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# **Zakah Management for Poverty Alleviation in Indonesia and Brunei Darussalam<sup>1</sup>**

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## **Abstract**

Concern for poverty is not new and has been the focus for centuries by historians, sociologists, and economists. The cause has been identified, ranging from shortcomings in the administration of income support, until the injustice of the social and economic system. Various attempts have been proposed, from the reform of social security system for changes in the form of the socio-economic system. Because poverty is a multidimensional problem, solutions to poverty require a set of coordinated action, particularly through charity. Indonesia, which has a population with a large population, of course, the problem of poverty continues to be a problem in economic development. Nevertheless, the potential zakat Indonesia larger community and cooperation among stakeholders and government regulation is a solution to reduce the level of poverty in Indonesia. It is certainly different from the Brunei Darussalam to the level of a small population and large government revenues, management of zakat by MUIB in the form of cash grants, the capital of commerce, and others are implementable can solve the problem of poverty in this country.

Keywords: *management of zakat, poverty alleviation, zakat recipients*

JEL Classification: E6, F52, G28, H27, H71, I3, N3

## **Background**

The rapid development of the system of taxation on income and welfare complex in the 20th century may presume that the system of progressive redistribution of wealth that is unique and modern. In fact, the religious system has the same mechanism to cope with economic injustice and poverty for centuries. Judaism and Christianity adopted the concept of tenths (*al-'usyr*) as a marginal tax of ten percent of revenues, and both lines of religious traditions developed to drive increased revenue to the poor.

For some communities, the concept of tenths and generosity to a charitable organization for the poor remains a religious obligation. The concept of charitable giving motivation proved significant in the concept of religion in the funding of the social needs of the poor in the United States. A tradition that is similar to the practice of tenths of a form of religious obligation as well developed in the practice and jurisprudence of Islam, zakat.

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In the early development of Islamic society, zakat is collected as taxes by the state and the funds distributed to the groups that need (Surah al-Tawbah: 160). Unlike some other obligation, zakat as a form of wealth redistribution and welfare of not only the aspiration but a part of Islamic law that is enforced by using government policy. There are two innovations that make zakat is relevant to modern legal scholars. The first innovation is a progressive element in economic calculation. A number of basic wealth and income are exempt from tax (nisab). That number is expected to meet the basic consumptive life. The second innovation is a tax on the most common form of revenue in the agricultural community, in the form of agricultural and livestock along with taxes on capital invested gross inactive, such as cash, precious metals, and others.

Muslim communities mobilize resources extensive charity to meet the needs of the poor, supplemented by waqf growth. While the outlook associated with the charity will only have application within the jurisdiction of the majority of Muslims, the traditional jurisprudence and the history of the zakat system has implications for the wider legal theory, especially with regard to aspects of taxation and public good aspects. In particular, alms giving arguments for combining the wealth tax with a simple income tax, which is progressive by the exempting number of economic needs to be primary. It also supports theoretical arguments about property tax, as described by Murphy and Nagel (in SA Siddiqie, 1996, 50-51) that the property rights of post-paid taxes before income taxes.

Collection and distribution of zakat potential as an instrument for poverty reduction (Poverty Alleviation) over the years pretty much studied in the literature of Islamic economics. In fact, charity is one of the earliest instruments were explored by Muslim scholars and observers of public finance. Ziauddin Ahmad, et.al. (1983, 8-17) wrote a study on the analysis of zakat as an instrument of fiscal policy. Munawar Iqbal (2002, 43) wrote an article before it is discussed in the Second International Conference on Islamic Economics in Islamabad in March 1983 which includes a detailed description and mapping the scope and Zakat in the economy associated with the ethical principles of Islam.

Ziauddin Ahmad (1991, 59) presents a description of the pattern of zakat as an instrument of social security which is part of the broader Islamic system and integrated poverty reduction and income distribution. Sadeq (1994, 29) wrote alms giving an overview of the economic, legal, and administrative instruments charity. Shirazi (1996, 22-23) conduct an intensive economic analysis of the contribution of zakat system for poverty alleviation in Pakistan. He also conducted a critical assessment of zakat collection and disbursement mechanism in Pakistan. Some work Umar Chapra (1993 & 2000, 207) also provide an important contribution to the development of Islamic economics which contains entries on the subject of charity. Nejatullah M. Siddiqi (1996, 24-25) also provide an important attribute for the role of charity in the context of the country's obligations to provide the fulfillment of basic needs in Islamic economics.

In the context of poverty, the prevalence of widespread poverty in the midst of globalization become the most serious challenges in the world today. It is a fact that, at the beginning of the 21st century, about one-fifth of the humanitarian problems of less than 1 USD per day and nearly half of them live on less than 2 USD per day. It is a fact that the gap between rich and poor has widened over the years. Eighty per cent of global GDP noted that only 20 percent of the world population (living in OECD countries) and the remaining 80 percent of the people only have a 20 percent share of world income.

Average income in the richest twenty countries was 37 times the average of the twenty poorest (The World Bank, 2001). Poverty is a complex phenomenon and multi-dimensional, which can not be defined reliably. It goes beyond the idea of income and includes the deprivation of social, economic and political. Poor people can not meet basic needs and isolation of life with others. They have little or no participation in social and economic life.

Concern for poverty is not new and has been the focus for centuries by historians, sociologists, and economists. The cause has been identified, ranging from shortcomings in the administration of income support, until the injustice of the social and economic system. Various attempts have been proposed, from the reform of social security system for changes in the form of the socio-economic system. Because poverty is a multidimensional problem, solutions to poverty require a set of coordinated action. A global fight against poverty, in addition to domestic efforts, demanding aid from rich countries to poor countries.

Zakat institution has been established by many Muslim countries. Currently, some Muslim countries have introduced a system of official charity, but not implemented optimally (not all items are under network zakat zakat). If these institutions operated in a professional manner, poverty can be solved.

