

The Role of Zakat in National Economic Transformation Through Regional Economic Growth in South Sulawesi Province

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Abstract

This study aims to determine the contribution of Zakat to economic growth in South Sulawesi Province. The economy of South Sulawesi in the second quarter grew significantly by 7.66 percent, higher than the first quarter of 2021 which recorded a contraction of 0.21 percent. The economic recovery was mainly supported by domestic consumption, which rebounded in line with the increasing mobility of the people. The regional income of South Sulawesi Province was IDR 4.19 trillion, dominated by transfer income. Regional revenue and expenditure budget expenditures were realized at IDR 3.44 trillion in the second quarter of 2021 (31.28% of the 2021 ceiling). Lower than the second quarter of 2020 which reached 41.39%. Most of the budget absorption was realized for operational expenditures (58.79% share) and capital expenditures (25.34%). The business sector, transportation, warehousing, trade, and construction are the main contributors to economic improvement in South Sulawesi Province, which experienced growth during the national economic recovery period of 73.95 percent.

Keywords: Zakat; National Economic Transformation; Regional Economic Growth.

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1. Introduction

1.1. Background

South Sulawesi Province with a plain area of 46.72 thousand KM² and 197 people per KM² with a population of 9.19 million people. The average population growth rate of South Sulawesi Province is 1.18 percent (Maddatuang et al, 2021). The highest population was recorded in Makassar City as many as 1,423,877 people, while the lowest population was recorded in the Selayar Islands Regency as many as 137,071 people. South Sulawesi Province is one of 34 provinces in Indonesia, which is the third-largest province outside of Java and Sumatra. A total of 4.56 million men and 4.63 million women have great potential to develop the role of the sharia economy and finance. The Islamic economy as an economy of improvement has become a trigger for strengthening and recovering the national economy, towards the transformation of the national economy, especially during the Covid-19 pandemic.

The population of South Sulawesi Province that has the potential to implement the sharia economy is 8.26 million people (89.87%) of the population who are Muslim (Kailani & Slama, 2020). One way to move the economy through the transformation of the national economy is to empower the potential of the sharia economy as a new direction in the national economy through regional economic growth (Nurjanah et al, 2019). The potential sectors are tourism and agriculture, where currently the two market players in these sectors are still dominated by Muslims. Zakat potential in Indonesia of IDR 327.6 trillion comes from five sectors namely; 1) corporate zakat of IDR 144.5 trillion; 2) agricultural zakat of IDR 19.79 trillion; 3) zakat income of IDR 139.07 trillion; 4) Zakat on livestock is IDR 9.51 trillion, and: 5) Zakat on money is IDR 58.76 trillion. The 2020 national zakat collection has only reached 3.8 percent of the potential zakat or IDR 12.5 trillion. The majority of the zakat collected came from income zakat, which was 38.6 percent; the second-largest source was infaq/untrusted alms of 25.2 percent, while the property zakat agency only contributed 3 percent of the total national zakat collection (Baznas, 2021). South Sulawesi's economic growth in the second quarter of 2021 compared to the second quarter of 2020 grew by 7.66 percent.

1.2. Objective

The highest growth was achieved by transportation and warehousing of 73.95 percent; followed by corporate services by 29.83 percent; then other services by 27.77 percent; provision of accommodation, food, and drink by 26.98 percent. Meanwhile, the business field category that experienced contraction growth was only mining and quarrying by -5.82 percent. South Sulawesi's economic growth in the second quarter of 2021 (BI, 2021), the highest growth came from the transportation and warehousing business sector by 1.33 percent, wholesale and retail trade by 1.08 percent, construction by 0.92 percent, and education services by 0.75 percent.

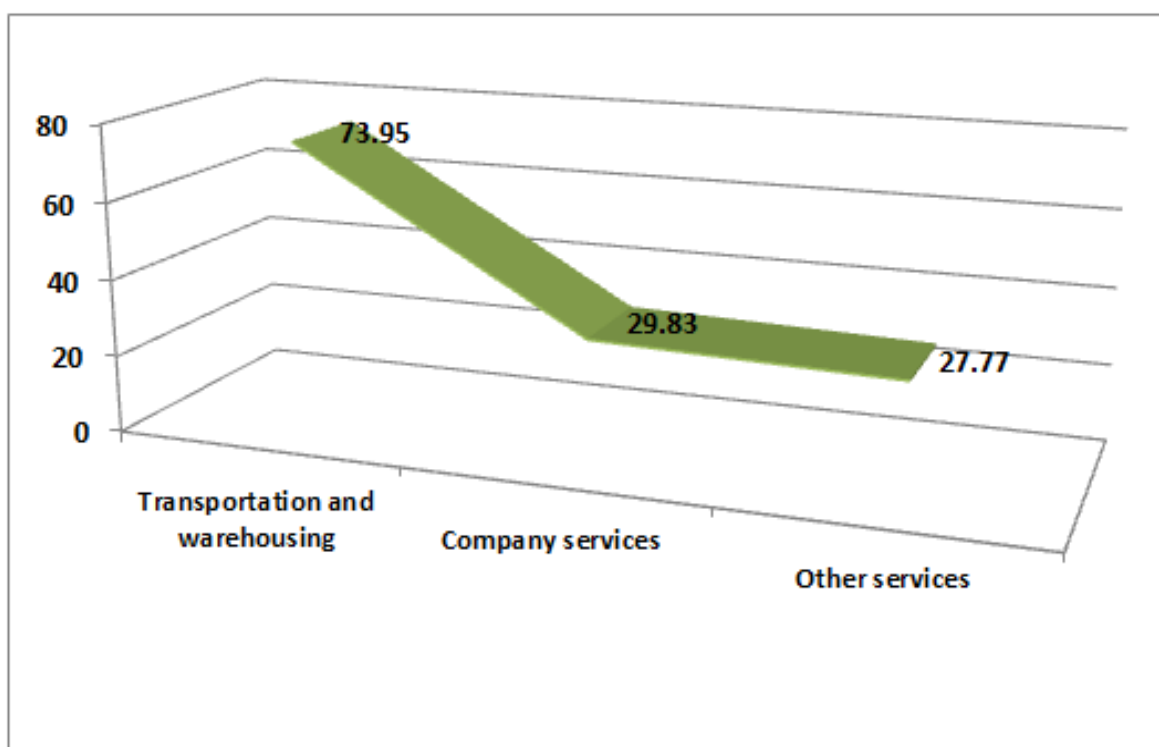


Figure 1: South Sulawesi GRDP Growth in Several Business Sectors in Quarter II-2021

