

Integration of Islamic Law in Regional Development in Indonesia

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| *Received: 26-02-2023*

| *Revised: 29-04-2023*

| *Accepted: 30-04-2023*

Abstract: Indonesia has introduced Islamic-based development programs, but challenges such as different interpretations, incompatibility between Islamic law and the national legal system, political influence, and the integration of Islamic values in sustainable development continue to hinder the implementation of Islamic legal approaches in regional development. This study aims to analyze the integration of Islamic legal concepts in regional development from an economic, social, political and environmental perspective and to identify concrete policies or programs that can be implemented to apply a holistic and sustainable approach to Islamic law in regional development. This research is categorized as normative legal research using primary and secondary legal materials in statutory and library documents (books, journals, reports and internet sources) and analyzed using a philosophical and analytic approach. According to the findings, the problem can be solved by creating an Islamic-based development program that considers economic, social, political, and environmental factors and guarantees the program's sustainability. Increasing community participation and involvement in the planning and implementing Islamic-based development programs and strengthening oversight of the use of funds and the environmental impact of development activities are possible solutions. Based on the findings of this research, it is recommended that a microfinance initiative based on Islamic principles be established in the area. Integrating Islamic principles and considering Indonesia's social diversity are prerequisites for the success of an Islamic legal approach to regional development.

Keywords: Islamic Law; Integration; Development; Region

Introduction

Regions become effective and efficient spatial units in overcoming socio-economic imbalances in various countries. History shows the importance of regional growth and spatial planning policies for the welfare of the nation and its constituent regions (Mukhlisin et al., 2022). Regional development is not static but dynamic, with many perspectives, actors and stakeholders. Regional development policies offer support to less developed regions that require an above-average growth stimulus (Nijkamp, 2016).

The Islamic legal approach to regional development refers to Islamic values and principles for designing, implementing and evaluating development programs. Mohamad Akram Laldin stressed the importance of applying Islamic law in sustainable development in Muslim countries, citing figures such as Muhammad Yunus, Joko Widodo, and Pope Francis, who recognized the importance of Islamic principles in overcoming poverty and social injustice (Laldin, 2019).

Mohd Akramin Mohd Romlay emphasized that Islamic social finance can encourage sustainable social and economic development in areas that need it. Islamic principles, such as zakat, alms, and waqf, can be a source of funds for social and economic development projects. The Islamic legal approach to regional development includes using Islamic financial resources to achieve sustainable development goals (Mohd et al., 2019).

Islamic principles and social finance can be combined to overcome poverty and social injustice and promote sustainable economic development in Muslim areas. Islamic social finance promotes sustainable social and economic development, with Islamic principles as a foundation. These principles are implemented in the legal framework for sustainable environmental protection and the development of Islamic social finance as a source of funding for sustainable development projects (Abdul et al., 2019).

The use of Islamic resources is considered the key to achieving sustainable development. Combining Islamic principles and social finance effectively overcomes poverty and social injustice and promotes sustainable economic and social development in Muslim areas. Including Islamic law in the formal justice system is essential for achieving sustainable development goals. Islamic principles are the basis for developing a legal system that promotes justice and sustainable societal welfare (Muhammad et al., 2020).

Integrating Islamic principles in regional development and including Islamic law in the formal justice system is vital to promoting sustainable development in Muslim areas. The Islamic Law approach includes environmental protection and the use of Islamic social finance for sustainable development projects. The constitution and laws in Indonesia, such as the 1945 Constitution Article 29 paragraph (2) and Law Number 23 of 2014 Article 65 paragraph (2), support the application of Islamic principles in regional development (Rafiqul et al., 2015). However, this approach raises problems such as various interpretations of Islamic values, incompatibility with the national legal system, political influence, diversity of society, and challenges to integrating Islamic values in sustainable development (Widiastuti et al., 2022).

