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Istismar Zakat Funds in the Perspective of MUI Fatwa No. 4 of 2003: Implications For the Welfare of Mustahik

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Abstract

This study aims to analyze in depth the Fatwa of the Indonesian Ulema Council (MUI) No. 4 of 2003 regarding the legality of the use of zakat funds for istismar activities (investment) and how it is implemented within the framework of the productive zakat utilization program at the Central National Amil Zakat Agency (BAZNAS). The main focus of this research includes deconstructing the understanding of the substance of fatwas, mapping implementation practices at the level of national zakat authorities, and projecting its impact on the escalation of mustahik welfare. Methodologically, this study applies a qualitative approach with a case study design through a structured interview method with policy makers at the Central BAZNAS and comprehensive documentation techniques. A normative juridical approach is applied to dissect secondary data and literature materials, which includes synchronization between national zakat laws and regulations and fatwas related to investment in religious social funds. An analysis was carried out on primary and secondary literature to present a holistic insight into zakat governance from the perspective of positive law and Islamic law. The results of the study revealed two fundamental findings: first, the Central BAZNAS institutionally has strategic potential in transforming zakat funds into productive investment instruments in accordance with the mandate of the fatwa to create economic added value. Second, even though the instruments and implementation plans have been carefully prepared, the Central BAZNAS has not officially executed the investment program until this research is completed. This phenomenon is in contrast to several BAZNAS at the regional level, such as West Java, which have accelerated through similar productive zakat programs. This emphasizes that the implementation of the istismar fatwa is highly dependent on the courage of institutional innovation, appropriate risk mitigation, and certainty of operational regulations.

INTRODUCTION

Zakat is one of the main instruments in the Islamic economic system which has a spiritual as well as socio-economic function. From a sharia perspective, zakat is not only interpreted as a ritual obligation for Muslims, but also as a mechanism for wealth distribution that aims to create social justice and community welfare. The position of zakat as the third pillar of Islam shows that zakat has an urgency equivalent to other worship obligations, such as prayer. If prayer reflects the vertical relationship between humans and Allah SWT, then zakat becomes a representation of the horizontal relationship between fellow humans through the principles of social solidarity and economic empowerment of the people.

Conceptually, zakat comes from the word zaka which means to grow, develop, holy, and blessed. This meaning shows that zakat not only cleans the property and soul of the muzaki, but also has the potential to grow economic welfare for the mustahik. In the context of modern economics, zakat is seen as an instrument of income redistribution that is able to reduce social inequality and reduce poverty. Yusuf al-Qaradawi (2005) explained that zakat is not just a temporary consumptive aid for the poor, but an instrument of sustainable economic development for the people.

Indonesia as a country with the largest Muslim population in the world has a huge potential for zakat. Based on a report by the National Amil Zakat Agency (BAZNAS), the potential for national zakat reaches hundreds of trillions of rupiah per year, although the realization of the collection is still not optimal. This potential is a great opportunity for sharia-based economic development, especially in efforts to alleviate poverty and improve people's welfare (Mahmudi, 2009). In its management, the Indonesian government has established an institutional system of zakat through the National Amil Zakat Agency (BAZNAS) and the Amil Zakat Institution (LAZ) which is regulated in Law Number 23 of 2011 concerning Zakat Management.

Zakat is basically not a temporary aid for the poor that is then left behind. However, because the haul, or limit of zakat payment, has been determined, zakat has been sanctioned by Allah and the Messenger to become a permanent and organized assistance (Qardhawi, 2005). The development of zakat management in Indonesia has undergone a significant transformation from a pattern of consumptive distribution to a pattern of productive empowerment. Productive zakat is a mechanism for utilizing zakat that aims to create mustahik economic independence through various business empowerment programs, skills training, capital assistance, and micro business development. This concept is an important part of the Islamic economic development paradigm because zakat is not only given to meet momentary needs, but is directed to increase the economic capacity of zakat recipients.

In its development, the concept of istismar or zakat fund investment emerged as a form of innovation in productive zakat management. Istismar zakat funds is an effort to develop zakat funds through investment in productive sectors that are halal and sharia-compliant with the aim of increasing long-term economic benefits for mustahik. This concept has caused debate among contemporary scholars because it concerns the legal issue of the use of zakat funds before they are distributed to mustahik.

