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**The Politics of Piety in Indonesian Democracy:  
A Study on Implementation of Zakat in West Sumatra**

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**The Politics of Piety in Indonesian Democracy:  
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**Abstract:**

Since the collapse of Suharto regime, regional governments in majority-Muslim districts throughout Indonesia have passed regulations that mandate the collection and distribution of *zakat*. They apply different criteria than Islamic organizations in this process. This paper examines the politics of Islamic tithes in West Sumatra and Indonesia within an historical context, in which rulers engaged with *zakat* in some way during the colonial era.

This paper traces the contours of *zakat* politics as expressed in public discourse analysis and policy-making. This analysis reveals that political motivations have been an important driver of Islamic regulation, surpassing the social and economic motivations of regional governments' for engaging in *zakat*. The paper concludes that the political ends are not driven by an ideological commitment to Islamization, but rather by the much more mundane concern of garnering and maintaining political power in the context of democratization and decentralization in the Post-Suharto Indonesia.

***The Religious and Social Meanings of Zakat***

Zakat is referred to eighty-two times in the Qur'an (Ali 1988: 9), most often alongside prayer.<sup>1</sup> The command to pay *zakat* is derived mainly from the following five verses.

“Fulfil your devotional obligations and pay the *zakat*. And what you send a head of good you will find with God; for He sees all that you do (Q 2: 110).”

“...be firm in devotion, pay the *zakat*, and hold on firmly to God. He is your friend: How excellent a friend is He, How excellent a helper! (Q 22: 78).”

“... observe your devotional obligations, pay the *zakat*, and obey the Apostle so that you may be shown mercy (Q 24: 56).”

“... Fulfil your devotional obligations and pay the *zakat*, and obey God and his Apostle. God desires to remove impurities from you (Q 33: 33).”

“... and be firm in devotion, pay the *zakat*, and lend a goodly loan to God. And what you send for yourself of the good, you will find it with God better and greater in reward, So ask for God's forgiveness.

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<sup>1</sup> This pairing is also found in the Jewish and Christian traditions (Zysow 2009).

Indeed God is forgiving and kind (Q 73: 20).”

The payment of zakat is, therefore, a religious obligation which is broadly perceived to represent and cultivate the piety of individuals through the meeting of their social and economic responsibilities as members of the Muslim community. The philosophical basis of zakat is that wealth is God-given, and therefore does not fully belong to the wealthy.

There are two types of zakat. The first is *zakat fitr*, which must be paid by every Muslim annually before the Islamic festival of *idl fitr* (celebrated at the end of the fasting month, to ensure that every Muslim has food for the celebration. There are several interpretations of the appropriate application of zakat fitr. While it can be paid in cash or in kind, the minimum amount of zakat fitr that can be paid is equal to the cost of one day’s staple food for each member of a donor household – in Indonesia, generally rice (Ariff 1991: 39). This is in accordance with Shafii School practice, the national standard in Indonesia. By contrast, the Hanafi School believes that zakat fitr can be an equivalent measure of some other thing required by poor Muslims, the value of which is determined in a country’s local currency (Zysow 2009). Wheat, barley, dates, raisins and milk products such as yogurt and cheese are examples of the goods deemed appropriate for the payment of zakat fitr.<sup>2</sup>

The second form of zakat is *zakat mal*, which is also an annual imposition. It is traditionally paid at harvest time and is used to fund social and political projects. According to the Shafii School, payment of zakat mal is required of every Muslim in possession of a certain assets, such as gold, farmland and livestock. Those deemed wealthy enough to pay zakat mal are generally expected to pay the equivalent of two and half per cent of their possessions’ values (Salim 2008). In the Hanafi School, zakat mal is calculated not only from the value of such assets, but also from the method by which goods are farmed, which serves as a proxy for profit (Zysow 2009). For example, goods farmed using a local water supply are calculated at twice the rate as goods produced on a farm without irrigation.<sup>3</sup>

Interpretations of the means through which zakat mal is calculated have changed over time. The practice initially focused on the possession of products such as gold, agricultural products and livestock. However, from the time of Umar Ibn Khattab, the second of the four ‘rightly-guided’ Islamic caliphs, new categories of zakat-liable commodities were developed, including merchandise (Zysow

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<sup>2</sup> Islamic countries such as Pakistan and the Sudan have adopted this approach (Kahf 1995: 214).

<sup>3</sup> Unlike zakat fitr, zakat mal has been the focus of several scholarly works. See, for example, Zysow (2009), and Alfitri (2006).

2009).<sup>4</sup> In the contemporary Islamic world, income derived from waged work and other new commodities, including services, are also considered in the calculation of zakat mal. As with individuals, companies must also pay zakat mal.

Assessments regarding which groups constitute appropriate recipients for zakat also vary. According to the Qur'an, eight groups are eligible to receive zakat: the poor; the homeless; the collectors of zakat (*amil*); new converts to Islam; slaves; debtors; and those engaged in the 'way of God' (such as students and priests), and, finally, wayfarers (Ariff 1991).<sup>5</sup> Although all these groups are eligible to receive zakat, the poor and the homeless are given priority. Some zakat institutions distribute zakat collection to the collective body, but some do not. At times, particular groups were excluded altogether. For example, during his caliphate, Umar Ibn Khattab decided that new converts to Islam no longer needed to rely on zakat (Zysow 2009). In contemporary times, there have been debates about whether non-Muslims can be recipients of zakat. Proponents of this interpretation – such as British Islamic Relief, which funds non-Muslims in Africa – argue that the phrase 'the poor and the needy' implies both Muslims and non-Muslims, while opponents – such as Muslim Aid, which is also based in Britain – believe that zakat should only be distributed to Muslims, because the majority of Muslims had fewer financial advantages (Benthall 1999).