This phenomenon inevitably raises pros and cons, including in Islamic society itself. The pro group said it was only natural for Islamic law to become the legal basis for national and state life because Muslims make up most of Indonesia's population. They call on Muslims to return to the Qur'an and Sunnah so that the various socio-political problems plaguing the Indonesian nation can be overcome. However, not all Islamic societies agree with the pro-groups. However, there are contra groups that, of course, do not disagree with Islamic law but only reject the religious understanding of the first group. According to them, what the first group understood as Islamic law was none other than the fiqh developed by early Islamic scholars. The problem is with the various viewpoints of fiqh in this country. Which group's opinion will be used as a reference? Instead of imposing a view of only one version of Islamic law, it is contrary to the spirit of Islam itself. After all, hasn't Islamic law been internalized into the social system of Indonesian society so far? According to the opposing group, whether or not there are rules with the nuances of Islamic Sharia, society already lives with Sharia guidance (Hidayat et al., 2023).

In Indonesia, a country with a majority Muslim population, development programs based on Islamic principles has been introduced in the last few decades (Juanda et al., 2021). In Indonesia, several development programs based on Islamic principles have been introduced in Indonesia, including the zakat, infaq, and sadaqah (ZIS) program, Islamic Banks, and Islamic microfinance institutions (LKMS). The ZIS program aims to empower the community by using zakat, infaq, and sadaqah as sources of financing for poverty alleviation and micro-enterprise development. Islamic banks and LKMS aim to develop the Islamic financial sector as an alternative for people who want to avoid interest and get support in business capital. However, problems are also associated with these programs. One of the problems is that different interpretations of Islamic principles are applied in these programs. Besides that, these programs often only strengthen the upper middle class and have yet to reach the wider community, such as the poor and underprivileged. In addition, bureaucratic problems and lack of oversight in implementing these programs can also cause problems using funds and the resulting benefits.

For some previous studies, for example Tika Widiastuti with the title "Integrating sustainable Islamic social finance: An Analytical Network Process using the Benefit Opportunity Cost Risk (ANP BOCR) framework: The case of Indonesia" (Widiastuti et al., 2022). These findings emphasize the importance of improving the quality of human resources and the use of technology to maximize the potential of Islamic social finance. Therefore, technology management training for Islamic philanthropic managers is a priority in order to be able to take advantage of developing technology. In addition, in the writings of Imam Mahdi, "Integration of Islamic Values in Public Law (Study on Legal Arrangements for

Zakat Management by the Bengkulu Provincial Government)", The point of discussion in this paper is that zakat has significant economic potential for Muslims and has an essential social aspect in the interaction between the agencies and the *dhu'afa*. Even though the government and local governments have integrated zakat into regulations, policy implementation has not been maximized, mainly because it is only applied to Civil Servants (PNS) and does not yet cover the wider community. Zakat institutions established by the government have also not been effective in exploring the potential of zakat outside the bureaucratic environment.

The difference in research conducted by researchers lies in holistic and sustainable solutions, such as developing Islamic-based development programs that consider different aspects and partnerships between Islamic microfinance institutions and the government to overcome challenges in implementing Islamic law approaches in regional development.

Based on that, this research aims to analyze ways to integrate Islamic legal concepts in regional development in a holistic and sustainable manner. In addition, this study aims to identify concrete policies or programs that can be implemented in order to implement an Islamic legal approach in holistic and sustainable regional development while considering existing challenges, such as different interpretations and discrepancies between Islamic law and the national legal system, the influence of political policies, the diversity of society, and challenges in integrating Islamic values into sustainable development.

Literature Review

After decades of immigration from countries with a high share of Muslim populations to Western European countries, the integration of Muslims has become a central political issue. In recent years, many governments in receiving countries have established advisory boards to allow consultations with Muslims on issues related to Islamic integration. An increasing body of research is focusing on the structure and participants of these consultations and negotiations. Comparative studies in particular tend to favor an institutionalist approach that tries to uncover different opportunity structures nationally (Kortmann, 2018).

