

Evaluaiting the Institutional Effectiveness of BAZNAS for Poverty Alleviation in Indonesia

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Received : July 13, 2025

Accepted : August 23, 2025

Published : August 31, 2025

Citation: Rasyid, M.F., (2025). Evaluaiting the Institutional Effectiveness of BAZNAS for Poverty Alleviation in Indonesia. Sinergi International Journal of Islamic Studies, 3(3), 139-155.

ABSTRACT: This study examines the institutional implementation of zakat by BAZNAS (Indonesia's National Zakat Agency) as a strategic instrument for poverty alleviation. It explores the striking disparity between the projected national zakat potential—estimated at IDR 327 trillion annually—and its relatively low realization rate, which remains within the 4–20% range. The central research inquiry posed is: *To what extent is the institutional governance of zakat under BAZNAS effective in addressing entrenched structural poverty in Indonesia?* Diverging from prior research predominantly reliant on secondary data, this study presents original empirical evidence derived from in-depth interviews with high-ranking officials at BAZNAS headquarters. This research integrates Islamic Social Welfare Theory and Institutional Theory into a comprehensive evaluative framework. Utilizing a qualitative-descriptive methodology, data were gathered through documentary analysis and semi-structured interviews, and analyzed using the Miles and Huberman model—comprising data reduction, data display, and conclusion drawing. The findings reveal persistent obstacles in zakat mobilization, including non-compulsory regulatory frameworks, limited public literacy on zakat, and underdeveloped institutional capacities at the regional level. Despite BAZNAS's efforts to establish transparent systems and integrate digital innovations, structural barriers continue to impede optimization. Productive zakat programs demonstrate potential; however, longitudinal data tracing the transformation of zakat beneficiaries (*mustahik*) into donors (*muzakki*) remain scarce. This research affirms the pivotal—yet underutilized—role of zakat as an Islamic fiscal instrument in national poverty eradication strategies. It proposes several policy recommendations: tax incentives for zakat contributors, institutional capacity-building at the regional level, national-scale digital system integration, and widespread public literacy campaigns. These insights underscore the potential of zakat to align with and accelerate the realization of Sustainable Development Goal 1: No Poverty.

Keywords: Zakat, Poverty Alleviation, BAZNAS (Indonesia's National Zakat Agency), Islamic Social Welfare Theory, Institutional Theory.



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INTRODUCTION

Poverty remains a persistent structural challenge that impedes Indonesia's socio-economic development Rababiah & Al-Rababiah (2011). According to the Central Statistics Agency (BPS),

as of 2022, 9.54% of the population lived below the national poverty line—reflecting deep-rooted inequality (Nadzri et al., 2012). Despite government-led interventions such as social assistance and empowerment programs, issues of sustainability, coverage, and institutional coherence continue to undermine their long-term effectiveness.

Zakat, a central institution in Islamic economic thought, offers a redistributive mechanism that combines theological obligation with economic justice (Abdullahi, 2025). Far beyond its spiritual dimensions, zakat functions as an equitable fiscal tool that can reduce wealth disparity and stimulate inclusive growth (Al Haq & Farooq, 2017; Hisan et al., 2022). BAZNAS (Badan Amil Zakat Nasional), as the state-mandated institution, is responsible for coordinating national zakat governance (Bahri & Khumaini, 2020). Yet, while Indonesia's zakat potential is estimated at IDR 327 trillion annually, actual collection remains at only 4–20% (B.A.Z.N.A.S., 2024). This vast gap reflects structural inefficiencies, low zakat literacy, and continued preference among donors (muzakki) for direct distribution.

Recent impact assessments indicate some progress. For example, BAZNAS reports that 48% of recipients of productive zakat programs (such as Z-Mart and Santripreneur) moved above the poverty line, and 12% transitioned from mustahik to muzakki status within a year (Hisan et al., 2022). However, empirical research that systematically examines such transitions and the institutional capacity behind them remains limited.

