



**CIVIL SOCIETY RESEARCH FACILITY – INDONESIA
(CSRF – INDONESIA)**

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INVITATION LETTER

Dear lim,

Congratulations on your acceptance as CSRF-Indonesia grantee. We are delighted to invite you to participate in our Kickoff Workshop CSRF-Indonesia that will take place on Tuesday, June 28th 2011 at Grafika Room University Club UGM Yogyakarta.

The workshop is intended for the candidates who have been selected to share ideas and create synergy for cross-fertilization. This workshop is also aimed to prepare selected candidate for the research process and to sharpen the proposal. The detailed run down of the workshop is provided in term of references.

The workshop participation is free of charge. We would appreciate if you could confirm your participation by Friday, June 24th 2011.

For further information, please contact us at csrfindonesia@geo.ugm.ac.id

We are looking forward to welcome you on June 28th 2011.

Yours sincerely,

CSRF-Indonesia Coordinator

Drs. Sukamdi, M.Sc.

Kick-Off Workshop 28 May 2011 from 08.00 a.m. Gadjah Mada University, Yogyakarta, Indonesia

Faculty of Geography, UGM, Center for Asia – Pacific Studies, UGM, & Centre for International Development Issues Nijmegen (CIDIN), Radboud University, the Netherlands.

• Aim

The principal aim of the kick-off workshop is to

1. get to know each other so as to create synergy and opportunity for cross-fertilization, and;
2. prepare the researchers for the process and create opportunity to sharpen the proposal

• Preparations Researchers

Make sure you are **well prepared** for the kick-off workshop. For that we ask you as participant to

1. Read the other seven proposals you received from UGM in order to obtain an overview of the studies;
2. Read one of the seven proposals (that belongs to another candidate) very carefully and present this proposal during the introduction ([see annex 1 for the presentation scheme](#)). The purpose of this exercise is to present another proposal in your own words, not reproducing it. You are asked to pay specific attention to the following elements in your presentation:
 - What is the core of the research? (the problem, where and how)
 - What is the relevance / scientific added value?
 - What is the innovative character of the research?
 - Provide remarks and comments (either positive or constructive)

Note that each introduction takes maximum ten (10) minutes and you are allowed to make use of PowerPoint;

3. Read the other three proposals of the candidates in your afternoon presentation group profoundly and prepare questions, comments, and recommendations per research proposal to be able to provide constructive feedback ([see annex 2 for the afternoon grouping](#)).

• Agenda Kick-off workshop

○ Registration	(08.00)
○ Welcome	(08.30)
○ Introduction Presentations	(09.00)
○ Coffee break	(10.15)
○ Reflection	(10.30)
○ From Concept notes to Research Proposals	(10.50)
○ Individual reflection	(11.45)
○ Lunch	(12.30)
○ Presentations in Two Groups	(13.30)
○ Closing Plenary	(16.30)
○ Drinks / Snacks	(17.00)

• Annex 1. Schedule of presentations

○ Fuad Faizi	presents the proposal of	lim Halimatusadiyah
○ Hasrul Hanif	presents the proposal of	Ekoningtyas Margu Wardani
○ I Ngurah Suryawan	presents the proposal of	Nur Nanung Widiyanto
○ lim Halimatusadiyah	presents the proposal of	I Ngurah Suryawan
○ Nur Nanung Widiyanto	presents the proposal of	Syarifah A. Dalimunthe
○ Ekoningtyas Margu Wardani	presents the proposal of	Fuad Faizi
○ Novi Widyaningrum	presents the proposal of	Hasrul Hanif
○ Syarifah A. Dalimunthe	presents the proposal of	Novi Widyaningrum

This means that Fuad Faizi will be the [first](#) researcher who is going to present and introduce the research proposal of lim Halimatusadiyah, followed by Hasrul Hanif, who is going to present the proposal of Ekoningtyas Margu Wardani. Please contact Frieta Damayanti in case you have any questions about this schedule.

Annex 2. Afternoon Groups

- [Group 1:](#)
 1. Hasrul Hanif (CSO network)
 2. lim Halimatusadiyah (CSO-Government relations)
 3. Nur Nanung Widiyanto (International network)
 4. Syarifah A. Dalimunthe (Open category)
 - [Group 2:](#)
 1. Fuad Faizi (CSO network)
 2. Ekoningtyas Margu Wardani (Impact and accountability)
 3. I Ngurah Suryawan (CSO network)
 4. Novi Widyaningrum (Impact and accountability)
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Centre for International Development Issues Nijmegen (CIDIN)

Date: 11 October 2012
Subject: Conference invitation

Dear Iim Halimatusadiya,

It is our pleasure to personally invite you to present your CSRF-study and paper during the conference on **NGOs North-South: Discovering the future**. The conference is organised by the Centre for International Development Issues Nijmegen (CIDIN, Radboud University Nijmegen) and will take place on the 20th and 21st of December 2012 in Nijmegen, the Netherlands.

There is an increasing and widely recognised need to fundamentally review development cooperation in general and North-South relations between NGOs specifically. For one, because many developing countries have reached higher levels of development including the development of substantially more capable local NGOs calling for a new partnership with Northern NGOs that is not dominated by financial relations. At the same time, relations between Northern governments and international (and local) NGOs are changing. This conference hopes to shed a light on the changing relations between governments and their private development organisations, as well as on changes in Civil Society and the NGO landscapes in developing countries.

One of the core elements of the conference are plenary sessions with cases studies from Indonesia, Tanzania and Ghana on changing North-South relations, civil society networking in the South, and relations between Southern civil society and their governments. Out of the 24 studies we have selected your paper as one of the most promising and together with a select group of (CSRF) researchers from the respective countries you have the opportunity to present your work in front of an audience consisting of staff from the Dutch Ministry of Foreign Affairs, directors of large Dutch NGOs, and leading scientists in the field of civil society and international cooperation.

Naturally, we provide you with a return ticket from Jakarta to Amsterdam and compensate your stay in the Netherlands (from Tuesday the 18th of December until Saturday the 22nd of December).

It would be highly appreciated if you would reserve this conference in your agenda and let us know whether you will participate and present your work. Please do so on very short notice (preferably before Friday October 12, 2012) as organisational matters take considerable time.

We very much look forward to welcoming you on the 20th and 21st of December in Nijmegen.

Best regards,



Lau Schulpen
Rik Habraken

Centre for International Development Issues Nijmegen (CIDIN)
Radboud University Nijmegen, The Netherlands

ZAKAT AND SOCIAL PROTECTION

Relationship between Government and Socio-Religious NGOs in Indonesia

Im Halimatusa'diyah

Abstract

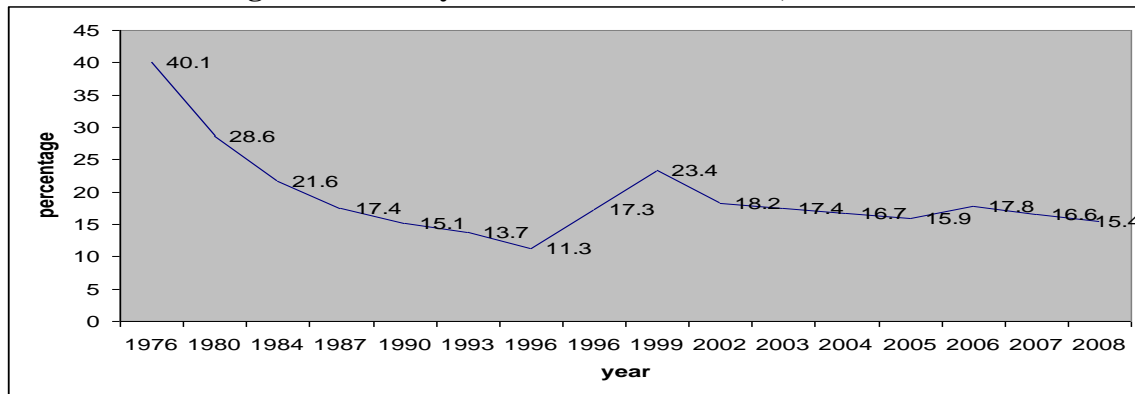
This paper is aimed to analyze the relationship between zakat institutions and government in dealing with the problem of poverty in Indonesia. The fact that the two parties share similar concern about poverty raises an important question about the issue of coordination among them. It has been argued that coordination problem may prevent optimal outcomes that potentially can be achieved given the actors involved are able to solve their coordination problem. Building on literatures on the relationship between government and non-government sectors, this study shows that tacit coordination has dominated the way government and zakat institutions interact one other in maintaining their common agenda of poverty reduction. While some argue that tacit coordination could lead to optimal outcomes conditional on the support of institutional sustainability, others argue that tacit coordination is more likely to fail. The paper proceeds by analyzing the levels of coordination between zakat agencies and the government and the reason why it is tacit coordination is likely to dominate their interactions.

Keywords: zakat institutions, government, poverty reduction, coordination, Indonesia

Introduction

It is commonly believed that zakat could serve as a powerful instrument for poverty alleviation. Zakat may release people's dependency from state budget to solve the problem of poverty. It may play some socio-economic functions similar to those of formal social security system (Shirazi 2006). Otherwise, zakat can be integrated to the national agenda of poverty reduction program as implemented in Bangladesh or Malaysia (Hassan and Khan 2007; Fahmi 2010). Yet the extent to which zakat may really alleviate poverty is subject to empirical assessment. In his introductory remark to the draft of zakat law delivered to the members of House of Representative in 1999, Ministry of Religious Affairs Malik Fajar stated that zakat did not affect significantly the welfare of Muslims and the poor in Indonesia yet (Jahar 2006, p. 368). Nearly a decade later, a similar message was re-stated by Forum Zakat (FOZ) in their proposal for the revision of the Zakat Law No. 39/1999. The significant increase of zakat agencies and the total amount of zakat fund collected after the passage of the Zakat Law No. 39/1999 was not reflected in the country's poverty figures (FOZ 2005). As can be seen from the figure 1 below, poverty reduction has been rather slow since 2002. There might be some gaps between zakat collection and poverty reduction as the main goal of zakat.

