

## Implementation of Islamic Economic Systems in Poverty Reduction (Case Study in Sorong City, West Papua, Indonesia)

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Page: 97-110

### ABSTRACT

The evaluation of the poverty alleviation program in Sorong City has not been carried out optimally. This can be seen from the percentage of poor people since 2015 which has only decreased by 0,07% - 1,93% per year even in 2016 it has increased by 0,29%. The implementation of the program has not been effective due to the lack of optimal management of funds as a special autonomous region and the limitations of social assistance funds in the Local Government Budget (APBD). Therefore, other sources of assistance are needed that can be used as a driver of poverty alleviation. One of them is through zakat, infaq, shodaqoh, and waqf (ZISWAF) which was adopted from the Islamic economic system. This study examines the application of Islamic economics in improving the welfare of the population in Sorong City, especially the poor. The research was conducted based on statistical data related to poverty and the Gini ratio from the Statistics Indonesia (BPS), APBD, and ZISWAF funds from the National Amil Zakat Agency (BAZNAS) in Sorong City. With the acceptance of ZISWAF, the high income of the community will be distributed to the low society so that it can improve welfare.

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**Abstrak:** Evaluasi program penanggulangan kemiskinan di Kota Sorong belum dilakukan secara optimal. Hal ini terlihat dari persentase penduduk miskin sejak tahun 2015 yang hanya mengalami penurunan sebesar 0,07%-1,93% per tahun bahkan pada tahun 2016 mengalami peningkatan sebesar 0,29%. Pelaksanaan program tersebut belum efektif karena belum optimalnya pengelolaan dana sebagai daerah otonomi khusus dan keterbatasan dana bansos dalam Anggaran Pendapatan dan Belanja Daerah (APBD). Oleh karena itu, diperlukan sumber bantuan lain yang dapat dijadikan sebagai pendorong pengentasan kemiskinan. Salah satunya melalui zakat, infaq, sedekah, dan wakaf (ZISWAF) yang diadopsi dari sistem ekonomi Islam. Penelitian ini mengkaji penerapan ekonomi syariah dalam meningkatkan kesejahteraan penduduk di Kota Sorong, khususnya masyarakat miskin. Penelitian ini dilakukan berdasarkan data statistik terkait kemiskinan dan rasio Gini dari Badan Pusat Statistik (BPS) Kota Sorong; APBD; dan dana ZISWAF dari Badan Amil Zakat Nasional (BAZNAS) Kota Sorong.  
**Kata kunci:** ekonomi islam, kesejahteraan, shodaqoh, ZISWAF.

## INTRODUCTION

In recent years, the poverty reduction in Indonesia has not shown a significant movement<sup>1</sup>.

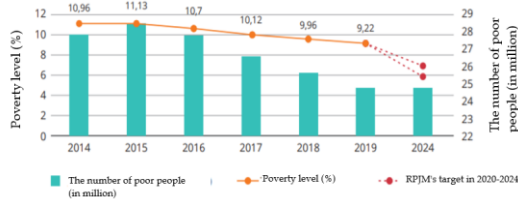


Figure 1. The national poverty rate in 2018-2019<sup>2</sup>

The condition of poverty in Indonesia is still characterized by inequality between regions which is marked by the high difference in poverty levels, achievement of development outcomes, access to basic services, quality of work, income levels both in rural and urban areas, between regions, between regions and underdeveloped or border areas. The graph below shows that according to BPS data for 2019, poverty in Indonesia is still concentrated in eastern Indonesia such as Papua (27,53%), West Papua (22,17%) and NTT (21,09%)<sup>3</sup>.