Some zakat analysis showed an important role in alleviating poverty zakat management. In some countries in Southeast Asia, the management of zakat in synergy with government policy suggests raising charity funds distributed to the mustahiq through charity programs consumptive and productive. Utilization of zakat is utilized for the development of poverty alleviation programs. In this context, this study wants to explore manajemen charity which focuses on poverty alleviation program in Indonesia and Brunei Darussalam, which differ mainly in the context of the state's role in the management of zakat.

Institutional charity becomes an important element in the policy of socio-economic well in Indonesia through the Agency for National Zakah (BAZNAS or Badan Amil Zakat Nasional) and institution of zakat collector (LAZ or Lembaga Amil Zakat) as well as in Brunei through the Council of Religious Islam Brunei (MUIB or Majlis Ugama Islam Brunei) which focuses on the utilization of zakat funds to finance productive economic activities in order to alleviate poverty through the poverty alleviation program. This is in line with the economic policy in both countries in order to increase people's income and also various poverty alleviation projects.

In this context, zakat management implemented in Indonesia and Brunei Darussalam has the uniqueness of the institution of zakat, zakat funds utilization, and a number of development programs initiated to reduce the level of poverty. So, how the management of zakat on poverty alleviation programs can be implemented by the institution of zakat in Indonesia and Brunei Darussalam in terms of rational economic and social perspective.

### **Literature Review: Zakat and Poverty Alleviation**

Various problems charity as part of a study of jurisprudence associated with the economic aspects of the macro has been discussed theoretically in the literature, for example, research conducted Shirazi (1994, 1996, 1999, 2003), Ahmad (1989), Sadeq (1994), Siddiqi (1996), Hussain and Shirazi (1994), Chowdhury (1991), Hasan (1997, 2002), Shaban, Abu-Ghaida and al-Naimat (2001), M. Raquibuz Zaman (1987), Kahf

(1989), Faiz (1990, 1991), Ali (1985), Yasin and Tahir (2002), Salleh and Ngah (1981), Iqbal (2002), and Rose bint Abdullah (2010).

In the context of the charity's role as an instrument of poverty alleviation, poverty reduction strategies have evolved along the changes that occur in each country. In a paper, El-Ashker and Sirajul Haq (1995, 67-78) noted that the poverty alleviation program begins with a growth-based approach to policy strategy "Because of poor poor" in the 1970s when poverty is considered as income poverty. This strategy then becomes poor berubah Because of poor policies ", " get all policies right ", and " get institutions right ".

Since 2004, poverty reduction strategies in Indonesia can be implemented in the form of the PRSP (Poverty Reduction Strategy Papers) or known as PRSP (National Poverty Reduction Strategy). This strategy directs that poverty is multidimensional, not only the economy but also the inability of failure to meet the basic rights and discriminatory treatment. Even this strategy concluded that the Indonesian government has not fully met the basic rights of the poor and poverty has not become the mainstream of development (Munawar Iqbal, 2002, 24-27).

The World Bank's approach leads to a poverty reduction strategy in four things, namely to encourage broad-based economic growth, priority and efficiency of public expenditure, social safety nets are an effective and responsive bureaucracy (The World Bank, 2004). While the steps taken as a priority in poverty reduction short term include: removing barriers to rice imports, investment in education and health sectors, improving the availability of clean water and quality sanitation, building rural roads, social security systems are comprehensive, revitalization of agriculture, land titling, regulation flexible labor, micro-credit, national planning and budgets in favor of the poor, and encourage the role of local governments (The World Bank, 2010).

A paradigm shift poverty reduction programs in Indonesia since 2007 can be classified into three clusters, namely 1) assistance and social protection targeting the very poor households, poor and near-poor; 2) empowering communities to target the poor and near-poor, and 3) empowering micro and small enterprises to target micro and small businesses. The third cluster is comprehensive and touches all levels of society so it is expected to alleviate poverty in Indonesia (Tim Koordinasi Penanggulangan Kemiskinan RI).

For poverty alleviation programs through zakat can be referenced verses of the Koran on the recipients or mustahiq (Surat al-Tawbah: 160). On this verse, according to Yusuf Qaradawi (2007, 9-22) category and destitute identity "poverty" which has the priority in handling. So, zakat as an instrument of poverty alleviation which is pro-poor and self-targeted which emphasizes the role of government through a policy of equity and income distribution in favor of the poor.

In view of Monzer Kahf (1999, 174), charity as part of a fiscal mechanisms provide several important functions in public finance modern, such as social safety nets, assistance social interests in the form of subsidized food, children's health, education assistance, subsidized health care, housing, and public transport for public welfare. In fact, according to Qaradawi (2005, 77), zakat as an instrument for poverty reduction, eliminate unemployment and freeing injustice in income distribution.

In the contemporary Muslim societies, charity can increase labor force participation in the form of job productivity without negative effects in the form of incentive funds to meet the needs and improve the economic status of a person, and also

increase the efficiency of investment and the establishment of the investment itself (Imtiaz, et.al, 2000, 11).

Thus, the poverty alleviation program becomes important in a national policy, so understanding the indicators and dimensions of poverty in achieving the aims and objectives of management zakat hinted the government has gradually priority to improve the local economy and the quality of their lives. Clearly can be seen below (Akinyemi, 2007, 35-37; Muharman Lubis et.al, n.d., 6):

