

The Management of Zakat and Waqf in the Economic Development Efforts of Aljazair

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Abstract:

This article discusses zakat management in Aljazair, focusing on changes in zakat management plans, the history of Zakat, and mechanisms for collecting and distributing zakat funds. Aljazair is facing changes in zakat management with plans to establish a National Zakat Council, in response to public dissatisfaction with the existing system. The history of Zakat in Aljazair reflects its critical role before the colonial era, but experienced significant decline during that period. Zakat management in Aljazair involves Kotak Zakat as a voluntary organization with strategic partnerships, innovation in utilizing Zakat, and the use of technology to increase efficiency and transparency. The distribution of zakat funds involves an application process from mosque units, which the Regional Council supervises. Partnerships with financial institutions such as Bank Al-Barakah Aljazair create innovative solutions such as the Zakat Investment Box. Through an organized approach and strategic partnerships, Zakat management in Aljazair is committed to utilizing Zakat for social welfare. In the management of Zakat and waqf in Aljazair, it can be concluded that there are 48 directorates of religious affairs and waqf located in each of the 48 provinces in Aljazair. They are considered a scaled-down version of the ministries of religious affairs and endowments, where they have small offices and departments representing specific tasks assigned by the ministry. They oversee the management of zakat funds, waqf assets, Hajj and Umrah affairs and other religious affairs in each of the country's 48 provinces. Each religious and waqf directorate has a separate department dedicated to waqf asset collection, dispute management, and investment. All religious and waqf directorates are directly related to the central directorate in the capital and the ministry of religion and waqf.

Keywords:

Managemen; Zakat and Waqf; Economic Development.

I. Introduction

Since the collapse of the last Islamic caliphate, the management of Zakat in Muslim countries has become very diverse. In general, two models of zakat management are known in the contemporary Muslim world. First, the mandatory zakat payment system (obligatory system) such as in Pakistan, Sudan, Libya, Yemen, Malaysia and Saudi Arabia. In this model, the collection and distribution of Zakat is determined by government policy by looking at community needs so that it is similar to taxes imposed in secular countries. This kind of zakat management system is direct, meaning Muslim community members must pay Zakat by deducting it directly from their assets. Second, the voluntary zakat payment system (voluntary system) such as in Kuwait, Bangladesh, Jordan, Indonesia, Egypt, Aljazair and other countries. a country where Muslims are a minority.

The second model is that Zakat is managed by non-governmental (civil society) or semi-governmental institutions by referring to the rules set by the government. Therefore, civil

society carries out zakat management voluntarily, and the state only acts as a facilitator and regulator. However, these two models have their respective strengths and weaknesses. One of the weaknesses that stands out in the first model is that the state is dominant in managing Zakat, and the people have fewer roles.

Meanwhile, in the second model of zakat management, the opposite is true, where the community has a dominant role and the government has zero role. Zakat collection is voluntary so zakat income tends to be small. In the case of Indonesia, these two models are combined by involving the state and society. This method is used because Indonesia is not an Islamic country so the country does not.

II. Review of Literature

2.1 The Management of Zakat in Aljazair

Aljazair is an interesting case regarding plans to change the zakat management system in that country. The Ministry of Religion and Zakat in Aljazair plans to formalize a law regulating the zakat management system and standardising zakat assets and reporting and accounting mechanisms for zakat institutions nationally. This government initiative was motivated by establishing an independent government body for zakat management, or the National Zakat Council, which works under the auspices of the Ministry of Religious Affairs and Zakat. This plan emerged due to dissatisfaction among various social groups regarding the zakat management system in that country. The system currently implemented, namely the National Zakat Box, which is a voluntary organization founded by civil society, is considered unable to accommodate the development of the agency's activities and vision (Directorate General of Islamic Community Guidance, 2013).

The discourse on establishing a particular body to handle zakat management was started in 1990 with the initiative of the Minister of Religious Affairs at that time, Dr. Sa'id Syaiban to establish a particular agency to handle Zakat nationally along with its statutory framework. This recommendation received great support from religious leaders and academics. They considered that the existence of a body would reduce income inequality and the loss of the middle class due to the move from a socialist regime to a capitalistic regime at that time. However, this discourse did not receive the attention it deserved until 2002, when the Minister of Religious Affairs revived the discourse by holding various workshops attended by academics, ulama and state officials to develop and prepare the zakat agency.