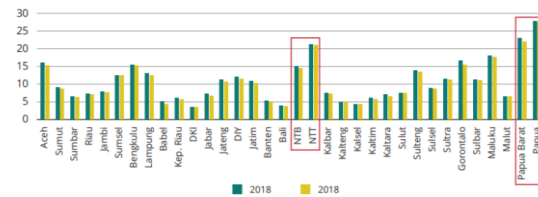


Figure 2. The poverty between regions in 2018-2019<sup>4</sup>

One of the regions in West Papua, Indonesia, is Sorong City. Until 2020, the Sorong city is still faced with the problem of high poverty. This can be seen from BPS data regarding the percentage of poor people in Sorong City which in 2019 was recorded at 15,45% or as many as 39,02 thousand people.

Table 1. Percentage of Poor Population in the Sorong City in 2015-2019<sup>5</sup>

year	Percentage of Poor Population (%)
2015	17,56
2016	17,85
2017	17,78
2018	15,85

Based on the Table 1, since 2015, the slowdown in poverty reduction is still low because the percentage of poor people has only decreased in the range of 0,07% - 1,93% per year, even in 2016 it experienced an increase of 0,29%. The large composition of the poor indicates an imbalance between the poor and the rich. This measure of inequality is called the Gini ratio.

<sup>1</sup> Widaryatmo et al., *“Modul Pengantar SEPAKAT (Sistem Perencanaan, Penganggaran, Pemantauan, Evaluasi, dan Analisis Kemiskinan Terpadu)”*, (Jakarta: Direktorat Penanggulangan Kemiskinan dan Pemberdayaan Masyarakat Kedeputin Bidang Kependudukan dan Ketenagakerjaan Kementerian PPN/Bappenas, 2020), 7.

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup>BPS of Sorong City. <https://sorongkota.bps.go.id/> (Friday, 13 November 2020)

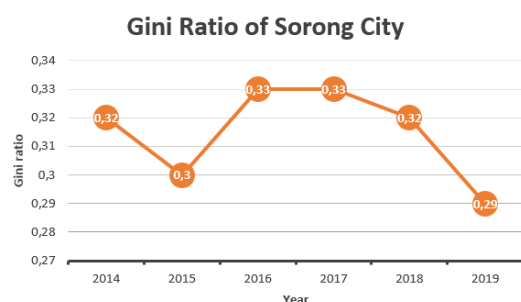


Figure 3. Gini Ratio of Sorong City in 2014-2019<sup>6</sup>

The Gini ratio for the City of Sorong was 0,33 in 2018 and 2017, while in 2016 it was 0,30. This figure shows that the distribution of income in Sorong City is quite unequal. The poverty gap makes a large part of total regional income only enjoyed by the rich. If income distribution efforts are not made, the resulting inequality will get worse. The rich are getting richer and the poor are getting poorer.

Various efforts to reduce poverty continue to be carried out by the government in order to get the poor out of poverty. Together with other regions in the Provinces of West Papua and Papua, the Indonesian government since 2001 has designated West Papua and Papua as special autonomous regions through Law No. 35/2008 for West Papua and Law No. 21/2001 for Papua. Post-reform, there are four provinces with special autonomy status, namely Papua, West Papua, Yogyakarta, and Aceh. For certain provincial governments with special autonomy status, the central government provides special

<sup>6</sup><https://papuabarat.bps.go.id/> (Monday, 4 January 2021)

autonomy funds. Next, the allocation of the special autonomy funds for Papua and West Papua from year to year is shown in Table 2.

Table 2. Special Autonomy Funds for Papua and West Papua 2002-2020<sup>7</sup>

year	The special autonomy fund (in trillion)	year	The special autonomy fund (in trillion)
2002	Rp 1,382	2012	Rp 4,404
2003	Rp 1,539	2013	Rp 4,927
2004	Rp 1,642	2014	Rp 6,777
2005	Rp 1,775	2015	Rp 7,190
2006	Rp 3,449	2016	Rp 5,595
2007	Rp 4,045	2017	Rp 8,240
2008	Rp 3,920	2018	Rp 7,980
2009	Rp 4,079	2019	Rp 8,632
2010	Rp 3,494	2020	Rp 8,370
2011	Rp 3,957		

Since 2002, the special autonomy funds disbursed for Papua and West Papua have reached Rp 126,99 trillion. However, Papua and West Papua are among the provinces with the highest percentage of poor people in Indonesia. This shows that the management of the special autonomy fund is not yet optimal. The Audit Board of the Republic of Indonesia (BPK RI) has completed an audit of the West Papua special autonomy fund and concluded that there are still significant problems in

<sup>7</sup><https://money.kompas.com/read/2020/08/19/095216326/mengenal-dana-otonomi-khusus-papua?page=all> (Saturday, 14 November 2020)

the aspects of regulation, institutions and human resources, planning as well as disbursement and utilization.