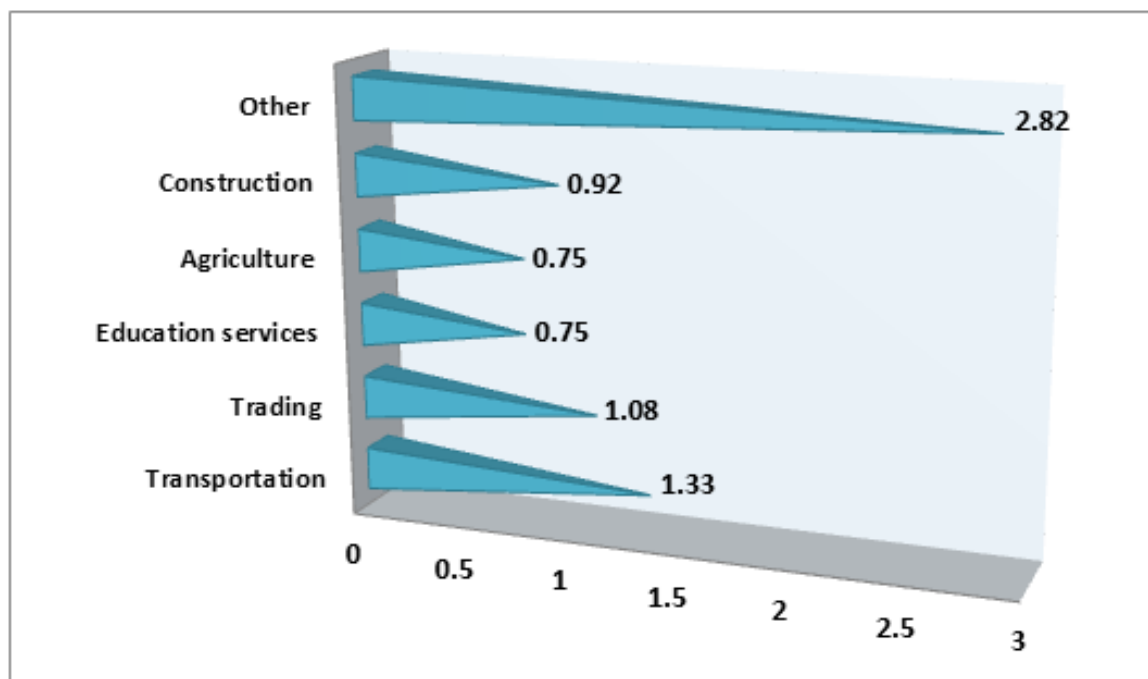


Figure 2: Sources of South Sulawesi GRDP Growth Quarter II-2021

South Sulawesi's economic growth was positive during the Covid-19 Pandemic, not much changing the structure of South Sulawesi's Gross Regional Domestic Product by business field in the second quarter of 2021. South Sulawesi's economy is still dominated by the agriculture, forestry, and fisheries business fields by 23.89 percent; followed by wholesale and retail trade at 14.66 percent, construction at 13.34 percent and processing industry at 11.80 percent (Bappenas, 2021). The role of these four business fields in the economy of South Sulawesi reached 63.68 percent. South Sulawesi's economic growth in the second quarter of 2021 compared to the first quarter of 2021 was 7.44 percent.

2. Literature Review

2.1. Background Theory

The Covid-19 economic recession has an impact on economic growth in 34 provinces in Indonesia, including South Sulawesi. As noted by the Central Statistics Agency, Indonesia's cumulative growth from Q1 – Q3 of 2020 recorded a contraction of -20.3 percent compared to Q1 – Q3 of 2019. In the context of national zakat, of course, this condition has a significant

impact on the management of zakat management organization (Rosidah, 2020). The behavior of Indonesians in donating can be a positive factor, especially for the prospect of zakat growth in 2021. This can be a positive note to see the prospects for Indonesia's zakat in 2021. This section discusses the prospect of zakat growth in 2021 under conditions of uncertainty due to the Covid-19 outbreak. Include: (1) projected collection of Zakat, Infaq, and Sadaqah (ZIS) 2021, (2) projection of distribution of Zakat, Infaq, and Sadaqah (ZIS) 2021, (3) projection of Allocation to Collection Ratio (ACR) 2021, (4) projected growth of zakat givers, and (5) projected distribution of zakat recipients.

ZIS 2021 collection is projected to be in the range of IDR 12,273,532,567,866.00 – IDR 13,530,613,929,974.60. In detail, the assumption opinion method increases >0.30 and the assumption increases <0.20 resulting in a projection of zakat collection in 2021 in the amount of IDR 12,273,532,567,866.00 – IDR 13,296,326,948,521.50. While the straight line, geometric curve and straight line arithmetic methods project the collection of zakat in 2021, respectively in the numbers of IDR 12,338,289,929,843.00, IDR 13,059,735,015,111.60 and IDR 13,530,613,929,974.60. The distribution of zakat in 2021 is projected to be in the range of IDR 10,576,303,335,511.00 – IDR 14,683,093,886,058.30. The results of the assumption opinion method increase >0.30 and the assumption increases <0.20 predicts the distribution of zakat in 2021 will be in the range of IDR 12,511,038,577,469.80 – IDR 14,683,093,886,058.30. While predictions using the arithmetic straight line, geometric curve and straight line methods, it is projected that the distribution of zakat in 2021 will be in the figures of IDR 10,576,303,335,511.00, IDR 11,267,982,717,287.20 and IDR 12,543,787,463,645.90, respectively.

