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Poverty Management through the Empowerment of Productive Asnaf: Exploring the Effectiveness of Micro-Credit Assistance in Indonesia to Achieve SDG 1

Andrew Ebekozi¹, Mohamed Ahmed Hafez Ahmed², Nooramira Binta Ghazali³, Mohamad Shaharudin Samsurijan⁴, Zahri Hamat⁵, Ahmad Nizam Ahmad Nizam⁶

Abstract

The micro-credit programme is a medium for distributing zakat to productive and non-productive asnaf. Studies regarding the effectiveness of micro-credit distributed to productive asnaf in Baitul Mal Aceh (BMA) are scarce, especially in Indonesia. Moreover, there is a paucity of literature on how productive asnaf utilise their micro-credit to grow their businesses and enterprises. Thus, using a case study, this study investigated the effectiveness of micro-credit assistance given to productive Indonesia's Asnaf to achieve Sustainable Development Goal 1 (SDG 1) and how they grow their businesses and enterprises through a qualitative approach. Data were collected through unstructured interviews involving 12 participants and analysed using the content analysis method of the thematic approach. The findings show that distributed micro-credit assistance has helped productive asnaf accommodate and boost their businesses and enterprises. Indirectly, the BMA has produced a productive group of asnaf who successfully increased their family income and reduced the problem of poverty. This study is one of the few to develop a model for poverty relief programmes in Indonesia. The BMA needs to improve the quality of poverty management programmes, especially for productive asnaf, in the future, via all-inclusive engagement and integrated collaboration.

Keywords: Baitul Mal Aceh (BMA), Indonesia, Micro Credit Assistance, Poverty Management, Productive Asnaf, Sustainable Development Goal 1.

Introduction

The rapid development of a country will not be complete if social problems such as poverty are not addressed properly and thoroughly (Talib, 2016). Thus, various agencies under government administration often emphasise improving the community's well-being as part of the goals and objectives of establishing their agency. The religious institutions of zakat and baitul mal are essential in assisting Muslims. These institutions have complemented the role entrusted to them by the government in managing poverty (Adnan, 2015). Zakat is expected to be fulfilled by

¹ Development Planning and Management, School of Social Sciences, Universiti Sains Malaysia; Department of Engineering, INTI International University, Nilai, Malaysia; Faculty of Engineering, Built Environment and Information Technology, Walter Sisulu University, East London, South Africa; and Department of Quantity Surveying, Auchu Polytechnic, Auchu, Nigeria, Email: ebekoandy45@yahoo.com

² Department of Engineering, INTI International University, Nilai, Malaysia, Email: mohdahmed.hafez@newinti.edu.my

³ Development Planning and Management, School of Social Sciences, Universiti Sains Malaysia, Email: nooramira_yaa@yahoo.com

⁴ Development Planning and Management, School of Social Sciences, Universiti Sains Malaysia, Email: msdin@usm.my

⁵ Faculty of Economics and Management, University College Bestari Permaisuri, Setiu, Terengganu, Email: zahri@ucbestari.edu.my

⁶ Faculty of Economics and Business, Universitas Syiah Kuala, Banda Aceh, Indonesia, Email: ahmadnizam@unsyiah.ac.id



eligible Muslims based on *asnaf* requirements (Rosalina and Bahri, 2022). These two institutions' responsibilities are to receive complaints, find *asnaf* or zakat recipients, arrange programmes for zakat recipients, and coordinate and manage the collection and distribution of proceedings (Wahid et al., 2012). The poverty eradication initiative established by these two institutions targeted the Muslim community. The planning and management initiatives aim to help groups of people with limited capabilities manage the rising cost of living (Singh, 2019). Zakat funds are germane in alleviating poverty and sustainable economic empowerment for the less privileged. Thus, it is strategic to mitigate poverty and provide basic sustainable growth and development (Olanipekun et al., 2015). This focuses on eliminating poverty (Goal 1). This is a component of the United Nations 17 SDGs.

The requirement of zakat is the third pillar of Islam, which is obligatory for all Muslims under certain conditions. The Shari'ah is explained through the words of Allah SWT in verse 71, Surah at-Taubat, which means:

“The believers, men, and women, are allies of one another. They enjoin good, forbid evil, establish prayer, pay zakah, and obey Allah and His Messenger. Surely Allah will show mercy to them. Allah is All-Mighty, All-Wise” (at-Taubat, 9:71).