On the other hand, in early 2010 through Presidential Regulation (*Perpres*) No. 15, a National Team for the Acceleration of Poverty Reduction (TNP2K) was formed followed by the issuance of Ministerial Regulation (*Permen*) No. 42 of 2010 concerning the Institutional Structure and Working Mechanism of the Regional Poverty Reduction Coordination Team (TKPK). Through this institution, it is hoped that the development funds disbursed from the the state budget (APBN) and APBD will be on target to alleviate poverty.

Table 3. Summary of the 2018 APBD and Social Assistance Expenditures<sup>8</sup>

Level	APBN/APBD (in million rupiah)	Social Assistance Expenditu- res (in million rupiah)	%
National	1.094.971,03	10.022,38	0,92
Province	331.427,99	5.267,86	1,59
Districts	622.497,03	3.969,42	0,63
City	141.154,47	791,01	0,56

The funding allocated to run programs managed by TKPK comes from the APBN or APBD<sup>9</sup>. The source of these funds is limited. The ratio of national spending for social assistance is Rp7.305.000.000 or only

0,71% of the total APBN. Of the total province, the total regional expenditure for social assistance is Rp3.607.000.000 or 1,28% of the total Provincial APBD. The average regional expenditure ratio at the provincial level for social assistance is only 0,59% of the APBD.

Therefore, in order to overcome the suboptimal absorption of special autonomy funds and the limited social assistance funds, other sources of funds are needed to assist poverty alleviation programs<sup>10</sup>. The sources of funds in the Islamic economic system that allow for allocation are funds originating from the payment of zakat, infaq, shodaqoh, and waqf. In this scientific paper, researchers will examine how the application of the Islamic economic system, especially in terms of zakat payments, collection of infaq, shodaqoh, and waqf in improving welfare in Sorong City.

## LITERATURE REVIEW

In terms, zakat is part of assets with certain conditions which are required by Allah SWT to the owner to be handed over to those who are entitled to receive it. In general, zakat can be formulated as part of the assets that must be given by every Muslim who meets certain

<sup>8</sup><https://djpk.kemenkeu.go.id> (Friday, 20 November 2020)

<sup>9</sup>Presidential Regulation (*Perpres*) No. 15 of 2010

<sup>10</sup>Zainal Alim Adiwijaya & Edy Suprianto. "Good governance of zakat institutions: A literature review." *Journal of Southwest Jiaotong University* 55 no.2 (2020), 1-7

conditions<sup>11</sup>. Meanwhile, shodaqoh comes from the word sadaqah which means true. According to the term or terminology of sharia, shodaqoh giving is the issuing of a portion of assets or income or income for an interest ordered by religion. Waqf is a sunnah practice and can become mandatory if it is made with a will. Waqf is the giving of property or property owned by someone to another person in general or specifically<sup>12</sup>.

There have been many studies that state that the Islamic economic system can be a reference in running the economy of a country. One example of Islamic economic practice that has developed around the world is the zakat system. Zakat has been recognized as a system of income redistribution and empirically can improve welfare and reduce poverty. These activities constitute obligatory worship and sunnah (recommended) as purification of the wealth of the giver.