Some scholars allow the investment of zakat funds with consideration of the benefits and optimization of the benefits of zakat for the ummah. Yusuf al-Qaradawi, Abdul Fattah Abu Guddah, Abdul Aziz Khayyath, and Mustafa Al-Zarqa are among the scholars who support the concept of investing zakat funds as long as they meet the principles of prudence, transparency, and aim to improve the welfare of mustahik. On the other hand, several other scholars such as Wahbah Az-Zuhaili, Abdullah Nashih Ulwan, and Muhammad Taqi Ottoman rejected the practice of investing in zakat funds because it was considered to delay the right of mustahik to zakat that should be distributed immediately (Marseli & Zainudin, 2020).

In Indonesia, the polemic regarding the investment of zakat funds gained legal legitimacy through the Fatwa of the Indonesian Ulema Council (MUI) Number 4 of 2003 concerning the Use of Zakat Funds for Istismar. The fatwa allows the use of zakat funds for investment under certain conditions, such as investment security guarantees, professional management, and still paying attention to mustahik rights. This fatwa is the normative basis for zakat management institutions in developing investment-based productive zakat programs.

In this case, BAZNAS as an official Zakat Institution owned by the Government of Indonesia, takes a policy for the ability to invest using zakat funds. This is as written in a book that has been published by BAZNAS itself with the title "The Potential of Mustahik Welfare Through the Istismar Zakat Fund Scheme" which states that Investment is the management of assets to achieve profits. So zakat funds can be invested in any form as long as they are managed by professional hands. However, in Indonesia itself there is a MUI fatwa that allows the investment of zakat funds (Zainel et al, 2021).

BAZNAS as the official state institution in the management of zakat has begun to develop various economic empowerment programs based on productive zakat. Programs such as Z-Mart, Z-Chicken, and Z-Auto are a form of implementation of productive zakat utilization directed at increasing the economic independence of mustahik. In addition, BAZNAS has also begun to develop a zakat fund investment scheme as part of the people's economic empowerment strategy.

The use of zakat funds for investment basically aims to increase the effectiveness of zakat distribution in order to have a long-term impact on the welfare of mustahik. In the conventional approach, zakat is often only used for consumptive needs whose benefits are temporary. On the other hand, through productive investment, zakat funds are expected to be able to create a sustainable source of income for mustahik so that they can transform into muzaki in the future.

Nevertheless, the implementation of zakat fund investment still faces various challenges, both in terms of regulation, institutional governance, risk management, and sharia legitimacy. Some people still question the safety of using zakat funds for investment because of the potential for losses that can reduce mustahik rights. In addition, not all zakat management institutions have adequate managerial capacity and supervision systems in managing sharia investments.

In this context, it is important to conduct an academic study on the implementation of MUI Fatwa Number 4 of 2003 in the practice of productive zakat management in Central BAZNAS. This study is needed to understand the extent to which the fatwa is applied in the management of zakat funds, how the investment mechanism is used, and how it affects the improvement of mustahik welfare.

This research is relevant because the development of investment-based productive zakat is one of the important innovations in modern Islamic economics. The study of zakat fund investment is not only related to the issue of fiqh and Islamic law, but also concerns Islamic financial governance, poverty alleviation strategies, and sustainable economic development. Thus, this research is expected to make a theoretical and practical contribution to the development of the zakat management system in Indonesia.

Theoretically, this research can enrich the study of sharia economic law, especially related to the implementation of the MUI fatwa in the management of productive zakat. This research can also be an academic reference in the development of the concept of zakat fund investment in accordance with sharia principles and the needs of modern economic development. Practically, this study is expected to provide recommendations for BAZNAS and other zakat management institutions in increasing the effectiveness of mustahik empowerment programs through safe, professional, and sustainable investment schemes.

In addition, this research has social significance because it is directly related to efforts to improve the welfare of the poor. From the perspective of sharia maqashid, effective zakat management is part of efforts to protect property (hifz al-mal) and create the public good. Therefore, optimizing the utilization of zakat through productive investment schemes can be an alternative solution in dealing with the problem of structural poverty in Indonesia.

This research specifically focuses on the analysis of MUI Fatwa Number 4 of 2003 regarding the use of zakat funds for istismar at the Central BAZNAS. The focus of the research includes an analysis of the substance of fatwa, the implementation of the zakat fund investment program, and its impact on the welfare of mustahik. With this approach, this research is expected to be able to provide a comprehensive overview of the relationship between sharia regulations, institutional governance of zakat, and economic empowerment of the people.

Based on this description, this research is important to answer the academic and practical needs related to the development of productive zakat in Indonesia. Analysis of the implementation of MUI Fatwa Number 4 of 2003 at the Central BAZNAS is expected to be a foothold in formulating a more effective, professional, and mustahik welfare management model.