Figure 1. Poverty Reduction in Indonesia, 1976-2008



Some may argue that it is unrealistic to expect the impact of zakat on poverty in the national statistics. Despite its significant increase during the last decade, the amount of zakat fund collected is still far below the amount of state expenditures on poverty reduction programs. While the state spend approximately Rp80 trillion on anti poverty programs in 2010, it is estimated that national zakat collection only achieved Rp1.5 trillion (Febianto et al, nd.). Therefore, zakat impact on poverty may not be seen at macro level.

However, such thinking contradicts some empirical studies showing positive impacts of zakat on the welfare of the zakat recipients (mustahiq). Febianto et al (nd.) find that capital and training assistance provided by Rumah Zakat and Dompot Duaafa Foundations increased consumption level of the recipient households in Bandung. Statistical analysis of the consumption level of 1,195 households receiving assistance from BAZNAS, BAZIS DKI Jakarta and Dompot Dhuafa shows that zakat increases the household income level by 8.94 percent. In terms of poverty level, zakat assistance reduces the household poverty by 16.80 percent. The study also shows that zakat also decreases poverty security by reducing income gap of the zakat recipient from the poverty level by 13.72 percent (Beik 2010, 2009). Such positive results are also replicated by other similar studies in other areas. Empirical analysis of household consumption of those receiving consumptive assistance from BAZ Kota Bogor reveals that zakat reduces the headcount ratio of poverty by 8.77 percent. In terms of poverty severity, zakat reduces the income gap of the recipients from the poverty level by approximately 9.23 percent (Anriani 2010). Similar trend is also found by Tsani (2010) in Bandar Lampung. If these trends are empirically true, we may expect that the significant increase of national zakat collection would affect national poverty figures.

We may better understand these contradicting claims if we further look at the mechanism of how zakat works. Sensitivity analyses by Hartoyo and Purnamasari (2010), Anriani (2010) and Tsani (2010) reveal that the welfare impact of zakat is varied across different households. Hartoyo and Purnamasari (2010) find that male-headed households (27.27 percent) are more likely to escape poverty than female-headed households (13.04 percent). The probability of poor households to move out of poverty is also affected by the age of households. Young household heads (21-42 years old) are more likely to move

their families out of poverty than older people (43-64 years old) by approximately 6 percent (19.04 and 12.90 percents for the former and the latter groups respectively). In terms of household composition, complete households (in terms of husband and wife) are more likely to escape from poverty than widow- or widower-headed households. Furthermore, households headed by those with education higher than primary school are also more likely to move out of poverty than those with primary school education or less. It is also found the unemployed is the least likely to move out of poverty (7.14 percent) compared to those working as traders (21.25 percent) or workers (16.50 percent). Contradicting results were shown on the impact of the number of household members of poverty reduction. While Garut case shows households with 3 members or less are more likely to move out of poverty than the larger households (Hartoyo and Purnamasari 2010), Bogor case reveals that it is the larger households that have higher chance to escape poverty (Anriani 2010). In line with these findings, Multifiah's dissertation (2007) shows that the impact of zakat on poverty reduction is dependent on a number of factors such as education and health of household heads, household's physical assets, amount of zakat fund received and length of assistance. Thus, these aspects need to be addressed in order for zakat to affect the national agenda of poverty reduction significantly.

Planning is certainly one of the most obvious issues that zakat agencies need to think about more seriously. Nevertheless, given the fact that zakat agencies are not the only institutions working on poverty, it is also important to consider possible linkages between zakat programs and those run by others especially by the government. As a response to the severe impact of the 1997 crisis on poverty, the government set up a number of poverty reduction programs officially named as Social Safety Nets or JPS (*Jaringan Pengaman Sosial*). This includes food assistance, education, health, and employment creation. Some programs are later modified to improve their performance. In education, for instance, targeted scholarship in the former JPS was replaced by School Operational Assistance (Bantuan Operasional Sekolah, BOS). In 2005, the government introduced unconditional direct cash transfer program, which is officially known as BLT (Program Bantuan Tunai) to compensate the increase of fuel prices. In 2007, the government also launched conditional cash transfer program named as the Hopeful Family Program or PKH (Program Keluarga Harapan). In addition to those directed to individuals or households, the government also developed community-targeted programs. These programs are now consolidated under PNPM Mandiri (Hutagalung, et. al. 2009).

Given the similarity of their goals, I would argue that poverty-reduction programs run by non-government organizations like zakat agencies and those implemented by the government can complement each other. In the case of zakat agencies' anti-poverty programs, the above reviewed studies indicate that the amount of money is not the only factor defining the impact of zakat on the wellbeing of the recipients. The welfare impact of zakat is influenced by recipient household characteristics. Therefore, it is necessary for zakat agencies to plan and formulate their programs in such a way that they fit the individual characteristics of the zakat recipient. Given the presence of other programs run by the government, it becomes necessary to take these programs into accounts. As this paper will show, the lack of coordination between zakat institutions and government may

contribute to the insufficient impact of zakat role in accelerating poverty reduction in the country.

Zakat, Government and the Problem of Coordination

Drawing on theories of coordination, this study aims to explain the relationship between zakat agencies' programs in poverty reduction and the government's anti poverty programs. This section outlines some theoretical foundation and frameworks used to elucidate the problem under study.

The Problem of Coordination

In *The Strategy of Conflict* (1962), Thomas C. Schelling explains the possibility of coordination between two different parties without formal communication between. As an example, he mentions the situation and alternative choices faced by a husband and his wife who got lost in a supermarket. The husband might think about going to the 'lost and found' point expecting that the wife would also think about the same choice. Schelling uses the term 'tacit coordination' to identify this problem. According to him, people can concert their expectations with others if each knows that the other also has the same interest. Nevertheless, Schelling admits that the possibility of tacit coordination to meet the common goal is dependent on a number of conditions. In the case of lost husband and wife above, it would be more difficult for the couple to meet if the supermarket had more than one 'lost and found' point. People will need relevant clues to coordinate their behaviours. These clues may vary dependent on time and place and who the people are. For armies in the battlefield, for instance, the clue could be geographical landscape or a certain physical building. But for politicians, the clue could be public opinion or the opposition's expectations (Collins 1994, pp. 152-61).

Tacit coordination as a solution is helpful especially under situation when the actors involved are not allowed to communicate. According to Schelling, the results obtained from tacit coordination will be much better than any decision made by random (Collins 1994, p. 153). Nevertheless, more recent studies show that tacit coordination may result in suboptimal results. Rational choice theorists have shown that without proper coordination, it is unlikely that people could not gain optimal results. The reason is that each actor is a rational being who will maximize his or her benefits regardless of others' payoff. This situation is best shown in a coordination game between two actors interrogated by police separately (usually called as Prisoner's Dilemma). Both actors are suspected of committing a crime. As they were interrogated separately, both suspects could not coordinate their answers. The interrogator said that if both suspects are equally silent, both would get a lighter sentence. But if one suspect, say A, accuses of other party, say B, of conducting the wrongdoing, A will be exempted while B will be punished heavily. Thus, the optimal result for the two suspects, which is to get lighter sentence for both, is being silent. But without coordination, it is unlikely for both actors to choose such an option as each actor would be afraid of being accused of conducting the wrongdoing by the other actor. There is no guarantee that the two suspects would choose the same strategy. If it is the case that the two suspects choose different strategy, that choosing to be silent will get severe punishment. Given this conditionality, each suspect

would try to maximize their gains by accusing other party. Consequently, in the absence of coordination, all parties will get a severe punishment.

Table 1. Prisoner's Dilemma

Actor 2	Actor 1	
	Strategy 1 (remaining silent)	Strategy 2 (blaming other party)
Strategy 1 (remaining silent)	3,3	1,4
Strategy 2 (blaming other party)	4,1	2,2

In a simple matrix, the table 1 above shows Prisoner's Dilemma coordination game model. Both actor 1 and actor 2 would get optimal results if both take strategy 1 (column 3,3; they both remained silent). However, this result can only be realized if they can overcome the problems of coordination between them. But as both suspects were interrogated separately, there was no possibility to coordinate their answers. Under such situation, strategy 2 –blaming others—would be considered as the best choice as it might save the blamer by victimizing others. However, if both actors implement Strategy 2, which is the most likely choice under the impossibility of communication between the two actors, the final results obtained for both are suboptimal (column 2,2). Thus, explicit coordination is necessary for them to get optimal results.

It has been argued that institutional development is the key solution to address the problem of coordination. Even in the case of tacit coordination, Schelling also emphasizes the significance of institutional stability to help actors understand relevant clues required to solve their coordination problem (Collins 1994). For any coordination game in general, institutions serve to provide information about other behaviors or expectation. First, as a principle or rule outside the individual, the institution can function as an external constraint that limits the actions of each actor. Viewed from the other actors, institutions provide certainty about the behavior of another party. In other words, institutions provide a picture or even a certainty about the preferences and actions of each actor so that each can make adjustments as necessary. According to Shepsle (2006), an institution created 'structured-induced equilibrium'. Second, institution works to increase efficiency by reducing transaction costs. Institution serves to collect information so as to facilitate exchange of information between actors or institutions. With the availability of information, each actor can more easily obtain certainty about the conditions encountered and customize the action to be performed.

Drawing on these insights, the relationship between welfare impact of zakat and governments' poverty reduction programs can be understood in terms of coordination problem between government and zakat agencies. Given the similarity of their ultimate goal, which is to reduce poverty, at the heart of the problem is how to coordinate anti-poverty programs carried out by the government and zakat agencies.

Zakat Agencies as Socio Religious CSOs

Civil Society Organization (CSO) is a broad concept that may include any organization outside the state and works on a nonprofit basis. Although non-government organization (NGO) is often seen synonymously to CSO, NGO is only one form of CSOs. CSOs encompass various associations including trade unions, professional associations, chambers of commerce, ethnic associations, religious organizations, student groups, cultural organizations, sport clubs and other informal community organization (Carothers and Barndt, 1999-2000, p. 19-20).

