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An Analysis of the Islamic Fiscal Policy of the State of Kuwait

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Abstract: *Kuwait is a Muslim-majority country and one of the largest oil-producing countries in the world. Fiscal policy in Kuwait can be based on several important factors that affect the country's economy, especially related to dependence on oil revenues, efforts to diversify the economy, and fiscal stability amid global oil price volatility. This research has a descriptive attitude, the method used in this research usesLibrary Research. The results of the study explain about fiscal policy in the State of Kuwait, the development of waqf in Kuwait has passed a very long history. Currently, zakat and waqf in Kuwait are managed with a good and advanced governance concept, through the existence of KAPF. Good governance of zakat has a positive impact on the increase in income from waqf as well as the development of capital goods that continue to grow. Kuwait has a good distribution system involving communities and families.*

INTRODUCTION

Kuwait is one of the countries in the Middle East region. The country is located between Iraq in the north and Saudi Arabia in the south and remains in the Persian Gulf. The country is rich in petroleum. The name Kuwait comes from an Arabic word meaning “fort built near water”. Islam came to this country during the time of Caliph Umar ibn Khattab (15-30 AH). Islam that developed in this country follows the Sunni school of Maliki and Hambali and a minority of Shia (Mahmood, 1987).

Kuwait is a Muslim-majority country and one of the largest oil-producing countries in the world. As a country rich in petroleum products, Kuwait is considered a strategic country so that many outside countries are trying to control Kuwait. Among the countries that wanted to control Kuwait were Britain and Turkey, which then helped change the system of life of the Kuwaiti people, so that the life of the Kuwaiti people who were previously governed entirely by Sharia then turned into a mixed law between British France and Egypt (Alhakimi et al., 2023). In addition, fiscal policy in Kuwait can be based on several important factors that affect the country's economy, mainly related to dependence on oil revenues, efforts to diversify the economy, and fiscal stability amid global oil price volatility (Firli & Jayasena, 2021).

RESEARCH METHOD

The method used in this research usesLibrary Research, which is a data collection technique by reviewing various literatures including journals, books, magazines, scientific papers, the internet

and other data sources, with the aim of connecting the results obtained from these various sources. This research has a descriptive attitude that intends to explain and describe the results of the search for fiscal policy in the State of Kuwait.

In this study using secondary data is a type of data taken by a researcher to support a scientific study by conducting a series of literature studies. Collecting the data needed in this study is by using techniques with several literature study methods. The data generated in this research is descriptive. Data obtained from writing or words and observations of a situation as well as articles, books, and other scientific writings.

RESULT AND DISCUSSION

Kuwait Country Profile

Kuwait is located northeast of Saudi Arabia and is also the deepest end of the Arabian Gulf with an area of 17,818 km2 (about ½ the area of West Java Province). Kuwait borders directly with Iraq and Saudi Arabia. Almost all areas of the country are flat and desert with small hills. The western part of Kuwait is higher than the eastern part. There are no rivers and lakes. Al-Jahra (50 km west of Kuwait City) is an oasis city and thus an agricultural center allocated to produce fruits and vegetables. Kuwait has two large islands, namely Boubyan island (military base) and Failakha island (tourist area). Kuwait has 6 Governorates or equivalent Provinces, namely Al Asimah (Kuwait City), Hawally, Mubarak Al Kabir, Ahmadi, Farwaniya and Jahra. The capital of Kuwait is Kuwait, and the currency is the Kuwaiti Dinar. Kuwait's foreign affairs are handled at the Ministry of Foreign Affairs level. The first foreign department bureau was established in 1961. Kuwait became the 111th member state of the United Nations in May 1963. It is a long-standing member of the Arab League and the Gulf Cooperation Council (Wikipedia, 2024).

According to Kuwait Public Authority for Civil Information/PACI data as of June 2022, the total population of Kuwait is 4,464,427 people consisting of 1,502,138 Kuwaiti nationals (33.65%) and 2,962,289 foreigners (66.35%). Foreign residents in Kuwait come from countries in the Middle East (1,217,143 people), Asia (1,670,013 people), Africa (39,002 people), Europe (14,838 people), North America (18,043 people), South America (1,976 people) and Australia (1,274 people) (Indonesian Embassy, 2022).

Kuwait's form of state is a Constitutional Monarchy (Emirate), the system of government is parliamentary. The political body of the country consists of the Emir, the cabinet and the National Council (parliament). The Emir is the head of state. He appoints and dismisses the prime minister and ministers after a family consultation. The Emir also determines the heir to power who must be approved by a majority of the members of the National Council. The emir is the supreme commander of the army. The holders of executive power are the prime minister and the cabinet. While the legal system is British common law, French civil law, Egyptian civil law and Sharia law (https://www.kemlu.go.id/kuwait city/id) (Al-Farisi, 2021).