Islamic economics does not arise from the urge to correct economic imbalances, injustice, and

inequality<sup>13</sup>. Because Islamic economics was developed to serve cultural and political purposes, it does not have to meet scientific standards of coherence, precision, or realism. Until now, the most basic of the characteristics of Islamic economics is the prohibition of the application of the interest system<sup>14</sup>. Islamic economists believe that zakat can be a more effective weapon against poverty and inequality than the redistribution instruments used by the modern state, considering that the payment of zakat is voluntary<sup>15</sup>.

The productive waqf is a gift in the form of something that can be cultivated or rolled out for the good and benefit of the people<sup>16</sup>. With cash waqf management, Indonesia no longer needs to be in debt to multilateral creditors as a source of development financing, because cash waqf funds themselves have been able to complement state revenues in addition to taxes, zakat, and other income. Through various thoughts and studies, the role of cash waqf is not only in relinquishing economic dependence from multilateral creditors, this

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<sup>11</sup> Rizka Nurhasanah, "Pengaruh Zakat Produktif Terhadap Tingkat Pendapatan Mustahik (Studi di Kp Cilowong Kel Cibendung Kec Taktakan Kota Serang)", (unpublished thesis, UIN Banten, 2018), 14.

<sup>12</sup> A. Ganiyev, & Zinatullayev, Z. (2020). Tax And Zakat Collection System Of The Bukhara Emirate During The 19th Century. *Theoretical & Applied Science* 90 no. 10 (2020), 313-317.

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<sup>13</sup> Timur Kuran, "Islamic Economics and the Islamic Subeconomy", *The Journal of Economic Perspective*, 9 no.4

<sup>14</sup> Ibid.

<sup>15</sup> Salma Mohamed Abdulmunim Abdalla, *Charity Drops*, (Berlin & Zurich: Lit Verlag, 2017), 12-13

<sup>16</sup> Donna, D. R, "Penerapan Wakaf Tunai pada Lembaga Keuangan Publik Islam" *Journal of Islamic Business and Economics* 1 no. 1 (2008).

instrument can also be a component of economic growth<sup>17</sup>.

Next, Islamic economic and financial activities are shaped by various sizes and institutions. First, obligatory actions, such as zakat to answer the needs of the poor. Second, voluntary actions, such as shodaqoh (giving charity) and waqf<sup>18</sup>. Various methods have been developed to systematically manage zakat funds to increase their positive impact on poverty alleviation. The efficient use of the funds collected in waqf is developed through the cash waqf system and human development projects to increase its contribution to the economic development of the community<sup>19</sup>.

In terms of the collection and distribution of ZISWAF, the form of distribution of ZISWAF implementation is partitioned into four parts, namely zakat distribution, infaq distribution, shodaqoh distribution, and waqf distribution. Zakat distribution can be given in the form of scholarships, program funding, and school operations that can directly touch the poor who belong to the needy and poor<sup>20</sup>. Then, the distribution of

infaq to support school funding, employee wages, asset maintenance to the provision of facilities, while the distribution of shodaqoh can be in the form of achievement scholarships or the provision of educational facilities, and finally, the distribution of waqf in the form of land, building, or other assets that have an eternal nature can support educational operations, especially schools<sup>21</sup>.

One of the ZISWAF collection and distribution agencies is BAZNAS. For example in Solo, Indonesia, ZIS collection generally relies on civil servants. BAZNAS of Solo has distributed ZIS for consumptive purposes for short-term interests and productive for long-term interests. The efforts that must be made by BAZNAS in collecting, distributing, and utilizing ZIS include: optimizing the ZIS awareness movement in various circles of society through various methods and social media, maximizing ZIS distribution services, taking an active role in collecting zakat services as well as regular guidance and assistance for productive economic activities. The existence of effective ZIS management by BAZNAS in the Solo area is expected to be able to

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<sup>17</sup> Ibid.

<sup>18</sup> Mehmet Asutay, "A Political Economy Approach to Islamic Economics: Systemic Understanding for an Alternative Economic System" *Kyoto Bulletin of Islamic Area Studies* 1 no. 2 (2007), 3-18.

<sup>19</sup> Ibid.

