

Received : 2 Desember 2018
Accepted : 21 Desember 2018
Published : 29 Desember 2018

Co Author:

1. **Asri Noer Rahmi**, Prodi
Akuntansi STIE Indonesia
Banking School Jakarta
Asrie.rahmi@ibs.ac.id

Synthesizing National Zakat Index Application In Indonesia

Sulistiyowati

Prodi Manajemen Keuangan Syariah STIE Indonesia Banking School,
Jakarta

Email: sulistiyowati@ibs.ac.id

ABSTRACT

The study aims to synthesize the implementation of National Zakat Index (NZI) in Indonesia that published by National Zakat Agency (Baznas) on 2016. NZI is a model that attends the concept of multi-stages composition index that can compute all aspects of zakat comprehensively covering all stakeholders of zakat management starting from muzakki, mustahik, regulations and government budgets related to zakat on the macro and micro dimensions (Beik, 2016). This study is qualitative research which were used primary data through in-depth interviews and also secondary data through literature reviews. The results shows that the implementation of NZI throughout three years ago was effective which appropriate to the goal for measuring the effectiveness of zakat role in eradicating poverty. furthermore, the synthesizing stage conducted the proposed concept to encourage formed of integrated indexing model between Zakat and Waqf namely National Zakat-Waqf Index (NZWI). It is an idea that both of main Islamic financial instruments with the same final goals which are alleviating poverty and enhancing social welfare should engaged together as a unity into one harmony for better Indonesia.

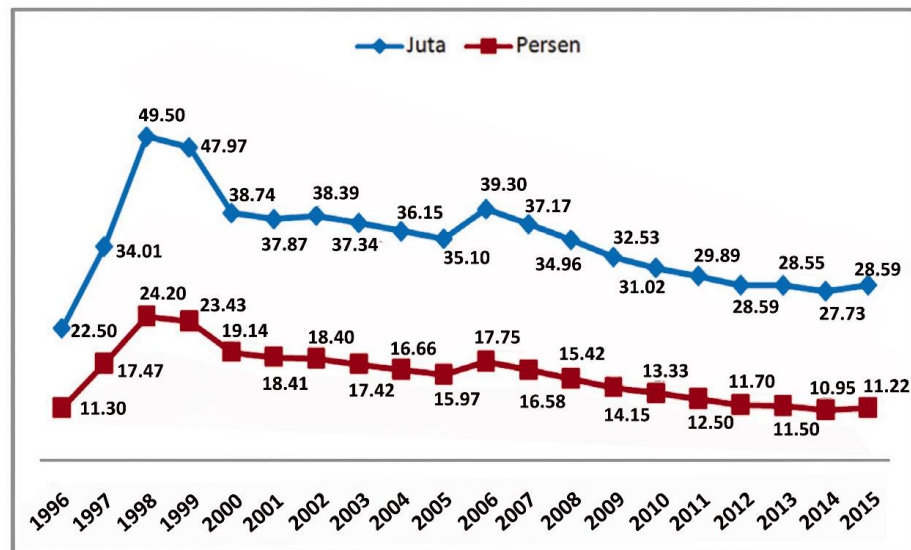
Moreover, advanced research is needed which is focus on practical aspects with considers other detail support elements.

Keywords: Zakat, National Zakat Index (NZI), Muzakki, Mustahik.

INTRODUCTION

1.1 Background

Indonesia is a country which is poverty as one of main problems. Integration of poverty reduction programs has been part of Indonesia's national development agenda since the country became independent (Muljawan et al., 2016). The results of the Central Bureau of Statistics (BPS) survey and the National Family Planning Coordinating Board (BKKBN) show that the poverty rate in Indonesia does not always decrease from year to year. The increase in poverty had occurred when the monetary crisis in 1997-1998. In addition, the number of poor people increased from 1996 to 1997, from 34 million to 50 million. In the countries, the poor also increased from 17% in 1996 to 24% in 1997. The rest, the poverty rate declined.



Source: bps.go.id, data processed in (Muljawan et al, 2016)

Figure 1. Absolute Poverty Rate in Indonesia, 1996-2015

In 2015, the number of poor people in Indonesia increased compared between 2014, from 27.73 million people to 28.59 million people, an increase from 10.95% to 11.22% in 2015. From what aspect of poverty is this quite severe, this can be seen from the MPI index. In addition to the integration of poverty reduction as an official government program, zakat is seen as countries in poverty alleviation. Zakat in Indonesia has good potential considering that these countries have the largest Muslim population in the world, 216.66 million people or the percentage of Muslims is 85% of the total population (BPS, 2015). The development of zakat is increasing from year to year (Respati, 2016), until the end of 2017 is predicted to continue to reach growth of up to 30% (Beik, 2016).

Table 1. Amount of ZIS Collection in Indonesia (2002 - 2015) Year of Rupiah

Tahun	Rupiah (miliar)	USD (juta)	Pertumbuhan (%)	Pertumbuhan (GDP)
2002	68.38	4,98	-	3,7
2003	85.28	6,21	24,70	4,1
2004	150.09	10,92	76,00	5,1
2005	295.52	21,51	96,90	5,7
2006	373.17	27,16	26,28	5,5
2007	740	53,86	98,30	6,3
2008	920	66,96	24,32	6,2
2009	1200	87,34	30,43	4,9
2010	1500	109,17	25,00	6,1
2011	1729	125,84	15,30	6,5
2012	2200	160,12	27,24	6,23
2013	2700	196,51	22,73	5,78
2014	3300	240,17	22,22	5,02
2015	3700	269,29	21,21	4,79

Source: National Zakat Amil Agency (2016); Note: 1 USD = Rp. 13,740.00

Table 1 shows that the average growth of ZIS collection from 2002 to 2015 increased by 39.28%. This indicates that there is an increase in public awareness that is increase to through zakat management organizations (OPZ). The growth trend indicates an

increase in public confidence in the performance of OPZ, both BAZNAS and LAZ. The important point shows in Table 1 is the high growth of ZIS collection compared to GDP growth as a benchmark for national economic growth. In 2009, there was a decline in national economic growth of 1.3% impact of the global financial crisis. However, the growth of zakat in the same year increased by 6.11%. Significant growth, especially as Indonesia contributes as one of the drafting teams in the effort to standardize the global zakat system summarized in the Zakat Core Principles document.