Many studies show that CSOs may serve many purposes. CSOs may stand as a 'third force' between public and private, as a means to control excessively aggressive state and as a means to provide public services such as education, health care and community development that the government services could not make (Bremer, 2004). Partly because of that, CSOs in particular can be divided into several typologies depending on the criteria such as their "school of thought" (into either charitable, legalistic or interventionist), their approach to the principles of humanitarian, and their dependence or independence from government (Benedetti, 2006, p. 851). Among these typologies, there are growing numbers of organizations that identify themselves in religious expressions such as spiritual, religious or faith-based NGOs. Religious NGOs can be defined as non state organizations whose identity and mission are originated from the teachings of one or more religious traditions (Berger, 2003, p. 1). Since the existence of religious actors in public and political sphere is not new, the presence of religious NGOs is not of course a new phenomenon. Many of them signify new incarnation of previous religious organization (2003, p. 20).

Undoubtedly, zakat in Indonesia has triggered the development of many religious organizations. While some are supported by zakat donations, some organizations are founded specifically to manage zakat donations by Muslims. These organizations can be divided into two categories. First is BAZ (Badan Amil Zakat), the zakat institution that is founded by the government. This institution is available from national to regional level namely BAZNAS (Badan Amil Zakat Nasional/ National Institution for Zakat Fund) and BAZDA (Badan Amil Zakat Daerah/Regional Institution for Zakat Fund). Second category is called LAZ (Lembaga Amil Zakat/ Zakat Fund Institution). It is established and developed by the community outside the state. Relaying to this definition, zakat institutions or Islamic philanthropic institution which are developed and work outside the state could be categorized as one form of CSOs as it is community based organization which collect the zakat, infaq and shadaqah from the community and manage them into various programs for the community. Indonesia sees the rapid development of zakat agencies after the fall of Suharto regime. As any other CSOs, LAZ has also enjoyed increasing growth of community trust. The community trust to LAZ is even much stronger than to BAZ. The amount of zakat, infaq and shadaqah funds collected by LAZ has been much higher than those collected by the BAZ (Zakat and Empowering, 2008).

Zakat, CSOs, and Government

There are a number of issues where government and zakat agencies' interest may contradict one another. To begin with, zakat collection can be a sensitive issue that may inhibit cooperation between government and zakat agencies. Some estimate that the potential of national zakat collection is pretty high (Rp18 trillion). Given the fact that the national zakat collection could only achieve its tiny share (Rp1.5 trillion), there is a large room for each actor (LAZ and BAZ) to increase their zakat collection. The government may use BAZ, whose organizational structure extends to the village level, to mobilize the zakat resource. In a public seminar held after the passage of the new Zakat Law (2011) – approved by the House of Representative in 27 October 2011, the Director of Zakat Management of the Ministry of Religious Affairs states that one of the goals of the amendment of the previous zakat law (Law No. 39/1999) is to maximize the collection of zakat payment. The new law, which defines BAZ as the single legitimate authority to collect zakat, is expected realize the high potential of national zakat collection (Kasirin 2011).

Secondly, coordination problem between zakat agencies and government may inhibit the optimum impact of zakat on the well being of the zakat recipients. Unlike the first problem, which may involve BAZ in the part of government, the second problem involves larger section of government. It deals with the formal social protection program, which is dispersed across a number of state departments. For the sake comparison, people often use the term 'informal social protection' to identify poverty reduction programs run by non-state actors like zakat agencies. Some evidence shows that the development of non-state or informal social protection can bring some influential advantages such as the strengthening social capital, social cohesion and governance (Norton, Conway and Foster 2001, p. 11). This is not to mention poverty reduction as the goal of zakat in Islam. However, as it involves non-state actor, the achievement of informal social protection goals may be dependent on the relationship between government and the non-state organization that runs the program.

Some studies have shown that relationship between state and CSOs may take different forms, ranging from repression to collaboration. According to Najam (2000), relationship between government and CSOs are based on the strategic interests of both government and CSOs. He divides the relationship types into: first, cooperation in which government and CSOs share similar ends and means; second, confrontation, in which both ends and means are dissimilar; third, complementary, in which the ends are similar, but the means vary; fourth, cooptation on which government and CSOs practice similar means but with dissimilar ends. Similar to Najam, Young (2000) differentiates three types of relationship between state and CSOs: (1) CSOs work independently as supplement to government; (2) CSOs work as complements to government in a partnership relationship; (3) CSOs participate in an adversarial relationship with government. In line with the institutionalist thinking outlined in the previous section, institutions may play decisive role in structuring the relationship between government and CSOs. According to Coston, repression, rivalry, and competition may take place if government opposes institutional pluralism. By contrast, CSOs may enjoy cooperation,

complementary and collaboration with government if the latter admits institutional pluralism (Brinkerhoff and Brinkerhoff 2002).

Table 2. Government-NGO Relationship

Repression	Resistance to institutional pluralism No NGO linkage with government Asymmetrical power relations, government advantage Formal and informal Government policy: unfavorable (outlawing NGOs for particular operations) Possible government refusal to provide mandated supported services One-way relationship
Rivalry	Resistance to institutional pluralism No NGO linkage with government Asymmetrical power relations, government advantage Formal and informal Possible sluggish provision of mandated supported services Government policy: unfavorable (regulatory, mandating NGOs procedures) Possible two-way relationship
Competition	Resistance to institutional pluralism No NGO linkage with government Asymmetrical power relations, government advantage Informal: deriving from operations as opposed to formal policy Government policy: unfavorable to neutral Political: NGO seen as unwanted critics and competitors for local powers Economic: competition for foreign fund and/or community contributions Potential benefits: greater responsiveness to client needs and accountability
Contracting	Acceptance of institutional pluralism Moderate to high linkage Government advantage in power relationships with increasing NGO influence Formal: contracting is a policy tool Division of labor based on comparative advantages Potential negative consequences for NGOs Blurring between sectors
Third-Party Government	Acceptance of institutional pluralism Moderate to high linkage Government advantage in power relationships with increasing NGO influence Increased discretion to NGOs Formal: policy tools including contracting, loan guarantees, insurance and vouchers Government policy: contingent on NGO Division of labor based on comparative advantages Potential negative consequences for NGOs Greater diversity of services than contracting

Cooperation	Acceptance of institutional pluralism Low NGO linkage to government Increasing NGO influences Informal Government policy: neutral Information sharing
Complementarity	Acceptance of institutional pluralism Moderate to high NGO linkage to government NGO autonomy (symmetrical power relationship) Relatively informal Government policy: inconclusive Information sharing Potential NGO participation in planning and policy Based on comparative advantages Mutual benefits: each sector benefits to the other Legitimate and recognized role of government Technical, financial, and geographic complementarity Types: philanthropization, intermediation, assisted self-reliance
Collaboration	Acceptance of institutional pluralism High NGO linkage to government NGO autonomy (symmetrical power relationship) Formal Government policy: favorable Information sharing Resource sharing Joint action NGO participation in planning, policy, and implementation Based on comparative advantages Mutual benefits Types: partnership, mutualist strategy, and coproduction

Source: Jennifer M. Coston, 1998. A Model and Typology of Government-NGO Relationship, *Nonprofit and Voluntary Sector Quarterly* 1998 27: 358

Zakat Management and the State

Zakat is a religious obligation for individual Muslims to spend some of his/her possessions once a year if the property has achieved a certain amount of minimum wealth or *nisab*. There are two types of zakat in Islam, namely zakat *al-fitr* and *al-mal*. The first means a tax on individual either male, female, adult or child and the second is a tax on wealth. While the former is tied to the implementation of Ramadhan fasting, the later completely depends on someone's possessions. The command to pay zakat is mentioned more than 100 times in *al-Quran*. It is commonly mentioned together with *shalat* (prayer) as two means of purification. Besides to purify someone soul and his/her wealth, it also functions to mobilize resources from the haves to the have not.

The practice of zakat has been often influenced by the socio-political development of the Muslim communities. At the time of the Prophet and early Islam, zakat was managed directly by the state through the institution known as the *Baitul Mal*. The institution is in charge of collecting zakat from those who are obliged to pay it, and

distributing them to those who qualify. There are several groups that are entitled to a part of zakat, namely the poor, the detained, the new converts, the debtors, those in dispute, the volunteers, the wayfarers and the zakat collectors. Although in general this provision has been a basic guideline for Muslims to manage zakat, its application to some extent adapted to the conditions of society. If the original zakat was officially regulated by the state through the *Baitul Mal*, Zakat in many Islamic societies governed by the people through a variety of religious social institutions that they have. While many who gave their alms to the *ulama* (cleric), not a few who collect them through the mosque committee. There also are handed directly to those who deserve it as described above.

During the colonial era, zakat management in Indonesia was mobilized by the religious clerics (*ulama/penghulu*) through mosque treasuries. In addition to assistance for the needy and the poor, zakat fund was also used as a financial source to fight against the colonial government. However, this practice did not last for long as the Dutch Colonial Government strictly controlled religious figures and mosque treasuries in order to prevent political mobilization by the Indonesians (Bamualim, 2009, p. 76-77). Partly because of this, zakat management by local mosques is often considered as the legacy of the Dutch, which saw religion as a private matter that did not need to be ruled by the state (Fauzia, 2008, p 164).

Under the Soekarno administration, zakat continued to be managed as a private matter, not as a government affair. This was against the political aspiration of many Muslim leaders who insisted that zakat was ideally managed centrally by the government. They assume that the Prophet taught the practice of zakat to be managed by the state through Baitul Mal (treasury). Since the early years of independence, Muslim leaders actively tried to bring zakat into state administration. Jahar (2006, p. 364) notes that in 1952 a conference was held by Islamic organizations in Sukabumi to discuss the management of zakat under the ministry of religious affairs. The conference organizers argued that zakat and *waqf* needed to be managed in a modern way by the state. However, by the decree No. 1/D/13/7 June 1958, the government through the Ministry of Religious Affairs boldly stated that the zakat is a private affair of the Muslims and the state did not need to be involved in its management.