Previous studies have explored zakat's macroeconomic role or focused on flagship program case studies, yet few have employed qualitative fieldwork directly involving BAZNAS policymakers. Additionally, long-term tracking of mustahik outcomes and integration with frameworks like maqasid al-shariah are rarely addressed in depth (B.A.Z.N.A.S., 2023).

This study seeks to fill these gaps by examining how zakat is implemented at the national level and how BAZNAS functions as an institutional actor in poverty alleviation (Aisyah, 2024). Using the analytical lenses of Islamic Social Welfare Theory and Institutional Theory, this research offers both theoretical insights and policy-relevant analysis. Ultimately, the study aims to position zakat not merely as a religious duty but as a measurable, state-supported fiscal mechanism aligned with national development priorities—particularly Sustainable Development Goal 1: No Poverty (Akram & Afzal, 2014).

The Concept of Zakat within the Islamic Economic System

Zakat stands as a foundational pillar within the Islamic economic system, serving not only as a spiritual obligation but also as a redistributive instrument designed to ensure social welfare (Rahim & Mohd Yusop, 2023). Both classical and contemporary literature underscore its dual function—spiritual and socio-economic. According to (Hisan et al., 2022), zakat embodies three interrelated roles: (1) a positive role in stimulating economic growth and equitable wealth distribution; (2) a preventive function aimed at curbing exploitative tendencies; and (3) a corrective mechanism to redress socio-economic disparities through structured redistribution.

This framework positions zakat as a viable alternative to conventional state fiscal systems, which are predominantly reliant on taxation. When effectively managed, zakat has the potential to serve

as a dynamic public finance tool that aligns with Islamic ethical principles while addressing socio-economic challenges. Suheera (2015)

Theoretical Framework: Islamic Social Welfare Theory and Institutional Theory

This research is underpinned by two key theoretical constructs:

- Islamic Social Welfare Theory views zakat as an institutionalized mechanism for social justice (Ahmad, 2015). It emphasizes the protection of the economic rights of zakat recipients (*mustahik*) through a distribution model rooted in the objectives of Islamic law (*maqasid al-shariah*). The theory also highlights the importance of transitioning *mustahik* into *muzakki* (zakat contributors) as a key indicator of sustainable empowerment and long-term success.
- Institutional Theory, as outlined by (Herianingrum, 2023), suggests that the effectiveness of zakat implementation is highly contingent upon the institutional capacity of managing bodies, the strength of regulatory frameworks, and the coherence of governance structures. From this perspective, evaluating BAZNAS's effectiveness requires an in-depth analysis of institutional arrangements and policy environments that either facilitate or hinder zakat governance.

BAZNAS Implementation of Zakat: Achievements and Challenges

A number of studies have documented BAZNAS's flagship programs—such as Z-Mart, Z-Chicken, Z-Auto, and Santripreneur—highlighting their positive impact on income generation and the economic self-reliance of zakat beneficiaries (B.A.Z.N.A.S., 2024). To evaluate the outcomes of these programs holistically, BAZNAS employs indicators such as the CIBEST Index, the Modified Human Development Index (MHDI), and the Independence Index.

Despite these achievements, major challenges persist. The national zakat potential, estimated at IDR 327 trillion, continues to be under-realized at only 4–20% of its theoretical maximum. In addition, a large proportion of zakat funds are distributed in consumptive rather than productive forms, and many *muzakki* still prefer direct disbursement over institutionalized channels. Research by (R. A. Kasri, 2014) and (Sari, 2019) further reveals low levels of public trust in zakat institutions, primarily due to perceived deficiencies in transparency and accountability.

