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## **Innovation of Baznas Rural Microfinance: Economic Stability Solutions in the Middle of the Covid-19 Pandemic**

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**Abstract:** Since the beginning of 2020, precisely in March, Indonesia was shocked by one of the phenomena, namely the Covid-19 pandemic. The deployment and increasing number of Covid-19 cases occurred rapidly with a tremendous impact (*extraordinary*) on health, humanitarian, financial system stability and the reduction of the Indonesian economy. At that time, Indonesia experienced a difficult situation. Moreover, the difficulties were faced by the people of Indonesia. Both the state and the people need financial support. One of the largest financial sources in Indonesia, other than taxes, is zakat. Then, effective zakat empowerment needs to be done, especially during the Covid-19 pandemic. In the era of the Covid-19 pandemic, such a breakthrough needs to be made by zakat management institutions by looking at the situation and condition of the community. Zakat needs to be managed by a credible institution, such as BAZNAS. BAZNAS is an Islamic philanthropic institution dedicated to empowering the poor with a cultural approach through philanthropic activities (compassion/affection) and prophetic social entrepreneurship. To support this, innovations from zakat management institutions are needed so that the distribution is right on target to people in need. One of the innovations owned by BAZNAS is BAZNAS Rural Microfinance. BAZNAS Rural Microfinance is a program that utilizes zakat for productive businesses for people who are classified as weak (*mustahiq*) and have a commitment to entrepreneurship. This breakthrough in *mustahiq* empowerment is one of the programs that aim to meet the basic needs of people affected by Covid-19.

**Keywords:** Innovation; Zakat; Microfinance; Covid-19 Pandemi

### **A. INTRODUCTION**

Poverty is a classic unresolved topic in Indonesia. The problem of poverty is not just the number and percentage of poor people. Another dimension must be considered related to the factors that influence the increase in the number of

poverty. The number of poor people in Indonesia in March 2021 reached 27.54 million people. Compared to September 2020, the number of poor people decreased by 0.01 million people. When compared to March 2020, the number of poor people increased by 1.12 million people. The percentage of poor people in March 2021 was recorded at 10.14 percent, decreased by 0.05 percentage points against September 2020 and increased by 0.36 percentage points against March 2020.<sup>1</sup>

The Central Statistics Agency (BPS) noted that the Indonesian economy in the first quarter of 2021 compared to the first quarter of 2020 experienced a growth contraction of 0.74 percent (y-on-y).<sup>2</sup> As a result, the poverty rate in Indonesia continues to increase. This is exacerbated by the ongoing Covid-19 pandemic which has an impact on changes in behavior and economic activity of the population, thus affecting the poverty rate. Covid-19 is not an epidemic that can be ignored. Covid-19 cases are still relatively high since the first positive Covid-19 case was announced on March 2, 2020 and until now. A year into the Covid-19 pandemic, the government has issued a number of policies in an effort to reduce the rate of transmission. This has an impact on the country's economy.

Anticipating this problem, the zakat institution (BAZNAS<sup>3</sup>) must continue to make contributions in anticipating the impact of the spread of Covid-19. As is well known, zakat is a fiscal instrument in Islam that can be used to overcome the problems of poverty and economic inequality. It is explicitly stated that zakat is a major contributor to poverty alleviation and economic empowerment in the Muslim community.

The potential of national zakat itself is very large. Based on the Zakat Potential Mapping Indicator (IPPZ) in Indonesia in 2020 it is IDR 327.6 trillion.<sup>4</sup> Zakat in the midst of the Covid-19 pandemic has a significant role in alleviating poverty and ensuring social justice for the community. During the Covid-19 pandemic, the presence of zakat has become increasingly important in easing the economic burden of the community. Even the Indonesian Ulema Council issued a fatwa in 2020 Number 23 concerning the Utilization of Zakat, Infaq, Alms Funds aimed at dealing with the impacts of the Covid-19 pandemic.

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<sup>1</sup> Central Bureau of Statistics. 2021. *Poverty Profile in Indonesia March 2021 No. 53/07/Th. XXIV, July 15, 2021*. Jakarta: Central Bureau of Statistics. p.1-12

<sup>2</sup> *Ibid.* p. 12.