METHOD

This study uses a qualitative approach with normative juridical and empirical juridical research. The qualitative approach was chosen because this study aims to understand in depth the implementation of the Fatwa of the Indonesian Ulema Council Number 4 of 2003 concerning the use of zakat funds for istismar in the practice of productive zakat management in Central BAZNAS. Qualitative research allows researchers to gain a comprehensive understanding of social, legal, and institutional phenomena related to the management of zakat funds.

The normative juridical approach is used to analyze legal and regulatory aspects related to the use of zakat funds for investment. In this approach, research is carried out through the study of various legal sources, such as the Qur'an, hadith, MUI fatwa, Law Number 23 of 2011 concerning Zakat Management, as well as various relevant sharia economic law literature. Normative analysis is carried out to understand the legal basis, sharia principles, and fiqh arguments regarding the feasibility of using zakat funds for istismar.

Meanwhile, an empirical juridical approach is used to see the implementation of fatwas in the practice of zakat management in Central BAZNAS. This approach is carried out through the collection of field data on the mechanism of productive zakat management, zakat fund investment programs, and its impact on mustahik welfare. The empirical approach allows the research to gain an idea of the compatibility between legal norms and their implementation practices in the field.

The location of the research was carried out at the Central BAZNAS as an official state institution that has the authority to manage national zakat. The selection of the research location is based on the consideration that BAZNAS is the main institution in the development of productive zakat programs and zakat fund investment in Indonesia. In addition, BAZNAS has various economic empowerment programs that can be used as the object of study in this study.

The data sources in this study consist of primary data and secondary data. Primary data was obtained through interviews with parties involved in zakat management at Central BAZNAS, especially those related to productive zakat utilization programs and zakat fund investment. The research informants include the manager of the BAZNAS economic program, the productive zakat management staff, and parties who understand the implementation of the MUI Fatwa Number 4 of 2003.

Secondary data were obtained through documentation studies and literature reviews. Secondary data includes books, scientific journals, MUI fatwas, government regulations, BAZNAS annual reports, and other documents relevant to the research topic. The use of secondary data aims to strengthen theoretical analysis and provide a conceptual foundation for research results.

Data collection techniques are carried out through observation, interviews, and documentation studies. Observations were carried out to directly understand the productive zakat management system at Central BAZNAS. Through observation, researchers can see the management mechanism of economic programs, zakat distribution patterns, and the implementation of mustahik empowerment programs.

Interviews were conducted in depth with the research informants using semi-structured interview guidelines. This technique allows researchers to obtain broader and in-depth information about the implementation of zakat fund investment, management challenges, and the impact of the program on mustahik welfare. Interviews are conducted directly and adjusted to the needs of the research.

The documentation study was carried out by collecting various documents related to the research, such as BAZNAS program reports, guidelines for the management of productive zakat, MUI fatwas, and other policy documents. Documentation is used to complement the data from interviews and observations so that the research has stronger validity.

The data analysis technique in this study uses an interactive analysis model which includes data reduction, data presentation, and conclusion drawn. The data reduction stage is carried out by sorting and simplifying data that is relevant to the focus of the research. The data presentation stage is carried out in the form of a descriptive description so that it makes it easier for researchers to understand the relationship between research variables. Furthermore, conclusions are drawn based on the results of the interpretation of the data that has been analyzed.

To maintain the validity of the data, this study uses source triangulation techniques and triangulation methods. Source triangulation is carried out by comparing information from various informants and research documents. Meanwhile, the triangulation method was carried out by comparing the results of interviews, observations, and documentation studies. This technique aims to ensure that the data obtained has a high level of accuracy and credibility.

This research also uses an Islamic legal analysis approach through the perspective of sharia maqashid. This approach is used to assess the extent to which the implementation of zakat fund investment is able to create benefits and improve mustahik welfare. In the context of Islamic economics, zakat management must be directed at achieving sharia goals, such as the protection of property, poverty reduction, and improving community welfare.

Overall, the research method used in this study is designed to provide a comprehensive analysis of the implementation of MUI Fatwa Number 4 of 2003 in the management of productive zakat in Central BAZNAS. By combining normative and empirical approaches, this research is expected to be able to provide an in-depth understanding of the legal, institutional, and socio-economic aspects of the use of zakat funds for istismar.