The 2021 ACR is projected to be effective, standing at 0.85 percent. Meanwhile, the growth of zakat givers and recipients (donors other than zakat givers) in 2021 is projected to be in the range of 9,390,045 - 14,875,358 people. The assumption method goes up >0.30 and the assumption increases by <0.20 . It projects that zakat givers and recipients in 2021 will number around 12,674,861 - 14,875,358 people. Meanwhile, with the straight-line arithmetic method, it is projected that there will be around 9,390,045 people. Meanwhile, with the geometric curve method, the growth of zakat givers and recipients in 2021 is projected to be at 9,443,424 people.

2.2.Previous Studies

In Indonesia, there are many companies, both listed on the Indonesia Stock Exchange and those that have not been listed. Based on the Baznas Strategic Study Center, there are at least 200 thousand companies spread throughout Indonesia, it is recorded that the potential zakat that can be collected from companies reaches IDR 144.5 trillion. If optimized, zakat paid by companies has a significant contribution in strengthening zakat distribution programs (Shaikh & Ismail, 2017), especially now that these programs are aimed at strengthening and increasing the economic capacity of the poor who are affected by the Covid-19 pandemic (Baznas, 2021).

The content of the national zakat of South Sulawesi Province is 0.48 in 2020 with a fairly good category nationally. This value is a weighting of the two dimensions that make up the content of the national zakat, namely the macro and micro dimensions (Shabbir, 2020). The value of the macro dimension of the zakat agency in South Sulawesi Province is 0.79 with a good category. There are three indicators that make up the macro dimension, namely regulation, support from the Regional Revenue and Expenditure Budget, and a database of zakat institutions (Utami et al, 2021a). The perfect score of 1.00 was achieved by the regulatory indicator which shows that the regional head has actively participated in zakat work and there are zakat management regulations at the South Sulawesi Province level. Meanwhile, the index value of 0.75 is supported by the Regional Revenue and Expenditure Budget. The local government has been able to cover a 50% reduction in operational costs from the potential zakat in South Sulawesi Province of IDR 12.5 trillion (BI, 2021).

The national economic transformation policy consists of 5 (five) main pillars, namely: (1) optimization of infrastructure development; (2) strengthening the implementation of economic equity policies; (3) minimization of dependence on short-term foreign capital; (4) labor market efficiency and improving the quality of human resources; and (5) investment configuration to support economic growth. Economic transformation is pursued through strengthening leading sectors, including the development of the sharia economy as a source of new economic growth (Utami et al, 2021b). The development of the national Islamic economy and finance is an important part of realizing inclusive and sustainable growth (Redha et al, 2016). The basic principle of Islamic economics is to encourage the optimization of the utilization of all resources and technology, which will always lead to productive economic activities (Khasandy & Badrudin, 2019). The implementation of these basic principles in the Islamic finance sector is manifested in its transaction activities which are always based on real project activities

(Olanipekun et al, 2015). Islamic economics and finance play an important role in supporting the improvement of the economic structure, development of the real sector, and encouraging sustainable economic growth (Nurzaman et al, 2017).

The contribution of Islamic banking to Indonesia's economic growth has considerable potential for growth and development (Harapah, 2018). The penetration of the Islamic economy and finance in Indonesia is evidenced by the market share of Islamic banking in Indonesia of 5.94% in 2019. The Islamic finance sector has not been able to support economic growth optimally, causing a slowdown in economic growth in Indonesia. The Islamic finance industry in the capital market sector increased from -1.57% to 3.09%, but the banking sector actually decreased from 13% to only 9%. In addition, in the sector of third-party fund asset growth and Islamic banking financing in June 2020, they were 9.22% and 10.13%, respectively. The development of the Islamic economy and finance in Indonesia still faces various challenges. This can be faced by raising public awareness in helping Islamic economic activities (Arfah et al, 2020). The formulation of strategic policies carried out by Islamic banking by mapping competencies and authorities will be able to provide concrete results in the development of the Islamic economy in Indonesia. January 2021, shows that Islamic financial assets have grown by 14.2% nationally (OJK, 2021).

2.3. Conceptual Framework

Regulations in Indonesia also allow private institutions to establish zakat institutions in the form of private zakat institutions (Abdullahi, 2019). The zakat institution has the task of assisting the Beneficiaries Government Zakat Agency (BAZNAS) in collecting, reporting, managing, and distributing zakat funds to the entitled groups (Hudaefi & Beik, 2021). In short, it can be concluded that the management of zakat in Indonesia has been regulated in a structured and systematic manner as stipulated in the law, where the collection, management, and distribution are carried out centrally by the Beneficiaries Government Zakat Agency (BAZNAS) and assisted by private zakat institutions. In general, the management of zakat in Indonesia is shown in Figure 3.

