

Digitalizing Zakat in Algeria: A Sustainable Development Finance Strategy Inspired by Indonesia

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Abstract:

This study emphasizes the critical importance of digitizing Zakat to enhance its role as a financing tool for sustainable development goals in Algeria, with a focus on the successful digitalization of Zakat in Indonesia. The research begins by analyzing the current state of Zakat and sustainable development in Algeria, highlighting the significant challenges faced by both and the urgent need for innovative solutions. It then examines the key stages of Zakat digitalization in Indonesia, showcasing the strengths and benefits derived from this process, and proposes a strategic framework for implementing similar digitalization efforts in Algeria through a descriptive-analytical approach. The study concludes that the Zakat system in Algeria remains underdeveloped and lacks the necessary technological advancements. It asserts that digitalization is the most effective solution to modernize the Zakat mechanism. By adopting advanced technologies, it is anticipated that donor trust in Zakat management will increase, thereby boosting Zakat collections and contributing to the successful financing of sustainable development goals.

Keywords: sustainable development; zakat; digitalization; sustainable development goals

Jel Classification Codes : G00 ; O30 ; Q56.

Résumé:

Cette étude met en évidence l'importance cruciale de la numérisation de la Zakat pour renforcer son rôle en tant qu'outil de financement des objectifs de développement durable en Algérie, en s'appuyant sur le modèle réussi de numérisation de la Zakat en Indonésie. La recherche commence par une analyse de l'état actuel de la Zakat et du développement durable en Algérie, mettant en lumière les défis importants rencontrés par les deux domaines et la nécessité urgente de solutions innovantes. Elle examine ensuite les étapes clés de la numérisation de la Zakat en Indonésie, en présentant les forces et les avantages découlant de ce processus, et propose un cadre stratégique pour mettre en œuvre des efforts similaires de numérisation en Algérie à travers une approche descriptive-analytique. L'étude conclut que le système de Zakat en Algérie reste sous-développé et manque des avancées technologiques nécessaires. Elle affirme que la numérisation est la solution la plus efficace pour moderniser le mécanisme de la Zakat. L'adoption de technologies avancées devrait permettre d'accroître la confiance des donateurs dans la gestion de la Zakat, augmentant ainsi les collectes de Zakat et contribuant au financement réussi des objectifs de développement durable.

Mots clés: Développement durable ; Zakat ; Numérisation ; Objectifs de développement durable

Jel Classification Codes : G00 ; O30 ; Q56.

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I. Introduction

In the context of today's global digital revolution, which has transformed various sectors, including finance, and given the growing financial challenges faced by nations, the necessity for technological alignment has become evident. Among the initiatives gaining prominence in several Muslim-majority countries is the digitalization of Zakat. This approach not only upholds Zakat's role as a core pillar of Islamic finance aimed at wealth redistribution and social justice but also supports sustainable development. Indonesia's experience is a pioneering example, as it utilizes digital platforms to streamline Zakat collection, management, and distribution. In Algeria, however, digitalizing Zakat presents both challenges and opportunities for sustainable development. This study thus addresses the following research question:

How can the role of Zakat in fostering sustainable development be enhanced through digitalization?

Hypotheses of the Study

1. **Hypothesis 1:** The underdevelopment of the Zakat system in Algeria is primarily due to the absence of digital infrastructure and modern technological solutions.
2. **Hypothesis 2:** The digitalization of Zakat, modeled after Indonesia's successful experience, will enhance transparency, efficiency, and accountability in Zakat management in Algeria.
3. **Hypothesis 3:** Improved Zakat collection and management through digitalization will significantly contribute to achieving Algeria's sustainable development goals by increasing financial resources and donor trust.

Importance of the Study

This study is significant as it addresses the critical intersection between Islamic social finance and sustainable development in Algeria. By exploring the digitalization of Zakat, it provides a potential pathway for modernizing Zakat institutions, increasing financial inclusion, and enhancing Algeria's capacity to meet its sustainable development goals. Additionally, the study offers valuable insights into leveraging advanced technologies for optimizing social finance mechanisms.