RESULTS AND DISCUSSION

Research on the management of productive zakat and investment in zakat funds has been carried out by many academics with various focus studies. Research conducted by Yayat Sudrajat and Muhammad Arifin Ilham in an article entitled *The Utilization of Zakat Funds by the National Amil Zakat Institution in the Empowerment of the Poor in Bantaeng Regency, South Sulawesi* , highlights efforts to empower the poor through the use of zakat funds by BAZNAS Bantaeng Regency, including inhibiting factors and institutional strategies in overcoming obstacles to empowering the ummah (Sudrajat & Ilham, 2019). The research focuses more on the scheme of community economic empowerment without examining in depth the aspects of sharia law related to the management of productive zakat funds. Meanwhile, this study not only discusses the empowerment of zakat, but also analyzes the implementation of the MUI Fatwa and aspects of sharia economic law in zakat fund investment.

A study on zakat fund investment in the perspective of sharia economic law was carried out by Annisa Marseli and Zainuddin through the article *Investment of Zakat Funds Before Being Distributed to Mustahik in the Perspective of Sharia Economic Law* (Marseli & Zainuddin, 2020). The research discusses the different views of contemporary scholars regarding the ability to invest zakat funds before they are distributed to mustahik. The similarity of the research with this study lies in the discussion of sharia law on zakat fund investment. However, Marseli and Zainuddin's research has not discussed the specifics of techniques and institutional mechanisms in the management of zakat fund investment by amil zakat institutions.

Another research was conducted by Hafizano in a study entitled *Implementation and Implications of Law No. 23 of 2011 on Zakat Management (Study of Zakat Management at BAZNAS Rejang Lebong*

Regency) which highlights the importance of the professionalism of the Amil Zakat Agency as an official government institution in increasing public trust in zakat management (Hafizano, n.d.). The research has similarities with this research in the theme of zakat management in amil zakat institutions. However, this study focuses more on the implementation of zakat fund investment programs as an alternative to productive zakat utilization.

Furthermore, the research of Erik Rahman Gumiri and Abuzar Alghifari in the article *Productive Asset Management for Mustahik Empowerment: Analysis of Zakat Distribution Based on MUI Fatwa No. 14 of 2011* discusses the management of productive assets and mustahik empowerment programs based on the MUI fatwa regarding zakat managed assets (Gumiri & Alghifari, 2020). The research focuses on the analysis of fatwas and the concept of productive asset management through a literature study approach. This research not only reviews fatwas, but also examines the implementation of regulations and practices for managing zakat fund investments at BAZNAS.

A study on the institution of zakat was also carried out by Syafran Aziz Tanjung through a thesis entitled *Zakat Management and Economic Empowerment of the Ummah: An Analysis of Institutional Functions at the Amil Zakat Institution of the Lampung Peduli Region*. The study examined the management of zakat in empowering the people at LAZDA Lampung Peduli and concluded that the institution's zakat management system has not been optimal in empowering the community (Tanjung, n.d.). The similarity between the research and this research lies in the focus of zakat management by the amil zakat institution, while the difference is that this research emphasizes more on the investment of zakat funds based on the MUI fatwa and the Zakat Management Law.

Susiadi AS and Andi Eka Putra in their research entitled *Zakat Asset Management Legal Perspective and Its Impact on the Socio-Economic Community discussed* zakat management as a source of funding for the economic empowerment of the ummah and the importance of a sustainable zakat development strategy (Susiadi & Putra, n.d.). The research has similarities with this research in the discussion of zakat management from a legal perspective. However, this study specifically relates the management of zakat investment to the MUI Fatwa and national zakat management regulations.

Research by Anisa Marseli and Zainuddin on *Investment of Zakat Funds Before Being Distributed to Mustahik in a Review of Sharia Economic Law* also shows that some scholars prohibit the investment of zakat funds before being distributed to mustahik because it is considered to delay the rights of zakat recipients (Marseli & Zainuddin, 2020). The research is relevant to this research because it both discusses the pros and cons of zakat fund investment. However, this study focuses more on the implementation of BAZNAS policies related to the use of zakat funds for istismar based on the provisions of the MUI Fatwa.

Furthermore, Kiki Zakiah Nuraisyah's thesis entitled *Implementation of Zakat Management at the Amil Zakat Agency According to Law No. 23 of 2011 with the MUI Fatwa* discusses the compliance of BAZNAS Purwakarta with the regulation of zakat management and the MUI Fatwa in the zakat collection and distribution program (Nuraisyah, n.d.). The study found that the implementation of zakat distribution at BAZNAS Purwakarta still faces obstacles to equitable distribution and limited muzaki data. This research has similarities in the analysis of compliance with zakat regulations, but it is different because this study focuses on the investment practice of zakat funds at the Central BAZNAS.