Opinions of Islamic scholars also differ on whether the payment of zakat is voluntary or compulsory. For example, Baqir al-Sadr, the Iraqi Shi'i scholar, asserts that zakat is a moral obligation, but one that should be voluntary. Governments with power over Islamic communities can enforce payment of zakat but, in contrast to a voluntary system which enables the rich to recognize their social responsibilities, such a system does not encourage the rich to commit to improving the welfare of the poor (Wilson 1998: 49). Umer Chapra, the research advisor at the Islamic Research and Training Institute of the Islamic Development Bank in Jeddah, stresses that while governments need to apply basic guidance for zakat, individual responsibility must also be encouraged (Wilson 1998: 49). The Indian Muslim scholar, Nejatullah Siddiqi, on the other hand, proposes that zakat should be compulsory, since it is the task of a socially responsible government to administer social justice (Siddiqi 1996: 19-20).

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<sup>4</sup> Initially, Muslim merchants were charged at the rate of 2.5 per cent, while non-Muslims were charged 10 per cent (Zysow 2009).

<sup>5</sup> Some categories have a broad definition, which leaves them open to new interpretations. For example, Burr and Collins (2006: 13) argue that zakat has been used to fund terrorism under the category of those engaged in 'the ways of God'.

### ***Zakat in Indonesia***

Zakat has been practiced in Indonesia since the time of the Islamic kingdoms of the seventeenth century (Salim 2007: 688). At this time, as Salim shows, the collection and distribution of zakat was managed by religious officials (*amil* and *modin* at the village level and *penghulu* and *naib* at higher levels), as well as informal religious leaders such as *kiai* and *ulama*. Zakat was mainly used by those directly involved in collecting it, as a form of compensation in lieu of salary (Salim, 2006: 688).

The practices of the Islamic kingdoms in the collection of zakat continued into the colonial period. Indeed, the Dutch only began to engage in zakat management in the nineteenth century. Correspondence between Snouck Hurgronje, Advisor on Native Affairs to the colonial government of the Netherlands East Indies, and Dutch officials in the Netherlands suggests that the colonial administration was concerned that native officials, such as the *penghulu* and the *naib*, were misusing zakat proceeds, and that their actions would have a negative effect on the colonial authority (Abdullah 1991). Ultimately, in 1893, the Dutch introduced a policy to prevent the misuse of zakat by indigenous officials (Ali 1988: 32). When that failed, they introduced a new regulation prohibiting indigenous officials from collecting zakat. This policy left individual Muslims free to decide whether or not to pay zakat, and whether to pay it through religious institutions or directly to their chosen beneficiaries (Snouck Hurgronje 1992 [1936]).

The first modern zakat institution in Indonesia was the Indonesian Bayt Mal, established during the Japanese occupation in 1943 by the Japanese-sponsored Islamic political and social organization, the High Indonesian Islamic Council (Majlis Islam A-la Indonesia, MIAI) (Abdullah, 1991: 57). In Aceh, zakat was collected by the Sharia court (*Mahkamah Syariah*), also created by the Japanese (Abdullah 1991: 58).<sup>6</sup> After the declaration of independence, the Indonesian Republican administration established a Ministry of Religion in 1946 (replacing the Office for Indigenous Affairs), but it reinstated the Dutch policy on zakat through a circular which stated that the Indonesian government would not engage in zakat management (Salim 2008: 28). In 1959, after it was granted special autonomy by the Indonesian government, Aceh was the first province to institutionalize zakat (Abdullah 1991). Here, Baitul Mal were established at every level of the administrative structure, down to the village level. However, zakat fitr, rather than zakat mal, was the main target of this zakat institution (Abdullah 1991).

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<sup>6</sup> The MIAI was dissolved in the late 1943, and the Sharia court ceased operating after the Japanese left Indonesia.

No further steps were taken to institutionalize zakat until the fall of Sukarno's government and the establishment of the New Order in 1966–67. Shortly after the New Order was established, the Ministry of Religion proposed a draft zakat law that instructed every governor to establish Baitul Mal in the province that he administered (Ali 1988: 36). The draft was rejected by the Minister of Finance, Frans Seda, in 1967. Seda believed that it was not necessary to regulate zakat through a national law, arguing that a regulation issued by the Ministry of Religion would be sufficient (Ali 1988: 36). A year later, the Ministry of Religion changed the focus of its proposed law from the enactment of zakat laws to the establishment of zakat agencies. Following the advice of the Ministry of Finance, the revised proposal was released as Ministry of Religion Regulation No. 4/1968, under which the emergence of zakat agencies and committees was to be regulated (Salim 2008: 182). However, Suharto annulled the regulation a few months later and instructed the Ministry of Religion to abandon its attempts to manage zakat. In its place, he proclaimed himself as collector of zakat as a private person (Ali 1988; Abdullah 1991) and instructed military officers to prepare for the establishment of a nationwide zakat foundation (Salim 2008). He also encouraged public officers and local governments to establish zakat institutions in their own offices.