Critical Gaps in Previous Research

A critical review of existing literature reveals several key gaps that this study seeks to address:

- A predominant reliance on secondary data, with limited use of primary, field-based evidence;
- A lack of outcome-based evaluations of productive zakat programs, and an absence of longitudinal studies assessing the long-term transformation of *mustahik*;

- Poor integration of zakat into the national social protection system, and limited collaboration between BAZNAS and other zakat institutions or private-sector stakeholders (Anis & Kassim, 2016);
- Low levels of digital transformation across zakat institutions nationally—previous studies, such as that of Maulida et al. (2022), are limited in scope and focus only on select regional implementations, such as in South Kalimantan.

This study aims to fill these critical gaps through an empirical approach based on in-depth interviews with senior BAZNAS officials, enabling a direct assessment of institutional governance, organizational innovation, and the socio-economic impact of national zakat programs. (Aqbar, 2024)

Zakat as Part of a Macroeconomic Policy Framework

Several scholars—including Wardhana (2020) and Qurroh Ayuniyyah (2018)—have advocated for the formal incorporation of zakat into Indonesia’s national social protection system. In the context of the Sustainable Development Goals (SDGs), zakat holds promise as an Islamic social fiscal tool to advance SDG 1 (No Poverty). Khoiratul (2025) However, realizing this potential requires robust regulatory support and a harmonized data ecosystem—particularly the alignment of zakat recipient data with government social welfare registries such as DTKS (Unified Database of Social Welfare Recipients)—which remains fragmented and underdeveloped.

METHOD

This study adopts a descriptive-qualitative research design to explore BAZNAS’s institutional performance in poverty alleviation (Iskandar et al., 2019). Data were collected remotely through online interviews with senior officials at BAZNAS Headquarters in Jakarta, which holds national authority over zakat policy formulation and program oversight. J.I.M.F. (2022)

Key informants were selected purposively based on three criteria: (1) holding strategic positions at BAZNAS HQ, (2) having over ten years of institutional experience, and (3) directly managing zakat distribution programs (Beik & Ayuniyyah, 2015). Interviews continued until thematic saturation was reached.

The primary instrument used in data collection was a semi-structured interview guide. This guide was developed based on a preliminary review of BAZNAS policy documents, annual reports, and relevant literature P.P.I.P.B.R. (2023). It was designed to maintain thematic focus while allowing flexibility to pursue emergent lines of inquiry during the interviews.

The interview guide was organized around five core themes:

- Strategies and effectiveness of productive zakat programs Swandaru & Abdel Mohsin (2022);
- Monitoring and evaluation mechanisms;

- Challenges in zakat collection and distribution;
- Digital innovation and data integration;
- Institutional collaboration and long-term strategic vision.

Two main techniques were employed:

- Documentary Research

This involved the systematic analysis of zakat-related policy documents, BAZNAS annual reports, academic articles, and prior research on zakat and poverty alleviation Rahman & Siradjuddin (2020). These materials provided the conceptual and contextual foundation for understanding zakat as an Islamic public policy instrument. Latief (2019)

- In-Depth Interviews

Conducted online with key informants at BAZNAS Headquarters, each interview session lasted between 45 and 90 minutes. All interviews were recorded with the consent of participants for transcription and analysis purposes. Confidentiality was maintained throughout, and data were used exclusively for academic purposes.

Data were analyzed using the Miles and Huberman (2014) framework, which comprises three key stages:

- Data Reduction

Following the Miles and Huberman model, data were processed through reduction, display, and conclusion drawing. Emerging themes were coded and organized in a thematic matrix linking informant insights to the research questions and theoretical framework.

- Data Display

Findings were organized into a thematic table, structured as follows:

Tabel 1. Data Hasil Wawancara BAZNAS Pusat

Interviewee Name	Position	Key Themes	Insights	Connection to Research Questions
Budi Setiawan	Head of the Corporate Social Responsibility Division, BAZNAS Headquarters	Challenges in Zakat Collection and Mobilization Shaikh & Ismail (2017)	Voluntary regulatory frameworks, the absence of tax incentives, and limited human resource capacity at the regional level have significantly constrained the national zakat collection performance.	Why has zakat collection remained suboptimal despite its vast untapped potential?