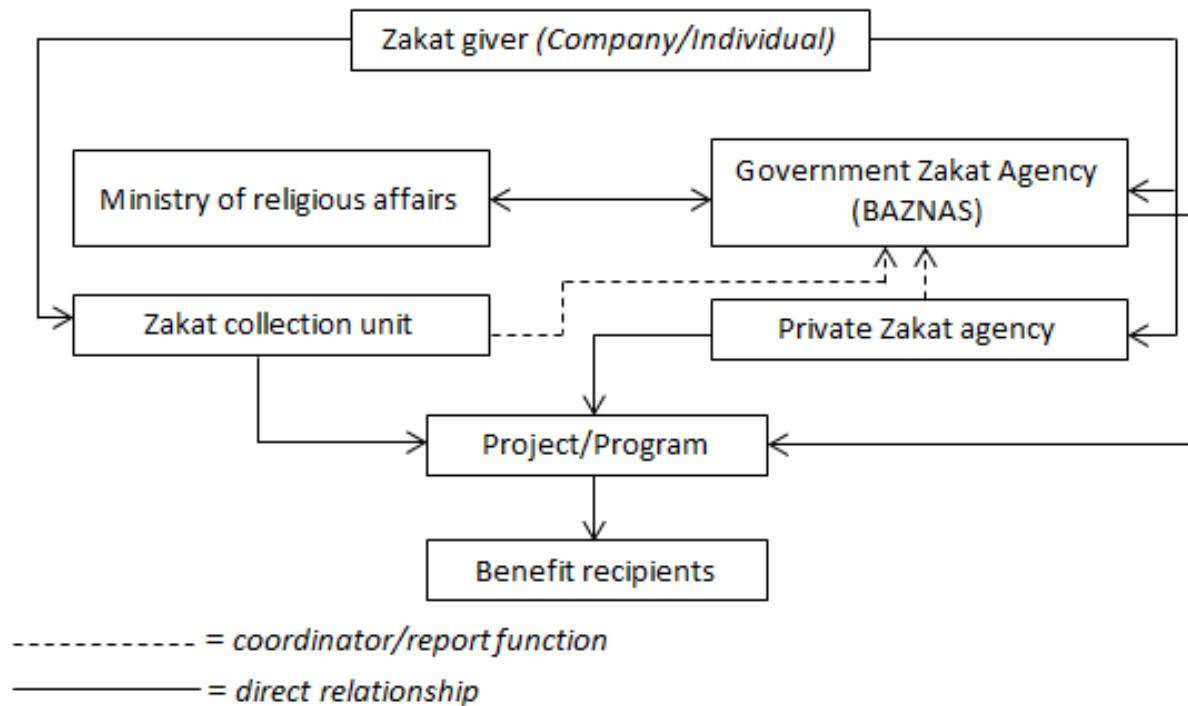


Figure 3: Model of Zakat Management in Indonesia

3. Methodology

The total projected distribution of beneficiaries (in items per distribution sector) is predicted to be in the range of 24,824,402.00 - 39,724,565.40 people in 2021. This range describes 33,848,150.40 - 39,724,565.40 people using the assumption method to increase >0.30 and the assumption to increase <0.20 . There are 24,824,402.00 people using the straight-line arithmetic method, 24,923,545.66 people using the geometric curve method, and predictions of 37,551,265.60 people using the straight-line method. Projection of zakat growth based on opinion and projection based on statistics. This projection method is based on opinion using scenario assumptions. Zakat statistics projection uses three methods, namely straight line arithmetic, geometric curve arithmetic, and straight-line forecasting.

Tabel 1: Zakat Income Projection Method and Statistics

Method	Description and Formula
Scenario Assumption	<p>Optimistic scenario with >30% growth, moderate scenario assuming 20%-30% growth, and pessimistic scenario assuming <20% growth with calculations:</p> <ul style="list-style-type: none"> • Optimistic scenario: $os = (x.0.30) + x$ • Pessimist scenario: $ps = (x.0.20) + x$ <p>Where:</p> <ul style="list-style-type: none"> • os is an optimistic scenario and ps is a pessimistic scenario • x is the previous year's value
Arithmetic Straight Line	<p>This method is the simplest, calculated using straight-line arithmetic, with the formula:</p> $yc - a + yi - 1$ <ul style="list-style-type: none"> • $a = yn - yc / n - 1$ • yc = initial value (day/month/year) • yn = final value • yi = value (day/month/last year) • n = total (day/month/last year)
Arithmetic Geometric Curve	<p>This method uses an arithmetic geometric curve, with the formula:</p> $b = \frac{yi + 1}{1 + r}$ <ul style="list-style-type: none"> • $yi + 1$ = value for next year • r = average increase rate

$$yc = a + bx$$

$$a = \frac{\sum y}{n}$$

$$b = \frac{\sum y}{n}$$

Explanation:

Straight Line Forecasting

- yc = future data
- y = previous data
- x = regression value
- a = average actual value data (moving average)
- b = the regression coefficient for variable "x" or rate of change in "y" for changes that occur in "x"
- n = the amount of data is calculated from the base year (units can be weeks, months, semesters, years)

Source: Various sources are processed by the author as detailed.

4. Results and Discussion

4.1. Results

South Sulawesi Province in all provinces in Indonesia is a fairly good category from the 2020 National Zakat Index value of 0.76 percent and the micro dimension value of 0.54 percent. The results of the measurement of the National Zakat Index of South Sulawesi Province were obtained from all Baznas with the database of the National Zakat Index data entry (Esen, 2015). Overall, of the total Baznas in Indonesia, 12.50 percent received a score in the poor category (21.25%), a good enough category and the remaining 56.25 percent received a score for the National Zakat Index in the good category. On the macro dimension, Regional Baznas is in the poor category (6.25%), quite a good category (31.25%), good category (50.00%), and the rest are in the very good category (12.50 %). Meanwhile, the micro dimensions of Regional Baznas are in the poor category (25.00%), quite good category (43.75%), and quite good (31.25%). In 2020, the value of the National Zakat Index of South Sulawesi Province is 0.48 percent with the predicate of a fairly good category. This value is a weighting of 2 (two) dimensions (Zakaria et al, 2021), namely macro and micro.