In contrast to the Old Order era, state policy under the New Order regime was quite mixed. On the one hand, Soeharto rejected 'formalization' of zakat within the framework of the state, but the New Order period witnessed the growth of zakat management institutions supported by the state named as Badan Amil Zakat (BAZ). Yet as societal level, the state's repressive policies against political Islam did not allow the development of zakat institutions by the public. The majority of Muslims paid their zakat in traditional way, namely by giving it to mosques or Muslim leaders or giving it directly to those considered as poor from their relatives or neighbors. Not until the last decade of Soeharto's era did Muslim communities enjoy some room to organize zakat collection and disbursement more systematically. Despite Soeharto's political motives to use Islam as his political support, his close relations with some modernist Muslim leaders—shown with Soeharto's approval of the foundation of ICMI under Habibie's leadership—opened new opportunities for Muslim to articulate their public interest. It is under this political

change that some Muslim leaders found Dompot Duafa (DD) as a new institution dedicated to manage zakat collection and its disbursement.

The collapse of the New Order regime in the mid 1998 further brought many significant changes not only in the political order but also the social institutions of society. In terms of management of zakat in particular, some studies suggest that the spirit of the changes come after the collapse of New Order gave rise to the emergence of a new spirit in the management of zakat. At the central level, it is marked by the rapid development of numerous modern zakat agencies such as DD, RZ, YSDF and the like. At the local level, many studies record the mushrooming of zakat management institutions after the enactment of Law No. 38/1999 on Zakat Management (Bamualim and Abubakar, 2005, p. 21). Although the law did not require the expenditure of zakat for every Muslim because it is perceived as a private affair, the law recognized the existence of two types of zakat institutions, namely lembaga Amil Zakat (LAZ) and Badan Amil Zakat (BAZ). While the first is a non-governmental agency established by the community, BAZ is the governmental agency established by the state. Similar to the state bureaucracy, BAZ have an organizational structure from the central to local (district) (Jahar, 2006, p. 369).

To give further insights on the nature of these institutions, below are the profiles of BAZNAS, DD and RZ. While Baznas is chosen to better understand the role of government in zakat management, DD and RZ are chosen to describe the role of non-government organizations in zakat.

1. *Baznas*

According to Zakat Act No. 38/1999, the government (at both central and local levels) has to facilitate the formation of zakat institutions, named BAZNAS at central level and BAZDA at regional one. BAZNAS was established in 17 January 2001 under the Presidential Decree No. 8/2001, and was later revised by Presidential Decree No. 103/2004. Under the Decree, Baznas is mandated to coordinate the collection and disbursement of zakat across the country. Baznas is expected to coordinate at least 33 provincial zakat Institutions (BAZDA) and 18 national non-government zakat institutions (LAZ). As a coordinator of zakat in Indonesia, Baznas are also expected to optimize the potential of zakat in Indonesia which is estimated to reach 19.3 trillion, while zakat funds collected by the zakat fund institutions are still less than 1 trillion.

However, the existence Baznas as a coordinator of zakat institutions is not necessarily free from various constraints. These include: *first*, as new institutions, Baznas is an institution with very limited organizational capacity, both because of its annual zakat fundraising is still small and the amount of subsidy from the government (through the state budget) for Baznas operational costs is also very limited. These capacity constraints have given rise to limited work space for Baznas in implementing its role as a coordinator. *Second*, Baznas is considered playing the overlap roles. On one side, it is the coordinator of all zakat management institutions, on the other hand, Baznas is also the operator that directly manage zakat institutions. It makes Baznas feel uncomfortable to zakat management institutions that will be regulated. *Additionally*, Baznas is still a very

young institution in comparison with many zakat institutions which have been established earlier such as BAZIS DKI Jakarta that has founded for about 43 years, YDSF for about 24 years or Dompot Dhuafa that has already been 18 years. *Moreover*, Baznas has not fully maximized its efforts to attract the public trust. These conditions of course make Baznas could not be accepted quickly and easily as a single regulator.

Table 3. Total of Funds Collected by Baznas from 2002-2010

No	Year	Total funds collected
1	2002	11.2 billions
2	2003	2.7 billions
3	2004	31.3 billions
4	2006	14.5 billions
5	2007	14.6 billions
6	2008	18.9 billions
7	2009	37.2 billions
8	2010	26.9 billions

Source: Website of Forum Zakat

Not much different from the DD and RZ, basically Baznas also develop similar programs even though the programs look simpler and still limited in terms of coverage and locations. These programs include: *First*, Cares Indonesia (Indonesia Peduli) is the Program Assistance to individuals or institutions to meet the basic necessities of life or assistance to communities affected by the disaster as soon as possible. *Second*, Healthy Indonesia (Indonesia Sehat) which covers three health services namely Unit Kesehatan Keliling/Mobile Health Unit, Dokter Keluarga Prasejahtera/Poor Family Doctor and Indonesian Healthy Homes. *Third* is Intelligent Indonesia/Indonesia Cerdas is the educational development program consisting of several activities. Firstly, Program of One Family One Graduate/Satu Keluarga Satu Sarjana/ SKSS. It is a Scholarship program for outstanding students at public universities in all over Indonesia. The program will prioritize students who come from poor families without any university degree. SKSS scholarship fund students until they graduate from their undergraduate studies. SKSS is a scholarship program that requires each recipient to be a pioneer of community empowerment in his/her villages after they finish their studies. Secondly, Dinaar (Dana Infaq Abadi Anak Negeri/State Children's Eternal Infaq Fund) is a scholarship program for outstanding students from elementary up to high school in all over Indonesia. The last is Entrepreneurship Training which is a non-formal education programs that provide skills for each participant to be ready to enter the work field or build an independent business.

Fourth, the Prosperous Indonesia/ Indonesia Makmur is a program of economic empowerment in form of the development of sheep farming and sheep ranchers mentoring, development of organic agriculture, empowerment of fishing communities and the empowerment of women through productive economic, health and educational activities. The last, Pious Indonesia/Indonesia Taqwa is a program that is represented by Independent preacher program namely by sending preachers to remote areas in all over Indonesia.

2. *Dompét Dhuafa*

Dompét Dhuafa is one of the first non-government modern zakat institutions (LAZ) which is initially founded in 1993. Recently, it becomes one of the leading modern zakat institutions in Indonesia although its establishment was far after government zakat institution like BAZIS DKI Jakarta which was founded in 1968. In its early establishment, it was originally an organization under the management of Republika, a leading Muslim newspaper in Indonesia; therefore its initial name was Dompét Dhuafa Republika. Helmanita (2005) in her writing has divided the development of DD into three phases. *First*, the early development period that occurred from 1993 to 1998. In this phase, the New Order regime tended to be more accommodating to Islamic groups, and leaving opportunity for the growth of religious social institutions in Indonesia. At this time, DD had a poor image because it was likely to be identified as a part of Republika, a Muslim daily newspaper that at that time regarded as the representative of ICMI (Indonesian Muslim Intellectuals Association) who were close to the ruling regime of the new order. *Second*, the transitional period was at the beginning of the reformation era from 1998 to 2000. This era was a transitional period of the New Order regime towards a more democratic situation. In this phase, DD was still experiencing the same image as in the first phase. In this phase, many zakat institutions emerged which opened opportunity of the competition between DD and other zakat funds institutions. *Third*, the autonomous period was from 2001 to present. In this phase, DD has detached from the Republika management to become an independent institution. In this phase, DD has developed network agencies to support its goals. Additionally, at this phase, DD received a recognition from the government as a national LAZ through the Decree of Minister of Religion No. 439/2001 in 8th October 2001.

Table 4. Total of Funds Collected by Dompét Dhuafa from 1993-2010

No	Year	Total Funds Collected
1	1993	87.8 millions
2	1994	506.1 millions
3	1995	496.6 millions
4	1996	1.1 billions
5	1997	1.5 billions
6	1998	3.3 billions
7	1999	4.8 billions
9	2000	13.6 billions
10	2001	18.01 billions
11	2002	21.5 billions
12	2003	22.5 billions
13	2004	30.4 billions
14	2005	34.1 billions
15	2006	55.2 billions
16	2007	51.9 billions
17	2008	60.7 billions
18	2009	119.3 billions
19	2010	176 billions

Source: Helmanita (2005) and website of Forum Zakat

In previous years, DD was the zakat fund institution which collected and distributed the zakat funds by creating their own programs. Recently it positions itself as fund management or grant making management. Therefore, rather than creating their own program, it is likely to develop networking agencies to implement their programs which is well known as Multi Corridor Networking (Jaringan Multi Koridor/JMK) which has been commenced since 2003. This structure has designed to enable various agencies, divisions or business units formed by DD growing as independent institutions and at the same time lightening DD's burden in achieving its goals. The concept was realized in three stages called the IOM (independen, otonomi, mandiri/Independent, Autonomous, and self-governing). In the independent stage DD will help building management agency, helping some of the operational costs, and directing a variety of policies that should be run in these institutions. A variety of assistance and guidance will be reduced when it starting autonomous stage and DD only subsidize and help overcome the problems that cannot be solved by the agency. In the last stage, the DD will release these institutions to have a full authority to design its strategic plan, seek funding sources, and establish strategic policy for the agency's development. This concept has been chosen to address the needs of organizational development and human resources in order to develop themselves in their core activity. Additionally, in terms of funding, this model essentially reduces DD's operational costs rather than when all programs were implemented centrally by DD. With this system, each division, agency or business unit developed by DD joins in 4 networks: (1) Amil Zakat Institution, (2) Reform Asset Network, (3) Social Asset Network, and (4) Business Development or Commercial network.

Regarding to its programs, basically DD focus on three main programs. *First* is social program. There are several divisions in this program. The most basic is "relieve" division. This division is directed to the bottom of the poverty line while at the end of the line are not poor. Relieve is a direct assistances to meet the most pragmatic and urgent needs. Recently, there are at least two networking agencies that support the implementation of the relieve programs. Primary is LPM/ Lembaga Pelayanan Masyarakat, (Community Service Institution). This institution is the soul of DD as a zakat fund institution, because the funds needed for the needy and the poor is allocated in this institution. Another networking agency in the relieve program is Disaster Management Centre (DMC). The focus of the institution is to help people impoverished because of the disaster, or the poor who suffered from disaster.