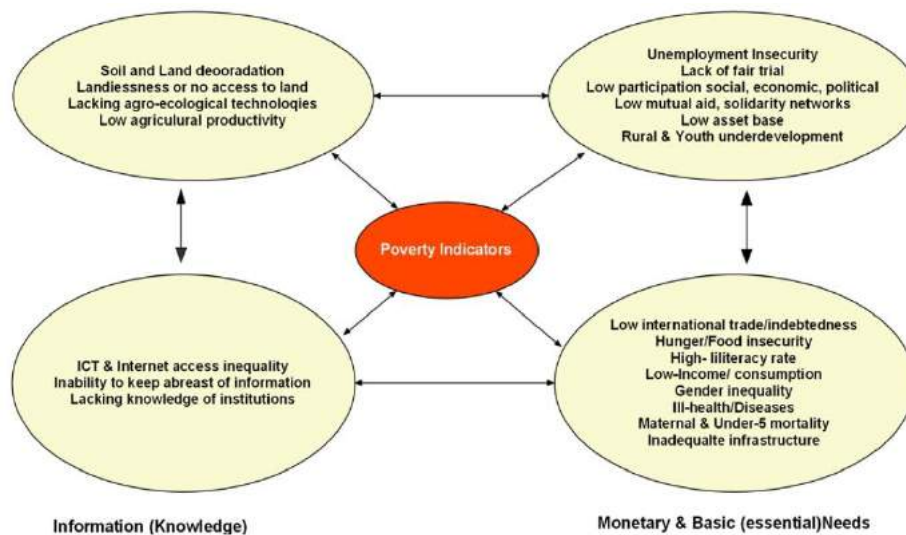


Figure 1. Dimensions and Indicators of Poverty

In the UU RI No. 23/2011 on the Management of Zakat, stated that the management of zakat is the planning, implementation, and coordination of the collection, distribution, and utilization of zakat (article 1). The zakat management is based on Islamic Shari'a, trust, expediency, justice, rule of law, integrated, and accountability (Article 2). In the management of zakat, the competent institutions according to regulations made by the National Zakat Agency (BAZNAS) (Article 6), and the communities themselves are given the authority to manage zakat through the institution of zakat collector (LAZ) in coordination with BAZNAS.

Based on the above, the management of zakat in Indonesia can be described as follows:

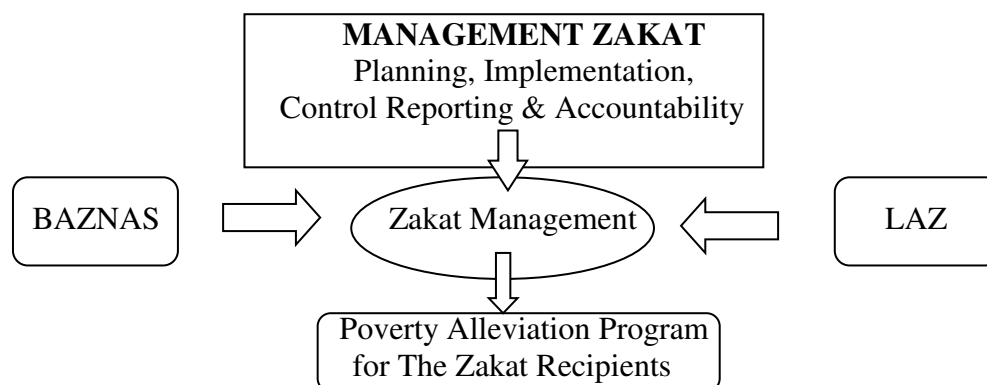


Figure 2. Zakat Management Framework

## **Zakah Management in Indonesia**

Management of zakat in Indonesia experienced several phases in line with the socio-political development of the country. The experience was experienced during the colonial era, the independence and the reform period. Unless the reform period, the management of zakat during the colonial era and independence (the new order and the old order) provide a stark picture function zakat in Indonesia. Between the Muslim community with the results of charity does not give a balanced picture. That is, the payment of zakat may still be individualized so that there is no data on the number muzakki, or zakat has not been paid either by Muslims and if the payment of zakat was implemented, zakat is only used as a charity, acts as a charity for the sake of a moment.

The potential of zakat in Indonesia per year to reach Rp7.5 trillion. While the results of a survey conducted PIRAC (Public Interest Research and Advocacy Center) on the pattern and trend of Community tithe in 11 major cities to mention that the zakat paid muzakki ranges between Rp124.200 / year. While the value of zakat paid between Rp44.000 to Rp339.000/year. From these data, PIRAC estimates the number of funds garnering ZIS in Indonesia amounted to around Rp4 trillion.

The magnitude of the potential national charity has been revealed by various studies. For example, from his research in 2005, the Centre for Language and Culture of the State Islamic University (UIN) Syarif Hidayatullah, Jakarta, concluded that the potential zakat reached a Rp19.3 trillion. Then, research Monzer Kahf (1989), states, national charity potential could reach two percent of the total GDP, so the potential zakat is not less than Rp100 trillion.

After these two studies, BAZNAS in collaboration with the Faculty of Economics and Management, Bogor Agricultural University (IPB) in early 2011 to do research potential zakat using data compiled from the National Socio-economic Survey (Susenas), Central Statistics Agency (BPS) and institutions other relevant as Bank Indonesia (BI). In his research, BAZNAS and FEM IPB classifying potential national charity in the three groups. Namely, the potential for household zakah, zakah potential medium, and large industries as well as the State Owned Enterprises (SOEs), and the potential of savings zakah.

From this research note, the potential zakah households nationwide had reached a Rp82,7 trillion. This figure is equivalent to 1.3 percent of total GDP. While the potential zakah reached Rp114,89 trillion industry, which Rp22 trillion derived from the processing industries and zakah SOEs had reached Rp2.4 trillion.

Meanwhile, the potential savings zakah reached a Rp17 trillion. This figure is derived from the sum of the potential of various aspects, among others, the potential savings in Islamic banks, savings banks SOE or a mixture of government, non-financial business entities owned by the State, state-owned banks, and bank local governments. The savings are calculated whose value is above 85 grams gold nishab.

This figure will continue to increase the amount of GDP, as the board Forum Zakah Indonesia, Sri Adi Bramasetia. According to him, if a serious run, a potential charity that the number of Muslims in the world, its potential can reach 300 trillion. In fact, said Coordinating Minister Hatta Rajasa, when the donation, alms, and endowments also well explored its potential to reach a four-fold or Rp868 trillion.

From research is well known household zakah potential provinces. West Java was recorded as the province with the greatest potential zakah, amounting Rp17,67 trillion, followed by Central Java and East Java which has the potential zakah respectively Rp15,49 trillion and Rp13,28 trillion. The province has the lowest

household zakah is Bali, Papua and West Papua, which respectively reached Rp126,25 billion, Rp117,44 billion, and Rp111,68 billion.