Objectives of the Study

1. To analyze the current state of Zakat and its role in financing sustainable development in Algeria.
2. To examine Indonesia's successful experience in Zakat digitalization and identify key lessons applicable to Algeria.
3. To propose a strategic framework for implementing the digitalization of Zakat in Algeria to modernize its system and enhance its effectiveness in achieving sustainable development goals.

Literature Review

In the era of global digital transformation, effective Zakat utilization has become increasingly linked to digitalization, which represents a novel and alternative approach for financing sustainable development. To provide context, the study first introduces the research variables and reviews the relevant literature, examining similarities and differences with prior research.

1- Sustainable Development

The globalization era has seen escalating environmental and economic challenges, giving rise to sustainable development as a strategic approach for addressing these challenges and achieving a balance among economic growth, social justice, and environmental protection. This balance aims to fulfill the needs of present generations without compromising the needs of future generations. The concept of sustainable development, as officially defined in the "Our Common Future" report, involves meeting current needs without impeding future generations' abilities to meet theirs, reflecting the impact of technological advancements and social organization on environmental resources and the biosphere's capacity to mitigate human activity's effects (World Commission on Environment and Development, 1987, p. 16).

The Sustainable Development Goals (SDGs), formally established during the United Nations Conference on Sustainable Development in September 2015, were created as a global response to these challenges, addressing issues related to poverty, health, education, gender equality, and environmental conservation. Comprising 17 goals and 169 sub-targets, these objectives are subject to periodic review to ensure progress towards a 2030 target date. In Algeria, efforts towards these goals are managed by three oversight bodies led by the Ministry of Foreign Affairs, yet recent reports indicate that progress remains limited (Hamid zidouni, 2018, p. 4), Figure 1 below illustrates Algeria's progress in meeting SDG commitments.

Fig (1): Measuring government efforts and commitments in the SDGs.



Source: (Sachs et al., 2023, p. 72)

According to this assessment, Algeria remains distant from achieving several SDGs, with substantial gaps in areas like poverty and education, and

notable shortfalls in eliminating hunger and advancing renewable energy(Sachs et al., 2023, p. 37).

2- Zakat

Zakat is one of the central pillars of Islam and represents a fundamental obligation prescribed by Allah for Muslims. Its significance is underscored by its frequent pairing with prayer in the Holy Qur'an, as in the verse, (وَأَقِيمُوا الصَّلَاةَ وَآتُوا الزَّكَاةَ) (Surat Al-Baqarah, 110). The Prophet Muhammad (peace be upon him) reinforced this foundational status, stating « بني الإسلام على خمس: شهادة أن لا إله إلا الله، وأن محمدًا رسول الله، وإقام « Lexicographical sources provide insight into the multifaceted nature of zakat. In the *Intermediate Lexicon* (Ibrahim, Mustafa et al., 2004, p. 396), it is described as a form of blessing, growth, purity, righteousness, and excellence. Al-Jurjani, in his *Book of Definitions*(Ali ibn Muhammad Al-Sharif Al-Jurjani, 1985, p. 119), interprets zakat as an increase. However, within Islamic jurisprudence, zakat is defined as a prescribed share of wealth allocated for the poor and others in need, with specific conditions for its distribution (Ibrahim, Mustafa et al., 2004, p. 396/397)

Additionally, Al-Jurjarani(Ali ibn Muhammad Al-Sharif Al-Jurjani, 1985, p. 119) mentions that zakat is wealth designated for a specific group within a specific property. Dr. Saeed bin Ali bin Wahf Al-Qahtani provides a comprehensive definition in his *Encyclopedia of Zakat*(Sa'id bin Ali bin Wahf Al-Qahtani, 2010, pp. 8–9), explaining it as an obligatory act entailing the rightful portion of one's wealth given periodically to specific beneficiaries.

