Quadrants Based on CIBEST Indices**

After determining the poverty line, average monthly income, and spiritual score of mustahik households, the next step was to categorize mustahik households into CIBEST quadrants. Based on the data, the prosperity index (*W*) across the six regions increased by 20%, from 0.54 to 0.64. Then the Material Poverty Index (*Pm*) decreased by 17%, Spiritual Poverty Index (*Ps*) decreased by 67%, and Absolute Poverty (*Pa*) decreased by 100%. The classification of mustahik households

based on CIBEST indices is shown in Figure 2.



Source: Primary data 2016 (processed).

**Figure 2** CIBEST quadrants of mustahik households

Based on the data, the increase in welfare index (W) was as a result of increase in both average monthly income and spiritual score. However, it was relatively less significant, with only 20%. In terms of Pm, it fell by 17%. Although the number of mustahik households in terms of Ps was relatively small, it decreased quite significantly by 67%. It is expected

to decrease in the future by 100%. Similarly, absolute poverty decreased significantly, with no mustahik households falling into this category.

Furthermore, the evaluation of zakat impact based on the CIBEST model shows that solutions to obstacles and challenges must be identified in order for the program to achieve maximum outcomes. More optimized action plans should be designed to assist mustahik in improving their welfare in terms of both material and spiritual aspects. Although the number of mustahik families in the spiritual poverty group were small, there is a concern that it may affect their belief in Allah and the teachings of Islam.

Therefore, to further improve both material and spiritual aspects of mustahik, more planning, monitoring, and evaluation of zakat distribution is necessary.

The changes in welfare and absolute poverty indices across the six areas surveyed are presented in Table 9.

**Table 9** Changes in indices of welfare and absolute poverty

No	Province	District	Changes in W	Changes in Pa
1	West Java	Sumedang	7.14%	0%
2		Bandung Barat	24.49%	0%
3	Yogyakarta	Bantul	22.22%	-100%
4	East Java	Gresik	0%	-100%
5	West Sumatera	Sijunjung	47.27%	-100%
6	Riau	Siak	16.95%	0%

Source: Primary data 2016 (processed).

According to the table, three districts, Bantul, Sijunjung, and Gresik, have liberated from the absolute poverty group by 100%. Other three districts showed no change because previously there were no mustahik households in the absolute poverty group. Therefore, based on the increasing welfare index percentage, Sijunjung recorded the highest increase in its welfare index, by 47.27%, followed by Bandung Barat, by 24.49%, and then Bantul, by 22.22%.

The reason why these three districts improved their welfare index was because they have an intensive coaching program and a facilitator. Furthermore, BAZNAS is supervising the mustahik's business in these three districts to ensure their products are well managed, including the cashflow, distribution channel, packaging, etc. Moreover, the mustahik in these areas participate in da'wah activities, including gathering at the mosque or some public space to attend the Islamic public lecture.

Hence, this study makes it clear that an appropriate coaching program and a qualified facilitator can influence mustahik's welfare materially and spiritually.

### Portrait of the Surveyed Areas

#### 1. Siak (Riau)

The Siak district currently has 14 sub-districts with the total area of 8592.09 km<sup>2</sup>. The total population in Siak was recorded at 424,884 (Mei 2011). The local government of Siak concerns about zakat and issued Instruction No.14 of 2012, which states that all public servants,

employees of state-owned enterprises, and other private employees are instructed to pay the zakat to BAZNAS. Zakat socialization in Siak is intensive. Therefore, the zakat collection has been increasing up to this year.

According to Table 10, the value of welfare index pre zakat was 0.59, but after a productive zakat program, it rose to 0.69, an increase by 16.95%. Although the material poverty index decreased by 25%, the spiritual poverty index had no change. Moreover, with regard to the absolute poverty index, no single mustahik household falls in this category both pre and post zakat.

**Table 10** CIBEST Indices in Siak

	Pre Zakat	Post Zakat	Percentage Change
Welfare Index (quadrant 1)	0.59	0.69	16.95%
	Pre Zakat	Post Zakat	Percentage Change
Material Poverty Index (quadrant 2)	0.40	0.30	-25.00%
Spiritual Poverty Index (quadrant 3)	0.01	0.01	0.00%
Absolute Poverty Index (quadrant 4)	0.00	0.00	0%

Source: Primary data 2016 (processed).