Although Kuwait is a small country, it is rich in oil. In the bowels of the earth of the Ahmadi region (the name of the city near Iraq), 9 million metric tons of oil are stored with a production of 985 thousand barrels per day. Kuwait also has 864m3 of natural gas and little nitrogen and sulfur. In addition, the country has fisheries. Islam came to this country since the time of Caliph Umar bin Khattab (15-30 AH). Islam that developed in this country follows the Sunni school of Maliki and Hanbali and the Shi'a minority (Nasiki, 2019). Sunnis make up about 80% of the Muslim population, while Shias account for about 20%. Other religions practiced in the country of Kuwait are Christianity and Hinduism (Sharq, 2017). OPEC data in 2018 emphasized that Kuwait is very rich in oil and natural gas reserves. Known oil reserves amount to 96.8 billion barrels, which is

10% of the world's oil reserves and number 6 in the world. Natural gas reserves amount to 1,498 trillion cubic meters. Kuwait has clean water sources in Al-Rawdatayn and Al-Shiqāyā, but they are not sufficient for the national clean water needs. Clean water is obtained through seawater distillation.

In 1904, the British government elected its political representative in Kuwait. Therefore, there were negotiations between Britain and Turkey to recognize the Kuwaiti government in 1906. Shaykh Salim, who succeeded Shaykh Mubarak in World War I, supported Turkey. Therefore, Britain limited Kuwait's power. Historically, Kuwait was a British territory in 1914 (Alhakimi et al., 2023).

Economy of Kuwait

Kuwait's economy was largely dependent on the trade sector in the 18th to 19th centuries. Until the 1950s, Kuwait's economic activities were still centered on the pearl trade. After the second half of the 20th century AD, Kuwait began petroleum export activities along with the discovery of oil fields. Petroleum exports are almost the entire source of the country's income. Kuwait also conducts import activities, especially for primary needs in the form of food products, beverages, textile products, footwear, medicines and medical devices. Imports are also made for machinery and spare parts, electrical equipment, vehicles, iron products, chemical products, and measuring instruments for industry. Other items imported by Kuwait are gold products, furniture, perfume making materials, cell phones, optical devices, video devices and photo devices (World Encyclopedia, 2023).

Kuwait's Real GDP growth was reported at -1.6% in 2024-06. This is up from the previous record of -3.4% for 2024-03. Kuwait Real GDP Growth data is updated quarterly, averaging -0.6% from 2010-06 to 2024-06, with 57 observations. It reached a high of 13.5% in 2010-12 and a record low of -13.5% in 2020-06. Kuwait Real GDP Growth data remains active in CEIC and is reported by CEIC Data. Data is categorized in the Global Economic Monitor World Trend Plus - Table: Real GDP: Q-o-Q Growth: Quarterly (CeiceData, 2024).

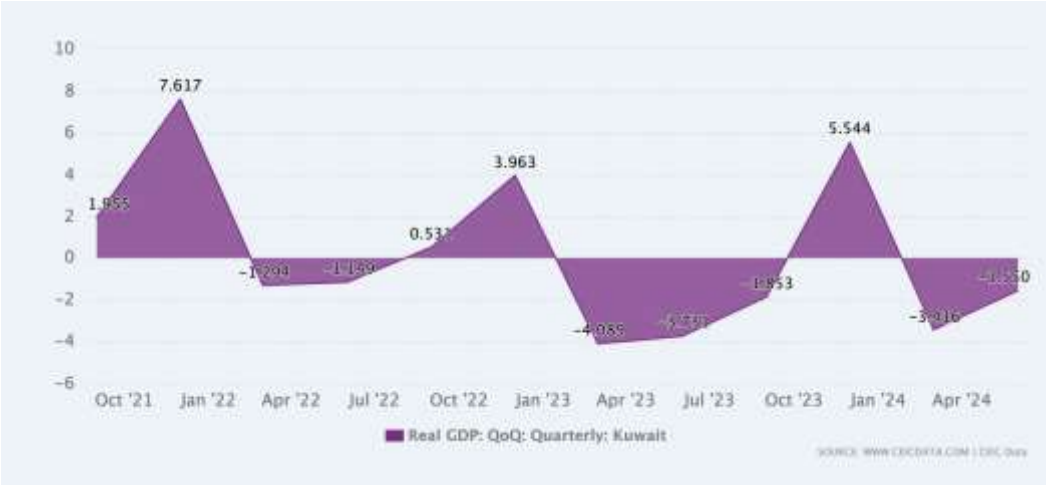


Figure 1. Kuwait GDP Chart

Taxes in the Country of Kuwait

State revenue and expenditure are regulated by fiscal policy. The application of fiscal policy with taxes as a source of revenue is a milestone of conventional economics. Meanwhile, Islam has

other instruments as a source of revenue (Ridwan, 2016). However, what is applied in many countries in the world is tax. Furthermore, high taxes in some countries are the spearhead of revenue in the country.

