

Descriptive Study of Government Expenditure & Poverty Reduction in South Halmahera, Indonesia (*Maqashid* Sharia Approach)

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Abstract

Government intervention plays an important role in reducing poverty in South Halmahera as an antithesis to when market mechanisms fail to distribute wealth. From the Islamic public finance perspective, the *ulil-amri* (the government) plays a central role in managing public budget and is subject to the sharia value system. This research descriptively explores how the SH government manages its expenditure side for poverty alleviation and tries to conceptualize direct spending using the 2019 APBD (The Regional Revenue and Expenditure Budget) sample with the *maqashid* sharia approach. The results show that government spending brings benefits to the poor, but unfortunately an increase in spending does not always reduce poverty. During the COVID-19 pandemic, budget refocusing was quite successful in reducing poverty. Meanwhile, the expenditure allocation according to the *maqashid* sharia indicator has reached 69% of the total direct expenditure, although the expenditure allocation for religious protection received the smallest portion, 0.42%.

Keywords: Poverty, Government Expenditure, Budget *Refocusing*, *Maqashid* Sharia

Studi Deskriptif Belanja Pemerintah & Penanggulangan Kemiskinan di Halmahera Selatan, Indonesia (Pendekatan *Maqashid al-Syari'ah*)

Abstrak

Intervensi pemerintah berperan penting dalam mereduksi kemiskinan di Halmahera Selatan sebagai anti-tesa dari gagalannya mekanisme pasar dalam mendistribusikan kekayaan. Dari perspektif keuangan publik Islam *ulil-amri* (pemerintah) memegang peran sentral dalam pengelolaan anggaran publik dan tunduk pada sistem nilai syariat. Studi ini mencoba mengeksplorasi secara deskriptif pengelolaan sisi belanja pemerintah Halmahera Selatan untuk kebutuhan pengentasan kemiskinan, dan mencoba mengonseptualisasi belanja langsung menggunakan sampel APBD tahun 2019 dengan pendekatan *maqashid al-syari'ah*. Hasil analisis menunjukkan belanja pemerintah membawa manfaat pada kaum miskin namun kenaikan belanja tidak selalu mampu menekan angka kemiskinan. Dalam situasi pandemi Covid-19, *refocusing* anggaran cukup berhasil menekan angka kemiskinan. Sementara itu alokasi belanja menurut indikator *maqashid al-syari'ah* sudah mencapai 69% dari total belanja langsung meskipun alokasi belanja untuk perlindungan agama mendapat porsi terkecil, 0,42%.

Kata kunci: Kemiskinan, Belanja Pemerintah, Refocusing Anggaran, *Maqashid Al-Syari'ah*

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INTRODUCTION

In 2009, there were 20,800 people (10.97%) of South Halmahera (SH) living below the poverty line. But over the next seven years, the number significantly decreased by more than half to 9,250 people (4.11%) and stopped at 4.10% in 2017. Two years later, the poverty rate rose to 5.03%.

Many factors play a role in reducing poverty in SH, one of the most important being the role of the government as an antithesis when market mechanisms fail to distribute wealth. The government carries out a constitutional mandate—hence having the authority to manage state wealth (budget)—to meet basic needs, especially the needs of the poor, and abandoned children (Article 34, Constitution of the Republic of Indonesia of 1945). For this reason, the fundamental function of the budget is redistribution. The point is that state and local government revenues are re-spent based on the principle of distributive justice.

Research on government spending to reduce poverty stems from the contemporary phenomenon of the lives of poor people who have difficulty accessing adequate education, health, and basic infrastructure. As a result, the poor lose their potential and are marginalized in the process of development (Sen, 1990). This phenomenon freezes the vicious cycle of poverty if there is no direct intervention from the government (Fadly, Inat, Iryanto, & Quilim, 2021; Miletzki & Broten, 2017; Sepulveda & Martinez-Vazquez, 2011; Todaro & Smith, 2011).

Countries who are investing in education, health, and public infrastructure would likely have a better performance in reducing the poverty and inequality gaps (Todaro & Smith, 2011). Duflo (1999) found the success of the Indonesian government's intervention (even top-down) in improving welfare through education spending that began in 1973. The government allocates a budget of 12 – 28 % to the school construction program, known as INPRES, to build primary schools throughout Indonesia. State revenues at that time mainly stemmed from the first oil-boom economic situation. From this budget, in the period from 1973/74 to 1978/79, more than 61,000 elementary school buildings were built throughout Indonesia, which had low school participation rates. As a result, it is easier for the workforce in the available areas of the INPRES Elementary School (SD INPRES) building to get jobs with higher wages. That is, the current generation who have managed to live a decent life, have benefited directly from the education spending policy of SD INPRES.

