

ZAKAT INSTITUTION UNDER THE GOVERNMENT: POLITICAL INTEREST, CHARITY AND RESISTANCE ¹

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Abstract

This article investigates an involvement of the government of the Municipality of Padang in West Sumatra in managing zakat institution, namely BAZDA (*Badan Amil Zakat Daerah*). It argues that the intentions of the mayor in managing the zakat institution aimed to provide an alternative financial source in order to support his position at the mayor. Zakat payers (*Muzakki*), collector (*'amil*), kinds of property obligated to pay its zakat (*māl*) and recipients (*mustahiq*) are mainly the matters that link to his authority. The zakat revenue initially was mainly distributed to recipients in form of charity, but since 2010 it has gradually shifted to financialize business run by the poor and needy. The mayor received resistances from many people, but they are mainly in form of individual resistance that are lacking to force the mayor to change his policy. In addition, the emerging resistance is rooted in different values between the mayor and resisters.

Keywords: Zakat Institution, government, zakat payers (*Muzakki*), collector (*'amil*), kinds of property *māl*), recipients (*mustahiq*) and resistance.

Introduction

Developments of zakat institution in Indonesia have been attracted a significant attention from scholars since the last decades. There are three interconnected factors caused the developments: first is there have been occurred a number of development regarding with some aspects rules of zakat, including the shifting that zakat is not only seen as a ritual aspect, but has extended it to an economic factor. Accordingly, scope of zakat rules are extended from what have been mentioned in *fiqh* books to new rules, for example, the kinds of property subject to zakat, collector (*'amil*) and recipients of zakat. Second, after 1999 attitude of the Indonesian government towards zakat has changed that it attempts to accommodate zakat matters to be concern of the state. This change took place, for example, when the government passed national law No.38/1999 on zakat management on 23 September 1999. Eventhough, according to the Indonesian legal system this law is inapplicable, because the government does not issue any government regulation

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aimed to apply this law regulated under the 1945 constitution. Furthermore, on 25 November 2011, the government amended this law with a new zakat law No.23/2011. Up to the present, this amended law remains the same with the previous law in which the government uses a tactic to delay its implementation by delaying to issue the government regulation. However, a number of regional governments have used the national zakat laws to justify their involvement in managing zakat institution, namely, BAZDA. In addition a number of regional governments have also legislated zakat rules to a regional law (*peraturan daerah*) in order to have a legal basis of the involvement in managing zakat institution. Third, a number of regional governments decided to manage zakat institution. This development happened under a reason that its authorities have been extended since the central government shares its authority through the implementation of decentralization and local autonomy in 2000. Although, debates occurs on whether or not the regional government has the authority regarding with religious matters. Evidences show that a number of regional governments have dealt with religious matters, including zakat.

This paper presents the involvement of the Municipality government of Padang in West Sumatra in managing zakat institution, namely, Badan Amil Zakat Daerah (BAZDA).² It is confined to the practices since 2006. The focus is to reveal the intentions of the municipality government in managing this institution, whether because of law No.38/1999 or there are other factors that made him to have that kind of decision.³ For this purpose, this paper describes how the mayor utilized his authority (or power) when he decided to manage the institution, the kinds of property subjected to zakat, zakat payers, flow of zakat from a payer to a collector and then to recipients. It is also important to examine types of resistance addressed to the involvement of the Municipality of Padang. I expect that examining these aspects will find out on-going changes regarding zakat matters, specifically, with the involvement of the government to the zakat institution.

Establishment of BAZDA

² Law No.23/2011 changes the name of zakat institution from BAZDA to BAZNAS.

³ Religious motives is required to investigate concepts of character and disposition, inwardness and visibility, the thought and the unthought. For this purpose excellent conception investigation may see in G.E.M.Anscombe (1963), Peters (1960), and Moris (1976).