Although the legal framework governing zakat management has yet to be made clear, the Aljazairn Zakat Box was officially established in 2003 by relying on the State Constitution Article 2 which states that Islam is the official religion of Aljazair. The Mosque Law No. 81-91 of 1991 which includes its authority is to collect and distribute zakat carried out by mosques, and finally Presidential Decree no. 89-99 of 1989 which states that one of the duties of the Minister of Religious Affairs and Zakat is to establish religious rituals, and Zakat is included as a pilot test. In the first year, the Zakat Box only ran in two areas: Innabah in the eastern part and Bil'abas in western Aljazair. Kotak Zakat managed to collect 5 billion centimes in its first year. This shows the high public awareness and trust in the Zakat Box. Because of this success, the Zakat Box was implemented nationally the following year to cover all regions of Aljazair, totalling 48 regions. With this policy, the performance of the Zakat Box is increasing with wider coverage. This is reflected in the increase in zakat funds the community distributes to the Zakat Box. In terms of distribution, the Zakat Box also showed excellent performance

where the zakat funds collected in 2007 jumped to 56 billion centimes (Directorate General of Islamic Community Guidance, 2013).

Organizationally, Kotak Zakat is a voluntary organization, which exists under the auspices of the Ministry of Religious Affairs and Zakat, where the ministry's duties are limited to monitoring. In terms of structure, the Zakat Box consists of three levels, namely the National Council, which regulates the distribution, administration, socialization and supervision of the Zakat Boxes nationally. Regional Council, where each region has an Executive Office and a Negotiating Council. Base centers that function to calculate, collect, distribute, monitor and socialize Zakat in their respective regions.

Since the founding of Kotak Zakat in 2003, this organization has succeeded in attracting more than 90,000 zakat activists and thus became Aljazair's largest voluntary organization has 84 regional councils, more than 500 centers, and 14,000 mosques. To improve zakat management, Kotak Zakat collaborates with several strategic partners such as Bank Al-Barakah Aljazair, the Association of Traders and Professionals, and the Association of Farmers' Associations. Zakat collection is carried out through two mechanisms. First, through a special checking account, muzakki can transfer their zakat funds directly. Second, through zakat boxes located throughout the mosque, which are officially calculated every day, then distributed to the Zakat Box checking account.

For the distribution of zakat funds, mosque units submit an application containing an estimate of the number of poor people to the Center, which if approved will then be sent to the Regional Council which in turn will transfer the required amount of money back to the mosque concerned, provided that the required amount is must not exceed the amount of Zakat collected by the mosque.

Kotak Zakat's partnership with strategic partners such as Bank Al-Barakah Aljazair, the Association of Traders and Professionals, and the Association of Farmers has given birth to several innovations in utilising Zakat. For example, collaboration with Bank Al-Barakah gave birth to the Zakat Investment Box, where zakat funds collected either from customers of this bank or external parties who deposit into their zakat accounts will be invested to finance small businesses aimed at reducing the unemployment rate.

For operational costs of zakat management, Kotak Zakat sets aside 12.5 percent of all zakat income to be used in various activities carried out by Kotak Zakat, including outreach in mass media, with the following description: 4.5 percent is distributed to cover operational costs of the Regional Council, • 6 percent for the operational costs of the centers, and the remaining 2 percent is set aside to finance the Zakat Box activities on a national scale.

2.2 Employee Performance

In the context of the Aljazairn waqf system, most questions revolve around the role that waqf institutions can play in the economic development and social life of Aljazairn society. However, looking at the current situation, it can be seen that waqf institutions in Aljazair have not played the role expected by waqf givers when giving their money, except for the role of religion with all its aspects, education and da'wah, according to traditional methods that have not kept up with the development of Aljazairn society. When researching the history of Aljazairn waqf, before the colonial era in particular, during the Ottoman period, it was discovered that the waqf system in general, and waqf institutions in particular, had played an important role in people's lives, where waqf provided important positions and jobs, even outside the religious field (Sabrina Joseph, 2014)

Apart from its contribution to helping the poor and needy and alleviating their burdens inside and outside the country, such as endowments for two holy mosques, promotion of education, provision of public services, road repairs, fortifications, and so on. However, Aljazairn waqf institutions experienced significant setbacks during the colonial era. , where the French colonialists aimed to confiscate waqf and undermine its influential role in society, especially when they deeply realized the essence behind the waqf system which gave society the power of independence, thus allowing them to become independent, relying on waqf to take care of themselves. Since independence in 1962, there have been modest initiatives to increase waqf property, and efforts to recover lost ones, but all these efforts are considered weak compared to the size of waqf property in Aljazair during the Ottoman period. Added to this was the complexity of their search after independence, due to the disappearance of documents that had been confiscated by the colonialists and taken to their original homes and the slow process of recovering the archives by the Aljazairn authorities.