Table 2: Value of the Macro Dimensional Index of the Baznas of South Sulawesi Province in 2020

Variable	Index	Indicator	Index	Dimension
Regional regulations	1.00	Regulation	1.00	
Regional revenue and expenditure budget support for Baznas	0.75	Regional income and expenditure support for Baznas	0.75	
Number of official zakat institutions, zakat recipients and givers	1.00		-	Macro 0.79
The ratio of the number of zakat givers/individuals to households at the provincial level	0.00	Zakat institution database	0.60	
The ratio of the number of zakat givers/business entities to business entities at the provincial level	1.00		-	

The micro dimension of the Baznas of South Sulawesi Province is 0.35 percent or in the poor category. The micro dimension is formed from two indicators, namely institutional and the impact of zakat. The institutional index value of the Baznas of South Sulawesi Province is 0.42 percent or a fairly good category. This indicator is formed from four variables, namely collection, management, distribution, and reporting (Fikri et al, 2019). The first variable, namely the collection gets a value of 0.13 percent because the growth of the collection has decreased by 17 percent and the amount of the collection is in the range of IDR 100 million to IDR 1 billion. The second variable, namely management, gets a value of 0.50 percent because the Baznas of South Sulawesi Province already has at least 2 (two) of the operational standards and procedures for Zakat management, strategic plans, ISO certification/quality management, and annual work programs.

Table 3: Value of the Micro Dimensional Index of the Baznas of South Sulawesi Province in 2020

Variable	Index	Indicator	Index	Dimension
Collection	0.13			
Management	0.50	Institutional	0.42	
Distribution	0.44			
Reporting	0.75			
Community welfare index	0.00			Micro 0.35
Modification of human development index	0.75	The impact of zakat	0.30	
Independence	0.50			

In the distribution variable, the value obtained is 0.44. This is because the distribution process is measured in the range of 50-69% with the total distribution being between IDR 500 million to IDR 5 billion. The planning process until the realization of the distribution of consumptive zakat is relatively fast, which is less than 2 months and for productive zakat; it is less than 1 month. The last variable, namely reporting, Baznas of South Sulawesi Province has received a value of 0.75 because it only has unqualified audited financial statements and publishes periodic reports. Meanwhile, the Baznas of South Sulawesi Province does not yet have a sharia audit report (Bayinah, 2017). The second indicator value forming the micro dimension is the impact of zakat, which is 0.30 percent or in the less good category. This second indicator is formed from three variables, namely the community welfare index, modification of the human development index, and independence (Malik, 2020).

The value of the community welfare index obtained by the Baznas of South Sulawesi Province is in a bad category, namely 0.00 percent, which means that there are no samples of zakat recipients who are in quadrant 1 or spiritually and materially rich. In the modified variable of the human development index, the value obtained is 0.75 percent, which means that there is a good impact in terms of education (Desi, 2021) and health of zakat recipients. The last variable, namely independence, is the value obtained is 0.50 percent. This value indicates that the majority of the samples of zakat recipients already have a fixed income/business but not many are doing saving activities.

In line with the performance of commercial banks, the performance of Islamic banking financing in South Sulawesi also increased (Karim et al, 2021). Financing carried out by Islamic banks based in South Sulawesi grew 10.58 percent, higher than the previous period which grew 8.03 percent. The improvement in financing performance by Islamic banking (Pudjihardjo et al, 2021) was driven by working capital and investment financing which grew significantly from the previous period. Working capital financing grew 0.24 percent, much better than the previous quarter which contracted 10.92 percent. Meanwhile, investment financing, although experiencing contraction, was also much better than the previous quarter. Investment financing by Islamic banking (Juhandi et al, 2019) contracted by 0.84 percent, better than -11.83 percent in the previous quarter. Meanwhile, consumer credit, which has the largest share, restrained financing growth by 15.00 percent. The share of sharia financing distribution is 6.33 percent of the total financing in South Sulawesi. Islamic consumption financing dominates the financing provided by Islamic banking with a share of 73 percent. Meanwhile, working capital financing and investment financings were 15 and 11 percent, respectively. The economic growth rate of South Sulawesi Province is based on business fields in quarter's I-2021, adjusted for positive and negative categories.

Table 4: Economic Growth Rate by Business Field, Quarter I-2021

Positive Growth (+)			Negative Growth (-)		
Description	Share (%)	Growth (%)	Description	Share (%)	Growth (%)
Agriculture, forestry, and fisheries	23.42	7.14	Mining and excavation	4.56	-9.57
Electricity and gas supply	0.06	0.067	Processing industry	12.63	-1.92
Water supply	0.10	1.00	Construction	13.71	-2.22
Information and communication	5.89	8.73	Wholesale and retail	13.11	-3.51
Real estate	3.84	1.17	Transportation and warehousing	3.27	-18.04
Government administration	4.68	0.42	Accommodation and drinks	1.29	-7.21

Education services	5.47	0.75	Financial and insurance services	3.85	-1.18
Health services	2.33	2.32	Company services	0.45	-4.82
			Other services	1.35	-4.87
Total	45.79	5.12	Total	54.21	-4.39