Suharto's initiative, which Salim (2008) argues was an attempt to sidestep demands from the Islamic lobby to implement Islamic laws, opened a new chapter in the state's engagement with zakat. While subverting attempts to regulate zakat under national law, it opened up new opportunities for the institutionalization of zakat by regional governments (Abdullah 1991). Government-sponsored agencies for zakat, charity and alms (Badan Amil Zakat Infak dan Sedekah, BAZIS) were established after the president sent a circular to all public offices and local governments in 1968, suggesting that they establish zakat agencies in their respective workplaces (Salim 2008:30). BAZIS were established in Jakarta (1968), East Kalimantan (1972), West Sumatra (1973), West Java (1974), South Kalimantan (1974), South Sumatra, Lampung and Aceh (1975), Papua (1978), North Sulawesi (1985), and South Sulawesi (1985) (Ali 1988; Abdullah 1991). These quasi-governmental zakat institutions operated parallel to traditional systems of zakat collection and distribution, through which Muslims paid zakat voluntarily to Islamic organisations such as Assyafiiyyah and Attahiriyyah in Jakarta. In the 1980s, these parallel systems were joined by a new form of zakat institution, namely voluntary company-based zakat institutions (Abdullah 1991).<sup>7</sup>

After the shift in the New Order's approach toward Islam in the late 1980s,

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<sup>7</sup> Abdullah highlights the example of the Badak LNG Company in East Kalimantan, which established a zakat fund in 1987 to receive contributions from around 300 employees.

the Ministry of Religion began to offer broad guidance on the management of zakat and limited assistance to a variety of zakat institutions. As part of this initiative, the Ministry issued Ministerial Instructions No. 16/1989 and No. 5/1991 and Joint Ministerial Decrees No. 29/1991 and No. 47/1991 concerning the existing zakat agencies; these instructions and decrees jointly served to provide a legal basis for zakat agencies in Indonesia. Importantly, however, these instructions and decrees made way for a shift in the nature of zakat agencies, from the established government-sponsored agencies to non-governmental and semi-autonomous local agencies (Salim 2008: 34). Zakat payment remained voluntary, and no provisions were made for any kind of central coordination of zakat institutions.<sup>8</sup>

### **Zakat in the Post-Suharto Period**

Law No. 38/1999 on Zakat Management was passed in the aftermath of the Asian financial crisis, which had seen a massive increase in the number of Indonesians living in poverty.<sup>9</sup> The law was developed from drafts proposed by the Ministry of Religion in 1967, 1985 and 1991, all of which had been rejected by Suharto (Salim 2008: 48). The Ministry presented the 1999 draft to parliament on 24 June and the law was enacted in December of the same year.<sup>10</sup>

The law, the stated purpose of which was to enhance the state's ability to help Muslims pay zakat and to utilize Islamic concepts in achieving social justice, defines zakat as the submission of property by Muslim individuals or institutions to be distributed to zakat recipients. According to the law, it was necessary to regulate the institutionalization of zakat through legislation in order to realize the tithe's potential as a source of funds to improve social security for less advantaged citizens. Under the law, the Indonesian government and its agencies were authorized to create zakat institutions to collect and distribute zakat at each level of their administrative structure, with the requirement that each institution follow reporting requirements on its activities. It also allowed private zakat institutions to collect and distribute zakat.

The 1999 law legalized the establishment of zakat institutions by both

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<sup>8</sup> Note that an organization called Forum Zakat emerged in 1997. Led by the private zakat institution Dhompot Dhuafa Republika, it attempted to unite all zakat agencies (Salim 2008: 40). This organization, dominated by leaders of private zakat institutions, played an important role in disseminating information before the institutionalization of zakat in 1999.

<sup>9</sup> In 1990, only 3 per cent of population were said to be living in poverty. This figure rose to 15 per cent in 1999 and 23 per cent in 2001 (Indonesian Statistics 2006). According to a World Bank report released in 2002, the number was even higher, reaching 49 per cent living under US\$2 a day (World Bank 2002).

<sup>10</sup> The Ministry of Religion was criticized for failing to involve Islamic scholars in the drafting process (Salim 2008: 49).

governmental and private organizations. It mandated the establishment of a supervisory board to oversee government-based zakat institutions and the payment of zakat on assets such as gold, silver, cash, trade and companies, products of agriculture, plantation and fisheries, mining, animal husbandry, income from work and services, and treasures buried in the earth. It includes sanctions for administrators who fail to record, or make errors in recording, the proceeds of zakat. While it makes the payment of zakat compulsory, it does not impose sanctions on failure to comply (Chapter 7 Article 21). Moreover, it does not define the assets to be used in zakat calculations, the methods used to assess said assets, or the groups eligible to receive zakat.

Acknowledging some of the shortcomings of the law, the Forum Zakat, the members of which included more than 150 zakat institutions, put forward a proposal for an amendment to the law in 2002. The members of the forum demanded that changes be made so that the principles of Islam formed the basis of zakat management. They proposed that a Ministry of Zakat and Wakaf be established, that zakat institutions be required to actively collect zakat, and sanctions be imposed on those who failed to meet their zakat obligations. This proposal was rejected by Tulus – the Director of Zakat and Wakaf in the Ministry of Religion – and Wahiduddin Adam – the director of the Harmonization of Regulations in the Ministry of Justice and Human Rights (Salim 2008: 57).

Despite its shortcomings, the law facilitated a dramatic restructuring of the institutional landscape around zakat. Most importantly, it created a mandate for the establishment of government zakat institutions (called Badan Amil Zakat) at all levels of government and of the National Government Zakat Institution (Badan Amil Zakat Nasional, BAZNAS). BAZNAS was established in January 2001 through Presidential Decision No. 8/2001.<sup>11</sup> As well as collecting and distributing zakat, the institution aims to encourage Muslims to pay zakat, to use the monies collected to reduce poverty, and to create networks among zakat institutions. The zakat institution has three departments: the Operating Committee, consisting of nineteen members, and the Advisory and Supervisory Boards, each with seven members. BAZNAS has 33 provincial agencies (Badan Amil Zakat Daerah, BAZDA) and 66 collection units, mainly in Jakarta. As of 2010, there were 497 BAZDA offices at the district level. These local agencies have some autonomy. For example, BAZNAS may call on BAZDA to assist in the distribution of zakat proceeds, but not to remit zakat collected locally to the central level.