Another relevant research is Rabiatul Adawiyah's thesis entitled *The Implementation of Zakat Regulations Related to the Welfare of Persons with Disabilities at BAZNAS (BAZIS) DKI Jakarta Province* which discusses programs to empower people with disabilities through productive zakat, such as the Coffe Difabis program and tahfizh pesantren for people with disabilities (Adawiyah, n.d.). The research shows that zakat-based empowerment programs can increase public trust in zakat institutions. The similarity with this study lies in the discussion of the mustahik empowerment program by BAZNAS, while the difference is that the focus of this research is on the investment of zakat funds for productive economic empowerment.

In addition, Faisal Fauzan's research in the article *Pro-Cons of Ulama Perspectives on Zakat Fund Investment* discusses differences in the views of scholars regarding the investment ability of zakat funds (Fauzan, 2021). The study concluded that the group that allowed zakat investment based its argument on the ijtihad of the friends and the benefit of the ummah, while the group that refused argued that investment could delay the use of zakat for mustahik. This research has similarities in the discussion of the pros and cons of zakat fund investment, but this research focuses more on the implementation of zakat investment policy in Central BAZNAS based on the provisions of MUI Fatwa Number 4 of 2003.

The Concept of Istismar in the Perspective of Sharia Economic Law

Wahbah al-Zuhaili (2011) explained that *istismar* refers to the development of property through productive activities to obtain economic benefits. In the context of sharia economic law, istismar is understood as an activity of asset management and development through business activities that are halal, productive, and in accordance with sharia principles. This concept developed as part of the dynamics of modern Islamic economics that seeks to answer the needs of the financial management of the ummah in a more effective and sustainable manner (Antonio, 2001).

In the study of classical fiqh, the discussion of investment in the wealth of the ummah has actually been known through the concept of mudharabah, musharakah, muzara'ah, and various other forms of economic cooperation (Al-Qardhawi, 2006). However, the application of this concept to zakat funds has become a contemporary issue that has raised debates among scholars. The debate is mainly related to the status of ownership of zakat funds and the obligation to distribute zakat to mustahik directly (Al-Zuhaili, 2011).

Scholar groups who support the use of zakat funds for istismar argue that the productive management of zakat has a goal that is in line with the sharia maqashid. According to this view, zakat is not only aimed at meeting the consumptive needs of mustahik in the short term, but also creates long-term economic welfare. Yusuf al-Qaradawi explained that zakat can be used to finance productive projects whose benefits return to the mustahik, as long as it does not eliminate their basic right to receive assistance (Al-Qaradawi, 2006; Chapra, 2008).

This opinion is based on the principle of maslahah mursalah, which is the consideration of the public interest that does not contradict the sharia (Al-Shatibi, 2004). In the modern context, poverty is no longer seen as a purely individual problem, but related to economic structure and access to resources (Chapra, 2008). Therefore, productive zakat is seen as more relevant to answer the problem of structural poverty than the temporary consumption distribution (Al-Qardhawi, 2006).

On the other hand, a group of scholars who reject the investment of zakat funds argue that zakat is a mustahik right that must be given immediately after it is collected (Zuhaili, 2011). The delay in the distribution of zakat through investment is considered to hinder the fulfillment of the basic needs of the poor. In addition, investment contains elements of risk that are feared to cause a reduction in zakat funds (Al-Qardhawi, 2006).

These differences of view show the existence of ijtihad dynamics in sharia economic law. In the Indonesian context, MUI Fatwa Number 4 of 2003 is present as a form of compromise between the need for innovation in zakat management and the principle of prudence in maintaining the right of mustahik. The fatwa provides space for investment in zakat funds, but with strict conditions so as not to cause social losses or sharia deviations (MUI, 2003).

The Position of BAZNAS in the National Zakat Management System

The National Amil Zakat Agency is an official state institution formed based on Law Number 23 of 2011 concerning Zakat Management. BAZNAS has the main function as the national coordinator in the collection, distribution, and utilization of zakat. The existence of BAZNAS shows that zakat management in Indonesia has developed into part of the national economic governance system (BAZNAS, 2023).

Institutionally, BAZNAS has a strategic position because it is directly responsible to the government in the management of national zakat. The institutional structure of BAZNAS consists of the central BAZNAS, provincial BAZNAS, and district/city BAZNAS. In addition, BAZNAS also collaborates with various Amil Zakat Institutions (LAZ) operating at the national and regional levels (BAZNAS, 2022).

In recent years, BAZNAS has experienced significant developments in the collection of zakat funds. This shows the increasing public awareness of the importance of zakat as an instrument of socio-economic development. In addition to zakat collection, BAZNAS has also begun to develop various innovative programs based on the economic empowerment of the people.