Zakat, as established in Islamic law, is a comprehensive, self-sustaining system with rigorous regulatory guidelines, distinct from any conventional financial systems, which lack its holistic financial and administrative autonomy. Across the Islamic world, zakat institutions are organized in diverse ways, with each country adopting unique structures and varying levels of official commitment. As a key economic mechanism, zakat addresses poverty and unemployment, provides support for orphans, aids the needy, and extends assistance to individuals facing hardship. When fully implemented, including the systematic collection and distribution of zakat, this practice has the potential to drive comprehensive and sustainable development.

In Algeria, an official entity known as the Zakat Fund oversees the administration of zakat, functioning under the auspices of the Ministry of Religious Affairs and Endowments. According to the Ministry's official website, the Zakat Fund is defined as a religious and social institution operating within the legal framework established by the law regulating mosque foundations. The Fund is structured into three organizational levels: a grassroots committee at the district level, a state-level committee, and a national committee that manages the Fund at the national level.(The Zakat Fund Introduction | Official Website of the Ministry of Religious Affairs and Endowments, n.d.) The Zakat Fund operates in

two primary stages (Islamic-Social-Finance-Report-2020.Pdf, 2020, p. 34):

- **Zakat Collection Stage:** Zakat funds are collected through postal accounts established in each state. Local imams facilitate the process by liaising between zakat payers and the designated postal account, documenting the collected amount, and signing off on reports prepared by mosque committees. Funds may be contributed directly to the mosque committee or deposited into the Zakat Fund accounts at each mosque office, with any surplus transferred to the main account of the Zakat Fund.
- **Zakat Distribution Stage:** Distribution is organized based on the total funds collected and is allocated to designated categories according to specific proportions, which are determined by mosque committees. Additionally, the Ministry of Religious Affairs and Endowments has partnered with Al Baraka Bank, which serves as a technical advisor in the investment of zakat funds. The funded projects are carefully selected to prioritize social and economic impact, including crafts, services, nurseries, and agricultural initiatives. Loans are provided under favorable terms to support sustainable investments and maintain associated employment.

However, while the Ministry asserts that every citizen has the right to access detailed information about zakat revenue and its allocation, statistics on collected zakat funds at the national level have not been updated in recent years. Despite the Ministry's pledge to release detailed reports across all media and publish financial details on its official website, no recent reports or statistical data are currently accessible (*The Zakat Fund Introduction | Official Website of the Ministry of Religious Affairs and Endowments*, n.d.)."

3- Digitalization

Digitalization gained widespread popularity in the late 20th century with the rise of computers and the Internet, which enabled the transformation of various information types—text, images, audio, and video—into digital formats. Digitalization now plays a key role in digital transformation strategies that aim to foster efficiency and innovation across corporate, governmental, and societal domains. This shift brings numerous opportunities for economic and social progress by improving services, enhancing transparency, and supporting sustainable economic growth.

According to Gartner, digitalization is defined as "the use of digital technologies to change the business model and provide new opportunities for revenue and value production; it is the process of transitioning to digital business" (Definition of Digitalization - Gartner Information Technology Glossary, n.d.). In practice, digitalization supports information management, process control, planning, administrative oversight, and problem-solving.

Financial transactions are among the most important areas impacted by digitalization, and zakat, as a significant Islamic financial mechanism, has also undergone a transformation through digitization. The methods of managing zakat, whether in collecting or distributing it, have shifted to modern approaches, greatly enhancing efficiency, transparency, security, and trust. In line with these objectives, the Algerian government has included the development of information and communication technologies, and the resulting digital transformation of Algerian society, as one of its priorities (Speech of the Secretary-General titled: 'Digital Transformation in Algeria', personal communication, December 2021, p. 1) For the Ministry of Religious Affairs and Endowments, which is responsible for zakat matters, training courses in the field of digitalization were organized for sector employees and officials. This training benefited 1,200 employees and officials from the central administration, directorates of religious affairs and endowments across the states, scientific councils, the Islamic Cultural Center, and training institutions. The training program covered a wide range of topics related to digitalization, including email management, Excel and social media, network maintenance, device maintenance, running IT projects, information security, and preparing terms of reference for IT projects (Statement | Official Website of the Ministry of Religious Affairs and Endowments, n.d.).