Several studies per region in Indonesia, with an emphasis on government spending, found varying empirical evidence: of success in reducing poverty in Ternate City, for example, from 2011 to 2019, education spending effectively reduced the poverty rate by 2.61%, but health spending has not made a significant contribution to reducing poverty (Fadly et al., 2021). In the Java-Bali region for the 2008–2010 period, the addition of health expenditure of Rp.1 million per capita is expected to reduce the Poverty Index by 2.40%. With the same addition to education spending, the Poverty Index will be reduced by 10.74%. However, spending on housing and public facilities can increase the Poverty Index by 3.78% (Utama & Kustiani, 2012).

From the perspective of Islamic public finance, *ulil-amri* (the government) plays a central role in managing public budgets and is subject to the sharia value system. Contemporary Islamic economists base their thinking on concepts that have been formulated and developed by sharia experts (*ulama*) the concept of *maqashid sharia* formulated by Imam al-Ghazali and systematized by Imam Syathibi is the framework of the Islamic sharia concept in economic aspects, including public finance management.

Empirical studies to construct Islamic public finance in government spending with the *maqashid sharia* approach have not been widely conducted. Some of those that have are outlined as follows: Lubis (2013) analyzed the policy of preparing the Bogor Regency Regional Budget in 2011 based on meeting the basic needs in *maqashid sharia/ad-dharuriyat al-khamsah*. The APBD document (The Regional Revenue and Expenditure Budget) used is the Report on the Realization of Expenditure According to Mandatory Affairs and Elective Affairs. This report divides spending according to subdepartments of local government. The verification results showed the total expenditure of Rp. 3.134 trillion was allocated for the maintenance of religion (0.6%), soul (33.2%), reason (42.7%), descendants (1.9%), and property (21.6%). This study concludes that it is necessary to reorient spending with a priority on religious spending to be in line with the vision and mission of the Bogor Regency government: "The realization of the people of Bogor Regency who are pious (*taqwa*), empowered, and their culture embraces prosperity."

Arif (2019) mapped the Palopo City APBD using semantic patterns in five *maqashid sharia* with APBD spending based on function classification. The results of the verification showed the following expenditure allocations: reason (30.4%), soul (26.2%), property (20.1%), heredity (13.1%), and religion (10.2%). Although *maqashid sharia* is not hierarchically in the Palopo Regional Budget, it has had interconnectivity with the concept of *maqashid sharia* and has a broad impact on people's living standards, especially in providing better basic services for its citizens.

This study explores descriptively the management of SH's government spending for poverty alleviation needs. The focus of the first part of the analysis is on spending based on the classification of functions for sectors that have a strong linkage to breaking the vicious cycle of poverty (Fadly et al., 2021; Sen, 1990; Sepulveda & Martinez-Vazquez, 2011). In the second part, the conceptualization of direct spending takes a sample of the 2019 APBD with a *maqashid sharia* approach to see the composition of spending by category *ad-dharuriyat al-khamsah*. This conceptualization and mapping will represent the fulfillment of the most basic human needs as servants of Allah (*subhanahu wata'ala*), which includes the material and spiritual aspects to bring a more complete understanding of how direct spending can reach the poor, not only meeting their material but also their spiritual needs. The elaboration of the two parts of the analysis is a novelty for this study.

Measures of Poverty

Statistics Indonesia used a minimum nutritional intake of 2,100 kilocalories (kk) per day as a basic human need for survival. This nutritional value is converted in monetary terms in addition to the minimum non-food needs (housing, clothing, education, and

health). The monetary value consisting of two components (food + non-meal) is known as the poverty line (BPS Maluku Utara, 2020). People spending below the poverty line are in the category of absolute poverty (Todaro & Smith, 2011). The poverty line monetary value may vary in each region due to price differences. This method does not reflect the true condition of the poor, but it can describe the standard of living worthy of meeting the dharuriyyah (basic needs) of the population and is easily applied in different contexts of time and space.

APBD

The Regional Revenue and Expenditure Budget (APBD) is a form of annual regional financial management established by a Regional Regulation (PERDA), which contains sources of income, expenditure allocation, and financing. The government spending side presents details of expenditures with classifications according to the order of Law No.17 of 2003 concerning State Finance. One of them is the presentation of spending based on the classification of functions, namely: (1) public services; (2) order and security; (3) economy; (4) environment; (5) housing and public facilities; (6) health; (7) tourism; (8) culture; (9) religion; (10) education; and (11) social protection. Grouping expenditures according to their functions makes it simple to classify spending, which is naturally closely related to improving the living standards of the poor. In addition, the APBD also presents in detail the programs and activities of each department. Thus, the APBD document reflects the local government's work plan (in monetary terms) for a year and affirms the orientation of regional development.