Budi Setiawan	Head of the Corporate Social Responsibility Division, BAZNAS Headquarters	Transparency and Institutional Accountability	BAZNAS Headquarters undergoes quarterly audits and maintains open-access reporting; however, public awareness at the regional level remains insufficient due to limited outreach and uneven dissemination of information. Martiana et al. (2024)	In what ways can zakat institutions strengthen public trust and legitimacy?
Budi Setiawan	Head of the Corporate Social Responsibility Division, BAZNAS Headquarters	Evaluation of Beneficiary Empowerment Programs	Outcome- and impact-based evaluations are conducted periodically, particularly with respect to productive empowerment programs targeted at zakat beneficiaries (mustahik). Syahrul (2019)	How is the effectiveness of zakat programs assessed in terms of their economic and social impact?
Budi Setiawan	Head of the Corporate Social Responsibility Division, BAZNAS Headquarters	Digital Transformation of the Zakat Management System	Digital innovations have been introduced—including mobile applications, online marketplaces, and e-donation platforms—yet challenges persist in the form of inadequate infrastructure and data security vulnerabilities.	To what extent does digital infrastructure enhance the efficiency of zakat collection and distribution at the national level?
Budi Setiawan	Head of the Corporate Social Responsibility Division, BAZNAS Headquarters	Zakat Literacy and Public Awareness	Zakat literacy remains low, and public understanding of zakat as both a spiritual and socio-economic obligation has not been fully internalized; educational campaigns tend to gain traction only during Ramadan.	How does the level of zakat literacy influence public willingness to channel their zakat through BAZNAS?

Budi Setiawan	Head of the Corporate Social Responsibility Division, BAZNAS Headquarters	Inter-Institutional Collaboration and Synergy Rashid (2018)	Active collaboration has been established with central and local government bodies, corporate CSR initiatives, and state-owned enterprises to enhance both zakat mobilization and the implementation of strategic distribution programs.	Which external stakeholders play a critical role in the optimization of national zakat governance?
Budi Setiawan	Head of the Corporate Social Responsibility Division, BAZNAS Headquarters	Transformation of Beneficiaries (Mustahik) into Contributors (Muzakki) (Muzakki)	Monitoring activities are in place; however, detailed public datasets are lacking. Key evaluation tools include the Independence Index (Indeks Kemandirian BAZNAS) and the CIBEST Index.	To what extent do productive zakat programs contribute to the economic transformation of mustahik?
Budi Setiawan	Head of the Corporate Social Responsibility Division, BAZNAS Headquarters	National Vision and Strategic Direction	BAZNAS projects that healthy housing, educational scholarships, and food security will serve as core strategic pillars in advancing long-term, structured poverty alleviation. Saad & Abdullah (2014)	What is the strategic direction of national zakat policy over the next five years?

Conclusion Drawing and Verification

Majid (2024) Conclusions were developed thematically and conceptually, supported by triangulation across interview data, documentary sources, and this study's theoretical foundations (Islamic Social Welfare Theory and Institutional Theory)

Based on interviews with BAZNAS officials—particularly the Head of the CSR Division—the following key insights emerged:

- Despite centralized efforts toward institutional accountability and digitalization, systemic bottlenecks—especially at the regional level and in public literacy—continue to hinder zakat optimization;
- Outcome- and impact-based evaluation models are being adopted, but no publicly available longitudinal assessments yet exist to quantify *mustahik*-to-*muzakki* transformation Mohamed & Abbas (2024);

- Cross-sectoral collaboration is underway, consistent with an institutional model characterized by multisource and multilevel governance;
- Weak zakat literacy and ineffective public communication remain critical obstacles to the broader legitimacy of zakat institutions, reaffirming insights from Islamic Social Welfare Theory.