In addition to examining the potential zakah, BAZNAS and IPB also examined the factors affecting the payment of zakah by interviewing 345 respondents (muzakki and munfik) in Palembang, Bradford, Bogor and Bogor Regency. As a result, one's ability to pay zakah is determined by the high level of education, occupation, and income level. The higher the education and income, the higher the awareness of paying zakah. Most respondents tithe per year, except for farmers who adjusted to the time of harvest.

In the case where the payment of zakah, the majority (72.8 %) pay zakah informal institutions (institutions that are not legal entities but function the same as amyl formal institutions). The rest (27.2 %) pay to institute formal legal status amyl (BAZ and LAZ). The main reason someone pays zakah in an informal amil institution is a convenience, the environment, and satisfaction. While the reason for someone to pay zakah in formal institutions is the transparency, access, convenience, and satisfaction environment.

Because of this, the potential for very large national charity, namely Rp217 trillion. But, zakah funds can be collected by BAZNAS and institution of zakat collector (LAZ) is still very low, only 1% of his or around Rp2.6 trillion. This happens, probably because many giving alms pay zakah directly to recipients, not through zakah.

Tithe zakah through more effective step muzakki like this is not wrong, only it would be better if he was channeling zakah through zakah management institutions in order to obtain various benefits, among other things, first, ensure certainty and giving alms discipline in paying zakah. Secondly, to keep the feeling of inferiority recipients. Third, showing the symbols of Islam. Fourth, achieving efficiency and effectiveness as well as targets in the proper use of zakah funds according to priorities. Fifth, it can be used for the benefit of Muslims in general that requires substantial funds.

While in Indonesia zakah management problem until now has not been completed. Though Indonesia has UU RI No. 38/1999 on the Management of Zakah and has now been born of UU RI No. 232011 on the Management of Zakah. Management of zakah, donations, and alms fully managed by the state (centralization) through the BAZNAS established by the government at all levels of government. Zakah institution belongs to the people who have been there will serve only as an integrated unit charities institutionally with BAZNAS government property.

There are several reasons why the state needs to intervene in the management of zakah. First, charity is not the usual form of charity or generosity shape as donations, endowments, and grants. Zakah is obligatory (imperative) while charity or legal donations mandub (sunnah). Secondly, the potential of zakah can be collected from a very large community. Third, the charity has the potential to contribute to the achievement of national development goals. Fourth, that the zakah funds can be channeled appropriately, efficiently and effectively so as to achieve the purpose of zakah itself as improve people's lives. Fifth, give control to the managers of the state.

Another reason perhaps is that zakah should be managed solely by community groups. The intervention of the state has been too much and do not be enlarged again. Zakah is a unique potential for the development of civil society and cultivates independence of the community itself. Apart from these objections, the fact zakah has played an important role in the redistribution of wealth in Muslim societies. Moreover, zakah been a mainstay in the fiscal policy of the early Muslim community.



On the other hand, the institution of zakah has a different character with financial institutions or companies. Zakah funds collected should not be regarded as an asset by the agency managers so freely used without restraint agencies. Amil zakah charity is not the owner, but only the recipient of the mandate. Zakah institutions shall comply with the provisions of Shari'ah in the collection and distribution of zakah and follow the rules of the state legislation.

Fundamental changes in the UU RI No. 23/2011 on the Management of Zakah is that all agencies collect zakah funds should be integrated into one unified system of reporting and accountability. In the legislation outlined that relationship BAZNAS central and regional BAZNAS hierarchical. Regulation and supervision of the management of zakah zakah are necessary because the management can not be separated from two aspects, namely the authority and trust in society.

The objectives of zakah management according to the UU RI No. 23/2011 are: (1) improving the effectiveness and efficiency of care in the management of zakah, and (2) enhance the benefits of charity for the public welfare and poverty reduction.

There are 5 national charity agenda that needs disukseskan together, namely: First, socialization and education charity. Secondly, strengthening institutional management (amil) zakah. Third, optimizing utilization of zakah. Fourth, strengthening the regulation of zakah management. Fifth, the synergy between all stakeholders perzakahan.

In this case, the effort required synergistic harmony among all stakeholders zakah; BAZNAS, LAZ, Ministry of Religious Affairs, Local Government, Muslim community organizations, educational institutions, and other stakeholders zakah. Synergies are needed to realize the goals of the management of zakah as mentioned above so that the charity can play a significant role in the life of the nation and especially in the public welfare. The synergy that includes synergy hearts, thoughts, and deeds, ultimately expected to be the force that drives progress perzakahan world in the homeland.

BAZNAS, according to UU RI No. 23/2011 on Zakah Management, in addition to carrying out the functions of operators, namely the collection, distribution and utilization of zakah, as well as perform the function of the coordinator, the coordination and control of the management of national zakah by BAZNAS in the area and LAZ.

The work program in 2013 that will be done BAZNAS in his capacity as coordinator of national zakah is: (a) implementation SIMBAZNAS on BAZNAS provinces and BAZNAS districts/cities that have followed the training and continuing training for areas that do not, (b) a national working meeting in the framework of synergy program, evaluation and designing national programs of 2014, (c) the preparation of guidelines related to institutional, planning, budgeting, reporting and accountability for the management of zakah, and (d) the preparation and publication of the 2012 National Zakah report.

The work programs of 2013 in the capacity as an operator BAZNAS are continuing the program that has been running in the previous year consists of (a) Service Center Recipients as a form of regular services in the Office BAZNAS. (b) Zakah Community Development (c) Health House BAZNAS. (d) Intelligent Nations Children's Home. (e) Baitul Qiradh BAZNAS (House Makmur BAZNAS), (f) Disaster Response, and (g) Regeneration of 1000 Ulama.

Throughout of 2012, BAZNAS noted a trend increase in zakah nationwide. It was seen from the realization of zakah collection, infaq and shadaqah received BAZNAS, BAZNAS province, BAZNAS district/city and national LAZ in 2012 is estimated to reach Rp2.20 trillion, up to 27.17% compared to 2011 which amounted to Rp1.7 trillion.

While the realization of zakah, infaq, sadaqah on BAZNAS and as an operator in 2012 reached Rp49,051,071,126, an increase of 21.82% compared to the collection in 2011 which amounted to Rp40 billion.