Holistic and sustainable regional development is an important goal in the current global context. In this context, Islamic legal concepts have the potential to make a significant contribution to creating a just, prosperous and sustainable society. However, integrating Islamic law into holistic and sustainable regional development is not an easy task, given the various challenges that exist, such as different interpretations, discrepancies between Islamic law and the national legal system, the influence of political policies, the diversity of society, and challenges in integrating Islamic values in development. Therefore, three levels of theory are relevant in the context of this research: grand theory, middle-range theory, and applied theory.

Al-Farabi, in his work *Al-Madina al-Fadila* (The Noble City), emphasizes the importance of social justice, economic balance, and good governance in creating a harmonious and prosperous society (Byron, 2017). Ibn Khaldun, a scholar and social theorist, in his work *Al-Muqaddimah*, put forward the concept of *asabiyyah* (group solidarity) as an essential factor in building a solid and stable society. He also explained how a fair economic and governance system ensures people's welfare.

Al-Farabi and Ibn Khaldun offer a comprehensive and holistic view of building an ideal society. Their work reflects the belief that social justice, economic balance, good governance, and the integration of Islamic principles in governance are the foundations for creating a harmonious, prosperous and stable society (Waqf Abdullah, 2017). The concepts they proposed, such as *asabiyyah* and the application of Islamic values in urban development, are still relevant today and can provide valuable insights into addressing contemporary social and economic challenges (Hadi & Abdul, 2021).

Furthermore, M. Umer Chapra, an Islamic economist, offers a framework for integrating the principles of Islamic economics in sustainable economic development. Chapra argued that economic development based on Sharia principles must focus on justice, balance and general welfare (Mustafa et al., 2016). Abdul Azim Islahi, in his work "Economic Development in Islamic Perspective", emphasizes the importance of integrating Islamic legal concepts in the planning and implementation of development

policies. He identified several fundamental principles, such as zakat, waqf, and the Islamic banking system, which could be integrated into regional development policies (Mehmet & Kabir, 2020).

Management of Islamic Social Finance continues to grow, including the distribution of funds. Initially, the management of social finance channeled Islamic Social Funds in a consumptive form. In addition, waqf funds are generally still channeled to unproductive forms. However, in line with the objectives of Islamic Social Finance in achieving prosperity, Islamic social funds have begun to be channeled to more productive countries (Widiastuti et al., 2022). One effective distribution is through the provision of business capital, training, and mentoring. An effective form of channeling funds develops knowledge and skills and has an impact on increasing the income and independence of beneficiaries (Robani et al., 2022).

Islamic economists such as M. Umer Chapra and Abdul Azim Islahi offer a framework and principles that can be used to integrate Islamic economic values and principles into economic development. They emphasized the importance of paying attention to justice, balance and the general welfare in economic development (Kortmann, 2018). Principles such as zakat, waqf, and the Islamic banking system can be integrated into regional development policies to ensure that economic development is balanced and by Islamic values. Therefore, it is essential to consider and integrate the views and principles of Islamic economics in the planning and implementation of development policies (Ghani et al., 2018).

In this regard, Salman Syed Ali and Ausaf Ahmad, in their study of the role of Islamic financial institutions in sustainable development, show how Islamic financial institutions can support regional economic development by providing financial services to Islamic principles (Ali, 2011). Hossein Askari and Zamir Iqbal, in their work "Globalization and Islamic Finance", explore how integrating Islamic legal concepts in business policies and practices can help create a more stable and inclusive economic system (Hossein et al., 2010).

Salman Syed Ali and Ausaf Ahmad pointed out that Islamic financial institutions have an essential role in regional economic development by providing financial services that comply with Sharia principles (Kasri & Yuniar, 2021). Meanwhile, Hossein Askari and Zamir Iqbal explore how integrating Islamic legal principles in business and policy can help create a more stable and inclusive economic system. This shows that Islamic financial institutions and the integration of Islamic law principles in the economy have great potential to support sustainable economic development (Usman et al., 2022).