<sup>3</sup> BAZNAS is an Islamic philanthropic institution dedicated to empowering the poor with a cultural approach through philanthropic activities (compassion/compassion) and prophetic social entrepreneurship.

<sup>4</sup> BAZNAS Puskas. 2020. *Outlook Zakat Indonesia 2020*. Jakarta: Center for Strategic Studies of BAZNAS. p. 14.

Therefore, the role of zakat is increasingly relevant and optimizing the potential of zakat in Indonesia is important so that zakat is able to mitigate the multidimensional impact of the Covid-19 pandemic.

Therefore, zakat innovation is needed so that zakat managers can be more responsive to various unexpected situations such as the current Covid-19 pandemic. One of the innovations owned by BAZNAS is BAZNAS Rural Microfinance (BMD). BAZNAS Rural Microfinance is a microfinance service that provides access to capital, assistance, and business facilitation. The target of BAZNAS Rural Microfinance is micro business actors. By the end of 2020, there were 10 BAZNAS *Microfinance* Villages spread across 8 provinces, 9 regencies. The presence of BAZNAS Rural Microfinance not only provides capital but also training and assistance so that the capital provided can be used effectively, so that BAZNAS RI's desire to print *muzzaki-muzzaki* from *mustahiq* can be realized.<sup>5</sup>

Based on the description above, this research is intended to analyze the innovation of BAZNAS Rural Microfinance in providing Economic Stability Solutions Amid the Covid-19 Pandemic. More specifically, the research is located in the BAZNAS area of Kendal Regency, precisely in the Penggulan Village, Pegandon District, Kendal Regency. The BAZNAS *Microfinance* Village is relatively new because it was inaugurated on November 4, 2020. The formation of the BAZNAS *Microfinance* Village in the Penanggulan Village was due to the *booming* of the business group association *Bakul Tetot*.<sup>6</sup>

## B. LITERATURE REVIEW

In previous studies, the theme of zakat was raised during the Covid-19 pandemic, but it is not wrong to bring up the same theme, this is to perfect or provide clearer and more detailed information. In particular, studies on zakat during the Covid-19 pandemic have already discussed it but with different substances and locations, as written by Choirul Amirudin's brother, Ahmad Fikri Sabiq<sup>7</sup> entitled *Ziswaf's Role in Restoring the People's Economy Due to the*

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<sup>5</sup> National Zakat Amil Agency. 2021. *BAZNAS Launches BAZNAS Microfinance Village Program in Yogyakarta*. 23 February 2021. <https://baznas.go.id/pendistribuan/economy/pemfundan-mikro/5009-baznas-laukan-program-baznas-microfinance-desa-di-jogjakarta>. accessed July 23, 2021. 10.20 AM.

<sup>6</sup> Nurfiyanti, E., & Khanifa, NK 2021. Implementation of Village Microfinance Baznas in Improving Economic Welfare Mustahiq. *Shariati: Journal of the Study of the Qur'an and Law*, 7(1), 81-92.

<sup>7</sup> Amirudin, C., & Sabiq, AF 2021. The Role of Ziswaf in Restoring the People's Economy Due to the Covid-19 Pandemic Period. *BAABU AL-ILMI Journal: Islamic Economics and Banking*, 6(1), 38-47.

*Covid-19 Pandemic Period.* The results of the research are that Muslims in Indonesia can play their role with a form of *philanthropy* that can collaborate with Islamic financial institutions (LKS), especially during the Covid-19 pandemic. This role is expected to help related economic problems so that it becomes good news due to the Covid-19 pandemic. The solutions offered are as follows: (1) Making every village a UPZ to maximize zakat (2) maximizing cash zakat and productive zakat (3) maximizing zakat and infaq management (4) providing educational assistance for students affected by Covid-19, which is prioritized for students majoring in Islamic economics so that in the future they can educate the public about Islamic economics. If these programs can be implemented, they are expected to help accelerate economic growth in Indonesia.