The mayor of Padang decided to manage zakat institution in 2006, when the boards of zakat institution, called BAZ, would be ended in that year. The mayor raised seven reasons to legitimize the decision: 1) aiming to implement Islamic teachings. The mayor argues that according to Shari'a he also roles as *ulil amr* who has the obligation to implement Shari'a; 2) furthermore, he claims that he has the religious authority to collect zakat from payers (*muzakki*) who are living in Padang. Although, he acknowledged that his authority is limited to those who are working under the municipal institution; civil servants; 3) to support this position, the mayor often quotes the chapter of *al-Tawba* (9):103, *khudh min amwālihim sadaqatan tuṭahhiruhum wa tuzakīhim bihā wa ṣalli 'alaihim*. He then argues that this verse commands a leader to collect zakat from zakat payers who are working under his authority; 4) the mayor also often quoted a legal opinion voiced by Muslim scholars who said that zakat is only valid if it is distributed to recipients through the collector, otherwise, it is categorized only as a charity; 5) furthermore, the mayor also argues that civil servants who do not distribute their zakat to BAZDA would suffer from a disaster or an unfortune; 6) rejecting to pay zakat may be categorized as a unfair (*zalim*) attitude; 7) He also argues there is no one who has paid zakat falling into poor, in contrast he will be blessed by God (*Singgalang*, 18/02/2007; 27/03/2007, *Haluan*, 03/02/2007). Besides these reasons, the mayor hypothesizes that zakat is an economic potential sources to fund programmes set by the municipal government in order to reduce poverty in this area. According to him, if fourty per cent of the population regularly pay Rp.25.000,- per month, zakat will be annually collected more than 30 billion rupiah. This fund is sufficient to eliminate poverty program designed by the government (*Singgalang*, 27/03/2007).

In 2006, the mayor appointed four people — to protect their anonymity we well call them Aman, Amin, Amir and Hamid, — to carry out the selection of candidates for the boards. After these people had completed their assignment, the mayor passed decision No.43/2006 on the establishment of BAZDA. Sixty people were appointed to the board, which comprise consultative, advisory and executive boards and sections for collecting, distributing, empowering, developing publishing, zakat payers and recipients. Aman, Amin, Amir and Hamid were appointed to the executive board that was tasked with running BAZDA. Aman was appointed as the chair, Amin and Amir were the Vice-Chair, and Hamid became Secretary of the

board. However, the day to day activities revealed Amin to be the central figure at BAZDA.

In 2011, the mayor applied the procedure regulated under the law No.38/1999 for appointing the boards for BAZDA. He encouraged the head of Ministry of Religious Affairs of the municipality to get involved in organizing the new boards for the period 2011-2014. On 16 February 2011, a meeting was held to discuss these new appointments. The participants of the meeting, including the head of the Ministry of Religious Affairs and the Ulama Council of the Municipality, as well as the representatives of Muslim organisations, agreed to reappoint the same executive boards, i.e. Aman, Amin and Amir to exactly the same positions, for the simple reason that these people had succeeded in managing BAZDA since 2006. On 9 May 2011, the mayor passed decision No.80/2011 to create the new boards of BAZDA for 2011-2014. Consequently, 58 people were appointed to the boards of BAZDA. The mayor reappointed Aman, Amin and Amir to the executive boards together with five other board members. Aman is the Chair, Amin and Amir hold the position of Vice of Chair of BAZDA; however, it is Amin who remains the key figure in managing BAZDA day to day of BAZDA, despite only being the Vice_Chair. This information raises question why Amin's role since 2006. The answer would appear to be that he has gained his position simply because he belongs to the mayor's network.⁴

The mayor established branches of BAZDA at the sub-regional (*kecamatan*) and village (*kelurahan*) levels. However, they have different names: BAZ (*Badan Amil Zakāt*) for the sub-regional, and UPZ (*Unit Pengumpul Zakāt*), which literally means a unit for zakāt collection at the *Kelurahan* level. There are a total of twelve BAZ and 104 UPS offices. The executive boards initially designed the annual programmes for these agencies. This included to design the procedures for collecting and distributing zakāt revenues; improving the services system; publicizing the