Furthermore, a sub-directorate for digitalization and modernization has been established within the Ministry of Religious Affairs and Endowments. Its responsibilities include (Ministry Structure and Its Responsibilities | Official Website of the Ministry of Religious Affairs and Endowments, n.d.):

- Implementing the Ministry's digitalization and modernization strategy,
- Analyzing data and indicators to develop a forward-looking vision for sector development,
- Developing and updating the Ministry's information system,
- Securing information systems in collaboration with relevant sectors,
- Managing the Ministry's official website and monitoring social media accounts of affiliated institutions,
- Establishing electronic communication interfaces that connect the Ministry's central structures with decentralized units and subordinate institutions,
- Assessing the Ministry's needs for automated media equipment and rationalizing its management and use,
- Creating a remote video lecture system,
- Providing technical support for online educational and training programs, and
- Conducting forward-looking studies to modernize and promote the



sector's institutions.

This digitalization effort signifies a transformative step towards enhanced service delivery and operational modernization within Algeria's religious administration framework.

Previous Studies:

There have been several previous studies that have raised the subject of Zakat and its role in achieving sustainable development, and the topics of digitalization, the most important of which are:

- ✓ The Study of Amina Negmouche and Gezira Moaizi titled "Achieving Sustainable Development Based on Digital Transformation in Algeria" in 2021:
 - This study investigates the extent to which digital transformation contributes to achieving sustainable development in Algeria. It analyzes the major steps of digital transformation in Algeria and reviews the sectors that have undergone this transformation. Additionally, the study highlights the sustainable development indicators impacted by digital transformation. The study concludes that digital transformation brings numerous advantages, including national development and prosperity, as well as improved living standards. However, it also notes that the country's infrastructure, particularly internet connectivity, remains weak and intermittent in many regions. The study employs a descriptive statistical approach to present its findings.
 - Similarities and Differences: Both studies highlight the importance of digital transformation in enhancing economic, social, and environmental performance in Algeria. However, while the current study specifically addresses the digitalization of zakat as a means of financing sustainable development, the study by Negmouche and Moaizi focuses more broadly on the general importance of digital transformation in Algeria.
- ✓ Shakh Naima's Study titled "The Role of Islamic Financial Engineering in the Innovation of Zakat Investment Tools" in 2021:
 - This study explores the role of Islamic financial engineering in developing investment strategies for zakat funds. It emphasizes the importance of shifting zakat from merely meeting the consumption needs of beneficiaries to supporting their development, skills, and abilities. The study advocates for the mobilization of productive energies among zakat recipients and directs them toward investments that benefit both individuals and society. It also reviews the experience

of the Algerian Zakat Fund. One key finding was the potential use of financial formulas to enhance the effectiveness of zakat fund investments, in contrast to the traditional reliance on grants or interest-free loans.

- Similarities and Differences: The primary similarity between the two studies lies in the emphasis on rethinking the role of zakat and maximizing its potential beyond consumption. However, the current study distinguishes itself by focusing on technological solutions and digitalization in zakat management and investment to support sustainable development goals. In contrast, Naima's study focuses on the broader concept of financial engineering without specifically addressing the digital transformation's impact on sustainable development.
- ✓ The Study of Putri Oktavia Rusadi, Ahmad Zikry Fadillah, Asih Karsinih in 2022 titled "DIGITALIZATION OF ZAKAT, INFAQ, AND SHADAQAH (ZIS) THROUGH THE USE OF QRIS (CASE STUDY: GENERATION Z)":
 - This study aimed to evaluate innovative methods of zakat management within the context of sustainable development in Indonesia. Considering the numerous challenges facing Indonesia, zakat holds the potential to drive sustainable development and enhance social well-being. The research primarily utilizes a literature review to examine key practices in zakat management in Indonesia. It draws on various sources, including scientific publications, research papers, and case studies, to analyze successful zakat management models within the country. The study highlights effective innovations that support sustainable development and improve social well-being. Additionally, it identifies critical factors that contribute to the success of innovative zakat management strategies and assesses their social and economic implications. The goal is to deepen understanding of zakat's potential as a significant funding source for key sectors, thus fostering inclusive economic growth and promoting social justice in Indonesia.
 - Similarities and Differences: The study by Putri Oktavia Rusadi, Ahmad Zikry Fadillah, and Asih Karsinih shares several similarities with the current study, particularly its focus on innovative methods for managing zakat and its role in achieving sustainable development. However, the former addresses innovations in general terms without specifically focusing on digitalization, unlike the current study, which