Since its formation, the amount of zakat collected by BAZNAS and BAZDA

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<sup>11</sup> The information presented here was taken from the BAZNAS website, available at <http://www.baznas.or.id> (accessed 21 June 2009).

has increased from IDR 100 million in 2003 to IDR 1.8 trillion in 2011 (*Republika* 16 January 2012). In terms of distribution, BAZNAS is authorized to distribute zakat into five programs; education, farms and fisheries, natural disasters, health and Islamic education. Critics suggest that BAZNAS has spent a relatively high proportion of zakat proceeds on advertising materials in order to attract more zakat payers, arguing that such costs should be covered by the state budget – a practice that, as noted above, is found in a number of countries in the Middle East – and the institution suffers from poor transparency and a lack of reliable reporting.<sup>12</sup> The criticism has prompted BAZNAS and BAZDA to urge the Indonesian government to fund their operational expenses.

Since the enactment of the law, 18 private zakat institutions have also been established at the national level, including Dompot Dhuafa (which is associated with the prominent daily newspaper, *Republika*), the Indonesia Zakat House, The Justice Post and People's Care, as well as institutions under the auspices of Muhammadiyah and Nahdlatul Ulama. The Justice Post Concerning Muslim Society (Pos Keadilan Peduli Umat, PKPU), affiliated with the Prosperous Justice Party (Partai Keadilan Sejahtera, PKS), claims to be one of the leading private zakat institutions and was established in December 1999 to help Muslim refugees fleeing social conflicts in Ambon and Maluku (PKPU 2006).<sup>13</sup> It was formally recognized as a zakat institution through the Minister of Religion's Decision No.441/2001.

As required by the zakat law, PKPU has three departments: a Supervisory Board, an Advisory Board, and an Operating Committee. Its 14 provincial branches deal with more than 70 large companies in Indonesia and have links with 35 international Islamic organisations and communities around the world. In 2010, PKPU collected zakat proceeds worth around IDR 10 trillion (PKPU 2011). Like BAZNAS, PKPU has rescue and rehabilitation programs for natural disaster victims and runs advocacy services. PKPU also provides scholarships for students, clinics in rural areas providing affordable health care, and funding for small business groups.

Private institutions like the PKPU collect a greater proportion of zakat than the government zakat institutions at the various levels. For this reason, and also in light of the fact that governments cannot control the distribution of zakat that is collected by private institutions, the Ministry of Religion sought to introduce further amendments to the 1999 law on zakat management in 2009. These draft

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<sup>12</sup> Both criticisms were taken from a speech given by the Minister of Religious Affairs in 2008. See the Baznas website, [www.basnaz.co.id](http://www.basnaz.co.id) (Accessed 21 June 2009).

<sup>13</sup> Most information presented here was taken from [www.pkpu.or.id](http://www.pkpu.or.id) (Accessed 21 June 2009).

amendments proposed the imposition of sanctions for those who do not meet their zakat obligations, as proposed earlier by Forum Zakat, and made provisions for the introduction of tax concessions for zakat payments. Perhaps most importantly, it also aimed to centralize the management of zakat within government-run zakat institutions (*Republika* 5 June 2009).

A heated debate took place on the proposed centralization of zakat institutions, which, if instituted, would bring all existing zakat institutions under the administration of BAZNAS. Nasaruddin Umar, then Director General for the Guidance of the Muslim Community (Direktur Jenderal Bimbingan Masyarakat Islam, Dirjen Bimas Islam) in the Ministry of Religion – later Deputy Minister for Religion – argued that centralization would be of great benefit because it would increase control over the total amount of zakat collected (*Ikhlas Beramal* June 2009). However, spokespersons for many private Islamic organisations vociferously rejected the proposal for centralization under government control. For example, Jaya Saputra, a branch head of Rumah Zakat Indonesia, said that it would limit the activities of private zakat institutions, while Ahmad Juwaini, the head of Forum Zakat, argued that the government should be more concerned with those who do not pay zakat rather than with centralizing zakat management.

With regard to the provisions for tax deductions, Government Regulation No. 17/2000 on Income Tax had already provided for a 2.5 per cent concession on state income tax for Muslims who have paid zakat on their income. Moreover, in August 2010, President Susilo Bambang Yudhoyono issued Government Regulation No. 60/2010 on Zakat as a Tax Deduction on Gross Income, which allowed for the discounting of gross income by the amount of zakat paid, thus reducing the amount on which income tax is paid. The proposed revision sought to apply tax credit for zakat paid on all assets. In September 2010, the Minister of Finance, Agus Martowardojo, spoke strongly against this proposal, which he pointed out would have a significant effect on tax revenue (*Penghasilan Kena Pajak, PKP*) (*Republika* 17 September 2010).

A further point of debate on the proposed amendments concerned proposed sanctions for those who do not meet their zakat obligations. Yusuf Wibisono, the Deputy Head of the Centre for Islamic Business and Economics at the University of Indonesia, suggested that this provision would not be effective, noting that similar measures on secular taxes had been largely ineffective, as had the 1999 law, which had obliged Muslims to pay zakat but had not made provisions for sanctions (*BaituMal* 25 October 2010).<sup>14</sup> As Wibisono indicated, zakat is seen by Indonesian

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<sup>14</sup> The Indonesian government has a long-standing problem with income tax collection. Of just 20 million registered tax payers in Indonesia, only 8.5 million paid their taxes in 2010

Muslims as voluntary in nature. In any case, the relatively low representation of Muslim parties in the national parliament meant that it was unlikely that any amendment imposing sanctions would be passed.<sup>15</sup>

The proposed amendments to the 1999 law on zakat management were debated in parliament in 2010 and 2011. Ultimately, in November 2011 Law No. 23/2011 on Zakat Management was passed despite protests from representatives of the Prosperous Justice Party (Partai Keadilan Sejahtera, PKS), who argued that the law would limit the activities of private zakat institutions such as PKPU, which is affiliated with the party, and abstention by members of the People's Conscience Party (Hati Nurani Rakyat, Hanura).