Maqashid Sharia Framework in Islamic Public Finance

The collective consciousness to overcome poverty has been a basic tenet since the early days of Islamic rule. The Holy Prophet (peace be upon him), through the guidance of Wahyu, provided operational sharia principles and rules in managing state wealth for the purpose of overcoming poverty and creating common welfare. Contemporary Islamic economist, M.A. Mannan states that of all past religious books, the Quran is the only book that precisely regulates the state policy in allocating revenue budgets (Mannan, 1995). Islamic principles in fiscal policy are based on a balanced distribution of wealth by placing material and spiritual values on an equal footing.

Because Islam provides guidelines for the way of life, all aspects of life have their instructions, including how to manage the country's wealth. This whole Islamic teaching (value system) is called shari'ah, which means "way," "rule," "law," established by Allah and His Messenger to achieve the *maslahah* (goodness), while *maqashid sharia* is the elaboration of the goals or intentions of the sharia.

Imam al-Ghazali (d. 505 H/ 1111 AD) and Imam al-Syathiby (d. 790/1388 AD) summarized the purpose of sharia to preserve (save) religion, souls, reason, descendants, and treasures known as *ad-dharuriyat al-khamsah* (five basic needs), to realize *maslahah* (goodness) and reject *mafsadah* (loss). In other words, the benefits as a result of the

application of sharia will be reflected in these five basic needs (Ahmat Sarwat, Lc., 2019). Imam al-Ghazali stated that anything that guarantees the protection of these five cases will meet the public interest and be desired (Chapra, 2000).

Maqashid sharia provides an analytical framework to see whether government spending has been properly distributed, at least for the initial stage, providing an overview of the portion of the spending allocated to protect and advance the five maqashid sharia. This will also represent the tendency of government spending on the poor because essentially the five maqashids of sharia are the five most basic human needs (*ad-dharuriyat al-khamsah*) that are universal.

The uniqueness of maqashid sharia lies in the value system of sharia itself, which transcends the material dimension as a logical consequence of religion as a basic need. Faith significantly affects the nature, quantity, and quality of material and psychological needs and certainly affects the way humans fulfill them (Chapra, 2001). This viewpoint directs government spending to substantial and moderate matters that will foster the resilience of the poor. After all, spending priorities must be made due to limited state revenues, while at the same time the poor are already in a stressful living situation.

METHOD

This study uses descriptive methods with quantitative and qualitative data because it aims to provide a systematic and coherent picture of the data studied. The analysis technique uses interactive model procedures from Miles and Huberman (2009): data collection; data reduction; data display; and conclusions. The data used are secondary data published by the Statistics Indonesia (BPS) North Maluku and South Halmahera, and the Regional Financial and Asset Management Agency (BPKAD) South Halmahera, as well as relevant literature. Qualitative data are obtained through literature studies of the main sources related to this research topic.

In the first part of the analysis, data is processed and mapped referring to theories and empirical research results to describe the realization of government spending on aspects that have a strong relationship in improving the fate of the poor: spending on education; health; and basic infrastructure (Sen, 1990; Sepulveda & Martinez-Vazquez, 2011; Todaro & Smith, 2011). Thus, this analysis will also use descriptive verification techniques to obtain empirical evidence of the relationship between indicators of progress in education, health, and basic infrastructure and poverty conditions in South Halmahera.

In the second part, APBD data is reconstructed based on the maqashid sharia framework and analyzed using semantic methods to categorize the suitability of meaning and objectives (programs and activities) listed in the APBD according to the five basic needs indicators (*ad-dharuriyat al-khamsah*) maqashid sharia.

FINDING AND DISCUSSION

Poverty and Government Spending South Halmahera (SH)

South Halmahera Regency was formed in 2003 through Law No.1 of 2003. The beginning of the formation had 9 subdistricts. As of 2020, it has been expanded into 30

subdistricts with a total of 256 villages. The capital of the district is Labuha. Based on data from the 2020 Population Census, the total population of SH is 248,395 people or 19.36% of the total population in North Maluku Province. The area reaches 40,263.72 km², consisting of 22 percent land and 78 percent ocean. Most of the population is Muslim (86.06%), and the region is famous for the rule of the Bacan sultanate, part of the Moloku Kie Raha sultanate.