Validity and Reliability

Data credibility was strengthened through triangulation across three sources: interview transcripts, documentary analysis, and theoretical constructs (Islamic Social Welfare Theory and Institutional Theory). Peer debriefing and member checking with informants were also applied to ensure interpretive accuracy.

RESULT AND DISCUSSION

This section presents a comprehensive synthesis of this research findings, drawing upon official reports from BAZNAS, supporting documentation, prior scholarly works, and in-depth interviews with central BAZNAS officials (Asmalia et al., 2018). The discussion is framed through the lens of Islamic Social Welfare Theory and Institutional Theory, and critically compared with relevant prior studies to produce conceptually rich and scientifically grounded insights.

Realization Gap and Disparity in Zakat Potential

According to BAZNAS's 2024 Annual Report on Zakat Management, total funds collected from zakat, infaq, alms, and other religious social funds (ZIS-DSKL) reached IDR 40.5 trillion, with a distribution rate of IDR 39.4 trillion (Rasyid et al., 2023). Although this marks a year-on-year improvement, the figure remains a fraction of the estimated IDR 327 trillion in annual zakat potential (Aziz, 2020).

As underscored by Kachkar & Alfares (2022), the effectiveness of zakat as a socio-fiscal instrument hinges on systematic and comprehensive mobilization and distribution. Budi Setiawan (2024), Head of the CSR Division at BAZNAS HQ, stated:

"The regulation is still voluntary in nature; there are no tax incentives for individual or corporate muzakki, and regional institutional capacities remain inadequate."

This corroborates findings by Herianingrum (2023) and (R. Kasri, 2014), which assert that zakat collection performance is significantly influenced by institutional design, fiscal policy support, and public legitimacy.

Seven Key Challenges in Zakat Governance

To enhance clarity, the seven challenges are summarized in the table below:

No.	Challenge	Description
1.	Voluntary Regulatory Framework	No mandatory zakat contribution; limited legal enforcement
2.	Lack of Fiscal Incentives	Absence of tax relief for muzakki, both individual and corporate
3.	Regional HR Capacity Gaps	Inconsistent amil training and service quality across provinces
4.	Limited Digital Infrastructure	Digital tools underutilized outside urban areas; cybersecurity gaps
5.	Low Zakat Literacy	Ritualistic perception of zakat; limited understanding of economic role Syarifudin et al. (2024)
6.	Public Trust Deficit	Skepticism toward transparency, especially at the regional level
8.	Weak Interoperability	Fragmented systems and poor alignment with DTKS welfare database

Effectiveness of Productive Zakat and Welfare Indicators

Flagship programs such as Z-Mart, Z-Chicken, and Santripreneur have been shown to significantly contribute to the economic empowerment of *mustahik* (Ayuniyyah, 2018). Based on BAZNAS's welfare indicators for 2022, 48% of beneficiaries rose above the poverty line, and 12% transitioned into *muzakki* status (Hisnan et al., 2022).

Impact evaluation was conducted using tools such as the CIBEST Index, Modified Human Development Index (MHDI), and Independence Index. According to Setiawan:

"The transformation from mustahik to muzakki serves as the core success metric for productive zakat programs, though longitudinal data remains limited."

Monitoring efforts focus on outcome and long-term impact dimensions, including economic transformation and community resilience (Isahaque & Hatta, 2014). However, publicly available longitudinal datasets are currently lacking—highlighting a significant gap identified in previous literature. As Wardhana (2020) emphasized, long-term accompaniment and systemic integration into national social protection frameworks are essential for sustainability.

Institutional Evaluation and the Role of Digitalization

The document *"Advanced Study: 37 Trillion Potential Mapping for 2025"* highlights the need for geo-sectoral mapping and the integration of zakat recipient data with the national welfare database (DTKS). However, interviews reveal that national-level digitalization efforts remain fragmented, with interoperability issues between zakat institutions. (Choiriyah et al., 2020)

BAZNAS has pioneered digital initiatives, including e-banking portals, marketplaces, and apps like *Menara*. Still, infrastructure limitations and data security concerns, particularly in remote areas, persist. As Setiawan (2025) noted:

"Our digitalization challenge lies in cybersecurity and the unequal distribution of internet access."