The verse is proof of the provision of zakat to Muslims. In the distribution of zakat, those who are entitled to receive it have been determined in the Qur'an (9:60). It is for the poor and the needy, those employed to collect them, those whose hearts are to be reconciled, for the freedom of the slaves, to help those burdened with debt, and for the expenditure in the way of Allah and the wayfarer (Adnan et al., 2021). Therefore, the distribution of zakat should be tailored to the eligible persons. It consists of non-productive and productive *asnaf* (Abdul Hamid, 2013). The non-productive *asnaf* is a group of people incapacitated due to illness, old age, health issues, or inability to work (bin Kasan et al., 2014). The productive *asnaf* is the group of eight *asnaf* who use the distribution of zakat to meet the needs of life and the economy. This set of people (productive *asnaf*) can work, maintain physical and mental strength, and perform well (Yaakub and Adnan, 2018). The distribution of zakat can be implemented through two methods, namely subsistence and productive distribution. Subsistence distribution finances the daily needs of *asnaf* in the short term. This includes medical assistance, monthly remuneration, food, house rent, etc. Productive distribution implies distribution to generate income continuously, either in the form of cash or equipment, to help *asnaf* improve their life. The micro-credit is one method of distributing productive zakat. Micro-credit provides opportunities for productive *asnaf* to develop or grow their business (Abd Hadi et al., 2014).

In Asia, Indonesia has the highest population (Databoks, 2019). Based on the statistics, Indonesia is among the top countries with the highest population (Kompas, 2021). According to the Chairman of Majelis Permusyawaratan Rakyat (MPR), the number of people who converted to Islam in Indonesia has reached 229,6 million people, or 87.2% total population in Indonesia (Soesatyo, 2022). Therefore, to improve the economy and society, different initiatives have been made to lift Indonesians out of poverty (SDG 1). The Indonesian Government has implemented several strategies and initiatives, including Baitul mal, to assist individuals in escaping poverty. Baitul Mal is one of the institutions active in helping and eradicating poverty in Indonesia, especially for Muslims. The role of the Baitul mal is seen as very important, as it distributes zakat to the poor and needy to improve their living standards (Saharuddin, 2019). Different zakat assistance has been distributed to Indonesians, such as micro capital, equipment, and educational funds, etc. Roziq et al. (2022) identified Strategic Research Centre, Mustahik Farmer

Empowerment, Mustahik Economic Empowerment Institute, Indonesia Health Homes, Zakat Community Development, Microfinance, Cendikia Schools, Mualaf Centers, Disaster Response, Scholarship Institutions, BAZNAS Active Services, and Disaster Response as the developed programmes under the coordination of BAZNAS. BAZNAS is the National Amil Zakat Agency established by government to coordinate zakat collection and distribution in Indonesia (Hasibuan et al., 2022).

In Indonesia, a few studies such as Ayuniyyah et al. (2018), Ayuniyyah (2019), Sari et al. (2019), Sumai et al. (2019), Utami et al. (2021), Hasibuan et al. (2022), Ascarya and Sakti (2022), Ayuniyyah et al. (2022), Roziq et al. (2022), Herianingrum et al. (2022; 2023), and Khasanah and Putri (2024) have been conducted in connection with poverty alleviation and zakat but none apart from Utami et al. (2021), regarding the effectiveness of micro-credit distributed to the productive *asnaf* in Baitul Mal Aceh and how they grow their businesses and enterprises. Utami et al. (2021) avowed that zakat management has increased entrepreneurial interest and, by extension, mitigates poverty. Ascarya and Sakti (2022) focused on how micro-fintech model could be utilised for zakat collection to improve the social programme. To enhance community welfare and poverty reduction in Indonesia, Roziq et al. (2022) developed a productive Islamic social fund management model to improve Islamic social funds yearly via fundraising activities. Khasanah and Putri (2024) compared Sahal Mahfudh's and Yusuf Al-Qardhawi's thoughts regarding empowering the community through productive zakat. Studies regarding the effectiveness of the micro credit distributed to the productive *asnaf* in Baitul Mal Aceh (BMA) are scarce, especially in Indonesia's context. Moreover, there is a paucity of literature about how productive *asnaf* utilise their micro-credit and grow their businesses and enterprises to eliminate poverty (SDG 1). Thus, the study investigated the effectiveness of micro-credit assistance given to productive Indonesia's Asnaf and how they grow their businesses and enterprises through a qualitative approach in the form of case study to achieve SDG 1. In an overview, this study is organised into five sections. Section 1 introduces the study. Subsequently, Section 2 reviews key literature related to poverty and zakat management. A brief methodology will be outlined in Section 3 before discussing the key findings in Section 4. Section 5 concludes the paper by suggesting possibilities and recommendations for the institution of zakat to reduce poverty, including the study's limitations and areas for future studies.