Based on this, integrating Islamic law into regional development has great potential to create a just, prosperous and sustainable society. Islamic economic concepts and principles, such as zakat, waqf, and the Islamic banking system, can be integrated into regional development policies to ensure that economic development is balanced and by Islamic values. Islamic economists such as M. Umer Chapra and Abdul Azim Islahi offer a framework and principles for integrating Islamic economic values and principles in economic development. Studies by Salman Syed Ali and Ausaf Ahmad show that Islamic financial institutions are essential in regional economic development. Meanwhile, Hossein Askari and Zamir Iqbal explore how the integration of Islamic legal principles in business and policy can help create a more stable and inclusive economic system.

Thus, in Indonesia, integrating Islamic law into regional development must be one of the main focuses in creating a prosperous and sustainable society. The concepts and principles of Islamic economics must be considered and integrated into developing and implementing development policies. Islamic financial institutions must also be recognized and supported as a tool to support sustainable regional economic development.

Method

This research is categorized into normative legal research based on the issues or themes raised as research topics. The research approach used is philosophical and analytical, namely research that focuses on rational views, critical analysis and philosophy and ends with conclusions that aim to produce new

findings as answers to the main problems that have been determined (Ishaq, 2017). In this type of normative research, data is not known because, in legal research, primarily normative juridical sources of legal research are obtained from statutory documents and literary documents (books, journals, reports and internet sources), not from the field, for this reason, the term legal material is known (Ishaq, 2017). In normative legal research, literature is the primary material which research is generally called secondary legal material (Soekanto & Mamudji, 2007). In connection with that, the analysis used is a descriptive-analytical method, describing the applicable laws and regulations related to legal theory and positive law enforcement practices related to the matter (Marzuki, 2011).

Results and Discussion

Integration of Islamic Law Concepts in Regional Development: Challenges and Solutions for Sustainable and Inclusive Development.

The Islamic Law Approach in Regional Development is a concept that integrates Islamic principles in the development and implementation of sustainable regional development programs. From an economic perspective, implementing the Islamic Law Approach in Regional Development can strengthen the Islamic financial sector, encourage economic growth, and reduce poverty (Juanda, 2021). However, there are several challenges, such as different interpretations of Islamic principles, lack of oversight in program implementation, and lack of access to programs for the poor and underprivileged (Berakon et al., 2022).

From a social perspective, the Islamic Law Approach in Regional Development can promote the values of justice and social benefit in managing natural resources and natural resources. However, the diversity of society in Indonesia is a challenge in implementing the Islamic Law Approach in Regional Development. Environmental aspects must also be considered in the planning and implementation of Islamic-based programs so that conflicts do not occur with environmental principles that are also adhered to by Islam (Kadir et al., 2019).

From a political perspective, unsupportive political policies can complicate the implementation of the Islamic Law Approach in Regional Development (Saealal et al., 2020). In Indonesia, Islamic-based development programs are often politicized and linked to specific political issues, which can lead to the misuse of funds and resources in these programs and reduce the credibility and effectiveness of the development program itself (Marwadi, 2018). In this case, the successful implementation of the Islamic Law Approach in Regional Development must also consider suitability and harmonization with the national legal system and pay attention to the diversity of society in applying Islamic principles in regional development (Jumriani et al., 2020).

Implementation of Islamic Law Approach in Regional Development. In the economic aspect, there are still challenges, such as different interpretations of Islamic principles, lack of oversight in program implementation, and lack of program access for the poor and underprivileged. In the social aspect, the diversity of society in Indonesia is a challenge in implementing the Islamic Law Approach in Regional Development (Sulaiman & Zakari, 2019). Meanwhile, in terms of environmental aspects, environmental aspects must also be taken into account in the planning and implementation of Islamic-based programs so that conflicts do not occur with environmental principles that are also adhered to by Islam. From a political perspective, unsupportive political policies can complicate the implementation of the Islamic Law Approach in Regional Development.