The change in the paradigm of zakat management at BAZNAS can be seen from the increase in the portion of productive utilization programs compared to consumptive distribution alone. If in the past zakat was more distributed in the form of direct assistance, now BAZNAS is developing an empowerment approach through skills training, business capital assistance, business incubation, and zakat-based village development.

This transformation shows that zakat is beginning to be seen as an instrument of economic development for the people. From an Islamic economic perspective, zakat is not just an individual worship, but also an instrument of wealth distribution that can strengthen the economic resilience of the poor (Chapra, 2008).

Analysis of MUI Fatwa Number 4 of 2003 concerning the Use of Zakat Funds for Istismar

The Fatwa of the Indonesian Ulema Council Number 4 of 2003 concerning the Use of Zakat Funds for Istismar is one of the important regulations in the development of productive zakat management in Indonesia (BAZNAS, 2022). This fatwa was born as a response to the need for more productive zakat management and oriented towards the economic empowerment of the people. In the fatwa, the MUI allows the use of zakat funds for investment with certain conditions that aim to maintain the security of zakat funds and ensure that the benefits continue to return to mustahik (MUI, 2003).

Normatively, this fatwa shows the existence of contemporary ijtihad in sharia economic law that tries to adapt the management of zakat to modern economic developments. MUI views that zakat can not only be used for short-term consumptive needs, but can also be optimized through productive activities that provide long-term economic benefits (MUI, 2003).

In the perspective of sharia maqashid, the use of zakat funds for investment is seen as an effort to create wider benefits for the community (Al-Shatibi, 2004). The principle of benefit can be seen from the purpose of investing in zakat funds which is directed to improve the welfare of mustahik in a sustainable manner (Al-Qardhawi, 2006). With the development of zakat funds through investment, it is hoped that mustahik will not only receive temporary assistance, but will be able to increase its economic capacity to become independent (Chapra, 2008).

MUI Fatwa Number 4 of 2003 provides several important conditions in the use of zakat funds for investment (MUI, 2003). First, investment must be made in businesses that are halal and in accordance with sharia. Second, investment must provide a guarantee of security for zakat funds so that they do not cause losses that endanger the rights of mustahik. Third, investment management must be carried out professionally and accountably. Fourth, investment proceeds must be used for mustahik interests and must not be misused for other purposes (BAZNAS, 2019).

This provision shows that MUI seeks to balance the principle of prudence in the management of zakat with the need for innovation in the economic empowerment of the people (MUI, 2003). In this context, zakat fund investment is not understood as a business activity alone, but as a strategy to develop zakat benefits to improve the welfare of the poor (BAZNAS, 2019).

Nevertheless, this fatwa still raises debates among scholars and academics. "Nevertheless, this fatwa still raises debates among scholars and academics. Groups that reject the investment of zakat funds argue that zakat is a mustahik right that must be distributed immediately without delay. It is feared that the delay in the distribution of zakat through investment can hinder the fulfillment of the urgent needs of mustahik. In addition, the risk of loss in investment is seen as potentially detrimental to zakat recipients" (Fauzan, 2021; Nurhasanah, 2021)

On the other hand, groups that support zakat fund investment consider that the management of zakat productively is more effective in overcoming structural poverty. According to this view, the distribution of zakat that is consumptive only provides momentary benefits, while productive investment can create a long-term source of income for mustahik. Therefore, investment in zakat funds is seen as a form of ijtihad that is relevant to the needs of modern economic development (Qardhawi, 2011; Beik & Arsyianti, 2016).

In practice, the Central BAZNAS uses MUI Fatwa Number 4 of 2003 as a normative basis in the development of productive zakat programs. The economic programs developed by BAZNAS basically adopt the principle of sharia-based social investment, where zakat funds are used to finance mustahik productive business activities" (Hafidhuddin, 2002; Beik & Arsyianti, 2016).

Implementation of the Productive Zakat Program at Central BAZNAS

Central BAZNAS as the official institution of national zakat management has a strategic role in the development of productive zakat in Indonesia. In recent years, BAZNAS has begun to develop various productive zakat-based economic empowerment programs as part of the transformation of modern zakat management.

One of BAZNAS' flagship programs is Z-Mart, which is a mustahik economic empowerment program through the development of a micro retail stall business. This program provides capital assistance, business training, and assistance to mustahik to be able to manage their business independently. Through this program, mustahik not only receives consumptive assistance, but also has the opportunity to increase family economic income.