Literature Review

The Roles of Zakat in Poverty Alleviation

Poverty is a problem that burdens poor and needy consumers. This burden occurs due to shortages and inequalities experienced by developing countries (Dawood and Khoo, 2016). World Bank proclaimed that "*Our dream is a world free of poverty*" is one of the mottos in poverty eradication (Deaton, 2006). Related to the motto, the issue of poverty eradication is very much emphasised in the development of a country. Developed and developing countries face poverty as an economic and social issue but are worse hit by poor developing countries (Abd Razid, 2013). Nor (2013) affirmed that world development began again after the 2nd World War. Successive global governments have made several efforts to improve life again via various policies and programmes tailored toward poverty eradication at national and international levels. At the international level, poverty programmes have been implemented by the United Nations Development Programme (UNDP). This includes the Millennium Development Goals (MDGs) under the United Nations (UN) was inaugurated in 2000. On 25 September 2015, the MDGs programme was renamed Sustainable Development Goals (SDGs). The programme's first goal

is to eradicate poverty through sustainable development, also the 2030 Agenda for sustainable development.

Emphasizing poverty eradication efforts has been part of successive global governments' programmes. Starting with Malaysia's New Economic Policy (NEP) introduced in 1971 (Jaafar et al., 2021; Samsurijan et al., 2022), poverty eradication became one of the strategies to promote national unity. The NEP aims to eradicate poverty by raising income levels and employment opportunities regardless of race. The NEP was framed with the long-term goal of restructuring Malaysian society (Mukri, 2019). This matter aimed at improving skills, work ethic, and productivity, land clearing, education, agricultural subsidies, and establishing a micro-credit system. Various development policies aim to eradicate poverty in Malaysia, covering both economic and social aspects (Jaafar et al., 2021). During the 30 years since the NEP was introduced, poverty has reduced from 49.4% (1970) to 5.3% (2000) (Amin and Salim, 2012). In Nigeria, poverty alleviation has been overwhelmed by the increasing Boko Haram insurgency, banditry, herders and farmers crisis, kidnapping, and other social vices (Qasim, 2020). The author found that zakat has played a significant role in the Muslim Communities to mitigate poverty enhanced by these contributory factors coupled with bad governance via the various state commissions and committees established.

In Indonesia, there is evidence of population growth in geometric order and an extreme gap between the rich and the poor people (Sumai et al., 2019). The issue of poverty and income inequality is still a challenge to many developing countries, including Indonesia. Poverty elimination (SDG 1) is one of the 17 SDGs and critical to the success of many SDGs. The author reported that about 9.41% of the population was poor in March 2019. This concerns the stakeholders because it cuts across rural and urban areas. To address this 'social cancer,' the government established the National Zakat Amil Agency, also known as BAZNAS, to distribute zakat to poor households and people in need. Since zakat is obligatory for Muslims and they are expected to spend between 2.5% to 20% of their assets on the financially disadvantaged, managing the zakat distribution is germane (Anwar, 2012; Firmansyah, 2016). It is also pertinent to know how managing the financial assistance received from the zakat funding is beneficial. This is one of the study's motivations. Ayuniyyah et al. (2018; 2022) found that BAZNAS can alleviate poverty via various zakat programmes if well supported by all, especially government political will. The authors recommended integrated synergy and cooperation between BAZNAS, other zakat institutions, and Indonesia's Government to mitigate households' income inequality. Zakat institutions play a critical part in influencing economic growth.

Micro-Credit Distributed Via Zakat

The zakat management is pertinent to achieving poverty alleviation and bridging households' income inequality (Alim, 2015). The author claimed that zakat practices in Indonesia operate more like productive zakat. For example, the National Body of Amil Zakat (BAZNAS) established Baytul Qiradh. The organisation operates as a micro-financing institution. Although zakat is not a business outfit, the principle of accounting for how beneficiaries grow their businesses and enterprises from their financial assistance cannot be over-emphasised. First, zakat has transformed over the years with innovations. Among the innovations include: (a) the concept of taxpayers between the individual and the corporate, (b) the expansion of obligatory zakat because of the growing range of high-income professions, (c) the distribution of zakat between grants and loans (Dakhoir et al., 2014), and (d) variations of corporate assets grouped into zakatable and non-zakatable assets (Hamat, 2014). The zakat innovation is tailored towards

productive purposes and given as grants or loans. Zakat funds are given to the recipients as grants do not require the recipients to repay the funds. This type of fund is called a shopping fund to buy basic needs or food. It is also known as consumptive zakat (Alim, 2015). Zakat that is given as loans obligates repayment of the funds because the distribution of zakat fund is for venture capital and helps the zakat recipients (zakat recipients) increase yields income. It is also known as productive zakat. This is the focus of the study. Sarif and Kamri (2009) affirmed that the form of loans and obligation to repay would make the recipients more responsible than the form of grants. They asserted that grants might be misused because there is no pressure to repay them.