⁴ I arrive at this conclusion after applying social network analysis to uncover out the relationship between Aman, Amin, Amir and the mayor. Amin has more common connection with the mayor and both of them are members of the same political party, namely PAN and Muhammadiyah. Amin was the head of parliament of the Municipality of Padang 1999-2004 and has positions in other social organisations that directly link to the mayor. Amir is rather isolated in the network of the mayor, because he only has link with Aman as they are both teaching at the State Institute for Islamic studies (IAIN) Imam Bonjol and both of them held the the position of Dean in a different faculty when BAZDA established in 2006. Although, Aman does not have any overlap in terms of contact with the mayor, he is a well-known 'ulamā', professor and on the board of Tarbiyah Islamiyah organization. Aman's social reputation may be used to justify why the mayor trusts him to be the chair of the executive board of BAZDA, although it is not Aman who runs the day-to-day activities of BAZDA.

programmes of BAZDA; assisting BAZDA in collecting zakāt revenue; improving the linkage with other zakāt agencies; and improving the accountability of BAZDA.

On 11 January 2007, the executive boards passed decision No.2/2007 concerning a standard operational procedure for BAZDA. There are a number of principles applied by BAZDA, BAZ and LAZ. Firstly, the boards of BAZDA will not involve in any debate concerning zakāt matters that are disputed by the ‘ulama (*khilafiya*). Secondly, the collection and distribution of zakāt and other forms of Islamic charity will take place within the area where the agency is located. Thirdly, the recipients are determined under the following procedure: UPZ proposes names of recipients to BAZ, then BAZ proposes them to BAZDA. The executive boards of BAZDA, BAZ and UPZ hold a meeting to determine the recipients. BAZDA then pass this decision to the mayor for approval. Then the mayor will pass the municipal decision concerning the recipients of zakāt revenue. Fourthly, BAZDA expects zakāt payers to be any Muslim who owns property that has fulfilled *nisab*. The kinds of property covered include income from farming, livestock, gold, silver, money, professional income, business, mining and investment. The types of property outlined remain in general terms and mostly refer to law No.38/1999 with the addition of income earned by professionals. However, BAZDA has no any authority to force any zakāt payer to pay their zakāt to BAZDA. Subsequently, the mayor approaches zakāt payers who are civil servants. How the mayor uses his political power in relation to matters of zakāt will be further examined in the context collecting and distributing zakāt revenue from civil servants.

Collecting zakāt

The most two important issues concerning the collection of zakāt revenue are determining who the zakāt payers are and on what kind of wealth zakāt is levied. The answer to these questions is simply that the zakāt payers and the kinds of property covered relate to those areas over which the mayor has authority. It is clear to Muslim civil servants, for example, that their monthly income is a target. Consequently, the method for collecting zakāt relates to the power mechanism employed by the mayor. Thus, the treasurers of the municipal institutions directly deduct 2.5 per cent from the monthly income of civil servants. Subsequently, the

same treasurers deposit the collected revenue in the bank account of BAZDA.⁵ Besides this method of collection, since March 2007, Bank Nagari, a local bank belonging to the local government, has provided a transfer facility system at its ATMs for those want to transfer their zakāt directly from their account into BAZDA's. This mechanism revealed that the boards of BAZDA did not involve in collecting the revenue.

Before applying this mechanism, the mayor claimed that he consulted with the 'Ulama Council of the municipality, his staff experts, and a number of Muslim scholars concerning whether the salary of civil servants was liable for zakāt. According to the 'Ulama council, any civil servant who has a gross monthly income equal to 83 grams of gold is obliged to pay 2.5 per cent of this income in zakāt. This means that a civil servant who earns more than 1 million per month is obligated to pay zakāt. Meanwhile, civil servants who earn less than one million gross per month are obligated to pay *ṣadāqa* or *infaq*.