In addition, there are works by Gebrina Rizki Amanda, Fatatun Malihah, Sulistiani Indriyastuti, Nur Khumairah, Tulasmi, Titania Mukti<sup>8</sup> entitled *Utilization of Zakat During the Covid-19 Pandemic*. The results of his research are that Zakat is an option to deal with people affected by this virus, even MUI allows the use of zakat funds to overcome the Covid-19 pandemic. The fatwa was issued in 2020 number 23 regarding the use of the three ZIS funds to be used to overcome the Covid-19 pandemic. Zakat funds from *muzakki* can be distributed to the community as soon as possible, the funds are channeled through three sectors, namely the health emergency sector, used to buy PPE, establish isolation rooms, spray disinfectants, as well as provide education to the public, the socio-economic emergency sector, to help restore conditions the economy caused by the Covid-19 virus, providing family food assistance, *cash for work*, zakat fitrah, BTM, as well as for assistance for laid-off employees or workers and the sector for the sustainability of existing programs. the total disbursement of funds to the three sectors reached Rp. 7,578,461,063. If these programs can be implemented properly, with proper handling, zakat will become a source of funds that can be used for public welfare.

And finally Awang Darmawan, Rina Desiana's work<sup>9</sup> entitled *Zakat and Economic Equity in the Time of the COVID-19 Pandemic*. The result of the research is that BAZNAS is an institution that manages ZIS. Where all the programs and efforts implemented by BAZNAS are an effort to equalize the economy of the community, which is in accordance with the eight concepts of economic equality paths implemented by the Indonesian government. The

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<sup>8</sup> Amanda, GR, Malihah, F., Indriyastuti, S., Khumairah, N., Tulasmi, T., & Mukti, T. 2021. Utilization of Zakat during the Covid-19 Pandemic. *Jurnal Ilmiah Ekonomi Islam*, 7(1), 216-222.

<sup>9</sup> Darmawan, A., & Desiana, R. 2021. Zakat dan Pemerataan Ekonomi di Masa Pandemi Covid-19. *Al-Azhar Journal of Islamic Economics*, 3(1), 12-21.

zakat funds collected by BAZNAS have been distributed to the community, especially to people affected by the Covid-19 pandemic.

Thus, from some of the literature above, no research was found on the Innovation of Baznas Rural *Microfinance: Solutions for Economic Stability Amid the Covid-19 Pandemic*. Therefore, this research is considered very important to do, because no one has investigated the causes to avoid duplication, both plagiarism and imitation of previous works and repetition of previous works, and the results become new references.

### C. METHODOLOGY

Every research activity or scientific study is faced with a problem related to the method of selecting research or studies that are in accordance with the objectives to be achieved. For this reason, in this section, approaches and methods will be described in accordance with the methods of writing scientific papers in general. Therefore, this type of research was a type of field research with a qualitative approach. The research location was in the BAZNAS of Kendal Regency, precisely in Penanggulan village, Pegandon Sub-District, Kendal Regency. The sources of data were primary data through structured interviews (*intensive interviews*), and the secondary data were obtained from other information related to relevant research. The data collection techniques in this study used by the were interviews, observation and documentation in order to be able to get the right information obtained by practice in the field. The data analysis was carried out using an analytical descriptive method. Data analysis was carried out through the processing (*reduction*), description (*display*) and summarization (*conclusion*) of research data.

### D. Results and Discussion

#### 1. The Essence of Zakat

Zakat is a *maliyyah ijtimai'iyah* worship which has a very important, strategic and decisive position, both in terms of Islamic teachings and in terms of developing the welfare of the people. It has been proven that in the history of the development of Islam, zakat has become a source of state revenue and plays a very important role as a means of spreading Islamic religion, developing the world of education and culture, developing knowledge, developing infrastructure, and providing social welfare services.

As there are many references, zakat has various meanings. These meanings, although editorially differ from one another, still have the same meaning or purpose, in accordance with His word, namely to purify souls and property. This is implied in QS. At Tawbah verse 103 which reads:

خُذْ مِنْ أَمْوَالِهِمْ صَدَقَةً تُطَهِّرُهُمْ وَتُزَكِّيهِمْ بِهَا وَصَلِّ عَلَيْهِمْ ۚ إِنَّ صَلَاتَكَ سَكَنٌ لَهُمْ ۗ وَاللَّهُ سَمِيعٌ عَلِيمٌ

Meaning: Take zakat from some of their wealth, with that zakat you clean and purify them and pray for them. Verily, your prayer (becomes) peace of soul for them. and Allah is All-Hearing, All-Knowing.