Table 1. *South Halmahera (SH) Poverty Indicators*

Description	2009	2016	2017	2018	2019	2020
Poor people (thousands of inhabitants)	20.8	9.06	9.25	11.01	11.78	12.41
Percentage of Poverty (%)	10.97	4.11	4.10	4.80	5.03	5.12
Poverty Line (Rp.)	177,000	266,155	273,849	290,627	310,161	324,767
Gini Index	0.27	0.21	0.24	0.25	0.26	0.26
Poverty Severity Index	0.39	0.16	0.08	0.15	0.09	0.08
Poverty Depth Index	1.68	0.53	0.45	0.65	0.43	0.45

Source: BPS North Maluku and SH, 2021

Six years after SH Regency was officially formed there were 20,800 people, or 20.8% of the total population, living on the poverty line. These poor people lived on expenses of less than Rp.177,000 per month per person. Eight years later, the poverty rate was reduced to 9,250 people or 4.10% (2017). Unfortunately, this decline did not continue in 2018 and 2019, until finally entering 2020 when COVID-19 pandemic spread throughout Indonesia.

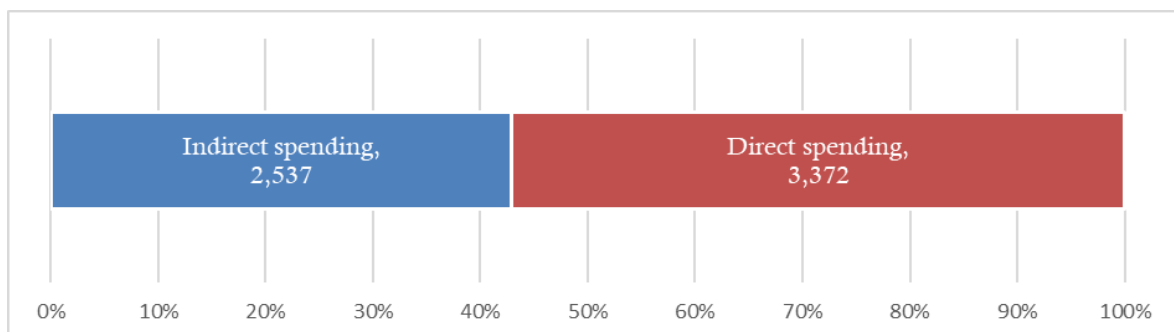


Figure 1. Total Allocation of Indirect Spending & Direct Spending of APBD SH 2016–2019 (Rp. Billion)

Source: APBD SH 2016-2019 (Data processed).

The phenomenon of poverty read through statistical figures provides an overview of how budget management contributes to reducing poverty (including economic inequality). The fundamental nature of the budget in the context of democracy is a collective commitment to the realization of the common welfare. The income side of the state mainly

comes from taxes (the people) that must be returned to the people (redistribution function). Redistribution is said to be effective when it can improve the fate of the poor and promote the common welfare.

In the 2016–2019 period, the SH government spent an average budget of Rp. 1.477 trillion per year. Of the total expenditure, 42.93% was allocated to indirect spending. The remaining 57.07% was for direct spending. A general indication for assessing whether the APBD is in favor of community services is reflected in the comparison between direct and indirect spending. Direct spending is often also called “public service spending” because it is a representation of the government’s planned programs and activities with the main objective of meeting the basic needs of the people: security, health, education, clean water, and electricity, as well as encouraging regional productivity by building roads, bridges, ports, through business capital assistance, and other economic facilities that can improve the smooth mobility of goods and people.

The first two years of this period showed a trend of increasing direct spending followed by a decrease in the number of poor people (headcount). The Poverty Severity Index and the Poverty Depth Index also decreased, but the gap increased (Gini Index). Direct spending, which is slightly above the average indirect spending, has implications for improving the basic needs of the poor in the short term. However, in the next two years, although direct spending rose by more than 60%, it did not have an impact on reducing the poverty rate, and the poverty percentage even increased beyond 2016. The concern is that, starting in 2017, the SH government has been running the welfare card program. This program concretizes the function of budget redistribution to the poor because it is designed to protect poor families by providing free access to health facilities, education, and other basic services. As a result, poverty was reduced by 0.01% in the first year of the program, but in the following two years (2018–2019) poverty increased by an average of 0.47% per year.

