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EXPLORING THE AUTHORITY OF THE ACEH GOVERNMENT IN MANAGING ZAKAT FOR LOCAL REVENUE GENERATION

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ABSTRACT

This study explores the authority of the Aceh government in managing zakat (Islamic almsgiving) as a source of local revenue generation. As the only province in Indonesia with special autonomy to implement Islamic law, Aceh holds a unique position in managing zakat, not only as a religious obligation but also as a potential financial resource for local development. This research examines the legal framework governing zakat management in Aceh, the role of governmental and non-governmental institutions in zakat collection and distribution, and the impact of zakat on local revenue. Through a combination of legal analysis, policy review, and interviews with key stakeholders, the study identifies the strengths and challenges associated with zakat management in Aceh. The findings reveal that, while the Aceh government has made significant strides in formalizing zakat as a source of local revenue, there remain gaps in institutional capacity, public awareness, and transparency that hinder its full potential. The study concludes with recommendations for enhancing the governance of zakat to maximize its role in local revenue generation and socio-economic development in Aceh.

KEYWORDS

Zakat, Aceh government, Local revenue, Islamic finance, Zakat management, Indonesia, Islamic law, Revenue generation, Public finance, Governance, Legal framework, Development finance, Stakeholder analysis, Transparency, Institutional capacity.

INTRODUCTION

In the unique context of Indonesia, Aceh stands out due to its special autonomy to implement Islamic law, including the management of zakat, a fundamental element of Islamic finance. Zakat, which involves the compulsory giving of a portion of one's wealth to those in need, holds significant religious and socio-economic importance. In Aceh, zakat management extends beyond its traditional religious role to encompass a crucial component of local revenue generation and socio-economic development. This study explores the authority of the Aceh government in managing zakat, focusing on how this religious obligation is leveraged as a source of local revenue and its implications for governance and development.

The Aceh government's role in zakat management is shaped by a distinctive legal and institutional framework that integrates Islamic principles with local administrative practices. This framework allows the Aceh government to collect, distribute, and utilize zakat funds in ways that align with both religious mandates and developmental goals. By harnessing zakat as a financial resource, the Aceh government aims to address local needs, support socio-economic development, and enhance community welfare. However, the management of zakat presents various challenges, including issues of institutional capacity, transparency, and public awareness.

This research seeks to provide a comprehensive analysis of the Aceh government's authority and practices in zakat management. It examines the legal provisions governing zakat, the roles and responsibilities of relevant institutions, and the impact of zakat on local revenue and development. Through a combination of legal analysis, policy review, and stakeholder interviews, this study aims to assess the effectiveness of current zakat management practices, identify existing gaps, and offer recommendations for improving the governance of zakat. Understanding the dynamics of zakat management in Aceh not only provides insights into its role in local revenue generation but also contributes to broader discussions on integrating Islamic financial practices into modern governance frameworks.

METHOD

To explore the authority of the Aceh government in managing zakat for local revenue generation, this study employs a comprehensive methodology that integrates both legal and empirical approaches. The research methodology is structured around three primary components: legal and policy analysis, institutional assessment, and qualitative data collection. This mixed-methods approach enables a detailed examination of the governance framework and practical implications of zakat management in Aceh.

The first component of the methodology involves a thorough legal and policy analysis to understand the regulatory framework governing zakat in Aceh. This includes reviewing relevant legislation, decrees, and regulations that define the authority and responsibilities of the Aceh government in zakat management. Key documents such as the Aceh Qanun (local regulations), national laws pertaining to zakat, and guidelines issued by the Aceh Zakat Board (BAZNA) are analyzed to delineate the legal scope and limitations of zakat management. This analysis also includes a review of policy documents and strategic plans related to zakat, focusing on how these documents address zakat collection, distribution, and utilization for local revenue and development purposes. By examining these legal texts, the study aims to identify the formal mechanisms and institutional roles involved in zakat management and assess their alignment with both Islamic principles and local governance objectives.

The second component involves an institutional assessment to evaluate the effectiveness and capacity of the key institutions involved in zakat management. This includes the Aceh Zakat Board (BAZNA), local zakat institutions, and other relevant government bodies. The assessment examines the organizational structure, operational processes, and resource allocation of these institutions. It also reviews their roles in zakat collection, distribution, and oversight, assessing how well they perform their functions and

their ability to manage zakat funds transparently and efficiently. Interviews with institutional representatives and analysis of institutional reports and performance data provide insights into the strengths and weaknesses of the current zakat management system. This component aims to identify gaps in institutional capacity, challenges in operational efficiency, and areas where improvements are needed to enhance the overall management of zakat.

The third component of the methodology involves qualitative data collection through semi-structured interviews with a range of stakeholders, including government officials, zakat administrators, community leaders, and beneficiaries of zakat. These interviews are designed to gather diverse perspectives on the practical aspects of zakat management, including the challenges faced, the effectiveness of current practices, and the perceived impact of zakat on local revenue and development. Stakeholder interviews help to capture firsthand experiences and opinions, providing a deeper understanding of how zakat management is perceived and experienced by different groups. Additionally, focus group discussions with community members and zakat beneficiaries offer insights into the impact of zakat on local communities and highlight areas where the system may need to be adjusted to better meet their needs.

The final component involves integrating and analyzing data from the legal and policy review, institutional assessment, and qualitative interviews.

The analysis synthesizes findings to provide a comprehensive evaluation of the Aceh government's authority and practices in zakat management. Quantitative data from institutional reports and financial records are compared with qualitative insights from interviews to assess the alignment between formal regulations and practical implementation. The study uses thematic analysis to identify key trends, challenges, and recommendations based on the data collected. This integrated approach ensures a holistic understanding of zakat management and its implications for local revenue generation and socio-economic development in Aceh.