Kuwait is one of the countries that are members of the GCC (Gulf Cooperation Council). GCC countries make oil a large source of state revenue because the GCC region is a collection of world oil producing countries. In the beginning, GCC countries were known as tax-free countries, because of the high income generated from oil. However, since the world oil price slumped starting from 2005-2008, the countries changed course by imposing taxes on their residents (Albaity & Mustafa, 2018). Furthermore, the main cause of the global oil slump was because the United States was able to fulfill its manufacturing needs from the oil produced by the country. This resulted in a drop in oil prices due to lower demand.

Kuwait has experienced an increase in total GCC debt each year. The increase in total GCC sovereign debt is a further impact of the decline in oil prices, especially in the last six years (2012-2018). Since the collapse of oil prices, GCC countries have used taxes as additional revenue. This condition is supported by their deficit state budgets. So the GCC countries devised a value-added tax of 5%, which was imposed on manufacturing sales. The fiscal policy of increasing taxes and reducing government spending is known as contractionary fiscal policy. It is intended to increase government revenue through taxes taken from consumers.

The change in fiscal policy in the GCC countries is the agreement of the governments in the GCC region on the declining oil prices. Then, taxes are also expected to increase the income of producers or business people which will also have an impact on increasing economic growth due to this source of revenue (Amijaya & Sholikhin, 2022).

Zakat in Kuwait

In terms of religiosity, Kuwait is a country with a majority Muslim population, where Islamic law is also applied in addition to other laws. So as a Muslim, citizens also have the obligation to pay zakat. So that awareness due to the religiosity factor is running. Baituz Zakat in Kuwait does not require people to pay zakat through it as an LPZ (Zakat Management Institution). However, public trust in Baituz Zakah is relatively high. So that the potential and results collected are large. Even the zakat, infaq and shadaqah funds in Kuwait are donated to other Muslim countries to alleviate poverty in neighboring countries. So it can be understood that the regulatory factors in Kuwait there is no compulsion in paying zakat, because zakat is an act of worship related to the economy, then we need to look at the socio-economy in this country. Kuwait has a small area, but Kuwait is a very rich oil-producing country, including the high income of its population. Even in times of extreme climate, Kuwait remains economically stable, people like to eat in restaurants and hotels, shopping centers are always crowded. So it can be said that the majority of the population or the people of Kuwait are rich because oil entrepreneurs who have large capital are safe players. The poverty rate in Kuwait is relatively low, especially for those who are Muslims who tend to refuse to be recorded as zakat mustahik by Baituz Zakat officers. With the low poverty rate, the high income of Kuwaiti people, and the morals of its citizens who are not greedy, there are almost no corruption cases in Baituz Zakat. Although there are still some cases of corruption in the form of bribery and other things that plague officials and other institutions in this country.

Kuwait is a small and rich country, so a small zakat organization is enough to manage zakat for the whole country (Masyita, 2018). Zakat management in Kuwait developed in several stages that can be summarized into three: first, the stage of individual management. Zakat is managed voluntarily and personally with the initiative of benefactors in helping those in need. Second, the

group management stage. This stage coincided with the development of Kuwaiti society along with the development of trade as the main source of state income. Third, the stage of institutional management. The emergence of zakat management in the form of organized institutions began in the early 20th century with the establishment of al-Jam'iyyah al-Khairiyyah al-Arabiyyah in 1913 AD (Amiruddin, 2015).

Zakat management in Kuwait is under the authority and supervision of the state represented by three ministries (Hossain, 2015), namely:

1. Ministry of Waqf and Islamic Affairs, which is in charge of directing the work of Kuwait Zakat House as well as managing government-owned institutions;
2. Ministry of Social Affairs and Labor, which is in charge of managing private zakat committees; and
3. The Ministry of Finance, which handles the management of zakat in business enterprises.