<sup>20</sup> Tareq Shareef Younus & Reyaz Ahmad. "Zakat Management and Economic Sustainability: United Arab Emirates Model" in *Impact of Zakat on Sustainable*

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*Economic Development*. (Pennsylvania: IGI Global, 2021), 108-119.

<sup>21</sup> Khurul Aimmatul Ummah, et al., "Pola Implementasi Alokasi ZISWAF dalam Penyediaan Akses Pendidikan bagi Kaum Duafa", *Jurnal Ekonomi dan Bisnis Islam* 3 no. 2 (2018), 247-257.

contribute to increasing poverty and alleviating poverty<sup>22</sup>.

Next, to increase ZISWAF acceptance, efforts are needed to increase donors or ZISWAF givers (*Muzakki*). One of which is the Dompot Duafa program. The marketing strategy and series of activities used by the Dompot Dhuafa in terms of *muzakki* trust and increasing donations each year use a model which is a marketing theory, which is emphasized on the following points: a situation related to where and how an institution or agency is, then objective, which is related to the vision and mission, and achievement targets of an institution<sup>23</sup>. The implementation of Dompot Dhuafa contributes through four program areas, namely Education, Health, Social Development, Economy, and the incidental program in the month of Ramadan. From these programs and strategies, it can be seen that there is an increase in the number of donors every year<sup>24</sup>. This shows that there

is an increase in *Muzakki*'s trust in Dompot Dhuafa.

## METHODS

This research was conducted at the city level. The data used are city distribution data from BPS and the Integrated Database of TNP2K as well as Sorong City Zakat Statistics data issued by BAZNAS of Sorong City. The data used are data related to poverty and reports of ZISWAF revenue and distribution from 2015 to 2019.

The analytical method used is descriptive analysis on the available variable data. Descriptive analysis was conducted to determine data distribution patterns and comparisons between villages. This aims to obtain in-depth information regarding the potential of ZISWAF in Sorong City in order to reduce poverty and improve community welfare.

## RESULT AND DISCUSSION

In Islam, zakat is one of the obligations that must be carried out by every Muslim. As for charity is part of generosity in the context of Muslim society as a form of gratitude for Allah's blessings that have been given to him so that a servant is willing to set aside a portion of his assets for religious purposes both in the context of helping others and the struggle for Islamic da'wah.

The management of shodaqoh is the same as the management of zakat, but the distribution of shodaqoh is not the

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<sup>22</sup> Muhammad Zumar Aminudin, et al., "Pengelolaan ZIS Dalam Upaya Meningkatkan Kesejahteraan Masyarakat Dan Penanggulangan Kemiskinan (Studi Deskriptif dan Preskriptif di BAZNAS Kabupaten/Kota di Eks-Karesidenan Surakarta)", *ZISWAF : Jurnal Zakat dan Wakaf* 6 no. 1 (2019), 80-100, DOI: <http://dx.doi.org/10.21043/ziswaf.v6i1.5612>

<sup>23</sup> Ziyani Lutfiani Noor Falah et al., "Strategi Marketing Dompot Duafa dalam Peningkatan Kepercayaan Muzakki. Tadbir: Jurnal Manajemen Dakwah 1 no. 2, 155-171 (2016) DOI 10.15575/TADBIR.V11I2.133

<sup>24</sup> Ibid.

same as zakat<sup>25</sup>. The distribution of zakat has been determined to who has the right to receive it, while shodaqoh are given to things of a social nature, such as helping victims of natural disasters, providing compensation to orphans, providing assistance to underprivileged children for school, and other social activities. Apart from zakat and shodaqoh, the existence of infaq and waqf also has great potential in increasing welfare and reducing poverty<sup>26</sup>.

### **The Potential of ZISWAF in Improving Welfare and Reducing Poverty**

Researchers analyzed the potential for the application of Islamic economics in optimizing the collection and distribution of ZISWAF to strengthen the economy of the City of Sorong and to help accelerate poverty alleviation programs. So far, the Islamic economic system is still focused on the concept of riba liberation and the Islamic banking system<sup>27</sup>.