The meaning of the above verse is that zakat cleanses them of stinginess and excessive love for property. And zakat nourishes the qualities of goodness in their hearts and develops their wealth. So that zakat in language (*masdar* from *fi'il madhi*) has the root word *zaka*.<sup>10</sup> This word is interpreted by many scholars with different interpretations, including:

*First*, zakat means *at-thahuru* (cleaning or purifying), meaning people who always pay zakat because of Allah, not praised by humans. Allah will clean and purify their wealth as well as his soul. As explained by Allah in At Taubah verse 103. *Second*, zakat means *al-barakatu* (blessing). That is, people who always pay zakat, their wealth will always be bestowed with blessings by Allah SWT. This blessing will have an impact on the blessing of life because the assets used are clean assets and have been cleaned of dirt by paying zakat. Of course the property in question is obtained or obtained in a lawful way. And that does not mean that every property will be clean by paying zakat.

*Third*, zakat means *an-numuw* which means to grow and develop. This meaning emphasizes that people who always pay zakat, their wealth will always continue to grow and develop, this is due to the sanctity and blessing of the assets that have fulfilled their zakat obligations. In another sense, in fact, the assets that are issued for zakat, in principle, are not reduced but increased, as the words of the Prophet Muhammad SAW "indeed, the assets issued for zakat are not reduced, but increase and increase".

*Fourth*, zakat means *as-sholahu* (good). It means that the people who always pay zakat will always have good wealth, so they have no problems and avoid problems. Of course, people who are accustomed to fulfilling their zakat obligations, will feel satisfaction / *qana'ah* on their assets without any sense of complaining about the existing shortcomings.

According to the term, zakat means issuing a portion of property (certain) that Allah SWT has required to give to people who are entitled to receive it, with a certain level, haul and fulfilling the requirements and pillars. Zakat is a worship that has a double value, *hablum minallah* (vertical)

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<sup>10</sup> Majma` Lughah Arabia. Tt Mu`jam Wasith. Kairo: Dar Syurug Dauliyah. p. 398.

and *hablum minannas* (horizontal), ritual and social dimensions, that is, people who always obey Zakat will increase faith and piety to Allah SWT and foster a sense of social concern, as well as build social relations.

In Indonesia, since the arrival of Islam to the homeland, zakat has become one of the sources for the development of religion. In the struggle against the Dutch colonialists, zakat was a source of funds for the struggle. Even the Colonial Government issued Bijlad number 1892 dated August 4, 1893, containing the Dutch Government's policy regarding zakat. The essence of its content is to prevent the occurrence of financial misappropriation of zakat by *penghulu* or *naib* who work to carry out Dutch government administration.

After Indonesia was formed, in 1968 the government helped with the collection and utilization of zakat, with Minister of Religion regulation no. 4 and 5 of 1968, namely the establishment of the Amil Zakat Agency. Even on October 20, 1968 issued a recommendation to collect zakat regularly and organized. In the end, the Amil Zakat Agency (BAZ) was formed in various provinces. In the end, Law no. 38 of 1999, on September 23, 1999 was ratified by the government, a zakat management institution better known as the agency of *amil zakat, infaq* and *shadaqah* (BAZIS). The law was later revised to No. 23 of 2011.

In Law Number 23 Article 3 of 2011 concerning Zakat Management, it is stated that zakat management aims to: a). Improve the effectiveness and efficiency of services in the management of zakat, and b). Increase the benefits of zakat to realize community welfare and poverty alleviation. With the enactment of this Law, it is official for Muslims to have legal instruments that regulate the management of zakat, followed by other laws and government regulations.