Beginning with the establishment of the zakat house on January 16, 1982, the Government of Kuwait issued Law No. 5 of 1982 on the zakat house. This zakat regulation has main characteristics, among others: (1) The government's role is limited to regulating zakat collection and distribution efforts. There is no compulsory collection stipulated in the zakat law. The Amil Zakat Board accepts voluntary offers from individuals as well as donations, contributions, and grants from private and public individuals and bodies. The absence of obligation to pay zakat to Rumah Zakat is, in fact, not questioned or disputed by zakat payers, citizens, and law schools. Therefore, Rumah Zakat is allowed to accept donations from any party. (2) Because the relevant laws and regulations do not force the zakat house to accept zakat and donations. Rumah Zakat has appointed a specific section to receive and distribute zakat in a certain form. On the other hand, the institution can accept ushr and zakat on any kind of fixed assets, as long as they are given to the institution on a voluntary basis.

Furthermore, in 2006 Law No. 46 of 2006 which came into force on December 10, 2007 on the integration of zakat and taxation was amended through ministerial decree No. 58 of 2007 (https://www.rsm.global/kuwait/service/zakat-law-and-practices). Law No. 46 differs from zakat law no. 5 of 1982 in terms of its jurisdiction, namely the administration of zakat on business companies under the institution of the Ministry of Finance (Ahmad et al., 2015: 11). The rules regarding the technical implementation of corporate zakat in Kuwait zakat law No.46 of 2006 are regulated in great detail and also contain sanctions for companies that neglect their obligations to the Zakat House (Anwar & Mairijani, 2019).

Public trust in zakat management institutions and the high level of zakat receipts make the zakat team at Rumah Zakat often have difficulties in finding poor families because poor families in Kuwait generally escape public attention. Because the number of poor families in Kuwait is very small, the Rumah Zakat team has various international poverty alleviation programs such as the African orphan project, rehabilitation, qard hasan loans, educational scholarships in various poor countries and various other humanitarian programs (Masyita, 2018). Planning activities in Baituz Zakat evolve in accordance with the development of management and work procedures in the institution and rely on staff who are experts in formulating strategies using modern strategic planning guidelines and methodologies. The distribution of zakat is carried out by Baituz Zakat based on the allocation (target) in accordance with the demands of the shariah mentioned in the Qur'an, namely eight ashnaf by determining the priority scale in terms of needs and determining the value of zakat funds based on careful calculations periodically (not exhausted at one time). There are several ways in which Baituz Zakat contributes to poverty alleviation in Kuwait:

1. Zakat Collection: Baituz Zakat in Kuwait collects zakat from individuals, companies, and

organizations that are obligated to pay zakat in accordance with Islamic law. The collected funds are used to provide assistance to groups who are in poor conditions, such as the homeless, orphans, widows, and people who have special needs:

2. Baituz Zakat provides various social assistance programs that include the provision of food, clothing, health services, education and housing for families living in poor conditions. These programs aim to meet their basic needs and help improve their quality of life.
3. Community Economic Development: Baituz Zakat in Kuwait is also involved in community economic development programs that aim to empower the poor to become financially independent. This can be in the form of providing business capital, skills training, and assistance in starting small businesses.
4. Women Empowerment: Baituz Zakat in Kuwait also focuses on empowering poor women by providing access to education, training, and other resources that can help them become more financially independent. This helps reduce poverty levels among women and gives them a better chance to improve their lives: Baituz Zakat in Kuwait also provides educational programs for children from poor families. The program includes tuition assistance, providing books, school uniforms, and other necessary equipment to ensure that children can access proper education (Ali et al., 2024).

Waqf in Kuwait

Waqf was established since the founding of the State of Kuwait, where waqf is as old as the existence of Kuwaiti culture. Initially, waqf assets in Kuwait only included old houses, mosques and limited money, but after the discovery of oil resources, the value of waqf in the form of property grew rapidly, many waqf properties were used as commercial complexes, shops, residential buildings and recreation centers. In 1921 the Kuwaiti government established a waqf department, and in 1948 this department was given the task of cultivating places of worship and caring for the infirm. Waqf cannot be separated from the development of Islam and Islamic propagation.

In 1948-1961 the Kuwaiti government created the Waqf Council and appointed the chairman of the council in January 1949 to 1951 named Sheikh Abdullah al-Jaabir as-Shabah, and in this year also formed a structure and started from making the structure of the mosque and also created a section that takes care of waqf property by repairing mosques and making a schedule of officers to tidy up prayers, who call to prayer and so on. From 1962-1990, the Ministry of Waqf was in charge and a new department was created called the Ministry of Waqf and Islamic Affairs. In 1990-1991 the Kuwaiti government established the responsibility of the ministry with the aim of protecting waqf documents and old documents from damage and loss al-Fadhli (1998) in (Latifah & Jamal, 2019).