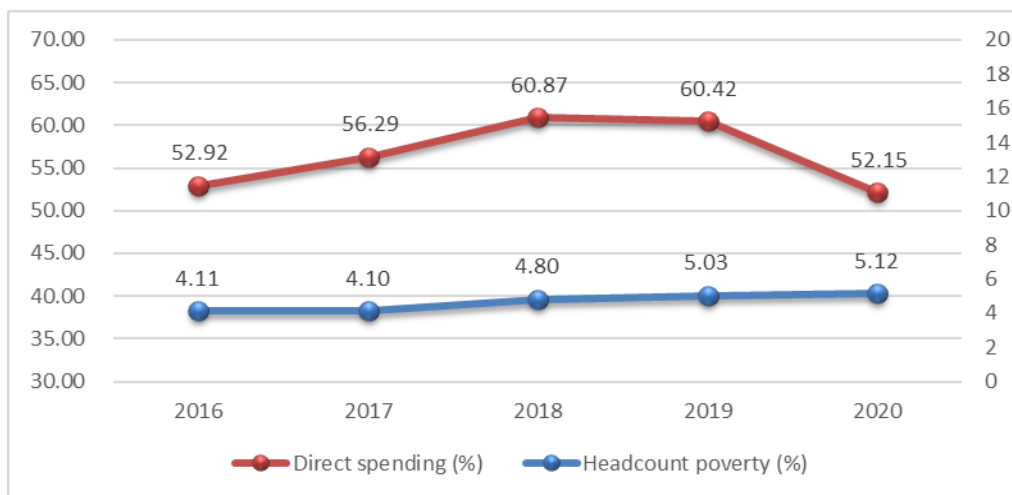


Figure 2. SH Direct Spending & Poverty Trends

Source: APBD SH 2016–2019 and BPS SH 2016–2019 (data processed).

Furthermore, the benefits of direct spending to poverty reduction are confirmed through socio-economic indicators, especially in the three areas studied by this study, namely education, health, and basic infrastructure.

SH's education indicators show that, during the period 2016–2019, there was a decrease in the literacy rate by 0.9%. The population aged 15 years and over who could read and write in 2016 (98.65%) was higher than in 2019 (97.75%). Even so, currently all 15–24-year olds—both women and men—can read and write. Some of those in this category are now married because more than half of SH residents marry between the ages of 19 and 24. In terms of school participation (APS), there are still 0.29% of the population aged 7–12 years who did not attend school in 2019, even though a year earlier all children at that age had received primary school (SD) level education. In terms of APS, the junior high school level reached 94.89% and high school 72.18%, while for university education it was still very low (22.83%).

This phenomenon indicates that the use of the budget for primary school education (compulsory education program) in the previous five to ten years has had a positive impact on opening up people's access to education. By the time this age group enters the labor force, with basic reading and writing skills, they have a greater chance of earning above the poverty line.

In terms of health spending, Polindes (village maternity houses) received serious attention (priority), increasing their numbers significantly from 122 in 2016 to 135 in 2019. Hospitals have been available in Bacan, Obi, and East Gane districts and there have been no additions since 2016. Public health centers (PHCs) increased by 2 units (from 32 PHC to 34 PHC), and auxiliary health centers in these four years were reduced from 27 units to 24 units. The fundamental problem is that access to health centers is still very limited, even in the same subdistrict.

This period (2016–2019) also still found 30 cases of malnutrition in Obi district (Laiwui, Buton, and Kawasi villages). It is in this district that SH's economic growth has reached more than 10% (BPS Halmahera Selatan, 2021) due to the operation of a nickel mining company in Kawasi village. The results of research in 2019 in Kawasi Village, Yudo and Hernaningsih (2021) found that the quality of Kawasi springs is still very good, although there was a decrease in discharge from 138 liters / second in 2018 to 119 liters / second in 2019. This research also revealed negative externalities of mining production in public health aspects: respiratory tract disorders (60% of respondents) and cough (26% of respondents). With regard to the context of Kawasi village: in 2020 the only available health facilities is Polindes, and it is quite difficult to reach hospitals or PHCs, the main obstacle being the road and bridge infrastructure that has not been properly connected to the locations where health facilities are established.

Statistic agencies reported that in 2018, 71.35% of roads in SH were recorded to be severely damaged. The absence of adequate road access in each region as well as the geographical conditions of the archipelago area, resulted in sea transportation becoming the main mode of travel: speedboats, ferries, wooden ships, passenger ships, and other means

of sea transportation are the main inter-island transportation in SH Regency. This situation can complicate the activities of the poor to make ends meet during bad sea weather conditions (BPS Halmahera Selatan, 2020).

Spending 2019 and Budget Refocusing 2020 (Covid-19)

In 2020, SH’s regional budget was refocused due to the COVID-19 pandemic. This policy refers to the Joint Decree (SKB) of the Minister of Home Affairs and Minister of Finance Joint Decree of the Minister of Home Affairs and Minister of Finance Number 119/2813/SJ Number 177/Kmk.07/2020 concerning the Acceleration of 2020 Budget Adjustments in the Context of Handling Corona Virus Disease 2019 (COVID-19), as well as Securing the Purchasing Power of the Community and the National Economy, that refocused spending to fund priorities for handling COVID-19 on three priority expenditures —(1) health, (2) provision of social security, and (3) economic impact, among others—by maintaining and stimulating the activities of micro, small and medium enterprises (MSMEs) and cooperatives.