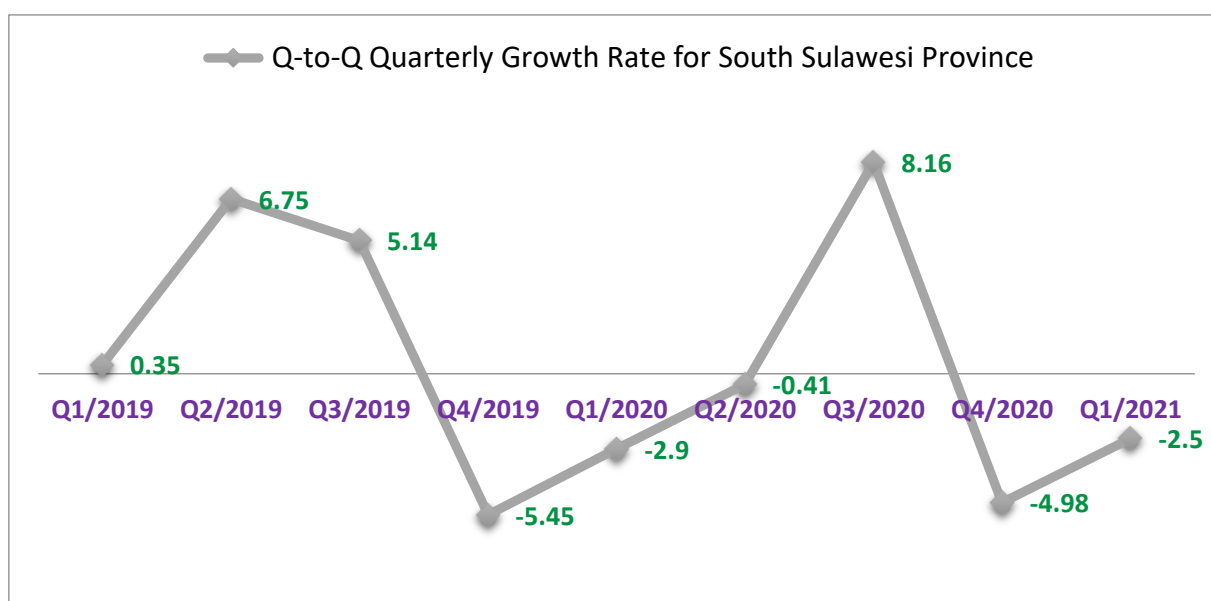


Figure 4: South Sulawesi Province Economic Growth Quarter I-2021 (Q to Q)

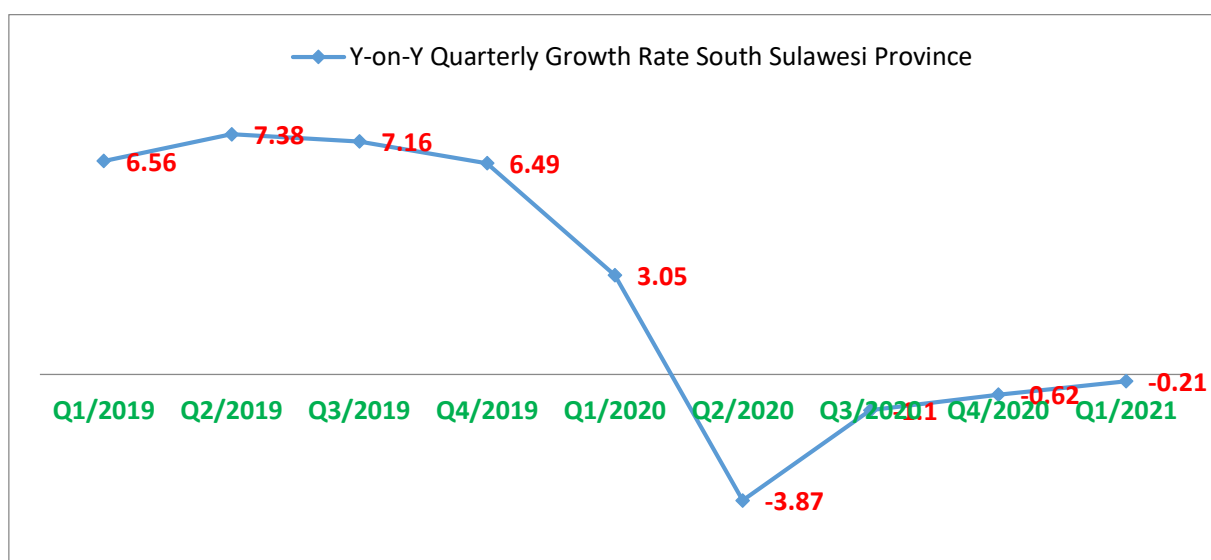


Figure 5: Economic Growth of South Sulawesi Province in Quarter I-2021 (YoY)

4.2. Discussion

The South Sulawesi economy based on the amount of Gross Regional Domestic Product (GRDP) based on current prices in the second quarter of 2021 reached IDR 136.21 trillion and based on constant prices in 2010 it reached IDR 85.89 trillion. The economy of South Sulawesi in the second quarter of 2021 compared to the second quarter of 2020 grew optimistically by 7.66 percent. Almost all sectors of the Business Field experienced positive growth. Only the mining and quarrying sector experienced contraction (Suprayitno et al, 2017). The highest growth was experienced by the transportation and warehousing business field of 73.95 percent, followed by corporate services and other services with the growth of 29.83 percent and 27.77 percent, respectively.

The economy of South Sulawesi in the second quarter of 2021 is still dominated by the agriculture, forestry, and fisheries business fields by 23.89 percent; followed by wholesale and retail trade; car and motorcycle repair by 14.66 percent; Construction by 13.34 percent; and processing industry by 11.80 percent. The role of these four business fields in the economy of South Sulawesi reached 63.68 percent. South Sulawesi also still provides the largest contribution to the Gross Regional Domestic Product (GRDP) of Sulawesi Island, which is 47.26 percent in the second quarter of 2021, followed by Central Sulawesi Province at 20.98 percent. This means that of the IDR 1 billion produced by the island of Sulawesi, around 472.6 million came from the province of South Sulawesi to the rate of national economic growth.

The number of poor people in Indonesia in March 2020 reached 26.42 million people. Compared to September 2019, the number of poor people increased by 1.63 million people. Meanwhile, when compared to March 2019, the number of poor people increased by 1.28 million people. The percentage of poor people in March 2020 was recorded at 9.78 percent, an increase of 0.56 percentage points against September 2019 and an increase of 0.37 percentage points against March 2019. Indonesia is the largest Muslim country in the world and Islam has one instrument that can be a solution. Effective in alleviating the problem of poverty, the instrument is zakat. Indonesian Zakat has such great potential (Meerangani, 2019), so it is estimated that it can alleviate Indonesia's economic problems such as poverty.