The potential of zakat in Indonesia shows a fairly large number, which is 3.4% of Indonesia's total GDP or 217 trillion rupiah in 2010 has basically received government support even though the management has not been maximized. This seems to be the opposite of the increase in Indonesian observance which is actually the ultimate goal of poverty alleviation to then lead to the assumption that the effect of zakat on improving welfare of mustahik is not measured and zakat management institutions are considered to have less role to solving existing problems.

According to the phenomenon mentioned, BAZNAS realizes that Indonesia needs appropriate tool for measuring the development of Indonesian zakat particularly in alleviating poverty and increasing social welfare. It was a huge resolution, since BAZNAS launches the Center of Strategic Studies (PUSKAS) on 2016 and followed by creating the composite index that was generated to measure national zakat development conditions namely National Zakat Index (NZI). The NZI was the first composite zakat index in the world which was launched on December 13, 2016 that can be applied to private Zakat Management Institutions (LPZ) in the world and as a measure to assess the position or condition of zakat management more objectively with SMART Principles (Specific, Measureable, Applicable, Reliable, and Timely) so that the collection, management and distribution of zakat can be more effective and efficient (Beik, 2016).

Nowadays, the implementation of NZI has been going on for three years since the launched but there was no single research that tries to review and investigate comprehensively from various aspects or assorted perspectives about the effectiveness of the NZI's implementation. This is an important stage for researchers and academicians to give a thought as material of reflection for more success of zakat indexing model implementation by considering many aspects includes the obstacles and opportunities for better Indonesian zakat.

1.2 Objective

According to the background above, the objective of this study is to synthesize the implementation of National Zakat Index (NZI) since the first application on 2016 until 2018 by combining, analysing, evaluating and inferring any sources and parts of its elements they are concept of NZI itself, in-depth interviews's result, articles, essays, scientific papers and also some other statements from several experts such as practitioner, academician.

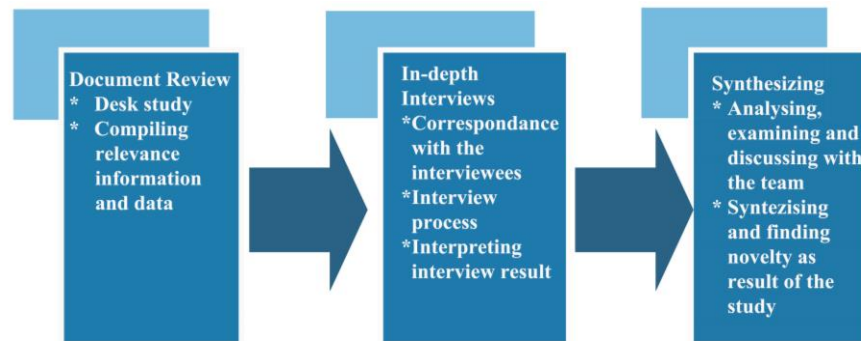
METHODS

2.1 Data

This is qualitative research that concerning on synthesizing the application of National Zakah Index (NZI) model. The study use primary data through in-depth interviews BAZNAS as NZI founder and other expert related to the topic. Meanwhile, secondary data was collected from document reviews of some paper journal, scientific articles and other related literatures that conducted from April to October 2018.

2.2 Stages of Research

In the process of research we used three stages which were early document review, in-depth interviews and synthesizing all data compiled. The detail of the stage are describe below.



Source: Author's illustration

Figure 2. Stages of Research

In addition, interview with other expert of Islamic social funds such as waqf, alms and infaq were conducted in order to obtained the comprehensive data on the effectiveness NZI implementation.

RESULTS

3.1 Concept of Zakat

Zakat is recognized as one of the five pillars in Islam. Qur'an Surah At-Taubah verse 60 mentions that "Zakat expenditures are only for the poor and for the needy and for those employed to collect [zakat] and for bringing hearts together [for Islam] and for freeing captives [or slaves] and for those in debt and for the cause of Allah and for the [stranded] traveler an obligation [imposed] by Allah. And Allah is Knowing and Wise". It declared that zakat must be distributed to the eight groups (ashnaf).

As one of the pillars of Islam, zakat is an obligation for Muslims who are related to property. Qardhawi (2011) explains that zakat starts from the basic word zaka which means blessing, growing, clean and good. Other definition mentions that zaka means to grow and develop. The zakat payers (muzakki) are obliged to surrender a portion of their wealth to zakat, the Qur'an: At-Taubah verse 103: "Take zakat from a portion of their property, with that charity you cleanse and purify them and pray for

them. In fact, your prayer becomes the peace of the soul for them. And Allah is all-knowing and omniscient”

The people entitled to receive zakat (ashnaf) as mentioned consist of eight groups. They are in detail 1). Poor people, those who have nothing, or cannot fulfill half of their needs; 2). Poor people, that is, people who can fulfill their sufficient needs or more; 3). Amil, the person who is appointed to take care of zakat; 4). Muslim convert (muallaf), that is a person who has just converted to Islam while his faith is firm; 5). Slaves, servants who have been promised by their master that he may redeem himself with money or other property; 6). Gharimin, are people who have debt, that is, people who bear the burden of debt to improve fellow human relations (islahu datil bain) or to pay ziyat or to meet their personal needs both they are poor and they are rich; 7). Fisabilillah, namely jihad. 8) Ibn Sabil (traveler), that is, all those who run out of shopping on a trip and cannot bring in their shopping from their village, even though he is a person who lives in his village.

Currently, contemporary zakat is not only for consumption purpose, in line with Anwar (2017). He emphasizes that zakat should have a positive impact on mustahiq, both economically and socially especially through empowering them. From the economic side, mustahiq are demanded to have independent and worthy life. In terms of social, mustahiq are required to live in equal with the other communities. It means, zakat is not only distributed to something consumptive, but rather to the benefit of productive and educative.