Generally, BAZNAS has been quite successful in Siak in increasing the welfare index (quadrant 1) and decreasing the material poverty index (quadrant 2). However, there is still mustahik households in quadrant 3 (spiritual poverty index). This should not be underestimated. The da'wah program is very important to reduce the spiritual poverty of mustahik households.

#### 2. Sijunjung (West Sumatra)

BAZNAS in Sijunjung has distributed zakat funds for education, called

'Sijunjung Cerdas', targeting 2,049 poor students, in the first half of 2016. The fund is about Rp 609.8 million. In 2014, BAZNAS in Sijunjung together with BAZNAS National and BAZNAS in West Sumatra had given zakat funds for Zakat Community Development (ZCD) program, amounting to Rp 210 million. Table 11 shows the impact of the distribution of the program in Sijunjung.

**Table 11** CIBEST Indices in Sijunjung

	Pre Zakat	Post Zakat	Percentage Change
Welfare Index (quadrant 1)	0.55	0.81	47.27%
Material Poverty Index (quadrant 2)	0.34	0.18	-47.06%
Spiritual Poverty Index (quadrant 3)	0.06	0.01	-83.33%

Absolute Poverty Index (quadrant 4)	0.05	0.00	-100.00%
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Source: Primary data 2016 (processed).

Although the welfare index (quadrant 1) significantly increased from 0.55 to 0.81, an increase by 47.27%, the material poverty index and spiritual poverty index drastically decreased by 47.06% and 83.33%, respectively. The absolute poverty index also decreased by 100% post zakat program. Based on these data, we can conclude that zakat in Sijunjung has done very well.

### 3. Bandung Barat(West Java)

BAZNAS distributed zakat to mustahik households in several areas of West Java. In one area located in Bandung Barat, 63 mustahik were surveyed. As shown in Table 12, welfare index increased by 24.49% after the zakat program. Material poverty index decreased by 23.53%, from 0.51 to 0.39. Then, spiritual poverty index and absolute poverty index did not change either pre or post zakat program, since there were no mustahik households identified in this group.

**Table 12** CIBEST Indices in Bandung Barat

	Pre-Zakat	Post-Zakat	Percentage Change
Welfare Index (quadrant 1)	0.49	0.61	24.49%
Material Poverty Index (quadrant 2)	0.51	0.39	-23.53%
Spiritual Poverty Index (quadrant 3)	0	0	0%
Absolute Poverty Index (quadrant 4)	0	0	0%

Source: Primary data, 2016 (processed).

It was observed that most of the respondents were factory workers (15%), traders (8.72%), and some were farmers (5.96%). The zakat program in West Bandung focuses on the development of micro entrepreneurs. Many homemakers now do their own businesses, such as bakery, snacks, etc. As a result, the average monthly income of mustahik households increased by 22.68%. Furthermore, the program of 'tabung desa' (village's saving) helps someone who needs interest-free loans.

### 4. Sumedang (West Java)

Our survey took place in one of the villages in Sumedang district, called Dayeuh Luhur. Most of the livelihoods of these village communities are based on farming. The number of farmers in this village is 82.05% of the total population. The rest of them are labors (11.54%). The survey results are presented in Table 13.

**Table 13** CIBEST Indices in Sumedang

	Pre Zakat	Post Zakat	Percentage Change
Welfare Index (quadrant 1)	0.14	0.15	7.14%
Material Poverty Index (quadrant 2)	0.86	0.85	-1.16%
Spiritual Poverty Index (quadrant 3)	0.00	0.00	0%

Absolute Poverty Index (quadrant 4)	0.00	0.00	0%
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Source: Primary data 2016 (processed).

Although the majority of mustahiks in this area are still at the level of material poverty, their income increased by 119.20%, which is the highest among the districts surveyed. Their average monthly income per family before the program was Rp 300,000, which increased to Rp 800,000 after the program. The coaching program by BAZNAS trained mustahik in making local products such as banana chips. However, the production of banana chips is constrained by limited land availability and lack of proper distribution and hence the welfare index remains low.