Giving alms recorded pay zakah, sadaqah or infaq and other social funds to BAZNAS at the national level as many as 17.482 individuals and 444 giving alms. The increase giving alms during 2012 reached 15.2% from 2011 which amounted to 15.171 giving alms bodies. The recipients or beneficiaries of zakah distribution of zakah, sadaqah, and infaq by BAZNAS can be reached, 290.099 inhabitants.

Strengthening the duties and functions BAZNAS, either as a coordinator or as operator, require the support and cooperation of all institutions/agencies and individuals who become stakeholders national charity movement. For that, we express our thanks and appreciation were the highest for all the support and cooperation of various parties that can not be mentioned one by one in the field is limited, which has entrusted the payment of zakah through BAZNAS and to support and participate in programs BAZNAS around Homeland.

One proof of readiness in 2013, BAZNAS will implement a national program (Pronas) management of zakah that are empowering. The program for the initial phase will be implemented in 100 villages in the districts/cities throughout Indonesia.

Zakah Community Development Program (ZCD) is a national nature envisioned in the national working meeting (Rakernas), 15-17 January 2013 in Bogor. This is to celebrate the birthday (anniversary) BAZNAS the 12th anniversary of his theme: BAZNAS Integration Lead for the National Zakah refineries.

Related programs besides ZCD it is:

1. Home Makmur BAZNAS (RMB). The program concentrated on aspekekonomi, such as venture capital.
2. Healthy Homes BAZNAS (RSB). The program is linked to the health aspects. The concept, healthy home without a cashier or free. RSB currently exists in four places. Namely, in Jakarta, Yogyakarta, Sidoarjo, and Makassar.
3. Intelligent Nations Children's Home (RCAB). This moves on the educational aspect. The concept made no such thing SKSS (One Family One Degree). There is also the Dinar program, scholarships are awarded ranging from elementary to high school.
4. Counter Recipients Services (KLM). The program of its charitable or direct compensation. KTM is given to those who need funds urgently.
5. Kaderisasi Thousand Ulama (KSU). The program is linked to the provision of scholarships to scholars of religion who have achievements to continue studying in S2 and S3.
6. Responsibility Emergency Disaster (TDB). Through this program, BAZNAS assist the government in a disaster, such as flooding. BAZNAS help the government, not with berteriakteriak, but with work.

From the service side zakah facilitated by BAZNAS via Payroll System is Zakah, Zakah via Roving Car, Zakah via e-Card, Zakah via Online Payment, Zakah via Islamic Banking, Zakah via Counter, Units Gatherer Zakah (UPZ) BAZNAS.

### Zakah Management in Brunei Darussalam

Brunei is a small country located in Southeast Asia with an area of 5765 km<sup>2</sup> reaching only. It is in the northern part of the island of Borneo/Kalimantan and the Malaysian border. Brunei consists of two parts separated in the mainland by Malaysia. The country is famous for its prosperity and firmness in implementing the Shari'ah, both in government and public life.

Brunei is divided into four districts, namely: the district Brunei Muara, Tutong District, Belait District and Temburong district. Bandar Seri Begawan is the capital of which is neat with a population of only about 60,000 inhabitants. One of the grandest buildings in this country is the Kingdom of Omar Ali Saifuddin Mosque built on an artificial lagoon with an interior decorated with Italian marble.

Kampong Ayer is a residential area umah stage consisting of 28 villages and has existed for several centuries. Rangu island located in the middle of the river near Istana Nurul Iman, a monkey diverse habitats typical of Borneo.

As for demography, Brunei can be seen below:

Table 1. Demographic Profile Brunei in 2013

Population	415,717 (July 2013 est.)
Age structure	0-14 years: 24.6% (male 52,761/female 49,538) 15-24 years: 17.5% (male 35,879/female 36,767) 25-54 years: 46.8% (male 94,827/female 99,779) 55-64 years: 7.3% (male 15,594/female 14,642) 65 years and over: 3.8% (male 7,767/female 8,163) (2013 est.)
Dependency ratios	total dependency ratio: 42 % youth dependency ratio: 36 % elderly dependency ratio: 6.1 % potential support ratio: 16.4 (2013)
Median age	total: 29 years male: 28.7 years female: 29.2 years (2013 est.)
Population growth rate	1.67% (2013 est.)
Birth rate	17.63 births/1,000 population (2013 est.)
Death rate	3.43 deaths/1,000 population (2013 est.)
Net migration rate	2.51 migrant(s)/1,000 population (2013 est.)
Urbanization	urban population: 76% of total population (2011) the rate of urbanization: 2.13% annual rate of change (2010-15 est.)
Major cities - population	BANDAR SERI BEGAWAN (capital) 241,000 note: the boundaries of the capital city were expanded in 2007, greatly increasing the city area; the population of the capital increased tenfold (2011)
Sex ratio	at birth: 1.05 male(s)/female 0-14 years: 1.07 male(s)/female 15-24 years: 0.97 male(s)/female 25-54 years: 0.96 male(s)/female 55-64 years: 1.07 male(s)/female 65 years and over: 0.95 male(s)/female total population: 1 male(s)/female (2013 est.)
Infant mortality rate	total: 10.81 deaths/1,000 live births male: 12.89 deaths/1,000 live births female: 8.64 deaths/1,000 live births (2013 est.)
Life expectancy at birth	total population: 76.57 years male: 74.28 years

	female: 78.97 years (2013 est.)
Total fertility rate	1.83 children born/woman (2013 est.)
HIV/AIDS - adult prevalence rate	less than 0.1% (2003 est.)
HIV/AIDS - people living with HIV/AIDS	fewer than 200 (2003 est.)
HIV/AIDS - deaths	fewer than 200 (2003 est.)
Nationality	noun: Bruneian(s) adjective: Bruneian
Ethnic groups	Malay 66.3%, Chinese 11.2%, indigenous 3.4%, other 19.1% (2004 est.)
Religions	Muslim (official) 67%, Buddhist 13%, Christian 10%, other (includes indigenous beliefs) 10%
Languages	Malay (official), English, Chinese
Literacy	definition: age 15 and over can read and write total population: 95.4% male: 97% female: 93.9% (2011 est.)
School life expectancy (primary to tertiary education)	total: 15 years male: 15 years female: 16 years (2011)
Education expenditures	3.3% of GDP (2012)
Maternal mortality rate	24 deaths/100,000 live births (2010)
Health expenditures	2.5% of GDP (2011)
Physicians density	1.36 physicians/1,000 population (2010)
Hospital bed density	2.8 beds/1,000 population (2011)
Obesity - adult prevalence rate	7.5% (2008)