However, a number of civil servants resisted the mayor's policy, which on paper was voluntarily, but in practice was obligatory. This resistance was channelling to the head of the 'Ulama Council of West Sumatra, which has a different opinion from the 'Ulama Council of the municipality concerning how to calculate the zakāt due on the income of civil servants. On 19 December 2006, the head of the 'Ulama Council of West Sumatra who is also as the Director of the Zakāt Empowering of the Ministry of Religious Affairs, talked to the media about this matter. His statement appeared in the *Daily Singgalang* over the following two days. He characterised a regional government, without directly mentioning the name of the region that was deducting 2.5 per cent of the income from those civil servants earning less than 2 million rupiah per months as *zālim* (unjust). He argued that zakāt was only obligatory for those civil servants whose monthly income has fulfilled its *nisab*. As long as the income does not fulfill this basic requirement, a civil servant has no obligation to pay zakāt (*Singgalang*, 20/12/2006).

The head BAZDA's executive board reacted immediately to the statement. On 20 December 2006, he called executive board members to a meeting at the office of in order to respond to the head of the statement of the 'Ulama Council of West

⁵ BAZDA has accounts with several banks: Bank Nagari, Bank BNI branch of Padang, Bank Syariah Mandiri, BRI, Muamalah Bank, BCA, BTPN, BII, Bukopin, Danamon, Permata, BTN, Mega Bank, LIPPO Bank and Mandiri Bank.

Sumatra. They reached to an agreement that they would hold a press conference. Their reaction appeared in two local daily newspapers, the daily *Singgalang* and *Padang Ekspres*. The daily *Padang Ekspres* printed it under the headline *Kewajiban zakat jangan diperdebatkan* (No need to debate on the obligation of zakāt). Meanwhile, the daily *Singgalang* printed the story under the more straightforward headline, *Soal pungutan zakāt, Salmadanis: Nasrun [Haroen] 'kencingi dapur'* (with regards to the collection of zakāt collection, Salmadanis: Nasrun 'Peeing in his own kitchen'). According to the head of BAZDA, as the Director of Zakāt empowering of the Ministry of Religious Affairs, the head of the 'Ulama Council of the province should not be accusing the regional government of being *zālim* (unjust), but rather supporting the attempt by the regional government to manage BAZDA. The head of BAZDA further characterized the head of the 'Ulama Council by using a Minangkabau language expression for those who demonstrate inappropriate attitudes as someone peeing in his own kitchen.

The head of BAZDA went on to argue that if zakāt was based on the take home pay of civil servants, there would be few who actually had the obligation to pay zakāt. Consequently, the attempt to manage BAZDA is rife with difficulties (*Singgalang*, 21/12/2006). In addition, another board member of BAZDA added that the way of zakāt was calculated by BAZDA in Padang was different from the opinion of the head of the 'Ulama Council of the province. He further acknowledged that there were different opinions among 'ulama concerning with the way to calculate zakāt (*Padang Ekspres*, 21/12/2006). However, the head of the 'Ulama Council of the province gave no response to the reaction by the executive boards of BAZDA Padang. This brought the public debate to an end.⁶

The mayor decided to continue to collect zakāt from civil servants and he actively took part in serial campaigns promoting his policy for managing BAZDA. Although, the collection of zakāt revenue was in theory voluntary, in the actual practices it had become obligatory. These current developments reveal that the mayor has acknowledged his decision to obligate civil servants to pay zakāt from

⁶ According to the vice-chair of the board of BAZDA, the mayor prevented the executive boards of BAZDA from becoming involved further in the debate about these matters, because it would result in a negative impact on the efforts to manage zakāt. The mayor argued that the different views on the matter could not be reconciled and that he would continue his policy on zakāt collection (*Correspondence* via email with the vice executive board, 10/6/210).

their monthly salaries. Indeed, he often publicly threatened to punish those who disobeyed this obligation (*Singgalang*, 26/02/09/).

The amount of zakāt revenue collected has gradually been increasing since 2006 up to 2011. In 2006, the collected revenue was less than 1 billion rupiah and it increased to more than 1.5 billion rupiah in 2007. A significant amount of revenue was collected in 2008 when the revenue doubled compared to that in 2006. In the next three years, the annual revenue increased significantly. In 2009, it reached more than 10 billion rupiah and subsequently increased to almost 12 billion rupiah in 2010. In 2011, the collected revenue amounted to almost 15 billion rupiah, which meant that it had gained more than a billion rupiah per month and exceeded the annual collected revenue in 2006 when the government began in managing BAZDA (*Annual Report 2006-2011*).