Maulida et al. (2022) also found that digital readiness among zakat operators outside Java is still low, often relying on volunteers or short-term staff without sustained training. From an Institutional Theory standpoint, the success of digital innovations is contingent on local institutional capacity—calling for strategic human capital development and integrated, real-time data systems. (Suteki & Putri, 2020)

Zakat Literacy: A Collective Awareness Deficit

Interview data show that public understanding of zakat remains ritualistic rather than economic in nature. Setiawan (2025) stated:

"Public knowledge of zakat is still limited, especially regarding eligibility and distribution requirements. Campaigns are only impactful during Ramadan."

This supports the argument by (Kachkar & Alfares, 2022) that zakat is widely perceived as a personal religious duty rather than a systemic solution to poverty and inequality. Nuhu Wali (2013) This literacy gap severely undermines public participation in formal zakat institutions and constitutes a core legitimacy challenge for BAZNAS.

Cross-Sector Collaboration and the Role of the State

BAZNAS has established collaborative initiatives with government ministries (e.g., Public Works, Agriculture), state-owned enterprises, and private CSR units in programs such as housing rehabilitation and food security. As Setiawan explained:

"Our CSR and local government partnerships enable broader outreach and legitimacy for zakat distribution."

This reflects a network governance model, consistent with Alhabshi et al. (2019), who highlight the importance of state involvement in zakat institutionalization—as exemplified by Malaysia. These collaborations also represent a form of institutional convergence, where Islamic finance meets state welfare systems in an *Islamic-statist nexus*. (Hasibuan et al., 2024)

Strategic Direction of National Zakat Policy

Concluding the interview, Setiawan shared BAZNAS's strategic focus for the next five years:

"We are prioritizing healthy housing, educational scholarships, and food security as structural pillars of long-term poverty eradication."

This vision aligns zakat with broader national development goals and the SDGs, particularly SDG 1 (No Poverty), SDG 3 (Good Health), and SDG 4 (Quality Education). Jiffry (2024) similarly argues that zakat can play a catalytic role in sustainable development if incorporated into a measurable and inclusive national policy framework.

Relevance to Theoretical Frameworks

The empirical findings reinforce **Islamic Social Welfare Theory**, affirming zakat's function as a systemic mechanism for wealth redistribution guided by *maqasid al-shariah* (Al Haq & Farooq, 2017; Hisan et al., 2022). At the same time, **Institutional Theory** explains the uneven realization of zakat potential as a product of weak regional governance structures and limited regulatory enforcement (Herianingrum, 2023).

Comparative Critique of Prior Research

This study addresses critical gaps left unaddressed by earlier works, particularly:

- The lack of primary data and absence of direct interviews with policy actors (*The Role of Zakat*, 2022);
- The missing outcome-based evaluation of productive zakat (*Zakat as Instrument of Poverty Reduction*, 2021);
- The insufficient integration of zakat into national social safety nets such as DTKS (BAZNAS, 2021).

Through its descriptive-qualitative design and Miles & Huberman's framework, this study contributes original insights via triangulation among interviews, policy documentation, and recent scholarly literature.

Policy Implications and Practical Recommendations

This study yields several significant implications—both theoretical and practical—that contribute to the broader discourse on zakat and its role in Islamic public finance and social welfare Yusuf & Hassan (2020).

Theoretical Contributions

This study reinforces the dual character of zakat—as both a religious obligation and a formal fiscal instrument within Islamic public finance. Through the lens of Islamic Social Welfare Theory, zakat is validated as a mechanism of distributive justice guided by *maqasid al-shariah* (Karmilah, 2024). Institutional Theory, meanwhile, clarifies how the success of zakat governance depends on regulatory clarity, organizational strength, and legitimacy.