In other Islamic finance sectors, along with the development of the financial technology (fintech) ecosystem, Islamic fintech assets in Indonesia grew to reach IDR 134 billion in June 2021, representing 3 percent of the total fintech assets in Indonesia. Although the contributions to

overall fetch assets is relatively small, Islamic fetch assets have increased more than 50 times in the last 2.5 years. Eight provinces in Indonesia that have the potential for sharia economic development are shown in the following table.

Table 5: Potential for Sharia Economic Development in 8 Provinces in Indonesia

Province	Main Economic Sectors (to GDP)	Potential Sectors for Sharia Economic Development
Aceh	<ul style="list-style-type: none"> • Agriculture, forestry, and fisheries (29.60%) • Wholesale trade, retail, and motor vehicle repair (16.07%) • Government administration, defense, and mandatory social security (9.56%) 	<ul style="list-style-type: none"> • Islamic finance • Halal food & drink • Halal tourism
West Sumatra	<ul style="list-style-type: none"> • Agriculture, forestry, and fisheries (23.55%) • Wholesale, retail, repair of motor vehicles (15.05%) • Transportation and warehousing (12.64%) 	<ul style="list-style-type: none"> • Halal tourism • Halal food & drink
West Java	<ul style="list-style-type: none"> • Processing industry (42.29%) • Wholesale, retail, repair of motor vehicles (15.10%) • Construction (8.26%) 	<ul style="list-style-type: none"> • Fashion models • Halal food & drink • Halal tourism
East Java	<ul style="list-style-type: none"> • Processing industry (29.03%) • Wholesale, retail, repair of motor vehicles (18.18%) • Agriculture, forestry, and fisheries (12.08%) 	<ul style="list-style-type: none"> • Halal food & drink • Halal tourism • MSME
Yogyakarta	<ul style="list-style-type: none"> • Processing industry (13.12%) • Provision of accommodation, food, and drink (10.32%) • Agriculture (10.01%) 	<ul style="list-style-type: none"> • Halal food & drink • Halal tourism • Halal media and recreation • Modest fashion

	<ul style="list-style-type: none"> • Agriculture, forestry, and fisheries (21.97%) 	
West Nusa Tenggara	<ul style="list-style-type: none"> • Mining and quarrying (19.45%) • Wholesale, retail, repair of motor vehicles (13.22%) 	<ul style="list-style-type: none"> • Halal tourism • Agriculture • MSME
South Sulawesi	<ul style="list-style-type: none"> • Agriculture, forestry, and fisheries (22.9%) • Wholesale trade, retail, and repair of motor vehicles (13.9%) • Processing industry (13.7%) 	<ul style="list-style-type: none"> • Halal food & drink • Halal tourism • Halal cosmetics
South Kalimantan	<ul style="list-style-type: none"> • Mining and quarrying (20.75%) • Agriculture, forestry, and fisheries (14.59%) • Processing industry (14.39%) 	<ul style="list-style-type: none"> • Halal food & drink • Halal tourism

The principle of the sharia economic system is to uphold the value of justice and sustainability. The achievement is to bring the national economy to growth that is inclusive, sustainable, and strong in facing the crisis (Hudaefi et al, 2021). In order to support future national economic recovery and realize the transformation of the national economy, all financial service actors are deemed necessary to continue various efforts and policies that encourage the resilience and competitiveness of Islamic finance. The development of the Islamic economy and finance needs to be strengthened, among others through institutional strengthening, synergy, and collaboration with various parties, encouraging the strengthening of sharia financial infrastructure, including through digitization of products and services of sharia financial institutions, development of sharia economic and financial ecosystems, increasing awareness of business actors, and society towards Islamic economy and finance. It is integrated with an ecosystem of economic development and Islamic finance in Indonesia (Noor & Pickup, 2017). Formally, the direction of the development of the Islamic finance sector is summarized in a roadmap for the development of Islamic finance in each sector. The following is the statistical data of Islamic banking institutions in Indonesia as of June 2021.

Table 6: Cost of Promotion, Education and Training - Sharia Rural Bank (in Million IDR)

Indicator	The year 2021					
	Jan	Feb	Mar	Apr	May	June
Cost of promotion	1,444	2,542	3,742	5,524	7,379	8,759
Cost of education and training	1,035	1,913	3,013	4,232	4,858	6,423
Total	2,479	4,455	6,755	9,756	12,237	15,182

Table 7: Non Performing Financing of Sharia Rural Bank based on Economic Sector (in M IDR)

Type of usage	The year 2021					
	Jan	Feb	Mar	Apr	May	June
Agriculture, forestry and agricultural facilities	45,394	50,097	49,528	50,149	50,794	51,030
Mining	3,260	3,490	5 084	2 771	3 069	2 462
Manufacturing	20,798	23,485	23,212	22,496	23,687	25,409
Water, gas and electricity	866	2,045	2,557	2,073	2,369	2,218
Construction	95,932	104,853	105,621	107,492	118,041	110,509
Trade, restaurants and hotels	206,249	220 58	245,790	225,132	229,447	230,977
Transport, cargo storage and communication	26,527	26,386	9,023	30,604	28,654	27,803
Business Services	37,480	38,395	37,626	39,048	40,067	42,577
Social Services	162,750	155,170	167,622	169,582	174,598	165,906
Others	221,802	221,499	236,051	251,358	258,087	257,887
Total	821,059	846,004	882,114	900,706	928,814	916,778

As the development of Islamic financial institutions in Indonesia supports the transformation of the national economy, the assumption of projected zakat income has a very positive trend. Zakat collection in 2021 using the income assumption method, namely a growth scenario of less than 20 percent, is predicted to be less than IDR 14,728,239,081,439.20. Meanwhile, assuming growth of more than 30 percent, the growth is predicted to be more than IDR 17,285,225,033,077.90. Meanwhile, with a moderate assumption of 20-30 percent, it is predicted that the collection of zakat in 2021 will be in the range of IDR 14,728,239,081,439.20 - IDR 17,285,225,033,077.90. The table below details the results of the calculation of the projected collection of zakat as follows.