One level above relieve is health division exclusively for health care issues, ranging from curative to preventive issues. After health division is the division of education. This division is already part of development stages. When the poor who have the aspect of intelligence, but does not have enough money for his/her education, he/she will be assisted through programs in this division. The agency that is in charge for curative issues is Rumah Kesehatan Terpadu (RKT/Integrated Health House) that was previously implemented by LKC (Free Health Services/ Layanan Kesehatan Cuma-Cuma). Recently LKC is only responsible for the preventive issues. If there are sick people, need free treatment, so he will come to RKT. When there are communities that need a counseling or explanation about breastfeeding, tuberculosis, it will be served by LKC.

On the top of the health division is education division. This division has already been part of the development stages. Programs in this division are intended for the poor, who have aspects of intelligence, educational potential, but could not finance their education. The networking agency that supports the implementation of education programs is Lembaga Pengembangan Insani (LPI/ Institute for Human Development). This institute focuses on three main programs namely: SMART Ekselensia Indonesia is a Junior and Senior High Schools located in Parung, Bogor, West Java. The students in this school are those who are from the poor family from all over Indonesia. They are selected through strict mechanism by passing several requirements such as having a good intelligence quotient since this program is directed to accelerate junior and senior high schools for only 5 years, one year faster than usual time needed. Those who are chosen will be accepted in the school for free and staying in boarding school. This program has an ideal goal to break the chains of poverty, in which the children from poor family will use their intelligence potential to pull their family from the realm of poverty (Bambang, 2011). Secondly, Beastudi Etos is scholarships for those who graduated from high schools and will continue into Higher Education. DD determines university, department and faculty for those who are selected namely choosing the majors that the level of its alumni absorption in the work field is higher. It is expected for not creating new unemployment. The last program is Makmal Pendidikan, a school training and mentoring program. There are two sub-programs developed in this program namely Sekolah Guru Ekselensia Indonesia (SGEI), a non-formal school for teachers that focus on teachers' capacity building, and School Social Responsibility (SSR), is the synergy of the school and community elements with LPI-DD in form of raising contributions (material and non material) to realize the Productive Village School as a center for revitalization of the village. Since its first establishment in 2004, LPI already has beneficiaries around 11,703 people.

Second is economic program. The program is directed for those who are close to the poverty line, namely people who are previously below the poverty line. This program is aimed to improve the people quality life by releasing them from poverty, improving their earnings, prosperity, and changing their behavior from asking to giving behavior. To support the goals of this program, DD establish networking institutions that provide capital, strengthen the industrial sectors, agriculture, fisheries, livestock, small business, and then open market access. Thus, the order of the programs is starting from the capital, the production, up to market. There are several networking institution to support the economic empowerment programs namely, Kampung Ternak (livestock village) which focus on livestock; Masyarakat Mandiri (Independent Community) which focus on rural and urban community empowerment that give small-medium scale economic assistance, until the community can assist themselves in aspects of management, products and markets; Lembaga Pertanian Sehat/LPS (Healthy Agricultural Institution) which specifically focuses on assisting farmers to improve their quality of life; Baitul-Mal/Micro Finance, which is now bigger and create their own networks with Jogjakarta as its base; and the last is STF/ Social Trust Funds, a micro finance that concern more on social impact. This program is designed to respond the impact of disaster. When earthquake crushed everything, for instance, STF will come after emergency phase, to

identify businesses potential in the community in order to speed up the recovery process. Communities will be given capital with the procedures that are different from other micro finance, because STF not only focus on business profits per se, but rather to encourage economic growth.

The third is advocacy program. The main reason to establish this program is that solving the problem of poverty is not only of fulfilling basic needs, and improving economical live standards, but there are many other secondary things are also important for example the government, policies, cooperation, and others. Therefore, the core of advocacy program can be seen in its activity level, such as discussions, seminars, conferences, declarations, policy advocacy upward, building networking with other organizations and empowering the grassroots (Purwakananta, 2011). Currently there is no networking institution to implement advocacy programs. Besides self advocacy implementation by choosing a program manager from DD, advocacy is also done by cooperating with existing advocacy agencies, such as with LBH, to advocate legal cases of poor community, with the ICW, or building strategic alliances for the problems of poverty (Suherman, 2011).

Besides the abovementioned programs and networking agencies, DD still has various programs and networking agencies such as IMZ (Indonesia Magnificence of Zakat) that works on research, publication and capacity building, Migrant Institute which focus on the migrant issues, Institut Kemandirian (Institute for Independence) which focus on providing trainings and skills for the poor and unemployment, etc.

3. *Rumah Zakat*

Rumah Zakat (RZ) is another leading zakat institution in Indonesia. It was established in 1998 in Bandung West Java. It was formed by several people who gathered in an Islamic gathering (*Pengajian*) Majelis Ta'lim Ummul Quro. The member of this Majelis Ta'lim then decided to establish a social institution that concern on humanitarian helps. Therefore in July 1998, it established an institution called Dompot Sosial Ummul Quro (DSUQ).

Along with the growing public interest in supporting DSUQ, this institution has been getting bigger and growing. This can be seen from the increasing amount of zakat funds collected from year to year, as mentioned out in the table below:

Table 5. total of Funds collected by Rumah Zakat from 1999-2010

No	Year	Total funds collected
1	1999	0.8 Billions
2	2000	2.1 Billions
3	2001	2.19 Billions
4	2002	4.19 Billions
5	2003	6.46 Billions
6	2004	8.92 Billions
7	2005	45.26 Billions

8	2006	29.52 Billions
9	2007	50.16 Billions
10	2008	71.40 Billions
11	2009	107,3 Billions
12	2010	134.2 Billions

Source: Websites of Rumah Zakat and Forum Zakat.

Additionally, due to its development, DSUQ then changed its name into Rumah Zakat Indonesia in 2003 at the same time when it received the Decree of Minister of Religion No. 157 in 18th March 2003 to certify it as a national LAZ. In the next three months after the decree issued, Rumah Zakat Indonesia opened its branch in Surabaya, East Java. Until 2011, it has 44 branch offices in 38 big cities in Java, Sumatera, Kalimantan, Sulawesi and Papua. In 2010 Rumah Zakat Indonesia launched its new brand as Rumah zakat. This new brand is supported with three main values namely, trusted, progressive and humanitarian. This new brand is a form of commitment to perfect themselves in order to perform better in serving the nation and became a Non-Government Organizations (NGO) with the global standard by sharpening its character towards “World Class Socio-Religious Non-Government Organization (NGO)”.

Additionally, this new brand has brought about new names of the programs designed by RZ. Previously there were four programs namely Educare, HealthCare, YouthCare, and EcoCare, these have transformed into fourth Champion Smile, Healthy Smile and Independent Smile. These programs are chosen as education and health are expected to change the mindset of society, and then put an Independent smile after education and health to change community into independence. The transformation of the program is of course not only in form of name but also in its components. These programs are also designed to support the government agenda to achieve the MDGs and to improve Indonesian Human Development Index (Efendi, 2011) as stated by the former Executive Director of Rumah Zakat that:

“We have been thinking of how to utilize the zakat, *infaq* and *sadaqa* by combining guidelines on the distribution of zakat in al-Qur'an and in the community. If now we define the homeless and destitute, there should be some criteria. Therefore, RZ has finally decided to contribute to MDGs program, which can be accepted globally. MDG's have 8 programs, and then grouped into 3 major programs of RZ namely education, health, and economy (Ekaputra, 2011).”

Table 6. Rumah Zakat Programs

Empowerment Approach		Programs
Previously	Recently	
HealthCare	Healthy Smile	Free Maternity hospital (RBG/Rumah Bersalin Gratis), Free Maternity Services (LBG/Layanan Bersalin Gratis), Health Alert, Ambulance or Corpse Car, Health Family Armada (Amara/Armada Sehat Keluarga), Family Health Insurance, Toddler Nutrition Alert, Patient or Corpse Delivery, Mass circumcisions
EduCare	Champion	Champion School, Champion Scholarship, Champion Camp,

	Smile	Champion Car, Child Potential Development Program (P3A/ Program Pengembangan Potensi Anak), Champion Lab
EcoCare YouthCare	Independent Smile	Independent Small Business Group (KUKMI/Kelompok Usaha Kecil Mandiri), Cake House, Entrepreneurship Training, National Nutrition Alert, Water Well, Healthy Family Toilet (TOSKA/ Toilet Sehat Keluarga, Empowering Center

Source: Website of Rumah Zakat

Different from DD that uses Multi Corridor Networking approach, Rumah Zakat (RZ) is likely to use Integrated Community Development (ICD) in implementing its programs. This model is chosen since RZ aims to change the old paradigm that the concept of zakat distribution is incidental, not organized so that its distribution is not clear and not measurable. With an emphasis on community, it is hopefully easier to empower the poor and finally reduce poverty in the community. Furthermore, with a community approach, it is also expected that when it is completed in one community and it could proceed to other communities in order to make empowerment process easier. ICD has been developed both in scope of administrative districts and villages. Each ICD is handled by at least 1 Member Relationship Officer (MRO) plus 3-5 volunteers who developed three main programs; Champion Smiles (education), Healthy Smiles (health), and the Independent smiles (economic empowerment) in order to establish independent families. Currently, RZ has established 121 ICD that will continuously grow.

Similarities between LAZ's Programs and Government Anti-Poverty Programs

A closer look into zakat agencies' program reveals another interesting insight. Not only are their programs to some extent similar one another, they also show some similarities with the government anti-poverty programs. As can be seen in Table 7 below, both government and zakat institutions are concerned with some similar issues of education, health and economic empowerment. The government argues that they divide their programs into three different areas of interventions, namely social assistance, community empowerment, and finally economic empowerment. While social assistance is intended to help poor people meet their basic needs, community empowerment is intended to fulfill the basic social infrastructure needed for the poor to overcome their problems. The program is designed to create jobs for poor people who have difficulty in getting a job.