In summary, the methodology for this study combines legal analysis, institutional assessment, and qualitative research to provide a thorough evaluation of zakat management in Aceh. By examining the regulatory framework, institutional capacity, and stakeholder perspectives, the research aims to offer actionable insights and recommendations for improving the effectiveness and impact of zakat as a source of local revenue.

RESULTS

The analysis of the Aceh government's authority in managing zakat for local revenue generation reveals a multifaceted picture of both progress and challenges. The study finds that the regulatory framework in Aceh, grounded in the Aceh Qanun and national zakat laws, provides a robust foundation for zakat management, granting significant authority to local institutions like

the Aceh Zakat Board (BAZNA). This framework has facilitated the formalization of zakat as a critical component of local revenue, with noticeable improvements in collection and distribution processes. The quantitative data indicate that zakat contributions have increased over recent years, contributing positively to local development projects, such as education and health services, which aligns with the government's strategic goals of socio-economic enhancement.

Institutional assessments reveal that while the BAZNA and other zakat management bodies have established effective structures for overseeing zakat operations, there are significant variations in institutional capacity and performance. The study identifies several strengths, including the development of transparent procedures for zakat collection and distribution. However, it also highlights challenges such as inconsistent implementation of zakat policies, insufficient capacity in some local zakat institutions, and gaps in public awareness and engagement. These challenges have led to disparities in the effectiveness of zakat management across different regions of Aceh. Qualitative data from stakeholder interviews further illustrate these findings, providing insights into the practical impacts of zakat management on local communities. Stakeholders generally acknowledge the positive effects of zakat on community welfare and development. However, there are concerns about the adequacy of the regulatory framework in addressing

emerging issues such as fraud, mismanagement, and equitable distribution. Interviews with beneficiaries reveal that while zakat funds have been beneficial, there are areas for improvement, particularly in terms of increasing the inclusivity and efficiency of zakat distribution processes.

Overall, the results indicate that the Aceh government's authority in managing zakat has led to significant advancements in utilizing zakat for local revenue generation and development. Nevertheless, to fully realize the potential of zakat as a sustainable financial resource, it is crucial to address the identified gaps and challenges. Enhancing institutional capacity, improving regulatory oversight, and increasing public awareness are essential steps towards optimizing zakat management and ensuring that it effectively supports local economic and social development.

DISCUSSION

The findings of this study underscore the complexities and nuances of managing zakat as a source of local revenue within the unique governance framework of Aceh. The Aceh government's authority over zakat management has undeniably led to notable advancements in utilizing zakat for local development, reflecting the potential of zakat to enhance community welfare and contribute to local revenue. However, these benefits are tempered by several significant challenges that need to be addressed to fully harness the potential of zakat.

The regulatory framework, including the Aceh Qanun and national zakat laws, provides a solid foundation for zakat management, yet its implementation reveals inconsistencies and gaps. While there have been improvements in the collection and distribution of zakat, variations in institutional capacity and performance across different regions of Aceh highlight a need for a more uniform and effective approach. The discrepancies in how zakat is managed locally can lead to uneven benefits, undermining the overall impact of zakat on community development and local revenue generation.

The study's qualitative data further illuminates the practical challenges faced by zakat management institutions. Despite the advancements in creating transparent processes and enhancing the role of zakat in local development, issues such as inadequate public awareness, regulatory oversight, and the potential for mismanagement persist. Stakeholder feedback suggests that while zakat funds are making a difference, there is a clear need for increased efforts to address concerns about equity, efficiency, and accountability.

To improve zakat management, it is essential for the Aceh government to focus on several key areas. Strengthening institutional capacity through targeted training and resource allocation can help address the disparities observed in zakat management. Enhancing regulatory frameworks and oversight mechanisms will be crucial to ensuring that zakat funds are managed

transparently and effectively. Additionally, raising public awareness and engaging communities more actively in zakat processes can help improve the inclusivity and effectiveness of zakat distribution. By focusing on strengthening institutional capacities, improving regulatory oversight, and enhancing public engagement, the Aceh government can better harness zakat to support sustainable local development and effectively contribute to the region's economic and social well-being.

CONCLUSION

This study provides a comprehensive evaluation of the Aceh government's authority in managing zakat as a source of local revenue. The findings reveal that the Aceh government has effectively utilized its regulatory and institutional framework to enhance zakat collection and distribution, leading to positive outcomes in local revenue generation and community development. The integration of zakat into local financial strategies has demonstrated its potential as a significant resource for addressing socio-economic needs and supporting public welfare projects.

However, the study also highlights several critical challenges that must be addressed to fully realize the benefits of zakat management. Variations in institutional capacity and performance across different regions of Aceh have led to inconsistencies in zakat administration and its impact on local communities. Additionally, issues such as public awareness, regulatory oversight, and potential mismanagement

present obstacles that need to be overcome to ensure the equitable and effective use of zakat funds.

To enhance the efficacy of zakat as a tool for local revenue generation, the Aceh government should focus on several key areas. Strengthening the capacity of zakat management institutions, improving regulatory frameworks, and increasing transparency and accountability are essential steps towards optimizing zakat administration. Furthermore, engaging the public and raising awareness about zakat can foster greater participation and ensure that the benefits of zakat are more widely distributed.

In conclusion, while the Aceh government has made significant progress in integrating zakat into its local revenue strategies, addressing the identified challenges is crucial for maximizing its potential. By implementing targeted reforms and enhancing governance practices, the Aceh government can better leverage zakat to support sustainable development and improve the well-being of its communities. This study offers valuable insights for policymakers and practitioners in Aceh and other regions with similar governance frameworks, highlighting the importance of a balanced and effective approach to zakat management.

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