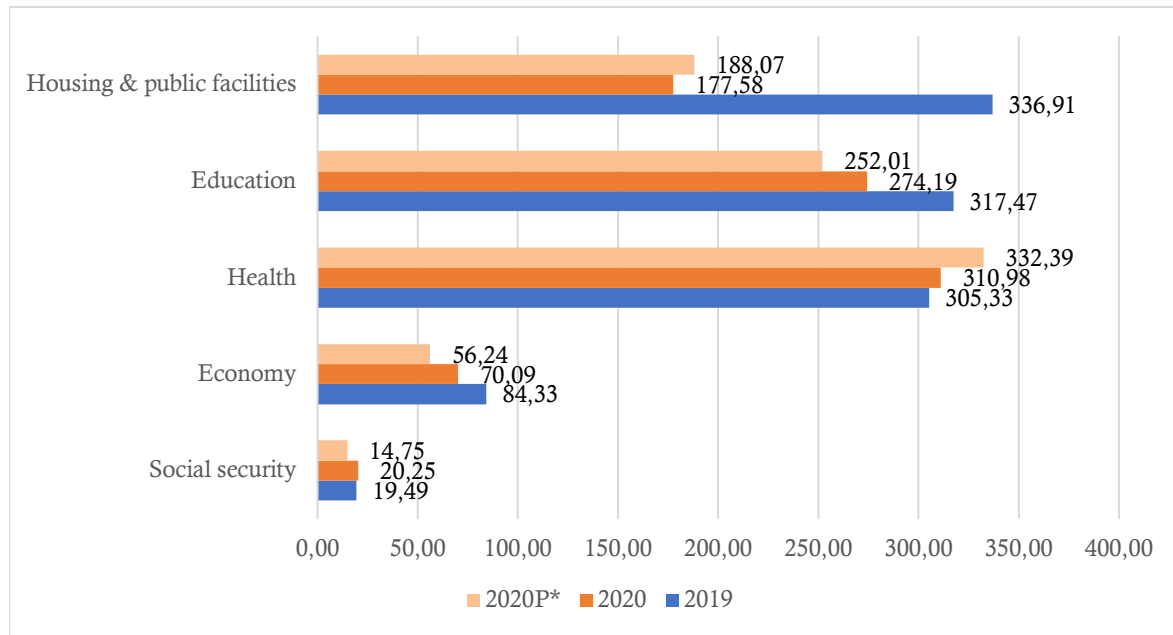


Figure 3. APBD SH: Spending According to Function Classification 2019 & 2020 (Rp. Billion)

Source: APBD SH 2019 & 2020, DPKAD SH, (Data processed).
 *Revised APBD (budget refocusing).

The refocusing policy is also a protective measure for the poor, and people who earn a little above the poverty line, against being mired in poverty. The budget policy adopted in emergencies is in line with the *Fiqh* rule: *Rejecting harm takes precedence over taking benefits*. Therefore, some spending has been cut to be diverted to health spending as a way to deal with the COVID-19 pandemic (Figure 3): maintaining the safety of the lives of the entire community.

Conceptualization and Classification of *Maqashid Al-Sharia* in the 2019 SH Regional Budget

This section attempts to elaborate and explain the empirical findings of poverty reduction with the concept of *maqashid sharia* as an indicator of Islamic public finance. The sample used is direct spending in the 2019 SH APBD. The direct spending group reflects the government’s orientation in development because it contains programs and activities for a year. This spending group can be verified and re-mapped based on direct spending posts through the detailed report of the SH Regional Budget According to Local Government Affairs, Organization, Revenue, Expenditure, and Financing in 2019.

