

ABSTRACT

This dissertation discusses the role of the Baitul Mal Aceh through the distribution of productive zakah funds to the development of asnaf zakah Moslem entrepreneur. This study attempts to analyse the distributive mechanism and the influence of the program, to analyze the role of Baitul Mal Aceh, and formulate its strategies in the external and internal environment to enhance its role. This study used the library research, interviews, and questionnaire as the main method of data collection. The approach used in this study is the sociological, philosophy, economics, culture and law. This study is a form of qualitative, descriptive and explorative which describe the role and strategy of the Baitul Mal Aceh in the development of development small scales industry. To expose the strengths and weaknesses of Baitul Mal Aceh, this study used SWOT analysis approach. This study found that the capital allocation in productive zakah mechanism used *qardul hasan* instrument which do not require collateral and insurance, for easy and simple use. A survey was conducted on recipients of zakah distribution in the form of venture capital. This study finds out that prior to the zakah distribution, majority of the recipients are poor (67.6%) as they are small entrepreneurs in the agriculture, livestock and business sectors. In addition, the result of the study also shown that the distributions of zakah has successfully increased the income of *mustahik* as no one of them earn less than Rp 1 million per month after the zakah assistance. As a result, they are now able to meet their daily basic needs which includes education, health, home and savings. Results of the SWOT analysis, found that Baitul Mal Aceh has a strategic position, strengths and opportunities to overcome weaknesses and threats. That strengths and opportunities should be the advantage to Baitul Mal Aceh to improve its competitive position. In addition, the Baitul Mal Aceh with its good condition, is possible to continue its expansion, increase growth and get the maximum success in the development of poor communities especially the asnaf zakah Moslem entrepreneurs. The distribution of productive zakah has played a significant role in daily survival of *mustahik*. In the end, this study proved that the Baitul Mal Aceh has a big role in the development of Moslem entrepreneurs through its productive zakah distribution, especially in the development of small scale industry in Aceh.

Keywords: Roles, Baitul Mal, Development, Small Industries.