Alim (2015) affirmed that Indonesia's zakat accounting standard (SFAS 109) acknowledges loan mechanism or revolving fund for infaq/sadaqat. The intent is to put the receivers on the point of the consequences if not refunded as at when due. Though not a business asset, recipients of zakat are not customers or clients of amil, and the relationship between amil and recipients is not business-related. Zakat Act 2011 stipulates how zakat could be used for productive purposes. The author opined that existing practices show that amil zakat institutions use zakat funds for productive purposes in the form of qard al hasan (wisdom loans). Thus, recipients are not obligated to the repayment of the funds. Reviewing this concept is overdue to develop the mechanism of shifting zakat to saving funds and its accounting treatment (Alim, 2015).

Zakat and business entrepreneurship are about innovative ways of improving poor households' income. To embed the concept in businesses and enterprises requires institutional collaboration and all-inclusiveness. It will enable stakeholders to assess productive *asnaf* zakat and how they grow their businesses and enterprises. This is missing in Indonesia's zakat mechanisms. It could be implemented like the *waqf* (Iman and Mohammad, 2017) as a socio-economic solution across all levels- government, corporation, community, rural and urban, individual, etc. [Ben Jedidia](#) and [Guerbouj](#) (2021) affirmed that the zakat-growth nexus is among the specific paradigms in the Islamic framework. The authors acknowledged zakat as the third pillar of Islam and a component of the Islamic economy. The distribution of zakat in a monetary or equipment form to productive persons to grow business affects the household's income creation (Ahmed et al., 2017). Monetary or equipment support to businesses improves recipients' quality of life and living standards so that they can become self-dependent (Patmawati and Ruziah, 2014). Siddiqi (1988) cautioned that zakat informs of monetary or equipment for productive persons should be done after considering the basic needs of the disadvantaged. [Ben Jedidia](#) and [Guerbouj](#) (2021) opined that zakat offers motivations to invest in affluence. It could also increase companies' equity financing by mitigating leverage usage (Sanusi, 2014).

Research Method

This study employed qualitative research design via a phenomenological approach. Phenomenologically, research outcome will offer policies from the perspective of 'insiders' who have experience in poverty management programme in BMA, Indonesia. The study adopted a qualitative approach because it focuses on the experience of the central phenomenon and intends to describe a lived experience of a phenomenon (Creswell and Creswell, 2018). A purposive sampling technique was used in the research. Creswell (2014), Ebekozién and Aigbavboa (2021), Salim et al. (2021), and Ebekozién et al. (2021) avowed that the purposive sampling method provides the sample to be chosen based on the traits of the population and the study's aim. This study is a real-life issue. Twelve participants were engaged in the data collection phase. They have been involved in the poverty management programme at BMA. Table 1 illustrates the participants' backgrounds and displays that they were well-chosen and well-knowledgeable

to achieve dependable saturation. Though the full identities and organisation of the participants were hidden as part of the ethical policy of this paper, the ranks establish that the participants are knowledgeable in productive *asnaf* zakat. Two interviewees were engaged during the pilot interview phase before the main interviews. The interview section took 45 minutes to 95 minutes. The research inter-rater reliability was 75%. It became necessary in line with Ibrahim et al. (2022) and Ebekozién et al. (2023; 2024; 2025b). This is because more researchers were engaged in the data collection and coding. The essence is establishing the agreement of the same data obtained by different raters, using the same parameters. Also, to enhance uniformity of the codes, leading to sub-themes and main themes. To strengthen the study's data validity and reliability, the research design, data collection, and post-data analysis were guided (Ebekozién et al., 2025a), as illustrated in Table 2.