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<sup>25</sup> Mohd Shahid Bin Mohd Noh, "The Economic Thought of Syeikh al Mutawalli Al-Sya'rawi from His Book of Tafsir Al-Sya'rawi", *IQTISHODUNA: Jurnal Ekonomi Islam* 10 no. 2 (2021), 1-17

<sup>26</sup> Suhaimi Mhd. Sarif, "Influence Of Taqwa (Piety) On Sustaining Corporate Governance Of Zakat Institutions." *AZKA International Journal of Zakat & Social Finance* 1 no.2 (2021), 149-161.

<sup>27</sup> Nur Fitry Latief, "Accounting for Zakat and Infaq (Sadaqah) at Badan Amil Zakat Nasional (BAZNAS) in North Sulawesi, Indonesia", *International Journal of Accounting & Finance in Asia Pasific (IJAFAP)* 2 no. 2 (2019), 1-9.

Meanwhile, the focus of the development of the application of Islamic economics can be seen from three aspects, namely banking and finance; ZISWAF; and Islamic political economy<sup>28</sup>.

ZISWAF is expected to minimize the income gap between rich and poor people. Besides, ZISWAF is also expected to improve the economy of the population or household, community, even nationally.

Based on data released by BPS, in 2018 the composition of the Muslim population was 46,54% of the total population of Sorong City. By not combining the percentage of Protestant Christians (44,46%) and Catholics (8,16%), Islam is the religion of the majority of the population of Sorong City. Thus, it can be assumed that at least 40% of the total population of Sorong City is a donor in collecting ZISWAF. Besides, the distribution is not limited to one particular district but can reach all districts in Sorong City.

Based on Law no. 38 of 1999, the official zakat management organization in Indonesia consists of the Amil Zakat Agency (BAZ) which was formed by the government (at the central, provincial, and district/city levels), and the Amil Zakat Institution (LAZ) which was formed by the community and received approval

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<sup>28</sup> Sri Abidah Suryaningsih. "Women Workers and Professional Zakat Literations." *IQTISHODUNA: Jurnal Ekonomi Islam* 9 no. 2 (2020), 247-258.



from the government. Currently there is only BAZNAS as a non-structural government institution that can professionally manage ZISWAF in Sorong City.

The funds collected from ZISWAF have the potential to be a solution to solving community welfare problems. Based on data collected in 2018, the ZIS (zakat, infaq, and shodaqoh) collected at BAZNAS Sorong City was Rp2.310.044.334. This amount is obtained by adding zakat fitrah, zakat mal, infaq, and sadaqah. The funds that come from zakat fitrah are obtained by adding up zakat fitrah funds in the form of money and zakat fitrah funds in the form of rice with the assumption that the price of rice is adjusted to BPS data of Rp12.106/kg.

Table 4. Comparison of BAZNAS ZIS Funds and Realization of Sorong City Social Assistance Funds 2012-2018<sup>29</sup>

Year	ZIS Funds (Rp)	Social Grants (Rp)	%
2012	1.168.923.577	10.174.850.000	11,49
2013	1.307.539.430	11.991.350.000	10,90
2014	1.551.584.916	18.356.516.085	8,45
2015	1.709.035.360	6.599.515.588	25,90
2016	2.110.490.439	14.948.828.000	14,12
2017	2.020.543.097	13.545.991.500	14,92
2018	2.310.044.334	10.673.436.000	21,64

This amount is quite fantastic and is equivalent to 21,64% of the total APBD of Sorong City which was allocated for social assistance spending in 2018. This amount does

not include waqf collected during the same period. Besides, the ZIS that has been collected also does not cover all non-governmental donations or donations organizations that are widely scattered throughout the City of Sorong.