Prioritized Recommendations for Policy and Practice

Based on empirical findings and stakeholder insights, the following policy recommendations are presented in prioritized order, from most urgent to longer-term strategic steps:

Enact Fiscal Incentives and Regulatory Reform

Highest Priority.

- Introduce tax deductions or exemptions for zakat paid through official institutions like BAZNAS Zaenal et al. (2017)
- Consider policies to mandate zakat payments for eligible Muslims through employer-based systems or integrated payroll deductions.

Rationale: Fiscal incentives are critical levers to increase formal zakat participation and close the potential–realization gap.

Build Regional Institutional Capacity

Short to Medium Term

- Develop a national training and certification framework for regional zakat officers (amil).
- Standardize operational procedures (SOPs) for zakat management nationwide.

Rationale: Regional gaps in professionalism and governance are key barriers to credibility and performance.(Falcó et al., 2024)

Scale Digital Transformation and Data Integration

Medium Term.

- Ensure interoperability between BAZNAS systems and national welfare databases (e.g., DTKS).
- Expand secure, cloud-based zakat platforms, especially in underserved areas.

Rationale: Digital efficiency is essential for transparent, targeted zakat distribution at scale.

Launch a National Zakat Literacy Campaign

Ongoing Strategic Priority.

- Implement year-round education programs via religious institutions, media, and schools.
- Shift public understanding of zakat from personal charity to systemic economic redistribution.

Rationale: Enhancing zakat literacy will increase formal participation and institutional trust.

Institutionalize Longitudinal Program Evaluation

Strategic Developmental Priority.

- Partner with universities and think tanks to track the long-term transformation of mustahik to muzakki.
- Publish annual impact reports to support evidence-based policy refinement.

Rationale: Sustainable impact requires monitoring tools that go beyond short-term output metrics..

Strengthen Cross-Sector Partnerships

Supportive Long-Term Strategy.

- Formalize collaboration frameworks between BAZNAS, ministries, SOEs, private sector CSR, and NGOs.
- Encourage joint funding, shared databases, and program integration.

Rationale: Institutional synergy maximizes reach and efficiency across the zakat ecosystem.

CONCLUSION

This study examined the institutional implementation of zakat by BAZNAS Headquarters as a strategic approach to poverty alleviation in Indonesia, employing a descriptive-qualitative method grounded in the Miles and Huberman analytical framework. This research underscores a persistent structural gap: although Indonesia's zakat potential is estimated at IDR 327 trillion annually, actual collection remains confined to the 4–20% range.

BAZNAS has made considerable strides toward institutional accountability through periodic audits, the digitalization of donation systems, and the deployment of productive zakat programs such as Z-Mart and Santripreneur. However, several challenges continue to constrain its effectiveness. These include the voluntary nature of zakat regulations, the absence of fiscal incentives for *muzakki*, the limited institutional capacity of regional offices, and low public literacy surrounding zakat as a socio-economic tool.

On the other hand, BAZNAS's cross-sector collaborations with government agencies, state-owned enterprises, and private CSR actors illustrate a promising institutional orientation that is both progressive and inclusive. Its long-term strategic vision—focused on scholarship provision, healthy housing, and food security—signals a coherent policy trajectory aligned with the Sustainable Development Goals (SDGs), particularly SDG 1 (No Poverty), SDG 3 (Good Health and Well-being), and SDG 4 (Quality Education).

Theoretically, this study affirms the relevance of Islamic Social Welfare Theory, which positions zakat as a just and systematic mechanism of wealth redistribution rooted in *maqasid al-shariah*. It also validates Institutional Theory, which emphasizes the pivotal role of institutional strength and credibility in the success of social policy frameworks.

Finally, the findings point to the urgent need for sustained evaluation of productive zakat programs, particularly through longitudinal research that can assess the transformation of *mustahik* into *muzakki*—a key indicator of long-term programmatic success and systemic poverty reduction.

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