specifically delves into the digitalization of zakat and its role in sustainable development. Additionally, while this study examines the case of Indonesia, the current study focuses on Algeria and draws on Indonesia's experience as a successful model.

- ✓ The Study of Attallah Hassan Mohamed Al-Taani, Murad Ali Ahmad Al-Zaqeba, Hussein Mousa Ahmad Maabreh, Baker Akram Falah Jarah in 2024 titled "Exploring the Impact of Digital Accounting and Digital Zakat on Improving Business Sustainability in the Middle East and Malaysia":
 - This study explores the potential of digital accounting and digital zakat to promote corporate sustainability and charitable contributions, enhance financial transparency, and achieve sustainability goals. The findings confirm that digital zakat serves as a strong motivator for attracting stakeholders and facilitating sustainable development initiatives. It also emphasizes the role of digital technology in advancing corporate sustainability. Furthermore, the study provides strategic recommendations for companies, policymakers, and academics to promote sustainable practices and align financial systems with broader sustainability goals.
 - Similarities and Differences: Both studies focus on the role of digital zakat in promoting sustainable development. However, unlike the current study, which examines the digitalization of zakat within the context of Algeria, the study by Al-Taani et al. focuses on corporate sustainability. Specifically, it explores the impact of digitalization in accounting and zakat on sustainability within companies, whereas the current study is focused on analyzing the zakat situation in Algeria.
- ✓ Sultan Safaa and Muhammad Adnan bin Dhaif's Study titled "Requirements for the Digitalization of Islamic Finance Formulas Based on Financial Technology, with Reference to Some Arab Countries and Malaysia" in 2024:
 - This study explores the requirements, motivations, and mechanisms for the digitalization of Islamic finance formulas in Islamic banks. It presents a forward-looking study on digitalization models for Islamic finance formulas using a descriptive analytical approach. The study concludes that digitalization of Islamic finance formulas is feasible by adopting one or more platforms for each formula, provided there is a strong legislative framework in place.
 - Similarities and Differences: Both studies agree on the need for digital systems and platforms to enhance the effectiveness of Islamic financial services. However, the current study is specifically focused on the digitalization of zakat and its impact on sustainable development in

Algeria, while this study by Safaa and Dhaif explores the digitalization of Islamic finance formulas in banks more broadly across various countries.

2. Methodology

This research paper deals with an analytical descriptive study of the idea of digitizing Zakat as a tool to promote sustainable development in Algeria, using the case study of Indonesia as a leading model. The study focused on several key elements, beginning with the identification of basic variables and concepts, such as defining the concept of the digitalization of Zakat and sustainable development, and addressing each concept within the context of Algeria. It also reviews the current status of Zakat in Algeria, focusing on the challenges and potential opportunities for developing a digitalization system for Zakat. The study then analyzes the case of Indonesia, reviewing its experience in implementing digital Zakat, with particular attention to the mechanisms and stages of the transformation process. Additionally, it identifies the key factors contributing to the success of Indonesia's model and the lessons learned from this experience. Finally, the study provides comprehensive conclusions based on the analysis of Indonesia's experience, offering practical guidance and policy recommendations aimed at improving the application and effectiveness of digital Zakat as a tool for sustainable development in Algeria. The methodology is based on official reports and websites in the fields of zakat, digitalization, and sustainable development.