The French colonialists had worked hard to destroy private waqf structures and succeeded to some extent. Many Aljazairn waqfs were lost during this dark period of Aljazairn history, making the search for these properties and the reallocation of their endowed purposes, almost impossible without the efforts of the Aljazairn state in the legislative, financial, and even international efforts that contributed to the restoration of many waqfs in the period from the mid-nineties to the present, such as those funded by the Islamic Development Bank (IDB).

In the first period of independence, little attention was paid to waqf. However, in the late 1980s and early 1990s, the legal framework and waqf legislation were reformulated, but at a modest pace, until the beginning of the 21st century, when the laws began to experience actual application, and especially in the field of investment with the trend which is increasing up to date, is represented in several waqf investment projects sponsored by the state and private bodies at the same time. Some of these projects are the kiram (philanthropist) environment which is considered the first contemporary waqf investment funded by the Aljazairn state, followed by complex waqfs such as the “Grand Mosque,” which represents a quantum leap in complexes in the Arab and Muslim world, as well as the mini complex, which began to spread in every province in Aljazair.

Although the trend in Aljazair's waqf sector is quite promising, there is still a lot of room for improvement in order to restore the effectiveness of the role of waqf in the country's development.

III. Research Methods

3.1 The Management of Waqf in Aljazair

In Aljazair, waqf properties and all related matters are under the supervision of the ministry of religion and endowments or specifically the central government in the ministry of religion and endowment which is under the direct control of the minister of religious affairs and endowment. The center of government in the ministry of religion and endowments is located in the capital city of Algiers (bdekkader Laallam, 2021).

3.2 The Mechanism of Zakat Collection

Zakat collection is carried out through two main mechanisms. First, muzakki can transfer zakat funds directly through a special checking account. Second, Kotak Zakat places zakat boxes throughout the mosque, which are officially counted every day, and the funds

collected are then distributed to Kotak Zakat's checking account. Strategic partnerships with Bank Al-Barakah Aljazair, the Association of Traders and Professionals, and the Association of Farmers have strengthened this zakat collection infrastructure.

One of the primary mechanisms for collecting Zakat is through a particular checking account. Muzakki (people who pay Zakat) can transfer their Zakat funds directly to this account. This approach makes it easy for Muzakki to contribute actively and ensures transparency in tracking the funds collected.

Zakat collection is also carried out through zakat boxes placed in all mosques in Aljazair. These boxes are counted officially daily, creating direct community involvement in providing zakat funds. After being calculated, the funds collected from the Zakat box are channelled to the Zakat Box checking account.

Kotak Zakat has established strategic partnerships with financial institutions such as Bank Al-Barakah Aljazair. This collaboration creates innovative solutions such as the Zakat Investment Box. In this collaboration, zakat funds collected from bank customers and external parties are managed efficiently to provide a more significant positive impact on society.

The use of technology also supports the zakat collection mechanism in Aljazair. Special checking accounts can be accessed online, making it easier for Muzakki to transfer Zakat electronically. Apart from that, using information systems also makes it easier to track and report zakat funds, increasing transparency and accountability.

3.3 The Distribution of Zakat Funds

The distribution of zakat funds involves an application process from mosque units. They applied with an estimate of the number of poor people to the Center. If approved, the application is sent to the Regional Council, which transfers the required amount of money back to the mosque in question. It is important to note that the amount required cannot exceed the amount of Zakat collected by the mosque.

3.4 The Innovation in Utilizing Zakat

Kotak Zakat's partnership with strategic partners such as Bank Al-Barakah Aljazair, the Association of Traders and Professionals, and the Association of Farmers has resulted in significant innovations in utilising Zakat. For example, the collaboration with Bank Al-Barakah created the Zakat Investment Box, where zakat funds collected from bank customers or external parties who deposit into accounts are used effectively for the benefit of the community.

Through an organized approach and supported by strategic partnerships, Zakat management in Aljazair has opened up opportunities for increased efficiency, transparency and positive impacts for communities in need. This reflects Kotak Zakat's commitment to managing and utilizing Zakat as an instrument for social welfare in Aljazair.

IV. Conclusion

Based on the results of writing a paper regarding the management of Zakat and waqf in Aljazair, it can be concluded that there are 48 directorates of religious affairs and waqf located in every one of the 48 provinces in Aljazair. They are considered a scaled-down version of the ministries of religious affairs and endowments, where they have small offices and departments representing specific tasks assigned by the ministry. They oversee the management of zakat funds, waqf assets, Hajj and Umrah affairs and other religious affairs in each of the country's 48 provinces. In each religious and waqf directorate, there is a separate department dedicated to the collection, disputes, management and investment of waqf assets. All religious and waqf directorates are directly related to the central directorate in the capital and the ministry of religion and waqf.

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