STRATEGIC PARTNERSHIP BETWEEN ZAKAT COLLECTION INSTITUTIONS AND THE GOVERNMENT IN ACHIEVING SUSTAINABLE DEVELOPMENT GOALS

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Abstract

This study explores the strategic partnership between zakat institutions and the government in realizing the Sustainable Development Goals (SDGs) in Indonesia. As the largest Muslim-populated country, Indonesia holds significant zakat potential that, if effectively managed, can serve as a powerful instrument for poverty alleviation, social welfare, and inclusive development. The research employed a qualitative library study, critically examining legislation, institutional reports, and relevant scholarly works to analyze the synergy between zakat management bodies and government agencies. The findings reveal that zakat programs implemented by BAZNAS and various Lembaga Amil Zakat demonstrate tangible contributions to key SDGs, particularly in eradicating poverty, improving health, ensuring access to quality education, and promoting decent work and economic growth. Nonetheless, challenges persist, including fragmented data, limited policy harmonization, and insufficient integration of zakat into national and regional development planning. The study emphasizes the importance of digital transformation, good governance, and Environmental, Social, and Governance (ESG) principles in strengthening accountability and expanding the impact of zakat programs. It concludes that an ideal partnership model requires national data integration, continuous policy coordination, and aligned performance indicators between zakat institutions and government. Strengthening such collaboration is crucial for positioning zakat as a strategic instrument in achieving inclusive and sustainable development in Indonesia.

INTRODUCTION

Indonesia, as the country with the largest Muslim population in the world, possesses enormous zakat potential. The payment of zakat is not only a religious obligation but also a strategic social finance instrument for addressing poverty and improving community welfare (Syamsuri et al., 2022). Zakat is conducive to targeting mustahik groups, such as the poor, the needy, ghārimīn (those in debt), and others, in accordance with the values of Maqāṣid al-Sharīʿah. The global agenda of the Sustainable Development Goals (SDGs) is a sustainable development strategy agreed upon by 193 United Nations member states, including Indonesia. This agenda encompasses 17 core goals focusing on economic, social, and environmental dimensions. However, achieving the SDGs requires funding, multi-stakeholder collaboration, and comprehensive policy integration. In this context, zakat institutions (such as BAZNAS and LAZ) and the government have potential synergy, although it has not yet been fully optimized.

The SDGs represent a set of 17 global objectives established by the United Nations to be implemented by all member states from 2016 to 2030. These goals include eradicating poverty, ensuring quality education, achieving gender equality, providing clean water, promoting decent work, and fostering global partnerships, among others, within the context of social and financial development (UNDP, 2022). The SDG agenda emphasizes an inclusive and collaborative approach. Therefore, the participation of civil society, social financial institutions, and the private sector is crucial. In this regard, zakat institutions occupy a strategic position as they directly engage with poor, vulnerable, and marginalized communities (Yusra & Firmansyah, 2023). Several studies have highlighted the role of zakat as a pillar in achieving the SDGs, particularly concerning poverty alleviation (SDG 1), quality education (SDG 4), health (SDG 3), and access to sanitation (SDG 6). Munifatussaidah and Sulaeman (2025) noted that zakat has empirically contributed positively to national economic growth, reduced unemployment, and improved access to clean water and sanitation for the poor. Nonetheless, comprehensive analyses of partnerships between the government and zakat institutions remain limited. Some studies indicate that zakat has significant potential in supporting the SDGs, particularly SDG 1 (No Poverty), SDG 3 (Good Health), SDG 4 (Quality Education), and SDG 8 (Decent Work and Economic Growth). Research by Syamsuri and Prasetyo (2022) revealed that the measurable distribution of productive zakat has impacted mustahik income growth and economic independence, especially in the agricultural and MSME sectors. In practice, zakat institutions such as Rumah Zakat have adopted approaches like the *Desa Berdaya* (Empowered Village) program and the Zakat Village Index, which map zakat interventions in an integrated manner aligned with SDG indicators.

In the Indonesian context, BAZNAS, as a non-structural government body, and various LAZ have a legal mandate to manage zakat based on Law No. 23 of 2011 on Zakat Management. The law stipulates that zakat management aims to improve service effectiveness and maximize the benefits of zakat to realize social welfare and alleviate poverty. The collectivization of zakat funds through zakat institutions has proven to be a significant alternative solution for poverty reduction. A literature review by Syamsuri et al. (2022) demonstrated that zakat, infaq, and sadaqah actively contribute to the five pillars of the SDG program, particularly in reducing poverty, hunger, and improving education and health. Nevertheless, opportunities for systematic collaboration with the government—such as integrating mustahik data, synchronizing empowerment programs, and issuing joint regulations—have yet to be fully explored.