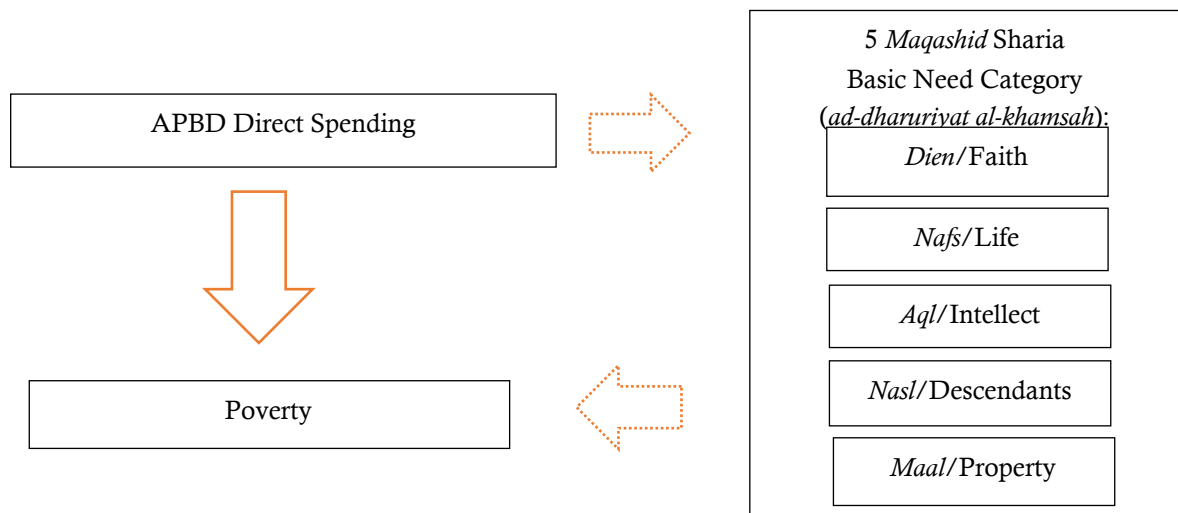


Figure 4. The Flow of Verification of APBD Direct Spending Linkage to 5 Maqashid Sharia

All government spending is in principle aimed at benefiting the people. This goal has direct implications for the efforts to remove the shackles of poverty (for the fulfillment of basic needs/*dharuriyat*). Budget allocations are implemented to protect and advance religion, soul, reason, descent, and property. These five *maqashid sharia* are used as indicators as well as intermediate objectives in analyzing the allocation of government spending. The assumption is that if the basic fulfillment of the five *maqashid sharia* can be fulfilled through the state/regional budget, then there is the potential for the creation of *maslahah*. That way, a high allocation of spending will further open opportunities for people to escape the shackles of poverty.

What needs to be noted is that, per classification, spending does not necessarily have to run parallel with the five *maqashid sharia*. Spending on the education sector, for example, directly affects reason and religion because the national education system accommodates religious education. Health spending can represent the care of offspring and soul in the physical and psychic sense, including physical and mental health. Furthermore, economic spending is related to the preservation of property. Meanwhile, social protection spending may be most flexible in benefiting all *maqashid sharia*. Housing spending and public facilities represent a link to the care of souls, property, and descendants. Furthermore, environmental spending also has a strong connection with the five *daruriyyah* for the poor.

Based on this assumption, verification is carried out with regard to the direct spending side on all programs (and details of their activities) using the 2019 SH APBD Details document. Verification and mapping using semantic methods to verify some programs whose details of activities have proximity or similarity of functions five *maqashid* sharia.

The verification results found that 98 programs (out of a total of 162 programs) showed signs of linkages to the five *maqashid* sharia. These 98 programs absorbed a budget of 69% (Rp. 670.273 billion) of the total direct expenditure (Rp. 971.845 billion). The highest expenditure allocation was in the indicator of guarding the soul (27.42%), then the guarding of property (25.13%), the guarding of reason (13.05%), the care of descendant (1.24%). The lowest allocation was that for the guarding of religion (0.42%). The allocation of religious maintenance expenditure occupying the lowest position was also found in previous studies in the Bogor APBD 0.6% (Lubis, 2013), Surabaya City APBD 0.8% (Kartika & Fauzi, 2020), and Palopo City APBD 10% (Arif, 2019).

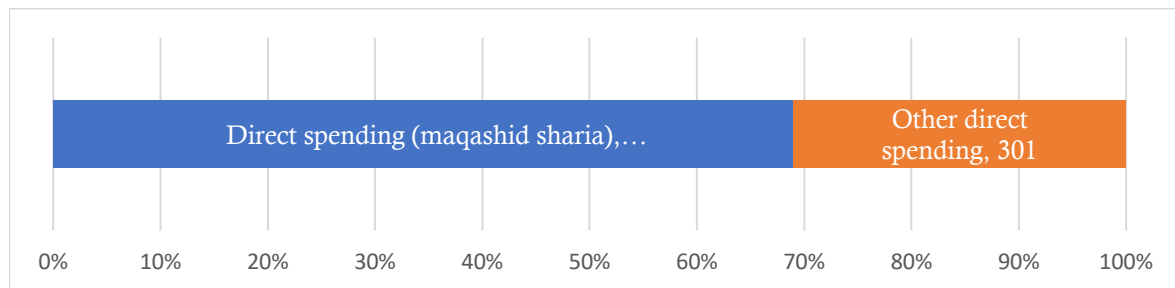


Figure 5. Maqashid Sharia Direct Spending & Other Direct Spending APBD SH 2019 (Rp. Billion)

Source: APBD SH 2019, DPKAD SH, (data processed).