Number	Informant Code	Type of Work
1	RA1	Nasi Uduk Business
2	RA2	Agriculture
3	RA3	Agriculture
4	RA4	Retail
5	RA5	Local Cake (Kuih) Business
6	RA6	Local Cake (Kuih) Business
7	RA7	Meat and Poultry Business
8	RA8	Retail
9	RA9	Local Cake (Kuih) Business
10	RA10	Meat and Poultry Business
11	RA11	Coffee Business
12	RA12	Indo Mee Business

Table 1: Summary of productive *asnaf* participants' description in Aceh

Source: Authors' work

Method	Assessment Strategies	The Phase of Research
Reliability	Interviewers' well-guided (consistent)	Data collection
Validity	The adoption of a recognised method (semi-structured interviews)	Data collection
Generalisability	Recognition of limitation due to sample size potential interviewer bias	Data analysis
Transferability	Compare the study's implications against reviewed literature.	Post data analysis
Credibility	Theme approach to establish a pattern from the data	Data analysis
Dependability	Developing semi-structured interview guidelines.	Research design

Table 2: Study's Quality Assessment Strategies

Sources: Modified from Ebekozién et al. (2023)

In developing the study's codes, the research employed thematic analysis. Two phases coding were involved in line with Ebekoziën (2020, 2021) and Aigbavboa et al. (2023). Twelve documents were read many times by the investigators to capture the interviewees' opinions concerning the phenomenon. Omotayo et al. (2020) adopted the same approach to generate the initial coding system for their research. Saldana (2015) and Ebekoziën et al. (2025a) identified the first coding phase as open coding. In the second phase, the sub-themes generated from the 77 codes were re-read to discover new constructs. The study employed a thematic method to understand the pattern. The study's objectives assisted in the development of the main themes. The themes emerged from ten sub-themes in line with the usual patterns. The research used narrative and themeing techniques in the data coding (Saldana, 2015).

Findings and Discussion

Covering business capital through micro-credit assistance at BMA

Micro-credit assistance distributed to productive *asnaf* has helped them cover their business capital. The aid distributed included start-up capital and financial assistance. Based on the micro-credit assistance received by productive *asnaf*, the aid provided was considered a necessity to them. Findings agree with Roziq et al. (2022), Ramadhita (2022), and Khasanah and Putri (2024). Roziq et al. (2022) found that productive Islamic social fund management would alleviate poverty and empower low-income earners. Ramadhita (2022) and Khasanah and Putri (2024) discovered that community empowerment would be fruitful if there is improvement in zakat management in line with Islamic jurisprudence. The assistance can cover the needs of productive *asnaf* to purchase necessary items to develop their business. RA5 states as follows:

"There is financial assistance. I also have my own money. There is both. We only have a little capital. We can't rely only on the assistance from BMA. It's not possible because it is limited. Thankfully, with this help I could buy supplies for my business multiple times. Can buy sugar, buy wheat and other things multiple times. I haven't got the same amount of money, so I usually can only buy a little bit "

According to RA5, the funds obtained from BMA were used as capital for him to carry out his business. RA5, for example, has used the capital to buy supplies for his business, such as rice, sugar, and wheat. He will buy the ingredients in large quantities as this saves more money. It saves his time and energy from commuting to the market every day. The financial assistance he received was much needed and helped him do business better. In addition, RA14 also stated the following:

"I make traditional cakes. Alhamdulillah, the capital helped me buy flour, sugar and oil for my cake sales."

Based on the situation, RA14 also explained that the capital assistance received from BMA helped cover her business capital. The matter is also supported by RA11, who stated the following:

"I use the money to buy coffee, to be sold in stalls. Alhamdulillah, it is enough to keep the business going"

Findings show that the financial assistance provided is proven to be valuable to productive *asnaf* to meet the capital needs in their businesses. Supplies are essential to improve their business for the better. The assistance is used as capital to buy supplies in large quantities to save time and energy. Findings agree with Firmansyah (2016) and Sumai et al. (2019). Firmansyah (2016)

reported that BAZNAS distributes zakat to poor households and people in need. Sumai et al. (2019) affirmed that to bridge the extreme gap between the rich and the poor in Indonesia, the government established BAZNAS to distribute zakat to poor households and needy people. Zakat is obligatory for Muslims, and they are expected to spend between 2.5% to 20% of their assets on the financially disadvantaged. The outcome can enhance small business growth operated by the low-income earners in Indonesia.

Boosting asnaf business productivity through micro-credit assistance

In addition to helping in terms of business capital, the micro-credit assistance provided has also boosted the overall business of productive *asnaf*. The demand and supply of sufficient goods make producing good products to sell easier for productive *asnaf*. RA6 expressed his feelings of honesty when receiving the business capital assistance as follows:

“Alhamdulillah. Everyone told me. I was not ashamed to talk about my business, starting from scratch. Alhamdulillah. Allah SWT helped me to open this business. BMA also played an important role in offering me financial capital assistance. Alhamdulillah.”