The amended law requires private zakat institutions to report their activities to either BAZNAS or BAZDA, depending on their administrative level. It also provides for sanctions on private institutions that fail to do so. Upon the passing of the law, many private zakat institutions again made public statements against it, arguing that it would decrease the role of private zakat institutions (*Republika* 3 November 2011).<sup>16</sup> In 2013, 9 private zakat institutions, such as Dompot Dhuafa, Yayasan Rumah Zakat Indonesia, Yayasan Yatim Mandiri had requested a judicial review on the 2003 Zakat Law to the Constitutional Court. The Constitutional Court then annulled strict requirements for establishment of private zakat institutions. Private zakat institutions were not necessarily from Islamic organizations, must have legal forms and permit from governments. The court also rejected criminalization of unlicensed private zakat institutions. However, the court maintains the private zakat institutions to report their management of zakat to government body in their own region.

Regulations have also been passed in several provinces and districts on zakat. There is no reliable data on how many local regulations dealing with zakat exist, since regional governments often fail to report the regulations they pass to the central government. However, based on a report from the Ministry of Law and Human Rights, there were at least eighteen zakat regulations in seven provinces and seventeen districts in 2010.

To reinforce the 2001 law on zakat, Governmental Regulation No. 14/2014 was issued. The regulation requires each district throughout Indonesia to establish a BAZDA – which had already been established in majority-Muslim districts throughout Indonesia since 2001 – to manage the collection and distribution of zakat.

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(*Kompas* 25 September 2011).

<sup>15</sup> In 2009, 17 per cent of seats were held by Islamic political parties (DPR, 2011).

<sup>16</sup> Yusuf Wibisono reportedly plans to mount an appeal against the law in the courts (*Republika* 3 November 2011).

At the time of this writing, this governmental regulation is being proposed by Indonesia zakat forum a judicial review to the Constitutional Court in which the regulation maintains strict regulation for establishment of zakat institutions and appoints the Ministry of Religious Affairs as financial auditors of zakat institutions, not the Indonesian Ulama Council as it is used to.

### ***The Politics of Zakat in West Sumatra***

In West Sumatra, as in other parts of Indonesia, traditionally zakat was primarily collected through mosques or Islamic private schools. The bulk of the money collected was used to pay for the building and operations of the mosques, orphanages and schools, with very little being distributed to the poor.

Following changes at the national level under the New Order, the first modern zakat institution was established in West Sumatra in 1973, with the establishment of the government-sponsored BAZIS (Ali 1988; Abdullah 1991). Subsequently, BAZIS were established in governmental institutions such as PT. Semen Padang and the University of Andalas, Padang. According to President Suharto's circular to government offices in 1968 (the circular that underpinned the establishment of BAZIS across Indonesia), zakat collection was limited to employees of these institutions.

In later years, a number of modern private zakat institutions also emerged in the province, becoming an important mechanism for zakat collection. For example, the Collective Body for Zakat, Charity and Alms (Badan Pelaksana Urusan Zakat, Infak dan Sedekah, BP-UZIS), established by Muhammadiyah's West Sumatra branch in 1995, collected IDR 3.4 million in 1995, which increased to IDR 19.2 million in 1999. Although Muhammadiyah established another private zakat institution (Lembaga Amil Zakat Muhammadiyah, Lazismu) in 2002, BP-UZIS has maintained its independence, collecting some IDR 240 million in 2011 (*Padang Ekspres* 29 January 2012).

With the passing of the 1999 zakat law, regional governments were able to establish their own zakat collection institutions. A BAZDA was first established at the provincial level in 2001. Then, between 2003 and 2007, BAZDA were established in 18 of the 19 districts of West Sumatra (the exception being Kepulauan Mentawai, which has a Christian majority population). The heads of districts then appoint the head of BAZDA. These local zakat collection agencies were controlled by the mayors and district heads. For example, Fauzi Bahar, the Mayor of Padang, served as the head of the Padang BAZDA's Advisory Board from its establishment in 2006 until 2010. In this role, he personally appointed the personnel to the Padang BAZDA's Advisory, Supervisory and Executive boards (Interview with Irsadunas,

BAZDA Executive Committee Member, 25 November 2008).<sup>17</sup> The Mayor of Padang then appointed the head of Bazda's executive at his time in office from members of regional Indonesian Ulama Council. Here negotiate the Mayor and the Indonesian Ulama Council in arrangement of zakat management.

The regional governments have constructed a model of collection and distribution which is not necessarily in accordance with traditional Islamic jurisprudence. All government employees in the city of Padang are obliged to pay some ten thousand to two hundred thousand rupiah in zakat; this choice was given to the employees in 2007. Current practice is similar; civil servants are given the options to pay zakat in the amount of fifty thousand, a hundred thousand, two hundred thousand, or four hundred thousand a month, or in an amount they choose themselves. Their offices' treasurers will then deduct the zakat directly from their salaries and transfer it to BAZDA. In terms of its distribution, there are four dominant types of distribution of zakat as managed by BAZDA, namely cash direct distribution, scholarships for students, funding of Islamic activities, and small business capital. Zakat of the first two types reaches hundreds of people; the last two types do not. Like many regional governmental programs, information on who is eligible for zakat, and the procedures for obtaining it, is conveyed to constituents by the district heads and individuals attached to the government.

Since decentralization, several forms of regulation (local regulations, instructions and circulars issued by district heads) have been used to make zakat compulsory in West Sumatra. Local regulations (Peraturan Daerah, Perda) on zakat have been passed in nine of the nineteen districts in the province.<sup>18</sup> The first local regulation on zakat management was passed in Solok in 2003 (Local Regulation No. 13/2003). This was quickly followed by Pesisir Selatan (Local Regulation No. 31/2003). Local Regulation No. 13/2003 on Zakat Management has the stated aim of improving the management of zakat in order to facilitate its collection, to increase the function and role of religious institutions in the creation of a fair and just society; and to increase the use and efficiency of zakat. This law not only requires individual Muslims and business institutions owned by Muslims to pay zakat, but designates that payments should be channeled through the appropriate BAZDA.