The Islamic Law Approach in Regional Development can be further described as follows:

- a. Challenges in the economic aspect The main challenge in the economic aspect is the different interpretations of Islamic principles which can lead to difficulties in designing and implementing Islamic-based development programs. In addition, the lack of oversight in program implementation and the lack of access to programs for people with low incomes and less fortunate can reduce the effectiveness of these development programs. For example, Sharia economic empowerment programs

in Indonesia still face obstacles in providing accessible and affordable access to financing for the poor and underprivileged.

- b. Challenges in the social aspect The diversity of society in Indonesia is a challenge in implementing the Islamic Law Approach in Regional Development because Indonesian society consists of various ethnicities, cultures, religions and different social backgrounds. This makes it challenging to formulate acceptable programs for all levels of society. For example, regional development policies prioritizing one particular ethnic or religious group can lead to dissatisfaction and conflict with other groups.
- c. Challenges in environmental aspects are also a challenge in implementing the Islamic Law Approach in Regional Development. Islamic-based development programs must consider the environmental impact of development activities and ensure that these activities do not damage the environment or conflict with environmental principles adhered to by Islam. For example, irresponsible use of natural resources can cause environmental damage that harms society.
- d. Challenges in the political aspect Unsupportive political policies can complicate the implementation of the Islamic Law Approach in Regional Development. Islamic-based development programs are often politicized and associated with specific political issues, which can reduce the effectiveness of these development programs. For example, allocating too large regional development funds for one particular program may raise suspicions that the program is only meant to strengthen the political position of a particular party.

In the social aspect, the case example in Aceh shows that Islamic-based development programs tend only to prioritize the majority group and ignore minority groups. This can lead to social injustice and create tension in society. From a political perspective, the management of zakat funds in Indonesia shows that programs based on Islamic law can be vulnerable to politicization and the influence of specific political policies, which can reduce the program's effectiveness.

An example of a case related to challenges in the political aspect related to Islamic law-based development in Indonesia is the controversy surrounding the management of the National Zakat Fund (DZN), which is one of the Islamic-based development programs in Indonesia. In 2020, a polemic occurred regarding the allocation of zakat funds to the COVID-19 social assistance program by the government, which some groups considered an act of politicization and a violation of the principles of zakat in Islam (Kompas, 2020). This suggests that programs based on Islamic law can be vulnerable to politicization and the influence of specific political policies that can reduce the program's effectiveness.

An example of a case related to environmental challenges in implementing an Islamic legal approach in regional development in Indonesia is the Jakarta Bay reclamation project. This project has caused many controversies about the resulting environmental impacts, primarily related to damage to coral reefs, loss of habitat for marine biota, and increased risk of flooding (BBC News, 2017). Community groups and environmental activists have protested against the project, claiming it does not consider environmental impacts and goes against Islamic environmental principles.

An example of a case related to economic challenges in implementing an Islamic legal approach in regional development in Indonesia is the difficulty in accessing affordable financing for the poor and underprivileged for Sharia economic empowerment programs. Even though Indonesia has great potential to develop a Sharia-based economy, many poor and underprivileged people still need help getting adequate financing to start a business or improve their skills (Fauziah & Tresnawati, 2019). One of the main challenges is the limited capital and human resources in Islamic microfinance institutions and the need for more supervision in implementing Islamic economic empowerment programs.

Based on that, to overcome the challenges in implementing the Islamic legal approach in regional development, several solutions can be made, namely:

- a. Social aspect: Islamic-based development programs must pay attention to the interests and needs of all parties in society, including minority groups. In this regard, it is necessary to carry out dialogue and consultation with all parties to ensure that these programs are truly inclusive and pay attention to the needs of all groups in society.