.From the demographic profile of the above, in terms of labor conditions, Brunei Darussalam with a population of only 415.717 inhabitants has a total labor force which is quite small compared to neighboring countries in Southeast Asia. Data from the Kemenakertrans RI (2005), showed that the number of working freight forwarder Brunei Darussalam stagnant. But starting in 2005 an increasing of labor forces so that in 2010 the labor force increased by 38.6 % since 2004. With a total labor force of Brunei, 198.800.168 ranked in order of a number of workforce in the world. Absorbed by sex workers in 2012 consisted of 41.96 % of women and 58.4 % men. According to the ILO, Brunei Darussalam total labor participation rate 66.3 percent compared with the whole population aged 15 years and older. Figures participation from women reached 55.7 % and still be considered low compared to men 76.8 %.

Sharing business field labor menyerapan grouped into three, the first is agriculture, which is included in the agricultural sector is a field of work related to the agri-food, agriculture, forestry, hunting, and fishing. Second, the industrial sector, which is included in the industry sector is the field of business relating to mining activities dang refining, manufacturing, and provision of public interest such as electricity, gas, and water. Third, the service sector, which is included in this sector are large and small trade, restaurants and hotels, transport and communications, finance, insurance, real estate and business.

The economic of Brunei Darussalam is relies on oil and gas sector to the national income is high in the world. Unit of currency is the dollar of Brunei having a value equal to the Dollar of Singapore. In addition to relying on oil and gas sector, the Brunei government tried to diversify economic resources in the field of trade.

a. Natural Potential

- 1) land area in Brunei dominated lowland natural Visibility with little hills on its western part.
- 2) Has the natural resources of petroleum and natural gas are very large.
- 3) In agriculture, this country is a producer of coconut, rubber, and palm oil is quite large.

b. Tourism Potential

A form of tourism developed by the government of Brunei Darussalam is cultural tourism, for example, people's lives floating in an area called the City of Water and Brunei sultanate palace is decorated by a layer of gold on the main dome.

c. Potential Industry

The oil industry is the main industry in Brunei Darussalam. In addition, there is also the natural gas industry. Oil and natural gas are carried out on land and offshore.

d. Social and Cultural Potential

Residents of Brunei Darussalam in-domination by ethnic Malays, the rest are ethnic Chinese, Kedayan, Kadazan, and Dayak. Malay is the official language. But in everyday use, the population there who speak Mandarin and English.

Darusallam Bunei statistical data shows that the majority of the workforce (77.2%) absorbed in the services sector, 21.4% are temporarily absorbed in the industrial sector. Apparently, the agricultural sector can only absorb 1.4% of the workforce. This is related to the characteristics of the oil and gas industry is more capital intensive than labor intensive. By doing so, since both were tersedi agricultural land and agricultural technology in this negari not well developed, the services sector is a mainstay of the main engine for employment in large numbers. Brunei Darussalam appeals to job seekers from different countries and the destination countries of alternative employment for prospective Indonesian Workers, especially in the formal sector.

In the social and economic development, the government provides social support for the community. The Government continues to encourage participation and community involvement in the development of the country. Some projects and development programs were undertaken to encourage community members to participate in development by not giving a heavy workload for them. The public is encouraged to organize themselves by setting up an association or organization as a vehicle to allow them to contribute actively to engage in various activities that can maximize the potential and improve their lives (Aan Jaelani, 2015).

With regard to economic development, the majority of people are actively involved in the production of local handicrafts and government help to promote their products through various expos and exhibitions to achieve these objectives, the government provided a grant in the form of micro-enterprises to small businesses and workers in the private sector (Ministry of Health, Labour, and Welfare of Japan and Brunei, 2011). Brunei Economic Development Board (Brunei Economic Development Board, BEDB) organized a program in the form of youth skills development program (Youth Skills Development Programme, YSDP) micro-enterprises in the form of grants. YSDP institution is run under the Micro Business Development Initiative BEDB. The

recipients who receive aid in the form of equipment to start their business consists of young people who have limited resources and skills to start their own business or get a job.

Constraints and problems faced by the government of Brunei, among others, human resource development, although there is regulations and legislation concerning special treatment to people who are older and disabled people in terms of welfare provision that still has economic inequality. Although family relationships in society Brunei more closely, it does not mean that the government will leave all the responsibility to the family to handle themselves because the family needs space work themselves, so the government must fill gaps in helping parents who are vulnerable in terms of facilitating their request with freedom or participate in society on an equal basis with people who are economically.

The state's role in the management of zakah is very important, especially through national development aimed at the welfare of society by alleviating poverty. In Brunei Darussalam, there is no extreme poverty, but the problem is in the form of relative poverty. Absolute or extreme poverty is defined as the inability to buy the basic needs of daily living. In Brunei Darussalam, every member of the population has access to meet the water supply. Services such as health and education are provided free by the government. Welfare assistance was also given to various categories of the population in this country. However, relative poverty occurs when a household earns less than 50 percent of the average income of the population. This happens because of the high living standards in Brunei Darussalam. The main factors that contribute to poverty are unemployment, low education, drug abuse, and divorce (Rose Abdullah, 2009).

In Brunei Darussalam, management of zakah is governed by the Assembly of Religious Islam Brunei Darussalam (MUIB), under the Ministry of Religious. MUIB authorized by Act of Brunei, 1/1984, the Council of Religious and Qadi Courts, Chapter 77, Article 114, to collect and distribute zakah on behalf of His Majesty in accordance with the Shari'a.