Findings agree with Herianingrum et al. (2023). They found that empowerment programmes via zakat institutions in Indonesia have contributed to improve Mustahik economy. It implies that the number of people living below the poverty line has reduced because of the empowerment programmes. RA6 expresses his feelings of honesty and appreciates the provision of capital assistance from the BMA. He only relies on Allah SWT and believes Allah SWT will help His servants. RA6 started a pastry business with financial capital from BMA. The help was much needed for him to start the business. The matter presented by RA6 proves that he is very dependent and reliant on Allah SWT. This is in line with Syarifah Md Yusof et al. (2018), which explains the success of a person, especially entrepreneurs, can be achieved through dependence and their pious relationship with Allah SWT. Practices such as prayer and supplication to Allah SWT are the best way to determine one’s success. Therefore, confidence and piety to Allah SWT is a *wasilah* to achieve success. In addition, RA4 also narrates that:

“Alhamdullilah, I have a lot of customers at my store. Because my store has all the things, people need.”

According to RA4, her business is flourishing because customers always visit it. This is because most wholesale supplies are available in her store. Customers prefer, and buying necessities without going to the city or market is easy. Armed with the capital assistance provided by the BMA, RA4 has managed to boost her business for the better. RA9 also states this:

“I can make a variety of cakes. Many people come here to buy the cakes. I also received bookings for events and gatherings.”

RA9 also stated a similar opinion. He explained that he could produce various cakes for sale with financial assistance. Findings agree with Ayuniyyah et al. (2018; 2022). They found that through various zakat programmes, poverty is alleviated and cooperation between BAZNAS, other zakat institutions, and Indonesia’s Government has mitigated households’ income inequality. The outcome may influence positive economic growth because of the financial assistance received from the zakat funding. The variety of cakes has boosted his business, as customers prefer more purchasing choices. The statement made by the productive *asnaf* reveals that the micro credit assistance provided by the BMA has boosted their business. The micro-credit assistance from BMA provides innovation to productive *asnaf* to produce various types

of cakes to suit customers' needs. This, in return, has provided considerable value for profit in their business to meet their needs in life. This is also supported by Norkism Zainal-Abidin et al. (2017), whose analysis of the importance and effectiveness of implementation has improved management strategies and enhanced innovation capabilities. Innovation factors in a company or business are important in effectively producing quality or business products.

Installment payments for micro-credit assistance do not burden productive *asnaf*

This study shows that the installment payments that need to be paid by the productive *asnaf* is not very burdensome. The assistance from the BMA has enabled the productive *asnaf* to make flexible repayments. This is proven through RA13's statement:

“The initial assistance I received was Rp 3 million (RM576). Now I am receiving Rp 10 million (RM2880). Assistance is given in stages according to the repayment made by the *asnaf*”

Based on the statement above, RA13 has shown that repayment in installments of this micro-credit assistance enables *asnaf* to be independent. This is like RA7, who also expressed the following opinion:

"Alhamdulillah, I can complete the repayment based on the schedule that is given."

According to RA7 as well, the installment payments can be made. The payments made according to the schedule set by the BMA illustrate the success and the discipline of productive *asnaf* to repay the assistance received. Next, RA8 states the following:

“I pay in installments. I save little by little to make the repayments.”

RA8 states that repayment installments can also be paid. Fixed savings at certain rates are implemented daily, making it easier for her to make regular repayments according to the schedule set by the BMA. Therefore, the micro-credit assistance received from the BMA is implemented in stages. This shows that productive *asnaf* can make repayment in installments to the BMA. This indicates that the informant is very satisfied with the assistance provided because they follow the repayment schedule and consistently make them to the BMA. If the repayment process runs smoothly, the capital assistance will be increased according to the assistance schedule set by the BMA. In general, this capital assistance is immensely helpful to productive *asnaf* to improve the quality of their business.

Micro-credit assistance is meaningful in assisting productive and profit in *asnaf*'s business

The assistance BMA provides is considered meaningful to productive *asnaf* to improve their business. This is proven through a statement by RA1 who expresses gratitude for the assistance received from the BMA:

“Yes. Alhamdulillah, all the help that has been given has been very helpful”

Findings show that it is incredibly grateful for the help provided by BMA (RA1). He needs assistance to earn an income to support his family. RA2 also echoes the matter:

“I received money from BMA. Alhamdulillah, it is easier for me to buy seeds to plant vegetables and crops.”

RA2 corroborates the statement, who explained that the financial assistance was extremely meaningful in helping him delve into agriculture. The financial capital given can help him

purchase agricultural goods and equipment such as fertilizer, seed ore, poison pump, hoe, and others. The assistance provided by BMA is meaningful for productive *asnaf* to meet the needs and wants to perform the job well and thoroughly. This assistance can indirectly help the productive *asnaf* increase the family income and climb out of poverty.