From the perspective of LAZ activists, it has been argued that such programs are chosen from an assumption that besides having spiritual and social dimension, zakat also has economical dimension to generate economical growth and as a sharing mechanism of economical distribution. From economical dimension, zakat can be seen as an instrument that could provide a solution for the problem of poverty. The goal of zakat is not merely to help the poor consumptively, but it also has more permanent goals of alleviating poverty. Therefore, the distribution of zakat is categorized in two forms namely consumptive and productive. Consumptive zakat could be for be given in the form of staple food, clothing, and other consumption goods, while the productive could be in the form of economic capital. Additionally since zakat is directed for mainly the poor, the productive zakat is expected to encourage the poor families to get out of the poverty line. Kustiawan (2011) of Baznas states that:

Table 7. Poverty Reduction Programs run by the Government, BAZNAS and LAZ

Sector	Government	BAZNAS	Dompot Duafa	Rumah Zakat
Food	Raskin	Unit salur zakat (Fulfilling basic, urgent and common needs)	Community Service Institution/LPM/Lembaga Pelayanan Masyarakat (Fulfilling basic, urgent and common needs)	
Education	BOS (School Operational Fund) Scholarship (for students from poor household)	Scholarship (from elementary up to university) Mobile Library Entrepreneurship training	Sholarship, Free School, Teacher training, School counseling and mentoring program	Scholarship, Kids Learning Centre, Center for Children Potential Development, Elementary school Champion, Camp Champion, Car Champion, Champion Lab
Health	Jamkesmas Jamkesda (dari pemerintah daerah)	Baznas Healthy Home/Rumah sehat Baznas Mobile Health Unit/Unit Kesehatan Keliling Poor Family Doctor/Dokter Keluarga Prasejahtera	Free Health Service/Layanan Kesehatan Cuma-Cuma (LKC) Integrated Health Home/Rumah Sehat Terpadu	Free Maternity hospital (RBG/Rumah Bersalin Gratis), Free Maternity Services (LBG/Layanan Bersalin Gratis), Health Alert, Ambulance or Corpse Car, Health Family Armada (Amara/Armada Sehat Keluarga), Family Health Insurance, Toddler Nutrition Alert, Patient or Corpse Delivery, Mass circumcisions
Community Empowerment	PNPM Mandiri (Rural PNPM, Urban PNPM) Micro Finance for women	Women Empowerment	Social Trust Fund	Integrated Community Development (Integrating education, health and economic empowerment programs)
Economic Empowerment	KUR (Credit Distribution for small and medium business)	Baznas livestock centre, Prosperous Livestock Village, Integrated Trash Processing, Organic Farming Barn, Empowerment for Fishing Community, Women Empowerment	Masyarakat Mandiri (Independent Community) Giving Small-medium Scale Economic Assistance Lembaga Pertanian Sehat/LPS (Healthy Agricultural Institution) Micro Finance	Independent Smile/Senyum Mandiri

			Livestock Village	
The Poorest Family	PKH/Program Keluarga Harapan/ Hopeful Family Program (Assistance for pregnant and breastfeeding mother, for children health and nutrition, for sending children to school from Elementary to Junior High School)			
Other Programs	Social Assistance for the Elderly, and the disable	Disaster response programs Independent Remote Preachers Scholarship for candidates of ustadz (religious teacher)	Humanitarian Aid (natural disaster) Qurban Distribution	Super Qurban

“Zakat distribution could be done in two forms namely consumptive or sympathetic care, and productive or empowerment. These two forms could not be separated or removed. Zakat funds should not be entirely allocated to consumptive assistance, and also may not be used for only productive activities.”

Given the condition of poverty in Indonesia, many believe that education and health are two key issues to be addressed. The Head of FOZ, Juwaini (2012) states that “... the problems of the poor generally could be categorized into several main domains namely on education, health, housing, economy and *dakwah* (religious proselytizing).” Similarly, Efendi of RZ also maintains that “The programs we designed are chosen based on the roots of problems we have identified. In Indonesia, the main problems could be categorized into education, health and economy. Therefore, these are our main concentration.”

Besides, it is also acknowledged by the members of LAZ communities that the way they perceive the problem of poverty to some extent is influenced by national agendas of development. Given the emphasis that the government and development communities give on the achievement of MDGs, LAZ communities are also committed to make some contribution to achieving some parts of MDGs goals. Explaining the reasons behind the program development in RZ Efendi says:

“In designing the programs we have decided to use MDGs indicators in order to help government. While MDGs has eight goals, we group them into three main programs, education, health and economy.”

Many believe that poverty is a serious problem in Indonesia that it needs the whole nation to address the problem. Government alone could not solve the problem of poverty. Societies' contribution like zakat is certainly needed. Furthermore, the number of zakat institutions that already exists is not sufficient yet to address the problem of poverty in the country. Therefore, they argue that similarity of programs among these institutions and between zakat agencies' programs and the government's ones is not a problem. In fact, even all the programs implemented by the government and zakat agencies as well as other non-government organizations have not covered all the segments of poor people in Indonesia. According to Purwakananta (2011):

“We realize that institutions like DD could not do everything. Even if there are 20 institutions such as DD are growing, the poor has not been served yet. If one *mustahiq* (those eligible to receive zakat) receive two kinds of assistance, it is not the problem. The problem is that there are lots of *mustahiq* while the number of zakat institutions is still limited.”

Nevertheless, some efforts have been also made to distinguish one LAZ from another or from government type of intervention. On the development of its own school and hospitals for the poor, DD argues that one of the main reasons is to give an alternative and social criticism that education and health sectors should not be run

commercially. At least, there should be non-profit institutions in these crucial sectors to provide an alternative views against the development of private health and education providers. In defending DD choices, Purwakananta further states that “Since other institutions also have poverty alleviation programs, DD has decided to choose strategic things.” Tajang of FOZ also states that even though most of zakat institutions work on three main things namely education, economy and health problems, but zakat institutions have designed different program packaging. According to Juwaini:

“The same programs of the zakat institutions are something could not be denied. What should be seen is how zakat institutions design their program creatively. Although they work on the same issue, education, for instance, but the focus and the function might be different. A might focus on scholarship, while B on teacher. For health, A concerns on medication fee, B, C and D establish hospital, clinic, maternity hospital respectively, while other may focus on health insurance. The problem then if the innovation and creativity of each institution from time to time are the same. It means that zakat management is not developed. Indonesia compared to other Muslim countries is the best in the world in terms of its program creativity. The best system of zakat can be founded in Malaysia, the highest zakat funds collected is in Saudi Arabia but the best programs are in Indonesia.”

Compared to government programs, however, targeting in the LAZ’s programs is one area where further improvement is needed. For instance, the government differentiated their targets into a number of different conditions of poverty. One of the key concerns is very poor households. In order to better target this segment of society, the government launched Family Hope Program (Program Keluarga Harapan) in 2007. This program is considered as social assistance, but it is conditional that the household recipients fulfill their obligations as part of program implementation. For instance, the program recipients, which is from selected very poor households, are required to fulfill the obligation to send their children who are in school ages to elementary and junior high school, pay attention to the health of infants and toddlers, and regularly check the pregnancy of the pregnant women.

Government and Socio Religious NGOs Relationship

The aim of the study is to analyze how zakat agencies and the government to resolve the issue of coordination in poverty alleviation programs. It is reasonable to assume that the poverty alleviation program could be more effective if there is good coordination between the government and non-government actors. Certain programs or a combination of several programs may have a greater impact on poverty reduction than other programs. Thus, the effectiveness may not only be determined by the type of programs being implemented, but also influenced by how various different actors involved in the fight against poverty coordinate their programs. Despite their different motivations, namely national development program on the government side and the implementation of religious values or obligation on the zakat agencies, they explicitly

have a common goal, namely reducing the number of poor people. Given the complexity of the issue as well as the relationship between different institutions under study, it is reasonable to discuss the issue of coordination between LAZ and government in the two following sections.

The Relationship between LAZ and BAZNAS

The Law 38/1999 on zakat stated there are two types of institutions in zakat collection and distribution, one is from society called as LAZ or Lembaga Amil Zakat and the second is supported by the government named as BAZ or Badan Amil Zakat. Many, especially those in Baznas argue that Baznas is not a governmental institution. Yet given the fact that the institution is partly funded by state budget (APBN), it is quite difficult to separate Baznas from the government entirely. As Jahar notes, under the Law No 38/1999 the organizational structure of BAZ is extended from national to local level, following the structure of the Department of Religious Affairs down to the religious office (Kantor Urusan Agama, KUA) at sub-district level. At the sub-district level, the head of sub-district was often appointed as the head of BAZ (Jahar 2006, 369). By contrast, LAZs are entirely free from government. They are developed and managed by religious organizations or CSOs.

Some evidence indicates that the passage of Law No 38/1999 on zakat had some positive impacts on the development of zakat institutions in Indonesia. Other than conditioned by the political openness after the collapse of the New Order regime, the proliferation of LAZs was made possible by the effect of the Law. Nevertheless, it is also worth noting that some issues remain unsolved by the Law. According to Purwakananta (2008, p. 26), there are five major problems that plague contemporary zakat movement in Indonesia. The five issues are: the strengthening of zakat institutions, national zakat arrangement, state incentives for social movements, networks, and consistency. Among the five issues, the national zakat arrangement seems to be the most serious issue that has been getting undue attention. The order of zakat nationally requires coordination and cooperation among LAZ, and between LAZ and BAZ.

Unfortunately, the presence of state—especially with the creation of BAZNAS and BAZDA—in the management of zakat has not shown a significant influence on the development of the national zakat arrangement. So far, the state's attention has been focused on the implementation of zakat collection and distribution. BAZNAS and BAZDA (local level) have participated actively in collecting zakat funds from the society and distributing them to those who judged worthy. In some areas, this activity was even formalized through a regent, or mayor's decree that sets the collection of zakat directly from the salaries of civil servants in local governments (Buehler 2008).¹ Nevertheless, similar attention has not been given in coordinating a number of LAZs and BAZ in national and local levels.

¹ The collection of zakat by the head of district and majors often lead to some controversies. The way the zakat was collected, which through direct collection from the civil servants' payrolls create some protests in some areas. Another problem is the potential misuse of the zakat funds. Buehler's study (2008) further reveals that in some regions, zakat collection has been made as financial resources for the regent or mayor to finance their political campaigns in the form of governance assistance to religious figures or activities.