3.2 Concept of National Zakat Index (NZI)

The development of zakat in Indonesia increased significantly when Law No. 38/1999 was approved by the government. Under the Act, zakat can be managed either by zakat institutions formed by the government (the Amil Zakat Agency), as well as zakat institutions formed by the community (Lembaga Amil Zakat). A major change in the regulatory framework regarding zakat in Indonesia occurred at the time the Act No.

38/1999 with Law No. 23/2011 concerning Zakat Management. One of the things that is quite important in this Law is the regulation regarding the authority of the National Zakat Agency (BAZNAS) as the coordinator of national zakat management.

UU no. 23/2011 serves as the basis for the implementation and management of zakat in Indonesia. This zakat management aims to "improve the effectiveness and efficiency of services in the management of zakat, and increase the benefits of zakat to realize community welfare and poverty alleviation" (Article 3). In this Act, BAZNAS is appointed as a non-structural government institution that is independent and responsible to the President through the Minister of Religion (Article 5). In general, BAZNAS has two main tasks: (1) managing the overall zakat system which includes planning, implementing, controlling the collection, distribution and utilization of zakat, as well as reporting and accountability in the implementation of zakat management, (2) carrying out the coordination function of all zakat management organizations (OPZ) in Indonesia.

The NZI was created by the Center of Strategic Studies (PUSKAS) of BAZNAS. This index is a composite index which was built to measure the condition of national zakat development (Nurzaman et al, 2017). NZI is divided into two dimensions: macro and micro dimension. The macro dimension reflects on how the role of government and society in aggregate, contribute to build the zakat institution. This dimension has three indicators, namely regulation, government budget (APBN), and database of zakat institutions. Except for regulation and government budget support, the indicator of database of zakat institution was subdivided into three variables: the number of official zakat institutions, individual muzakki and enterprise muzakki.

On its application the NZI uses mixed methods, which is a research methodology that integrates quantitative and qualitative methods (Beik, 2016). On the qualitative side, this study the form of collecting and analyzing literature and previous studies as well as

conducting interviews with the founder or team at the Baznas institution on the initial concept and draft of the NZI application implementation from the required data, sharpening dimensions, indicators, measurement variables up to other supporting aspects. On the quantitative side, Baznas uses the estimation method of calculation to obtain NZI values using a method called Multi-Stage Weighted Index with SMART principles (Specific, Measureable, Applicable, Reliable, and Timely). This method combines several stages of the weighting process given to each component of the index compiler from the micro dimension to the macro.

Table 2. Weighet Score of NZI Components

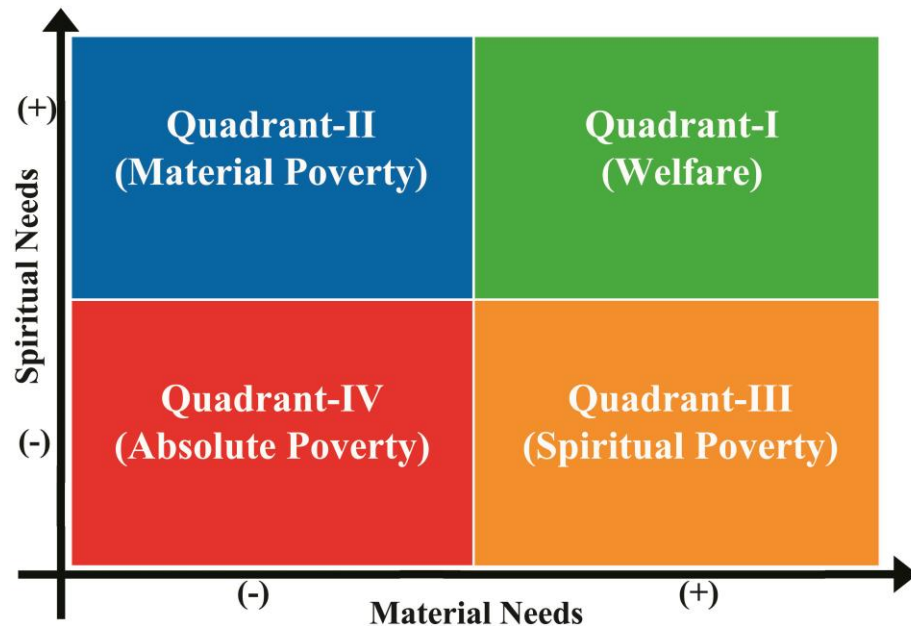
Dimension	Weighted score	Indicator	Weighted score	Variable	Weighted score
Macro (X_1)	0,40	Regulation (X_{11})	0,30	Regulation	1,00
		Government Budget (X_{12})	0,40	Government budget	1,00
		Zakat Institution Database (X_{13})	0,30	Number of official zakat institution (X_{131})	0,33
				Individual Muzakki Ratio (X_{132})	0,33
				Enterprise Muzakki Ratio (X_{133})	0,33
Micro (X_2)	0,60	Institutional (X_{21})	0,40	Collection (X_{211})	0,30
				Management (X_{212})	0,20
				Distribution (X_{213})	0,30
				Reporting (X_{214})	0,20
		Impact of Zakat (X_{22})	0,60	Material and Spiritual (CIBEST) (X_{221})	0,40
				Education and Healt (HDI Modified) (X_{222})	0,40
				Independency (X_{223})	0,20

Source: Beik, 2017

The NZI formulation model was divided systematically into five steps. The first step, creating the likert scale score within the range from one to five, where the score of 1 (one) describes the worst condition, and 5 (five) describes the excellent condition. The second step, calculating the index of each variable.

The value of index lies within the range of 0.00 – 1.00. This means the lower value of the index indicates the bad performance of the national zakat, and the greater value of the index indicates a better zakat condition. The index score of NZI is divided into five categories, such as 0.00-0.20 score for not good category, 0.21-0.40 for less good category, 0.41-0.60 score for fairly good category, 0.61-0.80 score for good category, and 0.81-1.00 for very good category.

