

# Islamic Social Financing of The National Zakat Amil Agency Program for Support Ensures the Availability and Sustainable Management of Water and Sanitation for All (Case Study of Islamic Boarding Schools Riyadul Awamil Indonesia)

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## Abstract

*Clean water and sanitation have become global issues, primarily related to implementing Sustainable Development Goals (SDGs). In Indonesia, the Community-Based Total Sanitation Program (STBM) aims to achieve SDG targets related to clean water and sanitation. The National Zakat Amil Agency (BAZNAS) plays a fundamental role in implementing the STBM program through funding sources from Zakat, Infaq, Alms, and Other Community Social Funds (ZIS-DSKL). This research aims to find out and analyze the problems felt by the beneficiaries of the BAZNAS STBM program at the Riyadul Awamil Islamic Boarding School, Cibanon Sukaraja Village, Bogor Regency. Through the Social Return On Investment method, research also measures the ratio mark impact to invested input value. Study This adopts a transdisciplinary approach focusing on the concept of Zakat on SDGs and its use of the Social Return On Investment (SROI) method. The stakeholders identified are students, Islamic boarding school caregivers, and residents. The impacts from the beneficiaries include reduced queue times for using toilets, increased awareness of healthy sanitation behavior, environmental sustainability by reducing river pollution, and employment. BAZNAS STBM program provides more impact than the invested input value.*

**Keywords:** BAZNAS, Clean Water and Sanitation, SROI, SDGs, Islamic Financing

## INTRODUCTION

The water-diamond paradox explains that water is more necessary in life, but the relative value is low compared to pearls as jewelry, which are rated very highly. The role of water in supporting economic and social development is also significant. Since civilization, humans have explored water sources, including rivers and springs (Fauzi, 2006). Even according to Ash Shadr (2008), in Islamic economics, water is a part of the source of production. Water is abundant in Indonesia, which can push for clean and healthy sanitation.

The Ministry of Health in Indonesia still faces various problems because there are still many regions in Indonesia whose level of sanitation still needs to be improved to provide washing baths and toilets with completeness and size sanitation. The Availability of funds to fulfill the need for clean water and sanitation facilities is a central problem in Indonesia. Various financing methods are one of the solutions to overcome scarcity (Fatwa, 2020). To overcome the challenge Currently, the Indonesian Ulema Council (MUI) has issued Fatwa No. 001/MUNAS-IX/MUI/2015 concerning the Use of Zakat, Infaq, Alms, and Waqf Funds called ZISWAF for Assisting in the Development of Clean Water and Sanitation Facilities for Society. Financial assistance and support for providing clean water and sanitation facilities for Mustahiq is one of the goals of the Zakat Management Organization (OPZ).

This study analyzes the role of the national zakat amil agency called BAZNAS through an approach for the Community Based Total Sanitation program to realize the achievement of Sustainable Development Goals (SDGs) indicators of clean water and sanitation using the evaluative Social Return On Investment. Analysis of benefits of programs executed compared to the investment social provided. Study This aims to analyze the impact of change and the mark Social Return On Investment ratio from the Community Based Total Sanitation program implemented by BAZNAS at the Riyadul Awamil Islamic Boarding School.

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## **OVERVIEW THEORETICAL**

According to Ash Sadr (2008), the obligation of zakat for Muslims is two and a half percent of the total assets entrusted. The funds collected will positively impact society if the distribution is right on target. According to Qardawi (1999), Islam has a broader goal in implementing its zakat regulations. The primary purpose of zakat is to raise human value above the value of wealth so that humans have control over assets. There is a difference between zakat and tax. Zakat will change individual values, while tax is a state income source without paying attention to the individual. The conditions in various regions in Indonesia still need to be improved by access to clean water and healthy sanitation for Mustahiq.

According to Maksum et al. (2018), verses from the Al Qur'an and Hadith related to sustainable development goals (SDGs) generally fall into the category of Danni texts. What Danni means here is that the verses are general, such as texts related to eradicating poverty, quality education, and life on earth, or there are no texts that explicitly regulate SDG programs such as industry and infrastructure, global warming, and sustainable cities. Mujtahids, or people who carry out ijtihad, can explore the Al Qur'an and Hadith texts as a basis for implementing the SDGs. According to Fatwa et al (2017) one of the indicators included in the SDGs is clean water and sanitation. This indicator aims to ensure the availability and absence of sustainable clean water and sanitation management. One of the uses of Zakat is to ensure the availability of clean water and adequate sanitation. This second thing is a basic need of society, which is also an integral part of the goals and objectives of Zakat.