The role of fund management is the responsibility of the Division zakah collection and distribution of zakah under MUIB. This division has eighteen staff and is divided into four units, namely the Unit of Administrative, Unit of Collection, Unit of Distribution, and Unit of Calculation, and the Secretariat.

Unit of Calculation Zakah Distribution and involved in the process of receiving the application, examine the applicants and make the necessary recommendations to be submitted to a higher committee for them.

Disbursement Unit contributes zakah is important to note that the application and disbursement of zakah have limitations in processing applications. The staff is multi-tasking, doing some work at one time. (Hjh Mahani Hj Musa, 2007). Shortage of staff has resulted in the accumulation of more than a thousand applications (from 2006 until 2008) have not been processed (as at January 2009). Findings from interviews indicate that the staff is not assigned to be responsible for certain areas. This is due to the lack of a sense of responsibility among staff to ensure their clients' progress because all clients share the same staff and the areas to be visited and investigated.

However, since February 2009, a new initiative has been introduced to speed up the application process. The tasks given to staff are reduced so that they will be more focused. However, the same procedure was applied. Staff commented that although they speed up the process, new applications are received about the same number as the number of applicants who visit (Rose Abdullah, 2009).

During the study period, MUIB in the process of implementing the computerized system of collecting zakah. This system will allow direct communication between amyl (including banks) and office MUIB with the main office. It was the use of a computerized system of collecting zakah will allow the involvement of a wider range of communities, which is expected to be safer and will provide enhanced monitoring mechanism.

The use of the computerized system in processing applications for assistance charity is very important that it can speed up processing time and can filter out various forms of applications from the same applicant for the same kind of help or for various other types of assistance (Rose Abdullah, 2010).

In terms of management, the recording, and management of zakah in the State of Brunei Darussalam is under the power field of Religious Islamic Majlis, Negara Brunei Darussalam. In the Religious Islamic Majlis and the Supreme Court of Kadi Penggal Cut-contained 77-allotment allotment of the zakah and fitrah that is, chapters 114 to 121. Pentadbiran and management of zakah and fitrah in the State of Brunei Darussalam can be carried out more regularly and perfect if one and the zakah rules nature sapwood 1969 and enforced on 11 Shawwal 1389 H simultaneously January 1, 1969 (Haji Muhammad Bin Garing, 2009, 7-8).

At this time the management of zakah is done by one of the units at the Council of Religious Officials Islam Brunei namely Unit Citations and Agihan Zakah (Ukaz) which accounted for controlling the quoting process and distributive zakah collection in the country. Unit Citations and Agihan Zakah (Ukaz) is one unit that is under Islam Brunei Structure of Religious Majlis other units are units of Meeting, Pentadbiran Unit, Unit Act and the unit Baitul Mal and endowments. The previous unit is recognized as the Baitul Mal, Zakah and Fitrah then Unit Zakah and fitrah but began 1HB November 1999 the Unit Citations and Agihan Zakah has dipersetujui in muzakarah Monthly Ministry (MBK Kali to-9/1999 which was held on 09 Rejab 1420 along with 19 October 1999). At the present time, this unit is headed by a Head of Unit (Employees of Religious Right, Sukatan Salary set 2) which is responsible to the secretary of the Majlis in the case of Pentadbiran charity.

The kinds of charity aid used to meet basic needs monthly and yearly, accommodation for groups indigent, poor, and converts, education, capital for business, emergency assistance (victims of fire and natural disasters), health,

In terms of the collection of zakah funds, there are two types of zakah managed MUIB, namely zakah mal or riches and tithes. Zakah is mentioned in the Laws of Brunei wealth, 1/1984, Religious Council and the Court Qadi, Chapter 77. Zakah on the wealth collected in Brunei Darussalam is zakah on savings, business, gold and silver. Zakah rice was introduced in 2008. The zakah fitrah paid in accordance with the market value of the staple food for 2,268 kilograms of rice. In Brunei, there are two types of rice is usually consumed as a staple food, fragrant rice, and rice siam. For 2008, the value of the rice market cash equivalent of \$ 2.84 for fragrant rice and \$ 1.93 for Siamese rice.

Amil is elected individuals who could be a priest, the mosque board members, or they are known in the community such as military personnel, community leaders in remote villages and those working in the Islamic financial institutions. Zakah payment can also be made directly to the Division of Grouper and distribution of Zakah, MUIB. The depositors of Islamic Brunei Trusted Fund (TAIB) and the Islamic Bank of Brunei Darussalam (BIBD) can pay their zakah through financial institutions respectively. The

number of tax payers in wealth increased dramatically in 2002 to 3,454 people in 2001 compared to only 956 people. The amount collected is also doubled during this period. That number continues to rise gradually until 2005 (Haji Muhammad Bin Garing, 2009, 10-11).

In the distribution of alms, there was a drastic increase in the number of recipients since 2004. The number of recipients for both the monthly and annual aid increases considerably from 3,347 people to 13,298 people in 2004. The drastic increase occurred on the number of family members who depend on the category eg increased at about 300%, from 491 people to 1,520 people. While for annual aid categories, the head of the family of an increase in 2,595 people to 2,718 people (4.7%) but the dependents increased from 50 people to 8,645 people (17.190%). This drastic increase is due to a change in the format of assessment. Prior to 2004, priority assistance (assistance especially annual) given to the breadwinner and all dependents were given assistance. This policy has been changed to include all dependents as a receiver. The policy change makes the number of recipients increased by about 10,000 recipients.

Amil zakah is an elected individual that could be an imam, the mosque committee members, or they are known in the community such as military personnel, famous people in remote villages and those working in the Islamic financial institutions. Zakah payment can also be made directly to the Unit Citations Agihan and Zakah, MUIB.

## **Discussion**

### **Comparative Analysis of Poverty Alleviation Program**

Poverty reduction is also a public obligation to give alms, infaq, and alms. Each family has an obligation to provide for its members to meet their needs (Surat al-Anfal: 75 and Al-Isra': 26). In addition, zakah becomes part of one's faith should be accomplished in accordance with the provisions of Shari'ah. Zakah such assets in addition to cover the needs of indigent and poor for one year, also for a lifetime. Zakah can also be used as working capital or for capital to produce according to the expertise and skills of each, which is supported by the improvement in quality.