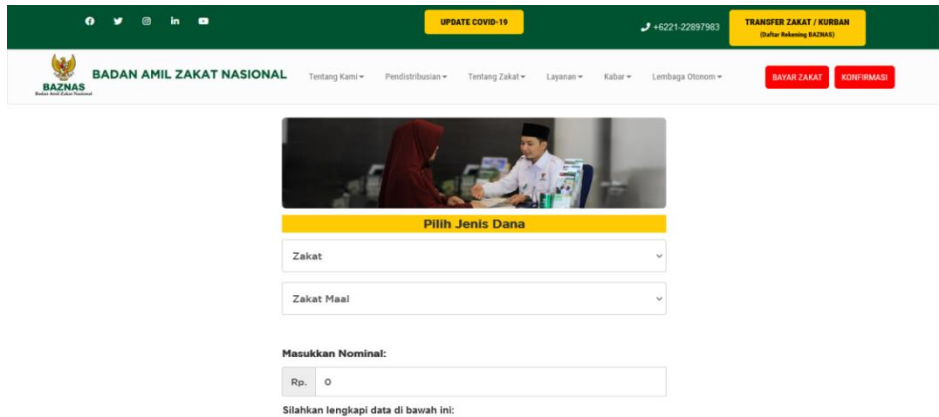
## **2. Collection of Zakat in the Era of the Covid-19 Pandemic**

Since the Covid-19 pandemic spread in major cities in Indonesia, the local government has issued preventive policies to overcome the spread of Covid-19, including the policy of restricting social movements. The social restriction policy makes zakat payments by *muzzaki* unable to be done directly, so innovation is needed in zakat collection. In this case, BAZNAS has made digitalization efforts even before the pandemic took place. However, with the pandemic, BAZNAS has further strengthened and optimized zakat collection through various digital channels.

In internal channels, zakat managers such as BAZNAS in Indonesia generally have a-based digital payment channel *website*. So, in the midst of a pandemic situation like this, this initiative will certainly make it easier for

*muzzaki* and donors to make digital zakat payments through *platforms* internally owned without having to meet face-to-face. The following is a picture of the internal zakat payment channel owned by BAZNAS:

Figure 2.1. Internal Channel for zakat payments at BAZNAS



Source: baznas.go.id

Then, in 2020, BAZNAS has already had an external digital channel that collaborates with various digital wallet service providers in Indonesia and has been connected to the *Indonesian Quick Response Standard (QRIS)*. Therefore, with one scan, *muzzaki* or donors can choose which digital wallet to use to make zakat payments. The following is an image of an external digital channel by BAZNAS via QRIS.

Figure 2.2. External Digital Channel by BAZNAS through QRIS



Source: @baznasIndonesia 2020.



Furthermore, in utilizing other external digital channels such as *the crowdfunding platform*, BAZNAS took the initiative to create *ZakatHub* as a common *platform* for all Zakat Management Organizations in Indonesia to take advantage of zakat fund collection through the platform of crowd funding. The following is an example of an image of *ZakatHub crowdfunding* on the *Platform* owned by BAZNAS.

Figure 2.3. *ZakatHub Crowdfunding* in the *Platform* owned by BAZNAS



source: [zakat.kitabisa.com](http://zakat.kitabisa.com)

In addition, campaigning for zakat inclusively is important in this digital era. The zakat inclusive campaign in question is to create digital content, or virtual events that can be accepted by all parties. Given the diversity of the Indonesian population, an inclusive zakat campaign can convey the message of *zakat da'wah* to all groups. At least BAZNAS has made innovations in inclusive zakat campaigns. During the Covid-19 pandemic, one example of an inclusive zakat campaign can be seen from the BAZNAS charity concert which presents Indonesian celebrities, including singers, who are not only in the genre of religious music, but also pop singers in general. We can see this kind of practice as inclusiveness in zakat campaign innovation. The following is a picture of the BAZNAS virtual charity concert.

Figure 2. 4 BAZNAS Virtual Charity Concert



Source: Youtube BAZNAS TV

Seeing the innovations in zakat collection above are generally caused by technological advances, but specifically due to the Covid-19 pandemic that has occurred throughout the world, including Indonesia, has changed the paradigm and *landscape* of zakat management in 2020 until now. This condition encourages zakat management organizations in Indonesia to make breakthroughs and innovations in zakat management.