The interviews conducted with productive *asnaf* also reveal that micro-credit assistance can help increase their profits and income. This is observed in the interviews with productive *asnaf* in Aceh. RA3 explains that:

"The first time, I was given Rp 1 million. After that, I applied for another Rp 2 million to increase the capital of my enterprise."

RA3 explains that the financial assistance provided increases his business capital. RA12 also echoed the matter:

"The assistance has provided a lot of profit in my business. I can increase sales revenue in large quantities."

Furthermore, RA15 states:

"Alhamdulillah. Thankfully, with this help, I can increase my profits because I can pay my electricity bills. Washing clothes and ironing uses a lot of electricity. I use the money to meet those needs. The others can also be profitable."

According to RA12 and RA15, financial assistance from BMA has increased the profits of their enterprise. The capital funds allowed productive *asnaf* to produce decent goods and business supplies. In return, such assistance can increase the income and profits of the business. RA10 also explained that capital assistance by BMA is much needed to increase their income. The matter is stated as follows:

"It is financial assistance. The first time we received Rp 3 million (RM576), the second time Rp 6 million (RM1728). Now we receive as much as Rp 10 million (RM2880)."

Thus, the assistance received by productive *asnaf* has helped them to increase profits and income in their businesses and enterprises. They require the help they receive to improve their lives with hard work. Table 3 summarises the effectiveness of micro-credit assistance received by productive *asnaf*. Findings agree with Ahmed et al. (2017) and Ben Jedidia and Guerbouj (2021). They affirmed that the zakat-growth nexus is among the specific paradigms in the Islamic framework and a component of the Islamic economy. Ahmed et al. (2017) found that that zakat distribution in a monetary or equipment form to productive persons to grow business affects the household's income creation positively.

Productive <i>Asnaf</i>	Theme
RA5, RA11, RA14	Micro credit assistance can cover business capital
RA4, RA6, RA9	Micro credit assistance has boosted the businesses of productive <i>asnaf</i>
RA7, RA8, RA13	Installment payments of micro credit does not burden productive <i>asnaf</i>
RA1, RA2	Micro credit assistance is meaningful in helping productive

	<i>asnaf</i>
RA3, RA10, RA15, RA12	Micro credit assistance helps increase the income and profit of productive <i>asnaf</i>

Table 3: Summary of the Effectiveness of Micro Credit Assistance to Productive Asnaf

Source: Authors' work

The study's Implications

The study carries important information on micro-credit assistance and its impact on small business performance and poverty alleviation programmes in Indonesia via a qualitative approach to improve the achievement of SDG 1. Based on the findings, micro-credit financial assistance is immensely helpful to productive *asnaf* to grow their business. Furthermore, they are loyal and hope that the revolving micro-credit capital assistance can be given at an immediate rate. Their expectations for this assistance are remarkably high and necessary to run their business. Without such capital assistance, they cannot make capital rounds in their business to increase income and profits. The study shows that productive *asnaf* hopes that the financial aid can be received immediately and smoothly and, by extension, improve the achievement of SDG 1. According to Yumna and Clarke (2009) and Ahmed et al. (2017), the main function of micro-credit financing is loan financing which helps the poor rise and motivated to venture into entrepreneurship. As part of the study's contribution, findings will boost micro-credit financing and increase the businesses of productive *asnaf* to reach new heights. Next, it can increase income and help them overcome poverty.

Also, as part of the study's implications, microcredit financing will greatly benefit *asnaf* entrepreneurs in developing their businesses, especially in Indonesia to improve the achievement of SDG 1. This is because findings reveal that the micro-credit assistance that the BME has distributed successfully helped productive *asnaf* increase profits and boost business. This assistance has been successful in increasing their income, which has successfully reduced the issue of poverty. Figure 1 shows the study's proposed developed model for poverty relief programmes to enhance sustainability, as a component of the theoretical contribution to the body of knowledge. Findings agree with Herianingrum et al. (2022). They suggested a framework to strengthen fundraising capabilities in Islamic social finance institutions. The essence is to enhance sustainable system from the collection to implementation. Referring to Figure 1, the business capital assistance, working equipment, and financial capital distributed by the BMA have successfully helped the productive *asnaf* to improve their business and company. Distributed microcredit assistance has successfully boosted, accommodated, and increased the profits of productive *asnaf* businesses. As a result, this microcredit assistance has successfully helped productive *asnaf* improve their living standards and potentially escape poverty. This is one of the targets of SDG 1.