In 1993, the Ministry of Kuwait established a waqf association that manages waqf assets, both old and new waqf. (Kasdi, 2017: 82) Then, from December 1994 to May 1996, the Kuwait Waqf Institute has established eleven waqf fund units that aim to provide assistance to the community in the fields of education, health, mosque development, nature conservation and the environment, family development and development (Qahaf, 2006).

The implementation of waqf in Kuwait uses direct management where a waqif hands over the property to be waqfed to a judge appointed to regulate waqf and one of the famous judges in terms of waqf in Kuwait is Shaykh Muhammad bin Abdullah al-Addasani, where he took care of waqf for more than 60 years. In the State of Kuwait, the collected waqf funds are used as houses, shops, water wells, oil palm plantations and fisheries. In addition, some waqf funds are also channeled to fund mosques, such as the construction of mosques, as well as the provision of

sacrificial animals, food and drinks, funding for the Qur'an memorization, Shodaqah, donations of books, and other kindnesses.

Judging from the list of waqifs in Kuwait, the waqifs vary in endowing their wealth. Some intend to endow khairi waqf, dzurri waqf, and musytarak waqf. The waqif has the right to determine what type of waqf he wants to do and how much he wants to waqf and also accepts any form of waqf.

In addition, in the implementation of waqf, the Ministry of Kuwait also established a waqf association that manages waqf assets, both old and new waqf. This institution is an independent organization that has two waqf development strategies, namely: 1) developing waqf assets productively through various investment channels and distributing the results in accordance with the conditions set by the waqif, 2) creating waqf programs that are suitable for establishing waqf, waqf institutions invite people and provide counseling so that they are encouraged to endow some of their assets for the development of society in the fields of civilization, education and social (Kasdi, 2017).

This Waqf institution establishes clear directions for waqf investments based on the development of various types of waqf investments, including property waqf, cash waqf, direct waqf, and indirect waqf, by contributing to various investment channels aligned with Islamic principles. By implementing a waqf investment management system, the waqf institution has formed a property management company, where the management of waqf property assets is centralized within the company. This waqf institution also establishes waqf funds aimed at fostering and providing services to the community in ways that broadly benefit society. These waqf funds represent one of the cash waqf units established, with their distribution determined by the Waqf Institution in Kuwait (Kasdi, 2017). To realize the objectives of this Waqf Institution, two main divisions have been established:

1. The investment and development division, which manages both old and new waqf assets and oversees their outcomes.
2. The distribution division, which channels the outcomes of waqf assets according to their respective purposes and campaigns for the establishment of new waqf that serves the community based on priorities and levels of need, in compliance with Sharia law.

Thus, the Waqf Institution in Kuwait has made a significant contribution by creating various financial investment areas, all of which adhere to Sharia law and are planned for short-, medium-, and long-term goals. To address these aspects, the Waqf Institution has also established a specialized investment division to manage financial investments. Through this investment management system, the Waqf Institution has created a property management company where all waqf property managers are integrated within the company (Kahf, 2005).

In managing waqf, the Kuwaiti government has also established a Waqf Institution aimed at providing assistance to the community in education, healthcare, mosque development, environmental preservation, family support, and infrastructure development. The waqf funds begin with aiding the poor and empowering people with disabilities while ensuring the sustainability of the waqf institution's objectives (Kahf, 2005).

For waqf management, the Kuwaiti government has constructed dedicated office buildings to centralize all waqf management in Kuwait. Additionally, other buildings constructed by the Waqf Institution are leased out, and the profits are used for Muslim community activities. As a result, the funds from these leased properties sustain the institution, even without government funding, as the waqf funds continue to flow. Furthermore, cash waqf funds support the financing of academic and administrative activities for Kuwaiti society, making cash waqf an economic

instrument for the development of Kuwait as a nation (Anas & Ryandono, 2017).

There are several types of waqf in Kuwit, including (1) Waqf for Mosques. There are characteristics of mosque waqf in the country of Kuwait. This country has been accustomed to waqf for mosques since time immemorial. Waqf for mosques, whether for construction, renovation or others, is like a practice to get closer to Allah. Not stopping at the physical side, the construction of the mosque is balanced with the encouragement to invite Muslims to carry out Jumah prayers in the mosque. In fact, those who have more wealth will donate one-third of their wealth to the mosque. The mosque was built not only in its own area. Waqf for mosques is even to build mosques that are outside the waqif area. The goal is that the mosque can be used as a good place for worship experts, righteous people, students, and as a means to uphold the word of Allah. They also donate their land and yards as productive inventory which will later be used for the benefit of the mosque. They compete to prosper the house of Allah as a means to get closer to God. Meanwhile, the waqf for the mosque is then allocated for the salary and facilities of the imam, muadzin, building and renovating the mosque, the cost of the tahfidzul quran madrasah, iftar food, and others.