The third step is multiplying the index obtained on each variable with the respective weights to derive the index of the indicators. Two (2) indicators which are regulation and government budgets are not specified into more detailed variables, so it does not require certain calculation at this stage. There is CIBEST quadrant inside the NZI formula as describes below.



Source: Beik and Arsyanti, 2016

Figure 3. CIBEST Quadrant in NZI

The CIBEST model that combines the quadrants of basic human needs, including both material and spiritual aspects (CIBEST quadrants and CIBEST indices). The CIBEST quadrant is based on the conception and

typology of the household. It uses the household as a unit of analysis, following the concept from the National Coordinating Agency for Family Planning Program (Badan Koordinasi Keluarga Berencana Nasional; BKKBN).

Figure 3 shows that CIBEST is divided into four quadrants. A household staying in the first quadrant is considered as materially and spiritually rich household. It is because the household can positively fulfill both material and spiritual needs. By using the same analysis, it is known that in the second quadrant, the household is materially poor and spiritually rich. Meanwhile the third quadrant indicates that the household staying in the quadrant is materially rich and spiritually poor, while the fourth quadrant portrays the household that is materially and spiritually poor. Sufficiency in fulfilling the needs also means that the household live above the poverty line, either material poverty line, spiritual poverty line or both lines (Beik & Arsyanti, 2016).

3.3 Partial Previous Studies Related to NZI

Previous research on zakat has shown positive relation of zakat on the welfare of ashnaf. However, it can be deduced that there is no specific research about NZI reflection relate to various aspects or multi perspectives conducted. Nevertheless, partial previous research related to zakat in general or NZI in particular from some senior scholars are explains as follows.

Widiawati et al., (2018) states their research about zakat management performance using NZI and measuring zakat performance at Baznas of West Java that found index scale by 0.57 which was indicated that management performance of zakat at Baznas West Java was 'Good' category. Otherwise, Abdullah (2018) argues that Zakat Index (Zein) have been able to explain the effectiveness of zakat in alleviating poverty and inequality in Malaysia. According to his research purpose which was examining the role of zakat (the Islamic tax) in

alleviating poverty and inequality in Malaysia using a newly developed index, namely the Zakat Effectiveness Index (ZEIN).

Nurzaman (2017) shows that Human Development Index (HDI) can be disaggregated into household level, which can further be utilized to evaluate welfare across the household level of mustahiq and can be expanded so that it was not restricted to only mustahiqs as the object of measurement. This finding supported NZI's specific target which was household level could be measured.

Wahab et al., (2017) identifies the appropriate methods to examine the extent of service quality of zakat institutions. Such evaluations were crucial for organizations like zakat institutions to function effectively to achieve the noble objectives of socio-economic justice through proper distribution of wealth. While Kusuma et al., (2016) argues that zakat Index is intended to be as an Islamic Economics tool to measure not only the welfare or wellbeing of Islamic Society, but also its religious (spiritual).

As an important and potential instrument for national development, zakat will continue to require development innovations (Andiani, et al., 2018). That Adachi (2018) argues about Indonesia's zakat management that trying restructured in a top-down. The transformation in the administrative reform of zakat, which focuses on not only the discourse of Islamic intellectuals but also the tone of the emerging Islamic economy and attitude of the management organization's practitioners and players, was important to understand the growth of Islam in Indonesia. From these statements, the two scholars tries to emphasizes the importance of innovative and comprehensive zakat management.

From the other side, Kinanti et al., (2018) in their research emphasizes that zakat as an Islamic financial instrument can be a source of funds assistance for rural mustahiq communities. Zakat funds are more accessible to mustahiq than conventional banking services that tend to target upper middle class society. Thus, the disbursement of

zakat in the form of productive program can be positively correlated in strengthening the potential of rural mustahic entrepreneurship. Meanwhile, Abdurraheem et al., (2018) states that Quran to foreground the paramount importance of Zakat as a social security towards poverty reduction and great obstacles to sustainable development that pose serious threats to security challenges could be solved by it.

Amalia (2017) found that the good governance on zakat institutions as a public organization needs to be placed within the framework of meeting the values of Sharia. She was also found the proves of good governance in zakat institutions in Indonesia has been well applied in some aspects of zakat regulations. Yet, in some other aspects, it is not comprehensively implemented. There were some problems in the zakat regulations including limited guidelines and standardization in term of zakat collection, distribution, supervision, and audit.

Kusuma et al., (2016) argues that the lack of full observance of the objectives of the obligation in performing Zakat, which was intended to increase the welfare/wellbeing of the society, makes Islamic Economics as a discipline completely ineffective and inefficient in performing its essential characteristics in fulfilling the Maqasid al-Shari'ah. Zakat Index was expected represents the monitoring of Zakat payment in Islamic or Muslim populated country, hence providing academics, students, society, and policy maker in Islamic or Muslim populated country an alternative measurement of economic progress, instead of Gross Domestic Product (GDP).

Meantime, Widiastuti et al., (2016) states by her research that focuses on methods to manage zakat institutions still do not exist. Especially on zakat management institutions in Indonesia. It describes of Zakat Scorecard Model through categorical analysis by academic and managerial implications related to zakat management institutions. Meanwhile, NZI as most important measuring tools owned by BAZNAS is necessary to get main focus particularly from many researchers

accordance in their role as managers of charity and other main role of zakat management such (Syawaluddin et al., 2016).

Based on Wahyuni (2016) has stated that national zakat organizations management, BAZNAS and other big non government's LAZ has efficient performance based on the efficiency measurement and shows an inefficiency in term of operational cost variable, personnel cost, ziswaf socialization cost, and the distributed ziswaf fund. NZI as measurement tools has to be manage in a good and more professional management. By the improvement, the main goal of zakat is expected to be achieved. As Raquib, (2011) in Huda, (2014) considered zakat system as one of the most effective ways through which a huge amount of fund can be collected and utilized for poverty alleviating programs in the Islamic countries. which was agreed upon by Hassan (2010) through integrated poverty alleviation model which involved zakat inside as main instrument for poverty eradication.