Between 2004 and 2010, local regulations on zakat management were passed in Bukittinggi and Padang, as well as the districts of Sawahlunto, Sijunjung and

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<sup>17</sup> There are clear signals that local governments' need for popular support in the current political environment will mean that any attempt to do so will have to be negotiated with private stakeholders.

<sup>18</sup> Some laws extend to charitable donations (*infaq*) and alms (*shadaqah*).

Agam. Local regulation No. 2/2010 on Zakat Management in Padang, for example, makes the payment of zakat compulsory for Muslim citizens financially capable of paying it; this also applies to businesses owned by Muslims in Padang. The local regulation defines assets including gold, silver, cash, trading and business profits, agricultural, plantation and fishery products, mining, livestock, income and artefacts as being liable to zakat, and identifies the recipients of zakat as the poor, the homeless, those who collect zakat (*amil*), new converts to Islam, slaves, debtors, those engaged in the 'way of God', and wayfarers. All of these local regulations have declared BAZDA to be the agency for the collection and distribution of zakat.

Although other districts have not yet passed local regulations on zakat management, instructions and circulars by district heads on the management of zakat have been applied in all but Kepulauan Mentawai. In the other nine districts, mayors and district heads have used these regulatory tools, as well as less formal policies, to better control the collection and distribution of zakat. Among other initiatives, BAZDA have been established in Pariaman, Payakumbuh, Tanah Datar, Solok Selatan, Pasaman Barat, Pasaman, Padang Pariaman, Lima Puluh Kota and Dharmasraya. In Payakumbuh and Bukittinggi, all regional government employees are obliged to pay one per cent of their monthly income to BAZDA. The zakat contributions of these employees are deducted automatically from their salaries (*Padang Ekspres* 15 June 2009).

In an attempt to wrest control management of zakat from private zakat institutions, local officials have also argued for an amendment to the 1999 national zakat law, asserting that government zakat institutions should be given the sole rights to distribute zakat proceeds. Under this proposal, private zakat institutions would still be allowed to exist, but only to collect zakat, not to distribute it. According to Febri Thomas, the head of the Zakat Sub-Unit in the Padang office of the Ministry of Religion, a single mechanism for the management of zakat distribution is necessary to avoid situations where there is overlap with other programs for poverty alleviation, because this could result in some recipients receiving double the amount they deserve (Interview, 29 November 2010). The government's proposal elicited strong opposition from proponents of private zakat institutions, who argued that they are more trustworthy than the government's zakat institutions (*Padang Ekspres* 26 August 2010), citing as evidence for this that the private zakat offices receive more contributions from Muslims overseas than the state institutions (*Padang Ekspres* 21 August 2010).<sup>19</sup>

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<sup>19</sup> In 2007, Fauzi Bahar, the Mayor of Padang, hosted a zakat conference for Southeast Asian countries, inviting speakers from Malaysia, Brunei Darussalam and Singapore. Attendees also included individuals from countries such as Australia, Saudi Arabia and Germany (*Rumah Zakat*

The mechanisms for managing zakat are determined separately by each zakat institution. BAZDA Padang, for example, collected IDR 10 billion in 2009, of which more than IDR 8 billion was distributed that year.<sup>20</sup> Funding allocations included IDR 5 million for four *muadzin* (those who call Muslims to prayer), and more than IDR 600 million for Islamic activities, such as payments for sermons in governmental offices and on the local radio station, activities proposed by private Muslim citizen, and ceremonial activities during the month of Ramadan. The remainder was distributed through a variety of allocations, including direct cash contributions, scholarships, and training for around 20,000 Muslim recipients (Bazda Kota Padang 2010). BAZDA Bukittinggi announced that 60 per cent of the IDR 1 trillion it collected in 2009 was allocated to the education of children from poor families (Rahman Ritonga, head of the Educational Council of Bukittinggi cited in *Posmetro Padang* 31 March 2010). A further IDR 1.8 million was distributed to each of seven poor, elderly people, via the Family Empowerment and Welfare Agency (Pemberdayaan dan Kesejahteraan Keluarga, PKK) (Tati Budi Perwira, quoted in *Padang Ekspres* 3 June 2009). Two years later, this agency allocated the funds it collected to social welfare programs, including the provision of scholarships for students at primary and secondary schools and incentives for non-permanent teachers (*guru honor*) in both public and Islamic schools (*Padang Ekspres* 29 July 2011). BAZDA Pasaman Barat, meanwhile, allocated their zakat proceeds to cash subsidies for the poor and to scholarships for tertiary students (*Padang Ekspres* 24 November 2011).

Muslim groups are concerned that regional governments, rather than Islamic leaders, now have the authority to decide which groups of Muslims receive zakat and which activities are funded from zakat proceeds. They fear that these funds are being used to further the government's own agenda. For example, in 2009 a zakat program was combined with a governmental program called the Poor Family Program (Keluarga Miskin, Gakin) in Padang. Recipients of scholarships from zakat proceeds are required to participate in Islamic activities (Maigus Nasir, head of administration, BAZDA Padang, quoted in *Singgalang* 2 November 2010). Such

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31 October 2007). It was at this conference that the decision was made to create a secretariat of the Southeast Asian Zakat Council (Dewan Zakat ASEAN) in Indonesia. Private zakat institutions' overseas links are primarily with expatriate West Sumatrans. For example, the Minangkabau Association of West Sumatra Society (the Minang USA Foundation) in America channeled their zakat collection through PKPU in 2009. The PKPU also has links with the Minangkabau Association (Minang Saiyo) in Sydney Australia, which remitted around AUD 3,500 to PKPU in 2009 (Interview, Jon Afrizal, 19 September 2009).