Table 8: Projection of Zakat Collection in 2021 Nationally

Projection	Growth Pessimistic scenario <20% (IDR)	Scenario Moderate Growth 20%-30% (IDR)	Scenario Optimistic Growth >30% (IDR)
The year 2020	12,273,532,567,866	12,273,532,567,866-13,296,326,948,521	13,296,326,948,521
The year 2021	14,728,239,081,439	14,728,239,081,439-17,285,225,033,077	17,285,225,033,077

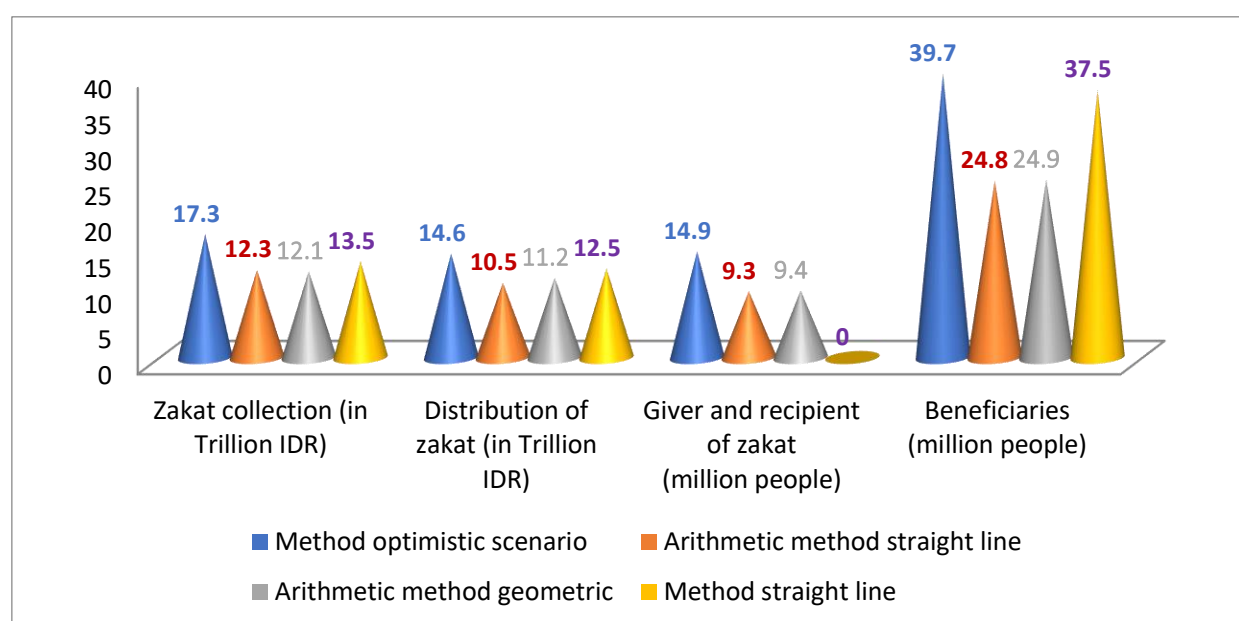


Figure 6: Projection of Zakat in Indonesia in 2021

5. Conclusion and Recommendation

5.1. Conclusion

In the last decade, Islamic economics and finance contributed to Indonesia showing consistent and positive growth, Islamic banking assets on the banking side were recorded at 15.6% and assets have reached IDR 598.2 trillion. This shows that the performance of Islamic banking is much better than the conventional banking system. A positive growth trend also occurred in the Islamic capital market sector. The number of investors recorded an increase of 9.3% in the first quarter of 2021. Meanwhile, outstanding Indonesian Sukuk reached IDR 1,076 trillion in July 2021 or grew 10.75% on an annual basis.

The economy of South Sulawesi in the first semester of 2021 compared to the first quarter of 2020 increased by 3.71 percent. Positive growth occurred in 16 categories of business fields with the highest growth achieved by transportation and warehousing at 11.05 percent, followed by corporate services at 9.85 percent, and health services and social activities at 8.97 percent. GRDP growth of several business fields in the first semester of 2021 against the first quarter of 2020. South Sulawesi also still provides the largest contribution to the Gross Regional Domestic Product, Sulawesi Island, which is 47.26 percent in the second quarter of 2021, followed by Central Sulawesi Province at 20.98 percent. This means that of the IDR 1 billion produced by the island of Sulawesi, around 472.6 million came from the province of South Sulawesi. Meanwhile, the highest growth was in the second quarter of 2021. South Sulawesi's economic growth in the second quarter of 2021 compared to the first quarter of 2021 (q-to-q) grew by 7.44 percent. All business sectors grew positively, the highest was achieved by wholesale and retail trade; car and motorcycle repairs by 19.70 percent; then government administration, defense, and compulsory social security by 17.82 percent; education services grew by 12.57 percent.

5.2. Recommendation

Zakat during the Covid-19 pandemic has a fairly large role, considering that in 2019, the Recipient Government Zakat Agency (BAZNAS) and the Indonesian Private Zakat Agency (LAZ), especially in South Sulawesi Province have a joint commitment to reduce poverty by 1% by 2020. The role of zakat in realizing the transformation of the national economy is in 4

sectors in South Sulawesi Province, namely; the economic sector, the education sector, the social humanitarian sector, and the health sector. In the economic sector, zakat distribution and distribution can be diverted and developed to empower new zakat recipients due to the economic slowdown due to Covid-19. The Central and Regional Governments should continue to increase zakat collection to reduce the impact of poverty in Indonesia. Zakat is an obligation that must be fulfilled by the entire Muslim population to provide benefits for all people.

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