- b. Political aspects: To prevent politicization and the influence of specific political policies, programs based on Islamic law must be managed professionally and independently. There is a need for strict monitoring of the use of funds and program policies, and it is necessary to ensure that these programs are not too affected by political policies that may be detrimental.
- c. Environmental aspects: Development projects must consider the environmental impact of development activities and ensure that these activities do not damage the environment or conflict with Islamic environmental principles. For this reason, it is necessary to carry out an environmental impact study before starting a development project and strictly supervise development activities.
- d. Economic aspect: Islamic microfinance institutions must pay attention to the needs of the poor and disadvantaged communities in providing accessible and affordable access to finance. In addition, the government can also facilitate Sharia economic empowerment programs by providing capital assistance or skills training for the poor and underprivileged.

In this regard, integrating the concept of Islamic Law in regional development from an economic, social, political and environmental perspective can be carried out through a holistic and integrated approach, considering these aspects in a balanced and integrated manner. This can be done by:

- a. Develop Islamic-based development programs that pay attention to economic, social, political and environmental aspects in a balanced manner, and ensure the program's sustainability.
- b. Establish partnerships between Sharia microfinance institutions and the government to provide accessible and affordable access to finance for the poor and underprivileged and provide capital assistance or skills training for these communities.
- c. Increasing community participation and involvement in the process of planning and implementing Islamic-based development programs, including minority groups, so that the program is genuinely inclusive and takes into account the needs of all groups in society.
- d. Increase coordination and collaboration between government agencies and the community in the implementation of Islamic-based development programs, and ensure that these programs are not too affected by political policies that may be detrimental.
- e. Strengthen oversight of the use of Islamic-based development program funds and policies. Ensure that these programs consider the environmental impact of development activities and do not damage the environment or conflict with environmental principles adhered to by Islam.

By integrating the concept of Islamic law in regional development from an economic, social, political and environmental perspective, regional development can be carried out in a sustainable, inclusive manner and considers all parties' interests in society.

Program Implementation in Islamic Law Approach to Holistic and Sustainable Regional Development

The Islamic Law approach to regional development is a concept that integrates Islamic principles in the development and implementation of holistic and sustainable regional development programs. In this concept, regional development is seen as a process covering both economic and social, political and environmental aspects (Sayuti et al., 2021).

The use of the Islamic Law Approach in regional development in Indonesia has been regulated in Law Number 23 of 2014 concerning Regional Government, in which local governments are required to develop development policies based on local wisdom and religion, including Islam. In addition, Indonesia also has various institutions and organizations that support the development of regional development based on Islamic Law, such as the Indonesian Ulema Council and the Islamic Sharia Service. However, implementing the Islamic Law Approach in regional development still needs several challenges, mainly related to different interpretations of Islamic principles, the politicization of programs, lack of oversight in program implementation, and lack of access to programs for the poor and underprivileged. Besides that, the diversity of society in Indonesia is also a challenge in the implementation of the Islamic Law Approach in Regional Development.

To overcome these challenges, it is necessary to integrate Islamic principles with the needs and interests of the local community in developing regional development programs. This can be done through

dialogue and consultation with all parties in society, including minority groups so that the programs are truly inclusive and pay attention to the needs of all groups in society.

In addition, there is a need for strict supervision of the use of funds and program policies, and it is necessary to ensure that these programs are not too affected by political policies that may be detrimental. Development projects must also consider the environmental impact of development activities and ensure that these activities do not damage the environment or conflict with environmental principles adhered to by Islam. In the economic aspect, Sharia microfinance institutions must pay attention to the needs of the poor and underprivileged in providing accessible and affordable access to financing. In addition, the government can also facilitate Sharia economic empowerment programs by providing capital assistance or skills training for the poor and underprivileged.

In this regard, the group-based Sharia economic development program is one of the concrete programs that can be implemented in an Islamic legal approach to holistic and sustainable regional development. This program can help increase economic growth and reduce poverty by providing accessible and affordable access to finance for people experiencing poverty and less fortunate to start or develop their businesses.

This program has been successfully implemented in countries such as Malaysia and Turkey and can be adapted in Indonesia, considering the needs and characteristics of the local community. To support the implementation of this program, the government can provide support in the form of training and skills education for community groups who wish to develop their businesses, as well as facilitate access to financing through existing Sharia microfinance institutions.