<sup>20</sup> An amount of IDR 1 billion was to be collected in 2010 in the sub-district of Kuranji alone (Asril, the head of the education sub-unit in the sub-district of Kuranji, cited in *Singgalang*, 25 August 2010).

concerns, however, have so far had little impact on the regional government's engagement in the collection and distribution of zakat. Other criticisms include complaints that the regional government's emphasis on zakat has silenced discussion on the use of secular income tax for social welfare programs, thus freeing the proceeds of secular taxes for other projects.

The politics of zakat in the public discourse are utterly apparent. Official narratives about zakat have focused strongly on the religious risks of not fulfilling one's obligation to pay zakat, zakat's potential as a tool for poverty reduction and emergency relief, and on regional governments' important role in the facilitation of zakat collection and distribution. However, in contrast to the public discourse on the other issues dealt with in this thesis, I have not been able to find any instances where the imposition of zakat has been justified in terms of the Minang philosophy, 'Adat Basandi Syarak Syarak Basandi Kitabullah'. Instead, admonitions to the community to meet their zakat obligations are framed in terms of the moral risks of failing to do so. The Padang city administration, for example, has put up a large billboard in the center of the city proclaiming that zakat keeps the rich from the flames of hell and the poor from blasphemy (*Zakat Menyelamatkan Sikaya dari Api Neraka dan Simiskin dari Kekufuran*). Moreover, the failure to comply with the obligation to pay zakat is said to have implications not only for individuals, but for the entire community. According to Amri Darwis, head of the District of Limapuluh Kota:

Recurrent disasters happen because of the faults of mankind. People no longer follow God's commands and doctrines. Take the example of zakat. So many people are reluctant to fulfil their obligation to pay zakat, including government employees (*Padang Ekspres* 15 June 2009).

The fear of total destruction as a result of an earthquake or other natural disaster unleashed by God on His sinful subjects has proven to be a strong incentive to meet one's religious obligations.<sup>21</sup> More common, however, are appeals to Muslims' consciences and sense of social justice. Salmadanis, the head of BAZDA Padang, has told the public on many occasions that the function of zakat is to alleviate poverty.<sup>22</sup> Similar statements have been made by the Mayor of Padang,

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<sup>21</sup> There is general feeling in West Sumatra that natural disasters have befallen the province because of the community's lack of religiosity.

<sup>22</sup> He restated this in a personal meeting with me (Interview, 15 November 2010), as did Mahyeldi, now the Vice Mayor of Padang, in an interview two years earlier (Interview, 20 October 2008).

Fauzi Bahar (*Padang Ekspres* 23 April 2008) and the head of the Regional Parliament's Special Committee for the Regulation of Zakat, Azwar Siry, who went as far as to claim that 'with zakat, no Muslims will be in poverty' (*Padang Ekspres* 30 April 2010).

According to Fauzi Bahar, the task of the regional government in alleviating poverty would be minimal if wealthy people paid the appropriate amount of zakat. In 2008, he claimed that 'as much as IDR 90 trillion could be collected in Padang every year. If that potential were reached, there would be no poverty in the city' (*Singgalang* 15 September 2008).<sup>23</sup> Reiterating this theme the following year, he became even more pointed, exclaiming 'how can it be that the 72 per cent of the people of Padang who are prosperous cannot alleviate the poverty of the remaining 28 per cent?' (*Padang Ekspres* 30 September 2009).<sup>24</sup>

Similar statements have been made by officials in other parts of West Sumatra. Amran Nur, the Mayor of Sawahlunto, observed that 'if the potential for zakat collection was mined more intensively by BAZ Sawahlunto, there would be no poor people in the district' (*Padang Ekspres* 30 April 2010). According to Zulfiadi, the secretary of BAZDA Bukittinggi, 'the more people who pay zakat, the sooner our goal of eliminating poverty will be realized' (*Padang Ekspres* 12 August 2006).

The second major theme in public discourse pertains to promoting BAZDA or zakat institutions over alternative means of paying zakat. Proponents justify the choice of a zakat institution (over individually-directed contributions) by pointing to the risk of zakat funds not reaching those in most need. According to Muharlion, a member of the Padang regional parliament from the local Prosperous Justice Party (Partai Keadilan Sejahtera, PKS), contributions to institutions such as mosques or orphanages should be avoided because zakat institutions are best able to ensure that funds can be targeted at those who need them (*PosMetro Padang* 8 September 2009). Kardinal, the head of the local Ministry of Religion office in the District of Solok Selatan, agreed with this assessment, observing that 'while there is no problem with paying zakat to immediate family or to neighbors, it is better to contribute through zakat institutions, because the institutions will manage the contribution and distribute it to worthy recipients' (*Padang Ekspres* 5 October 2010).

Salmadanis, the head of BAZDA Padang, spoke even more strongly against alternative distribution mechanisms, arguing that it was in fact un-Islamic to

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<sup>23</sup> According to one estimate, a total of IDR 300 billion in zakat could be collected in West Sumatra. Currently, only about 10 per cent of this amount is being accessed (*Padang Today* 19 August 2010).