Table 5. Collection by Type of Funds from 2012 to 2018<sup>30</sup>

Year	Zakat Mal (in million rupiah)	Zakat Fitrah (in million rupiah)	Infaq Shodaqoh (in million rupiah)	Zakat Fitrah (rice, kg)
2012	211,8355	591,094	211,8355	18.589
2013	216,007	699,1195	216,007	19.730
2014	288,8515	773,585	288,8515	20.782
2015	348,999	868,394	218,942	24.984
2016	456,5778	1.065,0635	330,4387	22.449
2017	621,9987	910,8255	293,1465	16.868
2018	612,0545	1.046,575	309,5535	28.239
Total	2.756,324	5.954,6565	1.868,7747	151.641

The most widely collected source of ZIS comes from zakat fitrah, which most likely comes from 40% of the population groups who have the highest income, especially those who are Muslims. The total zakat fitrah collected in 2018 was Rp1.046.575.000 for cash and 28.239 kg for rice.

The growth of ZIS proves that the participation of the Muslim community in this kind of fund has increased from year to year. Very fast growth occurred in 2016, it's about 23% from the previous year.

<sup>29</sup> BAZNAS of Sorong City and <https://djpk.kemenkeu.go.id>

<sup>30</sup> BAZNAS of Sorong City

Table 6. ZIS Collection Growth and Gross Domestic Product Growth 2012-2018<sup>31</sup>

Year	ZIS (Rp)	Growth (%)	Financial Growth (%)
2012	1.168.923.577	-	8,24
2013	1.307.539.430	12	11,83
2014	1.551.584.916	19	12,10
2015	1.709.035.360	10	10,27
2016	2.110.490.439	23	9,07
2017	2.020.543.097	-4	8,35
2018	2.310.044.334	14	6,81
Average		12,37	9,52

The average growth rate based on ZIS from 2012 to 2018 was 12,37%. This ZIS growth is higher than the economic growth of Sorong City, which decreased during the 2014-2018 period. Therefore, with the economic capacity of the Muslim community increasingly civilized, optimizing the Islamic economic system in Sorong City will ultimately continue to encourage growth in ZISWAF in the following years.

### The Integrated Database Integration by following ZISWAF

ZIS funds collected from 2012 to 2018, on average each year have been distributed to 12.156 people. This distribution is concrete evidence that ZIS can help the economy and community welfare. The achievement of zakat distribution in the city of Sorong is shown in the following table.

<sup>31</sup> BAZNAS and BPS of Sorong City

Table 7. Affordability of Zakat Distribution in Sorong City in 2012-2018<sup>32</sup>

Year	Recipient of Zakat	Poor Population	Affordability (%)
2012	13.563	40.000	33,91
2013	10.118	41.100	24,62
2014	10.907	40.650	26,83
2015	15.588	39.240	39,72
2016	12.214	41.110	29,71
2017	9.460	42.200	22,42
2018	13.239	38.880	34,05
Average	12.156	40.455	30,18

Based on BPS data, the average percentage of poor people in Sorong City in 2012-2018 was 40.455 people. This shows that the distribution of zakat in Sorong City has attained 30,18% of the total number of poor people.

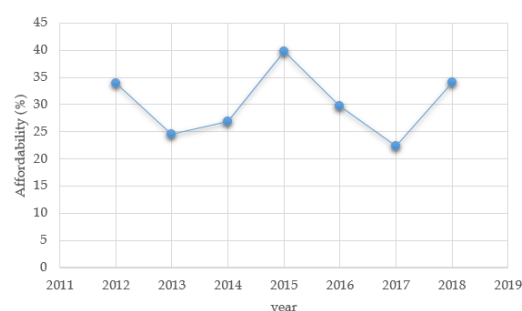


Figure 4. Affordability of Zakat Distribution

From the Figure 1, we can see that the achievement of the reach of zakat distribution in the city of Sorong was the highest in 2015. Although in the following year there was a decrease in the affordability of zakat distribution,

<sup>32</sup> BAZNAS and BPS of Sorong City

the decline occurred no more than 10% per year and in 2018 there was a sufficient increase significantly about 7%.