Table 2. *Direct Spending 2019 Based on Maqashid Sharia Indicator*

Descriptions	Direct Spending Allocation (Rp.)	%
1 Faith (F)	4,106,328,911	0.42
2 Life (L)	266,448,586,151	27.42
3 Intellect (I)	126,795,009,250	13.05
4 Descendants (D)	12,041,944,400	1.24
5 Property (P)	244,193,380,600	25.13
6 F, I	1,060,900,000	0.11
7 L, P	13,844,463,885	1.42
8 L, D, I	376,858,200	0.04
9 I, P, L	1,404,423,000	0.14
10 Other direct spending	301,206,048,131	31.03
Total of direct spending	971,845,743,368	100

Source: APBD SH 2019. DPKAD SH (Data processed).

Spending grouping contains more than one indicator (Table 2. 6–9) because there are some programs with activities that can affect more than one *Maqashid al-Sharia* indicator. The results of verification and mapping found six programs as follows:

Table 3. *Direct Spending 2019 Based on Maqashid Sharia Indicator*

Program	Maqashid Sharia
1 Value-Based Community Development Program	F. I (6)
2 <i>Turap</i> (Safety Wall) Construction Program	L. P (7)
3 Social Welfare Services and Rehabilitation Program	
4 Social Welfare Workers Quality Improvement Program	L. D. I (8)
5 Official Education Program	I. P. L (9)
6 Rural Community Empowerment Improvement Program	

Source: APBD SH 2019. DPKAD SH. (Data processed).
Faith (F). Life (L). Intellect (I). Descendants (D). Property (P).

From the results of the analysis it appears that, although it does not specifically mention *Maqashid* Sharia, the utilization of the budget has accounts for up to 69% of the total direct spending on the affairs of the five basic needs (*ad-dharuriyat al-khamsah*).

This is possible if the programs that become direct expenditures in the APBD are prepared based on the *maqashid* sharia framework and could be started from programs that are specifically designed to overcome poverty. The assumption clearly departs from the Islamic economic philosophy that places humans as servants of God who are tasked with prospering the earth as a means of happiness in the afterlife, not just homo-economicus who makes satisfaction and material pleasure the goals of life. Consequently, there will be a radical change in the way of understanding socio-economic facts and the direct implications for the way government spending is allocated to poverty because it has prioritized religion (faith).

Faith is a very important content for the attainment of human happiness, laying the right foundation for balanced and mutually beneficial human interaction in achieving common prosperity. Faith is also the moral filter in distributing wealth according to the will of solidarity and socio-economic justice (Chapra, 2001).

CONCLUSION

From the results of data analysis, it can be concluded that the SH government's budget policy during the observation period (2016–2019) before COVID-19 was able to reduce poverty from 4.11% to 4.10% in the first two years (2016–2017). However, in the following two years (2018–2019) the poverty rate increased by 0.93% to 5.03%. This phenomenon

indicates that budget allocation programs and activities for health, education, and infrastructure spending do not have a strong foundation to overcome poverty. This confirms that the poverty reduction programs that have been carried out since 2009 and succeeded in reducing the poverty rate from 10.97% to 4.11% in 2016, are unsustainable. Even so, in the first year of the pandemic (2020) the refocusing policy directed at maintaining life safety was quite effective in reducing the poverty rate so that there was no dramatic spike in poverty due to COVID-19 and it only increased by 0.09% from 2019, which was lower than the 0.23% increase in poverty in 2018 to 2019 and 0.70% in 2017 to 2018.

From the perspective of Islamic public finance with the *maqashid* sharia approach, it shows that the largest allocation of direct expenditure budgets is for the care of souls (27.42%) and property (25.13%). Of course, in the concept of the five basic needs of *maqashid* sharia the priority is mainly on the preservation of religion (faith). The findings of this study have serious implications, especially at a time when budget policies are unable to work effectively to reduce poverty because fundamentally the poor are faced with two difficult aspects of life: living with material shortages while at the same time their spiritual side or religious care (*aqidah*) does not receive adequate attention. In short, the benefits (*maslahah*) are difficult to realize. “...Indeed, Allāh will not change the condition of a people until they change what is in themselves...” (The Holy Quran, *Ar-Ra'd* [13]: 11).

This research has limitations and more in-depth and comprehensive studies are required, especially with regard to planning poverty alleviation activity programs that integrate *maqashid* sharia into them. This will provide benefits for both government and nongovernment institutions in encouraging a more substantive acceleration of poverty reduction.

Abbreviations

SH	South Halmahera Regency
APBD	The Regional Revenue and Expenditure Budget
APBDP	The Regional Revenue and Expenditure Budget Revised (Budget Refocusing)
APS	School Participation Rate
BPKAD	Regional Financial and Asset Management Agency of South Halmahera Regency
BPS	Indonesia Statistics
INPRES	Executive Order
PHC	Public Health Center
Polindes	Village Maternity House
SD	Elementary School

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