At national level, coordination between zakat institutions has been practically made possible by the presence of Zakat Forum (FOZ, Zakat Forum), an association of zakat institutions formed on 19 September 1997. FOZ consists of all national LAZ (18 LAZNAS) and BAZNAS, which is also registered as one of its members. The activities of FOZ were initially focused on developing networks of communication and cooperation among zakat management institutions. Later, its functions further developed to include three specified roles:

- First, advocacy role, especially in relation to regulations, policies, licensing and legislations dealing with zakat collection and distribution.
- Second, quality and management standardization. For this purpose, FOZ has developed a number of codes or standards of zakat operation such as finance.
- Third, conduct capacity building. This aims to strengthen the institutional capacity of zakat agencies (interviews with Juweini 2012)

On the relation between LAZ and BAZNAS in particular, Juwaini further explains that despite the fact that BAZNAS was founded and supported by the government, both institutions are mutually independent. No structural authority was granted to BAZNAS to regulate the activities of LAZ, and LAZ is not responsible to BAZNAS.

The coexistence of BAZ and LAZ has been made possible by the equal status to these two different institutions granted by the Law No 38/1999 on the one hand and the neutrality of government as the regulator on the other hand. Despite some criticism against the government, its decision to annul the institutional merger between BAZNAS and DD in 2006/2007 created a fair competition between BAZNAS as a state-founded institutions and DD as LAZ on the one hand and between DD and other LAZ on the other hand (for the merger of BAZNAS and DD and its annulment by the government, see Box 1). Nevertheless, some are afraid such condition could not be sustained any longer with the amendment of Law No. 38/1999 with the Law 23/2011 on zakat management.

Box 1. Joint Management of BAZNAS and Dompot Dhuafa, 2006/2007

There are two points behind the agreement of joint management between BAZNAS and DD. First, DD is considered to have good organizational management and resources as well as high public trust. On the other hand, BAZNAS is considered to have a vast network to the local level. If these two things combined, in consideration of DD, it will bring great benefits. While BAZNAS can get the benefits of improved management and resources, DD benefit from the large network owned BAZNAS.

However, shortly after the joint management took place, emerged some criticism from the public and also among the LAZ. Joint management is considered against state regulations in which the State agencies are not allowed to be used to serve the interests of one particular party. Some have considered that DD got a great privilege of joint management because it can use the network BAZNAS spread to the local level. By the government through the Ministry of Religious Affairs, joint management is then stopped (from interviews with various sources).

According to the head of BAZNAS, the amendment of the Law No. 38/1999 with the Law No 23/2011 was meant to improve national zakat arrangement. The Law mandates that zakat collection and distribution will be coordinated by BAZNAS. Under such regulation, other institutions namely LAZ are required by the law to report their activities to BAZNAS. In the perspective of the Head of BAZNAS, such stipulations will enable BAZNAS to enforce discipline or even corrective sanctions –how soft they are— to LAZ that are considered to violate the law or did not function appropriately. Nevertheless, among the LAZ communities the new law is considered restrictive to the activities of LAZ. “Today, we do not coordinate anymore. Instead, we are coordinated (by BAZNAS). It is not a kind of coordination, as we have to report regularly,” said Arifin of DD. Similarly, Juwaini the head of FOZ states that the new law (UU No 23/2011) has made asymmetrical the relations between BAZNAS and LAZ. Even though the Law still acknowledges the role of LAZ, but it is likely that state will dominate the national zakat arrangement stipulated by the Law 23/2011. Understandably, there was a serious concern among LAZ circles that the Law may work against LAZ. “There are some potentials of legal abuse against LAZ. Therefore, it is necessary for us (LAZ) to be cautious against its negative impacts,” Juwaini further comments on the responds of the LAZ communities to the new law.

If we look again at the framework or typologies of Government-NGO relationship discussed in the previous section, it seems that Juwaini’s comments are quite reasonable, that the new law has made the relations between LAZ and state, which was previously equal, to be asymmetrical. To use Coston’s terms, the relation of LAZ and Government (BAZNAS) as stated in the new zakat can be a rivalry. Coston argues that the rivalry “is formalized through policies that range from simple regulation to mandating reporting and operational procedures” (1998, p. 364). The content of new zakat law implies that as a supporting agency of BAZNAS, LAZ has several obligations that should be performed. Ranging from the first establishment of LAZ could only be approved if it has received a permit from the Minister or a designated official by Minister and has to report the implementation of the collection, distribution, and utilization of zakat to BAZNAS periodically.

BAZNAS’ position is not necessarily wrong. To cite the head of BAZNAS, coordination and integration of national zakat management is needed to make zakat management more efficient and accountable. As some studies indicate, accountability is one of the weakest points in zakat institutions. However, the Law No 23/2011 clearly shows that the government is reluctant to accept institutional pluralism by determining certain standards and requirement for civil society participation in zakat management which in turn may hinder local participation in zakat management, which is still a common practice in many parts of the country. Many people still prefer to pay their zakat obligation to small institutions or mosques or their neighboring poor. Importantly, the government reluctance to institutional pluralism will also hinder some more significant benefit for the government since institutional pluralism could give some considerable advantages for the government. It has been argued that institutional pluralism could establish greater solidarity, scale, and specialized services than a higher level

organization acting alone. Institutional pluralism may also enhance the effectiveness and legitimacy of the state (Esman and Uphoff, 1984 in Coston, 1998).

Finally, even though the new law also stipulates some rules about zakat distribution, public responses to the law generally focus more on the controversy over the institutional relationships between BAZNAS and LAZ. In my point of view, this issue has actually diverted people attention from a fundamentally more important issue, namely the extent to which the programs of zakat institutions have improved the fate of the poor (*mustahiq*), and the extent to which future programs of BAZNAS and LAZ may address the problem of poverty more effectively after the implementation of the new law. Given the response of the LAZ, it is unlikely that the coordination between LAZ and BAZNAS could be improved by the law. BAZNAS still take the idea of coordination in its narrow terms as coordination of zakat collection or coordination between zakat agencies. It is stated that one of the main objectives of the amendment of the old zakat law is to strengthen BAZNAS in order to reduce the disparity between the potential of national zakat collection and the actual zakat collection by BAZNAS and LAZ (Kasirin 2011). It means that coordination is not understood in a broader framework of coordination between all government and non-government actors in the fights against poverty, which is also the main goal of zakat in Islam.

The Relations between Zakat Fund Institutions (BAZNAS, LAZ) and Government

In spite of some differences, the shared concern of the government and zakat institutions in dealing with poverty as reflected in their programs open some possibilities for each party to work together in certain programs. These may include education, health and economic empowerment, if we use a relatively 'narrow' definition that cooperation or coordination can only be done in the same fields. Otherwise, if we use a broader concept of coordination, it can be done by re-formulating the programs implemented by LAZ, or extensively synergizing the programs with those have already existed in the government poverty reduction agendas. However, so far we only see very few initiatives for such goal. What happens is that each party, government and zakat institutions, runs their own programs. If it is considered as an indirect co-ordination, what is done by LAZ is merely doing what was not done by the government without seeing exactly how the linkage of their programs with the government programs.

On the government side, many believe that non-government role is needed in dealing with poverty. The government itself will not be able to solve all the problems. Despite the government efforts to develop formal social protection since the last decade, it is acknowledged that some problems and challenges are still pervasive. Therefore, the role of the society is also needed. To cite a senior policy advisor at TNP2K, "There must be complementarity with local initiatives. In huge and heterogeneous country like Indonesia, such initiatives are expected to emerge." Nevertheless, in spite of common acknowledgment of the great potential of zakat institution to take part in the national poverty reduction agenda, there has been no systematic attempt by the government at both national and regional levels to involve BAZ and LAZ in national poverty alleviation plan. The senior policy advisor at TNP2K states that:

“ Zakat institutions.. are still not much considered and studied even though we know that there will be complementarity (between government and zakat institutions). But basically TNP2K “let the flowers bloom”, all initiatives are embraced and facilitated.”

As a new institution set up by the government a couple of years to accelerate the poverty reduction efforts in the country TNP2K focuses on the coordination issues among government institutions themselves. It is a fact that government anti-poverty programs are implemented by separate ministries in line with their main functions such as Ministry of Education for education program or Ministry of Health for health programs. Another person at TNP2K states that recently, TNP2K has just established what they call as Public Private Partnership. Yet this division is still under preparation. According to him:

“Recently we have not touched yet the issues of synergies between governments and external agencies such as zakat institution. Even though in TNP2K we have PPP, Public Private Partnership, it is just newly formed to establish synergy with CSR and the new program that is going to launch is in NTT.”

Nevertheless, it does not mean that there is no relationship between government and zakat institutions. Coordination between the government and LAZ in poverty reduction is often a kind of tacit coordination in which LAZ is trying to do something that is considered necessary but it is not implemented by the government. It is common knowledge among those in zakat institutions that the government also runs some programs to fight against poverty in Indonesia. It is in tandem with these programs that the effect of zakat in poverty reduction can be further enhanced. According to Purwakananta (2011) of DD, “We realize that these are not all the tasks of government. It is the concept of role sharing between the state, civil society and market....We do what has not been completed by the government.” Arifin of DD states that LAZ has tried so far to fill the empty space left by the government. Yet that is not an ideal type coordination that government and zakat institutions make. Coordination requires that each party sit in equal position. “What happens now,” said Arifin, “...you (the government) make the cake and then I clean the crumbs, and that is not coordination. It is only the position of the people who pioneer a public initiative.”

Looking at the typologies laid out by Coston, we may classify the interaction between zakat institutions and government in the area of poverty reduction as some sort of cooperation. Nevertheless, it should not be forgotten that Coston’s typology of government and NGOs relation ranges from the repression to collaboration, where cooperation is placed somewhere in the middle between these two poles. People may argue –as one of the interviewees mentioned above—that coordination requires equal position between the parties who cooperate. Yet as Coston has argued, cooperation level is still below the level of complementarity and collaboration. Coordination level implies that NGOs or CSOs are positioned as a party that must follow the rules set up by the government. Furthermore, the government has not fully recognized the existence and significance of the benefits that can be provided by NGOs. Therefore, the linkage between NGO and government is still low and tends to be informal. However, Coston

also argues that even though cooperation is still in the category of lower relationship, it can be a good sign as in order to achieve complementarity relationship, cooperation must be first established (1998, p 372).