In this regard, Law Number 21 of 2008 concerning Islamic Banking in Indonesia can be used as a reference to ensure that the implemented group-based Islamic economic development program complies with applicable Sharia principles. In addition, government regulations related to Islamic microfinance institutions also need to be considered so that this program can be appropriately implemented and avoid legal problems in the future. Through this group-based Sharia economic development program, it is hoped that it can encourage sustainable and inclusive economic growth and reduce poverty rates in the regions.

Group-based Islamic economic development programs have been successfully implemented in countries such as Malaysia and Turkey through various government policies and programs that support the development of the Islamic financial sector, such as providing tax incentives, funds and cheap credit, and training and education for the community. In addition, the government is also encouraging the formation of Sharia microfinance institutions to provide access to financing for underprivileged groups of people (Maarif & Hanifah, 2019).

In Malaysia, this program is realized through government policies that support the development of the Islamic finance sector, such as introducing Islamic financial products and providing tax incentives for companies engaged in the industry. In addition, the government also supports the development of Sharia microfinance institutions to provide access to financing for underprivileged groups of people (Mohammed & Abdullah, 2018).

Meanwhile, in Turkey, the government has adopted a policy of empowering the Islamic economy by establishing the Capital Development and Guarantee Agency for Islamic Small and Medium Enterprises (KOSGEB). The agency aims to provide capital support, training and credit guarantees to Turkey's Islamic small and medium enterprises. In addition, the government also provides tax incentives for companies that use Sharia principles in their business activities (Damanhuri & Ayuba, 2019).

In the Indonesian context, a group-based Sharia economic development program can be implemented by considering the characteristics and needs of the local community. The government can provide support by providing tax incentives and funds or low-cost credit and facilitating the establishment of Sharia microfinance institutions that can provide access to finance for the poor and underprivileged. In addition, it is also necessary to conduct training and education for the community to improve their skills and knowledge in doing business in the Sharia economic sector. All these efforts must be integrated with Islamic principles and pay attention to the diversity of society in Indonesia. Several related laws, such as

Law No. 21 of 2008, concerning Islamic Banking, stipulate that Bank Indonesia and the government can provide tax incentives for Sharia banking activities.

In addition, Article 54 paragraph (1) stipulates that Bank Indonesia and the government can provide support and facilities to Islamic microfinance institutions, including in terms of providing capital; Law no. 23 of 2011 concerning Management of Zakat regulates the management of zakat as a social, economical instrument for Muslims. Article 9 stipulates that zakat can be used for the economic empowerment of Muslims through group-based Sharia economic development programs and Law No. 40 of 2014 concerning Insurance, including Sharia insurance. Article 5, paragraph (2) stipulates that the government can provide tax incentives for Sharia insurance companies which can become a legal basis for developing the Sharia economic sector in Indonesia.

Besides that, Financial Services Authority Regulation Number 19/POJK.03/2014 concerning Sharia Microfinance Institutions also needs attention so that this program can be appropriately implemented and avoid legal problems in the future. Through a group-based Sharia economic development program implemented with an Islamic law approach in regional development, it is hoped to promote sustainable and inclusive economic growth and reduce poverty rates in the regions. In addition, this program can also help strengthen the local economy, reduce dependence on conventional economic sectors, and promote the principles of social justice in the economy.

Conclusion

In implementing the Islamic Law approach in regional development, several challenges must be overcome, including social, political, environmental and economic aspects. To overcome these challenges, it is necessary to adopt a holistic and integrated approach by paying attention to these aspects in a balanced and integrated manner. One of the concrete programs that can be implemented is the group-based Sharia economic development program, which has been successfully implemented in countries such as Malaysia and Turkey. To implement this program in Indonesia, it is necessary to pay attention to the characteristics and needs of the local community, integrate Islamic principles, and pay attention to the diversity of people in Indonesia. This program is hoped to encourage sustainable and inclusive economic growth and reduce poverty rates in the regions.

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