Distributing zakat

The issues concerning the distribution of zakāt revenue include the people entitled to receive zakat, how to select them, how and when to distribute the revenue to them. According to the decision of BAZDA No.02/2007 dated 11 January 2007, the recipients of zakāt revenue cover the usual eight categories.

BAZDA puts the recipients into six of its programmes. First, is *Padang religious*. This is a *da'wa* programme that includes special activities during Ramaḍān. Second is *Padang sehat* (health). This programme funds the costs of medical treatment for the poor or the needy. Third is *Padang sejahtera* (prosperous). This is designed to fund small-scale businesses run by the poor or the needy. In conducting this program, BAZDA has cooperation with other small-scale financial institutions that employ a Shari'ā system, including *BMT Rangkaian Basamo* (starting from 2009), Bank Muamalah (2011), and BTN (2011). Fourth is *Padang Makmur* (welfare). It funds the renovation of houses belonging to the poor and the needy as well as public facilities. Five is *Padang Peduli* (care). This fund provides aid in the wake of any catastrophes and helps homeless people. Six is *Padang cerdas* (smart). This programme provides financial support for students from primary schools to universities.

The distribution of annually collected revenue varies from year to year. The last three years shows that the highest share of the revenue went to providing financial support for students. This amount reached 58.99% (Rp.4,669,269,000.00) in 2009, 32.06% (Rp.4,808,250,00.00) in 2010 and 32.92% (Rp.4,778,231,000.00) in 2011. The lowest share of the revenue went to the Padang welfare programme, which received 2.91% (Rp.292,177,000.00) in 2009, decreasing to 1.1% (Rp.165,000,000.00) in 2010 and increasing again to 3.45% (196.113,000.00) in 2011. The shares of revenue that went to the Padang prosperous programme increased by less than 1% (Rp.1,500,000.00) in 2009 and significantly increased in the next two years: 26,70% (Rp.4,004,000,000.00) in 2010 and 25,79% (Rp.3.742,892,500.00) in 2011.

This distribution reveals that BAZDA focuses its support on the programme of the municipal government, i.e., those of the mayor, in three main sectors: education, health care and providing financial resources to the poor and the needy to run their small-scale businesses. This evidence also reveals that most of the collected revenue is distributed to the recipients in the form of charity, rather than in the form of financial source to improve the economic life of the recipients. This situation also means that the boards of BAZDA as well as the mayor have not yet conformed to the new rules of zakāt which treat the revenue as an economic factor. However, their attitude to this new paradigmme has been shifting since 2010 when they spent more than 4 billion on funding small-scale businesses belonging to the poor and needy. In other words, the repeated intention of the mayor to diminish poverty in the city finally got started in 2010. In addition, it is undeniable that the mayor has gained political advantageous from actively managing BAZDA and maintaining his political power as the local ruler. The involvement of the government in managing BAZDA has also benefited the poor and the needy who now have an alternative financial solution besides what Muslim organisations have been providing.

Resistance

This section briefly presents forms of resistance to the involvement of the local government in managing BAZDA, and to the coercion used to get civil servants to pay zakāt from their monthly wages, and the way BAZDA selects the recipients. Any

resistance is rooted in a conflict of values as well as a conflict of interests among the parties involved, and every struggle is also a struggle over value (Scott 1985:1). Thus, resistance to the government involvement in zakāt matters is caused by the different values embraced by different parties in this matter.