Research by Amalia (2019) looked at the gap between the high potential of ZISWAF. However, the absorption of ZISWAF is still less than optimal, which impacts its usefulness. Other research conducted by Hudaefi et al. (2020) provides a broader perspective regarding the distribution of zakat by BAZNAS in achieving the SDGs. The results of his research show that the distribution of zakat by BAZNAS is not always only focused on SDGs 1, No Poverty, and SDGs 2, No Hunger, but also focuses on SDGs 6, Clean Water and Sanitation. In their research, she et al. (2021) explains that SROI can be a valuable tool for governments to communicate about project investment decisions and assess the benefits of projects.

## **RESEARCH METHODS**

This research uses a qualitative approach by evaluating phenomena in programs run by BAZNAS, which are then measured using the Social Return on Investment (SROI) method. Technique collection data is by interviews with primary sources who were stakeholders in the program that had been implemented based on the impact mapping method of SROI, including BAZNAS as the program manager and distributor of ZIS and Other Community Social Funds, the local village government with authority in the area, and the beneficiaries of the program. The research is from November until December 2023. The research location is at the BAZNAS Community-Based Total Sanitation Program called STBM, the Riyadul Awamil Islamic boarding school, Cibanon Village, Sukaraja District, Bogor Regency, West Java, Indonesia.

SROI is a framework used to measure and spread the impact of interventions much broader than just economic aspects, considering social, environmental, and cost-benefit aspects. SROI measures changes resulting from interventions by analyzing their impact in the social, environmental, economic fields and converting these impacts into monetary value. SROI allows for the calculation of the ratio between the benefits obtained and the costs incurred. SROI is not just about money but also about overall assessment, where money is a standard unit used to describe these values in a widely accepted way (Nicholls et al, 2009)

## **ANALYSIS OF SROI**

The study uses the SROI method with five stages, with results as follows:

Scope and Stakeholder Mapping:

The study aims to identify the resulting impact of the BAZNAS STBM program on the community of Islamic boarding school students Riyadul Aawamil from environmental, social, and economic aspects. Background study aims to estimate the value of implementing the BAZNAS STBM program to understand the impact existing programs can generate on environmental, social, and economic. Resource from BAZNAS has allocated

time to fill in the questionnaire and has provided various required internal documents for the study. Apart from that, the students receive benefits, such as a caregiver cottage Islamic boarding school, residents around, and the government village locals who provide the required information during the study. Focus study: The focus is Riyadul Awamil boarding school, located in Cibanon Village, District Sukaraja, Bogor Regency. Period time to be object study for One year (August 2022 – November 2023). SROI analysis and analysis evaluation carried out on existing and ongoing program.

Stakeholder Mapping in groups have different levels of impact. Several of them experience direct impact, while others do not. The parties most affected by the program are called vital stakeholders. In contrast, those who support stakeholders refer to those who do not experience impact or benefit in a way direct from the implementation of the program. The Scope and Stakeholder Mapping can be explained more clearly in the following table 1.

**Table 1. Stakeholder Mapping**

Key Stakeholders	Description
Beneficiary Santri	Direct beneficiaries
Management of Beneficiary Islamic Boarding Schools	Direct beneficiaries
Local people	Acquire chance Work
Supporting Stakeholders	Description
BAZNAS	Program and fund manager
Cibanon Village Government	Holder of authority

After the stakeholder identification and determination process is complete, the next step is to set the method of involvement used and determine the number of people who will be interviewed or fill in the questionnaire. The purpose of this step is to map in detail how stakeholders will be involved in the process, as well as to determine the participants required to obtain relevant information and data. The Stakeholder Involvement can be explained more clearly in the following table 2.

**Table 2. Stakeholder Involvement Table**

Key Stakeholders	Engagement Methods	Person	Date
Beneficiary Santri	Interview direct	5	November 10, 2023
Management of Beneficiary Islamic Boarding Schools	Interview direct	2	November 10, 2023
Local people	Interview direct	1	November 14, 2023
Supporting Stakeholders	Description	Person	Date
BAZNAS	Questionnaires and interviews	1	03 – 24 November 2023
Cibanon Village Government	Interview direct	1	November 14, 2023

## Mapping Outcomes

The outcome map is a main worksheet that systematically organizes the analysis results. Its function is to differentiate the impact of each party involved in an activity. The impact map depicts the results of the SROI. The outcome map can be explained more clearly in the following table 3.