Although many previous studies have been conducted on zakat for some perspective such fundamental spiritual aspects, social roles etc, NZI research it self on synthesizing truly comprehensive aspects from many element is still lacking nowadays.

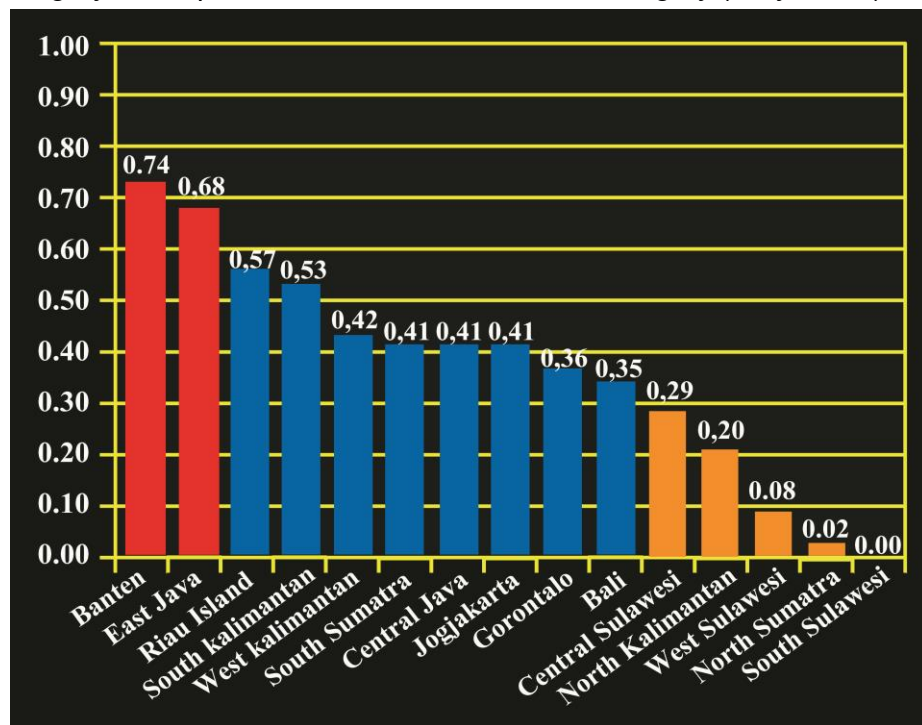
3.4 The Implementation National Zakat Index (NZI) in Indonesia

PUSKAS Baznas was established August 2016 followed by very first NZI's application on October 13th 2016 that has been implemented in three provinces they were West Java, South Sulawesi and West Nusa Tenggara. The reason of chosen for three regions based on equity areas of Indonesia which are took from the west, central and east areas. First implementation show the success that the effectiveness of zakat distribution were identified and measurable (Beik, 2018).

Baznas conducts the trial in these three regions because in South Sulawesi the majority were Muslim and in terms of performance commitments that were quite good, the regional heads who have sufficient diversity, this area were used as an IZN pilot project. As for the

West Java region because the majority of Muslims and the awareness to pay zakat were good, so was the case in West Nusa Tenggara where the population already has the awareness to pay zakat.

The second implementation posted in 15 provinces on 2017 which are Banten, Central Java, Yogyakarta, East Java, Bali, Gorontalo, South Kalimantan, North Kalimantan, West Kalimantan, South Sumatra, North Sumatra, Riau Islands, Central Sulawesi, West Sulawesi and South Sulawesi (Beik et al, 2018). The results of this study shows that Banten and East Java province has the highest NZI category (Strong) with the value of 0.74 and 0.68, respectively. Meanwhile, 6 provinces get the criteria of Neutral which are: (i) Riau Islands; (ii) South Kalimantan; (iii) West Kalimantan; (iv) South Sumatra; (v) Central Java; and (vi) Yogyakarta. There are 4 provinces which can be categorized in a Weak category and 3 provinces that have the lowest category (Very Weak).



Source: Beik et al, 2018

Figure 4. Results of NZI Implementation in 15 Provinces

In addition, the result of NZI Index shows that the value of the micro dimension tends to be higher compared to the macro dimension. It means, that micro dimension in those 15 provinces were higher compare to the macro one. According to figure 4 there was only one province where the value of macro dimension was higher than the value of micro, namely Banten. Based on the result above it was important to improve the zakat management on the monitoring and reporting aspects in order to build the people trust to zakat institutions, so that it can raise the zakat collection fund (Zaenal et al, 2017).

DISCUSSION

4.1 Critical Analysis for National Zakat Index (NZI)

Since the NZI's implementation, it is important to do reflection and evaluation not only by Baznas itself but by other parties which are stakeholders are obviously needed. Furthermore examining the NZI Implementation that compares to other similar zakat indexing in the world involves two aspect discussed as follows (interview result, 2018). **4.1.1**

The Excellences of NZI

The main findings of the NZI's excellences by the party related are explains below.

1. NZI was the first most complete and comprehensive zakat measuring tool in the world.
2. Indonesia is the first country that has a national measuring instrument for zakat, other countries do not even have measuring instruments, for instance Malaysia is one of the developed countries and known that have good zakat management, It was not even able to measure what percentage of zakat funds can alleviate poverty.
3. NZI has comprehensive two dimensions, namely macro and micro. Macro dimension consist of APBN, APBD, database systems and institutions collect, manage and distribute zakat obtained; and Micro dimension from the institutional aspect and the impact of zakat and

accountability for zakat obtained by managing and channeling the zakat funds.

4. NZI can measure Mustahik's impact deeply to increase spiritual level.
5. Considering the health aspect and independency that covers all elements of life and which is developed in terms of science in order to have a strong foundation.
6. NZI is nationally scopes that shows the primary index directly because as result of deep observation in field related.
7. NZI was utilizing and involving the existing institutions such as LAZ, BAZ and Baznas-region as a collaboration and using professional volunteers to calculate existing mustahik data also achievement of zakat performance.