In addition to Z-Mart, BAZNAS also developed the Z-Chicken program which aims to empower mustahik through partnership-based culinary businesses. This program provides business cart assistance, business training, and marketing assistance to beneficiaries. This empowerment model shows that zakat can be used as an instrument for micro business development oriented towards economic independence.

Another program is Z-Auto, which is a training and empowerment program in the automotive sector for young mustahik. This program provides technical skills training and workshop business assistance so that it is impossible to have work skills and a sustainable source of income. From an economic development perspective, this program has strategic value because it integrates aspects of skills education and economic empowerment.

The implementation of the productive zakat program at Central BAZNAS shows a paradigm shift in zakat management. If previously zakat was more distributed in the form of consumptive assistance, now zakat is starting to be directed as an instrument of economic development for the people. This transformation is in line with the concept of sustainable development in Islamic economics which emphasizes the importance of sustainable community empowerment.

In practice, BAZNAS applies the principle of prudence in the use of zakat funds for productive programs. Zakat funds used for economic empowerment are managed through the mechanism of beneficiary selection, business feasibility analysis, and periodic assistance. This is done to ensure that the productive zakat program really has an impact on improving the welfare of mustahik.

In addition, BAZNAS also implements a monitoring and evaluation system for economic programs that are carried out. Monitoring is carried out to assess the development of the mustahik business, the success rate of the program, and the obstacles faced by the beneficiaries. The evaluation is the basis for program improvement and the development of more effective empowerment strategies.

In the context of zakat fund investment, BAZNAS has not fully implemented a commercial investment scheme like financial institutions in general. However, the concept of social investment through the empowerment of micro businesses has become an important part of the productive zakat management strategy. This model emphasizes more on social investment based on community empowerment rather than financial profit orientation alone" (Beik & Arsyianti, 2016; BAZNAS, 2019)

Impact Analysis on Mustahik Welfare

One of the main goals of using zakat funds for istismar is to improve the welfare of mustahik in a sustainable manner. Based on the results of the study, the productive zakat program at Central

BAZNAS has a positive impact on the economic conditions of the beneficiaries (Beik & Arsyianti, 2016; BAZNAS, 2020).

The first impact can be seen from the increase in mustahik income after participating in the economic empowerment program. Mustahik who received business assistance and assistance experienced an increase in economic ability compared to before receiving the program. The increase in income allows mustahik to better meet the basic needs of the family (Hafidhuddin, 2002; Widiastuti & Rosyidi, 2015).

The second impact is the increase in mustahik economic independence. The productive zakat program not only provides capital assistance, but also builds the business capacity and skills of beneficiaries. With training and mentoring, mustahik has the ability to manage the business independently and sustainably (Beik, 2009; Ascarya & Yumanita, 2018).

The third impact is increased social motivation and mustahik confidence. The economic empowerment program provides opportunities for mustahik to be actively involved in productive activities so that they feel more valued and have hope to improve their living conditions. From the perspective of social psychology, zakat-based economic empowerment has an influence on improving the social dignity of the poor. (Qardhawi, 2011).

In addition to the economic impact, the productive zakat program also has a significant social impact. Mustahik who succeed in developing their business tend to be able to create small jobs in the surrounding environment. This shows that productive zakat has a multiplier effect in the economic development of the community (Beik & Arsyianti, 2016; BAZNAS, 2022).

However, the implementation of productive zakat through investment schemes also faces a number of obstacles. One of the main obstacles is the limited managerial capacity of mustahik in managing a business. Not all beneficiaries have adequate business experience, so they require intensive assistance. (Nasution *et al.*, 2019; Rusydiana & Devi, 2018).

Another obstacle is limited capital and market access. Some mustahik businesses have difficulty developing due to limited marketing networks and fairly high business competition. Therefore, the success of the productive zakat program does not only depend on the provision of capital, but also requires adequate business ecosystem support. (Tambunan, 2019; BAZNAS Center for Strategic Studies, 2021).

From an institutional perspective, the management of zakat fund investment requires a professional and transparent governance system. BAZNAS must ensure that all productive programs are managed in accordance with sharia principles and public accountability. Transparency in fund management is an important factor in maintaining public trust in zakat institutions (Widodo, 2001; National Amil Zakat Agency, 2022).

From the perspective of sharia economic law, the implementation of MUI Fatwa Number 4 of 2003 in BAZNAS shows the flexibility of Islamic law in responding to modern economic challenges. The use of zakat funds for investment can be justified as long as it fulfills the principles of benefit, prudence, and protection of the right of mustahik (Al-Qardhawi, 2011).