**Table 3. Outcome Map**

Problem	Activity	Outputs	Outcomes
Queuing time toilet activities for students Because of limitations in access to toilet	Implementing a Community-Based Total Sanitation Program in the Islamic Boarding School Environment Riyadul Awamil	The students use BAZNAS latrines for MCK activities.	Reduce time queue toilet.
Behavior students defecate/defecate in the stream river			Increase awareness and reduce defecation behavior.
Pollution due to defecation/defecation in the river			Reduces river water pollution and increases the cleanliness of Islamic boarding schools.
Limitations economy		Local people empowered as power craftsmen For development means sanitation	Absorption power Work for inhabitants around

The indicators of the SROI method are money, time, and goods. In the context of this research, BAZNAS is the main contributor by donating input in the form of money. The money provided by BAZNAS and then used for implementing the next STBM program was realized in form goods, that is, physique latrine. Providing funds as input is one of the main factors in determining the impact and value generated from the program. The type of funds used for the program is a CSR fund categorized as infaq muqayyad. The **Input Identification** can be explained more clearly in the following table 4.

**Table 4. Input Identification**

Stakeholders	Inputs
BAZNAS RI (Health Division)	Cost development toilet with sources of CSR funds or infaq muqayyad

Expenditures made by BAZNAS in the form of funds are input. This research precisely measures the program's value in the context of the construction of sanitation facilities, namely the construction of toilets worth IDR 49,462,280. This value reflects the significant contribution of funds provided by BAZNAS to implement the program. Furthermore, the input value will be the basis for estimating the SROI value, which can provide a more detailed picture of the impact and value generated from the investment. Thus, program value becomes an important benchmark in evaluating the impact of the implemented program. Output reflects the impact that a program can immediately see or feel. Based on document supporter from BAZNAS, the output of this STBM program covers existing recipient benefits on point program location, channeling zakat and CSR funds to mustahik, and accessible sanitation in sanitation areas. The physical output produced from the BAZNAS STBM program is building toilets and ablution facilities along with his supporters, including towers, water machines, and septic tanks.

**Proving Impact and Providing Value**

In this step, evidence shows that the beneficiaries, namely the students and Islamic boarding school managers, truly felt the outcomes. Apart from that, residents who participated in building BAZNAS toilets also felt the same outcomes. In the context of SROI analysis, Indicators act as a tool to determine the extent of the resulting outcomes. Indicators can be subjective or objective. Subjective indicators come from individual experiences or opinions. In this analysis, the indicators used come from the experiences and views of students and Islamic boarding school managers. The table below explains the indicators for each outcome the students, Islamic boarding school managers, and residents felt.

**Table 5. Development Indicator Outcome**

Outcomes	Outcome Description	Indicator
Enhancement productivity of students For study and worship	The students can save time for MCK with exists addition latrines and ablution facilities	Use BAZNAS latrine
Enhancement awareness to practice sanitation Healthy	The students practice ODF and reduce activity throw away waste man to the River	Use BAZNAS latrine
Enhancement quality environment and avoid pollution river	Manager cottage Islamic boarding schools and students endeavor For No pollute the river.	Use septic tank 1,000L capacity for accommodate waste man
Absorption power Work For inhabitant around	Local people empowered in the development process latrine .	There are residents around those employed For build toilet

**Determining Outcomes**

In stages of calculation of impact value, steps begin, involving the multiplication of financial indicators and proxies. After that, calculate the percentage of attribution. This process helps construct an accurate picture of the extent of impact an activity or program produces after considering various adjustment factors. The period under study is a year, calculated in the following table.