Therefore, if there is a relationship between LAZ and the central government, it is more casuistic relationship with LAZ as the party that plays more active role. The role of government is often no more than providing facilities for the implementation of LAZ activities. Cooperation that has been done for instance, cooperation with Ministry of Social Affairs in relation to the education of street children, with Ministry of Housing in relation to housing renovation for the poor, etc.

According to the Director of Poverty Reduction at Bapennas, coordination between government and zakat institutions could be more appropriate to be done at the district level in which poverty reduction programs are actually implemented. However, without clear regulation from the central government, it seems difficult for LAZ to coordinate their programs in systematic way with local governments. Some evidence shows that not every local government is seriously concerned and committed to poverty alleviation program. Poverty reduction programs that exist are centralized, with planning and command in the hands of central government. Although the central government has issued a circular on the establishment of the Coordination Team Poverty Reduction (TKPK) at the district or city, but some data show that not every city or Regency has TKPK. When it is formed, the institution may not work properly. One of the interviewees at TNP2K states that out of more than 400 districts/cities in Indonesia, there are only 67 TKPK in regency or city level. What is more discouraging, often these institutions are formed only for the sake of formality as the government circular requires so that they may not function properly as it should be. Regarding the potential of coordination with zakat in particular, he further states that:

“.. it is speculative, because TKPK formally exists but it does not function. It is still a long way to go. To coordinate SKPD is still very formal because the internal bureaucracy of local government is weak, and it is still difficult to reach the external.”

Some of LAZ boards suggest that the relationship between LAZ with local government is also limited to facilities, particularly formalities of communications and licenses at the local level. Incidentally, cooperation between LAZ and local governments were made possible by personal relations without any clear rules of institutional relationships. Some interviewees often explained how the government will not hesitate to refer the poor to free health services provided LAZ when these people require further medication beyond the coverage of health insurance provided by the government, or they do not have Jamkesmas/Community health security card at all.

Although it is not necessarily wrong to implement coordination in such ad hoc fashion, but it would be much better if each party has a clear map of what they programs can contribute to the common goal of poverty reduction. Unfortunately, in this case LAZ look does not have a clear conceptual foundation to place its programs in a national

poverty map and to measure which programs they run really make a positive contribution to national poverty reduction. Related to the recipient, for example, there is no uniformity among LAZ how they determine those who are eligible for assistance. Although some of them use the poverty data from BPS (Central Statistical Bureau), they still have different consideration relating to the standard of the recipient. DD for instance has made its own poverty map that has identified the number of *mustahik* (zakat recipient/ the poor) and *muzakki* (the person who will potentially pay zakat). DD also create their own standard of the poor that is higher than the government. Besides using data from BPS, BAZNAS also consider its own criteria as mentioned by Kustiawan as follow:

“Criteria for the recipient must comply with the terms stated in the al-Quran, Hadith and BAZNAS guidance. In the case of poverty for example, we have certain criteria and Zakat recipients must comply with these criteria. Different from BPS criteria, we draw on fiqh/Islamic jurisprudence...In our opinion, religious observance factor should not be forgotten.”

Consequently, the number of poor from zakat institutions will differ from the figure released by the government. DD calculation for instance produces a higher number than those recorded by the government. On the one hand, this may be good for the LAZ to have their own target, but the possibility for the poor to be excluded in both government and zakat institutions programs is still higher when there is no clear coordination between government and zakat institutions in defining the target recipients of their programs. A study conducted by IMZ for instance shows that the main focus of zakat empowerment has not been optimally emphasized on the poorest or unemployed. Economic empowerment by zakat institutions is mainly directed to those who have jobs particularly those who are in small scale business level. The study further shows that while the former group enjoyed the most significant improvement in their welfare (14.29% reduction of poverty level), the latter does see any change at all at their welfare level (0% improvement) (IMZ, 2011). What can be implied from this study is that there is possibility that many poorest people are not covered by the zakat programs since the attention to the jobless people is still limited. In fact, the poorest people are likely to be excluded from the programs due to administrative issues such as no identity cards or other problems. Therefore, this study suggests that although without clear and formal coordination, both parties may work to the same direction and goals. The significant outcomes might be achieved if there is good and formal coordination between them.

In addition, among zakat management institutions, both LAZ and BAZNAS, the results of this study suggest that attention to the effectiveness of programs is still limited. There has been no serious attempt to evaluate the effectiveness of their programs in alleviating poverty. In fact, such evaluation is important to measure the success of their programs. The result of the evaluation can be used as the basis for revising process. Up to now, the accuracy of zakat distribution is still limited to the understanding of whether the target or recipient is right or not. It seems that the complexity of zakat matters have finished when zakat has been distributed to those who judged appropriate. There is still limited thought that the amount of aid disbursed, besides the form of aid itself, will affect the impact caused by the zakat distribution namely to relieve the poor from their poverty.

Why Lack of Coordination?

This study has found out several contributing factors to the lack of coordination between zakat institutions and government in dealing with poverty alleviation programs in Indonesia. *First*, From LAZ point of view, the bureaucracy is the biggest obstacle in the cooperation between LAZ and the government. One of typical working characteristics of non-governmental institutions such as LAZ is the flexibility and acting fast. It's hard to find these characteristics in the government bureaucracy that involves hierarchy and planning. What is planned now will be implemented at least a year later because it is related budget planning. In fact, poverty issues need right and fast decisions and actions. Even one year is too long for the poor people who need help to wait, especially in dealing with urgent problems such as disease, famine or disaster. Suherman (2011) from DD for instance mentions that:

“Bureaucracy makes coordination with the government very slow... Even though for example, we already talk with the key person, but the budget used today was actually last year's budget. So, say we agree to cooperate with one ministry, but there is no budget. They have to wait until the next year budget..”

Not only was such a problem faced by LAZ. Hafiduddin (2012) from Baznas for instance states that:

“.. when we build cooperation with government it does not mean that the budget is limited but the procedure is very rigid, bureaucratic obstacles. e.g. in January we need scholarships for the poor in February, but the budget cannot always disbursed promptly, because the budget can be spent in certain months only.”

Second is the problem of sustainability. In the government perspective the sustainability of zakat institution is still in question. When talking about government, it is clear that its revenue is from the tax, while zakat institutions still have to struggle to find the money. Therefore, the coordination with them is still beyond the government planning (interview with Sumarto 2012). Nevertheless, from LAZ perspective, the government also has some problems with sustainability. Although the state ministries or local government are more likely to be sustainable institutions, sustainability in terms of government official is still the problem. According to some interviewees, the replacement of government officials, which often happens un-regularly, is another obstacle that LAZ faces when they try to build coordination with government. What they have been discussed and agreed with the previous officials could be useless as they have to restart from the beginning with the appointment of new officials. Juwaini from DD says that:

“When we deal with government, it is always the factor of people, who served and occupy the government institution. If he is a good person, it is fine, but if the person who occupies the government institution is not really good, it will be difficult.... he might emphasize more on the prohibition, and if led by people who are even worse, he will demolish the existing good policy and tend to have hostile attitude towards society.”

The third is the problem of internal coordination both in government and zakat institutions. On the government side, some evidence show that due to lots of government institutions involved in poverty alleviation programs, the coordination within these institutions remain one of the most difficult home works for government. TNP2K that is formally established by the Vice President as a coordinator of the government institutions in poverty reduction are still has difficulties in dealing with internal coordination issues. Similar to TNP2K, TKPK also has not played its function as coordinator in local level. Therefore, coordination with different entity or external parties is still long way to go as it has not been the main concern of the government. On the other hand, the coordination among zakat institutions also still in problem. The passage of the new zakat law is expected to solve the problem of coordination among them. But unexpectedly, this new zakat created some controversies rightly after its approval by the House of Representatives. Additionally, even though zakat institution already has FOZ as a association that functions to bridge synergy and coordination among zakat institutions, it has not worked optimally. Coordination of programs from each zakat institution in order to optimize the achievement of objectives for poverty reduction is still a major concern. Although few joint programs by several zakat institutions have been implemented, it is still associated with incidental programs such as disaster programs. Coordination related to the regional concentration of each zakat institution has not also worked optimally, although there is a kind of unwritten rule that when an institution of zakat has conducted the program in one area, then other agencies will not conduct its program in the region.

Conclusion

Even though both government and zakat institutions share the same goal of eradicating poverty, the study found out that coordination between the two institutions has been limited in the form of tacit coordination, where both parties do not communicate with each other in order to synergize their common activities. Basically, tacit coordination could be a good solution when the two parties cannot communicate with each other. However, the success of the tacit coordination depends on many things, so that the effectiveness of tacit coordination becomes questionable. For example due to the impact of zakat program in reducing the level of poverty depends on many things not only programs but also various categories of recipients, area etc, coordination between different actors involved in poverty reduction becomes something very important in order to achieve optimal results.

Coordination problem may be better addressed by developing institutions, either formal or non formal ones, which serve to coordinate the roles and work of zakat and government agencies. FOZ as an association of zakat institutions may solve some coordination problems between LAS and BAZNAS between LAZ and government. Nevertheless, so far FOZ only coordinates operational standards and working areas, and conducted very few coordination in terms of work field (very little cooperation programs) and these are limited to the coordination between the members of LAZ. Because the result is limited to sorting work field, automatically there is only minimal direct coordination between them or even there is no direct coordination in terms of program

design or targeting. In fact, in order to optimize interventions for the poor welfares, what is needed is direct coordination, ie, how the assistance programs from both government and the zakat agencies work together to help the poor overcome their problems.

In relation to coordination between LAZ/BAZ and government, it is necessary for BAZNAS to reposition itself in the context of national poverty reduction roadmap. Ideally, BAZNAS should function as a coordinating hub between government and zakat institutions. The prevalent discourse on national zakat management needs to be expanded not only limited to how to collect zakat as much as possible, but also how to use zakat funds as optimal as possible. Issues related to monitoring and evaluation of programs LAZ, if the programs were synergized with the government, it might be easier because their evaluation can be included in routine evaluation of government programs.

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