## 5. Bantul (Special Region of Yogyakarta)

In Bantul, there are about 100 mustahik households. Here, people worked in agriculture, farms, and food processing. BAZNAS in Yogyakarta distributed aid in a different form, such as livestock breeding for breeders and money to those who do not have skills in farming, or a combination of both. The results of the survey are presented in Table 14.

**Table 14** CIBEST Indices in Bantul

	Pre Zakat	Post Zakat	Percentage Change
Welfare Index (quadrant 1)	0.63	0.77	22.22%
Material Poverty Index (quadrant 2)	0.24	0.20	-16.67%
Spiritual Poverty Index (quadrant 3)	0.09	0.03	-66.67%
Absolute Poverty Index (quadrant 4)	0.05	0	-100.00%

Source: Primary data 2016 (processed).

The survey shows a low spiritual index in Yogyakarta, 0.03, suggesting that most mustahik households are trapped in spiritual poverty, which may be due to the lack of spiritual coaching. However, the increase in mustahik welfare should be appreciated because of the capital aid that fits their needs.

## 6. Gresik (East Java)

Gresik, located in the northwest of East Java, has a zakat institution that is directly working under the local government. BAZNAS in Gresik has a very broad authority, including zakat collection from

all companies or government agencies (SKPD). BAZNAS in Gresik has five main programs: Gresik Cerdas (education), Gresik Sehat (health), Gresik Peduli (social), Gresik Berdaya (economic), and Gresik Taqwa (da'wah).

Gresik Berdaya (economic) has distributed zakat funds in 2015 in the form of interest-free loans to 28 mustahik, working equipments to 3 mustahik, and cattle to 126 mustahik. The results of the survey are presented in Table 15.

**Table 15** CIBEST Indices in Gresik

	Pre Zakat	Post Zakat	Percentage Change
Welfare Index (quadrant 1)	0.84	0.84	0.00%
Material Poverty Index (quadrant 2)	0.15	0.16	6.67%

Material Poverty Index (quadrant 2)	0.01	0.00	-100.00%
Absolute Poverty Index (quadrant 4)	0.01	0.00	-100.00%

Source: Primary data 2016 (processed).

Although we can assume that the program successfully improved the spiritual and absolute poverty, the index of mustahik welfare did not increase. This case needs to be evaluated by BAZNAS in Gresik, because although 128 mustahik had directly received benefit, the lack of economic gain could be due to lack of supervision or that farming is unsuitable for mustahik in the particular area.

### CONCLUSION AND RECOMMENDATIONS

The results of our survey point out that the zakat program has been quite effective in improving the welfare index of mustahik households in both material and spiritual aspects. Our evidence shows that the welfare index has improved from as low as 7% to the highest of 47%, except for Gresik which remains unchanged. Moreover, the average monthly income of mustahik households in all areas surveyed has increased from the lowest of 19% to the highest of 119%. Furthermore, the levels of material poverty, spiritual poverty, and absolute poverty have also decreased.

The findings derived from each region are relatively diverse, due to differences in the social, economic, and culture aspects of mustahik households in a particular area. Furthermore, several factors can be determinant of the outcomes such as the intensity of coaching and monitoring of the program, etc. The distribution of zakat funds in the form of either cash or commodity like cattle, fertilizer, seeds, or a combination of cash and commodity is done to match the needs of mustahik households to establish or expand their businesses.

Coaching and supervision are important to guide the mustahik households in utilizing the distributed zakat fund. Based on the results of our survey, some recommendations can be offered:

1. For BAZNAS and other zakat institutions, the strategy of distributing zakat fund and developing the program is very important to ensure that the zakat program meets its intended objectives.
2. BAZNAS and other zakat institutions should adopt material and spiritual aspects of mustahik households as performance indicators.
3. Coaching is very important to ensure sustainability of the zakat program in order that mustahik's business grows and develops independently. Therefore, BAZNAS should act in the capacity of a program manager.

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