3. Results and discussion

The previous analysis of the state of sustainable development in Algeria shows that the efforts exerted to support sustainability pathways are generally weak and insufficient. There are many challenges hindering the country's progress in achieving sustainability, the most significant of which is the financing gap that affects most of the sustainable development goals (SDGs). This gap calls for the identification of alternative and innovative sources of funding capable of addressing these needs, such as sources of Islamic social finance, drawing from leading international experiences. One of the most prominent examples is the Indonesian experience in digitizing Zakat and positioning it as a major financier of the SDGs.

Despite Zakat being one of the pillars of the Islamic economy and an effective source of financing for sustainable development, its potential remains underutilized in Algeria due to the lack of technological and administrative development. The country cannot rely on Zakat as a primary financier for the SDGs, as it suffers from a very primitive system. The current system lacks the infrastructure and technology required to manage and fully capitalize on the potential of Zakat. To this day, Zakat is collected and distributed using traditional

methods that are inefficient and lack transparency. For example, the current system depends on manual reporting and bureaucratic management, leading to delays in the collection of Zakat funds and making it difficult to accurately assess the needs of beneficiaries. Moreover, the system lacks effective mechanisms for tracking the amounts collected and distributed, hindering the ability to evaluate Zakat's actual impact on the country's social and economic development. Therefore, the relevant authorities in Algeria must modernize the systems and technologies used for collecting and distributing Zakat, and adopt the transparent and innovative approach that many leading countries in Zakat digitalization have implemented, to ensure that funds are utilized more efficiently.

Indonesia stands as one of the leading models in the digitization of Zakat management. The country has two primary types of Zakat management organizations: the National Zakat Agency (BAZNAS), which is affiliated with the government, and the Zakat Worker Foundation (L.A.Z), which operates under the private sector. Both organizations are tasked with the collection and distribution of Zakat in accordance with Islamic Sharia principles, aiming to ensure benefit and justice for the recipients (Riyadi et al., 2021, p. 24). The digitalization of Zakat management has proven to be a significant advancement, particularly in enhancing transparency and accountability within BAZNAS. The adoption of technology facilitates easier access to information, which, in turn, fosters public trust in the Zakat Foundation. By disclosing such data, BAZNAS ensures that stakeholders are well-informed and confident in the organization's operations (Zubaidah & Afifah, 2020, p. 464). The following figure illustrates the development of Zakat management digitalization as implemented by BAZNAS.

Table (1) : Evolution of the digitalization of Zakat in BAZNAS

	Develo pment of zakat digitalization	Strategies Step
1	Digitali zation on Zakat Collection	BAZNAS has established both internal and external platforms to enhance zakat collection and distribution: - Internally, BAZNAS developed a comprehensive website (baznas.go.id) featuring zakat services including calculators, payments, and distribution tools. Additionally, they launched the Muzaki Corner android app for convenient zakat management on smartphones. They also introduced M-cash, a digital payment machine available at 700 locations in Indonesia. - Externally, BAZNAS partnered with major e-commerce

		platforms like Shopee, Tokopedia, and Bukalapak, as well as e-wallets such as GoPay, Ovo, and LinkAja. They collaborate with crowdfunding platforms like Kitabisa.com and engage with ride-hailing services such as Gojek and Grab to expand zakat collection efforts.
2	Digitalization on Zakat Management	• Application-based Muzaki Services With application-based muzaki services, everyone can access information in the application with transparent data. • SIMBA: SIMBA is an information system portal on the internal BAZNAS platform that contains the organization's annual financial reports..
3	Digitalization on Zakat Funds Distribution	• Zakat Integrated Database System: BAZNAS has digitized its distribution process by issuing a Mustahik Identification Number (NIM), integrating with the Ministry of Social Affairs' Integrated Database (BDT). This ensures efficient management of zakat funds. • Rice ATM: BAZNAS introduced the Rice ATM, enabling mustahiks to access rice easily. Mustahiks use a card provided by BAZNAS to obtain rice, aligning with BAZNAS's goal to alleviate hunger as part of the SDGs program.