A number of bureaucrats, members of parliament, civil servants, Muslim organisations and individuals have shown their reluctance to support the involvement of the local government in zakāt matters. The governor of West Sumatra publicly expressed his resistance during a meeting on 28 October 2007. The meeting aimed at evaluating the management and effectiveness of disaster relief and emergency aid was hosted by the governor. Since the tsunami occurred in Aceh on 26 December 2004, several catastrophes have touched the area including earthquakes and floods that caused serious damages in West Sumatra. In a meeting, the mayor of the Municipality of Padang suggested to the governor that he take a political decision to collect the *zakāt fiṭr* from the members of the *Pesantren Ramaḍan* in order to provide financial support for sufferers of natural disaster. According to the mayor, *zakāt fiṭr* revenue could reach approximately 1.3 billion rupiah. This amount of revenue was sufficient to support the victims. The governor refused to accept the suggestion. He argued that the decision about whether or not to pay *zakāt fiṭr* rests solely with the participants of the *Pesantren Ramaḍan* as the zakāt payers, as well as their parents. Further, He argued the government did not have any authority to decide how zakāt must be paid. He stated that if the government decided to collect the *zakāt fiṭra*, the government would receive protests from the parents as well as the students. Receiving to the governor's rejection, the mayor gave no reaction to the response of the governor (*Padang Ekspres*, 29/09/07). This shows that the disagreement between two Muslim bureaucrats originated in the different values, norms or maybe interests that each holds in relation to this issue.

The disagreement concerning the collection of zakāt from the civil servants was also publicly expressed during a speech by the governor at the opening ceremony of a meeting of all BAZDA in West Sumatra on 6 March 2009. According to the governor, the core of the problem behind the refusal to collect zakāt was derived from the disagreement among 'ulama on how zakāt should be calculated for civil servants. For example, he asked, should civil servants who have a debt still be obligated to pay zakāt? Thus, he challenged the 'ulama to reach a consensus (*ijmā'*)

on the matter in order to implement some fixed rules. Nevertheless, the governor seemed to realize such as consensus was not easy gain.

Members of the local parliaments, who were mostly members of PKS, PAN or other Islamic parties, also showed their resistance to this matter. This come in the form of a reluctance to approve the draft regional law concerning zakāt matters. PAN and PKS members of parliament in the municipality of Padangpanjang were reluctant to approve the draft proposed by mayor on July 2007 (*Padang Ekspres*, 30/07/2007). PKS members were also reluctant to give their consent to the draft regional law proposed by the head of Pasaman region (*Padang Ekspres*, 17/02/2007). A similar situation also occurred in Solok when the members of the parliament were examining the draft of the regional law on zakāt in 2003. The explanation is simple and lies in the different interest of the members of parliament. For example, members of PAN were mostly members of Muhammadiyah whose activities are supported by zakāt and other forms of Muslim charity. PKS also has a charity organization, PKPU, although officially this political party is not affiliated to it, however, the cooperation between PKS and PKPU continues.

Resistance also emerged among teachers in a number of state schools in the municipality of Padang. However, this resistance was not directly addressed to the mayor, but rather channelled it through the bureaucracy of the municipality. They mainly argued that their monthly salary should not be subject to zakāt. When this resistance reached the mayor, He decided to continue deducting zakāt from the salary of civil servants. Furthermore, He threatened the civil servants who disagreed with the policy with an administrative punishment including a transfer to other schools that do not have good reputations. Further, the mayor instructed the principals of the schools to take any decision to force the civil servant to pay the zakāt to BAZDA. The head of the Bureau of Junior and Senior High Schools at the Ministry of Education of the municipality acknowledged that there were number of teachers who were still unwilling to pay zakāt to BAZDA. This does not mean that they did not pay zakāt, but they preferred to pay it directly to recipients. In a bid to handle such resistance, the principals were given wider authority and could take any decision necessary to force the teachers to pay their zakāt to BAZDA (*Singgalang*, 16/02/09). The refusal of these civil servants was rooted in their belief about whether or not

their salary fulfilled the minimum income requirement. According to them, their salary did not fulfilled the *haul* (*Correspondence*, with a teacher, 30/08/09).

Since August 2006, the executive boards of BAZDA have been busy responding to a series of protests from the poor and needy who argued that they should be recipients of the zakāt revenue. They protested that they had fulfilled the requirements defined by BAZDA (*singgalang* 14/08/2006). For instance, Harimiati, a needy mother of three children, challenged the boards of BAZDA by asking why she did not qualify as a beneficiary of the revenue. Her case was published in the *Daily Singgalang* (*Singgalang*, 22/10/06). Harimiati succeeded in gaining the right to be a recipient and she finally received zakāt revenue to support the school fees of her children.