Strategic partnerships between zakat institutions and the government encompass aspects such as data coordination, program collaboration, policy integration, and joint reporting. Although several forums have attempted such integration, numerous challenges hinder its effectiveness, including data fragmentation, differences in program focus, and unsynchronized regulations. Retnowati et al. (2024) emphasized that zakat institutions could serve as regional development partners if given participatory space in development planning forums, such as *Musrenbang* (development planning deliberations) or regional mid-term development planning (RPJMD). Local governments could also strengthen support for zakat institutions through digital service integration and regulatory incentives to expand zakat fundraising outreach. Another challenge lies in aligning the impact indicators of zakat programs with the official SDG indicators managed by Bappenas. A synergy model based on technology and ESG (Environmental, Social, and Governance) governance is needed to enable objective, transparent, and integrated measurement of program success. Retnowati et al. (2024) also stressed the importance of synergy between BAZNAS and Islamic financial institutions (IFIs) to accelerate the achievement of the SDGs through enhanced access to inclusive digital zakat. Meanwhile, studies on ESG in zakat governance are emerging, highlighting the importance of partnerships with public institutions and the private sector to ensure transparency, accountability, and sustainability of zakat's contribution to the SDGs.

Zakat, as one of the Islamic social finance instruments, functions as a mechanism for wealth redistribution to achieve social justice and community welfare. Within the framework of Islamic economics, zakat is regarded as part of Islamic fiscal instruments with spiritual, economic, social, and political functions. Zakat has the capacity to reduce inequality and create economic stability for the ummah (Iswandi, 2025). According to Law No. 23 of 2011, zakat is property that must be given by Muslims or Muslim-owned businesses to eligible recipients in accordance with Islamic law. Zakat management in Indonesia is carried out by two main types of institutions: BAZNAS (the National Amil Zakat Agency), which is an official government body, and LAZ (Amil Zakat Institutions), which are non-governmental organizations licensed by the Ministry of Religious Affairs (Law No. 23 of 2011). Zakat, as a wealth distribution mechanism in Islamic economics, holds tremendous potential for supporting inclusive and equitable development. The potential national zakat collection in Indonesia is estimated at more than IDR 300 trillion per year; however, its realization remains around only 4–5% of that potential (BAZNAS, 2023). This gap not only reflects weaknesses in the collection system but also indicates the lack of optimal synergy between zakat institutions and the state in managing the economic potential of the Muslim community.

Within the sustainable development framework, the SDGs highlight the importance of cross-sectoral partnerships (multi-stakeholder partnerships) as one of the main goals, namely SDG 17: Partnerships for the Goals. This underscores that without collaboration between state institutions, civil society organizations, and the private sector, achieving the SDG targets will be difficult (UNDP, 2022). Accordingly, zakat institutions, which have been proven to implement socio-economic programs such as scholarships, free health services, and MSME empowerment, have directly contributed to the achievement of SDG 1 (No Poverty), SDG 3 (Good Health and Well-Being), SDG 4 (Quality Education), and SDG 8 (Decent Work and Economic Growth). Unfortunately, most zakat programs are still partial and not integrated with national or local government policies. A concrete example is the weak integration of mustahik–muzakki data between BAZNAS/LAZ and the Social Service Office or Bappeda. Yet, data integration is crucial to avoid overlapping social assistance programs and to optimize the reach of zakat interventions in underdeveloped regions.

Recent research by Putri and Aslam (2023) emphasized that the effectiveness of zakat distribution significantly increases when zakat institutions are involved in regional development planning, especially in drafting Regional Mid-Term Development Plans (RPJMD). In practice, however, many local governments have not actively involved BAZNAS in planning forums, resulting in zakat's potential not being fully converted into strategic poverty alleviation programs (Putri & Aslam, 2023).

From a policy perspective, the harmonization between Law No. 23 of 2011 on Zakat Management and Presidential Regulation No. 59 of 2017 on the Implementation of the SDGs has not yet been fully achieved. Zakat institutions are not explicitly included as strategic partners in the national SDG roadmap, despite their measurable contributions. This highlights the need for academic initiatives and scientific advocacy to bring zakat into the formal narrative of sustainable development. Furthermore, the digitalization of zakat and the integration of ESG principles present significant opportunities for transforming partnerships between zakat institutions and the government. The use of digital zakat applications, blockchain-based reporting systems, and big data for mustahik profiling are examples of innovations that can accelerate and streamline zakat services in the 4.0 era (Yusra & Firmansyah, 2023). However, such innovations still require a collaborative framework between the state as regulator and zakat institutions as field-level operators.