Source: (Zubaidah & Afifah, 2020, p. 464/465)

There are several strengths that digitalization brings to the management of Zakat, with the most significant being outlined by Zubaidah and Afifah (Zubaidah & Afifah, 2020, p. 465/466):

First, digital systems improve the performance of Zakat institutions at low costs. By integrating operations within these institutions, the digital system enhances the speed of performance and response, while reducing administrative costs through the shift from manual operations to automated ones.

Second, technology enhances the transparency and efficiency of Zakat institutions. It becomes easier for Zakat managers to oversee the distribution and management of funds in a transparent manner, which allows taxpayers to easily monitor activities and builds trust between the concerned parties.

Third, the use of digital Zakat platforms enables both Zakat managers and taxpayers to handle payment and transfer operations directly through smartphones or electronic payment systems, thereby improving the efficiency of Zakat collection and distribution processes.

Fourth, the digitalization of Zakat management supports the achievement of Zakat goals in Indonesia more effectively. For example, initiatives like the Millennium Zakat, which focuses on youth and the needy, enhance the efficiency

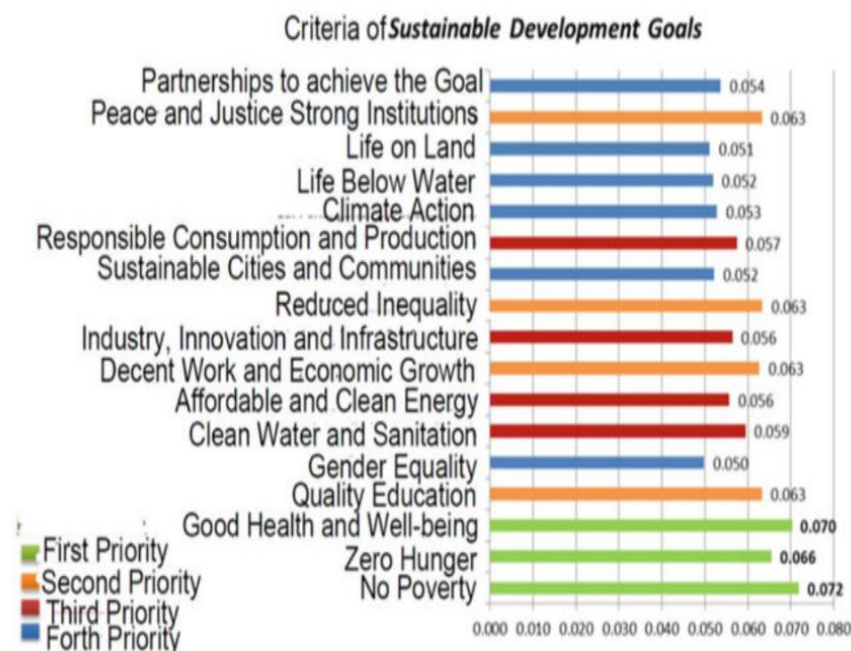
of both the collection and use of Zakat funds.

Fifth, digitalizing Zakat management serves as an important solution during crises, such as the COVID-19 pandemic. It facilitates the collection and distribution of Zakat without requiring personal interaction, thereby ensuring the needs of the poor and needy are met in a safe and efficient manner.

Through the use of digital technology, Zakat institutions can achieve more effective and transparent operations, which fosters greater trust between donors and the institutions managing Zakat. This expansion of digital solutions also broadens the scope of Zakat collection.

Indonesia has effectively used Zakat funds as one of the solutions to bridge the financing gap for the Sustainable Development Goals (SDGs). The country has developed various programs that prioritize the disbursement of these funds, including both consumer and production programs. Consumer programs are designed to achieve short-term goals, while production programs focus on long-term empowerment. The figure below illustrates the Zakat programs approved by the Indonesian Zakat Authority, BAZNAS, alongside the priorities of the Sustainable Development Goals.

Fig (2): Zakat program according to SDG priorities



Source: (Billah, 2021, p. 60)

The National Zakat Authority of Indonesia is working diligently to prioritize the use of Zakat funds, focusing on goals that directly impact individuals' lives. Health programs have been developed to provide basic, free health services, including education on sanitation and proper nutrition. Additionally, six hospitals have been constructed in various regions of the country, such as Jakarta, Sidoarjo, Yogyakarta, and Makassar.