4.1.2 The Obstacles of NZI

Eventhough, the NZI has many excellences, naturally it has weaknesses or obstacles as well, as mentioned bellow.

1. It needed intensive and high level communication, enough time, good support, well effort and need high cost.
2. Internally Baznas assistance are needed and of course full support of BAZNAS Region.
3. some Baznas Regency has still minimum understanding about NZI detail mechanism. It was influencing their performance, time accuracy, processes, uncontrol changes and causes any pressures or shocks in some stages of all parts. So, Baznas is still need massive and intensive socialization for instance through the Rakornas, regional meeting and so on for better human capital quality particularly in understanding the practical detail of NZI.
4. Regular reflection are needed for better further implementation.

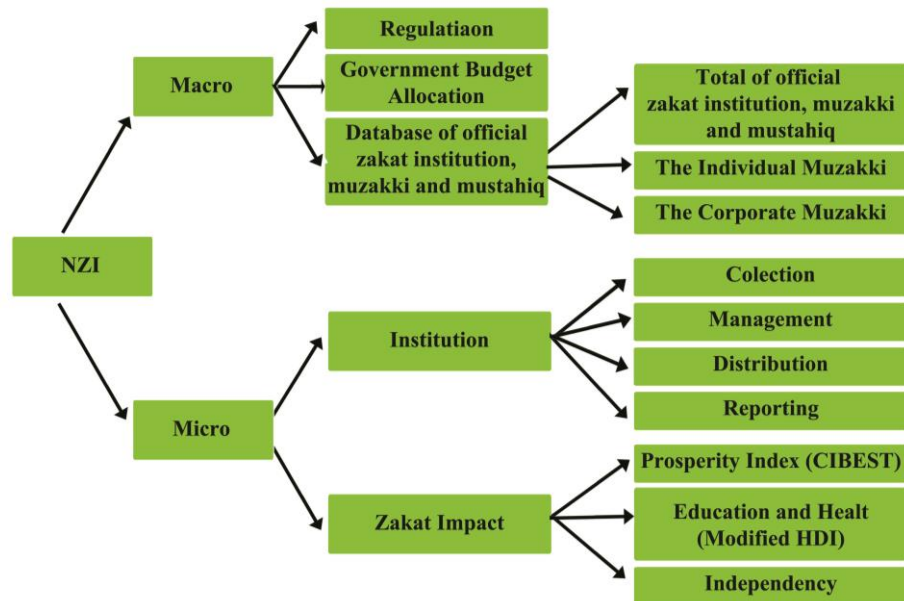
Generally, the practical of NZI as first comprehensive measuring tool was a new innovative breakthrough of Indonesian zakat. However, other parties views that indexes measured, not necessarily because of

zakat that promote the beneficiaries but it can be supported by other sources such as cash waqf, alms, infaq and other social funds. In this case, it still out of reach by NZI

Proposed Model of National Zakat-Waqf Indexing (NZWI)

The finding of document review and in-depth interview stages shows that the application of NZI so far becomes role model not only in Indonesia even so in the world. however, there were the missed part to concern that should be focus on the Islamic social funds sources determined the asnaf eradicate from the poverty. It was bias. because in fact, the sources that accept by the beneficiaries was not only from zakat.

The finding explained above initiates the author to design the conceptual proposed model as extended NZI model exist. It has always been an interesting thing to study. The complete first zakat measurement standard in the world which is adding waqf as other main important element becomes more sufficient according to the current need. Related this thought, the originally previous NZI scheme is described below.

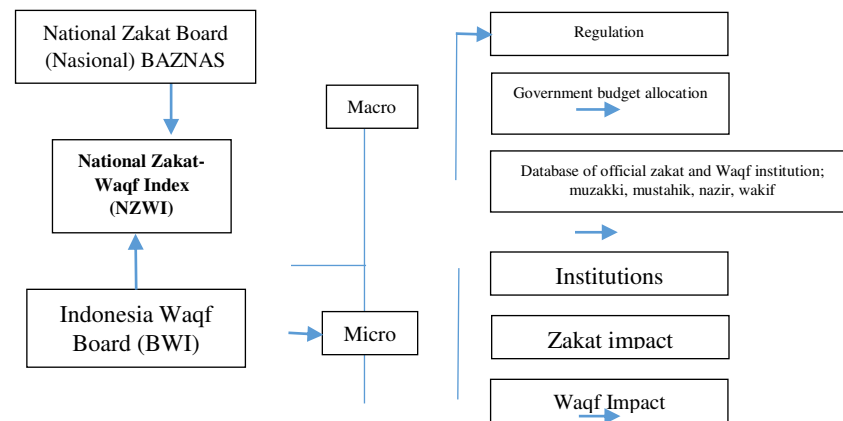


Source: BAZNAS Center of Startegic Studies, 2017

Figure 5. National Zakat Index Component

Figure 5 shows that the NZI consist of macro and micro components. In the macro level, NZI measures regulation, government budget, and zakat institution database. Whereas the micro dimension has two indicators; performance of zakat institution and the zakat impact to mustahik. Performance indicators of zakat institution were then described into more detailed variables that measure the performance of the institution from the aspect of the collection, management, distribution, and reporting. While indicators of zakat impact are a combination of five variables that view the impact from economic, spiritual, education, health, and independency side.

According the briefs of Abdullah (2018) that Zakat Index (Zein) have been able to explain the effectiveness of zakat in alleviating poverty and inequality in Malaysia. It was quite inspiring that not only zakat but also waqf as economic and social problem solver. Hence, here are a thought as form of the integration between Zakat and Waqf towards engaged combination indexing.