Considering all these dynamics, building strategic partnerships between zakat institutions and the government is not only relevant in terms of program efficiency but also a necessity to realize inclusive and sustainable national development as mandated by the SDGs. Therefore, this study aims to: (1) identify and analyze the forms of partnerships established between zakat institutions and the government in supporting the achievement of the SDGs, (2) evaluate the effectiveness of such partnerships against relevant SDG indicators, and (3) formulate an ideal strategic partnership model based on policy synergy, technology, and integrated zakat utilization systems. Theoretically, this study enriches the literature on integrating zakat into the SDGs through a strategic partnership approach rooted in policy and governance. Practically, the results are expected to serve as recommendations for the government (both central and regional), BAZNAS, LAZ, and stakeholders to build collaborative platforms for mustahik data integration and empowerment, develop partnership governance models (good governance & ESG), and formulate joint technical policies to strengthen zakat's contribution to achieving SDG targets.

METHODS

This study is a qualitative research employing the library research method. Library research was used to critically examine relevant literature in order to explore the strategic partnership between zakat institutions and the government in supporting the achievement of the Sustainable Development Goals (SDGs). This method was chosen because the topic under investigation is conceptual and normative in nature, requiring an in-depth review of theories, legislation, previous studies, and institutional documents (George, 2008).

The sources of data in this library research consist of: Primary Sources, including: Law No. 23 of 2011 on Zakat Management, Presidential Regulation No. 59 of 2017 on the Implementation of the SDGs, and official documents from BAZNAS and relevant ministries (such as the Ministry of National Development Planning/Bappenas). Secondary Sources, including: relevant national and international journal articles (e.g., from ResearchGate, Google Scholar, DOAJ, STIE AAS Journal,

UMJ Repository, Walisongo Repository); institutional reports (e.g., BAZNAS, Rumah Zakat); textbooks on partnership theory, Islamic economics, and sustainable development; as well as annual reports of zakat institutions and SDGs publications in Indonesia.

RESULTS AND DISCUSSION

The findings indicate that strategic partnerships between zakat institutions and the government have been implemented in various forms that contribute significantly to achieving the Sustainable Development Goals (SDGs). Zakat programs carried out by BAZNAS and LAZ are essentially aligned with several SDGs, particularly SDG 1 on poverty eradication, SDG 3 on good health, SDG 4 on quality education, and SDG 8 on decent work and economic growth. Programs such as *Desa Berdaya* (Empowered Village) initiated by Rumah Zakat and the Zakat Village Index developed by BAZNAS have proven to directly improve the welfare of poor communities through scholarships, free health services, and microenterprise empowerment (Maulida, 2023). This demonstrates that zakat is not only a religious obligation but also a socio-economic instrument capable of supporting the sustainable development agenda (Maulana & Sulaeman, 2023).

From a policy perspective, the government has established legal foundations through Law No. 23 of 2011 on Zakat Management and Presidential Regulation No. 59 of 2017 on the SDGs. These regulations provide legitimacy for zakat institutions to collaborate with the government (Badan Amil Zakat Nasional, 2011). Nevertheless, regulatory synchronization has not been fully achieved because zakat institutions have not been explicitly included in the national SDG roadmap, despite their measurable contributions (Retnowati et al., 2024). Although some local governments have involved BAZNAS or LAZ in development planning forums, such as *Musrenbang* and the drafting of regional mid-term development plans (RPJMD), such practices remain limited. Literature shows that involving zakat institutions in development planning increases the effectiveness of systemic poverty alleviation programs (Putri & Aslam, 2023; Simatupang, 2022).

Furthermore, technological developments have fostered transparency and innovation in zakat management. The digitalization of zakat through online applications, blockchain-based reporting, and the use of big data for mustahik profiling has expanded the reach of zakat collection and distribution (Sari, 2021; Yusra & Firmansyah, 2023). Government collaboration in supporting digital financial inclusion has made zakat management more efficient, transparent, and accountable. These innovations align with SDG 16 on strong institutions by enhancing governance and public trust in zakat institutions (Sari, 2023).