Educational programs are also a key focus, with initiatives aimed at establishing boarding schools for the poor and providing scholarships for students at all levels of education. A notable example is the preparatory school in Bogor, which contributes to improving the quality of education and building a strong future generation.

Within the framework of the Sustainable Development Goals (SDGs), the Authority strives to achieve quality education, reduce inequality, and strengthen partnerships for common goals. Furthermore, the Zakat Community Development Program (ZCD) allocates Zakat funds to develop multi-sectoral villages and regions, focusing on economic, social, health, and educational development. The Authority is also implementing the Economic Empowerment Program, which enhances individuals' ability to alleviate poverty by providing seed financing, boosting productivity, developing skills, and expanding markets.

The effectiveness of digital Zakat management in Indonesia has shown progress toward achieving the SDGs, with Indonesia ranking seventh in performance and efforts to meet the SDGs according to the latest official SDG reports (Sachs et al., 2023, p. 73).

A strategic vision for the digitalization of Zakat in Algeria as a direction for financing the SDGs

The success of Indonesia's experience in digitizing Zakat can be attributed to its adoption of advanced technology and effective management systems. Drawing on this experience, a strategic framework for digitizing Zakat in Algeria can be proposed, aiming to effectively contribute to achieving the Sustainable Development Goals (SDGs).

The first step in this process is to raise awareness about the obligatory nature of Zakat and its critical role in supporting social welfare. This can be accomplished through media campaigns across various platforms, such as television, radio, and the internet. In addition, cooperation with mosques and religious institutions can provide community-based platforms to educate the public about the importance of Zakat. Following this, it is essential to identify the institutions currently responsible for the collection and distribution of Zakat, assess their existing operations, and identify the challenges and inefficiencies that hinder their effectiveness. Addressing these issues is crucial to laying a solid foundation for the digitalization process.

A clear and strategic plan should be developed, with specific objectives for the digitalization of Zakat in Algeria. This includes upgrading the digital infrastructure by selecting suitable electronic tools and systems for efficient collection and management. An integrated database system must be developed to track and manage beneficiaries, ensuring transparency and accountability.

Furthermore, it is imperative to train employees in the use of new technologies and digital processes, equipping them to implement these reforms effectively.

The proposed plan requires broad cooperation between the government, relevant institutions, and members of society. If successfully implemented, it could significantly enhance the efficiency of Zakat collection and distribution, improve the prioritization of Zakat funds, and address critical challenges such as poverty, food security, education, and healthcare. By leveraging modern technologies, Algeria can modernize its Zakat system and contribute meaningfully to its sustainable development goals.

Conclusion

The digitalization of Zakat in Algeria represents a crucial step toward modernizing Islamic social finance mechanisms and enhancing their role in achieving sustainable development goals. By leveraging advanced digital technologies, the efficiency of Zakat collection and distribution can be significantly improved, fostering greater transparency, strengthening trust between donors and relevant authorities, and expanding the donor base. This is expected to mobilize larger financial resources that can be directed toward vital sectors such as education, healthcare, and infrastructure, thereby promoting socio-economic stability. Moreover, digitalization enhances the capacity to track and manage resources efficiently, ensuring that funds reach the intended beneficiaries with precision. It transforms Zakat from a mere financial tool into a strategic mechanism that supports Algeria's sustainable development agenda.

To achieve effective digitalization, the study recommends supporting scientific research and innovation to develop advanced technologies that enhance the performance of Zakat systems, updating legislation to align with digital advancements, and investing in the technological infrastructure necessary for secure digital transactions and data management. Transparency should be prioritized by establishing systems that enable real-time tracking of Zakat fund allocation. Additionally, public awareness campaigns should be organized to educate the community on the benefits of digital Zakat. Strengthening international cooperation to benefit from the experiences of countries that have successfully implemented Zakat digitalization, along with fostering partnerships with the private sector—especially technology companies—will be essential in developing innovative solutions in this domain.

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