Source: Author's Illustration

Figure 6. National Zakat-Waqf Index (NZWI) Proposed Model



Figure 6 shows the new design of NZI with waqf aspect addition namely National Zakat-Waqf Index (NZWI). Waqf also called as endowment fund on the other hand is similar to zakat but different. The similarity is that they belong to same genus of instruments of social protection and social peace. The difference is that waqf, unlike zakat, is a species, which is voluntary and unspecified in quantum (Bugaje et al., 2019). There are many exhortations to give waqf, but the oft-quoted one is where the Qur'an says: "It is not righteousness that you turn your faces ... " (Qur'an 2:177). These exhortations reinforce those of the zakat and together provide social protection and guarantee social peace in society. Both zakat and waqf envisage a plural society.

Integrated Zakat and Waqf becomes new combination of indexing tool that could be more efficient from any aspects such as operational cost, human capital and infrastructures uses. According to figure above, both aspects which macro and micro are taking the same steps with previous composite indexes by involving waqf as one unit that unseparately. As known generally, that measuring the roles of zakat and waqf in alleviating poverty and inequality in some countries were not new issues, but commonly it be implemented in partial parts.

Throughout this idea, there is huge expectation that measurement process could be measure, assess and describe the real comprehensive condition of zakat and waqf accurately. This is certainly an opportunity as well as a challenge to be more concerned and serious to focus on Islamic social funds for Indonesia's growth. Reflecting on some success OIC's countries who managed zakat professionally such , total synergy and serious elaboration are strongly important even it is not easy though.

By this new concepts, hopefully could solve the gap between zakat and waqf management. Many obstacles and weaknesses of zakat and waqf development such as legal framework, nature of zakat and waqf infrastructure, obligation, issues of transparency and accountability and also issues of inclusivity can be overcomes step by step in further.

CONCLUSION AND RECOMMENDATION

The purpose of this study is to synthesize the implementation of National Zakat Index (NZI) in Indonesia. The result indicates some findings that involves of the excellences and the obstacles of NZI implementation. The excellences which is becomes the strength of ZNI by Baznas needs to increase as the goals target that will achieved. Moreover, discussion states the new formula to solve the obstacles founded through new proposed scheme which is form of integration between zakat and waqf namely National Zakat-Waqf Index (NZWI). Throughout this thought, it is urgent recommendation to National Zakat Board (BAZNAS) and Indonesia Waqf Board (BWI) for more synergize as boards with the same and similar goals.

ACKNOWLEDGEMENTS

Alhamdulillah, all praise to Allah, the Most Gracious and the Most Merciful, for the guidance and blessing to eventually finish this paper. The process of accomplishing this paper has gone through numerous challenges in which some parties in giving the needed support and encouragement. We therefore wish to express my utmost gratitude to all of them for their willingness to assist us in the process of completing this paper.

We would like to dedicate my sincere gratitude and appreciation to our main interviewees Dr. Irfan Sauqi Beik (Puskas BAZNAS) and Dr. Nurul Huda for huge information needed related to zakat. We also dedicate a special thanks to Dr. Subarjo Joyosumarto as head of STIE Indonesia Banking School and Mr. Ramzi A. Zuhdi, MM for their supports and motivation throughout our research experiences. May Allah always give His blessings to them. Ameen

REFERENCES

Al Qur'an Al Kariim

Abdullah, N. (2018). The application of Zakat Index (Zein) to measure the effectiveness of Zakat in alleviating Malaysia's poverty. [International Journal of Economic Research](#) 14(15):1-11

Abdurraheem, H., Suraju, S.B. (2018). Taming Poverty in Nigeria: Language, Zakat and National Development. QIJIS: Qudus International Journal of Islamic Studies Volume 6, Issue 1, February 2018

Adachi, Mari (2018). Discourses of Institutionalization of Zakat Management System in Contemporary Indonesia: Effect of the Revitalization of Islamic Economics. *International Journal of Zakat* Vol.3 (1) 2018 page 23-35

Amalia, Euis (2017). The Shariah Governance Framework For Strengthening Zakat Management in Indonesia: a Critical Review of Zakat Regulations. *Advances in Social Science, Education and Humanities Research*, volume 162.

Andiani, K., Hafidhuddin, D., Beik, I. S., Ali, K. M. (2018). Strategy of BAZNAS and Laku Pandai for Collecting and Distributing Zakah in Indonesia. *Al-Iqtishad: Jurnal Ilmu Ekonomi Syariah (Journal of Islamic Economics)*. Vol. 10 (2): 417 – 440. doi: <http://dx.doi.org/10.15408/aiq.v10i2.6943>.

Anriani. 2010. Analisis Dampak Zakat terhadap Tingkat Kemiskinan Mustahik : Studi Kasus Pendayagunaan zakat oleh BAZ Kota Bogor di Tiga Kecamatan Kota Bogor [Skripsi]. Bogor (ID): Institut Pertanian Bogor.

Anwar (2017), The Law Of Productive Zakat In Islam And Its Impact Towards Economy, *International Journal of Engineering*

Technologies and Management Research_IJTMR, Vol. 4, No. 2(2017), 10-21. DOI: 10.5281/zenodo.293800

Basri IA, penerjemah. Jakarta (ID): Gema Insani Press. [Depag] Departemen Agama Republik Indonesia. 1999. [Internet diunduh 2013 September 12]. Tersedia pada : <http://www.kemenag.go.id>. Jakarta (ID): Depag.

Baznas (2017). Outlook Zakat 2017, Pusat Kajian Strategis (Puskas), Badan Amil Zakat Nasional (BAZNAS), www.baznas.go.id

Beik, I.S. (2018). Wawancara Intensif Ketua Pusat Kajian Strategis (Puskas) Baznas. Menara Sirca Baznas. Jakarta, September 2018.

Beik, I.S. & Arsyianti, L.D. (2016). Measuring Zakat Impact on Poverty and Welfare Using CIBEST Model. Journal of Islamic Monetary Economics and Finance, Vol. 1, No.2, February 2016

Beik, I.S. & Nurzaman, Soleh (2018). The Analysis of Zakat Performance: A Study of NZI Implementation. <http://www.Baznas.go.id>. Published on March 05th 2018.