Next, in line with data in the Integrated Database, the number of poor people with the lowest 10% welfare level in Sorong City is 1.177 people or 204 households. If the ZIS distribution uses a household approach that includes the poor, then the distribution of zakat in Sorong City has been felt almost 100% by the poor with the lowest 10% welfare level.

### **Strategic Steps to Increase ZISWAF Participants**

The source of funds which come from zakat, infaq, shodaqoh, and endowments can be a promising alternative to alleviate poverty in Sorong City. Therefore, there are at least five strategic steps that can be taken.

First, mobilizing massively to all Muslim communities in Sorong City to distribute ZISWAF to BAZNAS institutions or ZISWAF collectors which are coordinated with BAZNAS. This raising consists of two stages, namely (1) public education on the concept of zakat, and (2) an invitation to distribute ZISWAF to BAZNAS by aggressively disseminating the benefits of distributing ZISWAF to BAZNAS.

The second step is to strengthen the legitimacy of zakat channeling institutions from the national level to the districts/cities. The role of the government, in this

case, is very strategic to create a clear legal umbrella and fully support the distribution of ZISWAF through BAZNAS. There needs to be political support from every political institution in initiating the formation of this policy design.

The third step is to improve the internal performance of BAZNAS itself. There needs to be an increase in facilities at BAZNAS that make it easier for people who want to distribute their ZISWAF, for example, the establishment of BAZNAS at the village level and the use of smartphone applications.

In the fourth step, BAZNAS is encouraged to innovate the allocation of funds which is not merely social assistance but productive assistance. ZISWAF funds are very strategic to improve the working climate of indigenous people, especially those who are Muslims, to boost their skills in doing business, especially at MSMEs.

The fifth step in this regard is at the international level, namely by intensifying the "ZISWAF Global" concept in the world. Indonesia has become a pioneer of "ZISWAF Global" by conducting international cooperation with Islamic countries in the world to form a global standard on ZISWAF. Developed countries such as Qatar, UAE, Brunei, and others are expected to help third-world countries such as Indonesia, Pakistan, Bangladesh, and others. If initially, ZISWAF aims to narrow the Gini ratio at the national level, then it is hoped that

the "ZISWAF Global" concept can narrow the Gini ratio of countries in the world<sup>33</sup>.

## CONCLUSION

The application of ZISWAF has the potential to be carried out in the city of Sorong, where the population is Muslim. Making the revenue from zakat, infaq, shodaqoh, and waqf as a source of additional funds is very potential in helping government programs, namely the acceleration of poverty alleviation. The practice of ZISWAF in Sorong City has shown promising performance and can have a positive impact on the economy, which is equivalent to 21,64% of the total APBD of Sorong City which is allocated for social assistance spending. Its distribution has also observed 30,18% of the total number of poor people. Meanwhile, the ZIS distribution agreement uses a household approach including the poor from the Integrated Database Integration, so the distribution of zakat in Sorong City has been felt almost 100% by the poor with the lowest 10% welfare level.

In its implementation, there are at least five strategic steps that can be taken. First, mobilizing massively to all Muslim communities in Sorong City to distribute ZISWAF to BAZNAS institutions or ZISWAF collectors

which are coordinated with BAZNAS. The second is with the legitimacy of national zakat distribution institutions. The third is by improving the internal performance of BAZNAS itself. Fourth, in terms of distribution, BAZNAS supports the innovation of allocations that are not only social assistance but productive assistance to all the people of Sorong City. The fifth is to intensify the "ZISWAF Global" concept in the world.

However, further research needs to be done to carry out economic practice in Indonesia, with a more comprehensive approach and more complex research methods. In this way, the conclusions taken can be more accurate, and the resulting solutions can be more precise.

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<sup>33</sup> Najib Kailani & Martin Slama, "Accelerating Islamic charities in Indonesia: zakat, sedekah and the immediacy of social media", *South East Asia Research* 28 no. 1 (2020), 70-86.

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