By Contrast to the case of Herimiati, there are a number of different types of resistances conducted by the poor or needy who are excluded from the recipients of the zakāt revenue. This form of resistance is known as daily resistance and is a common weapon for relatively powerless people. Their resistance is conducted in several forms, including foot dragging, dissimulation, desertion, false compliance and feigned ignorance. According to Scott, this resistance has the following characteristics: it requires little or no coordination or planning, it exploits an implicit understanding and informal networks, they more often represent a form of individual self help and they typically avoid any direct, symbolic confrontation with authority (Scott 1985:xvi). This type of resistance is commonly found among the poor families in villages, schools teachers, students, among law-ranking civil servants.

However, their reason why these groups are excluded from those receiving the zakāt revenue is because they did not have a good reputation. The poor or needy or any person who is entitled to receive zakāt revenue should have a good reputation or a good name (Bailey 1972:2). Scott suggests the ways of maintaining a good name including devoting time and labour to village projects, cooking at feasts, and taking care of the village prayer house (*mosque, surau*) and assembly hall (*balai*). It also requires swallowing a lot of pride and feigning a respect for social betters that one does not always feel. However, a good reputation pays dividends in terms of employment, zakāt gifts, help when ill and public shows of respect and consideration (Scott 1985:24-25).

Concluding remarks

There are three important factors made possible for the government to manage zakat institution: first, rules of zakat have been extended from what have been regulated in numerous *fiqh* books, including role of government to be a zakat collector (*amil*); the extension of the kinds of property subjected to zakat as well as of recipient of zakat; second, attitude of government towards zakat has been changing. The New Order regime was reluctant to make zakat matters to be the concern of the state. In contrast, after the collapse of this regime this attitude changed that can be seen when it issued law No.38/1999 and No.23/2011 and a number of regional government also legislated rules of zakat for the regional law. These laws have created possibility for the government to manage zakat institutions, although they are still inapplicable. The changing attitude is also showed when the government charged the Ministry of Religious Affairs with the zakat matters; and third, political interests of the local government is important factor made the government involved in managing BAZDA.

The development of zakat institution under the local government relays on whether or not a head of region/the mayor has a political interest to manage the institution. For those who have the interests zakat institution is not only to fulfil religious obligation, but also to provide financial sources for political purposes, including for services the poor and needy people. However, this interest also links to what James Scott (1985) has suggested that it occurs due to the different norm among the parties.

The actual practices of zakat institution under the Municipality of Padang have shown that the mayor motivated to have an alternative financial source to fund programmes to eliminate poverty that excluded from the programmes funded by the national budget. It has also shown that the collected revenue distributed to the recipients mostly in form of charity rather than aims to improve economic life of the poor and needy. But zakat revenue allocated for economic programmes has gradually increased since 2010. The mayor has benefited the mayor in the way of maintaining *power relation* with people, particularly in relation to the poor and needy as well as the sufferers of the catastrophic events that often occurred in Padang since the last five years.

I suggest three remarks concerning the practices of zakat. First, zakat flows inside the circle of the mayor: zakat payers, collectors, and recipients. Second, the majority of collected zakat was distributed to recipients in the way of charity. This tends to be caused by a lacking managerial capacity of people who organizes BAZDA to utilize zakāt for as economic purposes. I suggest, the boards of BAZDA may learn from what have been done by private zakat institution, including Dompot Duafa and PKPU. Third, the establishment of BAZDA (now BAZNAZ) is more relayed on the political desire of the mayor. Thus, the prospect of this institution relays on this aspect as well as the accountability of the management and the improvement of the recipients. To gain public accountability, it is required to apply transparancy principles in managing zakat institution, for example, by conducting a public auditing. Public accountability is also required to avoid what Beuhler (2008) has warned that this zakat institution may be trapped in corruption culture among the government officials. Otherwise, the daily resistances and other forms of rejection to the involvement of the government may threaten the future of this semi-government zakat institution.

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