Beik, I.S. (2017). Performance Analysis of Zakat Practices in East Lampung Regency using National Zakat Index (NZI). <https://www.researchgate.net/publication/319330862>

Beik, I.S. & Nurzaman, M. Soleh. (2016). Indeks Zakat Nasional Untuk Kebangkitan Zakat Indonesia, Diseminasi Publik IZN, Puskas BAZNAS, 13 Desember 2016

Beik, I.S (2011). Indonesia Zakat and Development Report, Kajian Empirik Zakat Dalam Penanggulangan Kemiskinan, IMZ. <http://www.baznas.go.id>

Beik IS. (2010). Tiga Dimensi Zakat. Jakarta: Harian Republika. [BAZ] Badan Amil Zakat Kota Bogor. Laporan Tiga Tahunan 2009-

2011. Jurnal Al-Muzara'ah, Vol. 2, No. 2 (ISSN p: 2337-6333; e: 2355-4363) 145
- Bugaje, Usman & Ali, Danladi (2016) 'The Administration of Zakat and Management of Waqf in the Sharia Implementing States: 1999-2015'. The research for this report was conducted by the dRPC and NRN with the support of the Nigeria Stability and Reconciliation Programme (NSRP).
- Firmansyah, 2013, Zakat Sebagai Instrumen Pengentasan Kemiskinan Dan Kesenjangan Pendapatan Zakat, Jurnal Ekonomi dan Pembangunan Vol 21, No. 2, Desember 2013.
- Hassan, M. K. (2010). An Integrated Poverty Alleviation Model Combining Zakat, Awqaf And Micro-Finance. Seventh International Conference – The Tawhidi Epistemology: Zakat and Waqf Economy, Bangi 2010
- Hilmiyah, U.I; Beik, I.S; Tsabita, Khonsa. (2018). Measuring The National Zakat Index (Nzi) On Zakat Performance In Bogor Regency. Journal of Islamic Monetary Economics and Finance, Volume 3, Special Issue (2018), pp 179 – 192 p-ISSN: 2460-6146, e-ISSN; 2460-6618
- Huda, Nurul et al., (2014). Solutions to Indonesian Zakah Problems Analytic Hierarchy Process Approach. Journal of Islamic Economics, Banking and Finance, Vol. 10 No. 3, July - Sep 2014
- Kahf, Monzer (2008). Role of Zakah and Awqaf in Reducing Poverty: A Proposed Institutional Setting within the Spirit of Shari'ah. Journal Thoughts on Economics. Vol. 18, No. 3 2008
- Kinanti, K., Noviyanti., Zaenal, M.H. (2018). The Role of Zakat to Strengthen The Rural Mustahiq Community Based on Entrepreneurship. PUSKAS BAZNAS Working Paper Series. PWPS# 2018 - 01
- Kuncoro M. 2010. Ekonomika Pembangunan. Jakarta (ID): Erlangga.
- Marzali A. 2007. Antropologi dan Pembangunan Indonesia.

- Jakarta (ID): Kencana. Meier GM. 1998. Leading Issues in Economic Development. Oxford University Press.
- Kusuma, K.A., Ryandoro, M.N.H. (2016). Zakah index: Islamic economics' welfare measurement. Indonesian Journal of Islam and Muslim Societies. Vol. 6, no.2 (2016), pp. 273-301, doi : 10.18326/ijims.v6i2.273-301
- Muljawan, Dadang dkk, 2016, Pengelolaan Zakat yang Efektif: Konsep dan Praktik di Berbagai Negara_ Seri Ekonomi dan Keuangan Syariah, DEKS-Bank Indonesia P3EI FE- UII, Edisi pertama, Agustus 2016
- Murniati R, Beik IS. (2018). Pengaruh Zakat terhadap Indeks Pembangunan Manusia [BAZNAS] Badan Amil Zakat Nasional. <http://www.pusat.baznas.go.id>.
- Noor, Zainulbahar (2017). The role of zakat in supporting the Sustainable Development Goals. Baznas and UNDP Brief Series, May 2017.
- Nurzaman, M. Soleh et al,. (2017). National Zakat Index: Framework and Methodology, Puskas, Working Paper Series, Januari 2017, Badan Amil Zakat (Baznas).
- Nurzaman, M. Soleh. (2017). Evaluating the impact of zakat by indicator of disaggregated Human Development Index: an empirical finding. Handbook of Empirical Research on Islam and Economic Life. https://ideas.repec.org/h/elg/eechap/16049_4.html#download.
- Syawaluddin S., Ananda, C.H., Manzilati, A., Hoetoro, A. (2016). Principal Agent Relationship On Zakah Institution In Indonesia. International Journal Of Scientific & Technology Research. Volume 5, Issue 06, June 2016 ISSN 2277-8616 204 IJSTR©2016 www.ijstr.org
- Wahab, N.A., Zainol, Z., and Bakar, M.A. (2017). Towards developing service quality index for zakat institutions, Journal of Islamic

Accounting and Business Research, Vol. 8 Issue: 3, pp.326-333, <https://doi.org/10.1108/JIABR-09-2015-0040>

Wahyuni, I.N. (2016). The Efficiency of National Zakat Organizations Management Using Data Envelopment Analysis. Journal of Islamic Economics La Riba (2016). vol. 2, issue 1: 1-10. DOI: 10.20885/jjelariba.vol2.iss1.art1

[Widiastuti, T.](#), Wahyuningsih., Indrawan, I.W. (2016). Fund Management Strategy In Baznas Zakat (Amil Zakat National Agency) East Java. International Jurnal of Islamic Business Ethics (IJIBE). Volume 1, Number 2, 2016

Widiawati et al. (2018). Kinerja Pengelolaan Zakat Menggunakan Indeks Zakat Nasional (IZN) di Baznas Provinsi Jawa Barat. Prosiding Keuangan dan Perbankan Syariah. ISSN: 2460-2159

Zaenal, M. et al. (2017). Principles of Amil Zakat and Best Practice Recommendations for Zakat Institutions. Puskas Baznas Working Paper Series (PWPS),. Retrieved from <http://puskasbaznas.com/publication/index.php/workingpaper/article/view/19>