<sup>24</sup> According to the National Bureau of Statistics, 15 per cent of West Sumatrans were living in poverty in 2001 (BPS 2002). The figure decreased to 9 per cent in 2011 (BPS 2012).

distribute zakat through private companies. In his words: 'The practice of big companies (distributing zakat directly) contravenes God's commands. In At-Taubah verse 60 of the Qur'an, it is said that a Muslim must pay zakat through a zakat institution' (*Padang Ekspres* 16 September 2008). The Mayor of Padang, Fauzi Bahar, also took a strong stand, arguing that there was in fact a risk that zakat would be used inappropriately if channeled through the wrong institution. He warned that contributing to a mosque fund could, for example, result in a situation where zakat proceeds were used for mosque construction, which was against the precepts specifying the permitted categories of zakat recipients (*Padang Ekspres* 18 August 2010). On another occasion, he warned that direct contributions to individuals were inappropriate, commenting that:

The obligation to pay zakat is not such that it should be paid directly to recipients. At the moment our contribution passes from our hands to the zakat institution, God notes that we have fulfilled our obligation. It is up to those zakat institutions to decide what is to be done with the money they collect (*Singgalang* 18 September 2008).

Officials justify their emphasis on the importance of regional zakat institutions in terms of their focus on the local community. As Zulfiadi noted, 'zakat is collected from the people of Bukittinggi and distributed only to people in Bukittinggi' (*Padang Ekspres* 26 August 2010). In addition, officials explain, the use of regional mechanisms is beneficial because regional governments are prepared to work hard to encourage more people to fulfil their obligations and can flexibly use the funds collected in order to meet the needs of the people of West Sumatra.

The determination of local officials to stimulate the collection of zakat is clearly reflected in a statement by Zulfiadi, the secretary of BAZDA Bukittinggi, in describing his plans for ensuring that the well-off fulfil their zakat obligations:

Wealthy people must help the poor. All the economic resources of the wealthy in each sub-district (*kelurahan*) will be documented: how many hectares of agricultural land they own, what their business activities are, and how much income they earn. Those who are eligible to pay zakat will be required to do so (*Padang Ekspres* 18 August 2010).

In another example, Hamdy Burhan, the Vice Head of the District of Pasaman,

noted that BAZDA Pasaman had managed to increase the amount it had collected by raising awareness among government employees of their obligation to pay zakat (*Posmetro Padang* 8 September 2009). Meanwhile, Fauzi Bahar received a Zakat Award in 2011 from the national zakat research organization, Indonesian Magnificence of Zakat (IMZ), for increasing the amount of zakat collected every year in Padang (*Padang Ekspres* 5 August 2011).

Officials celebrate the capacity of local government zakat mechanisms by providing examples of the good to which monies collected have been put. When Maigus Nasir, the head of operational administration of BAZDA Padang, announced that in 2008 a total of IDR 321.6 million had been allocated for scholarships to be distributed to the highest achieving students from poor families, he emphasized that ‘this money was collected by BAZDA Padang’ (quoted in *Padang Ekspres* 31 August 2008). According to Maigus Nasir, ‘every new academic year we read in the media that there are children of great ability whose parents cannot afford to send them to university. For this reason, BAZDA Padang provides university scholarships for the needy’ (*Padang Today* 26 May 2010). Announcing that transport costs for poor families needing to travel to a hospital were being funded from zakat payments, Pun Ardi, the Secretary of Commission IV in the Padang Regional Parliament, again emphasized that these expenses were ‘paid by BAZDA’ (*Padang Ekspres* 5 April 2010).

Fauzi Bahar also pointed to the benefits of locally-controlled zakat resources in emergency circumstances:

I think that, if the management of zakat is effective, its benefits will be enormous, especially in emergency situations. For example, in the aftermath of the 30 September earthquake, we helped children avoid dropping out of school by using funds from the IDR 43 trillion in zakat collected by the Padang city administration (*Padang Today* 10 April 2010).

Similarly, Yandril, the head of BAZDA in the District of Agam announced that locally-administered zakat funds had been used for emergency relief after the 30 September 2010 earthquake (*Posmetro Padang* 26 Mei 2010).

Muslim groups have been critical of local governments’ engagement with zakat. The head of the fatwa unit of the regional Ulama Council (MUI), Gusrizal Gazahar, suggested that they have taken advantage of the poor, trumpeting the distribution of zakat proceeds to them as a government success (*Padang Ekspres* 3 September 2010). Another regional Islamic leader, Nasrun Harun, asserted in a major national Islamic newspaper that implementation of zakat in Padang, where all

employees are subject to zakat, is not in line with Islamic principles (*Republika* 15 June 2006). Individuals are required to meet a threshold (*nisab*), calculated on income from their assets (or wages), before they are required to pay zakat. According to the Shafi'i School, the *nisab* should be set at around 85 grams of gold, or the equivalent of IDR 25 million per a year. According to this calculation, the majority of government employees in West Sumatra should be exempted from payment of zakat, since their salaries are lower than the *nisab*.

### ***Conclusion***

As this article has shown, regional governments construct zakat as a religious obligation designed to assist in the alleviation of poverty, which can be used by regional governments to increase the availability of financial resources for the provision of social welfare and other poverty-related projects, thus releasing funds for other initiatives. These efforts have been extremely important in leveraging the contemporary focus on Islam within local politics to maximize the province's resources.

The paper has also demonstrated, however, that the local politics of zakat have been strongly influenced by the discourse of zakat in the wider Muslim world. The Muslim world provide social meanings of zakat for the regional authorities and have had a significant influence on local decision-making about the administration of zakat, even though local pressures and considerations have ultimately shaped the precise institutional form taken by those initiatives in the West Sumatran context.

Importantly also, as the article has shown, zakat has not been justified in local political discourse by reference to the Minangkabau philosophy of 'Adat Basandi Syarak Syarak Basandi Kitabullah'. This is particularly striking since references to the regional philosophy have been a strong characteristic of public discourse on Islamic life in West Sumatra within decentralisation and democratisation in the Post Suharto era.

Given the utter politics of piety in management of zakat, as shown in this paper, between regional governments and stakeholders including members of Indonesian Ulama Council, financial auditors of zakat must come from a credible financial institution, outside these two side.

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