In addition to the individual and society, led the government plays a role in poverty alleviation through the management of zakah. In this case, the government has enacted Law No. 23 of 2011 on the management of zakah (BAZNAS, 2013).

In Indonesia and Brunei Darussalam, some charity programs focused on empowering the benefit of society. Here is some information on the economic empowerment programs for poverty alleviation through zakah in Indonesia and Brunei Darussalam.

#### **1. Economic Empowerment for Poverty Reduction in Indonesia**

Economic empowerment for the poor into a national program involving all parties, as well as with both BAZNAS zakah institutions and LAZNAS. Here are some examples of such programs.

- a. Launching the Community Development Program





Figure 3. Zakah Mission Community Development at Monkey Island  
(Source: BAZNAS, November-Desember 2013)

*b. Rumah Pintar dan Pemberdayaan Masyarakat (Smart House and Community Empowerment)*



Figure 4. Smart House Pijoengan-BAZNAS  
(BAZNAS, March-April 2013)

*c. Community Empowerment Program Dhuafa through ZCD*

To give empowerment to poor communities through community development charity program (ZCD) in 100 rural towns / districts across Indonesia, BAZNAS stimulant disbursed Rp 5 billion. According to the Chairman Didier BAZNAS Hafidhudin, this empowerment is integrative and comprehensive. "Empowerment is not just economic, and health, but also religion, character, and morals."

## 2. Economic Empowerment for Poverty Alleviation in Brunei Darussalam

### a. Revitalization of Zakah Management for Empowerment of the Poor

Zakah management's role in contributing to the economy of Brunei Darussalam has long been underestimated. The recent call by His Majesty for an effective zakah distribution has been very well received by the people of Brunei. A few solutions are recommended and the development of a new social model are highlighted that can be exercised by the Institution of Zakah in Brunei Darussalam to achieve the objectives of Syariah as part of its role in eradicating poverty in the country in the next decade. *Some recommendations are laid out as follows:* management approach increased awareness, empowerment of the poor.



Figure 5. Zakah Management for Empowerment of the Poor  
(The Brunei Times, January 19, 2009).

### b. Asnaf Zakah Empowerment Program Information Technology Enabled "asnaf Zakah Empowerment Programme"

Nineteen trainees who graduated from the sixth 2012/2013 Asnaf Zakah Empowerment Programme now add on to the current 173 trainees that graduated from the programme since its establishment six years ago. Founded in October 2007, the programme is aimed at providing the less fortunate with the necessary guidance and skills training to help them improve their quality of life and provide them with better job opportunities. Yesterday also saw 21 new trainees signing on to undertake the programme's seventh intake. The trainee graduates underwent three months of training at the centre and six months work attachment.

Economic empowerment programs in the form of poverty alleviation programs become a major issue that is promoted by the two countries, Indonesia and Brunei Darussalam. In view of the economic side, Indonesia, which has a population with a large population, of course, the problem of poverty continues to be a problem in economic development. Nevertheless, the potential zakah Indonesia larger community and cooperation among stakeholders and the support of government regulation, BAZNAS, and LAZNAS optimistic in the coming year, collected zakah will be able to reduce the level of poverty in Indonesia. It is certainly different from the Brunei Darussalam to the level of population slightly with pendapatan large government can certainly resolve the problem of poverty in this rich country.

From the institutional side, the management of zakah in Indonesia and Brunei Darussalam have different characteristics. Although both countries are the

predominantly Muslim majority, but the system of government that is causing the logical consequence of the management of zakah. Institutions of governance indicators good or good governance look at all the differences in the management of zakah.

In Indonesia, zakah can be grouped into two, namely BAZNAS coordinated by the government and managed by the community LAZ, thus showing the balance between the government's authority and obligations of community in managing zakah funds.

Although the post-setting regulation appears zakah management integration agreement between the two managers of the charity that, however, this dualism could affect the management of zakah management less efficient. Provision of zakah management in the form of public accountability is the possible potential of zakah in Indonesia has increased and can be utilized for the welfare of the community.

As in Brunei Darussalam, zakah management is still based on the previous legislation, ie Akta Majlis Ugama Islam and Mahkamah-mahkamah Kadi Penggal 77 in the laws of the State of Brunei Darussalam, especially chapters 114-121 of zakah and fitrah. This Act was reinforced on 11 hb. Shawwal 1389 H or 1 hb January 1969 that contains that "Islam of Religious Majlis ruling picked all of zakah and fitrah and membahagi-bahagikannya to the beneficiary in all countries of Brunei Darussalam. In terms of social dynamics, of course, legislation is already unable to meet the level of effective management of zakah in the midst of changing institutional governance accountable. On the other hand, government policies that facilitate citizens with various consumer assistance beyond charity, of course, be an excuse to not amend or change legislation in the management of zakah. However it can be noted, the role of the Mufti of the Kingdom of Brunei are always bersinergis with zakah problem by setting the fatwa in the implementation, although more are provisions of Islamic law, not the management of zakah (Haji Muhammad Bin Garing, 2009, 7).

Along with changes in institutional governance professionals, today MUIB need to make some changes to the organizational structure by forming multiple divisions or units in addition to the existing structure, namely the addition of the division of research and development institutions, the division of public relations and international division of capital assistance and monitoring, data base and statistics division, division and human resources training, and outreach division.

## **Conclusion**

Program of poverty alleviation is the main agenda in the management of zakah in Indonesia and Brunei Darussalam. In Indonesia, which has a population with a large population, of course, the problem of poverty continues to be a problem in economic development. Nevertheless, the potential zakah Indonesia larger community and cooperation among stakeholders and government regulation is a solution to reduce the level of poverty in Indonesia. It is certainly different from the Brunei Darussalam to the level of a small population and large government revenues, management of zakat by MUIB in cash grants, the capital of commerce, and others are implementable can solve the problem of poverty in this country.

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