### 3. Innovation of BAZNAS Rural Microfinance: A Solution for Economic Stability Amid the Covid-19 Pandemic

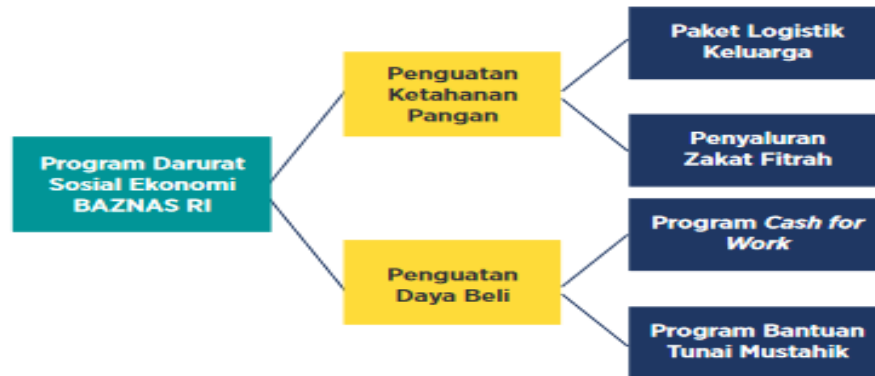
Covid-19 gave a significant *Domino Effect* on human life globally. The health crisis that initially occurred eventually created other crises such as social, economic, and cultural crises. The crisis ultimately provides a change that requires adaptation or a new habit to restore the situation. This of course also applies to the zakat ecosystem in Indonesia.

In the end, good zakat collection must be accompanied by good zakat distribution performance, especially during the Covid-19 period so that the impact can be minimized. Moreover, the MUI Fatwa Number 23 of 2020 concerning the Utilization of Zakat, *Infaq*, and *Shadaqah* Assets for the Response to the Covid-19 Outbreak is a milestone to help *mustahiq* affected by this outbreak.

In this case, BAZNAS has a strategy for distributing zakat during the Covid-19 period, namely a special distribution program. The special

distribution program, BAZNAS prioritizes the economic emergency program consisting of strengthening food security and strengthening people's purchasing power. The following is a picture of BAZNAS's strategy in distributing zakat during the Covid-19 pandemic.

Figure 3.1 BAZNAS Strategy in Distributing Zakat during the Covid-19 Pandemic



Source: BAZNAS Report on Handling the Covid-19 Pandemic (2020)

Looking at the picture above, the distribution of zakat during the pandemic has variations that can be accepted by *mustahiq*. One of the economic emergency programs raised in this study is a program to strengthen purchasing power in the form of a cash transfer program *mustahiq*. The cash transfer program *mustahiq* aims to assist in providing access to capital, assistance, and business facilitation in the form of microfinance services for micro-enterprises. Microfinance services are included in the program of BAZNAS Rural Microfinance. The presence of BAZNAS Rural Microfinance not only provides capital but also training and assistance so that the capital provided can be used effectively, so that the BAZNAS's desire to produce *muzzakis* from *mustahiq* can be realized.<sup>11</sup>

Especially during the Covid-19 pandemic, micro business actors feel that the BAZNAS Rural Microfinance program has helped. the micro business in Penanggulan village, Pegandon Sub-District, Kendal Regency. The BAZNAS Rural Microfinance program is relatively new because it was inaugurated on November 4, 2020. The formation of the BAZNAS Rural

<sup>11</sup> Badan Amil Zakat Nasional. 2021. *BAZNAS Luncurkan Program BAZNAS Microfinance Desa di Yogyakarta*. 23 February 2021. <https://baznas.go.id/pendistribusian/ekonomi/pembiayaan-mikro/5009-baznas-luncurkan-program-baznas-microfinance-desa-di-jogjakarta>. It was accessed on 23 July 2021. 10.20 AM.

Microfinance in Penanggulan Village was due to the booming of the business group of the *Bakul Tetot* association.

For the business group of *Bakul Tetot*, the BAZNAS Rural Microfinance can be a bridge to improve the community's economy through partnership programs. The empowerment of zakat funds initiated by BAZNAS Rural Microfinance is an elaboration of the concept of an integrated community empowerment program called the Mandiri Cluster program. This program works to build a work system that appreciates local wisdom (aware of local resources), entrepreneurial capacity, facilitates access to economic improvement based on living wisdom. One of the reinforcements is the construction of strong social institutions so that the empowerment of the assisted communities can be sustainable. The poor are educated to be aware of their rights, especially in accessing resources to improve their lives. Here, the principle of justice oversees the growth of the assisted communities in the micro and small business cluster (UMK).