**Table 6. Calculations Impact**

No	Outcomes	Indicator	Proxy Finance	Value (Rp)
1	Reduce time queue toilet	60 students	IDR 2,000/person/ day	60 x 2,000 x 30 days x 12 months = IDR <b>43,200,000</b>
2	Enhancement awareness to practice sanitation Healthy			
3	Enhancement quality environment			
4	Absorption power Work For inhabitant around	2 power craftsman 1 assistant craftsman	Handyman : IDR 120,000/person/ day Assistant handyman : IDR 100,000/person/ day	Craftsman labor : 2 x 120,000 x 30 days = 7,200,000 Assistant handyman : 1 x 100,000 x 30 days = IDR 3,000,000  <b>Total IDR 10,200,000</b>
			<b>Total Outcome Value</b>	<b>IDR 53,400,000</b>

### Calculating SROI

Calculating the NPV with a discount rate shows to what extent people appreciate the future of themselves and the future child of their grandson (Nicholls, 2009). Research conducted by Habibi (2019) used a discount rate of 6 percent, referring to Bank Indonesia (BI) in 2018, while Matoati (2023) uses a discount rate of 3.5 percent, following ethnic group BI interest in 2022. For the discount rate ( $r$ ) used in the research, this is by 6 percent, referring to ethnicity BI interest for October 2023 (BI, 2023). Calculations on research This uses the following formula:

$$Present\ value = \frac{First\ Year\ impact\ value}{(1 + r)}$$

$$Present\ value = \frac{53.400.000}{1 + 0,06}$$

$$= IDR\ 50,660,377$$

With thereby NPV value :

$$NPV = Total\ Present\ Value - Total\ Input$$

$$NPV = 50.660.377 - 49.462.280$$

$$= IDR\ 1,198,097$$

### Count SROI Ratio

SROI ratio is obtaine with count distribution between total present value and total input.

### Ratio

$$SROI = \frac{Total\ Present\ Value}{Total\ Input}$$

$$SROI = \frac{50.660.377}{49.462.280}$$

$$= 1.02$$

Then the SROI ratio is obtained of 1.02.

$$Payback\ Period\ in\ Month = \frac{Investment\ (input)}{Annual\ impact/12}$$

$$Payback\ Period\ in\ Month = \frac{49.462.280}{53.700.000/12}$$

$$Payback\ Period\ in\ Month = 11,05$$

## DISCUSSION

The NPV value of IDR 1,198,097 shows that this program gives positive social, amounting to IDR 1,198,097. With an SROI ratio of 1.02, for every IDR 1 invested in the BAZNAS STBM program at the location cottage boarding school, Riyadul Awamil gave a return mark social amounting to Rp. 1.02 is felt by the students, caregivers of the Islamic boarding schools, and the residents around them. SROI ratios compare the resulting outcome value from a program against the input value. Input, the program fee is IDR 49,462,280, giving an impact worth IDR 50,660,377. Although the BAZNAS STBM program provides a surpassing impact from input value, the effect provided during a year program is not too significant or the same as marking the input. The characteristics of the STBM program below can cause this. The management of the BAZNAS Health Division is distributive because, in principle No, there is a productive nature of use, so the return mark is the same as the input value. Based on the calculation above, the payback period from the BAZNAS STBM program in Pondok Boarding School Riyadul Awamil is 11 months old. This program's return on capital or investment social is less than one year.

## CONCLUSION

The BAZNAS STMB program positively impacts recipients, including students, caregivers at Islamic boarding schools, and residents. The students can reduce the time queue For Bathing, Washing, and Toilet (MCK) facilities. They feel more comfortable with closed restrooms, especially when it rains, unlike in previous conditions, it was only semi-open. The means for ablution is also with the existing machine water pump and tower as step anticipatory. Cottage boarding schools are not only places to Study methods of worship but also must try to guard the environment with Good. Residents also get its impact positive with it opened chance Work. This program created an opportunity for the residents to get work, especially in matter work construction, to benefit from the economy.

## Suggestion and Limitation

BAZNAS can give socialization more massive related to programs that change understood in depth by the recipient benefit. In implementing the program, inhabitants should be involved in forming an empowered society through STBM objectives, namely the involvement of the public. The more lots the community is engaged in, the more significant the impact given will be. Apart from that, it is also necessary to carry out a sustainable campaign related to education sanitation as planned by the government.

Study This own limitation in matter period program time and diversity respondents. For future research, it will take a longer time to evaluate impact period length. Additionally, research can focus on the characteristics of more heterogeneous recipients so it can give an understanding of program effectiveness. This matter will present more perspectives and provide more context to influence the study results. Thus, research was conducted on programs using the same method. However, with more time length and characteristics that receive more benefits, it will give more in-depth and relevant perspectives to the moderate phenomenon researched.

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