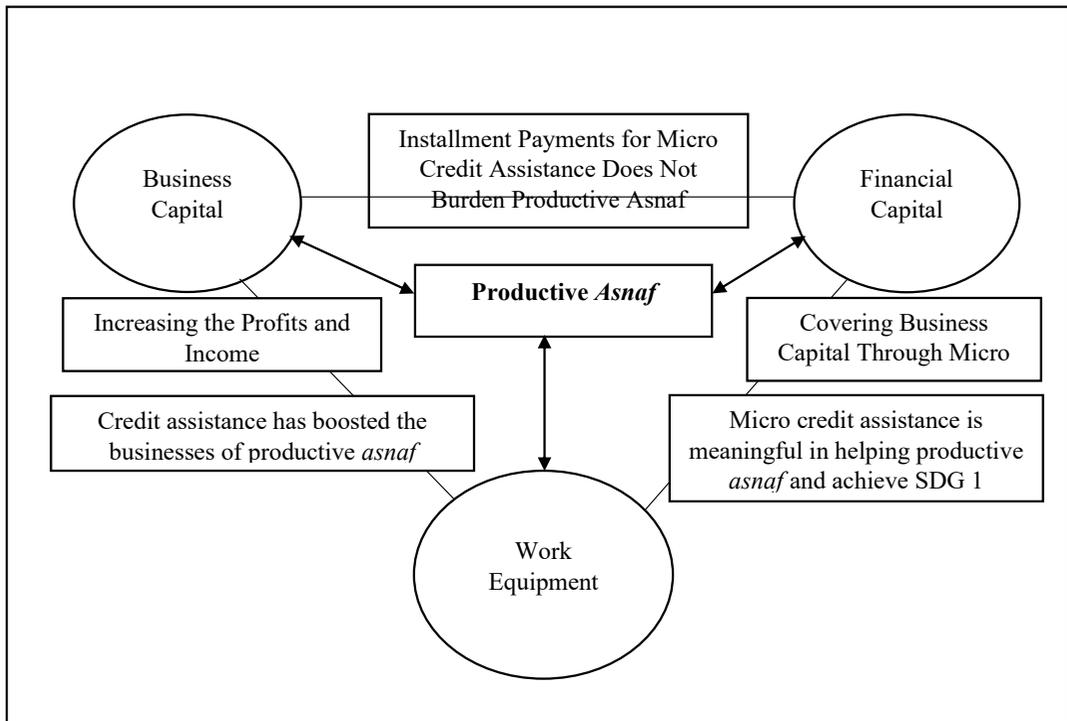


Figure 1: Proposed Developed Model for Poverty Relief Programmes

Conclusion

The study offered evidence concerning micro-credit programme as a medium for distributing zakat to productive and non-productive asnaf. Findings show how productive asnaf utilise their micro-credit to grow their businesses and enterprises. There is paucity of literature regarding past initiatives from the micro-credit perspective in Indonesia. Thus, using a case study, this study investigated the effectiveness of micro-credit assistance given to productive Indonesia's Asnaf and how they grow their businesses and enterprises through a qualitative approach. Twelve participants were engaged via a content analysis method. Findings reveal that implementing poverty management programmes by zakat institutions is a beneficial effort to provide opportunities for the *asnaf* to improve their existing businesses and enterprise. The programme and distribution of zakat through micro-credit investment mechanisms that can help the *asnaf*, especially the productive *asnaf* develop their lives in a better direction. Improvements of each programmes must also be implemented from time to time to ensure that the programmes implemented achieve the goals and objectives of the zakat institution and, extension achieve SDG 1 (eliminate poverty).

Also, encouragement, motivation, and guidance from the zakat institution also play a significant role. This role ensures that the assistance distributed can be used appropriately by the *asnaf* to develop the business or enterprise owned. Therefore, gratitude and hard work must also be cultivated in the productive *asnaf* so that each of their efforts brings a thousand benefits. Besides

that, the role of policymakers has become a mainstay. The role and support of the government have become a necessity and an obligation. Without the government's role and support, this implementation is difficult to implement properly. The instruments in forming poverty management programmes presented are intended to assist and strengthen the relationship between the government and the implementers. The involvement of various groups in the administration and management is very important and needs to be combined to create a new idea to be implemented by the zakat institution. In conclusion, the distribution of zakat in a productive form through implementing micro-credit financing can free productive *asnaf* from the circle of poverty and eventually become zakat payers and, by extension, improve the achievement of SDG 1.

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