(2) Food Waqf, this waqf is provided for those who need or are hungry. This food is also provided for the poor and fakir. At certain times, the distribution of this food will be more and more, such as holidays and the month of Ramadan. Waqf is also intended for qurbani on holidays. (3) Public Waqf, this waqf is intended to help the poor, people in need, and build other Islamic and social institutions. (4) Health Waqf, this waqf is intended to build hospitals, treatment costs and other health institutions such as pharmacies and research. (5) Waqf for Students, this waqf is intended to build educational institutions, printing and distributed free of charge to various countries in need, scholarships abroad either for Islamic studies or other general sciences.

(6) Water Waqf, because as a desert country, Kuwait is in dire need of water. This water waqf is allocated to build water sources in public places and other strategic places. The funds are also channeled to various Islamic countries that need it. (7) Waqf AL Quran. Investment Waqf, this waqf is intended to finance the maintenance and development of waqf. And the last (8) waqf for funeral nurses, this waqf is intended for the cost of bathing, shrouding and burying the body (Siska, 2019).

In Kuwait, the function of waqf regulator is carried out by the Ministry of Waqf, but the government agency authorized to manage waqf assets is the Kuwait Awqaf Public Foundation (KAPF) which was formed in 1993 and the enactment of the Law on Waqf Institutions for the efficient management of waqf. This law provides the necessary platform for all matters related to waqf affairs including transparency of fund management and fund investment according to the provisions and conditions determined by the founders (Khalil et al., 2019)

The Awqaf Public Foundation (KAPF) was established by the Decree of the Emir of Kuwait: Amire Ordinance No. 257 of 1993 issued on November 13, 1993. This decision gives KAPF the status of a government body with relative autonomy in the decision to regulate and manage the waqf management system internally and externally. The first part of this law clearly states that all Waqf functions of the Ministry of Waqf and Islamic Affairs have been transferred to the KAPF (Ahmad, Mahadi, Syed Khalid Rashid, et al., 2015). The main mission of the KAPF is to consolidate the concept of waqf as a development mechanism in society and activate its role in achieving the goals of the founders in addition to strengthening contemporary Islamic civilization (Dahi, 1998 in Khalil, Ibrahim Ahmad, Ali, Shaiban, 2014).

The main responsibility of the KAPF is to encourage the emergence of new waqf, organize and allocate funds for asset activities and investments. In addition, KAPF coordinates with the government and non-governmental agencies for the establishment of sharia-compliant waqf

projects to achieve waqf goals. This coordination includes specifically managing special funds in the waqf sector, regional institutions for waqf development and family waqf management. Article 10 of the Decree requires the Awqaf Waqf Board of the KAPF to include members from different committees, namely the Sharia Committee, the Waqf Project Committee and the Executive Committee (Al Busharah, 2012 in Khalil, Ibrahim Ahmad, Ali, Shaiban, 2014).

The KAPF resource development department is responsible for the development of waqf resources and opens new horizons in diversifying the ways and scope of waqf as well as to ensure the growth of waqf assets. Its investment department manages the investment of waqf assets in order to expand the income base by using the available waqf resources in generating investment income continuously and uninterruptedly. This has contributed to the rapid increase in waqf in Kuwait.

The Kuwait Awqaf Public Foundation (KAPF) implements an elegant Corporate Governance system that helps to deliver good results from the administration of waqf in Kuwait. This is done through the following regulatory organs: self-induced monitoring to be careful of things that are wrathful of God; Sharia regulation is carried out through the Sharia committee. Public supervision of the disbursed funds is carried out through the ministry of waqf, namely the Kuwait State Audit Bureau and other auditors; The existence of an appropriate information network allows online waqf payments, transparency, making inquiries, maintaining a database that is used to know all waqf activities in Kuwait and outside Kuwait. KAPF is also required to prepare an annual report for all its expenses and revenues, which helps to create accountability and transparency of waqf (Ahmad et al., 2015)

One of the main factors in the preservation of waqf assets is to ensure that there is continuous development and allocation of waqf sources for investment to generate income as a basis to maximize economic and social benefits for its stakeholders. This means that the various sources of income (waqf contributions and investment income) that Kuwait has implemented are one of the earliest waqf systems in Muslim countries. The following is Kuwait's policy in this regard: (Khalil et al., 2019)

1. Allocating a portion of waqf income to increase waqf assets;
2. Income generated from investment activities to provide services;
3. The approval of the KAPF Planning Committee for all inheritances, grants, and donations based on waqf principles and policies;
4. There is approval of the KAPF Projects Committee for charitable income for investment by the Ministry of Endowments.