The Baznas Rural *Microfinance* Program is a *non-profit* microfinance institution for small entrepreneurs from the underprivileged from the Central BAZNAS. The purpose of this program is to eradicate poverty while eradicating moneylenders who oppress small entrepreneurs. The implementation of the independent cluster program forms 1 community group. The number of partners in Kendal Penanggulan Village is 30 *mustahiq*. The budget for the empowerment program *mustahiq* in the Kendal Penanggulan Village is Rp. 60,000,000, - with details every *mustahiq* get Rp. 2.000.000,-.

As a *role modeling* financing *non-profit* formed by BAZNAS Rural Microfinance, it is hoped that it will become the flagship program of BAZNAS in an effort to help the government move the community's economy. Through BAZNAS Rural Microfinance, BAZNAS is actually trying to make *mustahiq* entrepreneurs who are reliable, independent and competitive. Thus, these micro-entrepreneurs will be released from the trap of poverty. In addition, as a concept *social Engineering* carried out by BAZNAS through BAZNAS Rural Microfinance is an effort to transform and intervene for a common goal, namely alleviating poverty, and encouraging *mustahiq* to become *muzakki*.

This is in line with the MUI Fatwa Number 23 of 2020 concerning the Utilization of ZIS Assets for Combating the Covid-19 Outbreak and its Impact. The BAZNAS Rural *Microfinance* program refers to the utilization of zakat assets to overcome the Covid-19 outbreak by *dhawabith* of distributing zakat assets to *mustahiq* directly with the provision that recipients of BAZNAS Rural *Microfinance* are included in the zakat group (*asnaf*), namely

the poor and *fi sabilillah*. No wonder if BAZNAS in 2020 to distribute zakat able to narrow the income gap of *mustahiq* by 19 percent.

Thus, the distribution of zakat during the Covid-19 pandemic is important for BAZNAS. BAZNAS as an institution appointed by the government to build a national zakat ecosystem has a great responsibility to synergize all *stakeholders* zakat. All of these efforts are aimed at the welfare of the *mustahiq*, suppressing poverty and reducing inequality in society.

## E. Conclusion

Covid-19 gives significant Domino *Effect* on human life globally. This includes the collection and distribution of zakat. In other hand, zakat is worship that has a double value, *hablum minallah* (vertical) and *hablum minannas* (horizontal), ritual and social dimensions. In particular, due to the Covid-19 pandemic that has occurred throughout the world, including Indonesia, it has changed the paradigm and landscape of zakat management in 2020 until recently. In this case, BAZNAS has a strategy for distributing zakat during the Covid-19 period, namely a special distribution program to strengthen purchasing power in the form of a cash assistance program of *mustahiq*. The program is BAZNAS Rural Microfinance for small entrepreneurs. The purpose of this program is to eradicate poverty while eradicating moneylenders who oppress small entrepreneurs. The implementation of the independent cluster program forms 1 community group. The number of partners in Penanggulan Village, Kendal, is 30 *mustahiq*. The budget for the empowerment program of *mustahiq* in Penanggulan Village, Kendal, is IDR 60,000,000, with the details that every *mustahiq* get IDR 2,000,000. This is in line with the MUI Fatwa Number 23 of 2020. This program refers to the use of zakat assets to overcome the Covid-19 outbreak with the *dhawabith* of distributing zakat assets to *mustahiq* directly with the provisions that the recipients of BAZNAS Rural Microfinance included in the zakat group (*asnaf*), namely the poor and *fi sabilillah*. No wonder that BAZNAS in 2020 was able to distribute zakat to narrow the income gap of *mustahiq* by 19 percent in an effort to transform the initiative and intervene to reduce poverty and encourage *mustahiq* to be *Muzakki*.

## F. Recommendations

1. Most members of the BAZNAS Rural Microfinance had low educational level, so there was a possibility of misunderstanding the BAZNAS Rural Microfinance. Therefore, to overcome this, BAZNAS needs to hold counseling related to BAZNAS Rural *Microfinance* to its members.

2. BAZNAS needs to expand the BAZNAS Rural Microfinance area in Kendal Regency, so that BAZNAS Rural Microfinance can realize the equity in eradicating poverty during the Covid-19 period.

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