This research shows that investment-based productive zakat has great potential in supporting the economic development of the people. Through professional management and oriented towards community empowerment, zakat can be an effective instrument in reducing poverty and improving social welfare. (Beik & Arsyianti, 2016)

The Relevance of Productive Zakat in Islamic Economic Development

The development of productive zakat in Indonesia has a very strong relevance to the concept of modern Islamic economic development. In the Islamic economic paradigm, welfare is not only measured by economic growth alone, but also by the distribution of social justice and the equitable distribution of people's welfare. Therefore, zakat is a strategic instrument in realizing inclusive and equitable development goals. (Chapra, 2000; Beik & Arsyianti, 2016)

The concept of productive zakat is basically in line with the principle of sustainable development because it emphasizes the empowerment of the poor through increasing economic capacity. This approach is different from conventional social assistance which often creates beneficiary dependence. In productive zakat, mustahik is encouraged to become an independent and productive economic actor" (Hafidhuddin, 2002; O'Brien, 2008)

In addition, productive zakat also has a close relationship with the concept of financial inclusion in the sharia economy. Many poor people do not have access to formal financial institutions, making it difficult to obtain business capital. The productive zakat program can be an alternative solution by providing capital assistance and sharia-based business assistance" (Demirgüç-et al., 2018; Obaidullah & Khan, 2008; Ascarya, 2017).

In the Indonesian context, the development of productive zakat also supports the national development agenda, especially in poverty reduction and MSME empowerment. The government can make zakat one of the supporting instruments for inclusive economic policies through synergy between BAZNAS, LAZ, and other government agencies" (National Amil Zakat Agency, 2022; BAZNAS Center for Strategic Studies, 2021).

Institutionally, the success of productive zakat management requires strengthening the governance of zakat organizations. The professionalism of amil zakat is the main factor in ensuring the effectiveness of the economic empowerment program. Therefore, increasing human resource capacity, supervision systems, and financial transparency must be priorities in the development of zakat institutions. (Widodo, 2001; National Amil Zakat Agency, 2022).

In addition to institutional aspects, strengthening regulations is also needed to support the development of zakat fund investment in Indonesia. Clear and comprehensive regulations will provide legal certainty for zakat management institutions in developing sharia-based social investment programs. This is important so that the innovation of zakat management continues to run according to sharia principles and does not cause polemics in the community (Firdaus, 2016).

From a social perspective, the success of productive zakat can strengthen solidarity and social cohesion in society. Zakat is not only an economic instrument, but also a means of building social awareness and strengthening relationships between community groups. Thus, the optimization of productive zakat management has an important contribution in creating inclusive and equitable social development" (Qardhawi, 2011; Chapra, 2000; Putnam, 2000).

CONCLUSION

This research shows that the Fatwa of the Indonesian Ulema Council Number 4 of 2003 concerning the Use of Zakat Funds for Istismar has an important role in providing sharia legitimacy to the development of productive zakat in Indonesia. The fatwa allows the use of zakat funds for investment as long as it meets sharia principles, prudence, fund security, and benefit orientation for mustahik. The presence of this fatwa is a normative basis for zakat management institutions, especially BAZNAS, in developing productive zakat-based economic empowerment programs.

The implementation of productive zakat at Central BAZNAS shows a transformation of the zakat management paradigm from a consumptive pattern to a sustainable economic empowerment pattern. Programs such as Z-Mart, Z-Chicken, and Z-Auto are concrete proof that zakat can be used as an instrument for micro business development and mustahik economic capacity building. This approach shows that zakat does not only function as a momentary social assistance, but also as an instrument of economic development for the people.

The results of the study also show that the productive zakat program has a positive impact on the welfare of mustahik. This impact can be seen from the increase in income, economic independence, business skills, and the confidence of beneficiaries. In addition, the productive zakat program also has a wider social effect through job creation and strengthening community social solidarity.

However, the implementation of zakat fund investment still faces various challenges, such as limited mustahik managerial capacity, business risks, limited market access, and the need to strengthen zakat institutional governance. Therefore, the development of productive zakat requires a sustainable mentoring system, improving the professionalism of amil zakat, and strengthening regulations and supervision.

Overall, this study emphasizes that the use of zakat funds for istismar can be an effective strategy in supporting Islamic economic development and poverty alleviation in Indonesia. With professional, transparent, and sharia principles, productive zakat has the potential to become an instrument of economic empowerment that is able to create community welfare in a sustainable manner. It is hoped that the Central BAZNAS can strengthen the risk mitigation system in zakat fund investment and increase literacy for muzaki so that support for the productive zakat program will increase.

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