In addition, KAPF's efforts in encouraging people to waqf in waqf institutions have contributed to the growth of waqf institutions, where until 1993 there were 90 waqf institutions, until 2005 there were 540 new waqf institutions registered.

KAPF in coordination with government agencies and social associations has a significant role in community development through the distribution of income from waqf for the benefit of human beings to achieve the goals of waqf according to the goals of its founders (A-Fadli 1998 in Khalil, Ibrahim Ahmad, Ali, Shaiban 2014). KAPF regulations and criteria for the distribution of waqf income which include:

1. The involvement of relevant non-governmental organizations in the process of distributing waqf income so that a collective process occurs;
2. The involvement of families and residents as stakeholders in the waqf distribution process to introduce family waqf;
3. The distribution of waqf income ensures the fulfillment of the goals and provisions of the

founders and the achievement of waqf goals in community development;
4. Create and follow an appropriate mechanism for distributing waqf income to ensure proper distribution.

Kuwait through community-based waqf services provides a variety of services which include:

1. Waqf project for health development: This project was established to provide support for health services by supporting projects and programs to improve public health service standards. Over the course of 16 years, the funding support for this type of project increased significantly from KD104.9 million in 1995 to KD1.926 million in 2011.
2. Educational aid projects: These projects specifically sponsor students in need for tuition fees and other educational expenses. Since 1997, the allocation of waqf funds for this project has increased substantially from KD 92.8 thousand in 1997 to KD 450.9 thousand in 2011.
3. Social development and scientific projects: Through a combination of endowment activities and government-funded projects, this charitable project was created by KPAF to support and strengthen the government's and the private sector's efforts to improve scientific services, cultural development, and social development. Waqf funding allocated for this project have expanded significantly since its commencement, rising from KD 160.9 million in 1995 to KD 3,912.5 million in 2011.

Women play an important and effective role in productive waqf. Some of them have donated personal property and hypothecated items, which have clearly influenced the development of waqf in Kuwait. This religious awareness has been a tradition since ancient times. The goal is simply to be close to Allah.

Some of the women built a mosque near their house. She endowed two of her houses near the mosque. One became a Quran school and the other became the Imam's house. And for the past few years, the Kuwaiti Ministry has been holding seminars attended by women. This event aims to further enhance the role of women in promoting waqf in Kuwait.

Looking at the statistical data released by the Kuwaiti Waqf Department, it shows that the role of women in the increase of waqf is quite significant. Here are the recorded facts:

1. In the field of productive waqf, the number of Kuwaiti women who donated (165) increased by 50%;
2. In the field of mosque waqf, their number (11) is 7% of the total;
3. In the field of family waqf: The number of women (27) represents 38% of the total donors;
4. In the field of general waqf: women donors (21) represent 46% of the total.

The number of female waqif (224) has become a figure that cannot be underestimated. That number is about 38% of the waqf in Kuwait. This high ratio demonstrates the significant and effective contribution of Kuwaiti women to the Islamic Foundation Endowment. (Siska, 2019).

Comparison of Zakat Management in Indonesia and Kuwait

Indonesia

1. The practice of zakat management in Indonesia, based on Law No. 23 of 2011, is centralized in the hands of the government through BAZNAS, and the community can establish zakat management institutions through Zakat Management Institutions (LAZ) with ministerial permission. In carrying out its duties, BAZNAS is supervised by the Minister of Religious Affairs, the Governor, and the Sharia Supervisory Board.
2. There is no legal basis that mandates the payment of zakat.There is no legal basis that

mandates the payment of zakat. Zakat is only a religious obligation, but it has been integrated with tax regulations where zakat payers can claim their zakat payments as a tax deduction.

3. Zakat is distributed to eight categories based on a priority scale, primarily to the poor and needy. Zakat can be used for productive activities to improve the quality of life.
4. In several aspects, Indonesia has advantages in zakat management institutions with a wide number and coverage; as well as the presence of external supervisory bodies that further strengthen opinion and accountability; however, there are shortcomings at the regulatory level with a non-binding partial model, so the existing potential cannot be achieved.