However, this study also found several challenges in the strategic partnership. One major obstacle is the fragmentation of mustahik and muzakki data between the government and zakat institutions, which leads to overlapping social assistance programs. In addition, sectoral egos remain prevalent, with each party prioritizing institutional identity over joint synergy. Another challenge is the lack of integrated indicators that can align the outcomes of zakat programs with the official SDG indicators managed by the government (Syamsuri & Prasetyo, 2022; Rizqiyah, 2022).

The contribution of zakat to SDG indicators can be examined more specifically through programs implemented by BAZNAS and LAZ. Regarding poverty alleviation (SDG 1), productive zakat has been shown to increase mustahik income, particularly in the MSME and agricultural sectors. A study by Syamsuri and Prasetyo (2022) demonstrated that economic empowerment through ZIS funds in remote areas enhanced community self-reliance while reducing poverty levels. In health

(SDG 3), zakat utilization in the form of free clinics and emergency health assistance, as practiced by Rumah Zakat and BAZNAS, provided broader access to health services for the poor (Shalihah, 2023). In education (SDG 4), zakat scholarships have played a significant role in improving access to education for children from low-income families, thereby enhancing human resource quality (Rahman, 2023).

Zakat also contributes to SDG 8 on decent work and economic growth. Micro-enterprise capital programs funded by productive zakat have created new jobs, increased purchasing power, and strengthened local economies (Simatupang, 2022; Rizqiyah, 2022). Moreover, some zakat-based empowerment programs are now directed toward sustainable agriculture and social entrepreneurship, aligning with the sustainable development agenda. Another contribution lies in SDG 16 on strong institutions. The implementation of transparency and accountability principles in zakat management through independent audits, digital fundraising, and ESG adoption strengthens public trust in zakat institutions (Sari, 2023; Yusra & Firmansyah, 2023).

Further discussion suggests that this strategic partnership can be seen as a form of public-private partnership within the framework of Islamic philanthropy. Zakat, as an instrument of wealth redistribution, has strong relevance to sustainable development. With an estimated national zakat potential of more than IDR 300 trillion annually, zakat can serve as a significant alternative source of funding to support SDGs (BAZNAS, 2023; Jannah, 2022). However, achieving this requires stronger policy synergy, especially regulatory harmonization to ensure zakat is explicitly recognized as a strategic partner in the national SDG roadmap (Lestari & Fatmawati, 2022). The application of good governance principles and the integration of ESG in zakat governance are also essential to guarantee transparency, accountability, and program sustainability (Sari, 2023). Digitalization of zakat management can further strengthen its role as a development instrument, provided that it is supported by data integration and inter-institutional coordination (Yusra & Firmansyah, 2023).

Therefore, the ideal partnership model to be developed should be based on the integration of national mustahik and muzakki data, regular communication forums between the government and zakat institutions, and the harmonization of performance indicators that align zakat outcomes with official SDG targets. Such a model will enhance the effectiveness of zakat's role in development and position it as a strategic instrument for achieving sustainable development in Indonesia.

CONCLUSION

This study affirms that the strategic partnership between zakat institutions and the government plays a vital role in supporting the achievement of the Sustainable Development Goals (SDGs) in Indonesia. The findings reveal that zakat programs managed by BAZNAS and LAZ make tangible contributions to several key SDGs, particularly poverty alleviation (SDG 1), health improvement (SDG 3), access to quality education (SDG 4), provision of decent work and economic growth (SDG 8), as well as institutional strengthening (SDG 16). The synergy between zakat and the government is reinforced by the presence of regulations such as Law No. 23 of 2011 and Presidential Regulation No. 59 of 2017. Nevertheless, the study identifies that regulatory synchronization, the integration of mustahik and muzakki data, and the alignment of zakat program indicators with official SDG indicators remain the main challenges. Data fragmentation, sectoral egos, and limited involvement of zakat institutions in local development planning forums hinder the optimization of this collaboration. The digitalization of zakat and the application of good governance and ESG principles have proven

effective in enhancing transparency, accountability, and efficiency in zakat management. Therefore, the ideal partnership model to be developed should include national-level zakat data integration, regular communication forums between the government and zakat institutions, and the harmonization of zakat performance indicators with official SDG targets. By strengthening regulatory frameworks, governance, and digital innovation, zakat can be optimized as a strategic instrument for inclusive and sustainable development in Indonesia.

ACKNOWLEDGMENTS

AUTHOR CONTRIBUTION STATEMENT

This article was jointly developed by AHS and AF, both lecturers at UIN Raden Intan Lampung. The authors contributed equally to the conceptualization, literature review, data analysis, and manuscript preparation. All authors have read and approved the final version of this manuscript.

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