Kuwait

1. The management of zakat is regulated by two different laws, namely Law No. 5 of 1982, which regulates the establishment of the Zakat House under the supervision of the Minister of Awqaf and Islamic Affairs, and Law No. 46, which regulates the management of zakat in business enterprises under the Ministry of Finance.
2. Payment of zakat is voluntary for individuals but mandatory for private companies. Private companies are exempt from tax obligations but are required to allocate 1% of their profits for zakat payments.
3. The Kuwait Zakat Authority distributes zakat to the eight asnaf, primarily the poor, the needy, and those in the way of Allah. And this is realized through three programs, namely in the fields of health, education, and social welfare programs for the community.
4. Compared to Indonesia, Kuwait can be considered somewhat unique in several aspects. Starting from the regulatory side that separates the model and nature of collections between individuals with the Partial Model and companies with the Comprehensive Model. Furthermore, like Indonesia, Kuwait also involves 910 private zakat committees in providing zakat services. Although there is no external government oversight in this aspect, Kuwait still maintains a positive trend among its citizens in paying zakat, often resulting in excess zakat funds and frequent involvement in international poverty alleviation efforts. (Ali et al., 2024).

Comparison of Productive Waqf Management in Indonesia and Kuwait

In Indonesia, to develop and advance waqf, an independent institution was established based on Law Number 41 of 2004 concerning Waqf. This institution is the Indonesian Waqf Board (BWI). BWI was formed on July 13, 2007, through Presidential Decree No. 75 of 2007. BWI was established not to take over the waqf assets that have been managed by the existing nazhir (waqf asset managers). BWI aims to nurture the nazhir so that waqf assets are managed better and more productively, thereby providing greater benefits to the community, whether in the form of social services, economic empowerment, or public infrastructure development. Meanwhile, in Kuwait, it is managed by The Kuwait Awqaf Public Foundation (KAPF). As the essence of waqf is development, nazhir must be able to develop waqf assets, thereby directly addressing social and humanitarian issues, such as poverty alleviation and economic empowerment of the community. So far in Indonesia, there are still many waqf assets, especially land, that remain neglected and undeveloped due to limitations in both financial and managerial aspects. Based on data from the Directorate of Waqf Empowerment of the Ministry of Religious Affairs of the Republic of Indonesia dated March 2016, there is a total area of waqf land in Indonesia measuring 4,359,443,170 m^2, but many of these lands are still neglected and have not yet been optimally

utilized to alleviate poverty and empower the economy. (Siska, 2019).

Nevertheless, there are now quite a few organizations or community-based institutions that have started to manage waqf more productively. Among the successes of productive waqf have been explained in many studies, such as the progress of productive zakat in West Sumatra carried out by non-governmental organizations that have managed various business facilities. (Rozalinda, 2016). One example of successful waqf development in the field of education is the productive waqf of Gontor Islamic Boarding School, where in order to develop waqf assets, business units were formed in the form of a Cooperative of the Islamic Boarding School. The results of the development of waqf assets are then used to enhance education and teaching, buildings, and the welfare of the pesantren families. (Faza et al., 2016). And there are still many other examples of productive waqf management in Indonesia.

The waqf institution in Kuwait outlines a clear and principled direction for waqf investments, focusing on the establishment of various types of waqf investments, whether real estate waqf, cash waqf, direct waqf, or indirect waqf, by contributing to various investment channels that align with Islamic law.

CONCLUSIONS

Kuwait is one of the world's greatest oil producers and one of the nations with the largest Muslim populations. Kuwait's fiscal policy can be founded on a number of significant economic determinants, especially those pertaining to the nation's reliance on oil earnings, efforts to diversify the economy, and fiscal stability in the face of volatility in the world oil price. Governments in the GCC region agree that changes in fiscal policy are necessary in response to the steadily falling price of oil. Furthermore, it is anticipated that taxes will raise the income of business actors or producers, which will have an effect on economic growth because of this revenue source.

In Kuwait, waqf has a lengthy history of development. Waqf has been managed well since before 1921, as seen by the different types of waqf that existed at the time, including waqf of homes, businesses, palm trees, fisheries, and more. In Kuwait, waqf is currently administered using a sophisticated and well-established governance model thanks to the Kuwait Awqaf Public Foundation (KAPF). Both the ongoing development of capital goods and the growth in waqf income are positively impacted by effective zakat governance. This is definitely in keeping with the reason waqf was established in the first place. Kuwait has an effective distribution system that involves families and the society.

One of the tools of Islamic finance that is crucial to reducing poverty is zakat. Every nation has unique traits and distinctions in how it is managed. similar to how zakat is handled in Kuwait and Indonesia. Regulations, managerial and supervisory institutions, zakat implementation and collection strategies, and collection and distribution management are some of the areas where these distinctions are evident.

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